



LEGISLATIVE BUDGET BOARD

Summary of Appropriations for the 2016–17 Biennium

SUBMITTED TO THE 84TH TEXAS LEGISLATURE

PREPARED BY LEGISLATIVE BUDGET BOARD STAFF

FEBRUARY 2016

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INTRODUCTION

This Summary of Appropriations provides an overview of the General Appropriations Act (GAA), including the Governor's vetoes, and other bills passed by the Eighty-fourth Legislature that appropriate funds. These combined appropriations are referred to as the state budget for the 2016–17 biennium. The summary highlights major changes in the budget from the previous biennium, and incorporates the adjustments to 2014–15 appropriations included in House Bill 2, the supplemental appropriations bill.

The budget 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, plus an article providing general provisions to all state agencies and institutions.

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

- **General Revenue Funds** include the nondedicated portion of the General Revenue Fund, which is the state's primary operating fund. General Revenue Funds also include the Available School Fund, the State Instructional Materials Fund, and the Foundation School Fund.
- **General Revenue–Dedicated Funds** include more than 200 accounts within the General Revenue Fund that are dedicated for specific purposes by statute or the funds-consolidation process. For example, Trauma Facility and EMS Account No. 5111 is funded through deposits collected in the Driver Responsibility Program and state traffic fines related to traffic offense convictions. The revenues are statutorily dedicated to the Department of State Health Services to provide funding for designated trauma facilities, county and regional emergency medical services, and trauma-care systems; for qualified provider and hospital payments in Medicaid; and to the Higher Education Coordinating Board for graduate medical education and nursing education 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** consist of any funds not included in the General Revenue Fund (dedicated or not) or Federal Funds. Examples of Other Funds include the State Highway Fund, the Texas Mobility Fund, the Property Tax Relief Fund, the Economic Stabilization Fund, trust funds, bond proceeds, and interagency contracts.

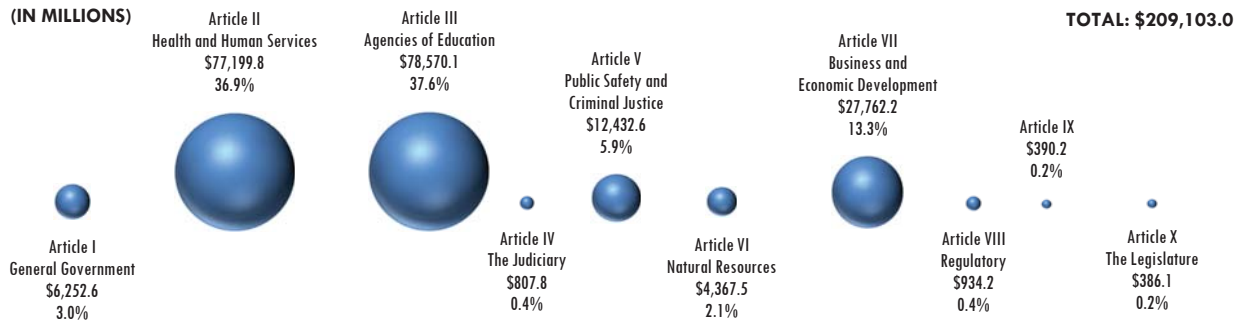
Figures 1 to 14 show the total appropriations for the 2016–17 biennium by each method of finance for each article compared to the 2014–15 biennium expenditure/budgeted level of funding. Included are highlights of major funding items or significant policy or fiscal issues across the state, and examples of factors affecting the state budget, including budget drivers such as correctional population or public school daily attendance.

The summary also provides additional context for understanding the budget, including trends in state government expenditures, an explanation of constitutional spending limits, insights into the Economic Stabilization Fund (i.e., Rainy Day Fund), and a summary of Texas economic trends. Further, the summary provides a reader's guide to the General Appropriations Act so that first-time users can better understand how to make sense of the budget structure, performance measures, and riders.

A more comprehensive source of information on the state budget and other fiscal actions of the Eighty-fourth Legislature can be found in *Fiscal Size-up: 2016–17 Biennium*.

FUNDING BY ARTICLE

FIGURE 1
FUNDING BY ARTICLE, ALL FUNDS



NOTE: Object size is proportional to the percentage of All Funds appropriations for all articles.
SOURCE: Legislative Budget Board.

FIGURE 2
FUNDING BY ARTICLE, ALL FUNDS

(IN MILLIONS)

ALL FUNCTIONS	EXPENDED/BUDGETED 2014–15	APPROPRIATED 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$5,321.5	\$6,252.6	\$931.1	17.5%
Article II – Health and Human Services	\$74,751.5	\$77,199.8	\$2,448.3	3.3%
Article III – Agencies of Education	\$74,724.5	\$78,570.1	\$3,845.7	5.1%
<i>Public Education</i>	\$56,171.9	\$58,556.2	\$2,384.3	4.2%
<i>Higher Education</i>	\$18,552.6	\$20,013.9	\$1,461.3	7.9%
Article IV – The Judiciary	\$764.5	\$807.8	\$43.3	5.7%
Article V – Public Safety and Criminal Justice	\$11,869.0	\$12,432.6	\$563.7	4.7%
Article VI – Natural Resources	\$6,933.5	\$4,367.5	(\$2,566.0)	(37.0%)
Article VII – Business and Economic Development	\$27,429.5	\$27,762.2	\$332.6	1.2%
Article VIII – Regulatory	\$1,132.6	\$934.2	(\$198.3)	(17.5%)
Article IX – General Provisions	\$0.0	\$390.2	\$390.2	N/A
Article X – The Legislature	\$374.0	\$386.1	\$12.0	3.2%
Total, All Articles	\$203,300.5	\$209,103.0	\$5,802.5	2.9%
Amount of Tax Relief			(\$1,200.0)	
Growth Excluding Tax Relief			\$4,602.5	2.3%

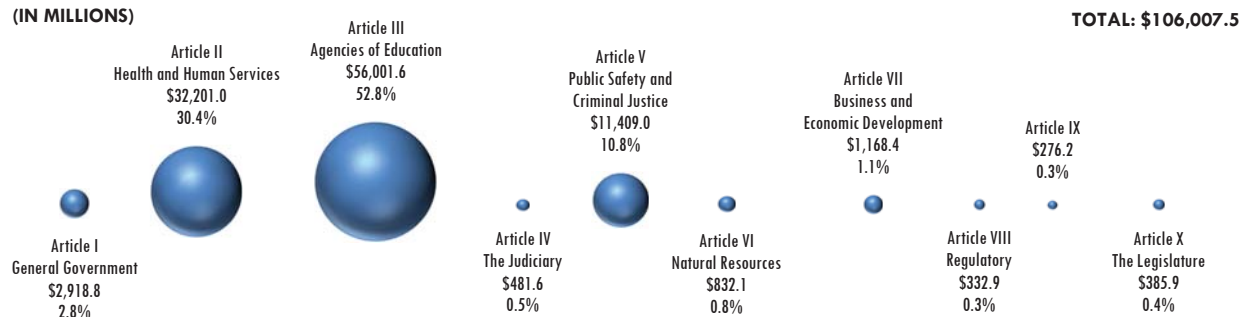
NOTES:

(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 3
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS



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

FIGURE 4
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS

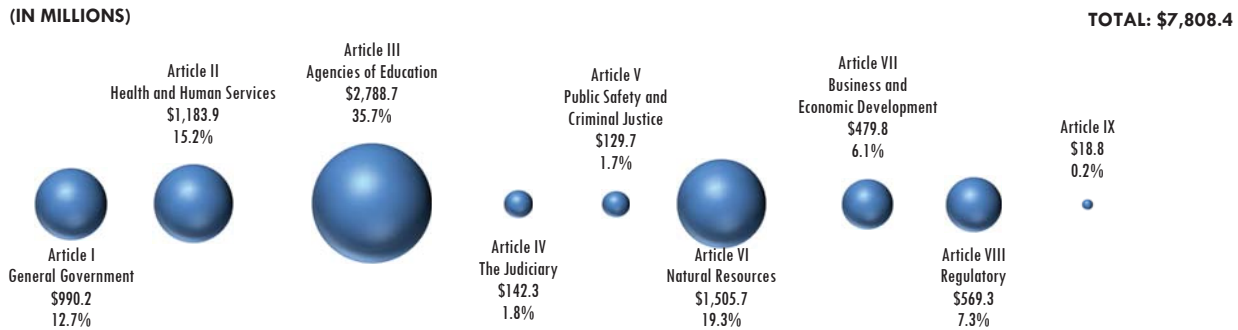
(IN MILLIONS)

ALL FUNCTIONS	EXPENDED/BUDGETED 2014–15	APPROPRIATED 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$2,834.3	\$2,918.8	\$84.5	3.0%
Article II – Health and Human Services	\$29,751.2	\$32,201.0	\$2,449.8	8.2%
Article III – Agencies of Education	\$51,457.3	\$56,001.6	\$4,544.3	8.8%
<i>Public Education</i>	\$38,189.8	\$41,323.0	\$3,133.3	8.2%
<i>Higher Education</i>	\$13,267.5	\$14,678.5	\$1,411.1	10.6%
Article IV – The Judiciary	\$447.3	\$481.6	\$34.3	7.7%
Article V – Public Safety and Criminal Justice	\$9,292.0	\$11,409.0	\$2,117.0	22.8%
Article VI – Natural Resources	\$717.3	\$832.1	\$114.8	16.0%
Article VII – Business and Economic Development	\$914.9	\$1,168.4	\$253.5	27.7%
Article VIII – Regulatory	\$284.5	\$332.9	\$48.4	17.0%
Article IX – General Provisions	\$0.0	\$276.2	\$276.2	N/A
Article X – The Legislature	\$373.9	\$385.9	\$12.0	3.2%
Total, All Articles	\$96,072.6	\$106,007.5	\$9,934.9	10.3%
Amount of Tax Relief			(\$3,800.0)	
Growth Excluding Tax Relief			\$6,134.9	6.4%

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

SOURCE: Legislative Budget Board.

