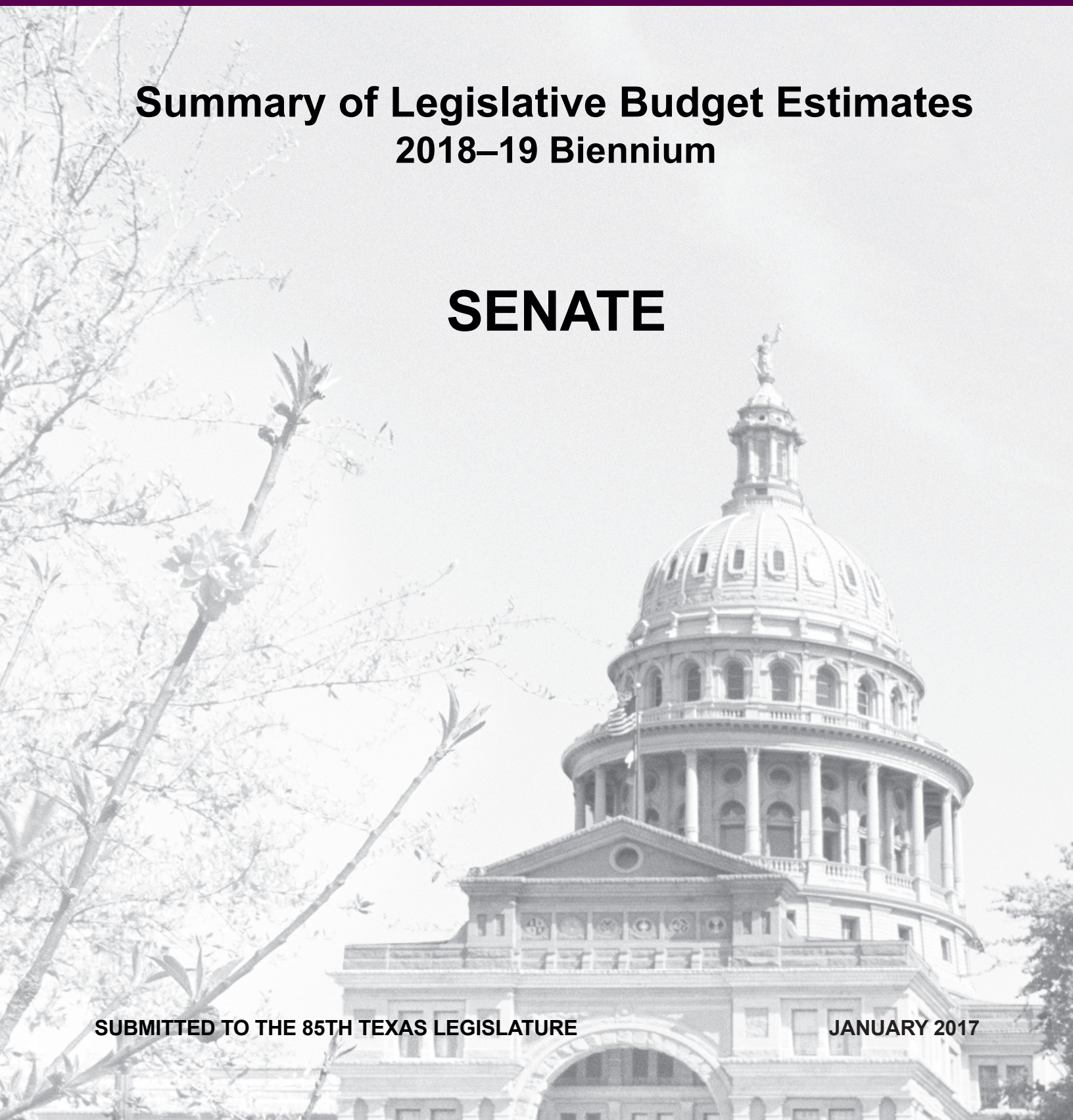
LEGISLATIVE BUDGET BOARD

Summary of Legislative Budget Estimates
2018–19 Biennium

SENATE



SUBMITTED TO THE 85TH TEXAS LEGISLATURE

JANUARY 2017

Summary of Legislative Budget Estimates
2018–19 Biennium

Senate

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INTRODUCTION

This summary of the General Appropriations Bill publication provides an overview of the appropriations included in the General Appropriations Bill, otherwise known as the state budget. The version of the General Appropriations Bill that becomes law, after being passed by the Legislature and signed by the Governor, is referred to as the General Appropriations Act (GAA). This enacted legislation is the state's budget for a two-year period (biennium). The Legislative Budget Board staff provides a Summary of the General Appropriations Bill for each version of the bill as the budget deliberations unfold during the legislative session. The summary is not a reconciliation of each change in the General Appropriations Bill, but rather a high-level overview of major changes between the biennia and between iterations of the bill. It is a reference for legislators and other stakeholders as they work through budget deliberations.

The General Appropriations Bill is categorized into articles that cover certain areas of state government. For example, Article I is General Government. Article II covers Health and Human Services, and Article III is Public and Higher Education. Six additional articles cover the other areas of government.

The Legislature uses four methods of finance to appropriate funds to state agencies and public institutions of higher education: General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds. **All Funds** is the summation of the methods of finance.

- **General Revenue Funds** include the nondedicated portion of the General Revenue Fund, which is the state's primary operating fund. General Revenue Funds also include the Available School Fund, the State Instructional Materials Fund, and the Foundation School Fund.
- **General Revenue–Dedicated Funds** include approximately 200 accounts within the General Revenue Fund that are dedicated for specific purposes by statute or the funds-consolidation process. For example, Clean Air Account Number 151 is funded primarily through a portion of motor vehicle inspection fees and a portion of air pollution control fees. These revenues are statutorily dedicated to the Texas Commission on Environmental Quality to provide funding for various air quality, monitoring and permitting programs.
- **Federal Funds** include grants, allocations, payments, or reimbursements received from the federal government by state agencies and institutions. The largest portion of federal funding appropriations are for the Medicaid program in Article II. Other examples of Federal Funds appropriations include the U.S. Social Security Act, Title I, Grants to Local Educational Agencies, National School Lunch Program, Transportation Grants and National Highway System Funding, Special Education Basic State Grants, and the Children's Health Insurance Program.
- **Other Funds** consist of any funds not included in the General Revenue Fund (dedicated or not) or Federal Funds. Examples of Other Funds appropriations include those from the State Highway Fund, the Texas Mobility Fund, the Property Tax Relief Fund, the Economic Stabilization Fund, trust funds, bond proceeds, and Interagency Contracts.

The introduction chapter of the summary provides a high-level overview of the General Appropriations Bill. **Figures 1** to **14** provide the total appropriations for the 2018–19 biennium by each method of finance for each article in the bill compared to the 2016–17 biennium expended/budgeted level of funding. This chapter includes highlights of major funding items, significant policy, or fiscal issues across the state; examples of factors affecting the state budget, including budget drivers such as correctional population or public school daily attendance; and a reconciliation of the base funding that explains how the previous biennium's appropriations have been adjusted during the 2016–17 biennium.

The introduction chapter also provides additional context for understanding the General Appropriations Bill, including trends in state government expenditures, an explanation of constitutional spending limits, a description of restricted versus unrestricted appropriations, insights into the Economic Stabilization Fund (i.e., the Rainy Day Fund), and the Texas Economic Outlook.

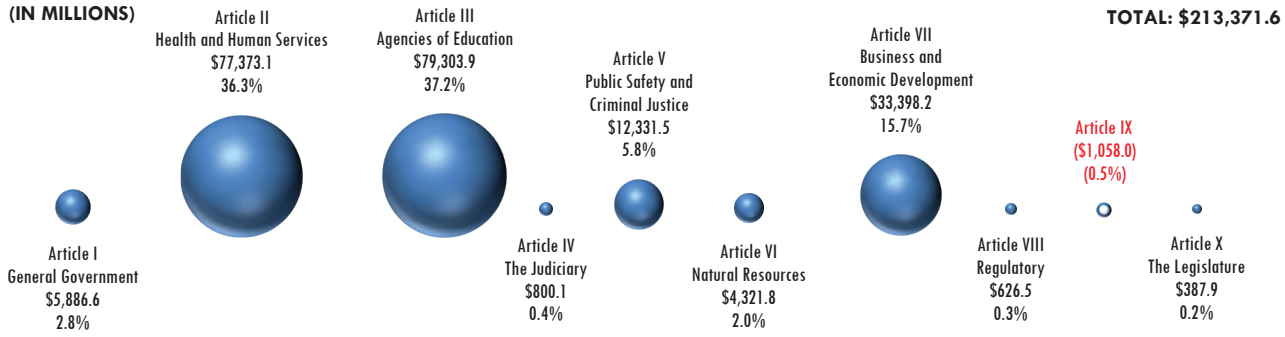
Following the introduction chapter are article-specific chapters. Each chapter provides an overview of the total article appropriations by agency or institution, including estimated and budgeted expenditures for the 2016–17 biennium, recommended appropriation levels in the 2018–19 General Appropriations Bill, full-time-equivalent positions for the article,

and other significant fiscal issues. Some chapters will also include additional detail at the agency level. Agencies are included in the summary if they meet certain criteria: (1) the agency is one of the largest 25 budgets in the state; (2) the agency is subject to the Strategic Fiscal Review as initiated by legislative leadership during the Eighty-fourth Legislature, 2015, interim; or (3) the agency program or function is of significant policy or fiscal import.

Finally, the summary includes two appendices. **Appendix A** provides a reader's guide to the General Appropriations Bill so that first-time users can better understand how to read the actual bill and make sense of the budget structure, performance measures, and riders. **Appendix B** provides a comparison point between versions of the General Appropriations Bill as the Legislature progresses through the budget deliberations. This comparison enables readers to identify differences between chamber bills, or a specific chamber's changes.

RECOMMENDATIONS BY ARTICLE

FIGURE 1
RECOMMENDATIONS BY ARTICLE, ALL FUNDS



Note: Object size is proportional to the percentage of recommended All Funds appropriation for all articles.
Source: Legislative Budget Board.

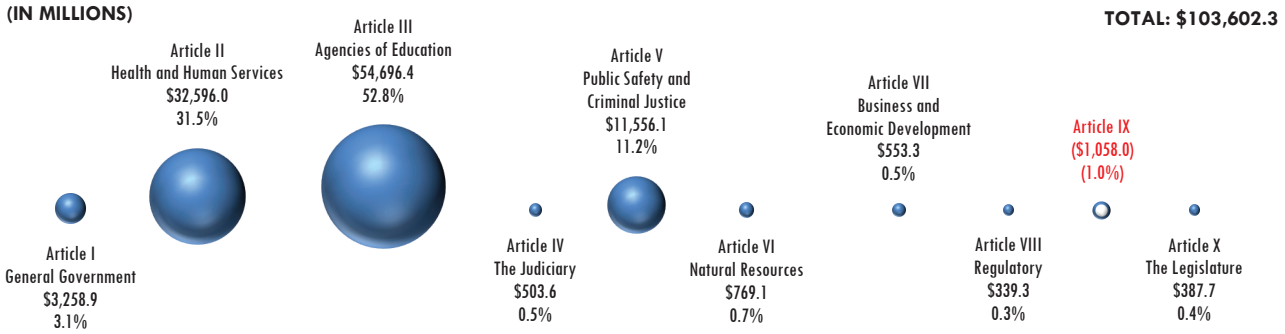
FIGURE 2
RECOMMENDATIONS BY ARTICLE, ALL FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$7,073.8	$5,886.6	($1,187.2)	(16.8%)
Article II – Health and Human Services	$78,536.6	$77,373.1	($1,163.5)	(1.5%)
Article III – Agencies of Education	$79,140.7	$79,303.9	$163.3	0.2%
Public Education	*$58,896.4*	*$59,577.1*	*$680.7*	*1.2%*
Higher Education	*$20,244.3*	*$19,726.9*	*($517.4)*	*(2.6%)*
Article IV – The Judiciary	$813.3	$800.1	($13.2)	(1.6%)
Article V – Public Safety and Criminal Justice	$12,503.5	$12,331.5	($172.1)	(1.4%)
Article VI – Natural Resources	$4,577.9	$4,321.8	($256.0)	(5.6%)
Article VII – Business and Economic Development	$29,663.9	$33,398.2	$3,734.3	12.6%
Article VIII – Regulatory	$957.6	$626.5	($331.1)	(34.6%)
Article IX – General Provisions	$0.0	($1,058.0)	($1,058.0)	N/A
Article X – The Legislature	$400.9	$387.9	($13.0)	(3.2%)
Total, All Articles	**$213,668.2**	**$213,371.6**	**($296.5)**	**(0.1%)**

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

FIGURE 3
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS



NOTE: Object size is proportional to the percentage of recommended General Revenue Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

FIGURE 4
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS

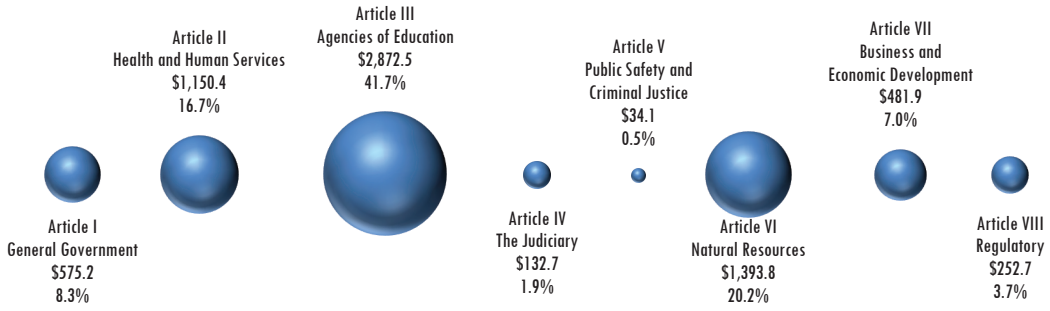
(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$3,345.5	$3,258.9	($86.6)	(2.6%)
Article II – Health and Human Services	$32,431.7	$32,596.0	$164.3	0.5%
Article III – Agencies of Education	$56,283.7	$54,696.4	($1,587.3)	(2.8%)
Public Education	*$41,594.1*	*$40,522.4*	*($1,071.8)*	*(2.6%)*
Higher Education	*$14,689.6*	*$14,174.0*	*($515.6)*	*(3.5%)*
Article IV – The Judiciary	$503.3	$503.6	$0.3	0.1%
Article V – Public Safety and Criminal Justice	$11,534.7	$11,556.1	$21.4	0.2%
Article VI – Natural Resources	$835.0	$769.1	($65.9)	(7.9%)
Article VII – Business and Economic Development	$1,176.9	$553.3	($623.6)	(53.0%)
Article VIII – Regulatory	$337.1	$339.3	$2.2	0.7%
Article IX – General Provisions	$0.0	($1,058.0)	($1,058.0)	N/A
Article X – The Legislature	$400.8	$387.7	($13.1)	(3.3%)
Total, All Articles	**$106,848.7**	**$103,602.3**	**($3,246.3)**	**(3.0%)**

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

FIGURE 5
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS) **TOTAL: $6,893.3**



NOTE: Object size is proportional to the percentage of recommended General Revenue–Dedicated Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

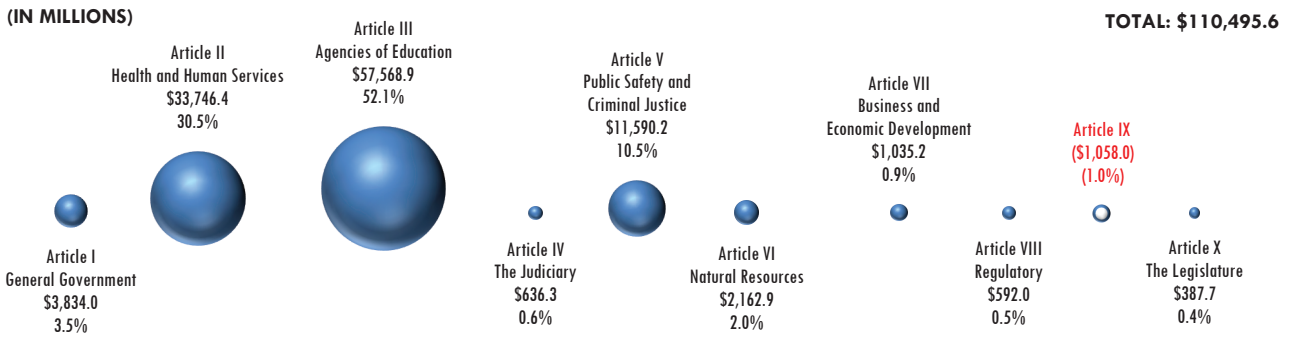
FIGURE 6
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$1,056.0	$575.2	($480.8)	(45.5%)
Article II – Health and Human Services	$1,172.4	$1,150.4	($22.0)	(1.9%)
Article III – Agencies of Education	$2,913.0	$2,872.5	($40.6)	(1.4%)
Public Education	*$0.0*	*$0.0*	*$0.0*	*N/A*
Higher Education	*$2,913.0*	*$2,872.5*	*($40.6)*	*(1.4%)*
Article IV – The Judiciary	$143.2	$132.7	($10.5)	(7.3%)
Article V – Public Safety and Criminal Justice	$132.2	$34.1	($98.1)	(74.2%)
Article VI – Natural Resources	$1,534.4	$1,393.8	($140.6)	(9.2%)
Article VII – Business and Economic Development	$505.9	$481.9	($23.9)	(4.7%)
Article VIII – Regulatory	$579.0	$252.7	($326.3)	(56.4%)
Article IX – General Provisions	$0.0	$0.0	$0.0	N/A
Article X – The Legislature	$0.0	$0.0	$0.0	N/A
Total, All Articles	**$8,036.0**	**$6,893.3**	**($1,142.7)**	**(14.2%)**

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

FIGURE 7
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS



NOTE: Object size is proportional to the percentage of recommended General Revenue Funds and General Revenue–Dedicated Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

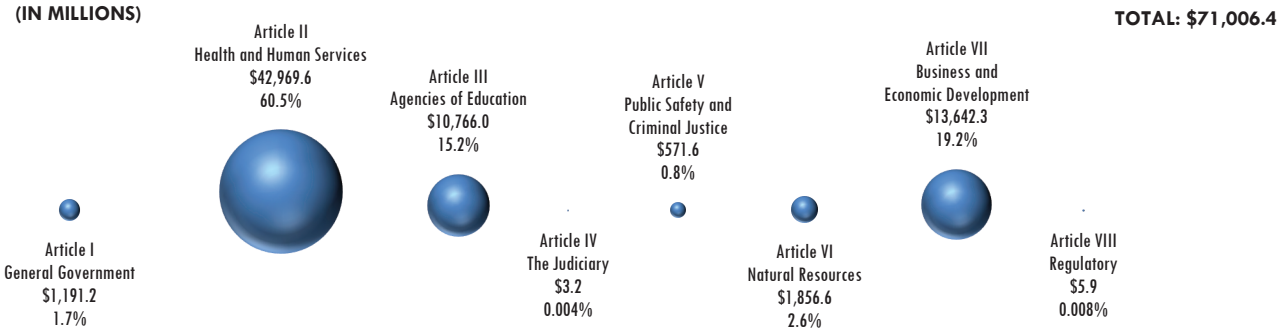
FIGURE 8
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$4,401.5	$3,834.0	($567.4)	(12.9%)
Article II – Health and Human Services	$33,604.0	$33,746.4	$142.3	0.4%
Article III – Agencies of Education	$59,196.8	$57,568.9	($1,627.9)	(2.8%)
Public Education	*$41,594.1*	*$40,522.4*	*($1,071.8)*	*(2.6%)*
Higher Education	*$17,602.6*	*$17,046.5*	*($556.2)*	*(3.2%)*
Article IV – The Judiciary	$646.5	$636.3	($10.2)	(1.6%)
Article V – Public Safety and Criminal Justice	$11,666.9	$11,590.2	($76.7)	(0.7%)
Article VI – Natural Resources	$2,369.4	$2,162.9	($206.5)	(8.7%)
Article VII – Business and Economic Development	$1,682.7	$1,035.2	($647.5)	(38.5%)
Article VIII – Regulatory	$916.1	$592.0	($324.1)	(35.4%)
Article IX – General Provisions	$0.0	($1,058.0)	($1,058.0)	N/A
Article X – The Legislature	$400.8	$387.7	($13.1)	(3.3%)
Total, All Articles	**$114,884.7**	**$110,495.6**	**($4,389.1)**	**(3.8%)**

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

FIGURE 9
RECOMMENDATIONS BY ARTICLE, FEDERAL FUNDS



NOTE: Object size is proportional to the percentage of recommended Federal Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

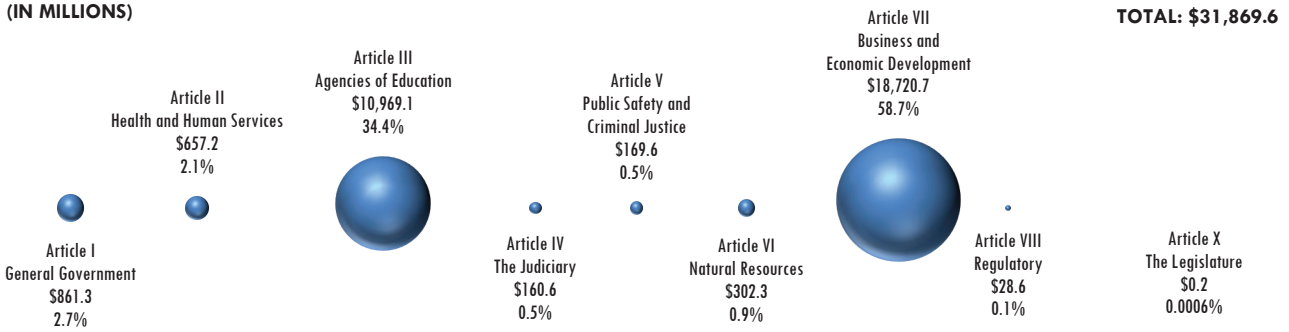
FIGURE 10
RECOMMENDATIONS BY ARTICLE, FEDERAL FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$1,005.3	$1,191.2	$185.9	18.5%
Article II – Health and Human Services	$44,257.3	$42,969.6	($1,287.7)	(2.9%)
Article III – Agencies of Education	$10,497.2	$10,766.0	$268.8	2.6%
Public Education	*$10,217.9*	*$10,490.3*	*$272.4*	*2.7%*
Higher Education	*$279.3*	*$275.7*	*($3.6)*	*(1.3%)*
Article IV – The Judiciary	$3.3	$3.2	($0.1)	(3.3%)
Article V – Public Safety and Criminal Justice	$647.0	$571.6	($75.4)	(11.7%)
Article VI – Natural Resources	$1,860.8	$1,856.6	($4.3)	(0.2%)
Article VII – Business and Economic Development	$12,326.1	$13,642.3	$1,316.2	10.7%
Article VIII – Regulatory	$8.6	$5.9	($2.7)	(31.6%)
Article IX – General Provisions	$0.0	$0.0	$0.0	N/A
Article X – The Legislature	$0.0	$0.0	$0.0	N/A
Total, All Articles	**$70,605.7**	**$71,006.4**	**$400.7**	**0.6%**

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

FIGURE 11
RECOMMENDATIONS BY ARTICLE, OTHER FUNDS



NOTE: Object size is proportional to the percentage of recommended Other Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

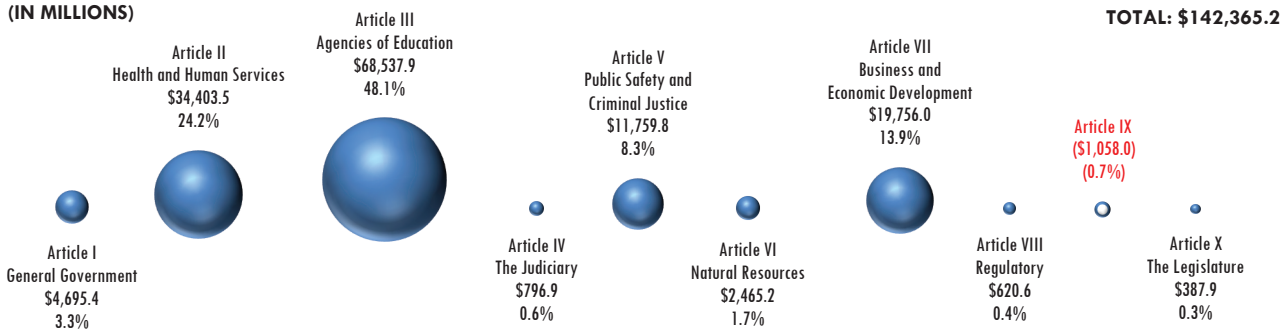
FIGURE 12
RECOMMENDATIONS BY ARTICLE, OTHER FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$1,667.1	$861.3	($805.7)	(48.3%)
Article II – Health and Human Services	$675.3	$657.2	($18.1)	(2.7%)
Article III – Agencies of Education	$9,446.7	$10,969.1	$1,522.4	16.1%
Public Education	*$7,084.4*	*$8,564.3*	*$1,480.0*	*20.9%*
Higher Education	*$2,362.4*	*$2,404.7*	*$42.4*	*1.8%*
Article IV – The Judiciary	$163.5	$160.6	($2.9)	(1.8%)
Article V – Public Safety and Criminal Justice	$189.6	$169.6	($20.0)	(10.6%)
Article VI – Natural Resources	$347.6	$302.3	($45.3)	(13.0%)
Article VII – Business and Economic Development	$15,655.1	$18,720.7	$3,065.6	19.6%
Article VIII – Regulatory	$32.8	$28.6	($4.2)	(12.8%)
Article IX – General Provisions	$0.0	$0.0	$0.0	N/A
Article X – The Legislature	$0.1	$0.2	$0.1	97.2%
Total, All Articles	**$28,177.7**	**$31,869.6**	**$3,691.8**	**13.1%**

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

FIGURE 13
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS



NOTE: Object size is proportional to the percentage of recommended General Revenue Funds, General Revenue–Dedicated Funds, and Other Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

FIGURE 14
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$6,068.5	$4,695.4	($1,373.2)	(22.6%)
Article II – Health and Human Services	$34,279.3	$34,403.5	$124.2	0.4%
Article III – Agencies of Education	$68,643.5	$68,537.9	($105.5)	(0.2%)
Public Education	*$48,678.5*	*$49,086.7*	*$408.2*	*0.8%*
Higher Education	*$19,965.0*	*$19,451.2*	*($513.8)*	*(2.6%)*
Article IV – The Judiciary	$810.0	$796.9	($13.1)	(1.6%)
Article V – Public Safety and Criminal Justice	$11,856.5	$11,759.8	($96.7)	(0.8%)
Article VI – Natural Resources	$2,717.0	$2,465.2	($251.8)	(9.3%)
Article VII – Business and Economic Development	$17,337.8	$19,756.0	$2,418.2	13.9%
Article VIII – Regulatory	$948.9	$620.6	($328.3)	(34.6%)
Article IX – General Provisions	$0.0	($1,058.0)	($1,058.0)	N/A
Article X – The Legislature	$400.9	$387.9	($13.0)	(3.2%)
Total, All Articles	**$143,062.5**	**$142,365.2**	**($697.3)**	**(0.5%)**

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

HIGHLIGHTS OF THE RECOMMENDATIONS

For the 2018–19 biennium, funding includes the following key budget items:

FOUNDATION SCHOOL PROGRAM

- Foundation School Program (FSP) funding for the 2018–19 biennium includes $34.1 billion in General Revenue Funds and $42.4 billion in All Funds. This funding includes an estimated $1.5 billion increase in Other Funds, attributable to projected increases in revenues from the Property Tax Relief Fund and from recapture payments, and a corresponding decrease in General Revenue Funds. The FSP recommendation fully funds what is estimated to be required to meet the current law FSP entitlement.

MEDICAID

- $61.2 billion in All Funds, including $24.9 billion in General Revenue Funds and $0.2 billion in General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. This is a reduction of $0.8 billion in All Funds, which includes a reduction of less than $0.1 billion in General Revenue Funds.

- Included in these amounts is $56.4 billion in All Funds for Medicaid client services, $1.6 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. Medicaid client services are maintained at the 2016–17 appropriated level. There is a $0.6 billion All Funds reduction in administrative funding and a $0.2 billion reduction in other programs supported by Medicaid funding.

- 2016–17 amounts for Medicaid do not assume supplemental funding for fiscal year 2017. 2018–19 amounts do not include funding to support projected caseload growth, maintain fiscal year 2017 average costs, or fund anticipated increases in cost due to medical inflation, higher utilization, or increased acuity.

TRANSPORTATION

- $28.2 billion in All Funds is provided for all functions of the Department of Transportation; this includes $5.0 billion in funding from anticipated state sales tax deposits to the State Highway Fund (SHF) as approved by voters in November 2015 (Proposition 7, 2015); $2.2 billion in funding from oil and natural gas tax-related transfers to the SHF (Proposition 1, 2014); and all available SHF from traditional transportation tax and fee revenue sources (estimated to be $8.6 billion for the 2018–19 biennium).

- $24.7 billion in All Funds is provided for highway planning and design, right-of-way acquisition, construction, and maintenance and preservation. The All Funds amount includes $9.7 billion for maintenance and preservation of the existing transportation system; $4.5 billion for construction and highway improvements; $4.4 billion from Proposition 7, 2015, proceeds and $2.2 billion from Proposition 1, 2014, proceeds for constructing, maintaining, and acquiring rights-of-way for non-tolled public roadways; $2.2 billion for transportation system planning, design, and management; and $1.7 billion for right-of-way acquisition.

- $2.3 billion in All Funds is provided for debt service payments and other financing costs, including $1.6 billion in Other Funds from the SHF and Texas Mobility Fund; $0.6 billion in Other Funds from Proposition 7, 2015, SHF proceeds for General Obligation bond debt service, replacing General Revenue Funds for this purpose (decrease of $0.5 billion in General Revenue Funds); and $117.1 million in Federal Funds from Build America Bond interest payment subsidies.

BEHAVIORAL HEALTH

- Funding includes $3.4 billion in All Funds ($2.7 billion in General Revenue Funds and General Revenue–Dedicated Funds) for non-Medicaid behavioral health services. Funding supports programs at 16 agencies across 5 articles, and includes funding for inpatient client services at the state hospitals and community hospitals, outpatient services provided through Local Mental Health Authorities, substance abuse prevention, intervention, and treatment services for adults

and children, mental health care and substance abuse treatment for incarcerated offenders, mental health care services for veterans, and a variety of other services. Funding also includes $62.6 million in All Funds ($54.8 million in General Revenue Funds) for the biennium to address the current and projected waitlists for community mental health services for adults and children.

- Medicaid expenditures for behavioral health services (when including projected caseload and cost growth that is not funded) are estimated to total $3.6 billion in All Funds for the 2018–19 biennium, and CHIP expenditures (when including projected cost growth that is not funded) are estimated to total $47.2 million in All Funds. Total behavioral health funding including estimated Medicaid and CHIP expenditures is estimated to be $7.0 billion in All Funds for the biennium.

CHILD PROTECTIVE SERVICES

- $3.2 billion in All Funds, including $1.9 billion in General Revenue Funds, is provided for all Child Protective Services (CPS) functions at the Department of Family Services (DFPS). This is an increase of $260.1 million in All Funds and $310.6 million in General Revenue Funds over the 2016–17 base.
- Funding includes 828.8 full-time-equivalent (FTE) positions and an increase of $331.8 million in All Funds in CPS in order to:
  - Maintain the resources provided in fiscal year 2017 to address critical needs in the CPS program; and
  - Improve agency performance related to the average caseload per CPS caseworker and CPS caseworker retention.
- CPS funding includes a total of $1.5 billion in All Funds and $0.6 billion in General Revenue Funds for DFPS entitlement programs, and associated administrative costs for these programs, including:
  - $842.6 million in All Funds and $362.2 million in General Revenue Funds, for Foster Care Payments;
  - $573.4 million in All Funds and $292.0 million in General Revenue Funds, for Adoption Subsidies and Permanency Care Assistance Payments; and
  - $24.7 million in All Funds and $5.0 million in General Revenue Funds, for the Relative Caregiver Program.
- Funding includes a total of $139.3 million in All Funds and $108.5 million in General Revenue Funds for the Day Care Purchased Services Program.

HIGHER EDUCATION FUNDING

- Higher Education formulas are supported by $7.2 billion in General Revenue Funds and $1.5 billion in statutory tuition in General Revenue–Dedicated Funds. Included in this amount are decreases of $74.1 million in General Revenue Funds and an increase of $144.4 million in General Revenue–Dedicated Funds, which is primarily statutory tuition.
- For each of the higher education formulas, except the Graduate Medical Education (GME) formula for the health related institutions, either the 2016–17 General Revenue funding level or the 2016–17 rate is maintained. Formula appropriations include Infrastructure Support for two new Texas State Technical Colleges created by the Eighty-fourth Legislature, Texas State Technical College North Texas and Texas State Technical College Fort Bend County.
- Funding for special items at all institutions in the 2018–19 biennium totals $320.0 million in General Revenue Funds, which reflects a decrease of $800.0 million from the 2016–17 biennium. This funding consists of $20.0 million for two behavioral health special items at The University of Texas Health Science Center at Houston and The University of Texas Health Science Center at Tyler, and $300.0 million in Special Provisions Relating Only to State Agencies of Higher Education.

ADULT INCARCERATION

- Funding of $6.7 billion in All Funds, including $6.6 billion in General Revenue Funds and General Revenue–Dedicated Funds, is provided for the incarceration, probation, and parole of adult offenders in the Texas Department of Criminal Justice, which includes housing, security, classification, food and necessities, healthcare, and treatment services. General Revenue Funds and General Revenue–Dedicated Funds decreased by $89.7 million for the 2018–19 biennium and include a $60.0 million decrease for deferred maintenance, a $10.0 million decrease for video surveillance cameras, and a $13.1 million decrease for the closure of an Intermediate Sanction Facility. Funding for Correctional Managed Health Care totals $1.1 billion, which is equal to the 2016–17 biennial base funding level.

BORDER SECURITY

- Funding of $800.0 million in state funds is provided to fund border security purposes at the Department of Public Safety (DPS), Trusteed Programs Within the Office of the Governor, the Texas Parks and Wildlife Department, the Texas Alcoholic Beverage Commission, the Texas Commission on Law Enforcement, and the Texas Department of Criminal Justice. The majority of this funding ($732.6 million in General Revenue Funds and General Revenue–Dedicated Funds) is provided to DPS, $490.4 million of which is in the agency's bill pattern as Goal B, Secure Texas. Other goals in the DPS budget contain additional funding for border security-related functions and activities ($242.2 million).

- This funding maintains support for DPS personnel at fiscal year 2017 full deployment levels, eliminates funding for one-time and transitional expenditures, and adds new personnel to the border security initiative. Significant funding items include the following: $143.1 million to recruit, train, equip, and deploy 250 new troopers and 126.1 support FTE positions to the border region by the end of the 2018–19 biennium; to acquire, install, and maintain border security equipment, including cameras and related technology associated with Operation Drawbridge; and to fund contingency costs for extraordinary operations associated with Operation Secure Texas. Funding also includes $145.6 million for a 50-hour work week for all DPS's commissioned law enforcement officers; and $133.4 million to fund the full biennial costs of the 22 Texas Rangers ($9.5 million), 250 troopers ($123.9 million), and 115 support staff added by the Eighty-fourth Legislature, 2015. Border security funding also includes $54.8 million at Trusteed Programs Within the Office of the Governor for grants to local entities and other support, and $10.6 million at the Texas Parks and Wildlife Department for enhanced game warden activity.

TEACHER RETIREMENT AND HEALTH BENEFITS

- $4.0 billion in All Funds is provided for the state contribution to retirement benefits of the Teacher Retirement System (TRS), including $3.9 billion in General Revenue Funds, $97.5 million in General Revenue–Dedicated Funds, and $8.1 million in Other Funds. Funding reflects a state contribution rate of 6.8 percent of employee payroll in each fiscal year of the 2018–19 biennium. Funding assumes an annual payroll growth rate of 3.5 percent for public education and 2.9 percent for higher education in each fiscal year of the biennium, based on payroll trend data.

- Retiree health insurance funding includes $647.6 million in General Revenue Funds, which provides a statutorily required state contribution to TRS-Care of 1.0 percent of public education payroll.

STATE EMPLOYEE RETIREMENT, HEALTH BENEFITS, SOCIAL SECURITY, AND FULL-TIME-EQUIVALENT POSITIONS

- $1.3 billion in All Funds ($980.2 million in General Revenue Funds and General Revenue–Dedicated Funds) is provided for the state contribution to the Employees Retirement System retirement program. This amount reflects an increase of $30.5 million in All Funds ($32.2 million in General Revenue Funds and General Revenue–Dedicated Funds) for state employees' retirement benefits. Funding provides for a 9.5 percent state contribution rate each fiscal year of the 2018–19 biennium. Recommendations also continue the additional retirement contribution from all general state agencies of 0.5 percent of the total base wages and salaries for each eligible employee for a total

combined state contribution rate of 10.0 percent, the maximum pursuant to the Texas Constitution, Article XVI, Section 67 (b)(3).

- $4.2 billion in All Funds ($3.1 billion in General Revenue Funds and General Revenue–Dedicated Funds) is provided for the state contribution for group insurance benefits for general state employees, retirees, and their dependents. The funding reflects an increase of $579.8 million in All Funds ($444.0 million in General Revenue Funds and General Revenue–Dedicated Funds), which provides for a 4.57 percent increase in the state contribution for fiscal year 2018 and a 4.56 percent increase in the state contribution for fiscal year 2019. These increases, in conjunction with the spend down of approximately $260.1 million from the contingency reserve fund, provide funding for an annual benefit cost trend of 8.5 percent. Amounts also assume that retiree membership will grow by 4.7 percent annually and assume FTE position changes at certain state agencies.
- $1.8 billion in All Funds ($1.5 billion in General Revenue Funds and General Revenue–Dedicated Funds) is provided for the state contribution for Social Security payroll taxes for employees of state agencies and institutions of higher education. Funding is sufficient to provide the 6.2 percent Social Security employer contribution and the 1.45 percent Medicare employer contribution. Funding also provides for 2.9 and 3.0 percent annual payroll growth in fiscal years 2018 and 2019, respectively, for higher education employees.
- Funding provides for 206,329.2 FTE positions for fiscal year 2018, and 206,511.3 positions for fiscal year 2019. The number of positions in fiscal year 2019 is a decrease of 10,757.9 from fiscal year 2017 budgeted levels. The decrease is primarily related to a reduction of position caps for institutions of higher education to align with funding levels.
- Funding includes $12.3 million in General Revenue Funds for retirement, insurance, and Social Security benefits related to increasing the number of positions at DPS. Funding includes $47.3 million for the biennium for salaries for 191.5 new officers and support staff for fiscal year 2018 and an additional 184.6 new officers and support staff for fiscal year 2019.

DEBT SERVICE

- The 2018–19 biennium fully funds debt service and totals $4.3 billion in All Funds. This decrease of $280.1 million, or 6.1 percent, from the 2016–17 biennium. Funding provides for debt service for General Obligation and revenue debt issued, or expected to be issued, by the Texas Public Finance Authority, the Water Development Board, the Department of Transportation, and the Office of the Governor. Funding also provides for reimbursement of debt service payments for tuition revenue bonds issued by various institutions.

