



LEGISLATIVE BUDGET BOARD

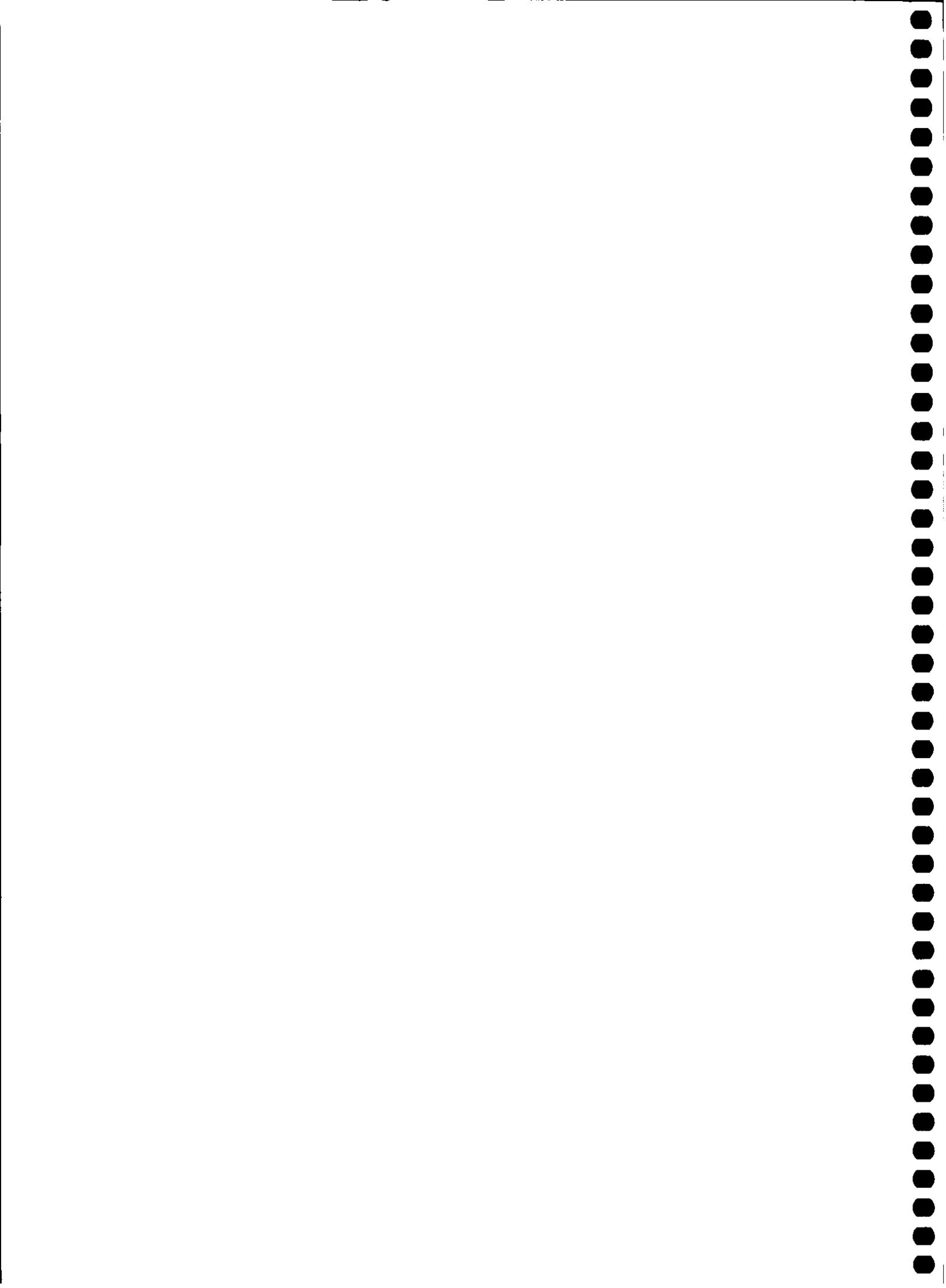
Summary of Senate Committee Substitute for Senate Bill 1 2018–19 Biennium

SENATE

SUBMITTED TO THE SENATE COMMITTEE ON FINANCE

PREPARED BY LEGISLATIVE BUDGET BOARD STAFF

MARCH 2017



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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.

There are four methods of finance the Legislature uses 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 non-dedicated 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 more than 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 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 consists of any funds not included in the General Revenue Fund (dedicated or not) or Federal Funds. Examples of Other Funds appropriations include 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 through 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 expenditure/budgeted level of funding. The chapter includes highlights of major funding items or significant policy or fiscal issues across the state and examples of factors affecting the state budget, including budget drivers such as correctional population or public school daily attendance.

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, insights into the Economic Stabilization Fund (i.e. 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 current biennium (2016–17), the recommended appropriation levels for the biennium 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.

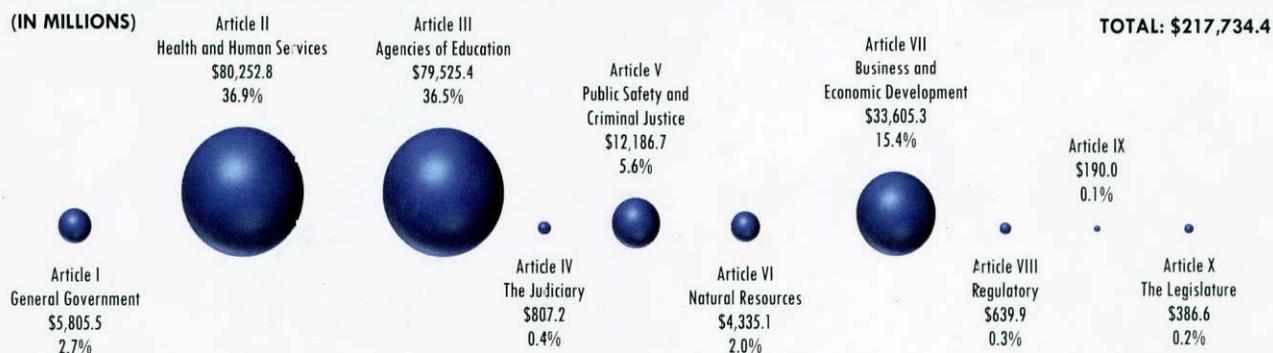
INTRODUCTION

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 Legislative interim; and/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 allows readers to identify differences between chamber bills, or a specific chamber's changes.

FUNDING BY ARTICLE

FIGURE 1
FUNDING 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
FUNDING BY ARTICLE, ALL FUNDS

(IN MILLIONS)

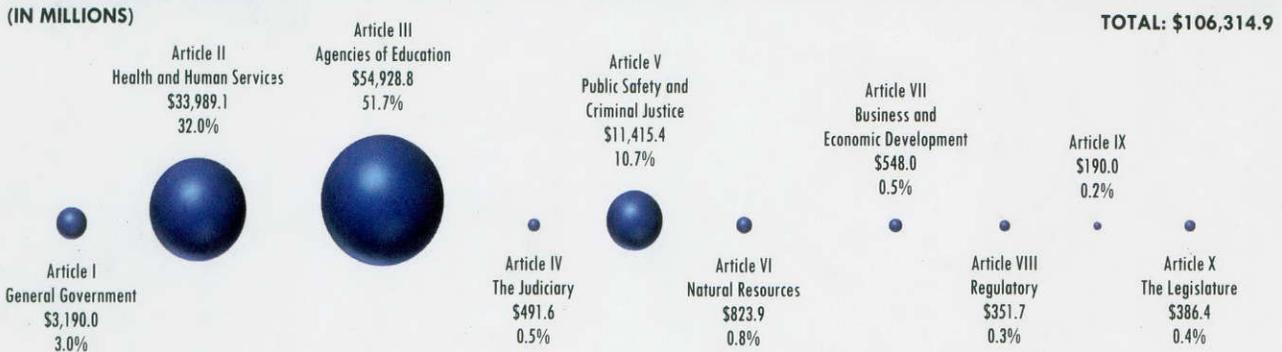
ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	CSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$7,073.8	\$5,805.5	(\$1,268.3)	(17.9%)
Article II – Health and Human Services	\$78,536.6	\$80,252.8	\$1,716.2	2.2%
Article III – Agencies of Education	\$79,140.7	\$79,525.4	\$384.7	0.5%
<i>Public Education</i>	\$58,896.4	\$59,292.0	\$395.6	0.7%
<i>Higher Education</i>	\$20,244.3	\$20,233.4	(\$10.9)	(0.1%)
Article IV – The Judiciary	\$813.3	\$807.2	(\$6.1)	(0.8%)
Article V – Public Safety and Criminal Justice	\$12,503.5	\$12,186.7	(\$316.8)	(2.5%)
Article VI – Natural Resources	\$4,577.9	\$4,335.1	(\$242.7)	(5.3%)
Article VII – Business and Economic Development	\$29,663.9	\$33,605.3	\$3,941.4	13.3%
Article VIII – Regulatory	\$957.6	\$639.9	(\$317.7)	(33.2%)
Article IX – General Provisions	\$0.0	\$190.0	\$190.0	N/A
Article X – The Legislature	\$400.9	\$386.6	(\$14.3)	(3.6%)
Total, All Articles	\$213,668.2	\$217,734.4	\$4,066.3	1.9%

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
FUNDING 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
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS**

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016-17	CSSBI 2018-19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$3,345.5	\$3,190.0	(\$155.5)	(4.6%)
Article II – Health and Human Services	\$32,431.7	\$33,989.1	\$1,557.4	4.8%
Article III – Agencies of Education	\$56,283.7	\$54,928.8	(\$1,354.9)	(2.4%)
<i>Public Education</i>	\$41,594.1	\$40,236.9	(\$1,357.3)	(3.3%)
<i>Higher Education</i>	\$14,689.6	\$14,691.9	\$2.4	0.0%
Article IV – The Judiciary	\$503.3	\$491.6	(\$11.6)	(2.3%)
Article V – Public Safety and Criminal Justice	\$11,534.7	\$11,415.4	(\$119.3)	(1.0%)
Article VI – Natural Resources	\$835.0	\$823.9	(\$11.1)	(1.3%)
Article VII – Business and Economic Development	\$1,176.9	\$548.0	(\$628.9)	(53.4%)
Article VIII – Regulatory	\$337.1	\$351.7	\$14.6	4.3%
Article IX – General Provisions	\$0.0	\$190.0	\$190.0	N/A
Article X – The Legislature	\$400.8	\$386.4	(\$14.4)	(3.6%)
Total, All Articles	\$106,848.7	\$106,314.9	(\$533.8)	(0.5%)

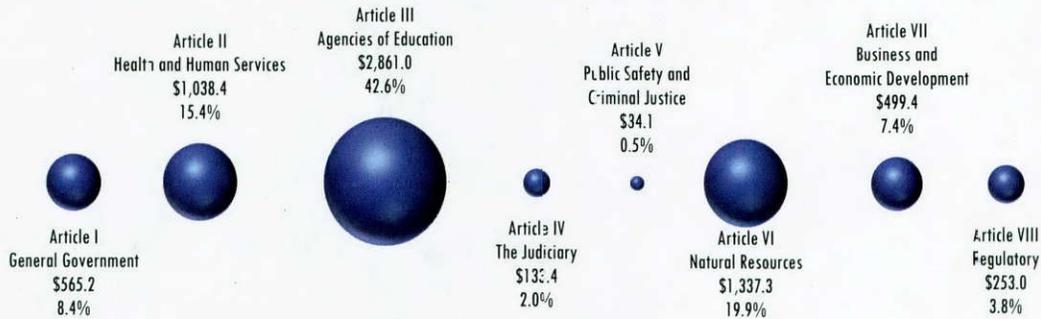
NOTES:
 (1) May include anticipated supplemental spending adjustments.
 (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE 5
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS**

(IN MILLIONS)

TOTAL: \$6,721.9



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

**FIGURE 6
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS**

(IN MILLIONS)

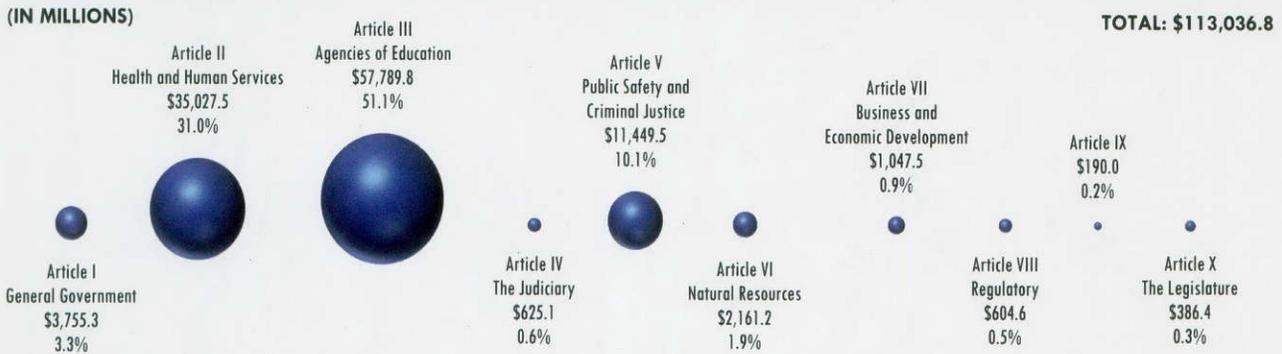
ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$1,056.0	\$565.2	(\$490.7)	(46.5%)
Article II – Health and Human Services	\$1,172.4	\$1,038.4	(\$133.9)	(11.4%)
Article III – Agencies of Education	\$2,913.0	\$2,861.0	(\$52.0)	(1.8%)
<i>Public Education</i>	\$0.0	\$0.0	\$0.0	N/A
<i>Higher Education</i>	\$2,913.0	\$2,861.0	(\$52.0)	(1.8%)
Article IV – The Judiciary	\$143.2	\$133.4	(\$9.8)	(6.8%)
Article V – Public Safety and Criminal Justice	\$132.2	\$34.1	(\$98.1)	(74.2%)
Article VI – Natural Resources	\$1,534.4	\$1,337.3	(\$197.1)	(12.8%)
Article VII – Business and Economic Development	\$505.9	\$499.4	(\$6.4)	(1.3%)
Article VIII – Regulatory	\$579.0	\$253.0	(\$326.1)	(56.3%)
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	\$6,721.9	(\$1,314.1)	(16.4%)

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
FUNDING 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
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS**

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	CSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$4,401.5	\$3,755.3	(\$646.2)	(14.7%)
Article II – Health and Human Services	\$33,604.0	\$35,027.5	\$1,423.5	4.2%
Article III – Agencies of Education	\$59,196.8	\$57,789.8	(\$1,406.9)	(2.4%)
<i>Public Education</i>	\$41,594.1	\$40,236.9	(\$1,357.3)	(3.3%)
<i>Higher Education</i>	\$17,602.6	\$17,553.0	(\$49.7)	(0.3%)
Article IV – The Judiciary	\$646.5	\$625.1	(\$21.4)	(3.3%)
Article V – Public Safety and Criminal Justice	\$11,666.9	\$11,449.5	(\$217.4)	(1.9%)
Article VI – Natural Resources	\$2,369.4	\$2,161.2	(\$208.2)	(8.8%)
Article VII – Business and Economic Development	\$1,682.7	\$1,047.5	(\$635.3)	(37.8%)
Article VIII – Regulatory	\$916.1	\$604.6	(\$311.5)	(34.0%)
Article IX – General Provisions	\$0.0	\$190.0	\$190.0	N/A
Article X – The Legislature	\$400.8	\$386.4	(\$14.4)	(3.6%)
Total, All Articles	\$114,884.7	\$113,036.8	(\$1,847.9)	(1.6%)

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 9
FUNDING 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
FUNDING BY ARTICLE, FEDERAL FUNDS**

(IN MILLIONS)

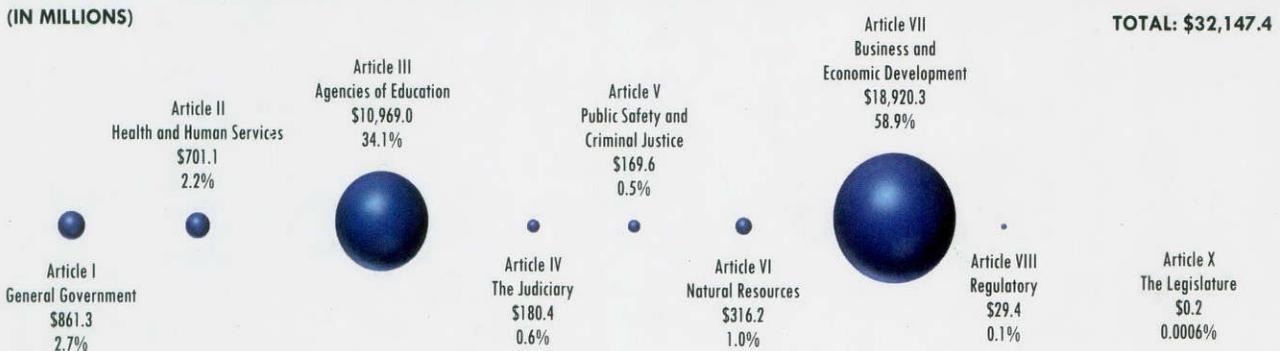
ALL FUNCTIONS	ESTIMATED/BUDGETED 2016-17	CSSB1 2018-19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$1,005.3	\$1,188.9	\$183.7	18.3%
Article II – Health and Human Services	\$44,257.3	\$44,524.3	\$267.0	0.6%
Article III – Agencies of Education	\$10,497.2	\$10,766.5	\$269.3	2.6%
<i>Public Education</i>	\$10,217.9	\$10,490.9	\$273.0	2.7%
<i>Higher Education</i>	\$279.3	\$275.7	(\$3.6)	(1.3%)
Article IV – The Judiciary	\$3.3	\$1.7	(\$1.6)	(48.7%)
Article V – Public Safety and Criminal Justice	\$647.0	\$567.6	(\$79.4)	(12.3%)
Article VI – Natural Resources	\$1,860.8	\$1,857.7	(\$3.1)	(0.2%)
Article VII – Business and Economic Development	\$12,326.1	\$13,637.6	\$1,311.5	10.6%
Article VIII – Regulatory	\$8.6	\$5.9	(\$2.8)	(32.2%)
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	\$72,550.2	\$1,944.5	2.8%

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 11
FUNDING 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
FUNDING BY ARTICLE, OTHER FUNDS**

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016-17	CSSB1 2018-19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$1,667.1	\$861.3	(\$805.8)	(48.3%)
Article II – Health and Human Services	\$675.3	\$701.1	\$25.8	3.8%
Article III – Agencies of Education	\$9,446.7	\$10,969.0	\$1,522.3	16.1%
<i>Public Education</i>	\$7,084.4	\$8,564.3	\$1,479.9	20.9%
<i>Higher Education</i>	\$2,362.4	\$2,404.7	\$42.4	1.8%
Article IV – The Judiciary	\$163.5	\$180.4	\$16.9	10.3%
Article V – Public Safety and Criminal Justice	\$189.6	\$169.6	(\$20.0)	(10.6%)
Article VI – Natural Resources	\$347.6	\$316.2	(\$31.4)	(9.0%)
Article VII – Business and Economic Development	\$15,655.1	\$18,920.3	\$3,265.2	20.9%
Article VIII – Regulatory	\$32.8	\$29.4	(\$3.4)	(10.4%)
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	\$32,147.4	\$3,969.7	14.1%

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
FUNDING 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
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$6,068.5	\$4,616.5	(\$1,452.0)	(23.9%)
Article II – Health and Human Services	\$34,279.3	\$35,728.6	\$1,449.2	4.2%
Article III – Agencies of Education	\$68,643.5	\$68,758.8	\$115.3	0.2%
<i>Public Education</i>	\$48,678.5	\$48,801.1	\$122.6	0.3%
<i>Higher Education</i>	\$19,965.0	\$19,957.7	(\$7.3)	(0.0%)
Article IV – The Judiciary	\$810.0	\$805.5	(\$4.5)	(0.6%)
Article V – Public Safety and Criminal Justice	\$11,856.5	\$11,619.1	(\$237.4)	(2.0%)
Article VI – Natural Resources	\$2,717.0	\$2,477.4	(\$239.6)	(8.8%)
Article VII – Business and Economic Development	\$17,337.8	\$19,967.7	\$2,629.9	15.2%
Article VIII – Regulatory	\$948.9	\$634.0	(\$314.9)	(33.2%)
Article IX – General Provisions	\$0.0	\$190.0	\$190.0	N/A
Article X – The Legislature	\$400.9	\$386.6	(\$14.3)	(3.6%)
Total, All Articles	\$143,062.5	\$145,184.2	\$2,121.8	1.5%

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 COMMITTEE SUBSTITUTE FOR SENATE BILL 1

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

FOUNDATION SCHOOL PROGRAM

- FSP funding for the 2018–19 biennium includes \$33.7 billion in General Revenue Funds and \$42.0 billion in All Funds. This represents a decrease of \$347.5 million in program funding, including an estimated \$1.5 billion increase in Other Funds and a \$1.8 billion decrease in General Revenue Funds. The Other Funds increase is attributable to projected increases in revenues from the Property Tax Relief Fund and from recapture payments. Additionally, the bill contains a contingency FSP appropriation for a distribution authorized by the General Land Office from the Permanent School Fund to the Available School Fund. Funding is not included for the New Instructional Facilities Allotment, funded at \$47.5 million in the 2016–17 biennium. This funding level, plus the contingency appropriation, fully funds what is estimated to be required to meet the current law FSP entitlement.

MEDICAID

- Funding of \$63.9 billion in All Funds, including \$26.2 billion in General Revenue Funds and \$0.2 billion in General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. This amount is an increase of \$1.9 billion in All Funds, including \$1.3 billion in General Revenue Funds.
- Included in these amounts is \$58.9 billion in All Funds for Medicaid client services, \$1.8 billion in All Funds for programs supported by Medicaid funding, and \$3.2 billion in All Funds for administration of the Medicaid program and other programs supported by Medicaid funding. The net increase in Medicaid funding is due to an increase of \$2.5 billion in All Funds in Medicaid client services offset by a decrease of \$0.6 billion in All Funds in administrative funding. In the aggregate, other programs supported by Medicaid funding are maintained at approximately the 2016–17 biennial funding level.
- Increased funding for Medicaid client services supports caseload growth at fiscal year 2017 average costs for most services in fiscal year 2018. Fiscal year 2019 funding is maintained at the fiscal year 2018 level for each method of financing. The only exception to this level of funding is for long-term-care waivers, which are maintained at the August 2017 level throughout the 2018–19 biennium with an additional 276 Home and Community-based Services (HCS) waiver slots funded by the end of fiscal year 2019. Funding levels for the 2018–19 biennium assume \$1.0 billion in All Funds (\$0.4 billion in General Revenue Funds) in cost containment for Medicaid client services.
- Funding amounts for the 2016–17 biennium for Medicaid do not assume supplemental funding for fiscal year 2017.

TRANSPORTATION

- \$28.4 billion in All Funds is provided for all functions of the Department of Transportation; this includes \$4.7 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); \$2.5 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 \$8.8 billion for the 2018–19 biennium).
- \$24.8 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; \$4.1 billion from Proposition 7, 2015, proceeds and \$2.5 billion from Proposition 1, 2014, proceeds for constructing, maintaining, and acquiring rights-of-way for non-tolled public roadways; \$2.3 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.

CHILD PROTECTIVE SERVICES

- Funding of \$3.4 billion in All Funds, including \$2.0 billion in General Revenue Funds, is provided for the direct delivery of all Child Protective Services (CPS) functions at the Department of Family and Protective Services (DFPS). This amount is an increase of \$429.0 million in All Funds and \$450.6 million in General Revenue Funds from the 2016–17 biennial base.
- The following is included in the CPS Program Area to improve agency performance related to the average caseload per CPS caseworker and CPS caseworker retention and to ensure the safety of children:
 - \$292.8 million in All Funds to maintain 828.8 full-time-equivalent (FTE) positions and salary increases provided in fiscal year 2017 to address critical needs in the CPS program; and
 - \$55.2 million in All Funds to support an additional 307.4 caseworker positions in fiscal year 2018 and 381.5 caseworker positions in fiscal year 2019.
- Funding includes an increase of \$116.1 million in All Funds and \$93.7 million in General Revenue Funds to further support foster care payments, including funding to increase rates for foster care services providers in both the legacy and redesign system, and to expand Foster Care Redesign to four additional regions by the end of fiscal year 2019.
- Funding includes an increase of \$1.8 million in General Revenue Funds to the Preparation for Adult Living (PAL) Purchased Services Program to expand the aid provided to foster care youth transitioning into independent living.
- Funding includes an increase of \$8.1 million in All Funds to continue new Permanency Care Assistance payments into the 2018–19 biennium, contingent upon enactment of Senate Bill 203, or similar legislation, by the Eighty-fifth Legislature, Regular Session, 2017.
- DFPS entitlement program funding for the direct delivery of service totals \$1.6 billion in All Funds and \$0.8 billion in General Revenue Funds, including:
 - \$955.4 million in All Funds and \$454.9 million in General Revenue Funds, for the Foster Care Payment Program;
 - \$581.6 million in All Funds and \$297.1 million in General Revenue Funds, for the Adoption Subsidy and Permanency Care Assistance Payment Programs; 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 direct delivery of services in Day Care Purchased Services Program.