FIGURE 5
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS



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

FIGURE 6
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS

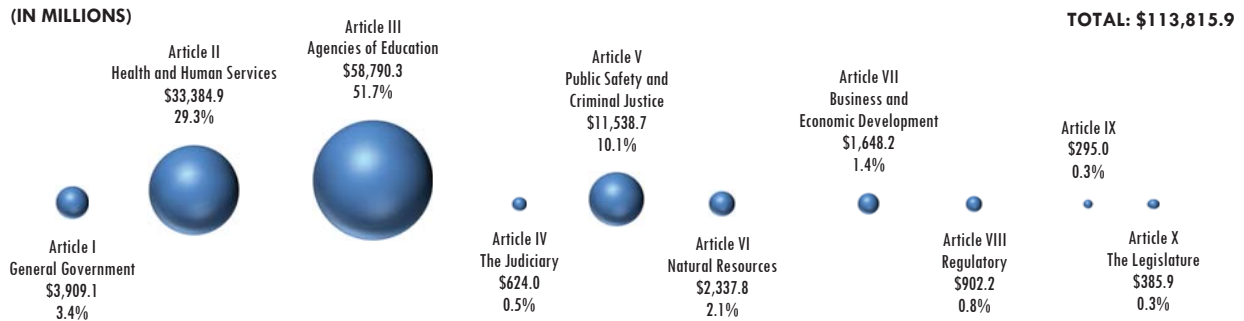
(IN MILLIONS)

ALL FUNCTIONS	EXPENDED/BUDGETED 2014–15	APPROPRIATED 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$865.7	\$990.2	\$124.5	14.4%
Article II – Health and Human Services	\$1,191.5	\$1,183.9	(\$7.6)	(0.6%)
Article III – Agencies of Education	\$2,676.1	\$2,788.7	\$112.6	4.2%
<i>Public Education</i>	\$0.1	\$0.0	(\$0.1)	(100.0%)
<i>Higher Education</i>	\$2,676.1	\$2,788.7	\$112.6	4.2%
Article IV – The Judiciary	\$133.5	\$142.3	\$8.9	6.6%
Article V – Public Safety and Criminal Justice	\$56.5	\$129.7	\$73.2	129.4%
Article VI – Natural Resources	\$1,210.1	\$1,505.7	\$295.6	24.4%
Article VII – Business and Economic Development	\$463.4	\$479.8	\$16.4	3.5%
Article VIII – Regulatory	\$789.2	\$569.3	(\$219.9)	(27.9%)
Article IX – General Provisions	\$0.0	\$18.8	\$18.8	N/A
Article X – The Legislature	\$0.0	\$0.0	\$0.0	N/A
Total, All Articles	\$7,386.0	\$7,808.4	\$422.5	5.7%

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

SOURCE: Legislative Budget Board.

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



NOTE: Object size is proportional to the percentages of General Revenue Funds and General Revenue–Dedicated Funds appropriations for all articles.

SOURCE: Legislative Budget Board.

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

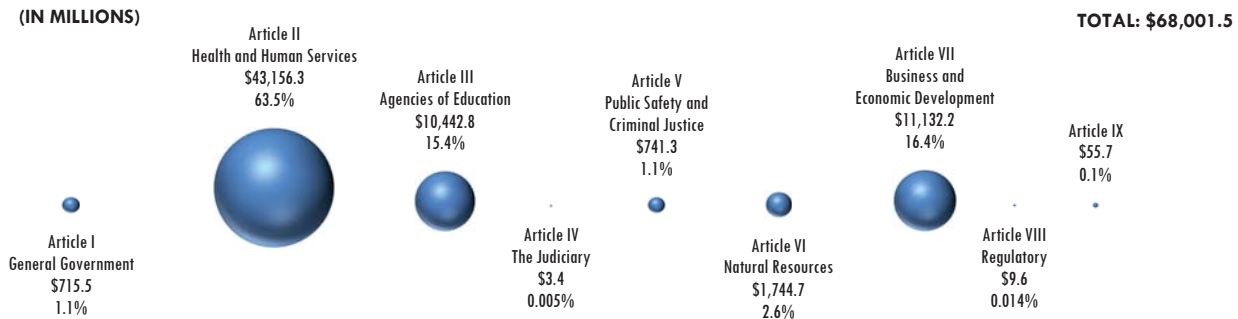
(IN MILLIONS)

ALL FUNCTIONS	EXPENDED/BUDGETED 2014–15	APPROPRIATED 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$3,700.0	\$3,909.1	\$209.1	5.7%
Article II – Health and Human Services	\$30,942.6	\$33,384.9	\$2,442.2	7.9%
Article III – Agencies of Education	\$54,133.4	\$58,790.3	\$4,656.9	8.6%
<i>Public Education</i>	\$38,189.9	\$41,323.0	\$3,133.2	8.2%
<i>Higher Education</i>	\$15,943.6	\$17,467.3	\$1,523.7	9.6%
Article IV – The Judiciary	\$580.8	\$624.0	\$43.2	7.4%
Article V – Public Safety and Criminal Justice	\$9,348.5	\$11,538.7	\$2,190.2	23.4%
Article VI – Natural Resources	\$1,927.4	\$2,337.8	\$410.4	21.3%
Article VII – Business and Economic Development	\$1,378.2	\$1,648.2	\$270.0	19.6%
Article VIII – Regulatory	\$1,073.7	\$902.2	(\$171.5)	(16.0%)
Article IX – General Provisions	\$0.0	\$295.0	\$295.0	N/A
Article X – The Legislature	\$373.9	\$385.9	\$12.0	3.2%
Total, All Articles	\$103,458.6	\$113,815.9	\$10,357.4	10.0%
Amount of Tax Relief			(\$3,800.0)	
Growth Excluding Tax Relief			\$6,557.4	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.

FIGURE 9
FUNDING BY ARTICLE, FEDERAL FUNDS



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

FIGURE 10
FUNDING BY ARTICLE, FEDERAL FUNDS

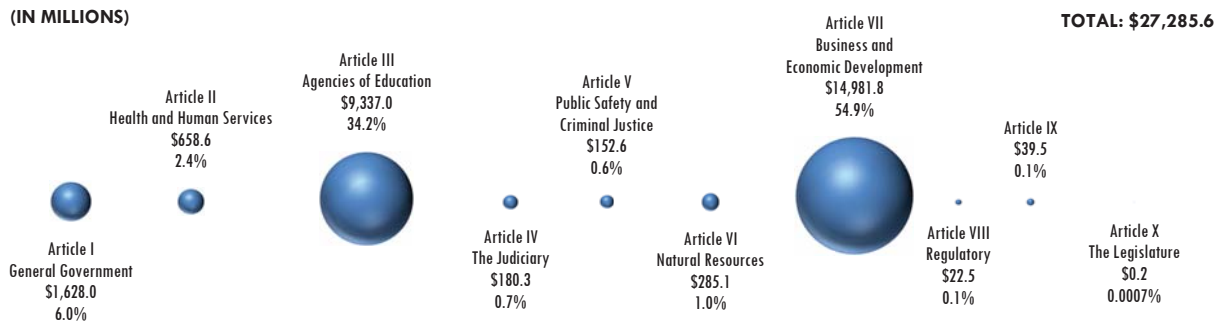
(IN MILLIONS)

ALL FUNCTIONS	EXPENDED/BUDGETED 2014–15	APPROPRIATED 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$662.8	\$715.5	\$52.7	8.0%
Article II – Health and Human Services	\$43,134.7	\$43,156.3	\$21.6	0.1%
Article III – Agencies of Education	\$10,034.1	\$10,442.8	\$408.7	4.1%
<i>Public Education</i>	\$9,759.1	\$10,172.8	\$413.7	4.2%
<i>Higher Education</i>	\$275.0	\$270.0	(\$5.0)	(1.8%)
Article IV – The Judiciary	\$3.8	\$3.4	(\$0.3)	(9.0%)
Article V – Public Safety and Criminal Justice	\$1,120.7	\$741.3	(\$379.4)	(33.9%)
Article VI – Natural Resources	\$2,656.2	\$1,744.7	(\$911.5)	(34.3%)
Article VII – Business and Economic Development	\$11,102.3	\$11,132.2	\$29.9	0.3%
Article VIII – Regulatory	\$13.2	\$9.6	(\$3.6)	(27.2%)
Article IX – General Provisions	\$0.0	\$55.7	\$55.7	N/A
Article X – The Legislature	\$0.0	\$0.0	\$0.0	N/A
Total, All Articles	\$68,727.7	\$68,001.5	(\$726.2)	(1.1%)

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

SOURCE: Legislative Budget Board.

FIGURE 11
FUNDING BY ARTICLE, OTHER FUNDS



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

FIGURE 12
FUNDING BY ARTICLE, OTHER FUNDS

(IN MILLIONS)

ALL FUNCTIONS	EXPENDED/BUDGETED 2014–15	APPROPRIATED 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$958.7	\$1,628.0	\$669.3	69.8%
Article II – Health and Human Services	\$674.2	\$658.6	(\$15.6)	(2.3%)
Article III – Agencies of Education	\$10,556.9	\$9,337.0	(\$1,219.9)	(11.6%)
<i>Public Education</i>	\$8,222.9	\$7,060.3	(\$1,162.5)	(14.1%)
<i>Higher Education</i>	\$2,334.0	\$2,276.7	(\$57.4)	(2.5%)
Article IV – The Judiciary	\$179.9	\$180.3	\$0.4	0.2%
Article V – Public Safety and Criminal Justice	\$1,399.7	\$152.6	(\$1,247.2)	(89.1%)
Article VI – Natural Resources	\$2,350.0	\$285.1	(\$2,064.9)	(87.9%)
Article VII – Business and Economic Development	\$14,949.1	\$14,981.8	\$32.7	0.2%
Article VIII – Regulatory	\$45.7	\$22.5	(\$23.2)	(50.8%)
Article IX – General Provisions	\$0.0	\$39.5	\$39.5	N/A
Article X – The Legislature	\$0.1	\$0.2	\$0.1	64.4%
Total, All Articles	\$31,114.3	\$27,285.6	(\$3,828.7)	(12.3%)
Amount of Tax Relief			\$2,600.0	
Growth Excluding Tax Relief			(\$1,228.7)	(3.9%)

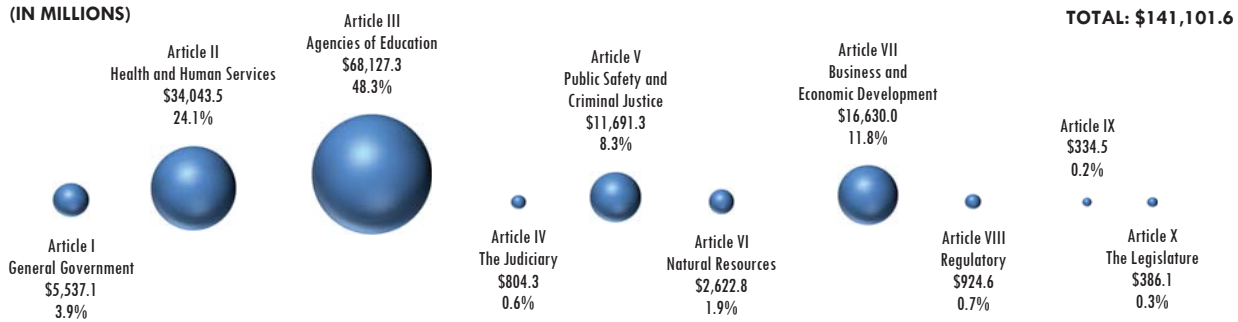
NOTES:

(1) Excludes Interagency Contracts.

