



LEGISLATIVE BUDGET BOARD

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

HOUSE

SUBMITTED TO THE HOUSE COMMITTEE ON APPROPRIATIONS

PREPARED BY LEGISLATIVE BUDGET BOARD STAFF

MARCH 2017

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APRIL 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 to 14** provide the total appropriations for the 2018–19 biennium by each method of finance for each article in the bill compared to the 2016–17 biennium 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.

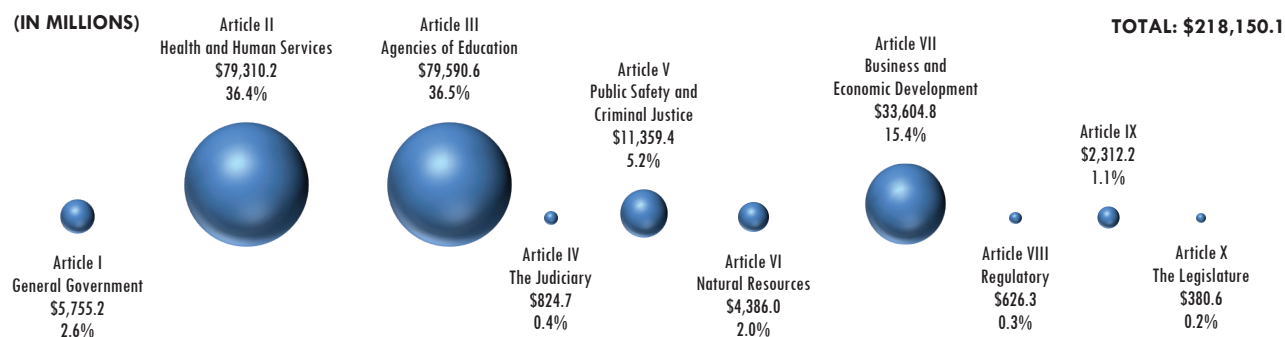
Following the Introduction chapter are article specific chapters. Each chapter provides an overview of the total article appropriations by agency or institution, including estimated and budgeted expenditures for the current biennium (2016–17), the recommended appropriation levels for the biennium in 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.

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)

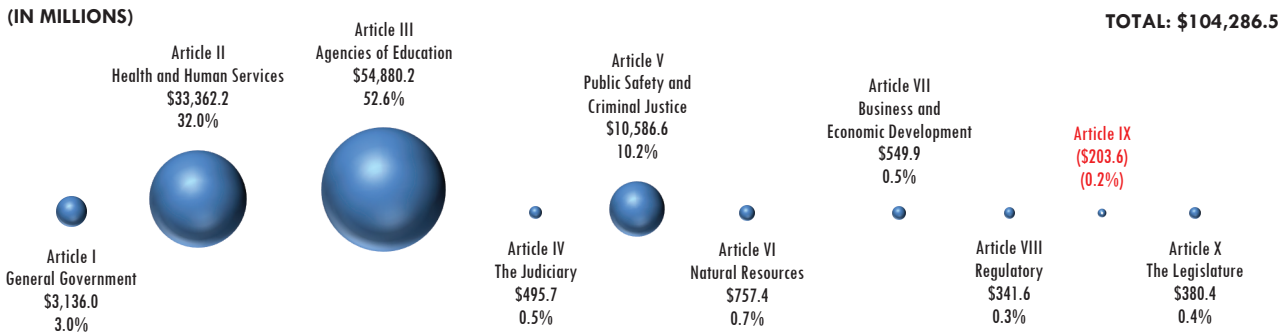
ARTICLE	ESTIMATED/ BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$7,073.8	\$5,755.2	(\$1,318.6)	(18.6%)
Article II – Health and Human Services	\$81,112.4	\$79,310.2	(\$1,802.1)	(2.2%)
Article III – Agencies of Education	\$79,140.7	\$79,590.6	\$449.9	0.6%
Public Education	\$58,896.4	\$59,073.1	\$176.7	0.3%
Higher Education	\$20,244.3	\$20,517.5	\$273.2	1.3%
Article IV – The Judiciary	\$813.3	\$824.7	\$11.4	1.4%
Article V – Public Safety and Criminal Justice	\$12,503.5	\$11,359.4	(\$1,144.1)	(9.2%)
Article VI – Natural Resources	\$4,577.9	\$4,386.0	(\$191.8)	(4.2%)
Article VII – Business and Economic Development	\$29,663.9	\$33,604.8	\$3,940.9	13.3%
Article VIII – Regulatory	\$957.6	\$626.3	(\$331.3)	(34.6%)
Article IX – General Provisions	\$0.0	\$2,312.2	\$2,312.2	N/A
Article X – The Legislature	\$400.9	\$380.6	(\$20.2)	(5.0%)
Total, All Articles	\$216,243.9	\$218,150.1	\$1,906.2	0.9%

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.

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

**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)

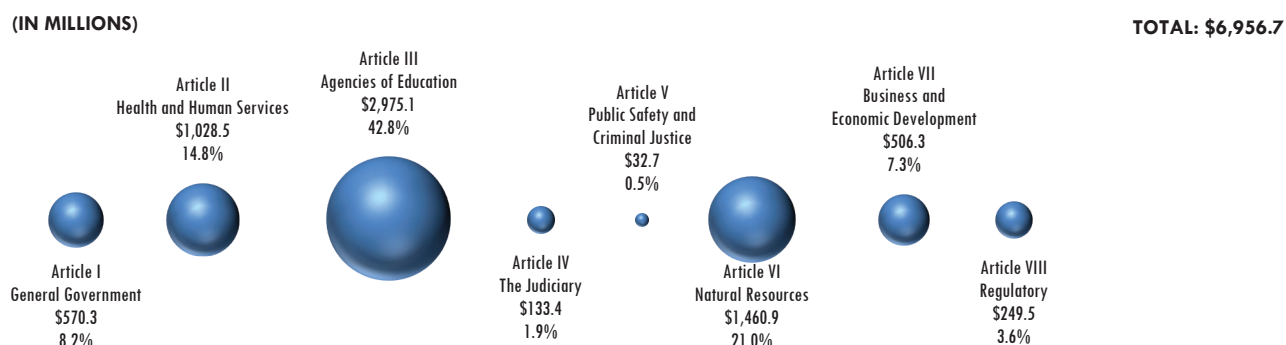
ARTICLE	ESTIMATED/ BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$3,345.5	\$3,136.0	(\$209.5)	(6.3%)
Article II – Health and Human Services	\$33,621.7	\$33,362.2	(\$259.6)	(0.8%)
Article III – Agencies of Education	\$56,283.7	\$54,880.2	(\$1,403.5)	(2.5%)
Public Education	\$41,594.1	\$40,019.1	(\$1,575.0)	(3.8%)
Higher Education	\$14,689.6	\$14,861.1	\$171.5	1.2%
Article IV – The Judiciary	\$503.3	\$495.7	(\$7.6)	(1.5%)
Article V – Public Safety and Criminal Justice	\$11,534.7	\$10,586.6	(\$948.1)	(8.2%)
Article VI – Natural Resources	\$835.0	\$757.4	(\$77.7)	(9.3%)
Article VII – Business and Economic Development	\$1,176.9	\$549.9	(\$627.0)	(53.3%)
Article VIII – Regulatory	\$337.1	\$341.6	\$4.5	1.3%
Article IX – General Provisions	\$0.0	(\$203.6)	(\$203.6)	N/A
Article X – The Legislature	\$400.8	\$380.4	(\$20.3)	(5.1%)
Total, All Articles	\$108,038.7	\$104,286.5	(\$3,752.3)	(3.5%)

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.

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

FIGURE 5
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS



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)

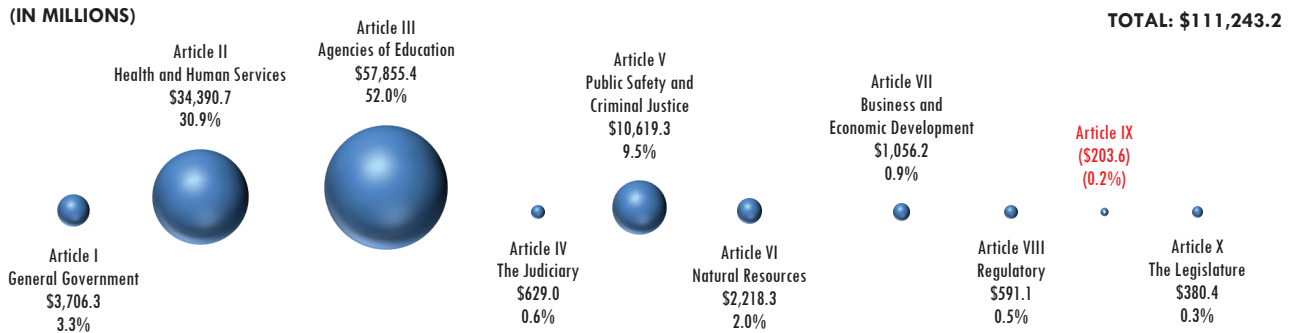
ARTICLE	ESTIMATED/ BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$1,056.0	\$570.3	(\$485.7)	(46.0%)
Article II – Health and Human Services	\$1,172.4	\$1,028.5	(\$143.8)	(12.3%)
Article III – Agencies of Education	\$2,913.0	\$2,975.1	\$62.1	2.1%
Public Education	\$0.0	\$0.0	\$0.0	N/A
Higher Education	\$2,913.0	\$2,975.1	\$62.1	2.1%
Article IV – The Judiciary	\$143.2	\$133.4	(\$9.9)	(6.9%)
Article V – Public Safety and Criminal Justice	\$132.2	\$32.7	(\$99.5)	(75.3%)
Article VI – Natural Resources	\$1,534.4	\$1,460.9	(\$73.5)	(4.8%)
Article VII – Business and Economic Development	\$505.9	\$506.3	\$0.4	0.1%
Article VIII – Regulatory	\$579.0	\$249.5	(\$329.5)	(56.9%)
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	\$6,956.7	(\$1,079.3)	(13.4%)

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.

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

**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)

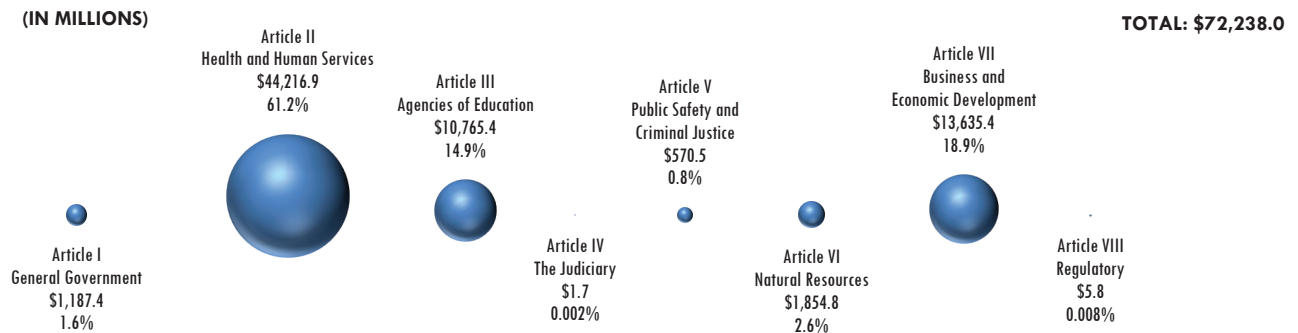
ARTICLE	ESTIMATED/ BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$4,401.5	\$3,706.3	(\$695.1)	(15.8%)
Article II – Health and Human Services	\$34,794.1	\$34,390.7	(\$403.4)	(1.2%)
Article III – Agencies of Education	\$59,196.8	\$57,855.4	(\$1,341.4)	(2.3%)
<i>Public Education</i>	\$41,594.1	\$40,019.1	(\$1,575.0)	(3.8%)
<i>Higher Education</i>	\$17,602.6	\$17,836.2	\$233.6	1.3%
Article IV – The Judiciary	\$646.5	\$629.0	(\$17.5)	(2.7%)
Article V – Public Safety and Criminal Justice	\$11,666.9	\$10,619.3	(\$1,047.6)	(9.0%)
Article VI – Natural Resources	\$2,369.4	\$2,218.3	(\$151.1)	(6.4%)
Article VII – Business and Economic Development	\$1,682.7	\$1,056.2	(\$626.5)	(37.2%)
Article VIII – Regulatory	\$916.1	\$591.1	(\$325.1)	(35.5%)
Article IX – General Provisions	\$0.0	(\$203.6)	(\$203.6)	N/A
Article X – The Legislature	\$400.8	\$380.4	(\$20.3)	(5.1%)
Total, All Articles	\$116,074.8	\$111,243.2	(\$4,831.6)	(4.2%)

NOTES:

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

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

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)

ARTICLE	ESTIMATED/ BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$1,005.3	\$1,187.4	\$182.1	18.1%
Article II – Health and Human Services	\$45,618.1	\$44,216.9	(\$1,401.2)	(3.1%)
Article III – Agencies of Education	\$10,497.2	\$10,765.4	\$268.2	2.6%
Public Education	\$10,217.9	\$10,489.7	\$271.9	2.7%
Higher Education	\$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	\$570.5	(\$76.5)	(11.8%)
Article VI – Natural Resources	\$1,860.8	\$1,854.8	(\$6.0)	(0.3%)
Article VII – Business and Economic Development	\$12,326.1	\$13,635.4	\$1,309.2	10.6%
Article VIII – Regulatory	\$8.6	\$5.8	(\$2.8)	(32.3%)
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	\$71,966.5	\$72,238.0	\$271.5	0.4%

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.

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

**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)

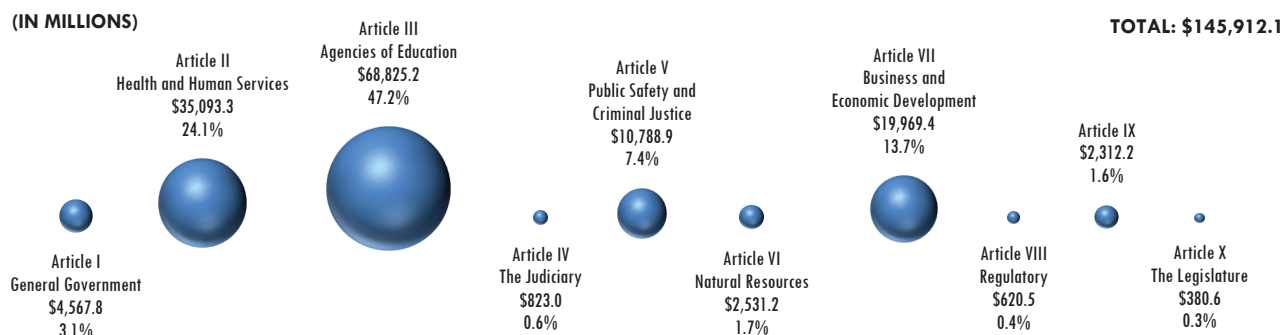
ARTICLE	ESTIMATED/ BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$1,667.1	\$861.4	(\$805.6)	(48.3%)
Article II – Health and Human Services	\$700.2	\$702.7	\$2.5	0.4%
Article III – Agencies of Education	\$9,446.7	\$10,969.8	\$1,523.1	16.1%
Public Education	\$7,084.4	\$8,564.2	\$1,479.9	20.9%
Higher Education	\$2,362.4	\$2,405.6	\$43.2	1.8%
Article IV – The Judiciary	\$163.5	\$194.0	\$30.5	18.6%
Article V – Public Safety and Criminal Justice	\$189.6	\$169.6	(\$20.0)	(10.6%)
Article VI – Natural Resources	\$347.6	\$312.9	(\$34.7)	(10.0%)
Article VII – Business and Economic Development	\$15,655.1	\$18,913.3	\$3,258.2	20.8%
Article VIII – Regulatory	\$32.8	\$29.4	(\$3.4)	(10.5%)
Article IX – General Provisions	\$0.0	\$2,515.8	\$2,515.8	N/A
Article X – The Legislature	\$0.1	\$0.2	\$0.1	97.2%
Total, All Articles	\$28,202.6	\$34,669.0	\$6,466.3	22.9%

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.

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

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 ARTICLES, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS

(IN MILLIONS)

ARTICLE	ESTIMATED/ BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$6,068.5	\$4,567.8	(\$1,500.8)	(24.7%)
Article II – Health and Human Services	\$35,494.3	\$35,093.3	(\$400.9)	(1.1%)
Article III – Agencies of Education	\$68,643.5	\$68,825.2	\$181.7	0.3%
Public Education	\$48,678.5	\$48,583.4	(\$95.1)	(0.2%)
Higher Education	\$19,965.0	\$20,241.8	\$276.8	1.4%
Article IV – The Judiciary	\$810.0	\$823.0	\$13.0	1.6%
Article V – Public Safety and Criminal Justice	\$11,856.5	\$10,788.9	(\$1,067.6)	(9.0%)
Article VI – Natural Resources	\$2,717.0	\$2,531.2	(\$185.8)	(6.8%)
Article VII – Business and Economic Development	\$17,337.8	\$19,969.4	\$2,631.6	15.2%
Article VIII – Regulatory	\$948.9	\$620.5	(\$328.5)	(34.6%)
Article IX – General Provisions	\$0.0	\$2,312.2	\$2,312.2	N/A
Article X – The Legislature	\$400.9	\$380.6	(\$20.2)	(5.0%)
Total, All Articles	\$144,277.4	\$145,912.1	\$1,634.7	1.1%

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.

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

HIGHLIGHTS OF HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1

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

FOUNDATION SCHOOL PROGRAM

- \$42.1 billion in All Funds is provided for state aid to school districts and charter schools through the Foundation School Program (FSP) which fully funds current law obligations (including enrollment growth), and provides an increase of \$1.5 billion contingent on House Bill 21, Eighty-fifth Legislature, 2017, and reflects deferral of the August 2019 payment.
- The net General Revenue Funds decrease of \$1.8 billion is attributable to a contingency rider for school finance reform and deferral legislation. Contingent on enactment of legislation that improves equity, reduces recapture, and increases the state share of the FSP, and of legislation providing the basis for deferral of the August 2019 FSP payment until the following fiscal year, the following three actions occur: (1) General Revenue funding is increased by \$1.5 billion over what is estimated to be required to fund the current law FSP entitlement; (2) General Revenue Fund is reduced by \$1.9 billion in fiscal year 2019 to implement a statutory payment deferral; and (3) the Basic Allotment is increased from \$5,140 to \$5,350 in each year of the biennium. The All Funds decrease is attributable to the deferral decrease, partially offset by projected increases in revenues from the Property Tax Relief Fund and recapture payments, both of which are classified as Other Funds. An additional \$75.0 million is appropriated from the Economic Stabilization Fund in Article IX for districts experiencing rapid property value decline.
- Contingent on a General Land Office distribution from the Permanent School Fund to the Available School Fund, Foundation School Fund No. 193 is reduced by \$300.0 million and replaced with a corresponding increase in the Available School Fund.

MEDICAID

- \$63.2 billion in All Funds, including \$25.8 billion in General Revenue Funds and \$0.2 billion in General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. This is a reduction of \$1.4 billion in All Funds, including a reduction of \$0.3 billion in General Revenue Funds.
- Included in these amounts is \$58.3 billion in All Funds for Medicaid client services, \$1.6 billion in All Funds for programs supported by Medicaid funding, and \$3.2 billion in All Funds for administration of the Medicaid program and other programs supported by Medicaid funding. The reduction in Medicaid funding is due to a \$0.6 billion All Funds reduction in Medicaid client services, a \$0.6 billion All Funds reduction in administrative funding, and a \$0.2 billion All Funds reduction in other programs supported by Medicaid funding.
- Funding for Medicaid client services supports caseload growth and maintains fiscal year 2017 average costs for most services, including maintaining rate increases to support attendant wage increases; increased payments to trauma facilities, safety-net, hospitals, and rural hospitals; and rate increases for the Home and Community-based Services (HCS) waiver and intermediate care facilities for individuals with intellectual disabilities (ICFs/IID). Funding is also provided to restore approximately half of the reductions made to reimbursement rates for acute care therapy services during the 2016–17 biennium. Net more favorable Federal Medical Assistance Percentages result in a higher proportion of the program being funded with Federal Funds. Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included. Funding levels assume savings of \$2.6 billion in All Funds, including \$1.1 billion in General Revenue Funds, for cost containment and increased federal flexibility.
- 2016–17 amounts for Medicaid assume supplemental funding to complete fiscal year 2017 expenditures.

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; \$4.6 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; \$2.2 billion for transportation system planning, design, and management; and \$1.7 billion for right-of-way acquisition.
- \$2.3 billion in All Funds is provided for debt service payments and other financing costs, including \$1.6 billion in Other Funds from the SHF and Texas Mobility Fund; \$0.6 billion in Other Funds from Proposition 7, 2015, SHF proceeds for general obligation bond debt service, replacing General Revenue Funds for this purpose (decrease of \$0.5 billion in General Revenue Funds); and \$117.1 million in Federal Funds from Build America Bond interest payment subsidies.

BEHAVIORAL HEALTH

- Funding includes \$3.8 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 18 agencies across six 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 other services. Funding also includes \$105.0 million in General Revenue Funds for the biennium contingent on passage of legislation produced by the House Select Committee on Mental Health, \$62.6 million in General Revenue Funds for the biennium to address current and projected waitlists for community mental health services for adults and children, and \$93.1 million in General Revenue Funds (\$133.0 million All Funds), including \$31.1 million in General Revenue Funds (\$44.3 million All Funds) that was not included in HB 1, As Introduced, to provide mental health services to former indigent clients of the NorthSTAR behavioral health program.
- Funding includes \$145.5 million from the Economic Stabilization Fund, including \$95.5 million for the biennium for critical life and safety maintenance needs at the state hospitals, and \$50.0 million for the biennium to increase forensic bed capacity at both state hospitals and community mental health hospitals.
- 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 included in the committee substitute. Total behavioral health-related funding including estimated Medicaid and CHIP expenditures is estimated to be \$7.4 billion in All Funds for the biennium.

CHILD PROTECTIVE SERVICES

- Funding of \$3.5 billion in All Funds, including \$2.0 billion in General Revenue Funds, is provided for all Child Protective Services (CPS) functions at the Department of Family and Protective Services (DFPS). This amount is an increase of \$513.8 million in All Funds and \$433.4 million in General Revenue Funds.
- Funding for CPS caseworkers includes \$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 \$111.1 million in All Funds to support an additional 644.0 caseworker positions in fiscal year 2018 and 733.0 caseworkers

in fiscal year 2019. Funding also includes \$2.3 million in All Funds for salary increases for certain additional CPS caseworkers.

- Funding includes an increase of \$112.5 million in All Funds and \$25.2 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 systems, and to expand Foster Care Redesign to two additional regions by the end of fiscal year 2019.
- DFPS entitlement program funding totals \$1.6 billion in All Funds and \$0.7 billion in General Revenue Funds, including:
 - \$952.9 million in All Funds and \$386.4 million in General Revenue Funds, for Foster Care Payments;
 - \$573.4 million in All Funds and \$292.0 million in General Revenue Funds, for Adoption Subsidies and Permanency Care Assistance Payments; and
 - \$57.3 million in All Funds and \$5.0 million in General Revenue Funds, for the Relative Caregiver Program. This amount includes \$32.5 million from the Economic Stabilization Fund in Article IX to expand Relative Caregiver payments for the 2018–19 biennium contingent upon enactment of House Bill 4, or similar legislation, by the Eighty-fifth Legislature, Regular Session, 2017.
- Funding includes a total of \$139.3 million in All Funds and \$108.5 million in General Revenue Funds for the Day Care Purchased Services Program.

HIGHER EDUCATION FORMULA FUNDING

- Higher Education formulas are supported by \$7.2 billion in General Revenue Funds and \$1.5 billion in statutory tuition in General Revenue–Dedicated Funds. Included in this amount are decreases of \$33.2 million in General Revenue Funds and an increase of \$145.7 million in General Revenue–Dedicated Funds, which is primarily statutory tuition.
- For each of the higher education formulas, either the 2016–17 General Revenue funding level or the 2016–17 rate is maintained.
- Formula appropriations in 2018–19 include the addition of two new medical schools into the Health Related Institution (HRI) formulas for The University of Texas at Austin and The University of Texas Rio Grande Valley. Additionally, 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.

ADULT INCARCERATION

- \$6.8 billion in All Funds, including \$6.5 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 \$143.5 million for the 2018–19 biennium and include 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. The General Revenue and General Revenue–Dedicated decrease is partially offset by a \$54.3 million increase from the Economic Stabilization Fund for deferred maintenance (\$40.0 million), vehicle replacement (\$13.9 million), and border security (\$0.5 million) provided in Article IX. Funding for Correctional Managed Health Care totals \$1.1 billion, which represents a \$23.5 million increase from the 2016–17 base funding level, including \$22.0 million from the Economic Stabilization Fund for deferred maintenance at The University of Texas Medical Branch’s Hospital Galveston (provided in Article IX), and \$1.5 million in General Revenue Funds to provide prescriptions to offenders for 30 days after release.

BORDER SECURITY

- \$653.1 million in state funds is provided to fund border security at the Department of Public Safety (DPS), Trusteed Programs within the Office of the Governor, the Texas Parks and Wildlife Department, the Texas Alcoholic Beverage Commission, the Texas Commission on Law Enforcement, and the Department of Criminal Justice. All of this funding is provided from the Economic Stabilization Fund in Article IX. The majority of this funding (\$578.8 million) is provided to DPS.
- Border security funding maintains full-deployment-level support for personnel funded as part of the Eighty-fourth Legislature's 2015 border security initiative, while eliminating funding for onetime and transitional expenditures. Significant funding items include the following: \$145.6 million for 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, 2015; and \$4.4 million to fund fuel, travel, and support staff costs for Operation Secure Texas. Funding for border security also includes \$54.8 million from the Economic Stabilization Fund provided in Article IX to the Trusteed Programs within the Office of the Governor for grants to local entities and other support, and \$17.6 million from the Economic Stabilization Fund provided in Article IX to the Texas Parks and Wildlife Department for enhanced game warden activity.

TEACHER RETIREMENT AND HEALTH BENEFITS

- \$4.0 billion in All Funds is provided for the state contribution to retirement benefits of the Teacher Retirement System (TRS), including \$3.9 billion in General Revenue Funds, \$97.5 million in General Revenue–Dedicated Funds, and \$8.1 million in Other Funds (Teacher Retirement System Pension Trust Fund Account No. 960). 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 2.9 for higher education in each fiscal year of the biennium, based on payroll trend data.
- Retiree health insurance funding includes \$1.1 billion in All Funds, consisting of \$647.6 million in General Revenue Funds and \$500.0 million from the Economic Stabilization Fund. This level of funding provides the statutorily required state contribution to TRS-Care of 1.0 percent of public education payroll and an additional \$500.0 million to address the anticipated TRS-Care shortfall in the 2018–19 biennium.

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

- \$1.3 billion in All Funds (\$976.7 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 \$27.0 million in All Funds (\$28.8 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. Funding 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).
- \$3.9 billion in All Funds (\$2.9 billion in General Revenue Funds and General Revenue–Dedicated Funds) is provided for the state contribution for group insurance benefits for general state employees, retirees, and their dependents. The funding reflects an increase of \$305.5 million in All Funds (\$244.5 million in General Revenue Funds and General Revenue–Dedicated Funds). This appropriation level provides for an annual 0.09 percent increase in the state contribution and assumes that the additional funds necessary to meet the annual benefit cost trend of 8.5 percent, \$557.1 million, would be drawn down from the contingency reserve fund. Amounts also assume that retiree membership will grow by 4.7 percent annually as well as FTE changes at certain state agencies.

- \$1.8 billion in All Funds (\$1.5 billion in General Revenue Funds and General Revenue–Dedicated Funds) is provided for the state contribution for Social Security payroll taxes for employees of 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 215,858.5 full-time-equivalent (FTE) positions in fiscal year 2018, and 215,283.6 in fiscal year 2019. The number of FTE positions in fiscal year 2019 is a decrease of 1,985.6 FTEs, 0.9 percent, from fiscal year 2017 budgeted levels. Funding provides for a \$1,477 annual pay increase, 1.9 percent, for certain Salary Schedule C employees with more than 20 years of service. \$1.5 million in All Funds is provided for salary increases for approximately 388 employees at the Department of Public Safety, the Alcoholic Beverage Commission, and the Parks and Wildlife Department.

DEBT SERVICE

- The 2018–19 biennium fully fund 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 \$310.5 million, or 6.7 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. Funding includes \$5.4 million in General Revenue Funds in fiscal year 2019 for issuance of new General Obligation bond debt (\$53.0 million) at the Water Development Board for grants to economically distressed areas.

ECONOMIC STABILIZATION FUND

- Appropriations include \$2.5 billion from the Economic Stabilization Fund (ESF) for the 2018–19 biennium. The cash balance of the fund plus the total asset value of investments are estimated to be \$9.3 billion at the end of fiscal year 2019.

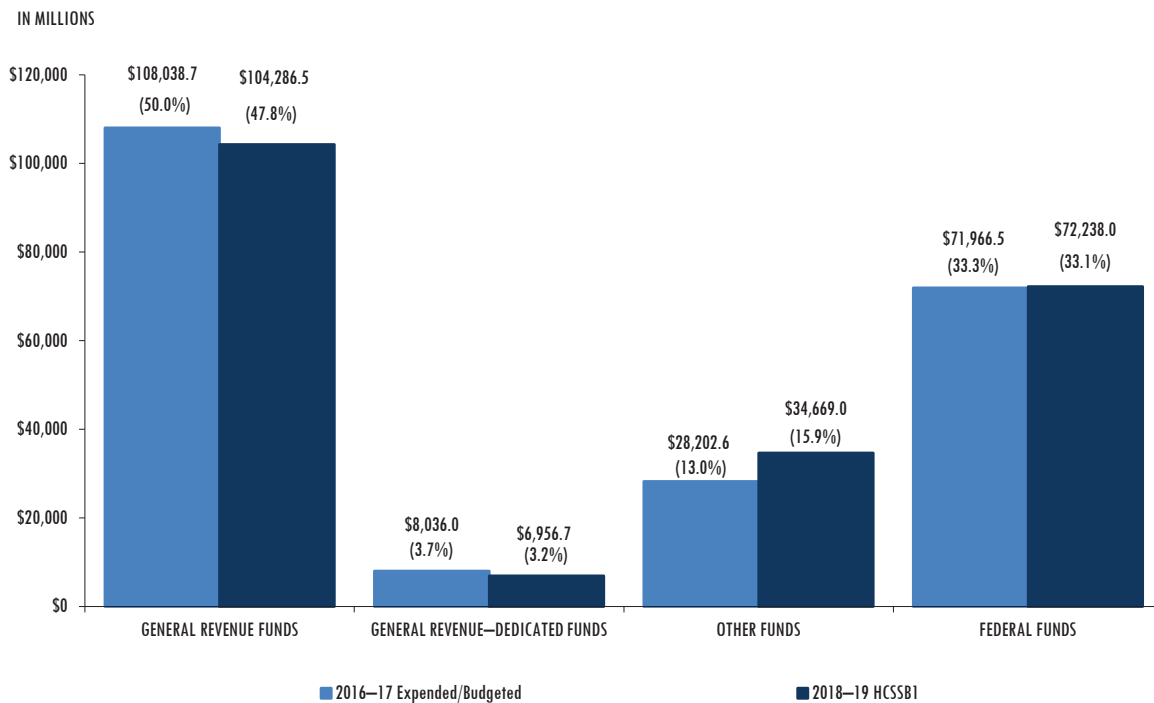
STRATEGIC FISCAL REVIEW

- Sixteen state agencies were subject to the Strategic Fiscal Review (SFR) in preparation for the Eighty-fifth Legislature. Agencies subject to review are noted as such in this summary. The SFR provided an in-depth analysis of the selected state agency programs as well as their relationship to the agency’s mission and statutes. Legislative Budget Board staff analysis resulting from this review was made available to the members of the Eighty-fifth Legislature to aid in their budget and policy deliberations.