1.5 PERCENT ACROSS-THE-BOARD REDUCTION

- All General Revenue Funds appropriations made in Articles I to VIII and Article X, with the exception of those for the Foundation School Program at the Texas Education Agency, are modified by an Article IX provision that reduces those appropriations by 1.5 percent for the 2018–19 biennium. The appropriation of any Federal Funds or Other Funds associated with the General Revenue Funds appropriations are also reduced appropriately.

ECONOMIC STABILIZATION FUND

- No appropriations from the Economic Stabilization Fund (ESF) are included in the 2018–19 biennium. The cash balance of the fund plus the total asset value of investments are estimated to be $11.9 billion at the end of fiscal year 2019.

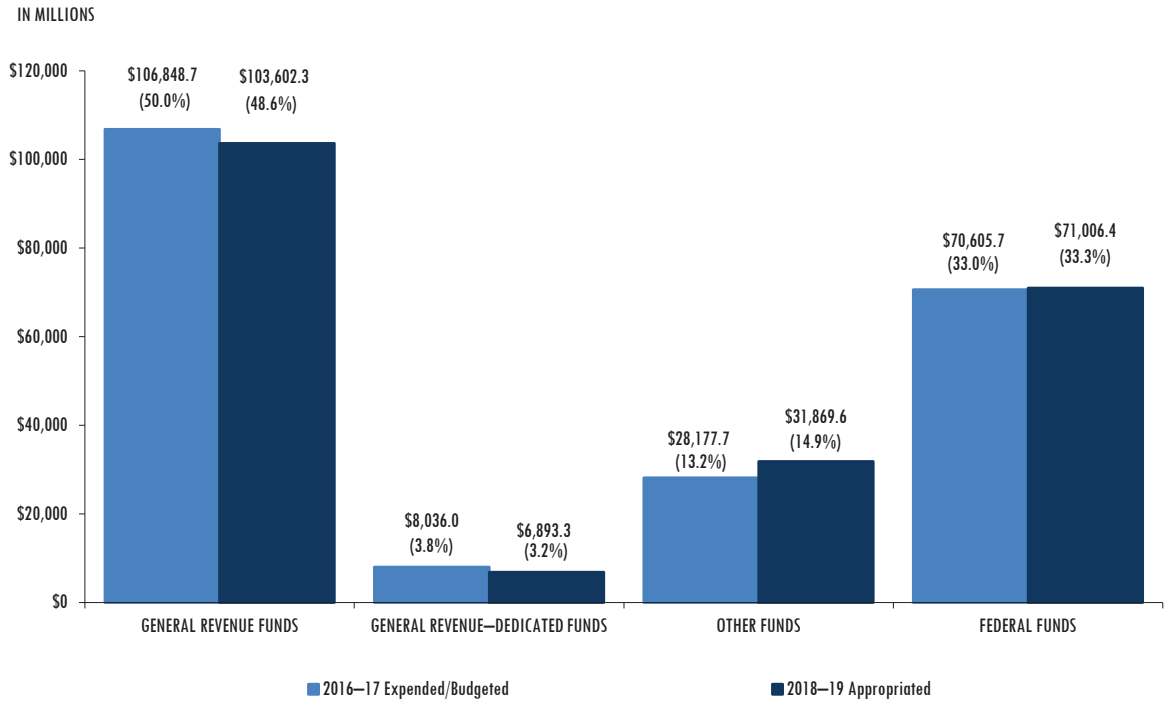
STRATEGIC FISCAL REVIEW

- Sixteen state agencies are subject to the Strategic Fiscal Review (SFR) in preparation for the Eighty-fifth Legislature, 2017. Agencies subject to review are noted as such in this summary. The SFR provides an in-depth analysis of the selected state agency programs and their relationships to the agencies' missions and statutes. Legislative Budget Board staff analysis resulting from this review will be made available to the members of the Eighty-fifth Legislature to aid in their budget and policy deliberations.

BIENNIAL COMPARISON BY FUND SOURCE

Figure 15 compares biennial amounts for each of the four fund sources, or Methods of Finance, in the state budget. Estimated/budgeted amounts for the 2016–17 biennium refer to agency estimated expenditures in fiscal 2016 and agency budgeted amounts in fiscal 2017. Recommendations refer to biennial amounts contained in this summary's version of the 2018–19 General Appropriations Bill. Percentage amounts in each column reflect the percentage of the entire biennial budget represented by that fund source.

FIGURE 15
BIENNIAL COMPARISON BY FUND SOURCE BETWEEN 2016–17 ESTIMATED/BUDGETED AND 2018–19 RECOMMENDED



NOTE: Other Funds excludes Interagency Contracts.
SOURCE: Legislative Budget Board.

APPROPRIATED, ESTIMATED, AND BUDGETED FUNDS COMPARISON

Each biennium, circumstances result in variances to state agency expenditures (i.e., expended and budgeted amounts) from the amounts appropriated by the Legislature. Typically, these variances result from shifts in population, client demands, or unforeseen events such as natural disasters, changes to federal formulas, grant requirements, or additional or reduced available revenue or balances supporting legislative appropriations. Often, these incremental changes to the current biennial budget are authorized by existing law, either through the Texas Constitution or the General Appropriations Act, and do not require legislative action. However, some expenditure changes require further action by the Legislature in the form of a supplemental appropriations bill.

Projected expended and budgeted amounts for the 2016–17 biennium increased by approximately $4.6 billion in All Funds. This consists of an increase of $0.8 billion in General Revenue Funds, and a net increase of $3.8 billion in other funding sources (i.e., General Revenue–Dedicated Funds, Federal Funds and Other Funds). The most significant non-General Revenue Funds increase occurs in Federal Funds ($2.6 billion) and mainly consists of increases for Health and Human Services ($1.1 billion) and the Texas Department of Transportation ($1.0 billion). Other Funds increased by $0.9 billion, with the largest increase for the Texas Department of Transportation ($0.6 billion).

FIGURE 16
RECONCILIATION OF THE 2016–17 APPROPRIATIONS TO 2016–17 ESTIMATED/BUDGETED AMOUNTS

(IN MILLIONS)	GENERAL REVENUE FUNDS
2016–17 Appropriations as Published in *Fiscal Size-Up*	**$106,007.5**
BUDGET ADJUSTMENTS	
General Government	
Comptroller Fiscal Programs estimated appropriations for unclaimed property payments ($155.0 million) and for distribution to counties of gross weight/axle fees ($14.0 million)	$169.0
Governor Trusteed unexpended balances from fiscal year 2015	$167.6
Health and Human Services	
Net projected supplemental needs for the Department of Family and Protective Services and the Health and Human Services Commission including increases for day care ($13.9 million), foster care ($32.4 million), adoption subsidies and permanency care assistance payments ($1.6 million),and the Children's Health Insurance Program (CHIP) ($4.7 million) offset by surpluses in relative caregiver monetary assistance payments ($0.4 million) and cash assistance payments ($0.7 million)	$51.6
Critical needs funding for the Department of Family and Protective Services to support additional child protective services staff and increased salaries for child protective services staff	$29.2
Public and Higher Education	
Texas Education Agency unexpended balances from fiscal year 2013 of instructional material allotments	$109.0
Texas Education Agency adjustments to the Foundation School Program due to shifts in estimated methods of finance based on updated estimates	$49.3
Teacher Retirement System estimated appropriations for public education retirement contributions	$78.1
State Contributions for Employee Benefits	
State contributions for employee health insurance (increase of $25.4 million); retirement (increase of $64.9 million); Social Security (increase of $64.7 million); and benefit replacement pay (decrease of $2.8 million)	$152.2

FIGURE 16
RECONCILIATION OF THE 2016–17 APPROPRIATIONS TO 2016–17 ESTIMATED/BUDGETED AMOUNTS (CONTINUED)

(IN MILLIONS)	GENERAL REVENUE FUNDS
Various Other Adjustments	
Unexpended Balances	$76.5
Other Adjustments	($41.3)
Subtotal, Adjustments	**$841.2**
Total, Estimated/Budgeted Funds for the 2016–17 Biennium	**$106,848.7**

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

EXCEPTIONS TO THE 2018–19 BASELINE FUNDING

In June 2016, the Governor, Lieutenant Governor, and Speaker of the House provided guidance to state agencies and institutions of higher education on the preparation of their legislative appropriations requests. As a starting point, agencies and institutions were directed to trim their baseline requests for General Revenue Funds and General Revenue–Dedicated Funds by 4.0 percent from the amounts expended in fiscal year 2016 and budgeted for fiscal year 2017. Authorized exceptions to this restriction include amounts necessary to fund certain entitlement and other programs, debt service, and employee benefits. **Figure 17** shows the 2018–19 biennial recommended amounts for those program exceptions identified in the June correspondence and subsequent Legislative Appropriation Request Instructions.

FIGURE 17
PROGRAMMATIC EXCEPTIONS TO THE 2018–19 BASELINE FUNDING
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS ONLY

BUDGET ADJUSTMENTS (IN MILLIONS)	2016–17 EXPENDED/ BUDGETED	2018–19 RECOMMENDED	BIENNIAL CHANGE	PERCENTAGE CHANGE
Health and Human Services				
Medicaid, Non-waiver Client Services	$22,536.8	$22,544.2	$7.5	0.0%
Children's Health Insurance Program	$158.4	$149.4	($9.0)	(5.7%)
Foster Care	$353.4	$362.2	$8.8	2.5%
Adoption Subsidies	$255.7	$270.4	$14.7	5.7%
Permanency Care Assistance	$18.3	$21.6	$3.3	17.8%
Child Protective Services	$932.8	$1,216.6	$283.9	30.4%
Behavioral Health Services	$2,749.5	$2,692.4	($57.2)	(2.1%)
Public Education				
Foundation School Program	$35,590.2	$34,120.0	($1,470.2)	(4.1%)
Employer Contributions for State Pension Systems (TRS pension only)	$3,632.9	$3,965.8	$332.9	9.2%
Employer Contributions for State Pension Systems (TRS health care benefits only)	$580.9	$647.6	$66.7	11.5%
Public Safety and Criminal Justice				
Maintain Public Safety Resources in Border Region	$800.1	$663.2	($136.9)	(17.1%)
State Employee Benefits				
Employer Contributions for State Pension Systems (ERS only)	$1,031.3	$1,063.3	$32.0	3.1%
Employer Contributions to Employee Health Insurance (ERS only)	$2,657.5	$3,101.6	$444.0	16.7%
Employer Contributions to Social Security	$1,393.9	$1,461.4	$67.5	4.8%
Benefit Replacement Pay	$23.4	$19.2	($4.1)	(17.7%)
State Employee and Public Safety Death Benefits	$49.0	$42.7	($6.3)	(12.9%)
Debt Service Payments				
Debt Service Requirements for General Obligation (GO) and Revenue Bond Authorizations (Texas Department of Transportation Proposition 12 Highway Improvement GO Bond Debt Service) (3)	$500.9	$0.0	($500.9)	(100.0%)

FIGURE 17 (CONTINUED)
PROGRAMMATIC EXCEPTIONS TO THE 2018–19 BASELINE FUNDING
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS ONLY

BUDGET ADJUSTMENTS (IN MILLIONS)	2016–17 EXPENDED/ BUDGETED	2018–19 RECOMMENDED	BIENNIAL CHANGE	PERCENTAGE CHANGE
GO Bonds (Public Finance Authority)	$648.2	$655.0	$6.7	1.0%
Revenue Bonds (Public Finance Authority)	$114.4	$137.0	$22.5	19.7%
Master Lease Purchase Program (Public Finance Authority)	$11.5	$8.6	($2.9)	(25.0%)
Behavioral Health				
Peer Assistance (4)	$3.7	$3.7	$0.0	0.0%
Trusteed Programs within the Office of the Governor – Behavioral Health (Drug Courts)	$1.5	$7.0	$5.5	366.7%
Other				
Comptroller of Public Accounts – Functions impacting fiscal matters	$484.1	$480.4	($3.7)	(0.8%)
Total, Programmatic Exceptions to Baseline Funding	**$74,579.5**	**$73,704.9**	**($874.7)**	**(1.2%)**

NOTES:
(1) Totals may not sum due to rounding.
(2) Amounts only include General Revenue Funds and General Revenue–Dedicated Funds amounts and exclude funds not subject to the baseline limitations.
(3) Recommendations for the 2018–19 biennium replace General Revenue Funds with Other Funds from state sales tax deposits to the State Highway Fund (Proposition 7, 2015) for debt service payments on the Department of Transportation's General Obligation bonds.
(4) Agencies with Peer Assistance Programs (2016–17 Estimated/Budgeted; 2018–19 Recommended): Medical Board ($1,086,111; $1,084,984), Dental Board ($248,500; $248,500), Board of Nursing ($1,747,116; $1,747,116), Optometry Board ($72,000; $72,000), Board of Pharmacy ($467,325; $467,325), Board of Veterinary Medical Examiners ($60,000; $60,000).
SOURCE: Legislative Budget Board.

FACTORS AFFECTING THE STATE BUDGET

Significant factors affecting the state budget can be divided into two categories: changes in the population served, and the cost of that service. Population based budget drivers include Medicaid, Children's Health Insurance Program (CHIP), and children in foster care, public and higher education enrollment, adult and juvenile institutional and probation populations, and retirement system enrollment.

Population change is one element that helps explain the growth in the budget. Cost-related factors can have an equal or greater effect on growth. For example, medical inflation impacts not only Medicaid and CHIP, but also inmate health care costs and state employee and teacher health care costs. Statutory requirements may also affect cost.

Figure 18 shows the population-based indicators that impact a large portion of the state budget.

FIGURE 18
POPULATION BASED INDICATORS
FISCAL YEARS 2002 TO 2016

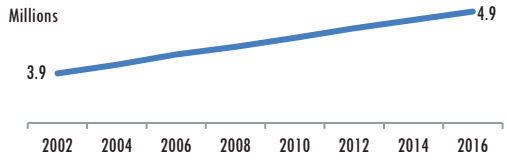
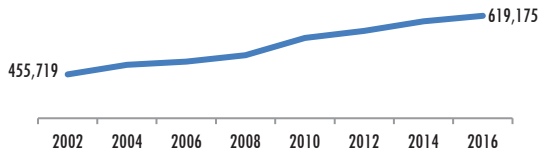
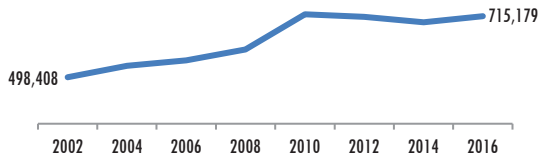
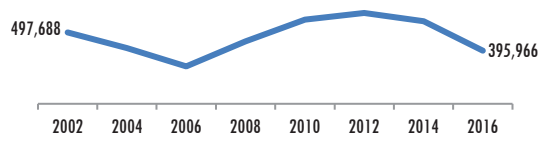
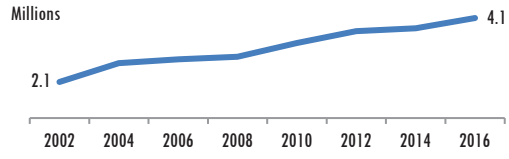
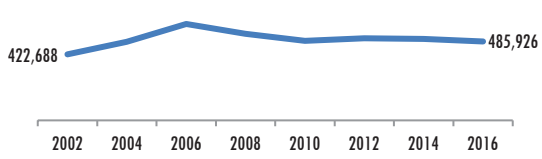
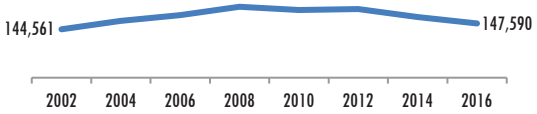
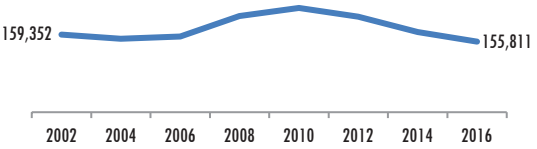
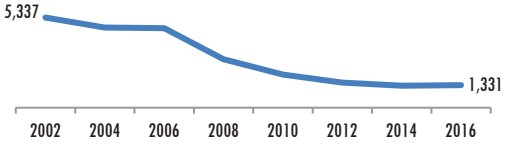
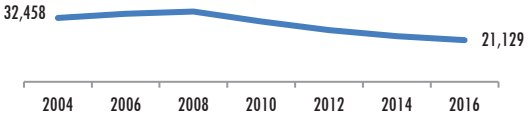
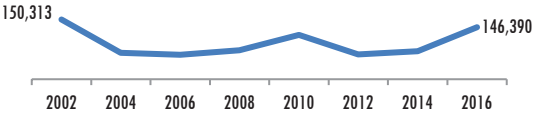
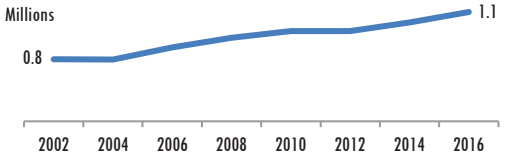
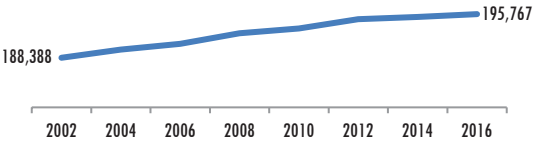
INDICATORS	2016	TREND
Average Daily Attendance - Public Schools	4.9 Million Students	
Fall Headcount Enrollment - General Academic Institutions	619,175 Students	
Fall Headcount Enrollment - Community/Junior Colleges	715,179 Students	
Average Monthly Caseload - Children's Health Insurance Program (CHIP) (includes all CHIP programs)	395,966 Cases	
Average Monthly Caseload - Medicaid Clients (Acute Care and STAR+PLUS)	4.1 Million Cases	
Average Monthly Paid Days of Foster Care - Department of Family and Protective Services	485,926 Days	

FIGURE 18 (CONTINUED)
POPULATION BASED INDICATORS
FISCAL YEARS 2002 TO 2016

INDICATORS	2016	TREND
Average Inmate Population - Department of Criminal Justice	147,590 Inmates	
Average Felony Community Supervision Population - Department of Criminal Justice	155,811 Felons	
Average Residential Population - Juvenile Justice Department	1,331 Juveniles	
Average Total Probation Supervision Population - Juvenile Justice Department	21,129 Juveniles	
Average Active Membership - Employees Retirement System	146,390 Members	
Average Active Membership - Teacher Retirement System	1.1 Million Members	
Highway Lane Miles Maintained - Department of Transportation	195,767 Miles	

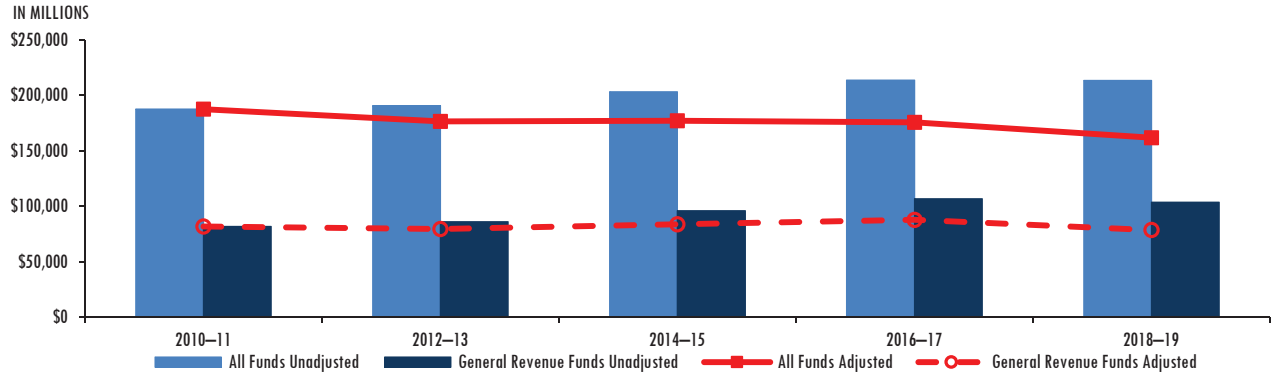
SOURCE: Legislative Budget Board.

TRENDS IN STATE GOVERNMENT EXPENDITURES

Figure 19 shows biennial All Funds and General Revenue Funds expenditures and appropriations since the 2010–11 biennium. The figures also adjust current and historical expenditure and appropriation totals into 2010–11 dollars based on compounded population and inflation growth. All Funds expenditures increased by 13.8 percent from the 2010–11 to 2018–19 biennia, but decreased 13.7 percent after adjusting for population and inflation. General Revenue Funds appropriations increased by 26.5 percent during the same period, but decreased by 4.1 percent when adjusted.

FIGURE 19
TRENDS IN STATE GOVERNMENT EXPENDITURES, 2018–19 BIENNIAL RECOMMENDATIONS

(IN MILLIONS)	ALL FUNDS				GENERAL REVENUE FUNDS			
	UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION		UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION	
FISCAL BIENNIUM	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE
2010–11	$187,517	N/A	$187,517	N/A	$81,931	N/A	$81,931	N/A
2012–13	$190,755	1.7%	$176,515	(5.9%)	$86,016	5.0%	$79,595	(2.9%)
2014–15	$203,301	6.6%	$177,101	0.3%	$96,073	11.7%	$83,692	5.1%
2016–17	$213,668	5.1%	$175,725	(0.8%)	$106,849	11.2%	$87,874	5.0%
2018–19	$213,372	(0.1%)	$161,848	(7.9%)	$103,602	(3.0%)	$78,585	(10.6%)



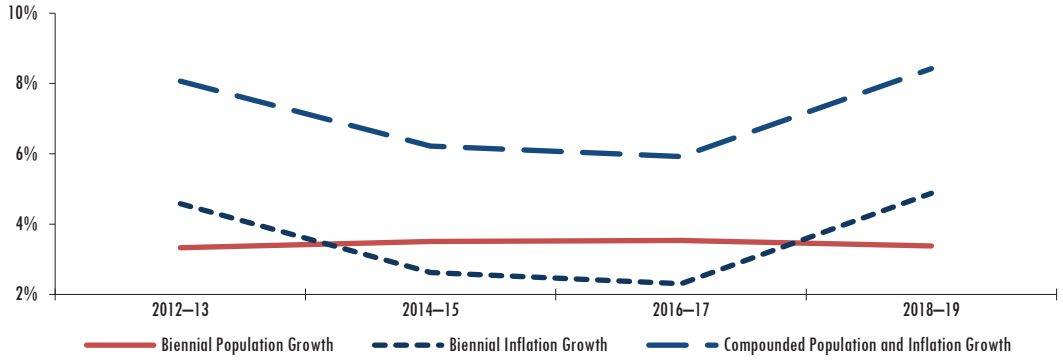
SOURCE: Legislative Budget Board.

Population and inflation is one tool used to compare budget growth; however, it does not tie directly to government budget drivers. For example, inflation tracks the increased price of consumer goods such as groceries. Inflation of governmental services, such as education and healthcare, tend to grow faster than the price of consumer goods.

The compounded population and inflation growth in this figure is based on data in the Comptroller's Fall 2016 Economic Forecast as published in the *2017 Biennial Revenue Estimate*, and identified in **Figure 20**, which included a biennial growth rate of 8.41 percent from 2016–17 to 2018–19. Population and inflation growth estimates submitted to the Legislative Budget Board in advance of the November 2016 LBB meeting ranged from 7.73 percent to 8.73 percent.

The 2016–17 and 2018–19 biennial expenditure and appropriation totals in the figures include the net effect of the 2018–19 recommendations and 2016–17 base adjustments in **Figure 16**.

FIGURE 20
BIENNIAL POPULATION AND INFLATION GROWTH FROM 2012–13 TO 2016–17

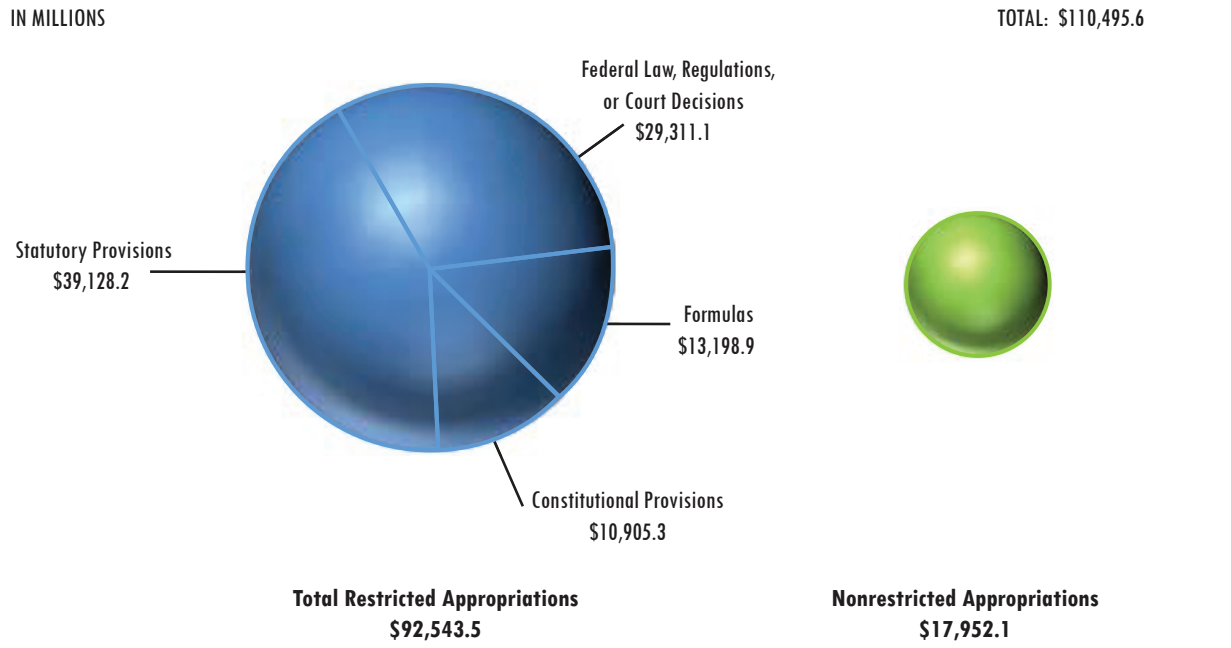


SOURCE: Texas Comptroller of Public Accounts.

RESTRICTED APPROPRIATIONS

The 2018–19 biennial appropriations from General Revenue Funds and General Revenue–Dedicated Funds total $110.5 billion. **Figure 21** shows that only $18.0 billion of that total, 16.2 percent, is appropriated by the Legislature without restriction. The remaining $92.5 billion is restricted by pre-existing constitutional provisions, statutory provisions, federal law, federal regulations, court decisions, and funding formulas. The Legislature maintains some discretion of a portion of the restricted budget, but in many cases would need to revise statutes outside of the appropriations process to change the restrictions. **Figure 21** includes examples of the largest restrictions by category. The nonrestricted portion of the budget is slightly smaller than the 2016–17 biennial level of 18.2 percent. During the previous five biennia, this percentage has remained relatively constant.

FIGURE 21
RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS



TOTAL RESTRICTED APPROPRIATIONS VERSUS TOTAL NONRESTRICTED APPROPRIATIONS, 2018–19 BIENNIUM

(IN MILLIONS)	2018–19 APPROPRIATIONS	PERCENTAGE OF TOTAL
Appropriations Restricted by Constitutional Provisions	$10,905.3	9.9%
Teacher Retirement System: $3,965.8 million		
Foundation School Program (Available School Fund): $3,043.1 million		
Public Education (Textbooks): $1,198.0 million		
Appropriations Restricted by Statutory Provisions	$39,128.2	35.4%
Public Education (Foundation School Program): $31,076.9 million		
Programs at Department of State Health and Services: $1,123.7 million		
Appropriations Restricted by Federal Law, Regulations, or Court Decisions	$29,311.1	26.5%
Medicaid Programs: $25,062.7 million		
Social Security Match: $1,461.4 million		
Children's Health Insurance Program: $157.9 million		

TOTAL RESTRICTED APPROPRIATIONS VERSUS TOTAL NONRESTRICTED APPROPRIATIONS, 2018–19 BIENNIUM (CONTINUED)

(IN MILLIONS)	2018–19 APPROPRIATIONS	PERCENTAGE OF TOTAL
Appropriations Restricted by Formulas	$13,198.9	11.9%
Higher Education Formulas: $8,673.0 million		
Group Health Insurance (General State Employees): $3,101.6 million		
Group Health Insurance (Higher Education Employees): $1,424.3 million		
Total Restricted Appropriations	**$92,543.5**	**83.8%**
Nonrestricted Appropriations	$17,952.1	16.2%
Department of Criminal Justice: $6,569.7 million		
Department of Public Safety: $1,915.8 million		
Total, General Revenue Funds and General Revenue–Dedicated Appropriations	**$110,495.6**	**100.0%**

NOTES:
(1) Listed appropriations are examples—not intended to total to specific restricted appropriation.
(2) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

LIMITS ON APPROPRIATIONS

Texas has four Constitutional limits on spending: the balanced budget limit, which is commonly 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 2018-19 biennial recommended biennial budget is within all of these limits.

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 on a specific purpose.

The 2018–19 biennial General Revenue Funds recommendations total $103.6 billion. This amount is $1.3 billion below the pay-as-you-go limit, based on the *2017 Biennial Revenue Estimate* (BRE) from the Comptroller of Public Accounts (CPA) (**Figure 22**). General Revenue Funds are $12.0 billion below the General Revenue Funds capacity under the spending limit. Final 2016–17 biennial appropriations will affect the 2018–19 biennial spending limit capacity as well as the pay-as-you-go allowance. Because General Revenue 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.

FIGURE 22
REMAINING GENERAL REVENUE FUNDS SPENDING AUTHORITY, 2018-19 BIENNIUM

IN BILLIONS	AMOUNT
Pay-as-you-go Limit:	$1.3
Spending Limit:	$12.0

SOURCE: Legislative Budget Board.

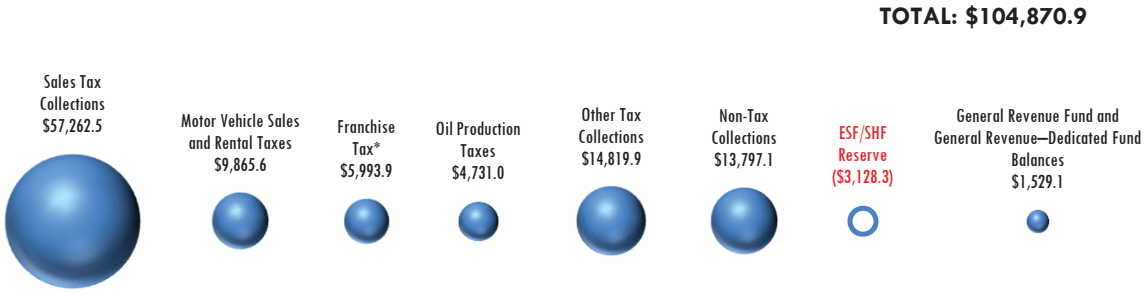
ARTICLE III, §49A, PAY-AS-YOU-GO LIMIT

The Texas Constitution, Article III, Section 49a, sets out 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.

The CPA identifies the pay-as-you-go limit for General Revenue Funds appropriations as $104.9 billion in the BRE. This total includes estimated 2018–19 biennial General Revenue Funds revenue collections of $106.5 billion, less the amount of $3.1 billion in General Revenue Funds deposits reserved for transfer to the Economic Stabilization Fund and the State Highway Fund. This total also includes the beginning General Revenue Fund balance and General Revenue–Dedicated Funds account balances available for certification totaling $1.5 billion (**Figure 23**). 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-fourth Legislature under the pay-as-you-go limit identified in the 2015 BRE was $113.0 billion.

FIGURE 23
COMPONENTS OF THE PAY-AS-YOU-GO LIMIT, 2018–19 BIENNIUM



NOTE: General Revenue Fund portion.
SOURCE: Legislative Budget Board.

The $104.9 billion in available revenue applies to 2018–19 biennial General Revenue Funds appropriations and to fiscal year 2017 supplemental General Revenue Funds appropriations. Consequently, any supplemental General Revenue Funds appropriations for fiscal year 2017 will proportionately reduce General Revenue Funds spending capacity for the 2018–19 biennium.

ARTICLE VIII, §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 2018–19 biennial spending limit equals total 2016–17 biennial appropriations funded with tax revenues not dedicated by the constitution of $91.8 billion, grown by the adopted growth rate of 8.0 percent. The 2018–19 biennial spending limit is estimated to be $99.2 billion after adjusting for revenue estimates in the CPA's *2017 Biennial Revenue Estimate* and updating the 2016–17 biennial base to include estimated supplemental appropriations. The 2018–19 biennial appropriations subject to the spending limit total $89.0 billion, $10.2 billion less than the spending limit (**Figure 24**).

FIGURE 24
SPENDING LIMIT COMPARED TO THE INTRODUCED GENERAL APPROPRIATIONS BILL
2018–19 BIENNIUM

(IN MILLIONS)	AMOUNT
Spending Limit	$99,197.4
Appropriations Subject to the Spending Limit	($88,970.5)
Total Below the Spending Limit:	$10,226.9

SOURCE: Legislative Budget Board.

Because revenue deposits to the General Revenue Fund also include revenue not subject to the spending limit, the maximum 2018–19 biennial General Revenue Funds appropriations associated with the $99.2 billion limit is $115.6 billion, leaving $12.0 billion in remaining General Revenue Funds spending capacity less than the spending limit (**Figure 25**).

FIGURE 25
GENERAL REVENUE FUNDS PURSUANT TO THE SPENDING LIMIT COMPARED TO THE INTRODUCED GENERAL APPROPRIATIONS BILL, 2018–19 BIENNIUM

(IN MILLIONS)	AMOUNT
Maximum General Revenue Funds appropriations pursuant to the Spending Limit	$115,576.9
Recommended General Revenue Funds Appropriations	($103,602.3)
Total Below the Maximum General Revenue Fund Appropriations:	**$11,974.6**

SOURCE: Legislative Budget Board.

ARTICLE III, §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 Funds 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 2016, the BRB reported that the issued debt ratio is 1.36 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 2.37 percent of unrestricted General Revenue Funds at the end of fiscal year 2016. The latter calculation represents an 11.8 percent decrease from the 2.65 percent calculated for outstanding and authorized but unissued debt for fiscal year 2015. 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, §51–A, WELFARE SPENDING LIMIT

The Texas Constitution, Article III, Section 51-a, requires that the amount paid from 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 2018–19 biennial budget defined in the Texas Human Resources Code, Section 31.053, is $213.4 billion. Therefore, the welfare spending limit is $2.1 billion. The biennial amount included in the LBB's recommendations subject to the limit on state dollars paid out in Temporary Assistance for Needy Families (cash assistance) grants is $96.5 million, $2.0 billion less than the 1.0 percent limit.

TEXAS ECONOMIC OUTLOOK

Economic conditions and demographic trends influence the level of state appropriations and the revenue used to support those appropriations. As the economy expands, more revenue is available for appropriation. Some spending demands are lessened by a growing economy, while others are increased. For example, a growing economy can reduce pressure on Medicaid enrollment, but also increase migration into Texas, increasing the demand for public education and other services. Further, health care and higher education inflation rates tend to outpace other types of inflation. This section provides a high-level look at the economic conditions expected to prevail during the upcoming biennia. Note, all economic forecasts are provided by the Comptroller of Public Accounts (CPA).

INDUSTRIAL OUTLOOK

Texas Real Gross State Product (GSP) experienced strong growth since the end of the recent recession, averaging 4.8 percent from fiscal years 2011 to 2015. Texas Real GSP growth slowed to 0.2 percent in fiscal year 2016, coinciding with the slowdown in the oil and gas extraction industry. Growth is expected to pick up to 3.0 percent in fiscal year 2018 and 3.1 percent in fiscal year 2019.

EMPLOYMENT

The Texas unemployment rate peaked at just over 8.0 percent during the 2010–11 biennium. Since exiting recession, the rate has steadily declined, fell below 5.0 percent at the end of calendar year 2014 for the first time since the middle of 2008, and remains below 5.0 percent into the 2016–17 biennium. This decrease can be attributed to a mix of moderately declining labor participation rates and strong job growth in the state outside of the oil and gas industry. Non-farm payroll jobs in Texas are expected to increase by nearly 1.7 percent in both fiscal year 2016 and fiscal year 2017, with 384,000 jobs expected to be added during the current biennium. The Texas unemployment rate is forecast to remain constant during the 2018–19 biennium at 4.5 percent. Job growth is expected to continue at a similar pace during the upcoming 2018–19 biennium, increasing by 1.9 percent in fiscal year 2018 and 1.7 percent in fiscal year 2019.

PERSONAL INCOME

Fiscal year 2016 Personal Income increased by 2.5 percent in Texas to reach $47,056 per Texas resident. Per Capita Personal Income is expected to increase 3.3 percent in both fiscal year 2018 and fiscal year 2019.

Figure 26 shows key economic indicators from fiscal years 2007 to 2019. All forecasted data for fiscal years 2017 to 2019 is from the CPA's *2017 Biennial Revenue Estimate*.