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

SOURCE: Legislative Budget Board.

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



NOTE: Object size is proportional to the percentages of General Revenue Funds, General Revenue–Dedicated Funds, and Other Funds appropriations for all articles.

SOURCE: Legislative Budget Board.

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

(IN MILLIONS)

ALL FUNCTIONS	EXPENDED/BUDGETED 2014–15	APPROPRIATED 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$4,658.7	\$5,537.1	\$878.4	18.9%
Article II – Health and Human Services	\$31,616.8	\$34,043.5	\$2,426.7	7.7%
Article III – Agencies of Education	\$64,690.3	\$68,127.3	\$3,437.0	5.3%
<i>Public Education</i>	\$46,412.7	\$48,383.4	\$1,970.7	4.2%
<i>Higher Education</i>	\$18,277.6	\$19,743.9	\$1,466.3	8.0%
Article IV – The Judiciary	\$760.7	\$804.3	\$43.6	5.7%
Article V – Public Safety and Criminal Justice	\$10,748.3	\$11,691.3	\$943.0	8.8%
Article VI – Natural Resources	\$4,277.4	\$2,622.8	(\$1,654.5)	(38.7%)
Article VII – Business and Economic Development	\$16,327.3	\$16,630.0	\$302.7	1.9%
Article VIII – Regulatory	\$1,119.4	\$924.6	(\$194.8)	(17.4%)
Article IX – General Provisions	\$0.0	\$334.5	\$334.5	N/A
Article X – The Legislature	\$374.0	\$386.1	\$12.0	3.2%
Total, All Articles	\$134,572.9	\$141,101.6	\$6,528.7	4.9%
Amount of Tax Relief			(\$1,200.0)	
Growth Excluding Tax Relief			\$5,328.7	4.0%

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.

HIGHLIGHTS OF THE STATE BUDGET

For the 2016–17 biennium, funding includes the following key budget items:

FOUNDATION SCHOOL PROGRAM

- \$42.3 billion in All Funds is provided for state aid to school districts and charter schools through the Foundation School Program (FSP) system. The All Funds amount reflects a \$2.7 billion, or 6.8 percent, increase from the 2014–15 biennium. The All Funds increase is primarily attributable to \$1.5 billion in FSP funding in excess of amounts estimated to be necessary to fund current law obligations (see below) and an additional \$1.2 billion for property tax relief providing an equivalent reduction in local property taxes. General Revenue Fund appropriations for the FSP total \$35.5 billion, a \$3.8 billion, or 12.2 percent, increase from the 2014–15 biennium. The General Revenue Fund amount reflects an increase of \$2.6 billion to replace lower estimated Property Tax Relief Fund revenue (Other Funds) due to franchise tax relief, \$1.2 billion in property tax relief, and \$1.5 billion in additional funding for schools, partially offset by a lower state cost to fund current law compared to the 2014–15 biennium.
- The \$1.5 billion increase in FSP funding from current law includes: \$1.2 billion related to an increase in the basic allotment; \$200.0 million to equalize within the school finance formulas the treatment of similar tax effort across school districts; \$55.5 million for the Instructional Facilities Allotment to provide tax relief for property-poor districts issuing bonds for local facility needs; and \$47.5 million for the New Instructional Facilities Allotment to provide start-up funds for new district and charter school campuses.

TAX RELIEF PROVISIONS

- As noted previously in the FSP discussion, \$3.8 billion in additional General Revenue funding is appropriated to the FSP in the 2016–17 biennium to hold school districts harmless for lost revenue resulting from tax relief legislation. The additional \$3.8 billion in funding is the result of two separate tax relief provisions:
 - \$1.2 billion is provided by Senate Bill 1 and Senate Joint Resolution 1, which would provide an equivalent amount of school district property tax relief; the property tax relief is provided by increasing the mandatory homestead exemption for school districts from \$15,000 to \$25,000; and
 - \$2.6 billion is provided by House Bill 32, which led to a corresponding appropriation reduction from the Property Tax Relief Fund (PTRF). The franchise tax reform is provided by reducing the franchise tax rates by 25.0 percent and modifying the E-Z Computation and Rate, resulting in less PTRF revenue.

MEDICAID

- \$61.2 billion in All Funds, including \$25.0 billion in General Revenue Funds and \$0.2 billion in General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. This appropriation is an increase of \$1.9 billion in All Funds, including \$1.9 billion in General Revenue Funds and General Revenue–Dedicated Funds. Approximately \$1.6 billion in General Revenue Funds is provided for items including projected caseload growth, including the transition of certain children from the Children’s Health Insurance Program (CHIP) to Medicaid coverage; maintaining fiscal year 2015 average costs for most programs, including fiscal year 2015 rate increases; and replacing \$0.3 billion in Interagency Contracts with General Revenue Funds. This increase is offset by a reduction of \$0.3 billion in General Revenue Funds from discontinuing state funding for the nonfederal portion of the Disproportionate Share Hospital (DSH) program in the 2016–17 biennium.
- A less favorable Federal Medical Assistance Percentage (FMAP) results in a higher proportion of the program being funded with General Revenue Funds (an estimated increase of \$797.3 million), with the net loss of specific enhanced Federal Funds matching rates further increasing the proportion of the program funded with General Revenue Funds (an increase of \$77.0 million). These increases are offset by a reduction to the proportion of the program funded with General Revenue Funds (a decrease of \$278.7 million) related to a 23.0 percentage point increase to the Enhanced Federal Medical Assistance Percentage (EFMAP), which applies to certain children enrolled in Medicaid who previously received services through CHIP.

- \$587.7 million in All Funds in the 2016–17 biennium, including \$241.7 million in General Revenue Funds, is provided to reimburse Medicaid managed care organizations for the cost of the Affordable Care Act Health Insurance Providers Fee and associated federal income tax; this appropriation represents an increase of \$392.9 million in All Funds, including \$161.4 million in General Revenue Funds, from the 2014–15 biennium, which only included one year of payments. Appropriations of \$712.6 million in All Funds, an increase of \$573.3 million, is provided for increases to hospital payments, including those to rural, trauma-designated, and safety-net hospitals; the majority of the state share of these payments is funded through transfer of funds to the Health and Human Services Commission (HHSC) from appropriations to the Department of State Health Services from General Revenue–Dedicated Trauma Facility and EMS Account No. 5111. Appropriations of \$327.6 million in All Funds, including \$125.7 million in General Revenue Funds, is provided to fund an additional 5,601 long-term-care waiver clients at the Department of Aging and Disability Services by the end of fiscal year 2017 and additional clients in the STAR+PLUS program at HHSC. Funding levels also reflect a reduction of \$869.6 million in All Funds, including \$373.0 million in General Revenue Funds, for cost-containment initiatives. Funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.

TRANSPORTATION

- \$23.1 billion in All Funds is provided for all functions of the Department of Transportation; this amount includes an increase in State Highway Funds (Other Funds) made available from: the discontinuance of \$1.3 billion in State Highway Fund appropriations to agencies other than the Department of Transportation; and an estimated \$2.4 billion in funding from oil and natural gas tax-related transfers to the State Highway Fund, as authorized by Proposition 1, November 2014. The net agency decrease of \$0.1 billion is the result of the increases referenced previously and of decreases in bond proceeds and in other revenue sources.
- \$19.6 billion in All Funds is provided for transportation planning and design, right-of-way acquisition, construction, and maintenance and preservation. This amount includes \$8.8 billion for maintenance and preservation of the existing transportation system; \$5.8 billion for construction and highway improvements; \$2.4 billion from estimated oil and natural gas tax-related transfers to the State Highway Fund (Proposition 1, 2014) for constructing, maintaining, and acquiring rights-of-way for non-tolled public roadways; \$1.8 billion for transportation system planning, design, and management; and \$0.9 billion for right-of-way acquisition.
- \$2.2 billion in All Funds is provided for debt service payments and other financing costs, including \$1.6 billion in Other Funds from the State Highway Fund and Texas Mobility Fund, \$500.9 million in General Revenue Funds (an increase of \$202.5 million), and \$125.7 million in Federal Funds from Build America Bond interest payment subsidies.

