

Issue Docket

Conference Committee on House Bill 1

2024-25 General Appropriations Bill

Article IX

ARTICLE IX - RIDER COMPARISON ISSUES

Item	House 2024-25	Senate 2024-25	Biennial Difference	Explanation
Technical Adjustment	IX-112	IX-115	ADOPT	In Sec. 17.18, Appropriation for a Salary Increase for General State Employees, make technical adjustments relating to the calculation of the 5.0 percent increase and prevent revenue increases at Texas A&M University System service agencies to offset salary increases.
Sec. 3.04. Scheduled Exempt Positions	IX-22 Rider Packet, page IX-1	IX-22 Rider Packet, page IX-1	HOUSE AS AMENDED to Group 7	House reclassifies Texas Commission on Environmental Quality Commissioners from Group 6 to Group 8.
Sec. 3.12. Exceptions for Salary Schedule C	IX-25 Rider Packet, page IX-5	IX-25 Rider Packet, page IX-5	SENATE	House adds Facilities Commission Executive Director to the (c)(6) list of exempt positions at Group 7.
Sec. 7.10. Border Security	IX-40 Rider Packet, page IX-7	IX-40 Rider Packet, page IX-7	CONFORMING	House increases from \$600 to \$3,000 the stipend that DPS may pay certain employees above the Schedule C annual salary maximum. Senate increases the stipend from \$600 to \$1,800.
Sec. 9.04. Information Technology Replacement		IX-51 Rider Packet, page IX-10		Informational listing shows that House increases Office of Court Administration, Texas Judicial Council appropriations from \$33.5 million to \$53.5 million. Reflects decisions made in other articles.
Sec. 10.04. Statewide Behavioral Health Strategic Plan and Coordinated Expenditures	IX-55 Rider Packet, page IX-12	IX-56 Rider Packet, page IX-12	CONFORMING	House deletes the section.
Sec. 10.07. Informational Listing - Mental Health Funding for Continued Transformation	IX-60 Rider Packet, page IX-17	IX-60 Rider Packet, page IX-17	NOT ADOPT	Informational listing reflects differing House and Senate appropriations made in other articles.

Item	House 2024-25	Senate 2024-25	Biennial Difference	Explanation
Sec. 17.11. Human Trafficking Prevention Coordinating Council	IX-86 Rider Packet, page IX-26	IX-89 Rider Packet, page IX-26		House requires the five-year Strategic Plan for Preventing Human Trafficking to cover the time period 2024-2028 and requires the first report to be delivered to the Legislature by December 1, 2024, with an annual progress report to be filed each subsequent year on December 1. Senate requires the five-year Strategic Plan for Preventing Human Trafficking to cover the time period 2025-2029 and requires the plan and a progress report to be filed with the Legislature December 1 of each even-numbered year.
Sec. 17.17. Supplemental Appropriations Bill	IX-111 Rider Packet, page IX-28	IX-114 Rider Packet, page IX-28	NOT ADOPT	House reflects an appropriation of \$1.6 billion to TEA for school safety. Senate reflects an appropriation of \$600.0 million to TEA for school safety.
Sec. 17.19. Project Baby Dillo Critically Ill Newborn Whole Genome Sequencing (WGS) Demonstration	IX-113 Rider Packet, page IX-29			House includes an informational rider relating to a \$4.0 million appropriation to HHSC for a demonstration project related to Whole Genome Sequencing for low-income neonatal and pediatric intensive care patients and requiring a report.
Sec. 17.20. Proportional Reduction of General Revenue Appropriations.	IX-114 Rider Packet, page IX-30			House includes a rider reducing all appropriations proportionally by \$40.0 million each fiscal year and increasing appropriations by a like amount to HHSC for Alternatives to Abortion.
Sec. 18.02 (House)/Sec. 18.01 (Senate). American Rescue Plan Act Appropriations	IX-115 Rider Packet, page IX-31	IX-117 Rider Packet, page IX-31	ADOPT AS AMENDED	House includes rider appropriating to TDCJ all unobligated fund balances from the Coronavirus State Fiscal Recovery Fund, estimated to be \$5.4 billion, for salaries and other expenditures in fiscal year 2025 and reduces TDCJ's General Revenue appropriations by a like amount.
				Senates includes rider appropriating to TDCJ all unobligated fund balances from the Coronavirus State Fiscal Recovery Fund, including FEMA reimbursements for the expenditure of American Rescue Plan Act funds, estimated to be \$4.0 billion, for salaries and other expenditures in fiscal year 2025 and reduces TDCJ's General Revenue appropriations by a like amount.

