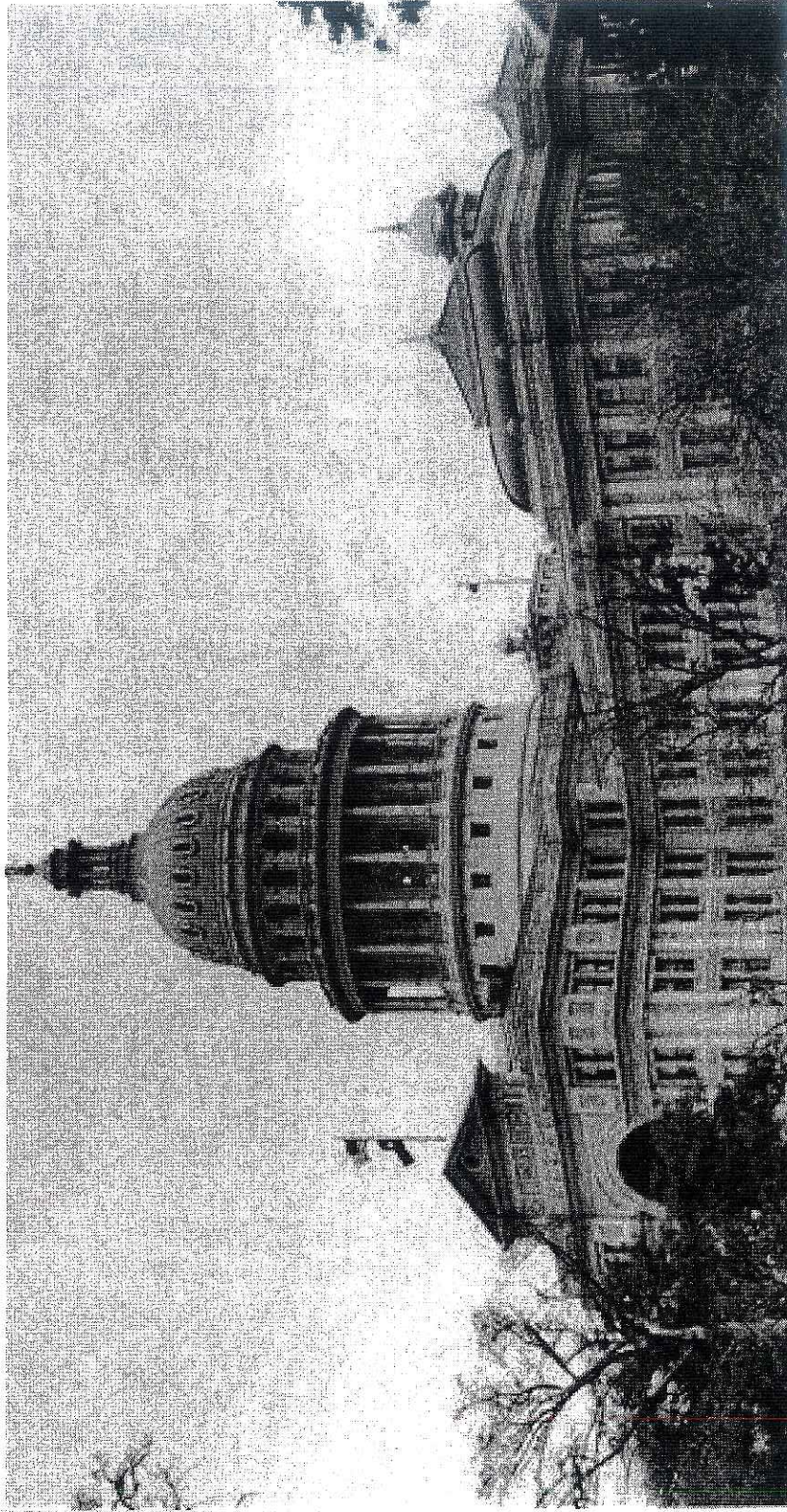


Senate Committee Substitute for HB 1

82nd Session



April 2011

All Funds Summary

	Estimated/ Budgeted 10-11	Recommended 12-13	Biennial Change	% Increase
Article I	\$4,807.9	\$4,150.9	(\$657.0)	-13.7%
Article II	\$65,477.6	\$57,702.5	(\$7,775.1)	-11.9%
Article III	\$76,441.5	\$76,270.3	(\$171.2)	-0.2%
Article IV	\$673.9	\$630.6	(\$43.3)	-6.4%
Article V	\$12,073.9	\$11,696.3	(\$377.6)	-3.1%
Article VI	\$3,649.0	\$3,237.5	(\$411.5)	-11.3%
Article VII	\$23,202.8	\$24,109.3	\$906.5	3.9%
Article VIII	\$798.7	\$547.6	(\$251.1)	-31.4%
Article IX	\$0.0	(\$2,223.3)	(\$2,223.3)	NA
Article X	\$372.8	\$341.8	(\$31.0)	-8.3%
Total	\$187,498.1	\$176,463.5	(\$11,034.7)	-5.9%

General Revenue Summary

	Estimated/ Budgeted 10-11	Recommended 12-13	Biennial Change	% Increase
Article I	\$2,439.1	\$2,119.9	(\$319.2)	-13.1%
Article II	\$21,702.8	\$23,688.0	\$1,985.2	9.1%
Article III	\$46,850.0	\$49,349.8	\$2,499.8	5.3%
Article IV	\$425.8	\$371.8	(\$54.0)	-12.7%
Article V	\$8,620.4	\$8,479.4	(\$141.0)	-1.6%
Article VI	\$874.3	\$682.6	(\$191.7)	-21.9%
Article VII	\$501.1	\$595.3	\$94.2	18.8%
Article VIII	\$293.3	\$276.7	(\$16.6)	-5.7%
Article IX	\$0.0	(\$5,195.2)	(\$5,195.2)	NA
Article X	\$372.2	\$341.2	(\$31.0)	-8.3%
Total	\$82,079.0	\$80,709.5	(\$1,369.3)	-1.7%

GR Base and ARRA Summary