MENTAL HEALTH

- Behavioral health and substance abuse services for the 2016–17 biennium are provided \$3.6 billion in All Funds, including \$2.7 billion in General Revenue Funds and General Revenue–Dedicated Funds, an increase of \$192.7 million in All Funds from the 2014–15 biennium (not including Medicaid mental health services). These appropriations are distributed across 18 agencies in five articles. Increased funding for inpatient client services is included for new contracted community hospital beds, state hospital information technology improvements, and building repairs and inflation-related cost increases. Increased funding for outpatient services reflects funding adjustments for local mental health authorities, funding the adult mental health wait list, federal Preadmission Screening and Resident Review services, substance abuse prevention and treatment, neonatal abstinence syndrome prevention services, transition support for patients moving from hospitals to the community, expansion of recovery-focused clubhouses, crisis and suicide prevention services, and residential treatment slots for Department of Family and Protective Services clients who are at risk of parental relinquishment. Funding assumes discontinuance of the NorthSTAR behavioral health program in January 2017, with a transfer of funding to the appropriate mental health and Medicaid programs, and funds provided for the transition period. Additional funding supports mental healthcare services and substance abuse treatment for incarcerated offenders and civilly committed violent sex offenders, mental healthcare services for veterans, child advocacy centers, psychiatric

services at The University of Texas Health Science Centers in Tyler and Houston, and enhanced behavioral intervention and crisis respite services for individuals with intellectual and developmental disabilities who have behavioral issues.

- State agencies with mental health appropriations are required to develop a five-year joint strategic plan by May 1, 2016, and a joint expenditure proposal by June 1, 2016, to coordinate mental health programs and funding across the state.

HIGHER EDUCATION FORMULA FUNDING

- Higher Education formulas are supported by \$7.2 billion in General Revenue Funds and \$1.3 billion in statutory tuition in General Revenue–Dedicated Funds. Included in this amount are an increase of \$391.5 million in General Revenue Funds and an increase of \$68.2 million in statutory tuition in General Revenue–Dedicated Funds. The increase in formula appropriations considers the funding of enrollment growth and increasing rates in all of the formulas except the Health Related Institutions' two mission-specific formulas and the success point component of the Public Community and Junior Colleges formula.
- Biennial formula amounts for 2016–17 increase the General Academic Institutions (GAI) Instruction and Operations (I&O) formula rate from \$54.86 per weighted semester credit hour in 2014–15 to \$55.39 in 2016–17. Formula appropriations also increase the Lamar State Colleges (Lamars) I&O Formula rate from \$3.44 to \$3.53 per contact hour, and increase the returned value percentage from 32.6 percent to 35.5 percent in the Texas State Technical College (TSTC) I&O Formula. Formula amounts for the Infrastructure Formula for the GAIs, Lamars, and TSTCs increase the 2014–15 biennial rate of \$5.56 per predicted square foot to \$5.62 per predicted square foot.
- Biennial formula amounts for the 2016–17 Health Related Institutions (HRI) I&O Formula increase the rate from \$9,527 per full-time student equivalent (FTSE) to \$9,829 per FTSE. Formula appropriations increase the Infrastructure rate to \$6.65 per predicted square foot for all HRIs except The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler, and \$6.26 for those two institutions. This rate is an increase from the 2014 and 2015 rates of \$6.63 and \$6.09, respectively. Formula amounts increase the Research Enhancement Formula rate to 1.23 percent plus the base rate of \$1.4 million, an increase from the 2014–15 biennial rate of 1.22 percent plus the base rate of \$1.4 million. Formula appropriations increase the Graduate Medical Education Formula rate from \$5,122 to \$6,266 per resident. Finally, formula amounts for the two mission-specific formulas increase the Cancer Center Operations Formula and the Chest Disease Center Operations Formula by 7.0 percent from the 2014–15 biennial funding levels.
- Formula appropriations for the Public Community and Junior Colleges maintain the 2014–15 biennial rates for core operations funding. Formula appropriations decrease the rate for success point funding from \$185.12 to \$172.58, increase the rate for contact hour funding from \$2.65 to \$2.69, and maintain the percentage split for formula funding at 90 percent for contact hour funding and 10 percent for success point funding.

ADULT INCARCERATION AND CRIMINAL JUSTICE

- \$6.7 billion in All Funds and \$6.6 billion in General Revenue Funds and General Revenue–Dedicated Funds is provided for the incarceration, probation, and parole of adult offenders in the Texas Department of Criminal Justice (TDCJ), which includes housing, security, classification, food and necessities, healthcare, and treatment services. General Revenue Funds are increased by \$355.9 million for the 2016–17 biennium and include \$188.0 million for an 8.0 percent pay increase for TDCJ correctional and parole officers, and a \$89.9 million increase for Correctional Managed Health Care. Funding for Correctional Managed Health Care for the 2016–17 biennium totals \$1.1 billion.

JUVENILE JUSTICE

- \$634.9 million in All Funds and \$591.0 million in General Revenue Funds are appropriated to the Juvenile Justice Department (TJJJD) for juvenile justice services. The Eighty-fourth Legislature revised the funding structure and provided direction for the development and implementation of a regional diversion alternatives initiative. The initiative is intended to reduce the number of youth committed to TJJJD state secure facilities by providing services to youth in

their home communities. Funding includes \$9.6 million to implement this regional diversion alternatives plan, and an increase of \$0.8 million in General Revenue Funds, primarily as the result of funding for targeted grants to juvenile probation departments, and for pay increases for juvenile correctional officers and juvenile parole officers. This funding is offset by reductions related to decreasing juvenile populations. An All Funds reduction of \$14.4 million from the 2014–15 biennium is included, primarily the result of a decrease in General Obligation Bond Proceeds, an agency-estimated decrease in Federal Funds, and decreasing juvenile populations.

BORDER SECURITY

- \$800.0 million in state funds is provided to fund border security initiatives at the Department of Public Safety (DPS), Trusteed Programs within the Office of the Governor, Texas Parks and Wildlife Department, Texas Alcoholic Beverage Commission, Texas Commission on Law Enforcement, and Department of Criminal Justice. Including federal grant funds for Operation Stonegarden, the All Funds total for border security is \$839.6 million.
- DPS is provided the majority of this funding (\$789.4 million in All Funds), \$528.7 million of which is in the agency's bill pattern as Goal B, Secure Texas. Other strategies in the DPS budget contain additional funding for border security-related functions and activities (\$260.7 million). Major funding items that make up the statewide biennial All Funds increase of \$266.4 million include the following: \$142.6 million for a 50-hour work week for all DPS troopers; \$107.0 million to recruit, train, and equip 250 new and transfer DPS troopers; and \$83.4 million to continue Operation Secure Texas through the 2016–17 biennium. Funding also includes \$38.4 million at Trusteed Programs within the Office of the Governor for local grants and other support, and \$10.0 million at the Texas Parks and Wildlife Department for enhanced game warden activity.

FACILITIES

- Funding includes \$387.7 million in General Revenue Funds and General Revenue–Dedicated Funds appropriated from the newly established deferred maintenance fund, for deferred maintenance projects at state buildings overseen by the Facilities Commission (\$217.2 million), Military Department (\$19.6 million), Department of Criminal Justice (\$60.0 million), and Texas Parks and Wildlife Department (\$91.0 million). Funding is also identified for deferred maintenance projects at the Department of Public Safety (\$21.0 million) and the Department of Transportation (\$200.0 million).
- Funding also includes \$81.6 million in General Revenue Funds for miscellaneous facilities needs, including maintenance for the Capitol, the Capitol Visitors Center, and the State History Museum at the State Preservation Board (\$15.0 million); courthouse preservation grants (\$20.0 million) and building repairs at multiple historic sites at the Texas Historical Commission (\$5.1 million); maintenance and repair at Howard College (\$2.0 million); grants for capital improvements at the Parks and Wildlife Department (\$12.5 million); the relocation of staff in the Hobby Complex (\$2.0 million) at the Texas Facilities Commission; and an Alamo master plan at the Texas General Land Office (\$25.0 million).
- Funding also includes \$767.7 million in Revenue Bond Proceeds and \$14.8 million in General Revenue Funds for the related debt service at the Facilities Commission to construct several new facilities including utility infrastructure and two buildings in the Capitol Complex and a facility in the North Austin Complex.
- Additional appropriations include \$8.4 million in General Revenue Funds for renovation of the Lyndon B. Johnson Building.

TEACHER RETIREMENT AND HEALTH BENEFITS

- \$3.6 billion in All Funds is provided for the state contribution to retirement benefits of the Teacher Retirement System (TRS), including \$3.5 billion in General Revenue Funds, \$94.2 million in General Revenue–Dedicated Funds, and \$6.8 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 2016–17 biennium. Based on payroll trend data,

an assumed annual payroll growth is included in each year of the biennium at a rate of 2.0 percent for public education and 4.0 percent for higher education.

- Retiree health insurance funding includes \$562.2 million in General Revenue Funds, which provides a statutorily required state contribution to TRS-Care of 1.0 percent of public education payroll.

STATE EMPLOYEE RETIREMENT

- Funding for state contributions to the Employees Retirement System (ERS) retirement program reflects an increase of \$329.8 million in All Funds (\$288.3 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 2016–17 biennium. Funding also provides for biennialization of the fiscal year 2015 statewide salary increase, payroll growth for state employees, and full-time-equivalent (FTE) position increases at certain state agencies. Pursuant to House Bill 9, an estimated \$32.0 million in All Funds (approximately \$22.8 million in General Revenue Funds and General Revenue–Dedicated Funds) is appropriated to ERS for elimination of the 90-day waiting period for state contributions to the ERS retirement plan.
- An estimated \$334.7 million in All Funds (approximately \$251.4 million in General Revenue Funds and General Revenue–Dedicated Funds) is appropriated for an across-the-board pay raise of 2.5 percent in fiscal year 2016 for state employees, including Schedule C employees and exempt positions that contribute to the ERS retirement plan. This raise was intended to offset a similar increase in the member contribution rate. Higher education employees and judges and justices of the district and appellate courts are excluded from this provision. Funding also provides \$54.2 million in All Funds (\$42.3 million in General Revenue Fund and General Revenue–Dedicated Funds) for related benefits at ERS and the employer Social Security contribution at the Comptroller of Public Accounts (CPA).
- The Eighty-fourth Legislature, 2015, also continued 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 to the ERS retirement plan of 10.0 percent.

