House Committee on Appropriations - Article II Subcommittee: Department of State Health Services, March 3, 2021

This report addresses presentations from the Legislative Budget Board and the Department of State Health Services. The Report from the SAO on Contracting, as well as Article II Special Provisions and Public Testimony will be provided in a separate report.

Presentation from the Legislative Budget Board - Julie Lindsey.

Summary of Recommendations

Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change ($)	Biennial Change (%)
General Revenue Funds	$618,465,284	$464,502,549	($153,962,735)	(24.9%)
GR Dedicated Funds	$322,613,410	$338,796,883	$16,183,473	5.0%
Total GR-Related Funds	*$941,078,694*	*$803,299,432*	*($137,779,262)*	*(14.6%)*
Federal Funds	$2,450,761,419	$779,288,012	($1,671,473,407)	(68.2%)
Other	$242,345,830	$235,543,640	($6,802,190)	(2.8%)
All Funds	**$3,634,185,943**	**$1,818,131,084**	**($1,816,054,859)**	**(50.0%)**

	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	3,452.9	3,285.9	(167.0)	(4.8%)

Agency Budget and Policy Issues and/or Highlights

The 2020-21 base includes $73.9 million in one-time General Revenue funding and $29.0 million in one-time funding from the Economic Stabilization Fund (Other Funds) not included in 2022-23 recommendations. DSHS was exempt from five percent reductions in 2020-21, but has a reduction of $32.9 million in General Revenue and General Revenue-Dedicated in 2022-23. Recommendations also include a $50.4 million reduction in General Revenue replaced by, or recategorized as, other funding sources. The 2022-23 recommended amounts also include a $1.7 billion reduction in federal funding for COVID-19 response. The FTE cap includes federally funded FTEs for COVID-19 response including 33.8 FTEs in fiscal year 2020, 158.0 FTEs in fiscal year 2021, 101.0 FTEs in fiscal year 2022, and 59.0 FTEs in fiscal year 2023.

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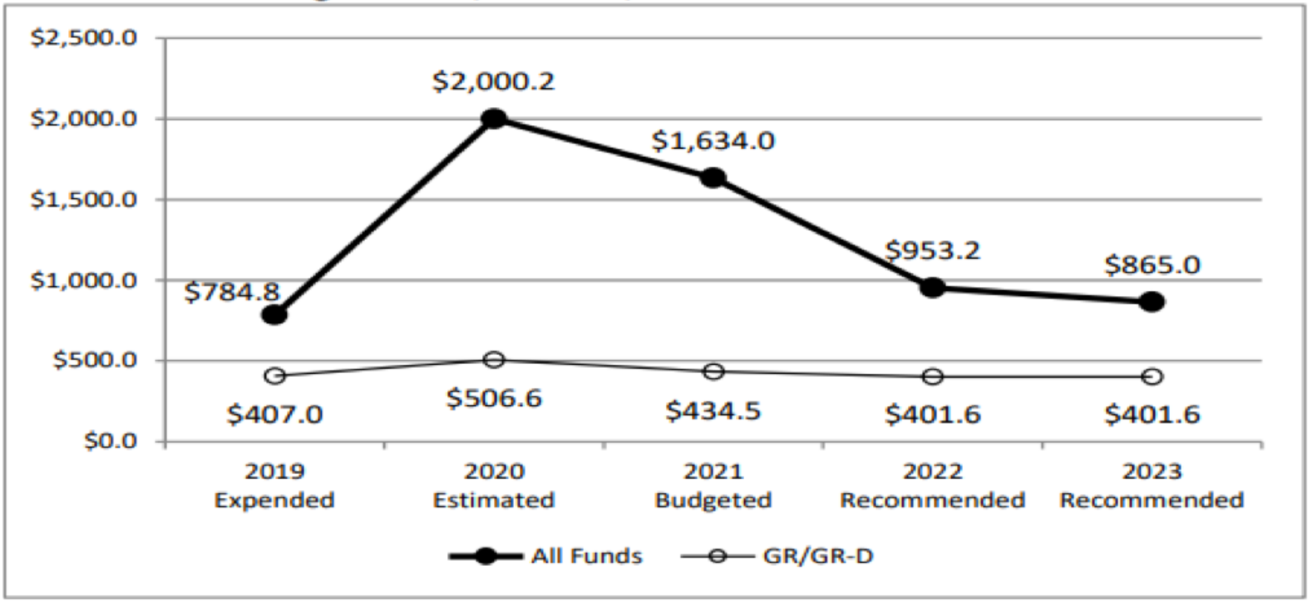
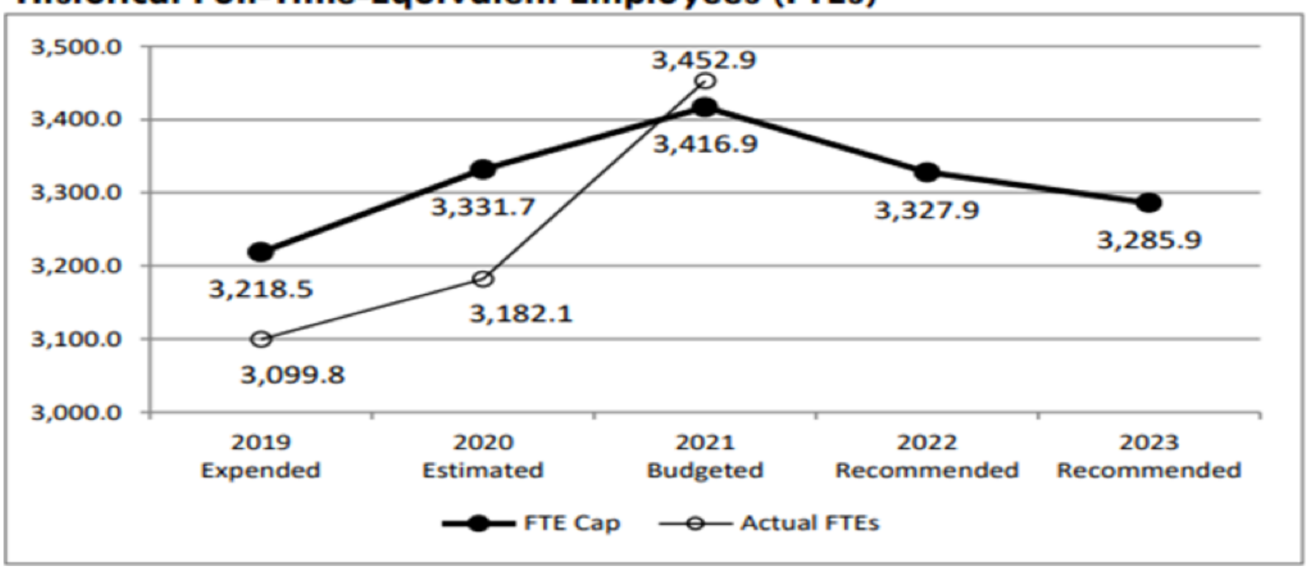
Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



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Department of State Health Services
Summary of Funding Changes and Recommendations - House

	Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
	SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):						
A)	COVID-19 Response Funding	($50.0)	$0.0	($1,705.2)	$0.0	($1,755.2)	A.1.1, A.2.1, A.2.2, A.2.3, C.1.1, D.1.1, E.1.1, E.1.2, E.1.3, E.1.4
B)	One-time Funding	($23.9)	$0.0	$0.0	($29.0)	($52.9)	A.1.1, A.2.3, A.2.5, A.3.1, A.4.1, B.2.1, C.1.1, C.1.2
C)	Five Percent Reductions	($27.1)	($5.8)	$0.0	$0.0	($32.9)	All Strategies except C.1.4
D)	Method-of-Finance Swaps from General Revenue to General Revenue-Dedicated or Other Funds	($37.8)	$15.5	$0.0	$22.3	$0.0	A.1.5, A.4.1, B.2.1, C.1.1
E)	Permanent Tobacco Funds	$0.0	($0.9)	$0.0	$0.0	($0.9)	A.1.1, B.2.1
F)	Reclassification of Insurance Maintenance Tax and Fee Account No. 8042 (General Revenue) to Insurance Operating Account No. 36 (General Revenue-Dedicated)	($12.6)	$12.6	$0.0	$0.0	$0.0	A.2.1, C.1.2
	OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):						
K)	Other Preparedness and Prevention Services Funding	($2.4)	($2.4)	$20.6	($0.3)	$15.5	A.1.1, A.1.2, A.1.3, A.1.4, A.1.5, A.2.1, A.2.2, A.2.3, A.2.4, A.2.5, A.3.1, A.3.2, A.4.1
L)	Other Community Health Services Funding	$0.0	($3.1)	$0.7	$0.3	($2.1)	B.1.1, B.1.2, B.2.1, B.2.2
M)	Other Consumer Protection Services Funding	$0.2	$0.0	($0.5)	$0.1	($0.2)	C.1.1, C.1.2, C.1.3, C.1.4
N)	Other Agencywide IT Projects and Indirect Administration Funding	($0.3)	$0.2	$12.8	($0.2)	$12.4	D.1.1, E.1.1, E.1.2, E.1.3, E.1.4
	TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	**($154.0)**	**$16.2**	**($1,671.5)**	**($6.8)**	**($1,816.1)**	As Listed
	SIGNIFICANT & OTHER Funding Increases	$0.2	$28.3	$34.1	$22.7	$85.3	As Listed
	SIGNIFICANT & OTHER Funding Decreases	($154.1)	($12.1)	($1,705.7)	($29.5)	($1,901.4)	As Listed

Selected Fiscal and Policy Issues – House

1. COVID-19 Response.

a. Response Activities. Through December 2020, projected expenditures for the Department of State Health Services (DSHS) for COVID-19 response total $945.0 in All Funds ($28.4 million in General Revenue) in fiscal year 2020 and $2.6 billion in All Funds ($17.9 million in General Revenue) in fiscal year 2021. The agency is replacing General Revenue with federal funds as they become available. Projected expenditures include the following significant amounts:

- $609.1 million in Federal Funds in fiscal year 2020 and $2.2 billion in Federal Funds in fiscal year 2021 for medical staff sent to hospitals for surge capacity;
- $241.1 million in All Funds ($27.6 million in General Revenue) in fiscal year 2020 and $188.4 million in All Funds ($17.9 million in General Revenue) in fiscal year 2021 for

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local response activities, which include temporary staffing, medical equipment/supplies including personal protective equipment (PPE), alternative care sites, and other costs related to working with local health departments and the public;
- $46.3 million in Federal Funds in fiscal year 2020 and $138.3 million in Federal Funds in fiscal year 2021 for COVID-19 surveillance, which includes capital, staffing, and contracts to assist with conducting contact tracing; and
- $27.9 million in Federal Funds in fiscal year 2020 and $61.0 million in Federal Funds in fiscal year 2021 that DSHS anticipates distributing to local entities. These amounts will continue to increase as DSHS continues to respond to COVID-19.

b. Disaster Transfers. The 2020-21 base reflects a disaster transfer of $50.0 million from the Health and Human Services Commission (HHSC) to DSHS in fiscal year 2020 to support COVID19 response. The base does not reflect other General Revenue transfers and spending DSHS made in response to the COVID-19 pandemic.

c. Federal Funds. DSHS base also shows $1,034.1 million in fiscal year 2020 and $797.8 million in fiscal year 2021 in federal funds for COVID-19 response. These amounts are estimates based on what DSHS believed would be available and expended at the time of Legislative Appropriations Request (LAR) submission. Included in this amount is $201.5 million in fiscal year 2020 and $107.1 million in fiscal year 2021 from the Coronavirus Relief Fund. Through December 2020, DSHS has received $2,009.5 million from the Coronavirus Relief Fund authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, primarily to cover costs related to medical surge staffing DSHS has provided to hospitals. DSHS is planning on returning the funding except what is needed as a match for Federal Emergency Management Agency (FEMA) Public Assistance Category B. Through December, DSHS has received some funding from FEMA already, and expects to receive a total of $601.4 million in fiscal year 2020 and $1,798.2 million in fiscal year 2021. These amounts are expected to change depending on the approval of current FEMA applications and new applications.

Recommendations include $108.7 million in fiscal year 2022 and $18.1 million in fiscal year 2023 in COVID-19 Epidemiology & Lab Capacity federal funds for continued COVID-19 response activities. No other COVID-19 federal funding is included in recommendations in 2022-23, though some awards are available through that time. The amounts included by DSHS in their LAR differ from what the agency reported in the January COVID-19 survey. In the survey, DSHS has identified funds as projected reimbursements whether they have specific expenses planned for the funds or not. The agency has not reported projected expenditures for all the available funds, and it is possible they will not spend the full award amounts in 2020-21. There may be an opportunity to direct the use of some federal funding that will not be fully expended in 2020-21 in 2022-23 to cover needs related to ongoing COVID-19 response. See Supplemental Schedule 3-1 for a detailed description of COVID-19 federal funds.

d. Full-time Equivalents (FTEs). The base reflects an additional 33.8 FTEs in 2020 and 158.0 FTEs in 2021 in Strategy A.2.3, Infectious Disease Prevention, Epidemiology and Surveillance, paid from federal funds related to COVID-19 response. Recommendations include 101.0 FTEs in fiscal year 2022 and 59.0 FTEs in fiscal year 2023 in Strategy A.2.3, Infectious Disease Prevention, Epidemiology and Surveillance, paid from federal funds related to COVID-19 response. See selected fiscal and policy issue #5 for more details on FTEs.

2. One-Time Funding Reductions. Recommendations include a reduction of $23.9 million from one-time funding in 2020-21. The following one-time items were funded in General Revenue in the 2020-21 base and removed from 2022-23:

- $10.9 million for laboratory repair and renovation;
- $5.9 million for the Laboratory Information Management System (LIMS) upgrade;
- $3.5 million for the National Electronic Disease Surveillance System (NEDSS) upgrade;
- $1.3 million for vehicles;
- $1.0 million for the Texas Center for Infectious Disease repair and renovation;
- $0.9 million for laboratory equipment; and
- $0.5 million for one-time laboratory operating costs.

Recommendations also include a reduction of $29.0 million in funding from the Economic Stabilization Fund (Other Funds) for an emergency generator for the laboratory ($12.0 million) and trauma capacity and response infrastructure ($17.0 million) provided in Senate Bill 500, Eighty-sixth Legislature, 2019. Funding was appropriated in fiscal year 2019 for a two-year period and is currently reflected in fiscal year 2020.

3. Five Percent Reductions. Recommendations include a five percent reduction of $32.9 million in General Revenue and General Revenue-Dedicated Funds in 2022-23. DSHS was exempt from creating a five percent reduction plan in 2020-21, but was required to make reductions in 2022-23. Recommendations include all requested reductions except for a proposed reduction of $0.1 million for Strategy C.1.4, Texas.gov, because the costs for Texas.gov are not expected to decrease to allow DSHS to make this reduction. Recommendations include a five percent reduction of $1.2 million in General Revenue for Strategy A.2.5, Texas Center for Infectious Disease, but provide alternate funding in Appropriated Receipts to replace the reduction. See selected fiscal and policy issue #9 for details.

4. General Approach to Recommendations and Method of Finance Swaps. In general, recommendations seek to maintain fiscal year 2021 funding levels in 2022-23 when funding differs between fiscal year 2020 and 2021. In addition, when another funding source was available such as General Revenue-Dedicated funding or Other Funds, recommendations replaced General Revenue with the other revenue source.