	GR Estimated/ Budgeted 10-11	Adjusted Base w/ARRA	Recommended 12-13	Biennial Change
Article I	\$2,439.1	\$2,466.1	\$2,119.9	(\$346.2)
Article II	\$21,702.8	\$26,100.0	\$23,688.0	(\$2,412.0)
Article III	\$46,850.0	\$50,689.8	\$49,349.8	(\$1,340.0)
Article IV	\$425.8	\$425.8	\$371.8	(\$54.0)
Article V	\$8,620.4	\$8,620.4	\$8,479.4	(\$141.0)
Article VI	\$874.3	\$874.3	\$682.6	(\$191.7)
Article VII	\$501.1	\$501.1	\$595.3	\$94.2
Article VIII	\$293.3	\$293.3	\$276.7	(\$16.6)
Article IX	\$0.0	\$0.0	(\$5,195.9)	(\$5,195.2)
Article X	\$372.2	\$372.2	\$341.2	(\$31.0)
Total	\$82,079.0	\$90,342.0	\$80,709.2	(\$9,632.5)

Overview

- Senate set 3 major priorities first
 - Public Education
 - Health & Human Services Safety Net
 - Public Safety

- With remaining resources, invested in critical areas
 - Higher Education
 - Transportation
 - Natural Resources
 - Retirement Systems

Paying for CSHB 1

- Closing FY 11 shortfall with planned current year budget reductions and Economic Stabilization Fund frees up all FY 12-13 revenue for CSHB 1
\$77.8 billion GR
- Relies upon non-tax revenues in CSSB 1811, appropriation direction, and other bills
\$ 3.0 billion GR
- Relies upon deferral of August 2013 Foundation School Payment
\$ 2.0 billion GR
- Relies upon additional revenue growth, backstopped by Economic Stabilization Fund
\$ 3.0 billion GR