BEHAVIORAL HEALTH

- Funding includes \$3.5 billion in All Funds (\$2.8 billion in General Revenue Funds and General Revenue–Dedicated Funds) for non-Medicaid behavioral health services. Funding supports programs at 17 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 for the biennium to address the current and projected waitlists for community mental health services for adults and children, \$59.4 million in General Revenue Funds to maintain purchased psychiatric hospital beds, increase maximum security forensic state hospital beds, and maintain or expand a variety of community mental health programs, as well as \$93.1 million in General Revenue Funds (\$133.0 million All Funds), including an additional \$31.1 million in General Revenue Funds (\$44.3 million All

Funds) that was not included in SB1, As Introduced, to provide mental health services to former indigent clients of the NorthSTAR behavioral health program.

- Estimated Medicaid expenditures for behavioral health services total \$3.6 billion in All Funds for the 2018–19 biennium and estimated CHIP expenditures total \$47.2 million in All Funds. These amounts include cost growth for both programs that is not funded and Medicaid caseload growth in fiscal year 2019, which is also not funded. Total behavioral health funding including estimated Medicaid and CHIP expenditures is estimated to be \$7.2 billion in All Funds for the biennium.

HIGHER EDUCATION FUNDING

- The bill replaces \$1.1 billion in special item funding with \$744.7 million in increased formula funding and special item phase-out support. For the 2018–19 biennium, Higher Education formulas total \$7.9 billion in General Revenue Funds and \$1.5 billion in statutory tuition in General Revenue–Dedicated Funds.
- In place of the \$610.2 million in General Revenue special item funding reduction for the General Academic Institutions, Lamar State Colleges, and the Texas State Technical Colleges from 2016–17, \$325.0 million in General Revenue Funds is added to the Instruction and Operations Formula and Small Institution Supplement for these institutions. Included in this amount is an equity adjustment and \$273.5 million in special item phase-out support to limit the reductions for these institution types to between six and ten percent from 2016–17 formula and special item General Revenue funding levels. 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.
- Similarly, in place of the \$445.5 million in General Revenue special item reduction for the Health Related Institutions (HRIs) from 2016–17, \$375.0 million in General Revenue Funds is added, split evenly between each of the HRIs' Instruction and Operations Formula and Research Enhancement Formula. Included in these amounts is an equity adjustment and \$111.4 million in special item phase-out support to limit the reduction for any legacy health related institutions to no more than 2.6 percent from 2016–17 formula and special item General Revenue funding levels. HRI formula appropriations include funding of \$13.4 million for The University of Texas Rio Grande Valley School of Medicine but do not include formula appropriations to The University of Texas at Austin Dell Medical School.
- Funding includes an additional \$44.7 million in General Revenue Funds for the Public Community and Junior Colleges' Success Points formula, offsetting an \$25.5 million decrease in special items and \$10.5 million decrease in Instruction and Operations funding, due to a decline in contact hours.

ADULT INCARCERATION

- \$6.5 billion in All Funds, including \$6.4 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 \$280.9 million for the 2018–19 biennium and include:
 - a \$128.6 million decrease for the transfer of state contributions for Community Supervision and Corrections Department health insurance to the Employees Retirement System;
 - a \$60.0 million decrease for deferred maintenance;
 - a \$36.4 million decrease for the closure of two correctional facilities;
 - a \$13.1 million decrease for the closure of a parole Intermediate Sanction Facility;
 - a \$10.0 million decrease for video surveillance cameras; and

- a \$7.9 million decrease to fund community supervision and parole at LBB population projections.
- Funding for Correctional Managed Health Care totals \$1.1 billion, which represents a \$21.3 million decrease from the 2016–17 base funding level. Cost containment strategies include:
 - increase of \$60.9 million to expand unit infirmary capacity and retain unit nursing staff, which is estimated to result in \$68.0 cost avoidance related to hospital costs and correctional officer and nurse overtime;
 - \$82.2 million decrease for hospital reimbursement rates and indirect administrative costs, which includes:
 - \$66.5 million to revise University of Texas Medical Branch (UTMB) Hospital Galveston's reimbursement rate and
 - \$15.6 million to cap indirect administrative charges at 3.0 percent for UTMB and Texas Tech University Health Science Center.

BORDER SECURITY

- Funding of \$800.0 million in state funds is provided to fund border security at the Department of Public Safety (DPS), the Trusteed Programs within the Office of the Governor, the Texas Parks and Wildlife Department, Texas Alcoholic Beverage Commission, Texas Commission on Law Enforcement, Office of the Attorney General, Texas Soil and Water Conservation Board, and the Department of Criminal Justice. The majority of this funding (\$713.9 million in General Revenue Funds and General Revenue–Dedicated Funds) is provided to DPS, \$468.5 million of which is in the agency's Goal B, Secure Texas. Other goals in the DPS budget contain additional funding for border security related functions and activities (\$245.4 million).
- This funding maintains support for Department of Public Safety personnel at fiscal year 2017 full deployment levels, eliminates funding for one-time and transitional expenditures, and adds additional personnel to the border security initiative. Significant funding items include the following: \$97.1 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; \$14.0 million to acquire, install, and maintain border security equipment, including cameras and related technology associated with Operation Drawbridge; and \$10.0 million 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' 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, Regular Session, 2015. Border security funding also includes \$47.9 million at Trusteed Programs Within the Office of the Governor for grants to local entities and other support, and \$22.0 million at Texas Parks and Wildlife Department for Game Warden activity.

TEACHER RETIREMENT AND HEALTH BENEFITS

- Funding of \$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 (Teacher Retirement System Pension Trust Fund). Funding reflects a state contribution rate of 6.8 percent of employee payroll in each year of the 2018–19 biennium. Funding assumes an annual payroll growth rate of 3.5 percent for public education and growth of 2.9 percent for higher education in each fiscal year of the biennium, based on payroll trend data.
- Retiree health insurance funding includes \$937.6 million in General Revenue Funds, an increase of \$356.7, or 61.4 percent, from the 2016–17 biennial base funding level. This funding provides for an increase of the statutorily required state contribution to TRS-Care from 1.0 percent to 1.25 percent of public education payroll, and for a onetime appropriation of additional funds to cover the remainder of the projected TRS-Care shortfall in the 2018–19 biennium, contingent on the passage of Senate Bill 788, or similar legislation relating to TRS Retiree Health, by the Eighty-fifth Legislature, Regular Session, 2017. This contingent appropriation accounts for \$290.0 million of the biennial increase, after cost containment savings are taken into account.

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

- \$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 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 according to the Texas Constitution, Article XVI, Sec. 67 (b)(3).
- \$4.1 billion in All Funds (\$3.0 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 provides an annual 4.6 percent increase in the state's contribution which is offset by targeted health care cost savings measures. Combined, these changes reflect a net increase of \$454.0 million in All Funds (\$372.1 million in General Revenue Funds and General Revenue–Dedicated Funds).
 - Recommendations for targeted cost savings measures include disincentivizing the use of freestanding Emergency Rooms, maximizing benefit coordination with Medicare, and making formula funding to certain health related institutions and institutions of higher education contingent upon reducing contracted rates with health plans. These measures total \$142.9 million in All Funds (\$89.1 million in General Revenue Funds and General Revenue–Dedicated Funds), of which \$125.7 million is reduced from Employees Retirement System Group Insurance appropriations and \$17.2 million is reduced from Higher Education Group Insurance appropriations.
 - Funding decisions assume that the Employees Retirement System (ERS) will also partially spend down the contingency reserve fund in order to cover the annual benefit cost trend of 8.5 percent. Amounts also assume that retiree membership will grow by 4.7 percent annually as well as FTE changes at certain state agencies.
 - The state's contribution (\$129.5 million in General Revenue Funds) for local Community Supervision and Correctional Department (CSCD) officers' group health insurance is appropriated to ERS instead of the Department of Criminal Justice (TDCJ).
- \$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 both 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 213,833.5 full-time-equivalent (FTE) positions in fiscal year 2018, and 214,090.9 in fiscal year 2019. The number of FTE positions in fiscal year 2019 is a decrease of 3,178.3, or 1.5 percent, from fiscal year 2017 budgeted levels. The decrease is primarily related to a reduction of FTE 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 the Department of Public Safety. Funding includes \$47.3 million for the biennium for salaries for 191.5 new officers and support staff in fiscal year 2018 and an additional 184.6 new officers and support staff in fiscal year 2019.

DEBT SERVICE

- The 2018–19 biennium fully funds debt service and totals \$4.3 billion in All Funds. The funding of \$2.1 billion for fiscal year 2018 and \$2.2 billion for fiscal year 2019 reflects a decrease of \$315.8 million, or 6.9 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.

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.

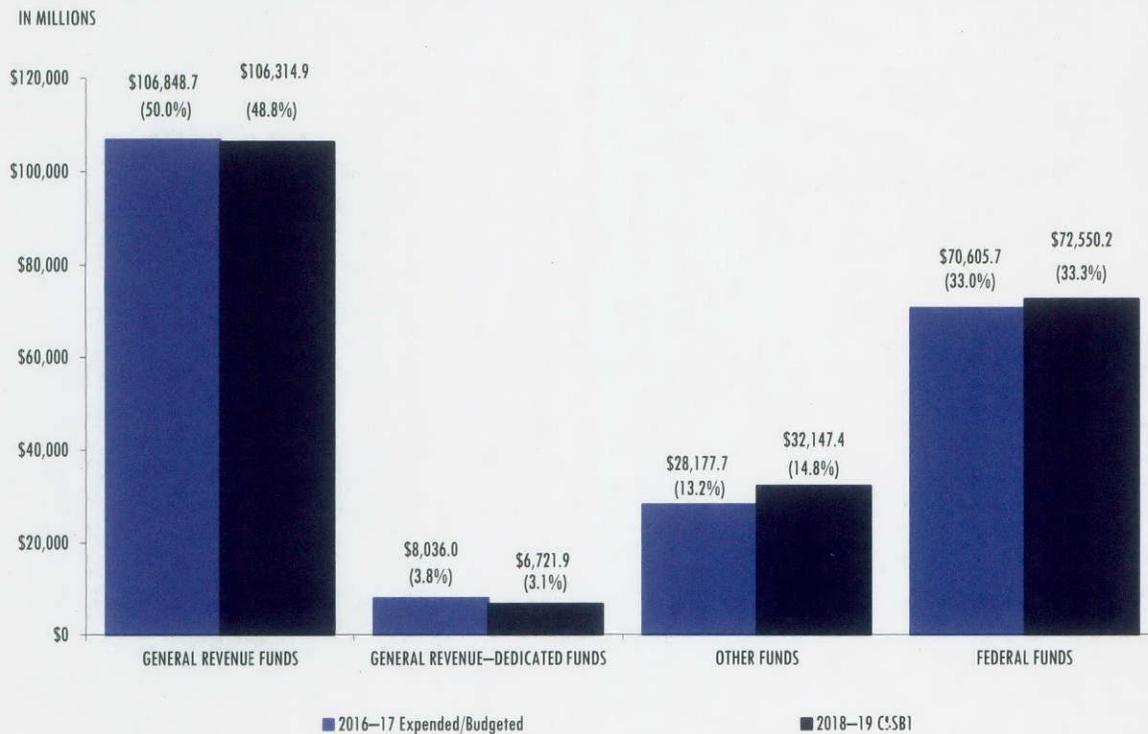
STRATEGIC FISCAL REVIEW

- Sixteen state agencies were 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 has been made available to the members of the Eighty-fifth Legislature, 2017, 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. 2018–19 Committee Substitute for Senate Bill 1 refers 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 COMMITTEE SUBSTITUTE FOR SENATE BILL 1



NOTE: Other Funds excludes interagency contracts.

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

**FIGURE 16
POPULATION BASED INDICATORS
FISCAL YEARS 2002 TO 2016**

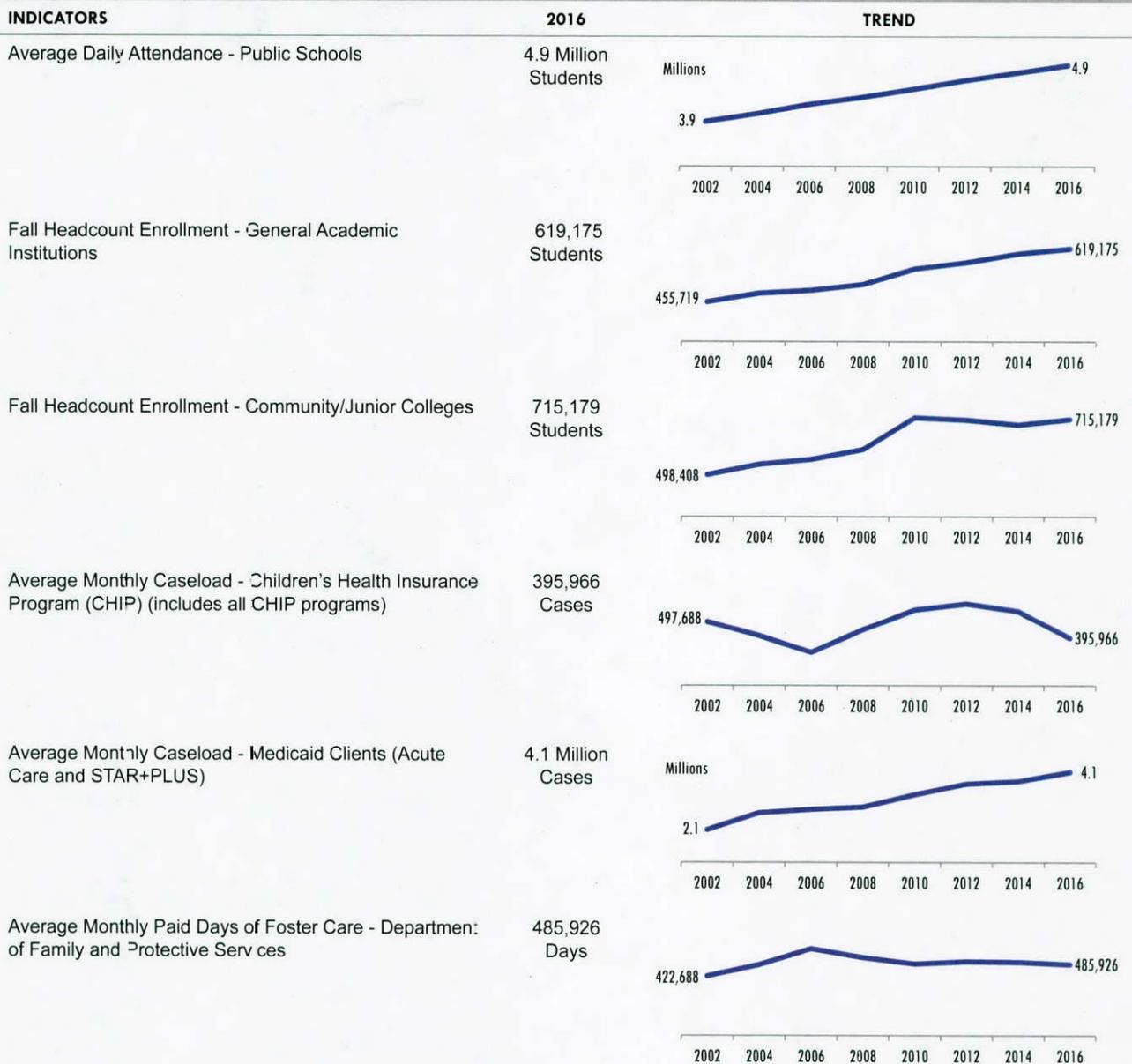


FIGURE 16 (CONTINUED)
POPULATION BASED INDICATORS
FISCAL YEARS 2002 TO 2015



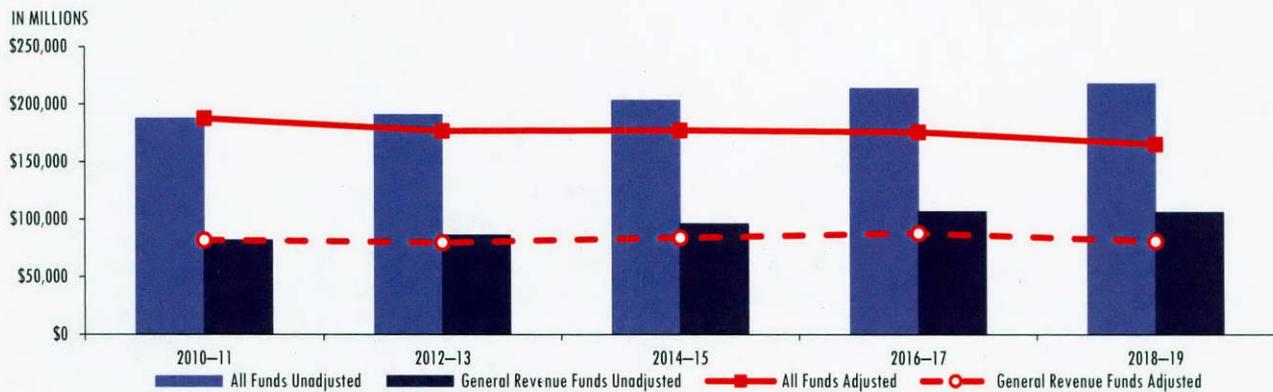
SOURCE: Legislative Budget Board.

TRENDS IN STATE GOVERNMENT EXPENDITURES

Figure 17 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 16.1 percent from the 2010–11 to 2018–19 biennia, but decreased 11.9 percent after adjusting for population and inflation. General Revenue Funds appropriations increased by 29.8 percent during the same period, but decreased by 1.5 percent when adjusted.

FIGURE 17
TRENDS IN STATE GOVERNMENT EXPENDITURES, 2018–19 BIENNIAL APPROPRIATIONS IN COMMITTEE SUBSTITUTE FOR SENATE BILL 1

FISCAL BIENNIUM	ALL FUNDS				GENERAL REVENUE FUNDS			
	UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION		UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION	
	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	\$217,734	1.9%	\$165,157	(6.0%)	\$106,315	(0.5%)	\$80,642	(8.2%)

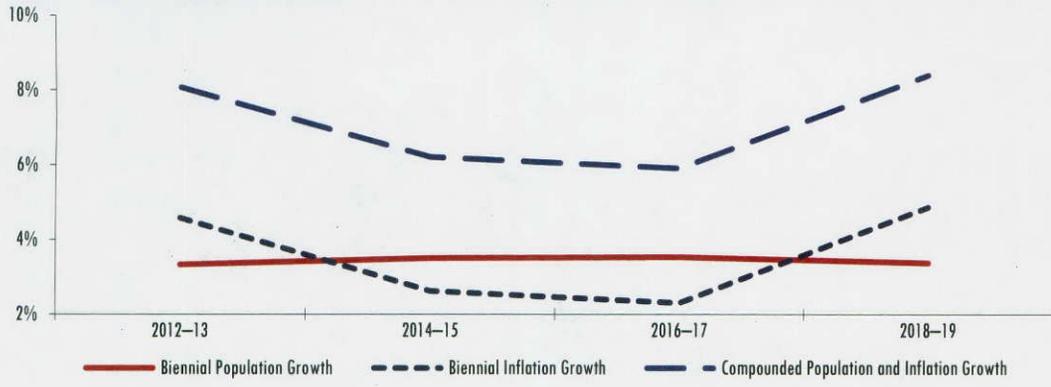


SOURCE: Legislative Budget Board.

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 2018–19 *Biennial Revenue Estimate*, and identified in **Figure 18**, which included a biennial growth rate of 8.42 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 Board meeting ranged from 7.73 percent to 8.73 percent.

FIGURE 18
BIENNIAL POPULATION AND INFLATION GROWTH FROM 2012-13 TO 2018-19



SOURCE: Texas Comptroller of Public Accounts.

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.

Funding from General Revenue Funds for the 2018–19 biennium total \$106.3 billion. This amount is \$1.4 billion above the pay-as-you-go limit, prior to funding anticipated supplemental needs, funding additional 2018–19 biennial appropriations, and prior to any legislative action resulting in a change to the total amount of revenue available (**Figure 19**). Furthermore, General Revenue Funds are \$9.6 billion less than the General Revenue capacity under the spending limit. Final 2016–17 biennial appropriations will affect the 2018–19 biennial spending limit capacity. 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 19
REMAINING GENERAL REVENUE FUNDS SPENDING AUTHORITY, 2018–19 BIENNIUM

IN BILLIONS	AMOUNT
Pay-as-you-go Limit:	(\$1.4)
Pay-as-you-go Limit, assuming certification scenario from March 20 CPA letter*:	\$1.1
Spending Limit:	\$9.6

* In a letter dated March 20, 2017, Comptroller Hegar noted that if \$2.5 billion in fiscal year 2019 sales taxes were transferred to the State Highway Fund in September 2019 (fiscal year 2020), rather than in August 2019 (fiscal year 2019), there would be a gain to certification of \$2.5 billion for the 2018–19 biennium.

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 20**). Legislative actions increasing or decreasing revenue collections will change the total amount of revenue available.

By contrast, the amount of revenue available for the Eighty-fourth Legislature under the pay-as-you-go limit identified in the 2015 BRE was \$113.0 billion.

FIGURE 20
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*. The 2018–19 biennial appropriations subject to the spending limit total \$91.1 billion, \$8.1 billion less than the spending limit (Figure 21).

FIGURE 21
SPENDING LIMIT COMPARED TO THE COMMITTEE SUBSTITUTE FOR SENATE BILL 1
2018–19 BIENNIUM

(IN MILLIONS)	AMOUNT
Spending Limit	\$99,197.4
Appropriations Subject to the Spending Limit	(\$91,131.7)
Total Below the Spending Limit:	\$8,065.7

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 \$115.9 billion, leaving \$9.6 billion in remaining General Revenue Funds spending capacity less than the spending limit (Figure 22).

**FIGURE 22
GENERAL REVENUE FUNDS PURSUANT TO THE SPENDING LIMIT COMPARED TO COMMITTEE SUBSTITUTE FOR SENATE BILL 1,
2018–19 BIENNIUM**

IN MILLIONS)	AMOUNT
Maximum General Revenue Funds appropriations pursuant to the Spending Limit	\$115,927.5
Recommended General Revenue Funds Appropriations	(\$106,314.9)
Total Below the Maximum General Revenue Fund Appropriations:	\$9,612.6

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 \$217.7 billion. Therefore, the welfare spending limit is \$2.2 billion. The biennial amount included in the Committee Substitute for Senate Bill 1 subject to the limit on state dollars paid out in Temporary Assistance for Needy Families (cash assistance) grants is \$96.5 million, \$2.1 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 23 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*.

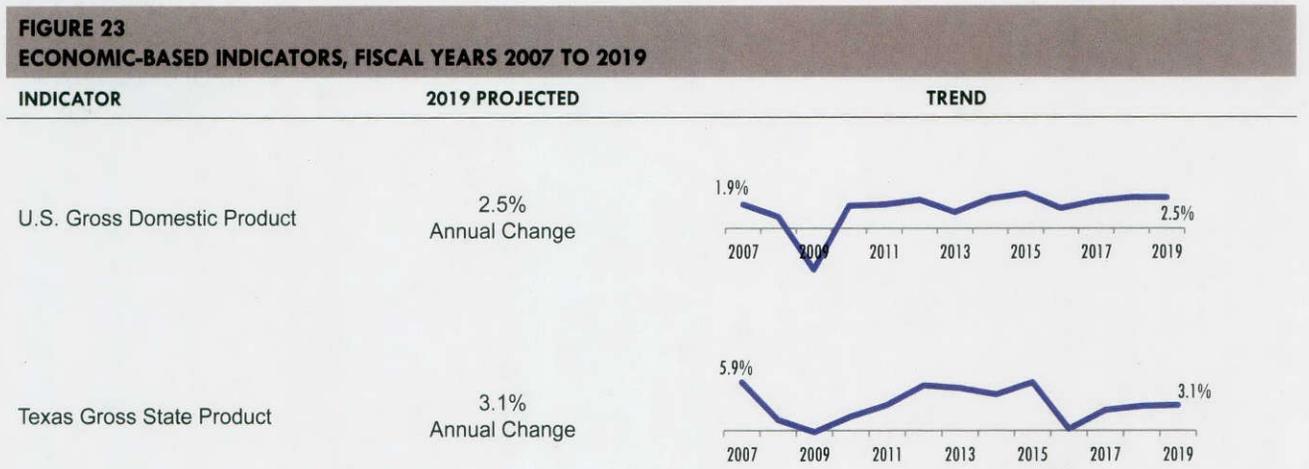


FIGURE 23 (CONTINUED)
ECONOMIC-BASED INDICATORS, FISCAL YEARS 2007 TO 2019



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.