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a. General Revenue and General Revenue-Dedicated Funding. When General Revenue and General Revenue-Dedicated appropriations differed between fiscal year 2020 and fiscal year 2021, recommendations are based on fiscal year 2021 amounts after any one-time funding is removed to ensure operations can be maintained at the fiscal year 2021 level. Five percent reductions and other funding changes such as method-of-finance swaps were then applied to the fiscal year 2021 amount. In addition, multiple General Revenue-Dedicated Accounts used for DSHS appropriations have significant balances. To the extent possible, while following statutory requirements, General Revenue-Dedicated Account funding was used to replace General Revenue funding. These funding changes are explained at a strategy level in Appendix A.

b. Federal Funds. For most federal funding awards not directly related to COVID-19 response, recommendations maintain the fiscal year 2021 budgeted amount in 2022-23. DSHS has rolled forward grants from previous awards into fiscal year 2020 and frequently moves funding between years, so for most awards, the fiscal year 2020 amount is higher than the fiscal year 2021 amount. It is likely that DSHS did not spend the full amount of federal funding shown in fiscal year 2020 and instead will move some amount into fiscal year 2021. For three awards (Public Health Emergency Preparedness, Bioterrorism Hospital Preparedness Program, and Immunization Grants), recommendations include additional funding above the fiscal year 2021 amount that is expected to be available in 2022-23 based on award amounts. Recommendations also include Rider 26, Federal Funds Reporting Requirement, which requires the agency to provide notification if they do not fully expend the appropriated amounts for those awards. Recommendations also include Rider 27, HIV Care Formula Grants, which requires DSHS to provide notification if they spend a portion of the upcoming year's HIV Care Formula Grant award in the current fiscal year.

c. Other Funds. Recommendations also maintain most Appropriated Receipts and Interagency Contracts at the fiscal year 2021 budgeted level, which is in line with DSHS's request.

5. FTEs. DSHS reported significant increases in overall FTEs and differences in filled/budgeted FTEs by strategy in 2020-21 compared to appropriations. The agency has discretion to move FTEs between strategies, but it is not clear how DSHS was able to do so without also moving funding for salaries and wages, which they did not report doing. Pursuant to the 2020-21 General Appropriations Act (GAA), DSHS provided notification that they were increasing FTEs above appropriations in 2020-21. However, in fiscal year 2021, DSHS included a budgeted amount of FTEs that is higher than their FTE cap, even after adjusting for authorized increases.

Recommendations for FTEs for 2022-23 start from DSHS appropriated FTEs for fiscal year 2021 with adjustments for authorized increases above appropriations and additional adjustments based on filled COVID-19 federally funded positions reported by DSHS. Additional adjustments are made based on expected reductions in federally funded COVID-

19 positions and five percent reductions to identify the recommended number of FTEs for fiscal years 2022 and 2023. The calculations and final recommended caps for 2022-23 are shown in the following table.

DSHS's request included 3,389.9 FTEs in fiscal year 2022 and 3,347.9 FTEs in fiscal year 2023, which is 62.0 FTEs above the recommended cap in each of those fiscal years. Recommendations do not include these 62.0 FTEs in each year of 2022-23. Recommendations do not include 44.0 FTEs requested by DSHS for Strategy A.1.2, Vital Statistics, as that strategy is the reason DSHS expects to exceed the adjusted cap in fiscal year 2021. Recommendations reduce funding in that strategy to align with the recommended FTEs. See selected fiscal and policy issue #6 for more information. Recommendations do not include 18.0 FTEs requested by DSHS for Strategy A.1.1, Public Health Preparedness and Coordinated Services, because DSHS's request included a decrease of $3.3 million in salaries and wages in 2022-23 compared to fiscal year 2021 but maintained FTEs except for a five percent reduction of 5.0 FTEs. Because of the expected decline in salaries and wages, recommendations reduce FTEs in Strategy A.1.1, Public Health Preparedness and Coordinated Services, to ensure that overall recommended FTEs remain within the recommended cap.

6. Vital Statistics. Recommendations for the 2022-23 biennium include $8.1 million in General Revenue-Dedicated ($34.1 million in All Funds) in Strategy A.1.2, Vital Statistics, which is a reduction of $3.1 million in General Revenue/General Revenue-Dedicated ($2.5 million in All Funds). However, this is an increase of $3.5 million in All Funds above appropriated levels for 2020-21.

a. 2020-21 Biennium. The 2020-21 GAA included $16.1 million in All Funds and 170.1 FTEs in fiscal year 2020, including an additional $1.5 million and 17.0 FTEs to improve customer service and address a record request backlog, and $14.5 million in All Funds and 153.1 FTEs in fiscal year 2021. However, DSHS determined that they needed additional funding and temporary staff above appropriations to address the backlog. In their LAR, DSHS reported spending $20.0 million ($2.7 million above appropriations) in fiscal year 2020 and budgeted $17.8 million ($3.3 million above appropriations) in fiscal year 2021. DSHS reported 192.7 FTEs (22.6 FTEs above appropriated levels) in fiscal year 2020 and 199.5 FTEs (46.4 FTEs above appropriated levels) in fiscal year 2021.

b. Revenue Increase. Revenue raised by DSHS Vital Statistics fees includes both General Revenue-Dedicated Account No. 19, Vital Statistics (Account 19), and Appropriated Receipts. For vital records other than death certificates ordered online, the revenue is split between a program fee that is deposited to Account 19 and appropriated to DSHS as General Revenue Dedicated funds and a Texas.gov fee, which is not appropriated to DSHS but directly transferred to the Department of Information Resources (DIR). For death certificates ordered online, the revenue is divided between the program fee, the Texas.gov fee, and a convenience fee available for use by DSHS as Appropriated Receipts (Other Funds). For all records ordered offline, revenue is split between the program fee and the convenience fee. The revenue splits are determined in the contract between DSHS and DIR. From fiscal years 2016 to 2019, convenience fee revenue was appropriated to DSHS as Appropriated Receipts to implement TxEVER, a single state electronic birth and death records system. After TxEVER was fully implemented on September 1, 2019, a backlog of vital records requests started occurring. DSHS worked with DIR to change the distribution of the fee on additional copies of death certificates starting in January 2020 to retain additional funds at DSHS to be used to address the backlog. This change generated an additional $1.5 million for DSHS in fiscal year 2020 and is expected to generate an additional $3.0 million in each subsequent fiscal year in Appropriated Receipts. There is also unexpended convenience fee revenue available for DSHS to spend as Appropriated Receipts. DSHS used unexpended balance authority to move $3.8 million of this revenue from fiscal year 2019 to fiscal year 2020 and plans to spend additional fund balances in fiscal year 2021. DSHS utilized the additional funding in fiscal year 2020 for temporary staff for the call center and order fulfillment, and for data entry of paper records. DSHS reported that the backlog was reduced from 26,492 at the end of September 2019 to 30 requests as of the first week in January 2021. To prevent another backlog from occurring, DSHS plans to use the additional revenue for ongoing Data Center Services costs for TxEVER, TxEVER maintenance, the call center, and a document repository system and to free up other revenue for FTEs and temporary staff.

c. Recommended Funding and FTEs. Recommendations for 2022-23 do not include 44.0 FTEs requested by DSHS in Strategy A.1.2, Vital Statistics (see also selected fiscal and policy issue #5). This is a reduction of 19.0 FTEs from the budgeted fiscal year 2021 level. Recommended funding for 2022-23 maintains fiscal year 2021 funding, which is lower than fiscal year 2020, with an additional reduction of $1.6 million in General Revenue and General Revenue-Dedicated for the biennium for the 19.0 FTEs.

d. Five Percent Reductions. DSHS included an unspecified strategy reduction of Account 19 by $0.6 million, which is included in the agency's five percent reduction as shown in Supplemental Schedule 3-2. Recommendations assume this reduction will be achieved as part of the reduction to align with recommended FTEs described above and not in addition to it.

7. Immunizations. Recommendations for 2022-23 include $60.3 million in General Revenue/General Revenue-Dedicated ($154.6 million in All Funds) for Strategy A.2.1, Immunize Children and Adults in Texas. This is a reduction of $4.7 million in General Revenue/General Revenue-Dedicated ($35.3 million in All Funds) compared to 2020-21.

a. Five Percent Reductions. Recommendations include a reduction of $4.7 million in 2022-23 in Strategy A.2.1, Immunize Children and Adults in Texas, identified by DSHS in their five percent reduction. This includes a reduction of $4.0 million to the Adult Safety Net program, which will be achieved by removing the zoster (shingles) vaccine from the formulary, which means DSHS would no longer supply those vaccines at no cost to enrolled providers. This also includes a reduction of $0.4 million in medication purchases for rabies biologicals distribution and a reduction of $0.3 million for administrative support services payments that DSHS makes to HHSC.

b. Federal Immunization Grants. Recommendations include a reduction of $24.5 million in the federal Immunization Cooperative Agreement award that DSHS received in 2020-21 through the CARES Act to support influenza vaccine and COVID-19 vaccine preparedness. Recommendations also include $27.5 million of federal Immunization Grants in each fiscal year, which is an increase of $14.1 million. This increase is due to additional funds that are expected to be available in 2022-23. Recommendations also include Rider 26, Federal Funds Reporting Requirement, which requires the agency to provide notification if they do not fully expend the appropriated amounts for Immunization Grants.

