Summary: Senate Committee Substitute for SB1 Article II, Health and Human Services, April 1, 2021

Source of all information provided in this report is the Legislative Budget Board documents.

Background. Texas has four Constitutional limits on spending: the balanced budget limit, which commonly is referred to as the pay-as-you-go limit; the limit on the rate of growth of appropriations from certain state taxes, commonly referred to as the spending limit; the limit on welfare spending; and the limit on tax-supported debt.

The pay-as-you-go limit and the spending limit both restrict appropriations, but in different ways. The pay-as-you-go limit prohibits the General Revenue Fund budget from exceeding available revenue. The spending limit prohibits appropriations funded with tax revenues not dedicated by the Constitution from growing faster than the state's economy. The spending limit does not apply to appropriations funded with non-tax revenues or appropriations funded with tax revenues if the Constitution requires the tax revenue to be spent for a specific purpose.

Funding from General Revenue Funds in the Senate Committee Substitute for Senate Bill 1 total $117.9 billion. This amount is $0.5 billion less than the pay-as-you-go limit, based on the 2021 Biennial Revenue Estimate (BRE) from the Comptroller of Public Accounts (CPA), shown in Figure 19, and an estimated $5.9 billion in 2020–21 biennial savings contingent on the passage of the supplemental appropriations bill and anticipated 2020 General Revenue Funds lapses. Anticipated 2020–21 biennial General Revenue Funds savings include $3.9 billion for salaries paid to public health and public safety employees that are reimbursable from the Coronavirus Relief Fund, $1.2 billion in additional savings to the Foundation School Program, and $0.8 billion in agency budget reductions. General Revenue Funds are $3.8 billion less than the General Revenue Funds capacity in accordance with the spending limit. Final 2020–21 biennial appropriations will affect the 2022–23 biennial spending limit capacity and the pay-as-you-go allowance. Because General Revenue Funds spending authority pursuant to the pay-as-you-go limit is the lower of the two limits, the pay-as-you-go limit is the controlling limit.

ARTICLE III, SECTION 49A, PAY-AS-YOU-GO LIMIT. The Texas Constitution, Article III, Section 49a, sets the so-called pay-as-you-go limit. The constitution requires that bills making appropriations are sent to the CPA for certification that the appropriations are within estimates of available revenue. CPA identifies the pay-as-you-go limit for General Revenue Funds appropriations as $112.5 billion in the BRE. This total includes estimated 2022–23 biennial General Revenue Funds revenue collections of $119.6 billion, less the amount of $6.1 billion in General Revenue Funds deposits reserved for transfer to the Economic Stabilization Fund, the State Highway Fund, and the Texas Tomorrow Fund. This total also includes the negative beginning General Revenue Fund balance and General Revenue–Dedicated Funds account balances available for certification totaling $0.9 billion, shown in Figure 20. Legislative actions increasing or decreasing revenue collections will change the total amount of revenue available. By contrast, the amount of revenue available for the Eighty-sixth Legislature, 2019,

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in accordance with the pay-as-you-go limit identified in the 2019 BRE was $119.1 billion. The $112.5 billion in available revenue applies to 2022–23 biennial General Revenue Funds appropriations and to fiscal year 2021 supplemental General Revenue Funds appropriations. Consequently, any increase in supplemental General Revenue Funds appropriations for fiscal year 2021 will decrease General Revenue Funds spending capacity proportionately for the 2022–23 biennium; a decrease in fiscal year 2021 will increase 2022–23 biennial General Revenue Funds spending capacity.

ARTICLE VIII, SECTION 22, LIMITATION ON THE GROWTH OF CERTAIN APPROPRIATIONS. The Texas Constitution, Article VIII, Section 22, prohibits appropriations funded with state tax revenues not dedicated by the constitution from growing faster than the estimated rate of growth of the state's economy. Consequently, the revenue source funding appropriations determines if the appropriations are subject to the spending limit. Appropriations funded with tax revenues are subject to the spending limit unless the constitution dedicates the tax revenue for a specific purpose. The spending limit does not apply to appropriations funded with nontax revenues or appropriations funded with tax revenues if the constitution requires the tax revenue to be spent for a specific purpose. The 2022–23 biennial spending limit equals total 2020–21 biennial appropriations funded with tax revenues not dedicated by the constitution of $97.8 billion, grown by the adopted growth rate of 7.06 percent. The 2022–23 biennial spending limit is estimated to be $104.7 billion after adjusting for revenue estimates in the CPA's 2021 Biennial Revenue Estimate and updating the 2020–21 biennial base to include estimated supplemental appropriations. The 2022–23 biennial appropriations subject to the spending limit total $101.4 billion, $3.3 billion less than the spending limit.