CSHB 1 is Conservative

- Balances without requiring any new taxes
- Preserves reasonable level of Economic Stabilization Fund
- Reduces state spending 5.9% below FY 10-11 All Funds
 - \$1.2 billion reductions already made in FY 11
 - \$1.4 billion below FY 10-11 GR Spending
 - \$9.6 billion below FY 10-11 GR + ARRA GR Spending Level
- Stays within Constitutional Spending Limit
- When coupled with SB 22 and SB 23, reduces structural deficit
- Preserves retirement systems and maintains debt service payments
- Requires agencies to contribute 1% of payroll towards benefit cost as another tool to manage FTE growth

CSHB 1 Maintains & Preserves Critical State Programs

- ❑ Maintains services for most vulnerable among us
 - Nursing homes
 - State Supported Living Centers
 - Mental Health Services, community and hospital
 - Waiver slots
- ❑ Preserves financial aid for students counting on state assistance
- ❑ Maintains rehabilitative treatment of incarcerated population
- ❑ Preserves health insurance benefits for state employees
- ❑ Avoids massive state layoffs

CSHB 1 is Reasonable

- Expenditures are based upon conservative estimate of revenues, property values, caseload/population growth in various state programs
- Reimbursement rate reductions are targeted to amounts and areas in order to maintain services
- While total funding to public schools actually increases, reductions to what ISD's *expected* to receive are limited to 5.7% - same % reduction state is experiencing



Public Education

Public Education

Texas Education Agency

- Provides \$3.8 billion more for the Foundation School Program than the House bill
 - Conforms with SB 22 and fully funds the new entitlement
 - Reduces Target Revenue Hold Harmless by \$3 billion or 55%.
 - Appropriates \$1.3 billion above FY 10-11 All Funds Base
- Funds all required textbooks for STARR/End-of-Course Exams
 - When coupled with HB 4, fully funds Proclamation 2011
 - House bill funds continuing contracts only
- Provides \$471 million for educational grants associated with student success, dropout prevention and intervention, pre-K, and educator quality.
 - House bill provides \$17 million for education grants



*Health & Human Services
Safety Net*

Health & Human Services

- Assumes approximately \$3.3 billion General Revenue in Cost Containment Initiatives, \$3 billion in Medicaid, without changing eligibility, closing a State Supported Living Center, or privatizing state hospitals
- Maintains the number of current clients, including those in waivers and entitlement programs
- Appropriates \$1.6 billion General Revenue and \$3.6 billion All Funds, 7% increase, more than the House bill

Medicaid and CHIP

- Medicaid and CHIP Forecasts
 - 231,525 more Medicaid Clients are estimated to enroll in 2011-2013
 - 6% increase in Total Clients over 2011
 - 162,364 more children are expected to enroll in Medicaid & CHIP
 - 5% increase in Children over 2011

Average Monthly Client Caseload

	FY 2010 Actual	FY 2011 Budgeted	FY 2012 Estimated	FY 2013 Estimated
Medicaid and CHIP Children <i>(included in numbers below)</i>				
Medicaid Acute Care	2,894,859	3,086,464	3,183,186	3,248,828
CHIP	570,193	573,769	601,215	613,263
Total Clients Served	3,868,678	4,091,728	4,222,044	4,323,253

Medicaid

- Medicaid
 - \$1.4 billion General Revenue and \$3.3 billion All Funds more than the House bill
 - **Nursing Homes**, Senate completely restores rates to 2011 rates whereas the House budget maintains a 10% - 30% rate reduction
 - **Community Care Services**, Senate completely restores rates to 2011 rates whereas the House maintains a 10% - 30% rate reduction
 - **Physician and Dental Services**, Senate completely restores rates to 2011 rates whereas House maintains a 10% rate reduction
 - **Children's and Rural Hospitals**, Senate completely restores rates paid under the TEFRA to Children's and Rural Hospitals whereas the House doesn't restore Children's Hospitals
 - 6% average rate reduction for providers in Medicaid/CHIP in the Senate as compared to the House which ranges from 10% to 50% for some providers