8. HIV/STD Prevention. Recommendations in 2022-23 include $95.0 million in General Revenue ($440.6 million in All Funds) for Strategy A.2.2, HIV/STD Prevention. This is a reduction of $5.0 million in General Revenue ($3.8 million in All Funds) compared to 2020-21.

a. Five Percent Reduction. As part of their five percent reduction, DSHS decreased General Revenue for HIV Services Account No. 8005 by $5.0 million in 2022-23. This reduction would affect HIV prevention services, Hepatitis C Virus surveillance, and travel. According to DSHS, the reductions would be to the prevention contracts with the community-based organizations, universities, hospital districts, community primary care health centers, and local health departments. The reduction in General Revenue would result in reductions of 20.0 to 33.0 percent in PrEP services, 20.0 percent in routine HIV screening in two hospital emergency centers and one federally qualified health center, 20.0 percent of all client level interventions, 20.0 percent of structural interventions, and complete elimination of one particular structural intervention (Community Promise), and 50.0 percent of all travel. In addition, the Mom and Baby project with Harris Health Systems, Texas Children's Hospital, and Baylor would not be renewed. Much of the travel had already been reduced due to COVID-19. The reduction is being made in General Revenue that is used to meet maintenance-of-effort (MOE) requirements for the Ryan White Part B HIV Care Formula Grants.

b. HIV Care Formula Grants. DSHS receives Ryan White Part B HIV Care Formula Grants from the Health Resources and Services Administration (HRSA) to improve the quality, availability, and organization of HIV health care and support services in the state. DSHS received an award of $109.5 million in federal fiscal year 2020 and $113.7 million in federal fiscal year 2021. Due to the timing of the award receipt, DSHS does not spend the exact award amount in the year received. DSHS reported spending $112.8 million in state fiscal year 2020 and budgeted $119.3 million in fiscal year 2021 across all strategies. To meet the requirements for this award, DSHS has to meet MOE and state match requirements. The award requires that states maintain HIV-related expenditures at a level equal to the previous year. For fiscal years 2020 and 2021, Texas' MOE requirement was $53.7 million. To meet this requirement, DSHS counts $53.2 million in General Revenue for HIV services Account No. 8005 and $0.5 million in HIV-related expenditures made by the Texas Department of Criminal Justice (TDCJ). HRSA permits DSHS to use up to $1.0 million in TDCJ HIV-related expenditures to meet MOE requirements after DSHS requested a change in MOE methodology. The five percent reduction would reduce General Revenue for HIV services Account No. 8005 to $50.7 million in each fiscal year of 2022-23. To continue to meet MOE requirements, DSHS proposes counting more of TDCJ's expenditures toward the MOE requirements as they believe TDCJ has sufficient HIV-related expenditures to make up the difference. DSHS believes HRSA would allow them to update the MOE methodology again to include more TDCJ expenditures, though this has not been confirmed by HRSA. The consequences of not meeting MOE requirements are not discussed in HRSA guidance, but it could result in a significant loss of federal funds if HRSA does not accept the updated methodology. The state match requires DSHS to match one state dollar for every two federal dollars for the base and for the AIDS Drug Assistance Program (ADAP) formula funds portions of HIV Care Formula Grants. The same state funds can be used to meet both match and MOE requirements. For the 2019 award, the state match was $46.7 million and for the 2020 award it is $46.6 million. If a state doesn't meet match requirements, HRSA reduces the award to the amount that can be matched. DSHS would continue to meet match requirements in 2022-23 even with the five percent reduction. Recommendations include $243.7 million in HIV Care Formula Grants for 2022-23 across all strategies, which is an increase of $7.0 million compared to 2020-21 based on DSHS's request. However, the award amount is expected to increase by only $1.2 million in that period, so DSHS plans to use $11.0 million from the 2023 award in fiscal year 2022 and $21.9 million from the 2024 award in fiscal year 2023. Unless award amounts increase, DSHS would not be able to maintain expenditure levels from the award in future fiscal years. Recommendations include Rider 27, HIV Care Formula Grants, which requires DSHS to provide notification if they spend a portion of the upcoming year's HIV Care Formula Grant award in the current fiscal year. This recommendation does not include any potential reduction that may occur from not meeting MOE requirements.

c. HIV Vendor Drug Rebates. Recommendations include $40.4 million in HIV Vendor Drug Rebates Account No. 8149 (Other Funds), which is a reduction of $1.3 million from 2020-21 to maintain the fiscal year 2021 level. DSHS earns drug manufacturer rebates on medication co-payments it makes in the State Pharmaceutical Assistance Program (SPAP) and the Texas Insurance Assistance Program (TIAP), which are both part of its HIV Medication program. Despite small increases in spending in the SPAP and TIAP programs, HIV Vendor Drug rebate collections dropped in fiscal years 2019 and 2020 due to changes in which medications were eligible for reimbursement and not due to changes in service levels. DSHS collected $23.2 million in HIV Vendor Drug Rebates in fiscal year 2019 and $17.3 million in fiscal year 2020, both of which were below the appropriated level. DSHS reported spending $21.5 million in fiscal year 2020 due to an unexpended balance of $4.3 million from fiscal year 2019. Recommendations in 2022-23 include $20.2 million in HIV Vendor Drug Rebates each fiscal year, which is based on DSHS projections for fiscal year 2021 and is about midway between the fiscal year 2019 and 2020 collections. It is possible actual collections will vary significantly from appropriations. The reduction in available rebate funding in fiscal year 2020 resulted in cuts to prevention activities and medication purchases. If revenue is lower than anticipated in fiscal years 2021-23, DSHS would have to make further reductions.

d. Appropriated Receipts. Recommendations include a reduction of $4.7 million in Appropriated Receipts due to a one-time refund from a manufacturer for expired medication in fiscal year 2020.

9. Texas Center for Infectious Disease. Recommendations for 2022-23 include $23.1 million in General Revenue/General Revenue-Dedicated ($30.3 million in All Funds) for Strategy A.2.5, Texas Center for Infectious Disease (TCID), which maintains 2020-21 funding levels at an All Funds level, but includes a reduction of $2.1 million in General Revenue and General Revenue-Dedicated.

a. TCID Operating Costs. According to DSHS, 2020-21 appropriations were not sufficient to cover all operating costs due to higher than anticipated increases in medical costs and drug costs. To maintain operations, DSHS transferred $1.6 million in Appropriated Receipts (Other Funds) from the Delivery System Reform Incentive Payment (DSRIP) program from Strategy A.2.4, Tuberculosis (TB) Surveillance and Prevention, to Strategy A.2.5, TCID, in fiscal year 2020. In fiscal year 2021, DSHS moved $2.4 million in indirect federal funding used for administration and other overhead costs into Strategy A.2.5, TCID, and reported it under Project & Cooperative Agreements for Tuberculosis Control although the funds are not directly tied to this award. According to DSHS, these transfers were required to maintain operations in 2020-21.

b. General Revenue. Recommendations for Strategy A.2.5, TCID, include a reduction of $2.2 in General Revenue. This includes an increase of $0.2 million to maintain fiscal year 2021 funding for tools and equipment, which is higher than fiscal year 2020; an offsetting reduction of $1.0 million in one-time funding for TCID repair and renovation; and a reduction of $1.4 million due to the agency’s five percent reduction.