CORRECTIONAL OFFICER PAY INCREASE AND SCHEDULE C ADJUSTMENT

- The Texas Department of Criminal Justice is appropriated \$188.0 million in General Revenue Funds to provide an 8.0 percent pay increase to correctional officers and parole officers at the Texas Department of Criminal Justice. The Board of Pardons and Paroles is appropriated \$2.3 million in General Revenue Funds to provide an 8.0 percent pay increase to parole officers.
- The Juvenile Justice Department is appropriated \$4.3 million in General Revenue Funds to provide a 2.5 percent salary increase in fiscal year 2016 and an additional 2.5 percent increase in fiscal year 2017 for juvenile correctional and parole officers.
- Additional appropriations totaling \$1.7 million in All Funds to provide pay increases and related benefits to certain positions in Salary Schedule C to address salary compression are identified in other agencies. Funding provides \$1.5 million in All Funds for salary increases at the Alcoholic Beverage Commission, the Department of Criminal Justice, the Department of Public Safety, and the Parks and Wildlife Department.
- The Schedule C funding allows for salary increases for approximately 135 captains, game wardens, and related positions at the respective agencies for individuals who have at least eight years of service. Salary increases range from \$1,367 to \$7,223 annually, or 2.5 percent to 7.4 percent, corresponding with the employee's length of service.

HEALTH BENEFITS

- \$3.7 billion in All Funds (\$2.6 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 \$616.6 million in All Funds (\$612.2 million in General Revenue Funds and General Revenue–Dedicated Funds), which provides for a 7.19 percent increase in the state contribution for fiscal year 2016 and a 7.17 percent increase in the state contribution for fiscal year 2017. These increases fund an annual benefit cost trend of 7.0 percent, when combined with spend down of approximately \$231.0 million from the contingency reserve fund, leaving an estimated \$100.0 million in the fund for the 2016–17 biennium. Amounts also reflect an annual state employee retirement rate of 5.0 percent and FTE position changes at certain state agencies.

SOCIAL SECURITY

- \$1.6 billion in All Funds (\$1.3 billion in General Revenue Funds and General Revenue–Dedicated Funds) is provided for the state contribution for Social Security payroll taxes. Funding is sufficient to provide the 6.2 percent Social Security employer contribution and the 1.45 percent Medicare employer contribution. The funding reflects an increase of \$82.4 million in All Funds (\$139.8 million in General Revenue Funds and General Revenue–Dedicated Funds), which provides for biennialization of the fiscal year 2015 statewide salary increase, 0.5 percent annual payroll growth for state employees and 4.0 percent annual payroll growth for higher education employees, and for FTE position changes at certain state agencies.

FULL-TIME-EQUIVALENT POSITIONS

- Funding provides for 216,674.5 FTE positions in fiscal year 2016, and 216,863.3 in fiscal year 2017. The number of positions in fiscal year 2017 is a decrease of 1,426.6 positions from fiscal year 2015 budgeted levels. The decrease is primarily related to a reduction of FTE position caps for institutions of higher education to align with the lower of fiscal year 2014 actual position levels or institutions' requested caps, which was partially offset by position increases across certain other areas of state government.

DEBT SERVICE

- The 2016–17 biennium fully funds debt service and totals \$4.0 billion in All Funds. This increase of \$437.3 million, or 12.2 percent from the 2014–15 biennium, consists of \$1.9 billion for fiscal year 2016 and \$2.2 billion for fiscal year 2017. Funding provides for debt service for General Obligation bonds and revenue debt issued or expected to be issued by the Texas Public Finance Authority, the Water Development Board, and the Department of Transportation. Funding provides for reimbursement of debt service payments for tuition revenue bonds issued by institutions of higher education. Special Provisions relating only to State Agencies of Higher Education include an additional \$240.0 million in General Revenue Fund appropriations contingent on legislation authorizing new revenue bonds for capital projects at various institutions of higher education.
- Funding includes \$14.8 million in General Revenue Funds for issuance of new revenue debt (\$767.7 million) by the Texas Public Finance Authority for new state-owned buildings that the Facilities Commission oversees; and \$6.0 million in General Revenue Funds for issuance of new General Obligation bond debt (\$50.0 million) at the Water Development Board for grants to economically distressed areas.

GENERAL REVENUE–DEDICATED FUNDS

- A total of \$7.8 billion in General Revenue–Dedicated Funds is appropriated, an increase of \$422.5 million, or 5.7 percent, from the 2014–15 biennial level.
- Since 1991, unappropriated General Revenue–Dedicated account balances have been counted as available for certification of General Revenue Fund appropriations. According to the Comptroller of Public Accounts' Certification Revenue Estimate (CRE) for the 2016–17 biennium, the actual balance in General Revenue–Dedicated accounts available for certification at the end of fiscal year 2015 totaled \$4.6 billion.
- Of the \$7.8 billion in General Revenue–Dedicated Funds, \$923.6 million consists of appropriations that are in amounts in excess of estimated revenue collections to those accounts, thereby reducing balances available for certification. After

adjusting for revenue collections to other General Revenue–Dedicated accounts in excess of appropriations from such accounts, the estimated net reduction in General Revenue–Dedicated account balances available for certification is \$407.0 million.

- Significant appropriation increases from 2014–15 biennial levels include: \$162.3 million to the Texas Commission on Environmental Quality for certain air quality programs, including the Texas Emission Reduction Plan, the Low Income Vehicle Repair Assistance, Retrofit and Accelerated Vehicle Retirement Program (LIRAP), and Local Initiative Projects, to reduce air emissions; \$48.2 million for the Texas B-On-Time program to fund renewal awards and return unobligated balances to institutions of higher education; \$42.2 million from the General Revenue–Dedicated Sexual Assault Program Fund No. 5010 to various agencies and the Supreme Court for sexual assault prevention, crisis and legal services, a new Child Sex Trafficking Prevention Unit, and enforcement of human trafficking laws; and \$23.0 million to the Texas A&M Forest Service for grants to rural volunteer fire departments.

General Revenue–Dedicated accounts are appropriated in almost all articles of the General Appropriations Act. The estimated amount of the net impact to reliance on General Revenue–Dedicated Accounts for certification of the General Appropriations Act for the 2016–17 biennium is shown by article in **Figure 15**.

FIGURE 15
RELiance ON GENERAL REVENUE–DEDICATED ACCOUNTS FOR CERTIFICATION OF THE GENERAL APPROPRIATIONS ACT,
2016–17 BIENNIUM

IN MILLIONS

ARTICLE	GENERAL REVENUE–DEDICATED APPROPRIATIONS	NET CHANGES IN BALANCES AVAILABLE FOR CERTIFICATION OF GENERAL REVENUE FUND APPROPRIATIONS IN HOUSE BILL 1
Article I – General Government	\$990.2	(\$43.3)
Article II – Health and Human Services	\$1,183.9	(\$223.2)
Article III – Agencies of Education	\$2,788.7	(\$134.2)
Article IV – Judiciary	\$142.3	(\$13.7)
Article V – Public Safety and Criminal Justice	\$129.7	(\$5.7)
Article VI – Natural Resources	\$1,505.7	\$206.2
Article VII – Business and Economic Development	\$479.8	\$150.5
Article VIII – Regulatory	\$569.3	(\$324.9)
Article IX – General Provisions	\$18.8	(\$18.8)
Article X – The Legislature	\$0.0	\$0.0
Total – All Articles	\$7,808.4	(\$407.0)

NOTE: Except for estimated appropriations authorized by Article IX, \$18.02, related to the general state employee pay raise, the Net Change in balances available for certification from Article IX are distributed throughout articles based on the article in which the agency receiving the appropriation is located. Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

The Eighty-fourth Legislature, 2015, acted to reduce reliance on balances in General Revenue–Dedicated accounts to certify the state budget by incorporating certain appropriation decisions, and passing certain measures in House Bills 6 and 7. The aggregate impact of these efforts is an estimated \$1.1 billion reduction in the amount of General Revenue–Dedicated account balances counted for certification, from \$4.6 billion to \$3.5 billion for the 2016–17 biennium. The estimated amount of the aggregate impact to reliance on General Revenue–Dedicated Accounts for certification of the General Appropriations Act for the 2016–17 biennium is shown in **Figure 16**.

FIGURE 16
ESTIMATED AGGREGATE IMPACT OF LEGISLATIVE ACTIONS TO REDUCE RELIANCE ON GENERAL REVENUE–DEDICATED ACCOUNTS FOR CERTIFICATION OF THE GENERAL APPROPRIATIONS ACT, 2016–17 BIENNIUM

IN MILLIONS

Beginning balance in General Revenue–Dedicated Accounts, as of September 1, 2015	\$4,605.0
Estimated change in General Revenue–Dedicated Account Balances due to House Bill 1	(\$407.0)
Estimated change in General Revenue–Dedicated Account Balances due to House Bill 6	(\$573.5)
Estimated change in General Revenue–Dedicated Account Balances due to House Bill 7	(\$142.1)
Revenue estimate revision in the Certification Revenue Estimate	(\$3.7)
Estimated balances in General Revenue–Dedicated Accounts available for certification of 2016–17 biennial General Revenue Fund Appropriations	\$3,479.0

NOTE: Totals may not sum due to rounding.

SOURCE: Texas Comptroller of Public Accounts.

ECONOMIC STABILIZATION FUND

- No appropriations from the Economic Stabilization Fund (ESF) are included in the 2016–17 biennium. The balance of the fund is estimated to be \$10.4 billion at the end of fiscal year 2017.