BIENNIAL COMPARISON BY FUND SOURCE

Figure 15 shows a comparison of biennial amounts for each of the four fund sources, or Methods of Finance, in the state budget. Estimated and budgeted amounts for the 2016–17 biennium refer to agency-estimated expenditures in fiscal 2016 and agency-budgeted amounts in fiscal 2017. Amounts for House Committee Substitute for Senate Bill 1, 2018–19, refer to biennial amounts contained in this summary’s version of the 2018–19 General Appropriations Bill. Percentage amounts in each column reflect the percentage of the entire biennial budget represented by that fund source.

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

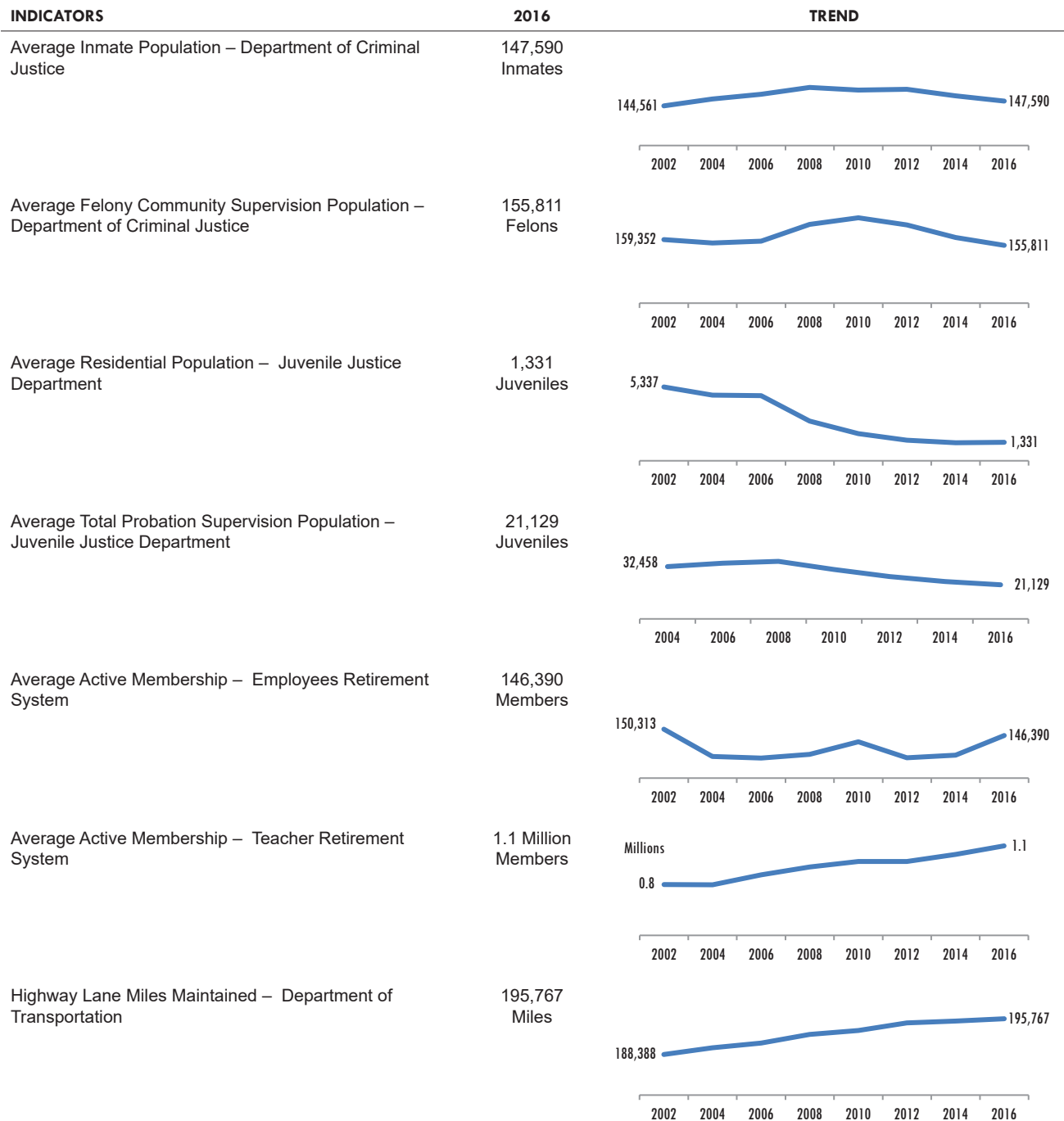
Population change is one element that helps explain the growth in the budget. Cost-related factors can have an equal or greater effect on growth. For example, medical inflation impacts not only Medicaid and CHIP, but also inmate health care costs and state employee and teacher health care costs. Statutory 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 2016



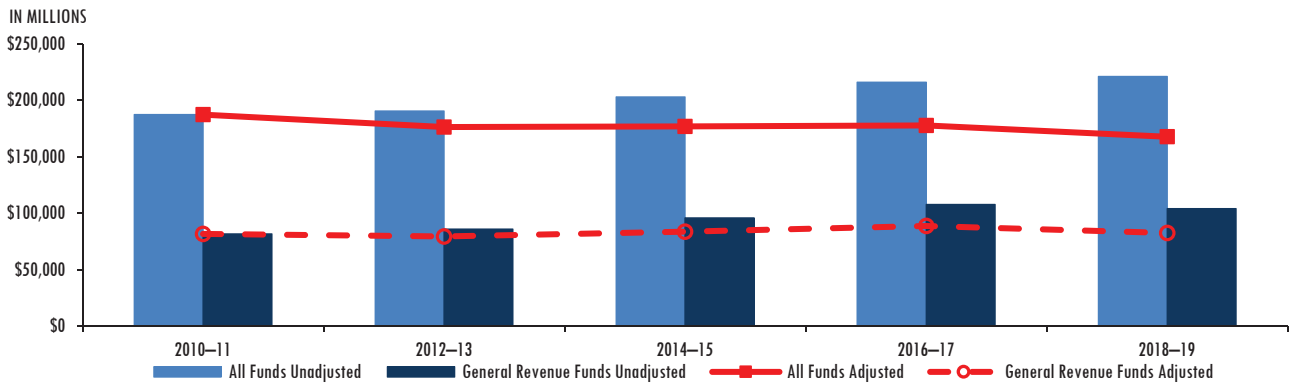
SOURCE: Legislative Budget Board.

TRENDS IN STATE GOVERNMENT EXPENDITURES

Figures 17 and 18 show biennial All Funds and General Revenue Fund expenditures/appropriations since the 2010–11 biennium. The figures also adjust current and historical expenditure/appropriation totals into 2010–11 dollars based on compounded population and inflation growth. All Funds expenditures increased by 16.3 percent from 2010–11 to 2018–19 biennia, but decreased 11.8 percent after adjusting for population and inflation. General Revenue Funds appropriations increased by 27.3 percent during the same period, but decreased by 3.5 percent when adjusted.

FIGURE 17
TRENDS IN STATE GOVERNMENT EXPENDITURES, 2018–19 HOUSE 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	\$216,244	6.4%	\$177,843	0.4%	\$108,039	12.5%	\$88,853	6.2%
2018–19	\$218,150	0.9%	\$165,472	(7.0%)	\$104,286	(3.5%)	\$79,104	(11.0%)

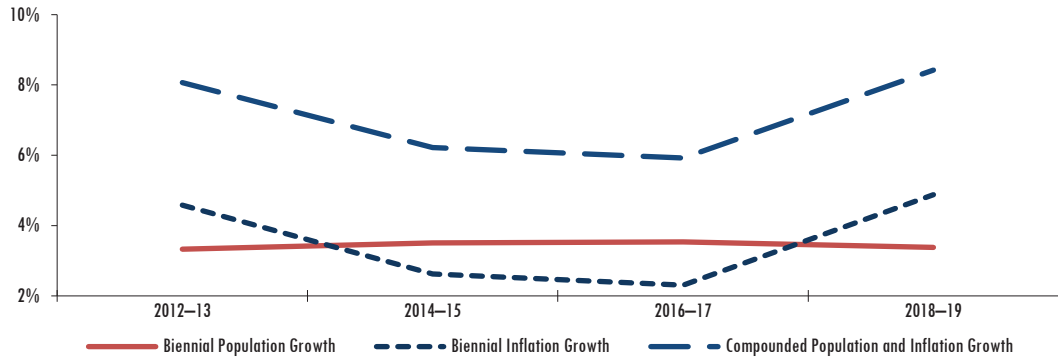


SOURCE: Legislative Budget Board.

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, tends to grow faster than the price of consumer goods.

The compounded population and inflation growth in this table is based on data in the Comptroller’s Fall 2016 Economic Forecast as published in the 2018–19 *Biennial Revenue Estimate*, which included a biennial growth rate of 8.42 percent from 2016–17 to 2018–19. Population and inflation growth estimates submitted to the LBB in anticipation of the November 2016 LBB 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 House Committee Substitute for Senate Bill 1 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 for a specific purpose.

The 2018–19 biennial General Revenue Funds totals \$104.3 billion. This amount is \$0.6 billion below the pay-as-you-go limit, prior to funding anticipated supplemental needs, funding additional 2018–19 appropriations, and prior to any legislative action resulting in a change to the total amount of available revenue (**Figure 19**). Furthermore, General Revenue Funds are \$10.7 billion less than the General Revenue Funds 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:	\$0.6
Pay-as-you-go Limit, with revenue contingencies identified by rider in HCSSB1*	\$1.4
Spending Limit:	\$10.7

NOTE: *HCSSB1 includes appropriations contingent on actions by the Comptroller of Public Accounts and the General Land Office that are estimated to increase available revenue by \$846.1 million for the 2018–19 biennium.

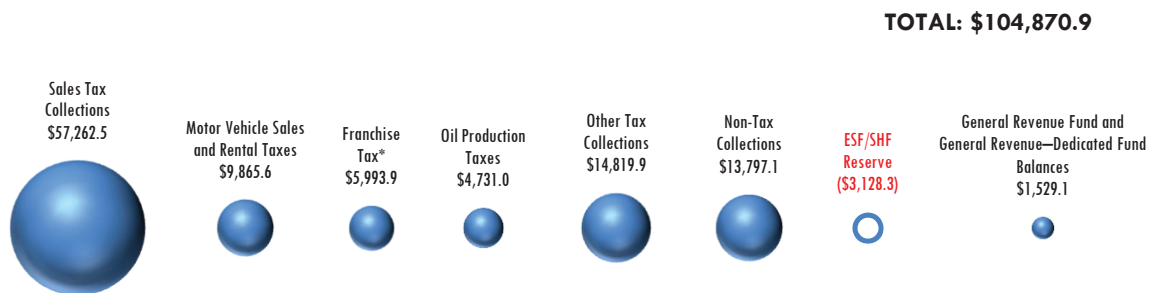
SOURCE: Legislative Budget Board.

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 Comptroller of Public Accounts (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 *2017 Biennial Revenue Estimate* (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.

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 \$92.7 billion, grown by the adopted growth rate of 8.0 percent. The 2018–19 biennial spending limit is estimated to be \$100.1 billion after adjusting for revenue estimates in the CPA's *2017 Biennial Revenue Estimate* and updating the 2016–17 biennial base to include estimated supplemental appropriations. The 2018–19 biennial appropriations subject to the spending limit total \$91.1 billion, \$9.0 billion less than the spending limit (**Figure 21**).

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

(IN MILLIONS)	AMOUNT
Spending Limit	\$100,066.7
Appropriations Subject to the Spending Limit	(\$91,107.7)
Total Below the Spending Limit:	\$8,959.0

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 \$100.1 billion limit is \$115.0 billion, leaving \$10.7 billion in remaining General Revenue Funds spending capacity below the spending limit (**Figure 22**).

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

(IN MILLIONS)	AMOUNT
Maximum General Revenue Funds appropriations pursuant to the Spending Limit	\$115,006.3
Recommended General Revenue Funds Appropriations	(\$104,286.5)
Total Below the Maximum General Revenue Fund Appropriations:	\$10,719.8

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 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 a 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 out of state funds for assistance to 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 \$218.2 billion. Therefore, the welfare spending limit is \$2.2 billion. The biennial amount appropriated in the Eighty-fifth Legislature, General Appropriations Act, 2018–19 Biennium, that is subject to the limit on state dollars paid out in Temporary Assistance for Needy Families (cash assistance) grants is \$96.5 million, which is \$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 percent during the 2010–11 biennium. Since exiting recession, the rate has steadily declined, fell below 5 percent at the end of calendar year 2014 for the first time since the middle of 2008, and remains below 5 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*.

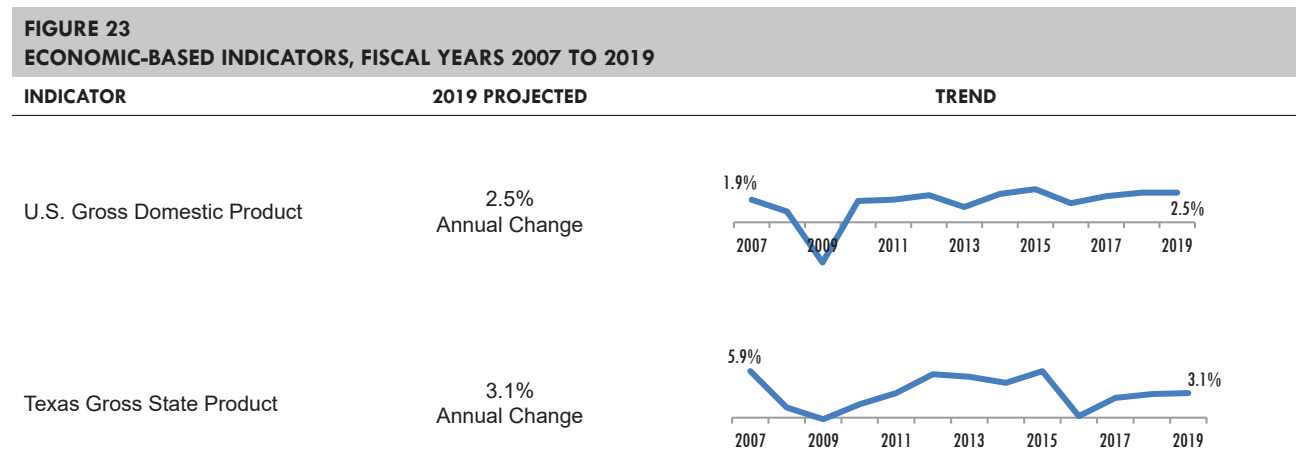
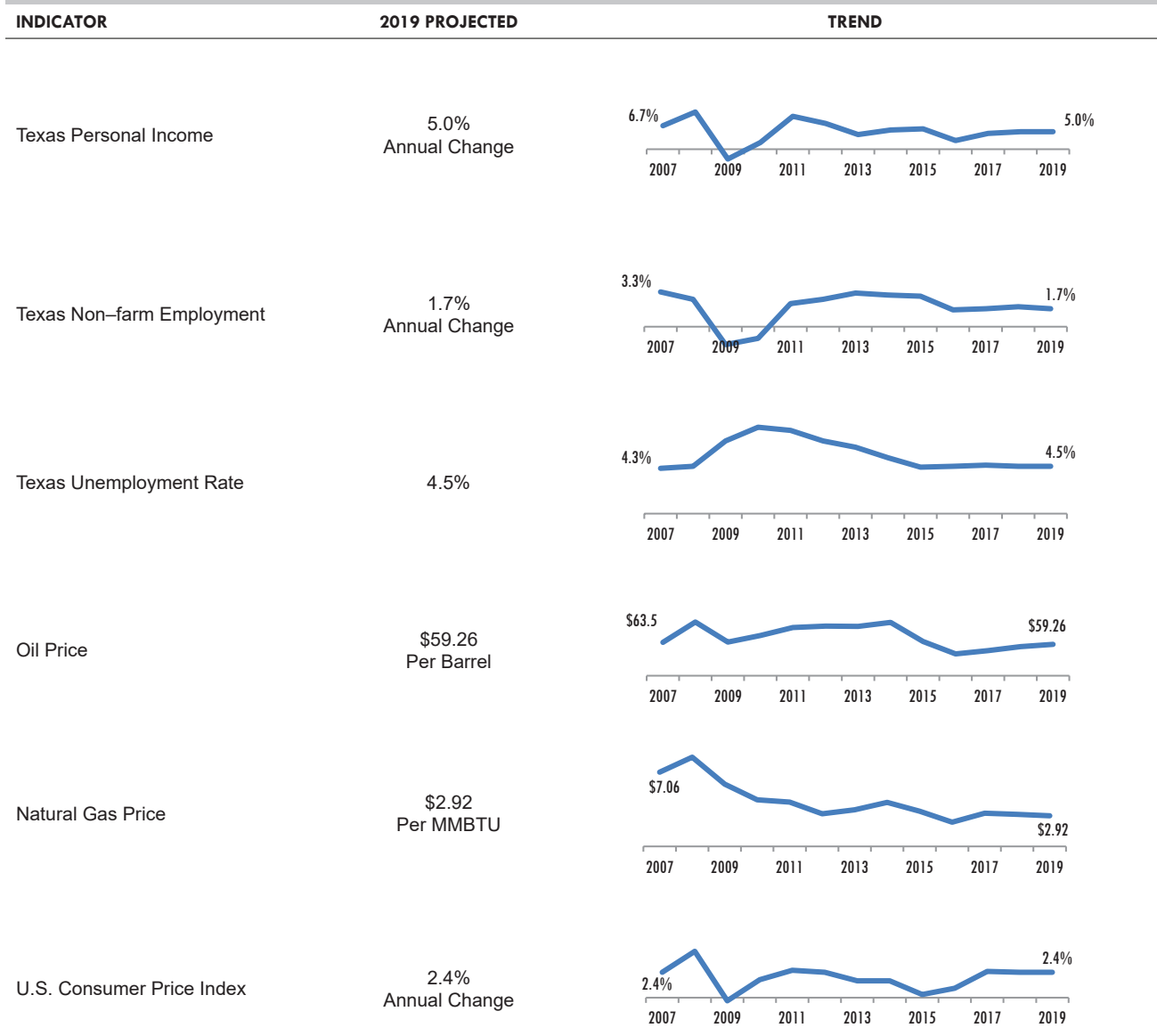


FIGURE 23 (CONTINUED)
ECONOMIC-BASED INDICATORS, FISCAL YEARS 2007 TO 2019



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.

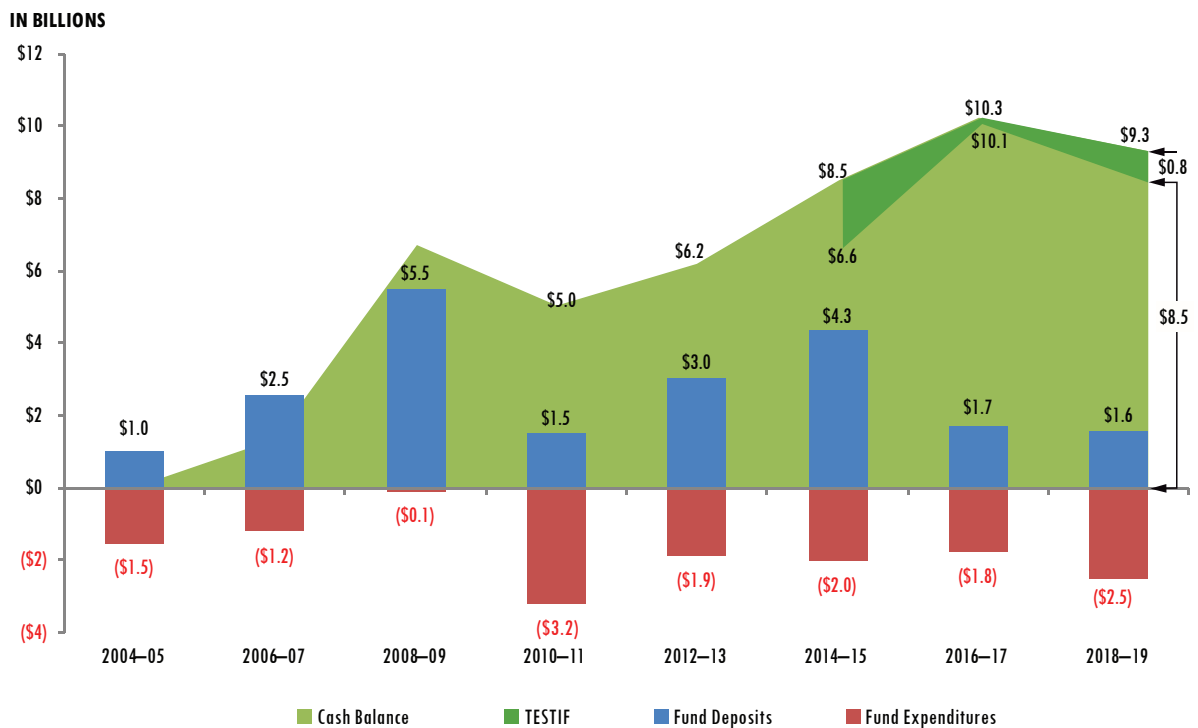
ECONOMIC STABILIZATION FUND

The Texas Constitution, Article III, Section 49-g, 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. House Bill 903, Eighty-fourth Legislature, 2015, directed the Comptroller of Public Accounts (CPA) to invest a portion of the cash balance of the ESF in assets outside of the Treasury Pool, with the goal of obtaining a higher rate of return. Beginning September 1, 2015, the Comptroller established 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 CPA in the *2017 Biennial Revenue Estimate* to be \$11.9 billion, absent any legislative actions. The 2018–19 biennial funding contains total appropriations of \$2.5 billion from the fund. After accounting for the loss of interest and investment income from this amount, the 2018–19 biennial ending balance is forecast to be \$9.3 billion.

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.

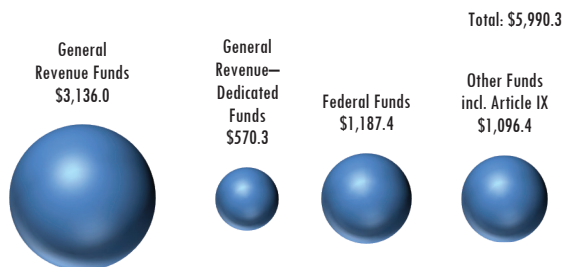
ARTICLE I – GENERAL GOVERNMENT

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

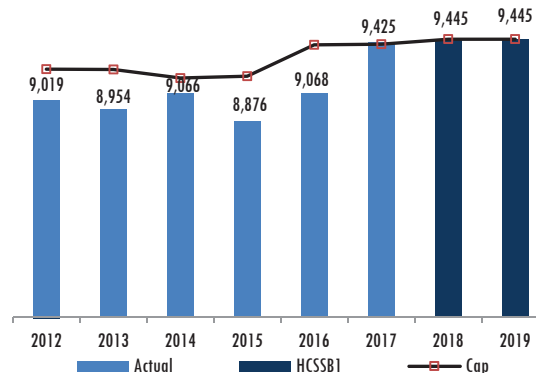
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$3,345.5	\$3,136.0	(\$209.5)	(6.3%)
General Revenue–Dedicated Funds	\$1,056.0	\$570.3	(\$485.7)	(46.0%)
Federal Funds	\$1,005.3	\$1,187.4	\$182.1	18.1%
Other Funds	\$1,667.1	\$861.4	(\$805.6)	(48.3%)
Subtotal, Appropriations in Article I	\$7,073.8	\$5,755.2	(\$1,318.6)	(18.6%)
Article IX Appropriations	\$0.0	\$235.1	\$235.1	N/A
Total, All Methods of Finance	\$7,073.8	\$5,990.3	(\$1,083.5)	(15.3%)

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 I

All Funds for the General Government agencies total \$6.0 billion for the 2018–19 biennium, a decrease of \$1.1 billion, or 15.3 percent. General Revenue Funds total \$3.1 billion, a decrease of \$209.5 million, or 6.3 percent.

HIGHLIGHTS

- Funding for the Department of Information Resources reflects an increase of \$132.8 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. The increase also includes \$50.0 million in funding for statewide information technology and cyber security initiatives.
- Funding for Fiscal Programs within the Comptroller of Public Accounts reflects an increase of \$61.9 million in All Funds. Increases are related to agency estimates for certain statutorily required disbursements to local governments and individuals, and changes to funding levels to various programs.
- Funding for the Facilities Commission reflects a net decrease of \$1.0 billion in All Funds. The largest decrease is a reduction of \$767.7 million in Revenue Bond Proceeds which were appropriated for Phase One construction projects at

the Capitol Complex and the North Austin Complex. Additionally, funding from General Revenue–Dedicated Deferred Maintenance Account No. 5166 for one-time repair-related projects is reduced by \$241.6 million. Funding for facility renewal and renovation projects at the LBJ Building in the Capital Complex is increased by \$20.9 million in Economic Stabilization Funds. In addition, funding is increased by \$4.8 million from the Economic Stabilization Fund for the demolition and site remediation of the G.J. Sutton Complex in San Antonio.

- Funding for Trusteed Programs at the Office of the Governor reflects a net decrease of \$203.9 million in All Funds. Decreases in All Funds are associated with elimination of one-time revenues, including \$144.3 million in unexpended balance authority, and a \$85.0 million transfer from the Emerging Technology Fund. In addition, Film and Music Marketing funding is reduced by \$22.0 million in General Revenue Funds.
- Funding for Group Insurance at the Employees Retirement System reflects a net increase of \$305.5 million in All Funds (\$244.5 million in General Revenue Funds and General Revenue–Dedicated Funds) from the 2016–17 biennium. Funding provides for an annual state contribution increase of 0.09 percent and assumes that \$557.1 million, the additional funds necessary to meet the annual benefit cost trend of 8.5 percent, would be drawn down from the contingency reserve fund.
- Funding for the Historical Commission reflects a decrease of \$11.8 million in All Funds, including a decrease of \$26.2 million in General Revenue Funds. The decrease in General Revenue Funds includes a method of finance swap of \$19.2 million in General Revenue Funds for the Economic Stabilization Fund for Courthouse Grants, \$4.9 million in capital projects at Historic Sites and the Commission’s Capitol Complex facilities, and \$2.1 million related to reductions to agency programs. Funding includes \$1.4 million in General Revenue Funds for the Texas Holocaust and Genocide Commission, \$1.4 million from the Economic Stabilization Fund for deferred maintenance projects, and \$0.5 million from the Economic Stabilization Fund for the CAPPs conversion.
- Funding for the Veterans Commission reflects a decrease of \$31.3 million in All Funds, \$28.9 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.

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	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	\$17.8	\$12.8	(\$5.0)	(28.2%)
Office of the Attorney General	\$1,171.6	\$1,148.6	(\$23.0)	(2.0%)
Bond Review Board	\$1.6	\$1.6	(\$0.1)	(4.0%)
Cancer Prevention and Research Institute of Texas	\$596.3	\$600.1	\$3.8	0.6%
Comptroller of Public Accounts	\$608.8	\$594.4	(\$14.4)	(2.4%)
Fiscal Programs - Comptroller of Public Accounts	\$1,135.6	\$1,197.5	\$61.9	5.5%
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	\$6.2	\$0.1	0.9%
Facilities Commission	\$1,170.3	\$111.5	(\$1,058.7)	(90.5%)
Public Finance Authority	\$3.1	\$2.9	(\$0.2)	(6.6%)
Office of the Governor	\$26.5	\$25.2	(\$1.3)	(4.7%)
Trusted Programs within the Office of the Governor	\$1,188.3	\$864.5	(\$323.9)	(27.3%)
Historical Commission	\$76.2	\$39.6	(\$36.6)	(48.1%)
Department of Information Resources	\$670.4	\$753.3	\$82.8	12.4%
Library and Archives Commission	\$65.0	\$65.2	\$0.3	0.4%
Pension Review Board	\$1.9	\$1.9	(\$0.0)	(0.1%)
Preservation Board	\$46.4	\$24.0	(\$22.4)	(48.3%)
State Office of Risk Management	\$101.6	\$101.6	\$0.0	0.0%
Secretary of State	\$64.8	\$59.4	(\$5.5)	(8.4%)
Veterans Commission	\$114.6	\$83.4	(\$31.3)	(27.3%)
Subtotal, General Government	\$7,237.8	\$5,856.8	(\$1,381.0)	(19.1%)
Employee Benefit and Debt Service	\$675.8	\$786.9	\$111.2	16.4%
Special Provisions	\$0.0	(\$7.0)	(\$7.0)	N/A
Less Interagency Contracts	\$839.7	\$881.5	\$41.8	5.0%
Subtotal, Appropriations in Article I	\$7,073.8	\$5,755.2	(\$1,318.6)	(18.6%)
Article IX Appropriations	\$0.0	\$235.1	\$235.1	N/A
Total, All Functions	\$7,073.8	\$5,990.3	(\$1,083.5)	(15.3%)

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 27
ARTICLE I – GENERAL GOVERNMENT, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	\$14.3	\$10.0	(\$4.3)	(30.2%)
Office of the Attorney General	\$471.7	\$439.3	(\$32.4)	(6.9%)
Bond Review Board	\$1.6	\$1.6	(\$0.1)	(4.0%)
Cancer Prevention and Research Institute of Texas	\$0.0	\$0.0	\$0.0	N/A
Comptroller of Public Accounts	\$569.4	\$562.2	(\$7.2)	(1.3%)
Fiscal Programs - Comptroller of Public Accounts	\$1,061.5	\$1,121.6	\$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	\$6.2	\$0.1	0.9%
Facilities Commission	\$128.1	\$69.9	(\$58.2)	(45.5%)
Public Finance Authority	\$3.1	\$1.9	(\$1.2)	(38.9%)
Office of the Governor	\$25.9	\$24.9	(\$1.0)	(4.0%)
Trusteed Programs within the Office of the Governor	\$400.9	\$131.2	(\$269.7)	(67.3%)
Historical Commission	\$61.4	\$35.2	(\$26.2)	(42.7%)
Department of Information Resources	\$0.0	\$0.0	\$0.0	N/A
Library and Archives Commission	\$31.8	\$30.5	(\$1.3)	(4.2%)
Pension Review Board	\$1.9	\$1.9	(\$0.0)	(0.1%)
Preservation Board	\$46.3	\$24.0	(\$22.3)	(48.2%)
State Office of Risk Management	\$0.0	\$0.0	\$0.0	N/A
Secretary of State	\$44.3	\$41.8	(\$2.5)	(5.7%)
Veterans Commission	\$55.4	\$26.5	(\$28.9)	(52.2%)
Subtotal, General Government	\$2,945.4	\$2,549.9	(\$395.5)	(13.4%)
Employee Benefit and Debt Service	\$400.1	\$592.3	\$192.2	48.0%
Article I, Special Provisions	\$0.0	(\$6.2)	(\$6.2)	N/A
Total, All Functions	\$3,345.5	\$3,136.0	(\$209.5)	(6.3%)

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.

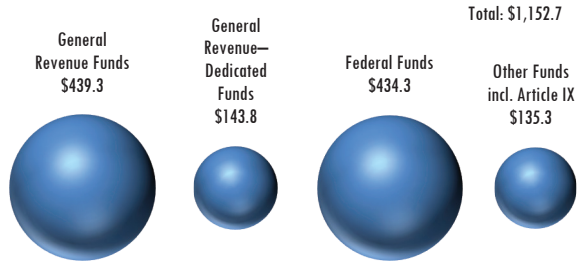
OFFICE OF THE ATTORNEY GENERAL

FIGURE 28
OFFICE OF THE ATTORNEY GENERAL, BY METHOD OF FINANCE

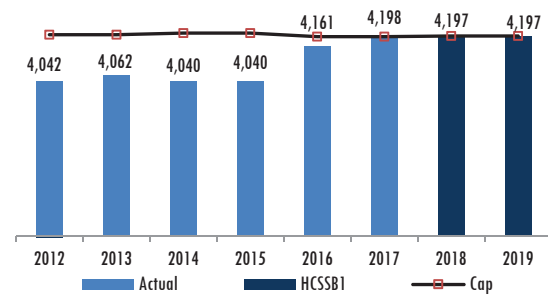
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCCSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$471.7	\$439.3	(\$32.4)	(6.9%)
General Revenue–Dedicated Funds	\$155.5	\$143.8	(\$11.6)	(7.5%)
Federal Funds	\$419.4	\$434.3	\$14.8	3.5%
Other Funds	\$125.0	\$131.2	\$6.2	5.0%
Subtotal, Appropriations in Article I	\$1,171.6	\$1,148.6	(\$23.0)	(2.0%)
Article IX Appropriations	\$0.0	\$4.1	\$4.1	N/A
Total, All Funds	\$1,171.6	\$1,152.7	(\$18.9)	(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 \$18.9 million. The decrease in funding is primarily related to decreases in funding for Child Support Enforcement program contract and IT costs and Legal Services.