FIGURE 26
ECONOMIC-BASED INDICATORS, FISCAL YEARS 2007 TO 2019

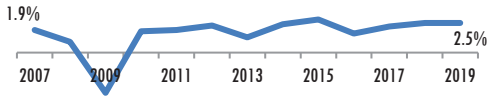
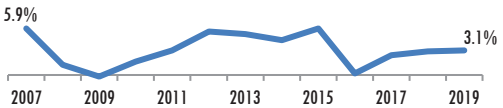
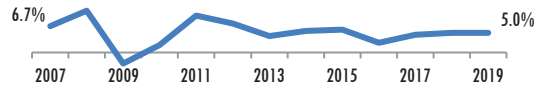
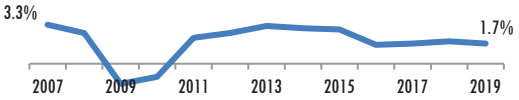
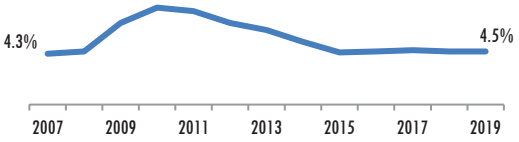
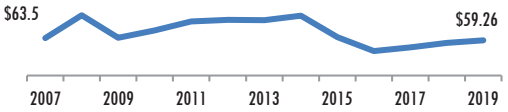
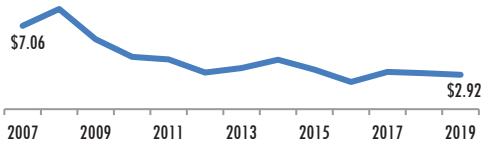
INDICATOR	2019 PROJECTED	TREND
U.S. Gross Domestic Product	2.5% Annual Change	
Texas Gross State Product	3.1% Annual Change	

FIGURE 26 (CONTINUED)
ECONOMIC-BASED INDICATORS, FISCAL YEARS 2007 TO 2019

INDICATOR	2019 PROJECTED	TREND
Texas Personal Income	5.0% Annual Change	
Texas Non–farm Employment	1.7% Annual Change	
Texas Unemployment Rate	4.5%	
Oil Price	$59.26 Per Barrel	
Natural Gas Price	$2.92 Per MMBTU	
U.S. Consumer Price Index	2.4% Annual Change	

NOTES:
(1) Trends for fiscal years 2007 to 2019 are based on projections from the Comptroller of Public Accounts' 2017 Biennial Revenue Estimate.
(2) Amounts for the U.S. Gross Domestic Product and the Texas Gross State Product are based on 2009 dollars.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

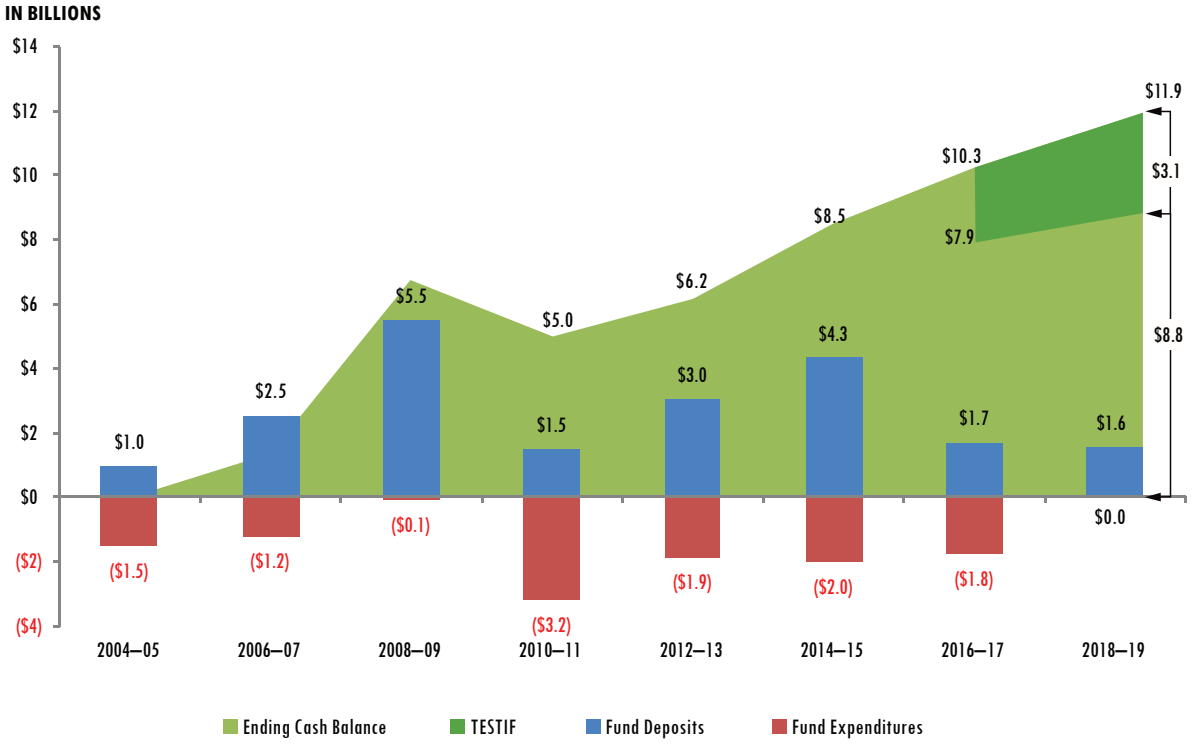
ECONOMIC STABILIZATION FUND

Article III, Section 49-g of the Texas Constitution established the Economic Stabilization Fund (ESF). Appropriations can be made from the fund under certain fiscal conditions with a three-fifths vote of each legislative chamber. Appropriations can also be made for any purpose with a two-thirds vote of each legislative chamber. HB 903, Eighty-fourth Legislature, Regular Session (2015) directed the Comptroller 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 the Comptroller created the Texas Economic Stabilization Investment Fund (TESTIF) to invest a portion of the ESF pursuant to this legislation.

The 2018–19 biennial ending cash balance of the ESF plus the total asset value of the TESTIF is forecast by the Comptroller of Public Accounts to be $11.9 billion. The 2018–19 recommendations do not contain an appropriation from the fund.

Figure 27 shows the history of ESF deposits, expenditures, and balances from the 2004–05 to 2018–19 biennia.

FIGURE 27
ECONOMIC STABILIZATION FUND BIENNIAL DEPOSITS, EXPENDITURES, INVESTMENTS AND FUND BALANCE 2004–05 TO 2018–19 BIENNIA



NOTE: Fiscal years 2017 to 2019 are projections based on the Comptroller of Public Accounts' 2017 Biennial Revenue Estimate.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

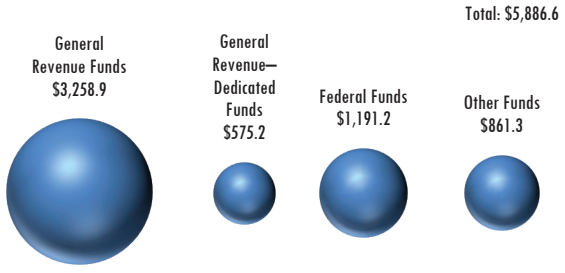
ARTICLE I – GENERAL GOVERNMENT

FIGURE 28
ARTICLE I – GENERAL GOVERNMENT, BY METHOD OF FINANCE

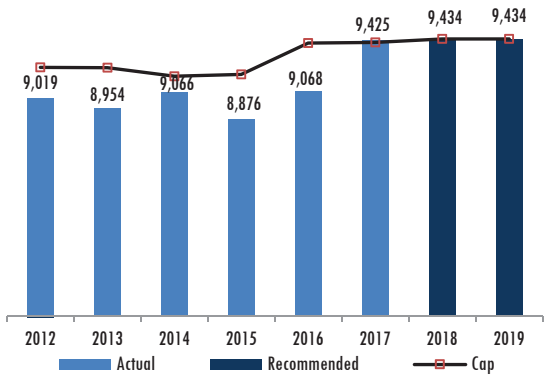
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$3,345.5	$3,258.9	($86.6)	(2.6%)
General Revenue–Dedicated Funds	$1,056.0	$575.2	($480.8)	(45.5%)
Federal Funds	$1,005.3	$1,191.2	$185.9	18.5%
Other Funds	$1,667.1	$861.3	($805.7)	(48.3%)
Total, All Methods of Finance	**$7,073.8**	**$5,886.6**	**($1,187.2)**	**(16.8%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:
(1) Excludes Interagency Contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE I

All Funds for the General Government agencies total $5.9 billion for the 2018–19 biennium, a decrease of $1.2 billion, or 16.8 percent. General Revenue Funds total $3.3 billion, a decrease of $86.6 million, or 2.6 percent.

HIGHLIGHTS

- Funding for the Department of Information Resources reflects an increase of $82.8 million in All Funds. Increases are primarily due to an estimated increase in use of telecommunications and data center services by customer agencies and local entities as well as a new method of finance for implementation of the Texas.gov state internet portal.
- Funding for Fiscal Programs within the Comptroller of Public Accounts reflects an increase of $61.1 million in All Funds. Increases are related to agency estimates for certain statutorily required disbursements to local governments and individuals, and changes to funding levels to various programs.
- Funding for the Facilities Commission reflects a decrease of $1.1 billion in All Funds. The largest decrease is a reduction of $767.7 million in Revenue Bond Proceeds which were appropriated for Phase One construction projects at the Capitol Complex and the North Austin Complex. Additionally, funding from General Revenue–Dedicated Deferred Maintenance Account No. 5166 for one-time repair-related projects is reduced by $241.6 million.

- Funding for Trusteed Programs at the Office of the Governor reflects a net decrease of $252.1 million in All Funds. Funding includes $25.0 million in General Revenue Funds for grants to law enforcement agencies for bullet-resistant vests. Decreases in All Funds are associated with the elimination of one-time revenues, including $144.3 million in unexpended balance authority, a $85.0 million transfer from the Emerging Technology Fund, $50.8 million in funding for film and music marketing, and $30.0 million in infrastructure improvements in military communities. In addition, funding for tourism promotion is reduced by $53.8 million in General Revenue Funds due to the use of one-time balances in 2016–17 and the inclusion of a 1:1 matching target for tourism industry private funds.
- Funding for the Historical Commission reflects a decrease of $32.0 million in All Funds including a decrease of $21.6 million in General Revenue Funds. The decrease in General Revenue includes $14.2 million in onetime funding for Courthouse Grants and $4.9 million in capital projects at Historic Sites and the Commission's Capitol Complex facilities as well as $2.5 million related to reductions to agency programs.
- Funding for the Veterans Commission reflects a decrease of $30.8 million in All Funds, $28.9 million of which is General Revenue. The decrease is primarily due to the transfer of $30.0 million in Hazlewood Reimbursements from the Veterans Commission to the Permanent Fund Supporting Military and Veterans Exemptions.

Figure 29 shows the All Funds appropriation for each agency in Article I, and **Figure 30** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for some of the agencies in Article I.

FIGURE 29
ARTICLE I – GENERAL GOVERNMENT, ALL FUNDS

(IN MILLIONS)

FUNCTION	EXPENDED/BUDGETED 2016–17	APPROPRIATED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$17.8	$12.8	($5.0)	(28.2%)
Office of the Attorney General	$1,171.6	$1,148.6	($23.0)	(2.0%)
Bond Review Board	$1.6	$1.6	($0.1)	(4.0%)
Cancer Prevention and Research Institute of Texas	$596.3	$600.1	$3.8	0.6%
Comptroller of Public Accounts	$608.8	$594.4	($14.4)	(2.4%)
Fiscal Programs – Comptroller of Public Accounts	$1,135.6	$1,196.7	$61.1	5.4%
Commission on State Emergency Communications	$146.0	138.9	($7.1)	(4.8%)
Texas Emergency Services Retirement System	$4.7	$4.1	($0.6)	(12.2%)
Employees Retirement System	$20.2	$20.2	$0.0	0.0%
Texas Ethics Commission	$6.1	$5.9	($0.2)	(4.0%)
Facilities Commission	$1,170.3	$111.5	($1,058.7)	(90.5%)
Public Finance Authority	$3.1	$2.9	($0.2)	(6.6%)
Office of the Governor	$26.5	$25.2	($1.3)	(4.7%)
Trusteed Programs Within the Office of the Governor	$1,188.3	$936.2	($252.1)	(21.2%)
Historical Commission	$76.2	$44.2	($32.0)	(42.0%)
Department of Information Resources	$670.4	$753.3	$82.8	12.4%
Library & Archives Commission	$65.0	$65.0	$0.0	0.0%
Pension Review Board	$1.9	$1.8	($0.1)	(4.0%)
Preservation Board	$46.4	$22.6	($23.8)	(51.4%)
State Office of Risk Management	$101.6	$101.6	$0.0	0.0%
Secretary of State	$64.8	$59.2	($5.7)	(8.7%)

FIGURE 29 (CONTINUED)
ARTICLE I – GENERAL GOVERNMENT, ALL FUNDS

(IN MILLIONS)

FUNCTION	EXPENDED/BUDGETED 2016–17	APPROPRIATED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Veterans Commission	114.6	$83.8	($30.8)	(26.9%)
Subtotal, General Government	**$7,237.8**	**$5,930.5**	**($1,307.3)**	**(18.1%)**
Employee Benefits and Debt Service	$675.8	$838.1	$162.3	24.0%
Less Interagency Contracts	$839.7	$881.9	$42.2	5.0%
Total, All Functions	**$7,073.8**	**$5,886.6**	**($1,187.2)**	**(16.8%)**

NOTES:
(1) Excludes Interagency Contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 30
ARTICLE I – GENERAL GOVERNMENT, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$14.3	$10.0	($4.3)	(30.2%)
Office of the Attorney General	$471.7	$439.3	($32.4)	(6.9%)
Bond Review Board	$1.6	$1.6	($0.1)	(4.0%)
Cancer Prevention and Research Institute of Texas	$0.0	$0.0	$0.0	N/A
Comptroller of Public Accounts	$569.4	$562.2	($7.2)	(1.3%)
Fiscal Programs - Comptroller of Public Accounts	$1,061.5	$1,132.7	$71.2	6.7%
Commission on State Emergency Communications	$0.0	$0.0	$0.0	N/A
Texas Emergency Services Retirement System	$1.5	$1.5	($0.1)	(4.0%)
Employees Retirement System	$20.2	$20.2	$0.0	0.0%
Texas Ethics Commission	$6.1	$5.9	($0.2)	(4.0%)
Facilities Commission	$128.1	$69.9	($58.2)	(45.5%)
Public Finance Authority	$3.1	$1.9	($1.2)	(38.9%)
Office of the Governor	$25.9	$24.9	($1.0)	(4.0%)
Trusteed Programs Within the Office of the Governor	$400.9	$180.5	($220.3)	(55.0%)
Historical Commission	$61.4	$39.9	($21.6)	(35.1%)
Department of Information Resources	$0.0	$0.0	$0.0	N/A
Library & Archives Commission	$31.8	$30.2	($1.6)	(5.0%)
Pension Review Board	$1.9	$1.8	($0.1)	(4.0%)
Preservation Board	$46.3	$22.5	($23.8)	(51.3%)
State Office of Risk Management	$0.0	$0.0	$0.0	N/A
Secretary of State	$44.3	$41.8	($2.5)	(5.7%)

FIGURE 30 (CONTINUED)
ARTICLE I – GENERAL GOVERNMENT, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Veterans Commission	$55.4	$26.5	($28.9)	(52.2%)
Subtotal, General Government	**$2,945.4**	**$2,613.0**	**($332.4)**	**(11.3%)**
Subtotal, Employee Benefits and Debt Service	$400.1	$645.8	$245.7	61.4%
Total, All Functions	**$3,345.5**	**$3,258.9**	**($86.6)**	**(2.6%)**

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

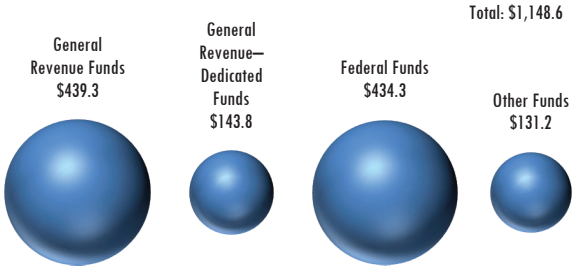
OFFICE OF THE ATTORNEY GENERAL

FIGURE 31
OFFICE OF THE ATTORNEY GENERAL, BY METHOD OF FINANCE

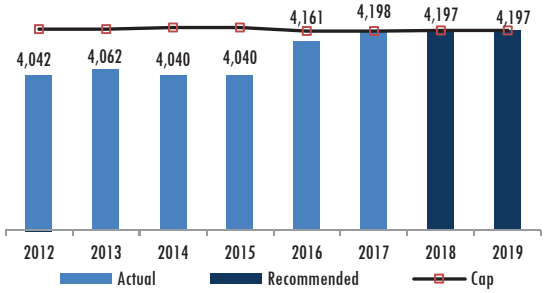
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$471.7	$439.3	($32.4)	(6.9%)
General Revenue–Dedicated Funds	$155.5	$143.8	($11.6)	(7.5%)
Federal Funds	$419.4	$434.3	$14.8	3.5%
Other Funds	$125.0	$131.2	$6.2	5.0%
Total, All Methods of Finance	**$1,171.6**	**$1,148.6**	**($23.0)**	**(2.0%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Office of the Attorney General for the 2018–19 biennium totals $1.1 billion in All Funds, which includes an All Funds decrease of $23.0 million. The decrease in funding is primarily related to decreases in funding for Child Support Enforcement program contract and IT costs and Legal Services.

HIGHLIGHTS

- Funding for the 2018–19 biennium includes $66.6 million in All Funds for Victim Assistance Grants which provide grants to local and statewide victim assistance programs. This funding level is consistent with 2016–17 biennium appropriations for Victim Assistance Grants. Additionally, due to available fund balances of General Revenue–Dedicated Compensation to Victims of Crime Account (CVC), General Revenue Funds appropriation is reduced by $13.1 million offset by a corresponding increase of the General Revenue–Dedicated CVC.

- Funding for the 2018–19 biennium includes $131.0 million in All Funds for Crime Victim Compensation, which provides victims of violent crime financial assistance for certain crime related expenses. This represents a $14.6 million increase in All Funds from 2016–17 biennium funding, which is the result of an increase in allowable compensation claim payments. Federal Fund grants from the Office for Victims of Crime are available to this program. To optimally utilize the receipt of these funds, appropriations of the General Revenue–Dedicated CVC have been lowered to take advantage of excess, previously unutilized, federal receipts.

- Funding includes $57.1 million in All Funds for the Texas Child Support Enforcement System 2.0 (T2) capital project, which seeks to enhance Texas' main database system for the Child Support Division. This funding includes $19.4 million in General Revenue and $36.7 million in Federal Funds. The cost of the T2 project is shared with the federal

Office of Child Support Enforcement for the match requirement of 34 percent of state dollars to 66 percent of federal grants. T2 was originally scheduled for release as two phases between June of 2016 and July of 2017 at an estimated cost of $223.6 million. T2 is expected to be released in one phase in December 2018 at an estimated total cost of $419.6 million (state funding of $142.6 million, and federal funding of $277.0 million).

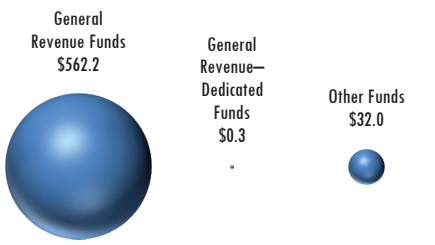
COMPTROLLER OF PUBLIC ACCOUNTS

FIGURE 32
COMPTROLLER OF PUBLIC ACCOUNTS, BY METHOD OF FINANCE

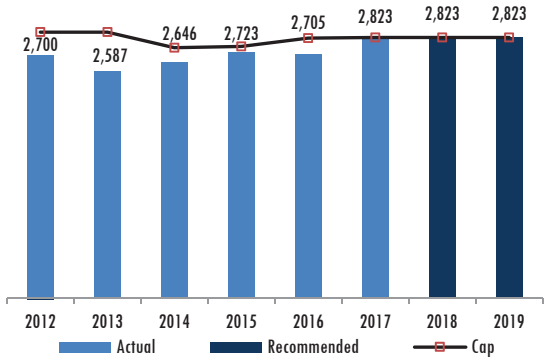
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$569.4	$562.2	($7.2)	(1.3%)
General Revenue–Dedicated Funds	$0.3	$0.3	$0.0	0.0%
Federal Funds	$0.1	$0.0	($0.1)	(100.0%)
Other Funds	$39.2	$32.0	($7.1)	(18.2%)
Total, All Methods of Finance	**$608.8**	**$594.4**	**($14.4)**	**(2.4%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Comptroller of Public Accounts totals $594.4 million in All Funds for the 2018–19 biennium, a decrease of $14.4 million. The decrease in funding includes reductions of $7.2 million in General Revenue Funds for multiple items and reductions of $7.1 million in Interagency Contracts and Appropriated Receipts primarily related to the Centralized Accounting and Payroll/Personnel System (CAPPS) and forfeiture and seizure receipts from criminal investigations.

HIGHLIGHTS

- Funding reflects an overall decrease of $7.2 million in General Revenue Funds which includes:
  - Decrease of $3.4 million for onetime funding items, including office furnishings and a centralized state purchasing study;
  - Decrease of $3.5 million for information technology programs and services, including contract programmers; and
  - Decrease of $0.3 million for personal computer replacement.
- Funding includes $95.9 million in All Funds for maintenance and migration of agencies onto CAPPS. This amount includes $67.6 million in General Revenue, $24.0 million in SmartBuy procurement system vendor fees (Appropriated Receipts) and $4.3 million in PeopleSoft license payments made by six agencies (Interagency Contracts). Funding reflects reductions of $6.3 million primarily due to decreases in unexpended balances carried forward from the 2014–15 biennium to the 2016–17 biennium for migration efforts and elimination of interagency contracts receipts from the Health and Human Services Commission for support of the agency's CAPPS hub system.

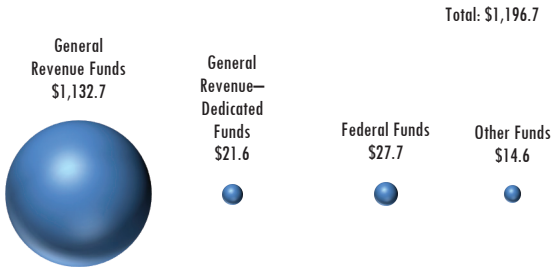
FISCAL PROGRAMS – COMPTROLLER OF PUBLIC ACCOUNTS

FIGURE 33
FISCAL PROGRAMS – COMPTROLLER OF PUBLIC ACCOUNTS, BY METHOD OF FINANCE

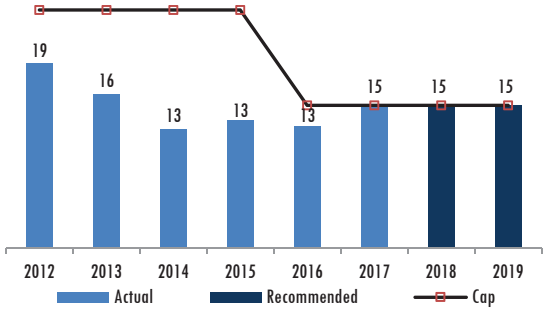
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,061.5	$1,132.7	$71.2	6.7%
General Revenue–Dedicated Funds	$35.1	$21.6	($13.4)	(38.3%)
Federal Funds	$20.8	$27.7	$7.0	33.5%
Other Funds	$18.2	$14.6	($3.6)	(20.0%)
Total, All Methods of Finance	**$1,135.6**	**$1,196.7**	**$61.1**	**5.4%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for Fiscal Programs within the Comptroller of Public Accounts totals $1.2 billion in All Funds for the 2018–19 biennium, an increase of $61.1 million. The increase is primarily related to agency estimates for certain statutorily required disbursements and changes to funding levels to various programs, noted below.

HIGHLIGHTS

- Funding includes $459.2 million in General Revenue Funds, an increase of $50.3 million from the 2016–17 biennium, for mixed beverage taxes reimbursements to counties and incorporated municipalities to maintain statutorily set minimum disbursement levels of 10.7143 percent of the mixed beverage gross receipts and sales taxes based on estimated growth in mixed beverage sales.
- Funding provides $575.0 million in General Revenue Funds for unclaimed property payments which reflects an increase of $40.0 million for estimated growth in such claims.
- Funding includes $26.0 million in General Revenue Funds, a decrease of $5.5 million in General Revenue Funds and $3.7 million in other funds and accounts, for estimated reduction in payments for miscellaneous and wrongful imprisonment claims based on historical expenditures.
- Funding reflects a decrease of $12.0 million in General Revenue Funds for a one-time transfer of funds to the Safekeeping Trust Company for management of the Emerging Technology Fund Portfolio.

- Funding includes a decrease of $5.0 million in General Revenue Funds for the Habitat Protection Fund. Funding is related to interagency contracts with public universities to conduct research on certain candidate, threatened or endangered species.
- Funding reflects a decrease of $12.0 million in General Revenue–Dedicated Funds for Local Law Enforcement Continuing Education Grants used to provide grants to local law enforcement agencies for the continuing education and training of peace officers.
- Funding authority is provided to appropriate to the agency the fees, charges, and penalties collected from administration of the Texas Bullion Depository. The depository would be established as an agency of the state within the office of the Comptroller and, when established, would hold certain bullion and specie acquired by the state or a political subdivision of the state and could receive and hold such deposits from private entities.

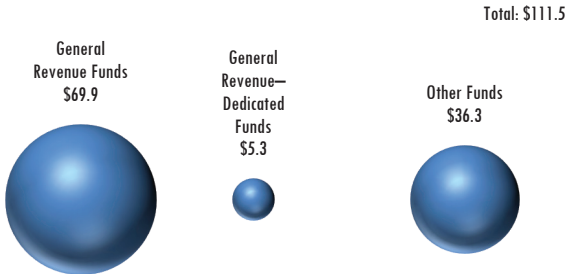
TEXAS FACILITIES COMMISSION

FIGURE 34
TEXAS FACILITIES COMMISSION, BY METHOD OF FINANCE

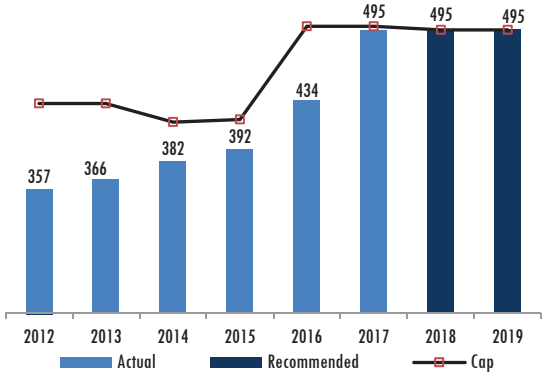
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$128.1	$69.9	($58.2)	(45.5%)
General Revenue–Dedicated Funds	$222.6	$5.3	($217.3)	(97.6%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$819.6	$36.3	($783.2)	(95.6%)
Total, All Methods of Finance	**$1,170.3**	**$111.5**	**($1,058.7)**	**(90.5%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Facilities Commission for the 2018–19 biennium total $111.5 million in All Funds, a decrease of $1.1 billion. The decrease in funding is primarily related to decreases in construction and repair related activities which were funded in the 2016–17 biennium. The largest decrease is a reduction of $767.7 million in Revenue Bond Proceeds, which were appropriated for Phase One construction projects at the Capitol Complex and the North Austin Complex. Additionally, decreases in funding resulting from onetime capital projects, including funds in the General Revenue–Dedicated Account No. 5166, Deferred Maintenance, accounted for a decrease in funding of $241.6 million from 2016–17 biennium levels. Texas Facilities Commission is under Strategic Fiscal Review.

HIGHLIGHTS

- Funding includes a decrease of $13.9 million in General Revenue Funds and General Revenue–Dedicated Funds across agency programs.
- Funding includes a decrease of $20.0 million in General Revenue Funds from 2016–17 biennial levels related to emergency repair projects within the agency's authority.

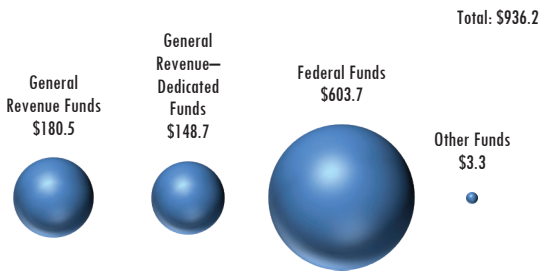
TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

FIGURE 35
TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR, BY METHOD OF FINANCE

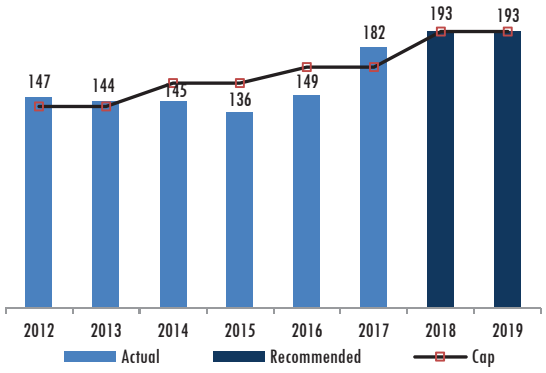
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$400.9	$180.5	($220.3)	(55.0%)
General Revenue–Dedicated Funds	$288.3	$148.7	($139.6)	(48.4%)
Federal Funds	$444.5	$603.7	$159.2	35.8%
Other Funds	$54.7	$3.3	($51.4)	(94.0%)
Total, All Methods of Finance	**$1,188.3**	**$936.2**	**($252.1)**	**(21.2%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Trusteed Programs within the Office of the Governor totals $936.2 million in All Funds for the 2018–19 biennium, a decrease of $252.1 million from the 2016–17 biennium. This decrease is largely due to the expenditure in the 2016–17 biennium of unexpended balances carried forward from the 2014–15 biennium.

HIGHLIGHTS

- Funding includes $25.0 million in General Revenue Funds for grants to law enforcement agencies for bullet-resistant personal body armor.
- Significant funding decreases are related to the removal of onetime funding items in the 2016–17 biennium, including:
  - a decrease of $144.3 million in General Revenue–Dedicated Funds related to unexpended balances carried forward from fiscal year 2015 into the 2016–17 biennium and removed from base appropriation levels in multiple strategies;
  - a decrease of $85.0 million in General Revenue Funds balances transferred from the Emerging Technology Fund to the Texas Enterprise Fund and the Governor's University Research Initiative; and
  - a decrease of $30.0 million in General Revenue Funds and General Revenue–Dedicated Funds for grants to fund infrastructure improvements in military communities.
- Funding includes an increase of $159.2 million in Federal Funds primarily related to an increase in the federal allocation of Crime Victims Assistance grants.

- Funding includes a decrease of $65.7 million in General Revenue Funds and General Revenue–Dedicated Funds across multiple strategies due to the agency's identified reductions.
- Funding includes $43.0 million in estimated unexpended balances remaining at the end of fiscal year 2017 in the Texas Enterprise Fund for incentive grants. The funding reflects a decrease of $65.0 million from the 2016–17 biennium level, in the General Revenue–Dedicated account.
- Funding for film and music marketing includes $10.0 million in General Revenue Funds and reflects a reduction of $22.0 million in General Revenue Funds, which were previously available under certain determinations by the Comptroller of Public Accounts.
- Funding includes $35.7 million in All Funds for the Tourism program, reflecting a decrease of $53.8 million. The decrease is primarily related to the use of one-time balances in the 2016–17 biennium and the inclusion of a 1:1 matching target for the tourism industry to provide private funds to equal the appropriated General Revenue Funds for tourism promotion activities.

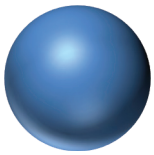
DEPARTMENT OF INFORMATION RESOURCES

FIGURE 36
DEPARTMENT OF INFORMATION RESOURCES, BY METHOD OF FINANCE

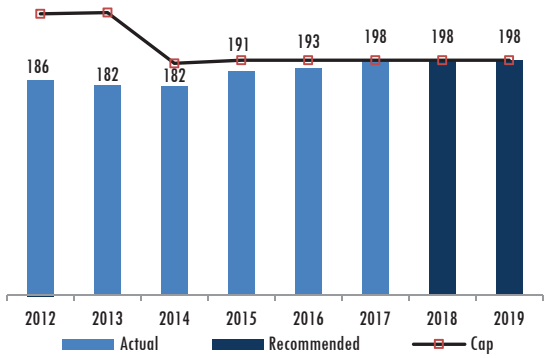
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$670.4	$753.3	$82.8	12.4%
Total, All Methods of Finance	**$670.4**	**$753.3**	**$82.8**	**12.4%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Information Resources totals $753.3 million in All Funds (Interagency Contracts and Appropriated Receipts) for the 2018–19 biennium, an increase of $82.8 million. The increase is primarily due to an estimated increase in consumption of telecommunications and data center services by customer agencies and local entities and a new method of finance for implementation of the Texas.gov state electronic internet portal.

HIGHLIGHTS

- Funding levels include $650.3 million for payments to service providers of telecommunications and data center services for cost of services for which the agency directly bills customers. This amount reflects an increase of $45.8 million from 2016–17 funding levels for the following services:
  - Capitol Complex Telephone System: Funding provides $6.7 million which reflects an increase of $0.8 million due to transition to a voice over internet protocol (VoIP) platform and maintenance of the existing phone system as agencies transition to VoIP.
  - Texas Agency Network: Funding provides $162.9 million which reflects an increase of $16.3 million related to an estimated increased in consumption of data and voice services.

- Data Center Services: Funding provides $480.7 million which reflects an increase of $28.8 million based on anticipated increased usage of data center services by customer agencies. Costs generally reflect amounts to maintain current service levels and projects initiated during the 2016–17 biennium.

- Funding reflects an estimated $34.6 million in estimated payments to one or more vendors for operation of the Texas.gov state internet portal. The amounts remitted to the vendor currently operating Texas.gov, National Information Consortium (NICUSA), are not reflected in the 2016–17 General Appropriations Act (GAA), or in prior GAAs. Funding includes these payments beginning in fiscal year 2019 to coincide with implementation of the portal under a new contract with one or more service providers.

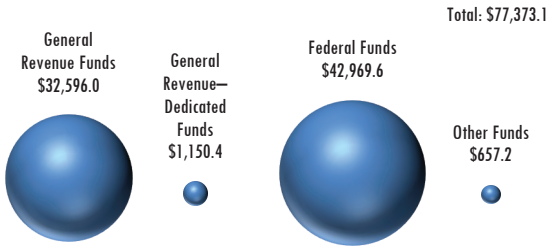
ARTICLE II – HEALTH AND HUMAN SERVICES

FIGURE 37
ARTICLE II – HEALTH AND HUMAN SERVICES, BY METHOD OF FINANCE

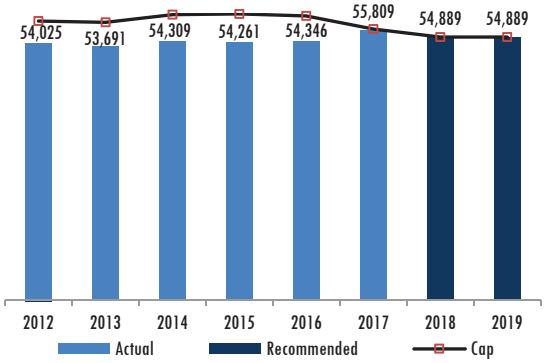
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$32,431.7	$32,596.0	$164.3	0.5%
General Revenue–Dedicated Funds	$1,172.4	$1,150.4	($22.0)	(1.9%)
Federal Funds	$44,257.3	$42,969.6	($1,287.7)	(2.9%)
Other Funds	$675.3	$657.2	($18.1)	(2.7%)
Total, All Methods of Finance	**$78,536.6**	**$77,373.1**	**($1,163.5)**	**(1.5%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:
(1) Includes anticipated supplemental spending adjustments.
(2) Excludes Interagency Contracts.
(3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
(4) Biennial expenditures for 2016–17 at the Department of Aging and Disability Services and the Department of Assistive and Rehabilitative Services are reflected above.
SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE II

All Funds for Health and Human Services total $77.3 billion, a decrease of $1.2 billion from the 2016–17 biennium. General Revenue Funds and General Revenue–Dedicated Funds total $33.7 billion, an increase of $142.3 million from the 2016–17 biennium.

Pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015, several client services programs were consolidated into the Health and Human Services Commission (HHSC). Certain client services, regulatory services, long-term-care services, and facilities and institutions were transferred to HHSC from the Department of Aging and Disability Services (DADS) and the Department of Assistive and Rehabilitative Services (DARS), and DADS and DARS were abolished. Behavioral health services, mental health facilities, and other programs were transferred to HHSC from the Department of State Health Services (DSHS), which retains a public health focus. Child care regulatory services were transferred from the Department of Family and Protective Services (DFPS) to HHSC, and home visiting services were transferred from HHSC to DFPS. The 2016–17 biennial expenditures for DADS and DARS are included in the $78.5 billion All Funds total.

Appropriations for Health and Human Services encompass many different programs. However, the biennial funding decrease is primarily related to Medicaid contracts and administration, funding for refugee services, and programs transferring from DARS to the Texas Workforce Commission in fiscal year 2017.

HIGHLIGHTS

- Funding for the Medicaid client services at HHSC for the 2018–19 biennium includes $56.4 billion in All Funds ($23.2 billion in General Revenue Funds and General Revenue–Dedicated Funds), reflecting no change from the 2016–17 appropriated levels. Senate Bill 200, Eighty-fourth Legislature, 2015, consolidated Medicaid long-term-care services previously provided by DADS into HHSC. The amounts for the 2018–19 biennium do not include funding to support projected caseload growth, maintain fiscal year 2017 average costs, or fund anticipated increases in cost due to medical inflation, higher utilization, or increased acuity.
- Amounts for the 2016–17 biennium do not assume supplemental funding for the Medicaid program in fiscal year 2017.
- Funding for the Children's Health Insurance Program (CHIP) client services for the 2018–19 biennium includes $2.0 billion in All Funds ($149.4 million in General Revenue Funds), reflecting an increase of $156.3 million in All Funds and a decrease of $9.0 million in General Revenue Funds from 2016–17 spending levels. All Funds growth is related to projected caseload growth and the maintenance of fiscal year 2017 premiums. Net more favorable Enhanced Federal Medical Assistance Percentages and a reduction in the Health Insurance Providers Fee offset increases in caseload and cost at the General Revenue Fund level. The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) extends federal funding for CHIP through federal fiscal year 2017, with those funds likely to be exhausted during state fiscal year 2018. Recommendations assume new federal funding to continue the program throughout the 2018–19 biennium. Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.
- Funding for Medicaid and CHIP contracts and administration totals $1.3 billion in All Funds ($389.6 million in General Revenue Funds) for the 2018–19 biennium, reflecting a decrease of $392.3 million in All Funds ($43.1 million in General Revenue Funds) from 2016–17 biennial spending levels related to a reduction in the Texas Medicaid Electronic Health Records Incentive Program, reduced full-time-equivalent (FTE) position levels to align with reported filled positions and removal of persistently vacant positions, and partially offset by increased enrollment broker contract costs in CHIP.
- Funding includes $1.4 billion in All Funds, including $659.2 million in General Revenue Funds for foster care, adoption subsidies, the permanency care assistance program, and the relative caregiver programs at the Department of Family and Protective Services. This includes an increase of $47.2 million in All Funds ($25.8 million General Revenue Funds) from 2016–17 spending levels primarily to support projected caseload growth in these entitlement programs.
- Funding includes $292.8 million in All Funds and 828.8 FTE positions in Child Protective Services (CPS) at DFPS in order to maintain the resources provided in fiscal year 2017 to address critical needs in the CPS program and improve agency performance related to the average caseload per CPS caseworker and CPS caseworker retention and to ensure the safety of the children.
- Funding for non-Medicaid/CHIP behavioral health services at the three health and human services agencies totals $2.7 billion in All Funds, including $2.0 billion in General Revenue 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.
    - Funding for non-Medicaid behavioral health includes $62.6 million in General Revenue Funds to address the current and projected waitlists for community mental health services for adults and children.
- Estimated Medicaid expenditures for behavioral health services (when including projected caseload and cost growth that is not funded), total $3.6 billion in All Funds for the 2018–19 biennium, and estimated CHIP expenditures (when

including projected cost growth that is not funded) total $47.2 million in All Funds. This amount overlaps with the Medicaid and CHIP funding information (which excludes caseload and cost growth) mentioned previously.

- No funding is included for the Refugee Assistance programs in Article II due to Texas withdrawal from the federal Refugee Assistance Program, resulting in a $150.9 million decrease in Federal Funds from the 2016–17 spending levels.

Figure 38 shows the All Funds appropriation for each agency in Article II, and **Figure 39** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for some of the agencies in Article II.