Item	House 2024-25	Senate 2024-25	Biennial Difference	Explanation
Conference Committee Revisions and Additions				
Sec. 6.08. Benefits Paid Proportional by Method of Finance			ADOPT	Add new subsection requiring the Comptroller, after providing notice to the State Auditor, to reimburse the General Revenue Fund if it is determined that employee benefit amounts have been paid disproportionately.
Sec. 16.03. Proceeds of Litigation			ADOPT	Amend the section to include matters where a suit was not actually filed but could have resulted in litigation to the types of settlements for which the proceeds must be paid to the state treasury.

Article IX, General Provisions
Proposed Rider Revision
Sec. 17.18. Appropriation for a Salary Increase for General State Employees

Required Action

On page IX-112 of Article IX in the bill pattern of House Bill 1, revise Sec. 17.18, Appropriation for a Salary Increase for General State Employees, as follows:

Sec. 17.18. Appropriation for a Salary Increase for General State Employees.

- (a) As used in this section, “salary increase” shall mean:
- (1) a 5.0 percent increase in annual salary with a minimum of \$3,000 per annum increase in salary, to begin on September 1, 2023, and another increase in annual salary to occur on September 1, 2024, consisting of an additional 5.0 percent increase with a minimum of \$3,000 per annum increase in salary;
 - (2) any related employee benefits costs associated with the salary increase described by Subsection (a)(1) including contributions required by Sections 17.03 and 17.06; and
 - (3) funding necessary to implement the recommendations for changes to State Classification Plan as provided by the State Auditor’s Biennial Report on the State’s Position Classification Plan for the 2024-2025 Biennium.
- (b) In addition to other amounts appropriated elsewhere in this Act which can be found in an individual strategy item contained in the bill pattern for each agency, for the biennium the Comptroller of Public Accounts is appropriated an amount estimated to be \$0 out of the General Revenue Fund, an amount estimated to be \$0 out of the General Revenue-Dedicated, an amount estimated to be \$0 out of State Highway Fund No. 006, an amount estimated to be \$0 out of Other Funds and accounts, and an amount estimated to be \$0 out of federal funds to fund a salary increase as described in Subsection (a) for all employee positions of state agencies paid according to the Schedules A, B, and C Classification Salary Schedules, including employees of the Higher Education Coordinating Board and the employees of a Texas A&M University System service agency, as such a salary increase is reflected in the salary rates authorized elsewhere in this Act. Included in the amounts above and in the other amounts appropriated elsewhere in this Act which can be found in an individual strategy item contained in the bill pattern for each agency are General Revenue Funds, General Revenue-Dedicated Funds, State Highway Fund No. 006, and Other Funds that are intended to provide the salary increase for certain FTE positions currently paid from federal fund sources that would not be available for this purpose.
- (c) The amounts appropriated by this section and elsewhere in this Act that are intended to be used for the salary increase described by Subsection (a) and which can be found in an individual strategy item contained in the bill pattern for each agency may not be used to provide a salary increase for statewide elected officials, justices and judges of the appellate and district courts, district attorneys, criminal district attorneys, county attorneys performing the duties of a district attorney, line item exempt (non-classified) employees, employees of institutions of higher education (except the employee positions of the Higher Education Coordinating Board and of a Texas A&M University System service agency), or the compensatory per diem of board or commission members.
- (d) Provisions requiring salaries and benefits to be proportional to the source of funds shall apply to all sums allocated under this section and to the appropriations made elsewhere in this Act that are intended to be used for the salary increase described by Subsection (a) and which can be found in an individual strategy item contained in the bill pattern for each agency. Each agency shall pay the increase in compensation from funds held in the state Treasury and from local funds in the same proportion as the employee’s regular compensation unless their salary is paid from those federal funds deemed unavailable in Subsection (b).
- (e) The Comptroller of Public Accounts shall promulgate rules and regulations as necessary to administer this section and the appropriations made elsewhere in this Act that are intended to