Because revenue deposits to the General Revenue Fund also include revenue not subject to the spending limit, the maximum 2022–23 biennial General Revenue Funds appropriations associated with the $104.7 billion limit is $121.7 billion, leaving $3.8 billion in remaining General Revenue Funds spending capacity less than the spending limit.

ARTICLE III, SECTION 49 (J), DEBT LIMIT. The Texas Constitution, Article III, Section 49(j), provides that the Legislature may not authorize additional state debt if in any fiscal year the resulting maximum annual debt service payable from the General Revenue Fund, excluding revenues constitutionally dedicated for purposes other than payment of state debt, exceeds 5.0 percent of the average annual unrestricted General Revenue for the previous three years. To monitor where the state stands in relation to the constitutional debt limit (CDL), the Bond Review Board (BRB) calculates two debt ratios. The first ratio is the debt service on outstanding or issued debt as a percentage of unrestricted General Revenue Funds. At the end of fiscal year 2020, the BRB reported that the issued debt ratio is 1.23 percent. The second debt ratio is the debt service on outstanding debt plus estimated debt service for authorized but unissued bonds. For this ratio, the BRB has reported that the state is at 2.67 percent of unrestricted General Revenue Funds at the end of fiscal year 2020. The latter calculation represents a 29.0 percent increase from the 2.07 percent calculated for outstanding and authorized but unissued debt for fiscal year 2019. The BRB expects the CDL ratio to continue to decrease with the issuance of authorized debt. However, the CDL ratio could be affected by changes to any of the following factors: the three-year average of unrestricted General Revenue Funds, the amount of debt outstanding and unissued debt authorizations, and actual and assumed interest rates.

ARTICLE III, SECTION 51-A, WELFARE SPENDING LIMIT. The Texas Constitution, Article III, Section 51-a, requires that the amount paid out of state funds for assistance grants to or on behalf of needy dependent children and their caretakers shall not exceed 1.0 percent of the state budget in any biennium. The 2022–23 biennial budget defined in the Texas Human Resources Code, Section 31.053, is $251.2 billion. Therefore, the welfare spending limit is $2.5 billion. The biennial amount in the Committee Substitute for Senate Bill 1 for the 2022–23 biennium that is subject to the limit on state dollars paid out in Temporary Assistance for Needy Families (cash assistance) grants is $83.6 million, which is $2.4 billion less than the 1.0 percent limit.

ECONOMIC STABILIZATION FUND. The Texas Constitution Article III, Section 49-g, established the Economic Stabilization Fund (ESF). Appropriations can be made from the fund within certain fiscal conditions with a three-fifths vote of each legislative chamber. Appropriations also can be made for any purpose with a two-thirds vote of each legislative chamber. House Bill 903, Eighty-fourth Legislature, 2015, directed the Comptroller of Public Accounts (CPA) to invest a portion of the cash balance of the ESF in assets outside of the Treasury pool, with the goal of obtaining a higher rate of return. Beginning September 1, 2015, CPA established the Texas Economic Stabilization Investment Fund (TESTIF) to invest a portion of the ESF pursuant to this legislation. CPA forecasts the 2022–23 biennial ending cash balance of the ESF plus the total asset value of the TESTIF to be $11.6 billion. The Committee Substitute for Senate Bill 1 contains no appropriations from the fund.