FIGURE 38
ARTICLE II – HEALTH AND HUMAN SERVICES, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Family and Protective Services	$3,703.9	$3,799.6	$95.7	2.6%
Department of State Health Services	$5,617.4	$1,663.9	($3,953.4)	(70.4%)
Health and Human Services Commission	$68,415.8	$70,571.7	$2,156.0	3.2%
Article II, Special Provisions	$0.0	$0.0	$0.0	N/A
Subtotal, Health and Human Services	$77,737.1	$76,035.3	($1,701.8)	(2.2%)
Employee Benefits and Debt Service	$2,098.8	$2,326.3	$227.5	10.8%
Less Interagency Contracts	$1,299.2	$988.5	($310.8)	(23.9%)
Total, All Functions	**$78,536.6**	**$77,373.1**	**($1,163.5)**	**(1.5%)**

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

FIGURE 39
ARTICLE II – HEALTH AND HUMAN SERVICES, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Family and Protective Services	$1,975.4	$2,173.4	$198.0	10.0%
Department of State Health Services	$1,987.2	$442.0	($1,545.2)	(77.8%)
Health and Human Services Commission	$27,018.5	$28,294.9	$1,276.4	4.7%
Article II, Special Provisions	$0.0	$0.0	$0.0	N/A
Subtotal, Health and Human Services	$30,981.0	$30,910.2	($70.8)	(0.2%)
Employee Benefits and Debt Service	$1,450.7	$1,685.7	$235.1	16.2%
Total, All Functions	**$32,431.7**	**$32,596.0**	**$164.3**	**0.5%**

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

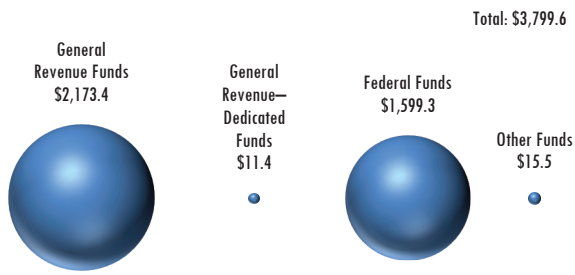
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

FIGURE 40
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES, BY METHOD OF FINANCE

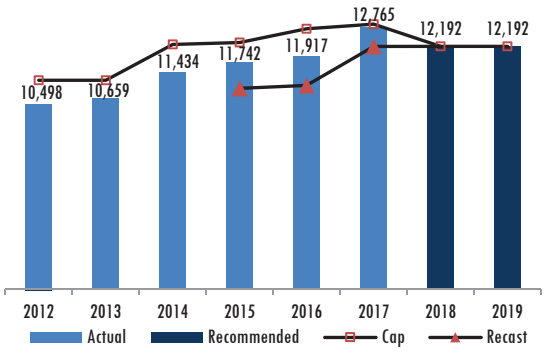
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,975.4	$2,173.4	$198.0	10.0%
General Revenue–Dedicated Funds	$11.4	$11.4	$0.0	0.0%
Federal Funds	$1,698.1	$1,599.3	($98.8)	(5.8%)
Other Funds	$19.0	$15.5	($3.5)	(18.5%)
Total, All Methods of Finance	**$3,703.9**	**$3,799.6**	**$95.7**	**2.6%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:
(1) The recast full-time-equivalent (FTE) positions shown for fiscal years 2015 to 2017 reflect FTE positions transferred pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015, at the Department of Family and Protective Services, although the positions may not have transferred until fiscal years 2017 or 2018.
(2) Includes anticipated supplemental spending adjustments.
(3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Family and Protective Services (DFPS) for the 2018–19 biennium totals $3.8 billion in All Funds, including $2.2 billion in General Revenue Funds and $11.4 million in General Revenue–Dedicated Funds. This represents a $198.0 million or 10.0 percent increase in General Revenue Funds and a $95.7 million, or 2.6 percent increase in All Funds. DFPS is under Strategic Fiscal Review.

HIGHLIGHTS

- Funding for programs remaining at DFPS in 2018–19 reflect an increase of $214.5 million in All Funds and $258.5 million in General Revenue Funds. This represents a 6.0 percent increase in All Funds and 13.5 percent increase in General Revenue Funds from the 2016–17 base. Highlights of funding for programs remaining at DFPS include:
  - The following is included in the Child Protective Services (CPS) Program Area in order to improve agency performance related to the average caseload per CPS caseworker and CPS caseworker retention and to ensure the safety of the children:
    - $113.2 million in All Funds in fiscal year 2017 to provide 828.8 full-time-equivalent (FTE) positions and employee salary increases in order to address CPS critical needs;

- $292.8 million in All Funds in 2018–19 to provide 828.8 FTE positions and employee salary increases to maintain the CPS critical needs funding; and
- $39.0 million in All Funds for the 2018–19 biennium to fully fund FTE positions that were vacant during the 2016–17 biennium.

- Funding includes a total of $1.5 billion in All Funds for DFPS entitlement programs, when considering agencywide allocated administrative costs in these programs. This amount represents a $47.2 million increase in All Funds from 2016–17 biennial spending levels, aside from these agencywide allocated administrative costs, and includes the following:
  - $3.1 million decrease in the Foster Care Payments Program based on LBB projections that maintain total caseloads at the fiscal year 2016 level and rate at the fiscal year 2017 level, but reflect a shift in the caseload mix to lower cost settings (after accounting for an increase in child-specific contracts);
  - $49.8 million increase in the Adoption Subsidy Payments and Permanency Care Assistance (PCA) Payments Programs based on LBB projections for caseload growth, even after accounting for discontinuation of new PCA agreements in the 2018–19 biennium as required by statute; and
  - $0.5 million increase in the Relative Caregiver Monetary Assistance Payments Program based on LBB projections for caseload growth.
- Funding includes $108.5 million in General Revenue Funds and $139.3 million in All Funds for direct delivery costs in the Texas Workforce Commission (TWC) Contracted Day Care Purchased Services Program. Funding includes an $11.6 million increase in All Funds from the 2016–17 base related to LBB projections for caseload and cost growth.
- Funding includes a reduction of $12.4 million in All Funds and 1.0 FTE position to reflect the anticipated loss of the federal Refugee and Entrant Assistance Grant in fiscal year 2018.
- Funding includes a reduction of $4.8 million in All Funds for one-time capital projects.

- Funding totals $118.8 million in All Funds, $60.5 million in General Revenue Funds, and 571.5 FTE positions, for the programs transferring to HHSC in fiscal year 2018 pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015. Transferred programs include:
  - Adult Protective Services (APS) Facility Investigations; and
  - Child Care Licensing.

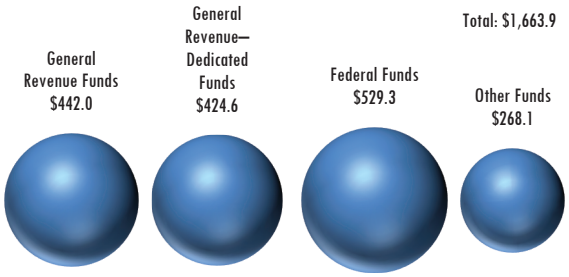
DEPARTMENT OF STATE HEALTH SERVICES

FIGURE 41
DEPARTMENT OF STATE HEALTH SERVICES, BY METHOD OF FINANCE

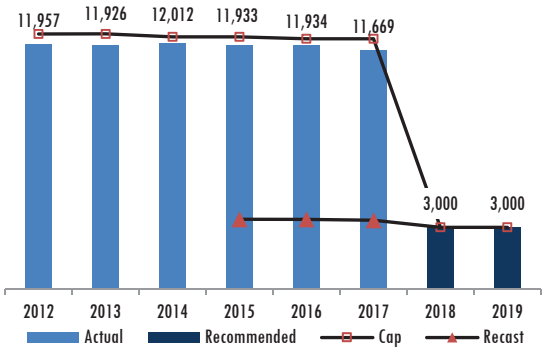
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,987.2	$442.0	($1,545.2)	(77.8%)
General Revenue–Dedicated Funds	$875.5	$424.6	($450.9)	(51.5%)
Federal Funds	$2,163.2	$529.3	($1,633.9)	(75.5%)
Other Funds	$591.4	$268.1	($323.3)	(54.7%)
Total, All Methods of Finance	**$5,617.4**	**$1,663.9**	**($3,953.4)**	**(70.4%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:
(1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
(2) The recast full-time-equivalent (FTE) positions shown for fiscal years 2015 to 2017 reflect FTE positions transferred pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015, at DSHS, although the positions may not have transferred until fiscal years 2017 or 2018.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of State Health Services (DSHS) for the 2018–19 biennium totals $1.7 billion in All Funds, including $442.0 million in General Revenue Funds and $424.6 million in General Revenue–Dedicated Funds. This represents a $1.5 billion or 77.8 percent decrease in General Revenue Funds and a $4.0 billion, or 70.4 percent, decrease in All Funds, primarily related to several programs transferred from DSHS to the Health and Human Services Commission (HHSC) pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015. DSHS is under Strategic Fiscal Review.

HIGHLIGHTS

- Funding reflects a decrease of $1.5 billion in General Revenue Funds, $450.5 million in General Revenue–Dedicated, and $3.8 billion in All Funds and 8,956.2 full-time-equivalent (FTE) positions related to programs transferred to HHSC pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015. Transferred programs include:
  - Client Services, including abstinence education, kidney health care, hemophilia and epilepsy services, women's health programs, mental health and substance abuse services, indigent health care, and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC);
  - Facilities, including mental health state hospitals, the Texas Center for Infectious Disease (TCID) and the Rio Grande State Center Outpatient Clinic;

- Certain regulatory functions, including regulation of health care facilities and some health care professionals; and
- The Texas Civil Commitment Office (TCCO).

- Funding for programs not transferring to HHSC pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015, reflect a decrease of $86.5 million in General Revenue Funds, $0.5 million in General Revenue–Dedicated Funds, and $156.5 million in All Funds and 257.5 FTEs. Highlights of funding changes for programs remaining at DSHS include:
  - No funding is included for the Refugee Health Program for the 2018–19 biennium, due to Texas' withdrawal from the federal Refugee Assistance Program, resulting in a $37.7 million decrease in Federal Funds from the 2016–17 biennium. Federal funds for other programs decreased by $36.8 million from 2016–17 spending levels. Earned Federal Funds (General Revenue Funds) decreased by $3.3 million.
  - Funding for indirect administration, salaries, wages, and other personnel costs were reduced to align funding with the needs of the agency after consolidation of the HHS agencies. This includes a decrease of $35.8 million in General Revenue Funds, and $44.6 million in All Funds.
  - Funding includes $0.6 million in General Revenue–Dedicated Accounts Nos. 5044 (Permanent Fund for Health and Tobacco Education and Enforcement), 5045 (Permanent Fund for Children and Public Health), and 5046 (Permanent Fund for Emergency Medical Services and Trauma Care), for public health preparedness, tobacco prevention and EMS and trauma care systems. This is a decrease of $10.9 million from the 2016–17 biennium due to decreased interest earnings related to spending down of the corpus of the accounts for bond debt service related to the Cancer Prevention and Research Institute of Texas (CPRIT). This decrease is partially offset by an increase of $5.5 million in General Revenue Funds in certain programs impacted by declining interest earnings.
  - Funding for several programs such as Infectious Disease and Chronic Disease Prevention, and Laboratory Services, were reduced by $23.1 million in General Revenue Funds, and $23.9 million in All Funds.
  - Increase of $23.3 million in Public Health Medicaid Reimbursements (Other Funds) for newborn screenings.
  - Funding for several capital budget items is not included, resulting in a decrease of $9.4 million in General Revenue Funds, and $9.8 million in All Funds.

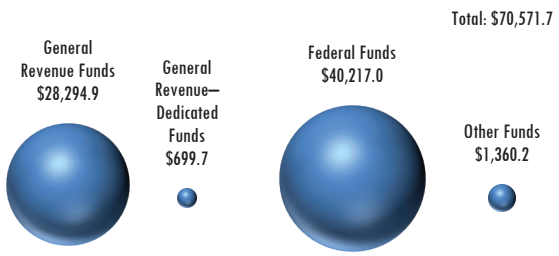
HEALTH AND HUMAN SERVICES COMMISSION

FIGURE 42
HEALTH AND HUMAN SERVICES COMMISSION, BY METHOD OF FINANCE

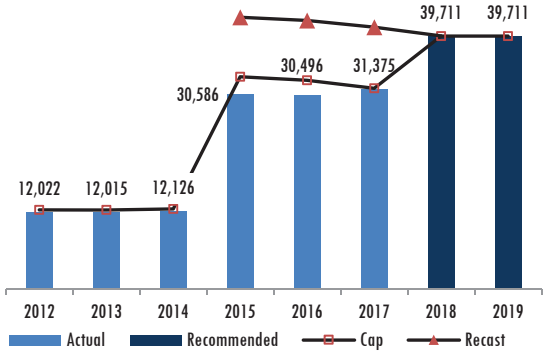
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$27,018.5	$28,294.9	$1,276.4	4.7%
General Revenue–Dedicated Funds	$256.0	$699.7	$443.6	173.3%
Federal Funds	$39,779.6	$40,217.0	$437.3	1.1%
Other Funds	$1,361.6	$1,360.2	($1.4)	(0.1%)
Total, All Methods of Finance	**$68,415.8**	**$70,571.7**	**$2,156.0**	**3.2%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:
(1) Includes anticipated supplemental spending adjustments.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
(3) The full-time-equivalent (FTE) position cap amounts for fiscal years 2015 to 2017 include amounts from the former Department of Aging and Disability Services (fiscal year 2015 cap of 17,558.5 positions; fiscal year 2016 cap of 16,888.3 positions; fiscal year 2017 cap of 16,845.8 positions).
(4) The FTE position cap amounts for fiscal years 2015 to 2017 include amounts from the former Department of Assistive and Rehabilitative Services (fiscal year 2015 cap of 3,209.5 positions; fiscal year 2016 cap of 3,030.3 positions; fiscal year 2017 cap of 1,811.4 positions).
(5) Biennial expenditures for 2016–17 at the former Department of Aging and Disability Services and the former Department of Assistive and Rehabilitative Services are shown.
(6) The recast FTE positions shown for fiscal years 2015 to 2017 reflect FTE positions transferred pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015, at the Health and Human Services Commission, although the positions may not have transferred until fiscal years 2017 or 2018.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Health and Human Services Commission (HHSC) for the 2018-19 biennium totals $70.6 billion in All Funds, which reflects an increase of $2.2 billion in All Funds from the 2016–17 biennium. General Revenue Funds and General Revenue–Dedicated Funds total $29.0 billion, an increase of $1.7 billion from the 2016–17 biennium. The increase in funding is primarily related to programs transferring from the Department of Family and Protective Services (DFPS) and the Department of State Health Services (DSHS) to HHSC per Senate Bill 200, Eighty-fourth Legislature, 2015. Programs transferring from DFPS and DSHS represent a $3.8 billion increase in All Funds ($2.0 billion in General Revenue Funds and General Revenue–Dedicated Funds). This is partially offset by a $1.1 billion decrease in All Funds ($133.0 million in General Revenue Funds and General Revenue–Dedicated Funds) due to reduced federal funding, administrative adjustments, and programs transferring from the Department of Assistive and Rehabilitative Services to the Texas Workforce Commission in fiscal year 2017 per Senate Bill 208, Eighty-fourth Legislature, 2015.

The highlights below compare 2018–19 biennial funding to 2016–17 biennial spending levels and include all program expenditures in 2016–17, although the program may not have transferred to HHSC until fiscal year 2017 or fiscal year 2018. The 2016–17 biennial expenditures for the Department of Aging and Disability Services and the Department of Assistive and Rehabilitative Services are included above in the $68.4 billion All Funds total.

HIGHLIGHTS

- Funding for Medicaid client services at HHSC for the 2018–19 biennium includes $56.4 billion in All Funds ($23.2 billion in General Revenue Funds and General Revenue–Dedicated Funds), reflecting no change from 2016–17 appropriated levels. Senate Bill 200, Eighty-fourth Legislature, 2015, consolidated Medicaid long-term-care services previously provided by the Department of Aging and Disability Services into HHSC. Funding for Medicaid client services does not assume supplemental appropriations for fiscal year 2017 and maintains 2018–19 funding at the 2016–17 appropriated level. The amounts for the 2018–19 biennium do not include funding to support projected caseload growth, maintain fiscal year 2017 average costs, or fund anticipated increases in cost due to medical inflation, higher utilization, or increased acuity.

- Funding for the Children's Health Insurance Program (CHIP) client services for the 2018–19 biennium includes $2.0 billion in All Funds ($149.4 million in General Revenue Funds), reflecting an increase of $156.3 million in All Funds and a decrease of $9.0 million in General Revenue Funds from 2016-17 spending levels. All Funds growth is related to projected caseload growth and the maintenance of fiscal year 2017 premiums. Net more favorable Enhanced Federal Medical Assistance Percentages and a reduction in the Health Insurance Providers Fee offset increases in caseload and cost at the General Revenue level. The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) extends federal funding for CHIP through federal fiscal year 2017, with those funds likely to be exhausted during state fiscal year 2018. Recommendations assume new federal funding to continue the program throughout the 2018–19 biennium. Cost growth for CHIP in the 2018–19 biennium is not included.

- Funding for non-Medicaid/CHIP behavioral health totals $2.7 billion in All Funds ($2.0 billion in General Revenue Funds and General Revenue–Dedicated Funds) and includes funding for inpatient client services at the state hospitals and community hospitals; outpatient services provided through Local Mental Health Authorities; substance abuse prevention, intervention, and treatment services for adults and children; mental health care services for veterans; and a variety of other services. Behavioral health-related expenditures in Medicaid, including services that were previously provided through NorthSTAR (discontinued on January 1, 2017), are estimated to be $3.6 billion in All Funds for the biennium (when including projected caseloads and costs that are not funded), and behavioral health-related expenditures in the Children's Health Insurance Program (when including cost growth that is not funded) are estimated to be $47.2 million in All Funds for the biennium. Total behavioral health-related funding including estimated Medicaid and CHIP expenditures is estimated to be $6.3 billion in All Funds for the biennium.

  - Behavioral health funding includes $62.6 million for the biennium in General Revenue Funds to eliminate the current and projected waiting lists for community mental health services for adults and children.

  - Funding for state mental health facilities totals $834.5 million in All Funds ($628.6 million in General Revenue Funds), reflecting a decrease of $44.3 million in All Funds ($42.1 million in General Revenue Funds), due primarily to the reclassification of oversight and certain administrative expenditures, as well as a reduction of $18.3 million in General Revenue Funds for a one-time appropriation for capital repairs and renovations to address deferred maintenance needs.

- Funding for Medicaid and CHIP contracts and administration totals $1.3 billion in All Funds ($389.6 million in General Revenue Funds) for the 2018–19 biennium, reflecting a decrease of $392.3 million in All Funds ($43.1 million in General Revenue Funds) from 2016–17 spending levels related to a reduction in the Texas Medicaid Electronic Health Records Incentive Program, reduced FTE levels to align with reported filled positions and removal of persistently vacant positions, and partially offset by increased enrollment broker contract costs in CHIP.

- Funding for the Women, Infants, and Children (WIC) program is $1.6 billion in All Funds ($449.9 million in General Revenue–Dedicated Funds) for the 2018–19 biennium, reflecting an increase of $3.3 million in All Funds ($9.7 million in General Revenue–Dedicated Funds) from 2016–17 spending levels.
- Funding for the State Supported Living Centers (SSLCs) totals $1.3 billion in All Funds for the 2018–19 biennium ($558.9 million in General Revenue Funds), reflecting a decrease of $95.9 million in All Funds ($39.8 million in General Revenue and General Revenue–Dedicated Funds) from 2016–17 spending levels. Funding reflects the reallocation of $70.2 million in All Funds from direct services activities to oversight and administration activities. Recommendations also include a decrease of $5.7 million in All Funds ($2.5 million in General Revenue Funds) reflecting a projected caseload decline.
- Funding for Women's Health Programs includes $284.6 million in All Funds ($260.9 million in General Revenue Funds) for the 2018–19 biennium, reflecting an increase of $30.9 million in All Funds ($30.4 million in General Revenue Funds) from 2016–17 spending levels. Recommendations continue fiscal year 2017 spending levels for each fiscal year of the 2018–19 biennium. Funding also incorporates the transfer of the Breast and Cervical Cancer Program from the Department of State Health Services to HHSC, and the consolidation of the Expanded Primary Health Care Program and the Texas Women's Health Program into the Healthy Texas Women Program.
- Funding for the Early Childhood Intervention (ECI) Program totals $282.4 million in All Funds for the 2018–19 biennium, ($60.7 million in General Revenue Funds), reflecting an increase of $5.5 million in All Funds ($5.1 million in General Revenue Funds) from 2016–17 spending levels. The increase is primarily related to projected caseload growth in the ECI program.
- Funding for the Texas Integrated Eligibility Redesign System (TIERS) includes $392.6 million in All Funds ($122.4 million in General Revenue Funds), reflecting an increase of $0.6 million in All Funds and a decrease of $20.6 million in General Revenue Funds from 2016–17 spending levels. Funding for TIERS supports capital projects and system support staff that maintain and improve the eligibility system utilized by HHSC benefit offices throughout Texas. Total funding for TIERS capital projects includes $114.4 million in All Funds ($31.0 million in General Revenue Funds), for the 2018–19 biennium, reflecting a decrease of $14.0 million in All Funds ($22.9 million in General Revenue Funds) from 2016–17 spending levels. 2018–19 funding maintains overall funding for the TIERS Capital Project at appropriated levels provided by the Eighty-fourth Legislature.
- No funding is included for the Refugee Assistance Program for the 2018–19 biennium, due to Texas' withdrawal from the federal Refugee Assistance Program, resulting in a $100.3 million decrease in Federal Funds from 2016–17 spending levels.
- No funding is included for the Center for Elimination of Disproportionality and Disparities for the 2018–19 biennium, reflecting a decrease of $4.1 million in All Funds ($0.4 million in General Revenue Funds) from 2016–17 spending levels.

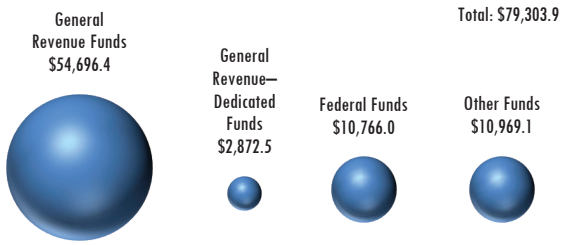
ARTICLE III – EDUCATION

FIGURE 43
ARTICLE III – EDUCATION RECOMMENDATIONS BY METHOD OF FINANCE

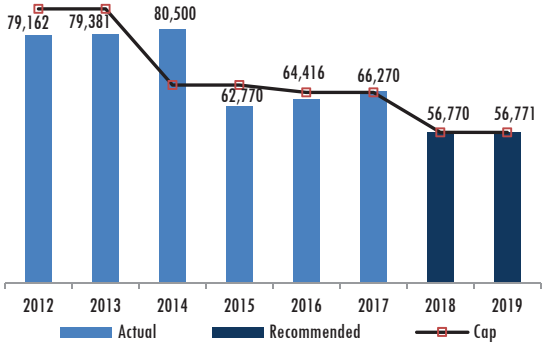
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$56,283.7	$54,696.4	($1,587.3)	(2.8%)
General Revenue–Dedicated Funds	$2,913.0	$2,872.5	($40.6)	(1.4%)
Federal Funds	$10,497.2	$10,766.0	$268.8	2.6%
Other Funds	$9,446.7	$10,969.1	$1,522.4	16.1%
Total, All Methods of Finance	**$79,140.7**	**$79,303.9**	**$163.3**	**0.2%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:
(1) Excludes Interagency Contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE III

Public Education All Funds appropriations, excluding the Teacher Retirement System and end-of-article benefits, total $55.1 billion for the 2018–19 biennium, an increase of $286.5 million, or 0.5 percent from the 2016–17 biennium. General Revenue Funds total $36.2 billion, a decrease of $1.5 billion, or 3.9 percent, from the 2016–17 biennium. Other Funds total $8.4 billion for the 2018–19 biennium, an increase of $1.5 billion, or 21.5 percent. Federal Funds total $10.5 billion, a $271.3 million, or 2.7 percent increase, primarily attributable to Child Nutrition.

The majority of Public Education funding consists of state aid for school districts and charter schools through the Foundation School Program (FSP) system. FSP funding is driven by statutory formulas, amounts specified in the General Appropriations Act, and projected enrollment and district property value amounts.

- Funding for the FSP for the 2018–19 biennium includes $34.1 billion in General Revenue Funds and $42.4 billion in All Funds. This funding includes an estimated $1.5 billion increase in Other Funds, attributable to projected increases in revenues from the Property Tax Relief Fund and from recapture payments, and a corresponding decrease in General Revenue Funds. The FSP recommendation fully funds what is estimated to be required to meet the current law FSP entitlement.

- Non-FSP program and administration funding for the 2018–19 biennium includes $2,092.1 million in General Revenue Funds, a $2.2 million decrease in funding compared to the 2016–17 biennium. The decrease is attributable to

$80.6 million in decreases to numerous programs, offset by increases of $29.6 million in instructional materials funding, $15.0 million for new program funding, and $33.7 million for other existing programs.

Funding for Higher Education totals $18.3 billion in All Funds for the 2018–19 biennium, a decrease of $576.8 million, or 3.1 percent from the 2016–17 biennium. General Revenue Funds and General Revenue–Dedicated Funds total $15.6 billion, a decrease of $604.3 million, or 3.7 percent from the 2016–17 biennium. The majority of Higher Education funding consists of formula funding into the General Academic Institutions, Lamar State Colleges, Texas State Technical Colleges, Health Related Institutions, and the Public Community and Junior Colleges.

- Higher Education formulas are supported by $7.2 billion in General Revenue Funds and $1.5 billion in statutory tuition in General Revenue–Dedicated Funds. Included in this amount are decreases of $74.1 million in General Revenue Funds and an increase of $144.4 million in General Revenue–Dedicated Funds, which is primarily statutory tuition. For each of the higher education formulas, except the Graduate Medical Education (GME) formula for the Health Related Institutions, either the 2016–17 General Revenue funding level or the 2016–17 rate is maintained. Formula appropriations in 2018–19 include Infrastructure Support for two new Texas State Technical Colleges created by the Eighty-fourth Legislature, Texas State Technical College North Texas and Texas State Technical College Fort Bend County.
- Funding for special items at all institutions in the 2018–19 biennium totals $320.0 million in General Revenue Funds, which reflects a decrease of $800.0 million from the 2016–17 biennium. This funding consists of $20.0 million for two behavioral health special items at The University of Texas Health Science Center at Houston and The University of Texas Health Science Center at Tyler, and $300.0 million in Special Provisions Relating Only to State Agencies of Higher Education.
- Funding in the 2018–19 biennium for tuition revenue bond debt service totals $1.0 billion in General Revenue Funds, which is an increase of $203.6 million from the 2016–17 biennium.
- Funding for Graduate Medical Education (GME) Expansion at the Texas Higher Education Coordinating Board provides a total of $97.1 million in All Funds. This includes $75.3 million in General Revenue Funds, an increase of $22.3 million from 2016–17, and $21.8 million in distributions from the Permanent Fund Supporting Graduate Medical Education for GME Expansion.
- Funding for the B-on-Time Program-Public includes $18.2 million in General Revenue–Dedicated B-On-Time Account 5103 to support renewal awards for students attending public institutions of higher education, a decrease of $43.5 million from 2016–17 levels.
- Funding for the Texas Research Incentive Program provides $116.2 million in General Revenue Funds, a decrease of $12.9 million in General Revenue Funds and a decrease of $9.0 million in General Revenue–Dedicated Funds. The 2016–17 appropriations included $9.0 million in one-time revenue from the General Revenue–Dedicated Emerging Technology Fund.
- Funding for the Higher Education Fund for the 2018–19 biennium totals $787.5 million in General Revenue Funds, which represents an increase of $131.3 million from the 2016–17 biennium. This increase is due to biennializing fiscal year 2017 appropriations for fiscal years 2018–19.

Figure 44 shows the All Funds appropriation for each agency in Article III, and **Figure 45** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for some of the agencies in Article III.

FIGURE 44
ARTICLE III – EDUCATION RECOMMENDATIONS BY AGENCY OR GROUP, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	$54,720.8	$55,008.7	$287.9	0.5%
School for the Blind and Visually Impaired	$52.2	$50.3	($1.9)	(3.7%)
School for the Deaf	$59.9	$60.3	$0.5	0.8%
Subtotal, Public Education	**$54,832.8**	**$55,119.2**	**$286.5**	**0.5%**
Public Higher Education				
General Academic Institutions	$7,228.5	$6,648.0	($571.5)	(7.9%)
Health Related Institutions	$3,101.4	$2,720.2	($390.3)	(12.6%)
Texas A&M System Agencies	$1,016.4	$979.7	($36.7)	(3.6%)
Higher Education Coordinating Board	$1,706.2	$1,615.0	($91.2)	(5.3%)
Higher Education Fund	$656.3	$787.5	$131.3	20.0%
Available University Fund	$1,713.3	$1,800.5	$87.2	5.1%
Available National Research University Fund	$52.5	$46.3	($6.2)	(11.8%)
Support for Military and Veterans Exemptions	$20.1	$47.3	$27.2	135.7%
Article III, Special Provisions	$0.0	$300.0	$300.0	N/A
Two-Year Institutions				
Public Community/Junior Colleges	$1,778.6	$1,737.6	($41.0)	(2.3%)
Lamar Lower-level Institutions	$69.5	$54.7	($14.7)	(21.2%)
Texas State Technical Colleges	$190.4	$173.1	($17.3)	(9.1%)
Subtotal, Two-Year Institutions	**$2,038.4**	**$1,965.4**	**($73.0)**	**(3.6%)**
Subtotal, Public Higher Education	**$17,533.1**	**$16,909.8**	**($623.3)**	**(3.6%)**
Teacher Retirement System	$4,435.2	$4,832.9	$397.7	9.0%
Optional Retirement Program	$334.4	$344.6	$10.2	3.1%
Higher Education Employees Group Insurance Contributions	$1,377.9	$1,424.3	$46.4	3.4%
Retirement and Group Insurance	$86.0	$96.4	$10.4	12.1%
Social Security and Benefit Replacement Pay	$621.2	$659.8	$38.6	6.2%
Subtotal, Employee Benefits	**$6,854.6**	**$7,357.9**	**$503.3**	**7.3%**
Bond Debt Service Payments	$23.1	$20.8	($2.3)	(10.0%)
Lease Payments	$4.5	$0.4	($4.1)	(91.1%)
Subtotal, Debt Service	**$27.6**	**$21.2**	**($6.4)**	**(23.3%)**
Less Interagency Contracts	$107.4	$104.2	($3.2)	(3.0%)
Total, All Functions	**$79,140.7**	**$79,303.9**	**$163.3**	**0.2%**

NOTES:
(1) Excludes Interagency Contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 45
ARTICLE III – EDUCATION RECOMMENDATIONS BY AGENCY OR GROUP, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	$37,650.2	$36,177.8	($1,472.4)	(3.9%)
School for the Blind and Visually Impaired	$30.4	$30.0	($0.4)	(1.4%)
School for the Deaf	$36.6	$36.1	($0.6)	(1.6%)
Subtotal, Public Education	**$37,717.3**	**$36,243.8**	**($1,473.4)**	**(3.9%)**
Public Higher Education				
General Academic Institutions	$5,026.8	$4,450.6	($576.2)	(11.5%)
Health Related Institutions	$2,749.3	$2,409.9	($339.4)	(12.3%)
Texas A&M System Agencies	$357.8	$344.8	($13.0)	(3.6%)
Higher Education Coordinating Board	$1,456.8	$1,428.2	($28.6)	(2.0%)
Higher Education Fund	$656.3	$787.5	$131.3	20.0%
Available University Fund	$0.0	$0.0	$0.0	N/A
Available National Research University Fund	$0.0	$0.0	$0.0	N/A
Support for Military and Veterans Exemptions	$0.0	$30.0	$30.0	N/A
Article III, Special Provisions	$0.0	$300.0	$300.0	N/A
Two-Year Institutions				
Public Community/Junior Colleges	$1,778.6	$1,737.6	($41.0)	(2.3%)
Lamar Lower-level Institutions	$55.8	$41.3	($14.6)	(26.1%)
Texas State Technical Colleges	$141.3	$119.2	($22.1)	(15.7%)
Subtotal, Two-Year Institutions	**$1,975.7**	**$1,898.0**	**($77.7)**	**(3.9%)**
Subtotal, Higher Education	**$12,222.7**	**$11,649.0**	**($573.7)**	**(4.7%)**
Teacher Retirement System	$4,127.4	$4,516.0	$388.5	9.4%
Optional Retirement Program	$254.1	$245.8	($8.3)	(3.3%)
Higher Education Employees Group Insurance Contributions	$1,377.9	$1,424.3	$46.4	3.4%
Retirement and Group Insurance	$70.8	$79.8	$9.0	12.7%
Social Security and Benefit Replacement Pay	$486.2	$516.8	$30.6	6.3%
Subtotal, Employee Benefits	**$6,316.4**	**$6,782.7**	**$466.3**	**7.4%**
Bond Debt Service Payments	$22.8	$20.5	($2.3)	(10.1%)
Lease Payments	$4.5	$0.4	($4.1)	(91.1%)
Subtotal, Debt Service	**$27.3**	**$20.9**	**($6.4)**	**(23.6%)**
Total, All Functions	**$56,283.7**	**$54,696.4**	**($1,587.3)**	**(2.8%)**

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

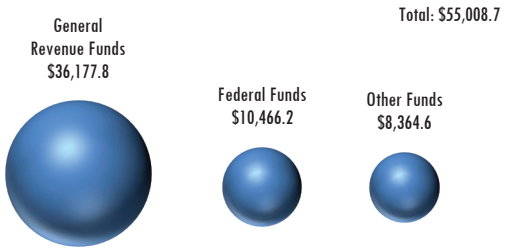
TEXAS EDUCATION AGENCY

FIGURE 46
TEXAS EDUCATION AGENCY, BY METHOD OF FINANCE

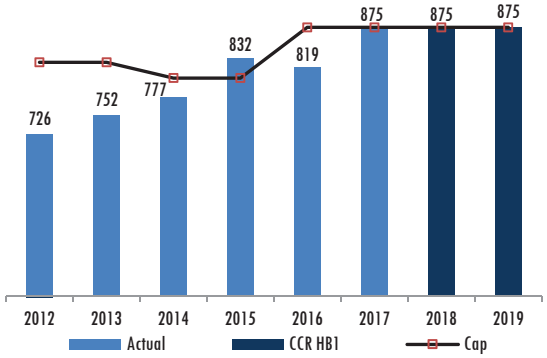
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$37,650.2	$36,177.8	($1,472.4)	(3.9%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$10,187.2	$10,466.2	$279.0	2.7%
Other Funds	$6,883.3	$8,364.6	$1,481.3	21.5%
Total, All Methods of Finance	**$54,720.8**	**$55,008.7**	**$287.9**	**0.5%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Education Agency for the 2018–19 biennium totals $55.0 billion, a $287.9 million, or 0.5 percent increase compared to the 2016–17 biennium. The increase is primarily attributable to a $279.0 million Federal Funds increase, primarily in Child Nutrition.

HIGHLIGHTS

- FSP funding for the 2018–19 biennium includes $34.1 billion in General Revenue Funds and $42.4 billion in All Funds. This funding includes an estimated $1.5 billion increase in Other Funds, attributable to projected increases in revenues from the Property Tax Relief Fund and from recapture payments, and a corresponding decrease in General Revenue Funds. The FSP recommendation fully funds what is estimated to be required to meet the current law FSP entitlement. The Other Funds increase is

- Major FSP cost drivers include: (1) projected enrollment growth of 82,000 to 83,000 students in average daily attendance annually (1.6 percent) at an estimated biennial cost of $2.7 billion; (2) approximately $3.6 billion in reductions to state obligations resulting from projections of continued growth in property values; (3) an estimated $1.5 billion cost due to an increased Austin ISD yield, settle up costs, and other adjustments; (4) savings due to the expiration of Additional State Aid for Tax Reduction (Hold Harmless) of an estimated $600.0 million; and (5) savings resulting from projected increases in recapture payments and revenue from the franchise tax component of the Property Tax Relief Fund.

- Non-FSP program and administration funding for the 2018–19 biennium includes $2,092.1 million in General Revenue Funds, a $2.2 million decrease in funding compared to the 2016–17 biennium.
- Instructional materials and technology funding is $1,193.5 million in General Revenue Funds, a $29.6 million, or 2.5 percent, increase from 2016–17 biennium. The funding is based on a distribution rate of 48.6 percent of the Permanent School Fund (PSF) to the Available School Fund (ASF), and provides districts and charters the same amount of Instructional Materials Allotment (IMA) as in the 2016–17 biennium, increased by 1.7 percent in each fiscal year for student growth.
- Funding is provided for two new programs: $10.0 million for Innovative Programs and $5.0 million for Pathways in Technology Early College High School (P-TECH).
- Funding for Non-FSP programs increase General Revenue Funds by $32.0 million for High Quality Prekindergarten and $1.7 million for juvenile justice programs. Funding for Non-FSP Programs and Administration decrease General Revenue Funds for Mathematics Achievement Academies by $5.3 million, Teach for America by $5.0 million, State Funds for Assessment by $4.4 million, Texas Virtual School Network by $3.2 million, Literacy Achievement Academies by $2.7 million, Texas Gateway (Project Share) by $2.3 million, Educator Excellence Innovation Program by $2.0 million, Agency Administration by $2.0 million, Reading to Learn Academies by $1.8 million, Reading Excellence Team Pilot by $1.7 million, Texas Advanced Placement Initiative by $1.7 million, Amachi by $1.3 million, Adult Charter School by $1.0 million, and Incentive Aid by $1.0 million. Funding is not included for the Student Success Initiative ($31.7 million), Texas Academic Innovation and Mentoring ($4.5 million), Reasoning Mind, a computer-based math instruction program ($4.0 million), several one-time funding items (2.1 million), Subsidy for Certification Examination ($1.0 million), and Best Buddies ($400,000).

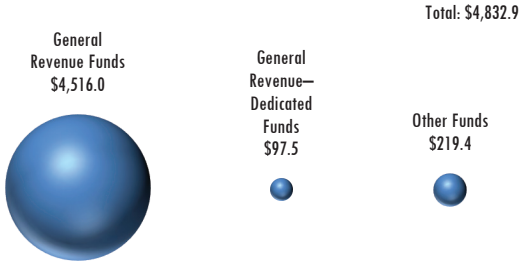
TEACHER RETIREMENT SYSTEM

FIGURE 47
TEACHERS RETIREMENT SYSTEM, BY METHOD OF FINANCE

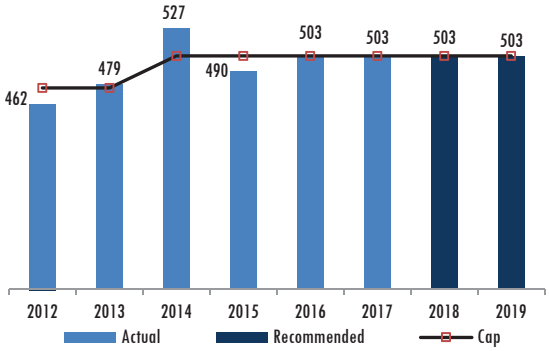
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$4,127.4	$4,516.0	$388.5	9.4%
General Revenue–Dedicated Funds	$86.4	$97.5	$11.1	12.8%
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$221.4	$219.4	($1.9)	(0.9%)
Total, All Methods of Finance	**$4,435.2**	**$4,832.9**	**$397.7**	**9.0%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Teacher Retirement System for the 2018–19 biennium totals $4.8 billion in All Funds. This represents an increase of $397.7 million, or 9.0 percent, above the 2016–17 base. Funding consists of state contributions for retirement, and health care benefits for retirees and employees of public schools and institutions of higher education, based on active member payroll amounts. The increase in appropriations is due primarily to the projected growth of payroll in the 2018–19 biennium.

HIGHLIGHTS

- Funding includes $4.5 billion in General Revenue Funds and $97.5 million in General Revenue–Dedicated Funds. Funding reflects a state contribution rate of 6.8 percent of active member payroll for retirement benefits. Funding for public education retirement benefits totals $3.5 billion in All Funds for the 2018–19 biennium, a 10.5 percent increase above the 2016–17 base. The increase is attributable primarily to payroll growth, projected to be 3.5 percent each year of the 2018–19 biennium. Funding for higher education retirement benefits totals $421.6 million in All Funds for the 2018–19 biennium, a 0.7 percent decrease from the 2016–17 base due to lower than expected growth of higher education retirement contributions covered by General Revenue Funds.