be used for the salary increase described by Subsection (a) and which can be found in an individual strategy item contained in the bill pattern for each agency. Funds appropriated in this section and the appropriations made elsewhere in this Act that are intended to be used for the salary increase described by Subsection (a) and which can be found in an individual strategy item contained in the bill pattern for each agency shall be allocated to each agency, and to the appropriate employee benefit appropriation items, in accordance with these rules and regulations and may be used for the purpose of providing a salary increase and paying associated benefit costs.

- (f) Notwithstanding other restrictions on transfers of appropriations from one strategy to another, the funds appropriated for the salary increase may be transferred to other strategies without limitation only for the purpose of implementing the salary increase.
- (g) This section and the appropriations made elsewhere in this Act that are intended to be used for the salary increase described by Subsection (a) and which can be found in an individual strategy item contained in the bill pattern for each agency do not authorize an increase of classified salary rates or exempt salary rates above the rates listed in the applicable schedule in this Act.
- (h) State agencies appropriated monies under this Act, including a Texas A&M University System service agency, may not increase fees or taxes during fiscal years 2024 or 2025 to offset the appropriations made by this section or elsewhere in this Act that are intended to be used for the salary increase described by Subsection (a). The monies necessary for the salary increase described by Subsection (a) for employees of agencies subject to appropriations limited to revenues collected provisions and for Texas A&M University System service agencies are included in the totals appropriated by this section and elsewhere in this Act that are intended to be used for the salary increases described by Subsection (a) and which can be found in an individual strategy item contained in the bill pattern for each agency. This subsection does not apply to the Texas Department of Insurance.
- (i) This section shall apply to part-time employees hired pursuant to Government Code, Section 658.009. For the purposes of this section, in computing the annual salary increase for a part-time employee, the salary increase shall be proportional to an employee working 40 hours per week.
- (j) This section applies to all staff at the Windham School District and the Texas Department of Juvenile Justice. This section applies to the non-instructional staff at the School for the Deaf and the School for the Blind and Visually Impaired; it does not apply to the instructional staff whose salaries are statutorily tied to the salary schedule at the Austin Independent School District.
- (k) Any salary increase provided by Senate Bill 30 or similar legislation enacted by the 88th Legislature, Regular Session, shall not be considered when determining the 5.0 percent increase or the \$3,000 per annum increase in Subsection (a)(1).
- (l) A rider in this Act requiring the approval by the Legislative Budget Board for a salary increase for any particular group of employees does not apply to the salary increase provided under this section.

Article IX, General Provisions
Proposed Rider Revision
Sec. 18.02. American Rescue Plan Act Appropriations

Required Action

On page IX-115 of Article IX in the bill pattern of House Bill 1, revise Sec. 18.02, American Rescue Plan Act Appropriations, as follow:

Sec. 18.02. American Rescue Plan Act Appropriations.

