

## **BILL ANALYSIS**

Senate Research Center  
85R31783 KLA-D

C.S.H.B. 2  
By: Zerwas (Nelson)  
Finance  
5/18/2017  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Each legislative session, state agencies project the costs of fulfilling their functions and providing important services for the following two-year budget period. This information, combined with the biennial estimate of revenues submitted to the governor and the legislature before the convening of each regular session, is a key component on the construction of the General Appropriations Act. H.B. 2 seeks to make supplemental appropriations and give direction and adjustment authority regarding certain appropriations to address revised revenue estimates and supplemental needs. (Original Author's / Sponsor's Statement of Intent)

C.S.H.B. 2 amends current law relating to making supplemental appropriations and giving direction and adjustment authority regarding appropriations.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

**SECTION 1. APPROPRIATION REDUCTIONS: PUBLIC FINANCE AUTHORITY.** (a) Provides that the unencumbered appropriations from the general revenue fund (GR fund) to the Texas Public Finance Authority (TPFA) made by Chapter 1281 (General Appropriations Act) (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, for use during the state fiscal biennium ending August 31, 2017, for bond debt service payments, including appropriations subject to Rider 2 (Information Listing of Appropriated Funds), page I-47, Chapter 1281 (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, to the bill pattern of the appropriations to TPFA, are reduced by a total aggregate of \$51,566,581.

(b) Provides that, in addition to the reductions made by Subsection (a) of this section, the unencumbered appropriations from the GR fund to TPFA made by Chapter 1281 (General Appropriations Act) (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, for use during the state fiscal biennium ending August 31, 2017, are reduced by \$217,487.

(c) Requires TPFA to identify the strategies and objectives to which the reduction made by Subsections (a) and (b) of this section are to be allocated and the amount of the reduction for each of those strategies and objectives.

**SECTION 2. APPROPRIATION REDUCTIONS: FACILITIES COMMISSION.** (a) Provides that the unencumbered appropriations from the GR fund to the Texas Facilities Commission (TFC) made by Chapter 1281 (General Appropriations Act) (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, for use during the state fiscal biennium ending August 31, 2017, for lease payments are reduced by \$13,780,014.

(b) Provides that, in addition to the reductions made by Subsection (a) of this section, the unencumbered appropriations from the GR fund to TFC made by Chapter 1281 (General Appropriations Act) (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature,

Regular Session, 2015, for use during the state fiscal biennium ending August 31, 2017, are reduced by \$220,000.

(c) Requires TFC to identify the strategies and objectives to which the reductions made by Subsections (a) and (b) of this section are to be allocated and the amount of the reduction for each of those strategies and objectives.

**SECTION 3. APPROPRIATION REDUCTION: DEPARTMENT OF TRANSPORTATION.** Provides that the unencumbered appropriations from the GR fund made by Chapter 1281 (General Appropriations Act) (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, to the Texas Department of Transportation (TxDOT) for Strategy G.1.1., General Obligation Bonds, as listed in that Act, for general obligation bond debt service payments for the state fiscal biennium ending August 31, 2017, are reduced by \$14,191,000.

**SECTION 4. APPROPRIATION REDUCTION: COMMISSION ON ENVIRONMENTAL QUALITY.** Provides that the unencumbered appropriations from the Texas Emissions Reduction Plan Account No. 5071 made by Chapter 1281 (General Appropriations Act) (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, to the Texas Commission on Environmental Quality (TCEQ) for use during the state fiscal biennium ending August 31, 2017, are reduced by \$31,000,000. Requires TCEQ to identify the strategies and objectives to which the reduction is to be allocated and the amount of the reduction for each of those strategies and objectives.

**SECTION 5. APPROPRIATION REDUCTION: PUBLIC UTILITY COMMISSION OF TEXAS.** Provides that the unencumbered appropriations from the System Benefit Account No. 5100 made by Chapter 1281 (General Appropriations Act) (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, to the Public Utility Commission of Texas (PUC) for use during the state fiscal biennium ending August 31, 2017, are reduced by \$1,209,355. Requires PUC to identify the strategies and objectives to which the reduction is to be allocated and the amount of the reduction for each of those strategies and objectives.

**SECTION 6. APPROPRIATION REDUCTION: TEXAS EDUCATION AGENCY.** Provides that the unencumbered appropriations from the GR fund made by Chapter 1281 (General Appropriations Act) (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, to the Texas Education Agency (TEA) for use during the state fiscal biennium ending August 31, 2017, are reduced by \$492,589. Requires TEA to identify the strategies and objectives to which the reduction is to be allocated and the amount of the reduction for each of those strategies and objectives.

**SECTION 7. HEALTH AND HUMAN SERVICES COMMISSION: MEDICAID SHORTFALL.** (a) Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, \$793,586,397 is appropriated from the GR fund, and \$1,599,849,506 is appropriated from federal funds, to the Health and Human Services Commission (HHSC) for the state fiscal year ending August 31, 2017, for Medicaid services under Goal B, Medicaid, as listed in Chapter 1281 (General Appropriations Act) (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015.