- Funding for Retiree Health, or TRS-Care, in 2018–19 totals $647.6 million in General Revenue Funds, an 11.5 percent increase above the 2016–17 base, using the same payroll growth assumption as public education retirement. TRS-Care funding from General Revenue Funds reflects a state contribution rate of 1.0 percent of payroll for the retiree health care program.

- Funding for administrative operations, which are supported by the TRS Pension Trust Fund (Other Funds), totals $211.4 million, a 1.4 percent decrease from the 2016–17 base. The net decrease for administrative operations is attributable primarily to reduced needs for the final phase of the TRS Enterprise Application Modernization (TEAM) project, which is scheduled for completion in fiscal year 2018. Funding includes amounts sufficient for new capital projects as well as increased administrative needs related to growing membership and the rising costs of investment management.

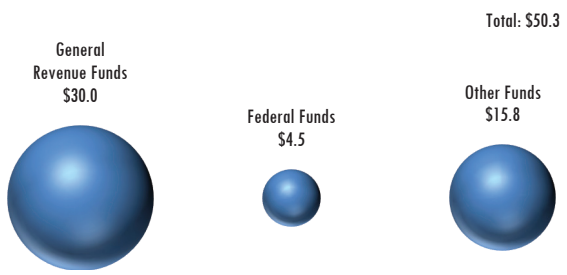
SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

FIGURE 48
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED, BY METHOD OF FINANCE

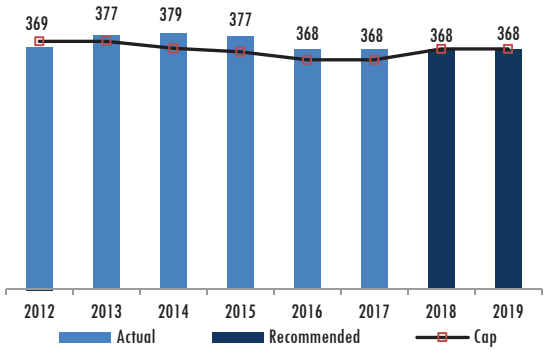
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$30.4	$30.0	($0.4)	(1.4%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$10.8	$4.5	($6.2)	(57.9%)
Other Funds	$11.0	$15.8	$4.8	43.1%
Total, All Methods of Finance	**$52.2**	**$50.3**	**($1.9)**	**(3.7%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas School for the Blind and Visually Impaired for the 2018–19 biennium totals $50.3 million in All Funds. This represents a decrease of $1.9 million, or 3.7 percent, below the 2016–17 base. The decrease in appropriations is attributable primarily to large unexpended balances of Federal Funds and Other Funds that were received in prior biennia and carried forward and encumbered or expended during the 2016–17 biennium, combined with smaller reductions of General Revenue Funds. These decreases are partially offset by anticipated increases in Other Funds, including Interagency Contracts and local revenue from school districts in 2018–19 (Appropriated Receipts) based on each district's share of costs for students attending TSBVI. Texas School for the Blind and Visually Impaired is under Strategic Fiscal Review.

HIGHLIGHTS

- Funding includes $30.0 million in General Revenue Funds, $4.5 million in Federal Funds, and $15.8 million in Other Funds (Appropriated Receipts and Interagency Contracts).
- General Revenue funding reflects a decline of $0.4 million, or 1.4 percent, below the 2016–17 base, due to reduced funding across the strategies of Technical Assistance, Professional Education in Visual Impairment, Central Administration, and Other Support Services, as well as reduced funding for ongoing computer replacement.
- Other Funds include a decrease of $1.0 million due to unexpended balances of revenue from local school districts (Appropriated Receipts) received in prior biennia and carried forward and encumbered or expended during the 2016–17 biennium, combined with the $5.7 million adjustment described below.

- Federal Funds include a decrease of $0.5 million due to unexpended balances of funds received in prior biennia and carried forward and encumbered or expended during the 2016–17 biennium, combined with the $5.7 million adjustment described below.
- Funding for 2018–19 reflects a $5.7 million reduction of Federal Funds and a corresponding increase of Other Funds. These funds are received from the federal government by the Health and Human Services Commission and transferred to Texas School for the Blind and Visually Impaired. These funds, formerly appropriated to TSBVI as Federal Funds, are now reflected as Interagency Contracts (Other Funds).

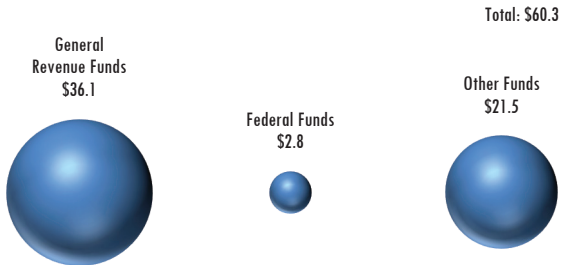
SCHOOL FOR THE DEAF

FIGURE 49
TEXAS SCHOOL FOR THE DEAF, BY METHOD OF FINANCE

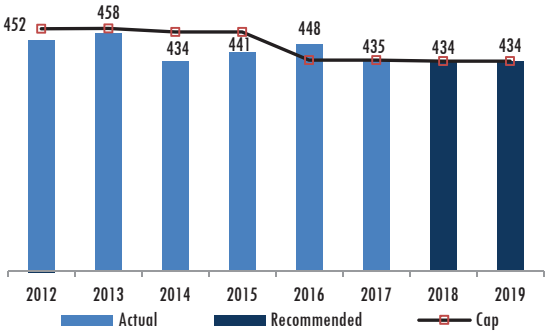
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$36.6	$36.1	($0.6)	(1.6%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$4.3	$2.8	($1.5)	(35.1%)
Other Funds	$18.9	$21.5	$2.6	13.5%
Total, All Methods of Finance	**$59.9**	**$60.3**	**$0.5**	**0.8%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas School for the Deaf (TSD) for the 2018–19 biennium totals $60.3 million in All Funds. This represents an increase of $0.5 million, or 0.8 percent, above the 2016–17 base. The increase in appropriations is attributable primarily to increases of Other Funds, including Interagency Contracts and local revenue from school districts (Appropriated Receipts) based on each district's share of costs for students attending the TSD. These increases are partially offset by General Revenue reductions and lower anticipated receipts of Federal Funds. TSD is under Strategic Fiscal Review.

HIGHLIGHTS

- Funding includes $36.1 million in General Revenue Funds, $2.8 million in Federal Funds, and $21.5 million in Other Funds (Appropriated Receipts and Interagency Contracts).
- General Revenue funding reflects a decline of $0.6 million, or 1.6 percent, below the 2016–17 base, due to the elimination of funding for one full-time equivalent position, staff merit and career progression raises, and certain one-time capital expenditures, and reduced funding for ongoing computer replacement.
- Other Funds include an increase of approximately $1.1 million of Appropriated Receipts for the biennium due to anticipated increases of local revenue from school districts to cover the district's share of the cost for students attending TSD, as well as an increase of $1.5 million for the adjustment described below.
- Funding for 2018–19 reflects a $1.5 million reduction of Federal Funds and a corresponding increase of Other Funds. These funds are received from the federal government by the Health and Human Services Commission and transferred to Texas School for the Deaf. These funds, formerly appropriated to TSD as Federal Funds, are now reflected as Interagency Contracts (Other Funds).

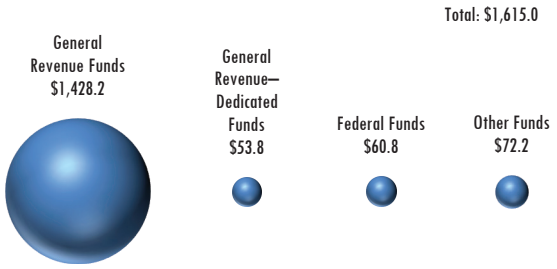
TEXAS HIGHER EDUCATION COORDINATING BOARD

FIGURE 50
TEXAS HIGHER EDUCATION COORDINATING BOARD, BY METHOD OF FINANCE

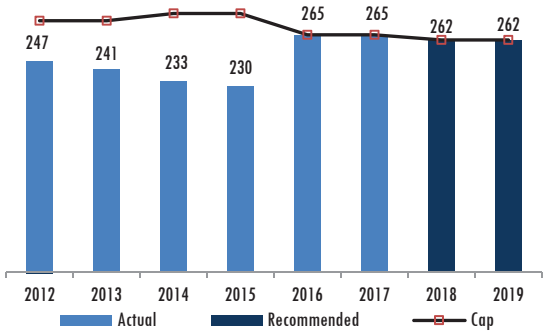
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,456.8	$1,428.2	($28.6)	(2.0%)
General Revenue–Dedicated Funds	$123.5	$53.8	($69.8)	(56.5%)
Federal Funds	$66.5	$60.8	($5.7)	(8.6%)
Other Funds	$59.4	$72.2	$12.8	21.6%
Total, All Methods of Finance	**$1,706.2**	**$1,615.0**	**($91.2)**	**(5.3%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Higher Education Coordinating Board for the 2018–19 biennium totals $1.6 billion in All Funds, a $91.2 million, or 5.3 percent, decrease compared to 2016–17 funding levels. Funding includes $1.4 billion in General Revenue Funds, a decrease of $28.6 million, or 2.0 percent, compared to 2016–17 funding levels.

HIGHLIGHTS

- Funding for the TEXAS Grant Program, $715.0 million, maintains the General Revenue funding level from the 2016–17 biennium.
- Funding provides a total of $97.1 million in All Funds for GME Expansion. This includes $75.3 million in General Revenue Funds, an increase of $22.3 million from 2016–17 funding levels, and $21.8 million in distributions from the Permanent Fund Supporting Graduate Medical Education (Other Funds) for Graduate Medical Education Expansion.
- Funding for the Texas Research Incentive Program totals $116.2 million in General Revenue Funds, a decrease of $12.9 million in General Revenue Funds and a decrease of $9.0 million in one-time revenue in General Revenue–Dedicated Funds. The 2016–17 appropriations included $9.0 million from the General Revenue–Dedicated Emerging Technology Fund, which was not continued in the 2018–19 biennium.
- Funding provides $3.2 million in General Revenue Funds for the Top Ten Percent Scholarship Program, a decrease of $15 million in General Revenue Funds. Appropriations support only renewal awards in the program in the 2018–19 biennium.

- Funding provides $7.2 million in General Revenue Funds for the B-On-Time Program-Private, a decrease of $11.5 million in General Revenue Funds. Appropriations support only renewal awards in the program at private institutions during the 2018–19 biennium.
- Funding for the B-On-Time Program-Public includes $18.2 million in General Revenue–Dedicated B-On-Time Account 5103, to support renewal awards for students attending public institutions of higher education, a decrease of $43.5 million from 2016–17 levels.
- Funding provides $182.7 million in General Revenue Funds for the Tuition Equalization Grant Program, a decrease of $9.6 million in General Revenue Funds from the 2016–17 levels.
- $17.3 million in General Revenue–Dedicated Trauma and EMS Account 5111 for the Family Practice Residency Program and Trauma Care Program is replaced with General Revenue Funds.
- Funding provides $30.0 million in General Revenue Funds for the Professional Nursing Shortage Reduction Program, a decrease of $3.3 million from the 2016–17 funding levels.
- Funding provides $2.7 million in General Revenue Funds for the Texas Armed Services Scholarship Program, a decrease of $2.7 million.
- Funding provides $72.1 million in General Revenue Funds for Baylor College of Medicine Undergraduate Medical Education, a decrease of $5.9 million from the 2016–17 funding levels.
- Funding provides $12.9 million in General Revenue Funds for Baylor College of Medicine Graduate Medical Education, a decrease of $2.8 million from the 2016–17 funding levels
- Funding does not include funding for the Centers for Teacher Education, a decrease of $3.0 million from 2016–17 funding levels.
- Funding reflects a decrease of $1.3 million in General Revenue Funds due to the elimination of Centralized Accounting Personnel/Payroll System funding.
- Funding reflects a $9.8 million decrease in donations in Other Funds, primarily from the Texas Guaranteed Student Loan Corporation.

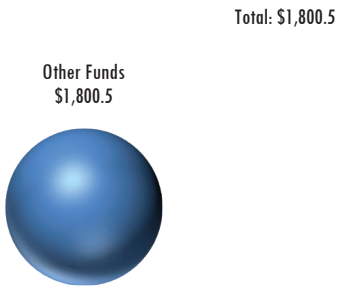
AVAILABLE UNIVERSITY FUND

FIGURE 51
AVAILABLE UNIVERSITY FUND RECOMMENDATIONS BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$1,713.3	$1,800.5	$87.2	5.1%
Total, All Methods of Finance	**$1,713.3**	**$1,800.5**	**$87.2**	**5.1%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

Funding for the Available University Fund (AUF) for the 2018–19 biennium totals an estimated $1.8 billion in All Funds, which includes an All Funds increase of $87.2 million. The increase in funding is primarily due to anticipated growth in the value of the Permanent University Fund (PUF) through the 2018–19 biennium. The PUF is a state endowment fund that contributes to the support of most institutions and agencies of The University of Texas (UT) and Texas A&M University (TAMU) systems. Annual distributions are made from the PUF to the AUF as approved by the UT System's Board of Regents in accordance with Texas Constitution requirements and Board of Regents' policy. The estimated $1.8 billion in AUF appropriations for the 2018–19 biennium are based on the default Board of Regents' policy rate of 4.75 percent for the annual distributions.

HIGHLIGHTS

- The AUF is an Other Funds appropriation dedicated by the Texas Constitution to support most institutions and agencies of the UT and TAMU systems. The AUF appropriations provide for the support and maintenance of The University of Texas at Austin, Texas A&M University, Prairie View University, and the administration of the UT and TAMU systems. Also, AUF appropriations are used to pay debt service on bonds for acquiring land, constructing and equipping buildings, major repair of buildings, acquisition of capital equipment, and other permanent improvements for eligible institutions.
- The bill pattern for the AUF does not include any full-time-equivalent (FTE) positions. FTEs whose salaries and wages are paid with AUF appropriations are included in the bill patterns of the UT and TAMU systems, The University of Texas at Austin, Texas A&M University, and Prairie View A&M University, respectively.

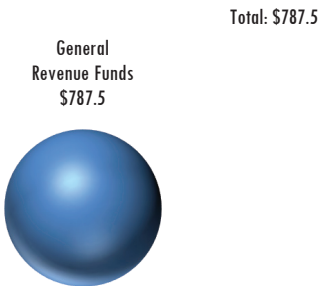
HIGHER EDUCATION FUND

FIGURE 52
HIGHER EDUCATION FUND RECOMMENDATIONS BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$656.3	$787.5	$131.3	20.0%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$656.3**	**$787.5**	**$131.3**	**20.0%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

Funding for the Higher Education Fund (HEF) for the 2018–19 biennium totals $787.5 million in General Revenue Funds, which includes an increase of $131.3 million from the 2016–17 biennium. The increase in funding is due to biennializing fiscal year 2017 appropriations for fiscal years 2018–19.

HIGHLIGHTS

- The HEF is a General Revenue Fund appropriation dedicated by the Texas Constitution to support certain capital costs at institutions of higher education (IHEs) that are not eligible to receive funding from the Available University Fund.
- The Texas Constitution requires the Legislature to review the HEF formula allocation every ten years and may adjust the amount and allocation of the HEF appropriation once every five years. The Eighty-fourth Legislature enacted Senate Bill 1191 which increased the annual HEF appropriation from $262.5 million to $393.8 million starting in fiscal year 2017, and reallocated the available HEF funding among the eligible IHEs. The annual appropriation amounts for the 2018–19 biennium for HEF-eligible IHEs are listed in the Texas Education Code, Chapter 62, Subchapter B.

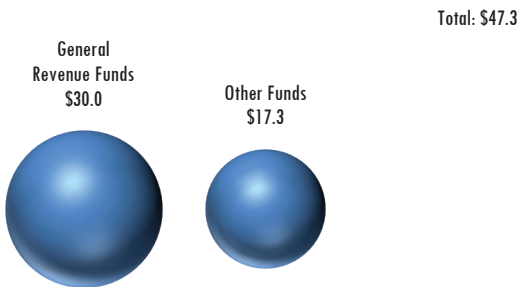
SUPPORT FOR MILITARY AND VETERANS EXEMPTIONS

FIGURE 53
SUPPORT FOR MILITARY AND VETERANS EXEMPTIONS, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$0.0	$30.0	$30.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$20.1	$17.3	($2.8)	(13.9%)
Total, All Methods of Finance	**$20.1**	**$47.3**	**$27.2**	**135.7%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

Funding for the Support for Military and Veterans Exemptions for the 2018–19 biennium totals an estimated $47.3 million in All Funds, which includes $17.3 million in Other Funds from the Permanent Fund Supporting Military and Veterans Exemptions (MVE) and $30.0 million in General Revenue Funds. For the 2016–17 biennium, $30.0 million in General Revenue Funds was appropriated to Texas Veterans Commission (TVC) for the Hazlewood Legacy Program (HLP). Recommendations for the 2018–19 biennium continue these appropriations at $15.0 million in General Revenue Funds per fiscal year, but are moved from TVC to Support for Military and Veterans Exemptions. The General Revenue Funds supporting HLP must be distributed to eligible institutions of higher educations (IHEs) consistent with the annual funding distribution from the MVE.

HIGHLIGHTS

- The Eighty-third Legislature, Regular Session, 2013, created the MVE to help IHEs offset the waived tuition and fee revenue from the HLP as defined in the Texas Education Code. The Texas Treasury Safekeeping Trust Company (TTSTC) administers the MVE and determines the amount available for annual distribution and appropriation from the fund in accordance with policy adopted by the Texas Comptroller of Public Accounts. For fiscal year 2016, TTSTC determined the distribution rate to be 4.5 percent, and reduced the rate to 3.5 percent for fiscal years 2017 to 2019 due to lower expected market returns in the coming decade. The reduced rate for the 2018–19 biennium results in a $2.8 million decrease of estimated appropriations from the MVE as compared to the 2016–17 biennium.

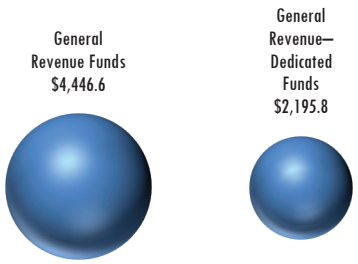
GENERAL ACADEMIC INSTITUTIONS

FIGURE 54
GENERAL ACADEMIC INSTITUTIONS, BY METHOD OF FINANCE

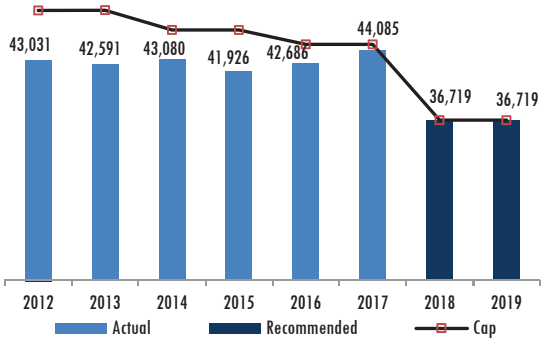
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$4,965.4	$4,446.6	($518.8)	(10.4%)
General Revenue–Dedicated Funds	$2,181.2	$2,195.8	$14.6	0.7%
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$17.8	$5.5	($12.3)	(69.1%)
Total, All Methods of Finance	**$7,164.4**	**$6,648.0**	**($516.4)**	**(7.2%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the General Academic Institutions and University System Offices for the 2018–19 biennium totals $6.6 billion in All Funds, a $516.4 million, or 7.2 percent, decrease compared to the 2016–17 base. Included in this funding is $4.4 billion in General Revenue Funds, which is a $518.8 million, or 10.4 percent, decrease compared to 2016–17 funding levels. Each flagship institution of the six university systems are under Strategic Fiscal Review.

HIGHLIGHTS

- Funding includes $3.4 billion in General Revenue Funds for the Instruction and Operations and the Infrastructure Support formulas, a decrease of $47.7 million from the 2016–17 biennium. Formula amounts for 2018–19 provide the same All Funds Instruction and Operations Formula rate of $55.39 per weighted semester credit hour as 2016–17. Formula amounts for the Infrastructure Formula decrease the 2016–17 rate of $5.62 per predicted square feet to $5.57.

- Funding in 2018–19 includes $125.2 million in General Revenue appropriations to The University of Texas at Austin and Texas A&M University through the Texas Research University Fund (TRUF). Appropriations to the TRUF are $13.9 million less in General Revenue Funds, or 10 percent, below the General Revenue amounts in 2016–17 and do not include appropriations from General Revenue-Dedicated Emerging Technology Account No. 5124.

- Funding provides state support for the eight emerging research universities through: (1) $116.2 million in General Revenue for the Texas Research Incentive Program (TRIP); and (2) $105.4 million in General Revenue for the Core Research Support Fund (CRS). Appropriations for TRIP are made to the Texas Higher Education Coordinating Board and awarded to the institutions based on the receipt of private donations. Funding for CRS is appropriated directly to

the eight emerging research universities within their respective bill patterns. CRS funding in 2018–19 is $11.7 million, or 10 percent, below the amounts provided in 2016–17.

- Funding also provides for $12.8 million in General Revenue Funds for the Comprehensive Research Fund (CRF) to support research at General Academic Institutions, excluding The University of Texas at Austin, Texas A&M University, and the eight emerging research universities. CRF appropriations are $1.4 million, or 10 percent, below 2016–17 funding levels.
- Funding for special items is not included, a decrease of $623.8 million in General Revenue Funds from 2016–17.
- Funding includes $713.9 million in General Revenue Funds for tuition revenue bond debt service for previously authorized debt and annualize the debt service on projects authorized by House Bill 100, Eighty-fourth Legislature, Regular Session.

HEALTH RELATED INSTITUTIONS

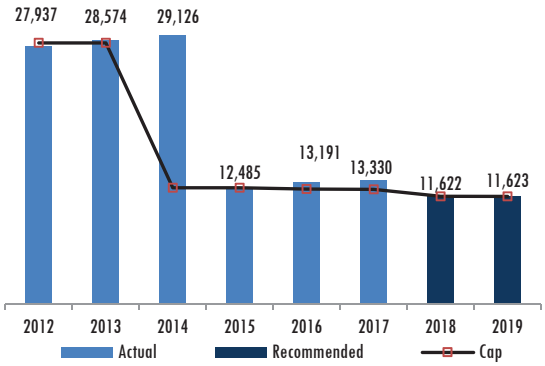
FIGURE 55
HEALTH RELATED INSTITUTIONS, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$2,810.8	$2,413.9	($396.9)	(14.1%)
General Revenue–Dedicated Funds	$206.0	$204.4	($1.5)	(0.7%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$148.7	$101.8	($46.9)	(31.5%)
Total, All Methods of Finance	**$3,165.5**	**$2,720.2**	**($445.3)**	**(14.1%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTES:
(1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
(2) The actual FTE amounts in fiscal years 2012 to 2014 include FTEs funded with patient income.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the health related institutions for the 2018–19 biennium totals $2.7 billion in All Funds, a decrease of $445.3 million from the 2016–17 biennium. Of this funding, $2.4 billion is composed of General Revenue Funds, a decrease of $396.9 million from the 2016–17 biennium. The decrease in General Revenue Funds is primarily tied to reductions in special item funding for all health related institutions.

HIGHLIGHTS

- Funding for the health related institutions include appropriations to thirteen institutions. Included in these appropriations is funding for The University of Texas at Austin Dell Medical School and The University of Texas Rio Grande Valley School of Medicine through The University of Texas at Austin and The University of Texas Rio Grande Valley bill patterns, respectively. Appropriations to Baylor College of Medicine are made in the bill pattern for the Higher Education Coordinating Board but are included in formula amounts discussed below.

- Formula funding recommendations maintain total 2016–17 General Revenue Funds for all formulas except the Graduate Medical Education formula for the 10 legacy institutions that received formula funding in the 2016–17 biennium. No formula funding is appropriated to The University of Texas at Austin Dell Medical School and The University of Texas Rio Grande Valley School of Medicine.

- Appropriations provide $1.9 billion in General Revenue Funds for the six formulas for the health related institutions: the Instruction and Operations (I&O) Support formula, Infrastructure Support formula, Research Enhancement

formula, Graduate Medical Education (GME) formula, and two mission specific formulas (The University of Texas M.D. Anderson's Cancer Center Operations formula and The University of Texas Health Science Center at Tyler's Chest Disease formula). Formula funding is a decrease of $20.1 million in General Revenue Funds, or 1.1 percent, from 2016–17.

- Funding maintains 2016–17 General Revenue Funds of $1.1 billion for the I&O Support formula. The 2018–19 formula amounts reduce the I&O rate to $9,531 from $9,829 in the 2016–17 biennium. The I&O formula includes $42.3 million in General Revenue Funds for a small class supplement. The supplement provides additional funding for instructional programs with enrollments of fewer than 200 students at remote locations and for instructional programs at The University of Texas Health Science Center at Tyler's main campus. Appropriations maintain 2016–17 General Revenue Funds of $246.8 million for the Infrastructure formula. The 2018–19 formula amounts reduce the Infrastructure rate to $6.37 from $6.65 for all institutions. The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler were previously funded at a lower rate as the two institutions did not contribute statutory tuition to the Infrastructure formula when it was established.
- Funding at the Higher Education Coordinating Board includes $72.2 million in General Revenue Funds for Baylor College of Medicine Undergraduate Medical Education, a decrease of $5.9 million from the 2016–17 biennium.
- Funding maintains 2016–17 General Revenue Funds of $74.6 million for the Research Enhancement formula. The 2018–19 formula amounts decrease the Research Enhancement rate to 1.21 percent plus the base rate of $1.4 million, a decrease from the 2016–17 rate of 1.23 percent plus the base rate of $1.4 million.
- Funding provides $71.6 million in General Revenue Funds appropriated to health related institutions and Baylor College of Medicine for the GME formula, a decrease of $14.3 million from the 2016–17 biennium. The 2018–19 formula amounts decrease the GME rate to $4,857 from $6,266 per medical resident in the 2016–17 biennium.
- Funding provides $264.8 million in General Revenue Funds for the Cancer Center Operations formula for The University of Texas M.D. Anderson Cancer Center and $58.4 million in General Revenue Funds for the Chest Disease Center Operations formula for The University of Texas Health Science Center at Tyler, maintaining the 2016–17 funding levels.
- Special item funding is not included, except for two behavioral health special items at The University of Texas Health Science Center at Houston and The University of Texas Health Science Center at Tyler, totaling $20.0 million in General Revenue Funds for the 2018–19 biennium. General Revenue Funds reductions in special item funding total $445.5 million from the 2016–17 biennium.
- Funding provides $292.7 million in General Revenue Funds for tuition revenue bond debt service, an increase of $56.7 million from the 2016–17 biennium. The increase is due to increased tuition revenue bond debt service associated with projects authorized in House Bill 100, Eighty-fourth Regular Session.

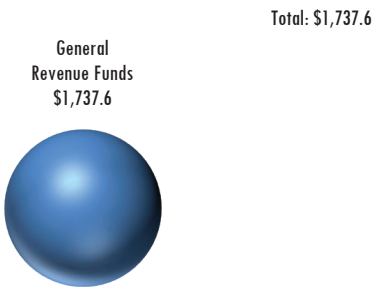
PUBLIC COMMUNITY AND JUNIOR COLLEGES

FIGURE 56
PUBLIC COMMUNITY/JUNIOR COLLEGES RECOMMENDATIONS BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,778.6	$1,737.6	($41.0)	(2.3%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1,778.6**	**$1,737.6**	**($41.0)**	**(2.3%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

Funding for the Public Community and Junior Colleges for the 2018–19 biennium totals $1.7 billion in General Revenue Funds, which includes a reduction of $41.0 million. The reduction is primarily due to the elimination of funding for special items, as well as a decrease in contact hour funding.

HIGHLIGHTS

- Formula funding totals $1.7 billion for the 2018–19 biennium, a decrease of $10.5 million from the 2016–17 biennium. Formula funding amounts maintain core operations funding at $1.0 million for each community college district, and maintain the contact hour rate of $2.69 and the percentage split for formula funding at 90.0 percent for contact hour funding and 10.0 percent for success point funding. The decrease in funding is primarily due to a 0.4 percent decrease in contact hours from the 2016–17 biennium.
- Special items in the 2018–19 biennium decreased by $30.8 million from the 2016–17 biennium.
- Funding for Bachelor of Applied Technology programs total $2.4 million for the 2018–19 biennium, an increase of $0.3 million, or 12.0 percent, from the 2016–17 biennium due to a 19.7 percent increase in semester credit hours in these programs. Appropriations maintain funding at the same Instruction & Operations General Revenue rate used by General Academic Institutions.
- No information on full-time-equivalent (FTE) positions is included because FTEs are not appropriated in the Public Community and Junior Colleges bill pattern, as they are local employees.

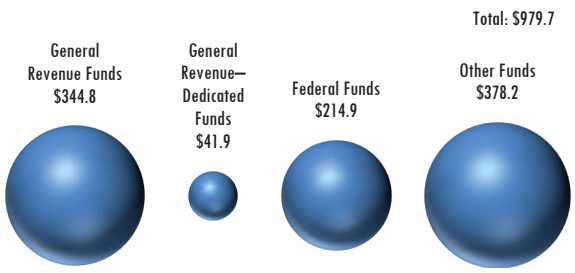
TEXAS A&M SYSTEM AGENCIES

FIGURE 57
TEXAS A&M SYSTEM AGENCIES, BY METHOD OF FINANCE

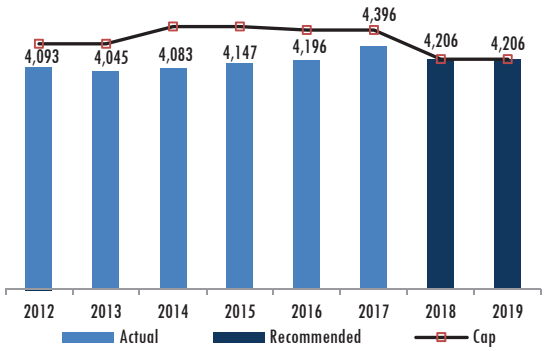
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$357.8	$344.8	($13.0)	(3.6%)
General Revenue–Dedicated Funds	$66.9	$41.9	($25.1)	(37.5%)
Federal Funds	$212.8	$214.9	$2.1	1.0%
Other Funds	$378.9	$378.2	($0.7)	(0.2%)
Total, All Methods of Finance	**$1,016.4**	**$979.7**	**($36.7)**	**(3.6%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas A&M System Agencies for the 2018–19 biennium totals $979.7 million in All Funds, a decrease of $36.7 million from the 2016–17 biennium. Of this funding, $386.6 million is composed of General Revenue and General Revenue-Dedicated Funds, a decrease of $38.1 million from the 2016–17 biennium. Texas A&M AgriLife Research and Texas A&M AgriLife Extension Service are under Strategic Fiscal Review.

HIGHLIGHTS

- The Texas A&M System Agencies include: Texas A&M Engineering Experiment Station, Texas A&M Engineering Extension Service, Texas A&M Transportation Institute, Texas A&M Forest Service, Texas A&M Veterinary Medical Diagnostic Laboratory, Texas A&M AgriLife Research, and Texas A&M AgriLife Extension Service.
- For Texas A&M Engineering Experiment Station, funding includes a $4.6 million increase in General Revenue Funds for biennialized debt service costs for the Center for Infrastructure Renewal; and a $0.9 million decrease in General Revenue Funds and General Revenue–Dedicated Funds from research and workforce development programs.
- Funding for Texas A&M Forest Service includes a $3.4 million decrease in General Revenue Funds related to firefighting equipment replacement, the forestry leadership program, and resource marketing; and a $23.0 million decrease in General Revenue–Dedicated Funds due to a one-time contingency appropriation for volunteer fire department grants.
- Funding for Texas A&M AgriLife Extension Service includes a $3.5 million decrease in General Revenue Funds related to indirect administration, education and leadership activities, and livestock and crop protection programs; and a $1.6

million decrease in General Revenue Funds for programs related to developing adult community leaders, which includes the Texas Agricultural Lifetime Leadership Program, V.G. Young Institute of County Government, and adult volunteer-related programming.

- Funding for Texas A&M Transportation Institute includes a $0.6 million decrease in General Revenue Funds related to research programs and operations of the Center for International Intelligent Transportation and the Transportation Safety Center; and a $3.2 million decrease in General Revenue Funds for the Transportation Policy Research Center.
- Funding for Texas A&M AgriLife Research includes a $3.9 million decrease in General Revenue Funds and General Revenue–Dedicated Funds related to indirect administration, agricultural and life sciences research, and the agency's honey bee regulation program; and a $0.7 million decrease in General Revenue Funds for feedyard beef cattle production research.
- Funding includes a $0.9 million decrease in General Revenue Funds for Texas A&M Veterinary Medical Diagnostic Laboratory's testing, surveillance, and response to high consequence disease events and Texas A&M Engineering Extension Service's expansion of facilities and improvement of training curriculum.
- Funding for all seven agencies includes infrastructure support inside Brazos County that maintains the 2016–17 total appropriations level, but is adjusted for 2018–19 for each respective agency based on updated data.

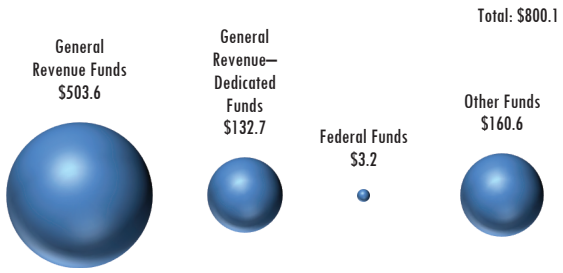
ARTICLE IV – THE JUDICIARY

FIGURE 58
ARTICLE IV – THE JUDICIARY, BY METHOD OF FINANCE

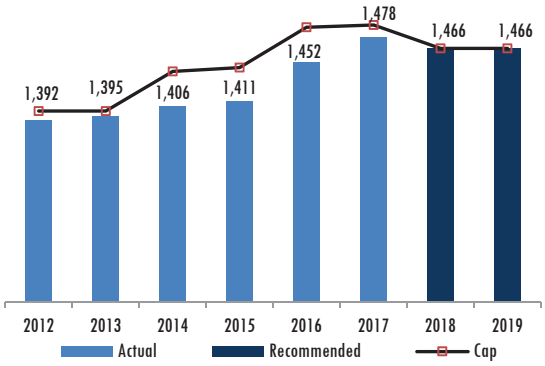
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$503.3	$503.6	$0.3	0.1%
General Revenue–Dedicated Funds	$143.2	$132.7	($10.5)	(7.3%)
Federal Funds	$3.3	$3.2	($0.1)	(3.3%)
Other Funds	$163.5	$160.6	($2.9)	(1.8%)
Total, All Methods of Finance	**$813.3**	**$800.1**	**($13.2)**	**(1.6%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:
(1) Excludes interagency contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE IV

All Funds for the Judiciary total $800.1 million in All Funds for the 2018–19 biennium, which is a decrease of $13.2 million, or 1.6 percent, from the 2016–17 biennium. General Revenue Funds total $503.6 million, which is an increase of $0.3 million, or 0.1 percent, from the 2016–17 biennium.

Appropriations for the Judiciary support administration of the Texas court system. This includes the operations of 16 appellate courts and 67 children's courts, district judge salaries and county-level judge salary supplements, the judicial retirement system, prosecutor salaries and payments, judicial branch service agencies, indigent defense, basic civil legal services, juror pay, and judicial education.

HIGHLIGHTS

- Funding provides $230.7 million in All Funds, an increase of 0.7 million, for judicial salaries. The increase is primarily due to biennializing funding for new statutory county courts and new district courts.
- Funding continues $109.4 million in All Funds for Appellate Court Operations among the 16 appellate courts, and is funded at 2016–17 baseline levels. This includes $12.8 million for the Supreme Court of Texas, $12.8 million for the Court of Criminal Appeals, and $83.8 million for the 14 Courts of Appeals Districts.

- Funding provides an estimated $66.5 million in All Funds, a decrease of $5.3 million from 2016–17 levels, for the Texas Indigent Defense Commission to assist counties in establishing, developing, and maintaining cost-effective indigent defense services. Decreases in General Revenue–Dedicated funding include $2.4 million due to anticipated declines in court cost revenues each fiscal year.
- Funding provides an estimated $61.8 million in All Funds, a decrease of $4.5 million from 2016–17 levels, to the Supreme Court of Texas to provide basic civil legal services to eligible recipients. This decrease is primarily due to one-time civil penalties awarded to the State in the Judicial Fund 573 (Other Funds) during the 2016–17 biennium that are not anticipated in 2018–19.
- Funding provides $59.6 million in All Funds, a decrease of $4.3 million from 2016–17 levels, for programs that support court administration and for information technology services within the Office of Court Administration. This includes a General Revenue Funds decrease of $2.4 million for the removal of one-time funding for the Guardianship Compliance Pilot Project, Timothy Cole Exoneration Review Commission, and the Judicial Branch Certification Commission Legacy Technology Capital Project.
- Funding provides $15.6 million in General Revenue–Dedicated funds, a decrease of $4.0 million from 2016–17 levels, to the Court of Criminal Appeals for its Judicial Education grant program for the purpose of continuing legal education and technical assistance of judges, court staff, prosecuting attorneys and their staff, criminal defense attorneys that regularly represent indigent defendants in criminal matters, and provides innocence training.

Figure 59 shows the All Funds appropriation for each agency in Article IV, and **Figure 60** shows the General Revenue Funds appropriation for each agency.