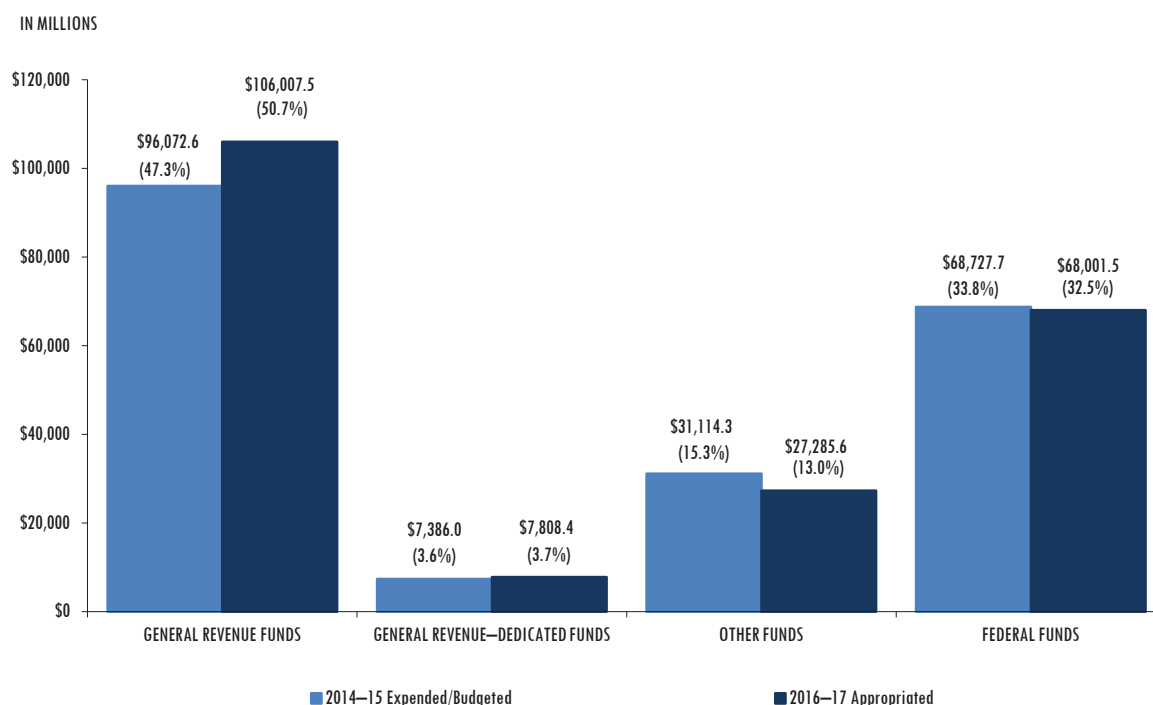
STRATEGIC FISCAL REVIEW

- Seventeen state entities were subject to the Strategic Fiscal Review (SFR) in preparation for the Eighty-fourth Legislature. The SFR provided an in-depth analysis of the selected state agency programs and their relationships to the agencies' missions and statutes. Analysis that is the result of this review by the staff of the Legislative Budget Board was made available to the members of the Eighty-fourth Legislature to aid in their budget and policy deliberations.

BIENNIAL COMPARISON BY FUND SOURCE

Figure 17 shows a comparison of biennial amounts for each of the four funding sources, or Methods of Finance, in the state budget. Expended or budgeted amounts for the 2014–15 biennium refer to agency expenditures in 2014 and agency budgeted amounts in 2015. Amounts for the 2016–17 biennium refer to all appropriations made for 2016–17. Percentage amounts in each column reflect the percentage of the entire biennial budget represented by that fund source.

FIGURE 17
BIENNIAL COMPARISON BY SOURCE OF 2014–15 EXPENDED/BUDGETED FUNDS AND 2016–17 APPROPRIATED FUNDS



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 nursing home clients; 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 affects not only Medicaid, CHIP, and nursing facility costs, but also healthcare costs for inmates, state employees, and teachers. Statutory requirements also may affect cost.

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

FIGURE 18
POPULATION-BASED INDICATORS, FISCAL YEARS 2004 TO 2016

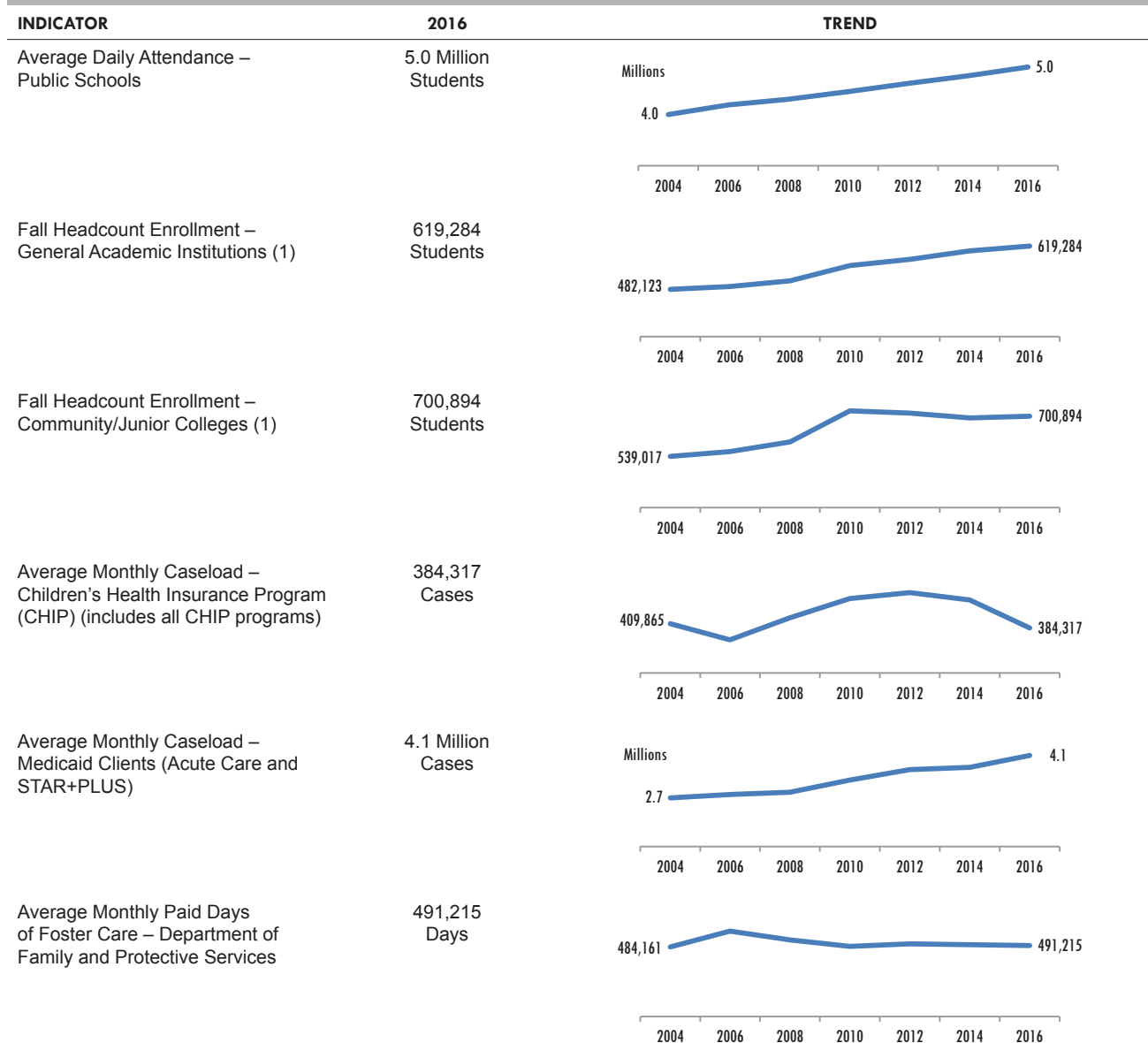


FIGURE 18 (CONTINUED)
POPULATION-BASED INDICATORS, FISCAL YEARS 2004 TO 2016



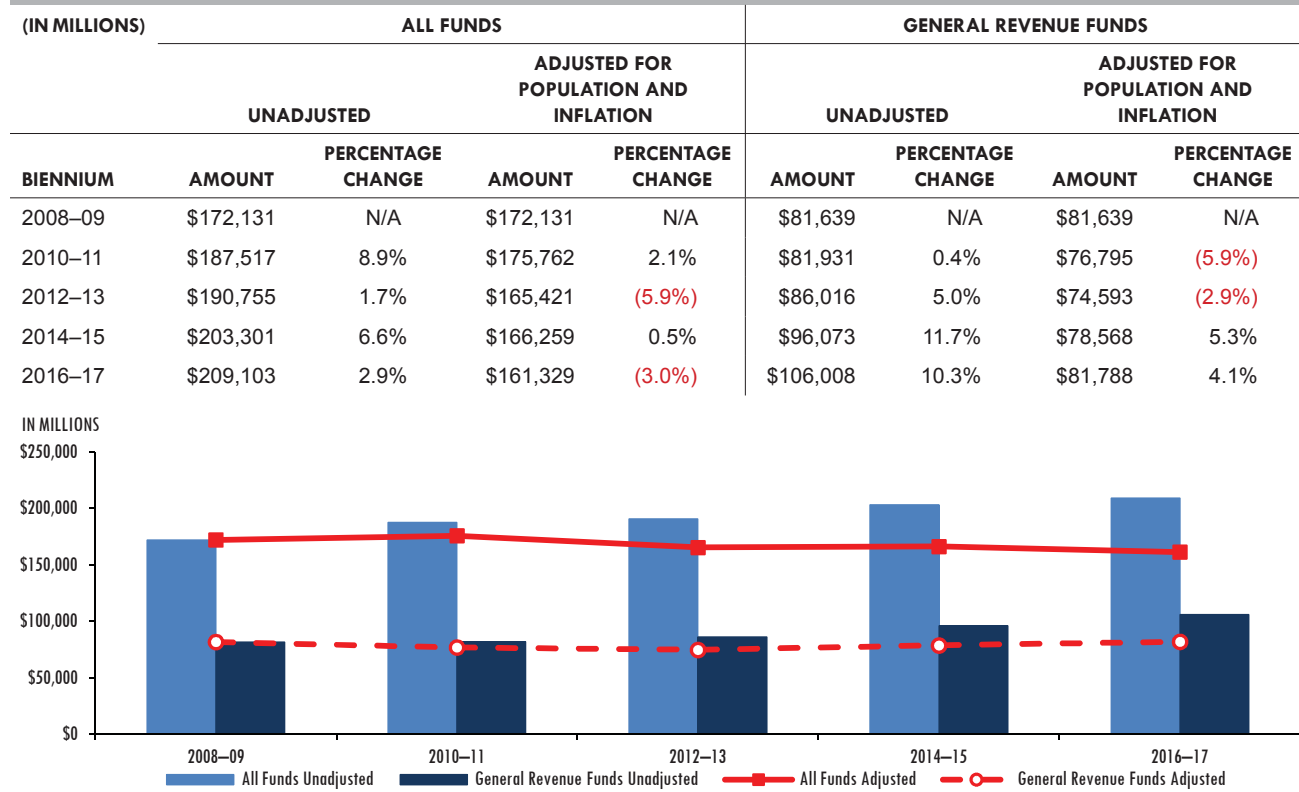
NOTE: (1) Fiscal year 2016 estimates for these indicators are not currently available; numbers shown for 2016 are actual data from fiscal year 2015.