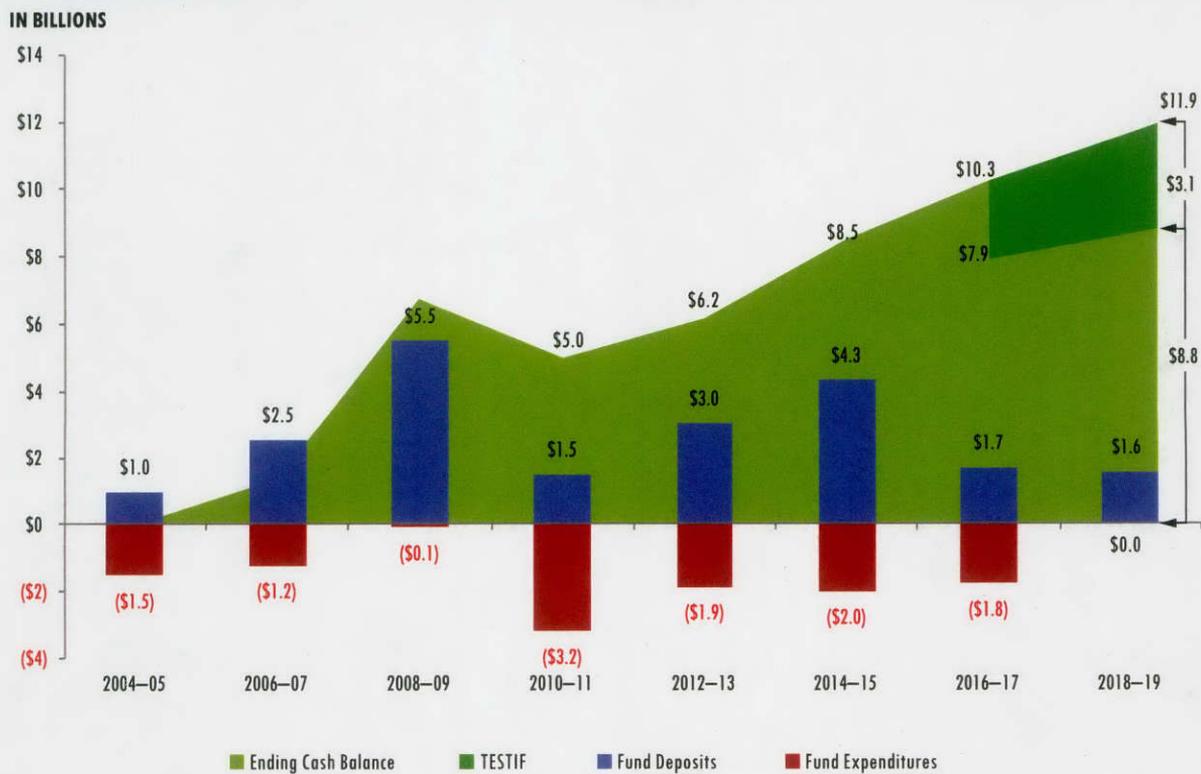
ECONOMIC STABILIZATION FUND

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 Committee Substitute for Senate Bill 1 does not contain an appropriation from the fund.

Figure 24 shows the history of ESF deposits, expenditures, and balances from the 2004–05 to 2018–19 biennia.

FIGURE 24
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 25
ARTICLE I – GENERAL GOVERNMENT, BY METHOD OF FINANCE

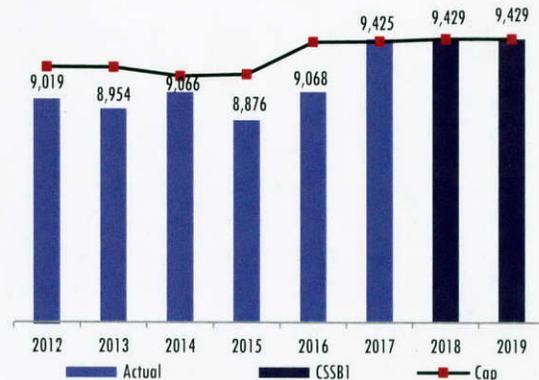
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$3,345.5	\$3,190.0	(\$155.5)	(4.6%)
General Revenue–Dedicated Funds	\$1,056.0	\$565.2	(\$490.7)	(46.5%)
Federal Funds	\$1,005.3	\$1,188.9	\$183.7	18.3%
Other Funds	\$1,667.1	\$861.3	(\$805.8)	(48.3%)
Total, All Methods of Finance	\$7,073.8	\$5,805.5	(\$1,268.3)	(17.9%)

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 \$5.8 billion for the 2018–19 biennium, a decrease of \$1.3 billion, or 17.9 percent. General Revenue Funds total \$3.2 billion, a decrease of \$155.5 million, or 4.6 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 \$49.9 million in All Funds. Increases are related to agency estimates for certain statutorily required disbursements 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 in Article I for Trusteed Programs at the Office of the Governor reflects a decrease of \$275.0 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 include \$144.3 million in unexpended balance authority, a \$85.0 million transfer from the Emerging Technology Fund, \$57.3 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. This decrease is offset by appropriations in Article IX of an additional \$165.0 million in General Revenue for disaster grants (\$100.0 million) and economic and business development (\$65.0 million) to the Trusteed Programs.
- Funding for Group Insurance for general state agency employees administered by the Employees Retirement System is \$4.1 billion in All Funds (\$3.0 billion in General Revenue Funds and General Revenue–Dedicated), which is an overall increase of \$454.0 million in All Funds (\$372.1 million in General Revenue Funds and General Revenue–Dedicated) from the 2016–17 biennium. This represents 4.6 percent annual contribution increases to account for cost growth (\$579.8 million in All Funds) offset by cost savings measures totaling \$125.7 million All Funds. Cost savings measures include disincentivizing the use of freestanding Emergency Rooms, maximizing benefit coordination with Medicare, and making formula funding at certain higher education institutions contingent upon reducing contracted rates with the health plan.
- Funding for the Historical Commission reflects a decrease of \$26.8 million in All Funds and a decrease of \$16.5 million in General Revenue Funds. The decrease in General Revenue Funds includes \$14.2 million in one-time funding for Courthouse Grants and \$1.6 million in capital projects at Historic Sites and the Commission’s Capitol Complex facilities as well as \$0.7 million related to reductions to agency programs. Funding includes \$5.0 million in General Revenue Funds for Courthouse Grants, \$3.3 million in General Revenue Funds for capital projects at the National Museum of the Pacific War and San Felipe de Austin Historic Site, \$1.5 million in General Revenue Funds for Heritage Trail Regions, and \$0.3 million in General Revenue Funds for the Centralized Accounting and Payroll/Personnel System conversion.
- Funding for the Veterans Commission reflects a decrease of \$31.1 million in All Funds, \$28.8 million of which is General Revenue Funds. 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.
- Funding includes a decrease of \$39.9 million in General Revenue Funds related to general obligation bond debt service payments due to the appropriation of \$39.9 million in fiscal year 2017 unexpended balances to be carried forward into the 2018–19 biennium.
- Funding includes a decrease of \$13.8 million in General Revenue Funds related to revenue bond lease payments due to the appropriation of \$13.8 million in fiscal year 2017 unexpended balances to be carried forward into the 2018–19 biennium.

Figure 26 shows the All Funds appropriation for each agency in Article I, and **Figure 27** 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 26
ARTICLE I – GENERAL GOVERNMENT. ALL FUNDS

(IN MILLIONS)

FUNCTION	EXPENDED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	\$17.8	\$12.0	(\$5.7)	(32.3%)
Office of the Attorney General	\$1,171.6	\$1,152.5	(\$19.0)	(1.6%)
Bond Review Board	\$1.6	\$1.6	\$0.0	0.0%
Cancer Prevention and Research Institute of Texas	\$596.3	\$600.1	\$3.8	0.6%
Comptroller of Public Accounts	\$608.8	\$594.7	(\$14.1)	(2.3%)
Fiscal Programs - Comptroller of Public Accounts	\$1,135.6	\$1,185.5	\$49.9	4.4%
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	\$5.6	(\$0.5)	(8.4%)
Facilities Commission	\$1,170.3	\$121.8	(\$1,048.5)	(89.6%)
Public Finance Authority	\$3.1	\$3.0	(\$0.1)	(4.1%)
Office of the Governor	\$26.5	\$25.2	(\$1.3)	(4.7%)
Trusted Programs within the Office of the Governor	\$1,188.3	\$913.3	(\$275.0)	(23.1%)
Historical Commission	\$76.2	\$49.3	(\$26.8)	(35.2%)
Department of Information Resources	\$670.4	\$753.3	\$82.8	12.4%
Library and Archives Commission	\$65.0	\$65.0	\$0.0	0.0%
Pension Review Board	\$1.9	\$2.0	\$0.1	4.7%
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	\$58.8	(\$6.1)	(9.4%)
Veterans Commission	114.6	\$83.6	(\$31.1)	(27.1%)
Subtotal, General Government	\$7,237.8	\$5,914.7	(\$1,323.1)	(18.3%)
Employee Benefits and Debt Service	\$675.8	\$772.4	\$96.6	14.3%
Less Interagency Contracts	\$839.7	\$881.6	\$41.9	5.0%
Total, All Functions	\$7,073.8	\$5,805.5	(\$1,268.3)	(17.9%)

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 27
ARTICLE I – GENERAL GOVERNMENT, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	\$14.3	\$9.3	(\$5.1)	(35.3%)
Office of the Attorney General	\$471.7	\$442.9	(\$28.9)	(6.1%)
Bond Review Board	\$1.6	\$1.6	\$0.0	0.0%
Cancer Prevention and Research Institute of Texas	\$0.0	\$0.0	\$0.0	N/A
Comptroller of Public Accounts	\$569.4	\$562.5	(\$6.9)	(1.2%)
Fiscal Programs - Comptroller of Public Accounts	\$1,061.5	\$1,121.6	\$60.1	5.7%
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	\$5.6	(\$0.5)	(8.4%)
Facilities Commission	\$128.1	\$80.5	(\$47.6)	(37.2%)
Public Finance Authority	\$3.1	\$2.0	(\$1.1)	(36.4%)
Office of the Governor	\$25.9	\$24.9	(\$1.0)	(4.0%)
Trusted Programs within the Office of the Governor	\$400.9	\$174.0	(\$226.8)	(56.6%)
Historical Commission	\$61.4	\$45.0	(\$16.5)	(26.8%)
Department of Information Resources	\$0.0	\$0.0	\$0.0	N/A
Library and Archives Commission	\$31.8	\$30.2	(\$1.6)	(5.0%)
Pension Review Board	\$1.9	\$2.0	\$0.1	4.7%
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	\$41.4	(\$3.0)	(6.7%)
Veterans Commission	\$55.4	\$26.6	(\$28.8)	(51.9%)
Subtotal, General Government	\$2,945.4	\$2,614.0	(\$331.4)	(11.3%)
Subtotal, Employee Benefits and Debt Service	\$400.1	\$576.0	\$175.9	44.0%
Total, All Functions	\$3,345.5	\$3,190.0	(\$155.5)	(4.6%)

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 28
OFFICE OF THE ATTORNEY GENERAL, BY METHOD OF FINANCE

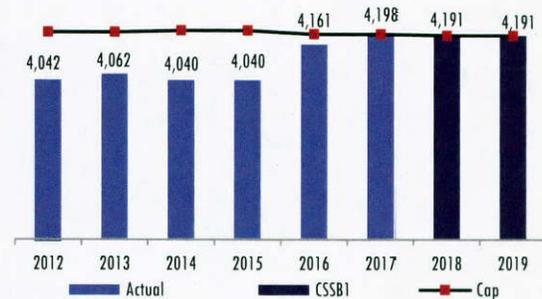
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$471.7	\$442.9	(\$28.9)	(6.1%)
General Revenue–Dedicated Funds	\$155.5	\$144.1	(\$11.4)	(7.3%)
Federal Funds	\$419.4	\$434.3	\$14.8	3.5%
Other Funds	\$125.0	\$131.3	\$6.4	5.1%
Total, All Methods of Finance	\$1,171.6	\$1,152.5	(\$19.0)	(1.6%)

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 Office of the Attorney General for the 2018–19 biennium totals \$1.2 billion in All Funds, which includes an All Funds decrease of \$19.0 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 for the 2018–19 biennium include \$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 No. 469, General Revenue appropriation is reduced by \$13.1 million offset by a corresponding increase of General Revenue–Dedicated Compensation to Victims of Crime Account No. 469.
- 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 biennial 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 and in order to optimally utilize the receipt of these Federal Funds, appropriations of General Revenue–Dedicated Compensation to Victims of Crime Account No. 469 have been reduced 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 Funds 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 currently expected to be released in one phase in December 2018 at an estimated total cost of \$419.6 million (State = \$142.6 million, Federal = \$277.0 million).

- Funding includes \$4.9 million in All Funds for the migration to the Centralized Accounting and Payroll/Personnel System (CAPPS).

COMPTROLLER OF PUBLIC ACCOUNTS

FIGURE 29
COMPTROLLER OF PUBLIC ACCOUNTS, BY METHOD OF FINANCE

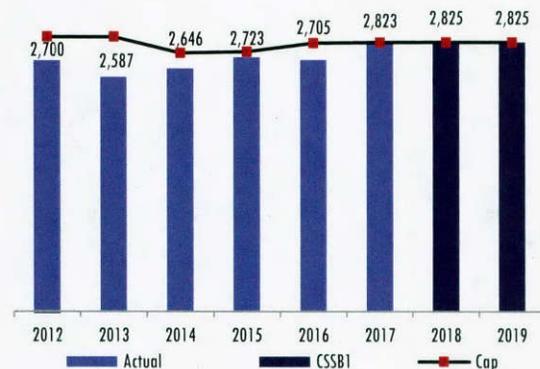
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$569.4	\$562.5	(\$6.9)	(1.2%)
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	\$594.7	(\$14.1)	(2.3%)

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 Comptroller of Public Accounts totals \$594.7 million in All Funds for the 2018–19 biennium, a decrease of \$14.1 million. The decrease in funding includes a reduction of \$6.9 million in General Revenue Funds, including \$7.2 million for multiple items listed below, offset by an increase of \$0.3 million in contingency appropriations for implementation of legislation. Additionally, funding includes a reduction 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 a decrease of \$7.2 million in General Revenue Funds which includes:
 - Decrease of \$3.4 million for one-time 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 an increase of \$0.3 million in General Revenue Funds and an increase of 2.0 full-time equivalent positions for implementation of Senate Bill 669, or similar legislation relating to the system for protesting or appealing

certain ad valorem tax determinations, contingent on enactment of the bill by the Eighty-fifth Legislature, Regular Session.

- 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 Funds, \$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

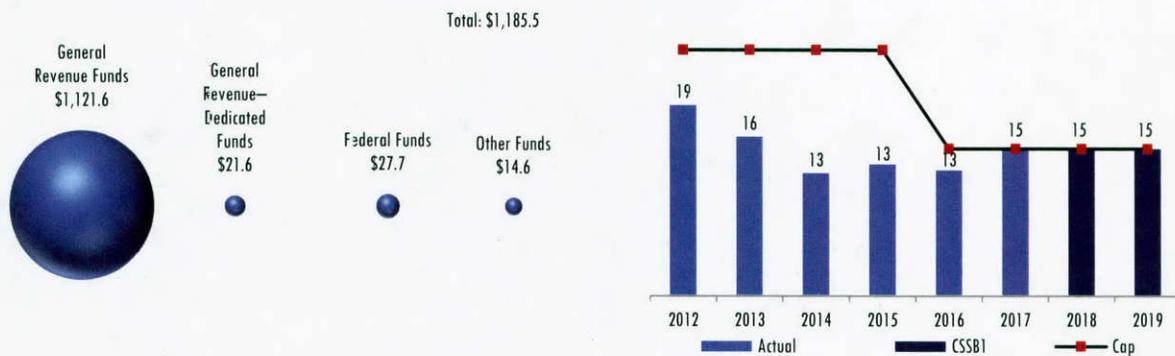
FIGURE 30
FISCAL PROGRAMS WITHIN THE COMPTROLLER OF PUBLIC ACCOUNTS, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016-17	CSSBI 2018-19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,061.5	\$1,121.6	\$60.1	5.7%
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	\$1,185.5	\$49.9	4.4%

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 \$49.9 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 \$443.1 million in General Revenue Funds, an increase of \$34.2 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 unclaimed property 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 continues an appropriation of \$5.0 million in General Revenue Funds to 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.

FACILITIES COMMISSION

**FIGURE 31
FACILITIES COMMISSION GENERAL, BY METHOD OF FINANCE**

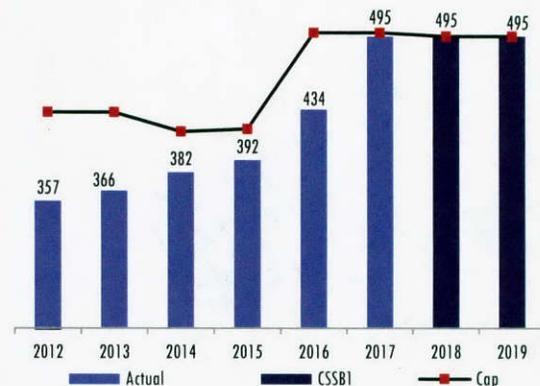
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$128.1	\$80.5	(\$47.6)	(37.2%)
General Revenue–Dedicated Funds	\$222.6	\$5.0	(\$217.6)	(97.8%)
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	\$121.8	(\$1,048.5)	(89.6%)

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 Facilities Commission for the 2018–19 biennium total \$121.8 million in All Funds, a decrease of \$1.0 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 one-time capital projects, including General Revenue–Dedicated Deferred Maintenance Account No. 5166 funds, account for a decrease in funding of \$241.6 million from 2016–17 biennium levels. The 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 the 2016–17 biennium levels related to emergency repair projects under the Commission's authority.
- Funding includes an increase of \$13.6 million in General Revenue Funds for facilities renovation and renewal projects at the LBJ Building in the Capitol Complex.

TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

FIGURE 32
TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR, BY METHOD OF FINANCE

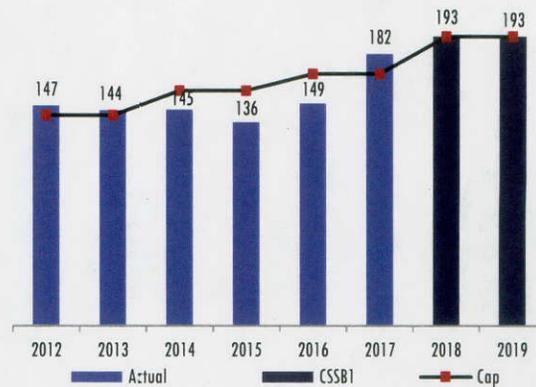
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$400.9	\$174.0	(\$226.8)	(56.6%)
General Revenue–Dedicated Funds	\$288.3	\$132.3	(\$155.9)	(54.1%)
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	\$913.3	(\$275.0)	(23.1%)

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 in Article I for the Trusteed Programs Within the Office of the Governor totals \$913.3 million in All Funds for the 2018–19 biennium, a decrease of \$275.0 million from the 2016–17 biennium. An additional \$165.0 million is appropriated to the agency in Article IX, increasing total 2018–19 funding to \$1.1 billion. The decrease from the 2016–17 funding levels 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.
- \$124.8 million in total funding for disaster grants (\$100.0 million of which is appropriated in Article IX), an increase of \$57.3 million over 2016–17 appropriated levels.
- \$181.6 million in total funding in Goal C, Economic Development and Tourism, (\$65.0 million of which is appropriated in Article IX), a decrease of \$115.1 million from 2016–17 appropriated levels.
- Significant funding decreases are related to the removal of one-time funding items in the 2016–17 biennium, including:
 - A decrease of \$144.3 million in General Revenue Funds and General Revenue–Dedicated Funds 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–Dedicated 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 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 \$3.5 million in General Revenue Funds and reflects a reduction of \$57.3 million from the 2016–17 biennium.
- 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 2016–17 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.
- Funding includes a decrease of \$16.4 million in Interagency Contracts for National Incident Based Reporting System grants due to the appropriation of \$11.3 million in fiscal year 2017 unexpended balances to be carried forward into the 2018–19 biennium.

DEPARTMENT OF INFORMATION RESOURCES

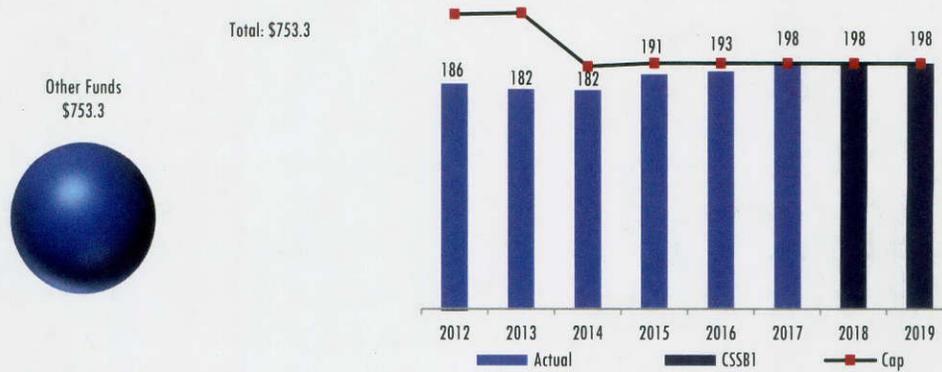
FIGURE 33
DEPARTMENT OF INFORMATION RESOURCES, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 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.

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

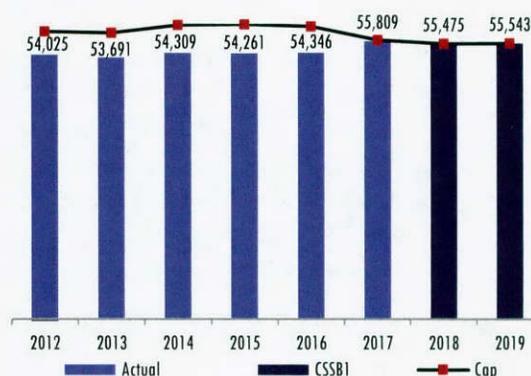
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$32,431.7	\$33,989.1	\$1,557.4	4.8%
General Revenue–Dedicated Funds	\$1,172.4	\$1,038.4	(\$133.9)	(11.4%)
Federal Funds	\$44,257.3	\$44,524.3	\$267.0	0.6%
Other Funds	\$675.3	\$701.1	\$25.8	3.8%
Total, All Methods of Finance	\$78,536.6	\$80,252.8	\$1,716.2	2.2%

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



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.
- (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 \$80.3 billion, an increase of \$1.7 billion from the 2016–17 biennium. Amounts for the 2016–17 biennium do not assume supplemental funding for the Medicaid program in fiscal year 2017. General Revenue Funds and General Revenue–Dedicated Funds total \$35.0 billion, an increase of \$1.4 billion 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 above in the \$78.5 billion All Funds total.

HIGHLIGHTS

- \$63.9 billion in All Funds, including \$26.2 billion in General Revenue Funds and \$0.2 billion in General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. This is an increase of \$1.9 billion in All Funds, including \$1.3 billion in General Revenue Funds.
- Funding for Medicaid client services at HHSC for the 2018–19 biennium includes \$58.9 billion in All Funds (\$24.5 billion in General Revenue Funds and General Revenue–Dedicated Funds) to support caseload growth and maintain fiscal year 2017 average costs for most services in fiscal year 2018. Fiscal year 2019 is maintained at the fiscal year 2018 level for each method of financing. The only exception to this level of funding is for long-term-care waivers, which are maintained at the August 2017 level throughout the 2018–19 biennium with an additional 276 Home and Community-based Services (HCS) waiver slots funded by the end of fiscal year 2019. The funding level above also includes a reduction of \$1.0 billion in All Funds (\$0.4 billion in General Revenue Funds) in cost containment for Medicaid client services. The amounts for the 2018–19 biennium do not include funding to support projected fiscal year 2019 caseload growth, 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. 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 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 off-set by increased enrollment broker contract costs in CHIP.
- Funding includes \$1.6 billion in All Funds, including \$757.0 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 \$168.3 million in All Funds (\$123.7 million General Revenue Funds) from 2016-17 spending levels to support projected caseload growth in these entitlement programs, to increase rates for foster care services providers in both the legacy and redesign system, and to expand Foster Care Redesign to four additional regions by the end of fiscal year 2019.
- Funding includes \$292.8 million in All Funds and 828.8 full-time-equivalent (FTE) positions in Child Protective Services (CPS) at DFPS to maintain the resources provided in fiscal year 2017 to address critical needs in the CPS program and improve average caseload per CPS caseworker and CPS caseworker retention and to ensure the safety of the children. An increase of \$55.2 million in All Funds to support an additional 307.4 caseworkers in fiscal 2018 and 381.5 caseworkers in fiscal year 2019 is also provided.
- Funding for non-Medicaid/CHIP behavioral health services at the three health and human services agencies totals \$2.8 billion in All Funds, including \$2.1 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, and \$90.5 million in General Revenue Funds (\$103.8 million in All Funds) to maintain purchased psychiatric hospital beds, increase maximum

security forensic state hospital beds, maintain or expand a variety of community mental health programs, and to maintain community mental health services for former indigent clients of the NorthSTAR behavioral health program.