c. General Revenue-Dedicated. Recommendations include an increase of $0.1 million in General Revenue-Dedicated Account No. 5048, Permanent Hospital Fund for Capital Improvements and the Texas Center for Infectious Disease (Account 5048), to partially offset the reduction in General Revenue. This funding was increased to align with the Comptroller of Public Accounts’ projected earnings in 2022-23.

d. DSRIP. Recommendations in 2022-23 include an additional $6.4 million in Appropriated Receipts from DSRIP in Strategy A.2.5, TCID, to replace the remainder of the General Revenue decrease and provide sufficient funding to maintain operations at the 2020-21 level,

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funding DSHS's exceptional item request for TCID. DSHS reported $6.6 million in DSRIP funding in Appropriated Receipts in Strategy A.2.4, TB Surveillance and Prevention, in fiscal year 2020. DSHS earned DSRIP funds for TB prevention via screening and treatment of high-risk populations and improving the quality of patient care provided to TB patients admitted to TCID and can only use the funds for those purposes. Although DSHS reported $6.6 million in DSRIP funds in fiscal year 2020 in Strategy A.2.4, TB Surveillance and Prevention, the agency does not appear to have spent those funds in that year. Recommendations move $6.4 million of the DSRIP funding from fiscal year 2020 in Strategy A.2.4, TB Surveillance and Prevention, to Strategy A.2.5, TCID, in 2022-23 to maintain the 2020-21 funding level at TCID. This would allow TCID to remain fully operational in 2022-23 without the need for General Revenue. However, another source of funding would need to be identified in 2024-25 since DSRIP expires on September 30, 2021. DSHS expects to receive $1.2 million in DSRIP payments in fiscal years 2021, 2022, and 2023 due to payments coming in after the end of the program. These funds are included in Strategy A.2.4, TB Surveillance and Prevention.

10. Laboratory Services. Recommendations for 2022-23 include $43.4 million in General Revenue-Dedicated ($118.7 million in All Funds) for Strategy A.4.1, Laboratory Services, which is a decrease of $43.2 million in General Revenue/General Revenue-Dedicated ($31.4 million in All Funds) from 2020-21. Recommendations reflect an increase of $0.8 million for Spinal Muscular Atrophy (SMA) newborn screening, a decrease of $31.8 million in one-time funding, and a decrease of $0.4 million due to the agency's five percent reduction. Recommendations also replace General Revenue with other available revenue.

a. One-Time Funding. Recommendations include a decrease of $18.2 million in one-time General Revenue funding included in the 2020-21 base. This includes a decrease of $10.9 million due to one-time funding for laboratory repair and renovation, a decrease of $5.9 million for the Laboratory Information Management System upgrade, a decrease of $0.9 million for laboratory equipment, and a decrease of $0.5 million for one-time operating costs. Recommendations also include a decrease of $12.0 million in one-time funding from the Economic Stabilization Fund (Other Funds) for an emergency generator.

b. Five Percent Reduction. Recommendations include a decrease of $0.1 million in General Revenue and $0.4 million in General Revenue-Dedicated Account No. 524, Public Health Services Fee (Account 524), due to the agency's five percent reduction. See Supplemental Schedule 3-2 for details.

c. Newborn Screening Tests. Recommendations include $7.9 million to maintain funding to cover ongoing costs for X-linked adrenoleukodystrophy (X-ALD) newborn screening, which was implemented in August 2019.

Recommendations include $2.1 million in fiscal year 2022 and $2.2 million in fiscal year 2023 in ongoing funding for Spinal Muscular Atrophy (SMA) screening, which will be implemented in November 2021. Recommendations include a reduction of $3.4 million in start-up costs for SMA screening provided in fiscal year 2021, which results in an overall biennial increase of SMA funding of $0.8 million.

Recommendations do not include start-up funding for Pompe/Mucopolysaccharidosis Type-1 (MPS-1) newborn screening.

d. Method-of-Finance Changes. Due to the implementation of X-ALD testing and the expected implementation of SMA testing, revenue is expected to increase significantly in Account 524 and Public Health Medicaid Reimbursements Account No. 709 (Other Funds, Account 709) in 2022-23. Account 524 receives newborn screening fees collected from private pay sources and Account 709 receives reimbursements for newborn screening covered by Medicaid. Recommendations use Account 709 to cover the ongoing costs for X-ALD and SMA tests and replace all remaining General Revenue with Account 524 and Account 709. Recommendations include $43.4 million in Strategy A.4.1, Laboratory Services, from Account 524 in 2022- 23, which includes replacing $9.2 million in General Revenue. Recommendations include $74.3 million in Account 709, which is an increase of $24.3 million and includes small amounts of funding removed from other strategies at DSHS to better align the funding with the source of revenue. Additional funding from Account 709 is included in recommendations for HHSC.

11. Maternal Mortality and Morbidity. Recommendations for 2022-23 include $7.0 million in Federal Funds for maternal safety initiatives, a high-risk maternal care coordination services pilot, and public awareness and prevention activities related to maternal mortality and morbidity. These programs were previously funded with General Revenue. The method-of-finance was changed due to five percent reductions, as DSHS reduced other programs funded by the federal Title V Maternal and Child Health Block Grant (Title V) and used those federal funds to continue the maternal mortality and morbidity program. Recommendations update Rider 22, Maternal Mortality and Morbidity, to show this change in source of funding.

12. Emergency Medical Services (EMS) and Trauma Care Systems. Recommendations for 2022-23 include $246.9 million in General Revenue/General Revenue-Dedicated for Strategy B.2.1, EMS and Trauma Care Systems. This is a reduction of $5.4 million in General Revenue/General Revenue-Dedicated ($22.4 million in All Funds) from 2020-21.

a. Account 5111 Revenue. Recommendations include $225.6 million in funding from General Revenue-Dedicated Account No. 5111, Trauma Facility and EMS (Account 5111). The amount of revenue collected in Account 5111 in fiscal year 2020 was $92.8 million, which was $22.3 million lower than appropriations. Revenue collections were likely lower due to changes in revenue streams as a result of House Bill 2048, Eighty-sixth Legislature, Regular Session, 2019; House Bill 1631, Eighty-sixth Legislature, Regular Session, 2019; and the effects of COVID-19. House Bill 2048 repealed the Driver Responsibility Program (DRP), which previously provided revenue for Account 5111, and provided replacement funding by increasing the state traffic fine, adding fines for convictions of driving while intoxicated, and raising a motor vehicle insurance fee. House Bill 1631 repealed the ability of local jurisdictions to use red light cameras, which resulted in a reduction in revenue. The new revenue provided in House Bill 2048 was meant to fully offset the revenue loss to Account 5111, but it was based on a revenue estimate and actual collections vary. COVID-19 may have also reduced revenue due to court closures and a decrease in driving, though it is not known what portion of the revenue decline is attributable to statutory changes or COVID-19. Recommendations are based on expected revenue of $113.0 million in Account 5111 in each fiscal year.

b. Account 5111 Allocations. House Bill 2048 changed the allocation of funds from Account 5111. Previously, statute required that after $500,000 was reserved for extraordinary emergencies, at least 96.0 percent would be used to fund uncompensated trauma care, no more than 2.0 percent could go to EMS providers, no more than 1.0 percent to Regional Advisory Council (RACs), and no more than 1.0 percent to DSHS administration. With the passage of House Bill 2048, starting in fiscal year 2020, after the extraordinary emergencies reserve, at least 94.0 percent is for uncompensated trauma care, 3.0 percent is for EMS providers, 2.0 percent is for RACs, and no more than 1.0 percent can be used for DSHS administration. However, statute still allows the account to be used to fund provider reimbursement payments in Medicaid, and for the Higher Education Coordinating Board for graduate medical education and nursing education programs as well. Historically, the legislature has appropriated funding from Account 5111, via interagency contact with DSHS, for HHSC for provider reimbursement payments in Medicaid in an effort to maximize the receipt of federal funds under Medicaid as permitted by statute. Because the entire amount of Account 5111 funding is not appropriated for uncompensated trauma care, EMS providers, RACs, and administration, it is not clear what amount should be used to calculate the allocations for those programs. DSHS has calculated the allocations based on the full amount of Account 5111 retained at DSHS and a portion of funds transferred to HHSC. The following table shows total Account 5111 appropriations and allocations from DSHS for 2016-17 through 2022-23 recommendations. Recommendations reduce the total amount of Account 5111 retained at DSHS due to the agency's five percent reduction. The remainder of the reduced revenue was decreased from the transfer to HHSC.