SOURCE: Legislative Budget Board.

TRENDS IN STATE GOVERNMENT EXPENDITURES

Figures 19 and 20 show biennial All Funds and General Revenue Fund expenditures and appropriations since fiscal years 2008 and 2009. The figures also adjust current and historical expenditure and appropriation totals into 2008–09 biennial dollars based on compounded population and inflation growth. All Funds expenditures increased by 21.5 percent from the 2008–09 to 2016–17 biennia, but decreased 6.3 percent after adjusting for population and inflation. General Revenue Funds appropriations increased by 29.8 percent during the same period, and increased by 0.2 percent when adjusted.

FIGURE 19
TRENDS IN STATE GOVERNMENT EXPENDITURES, 2016–17 BIENNIAL APPROPRIATIONS



SOURCE: Legislative Budget Board.

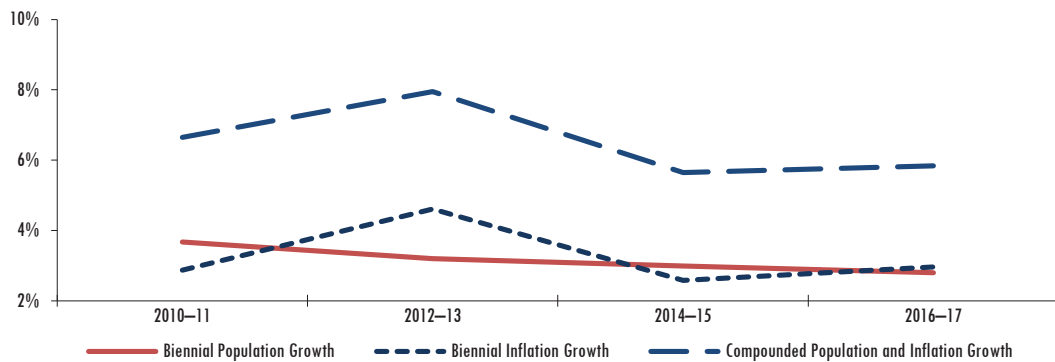
Population and inflation growth is one tool used to evaluate budget growth; however, it does not tie directly to government budget drivers. For example, inflation tracks the increased price of consumer goods such as groceries. Inflation of governmental services, such as education and healthcare, tend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

The compounded population and inflation growth shown in **Figure 19** is based on data in the Comptroller's Fall 2015 Economic Forecast as published in the 2016–17 Certification Revenue Estimate, which included a biennial growth rate of 6.0 percent from 2014–15 to 2016–17. Population and inflation growth estimates submitted to the Legislative Budget Board (LBB) in anticipation of the November 2014 LBB meeting ranged from 6.2 percent to 8.6 percent.

The 2014–15 and 2016–17 biennial expenditure and appropriation totals in **Figures 19 and 20** include the net effect of the 2016–17 appropriations and 2014–15 supplemental budget adjustments. Several major fiscal changes, in addition to typical legislative budget action, have affected the growth in the All Funds and General Revenue budgets from the 2008–09 to 2016–17 biennia. For example, Texas received approximately \$14.4 billion in onetime stimulus aid (Federal Funds) from the federal government during the 2008–09 and 2010–11 biennia through the American Recovery and Reinvestment Act (ARRA). Additionally, prior to the 2014–15 biennium, All Funds totals included expenditures for patient income (Other Funds) at

health related institutions of higher education; 2012–13 biennial expenditures of patient income totaled \$6.1 billion. Because the receipt of patient income at these institutions is not limited by the Legislature and is not deposited into the state Treasury, beginning in the 2014–15 biennium the Legislature removed the appropriation authority from the budget, but still identified the patient income totals in informational riders. Also during the 2014–15 biennium, the All Funds total included the onetime appropriation of \$2.0 billion (Other Funds) for the State Water Plan. Lastly, in the 2016–17 biennium, the Legislature appropriated \$3.8 billion in General Revenue Funds to hold school districts harmless for lost revenue resulting from tax relief, \$2.6 billion of which will offset decreases in franchise tax revenue deposited to the Property Tax Relief Fund (Other Funds).

FIGURE 20
BIENNIAL POPULATION AND INFLATION GROWTH FROM 2010–11 TO 2016–17



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 2016–17 biennial budget is within all of these limits.

The pay-as-you-go limit and the spending limit both restrict appropriations, but in different ways. The pay-as-you-go limit prohibits the General Revenue Fund budget from exceeding available revenue. The spending limit prohibits appropriations funded with tax revenues not dedicated by the constitution from growing faster than the state’s economy. The spending limit does not apply to appropriations funded with non-tax revenues or appropriations funded with tax revenues if the constitution requires the tax revenue to be spent on a specific purpose.

General Revenue Funds appropriations for the 2016–17 biennium total \$106.0 billion. This amount is \$4.1 billion less than the pay-as-you-go limit after adjusting for the Comptroller of Public Accounts’ (CPA) costing adjustments (**Figure 21**). Furthermore, General Revenue Funds are \$2.1 billion less than the General Revenue capacity less than the spending limit. Because General Revenue spending authority pursuant to the spending limit is the lower of the two limits, the spending limit is the controlling limit.

FIGURE 21 REMAINING GENERAL REVENUE FUNDS SPENDING AUTHORITY, 2016–17 BIENNIUM	
IN BILLIONS	AMOUNT
Pay-as-you-go Limit	\$4.1
Spending Limit	\$2.1
SOURCE: Legislative Budget Board.	

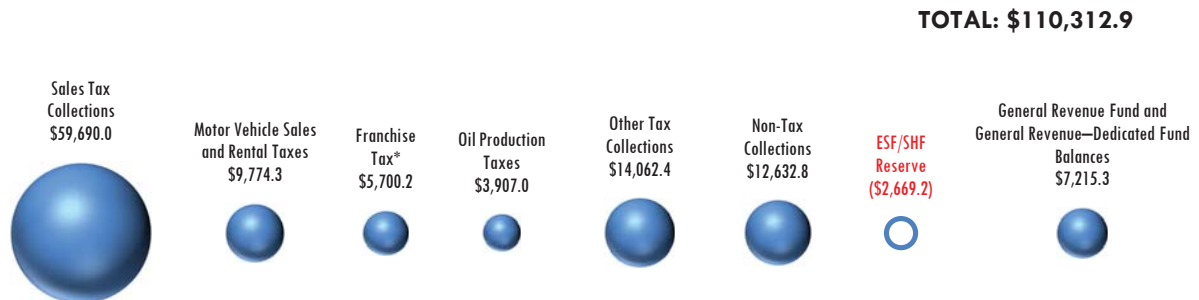
ARTICLE III, §49A, PAY-AS-YOU-GO LIMIT

The Texas Constitution, Article III, Section 49a, establishes the pay-as-you-go limit. The constitution requires that bills making appropriations be 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 Fund appropriations as \$110.3 billion in the 2016–17 Certification Revenue Estimate (CRE). This total includes estimated 2016–17 biennial General Revenue Fund revenue collections, \$105.8 billion, less the amount of \$2.7 billion in General Revenue Fund deposits reserved for transfer to the Economic Stabilization Fund (ESF) and the State Highway Fund (SHF). This total also includes the beginning General Revenue Fund balance and Dedicated General Revenue Account balances available for certification totaling \$7.2 billion (**Figure 22**).

FIGURE 22
COMPONENTS OF THE PAY-AS-YOU-GO LIMIT, 2016–17 BIENNIUM

IN MILLIONS



NOTES:

(1) Franchise Tax shown includes the General Revenue Fund portion only.

(2) ESF=Economic Stabilization Fund; SHF=State Highway Fund.

SOURCE: Legislative Budget Board.

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 2016–17 biennial spending limit equals 2014–15 biennial appropriations funded with state tax revenues not dedicated by the constitution, \$84.7 billion, grown by the adopted growth rate of 11.7 percent. The 2016–17 biennial spending limit totals \$94.6 billion after updating to account for supplemental appropriations passed by the Eighty-fourth Legislature, 2015, and final fiscal year 2015 appropriation and revenue data. Appropriations for the 2016–17 biennium that are subject to the spending limit total \$92.8 billion, \$1.7 billion less than the spending limit (**Figure 23**) after accounting for all legislation passed by the Eighty-fourth Legislature and revenue estimates in the CPA's 2016–17 CRE.

FIGURE 23
SPENDING LIMIT COMPARED TO THE SUMMARY OF APPROPRIATIONS
2016–17 BIENNIUM

IN MILLIONS	AMOUNT
Spending Limit	\$94,568.0
Appropriations Subject to the Spending Limit	(\$92,842.6)
Total Less Than the Spending Limit	\$1,725.4

SOURCE: Legislative Budget Board.

Because revenue deposits to the General Revenue Fund also include revenue not subject to the spending limit, the maximum 2016–17 General Revenue Fund appropriations associated with the \$94.6 billion limit is \$108.1 billion, leaving \$2.1 billion in remaining General Revenue Fund spending capacity less than the spending limit (**Figure 24**).