HIGHLIGHTS

- Funding for the 2018–19 biennium includes \$66.6 million in All Funds for Victim Assistance Grants which provide grants to local and statewide victim assistance programs. This funding level is consistent with 2016–17 biennium appropriations for Victim Assistance Grants. Additionally, due to available fund balances of General Revenue–Dedicated Compensation to Victims of Crime Account No. 469, General Revenue Funds 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 biennium funding, which is the result of an increase in allowable compensation claim payments. Federal Fund grants from the Office for Victims of Crime are available to this program 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 lowered to take advantage of excess, previously unutilized, federal receipts.

- Funding includes \$57.1 million in All Funds for the Texas Child Support Enforcement System 2.0 (T2) capital project, which seeks to enhance Texas' main database system for the Child Support Division. This funding includes \$19.4 million in General Revenue 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 34.0 percent of state dollars to 66.0 percent of federal grants. T2 was originally scheduled for release as two phases between June 2016 and July 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 cost of \$142.6 million, Federal cost of \$277.0 million).
- Funding in Article IX includes \$4.1 million in All Funds for the migration to the Centralized Accounting and Payroll/Personnel System (CAPPS).

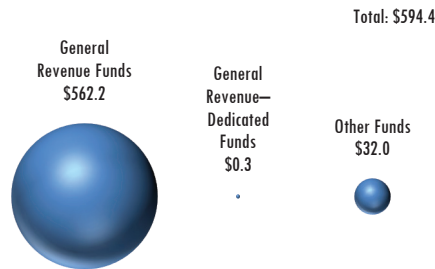
COMPTROLLER OF PUBLIC ACCOUNTS

FIGURE 29
COMPTROLLER OF PUBLIC ACCOUNTS, BY METHOD OF FINANCE

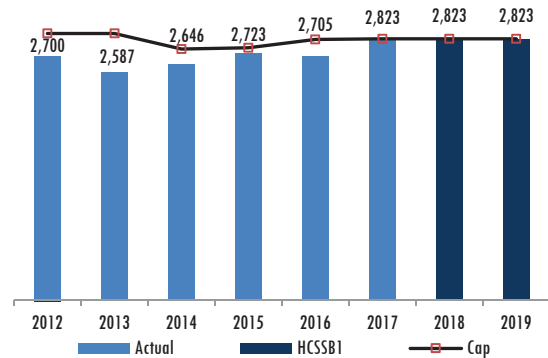
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$569.4	\$562.2	(\$7.2)	(1.3%)
General Revenue–Dedicated Funds	\$0.3	\$0.3	\$0.0	0.0%
Federal Funds	\$0.1	\$0.0	(\$0.1)	(100.0%)
Other Funds	\$39.2	\$32.0	(\$7.1)	(18.2%)
Total, All Methods of Finance	\$608.8	\$594.4	(\$14.4)	(2.4%)

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



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

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

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

HIGHLIGHTS

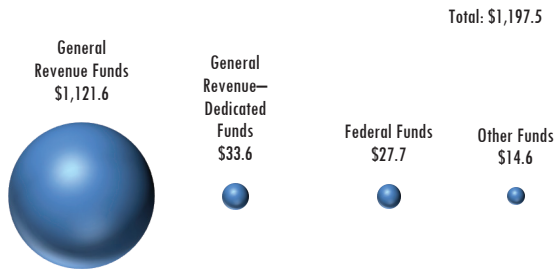
- Funding reflects an overall decrease of \$7.2 million in General Revenue Funds which includes:
 - Decrease of \$3.4 million for one-time funding items, including office furnishings and a centralized state purchasing study;
 - Decrease of \$3.5 million for information technology programs and services, including contract programmers; and
 - Decrease of \$0.3 million for personal computer replacement.
- Funding includes \$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

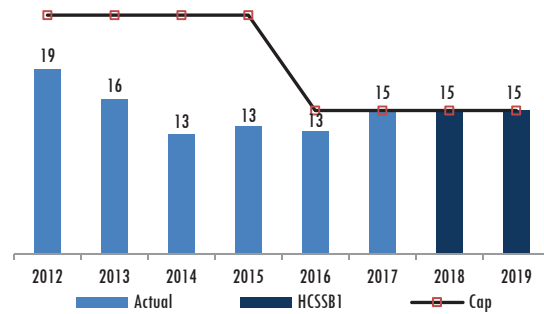
FIGURE 30
FISCAL PROGRAMS WITHIN THE COMPTROLLER OF PUBLIC ACCOUNTS, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCCSSBI 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	\$33.6	(\$1.4)	(4.1%)
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	\$1,197.5	\$61.9	5.5%

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 Fiscal Programs within the Comptroller of Public Accounts totals \$1.2 billion in All Funds for the 2018–19 biennium, an increase of \$61.9 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 such claims.
- Funding includes \$26.0 million in General Revenue Funds, a decrease of \$5.5 million in General Revenue Funds and \$3.7 million in other funds and accounts, for estimated reduction in payments for miscellaneous and wrongful imprisonment claims based on historical expenditures.
- Funding reflects a decrease of \$12.0 million in General Revenue Funds for a one-time transfer of funds to the Safekeeping Trust Company for management of the Emerging Technology Fund Portfolio.

- Funding 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.

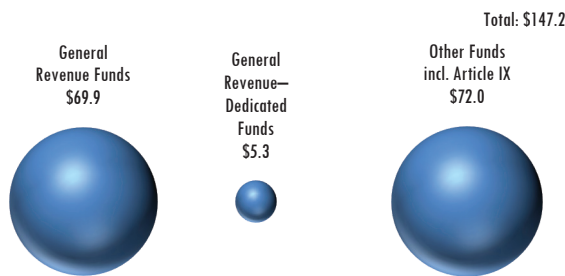
FACILITIES COMMISSION

FIGURE 31
FACILITIES COMMISSION GENERAL, BY METHOD OF FINANCE

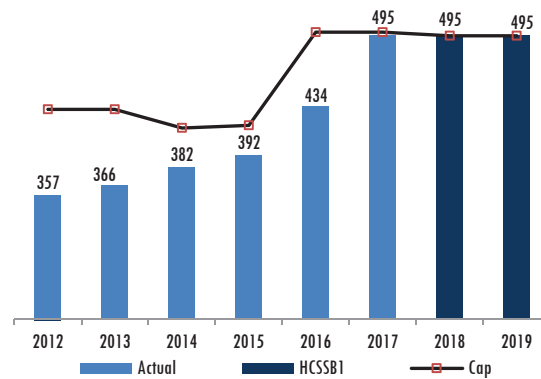
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$128.1	\$69.9	(\$58.2)	(45.5%)
General Revenue–Dedicated Funds	\$222.6	\$5.3	(\$217.3)	(97.6%)
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$819.6	\$36.3	(\$783.2)	(95.6%)
Subtotal, Appropriations in Article I	\$1,170.3	\$111.5	(\$1,058.7)	(90.5%)
Article IX Appropriations	\$0.0	\$35.7	\$35.7	N/A
Total, All Funds	\$1,170.3	\$147.2	(\$1,023.0)	(87.4%)

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 Facilities Commission for the 2018–19 biennium total \$147.2 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, accounted 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 method of finance swap for emergency repair funds of \$10.0 million from General Revenue Funds to the Economic Stabilization Fund.
- Funding in Economic Stabilization Fund in Article IX for the Facilities Commission also includes \$20.9 million for facilities renovation and renewal projects at the LBJ Building in the Capitol Complex, and \$4.8 million for the demolition and site remediation of the G.J. Sutton Building Complex in San Antonio.

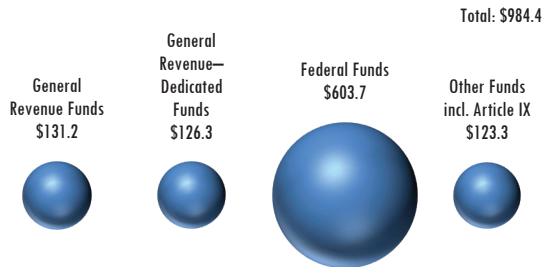
TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

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

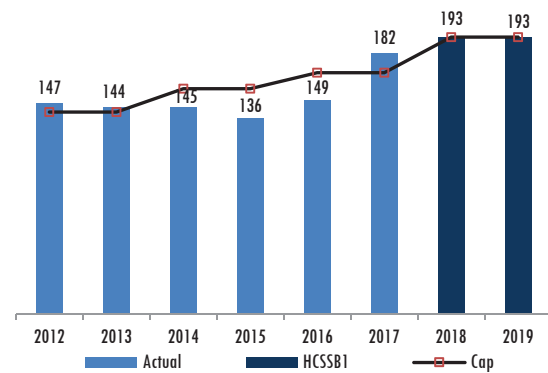
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$400.9	\$131.2	(\$269.7)	(67.3%)
General Revenue–Dedicated Funds	\$288.3	\$126.3	(\$161.9)	(56.2%)
Federal Funds	\$444.5	\$603.7	\$159.2	35.8%
Other Funds	\$54.7	\$3.3	(\$51.4)	(94.0%)
Subtotal, Appropriations in Article I	\$1,188.3	\$864.5	(\$323.9)	(27.3%)
Article IX Appropriations	\$0.0	\$120.0	\$120.0	N/A
Total, All Funds	\$1,188.3	\$984.5	(\$203.9)	(17.2%)

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 Trusted Programs Within the Office of the Governor totals \$984.5 million in All Funds for the 2018–19 biennium, a decrease of \$203.9 million from the 2016–17 biennium. The decrease is largely due to the expenditure in the 2016–17 biennium of unexpended balances carried forward from the 2014–15 biennium.

HIGHLIGHTS

- 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 related to unexpended balances carried forward from fiscal year 2015 into the 2016–17 biennium and removed from base appropriation levels in multiple strategies; and
 - 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.
- Funding includes an increase of \$159.2 million in Federal Funds primarily related to an increase in the federal allocation of Crime Victims Assistance grants.
- Funding includes a decrease of \$65.7 million in General Revenue Funds and General Revenue–Dedicated Funds across multiple strategies due to the agency's identified reductions.

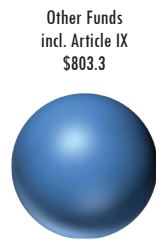
- Funding includes \$43.0 million in estimated unexpended balances remaining at the end of fiscal year 2017 in the Texas Enterprise Fund for incentive grants. The funding reflects a decrease of \$65.0 million from the 2016–17 biennium level, in the General Revenue–Dedicated account.
- Funding for Film and Music Marketing includes \$10.0 million in General Revenue Funds and reflects a reduction of \$22.0 million in General Revenue Funds, which were previously available under certain determinations by the Comptroller of Public Accounts.
- Funding reflects a net decrease of \$9.8 million for disaster funding, consisting of a decrease of \$24.8 million in General Revenue Funds, offset by an increase of \$15.0 million in Economic Stabilization Fund appropriated in Article IX.
- Funding reflects a method of finance swap of \$54.8 million in Economic Stabilization Fund in Article IX for General Revenue related to border security grants.
- Funding in Economic Stabilization Fund in Article IX for the Trusteed Programs also includes \$30.0 million for Defense Economic Adjustment Assistance Grants, \$15.2 million for the Governor’s University Research Initiative, and \$5.0 million for the Spaceport Trust Fund.

DEPARTMENT OF INFORMATION RESOURCES

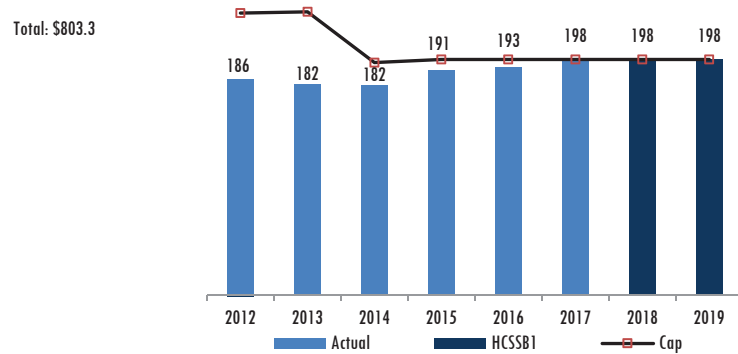
FIGURE 33
DEPARTMENT OF INFORMATION RESOURCES, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 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%
Subtotal, Appropriations in Article I	\$670.4	\$753.3	\$82.8	12.4%
Article IX Appropriations	\$0.0	\$50.0	\$50.0	N/A
Total, All Funds	\$670.4	\$803.3	\$132.8	19.8%

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 Department of Information Resources totals \$803.3 million in All Funds for the 2018–19 biennium, an increase of \$132.8 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. Additionally, appropriations include \$50.0 million for statewide information technology and cyber security initiatives.

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.
- Funding in Article IX, Sec. 17.13, provides \$50.0 million from the Economic Stabilization Fund for information technology and cyber security initiatives across state agencies.

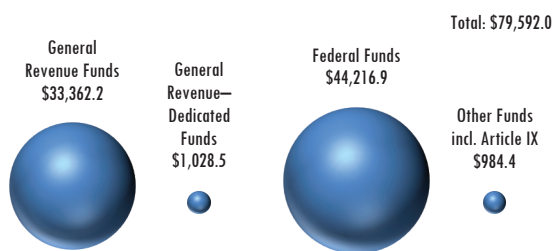
ARTICLE II – HEALTH AND HUMAN SERVICES

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

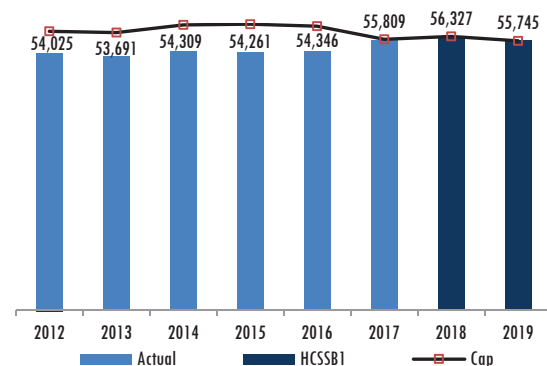
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$33,621.7	\$33,362.2	(\$259.6)	(0.8%)
General Revenue–Dedicated Funds	\$1,172.4	\$1,028.5	(\$143.8)	(12.3%)
Federal Funds	\$45,618.1	\$44,216.9	(\$1,401.2)	(3.1%)
Other Funds	\$700.2	\$702.7	\$2.5	0.4%
Subtotal, Appropriations in Article II	\$81,112.4	\$79,310.2	(\$1,802.1)	(2.2%)
Article IX Appropriations	\$0.0	\$281.8	\$281.8	N/A
Total, All Funds	\$81,112.4	\$79,592.0	(\$1,520.4)	(1.9%)

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 shown.

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

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE II

All Funds provided for Health and Human Services total \$79.6 billion, a decrease of \$1.5 billion from the 2016–17 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$34.4 billion, a decrease of \$403.4 million from the 2016–17 biennium. Pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015, several client services programs were consolidated into the Health and Human Services Commission (HHSC). Certain client services, regulatory services, long-term-care services, and facilities and institutions were transferred to HHSC from the Department of Aging and Disability Services (DADS) and the Department of Assistive and Rehabilitative Services (DARS), and DADS and DARS were abolished. Behavioral health services, mental health facilities, and other programs were transferred to HHSC from the Department of State Health Services (DSHS), which retains a public health focus. Child care regulatory services were transferred from the Department of Family and Protective Services (DFPS) to HHSC, and home visiting services were transferred from HHSC to DFPS. The 2016–17 biennial expenditures for DADS and DARS are included in the \$81.1 billion All Funds total.

HIGHLIGHTS

- Funding for Medicaid client services at HHSC for the 2018–19 biennium includes \$58.3 billion in All Funds (\$24.1 billion in General Revenue Funds and General Revenue–Dedicated Funds), reflecting a decrease of \$0.6 billion in All Funds (\$255.7 million in General Revenue Funds and General Revenue–Dedicated Funds) from 2016–17 biennial spending levels. Senate Bill 200, Eighty-fourth Legislature, 2015, consolidated Medicaid long-term-care services previously provided by the Department of Aging and Disability Services into HHSC. Funding for Medicaid client services supports caseload growth and maintains fiscal year 2017 average costs for most services, including maintaining rate increases to support attendant wage increases; increased payments to trauma facilities, safety-net, hospitals, and rural hospitals; rate increases for the Home and Community-based Services (HCS) waiver and intermediate care facilities for individuals with intellectual disabilities (ICF/IID). Net more favorable Federal Medical Assistance Percentages result in a higher proportion of the program being funded with Federal Funds. Funding is also provided to restore approximately half of the reductions made to reimbursement rates for acute care therapy services during the 2016–17 biennium. Funding levels assume savings of \$2.6 billion in All Funds, including \$1.1 billion in General Revenue Funds, for cost containment and increased federal flexibility. Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.
- Amounts for Medicaid for the 2016–17 biennium assume supplemental funding to complete fiscal year 2017 expenditures.
- 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 biennial spending levels. All Funds growth is related to projected caseload growth and the maintenance of fiscal year 2017 premiums. Net more favorable Enhanced Federal Medical Assistance Percentages and a reduction in the Health Insurance Providers Fee offset increases in caseload and cost at the General Revenue Fund level. The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) extends federal funding for CHIP through federal fiscal year 2017, with those funds likely to be exhausted during state fiscal year 2018. Funding assumes new federal funding to continue the program throughout the 2018–19 biennium. Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.
- Funding for Medicaid and CHIP contracts and administration totals \$1.3 billion in All Funds (\$389.6 million in General Revenue Funds) for the 2018–19 biennium, reflecting a decrease of \$392.3 million in All Funds (\$43.1 million in General Revenue Funds) from 2016–17 biennial spending levels related to a reduction in the Texas Medicaid Electronic Health Records Incentive Program, reduced full-time-equivalent (FTE) position levels to align with reported filled positions and removal of persistently vacant positions, and partially offset by increased enrollment broker contract costs in CHIP.
- Funding includes \$1.6 billion in All Funds, including \$0.7 billion in General Revenue Funds, for foster care, adoption subsidies, the permanency care assistance program, and the relative caregiver programs at DFPS. This amount includes an increase of \$190.2 million in All Funds (\$50.0 million in General Revenue Funds) from 2016–17 biennial spending levels primarily to support projected caseload growth in these entitlement programs, increase foster care rates in the legacy and redesigned systems, and to expand Foster Care Redesign to two additional regions.
- Funding includes \$292.8 million in All Funds and 828.8 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 to improve agency performance related to the average caseload per CPS caseworker and CPS caseworker retention and to ensure the safety of the children. An additional \$113.4 million in All Funds is provided to support an additional 644.0 caseworker positions in fiscal 2018 and 733.0 caseworker positions in fiscal year 2019 and for salary increases for certain additional CPS caseworkers.
- Funding for non-Medicaid/CHIP behavioral health services at the three health and human services agencies totals \$3.0 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 wait lists for community mental health services for adults and children, \$105.0 million in General Revenue Funds for contingency funding for legislation introduced by the House Select Committee on Mental Health, an additional \$31.0 million in General Revenue Funds (\$44.3 million All Funds) to maintain fiscal year 2017 service levels for former indigent clients of the NorthSTAR behavioral health program, \$50.0 million from the Economic Stabilization Fund to increase forensic bed capacity at the state hospitals and community mental health hospitals, and \$95.5 million from the Economic Stabilization Fund for critical life and safety maintenance needs at state hospitals.
- 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. Please note that this overlaps with the Medicaid and CHIP funding information (which excludes cost growth) previously discussed.
- Funding for EMS and Trauma Care Systems at the Department of State Health Services is \$246.0 million in General Revenue 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 onetime appropriation of \$106.0 million in balances from General Revenue–Dedicated Account No. 5111, Trauma Facility and EMS, by the Eighty-fourth Legislature, 2015, which was transferred to HHSC for Medicaid hospital add-on payments. These funds were replaced with \$105.8 million in General Revenue Funds at HHSC to continue hospital add-on payments in the 2018–19 biennium.
- An increase of \$93.1 million from the Economic Stabilization Fund is provided for critical life and safety needs at certain health and human services facilities, including state supported living centers.
- 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 biennial spending levels.
- A reduction of \$458.2 million in General Revenue Funds and General Revenue–Dedicated Funds reflects savings assumed for contract cost containment.

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	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Family and Protective Services	\$3,703.9	\$4,070.6	\$366.7	9.9%
Department of State Health Services	\$5,617.4	\$1,511.6	(\$4,105.8)	(73.1%)
Health and Human Services Commission	\$70,949.5	\$72,708.6	\$1,759.1	2.5%
Subtotal, Health and Human Services	\$80,270.8	\$78,290.8	(\$1,980.0)	(2.5%)
Employee Benefits and Debt Service	\$2,098.8	\$2,232.7	\$133.9	6.4%
Less Interagency Contracts	\$1,257.2	\$755.1	(\$502.1)	(39.9%)
Article II, Special Provisions	\$0.0	(\$458.2)	(\$458.2)	N/A
Subtotal, Appropriations in Article II	\$81,112.4	\$79,310.2	(\$1,802.1)	(2.2%)
Article IX Appropriations	\$0.0	\$281.8	\$281.8	N/A
Total, All Functions	\$81,112.4	\$79,592.0	(\$1,520.4)	(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 36
ARTICLE II – HEALTH AND HUMAN SERVICES, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Family and Protective Services	\$1,975.4	\$2,345.4	\$370.0	18.7%
Department of State Health Services	\$1,987.2	\$451.4	(\$1,535.8)	(77.3%)
Health and Human Services Commission	\$28,208.5	\$29,399.3	\$1,190.7	4.2%
Subtotal, Health and Human Services	\$32,171.1	\$32,196.1	\$25.0	0.1%
Employee Benefits and Debt Service	\$1,450.7	\$1,621.0	\$170.3	11.7%
Article II, Special Provisions	\$0.0	(\$454.9)	(\$454.9)	N/A
Total, All Functions	\$33,621.7	\$33,362.2	(\$259.6)	(0.8%)

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.

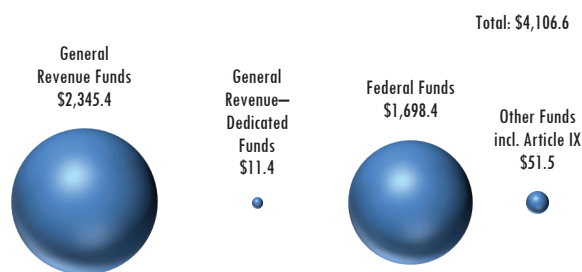
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

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

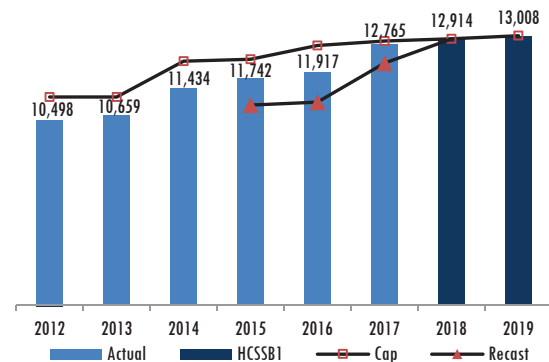
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,975.4	\$2,345.4	\$370.0	18.7%
General Revenue–Dedicated Funds	\$11.4	\$11.4	\$0.0	0.0%
Federal Funds	\$1,698.1	\$1,698.4	\$0.2	0.0%
Other Funds	\$19.0	\$15.5	(\$3.5)	(18.5%)
Subtotal, Appropriations in Article II	\$3,703.9	\$4,070.6	\$366.7	9.9%
Article IX Appropriations	\$0.0	\$36.0	\$36.0	N/A
Total, All Funds	\$3,703.9	\$4,106.6	\$402.7	10.9%

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 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 year 2017 or fiscal year 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 \$4.1 billion in All Funds, including \$2.3 billion in General Revenue Funds and \$11.4 million in General Revenue–Dedicated Funds. This represents a \$370.0 million or 18.7 percent increase in General Revenue Funds and a \$402.7 million or 10.9 percent increase in All Funds. DFPS is under Strategic Fiscal Review.

HIGHLIGHTS

- Funding for programs remaining at DFPS for the 2018–19 biennium reflect an increase of \$521.6 million in All Funds and \$430.5 million in General Revenue Funds. These amounts represent a 14.1 percent increase in All Funds and a 21.8 percent increase in General Revenue Funds from the 2016–17 biennial base. Highlights of funding for programs remaining at DFPS include:
 - Funding for Child Protective Services (CPS) caseworkers includes \$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 \$111.1 million in All Funds to support an additional 644.0 caseworker positions in fiscal 2018 and 733.0 caseworker positions in fiscal year 2019. Funding also includes \$2.3 million in All Funds for salary increases for certain additional CPS caseworkers;

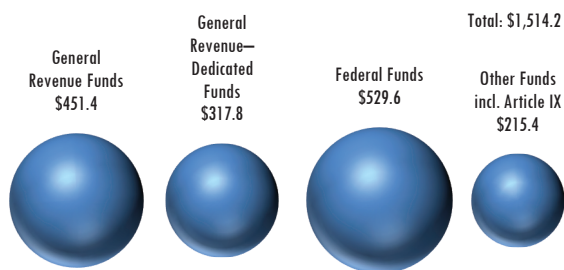
- Funding includes an increase of \$112.5 million in All Funds and \$25.2 million in General Revenue Funds to further support foster care payments, including funding to increase rates for foster care services providers in both the legacy and redesign system, and to expand Foster Care Redesign to two additional regions by the end of fiscal year 2019;
- Funding includes an additional \$5.9 million in All Funds and \$5.7 million in General Revenue Funds to increase Statewide Intake staff by 46.7 FTE positions in fiscal year 2018 and 52.5 positions in fiscal year 2019;
- Funding includes \$34.9 million in All Funds for Prevention and Early Intervention (PEI) programs, including:
 - * \$13.3 million to biennialize funding to the Community Youth Development (CYD) and Project Healthy Outcomes through Prevention and Early Support (HOPES) Programs; and
 - * \$21.7 million to expand services to the Services to At-Risk Youth (STAR), Project Helping through Intervention and Prevention, CYD, Project HOPES, and the Texas Home Visiting Programs;
- Funding includes \$0.6 million in All Funds to continue the Safe Signal initiative;
- Funding includes \$0.9 million in All Funds and 5.4 FTE positions to engage volunteer faith-based and community resources through enhanced volunteer and community partnerships;
- Funding includes \$2.8 million in All Funds and 20.0 FTE positions to increase administrative support in PEI program and finance services;
- Funding includes a total of \$1.6 billion in All Funds and \$0.7 billion in General Revenue Funds for DFPS entitlement programs, including:
 - * \$952.9 million in All Funds and \$386.4 million in General Revenue Funds, for Foster Care Payments;
 - * \$573.4 million in All Funds and \$292.0 million in General Revenue Funds, for Adoption Subsidies and Permanency Care Assistance Payments; and
 - * \$57.3 million in All Funds and \$5.0 million in General Revenue Funds, for the Relative Caregiver Program. This amount includes \$32.5 million from the Economic Stabilization Fund in Article IX to expand Relative Caregiver payments for the 2018–19 biennium contingent upon enactment of House Bill 4, or similar legislation, by the Eighty-fifth Legislature, Regular Session, 2017;
- Funding includes a total of \$139.3 million in All Funds and \$108.5 million in General Revenue Funds for the Day Care Purchased Services Program; and
- Funding also includes \$3.4 million from the Economic Stabilization Fund in Article IX for the agency’s Information Management Protecting Adults and Children in Texas (IMPACT) modernization initiative.
- Funding in the DFPS 2016–17 biennial 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 for fiscal year 2018 pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015. Transferred programs include Adult Protective Services Facility Investigations and Child Care Licensing.

DEPARTMENT OF STATE HEALTH SERVICES

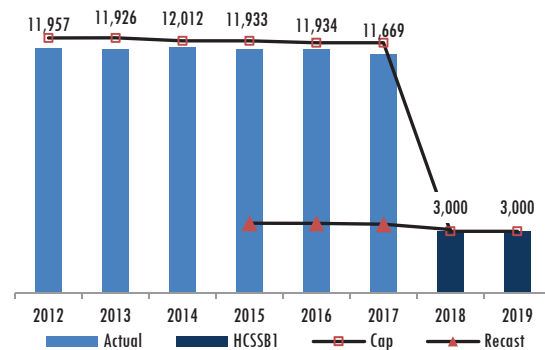
FIGURE 38
DEPARTMENT OF STATE HEALTH SERVICES, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,987.2	\$451.4	(\$1,535.8)	(77.3%)
General Revenue–Dedicated Funds	\$875.5	\$317.8	(\$557.8)	(63.7%)
Federal Funds	\$2,163.2	\$529.6	(\$1,633.6)	(75.5%)
Other Funds	\$591.4	\$212.8	(\$378.6)	(64.0%)
Subtotal, Appropriations in Article II	\$5,617.4	\$1,511.6	(\$4,105.8)	(73.1%)
Article IX Appropriations	\$0.0	\$2.6	\$2.6	N/A
Total, All Funds	\$5,617.4	\$1,514.2	(\$4,103.1)	(73.0%)

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (2) The recast full-time-equivalent (FTE) positions shown for fiscal years 2015 to 2017 reflect 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.

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 \$451.4 million in General Revenue Funds and \$317.8 million in General Revenue–Dedicated Funds. This funding represents a \$4.1 billion or 73.0 percent decrease in All Funds, a \$1.5 billion or 77.3 percent decrease in General Revenue Funds and a decrease of \$557.8 million or 63.7 percent 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, \$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 not transferring to HHSC pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015, reflect a decrease of \$79.0 million in General Revenue Funds, \$107.3 million in General Revenue–Dedicated Funds, and \$308.8 million in All Funds and 264.2 FTE positions. 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 onetime appropriation of \$106.0 million by the Eighty-fourth Legislature, 2015, from the General Revenue–Dedicated Trauma Facility and EMS Account No. 5111, which was transferred to HHSC for Medicaid hospital add-on payments. HHSC funding includes 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 for the 2016–17 biennium are not available for the 2018–19 biennium 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 \$36.8 million from 2016–17 biennial spending levels. Earned Federal Funds (General Revenue Funds) decreased by \$3.3 million.
 - Funding for indirect administration, salaries, wages, and other personnel costs were reduced to align funding with the needs of the agency after consolidation of the Health and Human Services agencies. This amount includes a decrease of \$35.8 million in General Revenue Funds, \$1.9 million in General Revenue–Dedicated Funds, and \$44.7 million in All Funds.
 - 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 for the 2018–19 biennium.
 - Funding includes \$0.6 million in General Revenue–Dedicated Accounts No. 5044 (Permanent Fund for Health and Tobacco Education and Enforcement), No. 5045 (Permanent Fund for Children and Public Health), and No. 5046 (Permanent Fund for Emergency Medical Services and Trauma Care), for public health preparedness, tobacco prevention and EMS and trauma care systems. This funding 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 decreasing 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 in Article IX includes \$2.6 million from the Economic Stabilization Fund for the following: \$1.2 million to add testing for X-ALD to the newborn screening panel; \$0.4 million for deferred maintenance for the State Laboratory; and \$1.0 million for other deferred maintenance projects at DSHS.