ARTICLE II – HEALTH AND HUMAN SERVICES

FIGURE 34
ARTICLE II – HEALTH AND HUMAN SERVICES, BY METHOD OF FINANCE

(IN MILLIONS) METHOD OF FINANCE	ESTIMATED/BUDGETED 2020–21	CSSB1 2022–23	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$35,914.4	$34,262.1	($1,652.3)	(4.6%)
General Revenue–Dedicated Funds	$540.2	$556.6	$16.4	3.0%
Federal Funds	$57,502.8	$54,194.0	($3,308.8)	(5.8%)
Other Funds	$1,738.2	$1,166.3	($571.9)	(32.9%)
Total, All Methods of Finance	**$95,695.6**	**$90,179.0**	**($5,516.5)**	**(5.8%)**

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MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE II. All Funds included in the Committee Substitute for Senate Bill 1 (CSSB1) for the Health and Human Services agencies total $90.2 billion, a decrease of $5.5 billion from the 2020–21 biennium. General Revenue Funds and General Revenue–Dedicated Funds total $34.8 billion, a decrease of $1.6 billion from the 2020–21 biennium.

Appropriations for Health and Human Services encompass many different programs, but the biennial All Funds decrease is primarily the result of the following areas:

- a decrease of $1.8 billion in Federal Funds provided for response to the COVID-19 pandemic;
- a decrease of $3.5 billion in All Funds associated with Medicaid and Children's Health Insurance Program (CHIP) client services, primarily due to decreases in caseload associated with the assumed end of continued eligibility, which was required for states to receive the 6.2 percentage-point increase in the federal medical assistance percentage (FMAP) and related matches pursuant to the federal Families First Coronavirus Response Act (FFCRA); and
- a decrease of $0.6 billion in Other Funds associated with funds from the Economic Stabilization Fund and bonds appropriated for capital repairs and renovations at state facilities and new construction of state mental health hospitals and other state-funded inpatient mental health facilities during the 2020–21 biennium.

HIGHLIGHTS Funding of $72.2 billion in All Funds, including $25.1 billion in General Revenue Funds and $0.1 billion in General Revenue–Dedicated Funds, is provided at the three health and human services agencies for the Texas Medicaid program. This amount is a decrease of $2.7 billion in All Funds and a decrease of $1.3 billion in General Revenue Funds, including the following:

- $67.2 billion in All Funds for Medicaid client services, $1.7 billion in All Funds for programs supported by Medicaid funding, and $3.2 billion in All Funds for administration of the Medicaid program and other programs supported by Medicaid funding. The net decrease in Medicaid funding is due to a $3.1 billion decrease in All Funds in Medicaid client services offset by a $0.3 billion increase in All Funds in administrative funding and a $0.1 billion increase in All Funds in other programs supported by Medicaid funding;
- less favorable FMAPs combined with the assumed loss of the 6.2 percentage-point increase in FMAP pursuant to the federal FFCRA result in a lower proportion of the program being funded with Federal Funds. Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included; and º the 2020–21 biennial amounts for Medicaid assume supplemental funding to complete fiscal year 2021 expenditures.

Funding for non-Medicaid/CHIP behavioral health services at the three health and human services agencies totals $3.3 billion in All Funds, including $2.5 billion in General Revenue

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Funds and General Revenue–Dedicated Funds, which includes funding for community mental health services; mental health services for veterans; inpatient mental health services at state-owned and community hospitals; and substance abuse prevention, intervention, and treatment services. This amount is a decrease of $0.4 billion in All Funds primarily due to a decrease in Other Funds associated with funding from the Economic Stabilization Fund and bonds appropriated for onetime construction projects and certain capital repair and renovation projects at state mental health hospitals and other state-funded inpatient mental health facilities.

Figure 2 shows the All Funds included in CSSB1 for each agency in Article II, and Figure 3 shows the General Revenue Funds for each agency. On the subsequent pages in this chapter are more details about funding levels for the agencies in Article II.