- a) All unobligated fund balances and money received by this state from the Coronavirus State Fiscal Recovery Fund (42 U.S.C. Section 802) established under the American Rescue Plan Act of 2021 (Pub. L. No. 117-2) (ARPA), including all FEMA reimbursements for the expenditure of ARPA funds, not appropriated elsewhere in the Act (estimated to be \$5,449,900,000) are appropriated to the Texas Department of Criminal Justice for the state fiscal biennium ending August 31, 2025, for salaries, ~~and~~ benefits, or other eligible agency expenditures. The Texas Department of Criminal Justice shall, in consultation with the Comptroller of Public Accounts and the Legislative Budget Board, determine the allocation of benefits included in the increased appropriations. The Texas Department of Criminal Justice shall identify the strategies out of which the amounts appropriated to the agency from ARPA federal funds are made and has the authority to transfer ARPA funds between strategies and into strategies previously not identified in consultation with the Legislative Budget Board and the Comptroller of Public Accounts to ensure all ARPA federal funds are expended.
- b) Texas Department of Criminal Justice General Revenue appropriations and end-of-article appropriations for employee benefits are reduced in the state fiscal biennium ending August 31, 2025, by the amount in subsection (a) supplanting General Revenue appropriations made elsewhere in the Act. The Texas Department of Criminal Justice shall identify to the Comptroller of Public Accounts and the Legislative Budget Board the strategies and objectives out of which the indicated reductions in amounts appropriated to the agency are to be made. The Texas Department of Criminal Justice, in consultation with the Legislative Budget Board and the Comptroller of Public Accounts, may adjust the reductions in General Revenue appropriations and end-of-article appropriations for employee benefits to ensure all ARPA federal funds are expended.

Article IX, General Provisions
Proposed Rider Revision
Sec. 6.08. Benefits Paid Proportional by Method of Finance

Required Action

On page IX-30 of Article IX in the bill pattern of House Bill 1, revise Sec. 6.08, Benefits Paid Proportional by Method of Finance, by adding new subsection (l), as follows:

6.08. Benefits Paid Proportional by Method of Finance.

- (a) Unless otherwise provided, to maximize balances in the General Revenue Fund, payment for benefits paid from appropriated monies, including "local funds" and "education and general funds" as defined in Education Code, Section 51.009(a) and (c), shall be proportional to the method of finance except for public and community junior colleges. Any financing sources subject to restrictions that prevent their expenditure on salaries and wages, as directed by legislative intent or established in policies by the Comptroller governing the calculation of benefits proportionality by method of finance, shall not be subject to this proportional requirement.
- (b) Monies not subject to this proportionality requirement may include but are not limited to certain: appropriations for capital purposes, appropriations with salary restrictions, deficiency grant appropriations, emergency appropriations, or statutorily restricted funds that restrict or limit the use of monies to certain programs. The Comptroller shall make the final determination on the exclusion of monies from this proportionality requirement in conjunction with the policies developed under Subsection (f).
- (c) For institutions of higher education, in determining the proportional allocation between the General Revenue Fund and other appropriated funds, an adjustment for local funds benefits shall be made to equitably distribute costs between the General Revenue Fund and other appropriated funds.
- (d) If the Comptroller determines that achieving employee benefits proportionality at the time the benefits payment is made would be impractical or inefficient, then the General Revenue Fund shall be reimbursed for any such payment made out of the General Revenue Fund.
- (e) For purposes of this Act, a public community or junior college may expend monies appropriated for employee benefit costs for any employee if the employee is: (1) otherwise eligible to participate in the group benefits program; and (2) an instructional or administrative employee whose salary may be fully paid from monies appropriated under the General Appropriations Act, regardless of whether the salary is actually paid from appropriated monies.
- (f) The Comptroller, after consulting with the Legislative Budget Board and the State Auditor's Office, shall develop and maintain policies to provide for the administration of this section.
- (g) Each agency or institution of higher education (excluding a community or junior college) having General Revenue Fund appropriations and other sources of financing shall file with the Comptroller and the State Auditor a report demonstrating proportionality. The report shall be filed before November 20 following the close of the fiscal year for the salaries, wages, and benefits of the preceding year which ended August 31. The report shall be in a format prescribed by the Comptroller in collaboration with the Legislative Budget Board and the State Auditor's Office.
- (h) State Auditor shall at least biennially review agency and institution compliance with the requirements of this section if the agency or institution (excluding a community or junior college) receives monies appropriated under this Act. Subject to a risk assessment, the State Auditor shall audit the expenditure transfers and payments for benefits by an agency or institution. The State Auditor shall send the audit report to the Comptroller and the Legislative Budget Board upon completion of the audit, along with any recommendations for changes or refunds. The Comptroller, on receipt of notification from the State Auditor of amounts disproportionately paid from General Revenue Fund appropriations, shall reduce

current year General Revenue Fund appropriations of the agency or institution until such time as such amounts are repaid from sources other than the General Revenue Fund.