FIGURE 59
ARTICLE IV – THE JUDICIARY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$82.6	$77.9	($4.7)	(5.7%)
Court of Criminal Appeals	$32.4	$28.4	($4.0)	(12.4%)
First Court of Appeals District, Houston	$9.4	$9.4	($0.0)	(0.2%)
Second Court of Appeals District, Fort Worth	$7.3	$7.3	$0.0	0.1%
Third Court of Appeals District, Austin	$6.1	$6.1	$0.0	0.2%
Fourth Court of Appeals District, San Antonio	$7.3	$7.3	$0.0	0.1%
Fifth Court of Appeals District, Dallas	$12.9	$12.9	$0.0	0.0%
Sixth Court of Appeals District, Texarkana	$3.3	$3.3	($0.0)	(0.1%)
Seventh Court of Appeals District, Amarillo	$4.1	$4.1	($0.0)	(0.1%)
Eighth Court of Appeals District, El Paso	$3.4	$3.4	$0.0	0.2%
Ninth Court of Appeals District, Beaumont	$4.2	$4.2	$0.0	0.0%
Tenth Court of Appeals District, Waco	$3.4	$3.4	$0.0	0.0%
Eleventh Court of Appeals District, Eastland	$3.3	$3.3	$0.0	0.0%
Twelfth Court of Appeals District, Tyler	$3.1	$3.3	$0.2	5.8%
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	$6.1	$6.1	$0.0	0.2%
Fourteenth Court of Appeals District, Houston	$9.7	$9.7	($0.0)	(0.2%)
Office of Court Administration, Texas Judicial Council	$162.2	$152.3	($9.9)	(6.1%)

FIGURE 59 (CONTINUED)
ARTICLE IV – THE JUDICIARY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Office of Capital and Forensic Writs	$2.8	$2.7	($0.1)	(4.0%)
Office of the State Prosecuting Attorney	$0.9	$0.8	($0.0)	(3.8%)
State Law Library	$2.1	$2.0	($0.1)	(4.7%)
State Commission on Judicial Conduct	$2.3	$2.2	($0.1)	(4.0%)
Judiciary Section, Comptroller's Department	$313.5	$313.7	$0.3	0.1%
Subtotal, The Judiciary	**$682.3**	**$663.8**	**($18.5)**	**(2.7%)**
Employee Benefits and Debt Service	$152.1	$157.2	$5.1	3.3%
Less Interagency Contracts	$21.1	$20.9	($0.2)	(0.9%)
Total, All Functions	**$813.3**	**$800.1**	**($13.2)**	**(1.6%)**

NOTES:
(1) Excludes interagency contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 60
ARTICLE IV – THE JUDICIARY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$32.2	$31.2	($0.9)	(2.9%)
Court of Criminal Appeals	$12.1	$12.1	$0.0	0.0%
First Court of Appeals District, Houston	$8.8	$8.8	$0.0	0.0%
Second Court of Appeals District, Fort Worth	$6.7	$6.7	$0.0	0.0%
Third Court of Appeals District, Austin	$5.7	$5.7	$0.0	0.0%
Fourth Court of Appeals District, San Antonio	$6.7	$6.7	$0.0	0.0%
Fifth Court of Appeals District, Dallas	$12.0	$12.0	$0.0	0.0%
Sixth Court of Appeals District, Texarkana	$3.1	$3.1	$0.0	0.0%
Seventh Court of Appeals District, Amarillo	$3.9	$3.9	$0.0	0.0%
Eighth Court of Appeals District, El Paso	$3.1	$3.1	$0.0	0.0%
Ninth Court of Appeals District, Beaumont	$3.9	$3.9	$0.0	0.0%
Tenth Court of Appeals District, Waco	$3.2	$3.2	$0.0	0.0%
Eleventh Court of Appeals District, Eastland	$3.1	$3.1	$0.0	0.0%
Twelfth Court of Appeals District, Tyler	$2.9	$3.1	$0.2	6.3%
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	$5.6	$5.6	$0.0	0.0%
Fourteenth Court of Appeals District, Houston	$8.8	$8.8	$0.0	0.0%
Office of Court Administration, Texas Judicial Council	$40.3	$36.7	($3.6)	(8.8%)
Office of Capital and Forensic Writs	$0.0	$0.0	$0.0	N/A
Office of the State Prosecuting Attorney	$0.8	$0.8	($0.0)	(4.0%)

FIGURE 60 (CONTINUED)
ARTICLE IV – THE JUDICIARY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Law Library	$2.1	$2.0	($0.1)	(4.0%)
State Commission on Judicial Conduct	$2.3	$2.2	($0.1)	(4.0%)
Judiciary Section, Comptroller's Department	$199.5	$199.3	($0.2)	(0.1%)
Subtotal, The Judiciary	**$366.8**	**$362.1**	**($4.7)**	**(1.3%)**
Employee Benefits and Debt Service	$136.5	$141.5	$5.1	3.7%
Total, All Functions	**$503.3**	**$503.6**	**$0.3**	**0.1%**

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

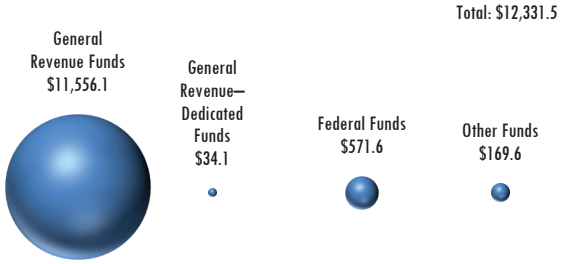
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE

FIGURE 61
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, BY METHOD OF FINANCE

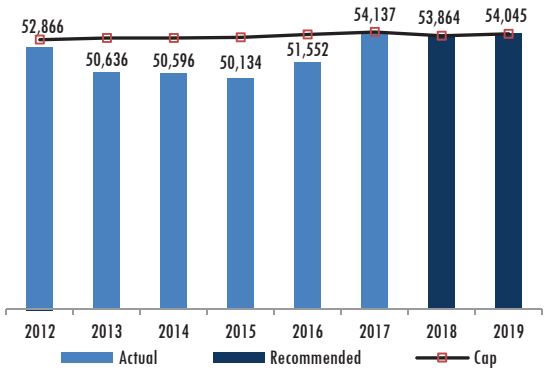
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$11,534.7	$11,556.1	$21.4	0.2%
General Revenue–Dedicated Funds	$132.2	$34.1	($98.1)	(74.2%)
Federal Funds	$647.0	$571.6	($75.4)	(11.7%)
Other Funds	$189.6	$169.6	($20.0)	(10.6%)
Total, All Methods of Finance	**$12,503.5**	**$12,331.5**	**($172.1)**	**(1.4%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:
(1) Excludes interagency contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE V

All Funds for the Public Safety and Criminal Justice agencies for the 2018–19 biennium total $12.3 billion, which represents a decrease of $172.1 million or 1.4 percent from the 2016–17 biennium. All Funds decreases are primarily the result of General Revenue Funds and General Revenue–Dedicated Funds decreases for deferred maintenance and decreases in estimated Federal Funds.

General Revenue Funds for the 2018–19 biennium total $11.6 billion, which represents a $21.4 million increase, or 0.2 percent from the 2016–17 biennium. General Revenue Fund increases are primarily the result of funding associated with additional personnel and equipment at the Department of Public Safety.

HIGHLIGHTS

- Funding for the Department of Public Safety for the 2018–19 biennium totals $2.4 billion in All Funds, which represents an All Funds decrease of $138.1 million, or 5.3 percent.
  - Funding for border security at the Department of Public Safety totals $732.6 million in General Revenue Funds and General Revenue–Dedicated Funds, $490.4 million of which is in the agency's Goal B, Secure Texas. An additional $242.2 million for border security operations and activities is provided in other agency goals. This is a $17.2 million decrease from the 2016–17 biennium, primarily the result of the transfer of funding for interoperability grants to

the Trusteed Programs Within the Office of the Governor. Funding includes $143.1 million to recruit, train, equip, and deploy 250 new troopers and 126.1 support FTEs to the border region by the end of the 2018–19 biennium; to acquire, install, and maintain border security equipment, including cameras and related technology associated with Operation Drawbridge; and to fund contingency costs for extraordinary operations associated with Operation Secure Texas.

- Funding includes $282.7 million in General Revenue Funds for the Department of Public Safety's Driver License Division, which represents a decrease of $7.9 million from the 2016–17 biennium. Of this amount, $133.0 million is for the Driver License Improvement Program, an ongoing initiative to realize more efficient processes and shorter waiting periods for driver license applications.

- Funding for the Department of Criminal Justice (TDCJ) for the 2018–19 biennium totals $6.7 billion in All Funds, which includes an All Funds decrease of $91.1 million or 1.3 percent. The decrease in funding is primarily the result of the closure of an Intermediate Sanction Facility ($13.1 million), elimination of funding for video surveillance cameras ($10.0 million), decreased funding associated with population projections ($3.8 million), and a decrease in deferred maintenance funding ($60.0 million).

- Funding for the Juvenile Justice Department for the 2018–19 biennium totals $654.5 million in All Funds, which represents an All Funds increase of $4.9 million, or 0.7 percent. The All Funds increase is primarily attributable to an increase of $8.3 million for projected populations, and an additional $7.9 million to fund a diversion program established by the Eighty-fourth Legislature for a full biennium, offset by decreases in Federal Funds estimates and General Obligation Bond Proceeds fully expended in the 2016–17 biennium.

Figure 62 shows the All Funds appropriation for each agency in Article V, and **Figure 63** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for some of the agencies in Article V.

FIGURE 62
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE BY AGENCY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	$101.4	$97.8	($3.6)	(3.6%)
Department of Criminal Justice	$6,822.5	$6,731.4	($91.1)	(1.3%)
Commission on Fire Protection	$4.1	$3.9	($0.2)	(4.5%)
Commission on Jail Standards	$1.9	$1.9	($0.0)	(0.0%)
Juvenile Justice Department	$649.6	$654.5	$4.9	0.7%
Commission on Law Enforcement	$7.8	$7.4	($0.4)	(4.8%)
Military Department	$227.3	$139.9	($87.4)	(38.5%)
Department of Public Safety	$2,582.2	2,444.1	($138.1)	(5.3%)
Subtotal, Public Safety and Criminal Justice	**$10,396.9**	**$10,080.9**	**($316.0)**	**(3.0%)**
Employee Benefits and Debt Service	$2,269.8	$2,388.7	$118.9	5.2%
Less Interagency Contracts	$163.1	$138.1	($25.0)	(15.3%)
Total, All Functions	**$12,503.5**	**$12,331.5**	**($172.1)**	**(1.4%)**

NOTES:
(1) Excludes interagency contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 63
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE BY AGENCY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	$100.0	$96.3	($3.8)	(3.8%)
Department of Criminal Justice	$6,603.4	$6,573.7	($29.7)	(0.5%)
Commission on Fire Protection	$3.9	$3.8	($0.2)	(4.0%)
Commission on Jail Standards	$1.9	$1.9	$0.0	0.0%
Juvenile Justice Department	$595.6	$607.1	$11.5	1.9%
Commission on Law Enforcement	$0.0	$0.0	$0.0	N/A
Military Department	$34.5	$30.7	($3.7)	(10.9%)
Department of Public Safety	$1,971.5	$1,897.6	($73.9)	(3.7%)
Subtotal, Public Safety and Criminal Justice	**$9,310.8**	**$9,211.1**	**($99.7)**	**(1.1%)**
Employee Benefits and Debt Service	$2,223.9	$2,345.0	$121.1	5.4%
Total, All Functions	**$11,534.7**	**$11,556.1**	**$21.4**	**0.2%**

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

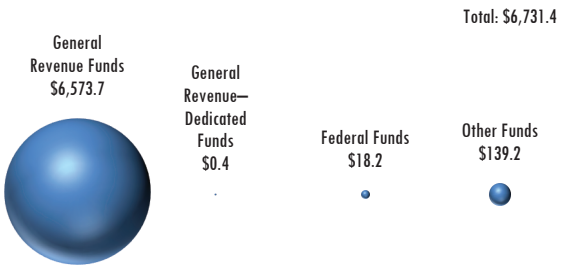
DEPARTMENT OF CRIMINAL JUSTICE

FIGURE 64
DEPARTMENT OF CRIMINAL JUSTICE, BY METHOD OF FINANCE

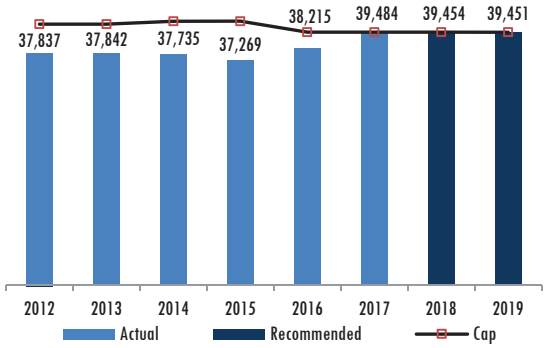
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$6,603.4	$6,573.7	($29.7)	(0.5%)
General Revenue–Dedicated Funds	$60.4	$0.4	($60.0)	(99.4%)
Federal Funds	$18.8	$18.2	($0.7)	(3.5%)
Other Funds	$139.9	$139.2	($0.8)	(0.5%)
Total, All Methods of Finance	**$6,822.5**	**$6,731.4**	**($91.1)**	**(1.3%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Criminal Justice (TDCJ) for the 2018–19 biennium totals $6.7 billion in All Funds, which includes an All Funds decrease of $91.1 million or 1.3 percent. The decrease in funding is the net result of several increases and decreases to various budget items. Funding for the Board of Pardons and Paroles is included within the appropriations for the Department of Criminal Justice. Correctional Managed Health Care is under Strategic Fiscal Review.

HIGHLIGHTS

- Funding includes $5.5 billion in All Funds for the incarceration and treatment of adult offenders in state correctional institutions, which represents a $11.9 million All Funds decrease from the 2016–17 biennium. Significant funding shifts within the net decrease include:
  - $10.0 million decrease for video surveillance cameras;
  - $2.0 million decrease for a one-time re-entry pilot program.
- Funding includes $622.9 million in All Funds for the supervision of adult offenders on community supervision or probation, which represents a $1.9 million decrease from the 2016–17 biennium. A total of $128.6 million in General Revenue is provided for health insurance for Community Supervision and Corrections Department (CSCD) employees and was placed in a new strategy to more transparently reflect health insurance costs. The net decrease in funding includes:
  - a $0.9 million increase for CSCD health insurance to fund at the 2016–17 agency estimated need;

- a $3.8 million decrease to fund basic supervision at 2018–19 LBB projected levels; and
- a $1.1 million increase in Appropriated Receipts related to probation department refunds.

- Funding includes $369.5 million in All Funds for parole processing, parole supervision, and residential facilities, which represents an All Funds decrease of $14.3 million from the 2016–17 biennium. The net funding decrease includes:
  - a $13.1 million decrease for the closure of an Intermediate Sanction Facility; and
  - a $1.2 million decrease in Interagency Contracts as the result of a one-time Criminal Justice Grant.
- Projected felony direct community supervision populations are 157,212 in fiscal year 2018 and 157,853 in fiscal year 2019. Projected incarceration populations are 147,668 in fiscal year 2018 and 147,659 in fiscal year 2019. Projected parole populations are 87,849 in fiscal year 2018 and 88,055 in fiscal year 2019.
- Funding for the 2018–19 biennium eliminates one-time deferred maintenance funding, a decrease of $60.0 million from the 2016–17 biennium.
- Funding includes $1.1 billion for Correctional Managed Health Care (CMHC) which is equal to the 2016–17 biennial base funding level. CMHC provides medical, dental, nursing, pharmacy, hospital, and mental health services to offenders incarcerated in TDCJ facilities.

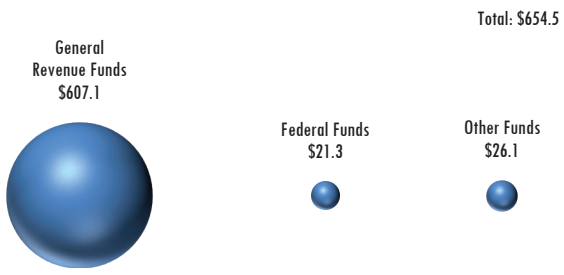
JUVENILE JUSTICE DEPARTMENT

FIGURE 65
JUVENILE JUSTICE DEPARTMENT, BY METHOD OF FINANCE

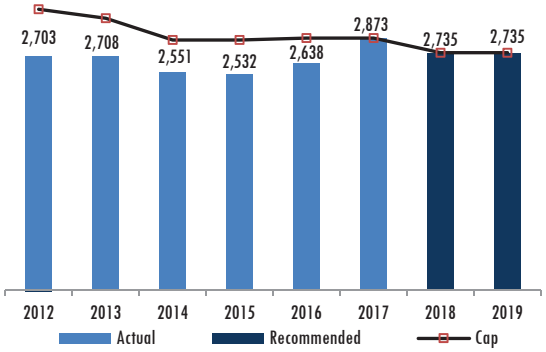
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$595.6	$607.1	$11.5	1.9%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$21.8	$21.3	($0.5)	(2.3%)
Other Funds	$32.3	$26.1	($6.2)	(19.1%)
Total, All Methods of Finance	**$649.6**	**$654.5**	**$4.9**	**0.7%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Juvenile Justice Department (TJJD) for the 2018–19 biennium totals $654.5 million in All Funds, which represents an All Funds increase of $4.9 million, or 0.7 percent. Included in the All Funds increase is a General Revenue Funds increase of $11.5 million, an estimated Federal Funds decrease of $0.5 million, and an Other Funds decrease of $6.2 million. The All Funds increase is primarily attributable to funding projected populations and funding a diversion program established by the Eighty-fourth Legislature, Regular Session, 2015 for a full biennium, offset by decreases in Federal Funds estimates and General Obligation bond proceeds fully expended in the 2016–17 biennium.

HIGHLIGHTS

- Funding for the 2018–19 biennium includes an increase of $8.3 million across five areas of juvenile corrections to align funds with juvenile population projections:
  - Probation basic supervision – $0.9 million increase for supervision of juvenile offenders in local communities;
  - State-operated Secure Facilities – $9.2 million increase for supervision, food, and basic needs of juvenile offenders in secure state facilities;
  - Halfway Houses – $1.0 million increase for supervision, food, and basic needs of juvenile offenders in halfway houses;
  - Contract Residential Placements – $2.7 million decrease attributable to TJJD's anticipated reduction in use of contract residential facilities; and

- Parole Supervision – $0.1 million decrease for basic supervision of juvenile parole offenders.

- Projections for juvenile populations for the 2018–19 biennium are as follows:
  - Projected state residential populations are 1,403 in fiscal year 2018 and 1,386 in fiscal year 2019. This population includes juveniles housed in state secure facilities, halfway houses, and contracted residential placements.
  - Projected juvenile probation supervision populations are 22,571 in fiscal year 2018 and 22,773 in fiscal year 2019. This population includes juveniles supervised on adjudicated probation, deferred prosecution, and conditional release.
  - Projected parole supervision populations are 428 in fiscal year 2018 and 425 in fiscal year 2019.
- Funding for the 2018–19 biennium includes a $7.9 million increase to biennialize the Regional Diversion Alternatives Program established in Senate Bill 1630, Eighty-fourth Legislature, Regular Session, 2015.

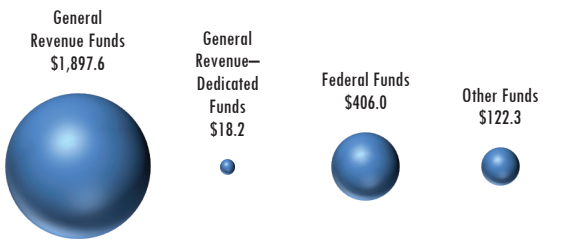
DEPARTMENT OF PUBLIC SAFETY

FIGURE 66
DEPARTMENT OF PUBLIC SAFETY, BY METHOD OF FINANCE

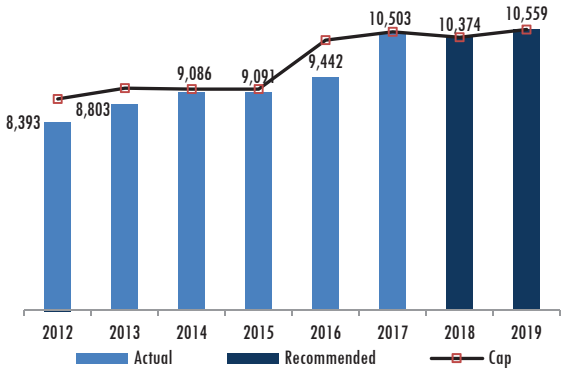
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,971.5	$1,897.6	($73.9)	(3.7%)
General Revenue–Dedicated Funds	$34.4	$18.2	($16.2)	(47.2%)
Federal Funds	$440.7	$406.0	($34.7)	(7.9%)
Other Funds	$135.6	$122.3	($13.3)	(9.8%)
Total, All Methods of Finance	**$2,582.2**	**$2,444.1**	**($138.1)**	**(5.3%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Public Safety for the 2018–19 biennium totals $2.4 billion in All Funds, which represents an All Funds decrease of $138.1 million, or 5.3 percent. Funding includes $1.9 billion in General Revenue Funds and General Revenue–Dedicated Funds, a decrease of $90.1 million, or 4.5 percent, compared to 2016–17 funding levels.

HIGHLIGHTS

- Funding includes $732.6 million in General Revenue Funds and General Revenue–Dedicated Funds in the 2018–19 biennium for border security in the border region, including $490.4 million in Goal B, Secure Texas, and an additional $242.2 million in other agency goals. This is a $17.2 million decrease from the 2016–17 biennium, primarily the result of the transfer of funding for interoperability grants to the Trusteed Programs Within the Office of the Governor. This funding maintains support for Department of Public Safety (DPS) personnel at fiscal year 2017 full deployment levels, eliminates funding for one-time and transitional expenditures, and adds additional personnel and equipment to the border security initiative. The funding includes:
  - $143.1 million to recruit, train, equip, and deploy 250 new troopers and 126.1 support FTEs to the border region by the end of the 2018–19 biennium; to acquire, install, and maintain border security equipment, including cameras and related technology associated with Operation Drawbridge; and to fund contingency costs for extraordinary operations associated with Operation Secure Texas;
  - $305.1 million to fund routine border security operations and other baseline border security-related activities;

- $145.6 million to fund a 50-hour work week for all DPS' commissioned law enforcement officers;
- $133.4 million to fund the full biennial costs of the 22 Texas Rangers ($9.5 million), 250 troopers ($123.9 million), and 115 support staff added by the Eighty-fourth Legislature, Regular Session;
- $4.4 million to fund costs for border security operations, including fuel, travel, and support staff costs; and
- $1.0 million to fund training for local law enforcement agencies on transitioning crime reporting methodology to the National Incident Based Reporting System.

- The remainder of the All Funds decrease is primarily attributable to an estimated Federal Funds decrease of $34.7 million (primarily Hazard Mitigation Grants), a decrease of $13.3 million in Other Funds (primarily General Obligation bond proceeds), and a General Revenue Funds and General Revenue–Dedicated Funds decrease of $72.9 million, which includes the following:
  - $46.5 million decrease primarily from eliminating vacant positions across multiple agency functions;
  - $15.7 million decrease to eliminate funding for one-time items;
  - $14.9 million decrease for deferred maintenance; and
  - $4.2 million increase to fund the outsourced testing of Sexual Assault Kits submitted after August 1, 2011.
- Funding includes $282.7 million in General Revenue Funds for the agency's Driver License Division, which represents a decrease of $7.9 million from the 2016–17 biennium. Funding is intended to realize more efficient processes and shorter waiting periods for driver license applications through funding the Driver License Improvement Program (DLIP). Funding includes $133.0 million for the DLIP in the 2018–19 biennium.
- Funding includes $65.8 million in General Revenue Funds to acquire 1,400 new and replacement vehicles over the course of the 2018–19 biennium. This funding includes $51.3 million for the acquisition of 894 Sports Utility Vehicles (SUVs), which allows the agency to continue its transition from sedans for use as patrol vehicles.
- Funding includes $12.6 million for deferred maintenance to continue to fund the projects contained in the agency's most recent quarterly reports to the Eighty-fourth Legislature's Joint Select Committee on Government Facilities.

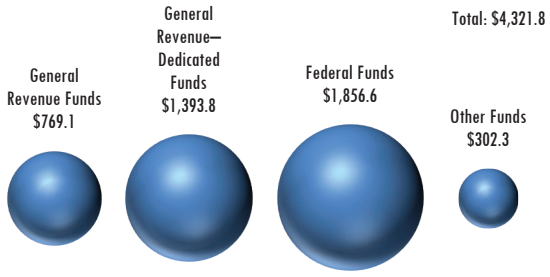
ARTICLE VI – NATURAL RESOURCES

FIGURE 67
ARTICLE VI NATURAL RESOURCES, BY METHOD OF FINANCE

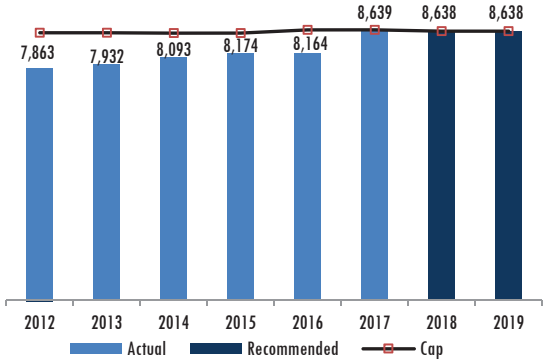
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$835.0	$769.1	($65.9)	(7.9%)
General Revenue–Dedicated Funds	$1,534.4	$1,393.8	($140.6)	(9.2%)
Federal Funds	$1,860.8	$1,856.6	($4.3)	(0.2%)
Other Funds	$347.6	$302.3	($45.3)	(13.0%)
Total, All Methods of Finance	**$4,577.9**	**$4,321.8**	**($256.0)**	**(5.6%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:
(1) Excludes interagency contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE VI

All Funds for the Natural Resources agencies total $4.3 billion for the 2018–19 biennium, which is a decrease of $256.0 million, or 5.6 percent, from the 2016–17 biennium. General Revenue Funds total $769.1 million, which is a decrease of $65.9 million, or 7.9 percent, from the 2016–17 biennium. General Revenue–Dedicated Funds total $1.4 billion, which is a decrease of $140.6 million, or 9.2 percent, from the 2016–17 biennium.

HIGHLIGHTS

- Funding for the Commission on Environmental Quality provides $208.7 million from the General Revenue–Dedicated Texas Emissions Reduction Plan (TERP) Account No. 5071 to fund TERP, a set of programs that provide financial incentives to limit pollution from vehicles and equipment. This is a reduction of $27.7 million from the 2016–17 biennium.

- Funding for the Parks and Wildlife Department includes $32.4 million in All Funds for deferred maintenance and capital construction. This is a decrease of $107.7 million below 2016–17 funding levels. The decrease is primarily due to the removal of $90.2 million from the General Revenue–Dedicated Deferred Maintenance Account No. 5166, $9.2 million from Fund 9, $3.5 million from the SGST transfers to the State Park Account No. 64, and $2.6 million from SGST transfers to the Conservation and Capital Account No. 5004 for one-time expenditures.

- Funding for the Parks and Wildlife Department includes $148.6 million in General Revenue Sporting Goods Sales Tax (SGST) transfers, which is a decrease of $6.5 million from the 2016–17 biennium. In addition to the amounts in the agency's bill pattern, $72.4 million from SGST is utilized for payroll-related benefits and debt service payments, which brings the total appropriated and estimated amount for the agency to $221.0 million, or $40.1 million less than the 2016–17 amount.
- Funding for the General Land Office and Veteran's Land Board includes $9.1 million in All Funds for the operation, preservation, and continued maintenance of the Alamo and facilities within the Alamo Complex. This represents a $31.0 million decrease in General Revenue Funds removed due to one-time expenditures for capital improvement and information technology projects in addition to the development of the Alamo Master Plan and Needs Assessment for the Alamo and the Alamo Complex.

Figure 68 shows the All Funds appropriations for each agency in Article VI, and **Figures 69** and **70** show the appropriations for each agency in General Revenue Funds and General Revenue–Dedicated Funds, respectively. On the subsequent pages in this chapter are more specific details about funding levels for selected agencies in Article VI.

FIGURE 68
ARTICLE VI – NATURAL RESOURCES BY AGENCY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$1,336.3	$1,473.9	$137.6	10.3%
Animal Health Commission	$26.8	$24.8	($2.0)	(7.6%)
Commission on Environmental Quality	$941.5	$886.2	($55.3)	(5.9%)
General Land Office and Veterans' Land Board	$405.1	$263.1	($142.0)	(35.0%)
Low-level Radioactive Waste Disposal Compact Commission	$0.9	$1.2	$0.3	32.2%
Parks and Wildlife Department	$829.2	$649.7	($179.5)	(21.6%)
Railroad Commission	$176.4	$162.7	($13.6)	(7.7%)
Soil and Water Conservation Board	$77.7	71.8	($5.9)	(7.6%)
Water Development Board	$394.7	$358.7	($36.0)	(9.1%)
Subtotal, Natural Resources	**$4,188.6**	**$3,892.2**	**($296.4)**	**(7.1%)**
Employee Benefits and Debt Service	$423.6	$450.3	$26.7	6.3%
Less Interagency Contracts	$34.4	$20.7	($13.7)	(39.9%)
Total, All Functions	**$4,577.9**	**$4,321.8**	**($256.0)**	**(5.6%)**

NOTES:
(1) Excludes interagency contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 69
ARTICLE VI – NATURAL RESOURCES BY AGENCY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$113.1	$105.6	($7.5)	(6.6%)
Animal Health Commission	$22.3	$21.1	($1.2)	(5.4%)
Commission on Environmental Quality	$24.4	$20.1	($4.3)	(17.5%)
General Land Office and Veterans' Land Board	$64.2	$28.9	($35.3)	(54.9%)
Low-level Radioactive Waste Disposal Compact Commission	$0.0	$0.0	$0.0	N/A
Parks and Wildlife Department	$198.7	$191.1	($7.6)	(3.8%)
Railroad Commission	$22.5	$21.0	($1.4)	(6.3%)
Soil and Water Conservation Board	$42.9	$41.2	($1.7)	(4.0%)
Water Development Board	$151.7	$134.8	($17.0)	(11.2%)
Subtotal, Natural Resources	**$639.9**	**$563.9**	**($76.0)**	**(11.9%)**
Employee Benefits and Debt Service	$195.2	$205.2	$10.1	5.2%
Total, All Functions	**$835.0**	**$769.1**	**($65.9)**	**(7.9%)**

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 70
ARTICLE VI – NATURAL RESOURCES BY AGENCY, GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$4.7	$4.6	($0.1)	(2.4%)
Animal Health Commission	$0.0	$0.0	$0.0	N/A
Commission on Environmental Quality	$811.4	$775.4	($36.0)	(4.4%)
General Land Office and Veterans' Land Board	$29.9	$29.2	($0.7)	(2.5%)
Low-level Radioactive Waste Disposal Compact Commission	$0.9	$1.2	$0.3	32.2%
Parks and Wildlife Department	$392.1	$287.3	($104.8)	(26.7%)
Railroad Commission	$134.7	$122.5	($12.2)	(9.1%)
Soil and Water Conservation Board	$0.0	$0.0	$0.0	N/A
Water Development Board	$0.0	$0.0	$0.0	N/A
Subtotal, Natural Resources	**$1,373.7**	**$1,220.2**	**($153.6)**	**(11.2%)**
Employee Benefits and Debt Service	$160.7	$173.6	$13.0	8.1%
Total, All Functions	**$1,534.4**	**$1,393.8**	**($140.6)**	**(9.2%)**

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

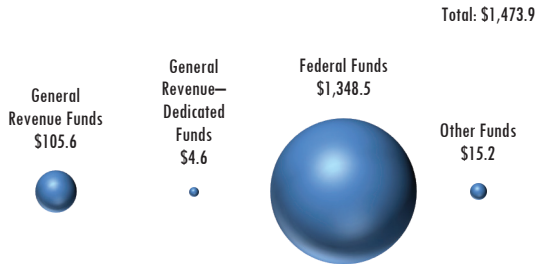
DEPARTMENT OF AGRICULTURE

FIGURE 71
TEXAS DEPARTMENT OF AGRICULTURE, BY METHOD OF FINANCE

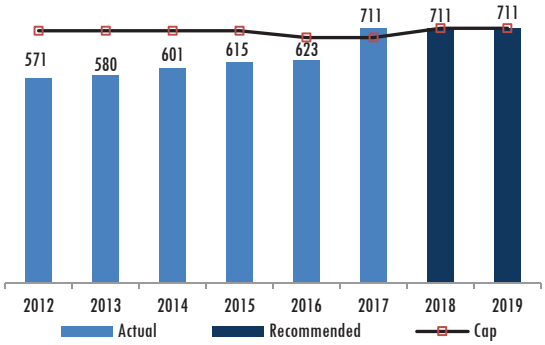
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$113.1	$105.6	($7.5)	(6.6%)
General Revenue–Dedicated Funds	$4.7	$4.6	($0.1)	(2.4%)
Federal Funds	$1,190.0	$1,348.5	$158.5	13.3%
Other Funds	$28.5	$15.2	($13.2)	(46.5%)
Total, All Methods of Finance	**$1,336.3**	**$1,473.9**	**$137.6**	**10.3%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Agriculture for the 2018–19 biennium totals $1.5 billion in All Funds, which is an increase of $137.6 million, or 10.3 percent, from the 2016–17 biennium. General Revenue and General Revenue–Dedicated funding totals $110.2 million, a decrease of $7.6 million, or 6.5 percent. Federal Funds and Other Funds funding totals $1.4 billion, an increase of $145.2 million, or 11.9 percent. The increase is primarily due to an increase in Federal Funds for the Child Nutrition programs administered by the agency.

HIGHLIGHTS

- Funding includes $1.2 billion in All Funds for the Child and Adult Nutrition programs. This includes an increase of $178.6 million in Federal Funds as a result of increased population projections.
- Funding includes $133.4 million in Federal Funds from various other Federal Funding sources, a decrease of $20.2 million in funding not anticipated to continue in 2018–19. This reduction is primarily due to the ending of a $17.0 million one-time Biofuel Infrastructure Partnership Grant, and a reduction of $1.0 million in the Community Development Block Grant program.
- Funding includes $39.9 million in General Revenue funding contingent on the agency generating sufficient revenue to cover both the direct and indirect costs for the agency's 13 cost recovery programs. Other direct and indirect costs total $12.2 million for the biennium.

- Funding includes $9.8 million in General Revenue funding for the Boll Weevil Eradication program, a decrease of $4.2 million from 2016–17 funding levels. The program works to eradicate and suppress the boll weevil and pink bollworm from Texas cotton fields. All regions except for the Lower Rio Grande Valley region have entered the maintenance phase of the eradication program.
- Funding includes $9.0 million in Other Funds from the Texas Economic Development Fund No. 183, a reduction of $6.7 million due to depletion of the fund's original balances. The account funds investments in small businesses, including loans to small businesses focused on rural Texas.
- Funding is reduced by $0.8 million in General Revenue Funds to eliminate funding for the Zebra Chip Research Grant program.

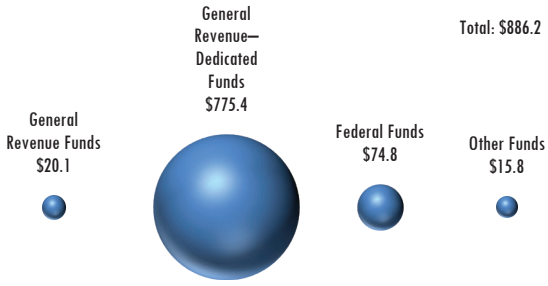
COMMISSION ON ENVIRONMENTAL QUALITY

FIGURE 72
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY, BY METHOD OF FINANCE

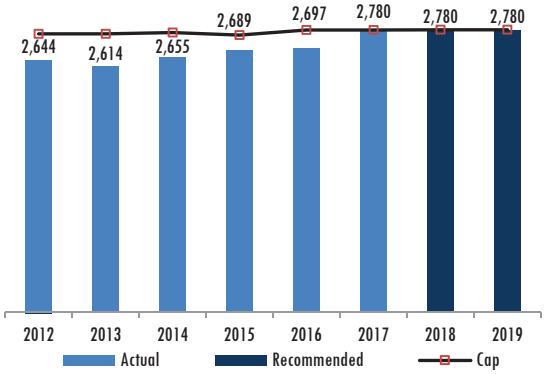
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$24.4	$20.1	($4.3)	(17.5%)
General Revenue–Dedicated Funds	$811.4	$775.4	($36.0)	(4.4%)
Federal Funds	$82.0	$74.8	($7.2)	(8.8%)
Other Funds	$23.7	$15.8	($7.9)	(33.2%)
Total, All Methods of Finance	**$941.5**	**$886.2**	**($55.3)**	**(5.9%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Commission on Environmental Quality (TCEQ) for the 2018–19 biennium totals $886.2 million in All Funds, which is a reduction of $55.3 million, or 5.9 percent, from the 2016–17 biennium. General Revenue Funds and General Revenue–Dedicated funding total $795.5 million, a decrease of $40.3 million, or 4.8 percent.

HIGHLIGHTS

- Funding provides $208.7 million from the General Revenue–Dedicated Texas Emissions Reduction Plan (TERP) Account No. 5071 to fund TERP, a set of programs that provide financial incentives to limit pollution from vehicles and equipment. This is a reduction of $27.7 million from the 2016–17 biennium. Three TERP programs will expire at the end of fiscal year 2017, while one program will expire at the end of fiscal year 2018; this results in the Emissions Reduction Incentive Grant program receiving a larger allocation in 2018–19 than in 2016–17.

- Funding provides $74.8 million in Federal Funds for environmental programs, a decrease of $7.2 million in funding not anticipated to continue in 2018–19. Funding includes $41.4 million in Performance Partnership Grants, which combine funds from multiple U.S. Environmental Protection Agency environmental programs.

- Funding includes $2.3 million in Appropriated Receipts, a decrease of $4.4 million from the 2016–17 biennium due primarily to the depletion of funding available for groundwater filtration systems for the West County Road 112 Superfund Site. Funding also includes $13.5 million in Interagency Contracts, a decrease of $4.5 million from the 2016–17 biennium. This includes a decrease of $3.3 million from the Texas Water Development Board in Drinking Water State Revolving Funds.

- Funding includes $1.0 million in General Revenue Funds, a decrease of $4.0 million from the 2016–17 biennium, for the Rio Grande Compact Commission litigation expenses. Texas has filed a motion with the U.S. Supreme Court concerning disputed water rights to the Rio Grande between Texas and New Mexico. TCEQ has indicated that it is unlikely that the case will be resolved by the end of fiscal year 2019, and that significant portions of the trial could extend into the 2020–21 biennium, reducing the need for funding in the 2018–19 biennium for this purpose.

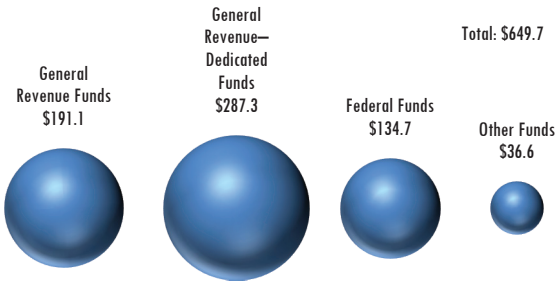
PARKS AND WILDLIFE DEPARTMENT

FIGURE 73
TEXAS PARKS AND WILDLIFE DEPARTMENT, BY METHOD OF FINANCE

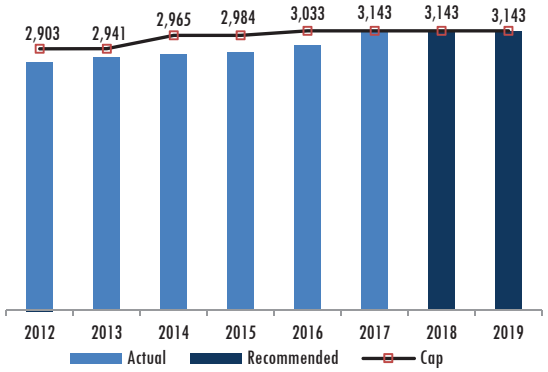
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$198.7	$191.1	($7.6)	(3.8%)
General Revenue–Dedicated Funds	$392.1	$287.3	($104.8)	(26.7%)
Federal Funds	$171.0	$134.7	($36.3)	(21.2%)
Other Funds	$67.3	$36.6	($30.7)	(45.6%)
Total, All Methods of Finance	**$829.2**	**$649.7**	**($179.5)**	**(21.6%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Parks and Wildlife Department (TPWD) for the 2018–19 biennium totals $649.7 million from All Funds. This amount is a decrease of $179.5 million, or 21.6 percent, below the 2016–17 biennium. The decrease is primarily due to reductions in appropriations for deferred maintenance and capital construction projects, Federal Funds available in 2016–17 not anticipated to be available in 2018–19, and projected declines from donations and project reimbursements.