The Eighty-seventh Legislature could consider a change to Health and Safety Code, Section 780.004, to align with historical and current practices of appropriating Account 5111 for both uncompensated trauma care and provider reimbursement payments in Medicaid by clarifying that the statutory allocations only pertain to Account 5111 funding retained by DSHS and adjusting the percentages to maintain the same distribution.

c. Other General Revenue-Dedicated Accounts. In addition to Account 5111, Strategy B.2.1, EMS and Trauma Care Systems, has historically received funding from four other General Revenue-Dedicated Accounts. Recommendations remove funding from General Revenue-Dedicated Account No. 5046, Permanent Fund for Emergency Medical Services and Trauma

Care, due to the end of expected revenue from the account and replace it with funding from General Revenue-Dedicated Account No. 5108, EMS, Trauma Facilities, Trauma Facilities, Trauma Care Systems (Account 5108), which has a significant available balance. See selected fiscal and policy issue #13 for details. Recommendations also replace $2.0 million in General Revenue with funding from Account 5108. For a detailed description of the General Revenue-Dedicated Accounts for EMS and Trauma, see Supplemental Schedule 3-3.

d. Other Funds. Recommendations also include a decrease of $12.0 million from the Economic Stabilization Fund for one-time funding provided for trauma capacity and response infrastructure.

13. Permanent Tobacco Funds. Recommendations for 2022-23 include no funding from General Revenue-Dedicated Account No. 5044, Permanent Fund for Health and Tobacco Education and Enforcement (Account 5044); General Revenue-Dedicated Account No. 5045, Permanent Fund for Children and Public Health (Account 5045); and General Revenue-Dedicated Account No. 5046, Permanent Fund for Emergency Medical Services and Trauma Care (5046), which are collectively referred to as Permanent Tobacco Funds. Appropriations received by DSHS from these accounts come from earnings on funds received by the State in a settlement against the tobacco industry. In fiscal year 2018, the legislature appropriated the corpus of these accounts to pay for debt service for Cancer Prevention and Research Institute of Texas (CPRIT). This was meant to deplete these accounts for 2018-19, which would have resulted in no available earnings for DSHS. However, a small fund balance remained, and earnings continued to be available for appropriation to DSHS in 2020-21. Despite further appropriations from the corpus of those accounts in 2020-21, there is still expected to be a smaller amount of earnings available in 2022-23. Recommendations do not include any appropriation of earnings for DSHS in 2022-23 because it had been expected that those funds would no longer be available and the amount available continues to decrease. This represents a decrease of $0.8 million in Account 5044 in Strategy A.3.2, Reducing Use of Tobacco Products Statewide; $0.5 million in Account 5045 in Strategy A.1.1, Public Health Preparedness and Coordinated Services; and $0.8 million in Account 5046 in Strategy B.2.1, EMS and Trauma Care Systems. Recommendations do not replace Account 5044 funding in Strategy A.3.2, Reducing the Use of Tobacco Products Statewide, or replace Account 5045 funding in Strategy A.1.1, Public Health Preparedness and Coordinated Services. DSHS's request included the reduction of funding from Account 5044 as part of the agency's five percent reductions.

Recommendations replace Account 5046 with Account 5108 in Strategy B.2.1, EMS and Trauma Care Systems, due to an available balance in the account. Recommendations also delete Rider 17, Unexpended Balances Between and Within the Biennia: Permanent Tobacco Funds (2020-21 GAA), and Rider 31, Estimated Appropriation and Unexpended Balance: Permanent Tobacco Funds (2020-21 GAA), as the authority provided by those riders would no longer be applicable. The full amount of available funds from the corpus and earnings that remains can be appropriated to pay debt service for CPRIT.

14. Transfer from the Cancer Prevention Research Institute of Texas. Recommendations maintain a transfer of $3.1 million each fiscal year for the Cancer Registry out of General Obligation Bond Proceeds recommended for CPRIT. The transfer amount has been removed from DSHS Method of Finance table in historical years and 2022-23 recommendations because these funds are already shown at CPRIT and including them at both agencies results in the funds being double counted. Recommendations maintain Rider 33, Transfer from the Cancer Prevention and Research Institute of Texas for the Cancer Registry (2020-21 GAA), to describe the transfer. General Obligation Bond proceeds represent 63.0 percent of the registry's funding. The Texas Cancer Registry is a statewide, population-based registry that serves as the foundation for measuring the cancer burden in Texas and supports a variety of cancer-related research.

15. Vehicles. Recommendations for 2022-23 include no funding for vehicles. Recommendations reflect a decrease of $1.3 million in General Revenue from the 2020-21 biennium for vehicle replacement. DSHS requested funding and authority for $650,000 for the 2022-23 biennium for two vehicles in their LAR base request. Recommendations reflect a decrease of $300,000 in General Revenue DSHS requested to repurpose for a mobile command trailer to serve the oral rabies vaccination program in Strategy A.2.3, Infectious Disease Prevention, Epidemiology, and Surveillance. Recommendations maintain $350,000 in 8005 General Revenue for HIV Services, but do not provide capital budget authority requested to purchase a medical RV for the National HIV Behavioral Surveillance Survey in Strategy A.2.2, HIV/STD Prevention. This funding is used to meet maintenance-of-effort requirements on HIV Care Formula Grants.

16. Data Center Services. Recommendations maintain funding for Data Center Services (DCS) in the Capital Budget Rider at the 2020-21 appropriated level of $27.4 million in All Funds. According to DIR, total data center services costs for DSHS for 2020-21 were $42.8 million in All Funds, which includes costs not identified as DCS in the Capital Budget Rider and increases in capital budget authority for DCS for new projects including COVID-19 response. DIR estimates that to meet current obligations for DCS, DSHS would require $46.1 million in All Funds in 2022-23 Recommendations include $27.4 million in the DCS capital budget item as well as $4.4 million in DCS included in other capital budget item amounts. Recommendations do not include $14.2 million in increased funding that would be required to meet DCS current obligations for 2022-23 as estimated by DIR.

17. Eliminate References in the General Appropriations Act to Department of Insurance Maintenance Tax and Fee Account No. 8042. The introduced bill includes a Method-of-Finance change and amends various sections of the GAA to remove references to General Revenue Funds-Account No. 8042 and substitute with General Revenue Funds-

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Dedicated Operating Account No. 036. Insurance maintenance taxes are deposited into the General Revenue Fund, then appropriated to agencies as General Revenue Fund-Maintenance Taxes and Fees (Account No. 8042). These funds are then distributed to agencies as General Revenue Funds-Dedicated Texas Department of Insurance (TDI) Operating Account No. 036. Recommendations include amending the GAA throughout so that maintenance taxes collected by TDI are deposited to the General Revenue Fund (removing the reference to Account 8042), and subsequently appropriated to DSHS directly as General Revenue Funds-Dedicated TDI Operating Account No. 036.

Rider Highlights – House

Modification of Existing Riders (new rider number)
2. Capital Budget. Recommendations update projects and funding amounts for 2022-23.
6. Collection of Emergency Room Data. Recommendations change reporting from annual to biennial per DSHS's request.
10. Limitation: Transfer Authority. Recommendations remove the limitation on transfers to indirect administration as it is duplicative of Article IX, Sec. 14.01(d) and remove the subsection on cost pools as it is not used by the agency.
11. Other Reporting Requirements. Recommendation move the sections on federal reports and federal issues to Article II Special Provisions to streamline reporting across agencies. Recommendations add a due date for the monthly financial reports.
12. Reimbursement of Advisory Committee Members. Recommendations remove the Healthcare Safety Advisory Committee, which was abolished on September 1, 2020.
13. Nuisance Surveys for the Economically Distressed Areas Program. Recommendations update the name of the program.
16. Emerging and Neglected Tropical Diseases Sentinel Surveillance. Recommendations update rider to indicate program is ongoing.
20. Permanent Hospital Fund. Recommendations update the amount of available funds and clarify that administrative costs can be no more than 3.0 percent of appropriations from the account.
21. Contingency for Behavioral Health Funds. Recommendations update the strategies listed to reflect those with behavioral health related funding.
22. Maternal Mortality and Morbidity. Recommendations update rider to reflect a funding change from General Revenue to Federal Funds.