- Estimated Medicaid expenditures for behavioral health services total \$3.6 billion in All Funds for the 2018–19 biennium, and estimated CHIP expenditures \$47.2 million in All Funds. These amounts include cost growth for both programs that is not funded and Medicaid caseload growth in fiscal year 2019, which is also not funded. Please note that this overlaps with the Medicaid and CHIP funding information (which excludes caseload and/or cost growth) in the first three bullets above.
- 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 35 shows the All Funds appropriation for each agency in Article II, and Figure 36 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 35
ARTICLE II – HEALTH AND HUMAN SERVICES, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Family and Protective Services	\$3,703.9	\$4,003.0	\$299.0	8.1%
Department of State Health Services	\$5,617.4	\$1,523.6	(\$4,093.7)	(72.9%)
Health and Human Services Commission	\$68,415.8	\$73,201.4	\$4,785.6	7.0%
Article II, Special Provisions	\$0.0	\$0.0	\$0.0	N/A
Subtotal, Health and Human Services	\$77,737.1	\$78,728.0	\$991.0	1.3%
Employee Benefits and Debt Service	\$2,098.8	\$2,277.7	\$173.9	8.5%
Less Interagency Contracts	\$1,299.2	\$752.9	(\$546.3)	(42.1%)
Total, All Functions	\$73,536.6	\$80,252.8	\$1,716.2	2.2%

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 36
ARTICLE II – HEALTH AND HUMAN SERVICES, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Family and Protective Services	\$1,975.4	\$2,344.0	\$368.7	18.7%
Department of State Health Services	\$1,987.2	\$464.2	(\$1,522.9)	(76.6%)
Health and Human Services Commission	\$27,018.5	\$29,524.3	\$2,505.9	9.3%
Article II, Special Provisions	\$0.0	\$0.0	\$0.0	N/A
Subtotal, Health and Human Services	\$30,981.0	\$32,332.6	\$1,351.6	4.4%
Employee Benefits and Debt Service	\$1,450.7	\$1,656.5	\$205.8	14.2%
Total, All Functions	\$32,431.7	\$33,989.1	\$1,557.4	4.8%

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.

DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

FIGURE 37
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES, BY METHOD OF FINANCE

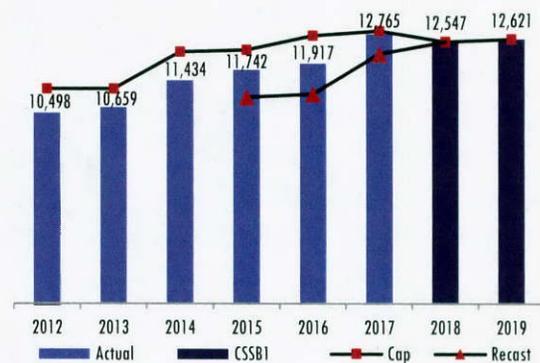
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,975.4	\$2,344.0	\$368.7	18.7%
General Revenue–Dedicated Funds	\$11.4	\$11.4	\$0.0	0.0%
Federal Funds	\$1,698.1	\$1,632.0	(\$66.1)	(3.9%)
Other Funds	\$19.0	\$15.5	(\$3.5)	(18.5%)
Total, All Methods of Finance	\$3,703.9	\$4,003.0	\$299.0	8.1%

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) May include 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 \$4.0 billion in All Funds, including \$2.3 billion in General Revenue Funds and \$11.4 million in General Revenue–Dedicated Funds. This represents a \$368.7 million or 18.7 percent increase in General Revenue Funds and a \$299.0 million, or 8.1 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 \$417.9 million in All Funds and \$429.1 million in General Revenue Funds. This represents an 11.3 percent increase in All Funds and 21.7 percent increase in General Revenue over 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 children:
 - \$292.8 million in All Funds to maintain 828.8 full-time-equivalent (FTE) positions and salary increases provided in fiscal year 2017 to address critical needs in the CPS program; and

- \$55.2 million in All Funds to support an additional 307.4 caseworkers in fiscal 2018 and 381.5 caseworkers in fiscal year 2019.
- Funding includes \$126.0 million in All Funds to support CPS services, including:
 - \$116.1 million in All Funds and \$93.7 million in General Revenue Funds to further support foster care payments, including funding to increase rates for foster care services providers in both the legacy and redesign system, and to expand Foster Care Redesign to four additional regions by the end of fiscal year 2019;
 - \$1.8 million in All Funds to the Preparation for Adult Living (PAL) Purchased Services Program to expand aid provided to foster care youth transition into independent living; and
 - \$8.1 million in All Funds to continue new Permanency Care Assistance payments in the 2018–19 biennium contingent upon passage of Senate Bill 203, or similar legislation, by the Eighty-fifth Legislature, Regular Session.
- Funding includes \$15.2 million in All Funds for Prevention and Early Intervention services, including:
 - \$13.3 million in General Revenue Funds to biennialize funding to the Community Youth Development (CYD) and Project Healthy Outcomes through Prevention and Early Support (HOPES) Programs; and
 - \$1.9 million in All Funds and 13.0 FTEs to increase administrative support services in the Prevention Services Program Area.
- Funding includes an additional \$1.1 million in All Funds to provide 8.9 FTEs for the purpose of establishing a new data analysis unit to assist with initial information analysis upon caseworker assignment.
- Funding includes \$5.3 million in All Funds to increase data interoperability of the agency’s case management system.
- Funding includes \$0.6 million in All Funds and 3.6 FTEs to engage volunteer faith-based and community resources through enhanced volunteer and community partnerships.
- Funding includes a total of \$1,561.7 million in All Funds and \$757.0 million in General Revenue Funds for the direct delivery of services in the DFPS entitlement programs, including:
 - \$955.4 million in All Funds and \$454.9 million in General Revenue Funds, for the Foster Care Payment Program;
 - \$581.6 million in All Funds and \$297.1 million in General Revenue Funds, for the Adoption Subsidy and Permanency Care Assistance Payment Programs; 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 direct delivery of services in the Day Care Purchased Services Program.
- Funding in the DFPS 2016–17 base totals \$118.8 million in All Funds, \$60.5 million in General Revenue Funds, and 571.5 FTE positions, for the programs transferring to the Health and Human Services Commission 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 38
DEPARTMENT OF STATE HEALTH SERVICES, BY METHOD OF FINANCE

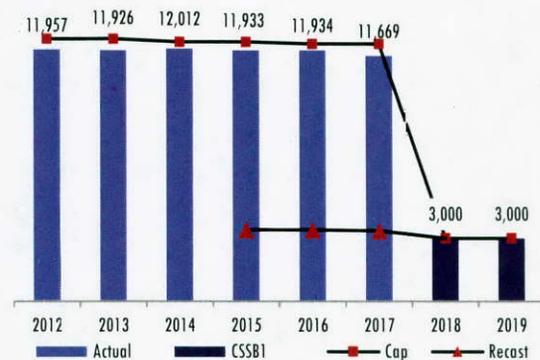
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,987.2	\$464.2	(\$1,522.9)	(76.6%)
General Revenue–Dedicated Funds	\$875.5	\$318.3	(\$557.2)	(63.6%)
Federal Funds	\$2,163.2	\$529.8	(\$1,633.4)	(75.5%)
Other Funds	\$591.4	\$211.3	(\$380.1)	(64.3%)
Total, All Methods of Finance	\$5,617.4	\$1,523.6	(\$4,093.7)	(72.9%)

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 State Health Services, although the positions may not have transferred until fiscal years 2017 or 2018.
- (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.

Funding for the Department of State Health Services (DSHS) for the 2018–19 biennium totals \$1.5 billion in All Funds, including \$464.2 million in General Revenue Funds and \$318.3 million in General Revenue–Dedicated Funds. This represents a \$4.1 billion, or 72.9 percent decrease in All Funds, \$1.5 billion or 76.6 percent decrease in General Revenue Funds and \$557.2 million, or 63.6 percent decrease in General Revenue–Dedicated 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 and \$450.5 million in General Revenue–Dedicated Funds, 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 remaining at DSHS reflects a decrease of \$66.2 million in General Revenue Funds, \$106.8 million in General Revenue–Dedicated Funds, and \$299.4 million in All Funds and 177.2 FTEs in fiscal year 2018 and 184.2 FTEs in fiscal year 2019. Highlights of funding changes for programs remaining at DSHS include:
 - Funding for EMS and Trauma Care Systems is \$246.0 million in General Revenue Funds and General Revenue–Dedicated Funds for the 2018–19 biennium, which is a decrease of \$106.5 million from the 2016–17 biennium, primarily due to a one-time appropriation of \$106.0 million by the Eighty-fourth Legislature of General Revenue–Dedicated Trauma Facility and EMS Account No. 5111 which was transferred to the Health and Human Services Commission (HHSC) for Medicaid hospital add-on payments. HHSC recommendations include an increase of \$105.8 million in General Revenue Funds to partially replace the interagency contract with the DSHS. Balances used to fund the transfer in 2016–17 are not available in 2018–19 and were replaced with General Revenue Funds to maintain \$0.7 billion in add-on payments for designated trauma facilities, safety-net hospitals, and rural hospitals.
 - 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 \$36.9 million from 2016–17 spending levels. Earned Federal Funds (General Revenue Funds) decreased by \$3.3 million.
 - Funding for Medicaid-eligible newborn screenings is directly appropriated to HHSC, resulting in a \$34.1 million decrease in Other Funds (Public Health Medicaid Reimbursements) at DSHS in the 2018–19 biennium.
 - 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 \$9.9 million in General Revenue Funds, \$1.1 million in General Revenue–Dedicated Funds and \$17.9 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 capital budget items is not included, resulting in a decrease of \$9.4 million in General Revenue Funds, and \$9.9 million in All Funds.
 - Funding includes a decrease of \$1.5 million in General Revenue Funds for the Oral Rabies Vaccine Program.
 - Funding includes a decrease of \$1.3 million in General Revenue Funds for the Children with Special Health Care Needs program.
 - Funding includes a decrease of \$1.2 million in General Revenue Funds for HIV medication.

HEALTH AND HUMAN SERVICES COMMISSION

FIGURE 39
HEALTH AND HUMAN SERVICES COMMISSION, BY METHOD OF FINANCE

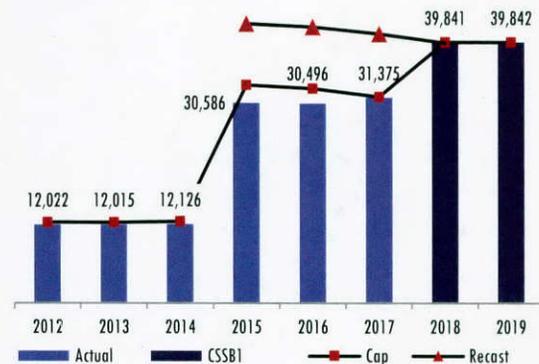
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$27,018.5	\$29,524.3	\$2,505.9	9.3%
General Revenue–Dedicated Funds	\$256.0	\$694.3	\$438.2	171.2%
Federal Funds	\$39,779.6	\$41,757.5	\$1,977.8	5.0%
Other Funds	\$1,361.6	\$1,225.3	(\$136.3)	(10.0%)
Total, All Methods of Finance	\$68,415.8	\$73,201.4	\$4,785.6	7.0%

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) The FTE Cap amounts for fiscal years 2015 through 2017 include amounts from the former Department of Aging and Disability Services (Fiscal year 2015 cap of 17,558.5 FTEs; Fiscal year 2016 cap of 16,888.3 FTEs; Fiscal year 2017 cap of 16,845.8 FTEs).
- (3) The FTE Cap amounts for fiscal years 2015 through 2017 include amounts from the former Department of Assistive and Rehabilitative Services (Fiscal year 2015 cap of 3,209.5 FTEs; Fiscal year 2016 cap of 3,030.3 FTEs; Fiscal year 2017 cap of 1,811.4 FTEs).
- (4) Biennial expenditures for 2016–17 at the former Department of Aging and Disability Services and the former Department of Assistive and Rehabilitative Services are reflected above.
- (5) The Recast FTEs shown above for fiscal years 2015 through 2017 reflect FTEs transferred pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015, at the Health and Human Services Commission, although the FTEs may not have transferred until fiscal year 2017 or fiscal year 2018.
- (6) 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 Health and Human Services Commission (HHSC) for the 2018–19 biennium totals \$73.2 billion in All Funds, which reflects an increase of \$4.8 billion in All Funds from the 2016–17 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$30.2 billion, an increase of \$2.9 billion from the 2016–17 biennium. The increase in funding is primarily related to the Medicaid program and 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 several 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 (DADS) and the Department of Assistive and Rehabilitative Services (DARS) are included above in the \$68.4 billion All Funds total.

HIGHLIGHTS

- \$63.9 billion in All Funds, including \$26.2 billion in General Revenue Funds and \$0.2 billion in General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. This is an increase of \$1.9 billion in All Funds, including \$1.3 billion in General Revenue Funds.
- Included in these amounts is \$58.9 billion in All Funds for Medicaid client services, \$1.8 billion in All Funds for programs supported by Medicaid funding, and \$3.2 billion in All Funds for administration of the Medicaid program and other programs supported by Medicaid funding. The net increase in Medicaid funding is due to a \$2.5 billion All Funds increase in Medicaid client services offset by a \$0.6 billion All Funds reduction in administrative funding. In the aggregate, other programs supported by Medicaid funding are maintained at approximately the 2016–17 funding level.
- Increased funding for Medicaid client services supports caseload growth and maintains fiscal year 2017 average costs for most services in fiscal year 2018. Fiscal year 2019 is maintained at the fiscal year 2018 level for each method of financing. The only exception to this level of funding is for long-term-care waivers, which are maintained at the August 2017 level throughout the 2018-19 biennium with an additional 276 Home and Community-based Services (HCS) waiver slots funded by the end of fiscal year 2019. 2018–19 funding levels assumed \$1.0 billion in All Funds (\$0.4 billion in General Revenue Funds) in cost containment for Medicaid client services.
- 2016–17 amounts for Medicaid do not assume supplemental funding for 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 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 \$2.8 billion in All Funds (\$2.1 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 cost growth that is 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, and \$63.6 million in All Funds (\$50.4 million in General Revenue Funds) to maintain purchased psychiatric bed capacity, serve former clients of the NorthSTAR behavioral health program, and maintain or expand several community mental health programs.

- Funding for state mental health facilities totals \$874.6 million in All Funds (\$668.7 million in General Revenue Funds), reflecting a decrease of \$4.1 million in All Funds (\$2.0 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, offset by a \$10.3 million increase to expand maximum security forensic bed capacity at the North Texas State Hospital, a \$24.8 million increase to maintain fiscal year 2017 state hospital service levels, and a \$5.0 million increase to maintain the state hospital electronic health record system and to provide for infrastructure for telemedicine services.
- 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 (\$573.7 million in General Revenue Funds), reflecting a decrease of \$61.5 million in All Funds (\$25.0 million in General Revenue Funds and General Revenue–Dedicated Funds) from 2016–17 spending levels. Funding reflects an increase of \$35.2 million in All Funds (\$15.2 million in General Revenue Funds) to maintain SSLC staffing levels in fiscal year 2018 and to transition an estimated 200 residents per fiscal year into a long-term community care program. Funding reflects the reallocation of \$70.2 million in All Funds from direct services activities to oversight and administration activities and a decrease of \$5.7 million in All Funds (\$2.5 million in General Revenue Funds) reflecting projected caseload decline.
- Funding for Women’s Health Programs includes \$284.6 million in All Funds (\$80.9 million in General Revenue Funds) for the 2018–19 biennium, reflecting an increase of \$33.9 million in All Funds and a decrease of \$149.6 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, and assume that federal matching funds for the Healthy Texas Women Program will be available beginning in fiscal year 2018. Recommendations also incorporate 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.
- Funding reflects an increase of \$2.5 million in All Funds (\$2.5 million in General Revenue Funds) in fiscal year 2018 to establish a one-time grant program for LMHAs to expand targeted case management and rehabilitative services for high-needs children in the foster care system.

ARTICLE III – EDUCATION

FIGURE 40
ARTICLE III – EDUCATION, BY METHOD OF FINANCE

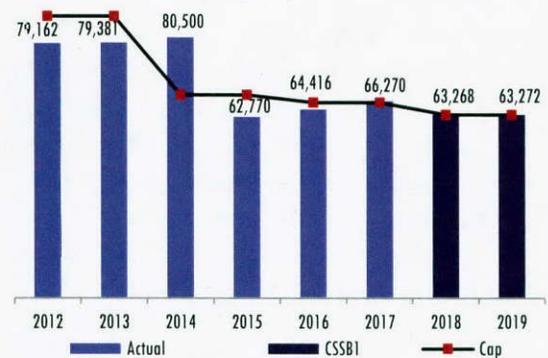
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$56,283.7	\$54,928.8	(\$1,354.9)	(2.4%)
General Revenue–Dedicated Funds	\$2,913.0	\$2,861.0	(\$52.0)	(1.8%)
Federal Funds	\$10,497.2	\$10,766.5	\$269.3	2.6%
Other Funds	\$9,446.7	\$10,969.0	\$1,522.3	16.1%
Total, All Methods of Finance	\$79,140.7	\$79,525.4	\$384.7	0.5%

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 \$54.5 billion for the 2018–19 biennium, a decrease of \$286.9 million, or 0.5 percent from the 2016–17 biennium. General Revenue Funds total \$35.7 billion, a decrease of \$2.0 billion, or 5.4 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 \$272.2 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.

- FSP funding for the 2018–19 biennium includes \$33.7 billion in General Revenue Funds and \$42.0 billion in All Funds. This represents a decrease of \$347.5 million in program funding, including an estimated \$1.5 billion increase in Other Funds and a \$1.8 billion decrease in General Revenue Funds. The Other Funds increase is attributable to projected increases in revenues from the Property Tax Relief Fund and from recapture payments. Additionally, the bill contains a contingency FSP appropriation for a distribution authorized by the General Land Office from the Permanent School Fund to the Available School Fund. Funding is not included for the New Instructional Facilities Allotment,

funded at \$47.5 million in the 2016–17 biennium. This funding level, plus the contingency appropriation, 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 \$1.9 billion in General Revenue Funds, a \$205.8 million decrease in funding compared to the 2016–17 biennium. The decrease is attributable to \$324.8 million in decreases to numerous programs, offset by increases of \$107.5 million for new program funding, and increases of \$11.4 million for existing programs.

Funding for Higher Education, not including employee benefits, totals \$17.4 billion in All Funds for the 2018–19 biennium, a decrease of \$99.1 million, or 0.6 percent, from the 2016–17 biennium. Included in this amount is \$12.2 billion in General Revenue Funds, a decrease of \$38.1 million, or 0.3 percent, from the 2016–17 biennium. The bill replaces \$1.1 billion in special item funding with \$744.7 million in increased formula funding and special item phase-out support.

- Of the \$610.2 million in General Revenue special item funding reduction for the General Academic Institutions, Lamar State Colleges, and the Texas State Technical Colleges from 2016–17, \$325.0 million in General Revenue Funds is added to the Instruction and Operations Formula and Small Institution Supplement for these institutions. Included in this amount is an equity adjustment and \$162.2 million in special item phase-out support to limit the reductions for these institution types to from 6.0 percent to 10.0 percent from 2016–17 biennial formula and special item General Revenue funding levels. Similarly, of the \$445.5 million in General Revenue special item reduction for the Health Related Institutions (HRIs) from 2016–17, \$375.0 million in General Revenue Funds is added to the HRIs' Instruction and Operations Formula and Research Enhancement Formula, with \$187.5 million allocated to each. Included in these amounts is an equity adjustment and \$111.4 million in special item phase-out support to limit the reduction for any legacy health related institutions to no more than 2.6 percent from 2016–17 formula and special item General Revenue funding levels. Finally, funding includes an additional \$44.7 million in General Revenue Funds for the Public Community and Junior Colleges' Success Points formula.
- 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 provides \$760.1 million in General Revenue Funds for the TEXAS Grant Program, an increase of \$45.1 million from the 2016–17 funding levels.
- Funding for the Texas Research Incentive Program provides \$131.1 million in General Revenue Funds, an increase of \$1.9 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 from the General Revenue–Dedicated Emerging Technology Fund, which was not continued in the 2018–19 biennium.
- 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 41 shows the All Funds appropriation for each agency in Article III, and **Figure 42** 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 41
ARTICLE III – EDUCATION, BY AGENCY OR GROUP, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	\$54,720.8	\$54,433.5	(\$287.2)	(0.5%)
School for the Blind and Visually Impaired	\$52.2	\$50.9	(\$1.3)	(2.5%)
School for the Deaf	\$59.9	\$61.5	\$1.6	2.7%
Subtotal, Public Education	\$54,832.8	\$54,545.9	(\$286.9)	(0.5%)
Public Higher Education				
General Academic Institutions	\$7,164.4	\$6,947.2	(\$254.3)	(3.5%)
Health Related Institutions	\$3,165.5	\$3,113.2	(\$52.3)	(1.6%)
Texas A&M Service Agencies	\$1,016.4	\$976.9	(\$39.5)	(3.9%)
Higher Education Coordinating Board	\$1,706.2	\$1,672.2	(\$34.0)	(2.0%)
Higher Education Fund	\$656.3	\$787.5	\$131.2	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	\$0.0	\$0.0	N/A
Two-Year Institutions				
Public Community/Junior Colleges	\$1,778.6	\$1,787.6	\$9.0	0.5%
Lamar Lower-level Institutions	\$69.5	\$66.6	(\$2.9)	(4.1%)
Texas State Technical Colleges	\$190.4	\$188.7	(\$1.7)	(0.9%)
Subtotal, Two-Year Institutions	\$2,038.4	\$2,042.9	\$4.5	0.2%
Subtotal, Public Higher Education	\$17,533.1	\$17,434.0	(\$99.1)	(0.6%)
Teacher Retirement System	\$4,435.2	\$5,122.9	\$687.7	15.5%
Optional Retirement Program	\$334.4	\$344.6	\$10.2	3.1%
Higher Education Employees Group Insurance Contributions	\$1,377.9	\$1,407.2	\$29.3	2.1%
Retirement and Group Insurance	\$86.0	\$94.4	\$8.4	9.8%
Social Security and Benefit Replacement Pay	\$621.2	\$659.8	\$38.6	6.2%
Subtotal, Employee Benefits	\$6,854.6	\$7,628.8	\$774.1	11.3%
Bond Debt Service Payments	\$23.1	\$20.6	(\$2.5)	(10.9%)
Lease Payments	\$4.5	\$0.4	(\$4.1)	(91.1%)
Subtotal, Debt Service	\$27.6	\$21.0	(\$6.6)	(24.1%)
Less Interagency Contracts	\$107.4	\$104.2	(\$3.2)	(3.0%)
Total, All Functions	\$79,140.7	\$79,525.4	\$384.7	0.5%

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 42
ARTICLE III – EDUCATION, BY AGENCY OR GROUP, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	\$37,650.2	\$35,601.7	(\$2,048.5)	(5.4%)
School for the Blind and Visually Impaired	\$30.4	\$30.6	\$0.2	0.6%
School for the Deaf	\$36.6	\$37.2	\$0.6	1.5%
Subtotal, Public Education	\$37,717.3	\$35,669.5	(\$2,047.8)	(5.4%)
Public Higher Education				
General Academic Institutions	\$4,965.4	\$4,745.9	(\$219.5)	(4.4%)
Health Related Institutions	\$2,810.8	\$2,806.9	(\$3.9)	(0.1%)
Texas A&M Service Agencies	\$357.8	\$345.0	(\$12.8)	(3.6%)
Higher Education Coordinating Board	\$1,456.8	\$1,493.9	\$37.1	2.5%
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	\$0.0	\$0.0	N/A
Two-Year Institutions				
Public Community/Junior Colleges	\$1,778.6	\$1,787.6	\$9.0	0.5%
Lamar Lower-level Institutions	\$55.8	\$53.2	(\$2.7)	(4.8%)
Texas State Technical Colleges	\$141.3	\$134.8	(\$6.5)	(4.6%)
Subtotal, Two-Year Institutions	\$1,975.7	\$1,975.5	(\$0.2)	(0.0%)
Subtotal, Higher Education	\$12,222.7	\$12,184.6	(\$38.1)	(0.3%)
Teacher Retirement System	\$4,127.4	\$4,806.0	\$678.5	16.4%
Optional Retirement Program	\$254.1	\$245.8	(\$8.3)	(3.3%)
Higher Education Employees Group Insurance Contributions	\$1,377.9	\$1,407.2	\$29.3	2.1%
Retirement and Group Insurance	\$70.8	\$78.3	\$7.5	10.6%
Social Security and Benefit Replacement Pay	\$486.2	\$516.8	\$30.6	6.3%
Subtotal, Employee Benefits	\$6,316.4	\$7,054.0	\$737.6	11.7%
Bond Debt Service Payments	\$22.8	\$20.3	(\$2.5)	(11.0%)
Lease Payments	\$4.5	\$0.4	(\$4.1)	(91.1%)
Subtotal, Debt Service	\$27.3	\$20.7	(\$6.6)	(24.3%)
Total, All Functions	\$56,283.7	\$54,928.8	(\$1,354.9)	(2.4%)

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.

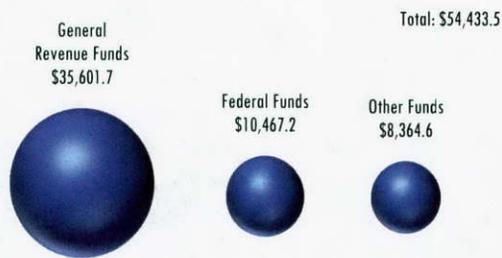
TEXAS EDUCATION AGENCY

FIGURE 43
TEXAS EDUCATION AGENCY, BY METHOD OF FINANCE

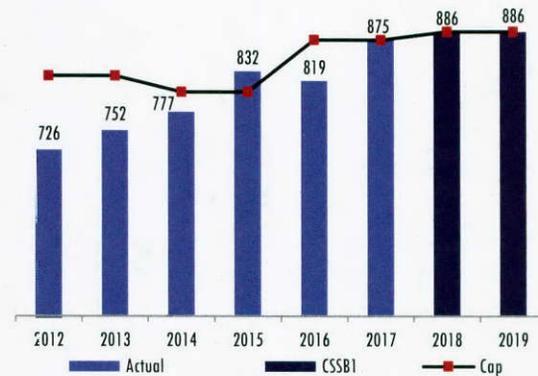
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$37,650.2	\$35,601.7	(\$2,048.5)	(5.4%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$10,187.2	\$10,467.2	\$280.0	2.7%
Other Funds	\$6,883.3	\$8,364.6	\$1,481.3	21.5%
Total, All Methods of Finance	\$54,720.8	\$54,433.5	(\$287.2)	(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 \$54.4 billion, a \$287.2 million, or 0.5 percent decrease compared to the 2016–17 biennium. The decrease is attributable to General Revenue funding reductions and eliminations for multiple programs, partially offset by smaller General Revenue Fund increases for other programs, increased Other Funds for the Foundation School Program (FSP), and increased Federal Funds, primarily for Child Nutrition Programs.