HIGHLIGHTS

- Funding includes $148.6 million from General Revenue Sporting Goods Sales Tax (SGST) transfers, which is a decrease of $6.5 million from the 2016–17 biennium. In addition to the amounts in the agency's bill pattern, $72.4 million from SGST is utilized for payroll-related benefits and debt service payments, which brings the total appropriated and estimated amount for the agency to $221.0 million. This is $40.1 million less than the 2016–17 total appropriated and estimated amount.
- SGST appropriations to the agency are transferred to three General Revenue–Dedicated accounts:
  - State Parks Account No. 64: $120.2 million is transferred to the State Parks Account No. 64, which continues funding at the 2016–17 level, for state parks operations and capital improvements.
  - Texas Recreation and Parks Account No. 467: $18.5 million, a decrease of $0.2 million, for grants to counties and municipalities with populations under 500,000 for local parks and other outdoor recreation opportunities.

- Large County and Municipality Recreation and Parks Account No. 5150: $10.0 million, a decrease of $4.3 million, for grants to counties and municipalities with populations over 500,000 for local parks and other outdoor recreation opportunities.
- Parks and Wildlife Conservation and Capital Account No. 5004: No funding is transferred to this account for 2018–19, which is a decrease of $2.1 million, for capital improvements at state parks.

- Funding includes $32.4 million from All Funds for deferred maintenance and capital construction. This is a decrease of $107.7 million below 2016–17 funding levels. The decrease is primarily due to the removal of $90.2 million from the General Revenue–Dedicated Deferred Maintenance Account No. 5166, $9.2 million from Fund 9, $3.5 million from the SGST transfers to the State Park Account No. 64, and $2.6 million from SGST transfers to the Conservation and Capital Account No. 5004 for one-time expenditures. All funding appropriated for this purpose is from unexpended balances of Federal Funds and Other Funds carried forward from 2016–17 to 2018–19.
- Funding includes $201.0 million from the General Revenue–Dedicated Game, Fish, and Water Safety Account No 9 (Fund 9), a decrease of $27.5 million, or 12.0 percent. Fund 9 supports operations and capital improvements related to wildlife and fisheries management as well as enforcement of game, fish, and water safety laws.
- Funding includes $171.6 million in All Funds, which is a decrease of $6.4 million, or 3.6 percent, below the 2016–17 funding level, for state park operations, minor repairs, and support. This includes increases of $1.7 million from the General Revenue–Dedicated State Parks Account No. 64 and $0.6 million from Sporting Goods Sales Tax transfers to the State Parks Account No. 64, offset by decreases in Federal Funds and Other Funds. These funds are used to operate 91 state parks, historic sites, and natural areas anticipated to be open to the public during the 2018–19 biennium.
- Funding includes $162.0 million from All Funds for wildlife and fisheries conservation and management operations, which is a decrease of $27.3 million below 2016–17 funding levels. Of this amount, $90.1 million is from Federal Funds and $62.6 million is from Fund 9.
- Funding includes $134.7 million in Federal Funds, which is a decrease of $36.3 million, or 21.2 percent, from the 2016–17 level. The agency receives funding from various federal sources for wildlife and fisheries conservation and management, developing outdoor recreation opportunities, law enforcement, and outreach and education efforts. Additional Federal Funds may be secured by the agency over the course of the 2018–19 biennium that are not reflected in the appropriations.
- Funding includes $36.6 million from Other Funds, a decrease of $30.7 million, or 45.6 percent, from the 2016–17 biennium. Funding includes $16.7 million in Appropriated Receipts, a reduction of $21.9 million, or 56.7 percent, that is not expected to continue in 2018–19 which is based upon estimates provided by the agency. Funding also includes $12.1 million from General Obligation bond proceeds, a decrease of $11.0 million, or 47.6 percent.

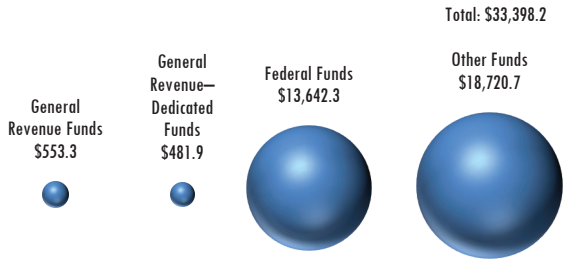
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT

FIGURE 74
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, BY METHOD OF FINANCE

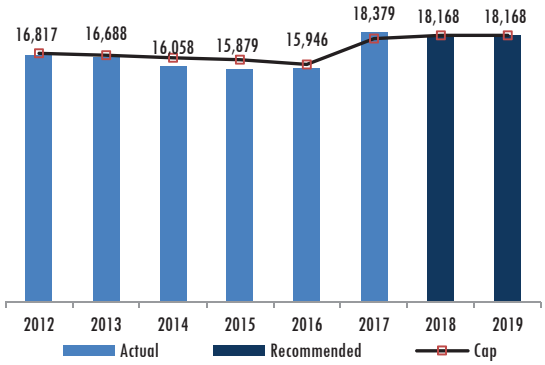
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,176.9	$553.3	($623.6)	(53.0%)
General Revenue–Dedicated Funds	$505.9	$481.9	($23.9)	(4.7%)
Federal Funds	$12,326.1	$13,642.3	$1,316.2	10.7%
Other Funds	$15,655.1	$18,720.7	$3,065.6	19.6%
Total, All Methods of Finance	**$29,663.9**	**$33,398.2**	**$3,734.3**	**12.6%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:
(1) Excludes Interagency Contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE VII

All Funds for the Business and Economic Development agencies total $33.4 billion for the 2018–19 biennium, an increase of $3.7 billion, or 12.6 percent, from the 2016–17 biennium. General Revenue Funds total $553.3 million, a decrease of $623.6 million, or 53.0 percent, from the 2016–17 biennium. The decrease in General Revenue Funds is primarily due to the replacement of $0.5 billion in General Revenue Funds at the Texas Department of Transportation with funding from state sales tax deposits to the State Highway Fund (SHF) pursuant to Proposition 7, 2015, for debt service payments on Proposition 12 General Obligation bonds.

HIGHLIGHTS

- Funding for the Texas Department of Transportation for the 2018–19 biennium includes $28.2 billion in All Funds, an increase of $3.4 billion from the 2016–17 biennium primarily due to an increase of $5.0 billion in Other Funds from anticipated state sales tax deposits to the SHF pursuant to Proposition 7, 2015. Funding includes an estimated $2.2 billion from oil and natural gas tax-related deposits to the SHF pursuant to Proposition 1, 2014, an increase of $0.6 billion from the 2016–17 biennium. These increases are offset by a decrease of $1.7 billion in Other Funds for bond proceeds and a decrease of $0.5 billion in General Revenue Funds primarily due to the replacement of General Revenue Funds with SHF Proposition 7, 2015, proceeds for debt service payments on Proposition 12 General Obligation bonds. See the agency bill summary for additional details.

- Funding for the Texas Workforce Commission includes a net increase in All Funds of $245.0 million primarily to biennialize funding for the Vocational Rehabilitation and Business Enterprises of Texas programs transferred from the Department of Assistive and Rehabilitative Services to the agency in fiscal year 2017 pursuant to legislation passed by the Eighty-fourth Legislature, 2015. See the agency bill summary for additional details.
- Funding for the Department of Motor Vehicles includes a decrease in General Revenue Funds of $156.0 million primarily due to a method of financing swap to replace General Revenue with Other Funds from the Texas Department of Motor Vehicles Fund pursuant to legislation passed by the Eighty-fourth Legislature, 2015. Funding for the agency includes $321.1 million in All Funds, a net decrease of $28.9 million from the 2016–17 biennium. The decrease in funding is primarily related to one-time appropriations of General Revenue Funds and SHF (Other Funds) for information technology projects offset by an increase of Texas Department of Motor Vehicles Funds (Other Funds) for processing online vehicle registration transactions.
- Funding for the Texas Lottery Commission includes a decrease in All Funds of $21.0 million attributable primarily to a decrease in General Revenue–Dedicated Funds of $14.7 million for mass media advertising contracts, $2.1 million in estimated funding due to an anticipated decrease in gross lottery ticket sales, and $0.9 million for market research.

Figure 75 shows the All Funds appropriation for each agency in Article VII, and **Figure 76** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for some of the agencies in Article VII.

FIGURE 75
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$477.1	$474.2	($2.8)	(0.6%)
Texas Lottery Commission	$496.7	$475.7	($21.0)	(4.2%)
Department of Motor Vehicles	$350.0	$321.1	($28.9)	(8.3%)
Department of Transportation	$24,746.1	$28,185.8	$3,439.7	13.9%
Texas Workforce Commission	$2,844.5	$3,089.5	$245.0	8.6%
Reimbursements to the Unemployment Compensation Benefit Account	$38.8	$36.1	($2.6)	(6.7%)
Subtotal, Business and Economic Development	**$28,953.2**	**$32,582.6**	**$3,629.4**	**12.5%**
Retirement and Group Insurance	$708.3	$819.0	$110.8	15.6%
Social Security and Benefits Replacement Pay	$141.4	$147.8	$6.4	4.5%
Bond Debt Service Payments	$30.8	$26.6	($4.2)	(13.6%)
Lease Payments	$2.7	0.6	($2.0)	(76.9%)
Subtotal, Employee Benefits and Debt Service	**$883.1**	**$994.0**	**$110.9**	**12.6%**
Less Interagency Contracts	$172.4	$178.4	$6.0	3.5%
Total, All Functions	**$29,663.9**	**$33,398.2**	**$3,734.3**	**12.6%**

NOTES:
(1) Excludes Interagency Contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 76
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$26.6	$24.3	($2.2)	(8.4%)
Texas Lottery Commission	$30.9	$30.7	($0.2)	(0.7%)
Department of Motor Vehicles	$184.7	$28.6	($156.0)	(84.5%)
Department of Transportation	$514.2	$5.4	($508.7)	(98.9%)
Texas Workforce Commission	$339.9	$384.4	$44.5	13.1%
Reimbursements to the Unemployment Compensation Benefit Account	$0.0	$0.0	$0.0	N/A
Subtotal, Business and Economic Development	**$1,096.2**	**$473.5**	**($622.8)**	**(56.8%)**
Retirement and Group Insurance	$38.6	$43.5	$5.0	12.8%
Social Security and Benefit Replacement Pay	$9.3	$9.8	$0.5	5.3%
Bond Debt Service Payments	$30.1	$25.9	($4.2)	(13.9%)
Lease Payments	$2.7	$0.6	($2.0)	(76.9%)
Subtotal, Employee Benefits and Debt Service	**$80.6**	**$79.9**	**($0.8)**	**(1.0%)**
Total, All Functions	**$1,176.9**	**$553.3**	**($623.6)**	**(53.0%)**

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

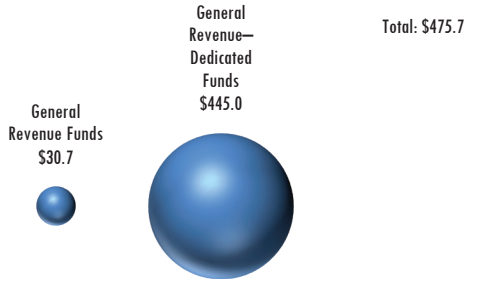
TEXAS LOTTERY COMMISSION

FIGURE 77
TEXAS LOTTERY COMMISSION, BY METHOD OF FINANCE

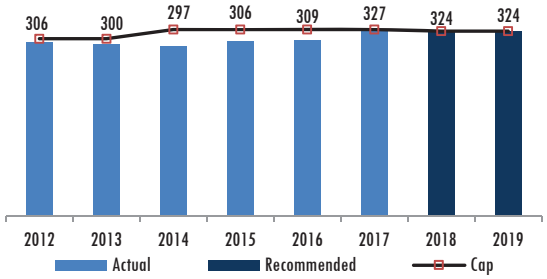
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$30.9	$30.7	($0.2)	(0.7%)
General Revenue–Dedicated Funds	$465.8	$445.0	($20.8)	(4.5%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$496.7**	**$475.7**	**($21.0)**	**(4.2%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Lottery Commission for the 2018–19 biennium totals $475.7 million in All Funds, which includes an All Funds reduction of $21.0 million from the 2016–17 biennium. The Texas Lottery Commission is under Strategic Fiscal Review.

HIGHLIGHTS

- Funding includes $30.7 million in General Revenue Funds for the agency's bingo operations, a decrease of $0.2 million for the reduction of two bingo auditors.
- Funding includes $445.0 million from the State Lottery Account (General Revenue–Dedicated Fund 5025) for lottery operations, a decrease of $20.8 million primarily due to a reduction in funding of $14.7 million for mass media advertising contracts, $2.1 million for the agency's estimated funding outlined below, and $0.9 million for market research.
- Funding includes a decrease of $2.1 million for the lottery operator contract and retailer incentives. This funding is estimated and based on a percentage of gross lottery ticket proceeds.

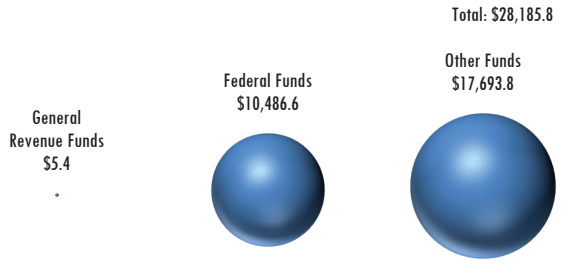
DEPARTMENT OF TRANSPORTATION

FIGURE 78
DEPARTMENT OF TRANSPORTATION, BY METHOD OF FINANCE

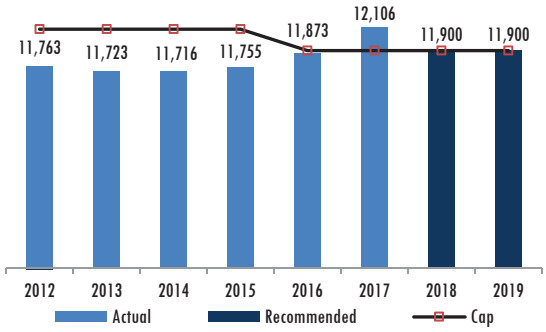
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$514.2	$5.4	($508.7)	(98.9%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$9,410.1	$10,486.6	$1,076.6	11.4%
Other Funds	$14,821.9	$17,693.8	$2,871.9	19.4%
Total, All Methods of Finance	**$24,746.1**	**$28,185.8**	**$3,439.7**	**13.9%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Transportation for the 2018–19 biennium totals $28.2 billion in All Funds, which includes an All Funds increase of $3.4 billion. The increase in funding is primarily related to anticipated state sales tax deposits to the State Highway Fund (Proposition 7, 2015) of $2.5 billion each fiscal year beginning in fiscal year 2018.

HIGHLIGHTS

- Funding for the 2018–19 biennium includes $17.7 billion in Other Funds for an increase of $2.9 billion from the 2016–17 biennium and includes:
  - $8.6 billion in State Highway Funds (SHF) from traditional transportation tax and fee revenue sources for a decrease of $472.5 million;
  - $5.0 billion from state sales tax deposits to the SHF (Proposition 7, 2015), including $4.4 billion for the development and delivery of non-tolled roadway projects and $0.6 billion for debt service payments on Highway Improvement General Obligation bonds (Proposition 12);
  - $2.2 billion from oil and natural gas tax-related deposits to the SHF (Proposition 1, 2014) for non-tolled roadway projects (an increase of $0.6 billion), including $1.2 billion for payments on ongoing projects from Proposition 1 balances remaining from prior fiscal years and $1.0 billion from estimated Proposition 1 deposits to the SHF for the 2018–19 biennium for new projects;

- $1.0 billion from the Texas Mobility Fund for transportation project development and delivery and bond debt service payments;
- $0.6 billion in bond proceeds for a decrease of $1.7 billion, including:
  - A decrease of $1.3 billion in Proposition 12 General Obligation bond proceeds;
  - A decrease of $0.4 billion in Texas Mobility Fund bond proceeds;
  - A decrease of $17.1 million in SHF Revenue bond proceeds (Proposition 14); and
  - A decrease of $6.5 million in General Obligation bond proceeds for border colonia access roadway projects.

- General Revenue funding is decreased by $0.5 billion primarily due to the replacement of General Revenue Funds with SHF Proposition 7, 2015, proceeds for debt service payments on Proposition 12 General Obligation bonds.
- $24.7 billion in All Funds is provided for highway planning and design, right-of-way acquisition, construction, and maintenance and preservation, including:
  - $10.0 billion in Federal Funds;
  - $6.9 billion in SHF (Other Funds) from traditional transportation tax and fee revenue sources;
  - $4.4 billion from state sales tax deposits to the SHF (Proposition 7, 2015);
  - $2.2 billion from oil and natural gas tax-related deposits to the SHF (Proposition 1, 2014);
  - $0.6 billion from bond proceeds (Other Funds);
  - $0.3 billion in SHF from regional toll project proceeds; and
  - $0.2 billion in Texas Mobility Funds (Other Funds).
- $2.3 billion in All Funds is provided for debt service payments and other financing costs associated with the agency's borrowing programs, including:
  - $0.8 billion in SHF (Other Funds) for Proposition 14 bonds;
  - $0.8 billion in Texas Mobility Funds (Other Funds) for Texas Mobility Fund bonds;
  - $0.6 billion in SHF Proposition 7, 2015, proceeds for Proposition 12 General Obligation bonds;
  - $0.1 billion in Federal Funds from Build America Bond interest payment subsidies; and
  - $4.0 million in SHF for credit agreements associated with the agency's short-term borrowing program.

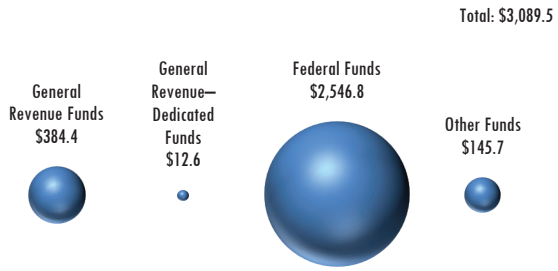
TEXAS WORKFORCE COMMISSION

FIGURE 79
TEXAS WORKFORCE COMMISSION, BY METHOD OF FINANCE

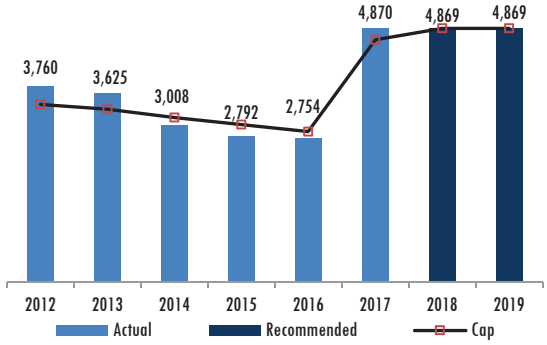
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$339.9	$384.4	$44.5	13.1%
General Revenue–Dedicated Funds	$15.6	$12.6	($3.0)	(19.5%)
Federal Funds	$2,349.9	$2,546.8	$196.9	8.4%
Other Funds	$139.0	$145.7	$6.7	4.8%
Total, All Methods of Finance	**$2,844.5**	**$3,089.5**	**$245.0**	**8.6%**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Workforce Commission (TWC) for the 2018–19 biennium totals $3.1 billion in All Funds, which includes an All Funds increase of $245.0 million from the 2016–17 biennium. The increase in funding is primarily related to the transfer of programs from the Department of Assistive and Rehabilitative Services (DARS) to TWC, pursuant to legislation passed by the Eighty-fourth Legislature.

HIGHLIGHTS

- Funding includes an increase of $311.1 million in All Funds to biennialize funding for the Vocational Rehabilitation and Business Enterprises of Texas programs transferred from DARS to TWC in fiscal year 2017. The increase includes $56.7 million in General Revenue Funds, $1.1 million in General Revenue–Dedicated Funds, $252.2 million in Federal Funds, and $1.1 million in Other Funds.

- Traditional federal funding at TWC for non-transferred programs includes a net decrease of $55.3 million primarily related to funding not anticipated to be available for the Adult Education and Child Care programs in the 2018–19 biennium, offset by anticipated increases in funding for the Unemployment Insurance and Employment Services grants.

- Funding includes $140.6 million in General Revenue Funds, $948.9 million in Federal Funds, and $2.0 million in Other Funds for child care services provided to low income families in the 2018–19 biennium. The federal Child Care and Development Block Grant Act of 2014 was reauthorized for the first time since 1996 and represents significant changes to the Child Care and Development Fund program, including the establishment of a 12-month eligibility re-determination period.

- Funding includes an increase of $11.6 million in Interagency Contracts to fund the Department of Family and Protective Services child care services for foster care and protective service populations.
- Funding for the Skills Development program totals $57.2 million in General Revenue Funds, a decrease of $1.7 million from the 2016–17 biennium.

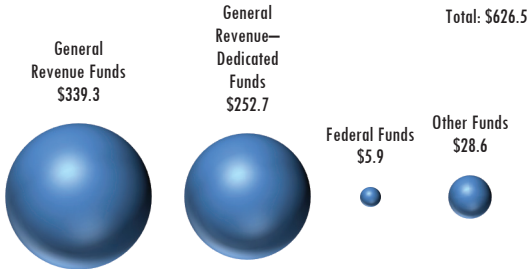
ARTICLE VIII – REGULATORY

FIGURE 80
ARTICLE VIII – REGULATORY, BY METHOD OF FINANCE

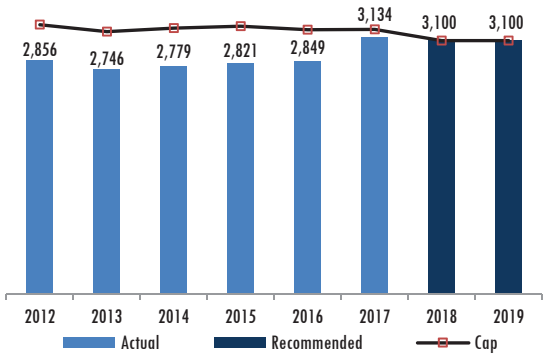
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$337.1	$339.3	$2.2	0.7%
General Revenue–Dedicated Funds	$579.0	$252.7	($326.3)	(56.4%)
Federal Funds	$8.6	$5.9	($2.7)	(31.6%)
Other Funds	$32.8	$28.6	($4.2)	(12.8%)
Total, All Methods of Finance	**$957.6**	**$626.5**	**($331.1)**	**(34.6%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:
(1) Excludes interagency contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE VIII

All Funds for the Regulatory agencies total $626.5 million for the 2018–19 biennium, a reduction of $331.1 million, or 34.6 percent from the 2016–17 biennium. The reduction in funding is primarily related to the expiration of the General Revenue–Dedicated System Benefit Account No. 5100 (System Benefit Fund) and the spend down of the balance of the fund during the 2016–17 biennium. The regulatory agencies regulate a variety of industries, including health-related occupations, non-health-related occupations, securities, and pari-mutuel racing, and the appropriations and indirect costs for 20 of these regulatory agencies are supported by fees generated from the industries and occupations they regulate.

HIGHLIGHTS

- Funding for the Public Utility Commission includes a reduction of $326.9 million, primarily due to a reduction of $334.4 million from the spend down of the System Benefit Fund offset by an increase in General Revenue Funds of $8.9 million for operational expenses previously funded by the System Benefit Fund in the 2016–17 biennium. See the agency bill summary for additional details.

- Funding for the Department of Insurance includes a net All Funds decrease of $10.2 million for the 2018–19 biennium. Funding for the Three-Share Premium Assistance program, which allows the Department of Insurance to award small grants to programs that help provide and subsidize low-cost small business health insurance plans includes a $4.0

million decrease in All Funds; however, authority to fund grant awards through the use of available fines collected from regulated entities is continued for the agency. Funding also includes a $2.9 million decrease in General Revenue Funds and General Revenue–Dedicated Funds for reductions in administrative support, the production of reports and data calls related to regulatory policy, ongoing costs for data center services and one-time expenditures for information technology security in the 2016–17 biennium and a $2.3 million decrease in Federal Funds for the elimination of a federal Affordable Care Act Health Insurance Premium Review Grant that is not expected in fiscal years 2018 and 2019.

- Funding for the Texas Department of Licensing and Regulation includes an increase of $3.5 million in General Revenue Funds and 25 full-time-equivalent (FTE) positions for the regulation of occupations and programs transferred to the agency from the Department of State Health Services during the 2018–19 biennium pursuant to legislation passed by the Eighty-fourth Legislature, 2015. This increase in funding is offset by a decrease of $1.6 million in General Revenue Funds for one-time expenses incurred during the 2016–17 biennium for information technology security, the implementation of Centralized Accounting and Payroll/Personnel System, and start-up costs for the regulation of programs and occupations transferred to the agency during the 2016–17 biennium and a decrease of $1.6 million in General Revenue Funds for the reduction of 14 FTEs in agency operations and administration.
- Funding for the Texas Medical Board includes a decrease of $1.5 million in All Funds primarily due to a reduction of $1.0 million in General Revenue Funds and General Revenue–Dedicated Funds for 6.5 FTEs, expert witness fees in standard of care cases, and information technology replacements and $0.5 million in General Revenue Funds for one-time expenses incurred during the 2016–17 biennium for start-up costs for the regulation of occupations transferred to the agency during the 2016–17 biennium. Funding includes a method of financing swap to replace $2.5 million in General Revenue Funds with General Revenue–Dedicated Funds for capital budget expenditures and operating expenses in licensing.
- Funding for the Board of Pharmacy includes an increase of $0.8 million in General Revenue Funds to biennialize funding for the Prescription Drug Monitoring Program transferred to the agency in fiscal year 2017 pursuant to legislation passed by the Eighty-fourth Legislature, 2015. This increase is offset by decreases of $0.6 million in General Revenue Funds for 3.0 FTEs in licensing and inspections, testing of compound products, and other operating expenses, and $0.5 million in Federal Funds for a one-time federal grant to assist with startup costs related to the Prescription Drug Monitoring Program in the 2016–17 biennium.
- Funding for the State Office of Administrative Hearings includes a net decrease of $0.3 million in All Funds. This includes a decrease of $2.2 million in General Revenue Funds requested by the agency offset by an increase of $2.0 million in Other Funds related to higher interagency contract funding for anticipated increased workload and the full implementation of a higher hourly rate for the agency's services.
- Funding for other regulatory agencies incorporate reductions to agency operations and administration.

Figure 81 shows the All Funds appropriation for each agency in Article VIII, and **Figure 82** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for the Public Utility Commission.

FIGURE 81
ARTICLE VIII – REGULATORY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$23.5	$23.3	($0.3)	(1.1%)
Board of Chiropractic Examiners	$1.7	$1.6	($0.1)	(3.8%)
State Board of Dental Examiners	$8.8	$8.5	($0.4)	(4.1%)
Texas Funeral Service Commission	$1.7	$1.6	($0.1)	(3.4%)
Board of Professional Geoscientists	$1.2	$1.1	($0.0)	(4.0%)
Health Professions Council	$2.2	$2.1	($0.1)	(2.9%)
Office of Injured Employee Counsel	$17.6	$17.6	$0.0	0.0%
Department of Insurance	$232.6	$222.4	($10.2)	(4.4%)
Office of Public Insurance Counsel	$2.2	$2.1	($0.1)	(3.3%)
Board of Professional Land Surveyors	$0.9	$0.9	($0.0)	(0.7%)
Department of Licensing and Regulation	$67.0	$67.8	$0.8	1.1%
Texas Medical Board	$28.3	$26.8	($1.5)	(5.3%)
Board of Nursing	$24.1	$23.4	($0.7)	(2.8%)
Texas Optometry Board	$1.0	$0.9	($0.0)	(3.3%)
State Board of Pharmacy	$15.4	$15.1	($0.2)	(1.6%)
Executive Council of Physical and Occupational Therapy Examiners	$2.9	$2.8	($0.1)	(3.9%)
Board of Plumbing Examiners	$5.4	$5.1	($0.2)	(4.4%)
State Board of Podiatric Medical Examiners	$0.6	$0.6	($0.0)	(4.3%)
Board of Examiners of Psychologists	$1.8	$1.8	($0.0)	(0.3%)
Texas Racing Commission	$14.7	$15.8	$1.2	7.9%
Texas State Securities Board	$14.6	$14.0	($0.6)	(4.0%)
Public Utility Commission	$359.5	$32.6	($326.9)	(90.9%)
Office of Public Utility Counsel	$4.5	$4.3	($0.2)	(4.0%)
Board of Veterinary Medical Examiners	$2.6	$2.5	($0.1)	(3.9%)
Subtotal, Regulatory	**$834.7**	**$494.9**	**($339.8)**	**(40.7%)**
Retirement and Group Insurance	$105.2	$116.6	$11.4	10.8%
Social Security and Benefits Replacement Pay	$26.2	$26.2	$0.0	0.1%
Lease Payments	$1.0	$0.3	($0.7)	(68.2%)
Subtotal, Employee Benefits and Debt Service	**$132.4**	**$143.1**	**$10.7**	**8.1%**
Less Interagency Contracts	$9.5	$11.5	$1.9	20.3%
Total, All Functions	**$957.6**	**$626.5**	**($331.1)**	**(34.6%)**

NOTES:
(1) Excludes Interagency Contracts
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 82
ARTICLE VIII – REGULATORY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$16.6	$14.3	($2.3)	(13.7%)
Board of Chiropractic Examiners	$1.6	$1.5	($0.1)	(4.0%)
State Board of Dental Examiners	$8.3	$7.9	($0.3)	(3.9%)
Texas Funeral Service Commission	$1.6	$1.5	($0.1)	(3.7%)
Board of Professional Geoscientists	$1.2	$1.1	($0.0)	(4.0%)
Health Professions Council	$0.0	$0.0	$0.0	N/A
Office of Injured Employee Counsel	$0.0	$0.0	$0.0	N/A
Department of Insurance	$82.9	$80.4	($2.5)	(3.0%)
Office of Public Insurance Counsel	$1.8	$1.7	($0.1)	(4.0%)
Board of Professional Land Surveyors	$0.9	$0.9	$0.0	0.0%
Department of Licensing and Regulation	$58.2	$59.0	$0.8	1.4%
Texas Medical Board	$23.6	$19.8	($3.8)	(16.1%)
Board of Nursing	$17.4	$16.8	($0.6)	(3.6%)
Texas Optometry Board	$0.9	$0.9	($0.0)	(3.7%)
State Board of Pharmacy	$14.9	$15.1	$0.3	1.7%
Executive Council of Physical and Occupational Therapy Examiners	$2.7	$2.7	($0.0)	(1.6%)
Board of Plumbing Examiners	$5.3	$5.1	($0.2)	(4.4%)
State Board of Podiatric Medical Examiners	$0.6	$0.6	($0.0)	(4.0%)
Board of Examiners of Psychologists	$1.6	$1.6	($0.0)	(0.3%)
Texas Racing Commission	$0.0	$0.0	$0.0	N/A
Texas State Securities Board	$14.6	$14.0	($0.6)	(4.0%)
Public Utility Commission	$18.8	$26.5	$7.7	41.2%
Office of Public Utility Counsel	$3.4	$3.3	($0.1)	(4.0%)
Board of Veterinary Medical Examiners	$2.6	$2.5	($0.1)	(3.9%)
Subtotal, Regulatory	**$279.2**	**$277.1**	**($2.1)**	**(0.8%)**
Retirement and Group Insurance	$45.3	$50.0	$4.7	10.3%
Social Security and Benefits Replacement Pay	$11.9	$12.0	$0.2	1.3%
Lease Payments	$0.7	$0.2	($0.5)	(76.5%)
Subtotal, Employee Benefits and Debt Service	**$57.9**	**$62.2**	**$4.3**	**7.4%**
Total, All Functions	**$337.1**	**$339.3**	**$2.2**	**0.7%**

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

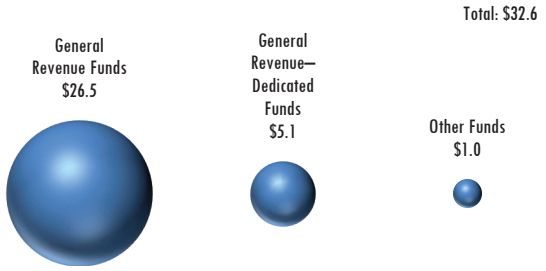
PUBLIC UTILITY COMMISSION

FIGURE 83
PUBLIC UTILITY COMMISSION, BY METHOD OF FINANCE

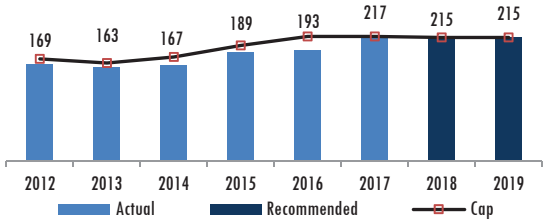
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$18.8	$26.5	$7.7	41.2%
General Revenue–Dedicated Funds	$339.8	$5.1	($334.6)	(98.5%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$1.0	$1.0	$0.0	0.0%
Total, All Methods of Finance	**$359.5**	**$32.6**	**($326.9)**	**(90.9%)**

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Public Utility Commission for the 2018–19 biennium totals $32.6 million in All Funds, which includes an All Funds reduction of $326.9 million. The reduction in funding is primarily related to the expiration of the General Revenue–Dedicated System Benefit Account No. 5100 (System Benefit Fund), which was established in 1999 to support the agency's Low Income Discount program. The Eighty-third Legislature passed House Bill 7, 2013, to eliminate the fee which funded the System Benefit Fund and set the expiration of the fund to the end of fiscal year 2016. Projecting that a balance would remain at that time, the Eighty-fourth Legislature passed House Bill 1101, 2015, to set the expiration of the fund at the end of fiscal year 2017. The appropriation of the System Benefit Fund, along with the provisions of HB 1101, allows for the spend down of the fund by the end of the 2016–17 biennium.

HIGHLIGHTS

- Due to the spend down of the System Benefit Fund, appropriations include a decrease of $334.4 million in General Revenue–Dedicated Funds. This includes a decrease of $325.5 million for the expiration of the Low Income Discount Program and $8.9 million for non-Low Income Discount Program components of the fund, outlined below.
- Funding includes a method of finance swap of $8.9 million of General Revenue Funds in the 2018–19 biennium to replace operational expenses for electric oversight, customer education, and agency administration previously funded in a like amount through the System Benefit Fund during the 2016–17 biennium.
- Funding includes a decrease of $1.3 million in All Funds for customer education outreach contracts, two full-time equivalents in water regulation, and other operating expenses.

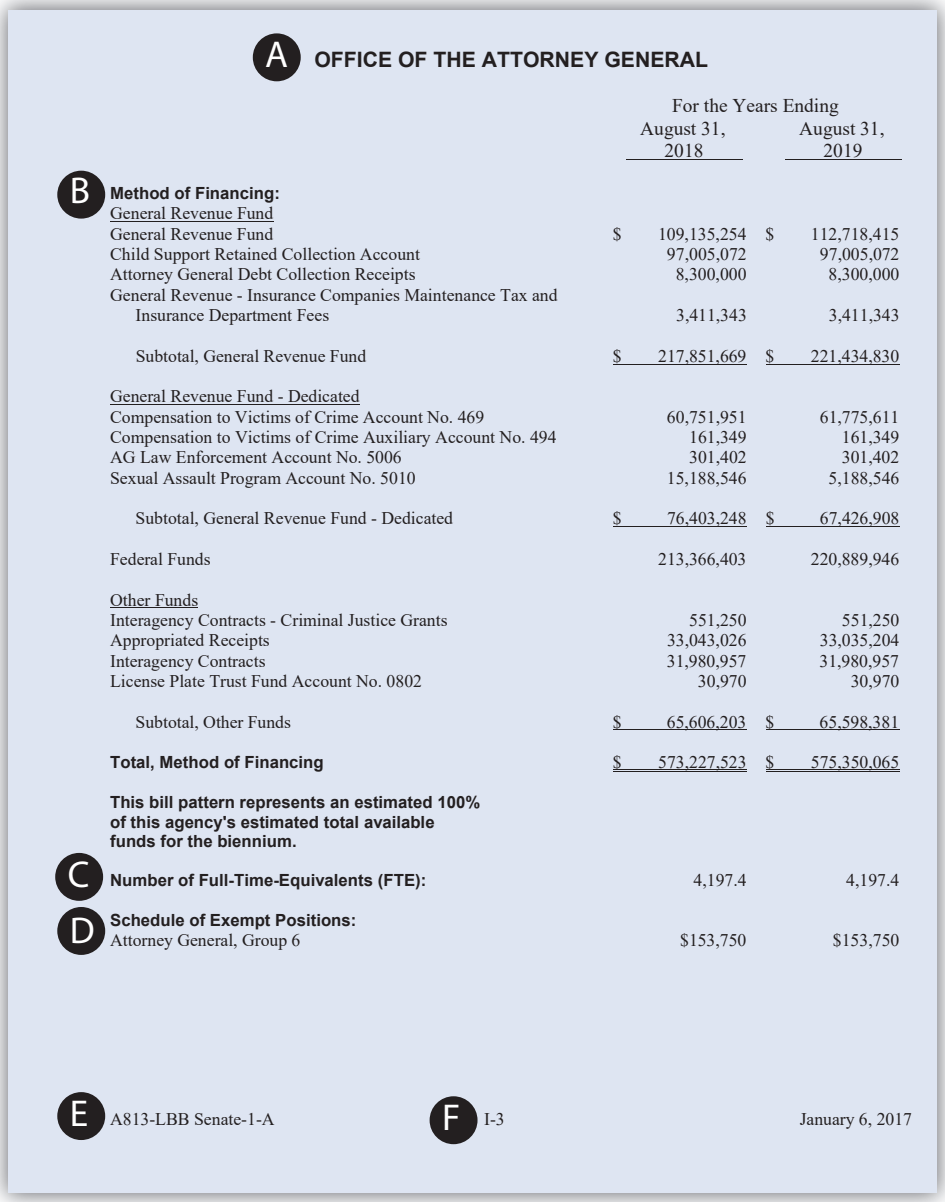
READER'S GUIDE TO GENERAL APPROPRIATIONS BILLS

This guide explains certain key elements of a General Appropriations Bill. The version of the General Appropriations Bill that becomes law is referred to as the General Appropriations Act (GAA). The GAA is the state's budget for a two-year period referred to as a biennium.

General Appropriations Bills are categorized by articles that cover a certain area of government. For example, Article I applies to areas of General Government, Article II covers Health and Human Services, and Article III applies to Public and Higher Education. Six additional articles cover other areas of government. Article IX, General Provisions, contains additional limitations, authority, and requirements applicable to other articles.

Articles contain agency bill patterns that all follow a similar format. Article-specific summary information is included at the end of each article.

Five agencies in the LBB recommended version for the Senate have a bill pattern that follows a different format. An example of that format follows this sample of a bill pattern from the Office of the Attorney General.