(b) Provides that the expenditure or emergency transfer of money appropriated under Subsection (a) of this section is subject to the prior written approval of the Legislative Budget Board (LBB) in accordance with Section 69 (Prior Approval of Expenditure or Emergency Transfer of Appropriated Funds), Article XVI (General Provisions), Texas Constitution. Provides that a requires by HHSC to expend or transfer an amount of that money is considered approved unless LBB issues a written disapproval not later than the 10th business day after the date on which the staff of LBB concludes its review of the request and forwards its review to the chair of the House Appropriations Committee, the chair of the Senate Finance Committee, and speaker of the house of representatives, and the lieutenant governor.

SECTION 8. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES: ADDITIONAL APPROPRIATIONS. Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, certain amounts are appropriated from the GR fund to the Department of Family and Protective Services (DFPS) for the state fiscal year ending August 31, 2017, for certain purposes as listed in Chapter 1281 (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015.

SECTION 9. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES: CERTAIN TRANSFERS. Requires DFPS to transfer \$4,355,118 from Strategy G.1.1., Agency-Wide Automated Systems, to Strategy B.1.9., Foster Care Payments, as listed in Chapter 1281 (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015.

SECTION 10. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES: ADDITIONAL APPROPRIATIONS FOR AGENCY CRITICAL NEEDS. Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, DFPS is appropriated for the state fiscal year ending August 31, 2017, certain amounts from the GR fund for certain strategies as listed in Chapter 1281 (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, to address critical needs of the agency with respect to those strategies.

SECTION 11. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES: CERTAIN TRANSFERS. (a) Requires DFPS to transfer to HHSC certain amounts, notwithstanding any transfer limitation specified in Chapter 1281 (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015.

(b) Authorizes HHSC to spend Temporary Assistance for Needy Families (TANF) program federal funds transferred under Subsection (a)(2) of this section during the state fiscal year ending August 31, 2017, only with the prior written approval of LBB in accordance with Section 69, Article XVI, Texas Constitution.

SECTION 12. TEXAS A&M FOREST SERVICE: APPROPRIATION FOR GENERAL COSTS CAUSED BY VARIOUS EMERGENCY WEATHER-RELATED RESPONSES. Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, \$7,450,427 is appropriated from the GR fund to the Texas A&M Forest Service for the state fiscal year ending August 31, 2017, for the purpose of paying for, or reimbursing payments made for, costs incurred by the forest service associated with responding to various weather-related emergencies.

SECTION 13. DEPARTMENT OF CRIMINAL JUSTICE: CORRECTIONAL MANAGED HEALTH CARE SHORTFALL. Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, \$80,000,000 is appropriated from the GR fto the Texas Department of Criminal Justice for the state fiscal year ending August 31, 2017, for correctional managed health care under Strategy C.1.9., Hospital and Clinical Care, as listed in Chapter 1281 (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015.

SECTION 14. JUVENILE JUSTICE DEPARTMENT: OPERATIONAL SHORTFALL. Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, \$4,469,257 is appropriated from the GR fund to the Texas Juvenile Justice Department for the state fiscal year ending August 31, 2017, for an operational shortfall.

SECTION 15. ANIMAL HEALTH COMMISSION: CATTLE FEVER TICKS. Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, \$649,987 is appropriated from the GR fund to the Animal Health Commission for the state fiscal year ending August 31, 2017, for preparedness for, response to, and mitigation of cattle fever ticks under Strategy A.1.1., Field Operations, as listed in Chapter 1281 (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015.

SECTION 16. TEXAS ALCOHOLIC BEVERAGE COMMISSION. (a) Prohibits the Texas Alcoholic Beverage Commission (TABC) from spending money appropriated to TABC by

Chapter 1281 (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, for travel outside the state, other than for bona fide and documented law enforcement or investigative activities or to attend or participate in an event, training, conference, class, or similar activity outside the state during the state fiscal biennium ending August 31, 2017.

(b) Prohibits TABC and TABC employees from accepting payments from or spending authority on behalf of any trade, professional, or industry organization for any purpose or in any form, including a travel subsidy, payment of travel or other expenses for conference presenters, prepaid meals, or lodging.

SECTION 17. DEPARTMENT OF STATE HEALTH SERVICES: STATE HOSPITALS. Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, \$15,100,000 is appropriated from the GR fund to the Department of State Health Services (DSHS) for the state fiscal year ending August 31, 2017, for staffing costs, maintenance, and repair at state hospitals.

SECTION 18. HEALTH AND HUMAN SERVICES COMMISSION: EARLY CHILDHOOD INTERVENTION PROGRAM. Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, \$4,500,000 is appropriated from the GR fund to HHSC for the state fiscal year ending August 31, 2017, to provide for early childhood intervention program providers.