HIGHLIGHTS

- FSP funding for the 2018–19 biennium includes \$33.7 billion in General Revenue Funds and \$42.0 billion in All Funds. This represents a decrease of \$347.5 million in program funding, including an estimated \$1.5 billion increase in Other Funds and a \$1.8 billion decrease in General Revenue Funds. The Other Funds increase is attributable to projected increases in revenues from the Property Tax Relief Fund and from recapture payments. Additionally, the bill contains a contingency FSP appropriation for a distribution authorized by the General Land Office from the Permanent School Fund to the Available School Fund. This distribution is assumed to be \$300.0 million for the 2018–19 biennium. Funding is not included for the New Instructional Facilities Allotment, funded at \$47.5 million in the 2016–17 biennium. This funding level, plus the contingency appropriation, fully funds what is estimated to be required to meet the current law FSP entitlement.
- 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 \$1.9 billion in General Revenue Funds, a \$205.8 million decrease in funding compared to the 2016–17 biennium.
- Instructional materials and technology funding is \$1.1 billion in General Revenue Funds, a \$75.0 million, or 6 percent decrease from 2016–17 biennium. The funding is based on a distribution rate of 44.3 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 provided by 2016–17 appropriations, increased by 1.7 percent in each fiscal year for student growth. Out of this funding, \$20.0 million is provided for the development of open-source instructional materials.
- Funding is provided for four new programs: \$65.0 million for the Public-Private Prekindergarten Partnership program (\$25.0 million of which is appropriated in Article IX); \$25.0 million for E-Rate Classroom Connectivity, \$12.5 million for Innovative Programs, and \$5.0 million for Pathways in Technology Early College High School (P-TECH).
- Funding for Non-FSP programs and Administration increase General Revenue Funds by \$6.2 million for agency administration, \$2.6 million for Windham School District, and \$1.2 million for juvenile justice programs. General Revenue Funds are decreased for the Student Success Initiative by \$22.7 million, Mathematics Achievement Academies by \$13.8 million, Literacy Achievement Academies by \$8.8 million, Texas Gateway (Project Share) by \$7.3 million, Texas Virtual School Network by \$7.2 million, Reading to Learn Academies by \$5.6 million, State Funds for Assessment by \$5.1 million, Teach for America by \$5.0 million, Regional Education Service Centers by \$3.5 million, Early Childhood School Readiness Program by \$3.5 million, Educator Excellence Innovation Program by \$2.0 million, Reading Excellence Team Pilot by \$1.7 million, Texas Advanced Placement Initiative by \$1.7 million, Texas Academic Innovation and Mentoring (AIM) by \$1.5 million, Amachi by \$1.3 million, Adult Charter School by \$1.0 million, Incentive Aid by \$1.0 million, and School Improvement and Governance Support by \$1.0 million. Funding is not included for the High Quality Prekindergarten Grant Program (\$118.0 million), Supplemental Prekindergarten Funding (\$30.0 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 44
TEACHERS RETIREMENT SYSTEM, BY METHOD OF FINANCE

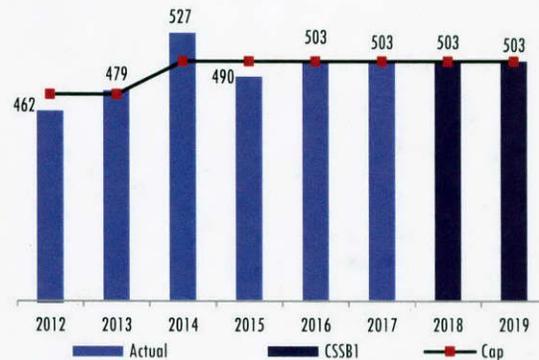
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$4,127.4	\$4,806.0	\$678.5	16.4%
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	\$5,122.9	\$687.7	15.5%

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 Teacher Retirement System for the 2018–19 biennium totals \$5.1 billion in All Funds. This represents an increase of \$687.7 million, or 15.5 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 results from projected payroll growth and additional funding for increasing the statutorily required contribution rate to TRS-Care from 1.0 to 1.25 of public education payroll, and for a one-time appropriation of additional funds to cover the remainder of the projected 2018–19 biennial TRS-Care shortfall, contingent on the enactment of Senate Bill 788, or similar legislation relating to TRS Retiree Health by the Eighty-fifth Legislature, Regular Session, 2017.

HIGHLIGHTS

- Funding includes \$4.8 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 \$937.6 million in General Revenue Funds, an increase of \$356.7 million, or 51.4 percent, above the 2016–17 base, using the same payroll growth assumption as public education

retirement. The increase of funding to Retiree Health is driven substantially by \$316.2 million of new funding from General Revenue to ensure the solvency of the TRS-Care Fund through the 2018–19 biennium, contingent on the enactment of Senate Bill 788, or similar legislation relating to TRS Retiree Health, by the Eighty-fifth Legislature, Regular Session, 2017. This funding includes \$167.4 million from General Revenue Funds to increase the state contribution rate from 1.0 to 1.25 percent of active employee payroll, and a one-time additional appropriation of \$148.8 million in fiscal year 2018 to cover the remainder of the shortfall in the 2018–19 biennium. When reduced for cost containment initiatives related to Medicare enrollment and value-based payment strategies, and excluding projected payroll growth, the total additional funding to TRS-Care is \$290.0 million.

- 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 45
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED, BY METHOD OF FINANCE

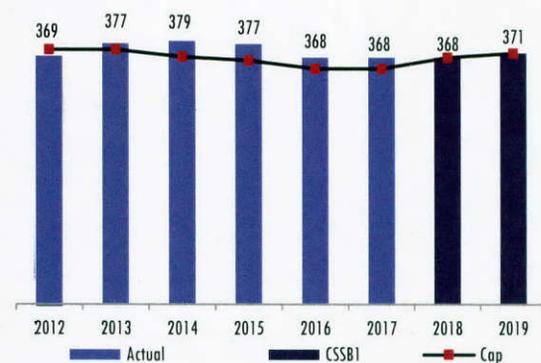
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$30.4	\$30.6	\$0.2	0.6%
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	\$50.9	(\$1.3)	(2.5%)

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 School for the Blind and Visually Impaired for the 2018–19 biennium totals \$50.9 million in All Funds. This represents a decrease of \$1.3 million, or 2.5 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. These decreases are partially offset by increased General Revenue funding, higher Interagency Contracts in 2018–19, and anticipated increases of 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 \$30.6 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 an increase of \$191,427, or 0.6 percent, above the 2016–17 base, due to funding for the Centralized Accounting and Payroll/Personnel System (CAPPS) in the amount of \$179,693 and 3.0 FTEs, combined with technical adjustments.
- 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, offset by a \$5.7 million increase for the adjustment described below.

- Federal Funds include a decrease of \$0.5 million due to unexpended balances of funds received from the federal government in prior biennia and carried forward and encumbered or expended during the 2016–17 biennium, combined with a \$5.7 million reduction for the 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 46
TEXAS SCHOOL FOR THE DEAF, BY METHOD OF FINANCE

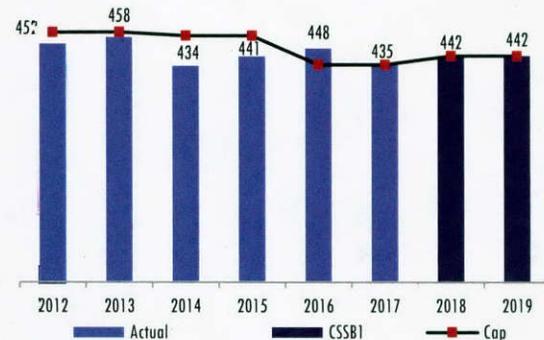
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$36.6	\$37.2	\$0.6	1.5%
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	\$61.5	\$1.6	2.7%

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 Deaf (TSD) for the 2018–19 biennium totals \$61.5 million in All Funds. This represents an increase of \$1.6 million, or 2.7 percent, above the 2016–17 base. The increase in appropriations is attributable primarily to increases of General Revenue Funds and 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 lower anticipated receipts of Federal Funds. TSD is under Strategic Fiscal Review.

HIGHLIGHTS

- Funding includes \$37.2 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 an increase of \$0.6 million, or 1.5 percent, above the 2016–17 base. The change is due primarily to \$1.0 million and 8.5 FTEs for instructional support services and staff and Summer Programs, offset to a lesser extent by reductions for certain one-time capital expenditures, reduced funding for ongoing computer replacement, and technical adjustments.
- 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, combined with 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 47
TEXAS HIGHER EDUCATION COORDINATING BOARD, BY METHOD OF FINANCE

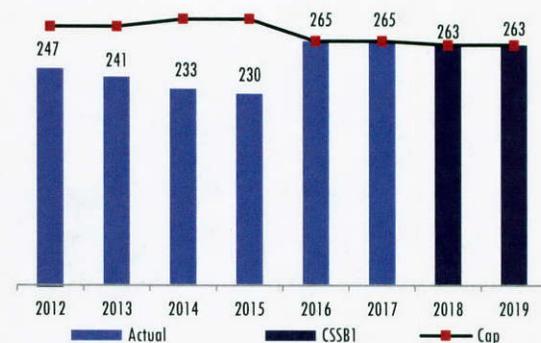
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,456.8	\$1,493.9	\$37.1	2.5%
General Revenue–Dedicated Funds	\$123.5	\$45.3	(\$78.2)	(63.3%)
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	\$1,672.2	(\$34.0)	(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 Texas Higher Education Coordinating Board for the 2018–19 biennium totals \$1.7 billion in All Funds, a \$34.0 million, or 2.0 percent, decrease compared to 2016–17 funding levels. Funding includes \$1.5 billion in General Revenue Funds, an increase of \$37.1 million, or 2.5 percent, compared to 2016–17 funding levels.

HIGHLIGHTS

FINANCIAL AID PROGRAMS

- Funding provides \$760.1 million in General Revenue Funds for the TEXAS Grant Program, an increase of \$45.1 million from the 2016–17 funding levels.
- Funding provides \$88.5 million in General Revenue Funds for the TEOG-Public Community College Grants Program, a increase of \$2.0 million from the 2016–17 funding levels.
- 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. Funding supports 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. Funding supports 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 \$171.8 million in General Revenue Funds for the Tuition Equalization Grant Program, a decrease of \$20.5 million in General Revenue Funds from the 2016–17 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 \$23.3 million in General Revenue Funds for the Teach for Texas Loan Repayment Program, a decrease of \$1.8 million from the 2016–17 funding levels.
- Funding provides \$30.0 million in General Revenue Funds contingent on the enactment of Senate Bill 18, or similar legislation, creating a student financial aid program.
- Funding reflects a \$9.8 million decrease in donations in Other Funds, primarily from the Texas Guaranteed Student Loan Corporation.

HEALTH PROGRAMS

- 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 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 provides \$23.3 million in General Revenue Funds for the Professional Nursing Shortage Reduction Program, a decrease of \$10.0 million from the 2016–17 funding levels.
- Funding provides \$25.4 million in General Revenue–Dedicated Physician Education Loan Repayment Program Account 5144, for the Physician Education Loan Repayment Program, a decrease of \$8.5 million from the 2016–17 levels.
- Funding replaces \$17.3 million in General Revenue–Dedicated Trauma and EMS Account 5111 for the Family Practice Residency Program and Trauma Care Program with General Revenue Funds.
- Funding provides \$15.8 million in General Revenue Funds for the Family Practice Residency Program, a decrease of \$1.0 million from the 2016–17 levels.
- Funding provides \$2.0 million in General Revenue Funds for the Emergency and Trauma Care Program, a decrease of \$0.5 million from the 2016–17 levels.

RESEARCH PROGRAMS

- Funding provides \$131.1 million in General Revenue Funds for the Texas Research Incentive Program, a increase of \$1.9 million in General Revenue Funds and a decrease of \$9.0 million in General Revenue–Dedicated Funds from 2016–17 levels. 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.

ADMINISTRATION PROGRAMS

- Funding reflects a reduction of \$0.7 million in General Revenue Funds to Central Administration
- Funding provides \$0.5 million in General Revenue funding for Oversight of For Profit Institutions.
- Funding provides \$0.4 million in General Revenue funding for Fields of Study.

OTHER PROGRAMS

- Funding provides \$8.0 million in General Revenue Funds for Advise TX, a increase of \$4.0 million from the 2016–17 funding levels.
- Funding reflects a reduction of \$0.4 million in General Revenue Funds to the Developmental Education Program.

PROGRAM FUNDING DISCONTINUED

- Funding reflects a \$13.6 million decrease in General Revenue funding due to the elimination of funding for the following programs: Accelerate Texas Community College Grants, Centers for Teacher Education, Primary Care Innovation Grant Program, CAPPs, Texas Teacher Residency Program, Educational Aide Program, Engineering Recruitment Program, Border Faculty Loan Repayment Program, and Dental Education Loan Repayment Program.

AVAILABLE UNIVERSITY FUND

FIGURE 48
AVAILABLE UNIVERSITY FUND, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 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 Funding provides 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.

- CSSB1 adds five legislative intent riders that identify the minimum amounts of AUF appropriations to be expended per fiscal year for the following programs:
 - McDonald Observatory at The University of Texas at Austin: \$3.8 million;
 - Marine Science Institute at The University of Texas at Austin: \$2.5 million;
 - Bureau of Economic Geology at The University of Texas at Austin: \$3.8 million;
 - Bureau of Economic Geology–Project STARR at The University of Texas at Austin: \$5.0 million; and
 - Agriculture Match at Prairie View A&M University: \$3.2 million.

HIGHER EDUCATION FUND

**FIGURE 49
HIGHER EDUCATION FUND, BY METHOD OF FINANCE**

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 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 and 2019.

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 50
SUPPORT FOR MILITARY AND VETERANS EXEMPTIONS, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSB1 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)



NCTE: 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). CSSB1 continues these appropriations at \$15.0 million in General Revenue Funds per fiscal year of the 2018–19 biennium, 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 education (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 through 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.

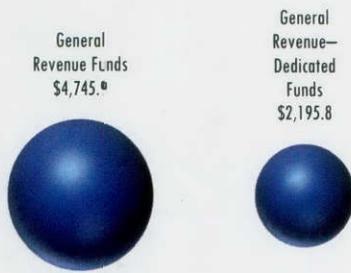
GENERAL ACADEMIC INSTITUTIONS

FIGURE 51
GENERAL ACADEMIC INSTITUTIONS, BY METHOD OF FINANCE

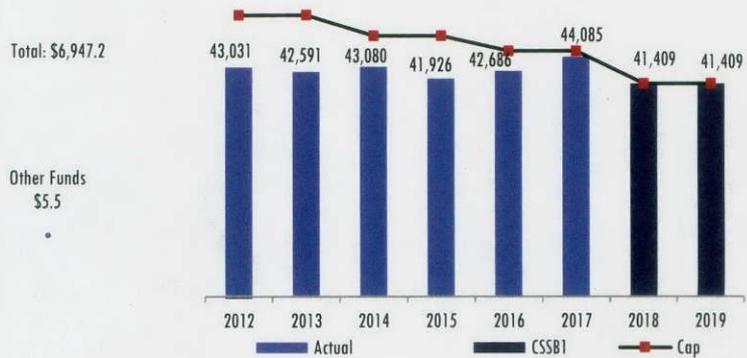
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$4,965.4	\$4,745.9	(\$219.5)	(4.4%)
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	\$6,947.2	(\$217.2)	(3.0%)

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 General Academic Institutions and University System Offices for the 2018–19 biennium totals \$6.9 billion in All Funds, a \$217.2 million, or 3.0 percent, decrease compared to the 2016–17 base. Included in this funding is \$4.7 billion in General Revenue Funds, which is a \$219.5 million, or 4.4 percent, decrease compared to 2016–17 funding levels. Each flagship institution of the six university systems is under Strategic Fiscal Review.

HIGHLIGHTS

- Funding for special items is not included in the 2018–19 biennium, which is a decrease of \$569.6 million in General Revenue Funds from 2016–17. In its place is an additional \$299.2 million in General Revenue Funds above the amounts included in the Introduced Bill into the Instruction and Operations Support Formula and the Small Institution Supplement. This includes an equity adjustment and \$155.0 million in special item phase-out funding to limit the reductions for each of the 37 general academic institutions to between six and ten percent from 2016–17 formula and special item General Revenue funding levels.
- Funding provides \$3.7 billion in General Revenue Funds for the Instruction and Operations and the Infrastructure Support formulas coupled with special item phase-out support. Formula amounts for 2018–19 provide an All Funds Instruction and Operations Formula rate of \$58.53 per weighted semester credit hour, adjusted as necessary to provide funding for special item phase-out support. 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 Funds 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) \$131.0 million in General Revenue Funds for the Texas Research Incentive Program (TRIP); and (2) \$105.4 million in General Revenue Funds 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 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, 2015.

HEALTH RELATED INSTITUTIONS

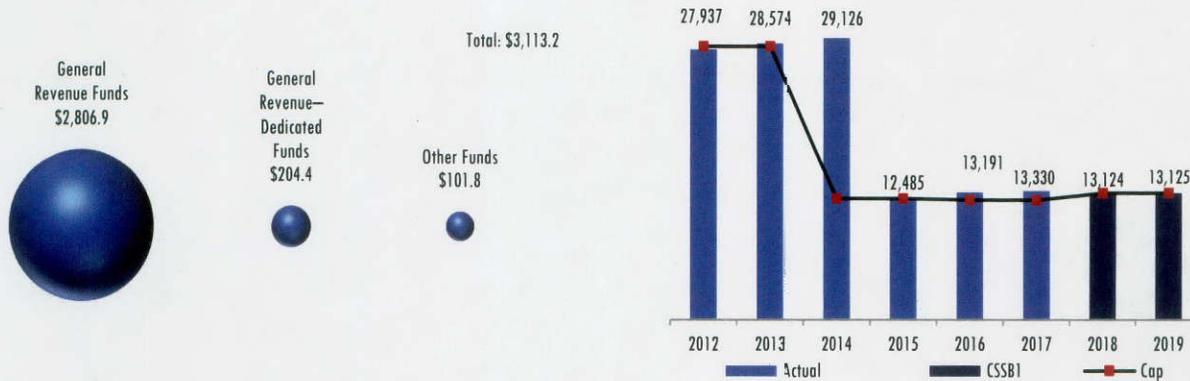
FIGURE 52
HEALTH RELATED INSTITUTIONS, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,810.8	\$2,806.9	(\$3.9)	(0.1%)
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	\$3,113.2	(\$52.3)	(1.7%)

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 \$3.1 billion in All Funds, a decrease of \$52.3 million from the 2016–17 biennium. Of this funding, \$2.8 billion is composed of General Revenue Funds, a decrease of \$3.9 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 special items is not included in the 2018–19 biennium, 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.
- In place of special item funding is an additional \$375.0 million in General Revenue Funds above the amounts included in the introduced bill, with \$187.5 million added to the Instruction and Operations (I&O) Support Formula and \$187.5 million added to the Research Enhancement Formula. Included in these amounts is \$111.4 million in special item phase-out funding to limit the reduction for each legacy health related institution that received formula funding in the 2016–17 biennium to no more than 2.6 percent of 2016–17 formula and special item funding levels.

- Funding provides \$2.3 billion in General Revenue Funds for the six formulas and special item phase-out funding for the health related institutions: the I&O 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). Appropriations include an equity adjustment and special item phase-out funding to limit the reduction for each legacy health related institution that received formula in the 2016–17 biennium to between 2.6 and 0 percent from 2016–17 formula and special item funding levels. In addition, support funding for The University of Texas Rio Grande Valley School of Medicine totals \$8.6 million. No formula funding is appropriated to The University of Texas at Austin Dell Medical School. Specifics of formula funding are as follows:
 - Funding provides \$1.2 billion in General Revenue Funds for the I&O Support formula, an increase of \$156.6 million from 2016–17 biennium. The 2018–19 formula amounts increase the I&O rate to \$11,112 from \$9,829 in the 2016–17 biennium, adjusted as necessary to provide funding for special item phase out support. 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.
 - Funding provides \$249.2 million in General Revenue Funds for the Infrastructure formula, an increase of \$2.4 million from the 2016–17 biennium. 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 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 provides \$191.6 million in General Revenue Funds for the Research Enhancement formula, an increase of \$117.0 million from the 2016–17 biennium. The 2018–19 formula amounts increase the Research Enhancement rate to 6.11 percent plus the base rate of \$1.4 million, adjusted as necessary to provide funding for special item phase-out support. This is an increase from the 2016–17 rate of 1.23 percent plus the base rate of \$1.4 million.
 - Funding provides \$72.6 million in General Revenue Funds appropriated to health related institutions and Baylor College of Medicine for the GME formula, a decrease of \$13.3 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.
 - 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 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 Legislature, 2015.

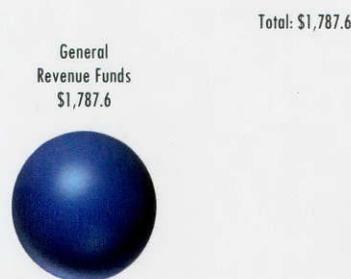
PUBLIC COMMUNITY/JUNIOR COLLEGES

FIGURE 53
PUBLIC COMMUNITY/JUNIOR COLLEGES, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,778.6	\$1,787.6	\$9.0	0.5%
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	\$1,787.6	\$9.0	0.5%

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/Junior Colleges for the 2018–19 biennium totals \$1.8 billion in General Revenue Funds, which includes an increase of \$9.0 million. The increase is due to an additional \$50.0 million in General Revenue Funds to increase funding for formula success points, and maintain funding for the Southwest Collegiate Institute for the Deaf.

HIGHLIGHTS

- Formula funding totals \$1.8 billion for the 2018–19 biennium, an increase of \$38.2 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. Success points formula funding was increased by \$44.7 million, which increased the rate to \$211.20 per success point from \$172.58 in the 2016–17 biennium.
- Mission specific funding of \$5.3 million in General Revenue Funds for the Southwest Collegiate Institute for the Deaf program at Howard College is maintained at 2016–17 funding levels.
- 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/Junior Colleges bill pattern.

TEXAS A&M SYSTEM AGENCIES

FIGURE 54
TEXAS A&M SYSTEM AGENCIES, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$357.8	\$345.0	(\$12.8)	(3.6%)
General Revenue–Dedicated Funds	\$66.9	\$38.8	(\$28.1)	(42.0%)
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	\$976.9	(\$39.5)	(3.9%)

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.

Appropriations for the Texas A&M System Agencies for the 2018–19 biennium total \$976.9 million in All Funds, a decrease of \$39.5 million from the 2016–17 biennium. Of this funding, \$383.8 million is composed of General Revenue Funds and General Revenue–Dedicated Funds, a decrease of \$40.9 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 \$1.0 million decrease in General Revenue Funds and General Revenue–Dedicated Funds from research and workforce development programs.
- For Texas A&M Forest Service, funding includes a \$4.0 million decrease in General Revenue Funds and General Revenue–Dedicated Funds related to wildfire operations and firefighting equipment replacement, and pass-through grants to local fire departments; and a \$23.0 million decrease in General Revenue–Dedicated Funds due to a one-time contingency appropriation for volunteer fire department grants.

- For Texas A&M AgriLife Extension Service, funding includes a \$4.3 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.
- For Texas A&M Transportation Institute, funding 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 \$3.3 million decrease in General Revenue Funds for the Transportation Policy Research Center.
- For Texas A&M AgriLife Research, funding includes a \$4.8 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 \$1.1 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 55
ARTICLE IV – THE JUDICIARY, BY METHOD OF FINANCE

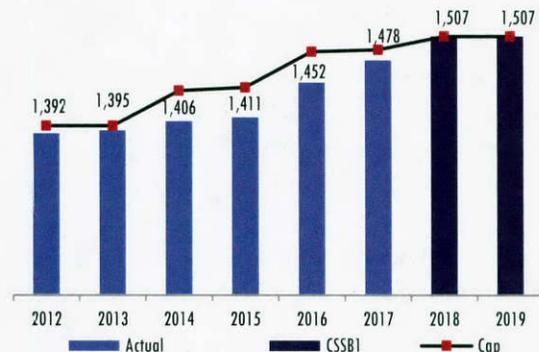
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$503.3	\$491.6	(\$11.6)	(2.3%)
General Revenue–Dedicated Funds	\$143.2	\$133.4	(\$9.8)	(6.8%)
Federal Funds	\$3.3	\$1.7	(\$1.6)	(48.7%)
Other Funds	\$163.5	\$180.4	\$16.9	10.3%
Total, All Methods of Finance	\$813.3	\$807.2	(\$6.1)	(0.8%)

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.