Community Care Services

□ Medicaid - Community Care Services

- Maintains and expands services to provide 179,327 people on average per month through community services
- Provides an additional \$22.4 million General Revenue and \$53 million All Funds increase above the House bill to expand almost 1,000 waiver slots
 - 400 Promoting Independence Slots
 - 340 slots for Persons at Risk of Emergency Institutionalization
 - 192 slots for Children Aging out of Foster Care
- Adds 11,431 people to waiver services above 2011 level, totaling 60,146 people in waiver services by the end of 2013
- Adds 11,799 additional clients to the Star Plus CBA program which will reduce the CBA interest list by 48% or 16,038

Mental Health Services

- Mental Health Services
 - \$157.8 million General Revenue and \$205.1 million All Funds above the House bill
 - Restores 216 state hospital beds, serving an additional 2,938 people
 - Assumes \$15 million in cost containment initiatives for state hospitals
 - Restores 174 community hospital beds restored, serving an additional 1,195
 - \$58.5 million General Revenue and \$23.3 million All Funds above FY 10-11

	House Proposal		Senate Proposal	
	GR	AF	GR	AF
Community Mental Health Services	680.4	930.4	752.6	1,050.0
State Hospitals	589.4	746.8	626.0	783.4
Community Hospitals	58.5	58.5	107.4	107.4
Total	1,328.3	1,735.7	1,486.0	1,940.8

in millions

Family & Protective Services

- Foster Care, Adoption Subsidies and Permanency Care Assistance (PCA)
 - Fully funds Foster care, Adoption and Permanency Care Assistance (PCA) caseloads
 - Restores all rate reductions whereas the House maintains an estimated 5-10% rate reduction

- Prevention and Early Intervention
 - Fully restores STAR whereas the House maintains a 43% reduction in General Revenue or 11% reduction in All Funds to STAR
 - Fully restores CYD whereas the House maintains a 85% reduction in General Revenue or 32% reduction in All Funds to CYD
 - Provides prevention services to 5,000 more children than the House bill

Assistive and Rehabilitative Services

- Blind Children's Program
 - \$2.9 million General Revenue to serve 997 additional children above the House bill
- Vocational Rehabilitation Services
 - \$4 million General Revenue and \$16.5 million All Funds to serve an additional 5,629 people in both Blind and General VR programs above the House bill
- Independent Living Centers
 - \$1.5 million General Revenue to maintain services for 1,850 people above the House bill

Client Services

Non-Medicaid Client Caseload	
Program	Additional Clients Served by the Senate
Vocational Rehabilitation	5,629
Comprehensive Rehabilitation Services	3
Blind Children	997
Independent Living Centers	1,850
Prevention and Early Intervention Services	5,227
Protective Day Care	765
Relative Day Care	78
Abstinence	10,644
Community Mental Health	52,451
State Hospitals	2,938
Community Hospitals	1,195
Substance Abuse Services	4,979
Total	86,756



Public Safety

Criminal Justice

□ Texas Department of Criminal Justice

- Operations:
 - Funds probation and diversions at current levels (\$56.0 million above House bill) to avoid adverse impact of budget reductions on prison population
 - Funds capacity needs (3,810 beds above House-funded capacity; \$105.6 million above House bill)
 - Requires no further eliminations of positions than those implemented in FY10-11 (House bill would eliminate an additional 527 positions)
- **Correctional Managed Health Care:**
 - Funds \$195.9 million above House bill (\$28.7 million below FY10-11 base) to ensure adequate provision of health care for incarcerated individuals
 - Contains costs by restricting reimbursement rates to Medicare levels
 - Provides specific direction TDCJ, UTMB, and TTUHSC on policies, procedures, and cost saving measures

Criminal Justice

□ Juvenile Probation Commission

- Maintains funding for grants to local probation departments at FY10-11 levels to keep youth in the community and maintain historically low commitment levels

□ Texas Youth Commission

- Adequately funds operations based on population projections, while achieving savings of \$116.9 million through facilities consolidation, institutional operational efficiencies, and administrative reductions

Public Safety

□ Department of Public Safety: Statewide Operations

- Funds \$95 million above House bill in operational items for law enforcement, public safety, and homeland security
 - Near full restoration to FY10-11 operational base, focusing on sustaining and adding law enforcement positions, and funding critical fuel, vehicle, equipment, and other capital needs to keep troopers safely patrolling highways
- Provides \$64.1 million above House bill in Drivers License System upgrades and improvements, contingent on passage of legislation