The following riders include recommendations to remove obsolete language and make conforming changes such as updating fiscal years and amounts to reflect funding recommendations:
Rider 3, Appropriations Limited to Revenue Collections;
Rider 5, Texas.Gov Authority Appropriation;
Rider 7, Appropriation: Contingent Revenue;
Rider 8, Cardiovascular Disease;

Rider 9, Estimated Appropriations: Perpetual Care Account;
Rider 14, School Cafeteria Inspections;
Rider 19, HIV Vendor Drug Rebates; and
Rider 24, Transfer from the Cancer Prevention and Research Institute of Texas for the Cancer Registry.

New Riders

26. Federal Funds Reporting Requirement. Recommendations add rider to require DSHS to provide notification if the agency does not fully expend certain federal funds.
27. HIV Care Formula Grants. Recommendations add rider to require DSHS to provide notification if the agency expends HIV Care Formula Grants from future awards.
28. Hospital Care Information Funding. Recommendations add rider to direct DSHS to use General Revenue-Dedicated Account No. 129, Hospital Licensing, on the Texas Health Care Information Center as authorized by statute.

Deleted Riders (original Number)

6. Limitation: Use of General Revenue Associated with Maintenance of Effort. Recommendations delete rider and move the limitation to Special Provisions Relating to All Health and Human Services Agencies to streamline requirements across agencies.
7. Purchase of Pandemic Flu Vaccines. Recommendations delete rider because it contains potentially problematic language that may not apply to DSHS's current vaccine purchasing practices. Given the likelihood that DSHS will need to be provided directions regarding COVID-19 vaccines, it seemed beneficial to remove this existing rider to avoid potential conflicts.
8. Regulation of Outsourcing Facilities. Recommendations delete rider as the program has been implemented and the rider is no longer needed to direct the funding.
19. Local Health Department Performance Measures. Recommendations delete rider as one-time reporting has been completed and recommendations implemented.
21. State Health Care Facility Provisions. Recommendations delete rider as DSHS has indicated they do not provide utilities to the San Antonio State Hospital or State Supported Living Center.
27. Unexpended Balances Between and Within the Biennia: Permanent Tobacco Funds. Recommendations delete rider as revenue from the Permanent Tobacco Funds is no longer expected to be available and is not included in recommended funding.
29. Cost Analysis of Outbreak Involving Certain Vaccine Preventable Diseases. Recommendations delete rider that required one-time reporting.
31. Estimated Appropriation and Unexpended Balance: Permanent Tobacco Funds. Recommendations delete rider as revenue from the Permanent Tobacco Funds is no longer expected to be available and is not included in recommended funding.
32. Increase Salaries for Trained Laboratory Staff. Recommendations delete rider as the increases have been implemented.
35. Contingency for Senate Bill 747. Recommendations delete contingency rider for legislation that passed.

36. Contingency for Senate Bill 982. Recommendations delete contingency rider for legislation that passed.
37. Contingency for Senate Bill 384. Recommendations delete contingency rider for legislation that passed.

Department of State Health Services
Items Not Included in Recommendations - House

		2022-23 Biennial Total					
		GR & GR-D	All Funds	FTEs	Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
Agency Exceptional Items Not Included (in agency priority order)							
1)	Rural/Frontier Public Health Services	$13,058,537	$13,058,537	36.0	Yes	Yes	$9,311,290
2)	Consumer Protection and Safety	$7,664,749	$7,664,749	28.4	Yes	Yes	$5,490,774
3)	Effective Business Operations	$34,780,431	$34,780,431	36.0	Yes	Yes	$26,425,348
Agency Rider Requests Not Included							
1)	**Appropriations Limited to Revenue Collections.** Request to remove accounts in which recommendations exceed projected revenue collections.	$0	$0	0.0	No	No	$0
2)	**Appropriation: Contingent Revenue.** Request to add revenue object 3554 in the General Revenue Fund for consumable hemp products and to add a contingency that allows the agency to increase FTEs if additional revenue from hemp is available.	$0	$0	0.0	No	No	$0
3)	**Maternal Mortality and Morbidity.** Request to update method-of-finance from Federal Funds to All Funds to allow flexibility in funds used for the programs.	$0	$0	0.0	No	No	$0
4)	**HIV Care Formula Grants.** Request to have rider require notification if DSHS expends HIV Care Formula Grants in excess of the appropriated amount instead of if DSHS expends the upcoming year's award in the current year.	$0	$0	0.0	No	No	$0
TOTAL Items Not Included in Recommendations		$55,503,717	$55,503,717	100.4			$41,227,412

Questions/Answers/Comments

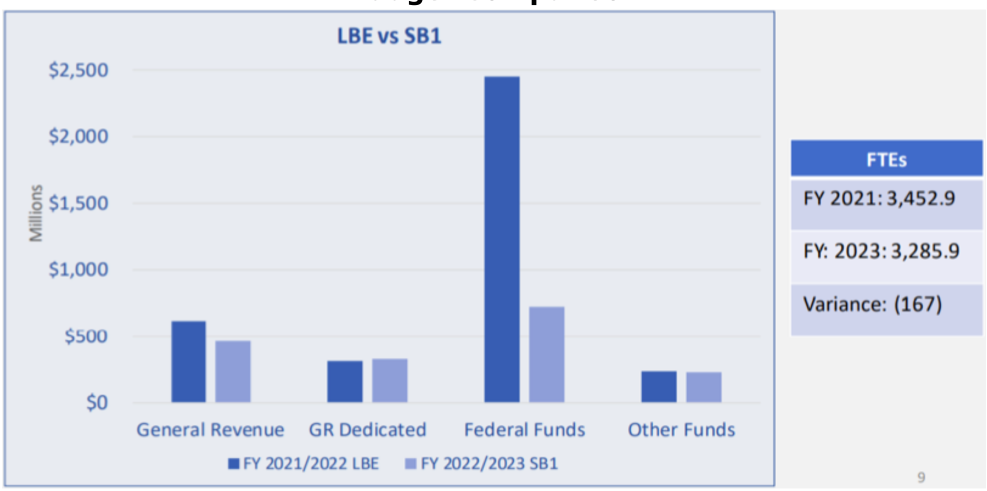
Representative Howard commented/highlighted the 5% exemption for 20-21 and not 22-23. The Representative inquired about the federal funding and cash flow related to COVID-19. LBB stated they have been providing additional staff for the surge at hospitals. FEMA will be providing the funding reimbursement. The Representative inquired about EMS and Trauma Care and the driver responsibility funding stream. LBB stated that the fees from the program were replaced with other revenue streams. The reduction is related to COVID-19. There is a rider in HHSC bill pattern, and the deficit can be replaced with GR if needed. The Representative stated that reductions are being made to pay for Maternal Mortality and Morbidity. LBB stated that the recommendations maintain the current level in all funds funding. Some of the tables are silent on the All Funds impact which can impact the understanding of the funding dynamics. There are other programs where the 5% reductions were not offset. The Representative stated it appears that we are robbing Peter to pay Paul.

Representative Julie Johnson inquired about the $17 billion stimulus funding. LBB stated that the Federal Funds Staff are following this potential funding. The Representative stated that she understands there will be flexibility in the funding provided.