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

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE IV

All Funds for the Judiciary total \$807.2 million in All Funds for the 2018–19 biennium, which is a decrease of \$6.1 million, or 0.8 percent, from the 2016–17 biennium. General Revenue Funds total \$491.6 million, which is a decrease of \$11.6 million, or 2.3 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. Of this amount, \$5.0 million is required to be distributed by the Commission to counties that implement cost containment initiatives to limit local indigent defense cost increases.
- 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. In addition, funding includes an additional \$19.7 million in Judicial Fund 573 from a settlement between the State of Texas and Volkswagen offsetting an equivalent reduction in General Revenue.
- Funding provides \$16.3 million in General Revenue–Dedicated funds, a decrease of \$3.3 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.
- Funding provides \$12.8 million in All Funds, an increase of \$5.1 million from 2016–17 levels, for programs that support court administration within the Office of Court Administration. This includes General Revenue Fund decreases of \$0.8 million for the removal of one-time funding for the Guardianship Compliance Pilot Project and Timothy Cole Exoneration Review Commission offset by a \$6.0 million increase in General Revenue Funds and 39 new positions for OCA for a statewide Guardianship Compliance Project to assist courts with compliance in guardianship cases. The agency previously spent \$0.6 million during the 2016–17 biennium on the Guardianship Compliance Pilot Project to review adult guardianship cases, identify reporting deficiencies by the guardian, audit annual accountings and report findings back to the judge, and work with courts to develop best practices in managing guardianship cases.
- Funding provides 2.0 million in General Revenue Funds to the Supreme Court of Texas for the Children’s Commission to offset anticipated decreases of \$2.0 million in Federal Funds during the 2018–19 biennium.
- Funding provides \$1.2 million in General Revenue Funds to OCA for the Texas Forensic Science Commission (TFSC) to become administratively attached contingent upon the enactment of legislation by the Eighty-fifth Legislature separating the TSFC from Sam Houston State University.

Figure 56 shows the All Funds appropriation for each agency in Article IV, and **Figure 57** 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 IV.

FIGURE 56
ARTICLE IV – THE JUDICIARY, ALL FUNDS

(IN MILLIONS)

FJUNCTION	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$82.6	\$78.0	(\$4.6)	(5.5%)
Court of Criminal Appeals	\$32.4	\$29.1	(\$3.3)	(10.2%)
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	\$0.1	0.5%
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	\$162.0	(\$0.2)	(0.1%)
Office of Capital and Forensic Writs	\$2.8	\$2.7	(\$0.1)	(4.0%)
Office of the State Prosecuting Attorney	\$0.9	\$0.9	\$0.0	0.0%
State Law Library	\$2.1	\$2.0	(\$0.1)	(4.7%)
State Commission on Judicial Conduct	\$2.3	\$2.3	\$0.0	0.0%
Judiciary Section, Comptroller's Department	\$313.5	\$313.9	\$0.5	0.1%
Subtotal, The Judiciary	\$682.3	\$674.7	(\$7.6)	(1.1%)
Employee Benefits and Debt Service	\$152.1	\$156.2	\$4.0	2.7%
Less Interagency Contracts	\$21.1	\$23.7	\$2.6	12.5%
Total, All Functions	\$813.3	\$807.2	(\$6.1)	(0.8%)

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 57
ARTICLE IV – THE JUDICIARY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$32.2	\$13.5	(\$18.7)	(58.1%)
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	\$43.2	\$2.9	7.2%
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	0.0%
State Law Library	\$2.1	\$2.0	(\$0.1)	(4.0%)
State Commission on Judicial Conduct	\$2.3	\$2.3	\$0.0	0.0%
Judiciary Section, Comptroller's Department	\$199.5	\$199.5	(\$0.0)	(0.0%)
Subtotal, The Judiciary	\$366.8	\$351.2	(\$15.7)	(4.3%)
Employee Benefits and Debt Service	\$136.5	\$140.5	\$4.0	2.9%
Total, All Functions	\$503.3	\$491.6	(\$11.6)	(2.3%)

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 58
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, BY METHOD OF FINANCE

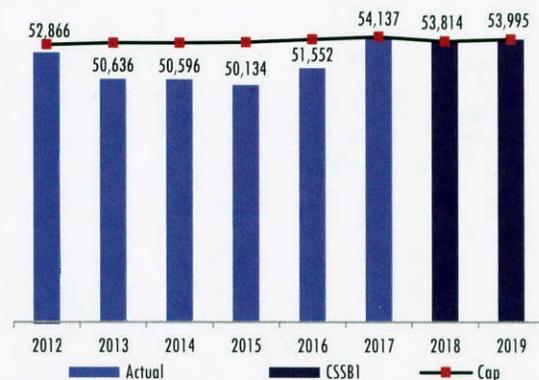
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$11,534.7	\$11,415.4	(\$119.3)	(1.0%)
General Revenue–Dedicated Funds	\$132.2	\$34.1	(\$98.1)	(74.2%)
Federal Funds	\$647.0	\$567.6	(\$79.4)	(12.3%)
Other Funds	\$189.6	\$169.6	(\$20.0)	(10.6%)
Total, All Methods of Finance	\$12,503.5	\$12,186.7	(\$316.8)	(2.5%)

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 \$12.2 billion, which represents a decrease of \$316.8 million or 2.5 percent from the 2016–17 biennium. All Funds decreases are primarily the result of General Revenue Funds and General Revenue–Dedicated Funds decreases for the planned closure of correctional facilities, cost savings in Correctional Managed Health Care, deferred maintenance, and decreases in estimated Federal Funds.

General Revenue Funds for the 2018–19 biennium total \$11.4 billion, which represents a \$119.3 million decrease, or 1.0 percent from the 2016–17 biennium. General Revenue Fund decreases are primarily the result of declining correctional populations.

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 \$164.0 million, or 6.4 percent.
 - Funding for border security at the Department of Public Safety totals \$713.9 million in General Revenue Funds and General Revenue–Dedicated Funds, \$468.5 million of which is in the agency's Goal B, Secure Texas. An additional \$245.4 million for border security operations and activities is provided in other agency goals. This \$39.4 million decrease from the 2016–17 biennium is the net result of eliminating funding for one-time and transitional

expenditures and increasing funding to maintain support for Department of Public Safety (DPS) personnel at fiscal year 2017 full deployment levels and adding personnel to the border security initiative. Funding includes \$97.1 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; \$14.0 million to acquire, install, and maintain border security equipment, including cameras and related technology associated with Operation Drawbridge; and \$10.0 million to fund contingency costs for extraordinary operations.

- Funding includes \$133.0 million in General Revenue Funds for the Driver License Improvement Program to reduce wait times for Texans seeking a driver license.
- Funding for the Department of Criminal Justice (TDCJ) for the 2018–19 biennium totals \$6.5 billion in All Funds, which includes an All Funds decrease of \$282.4 million or 4.1 percent. The decrease in funding is primarily the result of the closure of two correctional facilities (\$36.4 million), the closure of an Intermediate Sanction Facility (\$13.1 million), the transfer of Community Supervision and Corrections Department health insurance to the Employee Retirement System (\$128.6 million), decreased deferred maintenance funding (\$60.0 million), and decreased Correctional Managed Health Care funding (\$21.3 million).
- Funding for the Juvenile Justice Department for the 2018–19 biennium totals \$641.4 million in All Funds, which represents an All Funds decrease of \$8.2 million, or 1.3 percent. The All Funds decrease is primarily attributable to a decrease to align funding with various LBB population projections (\$3.1 million) and a decrease in agency administration funding (\$0.9 million). Decreases are offset by funding to biennialize the Regional Diversion Alternatives Program established by the Eighty-fourth Legislature (\$7.9 million).

Figure 59 shows the All Funds appropriation for each agency in Article V, and Figure 60 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 59
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE BY AGENCY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	\$101.4	\$97.9	(\$3.5)	(3.5%)
Department of Criminal Justice	\$6,822.5	\$6,540.2	(\$282.4)	(4.1%)
Commission on Fire Protection	\$4.1	\$3.9	(\$0.2)	(4.5%)
Commission on Jail Standards	\$1.9	\$2.6	\$0.7	34.8%
Juvenile Justice Department	\$649.6	\$641.4	(\$8.2)	(1.3%)
Commission on Law Enforcement	\$7.8	\$7.4	(\$0.4)	(4.8%)
Military Department	\$227.3	\$129.1	(\$98.2)	(43.2%)
Department of Public Safety	\$2,582.2	2,418.2	(\$164.0)	(6.4%)
Subtotal, Public Safety and Criminal Justice	\$10,396.9	\$9,840.7	(\$556.2)	(5.3%)
Employee Benefits and Debt Service	\$2,269.8	\$2,476.4	\$206.6	9.1%
Less Interagency Contracts	\$163.1	\$130.3	(\$32.8)	(20.1%)
Total, All Functions	\$12,503.5	\$12,186.7	(\$316.8)	(2.5%)

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

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	\$100.0	\$96.4	(\$3.7)	(3.7%)
Department of Criminal Justice	\$3,603.4	\$6,382.4	(\$220.9)	(3.3%)
Commission on Fire Protection	\$3.9	\$3.8	(\$0.2)	(4.0%)
Commission on Jail Standards	\$1.9	\$2.6	\$0.7	34.9%
Juvenile Justice Department	\$595.6	\$594.7	(\$0.8)	(0.1%)
Commission on Law Enforcement	\$0.0	\$0.0	\$0.0	N/A
Military Department	\$34.5	\$30.3	(\$4.2)	(12.1%)
Department of Public Safety	\$1,971.5	\$1,871.6	(\$99.8)	(5.1%)
Subtotal, Public Safety and Criminal Justice	\$9,310.8	\$8,981.9	(\$328.9)	(3.5%)
Employee Benefits and Debt Service	\$2,223.9	\$2,433.6	\$209.6	9.4%
Total, All Functions	\$11,534.7	\$11,415.4	(\$119.3)	(1.0%)

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.

DEPARTMENT OF CRIMINAL JUSTICE

FIGURE 61
DEPARTMENT OF CRIMINAL JUSTICE, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$6,603.4	\$6,382.4	(\$220.9)	(3.3%)
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	\$6,540.2	(\$282.4)	(4.1%)

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 \$6.5 billion in All Funds, which includes an All Funds decrease of \$282.4 million, or 4.1 percent. Funding for the Board of Pardons and Paroles is included within the appropriations for the Department of Criminal Justice. The decrease in funding is the net result of several increases and decreases to various budget items, primarily Correctional Managed Health Care, prison operations, probation health insurance funding, and deferred maintenance.

HIGHLIGHTS

- Funding includes \$5.4 billion in All Funds for incarceration and certain treatment and services for adult offenders in state correctional institutions, which represents a \$108.3 million All Funds decrease from the 2016–17 biennium. Significant funding shifts within the net decrease include:
 - \$60.0 million decrease for deferred maintenance;
 - \$24.8 million decrease related to the closure of the Bartlett State Jail;
 - \$11.6 million decrease for the closure of the Ware Unit;
 - \$10.0 million decrease for video surveillance cameras; and
 - \$2.0 million decrease for a one-time reentry pilot program.

- Funding includes \$1.1 billion for Correctional Managed Health Care (CMHC), which is a decrease of \$21.3 million to the 2016–17 base funding level. CMHC provides medical, dental, nursing, pharmacy, hospital, and mental health services to offenders incarcerated in TDCJ facilities. The net funding decrease includes:
 - \$82.2 million decrease for hospital reimbursement rates and indirect administrative costs; which includes:
 - \$66.5 million estimated decrease related to the revision of The University of Texas Medical Branch (UTMB) Hospital Galveston’s reimbursement rate and
 - \$15.6 million from a cap on indirect administrative charges of 3.0 percent for UTMB and Texas Tech University Health Science Center.
 - \$60.9 million increase for cost containment strategies to expand infirmary unit capacity, which is estimated to result in \$68.0 million in cost avoidance related to unnecessary hospital stays and correctional officer and nurse overtime. These strategies include:
 - \$37.9 million increase for market level salary adjustments to direct offender health care staff;
 - \$21.0 million increase for additional unit-based nursing and mental health care staff; and
 - \$2.0 million increase to expand infirmary unit capacity at the Jester and Telford Units.
- Funding includes \$490.7 million in All Funds for the supervision of adult offenders on community supervision or probation, which represents a \$134.2 million decrease from the 2016–17 biennium. The net decrease in funding includes:
 - \$128.6 million decrease for Community Supervisor and Corrections Department (CSCD) health insurance, which includes a \$0.9 million increase to fund the 2016–17 agency estimated need. This funding was transferred to the Employee Retirement System;
 - \$6.7 million decrease to fund basic supervision at 2018–19 LBB projected levels; and
 - \$1.1 million increase in Appropriated Receipts related to CSCD refunds.
- Funding includes \$367.8 million in All Funds for parole processing, parole supervision, and residential facilities, which represents an All Funds decrease of \$16.1 million from the 2016–17 biennium. The net funding decrease includes:
 - a \$13.1 million decrease for the closure of an Intermediate Sanction Facility;
 - a \$1.2 million decrease in Federal Funds and an interagency contract for a one-time Criminal Justice Grant; and
 - \$1.8 million decrease to fund parole at 2018–19 LBB projected levels.
- Projected felony direct community supervision populations are 155,551 in fiscal year 2018 and 155,440 in fiscal year 2019. Projected incarceration populations are 147,256 in fiscal year 2018 and 147,175 in fiscal year 2019. Projected parole populations are 87,212 in fiscal year 2018 and 87,119 in fiscal year 2019.

JUVENILE JUSTICE DEPARTMENT

FIGURE 62
JUVENILE JUSTICE DEPARTMENT, BY METHOD OF FINANCE

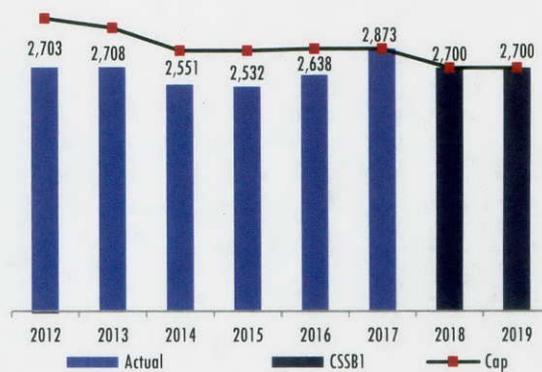
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$595.6	\$594.7	(\$0.8)	(0.1%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$21.8	\$21.0	(\$0.7)	(3.4%)
Other Funds	\$32.3	\$25.6	(\$6.6)	(20.6%)
Total, All Methods of Finance	\$649.6	\$641.4	(\$8.2)	(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 Texas Juvenile Justice Department (TJJD) for the 2018–19 biennium totals \$641.4 million in All Funds, which represents an All Funds decrease of \$8.2 million, or 1.3 percent. Included in the All Funds decrease is a General Revenue Funds decrease of \$0.8 million, an estimated Federal Funds decrease of \$0.7 million, and an Other Funds decrease of \$6.6 million. The All Funds decrease is primarily attributable to funding projected populations, decreasing central administration funding, and decreases in both Federal Funds estimates and General Obligation bond proceeds fully expended in the 2016–17 biennium, offset by funding a diversion program established by the Eighty-fourth Legislature, Regular Session, 2015, for a full biennium.

HIGHLIGHTS

- Funding for the 2018–19 biennium includes a General Revenue Funds decrease of \$3.1 million across five areas of juvenile corrections to align funds with juvenile population projections:
 - Probation basic supervision – \$8.0 million decrease for supervision of juvenile offenders in local communities;
 - State-operated Secure Facilities – \$6.9 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 – \$0.3 million decrease for direct supervision of juvenile parole offenders.
- Projections for juvenile populations for the 2018–19 biennium are as follows:
 - Projected state residential populations are 1,373 in fiscal year 2018 and 1,374 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 20,128 in fiscal year 2018 and 20,205 in fiscal year 2019. This population includes juveniles supervised on adjudicated probation, deferred prosecution, and conditional release.
 - Projected parole supervision populations are 417 in fiscal year 2018 and 406 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.
- Funding for the 2018–19 biennium includes a \$4.5 million reduction to operations and administration across multiple strategies.
- Funding for the 2018–19 biennium includes a net \$0.9 million decrease to the agency’s central administration strategy.

DEPARTMENT OF PUBLIC SAFETY

FIGURE 63
DEPARTMENT OF PUBLIC SAFETY, BY METHOD OF FINANCE

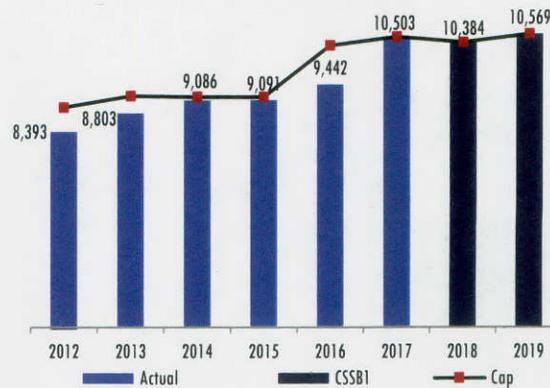
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,971.5	\$1,871.6	(\$99.8)	(5.1%)
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	\$2,418.2	(\$164.0)	(6.4%)

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 Department of Public Safety for the 2018–19 biennium totals \$2.4 billion in All Funds, which represents an All Funds decrease of \$164.0 million, or 6.4 percent. Funding includes \$1.9 billion in General Revenue Funds and General Revenue–Dedicated Funds, a decrease of \$116.0 million, or 5.8 percent, compared to 2016–17 funding levels.

HIGHLIGHTS

- Funding includes \$713.9 million in General Revenue Funds and General Revenue–Dedicated Funds in the 2018–19 biennium for border security in the border region, including \$468.5 million in Goal B, Secure Texas, and an additional \$245.4 million in other agency goals. This \$39.4 million decrease from the 2016–17 biennium is the net result of eliminating funding for one-time and transitional expenditures and increasing funding to maintain support for Department of Public Safety (DPS) personnel at fiscal year 2017 full deployment levels and adding personnel to the border security initiative. The funding includes:
 - \$97.1 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;
 - \$14.0 million to acquire, install, and maintain border security equipment, including cameras and related technology associated with Operation Drawbridge;
 - \$10.0 million to fund contingency costs for extraordinary operations associated with Operation Secure Texas;

- \$308.7 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, 250 troopers, and 115 support staff added by the Eighty-fourth Legislature, Regular Session;
 - \$4.4 million to fund border security operations, including fuel, travel, and support staff costs; and
 - \$0.7 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 \$133.0 million in General Revenue Funds for the Driver License Improvement Program to reduce wait times for Texans seeking a driver license.
 - 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.
 - Funding includes \$2.1 million in General Revenue Funds and 7.2 FTEs to continue the transition to the Centralized Accounting and Payroll/Personnel System (CAPPS), and \$2.4 million in General Revenue Funds and 3.0 FTEs to strengthen the state's capacity to locate missing children.

ARTICLE VI – NATURAL RESOURCES

FIGURE 64
ARTICLE VI NATURAL RESOURCES, BY METHOD OF FINANCE

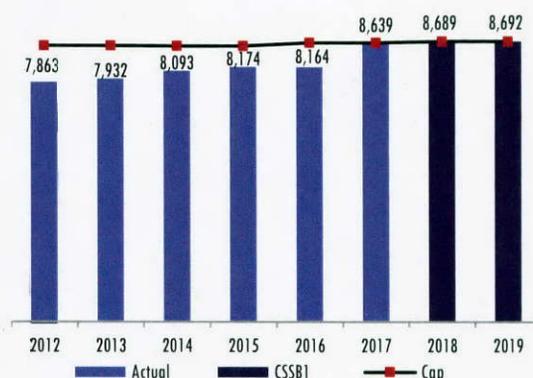
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$835.0	\$823.9	(\$11.1)	(1.3%)
General Revenue–Dedicated Funds	\$1,534.4	\$1,337.3	(\$197.1)	(12.8%)
Federal Funds	\$1,860.8	\$1,857.7	(\$3.1)	(0.2%)
Other Funds	\$347.6	\$316.2	(\$31.4)	(9.0%)
Total, All Methods of Finance	\$4,577.9	\$4,335.1	(\$242.7)	(5.3%)

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 \$242.7 million, or 5.3 percent, from the 2016–17 biennium. Most of this decrease is in General Revenue–Dedicated Funds, primarily due to reductions in deferred maintenance funding at the Parks and Wildlife Department, and lower appropriations from the Texas Emissions Reduction Plan (TERP) Account.

HIGHLIGHTS

- Funding for the General Land Office and Veterans' Land Board includes \$46.3 million in All Funds, which is an increase of \$6.3 million from the 2016–17 biennium, for the continued development of the Alamo Master plan and the operation, preservation, construction, renovation, and continued maintenance of the Alamo and facilities within the Alamo Complex. This funding primarily includes \$37.8 million in General Revenue Funds and \$8.5 million in General Revenue–Dedicated Alamo Complex Account funds.
- Funding for the Railroad Commission includes \$216.4 million in All Funds, which is an increase of \$40.0 million from the 2016–17 biennium. Of this increase, \$39.7 million is provided from Gas Utility Tax deposits in the General Revenue Fund to provide operational stability for the agency. In addition, funding includes \$6.2 million in General Revenue–Dedicated funding for the pipeline safety program contingent upon the enactment of Senate Bill 300 and the agency generating revenues in excess of the Comptroller's Biennial Revenue Estimate from new pipeline safety and regulatory fees established in the bill.

- Funding for the Animal Health Commission includes \$9.5 million in All Funds, which is an increase of \$7.4 million in General Revenue from the 2016–17 biennium, for preparedness, response and mitigation of cattle fever ticks. This additional funding with 36.0 new positions is for the enhancement of agency efforts to control, mitigate, and eradicate cattle fever ticks in areas outside of the permanent cattle fever tick quarantine zone.
- Funding for the Water Development Board provides \$1.7 million in General Revenue Funds and \$6.1 million in Floodplain Management Fund No. 330 (Other Funds) for flood preparedness and safety activities. During the 2016–17 biennium, the agency spent \$11.0 million in Federal Funds from the National Flood Insurance Program and \$6.8 million in Interagency Contracts from disaster funding provided by the Governor that were only available as one-time funding due to extensive flooding.
- Funding for the Soil and Water Conservation Board includes \$3.0 million in General Revenue Funds and 2.0 new positions for the Rio Grande Carrizo Cane Eradication Program, which is part of a Border Security initiative for the eradication of the cane along the border through the use of biological, chemical, and mechanical control methods.
- Funding for the Commission on Environmental Quality provides \$143.6 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 amount is a reduction of \$92.7 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 amount 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 General Revenue–Dedicated Game, Fish, and Water Safety Account No. 9 (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 \$139.6 million in General Revenue Sporting Goods Sales Tax (SGST) transfers, which is a decrease of \$15.5 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 \$212.0 million, or \$49.1 million less than the 2016–17 biennial amount.

Figure 65 shows the All Funds appropriations for each agency in Article VI, and **Figures 66** and **67** 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 65
ARTICLE VI – NATURAL RESOURCES BY AGENCY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016-17	CSSBI 2018-19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	\$1,336.3	\$1,473.3	\$137.0	10.2%
Animal Health Commission	\$26.8	\$32.2	\$5.4	20.2%
Commission on Environmental Quality	\$941.5	\$821.2	(\$120.3)	(12.8%)
General Land Office and Veterans' Land Board	\$405.1	\$300.7	(\$104.3)	(25.8%)
Low-level Radioactive Waste Disposal Compact Commission	\$0.9	\$1.2	\$0.3	32.2%
Parks and Wildlife Department	\$829.2	\$641.3	(\$187.9)	(22.7%)
Railroad Commission	\$176.4	\$216.4	\$40.0	22.7%
Soil and Water Conservation Board	\$77.7	74.8	(\$2.9)	(3.7%)
Water Development Board	\$394.7	\$366.6	(\$28.2)	(7.1%)
Subtotal, Natural Resources	\$4,188.6	\$3,927.7	(\$260.9)	(6.2%)
Employee Benefits and Debt Service	\$423.6	\$428.1	\$4.4	1.0%
Less Interagency Contracts	\$34.4	\$20.7	(\$13.7)	(39.9%)
Total, All Functions	\$4,577.9	\$4,335.1	(\$242.7)	(5.3%)

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 66
ARTICLE VI – NATURAL RESOURCES BY AGENCY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	\$113.1	\$104.9	(\$8.2)	(7.2%)
Animal Health Commission	\$22.3	\$28.6	\$6.2	28.0%
Commission on Environmental Quality	\$24.4	\$20.1	(\$4.3)	(17.5%)
General Land Office and Veterans' Land Board	\$64.2	\$66.6	\$2.4	3.7%
Low-level Radioactive Waste Disposal Compact Commission	\$0.0	\$0.0	\$0.0	N/A
Parks and Wildlife Department	\$198.7	\$182.7	(\$16.0)	(8.1%)
Railroad Commission	\$22.5	\$61.5	\$39.0	173.9%
Soil and Water Conservation Board	\$42.9	\$44.2	\$1.3	3.0%
Water Development Board	\$151.7	\$128.0	(\$23.7)	(15.6%)
Subtotal, Natural Resources	\$639.9	\$636.7	(\$3.2)	(0.5%)
Employee Benefits and Debt Service	\$195.2	\$187.2	(\$8.0)	(4.1%)
Total, All Functions	\$835.0	\$823.9	(\$11.1)	(1.3%)

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 67
ARTICLE VI – NATURAL RESOURCES BY AGENCY, GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSB1 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	\$710.4	(\$101.0)	(12.4%)
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	\$133.3	(\$1.4)	(1.1%)
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	\$1,165.9	(\$207.8)	(15.1%)
Employee Benefits and Debt Service	\$160.7	\$171.4	\$10.7	6.7%
Total, All Functions	\$1,534.4	\$1,337.3	(\$197.1)	(12.8%)

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.