Public Safety

- Border Security (Department of Public Safety, Governor's Office – Trusteed Programs, and Texas Parks and Wildlife Department)
 - Total appropriation of \$156.9 million, 41% more than FY10-11 base of \$111.0 million
 - Funds \$89.4 million above House bill in capabilities and equipment for border operations at DPS
 - Expanded work day for increased patrol and investigative capabilities, equivalent to 411 additional commissioned officers (\$55.9 million above House bill)
 - High-altitude surveillance aircraft and funding for aircraft repairs (\$12.6 million above House bill)
 - New tactical capabilities for investigations and inspections, communications, and waterborne operations (\$9.5 million above House bill)
 - Capital equipment purchases and replacements for current operations (\$4.8 million above House bill)
 - Increase from 6 to 18 Joint Operations and Intelligence Centers (\$4.7 million above House bill)
 - Contingency appropriation for southbound checkpoints (\$1.8 million above House bill)

Public Safety

□ Adjutant General

- Fully funds the Texas State Guard and State Missions and Training programs, including Operation Lone Star and Oral Rabies Vaccination (\$1.3 million above House bill)
- Restores the Challenge Youth Education program for troubled teens (\$5.6 million above House bill)

□ Texas Alcoholic Beverage Commission

- Restores funding for operations, enforcement, Ports of Entry, and licensing, and provides funding for the increased cost of gasoline, all contingent on agency raising revenue (\$6.6 million)



Higher Education

Higher Education

□ Higher Education Coordinating Board

- Increases Student Financial Aid by \$282.6 million above the House bill
 - Serves an additional 56,300 students in FY 12-13
- Includes \$47.7 million for research programs
 - House bill includes no funding
- Includes \$89.8 million for health programs
 - House bill includes \$25.3 million

Higher Education

- Maintains formula funding level for Community Colleges at the FY 10/11 base
 - Provides an additional \$12.6 million to be distributed based on Momentum Points
 - House bill reduces formula funding by 5%
- Limits reductions to formula funding for GAIs and HRIs to 5%
 - Provides a hold harmless to ensure no General Academic Institution has a reduction greater than 15%
 - House bill reduces formula funding by 10% and provides no hold harmless
- Provides \$11 million to UTMB for debt service for the previously authorized TRB
 - House bill provides no additional funding



Transportation

TxDOT

- Funds an additional \$4 billion in Prop 12 bonds
 - \$3.19 billion more than the House bill
- Provides for \$100M in lettings above FY 10-11
 - FY 10-11 lettings totaled \$8.46 billion
 - FY 12-13 lettings will result in \$8.56 billion in new construction projects
- The additional \$4 billion in Prop 12 bonds allows TxDOT to maintain roads, add capacity for the most congested roads, and repair bridges:
 - \$1.4 billion addresses long-term Maintenance & Safety backlogs
 - \$600 million flows through Metro & Urban Mobility formulas
 - \$500 million funds several Major Bridge Projects
 - \$300 million provides needed Engineering & Right of Way
 - \$200 million completes the I-35 Corridor Expansion to Six Lanes in Waco District



Natural Resources

Natural Resources

Water Development Board

- Provides for issuance of \$100 million new GO Bonds for EDAP (House does not issue new bonds)
- Provides for issuance of \$200 million new GO Bonds for the Water Infrastructure Fund (House does not issue new bonds)



Retirement Systems

Retirement Systems

Employees Retirement System

- Retirement
 - Increases to a 6.5% contribution in FY 13 (\$19.5 million above House bill).
 - House bill provides 6% each year.
- Insurance
 - Provides for 7% growth in health care costs (\$335 million above House bill).
 - House bill does not fund growth and requires employees to pay 10% of the monthly premium.

Teacher Retirement System

- Retirement
 - Increases to a 6.4% contribution in FY 13 (\$6.7 million above House bill).
 - House provides 6% in each year
- Insurance
 - Contributes 1% in FY 12 and 0.5% in FY 13 (\$125.7m above House bill).
 - House provides 0.5% in each year.