A OFFICE OF THE ATTORNEY GENERAL

	For the Years Ending August 31, 2018	August 31, 2019
B Method of Financing:		
General Revenue Fund		
General Revenue Fund	$ 109,135,254	$ 112,718,415
Child Support Retained Collection Account	97,005,072	97,005,072
Attorney General Debt Collection Receipts	8,300,000	8,300,000
General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees	3,411,343	3,411,343
Subtotal, General Revenue Fund	$ 217,851,669	$ 221,434,830
General Revenue Fund - Dedicated		
Compensation to Victims of Crime Account No. 469	60,751,951	61,775,611
Compensation to Victims of Crime Auxiliary Account No. 494	161,349	161,349
AG Law Enforcement Account No. 5006	301,402	301,402
Sexual Assault Program Account No. 5010	15,188,546	5,188,546
Subtotal, General Revenue Fund - Dedicated	$ 76,403,248	$ 67,426,908
Federal Funds	213,366,403	220,889,946
Other Funds		
Interagency Contracts - Criminal Justice Grants	551,250	551,250
Appropriated Receipts	33,043,026	33,035,204
Interagency Contracts	31,980,957	31,980,957
License Plate Trust Fund Account No. 0802	30,970	30,970
Subtotal, Other Funds	$ 65,606,203	$ 65,598,381
Total, Method of Financing	$ 573,227,523	$ 575,350,065
This bill pattern represents an estimated 100% of this agency's estimated total available funds for the biennium.		
C Number of Full-Time-Equivalents (FTE):	4,197.4	4,197.4
D Schedule of Exempt Positions:		
Attorney General, Group 6	$153,750	$153,750

E A813-LBB Senate-1-A **F** I-3 January 6, 2017

A **Agency names** are followed by their bill patterns, which consist of items of appropriations and riders.

B **Methods of Finance (MOF)** describe different fund types in an agency's appropriations. The four MOF categories are General Revenue (GR), General Revenue–Dedicated (GR-D), Federal Funds, and Other Funds. Each of these four may contain subcategories.

C The **Number of Full-Time Equivalents (FTE)** shows the maximum number of FTE positions, or FTE cap, for the agency.

D The **Schedule of Exempt Positions** indicates annual salary caps for certain agency executives.

E The left footer shows the version of the appropriations bill. This is the LBB recommended version for the Senate.

F The center footer shows the article number followed by its page number. This is the third page of Article I, General Government.

G Agency **Items of Appropriation** consist of goals with multiple strategies. Each strategy has its own appropriation.

H **Grand Total** amounts are the sum of all individual agency strategy appropriations. Note that Grand Total amounts exactly match the Total, Method of Financing line above, as well as the Total, Object-of-Expense Informational Listing at the top of the next page.

I **Object-of-Expense (OOE) Informational Listing** categorizes the use of the agency's appropriation made above. It is not a separate appropriation.

J Entries for **Employee Benefits** and **Debt Service** are not specific agency appropriations, but rather an estimate of the amounts needed for this agency that are appropriated elsewhere.

OFFICE OF THE ATTORNEY GENERAL
(Continued)

G **Items of Appropriation:**		
A. Goal: PROVIDE LEGAL SERVICES Provide General Legal Services to the State and Authorized Entities.		
A.1.1. Strategy: LEGAL SERVICES Provide Legal Counsel/Litigation/Alternative Dispute Resolution Srvcs.	$ 102,107,328	$ 102,099,506
B. Goal: ENFORCE CHILD SUPPORT LAW Enforce State/Federal Child Support Laws.		
B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT Establish Paternity/Obligations, Enforce Orders and Distribute Monies.	$ 335,024,074	$ 345,562,782
B.1.2. Strategy: STATE DISBURSEMENT UNIT	$ 13,812,653	$ 13,812,653
Total, Goal B: ENFORCE CHILD SUPPORT LAW	$ 348,836,727	$ 359,375,435
C. Goal: CRIME VICTIMS' SERVICES Investigate/Process Applications for Compensation to Crime Victims.		
C.1.1. Strategy: CRIME VICTIMS' COMPENSATION Review Claims, Determine Eligibility/State Liability, Pay Correctly.	$ 64,764,500	$ 66,279,156
C.1.2. Strategy: VICTIMS ASSISTANCE Provide Grants & Contrcts for Victims Svcs/Sexual Asslt Victims.	$ 38,239,267	$ 28,316,267
Total, Goal C: CRIME VICTIMS' SERVICES	$ 103,003,767	$ 94,595,423
D. Goal: REFER MEDICAID CRIMES Investigate/Refer for Prosecution Fraud/Misconduct Involving Medicaid.		
D.1.1. Strategy: MEDICAID INVESTIGATION Conduct Investigation Supporting Prosecution of Alleged Medicaid Crime.	$ 18,640,452	$ 18,640,452
E. Goal: ADMINISTRATIVE SUPPORT FOR SORM Provide Administrative Support for the State Office of Risk Management.		
E.1.1. Strategy: ADMINISTRATIVE SUPPORT FOR SORM Provide Administrative Support to the State Office of Risk Management.	$ 639,249	$ 639,249
H **Grand Total,** OFFICE OF THE ATTORNEY GENERAL	$ 573,227,523	$ 575,350,065
I **Object-of-Expense Informational Listing:**		
Salaries and Wages	$ 236,200,273	$ 236,200,273
Other Personnel Costs	7,945,677	7,945,677
Professional Fees and Services	74,151,609	85,890,341
Fuels and Lubricants	306,385	306,385
Consumable Supplies	1,711,577	1,711,577
Utilities	3,356,564	3,356,564
Travel	5,160,548	5,160,548
Rent - Building	18,063,647	18,063,647
Rent - Machine and Other	1,742,017	1,734,195
Other Operating Expense	144,842,656	146,121,901
Grants	52,331,027	42,402,355
Capital Expenditures	27,415,543	26,456,602
Total, Object-of-Expense Informational Listing	$ 573,227,523	$ 575,350,065
Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act:		
J Employee Benefits		
Retirement	$ 20,801,617	$ 20,801,617
Group Insurance	47,647,574	50,489,677
Social Security	16,542,349	16,542,349
Benefits Replacement	473,380	407,107
Subtotal, Employee Benefits	$ 85,464,920	$ 88,240,750

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K Performance Measure Targets instruct agencies on specific desired results within their strategies. There are four types of measures: outcome; output; efficiency; and explanatory/input.

The Performance Measure Targets section is also the beginning of the Rider Section of an agency bill pattern. Riders inform agencies on their use of items of appropriations. They may authorize, direct, or limit the use of items of appropriation.

L An agency's second rider is its **Capital Budget**. Capital Budgets do not make additional appropriations, but rather direct the use of items of appropriation made above for specific uses. Capital Budgets direct the agency purchase or lease of vehicles, information resources, real property, or certain road construction or building repair.

OFFICE OF THE ATTORNEY GENERAL
(Continued)

J

Debt Service		
Lease Payments	$ 280,248	$ 218,372
Total, Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act	$ 85,745,168	$ 88,459,122

K **1. Performance Measure Targets.** The following is a listing of the key performance target levels for the Office of the Attorney General. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Office of the Attorney General. In order to achieve the objectives and service standards established by this Act, the Office of the Attorney General shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

	2018	2019
A. Goal: PROVIDE LEGAL SERVICES		
Outcome (Results/Impact):		
Delinquent State Revenue Collected	45,000,000	45,000,000
A.1.1. Strategy: LEGAL SERVICES		
Output (Volume):		
Legal Hours Billed to Litigation and Legal Counsel	1,053,655	1,053,655
Efficiencies:		
Average Cost Per Legal Hour	96.93	96.92
B. Goal: ENFORCE CHILD SUPPORT LAW		
Outcome (Results/Impact):		
Percent of Title IV-D Cases That Have Court Orders for Child Support	82%	82%
Percent of All Current Child Support Amounts Due That Are Collected	65%	65%
Percent of Title IV-D Cases with Arrears Due in Which Any Amount Is Paid Toward Arrears	65%	65%
Percent of Paternity Establishments for Out of Wedlock Births	95%	95%
B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT		
Output (Volume):		
Amount of Title IV-D Child Support Collected (in Millions)	4,160	4,210
Efficiencies:		
Ratio of Total Dollars Collected Per Dollar Spent	12.42	12.18
B.1.2. Strategy: STATE DISBURSEMENT UNIT		
Output (Volume):		
Number of Payment Receipts Processed by the SDU Vendor	23,700,000	24,900,000
C. Goal: CRIME VICTIMS' SERVICES		
Outcome (Results/Impact):		
Amount of Crime Victims' Compensation Awarded	56,957,876	58,470,374
C.1.1. Strategy: CRIME VICTIMS' COMPENSATION		
Efficiencies:		
Average Number of Days to Analyze a Claim and Make an Award	46	46
D. Goal: REFER MEDICAID CRIMES		
D.1.1. Strategy: MEDICAID INVESTIGATION		
Output (Volume):		
Number of Investigations Concluded	500	500

L **2. Capital Budget.** Funds appropriated above may be expended for capital budget items listed below. The amounts identified for each item may be adjusted or may be expended on other non-capital expenditures within the strategy to which the funds were appropriated. However, any amounts spent on capital items are subject to the aggregate dollar restrictions on capital budget expenditures provided in the General Provisions of this Act.

	2016	2017
a. Acquisition of Information Resource Technologies		
~~(1) Child Support Hardware/Software Enhancements~~	~~$ 100,000~~	~~$ 100,000~~
~~(2) Child Support TXCSES 2.0 Release 1~~	~~25,803,812~~	~~741,174~~

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M The **Method of Financing (Capital Budget)** section directs agencies in the use of MOFs for Capital Budget expenses.

N Additional riders follow an agency's Performance Measure Targets (Rider 1) and Capital Budget (Rider 2). Riders may provide general direction on the use of agency appropriation or may provide direction relating to a specific strategy.

OFFICE OF THE ATTORNEY GENERAL
(Continued)

~~(3) Child Support TXCSES 2.0 Release 2~~	~~$ 9,560,050~~	~~$ 6,692,474~~
~~Total, Acquisition of Information Resource Technologies~~	~~$ 35,463,862~~	~~$ 7,533,648~~
~~b. Transportation Items~~		
~~(1) Child Support Motor Vehicles~~	~~$ 163,494~~	~~$ 163,494~~
~~c. Data Center Consolidation~~		
~~(1) Data Center Consolidation~~	~~$ 46,734,045~~	~~$ 53,062,011~~
~~d. Centralized Accounting and Payroll/Personnel System (CAPPS)~~		
~~(1) Converted PeopleSoft Licenses~~	~~$ 55,662~~	~~$ 55,662~~
~~Total, Capital Budget~~	~~$ 82,417,063~~	~~$ 60,814,815~~
~~Method of Financing (Capital Budget):~~		
~~General Revenue Fund~~	~~$ 29,730,384~~	~~$ 22,380,228~~
~~GR Dedicated - Compensation to Victims of Crime Account No. 469~~	~~186,654~~	~~186,654~~
~~Federal Funds~~	~~51,595,178~~	~~37,343,086~~
~~Other Funds~~		
~~Appropriated Receipts~~	~~789,449~~	~~789,449~~
~~Interagency Contracts~~	~~115,398~~	~~115,398~~
~~Subtotal, Other Funds~~	~~$ 904,847~~	~~$ 904,847~~
~~Total, Method of Financing~~	~~$ 82,417,063~~	~~$ 60,814,815~~

	2018	2019
a. Acquisition of Information Resource Technologies		
(1) Child Support Hardware/Software Enhancements	$ 100,000	$ 100,000
(2) Child Support TXCSES 2.0 Single Release	$ 30,690,829	$ 26,406,435
Total, Acquisition of Information Resource Technologies	$ 30,790,829	$ 26,506,435
b. Transportation Items		
(1) Child Support Motor Vehicles	$ 288,000	$ 192,000
c. Data Center Consolidation		
(1) Data Center Consolidation	$ 51,636,341	$ 51,981,462
d. Centralized Accounting and Payroll/Personnel System (CAPPS)		
(1) Converted PeopleSoft Licenses	$ 57,055	$ 57,055
Total, Capital Budget	$ 82,772,225	$ 78,736,952
M Method of Financing (Capital Budget):		
General Revenue Fund	$ 30,044,584	$ 28,869,771
GR Dedicated - Compensation to Victims of Crime Account No. 469	201,294	201,388
Federal Funds	51,934,855	49,074,255
Appropriated Receipts	493,677	493,677
Interagency Contracts	97,815	97,861
Total, Method of Financing	$ 82,772,225	$ 78,736,952

N **3. Cost Allocation, Reporting Requirement.** The Office of the Attorney General is directed to continue an accounting and billing system by which the costs of legal services provided to each agency may be determined. This cost information shall be provided to the Legislative Budget Board and the Governor within 60 days after the close of the fiscal year.

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The following sample show a bill pattern for the Department of Agriculture, one of five agencies that has a different bill pattern format.

O **Agency names** are followed by their bill patterns, which consist of items of appropriations and riders.

P **Methods of Finance (MOF)** describe different fund types in an agency's appropriations. The four MOF categories are General Revenue (GR), General Revenue–Dedicated (GR-D), Federal Funds, and Other Funds. Each of these four may contain subcategories.

Q The **Number of Full-Time Equivalents (FTE)** shows the maximum number of FTE positions, or FTE cap, for the agency.

R The **Schedule of Exempt Positions** indicates annual salary caps for certain agency executives.

S **Agency Items of Appropriation** are grouped into program areas and listed alphabetically within each program area. Each program has its own appropriation.

ARTICLE VI

NATURAL RESOURCES

Sec. 1. The several sums of money herein specified, or so much thereby as may be necessary, are appropriated out of any funds in the State Treasury not otherwise appropriated, or out of special funds as indicated, for the support, maintenance, or improvement of the designated natural resources agencies.

O **DEPARTMENT OF AGRICULTURE**

	For the Years Ending August 31, 2018	August 31, 2019
P **Method of Financing:**		
General Revenue Fund		
General Revenue Fund	$ 50,808,845	$ 51,178,996
GR Match for Community Development Block Grants	1,811,100	1,811,100
Subtotal, General Revenue Fund	$ 52,619,945	$ 52,990,096
GR - Dedicated Permanent Fund Rural Health Facility Capital Improvement Account No. 5047	2,303,549	2,303,549
Federal Funds		
Federal Funds	589,702,462	636,828,718
Texas Department of Rural Affairs Federal Fund No. 5091	60,979,766	60,979,766
Subtotal, Federal Funds	$ 650,682,228	$ 697,808,484
Other Funds		
Texas Economic Development Fund No. 0183	4,500,000	4,500,000
Permanent Endowment Fund for Rural Communities Health Care Investment Program	154,000	154,000
Appropriated Receipts	1,559,473	1,548,129
Texas Agricultural Fund No. 683	993,669	993,669
Interagency Contracts	406,867	406,867
Subtotal, Other Funds	$ 7,614,009	$ 7,602,665
Total, Method of Financing	$ 713,219,731	$ 760,704,794
Other Direct and Indirect Costs Appropriated Elsewhere in this Act	$ 5,998,335	$ 6,154,618
This bill pattern represents an estimated 99.8% of this agency's estimated total available funds for the biennium.		
Q **Number of Full-Time-Equivalents (FTE):**	711.0	711.0
R **Schedule of Exempt Positions:**		
Commissioner of Agriculture, Group 5	$140,938	$140,938
S **Items of Appropriation:**		
Administration		
Indirect Administration	$ 11,147,884	$ 11,187,088
Food and Nutrition		
3 E's (Education, Exercise & Eating Right) Nutrition Education	$ 445,046	$ 450,000
Child Nutrition - Community Nutrition Program	$ 535,915,109	$ 581,794,658
Child Nutrition - School Nutrition Program	$ 48,092,864	$ 49,339,571
Surplus Agricultural Product Grant Program (Low Income Students)	$ 592,588	$ 592,588
Texans Feeding Texans (Home Delivered Meals)	$ 9,175,856	$ 9,175,856

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T **Total Items of Appropriation** amounts are the sum of all individual agency program appropriations. Note that Total Items of Appropriation amounts exactly match the total Object of Expense Informational Listing (see U, Object-of-Expense Informational Listing).

U **Object-of-Expense (OOE) Informational Listing** categorizes the use of the agency's appropriation made above. It is not a separate appropriation.

V Entries for **Employee Benefits** and **Debt Service** are not specific agency appropriations, but rather an estimate of the amounts needed for this agency that are appropriated elsewhere.

DEPARTMENT OF AGRICULTURE
(Continued)

Texans Feeding Texans (Surplus Agricultural Products Grant Program)	$ 2,930,353	$ 2,937,765
Subtotal, Food and Nutrition	$ 597,151,816	$ 644,290,438
Markets and Public Health		
Boll Weevil Eradication	$ 4,893,508	$ 4,892,120
Commodity Boards	$ 37,103	$ 37,103
Feral Hog Abatement Program	$ 442,592	$ 442,592
Handling and Marketing of Perishable Commodities (HMPC)	$ 23,139	$ 23,139
International and Domestic Trade Program	$ 581,333	$ 581,537
Livestock Export Pens	$ 1,097,419	$ 1,087,792
Specialty Crop Block Grant Program (SCBGP)	$ 1,714,219	$ 1,714,219
Wine Marketing, Research and Education	$ 250,000	$ 250,000
Subtotal, Markets and Public Health	$ 9,039,313	$ 9,028,502
Rural Affairs		
Rural Community & Economic Development	$ 67,742,866	$ 67,726,643
Rural Health	$ 4,340,255	$ 4,348,587
Subtotal, Rural Affairs	$ 72,083,121	$ 72,075,230
Standards & Measurements		
Agricultural Pesticide Regulation	$ 5,135,940	$ 5,135,233
Egg Quality Regulation	$ 473,272	$ 473,272
Fuel Quality	$ 1,225,643	$ 1,214,309
Grain Warehouse	$ 475,642	$ 476,776
Metrology	$ 526,502	$ 379,919
Organic Certification Program	$ 645,423	$ 645,423
Pesticide Data Program	$ 729,152	$ 729,152
Plant Health	$ 5,026,842	$ 4,993,962
Prescribed Burn Program	$ 1,038	$ 1,038
Structural Pest Control	$ 2,341,419	$ 2,341,419
Texas Cooperative Inspection Program	$ 121,893	$ 121,883
Weights & Measures Program	$ 7,094,831	$ 7,611,150
Subtotal, Standards & Measurements	$ 23,797,597	$ 24,123,536
T Total, Items of Appropriation	$ 713,219,731	$ 760,704,794
U Object-of-Expense Informational Listing:		
Salaries and Wages	$ 37,696,710	$ 37,694,254
Other Personnel Costs	799,552	799,552
Professional Fees and Services	2,016,964	2,017,572
Fuels and Lubricants	564,342	564,342
Consumable Supplies	192,076	192,076
Utilities	640,494	640,494
Travel	1,413,740	1,305,256
Rent - Building	1,056,735	1,056,735
Rent - Machine and Other	180,791	180,791
Other Operating Expense	14,058,363	14,271,858
Client Services	547,266,602	595,192,059
Grants	106,413,212	105,870,396
Capital Expenditures	920,150	919,409
Total, Object-of-Expense Informational Listing	$ 713,219,731	$ 760,704,794
V Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act:		
Employee Benefits		
Retirement	$ 3,196,795	$ 3,196,795
Group Insurance	9,658,600	10,321,214
Social Security	2,547,170	2,547,170
Benefits Replacement	62,823	54,028
Subtotal, Employee Benefits	$ 15,465,388	$ 16,119,207

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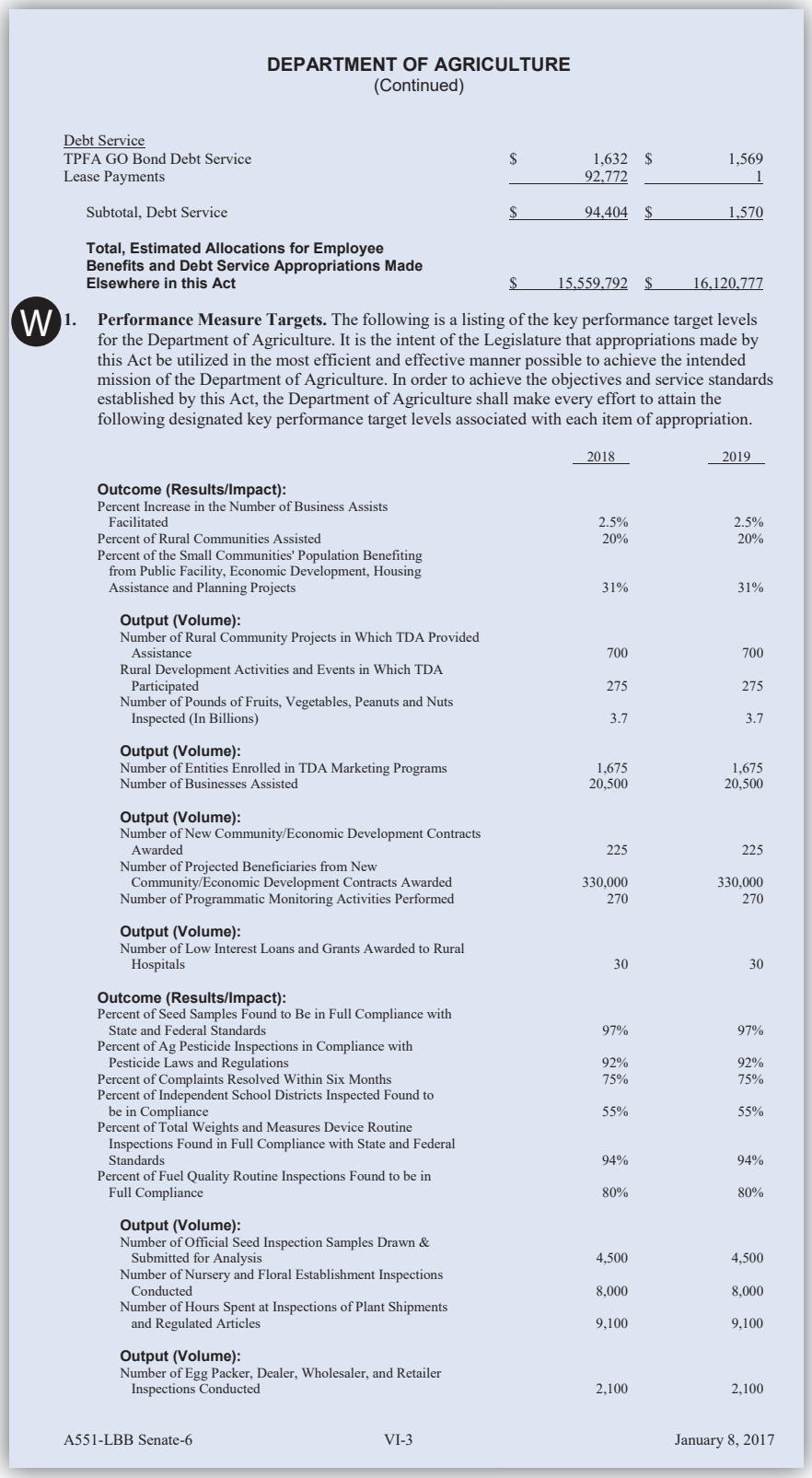
W Performance Measure Targets instruct agencies on specific desired results. There are four types of measures: outcome; output; efficiency; and explanatory/input.

The Performance Measure Targets section is also the beginning of the Rider Section of an agency bill pattern. Riders inform agencies on their use of items of appropriations. They may authorize, direct, or limit the use of items of appropriation.



DEPARTMENT OF AGRICULTURE
(Continued)

Debt Service		
TPFA GO Bond Debt Service	$ 1,632	$ 1,569
Lease Payments	92,772	1
Subtotal, Debt Service	$ 94,404	$ 1,570
Total, Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act	$ 15,559,792	$ 16,120,777

W **1. Performance Measure Targets.** The following is a listing of the key performance target levels for the Department of Agriculture. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Department of Agriculture. In order to achieve the objectives and service standards established by this Act, the Department of Agriculture shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

	2018	2019
Outcome (Results/Impact):		
Percent Increase in the Number of Business Assists Facilitated	2.5%	2.5%
Percent of Rural Communities Assisted	20%	20%
Percent of the Small Communities' Population Benefiting from Public Facility, Economic Development, Housing Assistance and Planning Projects	31%	31%
Output (Volume):		
Number of Rural Community Projects in Which TDA Provided Assistance	700	700
Rural Development Activities and Events in Which TDA Participated	275	275
Number of Pounds of Fruits, Vegetables, Peanuts and Nuts Inspected (In Billions)	3.7	3.7
Output (Volume):		
Number of Entities Enrolled in TDA Marketing Programs	1,675	1,675
Number of Businesses Assisted	20,500	20,500
Output (Volume):		
Number of New Community/Economic Development Contracts Awarded	225	225
Number of Projected Beneficiaries from New Community/Economic Development Contracts Awarded	330,000	330,000
Number of Programmatic Monitoring Activities Performed	270	270
Output (Volume):		
Number of Low Interest Loans and Grants Awarded to Rural Hospitals	30	30
Outcome (Results/Impact):		
Percent of Seed Samples Found to Be in Full Compliance with State and Federal Standards	97%	97%
Percent of Ag Pesticide Inspections in Compliance with Pesticide Laws and Regulations	92%	92%
Percent of Complaints Resolved Within Six Months	75%	75%
Percent of Independent School Districts Inspected Found to be in Compliance	55%	55%
Percent of Total Weights and Measures Device Routine Inspections Found in Full Compliance with State and Federal Standards	94%	94%
Percent of Fuel Quality Routine Inspections Found to be in Full Compliance	80%	80%
Output (Volume):		
Number of Official Seed Inspection Samples Drawn & Submitted for Analysis	4,500	4,500
Number of Nursery and Floral Establishment Inspections Conducted	8,000	8,000
Number of Hours Spent at Inspections of Plant Shipments and Regulated Articles	9,100	9,100
Output (Volume):		
Number of Egg Packer, Dealer, Wholesaler, and Retailer Inspections Conducted	2,100	2,100

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X An agency's second rider is its **Capital Budget**. Capital Budgets do not make additional appropriations, but rather direct the use of items of appropriation made above for specific uses. Capital Budgets direct the agency purchase or lease of vehicles, information resources, real property, or certain road construction or building repair.

DEPARTMENT OF AGRICULTURE
(Continued)

Number of Grain Warehouse Inspections, Re-inspections, and Audits Conducted	250	250
Output (Volume):		
Number of Agricultural Pesticide Complaint Investigations Conducted	225	225
Number of Inspections to Verify Compliance for Organic or Other Crop Production Certification Programs	235	235
Output (Volume):		
Number of New Individual and Business Licenses Issued	5,000	5,000
Number of Licenses Renewed (Individuals and Businesses)	16,500	16,500
Number of Complaints Resolved	125	125
Number of Structural Business License Inspections Conducted	980	980
Number of School Inspections Performed	250	250
Efficiencies:		
Average Licensing Cost Per Individual and Business License Issued	11	11
Output (Volume):		
Number of Weights and Measures Device Inspections Conducted	179,500	179,500
Outcome (Results/Impact):		
Percent of School Districts With No Compliance Review Fiscal Action	90%	90%
Average Daily Number of Children and Adults Served Meals through Child and Adult Food Care Program	560,000	560,000
Output (Volume):		
Number of School Staff Trained on School Nutrition Program (SNP) Regulations and Policies	30,000	30,000

X **2. Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code §1232.103.

	2016	2017
a. Acquisition of Information Resource Technologies		
(1) PC, Laptop and Tablet Purchases	$ 150,400	$ 228,400
(2) Schedule Optimization Software	600,000	100,000
(3) Network Equipment	213,400	0
Total, Acquisition of Information Resource Technologies	$ 963,800	$ 328,400
b. Transportation Items		
(1) Fleet Vehicles	983,400	460,000
c. Acquisition of Capital Equipment and Items		
(1) Octane Analyzers	240,000	140,000
d. Other Lease Payments to the Master Lease Purchase Program (MLPP)		
(1) Lease Payments - Metrology Laboratory	148,662	147,648
e. Data Center Consolidation		
(1) Data Center Consolidation	25,318	25,578
Total, Capital Budget	$ 2,361,180	$ 1,101,626
Method of Financing (Capital Budget):		
General Revenue Fund	$ 1,728,930	$ 891,376

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Y Additional riders follow an agency's Performance Measure Targets (Rider 1) and Capital Budget (Rider 2). Riders may provide general direction on the use of agency appropriation or may provide direction relating to a specific program.

DEPARTMENT OF AGRICULTURE
(Continued)

~~Federal Funds~~	~~632,250~~	~~210,250~~
~~Total, Method of Financing~~	~~$ 2,361,180~~	~~$ 1,101,626~~

	2018	2019
a. Acquisition of Information Resource Technologies		
(1) Computer Equipment & Software	$ 182,100	$ 206,300
b. Transportation Items		
(1) Fleet Vehicles	$ 490,500	$ 468,500
c. Other Lease Payments to the Master Lease Purchase Program (MLPP)		
(1) Lease Payments - Metrology Laboratory	146,583	145,465
(2) Lease Payments - Weight Truck	27,573	26,244
(3) Lease Payments - LC/T Mass Spectrometer	$ 45,744	$ 43,935
Total, Other Lease Payments to the Master Lease Purchase Program (MLPP)	$ 219,900	$ 215,644
d. Data Center Consolidation		
(1) Data Center Consolidation	$ 32,767	$ 33,375
Total, Capital Budget	$ 925,267	$ 923,819
Method of Financing (Capital Budget):		
General Revenue Fund		
General Revenue Fund	$ 848,367	$ 822,719
GR Match for Community Development Block Grants	5,000	5,000
Subtotal, General Revenue Fund	$ 853,367	$ 827,719
Federal Funds		
Federal Funds	48,400	72,600
Texas Department of Rural Affairs Federal Fund No. 5091	5,200	5,200
Subtotal, Federal Funds	$ 53,600	$ 77,800
Appropriated Receipts	18,300	18,300
Total, Method of Financing	$ 925,267	$ 923,819

Y **3. Appropriation: Land Donations.** In connection with the performance of its various responsibilities and programs the Texas Department of Agriculture is authorized to use funds appropriated by this Act to lease and/or accept the donation of land or the use of land from: (1) governmental agencies; (2) private firms; (3) corporations; (4) individuals; (5) or other persons.

4. Transfer Authority. Notwithstanding provisions relating to appropriation transfers contained in Article IX, Sec. 14.01, Appropriation Transfers of this Act, Texas Department of Agriculture (TDA) may not transfer amounts identified for cost recovery programs in Rider 2~~8~~6, Appropriations Limited to Revenue Collections: Cost Recovery Programs, between ~~strategies~~cost recovery programs nor may TDA transfer appropriations from non-related programs into cost recovery programs.

5. Appropriation: Texas Agricultural Fund. In addition to amounts appropriated above, ~~T~~the Texas Agricultural Finance Authority is appropriated out of the Texas Agricultural Fund No. 683 each fiscal year, all necessary amounts required to cover any defaults on loans referenced under Chapter 5, Subchapter E, Texas Agriculture Code, or for payments for the purpose of providing reduced interest rates on loans guaranteed to borrowers as authorized by §58.052(e), Texas Agriculture Code.

6. Master Lease Purchase Program (MLPP) Payments ~~for the Metrology Laboratory.~~ ~~Amounts appropriated above to the Texas Department of Agriculture in Strategy C.1.1, Inspect Measuring Devices, out of the General Revenue Fund, include amounts required each fiscal year to make lease payments to the Texas Public Finance Authority for the revenue bonds issued to finance construction of the metrology laboratory. The amount of the required lease payments are estimated to be $148,662 in fiscal year 2016 and $147,648 in fiscal year 2017.~~

COMPARISON OF RECOMMENDATIONS

FIGURE B–1
ALL FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$7,073.8	$5,886.6	($1,187.2)	(16.8%)
Article II – Health and Human Services	$78,536.6	$77,373.1	($1,163.5)	(1.5%)
Article III – Agencies of Education	$79,140.7	$79,303.9	$163.3	0.2%
Public Education	*$58,896.4*	*$59,577.1*	*$680.7*	*1.2%*
Higher Education	*$20,244.3*	*$19,726.9*	*($517.4)*	*(2.6%)*
Article IV – The Judiciary	$813.3	$800.1	($13.2)	(1.6%)
Article V – Public Safety and Criminal Justice	$12,503.5	$12,331.5	($172.1)	(1.4%)
Article VI – Natural Resources	$4,577.9	$4,321.8	($256.0)	(5.6%)
Article VII – Business and Economic Development	$29,663.9	$33,398.2	$3,734.3	12.6%
Article VIII – Regulatory	$957.6	$626.5	($331.1)	(34.6%)
Article IX – General Provisions	$0.0	($1,058.0)	($1,058.0)	N/A
Article X – The Legislature	$400.9	$387.9	($13.0)	(3.2%)
Total, All Articles	**$213,668.2**	**$213,371.6**	**($296.5)**	**(0.1%)**

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

FIGURE B–2
GENERAL REVENUE FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$3,345.5	$3,258.9	($86.6)	(2.6%)
Article II – Health and Human Services	$32,431.7	$32,596.0	$164.3	0.5%
Article III – Agencies of Education	$56,283.7	$54,696.4	($1,587.3)	(2.8%)
Public Education	*$41,594.1*	*$40,522.4*	*($1,071.8)*	*(2.6%)*
Higher Education	*$14,689.6*	*$14,174.0*	*($515.6)*	*(3.5%)*
Article IV – The Judiciary	$503.3	$503.6	$0.3	0.1%
Article V – Public Safety and Criminal Justice	$11,534.7	$11,556.1	$21.4	0.2%
Article VI – Natural Resources	$835.0	$769.1	($65.9)	(7.9%)
Article VII – Business and Economic Development	$1,176.9	$553.3	($623.6)	(53.0%)
Article VIII – Regulatory	$337.1	$339.3	$2.2	0.7%
Article IX – General Provisions	$0.0	($1,058.0)	($1,058.0)	N/A
Article X – The Legislature	$400.8	$387.7	($13.1)	(3.3%)
Total, All Articles	**$106,848.7**	**$103,602.3**	**($3,246.3)**	**(3.0%)**

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

FIGURE B–3
GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$1,056.0	$575.2	($480.8)	(45.5%)
Article II – Health and Human Services	$1,172.4	$1,150.4	($22.0)	(1.9%)
Article III – Agencies of Education	$2,913.0	$2,872.5	($40.6)	(1.4%)
Public Education	*$0.0*	*$0.0*	*$0.0*	*N/A*
Higher Education	*$2,913.0*	*$2,872.5*	*($40.6)*	*(1.4%)*
Article IV – The Judiciary	$143.2	$132.7	($10.5)	(7.3%)
Article V – Public Safety and Criminal Justice	$132.2	$34.1	($98.1)	(74.2%)
Article VI – Natural Resources	$1,534.4	$1,393.8	($140.6)	(9.2%)
Article VII – Business and Economic Development	$505.9	$481.9	($23.9)	(4.7%)
Article VIII – Regulatory	$579.0	$252.7	($326.3)	(56.4%)
Article IX – General Provisions	$0.0	$0.0	$0.0	N/A
Article X – The Legislature	$0.0	$0.0	$0.0	N/A
Total, All Articles	**$8,036.0**	**$6,893.3**	**($1,142.7)**	**(14.2%)**

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

FIGURE B–4
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$4,401.5	$3,834.0	($567.4)	(12.9%)
Article II – Health and Human Services	$33,604.0	$33,746.4	$142.3	0.4%
Article III – Agencies of Education	$59,196.8	$57,568.9	($1,627.9)	(2.8%)
Public Education	*$41,594.1*	*$40,522.4*	*($1,071.8)*	*(2.6%)*
Higher Education	*$17,602.6*	*$17,046.5*	*($556.2)*	*(3.2%)*
Article IV – The Judiciary	$646.5	$636.3	($10.2)	(1.6%)
Article V – Public Safety and Criminal Justice	$11,666.9	$11,590.2	($76.7)	(0.7%)
Article VI – Natural Resources	$2,369.4	$2,162.9	($206.5)	(8.7%)
Article VII – Business and Economic Development	$1,682.7	$1,035.2	($647.5)	(38.5%)
Article VIII – Regulatory	$916.1	$592.0	($324.1)	(35.4%)
Article IX – General Provisions	$0.0	($1,058.0)	($1,058.0)	N/A
Article X – The Legislature	$400.8	$387.7	($13.1)	(3.3%)
Total, All Articles	**$114,884.7**	**$110,495.6**	**($4,389.1)**	**(3.8%)**

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

FIGURE B–5
FEDERAL FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$1,005.3	$1,191.2	$185.9	18.5%
Article II – Health and Human Services	$44,257.3	$42,969.6	($1,287.7)	(2.9%)
Article III – Agencies of Education	$10,497.2	$10,766.0	$268.8	2.6%
Public Education	*$10,217.9*	*$10,490.3*	*$272.4*	*2.7%*
Higher Education	*$279.3*	*$275.7*	*($3.6)*	*(1.3%)*
Article IV – The Judiciary	$3.3	$3.2	($0.1)	(3.3%)
Article V – Public Safety and Criminal Justice	$647.0	$571.6	($75.4)	(11.7%)
Article VI – Natural Resources	$1,860.8	$1,856.6	($4.3)	(0.2%)
Article VII – Business and Economic Development	$12,326.1	$13,642.3	$1,316.2	10.7%
Article VIII – Regulatory	$8.6	$5.9	($2.7)	(31.6%)
Article IX – General Provisions	$0.0	$0.0	$0.0	N/A
Article X – The Legislature	$0.0	$0.0	$0.0	N/A
Total, All Articles	**$70,605.7**	**$71,006.4**	**$400.7**	**0.6%**

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

FIGURE B–6
RECOMMENDATIONS BY ARTICLE, OTHER FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$1,667.1	$861.3	($805.7)	(48.3%)
Article II – Health and Human Services	$675.3	$657.2	($18.1)	(2.7%)
Article III – Agencies of Education	$9,446.7	$10,969.1	$1,522.4	16.1%
Public Education	*$7,084.4*	*$8,564.3*	*$1,480.0*	*20.9%*
Higher Education	*$2,362.4*	*$2,404.7*	*$42.4*	*1.8%*
Article IV – The Judiciary	$163.5	$160.6	($2.9)	(1.8%)
Article V – Public Safety and Criminal Justice	$189.6	$169.6	($20.0)	(10.6%)
Article VI – Natural Resources	$347.6	$302.3	($45.3)	(13.0%)
Article VII – Business and Economic Development	$15,655.1	$18,720.7	$3,065.6	19.6%
Article VIII – Regulatory	$32.8	$28.6	($4.2)	(12.8%)
Article IX – General Provisions	$0.0	$0.0	$0.0	N/A
Article X – The Legislature	$0.1	$0.2	$0.1	97.2%
Total, All Articles	**$28,177.7**	**$31,869.6**	**$3,691.8**	**13.1%**

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

FIGURE B–7
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	RECOMMENDED 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$6,068.5	$4,695.4	($1,373.2)	(22.6%)
Article II – Health and Human Services	$34,279.3	$34,403.5	$124.2	0.4%
Article III – Agencies of Education	$68,643.5	$68,537.9	($105.5)	(0.2%)
Public Education	*$48,678.5*	*$49,086.7*	*$408.2*	*0.8%*
Higher Education	*$19,965.0*	*$19,451.2*	*($513.8)*	*(2.6%)*
Article IV – The Judiciary	$810.0	$796.9	($13.1)	(1.6%)
Article V – Public Safety and Criminal Justice	$11,856.5	$11,759.8	($96.7)	(0.8%)
Article VI – Natural Resources	$2,717.0	$2,465.2	($251.8)	(9.3%)
Article VII – Business and Economic Development	$17,337.8	$19,756.0	$2,418.2	13.9%
Article VIII – Regulatory	$948.9	$620.6	($328.3)	(34.6%)
Article IX – General Provisions	$0.0	($1,058.0)	($1,058.0)	N/A
Article X – The Legislature	$400.9	$387.9	($13.0)	(3.2%)
Total, All Articles	**$143,062.5**	**$142,365.2**	**($697.3)**	**(0.5%)**

NOTES:
(1) May include anticipated supplemental spending adjustments.
(2) Excludes Interagency Contracts.
(3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.