FIGURE 2: ARTICLE II – HEALTH AND HUMAN SERVICES, ALL FUNDS

ARTICLE II – HEALTH AND HUMAN SERVICES, ALL FUNDS				
(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2020–21	CSSB1 2022–23	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Family and Protective Services	$4,374.7	$4,544.2	$169.5	3.9%
Department of State Health Services	$3,634.2	$1,817.5	($1,816.6)	(50.0%)
Health and Human Services Commission	$86,171.9	$82,235.4	($3,936.6)	(4.6%)
Subtotal, Health and Human Services	**$94,180.8**	**$88,597.1**	**($5,583.7)**	**(5.9%)**
Employee Benefits and Debt Service	$2,213.2	$2,264.1	$50.9	2.3%
Less Interagency Contracts	$698.4	$682.2	($16.2)	(2.3%)
Total, All Functions	**$95,695.6**	**$90,179.0**	**($5,516.5)**	**(5.8%)**

NOTES:
(1) May include anticipated supplemental spending adjustments.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 3: ARTICLE II – HEALTH AND HUMAN SERVICES, GENERAL REVENUE FUNDS

ARTICLE II – HEALTH AND HUMAN SERVICES, GENERAL REVENUE FUNDS				
(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2020–21	CSSB1 2022–23	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Family and Protective Services	$2,512.5	$2,648.8	$136.4	5.4%
Department of State Health Services	$618.5	$510.6	($107.9)	(17.4%)
Health and Human Services Commission	$30,799.8	$29,572.5	($1,227.2)	(4.0%)
Subtotal, Health and Human Services	**$33,930.7**	**$32,731.9**	**($1,198.8)**	**(3.5%)**
Employee Benefits and Debt Service	$1,983.7	$1,530.2	($453.5)	(22.9%)
Total, All Functions	**$35,914.4**	**$34,262.1**	**($1,652.3)**	**(4.6%)**

NOTES:
(1) May include anticipated supplemental spending adjustments.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

Funding included in the Committee Substitute for Senate Bill 1 (CSSB1) for the Department of Family and Protective Services (DFPS) for the 2022–23 biennium totals $4.5 billion in All Funds, including $2.6 billion in General Revenue Funds and $8.6 million in General Revenue–Dedicated Funds. These amounts represent a $136.4 million, or 5.4 percent, increase in General Revenue Funds and a $169.5 million, or 3.9 percent, increase in All Funds.

HIGHLIGHTS. Funding includes a total of $1.9 billion in All Funds and $0.9 billion in General Revenue Funds, an increase of $74.3 million in All Funds and $35.6 million in General Revenue Funds from 2020–21 biennial spending levels, for the following client services programs:

- $1.1 billion in All Funds, including $0.5 billion in General Revenue Funds, for Foster Care Payments, including those for Community-based Care (CBC). Funding includes a $15.3 million increase in All Funds, including a $20.9 million increase in General Revenue Funds, from the 2020–21 biennial base. The increase is due primarily to increases of $4.3 million in General Revenue Funds to provide a full biennium of payments to providers to support 24-hour awake supervision, $7.0 million in General Revenue Funds for network support payments for CBC in Region 8B and for new Regions 3E, 4, 5, and 9, and $5.5 million in Federal Funds for provider payments for the Qualified Residential Treatment Program (QRTP) pilot. Additionally, an increase of $11.2 million in General Revenue Funds is offset by an equal decrease in Federal Funds due to less favorable federal medical assistance percentages (FMAP) and the assumed loss of the 6.2 percentage-point increase in FMAP pursuant to the federal Families First Coronavirus Response Act;
- $636.5 million in All Funds, including $289.7 million in General Revenue Funds, for Adoption Subsidies and Permanency Care Assistance (PCA) Payments. Funding includes a $28.1 million increase in All Funds ($25.7 million in General Revenue Funds) from the 2020–21 biennial base due primarily to an increase of $24.7 million in All

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Funds ($12.4 million in General Revenue Funds) for projected caseload growth in both adoption subsidies and PCA. Additionally, changes in the proportion of the program funded with General Revenue Funds are attributed to: (1) an increase of $18.9 million in General Revenue Funds offset by an equal decrease in Federal Funds due to less favorable FMAPs and the assumed loss of the 6.2 percentage-point increase in FMAP; and (2) an increase of $7.8 million in Federal Funds offset by an equal decrease in General Revenue Funds due to increased federal Title IV-E eligibility for adoption subsidies;

- $121.8 million in All Funds, including $18.5 million in General Revenue Funds, for Texas Workforce Commission (TWC) contracted day care services. Funding includes a $32.2 million increase in All Funds (a $5.7 million decrease in General Revenue Funds) from the 2020–21 biennial base due to projected growth in caseload, number of days per child, and average daily cost and to maintain a full biennium of rate increases implemented by TWC in October 2019 and October 2020; and
- $49.3 million in All Funds, including $31.9 million in General Revenue Funds, for Relative Caregiver Payments. Funding includes a $1.3 million decrease in All Funds ($0.6 million in General Revenue Funds) from the 2020–21 biennial base due to projected decreases in the number of daily and post-permanency payments.