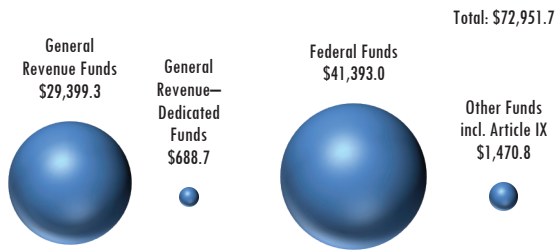
HEALTH AND HUMAN SERVICES COMMISSION

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

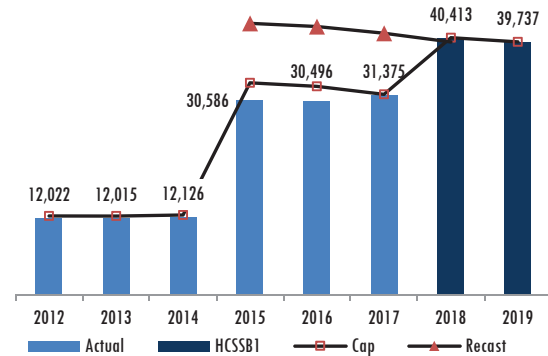
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$28,208.5	\$29,399.3	\$1,190.7	4.2%
General Revenue–Dedicated Funds	\$256.0	\$688.7	\$432.7	169.0%
Federal Funds	\$41,140.4	\$41,393.0	\$252.6	0.6%
Other Funds	\$1,344.5	\$1,227.6	(\$116.9)	(8.7%)
Subtotal, Appropriations in Article II	\$70,949.5	\$72,708.6	\$1,759.1	2.5%
Article IX Appropriations	\$0.0	\$243.2	\$243.2	N/A
Total, All Funds	\$70,949.5	\$72,951.7	\$2,002.2	2.8%

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



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.
- (3) The full-time-equivalent (FTE) positions actual amounts for fiscal years 2015 to 2017 include amounts from the former Department of Aging and Disability Services (fiscal year 2015 cap of 17,558.5 positions; fiscal year 2016 cap of 16,888.3 positions; fiscal year 2017 cap of 16,845.8 positions).
- (4) The FTE positions actual amounts for fiscal years 2015 to 2017 include amounts from the former Department of Assistive and Rehabilitative Services (fiscal year 2015 cap of 3,209.5 positions; fiscal year 2016 cap of 3,030.3 positions; fiscal year 2017 cap of 1,811.4 positions).
- (5) The recast FTE positions shown for fiscal years 2015 to 2017 reflect positions transferred pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015, at the Health and Human Services Commission, although the positions may not have transferred until fiscal years 2017 or 2018.
- (6) Expenditures for the 2016–17 biennium at the Department of Aging and Disability Services and the Department of Assistive and Rehabilitative Services are shown.

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

Funding for the Health and Human Services Commission (HHSC) for the 2018–19 biennium totals \$73.0 billion in All Funds, which reflects an increase of \$2.0 billion in All Funds from the 2016–17 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$30.1 billion, an increase of \$1.6 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 pursuant to 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).

The following highlights compare 2018–19 biennial funding to 2016–17 biennial spending levels and include all program expenditures in the 2016–17 biennium, although the program may not have transferred to HHSC until fiscal years 2017 or 2018. The 2016–17 biennial expenditures for the Department of Aging and Disability Services and the Department of Assistive and Rehabilitative Services are included in the \$71.0 billion All Funds total.

HIGHLIGHTS

- Funding for Medicaid client services at HHSC for the 2018–19 biennium includes \$58.3 billion in All Funds (\$24.1 billion in General Revenue Funds and General Revenue–Dedicated Funds), reflecting a decrease of \$0.6 billion in All Funds (\$255.7 million in General Revenue Funds and General Revenue–Dedicated Funds) from 2016–17 biennial spending levels. Senate Bill 200, Eighty-fourth Legislature, 2015, consolidated Medicaid long-term-care services previously provided by the Department of Aging and Disability Services into HHSC. Funding for Medicaid client services supports caseload growth and maintains fiscal year 2017 average costs for most services, including maintaining rate increases to support attendant wage increases; increased payments to trauma facilities, safety-net hospitals, and rural hospitals; rate increases for the Home and Community-based Services (HCS) waiver and intermediate care facilities for individuals with intellectual disabilities (ICF/IID). Net more favorable Federal Medical Assistance Percentages (FMAP) result in a lower proportion of the program being funded with General Revenue Funds. Cost growth for most Medicaid services in the 2018–19 biennium is not included.
- 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 biennial 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. Funding assumes 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 \$3.0 billion in All Funds (\$2.1 billion in General Revenue 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 the NorthSTAR program (discontinued on January 1, 2017), are estimated to be \$3.6 billion in All Funds for the 2018–19 biennium (when including 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 2018–19 biennium. Total behavioral health-related funding at HHSC including estimated Medicaid and CHIP expenditures is estimated to be \$6.6 billion in All Funds for the 2018–19 biennium.
 - Behavioral health funding includes \$62.6 million for the 2018–19 biennium in General Revenue Funds to eliminate the current and projected waiting lists for community mental health services for adults and children, \$105.0 million for the 2018–19 biennium in General Revenue Funds contingent on passage of legislation produced by the House Select Committee on Mental Health, \$133.1 million in All Funds (\$93.1 million in General Revenue Funds) to provide mental health services to former indigent clients of the NorthSTAR behavioral health program, and \$50.0 million for the 2018–19 biennium from the Economic Stabilization Fund to increase statewide forensic bed capacity.
- Funding for state mental health facilities totals \$930.0 million in All Funds (\$628.6 million in General Revenue Funds), reflecting a decrease of \$44.3 million in All Funds (\$42.1 million in General Revenue Funds), due primarily to the reclassification of oversight and certain administrative expenditures, as well as a reduction of \$18.3 million in General Revenue Funds for a onetime appropriation for capital repairs and renovations to address deferred maintenance needs.

Included in amounts identified above is \$95.5 million for the 2018–19 biennium from the Economic Stabilization Fund for critical life and safety maintenance needs at the state hospitals

- Funding for Medicaid and CHIP contracts and administration totals \$1.3 billion in All Funds (\$389.6 million in General Revenue Funds) for the 2018–19 biennium, reflecting a decrease of \$392.3 million in All Funds (\$43.1 million in General Revenue Funds) from 2016–17 biennial spending levels related to a reduction in the Texas Medicaid Electronic Health Records Incentive Program, reduced full-time-equivalent position levels to align with reported filled positions and removal of persistently vacant positions, and is 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 biennial spending levels.
- Funding for the State Supported Living Centers (SSLC) totals \$1.4 billion in All Funds for the 2018–19 biennium (\$568.6 million in General Revenue Funds), reflecting a decrease of \$73.3 million in All Funds (\$30.0 million in General Revenue Funds and General Revenue–Dedicated Funds) from 2016–17 biennial spending levels. Funding reflects an increase of \$23.1 million in All Funds (\$10.0 million in General Revenue Funds) to maintain additional SSLC staffing in fiscal year 2018 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 decreases. Included in these amounts is \$97.6 million from the Economic Stabilization Fund, including \$93.1 million for the 2018–19 biennium for critical life and safety repairs and \$4.5 million for other maintenance needs at the SSLCs.
- Funding for Women’s Health Programs includes \$284.6 million in All Funds (\$260.9 million in General Revenue Funds) for the 2018–19 biennium, reflecting an increase of \$30.9 million in All Funds (\$30.4 million in General Revenue Funds) from 2016–17 biennial spending levels. Fiscal year 2017 spending levels are maintained for each fiscal year of the 2018–19 biennium. Funding also incorporates the transfer of the Breast and Cervical Cancer Program from the Department of State Health Services to HHSC, and the consolidation of the Expanded Primary Health Care Program and the Texas Women’s Health Program into the Healthy Texas Women Program.
- Funding for the Early Childhood Intervention (ECI) Program totals \$282.4 million in All Funds (\$60.7 million in General Revenue Funds) for the 2018–19 biennium, reflecting an increase of \$5.5 million in All Funds (\$5.1 million in General Revenue Funds) from 2016–17 biennial 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 biennial 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 biennial spending levels. The overall funding for the TIERS Capital Project in the 2018–19 biennium is maintained at appropriated levels provided by the Eighty-fourth Legislature, 2015.
- 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 the 2016–17 biennium.

- Funding for the Family Violence Program includes \$57.7 million in All Funds (\$22.3 million in General Revenue Funds), reflecting an increase of \$0.8 million in All Funds (\$0.8 million in General Revenue Funds) from 2016–17 biennial spending levels, to provide additional legal and mental health services to survivors served in the program.
- Funding for Court Appointed Special Advocates (CASA) and Child Advocacy Centers (CAC) Programs include \$56.6 million in All Funds (\$56.6 million in General Revenue Funds and General Revenue–Dedicated Funds), reflecting an increase of \$4.0 million in All Funds from 2016–17 biennial spending levels, to serve an estimated 2,006 children for the 2018–19 biennium, and to increase capacity for volunteer support.

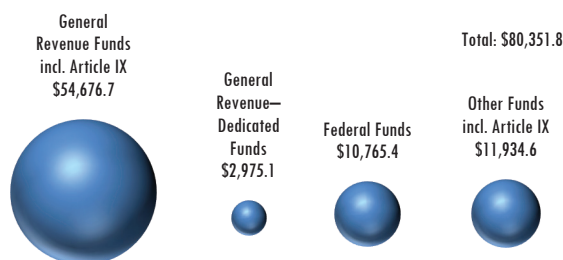
ARTICLE III – EDUCATION

FIGURE 40
ARTICLE III – EDUCATION, BY METHOD OF FINANCE

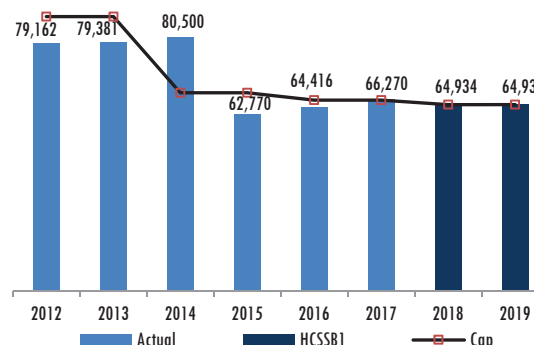
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCCSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$56,283.7	\$54,880.2	(\$1,403.5)	(2.5%)
General Revenue–Dedicated Funds	\$2,913.0	\$2,975.1	\$62.1	2.1%
Federal Funds	\$10,497.2	\$10,765.4	\$268.2	2.6%
Other Funds	\$9,446.7	\$10,969.8	\$1,523.1	16.1%
Subtotal, Appropriations in Article III	\$79,140.7	\$79,590.6	\$449.9	0.6%
Article IX Appropriations	\$0.0	\$761.3	\$761.3	N/A
Total, All Funds	\$79,140.7	\$80,351.8	\$1,211.2	1.5%

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 \$54.7 billion for the 2018–19 biennium, a decrease of \$113.1 million, or 0.2 percent, from the 2016–17 biennium. General Revenue Funds total \$35.7 billion, a decrease of \$2.0 billion, or 5.2 percent, from the 2016–17 biennium, largely attributable to the Foundation School Program (FSP) payment deferral. Other Funds total \$11.1 billion for the 2018–19 biennium, an increase of \$1.6 billion, or 17.2 percent, primarily attributable to projected increases in revenue from the Property Tax Relief Fund and recapture payments. Federal Funds total \$10.5 billion, a \$271.2 million, or a 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 FSP system. FSP funding is driven by statutory formulas, amounts specified in the General Appropriations Act, and projected enrollment and district property value amounts.

- \$42.1 billion in All Funds is provided for state aid to school districts and charter schools through the FSP, which fully funds current law obligations (including enrollment growth) and provides an increase of \$1.5 billion contingent upon House Bill 21, Eighty-fifth Legislature, 2017, and reflects deferral of the August 2019 payment. General Revenue

Funds appropriations for the FSP total \$33.7 billion, which represents a \$1.8 billion, or 5.3 percent, decrease from the 2016–17 biennium. The General Revenue Funds decrease is attributable to a contingency rider for school finance reform and deferral legislation. Contingent on enactment of legislation that improves equity, reduces recapture, and increases the state share of the FSP, and of legislation providing the basis for deferral of the August 2019 FSP payment until the following fiscal year, the following three actions occur: (1) General Revenue Funds funding is increased by \$1.5 billion from what is estimated to be required to fund the current law FSP entitlement; (2) General Revenue Funds are reduced by \$1.9 billion in fiscal year 2019 to implement a statutory payment deferral; and (3) the Basic Allotment is increased from \$5,140 to \$5,350 in each fiscal year of the biennium. An additional \$75.0 million is appropriated from the Economic Stabilization Fund in Article IX for districts experiencing rapid property value decline.

- Non-FSP program and administration funding for the 2018–19 biennium includes \$1.9 billion in General Revenue Funds appropriations, a \$100.5 million decrease compared to the 2016–17 biennium. The decrease is attributable to a \$60.7 million decrease to instructional materials and technology funding and decreases to other non-FSP programs, partially offset by increases to other non-FSP programs.

Funding for Higher Education totals \$19.3 billion in All Funds for the 2018–19 biennium, an increase of \$384.5 million, or 2.0 percent from the 2016–17 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$16.2 billion, a decrease of \$11.9 million, or 0.1 percent, from the 2016–17 biennium. The majority of Higher Education funding consists of formula funding into the General Academic Institutions, Lamar State Colleges, Texas State Technical Colleges, Health Related Institutions, and the Public Community and Junior Colleges.

- Higher Education formulas are supported by \$7.2 billion in General Revenue Funds and \$1.5 billion in statutory tuition in General Revenue–Dedicated Funds. Included in this amount are decreases of \$33.2 million in General Revenue Funds and an increase of \$145.7 million in General Revenue–Dedicated Funds, which is primarily statutory tuition. For each of the higher education formulas, either the 2016–17 biennial General Revenue Funds funding level or the 2016–17 biennial rate is maintained. Formula appropriations for the 2018–19 biennium include the addition of two new medical schools into the Health Related Institution formulas for The University of Texas at Austin and The University of Texas Rio Grande Valley. Additionally, formula appropriations include Infrastructure Support for two new Texas State Technical Colleges established by the Eighty-fourth Legislature, 2015: Texas State Technical College North Texas and Texas State Technical College Fort Bend County.
- Funding for special items at all institutions for the 2018–19 biennium totals \$1.0 billion in General Revenue Funds, which reflects a decrease of \$99.7 million from the 2016–17 biennium.
- Funding for the TEXAS Grant Program totals \$802.8 million in All Funds, which is an increase of \$87.8 million from 2016–17 biennial funding levels. This amount includes \$715.1 million in General Revenue Funds and \$87.7 million from the Economic Stabilization Fund.
- Funding for the TEOG Program–Public Community Colleges totals \$139.3 million in All Funds. This amount includes \$85.5 million in General Revenue Funds and \$52.8 million from the Economic Stabilization Fund. Funding for the TEOG Program–Public State/Technical Colleges totals \$12.2 million in All Funds. This amount includes \$7.5 million in General Revenue Funds and \$4.7 million from the Economic Stabilization Fund.
- Funding for Graduate Medical Education (GME) Expansion at the Texas Higher Education Coordinating Board provides a total of \$82.8 million in All Funds. This amount includes \$61.0 million in General Revenue Funds, an increase of \$8.0 million from 2016–17 biennial funding, and \$21.8 million in distributions from the Permanent Fund Supporting Graduate Medical Education for GME Expansion.
- Funding for the B-on-Time Program–Public includes \$18.2 million in General Revenue–Dedicated Funds from the B-On-Time Account No. 5103 to support renewal awards for students attending public institutions of higher education, a decrease of \$43.5 million from 2016–17 biennial levels. In addition, appropriations to the program include

\$65.3 million in unexpended balances that will be distributed by the Texas Higher Education Coordinating Board to institutions to help defray the cost of tuition and fees or for student success initiatives for current students.

- Funding for the Texas Research Incentive Program provides \$64.5 million in General Revenue Funds, a decrease of \$64.6 million in General Revenue Funds and a decrease of \$9.0 million in onetime revenue in General Revenue–Dedicated Funds. The 2016–17 biennial appropriations included \$9.0 million in onetime revenue from the General Revenue–Dedicated Emerging Technology Fund.
- Funding for the Higher Education Fund for the 2018–19 biennium totals \$787.5 million in General Revenue Funds, which represents an increase of \$131.3 million from the 2016–17 biennium. This increase is due to biennializing fiscal year 2017 appropriations for fiscal years 2018–19.
- Funding for the 2018–19 biennium for tuition revenue bond debt service totals \$1.0 billion in All Funds, which is an increase of \$203.6 million, appropriated from the Economic Stabilization Fund, from the 2016–17 biennium.

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, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	\$54,720.8	\$54,505.5	(\$215.2)	(0.4%)
School for the Blind and Visually Impaired	\$52.2	\$50.7	(\$1.5)	(2.8%)
School for the Deaf	\$59.9	\$62.4	\$2.5	4.2%
Subtotal, Public Education	\$54,832.8	\$54,618.6	(\$214.2)	(0.4%)
Public Higher Education				
General Academic Institutions	\$7,164.4	\$7,210.2	\$45.8	0.6%
Health Related Institutions	\$3,165.5	\$3,146.0	(\$19.5)	(0.6%)
Texas A&M System Agencies	\$1,016.4	\$1,012.4	(\$4.0)	(0.4%)
Higher Education Coordinating Board	\$1,706.2	\$1,630.8	(\$75.4)	(4.4%)
Higher Education Fund	\$656.3	\$787.5	\$131.3	20.0%
Available University Fund	\$1,713.3	\$1,800.5	\$87.2	5.1%
Available National Research University Fund	\$52.5	\$46.3	(\$6.2)	(11.8%)
Support for Military and Veterans Exemptions	\$20.1	\$47.3	\$27.2	135.7%
Article III, Special Provisions	\$0.0	(\$4.8)	(\$4.8)	N/A
Two-Year Institutions				
Public Community/Junior Colleges	\$1,778.6	\$1,765.6	(\$13.0)	(0.7%)
Lamar Lower-level Institutions	\$69.5	\$67.4	(\$2.1)	(3.0%)
Texas State Technical Colleges	\$190.4	\$196.9	\$6.5	3.4%
Subtotal, Two-Year Institutions	\$2,038.4	\$2,029.8	(\$8.6)	(0.4%)
Subtotal, Public Higher Education	\$17,533.1	\$17,706.2	\$173.1	1.0%
Teacher Retirement System	\$4,435.2	\$4,832.9	\$397.7	9.0%
Optional Retirement Program	\$334.4	\$344.6	\$10.2	3.1%
Higher Education Employees Group Insurance Contributions	\$1,377.9	\$1,424.3	\$46.4	3.4%
Retirement and Group Insurance	\$86.0	\$91.6	\$5.6	6.6%
Social Security and Benefit Replacement Pay	\$621.2	\$659.8	\$38.6	6.2%
Subtotal, Employee Benefits	\$6,854.6	\$7,353.2	\$498.6	7.3%
Bond Debt Service Payments	\$23.1	\$20.8	(\$2.3)	(10.0%)
Lease Payments	\$4.5	\$0.4	(\$4.1)	(91.1%)
Subtotal, Debt Service	\$27.6	\$21.2	(\$6.4)	(23.3%)
Less Interagency Contracts	\$107.4	\$108.6	\$1.2	1.1%
Subtotal, Appropriations in Article III	\$79,140.7	\$79,590.6	\$449.9	0.6%
Article IX Appropriations	\$0.0	\$761.3	\$761.3	N/A
Total, All Functions	\$79,140.7	\$80,351.9	\$1,211.2	1.5%

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, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/ BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	\$37,650.2	\$35,674.7	(\$1,975.5)	(5.2%)
School for the Blind and Visually Impaired	\$30.4	\$30.4	\$0.0	0.0%
School for the Deaf	\$36.6	\$38.1	\$1.5	4.0%
Subtotal, Public Education	\$37,717.3	\$35,743.2	(\$1,974.1)	(5.2%)
Public Higher Education				
General Academic Institutions	\$4,965.4	\$4,990.4	\$25.1	0.5%
Health Related Institutions	\$2,810.8	\$2,838.1	\$27.3	1.0%
Texas A&M System Agencies	\$357.8	\$355.0	(\$2.8)	(0.8%)
Higher Education Coordinating Board	\$1,456.8	\$1,378.7	(\$78.0)	(5.4%)
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	(\$4.8)	(\$4.8)	N/A
Two-Year Institutions				
Public Community/Junior Colleges	\$1,778.6	\$1,765.6	(\$13.0)	(0.7%)
Lamar Lower-level Institutions	\$55.8	\$53.9	(\$1.9)	(3.4%)
Texas State Technical Colleges	\$141.3	\$142.9	\$1.6	1.1%
Subtotal, Two-Year Institutions	\$1,975.7	\$1,962.5	(\$13.3)	(0.7%)
Subtotal, Higher Education	\$12,222.7	\$12,337.5	\$114.8	0.9%
Teacher Retirement System	\$4,127.4	\$4,516.0	\$388.5	9.4%
Optional Retirement Program	\$254.1	\$245.8	(\$8.3)	(3.3%)
Higher Education Employees Group Insurance Contributions	\$1,377.9	\$1,424.3	\$46.4	3.4%
Retirement and Group Insurance	\$70.8	\$75.8	\$5.0	7.0%
Social Security and Benefit Replacement Pay	\$486.2	\$516.8	\$30.6	6.3%
Subtotal, Employee Benefits	\$6,316.4	\$6,778.7	\$462.2	7.3%
Bond Debt Service Payments	\$22.8	\$20.5	(\$2.3)	(10.1%)
Lease Payments	\$4.5	\$0.4	(\$4.1)	(91.1%)
Subtotal, Debt Service	\$27.3	\$20.9	(\$6.4)	(23.6%)
Subtotal, Appropriations in Article III	\$56,283.7	\$54,880.2	(\$1,403.5)	(2.5%)
Article IX Appropriations	\$0.0	(\$203.6)	(\$203.6)	N/A
Total, All Functions	\$56,283.7	\$54,676.7	(\$1,607.0)	(2.9%)

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

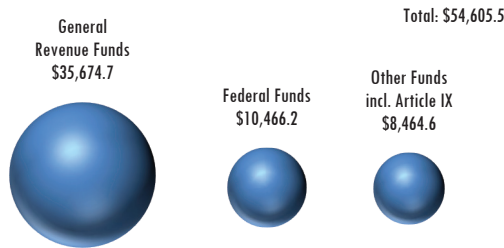
SOURCE: Legislative Budget Board.

TEXAS EDUCATION AGENCY

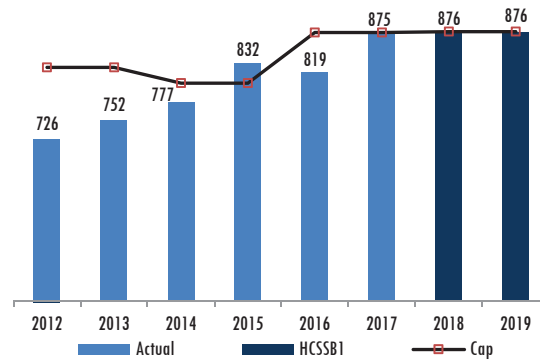
FIGURE 43
TEXAS EDUCATION AGENCY, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$37,650.2	\$35,674.7	(\$1,975.5)	(5.2%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$10,187.2	\$10,466.2	\$279.0	2.7%
Other Funds	\$6,883.3	\$8,364.6	\$1,481.3	21.5%
Subtotal, Appropriations in Article III	\$54,720.8	\$54,505.5	(\$215.2)	(0.4%)
Article IX Appropriations	\$0.0	\$100.0	\$100.0	N/A
Total, All Funds	\$54,720.8	\$54,605.5	(\$115.2)	(0.2%)

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



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

Funding for the Texas Education Agency for the 2018–19 biennium totals \$54.6 billion, a \$115.2 million, a 0.2 percent decrease compared to the 2016–17 biennium. The decrease is primarily attributable to a \$1.9 billion contingent deferral of the August 2019 Foundation School Program (FSP) payment until the following fiscal year, partially offset by projected increases in revenues from the Property Tax Relief Fund and recapture payments, both of which are classified as Other Funds.

HIGHLIGHTS

- Funding of \$42.1 billion in All Funds is provided for state aid to school districts and charter schools through the FSP, which fully funds current law obligations (including enrollment growth) and provides an increase of \$1.5 billion contingent upon House Bill 21, Eighty-fifth Legislature, 2017, and reflects deferral of the August 2019 payment. General Revenue Funds appropriations for the FSP total \$33.7 billion, which represents a \$1.8 billion, or 5.3 percent, decrease from the 2016–17 biennium.
- The General Revenue Funds decrease is attributable to a contingency rider for school finance reform and deferral legislation. Contingent on enactment of legislation that improves equity, reduces recapture, and increases the state share of the FSP, and of legislation providing the basis for deferral of the August 2019 FSP payment until the following fiscal year, the following three actions occur: (1) General Revenue Funds funding is increased by \$1.5 billion from what is estimated to be required to fund the current law FSP entitlement; (2) General Revenue Funds are reduced by \$1.9

billion in fiscal year 2019 to implement a statutory payment deferral; and (3) the Basic Allotment is increased from \$5,140 to \$5,350 in each fiscal year of the biennium.

- Contingent on a General Land Office distribution from the Permanent School Fund (PSF) to the Available School Fund (ASF), Foundation School Fund No. 193 is reduced by \$300.0 million and replaced with a corresponding increase in the ASF. An additional \$75.0 million from the Economic Stabilization Fund is appropriated in Article IX for districts experiencing rapid property value decline.
- 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 appropriations, a \$100.5 million decrease compared to the 2016–17 biennium. The decrease is attributable to a \$60.7 million decrease to instructional materials and technology funding and decreases to other non-FSP programs, partially offset by increases to other non-FSP programs.
- Instructional materials and technology funding is \$1,103.2 million in General Revenue Funds and is based on a distribution rate of 44.9 percent of the PSF to the ASF. Of this funding, \$10.0 million is provided for the development of open-source instructional materials.
- Funding for Non-FSP programs increase General Revenue Funds by \$117.0 million for Enhanced Prekindergarten Capacity, \$1.5 million for Contingency funding for House Bill 11, and \$1.2 million for juvenile justice programs. Funding for Non-FSP programs and administration decrease General Revenue Funds for the following: the Mathematics Achievement Academies by \$5.3 million; Teach for America by \$5.0 million; State Funds for Assessment by \$4.4 million; Texas Gateway (Project Share) by \$3.6 million; Texas Virtual School Network by \$3.2 million; Literacy Achievement Academies by \$2.7 million; Reading to Learn Academies by \$1.8 million, Reading Excellence Team Pilot by \$1.7 million; Texas Advanced Placement Initiative by \$1.7 million; Agency Administration by \$1.5 million; Incentive Aid by \$1.0 million; and School Improvement and Governance Support by \$300,000.
- An additional \$25.0 million is appropriated from the Economic Stabilization Fund in Article IX for E-Rate Classroom Connectivity.
- 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 onetime funding items (\$2.1 million); FitnessGram (\$2.0 million); and Subsidy for Certification Examination (\$1.0 million).

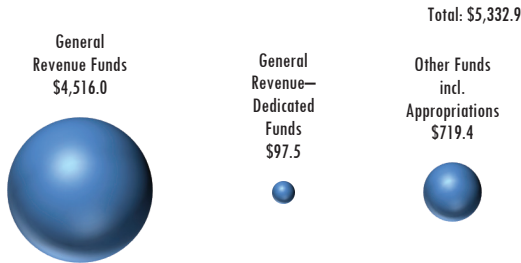
TEACHER RETIREMENT SYSTEM

FIGURE 44
TEACHER RETIREMENT SYSTEM, BY METHOD OF FINANCE

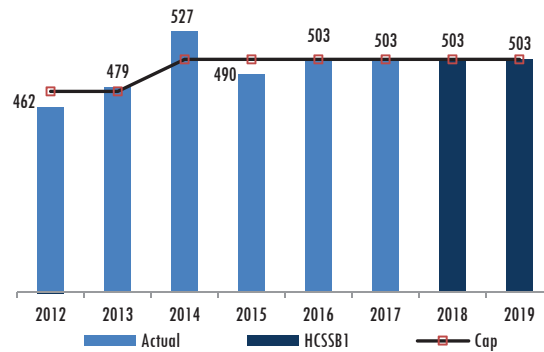
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$4,127.4	\$4,516.0	\$388.5	9.4%
General Revenue–Dedicated Funds	\$86.4	\$97.5	\$11.1	12.8%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$221.4	\$219.4	(\$1.9)	(0.9%)
Subtotal, Appropriations in Article III	\$4,435.2	\$4,832.9	\$397.7	9.0%
Article IX Appropriations	\$0.0	\$500.0	\$500.0	N/A
Total, All Funds	\$4,435.2	\$5,332.9	\$897.7	20.2%

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 Teacher Retirement System for the 2018–19 biennium totals \$5.3 billion in All Funds. This amount represents an increase of \$897.7 million, or 20.2 percent, greater than the 2016–17 biennial base. Funding consists of state contributions for retirement and health care benefits for retirees and employees of public schools and institutions of higher education, based on active member payroll amounts. The increase in appropriations is due to projected growth of payroll in the 2018–19 biennium and an Article IX appropriation of \$500.0 million from the Economic Stabilization Fund to address the projected TRS-Care shortfall.

HIGHLIGHTS

- Funding includes \$4.5 billion in General Revenue Funds, \$97.5 million in General Revenue–Dedicated Funds, and \$719.4 million in Other 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 greater than the 2016–17 biennial 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 biennial -base due to lower than expected growth of higher education retirement contributions covered by General Revenue Funds.

- Funding for Retiree Health, or TRS-Care, for the 2018–19 biennium totals \$1.1 billion in All Funds, consisting of \$647.6 million in General Revenue Funds and \$500.0 million from the Economic Stabilization Fund (Other Funds) appropriated in Article IX. This level of funding represents an increase of \$566.7 million, or 97.6 percent, from the 2016–17 biennial base funding level. Funding provides for a state contribution rate of 1.0 percent of payroll for the retiree health care program and an additional \$500.0 million to address the anticipated 2018–19 biennial TRS-Care shortfall.
- 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 biennial base. The net decrease for administrative operations is attributable primarily to reduced needs for the final phase of the TRS Enterprise Application Modernization project, which is scheduled for completion in fiscal year 2018. Funding includes amounts sufficient for new capital projects and increased administrative needs related to growing membership and the rising costs of investment management.

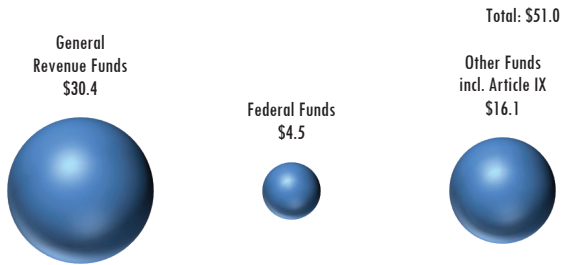
SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

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

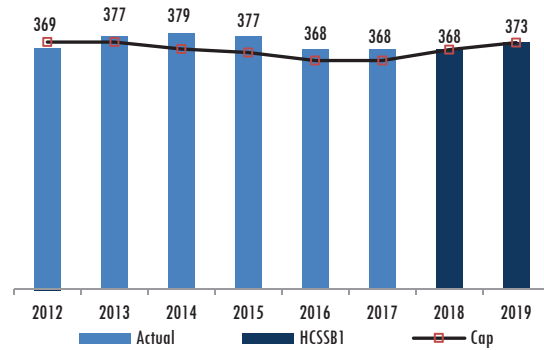
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$30.4	\$30.4	\$0.0	0.0%
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%
Subtotal, Appropriations in Article III	\$52.2	\$50.7	(\$1.5)	(2.8%)
Article IX Appropriations	\$0.0	\$0.3	\$0.3	N/A
Total, All Funds	\$52.2	\$51.0	(\$1.2)	(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 Texas School for the Blind and Visually Impaired for the 2018–19 biennium totals \$51.0 million in All Funds. This amount represents a decrease of \$1.2 million, or 2.3 percent, less than the 2016–17 biennial base. The decrease in appropriations is attributable primarily to large unexpended balances of Federal Funds and Other Funds that were received in prior biennia and carried forward and encumbered or expended during the 2016–17 biennium, combined with smaller reductions of General Revenue Funds. These decreases are partially offset by anticipated increases in Other Funds, including Interagency Contracts, local revenue from school districts for the 2018–19 biennium (Appropriated Receipts) based on each district’s share of costs for students attending TSBVI, and the Economic Stabilization Fund appropriated in Article IX. Texas School for the Blind and Visually Impaired is under Strategic Fiscal Review.