DEPARTMENT OF AGRICULTURE

FIGURE 68
TEXAS DEPARTMENT OF AGRICULTURE, BY METHOD OF FINANCE

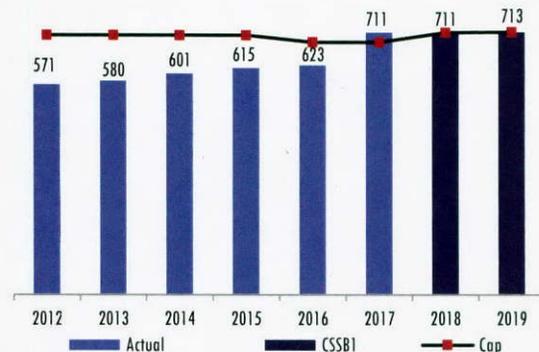
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$113.1	\$104.9	(\$8.2)	(7.2%)
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	\$1,473.3	\$137.0	10.2%

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 Department of Agriculture for the 2018–19 biennium totals \$1.5 billion in All Funds, which is an increase of \$137.0 million, or 10.2 percent, from the 2016–17 biennium. General Revenue Funds and General Revenue–Dedicated Funds funding totals \$109.5 million, a decrease of \$8.3 million, or 7.0 percent. Federal Funds and Other Funds funding totals \$1.4 billion, an increase of \$145.3 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. The Department of Agriculture is under Strategic Fiscal Review.

HIGHLIGHTS:

- Funding includes \$1.2 billion in All Funds for the Child and Adult Nutrition programs. This amount 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 the 2018–19 biennium. This reduction is primarily due to the ending of a \$17.0 million onetime 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 Funds funding contingent on the agency generating sufficient revenue to cover both the direct and indirect costs for the agency's cost recovery programs. Other direct and indirect costs total \$12.2 million for the biennium.
- Funding includes \$9.8 million in General Revenue Funds funding for the Boll Weevil Eradication program, a decrease of \$4.2 million from 2016–17 biennial 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 includes \$1.9 million in General Revenue Funds for the Metrology program to fund repairs to the Metrology Lab's HVAC system, which is offset by an equivalent reduction in General Revenue in the Weights & Measures program.
- Funding is reduced by \$0.9 million in General Revenue Funds to eliminate funding for the Feral Hog Abatement program.
- Funding is reduced by \$0.8 million in General Revenue Funds to eliminate funding for the Zebra Chip Research Grant program.

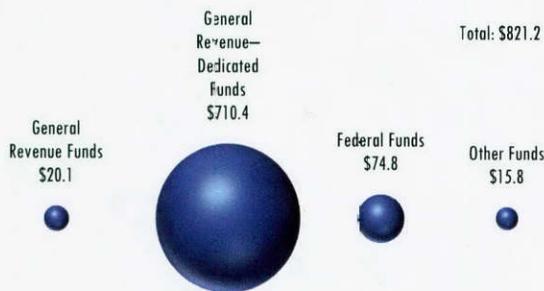
COMMISSION ON ENVIRONMENTAL QUALITY

FIGURE 69
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY, BY METHOD OF FINANCE

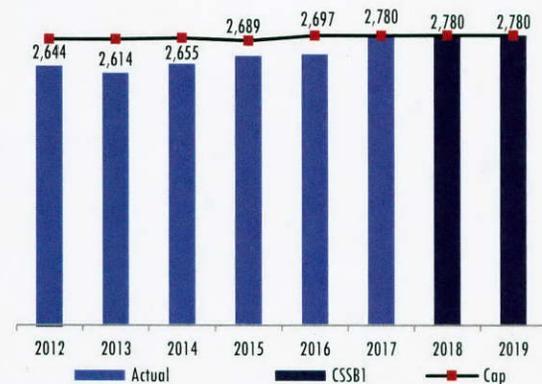
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$24.4	\$20.1	(\$4.3)	(17.5%)
General Revenue–Dedicated Funds	\$811.4	\$710.4	(\$101.0)	(12.4%)
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	\$821.2	(\$120.3)	(12.8%)

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 Commission on Environmental Quality for the 2018–19 biennium totals \$821.2 million in All Funds, which is a reduction of \$120.3 million, or 12.3 percent, from the 2016–17 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$730.5 million, a decrease of \$105.3 million, or 12.6 percent.

HIGHLIGHTS:

- Funding provides \$143.6 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 amount is a reduction of \$92.7 million from the 2016–17 biennium. Three TERP programs are scheduled to expire at the end of fiscal year 2017, and one program is scheduled to expire at the end of fiscal year 2018; these expirations result in the Emissions Reduction Incentive Grant program receiving a larger allocation for 2018–19 than for 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 the 2018–19 biennium. 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 amount 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 70
TEXAS PARKS AND WILDLIFE DEPARTMENT, BY METHOD OF FINANCE

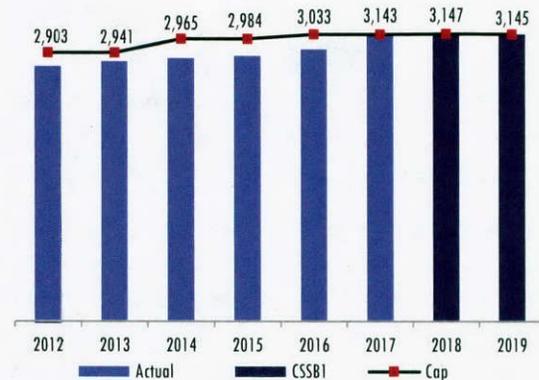
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$198.7	\$182.7	(\$16.0)	(8.1%)
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	\$641.3	(\$187.9)	(22.7%)

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 Parks and Wildlife Department (TPWD) for the 2018–19 biennium totals \$641.3 million from All Funds. This amount is a decrease of \$187.9 million, or 22.7 percent, from the 2016–17 biennium. The decrease is primarily due to reductions in appropriations for deferred maintenance and capital construction projects, Federal Funds available for the 2016–17 biennium that are not anticipated to be available for the 2018–19 biennium, and projected decreases from donations and project reimbursements.

HIGHLIGHTS:

- Funding includes \$139.6 million from General Revenue Sporting Goods Sales Tax (SGST) transfers, which is a decrease of \$15.5 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 \$212.0 million. This amount is \$49.1 million less than the 2016–17 biennial total appropriated and estimated amount, and \$101.5 million less than the \$313.5 million of SGST the Comptroller of Public Accounts estimated would be available to TPWD in the 2018–19 Biennial Revenue Estimate.
- 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 biennial level, for state parks operations and capital improvements;

- Texas Recreation and Parks Account No. 467: \$12.5 million, a decrease of \$6.2 million, for grants to counties and municipalities with populations of less than 500,000 for local parks and other outdoor recreation opportunities; this amount includes an allocation of \$5.0 million to the Center for Urban Ecology at Quinta Mazatlán;
 - Large County and Municipality Recreation and Parks Account No. 5150: \$7.0 million, a decrease of \$7.3 million, for grants to counties and municipalities with populations of 500,000 or more for local parks and other outdoor recreation opportunities; and
 - Parks and Wildlife Conservation and Capital Account No. 5004: no funding is transferred to this account for the 2018–19 biennium, 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 amount is a decrease of \$107.7 million from 2016–17 biennial 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 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 onetime expenditures. All funding appropriated for this purpose is from unexpended balances of Federal Funds and Other Funds carried forward from the 2016–17 to 2018–19 biennia.
 - 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, from the 2016–17 biennial funding level, for state park operations, minor repairs, and support. This amount includes increases of \$1.7 million from the General Revenue–Dedicated State Parks Account No. 64 and \$0.6 million from SGST 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 from 2016–17 biennial 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 biennial 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 during 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 the 2018–19 biennium, 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 71
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, BY METHOD OF FINANCE

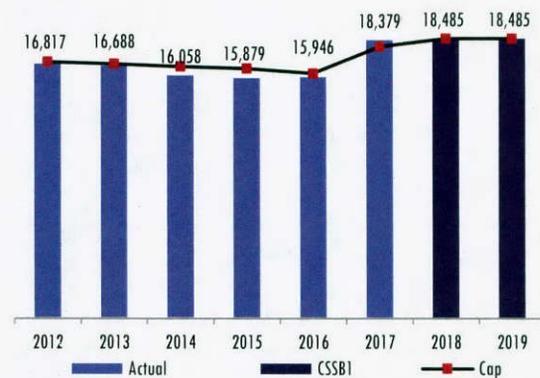
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BLDGED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,176.9	\$548.0	(\$628.9)	(53.4%)
General Revenue–Dedicated Funds	\$505.9	\$499.4	(\$6.4)	(1.3%)
Federal Funds	\$12,326.1	\$13,637.6	\$1,311.5	10.6%
Other Funds	\$15,655.1	\$18,920.3	\$3,265.2	20.9%
Total, All Methods of Finance	\$29,663.9	\$33,605.3	\$3,941.4	13.3%

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 VII

All Funds for the Business and Economic Development agencies total \$33.6 billion for the 2018–19 biennium, an increase of \$3.9 billion, or 13.3 percent, from the 2016–17 biennium. General Revenue Funds total \$548.0 million, a decrease of \$628.9 million, or 53.4 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 \$28.4 billion in All Funds, an increase of \$3.6 billion from the 2016–17 biennium primarily due to an increase of \$4.7 billion in Other Funds from anticipated state sales tax deposits to the SHF pursuant to Proposition 7, 2015. Funding includes an estimated \$2.5 billion from oil and natural gas tax-related deposits to the SHF pursuant to Proposition 1, 2014, an increase of \$0.9 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. The full-time-equivalent (FTE) position cap for the Texas Department of Transportation includes an increase of

313.5 positions each fiscal year for construction engineering and project management. 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 \$158.9 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 \$331.4 million in All Funds, a net decrease of \$18.6 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, headquarters facility operations and maintenance needs, and information technology projects, including the development of mobile applications and a kiosk pilot project.
- Funding for the Texas Lottery Commission includes a decrease in All Funds of \$3.3 million attributable primarily to a decrease in General Revenue–Dedicated Funds of \$14.7 million for advertising contracts, \$3.0 million for operating expenses, and \$0.9 million for market research. These decreases are offset by an increase in estimated funding of \$15.6 million due to an anticipated increase in gross lottery ticket sales. See the agency bill summary for additional details.

Figure 72 shows the All Funds appropriation for each agency in Article VII, and Figure 73 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 72
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSB1 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	\$493.4	(\$3.3)	(0.7%)
Department of Motor Vehicles	\$350.0	\$331.4	(\$18.6)	(5.3%)
Department of Transportation	\$24,746.1	\$28,395.1	\$3,649.0	14.7%
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	\$32,819.8	\$3,866.7	13.4%
Retirement and Group Insurance	\$708.3	\$789.0	\$80.7	11.4%
Social Security and Benefit Replacement Pay	\$141.4	\$147.8	\$6.4	4.5%
Bond Debt Service Payments	\$30.8	\$26.4	(\$4.3)	(14.1%)
Lease Payments	\$2.7	0.6	(\$2.0)	(76.9%)
Subtotal, Employee Benefits and Debt Service	\$883.1	\$963.8	\$80.7	9.1%
Less Interagency Contracts	\$172.4	\$178.4	\$6.0	3.5%
Total, All Functions	\$29,663.9	\$33,605.3	\$3,941.4	13.3%

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 73
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	\$26.6	\$24.4	(\$2.2)	(8.3%)
Texas Lottery Commission	\$30.9	\$30.7	(\$0.2)	(0.7%)
Department of Motor Vehicles	\$184.7	\$25.8	(\$158.9)	(86.0%)
Department of Transportation	\$514.2	\$3.9	(\$510.2)	(99.2%)
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	\$469.1	(\$627.1)	(57.2%)
Retirement and Group Insurance	\$38.6	\$42.7	\$4.1	10.8%
Social Security and Benefit Replacement Pay	\$9.3	\$9.8	\$0.5	5.3%
Bond Debt Service Payments	\$30.1	\$25.8	(\$4.3)	(14.4%)
Lease Payments	\$2.7	\$0.6	(\$2.0)	(76.9%)
Subtotal, Employee Benefits and Debt Service	\$80.6	\$78.9	(\$1.7)	(2.2%)
Total, All Functions	\$1,176.9	\$548.0	(\$628.9)	(53.4%)

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

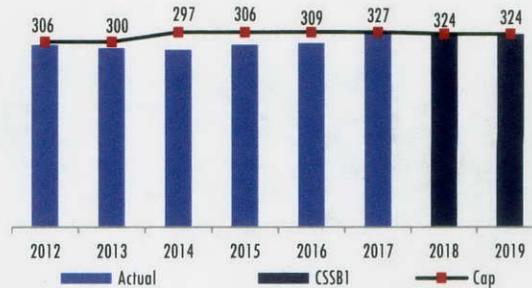
FIGURE 74
TEXAS LOTTERY COMMISSION, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$30.9	\$30.7	(\$0.2)	(0.7%)
General Revenue–Dedicated Funds	\$465.8	\$462.7	(\$3.1)	(0.7%)
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	\$493.4	(\$3.3)	(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 Lottery Commission for the 2018–19 biennium totals \$493.4 million in All Funds, which includes an All Funds reduction of \$3.3 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 \$462.7 million from the State Lottery Account (General Revenue–Dedicated Fund No. 5025) for lottery operations, a decrease of \$3.1 million. This is primarily due to a reduction in funding of \$14.7 million for mass media advertising contracts, \$3.0 million for various operating expenses, and \$0.9 million for market research offset by an increase of \$15.6 million for the lottery operator contract and retailer incentives. Funding for the lottery operator contract and retailer incentives is estimated and based on a percentage of gross lottery ticket proceeds.

DEPARTMENT OF TRANSPORTATION

FIGURE 75
DEPARTMENT OF TRANSPORTATION, BY METHOD OF FINANCE

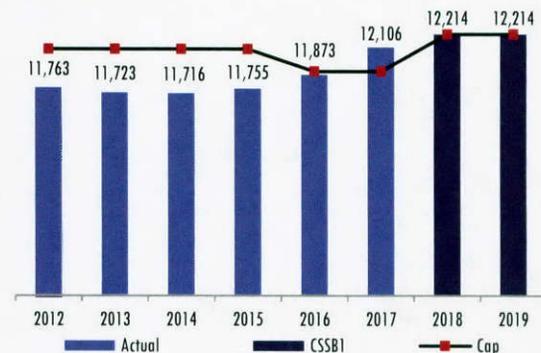
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$514.2	\$3.9	(\$510.2)	(99.2%)
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	\$17,904.5	\$3,082.6	20.8%
Total, All Methods of Finance	\$24,746.1	\$28,395.1	\$3,649.0	14.7%

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 Department of Transportation for the 2018–19 biennium totals \$28.4 billion in All Funds, which includes an All Funds increase of \$3.6 billion. The increase in funding is primarily related to anticipated state sales tax deposits to the State Highway Fund (Proposition 7, 2015) of up to \$2.5 billion each fiscal year beginning in fiscal year 2018 (estimated to be \$4.7 billion for the 2018–19 biennium).

HIGHLIGHTS

- Funding for the 2018–19 biennium includes \$17.9 billion in Other Funds for an increase of \$3.1 billion from the 2016–17 biennium and includes:
 - \$8.8 billion in State Highway Funds (SHF) from traditional transportation tax and fee revenue sources for a decrease of \$472.5 million;
 - \$4.7 billion from state sales tax deposits to the SHF (Proposition 7, 2015), including \$4.1 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);
 - \$2.5 billion from oil and natural gas tax-related deposits to the SHF (Proposition 1, 2014) for non-tolled roadway projects (an increase of \$0.9 billion), including \$1.2 billion for payments on ongoing projects from Proposition 1 balances remaining from prior fiscal years and \$1.3 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, including \$40.0 million allocated for port access roadway improvement projects, 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 Funds 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.
- \$24.8 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;
 - \$7.1 billion in SHF from traditional transportation tax and fee revenue sources;
 - \$4.1 billion from state sales tax deposits to the SHF (Proposition 7, 2015);
 - \$2.5 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 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.
- Funding includes an increase of 313.5 FTEs for construction engineering and project management.
- \$50.0 million in SHF is provided for deferred maintenance of agency buildings and facilities.
- \$43.1 million in SHF is provided for information technology projects for transportation project and portfolio management and Centralized Accounting and Payroll/Personnel Systems (CAPPS) upgrades.
- \$30.0 million in SHF is provided for acquisition of land and preconstruction development for the Department of Transportation's Austin campus consolidation project.

TEXAS WORKFORCE COMMISSION

FIGURE 76
TEXAS WORKFORCE COMMISSION, BY METHOD OF FINANCE

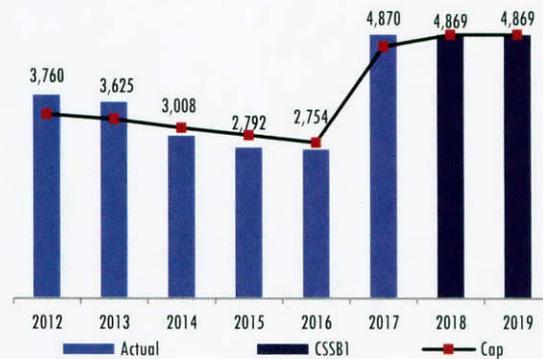
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 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.

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT

- 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 77
ARTICLE VIII REGULATORY, BY METHOD OF FINANCE

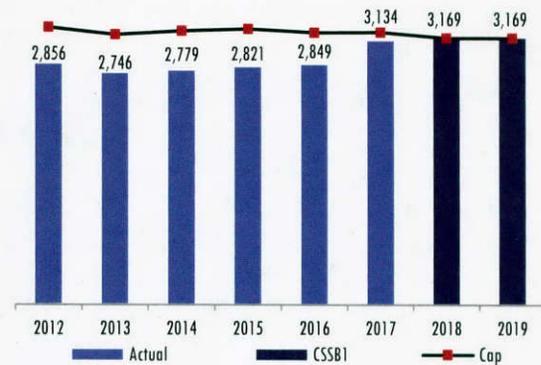
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSBI 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$337.1	\$351.7	\$14.6	4.3%
General Revenue–Dedicated Funds	\$579.0	\$253.0	(\$326.1)	(56.3%)
Federal Funds	\$8.6	\$5.9	(\$2.8)	(32.2%)
Other Funds	\$32.8	\$29.4	(\$3.4)	(10.4%)
Total, All Methods of Finance	\$957.6	\$639.9	(\$317.7)	(33.2%)

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 VIII

All Funds for the Regulatory agencies total \$639.9 million for the 2018–19 biennium, a reduction of \$317.7 million, or 33.2 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 funding 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 \$326.8 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 \$3.4 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 \$1.2 million decrease in General Revenue Funds and General Revenue–Dedicated Funds for ongoing costs for data center services 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. These decreases are offset by an increase of \$4.4 million in General Revenue Funds to continue the agency’s State Regulatory Response Rider which allows the agency to respond to unexpected changes in the insurance market, including emergencies and natural and man-made disasters, and an increase of \$0.7 million in General Revenue–Dedicated Funds for workers’ compensation fraud prosecution.

- 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. Additionally, funding includes an increase of \$0.1 million in General Revenue–Dedicated Funds to refund tuition for students of beauty and barber schools for school closures prior to the completion of studies. This increase in funding is offset by a decrease of \$1.0 million in General Revenue Funds for 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 net decrease of \$0.7 million in All Funds primarily due to a reduction of \$0.7 million in General Revenue Funds for 6.5 FTEs, expert physician review 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. These decreases are offset by an increase in General Revenue Funds of \$0.2 million for additional software licenses and the implementation of the Voice over Internet Protocol service and \$0.3 million for an additional 4.0 FTEs in the agency’s call center. 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 \$1.4 million in General Revenue Funds for the Prescription Drug Monitoring Program transferred to the agency in fiscal year 2017 pursuant to legislation passed by the Eighty-fourth Legislature, 2015 and \$0.4 million in General Revenue Funds primarily for acquisition of information technology, vehicle replacements, and agency operations. These increases are 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 \$2.3 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 the Securities Board includes an increase of \$1.4 million in General Revenue Funds for salary adjustments for FTEs in enforcement, registration, and inspections.
- Funding for certain other regulatory agencies incorporate reductions to agency operations and administration.

Figure 78 shows the All Funds appropriation for each agency in Article VIII, and **Figure 79** 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 78
ARTICLE VIII – REGULATORY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016-17	CSSB1 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%)
Texas State Board of Dental Examiners	\$8.8	\$8.5	(\$0.3)	(3.3%)
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	\$2.2	(\$0.0)	(1.2%)
Office of Injured Employee Counsel	\$17.6	\$17.6	\$0.0	0.0%
Department of Insurance	\$232.6	\$229.1	(\$3.4)	(1.5%)
Office of Public Insurance Counsel	\$2.2	\$2.2	\$0.0	0.0%
Board of Professional Land Surveying	\$0.9	\$1.0	\$0.1	5.6%
Department of Licensing and Regulation	\$67.0	\$68.6	\$1.6	2.3%
Texas Medical Board	\$28.3	\$27.6	(\$0.7)	(2.6%)
Texas Board of Nursing	\$24.1	\$26.4	\$2.3	9.6%
Optometry Board	\$1.0	\$1.0	\$0.0	3.4%
Board of Pharmacy	\$15.4	\$16.1	\$0.7	4.7%
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$2.9	\$2.8	(\$0.1)	(3.0%)
Board of Plumbing Examiners	\$5.4	\$5.5	\$0.1	2.6%
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%)
Racing Commission	\$14.7	\$15.9	\$1.2	8.1%
Securities Board	\$14.6	\$16.0	\$1.4	9.5%
Public Utility Commission of Texas	\$359.5	\$32.6	(\$326.8)	(90.9%)
Office of Public Utility Counsel	\$4.5	\$4.3	(\$0.2)	(4.0%)
Board of Veterinary Medical Examiners	\$2.6	\$2.9	\$0.3	9.6%
Subtotal, Regulatory	\$834.7	\$510.3	(\$324.4)	(38.9%)
Retirement and Group Insurance	\$105.2	\$114.6	\$9.4	8.9%
Social Security and Benefit 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	\$141.1	\$8.7	6.6%
Less Interagency Contracts	\$9.5	\$11.5	\$2.0	20.7%
Total, All Functions	\$957.6	\$639.9	(\$317.7)	(33.2%)

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 79
ARTICLE VIII – REGULATORY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	CSSBI 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%)
Texas State Board of Dental Examiners	\$8.3	\$8.0	(\$0.3)	(3.1%)
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	\$86.1	\$3.2	3.9%
Office of Public Insurance Counsel	\$1.8	\$1.8	\$0.0	0.0%
Board of Professional Land Surveying	\$0.9	\$0.9	\$0.1	6.6%
Department of Licensing and Regulation	\$58.2	\$59.7	\$1.5	2.6%
Texas Medical Board	\$23.6	\$20.3	(\$3.3)	(13.9%)
Texas Board of Nursing	\$17.4	\$19.0	\$1.6	9.0%
Optometry Board	\$0.9	\$0.9	\$0.0	3.7%
Board of Pharmacy	\$14.9	\$16.1	\$1.2	8.2%
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$2.7	\$2.7	(\$0.0)	(0.6%)
Board of Plumbing Examiners	\$5.3	\$5.4	\$0.1	2.7%
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%)
Racing Commission	\$0.0	\$0.0	\$0.0	N/A
Securities Board	\$14.6	\$16.0	\$1.4	9.5%
Public Utility Commission of Texas	\$18.8	\$26.6	\$7.8	41.6%
Office of Public Utility Counsel	\$3.4	\$3.3	(\$0.1)	(4.0%)
Board of Veterinary Medical Examiners	\$2.6	\$2.9	\$0.3	9.7%
Subtotal, Regulatory	\$279.2	\$290.3	\$11.0	4.0%
Retirement and Group Insurance	\$45.3	\$49.2	\$3.9	8.6%
Social Security and Benefit 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	\$61.4	\$3.5	6.1%
Total, All Functions	\$337.1	\$351.7	\$14.6	4.3%

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 80
PUBLIC UTILITY COMMISSION, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	CSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$18.8	\$26.6	\$7.8	41.6%
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	(\$326.8)	(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 \$326.8 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, funding includes 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, 2 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 Committee Substitute for Senate Bill 1 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 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.