Funding includes $1.7 billion in All Funds, including $1.2 billion in General Revenue Funds, for Child Protective Services direct delivery staff, including services provided through CBC. This amount includes increased funding to biennialize CBC expansion that occurred during fiscal year 2020 for Stage II in Regions 3B and 2 and for Stage I in Region 1. It also includes a full biennium of funding for CBC expansion into Stage II in Region 8A and Stage I in Region 8B, which has not yet occurred. This amount also provides funding to expand CBC into Stage II in Regions 8B and 1, and into Stage II in Regions 3E, 4, 5, and 9. Funding is also provided for an additional 127.0 caseworkers and related staff in fiscal year 2022 and 156.0 in fiscal year 2023.

Funding includes reductions totaling $10.4 million in General Revenue Funds for the 2022–23 biennium. The reduction is associated with the following initiatives identified by the agency: savings for the Statewide Intake Automated Call Distribution System; reduction in mileage reimbursement and other travel savings; reductions in costs for various Prevention and Early Intervention contracts; continued delay of a fingerprint program; savings for the information technology help desk; and savings from conferences and professional development trainings.

Funding includes $62.6 million in All Funds, including $58.9 million in General Revenue, for the 2022–23 biennium to address the foster care litigation. This includes implementing caseload guidelines, additional staff to perform heightened monitoring of residential facilities, investigation staff, staff to perform required documentation of cases, technological upgrades to DFPS's Information Management Protecting Adults and Children in Texas (IMPACT) system and reimbursing court monitors.

The federal Family First Prevention Services Act (FFPSA) is intended to be fully implemented by September 2021. In accordance with FFPSA, the federal government will no longer provide Title IV-E matching funds for children placed in foster care congregate settings after two weeks of placement unless the child is placed in a QRTP or licensed residential family-based treatment facility. FFPSA also provides a 50 percent federal match if the state invests additional General Revenue Funds in approved prevention programs. Texas received $50.3 million in Federal Funds pursuant to the Family First Transition Act (FFTA) to assist in implementation of FFPSA. Funding for the 2022–23 biennium includes $12.0 million in FFTA Federal Funds for a QRTP pilot and system upgrades, an increase of $7.7 million from the amount budgeted for those purposes in fiscal year 2021, and $3.0 million to expand services for the Nurse Family Partnership program. The remaining $30.9 million in Federal Funds may be directed by the Legislature. Funding included in CSSB1 does not assume increased General Revenue Funds or a loss of Title IV-E Federal Funds for foster care placements, additional funding that may be needed to implement QRTPs, or additional investment in prevention programs to draw additional Title IV-E Federal Funds.

DEPARTMENT OF STATE HEALTH SERVICES

Funding included in the Committee Substitute for Senate Bill 1 (CSSB1) for the Department of State Health Services (DSHS) for the 2022–23 biennium totals $1.8 billion in All Funds, including $0.5 billion in General Revenue Funds and $0.3 billion in General Revenue–Dedicated Funds. These amounts represent an All Funds decrease of $1.8 billion, or 50.0 percent, and a decrease in General Revenue Funds of $107.9 million, or 17.4 percent.