HIGHLIGHTS

- General Revenue funding is maintained at the 2016–17 biennial base level.
- Other Funds include an increase of approximately \$5.1 million. This amount consists of:
 - an increase of \$5.7 million in Other Funds and a corresponding decrease in Federal 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).

- \$0.3 million from the Economic Stabilization Fund, including 5.0 full-time-equivalent positions, for the Centralized Accounting and Payroll/Personnel System; and
- 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; and
- Federal Funds include a decrease of \$0.5 million due to unexpended balances of funds received in prior biennia and carried forward and encumbered or expended during the 2016–17 biennium, combined with the \$5.7 million adjustment described previously.

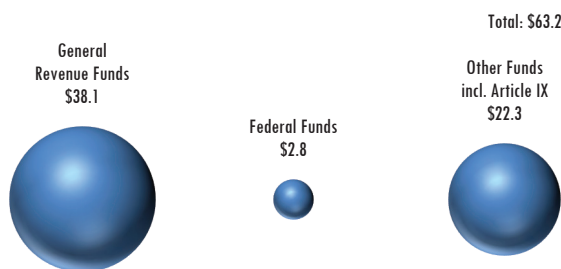
SCHOOL FOR THE DEAF

FIGURE 46
TEXAS SCHOOL FOR THE DEAF, BY METHOD OF FINANCE

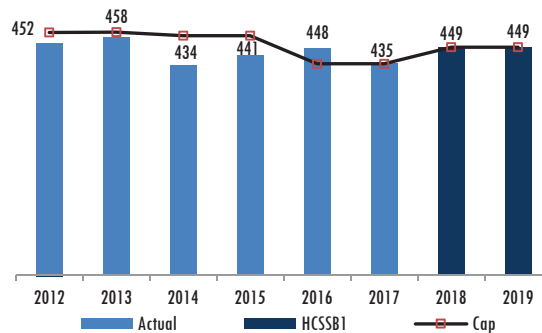
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$36.6	\$38.1	\$1.5	4.0%
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%
Subtotal, Appropriations in Article III	\$59.9	\$62.4	\$2.5	4.2%
Article IX Appropriations	\$0.0	\$0.8	\$0.8	N/A
Total, All Funds	\$59.9	\$63.2	\$3.3	5.6%

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 School for the Deaf (TSD) for the 2018–19 biennium totals \$63.2 million in All Funds. This represents an increase of \$3.3 million, or 5.6 percent, above the 2016–17 base. The increase in appropriations is attributable primarily to increases of General Revenue and Other Funds, including an Economic Stabilization Fund appropriation in Article IX, 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

- General Revenue funding reflects an increase of \$1.5 million, or 4.0 percent, above the 2016–17 base. The change is due primarily to \$2.0 million and 15.5 FTEs for instructional and 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 \$3.4 million, consisting of \$1.0 million in 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; \$0.8 million from the Economic Stabilization Fund appropriated in Article IX for furniture (\$0.6 million) and the Centralized Accounting and Payroll/Personnel System (\$0.2 million); and an increase of \$1.5 million for the adjustment described below.

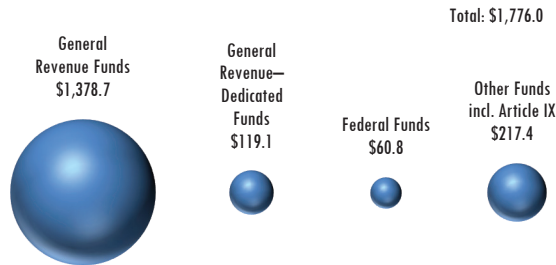
- Funding for 2018–19 reflects a \$1.5 million reduction of Federal Funds and a corresponding increase of Other Funds. These funds are received from the federal government by the Health and Human Services Commission and transferred to Texas School for the Deaf. These funds, formerly appropriated to TSD as Federal Funds, are now reflected as Interagency Contracts (Other Funds).

TEXAS HIGHER EDUCATION COORDINATING BOARD

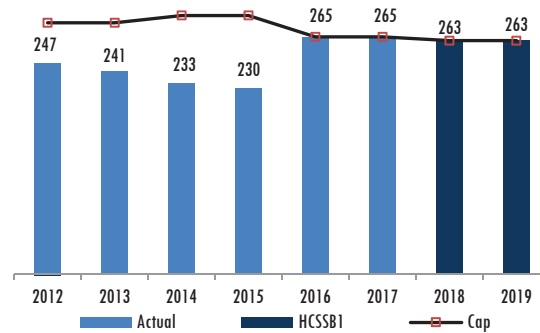
FIGURE 47
TEXAS HIGHER EDUCATION COORDINATING, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,456.8	\$1,378.7	(\$78.0)	(5.4%)
General Revenue–Dedicated Funds	\$123.5	\$119.1	(\$4.4)	(3.6%)
Federal Funds	\$66.5	\$60.8	(\$5.7)	(8.6%)
Other Funds	\$59.4	\$72.2	\$12.8	21.6%
Subtotal, Appropriations in Article III	\$1,706.2	\$1,630.8	(\$75.4)	(4.4%)
Article IX Appropriations	\$0.0	\$145.2	\$145.2	N/A
Total, All Funds	\$1,706.2	\$1,776.0	\$69.8	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 Texas Higher Education Coordinating Board for the 2018–19 biennium totals \$1.8 billion in All Funds, a \$69.8 million, or 4.1 percent, increase compared to 2016–17 biennial funding levels. Funding includes \$1.4 billion in General Revenue Funds, a decrease of \$78.0 million, or 5.4 percent, compared to 2016–17 biennial funding levels and \$145.2 million from the Economic Stabilization Fund (Other Funds).

HIGHLIGHTS

- Funding for the TEXAS Grant Program totals \$802.8 million in All Funds, which is an increase of \$87.8 million from 2016–17 biennial funding levels. This amount includes \$715.1 million in General Revenue Funds and \$87.7 million from the Economic Stabilization Fund.
- Funding for the TEOG Program–Public Community Colleges totals \$139.3 million in All Funds. This amount includes \$85.5 million in General Revenue Funds and \$52.8 million from the Economic Stabilization Fund.
- Funding for the TEOG Program–Public State/Technical Colleges totals \$12.2 million in All Funds. This amount includes \$7.5 million in General Revenue Funds and \$4.7 million from the Economic Stabilization Fund.

- Funding includes a total of \$82.8 million in All Funds for GME Expansion. This amount includes \$61.0 million in General Revenue Funds, an increase of \$8.0 million from 2016–17 biennial funding levels, and \$21.8 million in distributions from the Permanent Fund Supporting Graduate Medical Education (Other Funds) for Graduate Medical Education Expansion.
- Funding for the Texas Research Incentive Program totals \$64.5 million in General Revenue Funds, a decrease of \$64.6 million in General Revenue Funds and a decrease of \$9.0 million in General Revenue–Dedicated Funds. The 2016–17 biennial appropriations included \$9.0 million in onetime revenue from the General Revenue–Dedicated Emerging Technology Fund, which was not continued for the 2018–19 biennium.
- Funding provides \$3.2 million in General Revenue Funds for the Top Ten Percent Scholarship Program, a decrease of \$15.0 million in General Revenue Funds. Appropriations support only renewal awards in the program for the 2018–19 biennium.
- Funding provides \$7.2 million in General Revenue Funds for the B-On-Time Program-Private, a decrease of \$11.5 million in General Revenue Funds. Appropriations support only renewal awards in the program at private institutions during the 2018–19 biennium.
- Funding for the B-On-Time Program-Public include \$18.2 million in General Revenue–Dedicated B-On-Time Account No. 5103, to support renewal awards for students attending public institutions of higher education, a decrease of \$43.5 million from 2016–17 biennial levels. In addition, appropriations to the program include \$65.3 million in unexpended balances that will be distributed by the Higher Education Coordinating Board to institutions to help defray the cost of tuition and fees or for student success initiatives for current students.
- Funding provides \$182.7 million in General Revenue Funds for the Tuition Equalization Grant Program, a decrease of \$9.6 million in General Revenue Funds from the 2016–17 biennial levels.
- Funding of \$17.3 million in General Revenue–Dedicated Funds from the Trauma and EMS Account No. 5111 for the Family Practice Residency Program and Trauma Care Program is replaced with General Revenue Funds.
- Funding provides \$30.0 million in General Revenue Funds for the Professional Nursing Shortage Reduction Program, a decrease of \$3.3 million from the 2016–17 biennial funding levels.
- Funding provides \$3.3 million in General Revenue Funds for the Nursing Faculty Loan Repayment Program.
- Funding provides \$2.7 million in General Revenue Funds for the Texas Armed Services Scholarship Program, a decrease of \$2.7 million.
- Funding provides \$76.3 million in General Revenue Funds for Baylor College of Medicine Undergraduate Medical Education, a decrease of \$1.7 million from the 2016–17 biennial funding levels.
- Funding provides \$16.5 million in General Revenue Funds for Baylor College of Medicine Graduate Medical Education, an increase of \$0.8 million from the 2016–17 biennial funding levels.
- Funding provides \$2.1 million in General Revenue Funds for the Bilingual Education Program.
- Funding reflects a decrease of \$1.3 million in General Revenue Funds for Centralized Accounting and Payroll/Personnel System funding.
- Funding reflects a \$9.8 million decrease in donations in Other Funds, primarily from the Texas Guaranteed Student Loan Corporation.

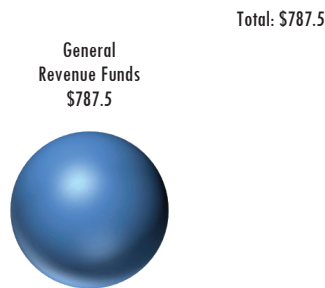
HIGHER EDUCATION FUND

FIGURE 48
HIGHER EDUCATION FUND, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 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

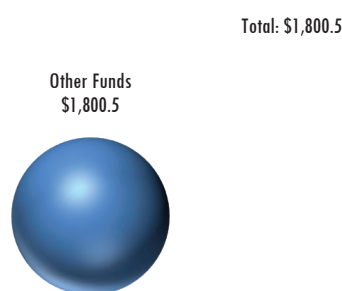
- The HEF is a General Revenue Fund appropriation dedicated by the Texas Constitution to support certain capital costs at institutions of higher education (IHE) that are not eligible to receive funding from the Available University Fund.
- The Texas Constitution requires the Legislature to review the HEF formula allocation every 10 years and may adjust the amount and allocation of the HEF appropriation once every five years. Senate Bill 1191, Eighty-fourth Legislature, 2015, 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.

AVAILABLE UNIVERSITY FUND

FIGURE 49
AVAILABLE UNIVERSITY FUND, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$1,713.3	\$1,800.5	\$87.2	5.1%
Total, All Methods of Finance	\$1,713.3	\$1,800.5	\$87.2	5.1%

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



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

SOURCE: Legislative Budget Board.

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

HIGHLIGHTS

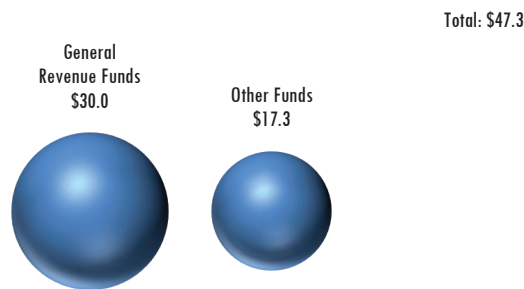
- The AUF is an Other Funds appropriation dedicated by the Texas Constitution to support most institutions and agencies of the UT and TAMU systems. The AUF appropriations provide for the support and maintenance of The University of Texas at Austin, Texas A&M University, Prairie View University, and the administration of the UT and TAMU systems. 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. FTE positions 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.

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	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$0.0	\$30.0	\$30.0	N/A
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$20.1	\$17.3	(\$2.8)	(13.9%)
Total, All Methods of Finance	\$20.1	\$47.3	\$27.2	135.7%

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



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

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

HIGHLIGHTS

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

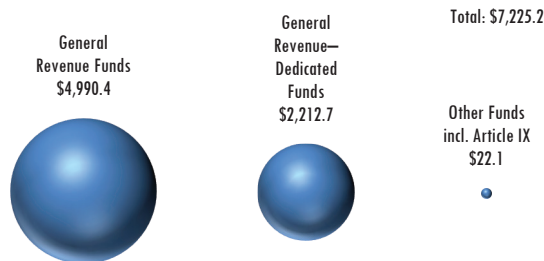
GENERAL ACADEMIC INSTITUTIONS

FIGURE 51
GENERAL ACADEMIC INSTITUTIONS, BY METHOD OF FINANCE

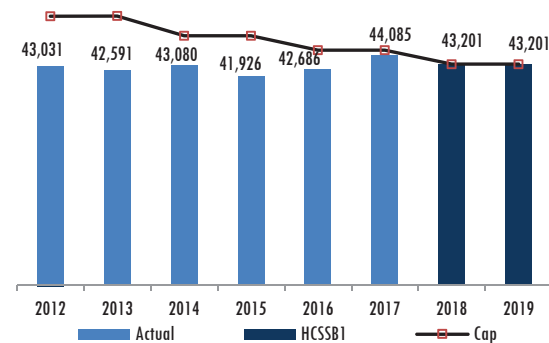
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$4,965.4	\$4,990.4	\$25.1	0.5%
General Revenue–Dedicated Funds	\$2,181.2	\$2,212.7	\$31.5	1.4%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$17.8	\$7.1	(\$10.8)	(60.4%)
Subtotal, Appropriations in Article III	\$7,164.4	\$7,210.2	\$45.8	0.6%
Article IX Appropriations	\$0.0	\$15.0	\$15.0	N/A
Total, All Funds	\$7,164.4	\$7,225.2	\$60.8	0.8%

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 full-time-equivalent positions for fiscal years 2012 to 2014 include positions funded with patient income.

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

Funding for the General Academic Institutions and University System Offices for the 2018–19 biennium totals \$7.2 billion in All Funds, a \$71.6 million, or 1.0 percent, increase compared to the 2016–17 biennial base. Included in this funding is \$5.0 billion in General Revenue Funds, which is a \$25.1 million, or 0.5 percent, increase compared to 2016–17 biennial funding levels. Each flagship institution of the six university systems is under Strategic Fiscal Review.

HIGHLIGHTS

- Appropriations provide \$3.4 billion in General Revenue Funds for the Instruction and Operations and the Infrastructure Support formulas, a decrease of \$47.3 million from the 2016–17 biennium. Formula amounts for the 2018–19 biennium provide the same All Funds Instruction and Operations Formula rate of \$55.39 per weighted semester credit hour as the 2016–17 biennial rate. Formula amounts for the Infrastructure Formula decrease the 2016–17 biennial rate of \$5.62 per predicted square foot to \$5.57 per square foot.
- Funding for the 2018–19 biennium 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 10.0 percent, less than the General Revenue Funds

amounts for the 2016–17 biennium and do not include appropriations from the General Revenue–Dedicated Emerging Technology Account No. 5124.

- Funding provides state support for the eight emerging research universities through: (1) \$64.5 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 for the 2018–19 biennium is \$11.7 million, or 10.0 percent, less than the amounts provided for the 2016–17 biennium.
- Appropriations also provide 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 10.0 percent, less than 2016–17 biennial funding levels.
- Appropriations for special item funding total \$525.5 million, a decrease of \$44.2 million in General Revenue Funds for special items at General Academic Institutions and University System Offices.
- Appropriations include \$713.9 million in General Revenue Funds and Other Funds from the Economic Stabilization Fund for tuition revenue bond debt service for previously authorized debt and to annualize the debt service on projects authorized by House Bill 100, Eighty-fourth Legislature, 2015.
- Funding includes \$15.0 million from the Economic Stabilization Fund for fiscal year 2018 to repair tornado damage at Tarleton State University.

HEALTH RELATED INSTITUTIONS

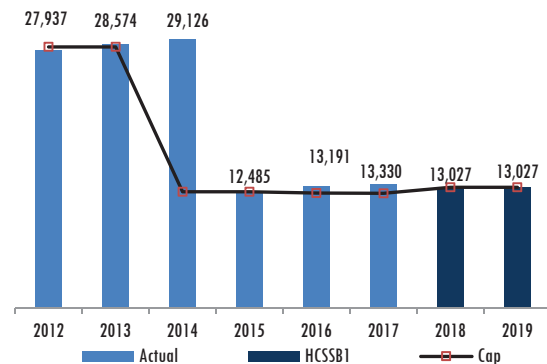
FIGURE 52
HEALTH RELATED INSTITUTIONS, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,810.8	\$2,838.1	\$27.3	1.0%
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	\$103.5	(\$45.3)	(30.4%)
Total, All Methods of Finance	\$3,165.5	\$3,146.0	(\$19.5)	(0.6%)

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 full-time-equivalent positions for fiscal years 2012 to 2014 include positions 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 \$19.5 million from the 2016–17 biennium. Of this funding, \$2.8 billion is composed of General Revenue Funds, an increase of \$27.3 million from the 2016–17 biennium. The increase in General Revenue Funds is primarily tied to formula funding for the new medical schools at The University of Texas at Austin and The University of Texas Rio Grande Valley.

HIGHLIGHTS

- Funding for the health related institutions include appropriations to 13 institutions. Included in these appropriations is funding for The University of Texas at Austin Dell Medical School and The University of Texas Rio Grande Valley School of Medicine through The University of Texas at Austin and The University of Texas Rio Grande Valley bill patterns, respectively. Appropriations to Baylor College of Medicine are made in the bill pattern for the Higher Education Coordinating Board but are included in formula amounts discussed in this section.
- Formula funding maintains total 2016–17 biennial General Revenue Funds for the 10 legacy institutions that received formula funding in the 2016–17 biennium and also fund The University of Texas at Austin Dell Medical School and The University of Texas Rio Grande Valley School of Medicine at the resulting rate for each of the health related institution formulas.

- Funding provides \$1.9 billion in General Revenue Funds for the six formulas for the health related institutions: the Instruction and Operations (I&O) Support formula, Infrastructure Support formula, Research Enhancement formula, Graduate Medical Education (GME) formula, and two mission-specific formulas (The University of Texas M.D. Anderson's Cancer Center Operations formula and The University of Texas Health Science Center at Tyler's Chest Disease formula). Formula funding is an increase of \$20.4 million in General Revenue Funds, or 1.1 percent, from the 2016–17 biennium.
- Funding provides \$1.1 billion in General Revenue Funds for the I&O Support formula, an increase of \$8.5 million from the 2016–17 biennium. The 2018–19 biennial formula amounts reduce the I&O rate to \$9,531 from \$9,829 in the 2016–17 biennium. The I&O formula includes \$42.3 million in General Revenue Funds for a small class supplement. The supplement provides additional funding for instructional programs with enrollments of fewer than 200 students at remote locations and for instructional programs at The University of Texas Health Science Center at Tyler's main campus. Appropriations provide \$250.1 million in General Revenue Funds for the Infrastructure formula, an increase of \$3.3 million from the 2016–17 biennium. The 2018–19 biennial formula amounts reduce the Infrastructure rate to \$6.37 from \$6.65 for all institutions. The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler were previously funded at a lower rate as the two institutions did not contribute statutory tuition to the Infrastructure formula when it was established.
- Funding at the Higher Education Coordinating Board includes \$76.3 million in General Revenue Funds for Baylor College of Medicine Undergraduate Medical Education, a decrease of \$1.7 million from the 2016–17 biennium.
- Funding provides \$80.6 million in General Revenue Funds for the Research Enhancement formula, an increase of \$6.1 million from the 2016–17 biennium. The 2018–19 biennial formula amounts decrease the Research Enhancement rate to 1.21 percent plus the base rate of \$1.4 million, a decrease from the 2016–17 biennial rate of 1.23 percent plus the base rate of \$1.4 million.
- Funding provides \$90.1 million in General Revenue Funds appropriated to health related institutions and Baylor College of Medicine for the GME formula, an increase of \$4.3 million from the 2016–17 biennium. GME formula calculations only include those residency positions in the GME formula for the 2016–17 biennium and any new residency positions added to the statewide total after September 1, 2014. The 2018–19 biennial formula amounts decrease the GME rate to \$6,219 per medical resident from \$6,266 per 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 biennial funding levels.
- Funding for special item funding totals \$417.1 million, a reduction of \$50.4 million from 2016–17 biennial General Revenue Funds base funding.
- Funding provides \$292.7 million in General Revenue Funds and Other Funds from the Economic Stabilization Fund 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.

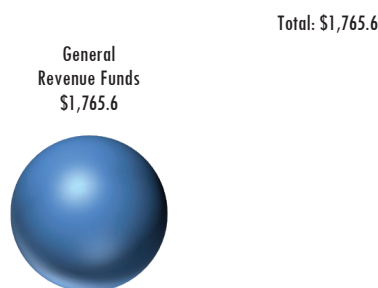
PUBLIC COMMUNITY AND JUNIOR COLLEGES

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

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,778.6	\$1,765.6	(\$13.0)	(0.7%)
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	\$1,765.6	(\$13.0)	(0.7%)

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



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

SOURCE: Legislative Budget Board.

Funding for the Public Community and Junior Colleges for the 2018–19 biennium totals \$1.8 billion in General Revenue Funds, which includes a reduction of \$13.0 million. The reduction is primarily due to a decrease in contact hour formula funding, as well as a decrease in special item funding.

HIGHLIGHTS

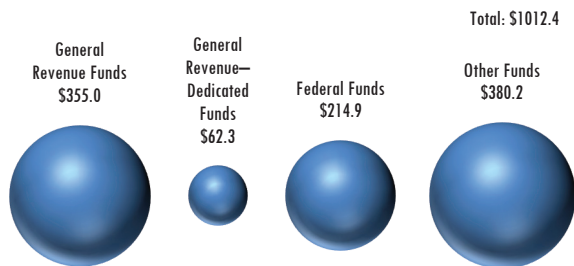
- Formula funding totals \$1.7 billion for the 2018–19 biennium, a decrease of \$10.5 million from the 2016–17 biennium. Formula funding amounts maintain core operations funding at \$1.0 million for each community college district, and maintain the contact hour rate of \$2.69 and the percentage split for formula funding at 90.0 percent for contact hour funding and 10.0 percent for success point funding. The decrease in funding is primarily due to a 0.4 percent decrease in contact hours from the 2016–17 biennium.
- Special items funding totals \$28.0 million in General Revenue Funds for the 2018–19 biennium, a decrease of \$2.8 million from the 2016–17 biennium.
- Funding for Bachelor of Applied Technology programs total \$2.4 million for the 2018–19 biennium, an increase of \$0.3 million, or 12.0 percent, from the 2016–17 biennium due to a 19.7 percent increase in semester credit hours in these programs. Appropriations maintain funding at the same Instruction and Operations General Revenue Funds rate used by General Academic Institutions.
- No information on full-time-equivalent (FTE) positions is included because positions are local employees and are not appropriated in the Public Community and Junior Colleges bill pattern.

TEXAS A&M SYSTEM AGENCIES

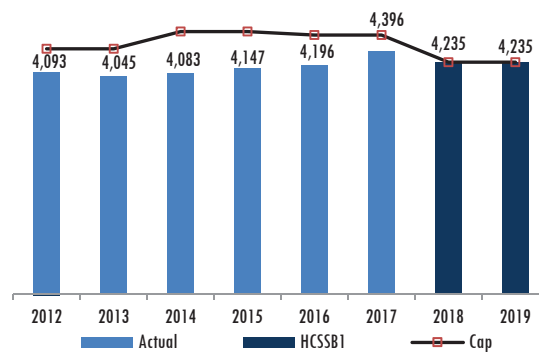
FIGURE 54
TEXAS A&M SYSTEM AGENCIES, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$357.8	\$355.0	(\$2.8)	(0.8%)
General Revenue–Dedicated Funds	\$66.9	\$62.3	(\$4.6)	(6.9%)
Federal Funds	\$212.8	\$214.9	\$2.1	1.0%
Other Funds	\$378.9	\$380.2	\$1.3	0.3%
Total, All Methods of Finance	\$1,016.4	\$1,012.4	(\$4.0)	(0.4%)

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 Texas A&M System Agencies for the 2018–19 biennium totals \$1.0 billion in All Funds, a decrease of \$4.0 million from the 2016–17 biennium. Of this funding, \$417.3 million is composed of General Revenue Funds and General Revenue–Dedicated Funds, a decrease of \$7.4 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.
- Funding for Texas A&M Engineering Experiment Station includes a \$4.6 million increase in General Revenue Funds for biennialized debt service costs for the Center for Infrastructure Renewal; and a \$0.9 million decrease in General Revenue Funds and General Revenue–Dedicated Funds from research and workforce development programs.
- Funding for Texas A&M Forest Service includes a \$3.4 million decrease in General Revenue Funds and General Revenue–Dedicated Funds related to firefighting equipment replacement and pass-through grants to local fire departments. House Committee Substitute for Senate Bill 1 includes a contingency rider appropriation of \$23.0 million in General Revenue–Dedicated Funds for volunteer fire department grants.

- Funding for Texas A&M AgriLife Extension Service includes a \$3.5 million decrease in General Revenue Funds related to indirect administration, education and leadership activities, and livestock and crop protection programs; and a \$0.9 million increase in General Revenue Funds due to the transfer of the Feral Hog Abatement Program from Texas Department of Agriculture to Texas A&M AgriLife Extension Service.
- Funding for Texas A&M Transportation Institute includes a \$0.6 million decrease in General Revenue Funds related to research programs and operations of the Center for International Intelligent Transportation, Transportation Policy Research Center, and the Transportation Safety Center.
- Funding for Texas A&M AgriLife Research includes a \$3.9 million decrease in General Revenue Funds and General Revenue–Dedicated Funds related to indirect administration, agricultural and life sciences research, and the agency’s honey bee regulation program.
- Funding includes a \$0.9 million decrease in General Revenue Funds for Texas A&M Veterinary Medical Diagnostic Laboratory’s testing, surveillance, and response to high consequence disease events; and Texas A&M Engineering Extension Service’s expansion of facilities and improvement of training curriculum.
- Funding for all seven agencies includes infrastructure support inside Brazos County that aligns with the General Academic Institutions’ Infrastructure Formula rate, which results in a \$1.4 million increase in General Revenue Funds for the 2018–19 biennium compared to the 2016–17 biennium.

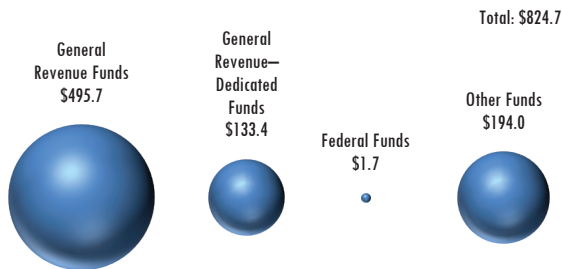
ARTICLE IV – THE JUDICIARY

FIGURE 55
ARTICLE IV – THE JUDICIARY, BY METHOD OF FINANCE

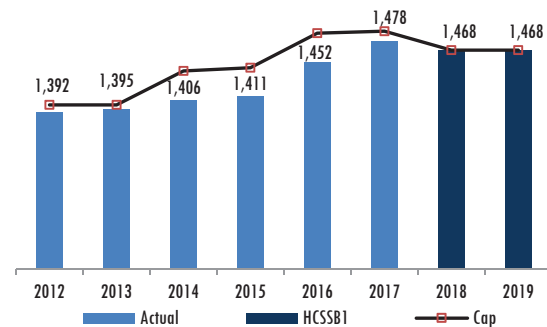
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$503.3	\$495.7	(\$7.6)	(1.5%)
General Revenue–Dedicated Funds	\$143.2	\$133.4	(\$9.9)	(6.9%)
Federal Funds	\$3.3	\$1.7	(\$1.6)	(48.7%)
Other Funds	\$163.5	\$194.0	\$30.5	18.6%
Total, All Methods of Finance	\$813.3	\$824.7	\$11.4	1.4%

ALL FUNDS, 2018–19 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

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

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

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE IV

All Funds for the Judiciary total \$824.7 million in All Funds for the 2018–19 biennium, which is an increase of \$11.4 million, or 1.4 percent, from the 2016–17 biennium. General Revenue Funds total \$495.7 million, which is a decrease of \$7.6 million, or 1.5 percent from the 2016–17 biennium.

Funding for the Judiciary supports 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 \$85.2 million in All Funds, an increase of \$18.9 million from 2016–17 levels, to the Supreme Court of Texas to provide basic civil legal services to eligible recipients. Funding includes an increase of \$32.1 million from civil penalties deposited in Judicial Fund 573 (Other Funds) from a settlement between the state of Texas and Volkswagen offsetting reductions of \$9.8 million in General Revenue Funds and \$3.3 million in Judicial Fund 576 due to one-time civil penalties awarded to the state during the 2016–17 biennium that are not anticipated to be available in 2018–19.
- Funding provides an estimated \$66.5 million in All Funds, a decrease of \$5.3 million from 2016–17 levels, for the Texas Indigent Defense Commission to assist counties in establishing, developing, and maintaining cost-effective indigent defense services. Decreases in General Revenue–Dedicated funding include \$2.4 million due to anticipated declines in court cost revenues each fiscal year.
- Funding provides \$62.9 million in All Funds, a decrease of \$1.1 million from 2016–17 levels, for programs that support court administration and for information technology services within the Office of Court Administration. This includes a General Revenue Funds decrease of \$2.5 million for the removal of one-time funding for the Guardianship Compliance Pilot Project, Timothy Cole Exoneration Review Commission, and the Judicial Branch Certification Commission Legacy Technology Capital Project offset by increases of \$3.3 million in All Funds, which includes \$0.5 million in Federal Funds and \$2.8 million in Interagency Contracts, for information technology grants and for a statewide eCitation System.
- Funding provides \$16.7 million in All Funds, a decrease of \$2.9 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 an increase of \$4.8 million in All Funds, which includes \$2.4 million in General Revenue Funds and \$2.4 million in General Revenue–Dedicated Funds, for the State Fraud Unit within the Travis County District Attorney’s Office to investigate and prosecute state tax and insurance fraud cases.
- Funding includes a reduction of \$2.0 million in Federal Funds for the Children’s Commission within the Supreme Court of Texas that is not anticipated to be available in 2018–19.
- Funding reductions totaling \$0.6 million in General Revenue Funds for various courts and agencies in the Judiciary are included for contract cost containment.

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.

FIGURE 56
ARTICLE IV – THE JUDICIARY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$82.6	\$99.5	\$16.9	20.4%
Court of Criminal Appeals	\$32.4	\$29.5	(\$2.9)	(9.0%)
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	\$155.5	(\$6.7)	(4.1%)
Office of Capital 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	0.3%
Judiciary Section, Comptroller's Department	\$313.5	\$318.6	\$5.1	1.6%
Subtotal, The Judiciary	\$682.3	\$694.7	\$12.5	1.8%
Employee Benefit and Debt Service	\$152.1	\$154.3	\$2.2	1.5%
Less Interagency Contracts	\$21.1	\$23.7	\$2.6	12.5%
Article IV, Special Provisions	\$0.0	(\$0.6)	(\$0.6)	N/A
Total, All Functions	\$813.3	\$824.7	\$11.4	1.4%

NOTES:

(1) Excludes Interagency Contracts.