SECTION 19. HEALTH AND HUMAN SERVICES COMMISSION" COMPREHENSIVE REHABILITATION SERVICES. Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, \$2,400,000 is appropriated from the GR fund to HHSC for the state fiscal year ending August 31, 2017, to provide comprehensive rehabilitation services.

SECTION 20. DEPARTMENT OF AGING AND DISABILITY SERVICES: STATE SUPPORTED LIVING CENTERS. Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, \$11,300,000 is appropriated from the GR fund to the Department of Aging and Disability Services (DADS) for the state fiscal year ending August 31, 2017, to provide additional funding for state supported living centers.

SECTION 21. DEPARTMENT OF AGING AND DISABILITY SERVICES: MEXIA STATE SUPPORTED LIVING CENTER TORNADO REPAIR. Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, \$2,400,000 is appropriated from the GR fund to DADS for the state fiscal year ending August 31, 2017, to repair tornado damage at the Mexia State Supported Living Center.

SECTION 22. KILGORE COLLEGE: HIGHER EDUCATION GROUP INSURANCE CONTRIBUTIONS. Provides that, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, \$1,073,998 is appropriated from the GR fund to Kilgore College for the state fiscal year ending August 31, 2017, to provide for state contributions for health benefits.

SECTION 23. DEPARTMENT OF TRANSPORTATION: ADJUSTMENT TO CAPITAL BUDGET ITEM EXPENDITURES. Provides that, notwithstanding Item d, Rider 2, page VII-19, Chapter 1281 (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, to the bill pattern appropriations to TxDOT, TxDOT's maximum capital expenditure for the fiscal year 2017 for transportation items is increased by \$3,500,000, for a total amount of \$8,500,000 for that fiscal year. Provides that, notwithstanding Item e of that rider, TxDOT's maximum capital expenditure for fiscal year 2017 for acquisition of capital equipment and items is correspondingly decreased by \$3,500,000, for a total amount of \$44,400,000 for that fiscal year.

SECTION 24. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES: IMPACT PROJECT. Amends Chapter 1281 (General Appropriations Act) (H.B. 1), Acts of the 84th

Legislature, Regular Session, 2015, by adding the following rider at the end of the riders to the appropriations made to DFPS in that Act (page II-46):

43. IMPACT Project. (a) Requires DFPS to report to LBB any anticipated cost overruns and project delays for the IMPACT project that, before June 1, 2017, have not been identified and reported.

(b) Requires that all cost overruns, notwithstanding any other provision of this Act, be paid from amounts appropriated above out of Appropriated Receipts. Prohibits DFPS from expending on IMPACT project cost overruns any other appropriations made from another method of financing without prior written approval from LBB. Required DFPS to request the approval and to provide any additional information LBB requests related to the request for approval in a timely manner and in a format specified by LBB. Provides that the request for approval is considered approved unless LBB issues a written disapproval not later than the 30th business day after the date on which the staff of LBB concludes its review of the request and forwards its review to the chair of the House Appropriations Committee, the chair of the Senate Finance Committee, and speaker of the house of representatives, and the lieutenant governor.

SECTION 25. DEPARTMENT OF PUBLIC SAFETY: DRIVER LICENSE IMPROVEMENT PLAN. Requires the Texas Department of Public Safety (DPS), in making expenditures of amounts appropriated to DPS for Strategy E.2.1, Driver License Services, and for Strategy E.2.2, Driving and Motor Vehicle Safety, as listed in Chapter 1281 (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, for use during the state fiscal biennium ending August 31, 2017, to endeavor to use those amounts in a manner that ensures completion of all outstanding driver license improvement plan projects, including the installation of driver license kiosks, not later than August 31, 2017.

SECTION 26. GOVERNOR'S HIRING FREEZE (a) Provides that this section applies only to a state agency, institution of higher education (IHE), or other state entity in the executive branch of state government that is under the direction of the governor. Provides that this section does not apply to an agency that is under the direction of a statewide elected official other than the governor.

(b) Provides that, notwithstanding the appropriations made by Chapter 1281 (General Appropriations Act) (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015, for use during the state fiscal biennium ending August 31, 2017, each agency, IHE, or other entity to which this section applies is directed to adhere to the memorandum issued to heads of state agencies by Steven Albright, Budget Director for Governor Greg Abbott, on January 31, 2017, regarding the governor's directive that the agencies, IHEs, and entities impose an immediate hiring freeze and maintain that hiring freeze through the end of the state fiscal year ending August 31, 2017. Requires that all amounts appropriated to those agencies, IHEs, and entities that are unexpended, because of the hiring freeze, lapse, and requires the Texas comptroller of public accounts, at the end of the state fiscal biennium ending on that date, to credit those amounts to the funds and accounts from which the appropriations were made.

SECTION 27. EFFECTIVE DATE. Provides that this Act takes effect immediately.