HIGHLIGHTS

- Funding includes $126.8 million in Federal Funds for COVID-19 pandemic response in the 2022–23 biennium. This amount represents a decrease of $1.7 billion in Federal Funds and $50.0 million in General Revenue Funds transferred from the Health and Human Services Commission (HHSC) for COVID-19 pandemic response in the 2020–21 biennium.
- Funding includes $475.6 million in All Funds and $130.0 million in General Revenue Funds for HIV/STD prevention, which represents an increase of $31.2 million in All Funds and $30.0 million in General Revenue Funds to address increasing costs and to maintain services in the Texas HIV Medication Program.
- Funding includes an increase of $2.8 million in General Revenue–Dedicated Funds Account No. 341, Food and Drug Fee, and General Revenue–Dedicated Account No. 5024, Food and Drug Registration, to improve food safety licensure, inspection, and enforcement activities.
- Funding includes an increase of $1.2 million in General Revenue Funds and General Revenue–Dedicated Funds to improve the functionality of the online licensure and registration system for businesses regulated by DSHS.

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- Funding includes a decrease of $23.9 million in General Revenue Funds because onetime funding provided in the 2020– 21 biennium is not continued. These funds were provided for laboratory repair and renovation; Laboratory Information Management System upgrade; National Electronic Disease Surveillance System upgrade; vehicles; Texas Center for Infectious Disease repair and renovation; laboratory equipment; and onetime laboratory operating costs. Funding also represents a decrease of $29.0 million in funding from the Economic Stabilization Fund (Other Funds) because onetime funding provided in the 2020–21 biennium for an emergency generator for the laboratory and trauma capacity and response infrastructure is not continued.
- Funding includes reductions totaling $27.3 million in General Revenue Funds and General Revenue–Dedicated Funds for the 2022–23 biennium. The reduction is associated with the following initiatives identified by the agency: $6.0 million for the Medical Child Abuse Resources and Education System; $4.6 million in administrative support services payments that DSHS makes to HHSC; and $4.0 million to remove the zoster (shingles) vaccine from the formulary for adult immunization.
- Funding includes changes in method of financing that reduce General Revenue Funds by $29.6 million and replace those funds with $7.4 million in General Revenue–Dedicated Funds and $22.3 million in Other Funds due to projected revenue and account balances. These changes include replacing General Revenue Funds with $22.3 million from the Public Health Medicaid Reimbursements Account No. 709 (Other Funds); $3.4 million from General Revenue–Dedicated Account No. 524, Public Health Services Fee; $2.0 million from General Revenue–Dedicated Account No. 5108, EMS, Trauma Facilities, Trauma Care Systems; and $2.0 million from other General Revenue– Dedicated accounts.

HEALTH AND HUMAN SERVICES COMMISSION

Funding included in the Committee Substitute for Senate Bill 1 (CSSB1) for the Health and Human Services Commission (HHSC) for the 2022–23 biennium totals $82.2 billion in All Funds, which is a decrease of $3.9 billion in All Funds from the 2020–21 biennium. General Revenue Funds total $29.6 billion, a decrease of $1.2 billion from the 2020–21 biennium.

HIGHLIGHTS. Funding in CSSB1 for Medicaid client services at HHSC for the 2022–23 biennium includes $67.2 billion in All Funds, including $23.6 billion in General Revenue Funds and General Revenue–Dedicated Funds. This amount represents a decrease of $3.1 billion in All Funds, including of $1.3 billion in General Revenue Funds, from 2020–21 biennial spending levels. Funding includes an increase of $51.2 million in All Funds, including $20.0 million in General Revenue Funds, to remove prior authorization requirements for direct acting antiviral treatment for Hepatitis C Virus and an increase of $51.3 million in All Funds, including $20.0 million in General Revenue Funds, to provide for 1,023 additional waiver slots to reduce the interest list for certain community care waiver services. Funding includes a decrease of $375.0

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million in General Revenue Funds for Medicaid cost-containment initiatives and program efficiencies. In addition, less favorable federal medical assistance percentages (FMAP) combined with the assumed loss of the 6.2 percentage-point increase to FMAP pursuant to the federal Families First Coronavirus Response Act result in a lower proportion of the program being funded with Federal Funds. The resulting increase in General Revenue Funds demand is offset partially by a decrease in General Revenue Funds demand due to the overall projected reduction in Medicaid client services. Cost growth for the 2022–23 biennium is not included. The 2020–21 biennial spending levels for Medicaid client services assume supplemental funding to complete fiscal year 2021 expenditures.