(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 57
ARTICLE IV – THE JUDICIARY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$32.2	\$21.4	(\$10.8)	(33.6%)
Court of Criminal Appeals	\$12.1	\$12.5	\$0.4	3.1%
First Court of Appeals District, Houston	\$8.8	\$8.8	\$0.0	0.0%
Second Court of Appeals District, Fort Worth	\$6.7	\$6.7	\$0.0	0.0%
Third Court of Appeals District, Austin	\$5.7	\$5.7	\$0.0	0.0%
Fourth Court of Appeals District, San Antonio	\$6.7	\$6.7	\$0.0	0.0%
Fifth Court of Appeals District, Dallas	\$12.0	\$12.0	\$0.0	0.0%
Sixth Court of Appeals District, Texarkana	\$3.1	\$3.1	\$0.0	0.0%
Seventh Court of Appeals District, Amarillo	\$3.9	\$3.9	\$0.0	0.0%
Eighth Court of Appeals District, El Paso	\$3.1	\$3.1	\$0.0	0.0%
Ninth Court of Appeals District, Beaumont	\$3.9	\$3.9	\$0.0	0.0%
Tenth Court of Appeals District, Waco	\$3.2	\$3.2	\$0.0	0.0%
Eleventh Court of Appeals District, Eastland	\$3.1	\$3.1	\$0.0	0.0%
Twelfth Court of Appeals District, Tyler	\$2.9	\$3.1	\$0.2	6.3%
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	\$5.6	\$5.6	\$0.0	0.0%
Fourteenth Court of Appeals District, Houston	\$8.8	\$8.8	\$0.0	0.0%
Office of Court Administration, Texas Judicial Council	\$40.3	\$36.7	(\$3.6)	(8.8%)
Office of Capital 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	0.3%
Judiciary Section, Comptroller's Department	\$199.5	\$204.2	\$4.6	2.3%
Subtotal, The Judiciary	\$366.8	\$357.6	(\$9.2)	(2.5%)
Employee Benefit and Debt Service	\$136.5	\$138.7	\$2.2	1.6%
Article IV, Special Provisions	\$0.0	(\$0.6)	(\$0.6)	N/A
Total, All Functions	\$503.3	\$495.7	(\$7.6)	(1.5%)

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.

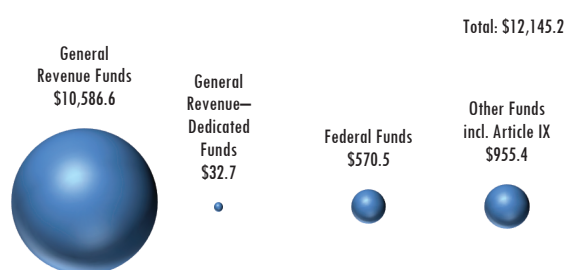
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE

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

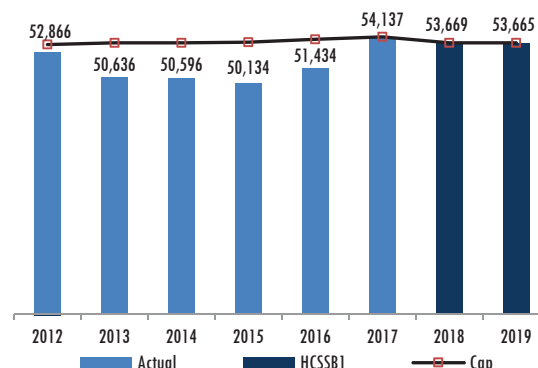
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$11,534.7	\$10,586.6	(\$948.1)	(8.2%)
General Revenue–Dedicated Funds	\$132.2	\$32.7	(\$99.5)	(75.3%)
Federal Funds	\$647.0	\$570.5	(\$76.5)	(11.8%)
Other Funds	\$189.6	\$169.6	(\$20.0)	(10.6%)
Subtotal, Appropriations in Article V	\$12,503.5	\$11,359.4	(\$1,144.1)	(9.2%)
Article IX Appropriations	\$0.0	\$785.8	\$785.8	N/A
Total, All Funds	\$12,503.5	\$12,145.2	(\$358.4)	(2.9%)

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 V

All Funds for the Public Safety and Criminal Justice agencies for the 2018–19 biennium total \$12.1 billion, which represents a decrease of \$358.4 million, or 2.9 percent, from the 2016–17 biennium. All Funds decreases are primarily the result of General Revenue Funds and General Revenue–Dedicated Funds decreases for border security and deferred maintenance, and decreases in estimated Federal Funds.

General Revenue Funds for the 2018–19 biennium total \$10.6 billion, which represents a \$948.1 million decrease, or 8.2 percent from the 2016–17 biennium. General Revenue Fund decreases are primarily the result of method of finance swaps with the Economic Stabilization Fund, elimination of funding for one-time items and funding adjustments associated with correctional population projections.

HIGHLIGHTS

- Funding for the Department of Public Safety for the 2018–19 biennium totals \$2.3 billion in All Funds, which represents an All Funds decrease of \$275.0 million, or 10.6 percent.

- Funding for border security at DPS totals \$578.8 million from the Economic Stabilization Fund provided in Article IX. This is a \$171.0 million decrease from the 2016–17 biennium. This funding maintains support for DPS personnel at fiscal year 2017 full deployment levels, while eliminating funding for one-time and transitional expenditures.
- Funding includes \$282.7 million in General Revenue Funds for the Department of Public Safety’s Driver License Division, which represents a decrease of \$7.9 million from the 2016–17 biennium. Of this amount, \$133.0 million is for the Driver License Improvement Program, an ongoing initiative to realize more efficient processes and shorter waiting periods for driver license applications.
- Funding for the Department of Criminal Justice (TDCJ) for the 2018–19 biennium totals \$6.8 billion in All Funds, which includes an All Funds decrease of \$68.6 million or 1.0 percent. The decrease in funding is primarily the result of the closure of two privately-operated facilities (\$36.4 million), closure of an Intermediate Sanction Facility (\$13.1 million), elimination of funding for video surveillance cameras (\$10.0 million), decreased funding associated with population projections (\$7.9 million), and decreased funding for deferred maintenance (\$60.0 million). This decrease is offset primarily by \$62.0 million from the Economic Stabilization Fund provided in Article IX for repairs and renovations to the University of Texas Medical Branch’s Hospital Galveston (\$22.0 million) and deferred maintenance (\$40.0 million).
- Funding for the Juvenile Justice Department (TJJJD) for the 2018–19 biennium totals \$662.2 million in All Funds, which represents an All Funds increase of \$12.6 million, or 1.9 percent. The All Funds increase is primarily attributable to a \$16.3 million increase for health and safety and deferred maintenance projects, a \$7.9 million increase to fund a diversion program established by the Eighty-fourth Legislature for a full biennium, and a \$2.5 million increase to maintain current medical service levels, offset by decreases of \$3.1 million for projected populations and decreases in Federal Funds estimates and General Obligation bond proceeds fully expended in the 2016–17 biennium. A portion of the TJJJD funding (\$16.3 million) is provided in Article IX in Economic Stabilization Funds.

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	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	\$101.4	\$96.6	(\$4.8)	(4.7%)
Department of Criminal Justice	\$6,822.5	\$6,677.6	(\$144.9)	(2.1%)
Commission on Fire Protection	\$4.1	\$3.9	(\$0.2)	(4.5%)
Commission on Jail Standards	\$1.9	\$2.5	\$0.5	26.3%
Juvenile Justice Department	\$649.6	\$645.9	(\$3.7)	(0.6%)
Commission on Law Enforcement	\$7.8	\$7.1	(\$0.7)	(8.6%)
Military Department	\$227.3	\$133.5	(\$93.8)	(41.3%)
Department of Public Safety	\$2,582.2	1,639.8	(\$942.5)	(36.5%)
Subtotal, Public Safety and Criminal Justice	\$10,396.9	\$9,206.9	(\$1,190.0)	(11.4%)
Employee Benefits and Debt Service	\$2,269.8	\$2,290.4	\$20.6	0.9%
Less Interagency Contracts	\$163.1	\$130.7	(\$32.5)	(19.9%)
Article V, Special Provisions	\$0.0	(\$7.2)	(\$7.2)	N/A
Subtotal, Appropriations in Article V	\$12,503.5	\$11,359.4	(\$1,144.1)	(9.2%)
Article IX Appropriations	\$0.0	\$785.8	\$785.8	N/A
Total, All Functions	\$12,503.5	\$12,145.2	(\$1,144.1)	(9.2%)

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 60
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE BY AGENCY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	\$100.0	\$95.1	(\$4.9)	(4.9%)
Department of Criminal Justice	\$6,603.4	\$6,519.9	(\$83.5)	(1.3%)
Commission on Fire Protection	\$3.9	\$3.8	(\$0.2)	(4.0%)
Commission on Jail Standards	\$1.9	\$2.5	\$0.5	26.3%
Juvenile Justice Department	\$595.6	\$599.3	\$3.7	0.6%
Commission on Law Enforcement	\$0.0	\$0.0	\$0.0	N/A
Military Department	\$34.5	\$31.4	(\$3.1)	(9.0%)
Department of Public Safety	\$1,971.5	\$1,094.3	(\$877.2)	(44.5%)
Subtotal, Public Safety and Criminal Justice	\$9,310.8	\$8,346.1	(\$964.7)	(10.4%)
Employee Benefits and Debt Service	\$2,223.9	\$2,247.7	\$23.7	1.1%
Article V, Special Provisions	\$0.0	(\$7.2)	(\$7.2)	N/A
Total, All Functions	\$11,534.7	\$10,586.6	(\$948.1)	(8.2%)

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

SOURCE: Legislative Budget Board.

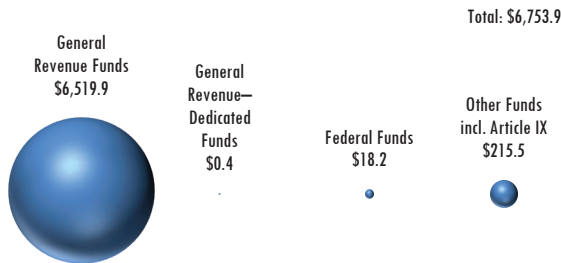
DEPARTMENT OF CRIMINAL JUSTICE

FIGURE 61
DEPARTMENT OF CRIMINAL JUSTICE, BY METHOD OF FINANCE

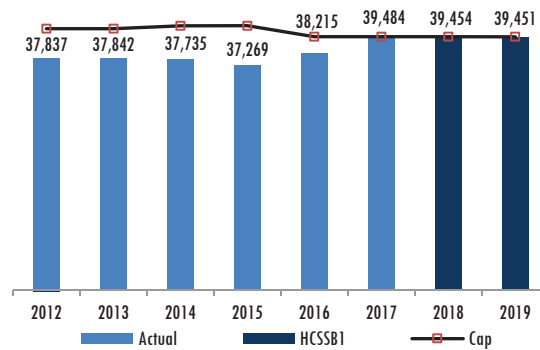
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCCSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$6,603.4	\$6,519.9	(\$83.5)	(1.3%)
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%)
Subtotal, Appropriations in Article V	\$6,822.5	\$6,677.6	(\$144.9)	(2.1%)
Article IX Appropriations	\$0.0	\$76.4	\$76.4	N/A
Total, All Funds	\$6,822.5	\$6,753.9	(\$68.6)	(1.0%)

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 Department of Criminal Justice (TDCJ) for the 2018–19 biennium totals \$6.8 billion in All Funds, which includes an All Funds decrease of \$68.6 million or 1.0 percent. The decrease in funding is the net result of several increases and decreases to various budget items. Funding for the Board of Pardons and Paroles is included within the appropriations for the Department of Criminal Justice.

HIGHLIGHTS

- Funding includes \$5.4 billion in All Funds for the incarceration and certain treatment and services for adult offenders in state correctional institutions, which represents a \$68.4 million All Funds decrease from the 2016–17 biennium. Significant funding shifts within the net decrease include:
 - \$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;
 - \$2.0 million decrease for a one-time re-entry pilot program.
 - \$20.0 million decrease for deferred maintenance (\$40.0 million is provided in Article IX).

- Funding includes \$1.1 billion in All Funds for Correctional Managed Health Care (CMHC), which represents a \$23.5 million increase from the 2016–17 base funding level. CMHC provides medical, dental, nursing, pharmacy, hospital, and mental health services to offenders incarcerated in TDCJ facilities. The increase includes:
 - \$1.5 million increase to provide prescriptions to offenders for 30 days after release; and
 - \$22.0 million increase for repairs and renovations to The University of Texas Medical Branch’s Hospital Galveston (provided in Article IX).
- Funding includes \$620.2 million in All Funds for the supervision of adult offenders on community supervision or probation, which represents a \$4.7 million decrease from the 2016–17 biennium. A total of \$129.5 million in General Revenue Funds is provided for health insurance for Community Supervision and Corrections Department (CSCD) employees and was placed in a new strategy to more transparently reflect health insurance costs. The net decrease in funding includes:
 - \$6.7 million decrease to fund basic supervision at 2018–19 LBB projected levels;
 - \$1.1 million increase in Appropriated Receipts related to probation department refunds; and
 - \$0.9 million increase for CSCD health insurance to fund at the 2016–17 agency estimated need;
- 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 decrease includes:
 - \$13.1 million decrease for the closure of an Intermediate Sanction Facility;
 - \$1.8 million decrease to fund parole at 2018–19 LBB projected levels; and
 - \$1.2 million decrease in Federal Funds and an interagency contract for a one-time Criminal Justice Grant.
- 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.

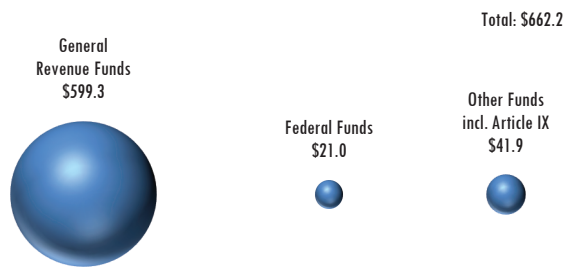
JUVENILE JUSTICE DEPARTMENT

FIGURE 62
JUVENILE JUSTICE DEPARTMENT, BY METHOD OF FINANCE

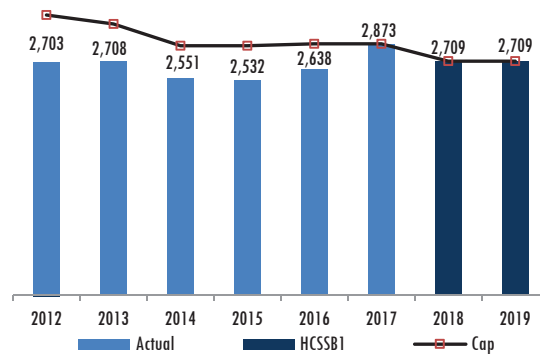
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCCSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$595.6	\$599.3	\$3.7	0.6%
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%)
Subtotal, Appropriations in Article V	\$649.6	\$645.9	(\$3.7)	(0.6%)
Article IX Appropriations	\$0.0	\$16.3	\$16.3	N/A
Total, All Funds	\$649.6	\$662.2	\$12.6	1.9%

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 Juvenile Justice Department (TJJD) for the 2018–19 biennium totals \$662.2 million in All Funds, which represents an All Funds increase of \$12.6 million, or 1.9 percent. Included in the All Funds increase is a General Revenue Funds increase of \$3.7 million, an estimated Federal Funds decrease of \$0.7 million, and an Other Funds increase of \$9.6 million. The All Funds increase is primarily attributable to funding projected populations, funding a diversion program established by the Eighty-fourth Legislature, Regular Session, 2015, for a full biennium, and funding new mental health and maintenance initiatives, offset by decreases in Federal Funds estimates and General Obligation bond proceeds fully expended in the 2016–17 biennium.

HIGHLIGHTS

- Funding for the 2018–19 biennium includes 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 TJJJ’s anticipated reduction in use of contract residential facilities; and
- Parole Supervision – \$0.3 million decrease for basic supervision of juvenile parole offenders.
- Projections for juvenile populations for the 2018–19 biennium are as follows:
 - Projected state residential populations are 1,373 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 \$2.5 million increase to maintain current medical service levels for projected state residential populations and to support University of Texas Medical Branch medical staff pay increases.
- Funding for the 2018–19 biennium includes a \$1.0 million increase to add 9.0 mental health specialists at state facilities.
- Funding for the 2018–19 biennium includes \$16.3 million from the Economic Stabilization Fund to address health and safety maintenance (\$12.1 million) and deferred maintenance (\$4.2 million) needs (provided in Article IX).

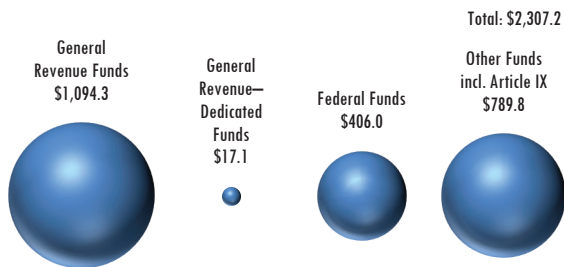
DEPARTMENT OF PUBLIC SAFETY

FIGURE 63
DEPARTMENT OF PUBLIC SAFETY, BY METHOD OF FINANCE

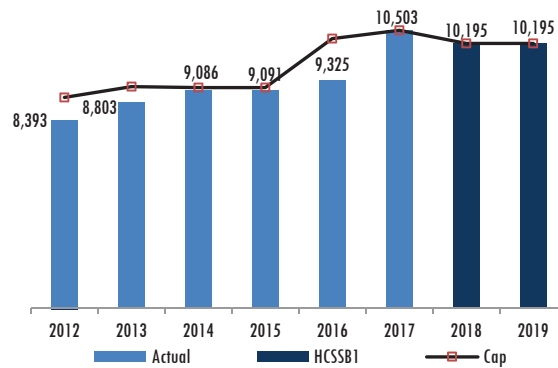
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,971.5	\$1,094.3	(\$877.2)	(44.5%)
General Revenue–Dedicated Funds	\$34.4	\$17.1	(\$17.3)	(50.2%)
Federal Funds	\$440.7	\$406.0	(\$34.7)	(7.9%)
Other Funds	\$135.6	\$122.3	(\$13.3)	(9.8%)
Subtotal, Appropriations in Article V	\$2,582.2	\$1,639.8	(\$942.5)	(36.5%)
Article IX Appropriations	\$0.0	\$667.5	\$667.5	N/A
Total, All Funds	\$2,582.2	\$2,307.2	(\$275.0)	(10.6%)

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 Department of Public Safety for the 2018–19 biennium totals \$2.3 billion in All Funds, which represents an All Funds decrease of \$275.0 million, or 10.6 percent. Funding includes \$1.1 billion in General Revenue Funds and General Revenue–Dedicated Funds, a decrease of \$894.5 million, or 44.5 percent, compared to 2016–17 funding levels. Funding also includes \$667.5 million in the Economic Stabilization Fund provided in Article IX.

HIGHLIGHTS

- General Revenue Fund and General Revenue–Dedicated Fund decreases total \$894.5 million which is the net decrease comprised primarily of the following:
 - \$749.8 million decrease for border security (\$578.8 million for a method of finance swap and \$171.0 million decrease);
 - \$46.5 million decrease primarily from eliminating positions across multiple agency functions;
 - \$45.4 million decrease in a method of finance swap with the Economic Stabilization Fund for vehicle replacement;
 - \$23.5 million decrease in a method of finance swap with the Economic Stabilization Fund for two information technology projects;

- \$15.7 million decrease to eliminate funding for one-time items;
 - \$14.9 million decrease in a method of finance swap with the Economic Stabilization Fund for deferred maintenance;
 - \$4.2 million decrease in a method of finance swap with the Economic Stabilization Fund for sexual assault kit testing; and
 - \$1.4 million increase to raise the pay level for certain state employees paid under the Schedule C Classification Salary Schedule.
- General Revenue Fund and General Revenue–Dedicated Fund decreases are partially offset by a \$667.5 million increase from the Economic Stabilization Fund provided in Article IX comprised of the following:
 - \$578.8 million increase in a method of finance swap with the Economic Stabilization Fund for border security;
 - \$43.4 million increase in a method of finance swap with the Economic Stabilization Fund for vehicle replacement;
 - \$23.5 million increase in a method of finance swap with the Economic Stabilization Fund for information technology projects;
 - \$14.9 million in a method of finance swap with the Economic Stabilization Fund for deferred maintenance;
 - \$4.2 million in a method of finance swap with the Economic Stabilization Fund for outsourced Sexual Assault Kit testing submitted after August 1, 2011; and
 - \$2.6 million for Centralized Accounting and Payroll/Personnel System.
 - Funding includes \$578.8 million for border security, a \$171.0 million decrease from the 2016–17 biennium. This funding maintains support for Department of Public Safety (DPS) personnel at fiscal year 2017 full deployment levels and eliminates funding for one-time and transitional expenditures. The funding includes:
 - \$294.4 million to fund routine border security operations and other baseline border security-related activities;
 - \$145.6 million to fund a 50-hour work week for all DPS’ commissioned law enforcement officers;
 - \$133.4 million to fund the full biennial costs of the 22 Texas Rangers (\$9.5 million), 250 troopers (\$123.9 million), and 115 support staff added by the Eighty-fourth Legislature, Regular Session;
 - \$4.4 million to fund costs for border security operations, including fuel, travel, and support staff costs; and
 - \$1.0 million to fund training for local law enforcement agencies on transitioning crime reporting methodology to the National Incident Based Reporting System.
 - Funding includes \$282.7 million in All Funds the agency’s Driver License Division, which represents a decrease of \$7.9 million from the 2016–17 biennium. The Legislature has made an ongoing effort to support DPS in realizing more efficient processes and shorter waiting periods for driver license applications through funding the Driver License Improvement Program (DLIP). Funding includes \$133.0 million for the DLIP in the 2018–19 biennium.
 - Other significant fiscal changes include an estimated Federal Funds decrease of \$34.7 million (primarily Hazard Mitigation Grants) and a decrease of \$13.3 million in Other Funds (primarily General Obligation bond proceeds).

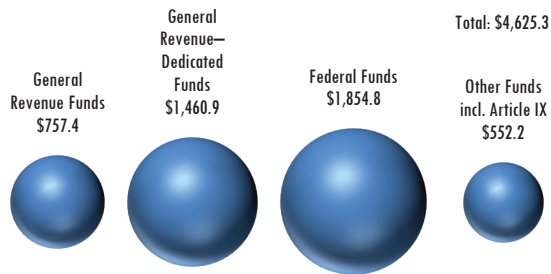
ARTICLE VI – NATURAL RESOURCES

FIGURE 64
ARTICLE VI NATURAL RESOURCES, BY METHOD OF FINANCE

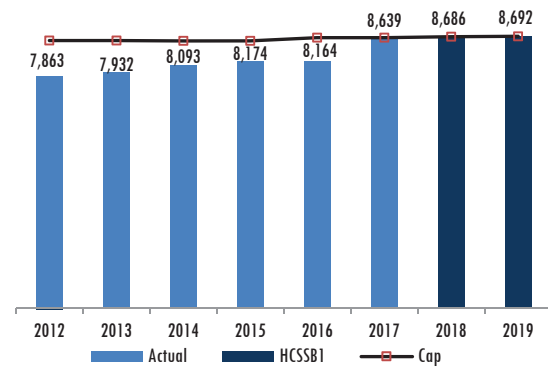
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$835.0	\$757.4	(\$77.7)	(9.3%)
General Revenue–Dedicated Funds	\$1,534.4	\$1,460.9	(\$73.5)	(4.8%)
Federal Funds	\$1,860.8	\$1,854.8	(\$6.0)	(0.3%)
Other Funds	\$347.6	\$312.9	(\$34.7)	(10.0%)
Subtotal, Appropriations in Article VI	\$4,577.9	\$4,386.0	(\$191.8)	(4.2%)
Article IX Appropriations	\$0.0	\$239.3	\$239.3	N/A
Total, All Funds	\$4,577.9	\$4,625.3	\$47.4	1.0%

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 \$4.6 billion for the 2018–19 biennium, which is an increase of \$47.4 million, or 1.0 percent, from the 2016–17 biennium. General Revenue Funds total \$757.4 million, which is a decrease of \$77.7 million, or 9.3 percent from the 2016–17 biennium. General Revenue–Dedicated Funds total \$1.5 billion, which is a decrease of \$73.5 million, or 4.8 percent from the 2016–17 biennium.

HIGHLIGHTS

- Funding for the General Land Office and Veteran's Land Board includes \$87.9 million in All Funds, which is an increase of \$47.8 million, or 19.4 percent, to preserve, maintain, and operate the Alamo and facilities within the Alamo Complex. \$75.0 million from the Economic Stabilization Fund is provided to continue the development and implementation of the Master Plan for the Alamo and the Alamo Complex, which offsets a \$31.5 million General Revenue reduction. Funding also provides \$9.9 million in General Revenue–Dedicated Alamo Complex Account No. 5152, which includes an increase of \$1.3 million, in addition to \$3.0 million in Appropriated Receipts.

- Funding for the Commission on Environmental Quality provides \$236.3 million from the General Revenue–Dedicated Texas Emissions Reductions Plan (TERP) Account to continue to fund TERP at the 2016–17 funding level. TERP is a set of programs that provide financial incentives to limit pollution from vehicles and equipment.
- Funding for the Parks and Wildlife Department includes \$148.6 million from General Revenue Sporting Goods Sales Tax (SGST) transfers, which is a decrease of \$6.5 million from the 2016–17 biennium. In addition to the amounts in the agency’s bill pattern, \$72.4 million from SGST is utilized for payroll-related benefits and debt service payments, which brings the total appropriated and estimated amount for the agency to \$221.0 million, or \$40.1 million less than the 2016–17 amount.
- Funding for the Parks and Wildlife Department includes \$110.6 million from All Funds for deferred maintenance and capital construction, which is a decrease of \$29.6 million below 2016–17 funding levels. The decrease is primarily due to the removal of \$90.2 million from the General Revenue–Dedicated Deferred Maintenance Account No. 5166, \$9.2 million from Fund 9, \$3.5 million from the SGST transfers to the State Park Account No. 64, and \$2.6 million from SGST transfers to the Conservation and Capital Account No. 5004 for one-time expenditures and a method of finance swap with the Economic Stabilization Fund. These reductions were partially offset by an increase of \$78.1 million from the Economic Stabilization Fund, including \$49.2 million for construction related to damage caused by floods, wildfires, and other natural disasters primarily at state parks, and \$29.0 million for deferred maintenance and capital construction projects.
- Funding for the Railroad Commission provides \$93.2 million in All Funds for contingency appropriations which include:
 - \$49.2 million from the Economic Stabilization Fund contingent upon the enactment of House Bill 1818, or similar legislation relating to the continuation and functions of the Railroad Commission, by the Eighty-fifth Legislature, Regular Session, 2017, to implement the provisions of the bill. This funding provides \$38.2 million for well plugging, \$6.7 million for data center services, and \$4.2 million for the replacement of vehicles; and
 - \$44.0 million in General Revenue–Dedicated funding, contingent upon the enactment of legislation by the Eighty-fifth Legislature redirecting the deposit of revenues generated by the Gas Utility Pipeline Tax to the General Revenue–Dedicated Oil and Gas Regulation and Cleanup Account No. 5155.
- Funding for the Parks and Wildlife Department includes \$21.6 million for border security activities, from the Economic Stabilization Fund. This amount continues \$10.6 million to provide for 49.0 game warden FTEs and includes an increase of \$7.0 million above the 2016–17 funding level due to the direct appropriation of funds for the agency’s participation in Operation Secure Texas. Funding also includes \$4.0 million to replace a 65-foot offshore vessel used for law enforcement and border security.
- Funding for the Department of Agriculture includes \$10.0 million in General Revenue Funds, which is a \$4.1 million increase, for the Texans Feeding Texans Surplus Agricultural Product Grant Program. The program was established to provide surplus agricultural products to food banks and other charitable organizations that serve needy or low-income individuals. The agency awards grant funding to help offset the costs of harvesting, gleaning and transporting Texas products to Texas food banks.
- Funding for the Animal Health Commission includes an additional \$8.3 million from the Economic Stabilization Fund for the following programs:
 - \$7.2 million 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; and
 - \$1.1 million to enhance chronic wasting disease control efforts. This additional funding with 6.0 new positions is for education and outreach, surveillance, detection, control, and management.

- Funding for the Water Development Board includes \$5.4 million in General Revenue Funds to provide for debt service for the issuance of \$53.0 million in new Economically Distressed Areas Program (EDAP) bonds in fiscal year 2019. This request would exhaust the remaining bond authorization. Any additional authorization would require a voter approved constitutional amendment.
- Funding is provided to various agencies for information technology cost increases totaling \$3.2 million in Economic Stabilization Funds. This includes \$0.7 million for the General Land Office and Veteran’s Land Board to upgrade the agency’s phone system in accordance with Voice Over Internet Protocols. In addition, \$2.5 million is provided to the following agencies to fund the implementation of the Centralized Accounting and Payroll/Personnel System:
 - \$0.4 million for the Department of Agriculture;
 - \$1.3 million for the Water Development Board; and
 - \$0.8 million for the Parks and Wildlife Department.
- Funding for the General Land Office and Veteran’s Land Board includes \$2.0 million from the Economic Stabilization Fund to complete the closure of Rollover Pass. The agency spent \$5.8 million in General Revenue Funds for this purpose during the 2016–17 biennium. According to the agency, federal litigation involving the landowner, which was previously causing delays with the closure of the pass has been dismissed.
- Funding for the Department of Agriculture includes \$1.9 million in Other Funds from the Economic Stabilization to fund repairs to the Metrology Lab’s HVAC system.
- Funding reductions totaling \$8.2 million in All Funds involving all Natural Resources agencies are included for contract cost containment. This includes reductions of \$4.4 million General Revenue–Dedicated Funds and \$3.8 million in General Revenue Funds.