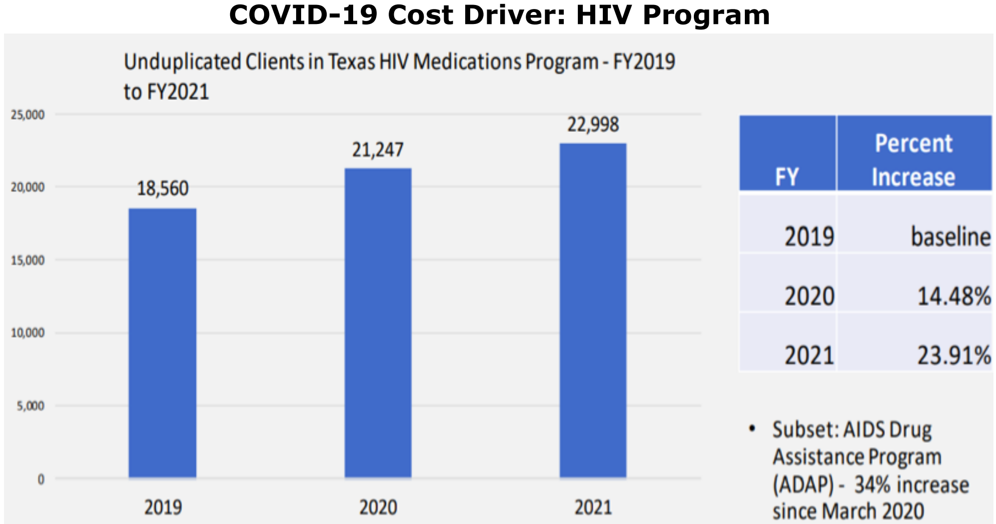
Representative Dean asked if there was a way to simplify the decision-making for areas where the cuts are occurring. LBB stated that they could work with the agency to create a table showing the 5% reduction by program along with the all funds impact.

Department of State Health Services Presentation Highlights

Budget Comparison



COVID-19 Cost Driver: HIV Program



DSHS exceptional item objectives are tightly limited:

- Ensure the ongoing availability of essential public health services in rural and frontier communities where DSHS is the primary public health service provider
- Meet current legislative requirements and direction

- Address audit findings and security risks
- Address unsustainable operational gaps

Summary of FY 2022-2023 Exceptional Items

	Exceptional Item	Biennial GR/GRD	Biennial All Funds	2022 FTEs	2023 FTEs
DSHS FY 2022-2023 Base Request		**$803,299,432**	**$1,765,770,154**	**3,327.9**	**3,285.9**
1.	Rural and Frontier Public Health Services	$13,058,537	$13,058,537	36	36
2.	Consumer Protection and Safety	$7,664,749	$7,664,749	29.4	28.4
3.	Effective Business Operations and IT Security	$34,780,431	$34,780,431	36	36
	Total, Exceptional Items	**$55,503,717**	**$55,503,717**	**101.4**	**100.4**
	Total, DSHS Base + Exceptional Items	**$858,803,149**	**$1,821,273,871**	**3,429.3**	**3,386.3**

EI 1: Rural and Frontier Clinic Services, $13.1 M: Provide essential public health services to underserved rural communities that lack adequate access.

- 14 additional rural and frontier satellite field offices, to provide much-needed services related to core public health functions including surveillance, treatment, and prevention of infectious diseases.
- 3 Mobile Clinic vehicles and support staff to serve harder-to-reach areas.

Method of Finance	FY 2022	FY 2023	Biennium
General Revenue	$8.4 M	$4.7 M	$13.1 M
All Funds	$8.4 M	$4.7 M	$13.1 M

FTEs	
FY 2022: 36	FY 2023: 36

Program Data	
Counties with DSHS as the Main Public Health Provider	194, or 85%
Percentage of Frontier Counties Covered by DSHS	100%
Annual DSHS Clinic Visits	30,000

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EI 2: Consumer Protection and Product Safety

- Food Safety FTEs, $5.9 M: Increase the number of food safety inspectors operating in DSHS regions in response to audit findings and provide targeted equity adjustments to prevent costly turnovers.
- Consumable Hemp Program, $0.6 M: Better align the program based on anticipated license and registrations, as well as product testing and enforcement activities required by statute.
- The revenue generated by the license and registration fees are expected to cover the cost of the additional FTEs.
- Customer Service Efficiency, $1.2 M: Increase the functionality of the existing online licensure and registration system (RAS) to streamline processes, increase security, and improve inspection processes.

Method of Finance	FY 2022	FY 2023	Biennium
General Revenue	$1.1 M	$1.1 M	$2.2 M
All Funds	$3.8 M	$3.9 M	$7.7 M

FTEs	
FY 2022: 29.4	FY 2023: 28.4

Program Data	
Food Safety Licenses Overseen by DSHS	38,700
Estimated Hemp Licenses and Registrations	5,000
RAS Customers	439,000

EI 3: Effective Business Operations and IT Security

- Business Infrastructure, $29.4 M: Increase the number of fiscal management FTEs in response to federal & internal audit findings, provide targeted equity adjustments to prevent costly turnovers. Cover increasing Data Center Services costs.
- Registry System Viability Assessment, $5.4 M: Obtain a third-party vendor to conduct an assessment of long-term IT needs of critical public health registries: EMS/Trauma, Birth Defects, Blood Lead, and TB/HIV/STD registries.
- Vital Statistics Services (FTE's Only): Partially restore FTE cap to maintain a low backlog. Revenue is available to support this request.
- Texas Center for Infectious Disease (capital only): $0.8 Million in Capital Budget Authority for TCID Hospital Equipment replacement/repairs.

Method of Finance	FY 2022	FY 2023	Biennium
General Revenue	$16.8 M	$18.0 M	$34.8 M
All Funds	$16.8 M	$18.0 M	$34.8 M

FTEs	
FY 2022: 36	FY 2023: 36

Program Data	
Applications in DCS	82
Records in Registry System	40.4 M

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There will be an additional exceptional item that will be submitted next week.

Questions/Answers/Comments
Representative Julie Johnson asked about telemedicine and the need for rural communities to be equipped. DSHS stated they would look at that but have not done so yet. The Representative stated that citizens would rather receive telemedicine from community providers.

Representative Howard asked about federal funds decision-making. DSHS stated they have robust discussions within DSHS. $6.7 billion in federal rewards came directly to DSHS from federal partners. A plan was submitted to the federal partners. As long as there is a disaster, then projects are eligible for FEMA funding. The Representative inquired about the dollars spent on the contract for virtual call center. The original contract was for $295 million and $35 million has been spent so far. The contract goes to august of 2022. The Representative inquired about the rider for vaccines and the wording changing. DSHS stated that it removed a limiting scientific term. The Representative inquired about the flu vaccine distribution. DSHS will bring information back. The Representative inquired about the different registries maintained by DSHS. DSHS stated the registries are operative and there is an exceptional item related to them. The Representative inquired about the genetic variation in COVID-19. DSHS stated that there are always variants in viruses. There are several different variants out there. Only a few are receiving attention.

The Vice Chair (Rose) asked about federal funding for vaccine costs. DSHS stated that federal funds will cover the cost of vaccines. The Vice Chair inquired about the ADAP program. DSHS stated that their exceptional item will completely fund the program. The Vice Chair inquired if the DSHS had the data they needed during the pandemic. The Commissioner answered in the affirmative. The Vice Chair commented on the impact of COVID-19 on the Black community. The Vice Chair compared the vaccines provided to the state and to Dallas. DSHS stated that the philosophy is recommended to the Commissioner by the Vaccine Distribution Panel. The Vice Chair stated that she was very frustrated with the vaccine distribution to Dallas County.

Representative Julie Johnson asked about the plan for Teacher vaccinations. DSHS stated that the President stated that states were to prioritize teachers. The Representative also expressed her concern with the Dallas County vaccine experience.

Representative Howard commented on the numerous disparities. She commented on the need for the reinstatement of the office of minority health. The Commissioner concurred (related to Population Health).

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Representative Ann Johnson inquired about the inequities in distribution including Harris County. DSHS stated that Harris County was above the state average. There was considerable discussion about this topic.

Representative Dean commented on the complexity of vaccine distribution. He stated that the communities have to come together. He stated that we have to do the best we can to maximize the doses we have.

There was considerable discussion about the Governor's decision to rescind the mask mandate.

The Chair asked about the federal grants that the department did not request. DSHS stated that they are eligible for certain funding and there is not often a need to apply since they are ongoing grant programs. She stated that the maintenance of effort plays into the funding decisions.

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