



LEGISLATIVE BUDGET BOARD

SUMMARY OF HOUSE BILL 1

Budget Recommendations for the 2016-17 Biennium

PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE

URSULA PARKS, LEGISLATIVE BUDGET BOARD

February 17, 2015

The Big Picture

	2014-15 Appropriations	2014-15 Adjusted Base	2016-17 HB 1	Biennial Increase	Percent Change
All Funds	200.4	202.1	202.4	0.4	0.2%
General Revenue	95.0	95.2	98.8	3.7	3.9%

Summary of Budget Recommendations

House Bill 1 Recommendations total \$202.4 billion in All Funds. This is \$359 million, or 0.2%, above 2014-15 anticipated spending levels.

GR amounts total \$98.8 billion. This is \$3.7 billion, or 3.9%, over 2014-15 spending levels.

Supplemental 2014-15 Adjustments

	<i>In millions</i>
2014-15 GR Appropriations	\$94,977.0
2014-15 GR Expended/Budgeted	\$95,170.0
Net Biennial Increase	\$193.0

The net increase of \$193 million includes \$171.2 million in estimated Medicaid supplemental costs. Not all of the adjustments to the base require legislative action.

Constitutional Limitations

There is remaining spending capacity under both the Article III, Section 49A pay-as-you-go limit and the Article VIII, Section 22 Spending Limit.

Remaining General Revenue Spending Authority <i>in billions</i>		
Pay-as-you-go Limit		\$14.1
Spending Limit		\$8.1

Foundation School Program

The Foundation School Program

- \$41.4 billion in All Funds and \$31.7 billion in GR
- Increases funding by \$2.2 billion over what is estimated to be required to fully fund the current law entitlement including student enrollment growth
- Includes a rider that directs that the additional \$2.2 billion be used to improve equity, reduce recapture, and increase the state share of the FSP.

Medicaid

Medicaid

- \$60.1 billion in All Funds, including \$24.8 billion in GR and \$100 million in GR-Dedicated
- \$1.3 billion in GR provided for projected caseload growth, including transition of certain children from CHIP to Medicaid; maintaining FY15 average costs for most programs; and full biennial funding of the Community First Choice program
- A less favorable Federal Medical Assistance Percentage (FMAP) results in higher proportion of the program funded with GR

Transportation

\$23.7 billion in All Funds is inclusive of the following:

- \$1.3 billion from allocating 100% of Fund 6 to TxDOT;
- \$2.6 billion from Proposition 1;
- Other Fund 6, Mobility Fund, Federal Funds and debt service-related allocations

Border Security

- \$418.3 million in All Funds is provided across various agencies.
- \$407.2 million is provided in border funding at the Department of Public Safety.
 - Funding for Goal B, Secure Border Region, at DPS is maintained at 2014-15 levels.

Other Funding Highlights

Higher Education is provided is \$18.9 billion in All Funds, and includes enrollment growth. Overall, this represents a 2.1% increase in All Funds.

Juvenile Justice Department is provided \$638.9 million in All Funds; this is in a rider appropriation in lieu of the standard strategy allocations. This is designed to give the legislature maximum flexibility in addressing the needs of this function.

Other Funding Highlights-Continued

Adult Criminal Justice is generally maintained at the 2014-15 level; All Funds total \$6.3 billion at the Texas Department of Criminal Justice.

Debt Service totals \$3.9 billion in All Funds, which fully funds the state's obligation. This is a \$330.4 million increase from the 2014-15 biennium.

Legislative Budget Board

Ursula Parks, Director

Ursula.Parks@lbb.state.tx.us

**Scott Dudley, Manager, Estimates and
Revenue Analysis**

Scott.Dudley@lbb.state.tx.us

512-463-1200