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	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	\$1,336.3	\$1,477.2	\$140.9	10.5%
Animal Health Commission	\$26.8	\$24.8	(\$2.0)	(7.6%)
Commission on Environmental Quality	\$941.5	\$926.3	(\$15.2)	(1.6%)
General Land Office and Veterans' Land Board	\$405.1	\$264.8	(\$140.2)	(34.6%)
Low-level Radioactive Waste Disposal Compact Commission	\$0.9	\$1.2	\$0.3	32.2%
Parks and Wildlife Department	\$829.2	\$641.2	(\$188.0)	(22.7%)
Railroad Commission	\$176.4	\$209.3	\$32.9	18.7%
Soil and Water Conservation Board	\$77.7	71.8	(\$5.9)	(7.6%)
Water Development Board	\$394.7	\$364.1	(\$30.6)	(7.8%)
Subtotal, Natural Resources	\$4,188.6	\$3,980.7	(\$207.9)	(5.0%)
Employee Benefits and Debt Service	\$423.6	\$434.1	\$10.5	2.5%
Less Interagency Contracts	\$34.4	\$20.7	(\$13.7)	(39.9%)
Article VI, Special Provisions	\$0.0	(\$8.2)	(\$8.2)	N/A
Subtotal, Appropriations in Article VI	\$4,577.9	\$4,386.0	(\$191.8)	(4.2%)
Article IX Appropriations	\$0.0	\$239.3	\$239.3	N/A
Total, All Functions	\$4,577.9	\$4,625.3	\$47.4	1.0%

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	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	\$113.1	\$108.8	(\$4.3)	(3.8%)
Animal Health Commission	\$22.3	\$21.1	(\$1.2)	(5.4%)
Commission on Environmental Quality	\$24.4	\$32.6	\$8.2	33.5%
General Land Office and Veterans' Land Board	\$64.2	\$26.4	(\$37.8)	(58.9%)
Low-level Radioactive Waste Disposal Compact Commission	\$0.0	\$0.0	\$0.0	N/A
Parks and Wildlife Department	\$198.7	\$180.5	(\$18.2)	(9.2%)
Railroad Commission	\$22.5	\$20.9	(\$1.6)	(7.0%)
Soil and Water Conservation Board	\$42.9	\$41.2	(\$1.7)	(4.0%)
Water Development Board	\$151.7	\$131.7	(\$20.1)	(13.2%)
Subtotal, Natural Resources	\$639.9	\$563.2	(\$76.7)	(12.0%)
Employee Benefits and Debt Service	\$195.2	\$197.9	\$2.8	1.4%

FIGURE 66 (CONTINUED)
ARTICLE VI – NATURAL RESOURCES BY AGENCY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/ BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article VI, Special Provisions	\$0.0	(\$3.8)	(\$3.8)	N/A
Total, All Functions	\$835.0	\$757.4	(\$77.7)	(9.3%)

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	HCSSB1 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	\$803.1	(\$8.3)	(1.0%)
General Land Office and Veterans' Land Board	\$29.9	\$30.5	\$0.6	2.0%
Low-level Radioactive Waste Disposal Compact Commission	\$0.9	\$1.2	\$0.3	32.2%
Parks and Wildlife Department	\$392.1	\$289.4	(\$102.7)	(26.2%)
Railroad Commission	\$134.7	\$169.3	\$34.6	25.7%
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	\$1,298.1	(\$75.6)	(5.5%)
Employee Benefits and Debt Service	\$160.7	\$167.2	\$6.6	4.1%
Article VI, Special Provisions	\$0.0	(\$4.4)	(\$4.4)	N/A
Total, All Functions	\$1,534.4	\$1,460.9	(\$73.5)	(4.8%)

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

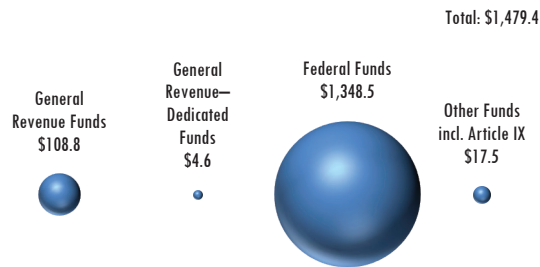
SOURCE: Legislative Budget Board.

DEPARTMENT OF AGRICULTURE

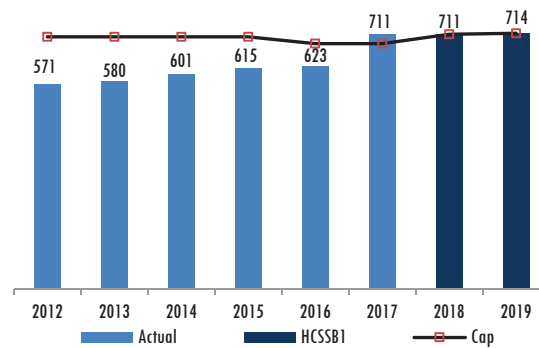
FIGURE 68
TEXAS DEPARTMENT OF AGRICULTURE, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$113.1	\$108.8	(\$4.3)	(3.8%)
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%)
Subtotal, Appropriations in Article VI	\$1,336.3	\$1,477.2	\$140.9	10.5%
Article IX Appropriations	\$0.0	\$2.3	\$2.3	N/A
Total, All Funds	\$1,336.3	\$1,479.4	\$143.1	10.7%

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 Agriculture for the 2018–19 biennium totals \$1.5 billion in All Funds, which is an increase of \$143.1 million, or 10.7 percent, from the 2016–17 biennium. General Revenue Funds and General Revenue–Dedicated funding totals \$113.4 million, a decrease of \$4.4 million, or 3.7 percent. Federal Funds and Other Funds funding totals \$1.4 billion, an increase of \$147.5 million, or 12.1 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

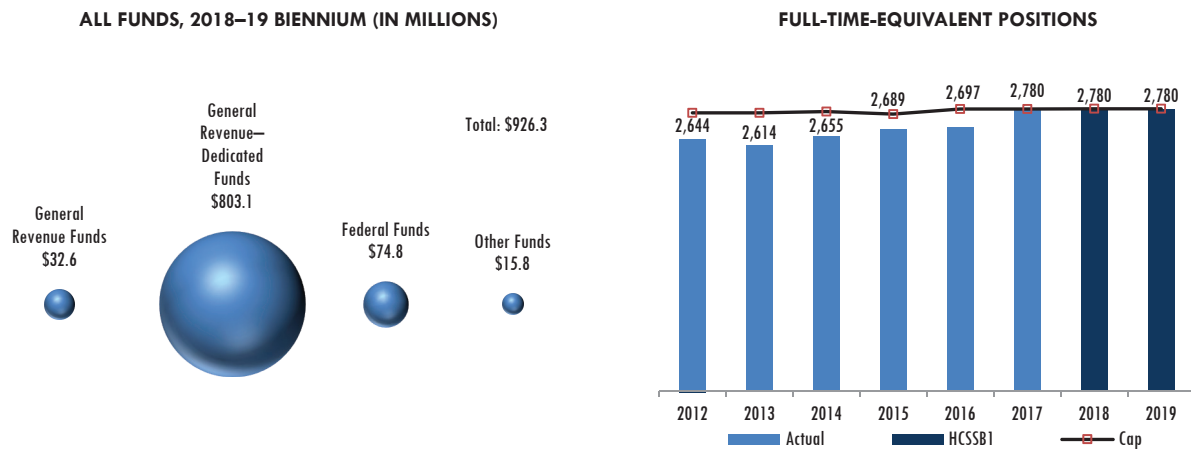
- Funding includes \$1,215.1 million in All Funds for the Child and Adult Nutrition programs. This includes an increase of \$178.6 million in Federal Funds as a result of increased population projections.
- Funding includes \$133.4 million in Federal Funds from various other federal funding sources, a decrease of \$20.2 million in funding not anticipated to continue in 2018–19. This reduction is primarily due to the ending of a \$17.0 million one-time Biofuel Infrastructure Partnership Grant, and a reduction of \$1.0 million in the Community Development Block Grant program.
- Funding includes \$39.9 million in General Revenue funding contingent on the agency generating sufficient revenue to cover both the direct and indirect costs for the agency’s 13 cost recovery programs. Other direct and indirect costs total \$12.2 million for the biennium.

- Funding includes \$10.0 million in General Revenue Funds, a \$4.1 million increase, for the Texans Feeding Texans (Surplus Agricultural Product Grant Program). The program awards grant funding to help offset the costs of harvesting, gleaning and transporting Texas products to Texas food banks.
- Funding includes \$9.8 million in General Revenue funding for the Boll Weevil Eradication program, a decrease of \$4.2 million from 2016–17 funding levels. The program works to eradicate and suppress the boll weevil and pink bollworm from Texas cotton fields. All regions except for the Lower Rio Grande Valley region have entered the maintenance phase of the eradication program.
- Funding includes \$9.0 million in Other Funds from the Texas Economic Development Fund No. 183, a reduction of \$6.7 million due to depletion of the fund's original balances. The account funds investments in small businesses, including loans to small businesses focused on rural Texas.
- Funding includes \$1.9 million in Other Funds from the Economic Stabilization to fund repairs to the Metrology Lab's HVAC system.
- Funding is reduced by \$0.8 million in General Revenue Funds to eliminate funding for the Zebra Chip Research Grant program.
- Funding is reduced by \$0.9 million in General Revenue Funds to transfer the responsibilities and associated funding for the Feral Hog Abatement program to the Texas A&M AgriLife Extension Service.
- Funding includes \$0.4 million in Other Funds from the Economic Stabilization Fund and 3.0 FTEs in fiscal year 2019 in Article IX, Section 17.13, to fund the implementation of the Centralized Accounting and Payroll/Personnel System.

COMMISSION ON ENVIRONMENTAL QUALITY

FIGURE 69
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$24.4	\$32.6	\$8.2	33.5%
General Revenue–Dedicated Funds	\$811.4	\$803.1	(\$8.3)	(1.0%)
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	\$926.3	(\$15.2)	(1.6%)



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

Funding for the Commission on Environmental Quality (TCEQ) for the 2018–19 biennium totals \$926.3 million in All Funds, which is a reduction of \$15.2 million, or 1.6 percent, from the 2016–17 biennium. General Revenue Funds and General Revenue–Dedicated funding total \$835.7 million, a decrease of \$0.1 million.

HIGHLIGHTS

- Funding includes \$236.3 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 continues funding at the 2016–17 level. Three TERP programs will expire at the end of fiscal year 2017, while one program will expire at the end of fiscal year 2018; this results in the Emissions Reduction Incentive Grant program receiving a larger allocation in 2018–19 than in 2016–17.
- Funding includes \$74.8 million in Federal Funds for environmental programs, a decrease of \$7.2 million in funding not anticipated to continue in 2018–19. Funding includes \$41.4 million in Performance Partnership Grants, which combine funds from multiple U.S. Environmental Protection Agency environmental programs.
- Funding includes an increase of \$8.4 million in General Revenue Funds for public drinking water needs, water quality needs, and compliance activities related to the new Federal Revised Total Coliform Rule.
- Funding includes \$2.3 million in Appropriated Receipts, a decrease of \$4.4 million from the 2016–17 biennium due primarily to the depletion of funding available for groundwater filtration systems for the West County Road 112

Superfund Site. Funding also includes \$13.5 million in Interagency Contracts, a decrease of \$4.5 million from the 2016–17 biennium. This includes a decrease of \$3.3 million from the Texas Water Development Board in Drinking Water State Revolving Funds.

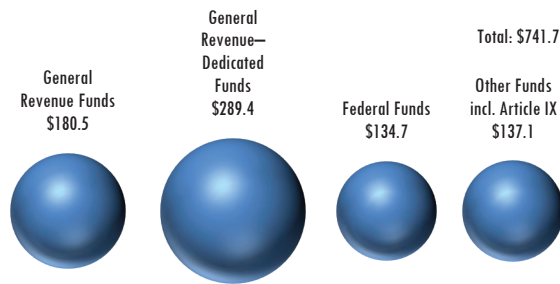
- Funding includes \$5.0 million in General Revenue Funds for the Rio Grande Compact Commission litigation expenses, continuing 2016–17 funding levels. Texas has filed a motion with the U.S. Supreme Court concerning disputed water rights to the Rio Grande between Texas and New Mexico. TCEQ has indicated 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.

PARKS AND WILDLIFE DEPARTMENT

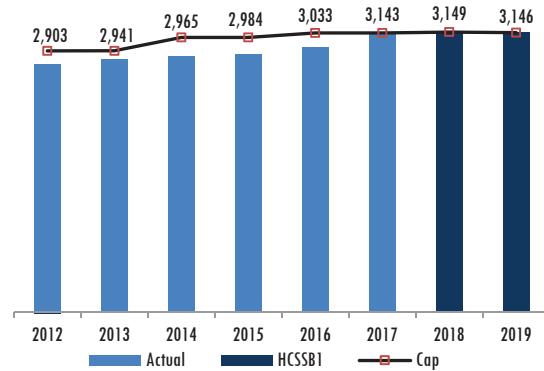
FIGURE 70
TEXAS PARKS AND WILDLIFE DEPARTMENT, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCCSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$198.7	\$180.5	(\$18.2)	(9.2%)
General Revenue–Dedicated Funds	\$392.1	\$289.4	(\$102.7)	(26.2%)
Federal Funds	\$171.0	\$134.7	(\$36.3)	(21.2%)
Other Funds	\$67.3	\$36.6	(\$30.7)	(45.6%)
Subtotal, Appropriations in Article VI	\$829.2	\$641.2	(\$188.0)	(22.7%)
Article IX Appropriations	\$0.0	\$100.5	\$100.5	N/A
Total, All Funds	\$829.2	\$741.7	(\$87.4)	(10.5%)

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 Parks and Wildlife Department (TPWD) for the 2018–19 biennium totals \$741.7 million from All Funds. This amount is a decrease of \$87.4 million, or 10.5 percent, below the 2016–17 biennium. The decrease is primarily due to reductions in appropriations for deferred maintenance and capital construction projects, Federal Funds available in 2016–17 not anticipated to be available in 2018–19, and projected declines from donations and project reimbursements.

HIGHLIGHTS

- Funding includes \$148.6 million from General Revenue Sporting Goods Sales Tax (SGST) transfers, which is a decrease of \$6.5 million from the 2016–17 biennium. In addition to the amounts in the agency’s bill pattern, \$72.4 million from SGST is utilized for payroll-related benefits and debt service payments, which brings the total appropriated and estimated amount for the agency to \$221.0 million. This is \$40.1 million less than the 2016–17 total appropriated and estimated amount and \$92.5 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 four General Revenue–Dedicated accounts:
 - State Parks Account No. 64: \$120.2 million is transferred to the State Parks Account No. 64, which continues 2016–17 funding levels for state parks operations and capital improvements.

- Texas Recreation and Parks Account No. 467: \$18.5 million, a decrease of \$0.2 million, for grants to counties and municipalities with populations under 500,000 for local parks and other outdoor recreation opportunities.
 - Large County and Municipality Recreation and Parks Account No. 5150: \$10.0 million, a decrease of \$4.3 million, for grants to counties and municipalities with populations over 500,000 for local parks and other outdoor recreation opportunities.
 - Parks and Wildlife Conservation and Capital Account No. 5004: No funding is transferred to this account for 2018–19, which is a decrease of \$2.1 million, for capital improvements at state parks.
- Funding includes \$203.1 million from the General Revenue-Dedicated Game, Fish, and Water Safety Account No 9 (Fund 9), a decrease of \$25.3 million, or 11.1 percent. Fund 9 supports operations and capital improvements related to wildlife and fisheries management as well as enforcement of game, fish, and water safety laws.
 - Funding includes \$171.6 million in All Funds, which is a decrease of \$6.4 million, or 3.6 percent, below the 2016–17 funding level, for state park operations, minor repairs, and support. This includes increases of \$1.7 million from the General Revenue–Dedicated State Parks Account No. 64 and \$0.6 million from Sporting Goods Sales Tax transfers to the State Parks Account No. 64, offset by decreases in Federal Funds and Other Funds. These funds are used to operate 91 state parks, historic sites, and natural areas anticipated to be open to the public during the 2018–19 biennium.
 - Funding includes \$164.0 million from All Funds for wildlife and fisheries conservation and management operations, which is a decrease of \$25.3 million below 2016–17 funding levels. Of this amount, \$90.1 million is from Federal Funds and \$64.6 million is from Fund 9.
 - Funding includes \$134.7 million in Federal Funds, which is a decrease of \$36.3 million, or 21.2 percent from the 2016–17 level. The agency receives funding from various federal sources for wildlife and fisheries conservation and management, developing outdoor recreation opportunities, law enforcement, and outreach and education efforts. Additional Federal Funds may be secured by the agency over the course of the 2018–19 biennium that are not reflected in the appropriations.
 - Funding includes \$110.6 million from All Funds for deferred maintenance and capital construction. This is a decrease of \$29.6 million below 2016–17 funding levels. The decrease is primarily due to the removal of \$90.2 million from the General Revenue–Dedicated Deferred Maintenance Account No. 5166, \$9.2 million from Fund 9, \$3.5 million from the SGST transfers to the State Park Account No. 64, and \$2.6 million from SGST transfers to the Conservation and Capital Account No. 5004 for one-time expenditures and a method of finance swap with the Economic Stabilization Fund. These reductions were partially offset by an increase of \$78.1 million from the Economic Stabilization Fund, including \$49.2 million for construction related to damage caused by floods, wildfires, and other natural disasters primarily at state parks, and \$29.0 million for deferred maintenance and capital construction projects.
 - Funding includes \$21.6 million for border security activities, all from the Economic Stabilization Fund. This amount continues \$10.6 million to provide for 49.0 game warden FTEs and includes an increase of \$7.0 million above the 2016–17 funding level due to the direct appropriation of funds for the agency’s participation in Operation Secure Texas (OST). During the 2016–17 biennium, funding for OST was provided by an interagency contract with the Department of Public Safety. Funding also includes \$4.0 million to replace a 65-foot offshore vessel used for law enforcement and border security.
 - 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 donations and project reimbursements, a reduction of \$21.9 million, or 56.7 percent, that is not expected to continue in 2018–19, which is based upon estimates provided by the agency. Funding also includes \$12.1 million from General Obligation bond proceeds, a decrease of \$11.0 million, or 47.6 percent.

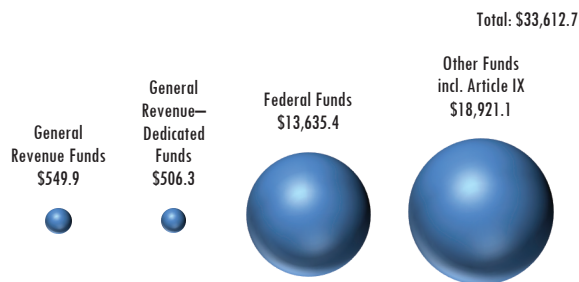
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT

FIGURE 71
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, BY METHOD OF FINANCE

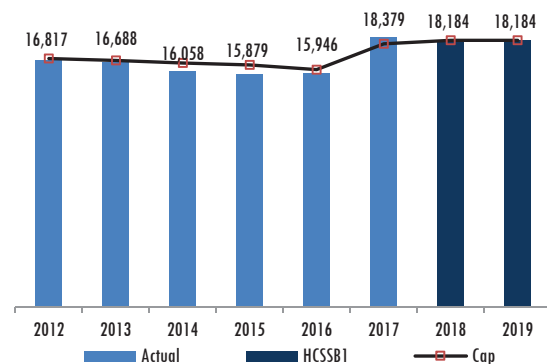
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,176.9	\$549.9	(\$627.0)	(53.3%)
General Revenue–Dedicated Funds	\$505.9	\$506.3	\$0.4	0.1%
Federal Funds	\$12,326.1	\$13,635.4	\$1,309.2	10.6%
Other Funds	\$15,655.1	\$18,913.3	\$3,258.2	20.8%
Subtotal, Appropriations in Article VII	\$29,663.9	\$33,604.8	\$3,940.9	13.3%
Article IX Appropriations	\$0.0	\$7.9	\$7.9	N/A
Total, All Funds	\$29,663.9	\$33,612.7	\$3,948.8	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 \$549.9 million, a decrease of \$627.0 million, or 53.3 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 anticipated 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 \$3.7 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. See the agency bill summary for additional details.

- Funding for the Texas Workforce Commission includes a net increase in All Funds of \$245.0 million primarily to biennialize funding for the Vocational Rehabilitation and Business Enterprises of Texas programs transferred from the Department of Assistive and Rehabilitative Services to the agency in fiscal year 2017 pursuant to legislation passed by the Eighty-fourth Legislature, 2015. See the agency bill summary for additional details.
- Funding for the Department of Motor Vehicles includes a decrease in General Revenue Funds of \$156.0 million primarily due to a method of financing swap to replace General Revenue Funds 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 \$334.6 million in All Funds, a net decrease of \$15.4 million from the 2016–17 biennium. The decrease in funding is primarily related to one-time appropriations of General Revenue Funds and State Highway Funds (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 the establishment of a special investigations unit, including an additional 13 full-time-equivalents, to investigate fraudulent motor vehicle activities.
- Funding for the Texas Lottery Commission includes a net increase in All Funds of \$12.5 million. This includes a net increase of \$3.5 million in General Revenue Funds primarily for estimated bingo prize fees allocated to counties and municipalities and a net increase of \$9.1 million in General Revenue–Dedicated Funds for the agency’s lottery operations. The increase in General Revenue–Dedicated Funds is attributable primarily to an increase of \$15.6 million in estimated funding due to an anticipated increase in gross lottery ticket sales offset by a decrease of \$2.6 million for mass media advertising contracts and \$0.9 million for market research. See the agency bill summary for additional details.
- In addition to the items outlined above, funding across the business and economic development agencies includes a decrease of \$9.8 million in General Revenue Funds and General Revenue–Dedicated Funds for contract cost containment.

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	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	\$477.1	\$474.3	(\$2.7)	(0.6%)
Texas Lottery Commission	\$496.7	\$509.2	\$12.5	2.5%
Department of Motor Vehicles	\$350.0	\$334.6	(\$15.4)	(4.4%)
Department of Transportation	\$24,746.1	\$28,396.6	\$3,650.5	14.8%
Texas Workforce Commission	\$2,844.5	\$3,089.3	\$244.8	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	\$32,840.2	\$3,887.0	13.4%
Retirement and Group Insurance	\$708.3	\$777.7	\$69.4	9.8%
Social Security and Benefit Replacement Pay	\$141.4	\$147.8	\$6.4	4.5%
Bond Debt service Payments	\$30.8	\$26.6	(\$4.2)	(13.6%)
Lease Payments	\$2.7	0.6	(\$2.0)	(76.9%)

FIGURE 72 (CONTINUED)
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Subtotal, Employee Benefits and Debt Service	\$883.1	\$952.7	\$69.6	7.9%
Less Interagency Contracts	\$172.4	\$178.4	\$6.0	3.5%
Article VII, Special Provisions	\$0.0	(\$9.8)	(\$9.8)	N/A
Subtotal, Appropriations in Article VII	\$29,663.9	\$33,604.8	\$3,940.9	13.3%
Article IX Appropriations	\$0.0	\$7.9	\$7.9	N/A
Total, All Functions	\$29,663.9	\$33,612.7	\$3,948.8	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	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	\$26.6	\$24.4	(\$2.1)	(8.0%)
Texas Lottery Commission	\$30.9	\$34.4	\$3.5	11.2%
Department of Motor Vehicles	\$184.7	\$28.6	(\$156.0)	(84.5%)
Department of Transportation	\$514.2	\$5.4	(\$508.7)	(98.9%)
Texas Workforce Commission	\$339.9	\$384.3	\$44.4	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	\$477.2	(\$619.0)	(56.5%)
Retirement and Group Insurance	\$38.6	\$41.3	\$2.7	7.1%
Social Security and Benefit Replacement Pay	\$9.3	\$9.8	\$0.5	5.3%
Bond Debt Service Payments	\$30.1	\$25.9	(\$4.2)	(13.9%)
Lease Payments	\$2.7	\$0.6	(\$2.0)	(76.9%)
Subtotal, Employee Benefits and Debt Service	\$80.6	\$77.6	(\$3.0)	(3.7%)
Article VII, Special Provisions	\$0.0	(\$4.9)	(\$4.9)	N/A
Total, All Functions	\$1,176.9	\$549.9	(\$627.0)	(53.3%)

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

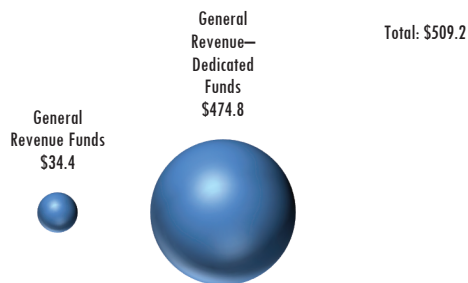
SOURCE: Legislative Budget Board.

TEXAS LOTTERY COMMISSION

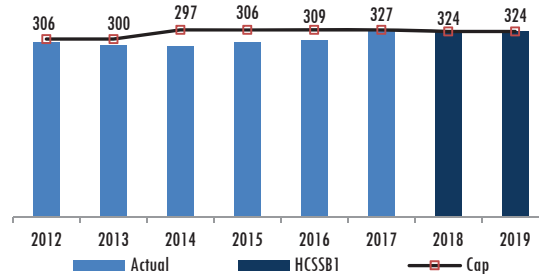
FIGURE 74
TEXAS LOTTERY COMMISSION, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$30.9	\$34.4	\$3.5	11.2%
General Revenue–Dedicated Funds	\$465.8	\$474.8	\$9.1	1.9%
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	\$509.2	\$12.5	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 Lottery Commission for the 2018–19 biennium totals \$509.2 million in All Funds, which includes an All Funds increase of \$12.5 million from the 2016–17 biennium. The Texas Lottery Commission is under Strategic Fiscal Review.

HIGHLIGHTS

- Funding includes \$34.4 million in General Revenue Funds for the agency’s bingo operations, an increase of \$3.5 million primarily due to an increase of \$3.7 million for estimated bingo prize fees allocated to counties and municipalities offset by a decrease of \$0.2 million for the reduction of two bingo auditors.
- Funding includes \$474.8 million from the State Lottery Account (General Revenue–Dedicated Fund 5025) for lottery operations, an increase of \$9.1 million primarily due to an increase of \$15.6 million for the lottery operator contract and retailer incentives, which are estimated and based on a percentage of gross lottery ticket proceeds. This increase in General Revenue–Dedicated Funds is offset by a reduction in funding of \$2.6 million for mass media advertising contracts and \$0.9 million for market research.

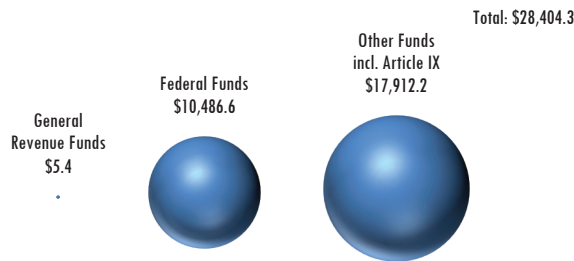
DEPARTMENT OF TRANSPORTATION

FIGURE 75
DEPARTMENT OF TRANSPORTATION, BY METHOD OF FINANCE

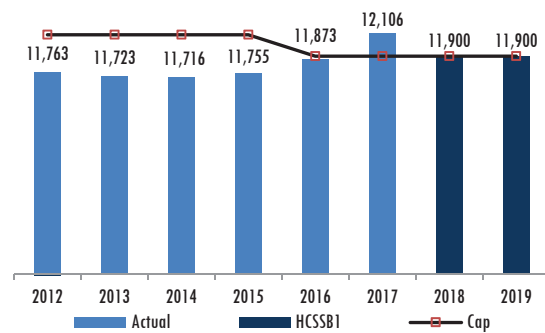
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$514.2	\$5.4	(\$508.7)	(98.9%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$9,410.1	\$10,486.6	\$1,076.6	11.4%
Other Funds	\$14,821.9	\$17,904.5	\$3,082.6	20.8%
Subtotal, Appropriations in Article VII	\$24,746.1	\$28,396.6	\$3,650.5	14.8%
Article IX Appropriations	\$0.0	\$7.7	\$7.7	N/A
Total, All Funds	\$24,746.1	\$28,404.3	\$3,658.2	14.8%

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 number of full-time-equivalent (FTE) positions for fiscal years 2012 to 2017 include agency Summer Hire Program FTEs that are exempt from the FTE cap (including an estimated 206.0 Summer Hire FTEs in fiscal year 2017).

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 \$3.7 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);

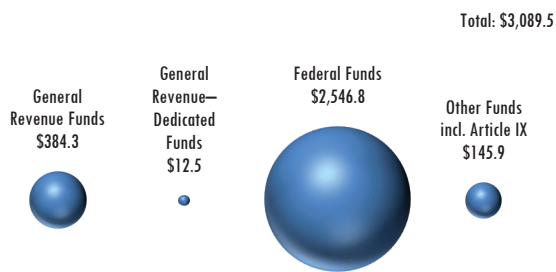
- \$2.5 billion from oil and natural gas tax-related deposits to the SHF (Proposition 1, 2014) for non-tolled roadway projects (an increase of \$0.9 billion), including \$1.2 billion for payments on ongoing projects from Proposition 1 balances remaining from prior fiscal years and \$1.3 billion from 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 and bond debt service payments;
- \$0.6 billion in bond proceeds for a decrease of \$1.7 billion, including:
 - * A decrease of \$1.3 billion in Proposition 12 General Obligation bond proceeds;
 - * A decrease of \$0.4 billion in Texas Mobility Fund bond proceeds;
 - * A decrease of \$17.1 million in SHF Revenue bond proceeds (Proposition 14); and
 - * A decrease of \$6.5 million in General Obligation bond proceeds for border colonia access roadway projects.
- General Revenue funding is decreased by \$0.5 billion primarily due to the replacement of General Revenue Funds with SHF Proposition 7, 2015, proceeds for debt service payments on Proposition 12 General Obligation bonds.
- \$24.8 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 (Other Funds) 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 (Other Funds) for Proposition 14 bonds;
 - \$0.8 billion in Texas Mobility Funds (Other Funds) for Texas Mobility Fund bonds;
 - \$0.6 billion in SHF Proposition 7, 2015, proceeds for Proposition 12 General Obligation bonds;
 - \$0.1 billion in Federal Funds from Build America Bond interest payment subsidies; and
 - \$4.0 million in SHF for credit agreements associated with the agency's short-term borrowing program.
- \$61.1 million in SHF is provided for information technology projects for transportation project and portfolio management and enterprise information management.
- An additional \$7.7 million in SHF is provided in Article IX for Centralized Accounting and Payroll/Personnel Systems (CAPPS) upgrades.

TEXAS WORKFORCE COMMISSION

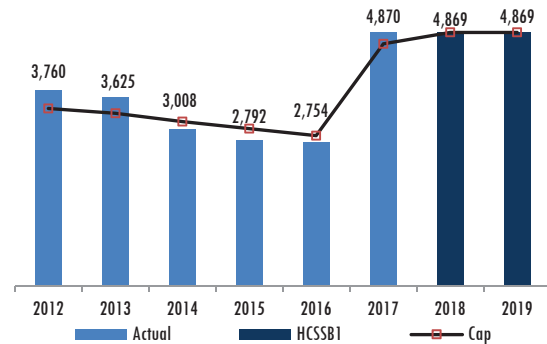
FIGURE 76
TEXAS WORKFORCE COMMISSION, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$339.9	\$384.3	\$44.4	13.1%
General Revenue–Dedicated Funds	\$15.6	\$12.5	(\$3.2)	(20.3%)
Federal Funds	\$2,349.9	\$2,546.8	\$196.9	8.4%
Other Funds	\$139.0	\$145.7	\$6.7	4.8%
Subtotal, Appropriations in Article VII	\$2,844.5	\$3,089.3	\$244.8	8.6%
Article IX Appropriations	\$0.0	\$0.2	\$0.2	N/A
Total, All Funds	\$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 y eligibility re-determination period.

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

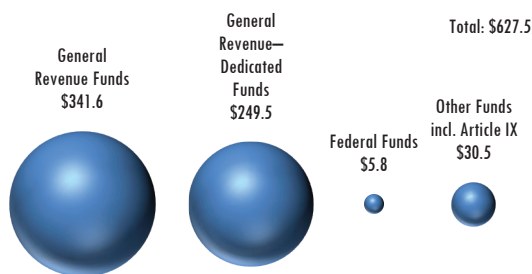
ARTICLE VIII – REGULATORY

FIGURE 77
ARTICLE VIII REGULATORY, BY METHOD OF FINANCE

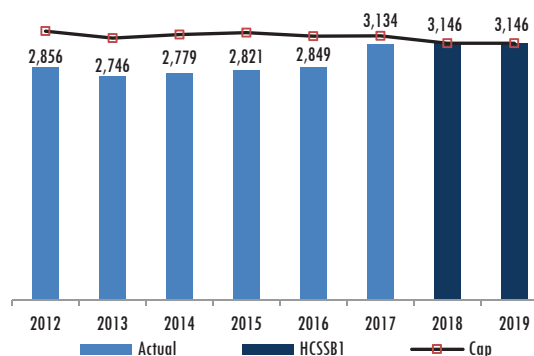
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCCSB1 2018–19	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$337.1	\$341.6	\$4.5	1.3%
General Revenue–Dedicated Funds	\$579.0	\$249.5	(\$329.5)	(56.9%)
Federal Funds	\$8.6	\$5.8	(\$2.8)	(32.3%)
Other Funds	\$32.8	\$29.4	(\$3.4)	(10.5%)
Subtotal, Appropriations in Article VIII	\$957.6	\$626.3	(\$331.3)	(34.6%)
Article IX Appropriations	\$0.0	\$1.2	\$1.2	N/A
Total, All Funds	\$957.6	\$627.5	(\$330.1)	(34.5%)

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 VIII

All Funds for the Regulatory agencies total \$627.5 million for the 2018–19 biennium, a reduction of \$330.1 million, or 34.5 percent from the 2016–17 biennium. The reduction in funding is primarily related to the expiration of the General Revenue–Dedicated System Benefit Account No. 5100 (System Benefit Fund) and the spend down of the balance of the fund during the 2016–17 biennium. The regulatory agencies regulate a variety of industries, including health-related occupations, non-health-related occupations, securities, and pari-mutuel racing, and the appropriations and indirect costs for 20 of these regulatory agencies are supported by fees generated from the industries and occupations they regulate.