A OFFICE OF THE ATTORNEY GENERAL		For the Years Ending	
		August 31, 2018	August 31, 2019
B	Method of Financing:		
	<u>General Revenue Fund</u>		
	General Revenue Fund	\$ 109,135,254	\$ 112,718,415
	Child Support Retained Collection Account	97,005,672	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	<u>\$ 217,851,669</u>	<u>\$ 221,434,830</u>
	<u>General Revenue Fund - Dedicated</u>		
	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	301,432	301,402
	Sexual Assault Program Account No. 5010	15,188,546	5,188,546
	Subtotal, General Revenue Fund - Dedicated	<u>\$ 76,403,248</u>	<u>\$ 67,426,908</u>
	Federal Funds	213,366,403	220,889,946
	<u>Other Funds</u>		
	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	<u>\$ 65,606,203</u>	<u>\$ 65,598,381</u>
	Total, Method of Financing	<u>\$ 573,227,523</u>	<u>\$ 575,350,065</u>
	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 C	\$153,750	\$153,750
E	A813-LBB Senate-1-A		
F	I-3		January 6, 2017

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	\$ 102,107,328 \$ 102,099,506
	Provide Legal Counsel/Litigation/Alternative Dispute Resolution Svcs.	
	B. Goal: ENFORCE CHILD SUPPORT LAW	
	Enforce State/Federal Child Support Laws.	
	B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT	\$ 335,024,074 \$ 345,562,782
	Establish Paternity/Obligations, Enforce Orders and Distribute Monies.	
	B.1.2. Strategy: STATE DISBURSEMENT UNIT	\$ 13,812,653 \$ 13,812,653
	Total, Goal B: ENFORCE CHILD SUPPORT LAW	<u>\$ 348,836,727</u> <u>\$ 359,375,435</u>
	C. Goal: CRIME VICTIMS' SERVICES	
	Investigate/Process Applications for Compensation to Crime Victims.	
	C.1.1. Strategy: CRIME VICTIMS' COMPENSATION	\$ 64,764,500 \$ 66,279,156
	Review Claims, Determine Eligibility/State Liability, Pay Correctly.	
	C.1.2. Strategy: VICTIMS ASSISTANCE	\$ 38,239,267 \$ 28,316,267
	Provide Grants & Contracts for Victims Svcs/Sexual Asslt Victims.	
	Total, Goal C: CRIME VICTIMS' SERVICES	<u>\$ 103,003,767</u> <u>\$ 94,595,423</u>
	D. Goal: REFER MEDICAID CRIMES	
	Investigate/Refer for Prosecution Fraud/Misconduct Involving Medicaid.	
	D.1.1. Strategy: MEDICAID INVESTIGATION	\$ 18,640,452 \$ 18,640,452
	Conduct Investigation Supporting Prosecution of Alleged Medicaid Crime.	
	E. Goal: ADMINISTRATIVE SUPPORT FOR SORM	
	Provide Administrative Support for the State Office of Risk Management.	
	E.1.1. Strategy: ADMINISTRATIVE SUPPORT FOR SORM	\$ 639,249 \$ 639,249
	Provide Administrative Support to the State Office of Risk Management.	
H	Grand Total, OFFICE OF THE ATTORNEY GENERAL	<u>\$ 573,227,523</u> <u>\$ 575,350,065</u>
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	<u>27,415,543</u> <u>26,456,602</u>
	Total, Object-of-Expense Informational Listing	<u>\$ 573,227,523</u> <u>\$ 575,350,065</u>
	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	<u>473,380</u> <u>407,107</u>
	Subtotal, Employee Benefits	<u>\$ 85,464,920</u> <u>\$ 88,240,750</u>
	A302-LBB Senate-1-A	1-4
		January 6, 2017

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 TXCSSES 2.0 Release 1	25,803,812	741,174

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.

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:		
<u>General Revenue Fund</u>		
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
<u>Federal Funds</u>		
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
<u>Other Funds</u>		
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:		
<u>Administration</u>		
Indirect Administration	\$ 11,147,884	\$ 11,187,088
<u>Food and Nutrition</u>		
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
A551-LBB Senate-6	VI-1	January 8, 2017

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)			
Texas Feeding Texans (Surplus Agricultural Products Grant Program)	\$	2,930,353	\$ 2,937,765
Subtotal, Food and Nutrition	<u>\$</u>	<u>597,151,816</u>	<u>\$ 644,290,438</u>
<u>Markets and Public Health</u>			
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	<u>\$</u>	<u>9,039,313</u>	<u>\$ 9,028,502</u>
<u>Rural Affairs</u>			
Rural Community & Economic Development	\$	67,742,866	\$ 67,726,643
Rural Health	\$	4,340,255	\$ 4,348,587
Subtotal, Rural Affairs	<u>\$</u>	<u>72,083,121</u>	<u>\$ 72,075,230</u>
<u>Standards & Measurements</u>			
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	<u>\$</u>	<u>23,797,597</u>	<u>\$ 24,123,536</u>
T Total, Items of Appropriation	<u>\$</u>	<u>713,219,731</u>	<u>\$ 760,704,794</u>
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		<u>920,150</u>	<u>919,409</u>
Total, Object-of-Expense Informational Listing	<u>\$</u>	<u>713,219,731</u>	<u>\$ 760,704,794</u>
V Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act:			
<u>Employee Benefits</u>			
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		<u>62,823</u>	<u>54,028</u>
Subtotal, Employee Benefits	<u>\$</u>	<u>15,465,388</u>	<u>\$ 16,119,207</u>
A551-LBB Senate-6		VI-2	January 8, 2017

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)

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

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.

	<u>2018</u>	<u>2019</u>
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

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

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 286, 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, 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.

**FIGURE B-1
ALL FUNDS**

(IN MILLIONS)

FUNCTION	ESTIMATED/ BUDGETED 2016–17 (1)	SENATE BILL 1, AS INTRODUCED 2018–19	COMPARISON OF SB1 AS INTRODUCED TO ESTIMATED/BUDGETED		COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018–19	COMPARISON OF CSSB1 TO ESTIMATED/ BUDGETED		COMPARISON OF CSSB1 TO SB1 AS INTRODUCED	
			\$ CHANGE	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$7,073.8	\$5,886.6	(\$1,187.2)	(16.8%)	\$5,805.5	(\$1,268.3)	(17.9%)	(\$81.1)	(1.1%)
Article II – Health and Human Services	\$78,536.6	\$77,373.1	(\$1,163.5)	(1.5%)	\$80,252.8	\$1,716.2	2.2%	\$2,879.7	3.7%
Article III – Agencies of Education	\$79,140.7	\$79,303.9	\$163.3	0.2%	\$79,525.4	\$384.7	0.5%	\$221.4	0.3%
<i>Public Education</i>	\$58,896.4	\$59,577.1	\$680.7	1.2%	\$59,292.0	\$395.6	0.7%	(\$285.1)	(0.5%)
<i>Higher Education</i>	\$20,244.3	\$19,726.8	(\$517.5)	(2.6%)	\$20,233.4	(\$10.9)	(0.1%)	\$506.6	2.6%
Article IV – The Judiciary	\$813.3	\$800.1	(\$13.2)	(1.6%)	\$807.2	(\$6.1)	(0.8%)	\$7.1	0.9%
Article V – Public Safety and Criminal Justice	\$12,503.5	\$12,331.5	(\$172.1)	(1.4%)	\$12,186.7	(\$316.8)	(2.5%)	(\$144.7)	(1.2%)
Article VI – Natural Resources	\$4,577.9	\$4,321.8	(\$256.0)	(5.6%)	\$4,335.1	(\$242.7)	(5.3%)	\$13.3	0.3%
Article VII – Business and Economic Development	\$29,663.9	\$33,398.2	\$3,734.3	12.6%	\$33,605.3	\$3,941.4	13.3%	\$207.1	0.6%
Article VIII – Regulatory	\$957.6	\$626.5	(\$331.1)	(34.6%)	\$639.9	(\$317.7)	(33.2%)	\$13.4	2.1%
Article IX – General Provisions	\$0.0	(\$1,058.0)	(\$1,058.0)	N/A	\$190.0	\$190.0	N/A	\$1,248.0	(118.0%)
Article X – The Legislature	\$400.9	\$387.9	(\$13.0)	(3.2%)	\$386.6	(\$14.3)	(3.6%)	(\$1.3)	(0.3%)
Total, All Functions	\$213,668.2	\$213,371.6	(\$296.5)	(0.1%)	\$217,734.4	\$4,066.3	1.9%	\$4,362.8	2.0%

NOTES:

(1) May include anticipated supplemental spending adjustments.

(2) Excludes Interagency Contracts.

SOURCE: Legislative Budget Board.

**FIGURE B-2
GENERAL REVENUE FUNDS**

(IN MILLIONS)

FUNCTION	ESTIMATED/ BUDGETED 2016-17 (1)	SENATE BILL 1, AS INTRODUCED 2018-19	COMPARISON OF SB1 AS INTRODUCED TO ESTIMATED/BUDGETED		COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018-19	COMPARISON OF CSSB1 TO ESTIMATED/ BUDGETED		COMPARISON OF CSSB1 TO SB1 AS INTRODUCED	
			\$ CHANGE	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I - General Government	\$3,345.5	\$3,258.9	(\$86.6)	(2.6%)	\$3,190.0	(\$155.5)	(4.6%)	(\$68.8)	(2.1%)
Article II - Health and Human Services	\$32,431.7	\$32,596.0	\$164.3	0.5%	\$33,989.1	\$1,557.4	4.8%	\$1,393.1	4.3%
Article III - Agencies of Education	\$56,283.7	\$54,696.4	(\$1,587.3)	(2.8%)	\$54,928.8	(\$1,354.9)	(2.4%)	\$232.4	0.4%
<i>Public Education</i>	\$41,594.1	\$40,522.4	(\$1,071.8)	(2.6%)	\$40,236.9	(\$1,357.3)	(3.3%)	(\$285.5)	(0.7%)
<i>Higher Education</i>	\$14,689.6	\$14,174.0	(\$515.6)	(3.5%)	\$14,691.9	\$2.3	0.0%	\$517.9	3.7%
Article IV - The Judiciary	\$503.3	\$503.6	\$0.3	0.1%	\$491.6	(\$11.6)	(2.3%)	(\$12.0)	(2.4%)
Article V - Public Safety and Criminal Justice	\$11,534.7	\$11,556.1	\$21.4	0.2%	\$11,415.4	(\$119.3)	(1.0%)	(\$140.7)	(1.2%)
Article VI - Natural Resources	\$835.0	\$769.1	(\$65.9)	(7.9%)	\$823.9	(\$11.1)	(1.3%)	\$54.8	7.1%
Article VII - Business and Economic Development	\$1,176.9	\$553.3	(\$623.6)	(53.0%)	\$548.0	(\$628.9)	(53.4%)	(\$5.3)	(1.0%)
Article VIII - Regulatory	\$337.1	\$339.3	\$2.2	0.7%	\$351.7	\$14.6	4.3%	\$12.4	3.6%
Article IX - General Provisions	\$0.0	(\$1,058.0)	(\$1,058.0)	N/A	\$190.0	\$190.0	N/A	\$1,248.0	(118.0%)
Article X - The Legislature	\$400.8	\$387.7	(\$13.1)	(3.3%)	\$386.4	(\$14.4)	(3.6%)	(\$1.3)	(0.3%)
Total, All Functions	\$106,848.7	\$103,602.3	(\$3,246.3)	(3.0%)	\$106,314.9	(\$533.8)	(0.5%)	\$2,712.6	2.6%

NOTE: (1) May include anticipated supplemental spending adjustments.
SOURCE: Legislative Budget Board.

**FIGURE B-3
GENERAL REVENUE—DEDICATED FUNDS**

(IN MILLIONS)

FUNCTION	ESTIMATED/ BUDGETED 2016–17 (1)	SENATE BILL 1, AS INTRODUCED 2018–19	COMPARISON OF SBI AS INTRODUCED TO ESTIMATED/BUDGETED		COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018–19	COMPARISON OF CSSBI TO ESTIMATED/ BUDGETED		COMPARISON OF CSSBI TO SBI AS INTRODUCED	
			\$ CHANGE	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$1,056.0	\$575.2	(\$480.8)	(45.5%)	\$565.2	(\$490.7)	(46.5%)	(\$9.9)	(1.7%)
Article II – Health and Human Services	\$1,172.4	\$1,150.4	(\$22.0)	(1.9%)	\$1,038.4	(\$133.9)	(11.4%)	(\$112.0)	(9.7%)
Article III – Agencies of Education	\$2,913.0	\$2,872.5	(\$40.6)	(1.4%)	\$2,861.0	(\$52.0)	(1.8%)	(\$11.5)	(0.4%)
<i>Public Education</i>	\$0.0	\$0.0	\$0.0	N/A	\$0.0	\$0.0	N/A	\$0.0	N/A
<i>Higher Education</i>	\$2,913.0	\$2,872.5	(\$40.6)	(1.4%)	\$2,861.0	(\$52.0)	(1.8%)	(\$11.5)	(0.4%)
Article IV – The Judiciary	\$143.2	\$132.7	(\$10.5)	(7.3%)	\$133.4	(\$9.8)	(6.8%)	\$0.7	0.5%
Article V – Public Safety and Criminal Justice	\$132.2	\$34.1	(\$98.1)	(74.2%)	\$34.1	(\$98.1)	(74.2%)	(\$0.0)	(0.1%)
Article VI – Natural Resources	\$1,534.4	\$1,393.8	(\$140.6)	(9.2%)	\$1,337.3	(\$197.1)	(12.8%)	(\$56.5)	(4.1%)
Article VII – Business and Economic Development	\$505.9	\$481.9	(\$23.9)	(4.7%)	\$499.4	(\$6.4)	(1.3%)	\$17.5	3.6%
Article VIII – Regulatory	\$579.0	\$252.7	(\$326.3)	(56.4%)	\$253.0	(\$326.1)	(56.3%)	\$0.3	0.1%
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A	\$0.0	\$0.0	N/A	\$0.0	N/A
Article X – The Legislature	\$0.0	\$0.0	\$0.0	N/A	\$0.0	\$0.0	N/A	\$0.0	N/A
Total, All Functions	\$8,036.0	\$6,893.3	(\$1,142.7)	(14.2%)	\$6,721.9	(\$1,314.1)	(16.4%)	(\$171.4)	(2.5%)

NOTE: (1) May include anticipated supplemental spending adjustments.

SOURCE: Legislative Budget Board.

**FIGURE B-4
GENERAL REVENUE FUNDS AND GENERAL REVENUE-DEDICATED FUNDS**

(IN MILLIONS)

FUNCTION	ESTIMATED/ BUDGETED 2016-17 (1)	SENATE BILL 1, AS INTRODUCED 2018-19	COMPARISON OF SB1 AS INTRODUCED TO ESTIMATED/BUDGETED		COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018-19	COMPARISON OF CSSB1 TO ESTIMATED/ BUDGETED		COMPARISON OF CSSB1 TO SB1 AS INTRODUCED	
			\$ CHANGE	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I - General Government	\$4,401.5	\$3,834.0	(\$567.4)	(12.9%)	\$3,755.3	(\$646.2)	(14.7%)	(\$78.7)	(2.1%)
Article II - Health and Human Services	\$33,604.0	\$33,746.4	\$142.3	0.4%	\$35,027.5	\$1,423.5	4.2%	\$1,281.1	3.8%
Article III - Agencies of Education	\$59,196.8	\$57,568.9	(\$1,627.9)	(2.8%)	\$57,789.8	(\$1,406.9)	(2.4%)	\$221.0	0.4%
<i>Public Education</i>	\$41,594.1	\$40,522.4	(\$1,071.8)	(2.6%)	\$40,236.9	(\$1,357.3)	(3.3%)	(\$285.5)	(0.7%)
<i>Higher Education</i>	\$17,602.7	\$17,046.5	(\$556.2)	(3.2%)	\$17,552.9	(\$49.8)	(0.3%)	\$506.4	3.0%
Article IV - The Judiciary	\$646.5	\$636.3	(\$10.2)	(1.6%)	\$625.1	(\$21.4)	(3.3%)	(\$11.3)	(1.8%)
Article V - Public Safety and Criminal Justice	\$11,666.9	\$11,590.2	(\$76.7)	(0.7%)	\$11,449.5	(\$217.4)	(1.9%)	(\$140.7)	(1.2%)
Article VI - Natural Resources	\$2,369.4	\$2,162.9	(\$206.5)	(8.7%)	\$2,161.2	(\$208.2)	(8.8%)	(\$1.7)	(0.1%)
Article VII - Business and Economic Development	\$1,682.7	\$1,035.2	(\$647.5)	(38.5%)	\$1,047.5	(\$635.3)	(37.8%)	\$12.2	1.2%
Article VIII - Regulatory	\$916.1	\$592.0	(\$324.1)	(35.4%)	\$604.6	(\$311.5)	(34.0%)	\$12.6	2.1%
Article IX - General Provisions	\$0.0	(\$1,058.0)	(\$1,058.0)	N/A	\$190.0	\$190.0	N/A	\$1,248.0	(118.0%)
Article X - The Legislature	\$400.8	\$387.7	(\$13.1)	(3.3%)	\$386.4	(\$14.4)	(3.6%)	(\$1.3)	(0.3%)
Total, All Functions	\$114,884.7	\$110,495.6	(\$4,389.1)	(3.8%)	\$113,036.8	(\$1,847.9)	(1.6%)	\$2,541.2	2.3%

NOTE: (1) May include anticipated supplemental spending adjustments.
SOURCE: Legislative Budget Board.

**FIGURE B-5
FEDERAL FUNDS**

(IN MILLIONS)

FUNCTION	ESTIMATED/ BUDGETED 2016-17 (1)	SENATE BILL 1, AS INTRODUCED 2018-19	COMPARISON OF SB1 AS INTRODUCED TO ESTIMATED/BUDGETED		COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018-19	COMPARISON OF CSSB1 TO ESTIMATED/ BUDGETED		COMPARISON OF CSSB1 TO SB1 AS INTRODUCED	
			\$ CHANGE	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$1,005.3	\$1,191.2	\$185.9	18.5%	\$1,188.9	\$183.7	18.3%	(\$2.3)	(0.2%)
Article II – Health and Human Services	\$44,257.3	\$42,969.6	(\$1,287.7)	(2.9%)	\$44,524.3	\$267.0	0.6%	\$1,554.7	3.6%
Article III – Agencies of Education	\$10,497.2	\$10,766.0	\$268.8	2.6%	\$10,766.5	\$269.3	2.6%	\$0.5	0.0%
<i>Public Education</i>	\$10,217.9	\$10,490.3	\$272.4	2.7%	\$10,490.9	\$273.0	2.7%	\$0.5	0.0%
<i>Higher Education</i>	\$279.3	\$275.7	(\$3.6)	(1.3%)	\$275.6	(\$3.7)	(1.3%)	(\$0.1)	(0.0%)
Article IV – The Judiciary	\$3.3	\$3.2	(\$0.1)	(3.3%)	\$1.7	(\$1.6)	(48.7%)	(\$1.5)	(47.0%)
Article V – Public Safety and Criminal Justice	\$647.0	\$571.6	(\$75.4)	(11.7%)	\$567.6	(\$79.4)	(12.3%)	(\$4.1)	(0.7%)
Article VI – Natural Resources	\$1,860.8	\$1,856.6	(\$4.3)	(0.2%)	\$1,857.7	(\$3.1)	(0.2%)	\$1.2	0.1%
Article VII – Business and Economic Development	\$12,326.1	\$13,642.3	\$1,316.2	10.7%	\$13,637.6	\$1,311.5	10.6%	(\$4.7)	(0.0%)
Article VIII – Regulatory	\$8.6	\$5.9	(\$2.7)	(31.6%)	\$5.9	(\$2.8)	(32.2%)	(\$0.0)	(0.8%)
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A	\$0.0	\$0.0	N/A	\$0.0	N/A
Article X – The Legislature	\$0.0	\$0.0	\$0.0	N/A	\$0.0	\$0.0	N/A	\$0.0	N/A
Total, All Functions	\$70,605.7	\$71,006.4	\$400.7	0.6%	\$72,550.2	\$1,944.5	2.8%	\$1,543.8	2.2%

NOTE: (1) May include anticipated supplemental spending adjustments.

SOURCE: Legislative Budget Board.

**FIGURE B-6
OTHER FUNDS**

(IN MILLIONS)

FUNCTION	ESTIMATED/ BUDGETED 2016-17 (1)	SENATE BILL 1, AS INTRODUCED 2018-19	COMPARISON OF SB1 AS INTRODUCED TO ESTIMATED/BUDGETED		COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018-19	COMPARISON OF CSSB1 TO ESTIMATED/ BUDGETED		COMPARISON OF CSSB1 TO SB1 AS INTRODUCED	
			\$ CHANGE	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$1,667.1	\$861.3	(\$805.7)	(48.3%)	\$861.3	(\$805.8)	(48.3%)	(\$0.1)	(0.0%)
Article II – Health and Human Services	\$675.3	\$657.2	(\$18.1)	(2.7%)	\$701.1	\$25.8	3.8%	\$43.9	6.7%
Article III – Agencies of Education	\$9,446.7	\$10,969.1	\$1,522.4	16.1%	\$10,969.0	\$1,522.3	16.1%	(\$0.1)	(0.0%)
<i>Public Education</i>	\$7,084.4	\$8,564.3	\$1,480.0	20.9%	\$8,564.3	\$1,479.9	20.9%	(\$0.1)	(0.0%)
<i>Higher Education</i>	\$2,362.3	\$2,404.8	\$42.5	1.8%	\$2,404.7	\$42.4	1.8%	(\$0.1)	(0.0%)
Article IV – The Judiciary	\$163.5	\$160.6	(\$2.9)	(1.8%)	\$180.4	\$16.9	10.3%	\$19.8	12.4%
Article V – Public Safety and Criminal Justice	\$189.6	\$169.6	(\$20.0)	(10.6%)	\$169.6	(\$20.0)	(10.6%)	(\$0.0)	(0.0%)
Article VI – Natural Resources	\$347.6	\$302.3	(\$45.3)	(13.0%)	\$316.2	(\$31.4)	(9.0%)	\$13.9	4.6%
Article VII – Business and Economic Development	\$15,655.1	\$18,720.7	\$3,065.6	19.6%	\$18,920.3	\$3,265.2	20.9%	\$199.6	1.1%
Article VIII – Regulatory	\$32.8	\$28.6	(\$4.2)	(12.8%)	\$29.4	(\$3.4)	(10.4%)	\$0.8	2.8%
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A	\$0.0	\$0.0	N/A	\$0.0	N/A
Article X – The Legislature	\$0.1	\$0.2	\$0.1	97.2%	\$0.2	\$0.1	97.2%	\$0.0	0.0%
Total, All Functions	\$28,177.7	\$31,869.6	\$3,691.8	13.1%	\$32,147.4	\$3,969.7	14.1%	\$277.8	0.9%

NOTES:

(1) May include anticipated supplemental spending adjustments.

(2) Excludes Interagency Contracts.

SOURCE: Legislative Budget Board.

**FIGURE B-7
GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS**

(IN MILLIONS)

FUNCTION	ESTIMATED/ BUDGETED 2016-17 (1)	SENATE BILL 1, AS INTRODUCED 2018-19	COMPARISON OF SBI AS INTRODUCED TO ESTIMATED/BUDGETED		COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018-19	COMPARISON OF CSSBI TO ESTIMATED/ BUDGETED		COMPARISON OF CSSBI TO SBI AS INTRODUCED	
			\$ CHANGE	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$6,068.5	\$4,695.4	(\$1,373.2)	(22.6%)	\$4,616.5	(\$1,452.0)	(23.9%)	(\$78.8)	(1.7%)
Article II – Health and Human Services	\$34,279.3	\$34,403.5	\$124.2	0.4%	\$35,728.6	\$1,449.2	4.2%	\$1,325.0	3.9%
Article III – Agencies of Education	\$68,643.5	\$68,537.9	(\$105.5)	(0.2%)	\$68,758.8	\$115.3	0.2%	\$220.9	0.3%
<i>Public Education</i>	\$48,678.5	\$49,086.7	\$408.2	0.8%	\$48,801.1	\$122.6	0.3%	(\$285.6)	(0.6%)
<i>Higher Education</i>	\$19,964.9	\$19,451.3	(\$513.6)	(2.6%)	\$19,957.6	(\$7.3)	(0.0%)	\$506.3	2.6%
Article IV – The Judiciary	\$810.0	\$796.9	(\$13.1)	(1.6%)	\$805.5	(\$4.5)	(0.6%)	\$8.6	1.1%
Article V – Public Safety and Criminal Justice	\$11,856.5	\$11,759.8	(\$96.7)	(0.8%)	\$11,619.1	(\$237.4)	(2.0%)	(\$140.7)	(1.2%)
Article VI – Natural Resources	\$2,717.0	\$2,465.2	(\$251.8)	(9.3%)	\$2,477.4	(\$239.6)	(8.8%)	\$12.2	0.5%
Article VII – Business and Economic Development	\$17,337.8	\$19,756.0	\$2,418.2	13.9%	\$19,967.7	\$2,629.9	15.2%	\$211.8	1.1%
Article VIII – Regulatory	\$948.9	\$620.6	(\$328.3)	(34.6%)	\$634.0	(\$314.9)	(33.2%)	\$13.4	2.2%
Article IX – General Provisions	\$0.0	(\$1,058.0)	(\$1,058.0)	N/A	\$190.0	\$190.0	N/A	\$1,248.0	118.0%
Article X – The Legislature	\$400.9	\$387.9	(\$13.0)	(3.2%)	\$386.6	(\$14.3)	(3.6%)	(\$1.3)	(0.3%)
Total, All Functions	\$143,062.5	\$142,365.2	(\$697.3)	(0.5%)	\$145,184.2	\$2,121.8	1.5%	\$2,819.0	2.0%

NOTES:

(1) May include anticipated supplemental spending adjustments.

(2) Excludes Interagency Contracts.

SOURCE: Legislative Budget Board.