- (i) Should cash balances in appropriated funds prohibit an account or fund from absorbing additional expense related to proportionality requirements, an agency or institution may be allowed to adjust benefit expenses accordingly. An agency or institution must notify the Comptroller and Legislative Budget Board of any requested adjustment. The Comptroller shall make the final determination on the allowance of any benefit expense adjustment but shall ensure that the General Revenue Fund is reimbursed to the maximum extent possible.
- (j) For institutions of higher education, excluding public community or junior colleges, monies appropriated by this Act may not be expended for employee benefit costs, or other indirect costs, associated with the payment of salaries or wages, if the salaries and wages are paid from monies not appropriated by this Act.
- (k) The limitation in Subsection (j) shall not apply to the:
 - (1) monies appropriated to the Texas Department of Criminal Justice and provided to The University of Texas Medical Branch at Galveston or to the Texas Tech University Health Sciences Center for correctional health care services, and
 - (2) monies appropriated to the Health and Human Services Commission and provided to The University of Texas Health Science Center at Houston for the operation of the Harris County Psychiatric Center or the Dunn Behavioral Sciences Center.

In accordance with the policies developed under Subsection (f), institutions identified in this subsection shall disclose information on the amount of interagency contract proceeds used to pay salaries and wages as well as the associated general revenue benefits for programs identified in this subsection.

- (l) If the Comptroller determines employee benefit amounts are disproportionately paid from General Revenue Fund appropriations, upon notification to the State Auditor, the Comptroller shall reimburse General Revenue Fund appropriations of the agency or institution from other methods of finance of the agency or institution.

Article IX, General Provisions
Proposed Rider Revision
Sec. 16.03. Proceeds of Litigation

Required Action

On page IX-79 of Article IX in the bill pattern of House Bill 1, revise Sec. 16.03, Proceeds of Litigation, as follows:

16.03. Proceeds of Litigation.

- (a) Unless otherwise specifically authorized by the legislature, any litigation or matter that could have resulted in litigation that results in settlement, court order, or other arrangement providing revenues or financial benefits to a state governmental entity or the State of Texas shall be structured to require the entire amount due to be paid to the state Treasury in accordance with Government Code, Sec. 404.097.
- (b) None of the money paid to a state governmental entity because of a settlement of litigation or other arrangement providing revenues or financial benefits because of an incident that could reasonably result in a claim or litigation may be expended by any state government entity unless the Legislative Budget Board is notified in writing by the Attorney General regarding the terms of the settlement or other arrangement and the Legislative Budget Board is notified in writing by the state governmental entity receiving the money regarding the plans for the use of the money. The written notice must be delivered to the Legislative Budget Board as soon as practicable, but no later than the 20th calendar day of the month following the first to occur of:
- (1) receipt of the money or other benefit; or
 - (2) approval of the settlement or arrangement by a court.
- (c) This section does not apply to a settlement of litigation, court order resulting from litigation, or other arrangement providing revenues or financial benefits because of litigation:
- (1) for a state governmental entity in relation to the entity's actions as a receiver, special deputy receiver, liquidator, or liquidating agent in connection with the administration of the assets of an insolvent entity, including actions under Insurance Code, Chapter 443, or Finance Code, Chapters 36, 66, 96, or 126; or
 - (2) under which recovery to the state governmental entity does not exceed \$500,000.
- (d) For purposes of this section, "state governmental entity" means a board, commission, department, office, or other agency in the executive branch of state government created under the constitution or a statute, including an institution of higher education.