HIGHLIGHTS

- Funding for the Public Utility Commission includes a reduction of \$326.8 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 \$5.8 million for the 2018–19 biennium. Funding for the Three-Share Premium Assistance program, which allows the Department of Insurance to award small

grants to programs that help provide and subsidize low-cost small business health insurance plans includes a \$4.0 million decrease in All Funds; however, authority to fund grant awards through the use of available fines collected from regulated entities is continued for the agency. Funding also includes a \$2.9 million decrease in General Revenue Funds and General Revenue–Dedicated Funds for reductions in administrative support, the production of reports and data calls related to regulatory policy, ongoing costs for data center services and one-time expenditures for information technology security in the 2016–17 biennium and a \$2.3 million decrease in Federal Funds for the elimination of a federal Affordable Care Act Health Insurance Premium Review Grant that is not expected in fiscal years 2018 and 2019. 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.

- Funding for the Texas Department of Licensing and Regulation includes an increase of \$3.5 million in General Revenue Funds and 25.0 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 \$0.2 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 and an increase of \$0.1 million from the Economic Stabilization Fund for the second phase of the Centralized Accounting and Payroll/Personnel System implementation appropriated to the agency in Article IX. This increase in funding is offset by a decrease of \$1.6 million in General Revenue Funds for one-time expenses incurred during the 2016–17 biennium for information technology security, the first phase of the Centralized Accounting and Payroll/Personnel System implementation, and start-up costs for the regulation of programs and occupations transferred to the agency during the 2016–17 biennium and a decrease of \$1.6 million in General Revenue Funds for the reduction of 14.0 FTEs in agency operations and administration.
- Funding for the Board of Pharmacy includes an increase of \$1.4 million in All 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. This includes an increase of \$0.8 million in General Revenue Funds to biennialize funding for the program and an increase of \$0.6 million from the Economic Stabilization Fund appropriated to the agency in Article IX for increased database contract costs related to the program. Funding for the Board of Pharmacy also includes \$0.1 million from the Economic Stabilization Fund appropriated in Article IX for the implementation of the Voice over Internet Protocol system. 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 \$2.2 million in General Revenue Funds requested by the agency offset by an increase of \$2.0 million in Other Funds related to higher interagency contract funding for anticipated increased workload and the full implementation of a higher hourly rate for the agency’s services.
- Funding in Article IX includes \$0.4 million from the Economic Stabilization Fund for the Texas Medical Board, Optometry Board, Executive Council of Physical Therapy and Occupational Therapy Examiners, and Board of Veterinary Medical Examiners for the implementation of the Centralized Accounting and Payroll/Personnel System or the Voice over Internet Protocol system at each of the agencies.
- Funding for certain other regulatory agencies incorporate reductions to agency operations and administration.
- In addition to the items outlined above, funding across the regulatory agencies includes a decrease of \$0.5 million in General Revenue Funds and General Revenue–Dedicated Funds for contract cost containment.

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	HCSSB1 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	(\$0.4)	(4.1%)
Funeral Service Commission	\$1.7	\$1.6	(\$0.1)	(3.4%)
Board of Professional Geoscientists	\$1.2	\$1.1	(\$0.0)	(4.0%)
Health Professions Council	\$2.2	\$2.1	(\$0.1)	(2.9%)
Office of Injured Employee Counsel	\$17.6	\$17.6	\$0.0	0.0%
Department of Insurance	\$232.6	\$226.8	(\$5.8)	(2.5%)
Office of Public Insurance Counsel	\$2.2	\$2.1	(\$0.1)	(3.3%)
Board of Professional Land Surveying	\$0.9	\$0.9	(\$0.0)	(0.7%)
Department of Licensing and Regulation	\$67.0	\$67.9	\$0.9	1.3%
Texas Medical Board	\$28.3	\$27.3	(\$1.0)	(3.6%)
Texas Board of Nursing	\$24.1	\$24.2	\$0.1	0.4%
Optometry Board	\$1.0	\$0.9	(\$0.0)	(3.3%)
Board of Pharmacy	\$15.4	\$15.2	(\$0.2)	(1.4%)
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$2.9	\$2.8	(\$0.1)	(3.9%)
Board of Plumbing Examiners	\$5.4	\$5.2	(\$0.2)	(4.0%)
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	\$15.6	\$0.9	6.4%
Securities Board	\$14.6	\$14.0	(\$0.6)	(4.0%)
Public Utility Commission	\$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	\$2.5	(\$0.1)	(3.9%)
Subtotal, Regulatory	\$834.7	\$500.6	(\$334.1)	(40.0%)
Retirement and Group Insurance	\$105.2	\$111.2	\$6.0	5.7%
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	\$137.7	\$5.3	4.0%
Less Interagency Contracts	\$9.5	\$11.5	\$1.9	20.3%
Article VIII, Special Provisions	\$0.0	(\$0.5)	(\$0.5)	N/A
Subtotal, Appropriations in Article VIII	\$0.0	\$626.3	\$626.3	N/A
Article IX Appropriations	\$0.0	\$1.2	\$1.2	N/A
Total, All Functions	\$957.6	\$627.5	(\$330.1)	(34.5%)

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 79
ARTICLE VIII – REGULATORY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2016–17	HCSSB1 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	\$7.9	(\$0.3)	(3.9%)
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	\$84.8	\$1.9	2.3%
Office of Public Insurance Counsel	\$1.8	\$1.7	(\$0.1)	(4.0%)
Board of Professional Land Surveying	\$0.9	\$0.9	\$0.0	0.0%
Department of Licensing and Regulation	\$58.2	\$59.0	\$0.8	1.4%
Texas Medical Board	\$23.6	\$20.1	(\$3.5)	(14.7%)
Texas Board of Nursing	\$17.4	\$16.8	(\$0.6)	(3.6%)
Optometry Board	\$0.9	\$0.9	(\$0.0)	(3.7%)
Board of Pharmacy	\$14.9	\$15.1	\$0.3	1.9%
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$2.7	\$2.7	(\$0.0)	(1.6%)
Board of Plumbing Examiners	\$5.3	\$5.1	(\$0.2)	(4.0%)
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	\$14.0	(\$0.6)	(4.0%)
Public Utility Commission	\$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	\$2.5	(\$0.1)	(3.9%)
Subtotal, Regulatory	\$279.2	\$282.0	\$2.7	1.0%
Retirement and Group Insurance	\$45.3	\$47.8	\$2.5	5.5%
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	\$60.0	\$2.1	3.7%
Article VIII, Special Provisions	\$0.0	(\$0.4)	(\$0.4)	N/A
Total, All Functions	\$337.1	\$341.6	\$4.5	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.

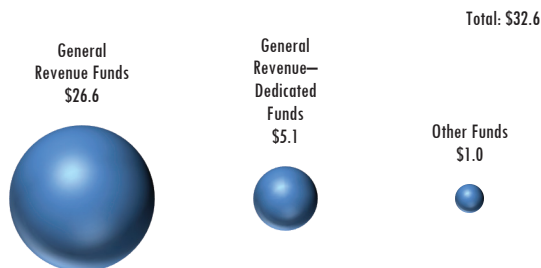
PUBLIC UTILITY COMMISSION

FIGURE 80
PUBLIC UTILITY COMMISSION, BY METHOD OF FINANCE

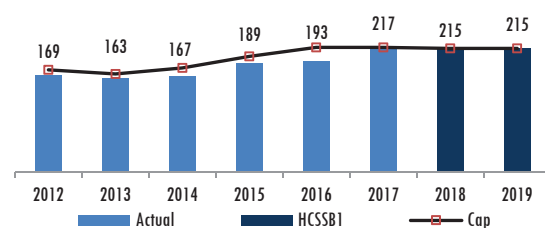
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2016–17	HCSSB1 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, appropriations include a decrease of \$334.4 million in General Revenue–Dedicated Funds. This includes a decrease of \$325.5 million for the expiration of the Low Income Discount Program and \$8.9 million for non-Low Income Discount Program components of the fund, outlined below.
- Funding includes a method of finance swap of \$8.9 million of General Revenue Funds in the 2018–19 biennium to replace operational expenses for electric oversight, customer education, and agency administration previously funded in a like amount through the System Benefit Fund during the 2016–17 biennium.
- Funding includes decreases of \$1.1 million in General Revenue Funds and \$0.2 million in General Revenue–Dedicated Funds for customer education outreach contracts, 2.0 full-time-equivalent positions 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.

The following sample shows a bill pattern for the Office of 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 Agency Items of Appropriation consist of goals with multiple strategies. Each strategy has its own appropriation.

F The left footer shows the version of the appropriations bill. This is the LBB recommended version for the House.

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

		For the Years Ending	
		August 31, 2018	August 31, 2019
OFFICE OF THE ATTORNEY GENERAL			
B	Method of Financing:		
	<u>General Revenue Fund</u>		
	General Revenue Fund	\$ 109,135,254	\$ 112,718,415
	Child Support Retained Collection Account	97,005,072	97,005,072
	Attorney General Debt Collection Receipts	8,300,000	8,300,000
	General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees	3,411,343	3,411,343
	Subtotal, General Revenue Fund	<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	301,402	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 6	\$153,750	\$153,750
E	Items of Appropriation:		
	A. Goal: PROVIDE LEGAL SERVICES		
	Provide General Legal Services to the State and Authorized Entities.		
	A.1.1. Strategy: LEGAL SERVICES		
	Provide Legal Counsel/Litigation/Alternative Dispute Resolution Svcs.	\$ 102,107,328	\$ 102,099,506
F	A813-LBB House-1-A		
G	I-3		
			December 27, 2016

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

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)

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.

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

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

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)		
d. Centralized Accounting and Payroll/Personnel System (CAPPS)		
(1) Converted PeopleSoft Licenses	\$ 55,662	\$ 55,662
Total, Capital Budget	<u>\$ 82,417,063</u>	<u>\$ 60,814,815</u>
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
<u>Other Funds</u>		
Appropriated Receipts	789,449	789,449
Interagency Contracts	115,398	115,398
Subtotal, Other Funds	<u>\$ 904,847</u>	<u>\$ 904,847</u>
Total, Method of Financing	<u>\$ 82,417,063</u>	<u>\$ 60,814,815</u>
	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.		
4. Child Support Collections.		
a. The Office of the Attorney General shall deposit Child Support Retained Collections in a special account in the Comptroller’s Office. The account shall be called the Child Support Retained Collection Account. Child Support Retained Collections shall include the state share of funds collected by the Office of the Attorney General which were previously paid by the State as Aid to Families with Dependent Children (AFDC) or Temporary Assistance for Needy Families (TANF) or foster care payments, all child support enforcement incentive		

GENERAL APPROPRIATIONS BILL COMPARISONS

FUNCTION	ESTIMATED/ BUDGETED 2016-17 (1)	HOUSE BILL 1, AS INTRODUCED 2018-19		COMPARISON OF HBI AS INTRODUCED TO ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018-19		COMPARISON OF HCSSBI TO ESTIMATED/ BUDGETED		COMPARISON OF HCSSBI TO HB1 AS INTRODUCED	
			\$	%	\$ CHANGE	%	\$	%	\$ CHANGE	%	\$ CHANGE
Article I – General Government	\$7,073.8	\$5,920.1	(\$1,153.8)	(16.3%)	\$5,755.2	(\$1,318.6)	(18.6%)	(\$164.9)	(2.8%)		
Article II – Health and Human Services	\$81,112.4	\$81,848.7	\$736.4	0.9%	\$79,310.2	(\$1,802.1)	(2.2%)	(\$2,538.5)	(3.1%)		
Article III – Agencies of Education	\$79,140.7	\$81,585.4	\$2,444.7	3.1%	\$79,590.6	\$449.9	0.6%	(\$1,994.8)	(2.4%)		
<i>Public Education</i>	\$58,896.4	\$61,073.1	\$2,176.7	3.7%	\$59,073.1	\$176.7	0.3%	(\$2,000.0)	(3.3%)		
<i>Higher Education</i>	\$20,244.3	\$20,512.3	\$268.0	1.3%	\$20,517.5	\$273.2	1.3%	\$5.2	0.0%		
Article IV – The Judiciary	\$813.3	\$806.5	(\$6.8)	(0.8%)	\$824.7	\$11.4	1.4%	\$18.2	2.3%		
Article V – Public Safety and Criminal Justice	\$12,503.5	\$12,241.2	(\$262.4)	(2.1%)	\$11,359.4	(\$1,144.1)	(9.2%)	(\$881.8)	(7.2%)		
Article VI – Natural Resources	\$4,577.9	\$4,506.9	(\$71.0)	(1.6%)	\$4,386.0	(\$191.8)	(4.2%)	(\$120.9)	(2.7%)		
Article VII – Business and Economic Development	\$29,663.9	\$33,410.5	\$3,746.5	12.6%	\$33,604.8	\$3,940.9	13.3%	\$194.3	0.6%		
Article VIII – Regulatory	\$957.6	\$631.2	(\$326.4)	(34.1%)	\$626.3	(\$331.3)	(34.6%)	(\$4.9)	(0.8%)		
Article IX – General Provisions	\$0.0	\$42.5	\$42.5	N/A	\$2,312.2	\$2,312.2	N/A	\$2,269.7	5,339.7%		
Article X – The Legislature	\$400.9	\$384.3	(\$16.6)	(4.1%)	\$380.6	(\$20.2)	(5.0%)	(\$3.6)	(0.9%)		
Total, All Functions	\$216,243.9	\$221,377.2	\$5,133.3	2.4%	\$218,150.1	\$1,906.2	0.9%	(\$3,227.1)	(1.5%)		

NOTES:

- (1) May include anticipated supplemental spending adjustments.
 - (2) Excludes Interagency Contracts.
- SOURCE: Legislative Budget Board.

**FIGURE B-2
GENERAL REVENUE FUNDS**

(IN MILLIONS)	ESTIMATED/ BUDGETED 2016-17		HOUSE BILL 1, AS INTRODUCED 2018-19		COMPARISON OF HB1 AS INTRODUCED TO ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018-19		COMPARISON OF HCSSB1 TO ESTIMATED/ BUDGETED		COMPARISON OF HCSSB1 TO HB1 AS INTRODUCED	
					\$ CHANGE	% CHANGE			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$3,345.5	\$3,280.3	\$65.2	(1.9%)	\$3,136.0		\$209.5	(6.3%)	(\$144.3)	(4.4%)		
Article II – Health and Human Services	\$33,621.7	\$34,628.6	\$1,006.9	3.0%	\$33,362.2		\$259.6	(0.8%)	(\$1,266.5)	(3.7%)		
Article III – Agencies of Education	\$56,283.7	\$56,882.8	\$599.1	1.1%	\$54,880.2		\$1,403.5	(2.5%)	(\$2,002.5)	(3.5%)		
<i>Public Education</i>	\$41,594.1	\$42,018.4	\$424.3	1.0%	\$40,019.1		\$1,575.0	(3.8%)	(\$1,999.3)	(4.8%)		
<i>Higher Education</i>	\$14,689.6	\$14,864.4	\$174.8	1.2%	\$14,861.1		\$171.5	1.2%	(\$3.3)	(0.0%)		
Article IV – The Judiciary	\$503.3	\$508.8	\$5.6	1.1%	\$495.7		\$7.6	(1.5%)	(\$13.1)	(2.6%)		
Article V – Public Safety and Criminal Justice	\$11,534.7	\$11,425.8	(\$108.9)	(0.9%)	\$10,586.6		\$948.1	(8.2%)	(\$839.2)	(7.3%)		
Article VI – Natural Resources	\$835.0	\$853.0	\$17.9	2.1%	\$757.4		\$77.7	(9.3%)	(\$95.6)	(11.2%)		
Article VII – Business and Economic Development	\$1,176.9	\$553.4	(\$623.5)	(53.0%)	\$549.9		\$627.0	(53.3%)	(\$3.5)	(0.6%)		
Article VIII – Regulatory	\$337.1	\$344.1	\$6.9	2.1%	\$341.6		\$4.5	1.3%	(\$2.4)	(0.7%)		
Article IX – General Provisions	\$0.0	\$32.3	\$32.3	N/A	(\$203.6)		\$203.6	N/A	(\$235.9)	(730.1%)		
Article X – The Legislature	\$400.8	\$384.1	(\$16.7)	(4.2%)	\$380.4		\$20.3	(5.1%)	(\$3.6)	(0.9%)		
Total, All Functions	\$108,038.7	\$108,893.2	\$854.4	0.8%	\$104,286.5		\$3,752.3	(3.5%)	(\$4,606.7)	(4.2%)		

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

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

(IN MILLIONS)	ESTIMATED/ BUDGETED 2016-17		HOUSE BILL 1, AS INTRODUCED 2018-19		COMPARISON OF HB1 AS INTRODUCED TO ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018-19		COMPARISON OF HCSSB1 TO ESTIMATED/ BUDGETED		COMPARISON OF HCSSB1 TO HB1 AS INTRODUCED	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Article I – General Government	\$1,056.0		\$587.2	(44.4%)	(\$468.8)		\$570.3	(46.0%)	(\$485.7)		(\$16.9)	(2.9%)
Article II – Health and Human Services	\$1,172.4		\$1,041.8	(11.1%)	(\$130.5)		\$1,028.5	(12.3%)	(\$143.8)		(\$13.3)	(1.3%)
Article III – Agencies of Education	\$2,913.0		\$2,955.6	1.5%	\$42.5		\$2,975.1	2.1%	\$62.1		\$19.6	0.7%
<i>Public Education</i>	\$0.0		\$0.0	N/A	\$0.0		\$0.0	N/A	\$0.0		\$0.0	N/A
<i>Higher Education</i>	\$2,913.0		\$2,955.6	1.5%	\$42.6		\$2,975.1	2.1%	\$62.1		\$19.5	0.7%
Article IV – The Judiciary	\$143.2		\$132.7	(7.3%)	(\$10.5)		\$133.4	(6.9%)	(\$9.9)		\$0.6	0.5%
Article V – Public Safety and Criminal Justice	\$132.2		\$74.1	(43.9%)	(\$58.1)		\$32.7	(75.3%)	(\$99.5)		(\$41.4)	(55.9%)
Article VI – Natural Resources	\$1,534.4		\$1,495.0	(2.6%)	(\$39.4)		\$1,460.9	(4.8%)	(\$73.5)		(\$34.1)	(2.3%)
Article VII – Business and Economic Development	\$505.9		\$494.0	(2.3%)	(\$11.8)		\$506.3	0.1%	\$0.4		\$12.2	2.5%
Article VIII – Regulatory	\$579.0		\$252.6	(56.4%)	(\$326.4)		\$249.5	(56.9%)	(\$329.5)		(\$3.2)	(1.3%)
Article IX – General Provisions	\$0.0		\$0.0	N/A	\$0.0		\$0.0	N/A	\$0.0		\$0.0	N/A
Article X – The Legislature	\$0.0		\$0.0	N/A	\$0.0		\$0.0	N/A	\$0.0		\$0.0	N/A
Total, All Functions	\$8,036.0		\$7,033.1	(12.5%)	(\$1,002.9)		\$6,956.7	(13.4%)	(\$1,079.3)		(\$76.4)	(1.1%)

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

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

(IN MILLIONS)	ESTIMATED/ BUDGETED 2016-17	BILL 1, AS INTRODUCED 2018-19	COMPARISON OF HB1 AS INTRODUCED TO ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018-19	COMPARISON OF HCSSB1 TO ESTIMATED/ BUDGETED		COMPARISON OF HCSSB1 TO HB1 AS INTRODUCED	
			\$ CHANGE	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$4,401.5	\$3,867.5	(\$534.0)	(12.1%)	\$3,706.3	(\$695.1)	(15.8%)	(\$161.2)	(4.2%)
Article II – Health and Human Services	\$34,794.1	\$35,670.5	\$876.3	2.5%	\$34,390.7	(\$403.4)	(1.2%)	(\$1,279.8)	(3.6%)
Article III – Agencies of Education	\$59,196.8	\$59,838.4	\$641.6	1.1%	\$57,855.4	(\$1,341.4)	(2.3%)	(\$1,983.0)	(3.3%)
<i>Public Education</i>	\$41,594.1	\$42,018.4	\$424.3	1.0%	\$40,019.1	(\$1,575.0)	(3.8%)	(\$1,999.3)	(4.8%)
<i>Higher Education</i>	\$17,602.7	\$17,820.0	\$217.3	1.2%	\$17,836.3	\$233.6	1.3%	\$16.3	0.1%
Article IV – The Judiciary	\$646.5	\$641.6	(\$4.9)	(0.8%)	\$629.0	(\$17.5)	(2.7%)	(\$12.5)	(1.9%)
Article V – Public Safety and Criminal Justice	\$11,666.9	\$11,499.9	(\$167.0)	(1.4%)	\$10,619.3	(\$1,047.6)	(9.0%)	(\$880.7)	(7.7%)
Article VI – Natural Resources	\$2,369.4	\$2,348.0	(\$21.4)	(0.9%)	\$2,218.3	(\$151.1)	(6.4%)	(\$129.7)	(5.5%)
Article VII – Business and Economic Development	\$1,682.7	\$1,047.5	(\$635.3)	(37.8%)	\$1,056.2	(\$626.5)	(37.2%)	\$8.7	0.8%
Article VIII – Regulatory	\$916.1	\$596.7	(\$319.4)	(34.9%)	\$591.1	(\$325.1)	(35.5%)	(\$5.6)	(0.9%)
Article IX – General Provisions	\$0.0	\$32.3	\$32.3	N/A	(\$203.6)	(\$203.6)	N/A	(\$235.9)	(730.1%)
Article X – The Legislature	\$400.8	\$384.1	(\$16.7)	(4.2%)	\$380.4	(\$20.3)	(5.1%)	(\$3.6)	(0.9%)
Total, All Functions	\$116,074.8	\$115,926.3	(\$148.5)	(0.1%)	\$111,243.2	(\$4,831.6)	(4.2%)	(\$4,683.1)	(4.0%)

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

**FIGURE B-5
FEDERAL FUNDS**

(IN MILLIONS)	ESTIMATED/ BUDGETED 2016-17		HOUSE BILL 1, AS INTRODUCED 2018-19		COMPARISON OF HB1 AS INTRODUCED TO ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018-19		COMPARISON OF HCSSBI TO ESTIMATED/ BUDGETED		COMPARISON OF HCSSBI TO HB1 AS INTRODUCED	
					\$ CHANGE	% CHANGE			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$1,005.3	\$1,191.2	\$185.9	18.5%	\$1,187.4	18.1%	\$182.1	18.1%	(\$3.8)	(0.3%)		
Article II – Health and Human Services	\$45,618.1	\$45,477.1	(\$141.0)	(0.3%)	\$44,216.9	(3.1%)	(\$1,401.2)	(3.1%)	(\$1,260.2)	(2.8%)		
Article III – Agencies of Education	\$10,497.2	\$10,766.0	\$268.8	2.6%	\$10,765.4	2.6%	\$268.2	2.6%	(\$0.6)	(0.0%)		
<i>Public Education</i>	\$10,217.9	\$10,490.3	\$272.4	2.7%	\$10,489.7	2.7%	\$271.9	2.7%	(\$0.6)	(0.0%)		
<i>Higher Education</i>	\$279.3	\$275.7	(\$3.6)	(1.3%)	\$275.7	(1.3%)	(\$3.6)	(1.3%)	(\$0.0)	(0.0%)		
Article IV – The Judiciary	\$3.3	\$3.2	(\$0.1)	(3.3%)	\$1.7	(48.7%)	(\$1.6)	(48.7%)	(\$1.5)	(47.0%)		
Article V – Public Safety and Criminal Justice	\$647.0	\$571.6	(\$75.4)	(11.7%)	\$570.5	(11.8%)	(\$76.5)	(11.8%)	(\$1.1)	(0.2%)		
Article VI – Natural Resources	\$1,860.8	\$1,856.6	(\$4.3)	(0.2%)	\$1,854.8	(0.3%)	(\$6.0)	(0.3%)	(\$1.7)	(0.1%)		
Article VII – Business and Economic Development	\$12,326.1	\$13,642.3	\$1,316.2	10.7%	\$13,635.4	10.6%	\$1,309.2	10.6%	(\$6.9)	(0.1%)		
Article VIII – Regulatory	\$8.6	\$5.9	(\$2.7)	(31.6%)	\$5.8	(32.3%)	(\$2.8)	(32.3%)	(\$0.1)	(1.0%)		
Article IX – General Provisions	\$0.0	\$10.2	\$10.2	N/A	\$0.0	N/A	\$0.0	N/A	(\$10.2)	(100.0%)		
Article X – The Legislature	\$0.0	\$0.0	\$0.0	N/A	\$0.0	N/A	\$0.0	N/A	\$0.0	N/A		
Total, All Functions	\$71,966.5	\$73,524.1	\$1,557.6	2.2%	\$72,238.0	0.4%	\$271.5	0.4%	(\$1,286.1)	(1.7%)		

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

FIGURE B-6 OTHER FUNDS		(IN MILLIONS)											
		ESTIMATED/ BUDGETED 2016-17 (1)		HOUSE BILL 1, AS INTRODUCED 2018-19		COMPARISON OF HB1 AS ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018-19		COMPARISON OF HCSSBI TO ESTIMATED/ BUDGETED		COMPARISON OF HCSSBI TO HB1 AS INTRODUCED	
FUNCTION		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$1,667.1	\$861.3	(48.3%)	\$861.4	(48.3%)	(\$805.6)	(48.3%)	\$861.4	(48.3%)	(\$805.6)	(48.3%)	\$0.1	0.0%
Article II – Health and Human Services	\$700.2	\$701.2	0.1%	\$702.7	0.1%	\$1.0	0.1%	\$702.7	0.4%	\$2.5	0.4%	\$1.5	0.2%
Article III – Agencies of Education	\$9,446.7	\$10,981.0	16.2%	\$10,969.8	16.2%	\$1,534.3	16.2%	\$10,969.8	16.1%	\$1,523.1	16.1%	(\$11.3)	(0.1%)
Public Education	\$7,084.4	\$8,564.3	20.9%	\$8,564.2	20.9%	\$1,480.0	20.9%	\$8,564.2	20.9%	\$1,479.9	20.9%	(\$0.1)	(0.0%)
Higher Education	\$2,362.3	\$2,416.7	2.3%	\$2,405.6	2.3%	\$54.4	2.3%	\$2,405.6	1.8%	\$43.3	1.8%	(\$11.1)	(0.5%)
Article IV – The Judiciary	\$163.5	\$161.8	(1.0%)	\$194.0	(1.0%)	(\$1.7)	(1.0%)	\$194.0	18.6%	\$30.5	18.6%	\$32.2	19.9%
Article V – Public Safety and Criminal Justice	\$189.6	\$169.6	(10.6%)	\$169.6	(10.6%)	(\$20.0)	(10.6%)	\$169.6	(10.6%)	(\$20.0)	(10.6%)	(\$0.0)	(0.0%)
Article VI – Natural Resources	\$347.6	\$302.3	(13.0%)	\$312.9	(13.0%)	(\$45.3)	(13.0%)	\$312.9	(10.0%)	(\$34.7)	(10.0%)	\$10.6	3.5%
Article VII – Business and Economic Development	\$15,655.1	\$18,720.7	19.6%	\$18,913.3	19.6%	\$3,065.6	19.6%	\$18,913.3	20.8%	\$3,258.2	20.8%	\$192.5	1.0%
Article VIII – Regulatory	\$32.8	\$28.6	(12.8%)	\$29.4	(12.8%)	(\$4.2)	(12.8%)	\$29.4	(10.5%)	(\$3.4)	(10.5%)	\$0.8	2.7%
Article IX – General Provisions	\$0.0	\$0.0	N/A	\$2,515.8	N/A	\$0.0	N/A	\$2,515.8	N/A	\$2,515.8	N/A	\$2,515.8	N/A
Article X – The Legislature	\$0.1	\$0.2	97.2%	\$0.2	97.2%	\$0.1	97.2%	\$0.2	97.2%	\$0.1	97.2%	\$0.0	0.0%
Total, All Functions	\$28,202.6	\$31,926.8	13.2%	\$34,669.0	13.2%	\$3,724.1	13.2%	\$34,669.0	22.9%	\$6,466.3	22.9%	\$2,742.2	8.6%

NOTES:
 (1) May include anticipated supplemental spending adjustments.
 (2) Excludes interagency contracts.
 SOURCE: Legislative Budget Board.

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

(IN MILLIONS)	ESTIMATED/ BUDGETED 2016-17 (1)		HOUSE BILL 1, AS INTRODUCED 2018-19		COMPARISON OF HB1 AS INTRODUCED TO ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2018-19		COMPARISON OF HCSSBI TO ESTIMATED/ BUDGETED		COMPARISON OF HCSSBI TO HB1 AS INTRODUCED	
					\$ CHANGE	% CHANGE			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$6,068.5	\$4,728.8	\$4,728.8		(\$1,339.7)	(22.1%)	\$4,567.8		(\$1,500.8)	(24.7%)	(\$161.0)	(3.4%)
Article II – Health and Human Services	\$35,494.3	\$36,371.6	\$36,371.6		\$877.4	2.5%	\$35,093.3		(\$400.9)	(1.1%)	(\$1,278.3)	(3.5%)
Article III – Agencies of Education	\$68,643.5	\$70,819.4	\$70,819.4		\$2,175.9	3.2%	\$68,825.2		\$181.7	0.3%	(\$1,994.2)	(2.8%)
<i>Public Education</i>	\$48,678.5	\$50,582.8	\$50,582.8		\$1,904.3	3.9%	\$48,583.4		(\$95.1)	(0.2%)	(\$1,999.4)	(4.0%)
<i>Higher Education</i>	\$19,964.9	\$20,236.7	\$20,236.7		\$271.8	1.4%	\$20,241.8		\$276.9	1.4%	\$5.1	0.0%
Article IV – The Judiciary	\$810.0	\$803.3	\$803.3		(\$6.7)	(0.8%)	\$823.0		\$13.0	1.6%	\$19.7	2.5%
Article V – Public Safety and Criminal Justice	\$11,856.5	\$11,669.5	\$11,669.5		(\$187.0)	(1.6%)	\$10,788.9		(\$1,067.6)	(9.0%)	(\$880.7)	(7.5%)
Article VI – Natural Resources	\$2,717.0	\$2,650.3	\$2,650.3		(\$66.7)	(2.5%)	\$2,531.2		(\$185.8)	(6.8%)	(\$119.1)	(4.5%)
Article VII – Business and Economic Development	\$17,337.8	\$19,768.2	\$19,768.2		\$2,430.4	14.0%	\$19,969.4		\$2,631.6	15.2%	\$201.3	1.0%
Article VIII – Regulatory	\$948.9	\$625.3	\$625.3		(\$323.6)	(34.1%)	\$620.5		(\$328.5)	(34.6%)	(\$4.8)	(0.8%)
Article IX – General Provisions	\$0.0	\$32.3	\$32.3		\$32.3	N/A	\$2,312.2		\$2,312.2	N/A	\$2,279.9	7,057.1%
Article X – The Legislature	\$400.9	\$384.3	\$384.3		(\$16.6)	(4.1%)	\$380.6		(\$20.2)	(5.0%)	(\$3.6)	(0.9%)
Total, All Functions	\$144,277.4	\$147,853.1	\$147,853.1		\$3,575.7	2.5%	\$145,912.1		\$1,634.7	1.1%	(\$1,941.0)	(1.3%)

NOTES:

- (1) May include anticipated supplemental spending adjustments.
 - (2) Excludes interagency contracts.
- SOURCE: Legislative Budget Board.