Funding for Children's Health Insurance Program (CHIP) client services for the 2022–23 biennium includes $1.8 billion in All Funds, including $0.5 billion in General Revenue Funds, which is a decrease of $0.4 billion in All Funds, including an increase of $0.1 billion in General Revenue Funds, from 2020–21 biennial spending levels. The All Funds decrease is related primarily to projected caseload decreases in the 2022–23 biennium and expected lapses in the 2020– 21 biennium that are not accounted for. Less favorable enhanced FMAPs (EFMAP) combined with the loss of the 11.5-percentage-point increase to EFMAP pursuant to the federal Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable Act and the assumed loss of the 6.2 percentage-point increase to FMAP result in a decrease in the proportion of the program that is federally funded. Cost growth for CHIP during the 2022–23 biennium is not included.

Funding for Medicaid and CHIP contracts and administration totals $1.6 billion in All Funds, including $0.5 billion in General Revenue Funds, which is an increase of $0.3 billion in All Funds, including $22.3 million in General Revenue Funds, from 2020–21 biennial spending levels. Funding includes an increase of $291.6 million in All Funds, including $34.6 million in General Revenue Funds, for modernization of the Medicaid Management Information System and transition of the Vendor Drug Program; $32.1 million in All Funds, including $3.4 million in General Revenue Funds, for technology enhancements for local intellectual and developmental disabilities (IDD) authorities, IDD providers, and service coordinators; $8.0 million in All Funds, including $1.3 million in General Revenue Funds, for expansion of electronic visit verification to home health services; and $0.9 million in All Funds, including $0.5 million in General Revenue Funds, to establish a registry of individualized skills and socialization providers.

Funding for non-Medicaid/CHIP behavioral health totals $3.3 billion in All Funds, including $2.5 billion in General Revenue Funds and General Revenue–Dedicated Funds. This amount includes funding for inpatient client services at state and community mental health hospitals; outpatient services provided through local mental health authorities and local behavioral health authorities; substance abuse prevention, intervention, and treatment services for adults and children; mental healthcare services for veterans; and various other services. This amount is a decrease of $0.4 billion in All Funds, primarily due to a decrease in Other Funds

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associated with funding from the Economic Stabilization Fund and bonds appropriated for onetime construction projects and certain capital repair and renovation projects at state mental health hospitals and other state-funded inpatient mental health facilities. This amount is partially offset by an additional $102.7 million in General Revenue Funds and 260.0 full-time-equivalent positions provided for state and community mental health hospitals, including: $71.4 million in General Revenue Funds for expanded operations at Kerrville State Hospital and the new inpatient facility in Harris County; $30.0 million in General Revenue Funds to purchase additional inpatient capacity in rural and urban areas of the state; and $1.3 million in General Revenue Funds to provide Hepatitis C treatment to patients. Behavioral health-related expenditures in Medicaid are estimated to be $3.7 billion in All Funds for the biennium, when including cost growth that is not funded, and behavioral health-related expenditures in CHIP are estimated to be $98.9 million in All Funds for the biennium, when including cost growth that is not funded. Total behavioral health-related funding at HHSC, including estimated Medicaid and CHIP expenditures, is estimated to be $7.1 billion in All Funds for the biennium.

Funding includes General Revenue Funds increases for several client services programs, including: an increase of $20.0 million for the Alternatives to Abortion program; an increase of $7.5 million for the Family Violence Program; and an increase of $8.0 million for Child Advocacy Centers.

Funding includes $29.0 million in General Revenue Funds to respond to the foster care litigation, including: implementing caseload guidelines; performing heightened monitoring of certain residential childcare facilities; reimbursing court monitors; necessary technology upgrades to the Childcare Licensing Automated Support System (CLASS); and a new Compliance and Quality Assurance team. Funding for childcare licensing also includes $7.3 million in General Revenue Funds to migrate Residential Child Care Licensing IT systems from the Department of Family and Protective Services to HHSC and upgrade WebLogic.

Funding includes a decrease of $163.5 million from the Economic Stabilization Fund and bonds (Other Funds) for capital repairs and renovations at the state supported living centers.

Funding in CSSB1 does not include any Federal Funds for response to the COVID-19 pandemic for the 2022–23 biennium, which represents a decrease of $100.9 million in Federal Funds.

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