FIGURE 24
GENERAL REVENUE FUNDS PURSUANT TO THE SPENDING LIMIT COMPARED TO THE SUMMARY OF APPROPRIATIONS
2016–17 BIENNIUM

IN MILLIONS	AMOUNT
Maximum General Revenue Fund Appropriations Pursuant to the Spending Limit	\$108,132.0
General Revenue Fund Appropriations	(\$106,007.5)
Total Less Than the Maximum General Revenue Fund Appropriations	\$2,124.5

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 funding 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 2014, the BRB reported that the issued debt ratio is 1.20 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 2.71 percent of unrestricted General Revenue Funds at the end of fiscal year 2014. The latter calculation represents a 10.9 percent decrease from the 3.04 percent calculated for outstanding and authorized but unissued debt for fiscal year 2013. The BRB expects the CDL ratio to continue to decrease with the issuance of authorized debt and as the state's unrestricted General Revenue Fund increases with the continued improvement in the state's economy. 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.

The Eighty-fourth Legislature, 2015, provided funding of \$6.0 million in General Revenue Funds for debt service on \$50.0 million in General Obligation Bond Proceeds for Economically Distressed Areas Program Bonds, and \$14.3 million in General Revenue Funds for debt service on \$767.7 million in Revenue Bond Proceeds to be issued by the Texas Public Finance Authority for new, state-owned buildings at the Facilities Commission. It is estimated that the effect of this debt service appropriation would increase the constitutional debt limit ratio from 2.71 percent to 2.91 percent of the three-year average of unrestricted general revenue.

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 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 2016–17 biennial budget defined in the Texas Human Resources Code, Section 31.053, is \$209.1 billion. Therefore the welfare spending limit is \$2.1 billion. The biennial amount appropriated in the Eighty-fourth Legislature, General Appropriations Act, 2016–17 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 \$2.0 billion less than the 1.0 percent limit.

TEXAS ECONOMIC OUTLOOK

Economic conditions and demographic trends influence the level of state appropriations and the revenue used to support those appropriations. As the economy expands, more revenue is available for appropriation. Some spending demands are lessened by a growing economy, while others are increased. For example, a growing economy can reduce pressure on Medicaid enrollment, but also increase migration into Texas, increasing the demand for public education and other services. Furthermore, healthcare 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. Economic forecasts are from the Comptroller of Public Accounts' (CPA) 2016–17 Certification Revenue Estimate (CRE).

INDUSTRIAL OUTLOOK

Texas Real Gross State Product (GSP) has experienced strong growth since the end of the recent recession, averaging 4.5 percent during the last five fiscal years, higher than the corresponding average of 1.9 percent for the U.S. during the same period. Texas GSP growth is forecast to slow to 2.4 percent in fiscal years 2015 and 2016, coinciding with the slowdown in the oil and gas extraction industry. Fiscal year 2017 GSP growth is forecast to be 2.3 percent.

EMPLOYMENT

The Texas unemployment rate peaked at more than 8.0 percent during the 2010–11 biennium. Since exiting recession, the rate has steadily decreased and decreased lower than 5.0 percent at the end of calendar year 2014 for the first time since 2008. This decrease can be attributed to a mix of moderately decreasing labor participation rates and strong job growth in the state. Nonfarm payroll jobs in Texas increased by 3.2 percent in fiscal year 2013 and 2.9 percent fiscal year 2014, adding 667,000 jobs during the two-year period. Employment growth slowed slightly to 2.8 percent in fiscal year 2015, with strong gains in service-sector industries offsetting losses in the manufacturing and mining industries. The Texas unemployment rate is forecast to remain approximately 4.4 percent during the 2016–17 biennium. Job growth is also expected to continue, albeit at a slower pace, during the 2016–17 biennium, increasing 1.7 percent in fiscal year 2016 and 1.8 percent in fiscal year 2017.

PERSONAL INCOME

Fiscal year 2014 personal income increased by 4.2 percent in Texas to reach \$44,832 per Texas resident. In calendar year 2013, Texas per capita personal income was the 26th largest among the 50 states and increased at the 26th quickest pace during the year. Per capita personal income is expected to increase 3.0 percent in fiscal year 2016 and 4.1 percent in fiscal year 2017.

Figure 25 shows key economic indicators from fiscal years 2005 to 2017. All forecasted data for fiscal years 2015 to 2017 is from the CPA's 2016–17 CRE.

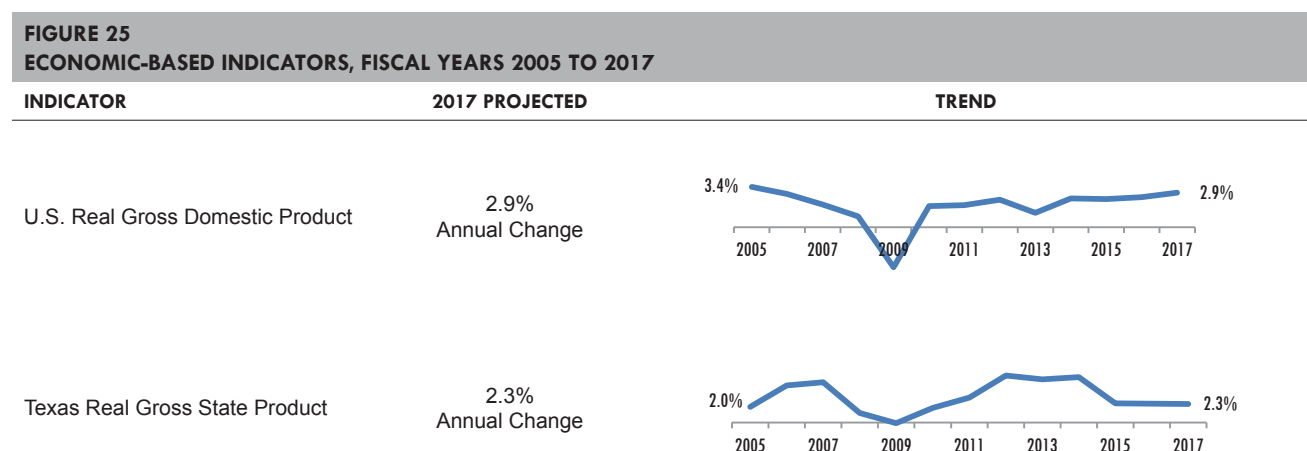
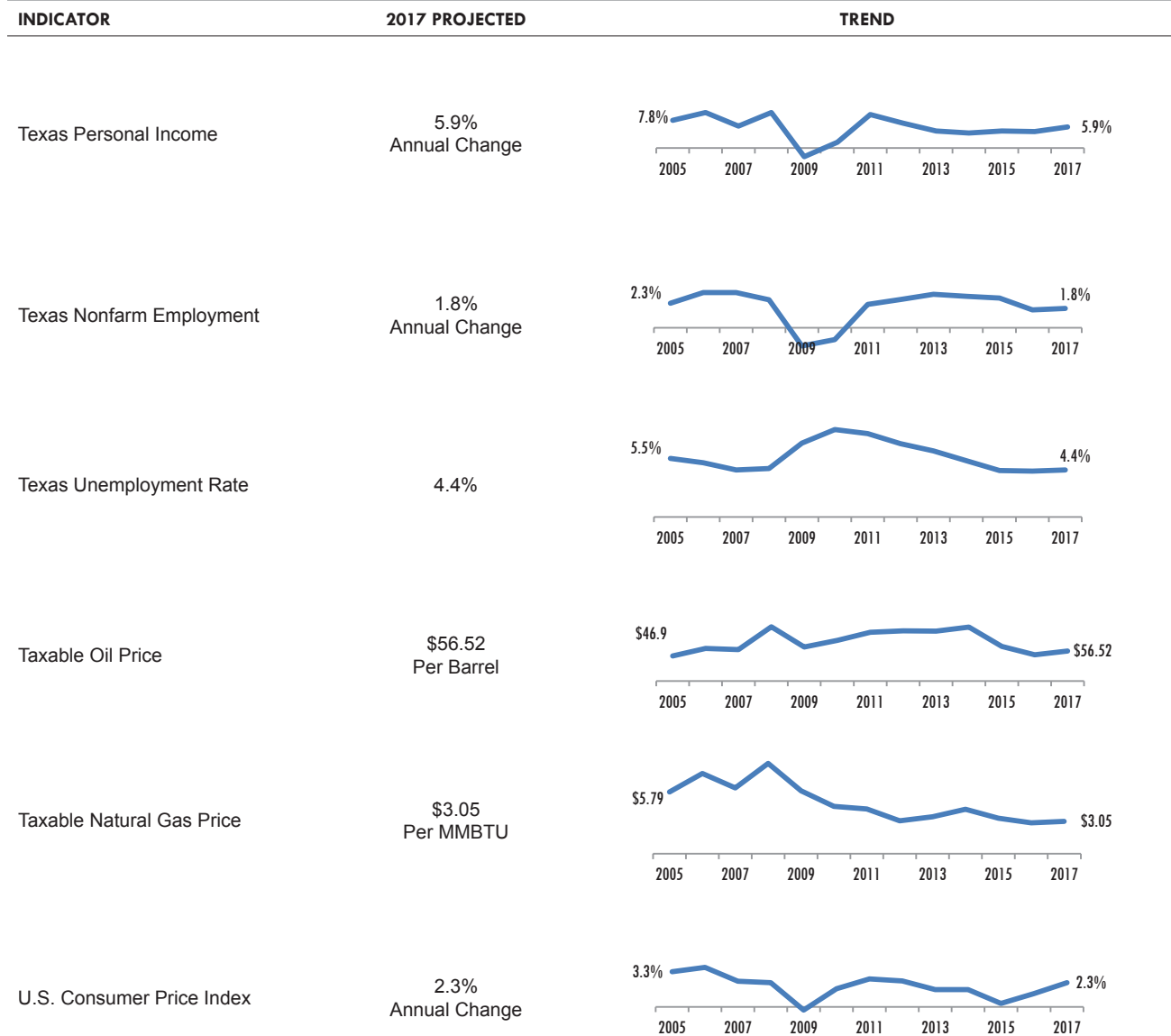


FIGURE 25 (CONTINUED)
ECONOMIC-BASED INDICATORS, FISCAL YEARS 2005 TO 2017



NOTES:

(1) Trends for fiscal years 2015 to 2017 are based on projections from the Comptroller of Public Accounts' Certification Revenue Estimate for 2016–17.

(2) Amounts for the U.S. Gross Domestic Product and the Texas Gross State Product are based on 2009 dollars.

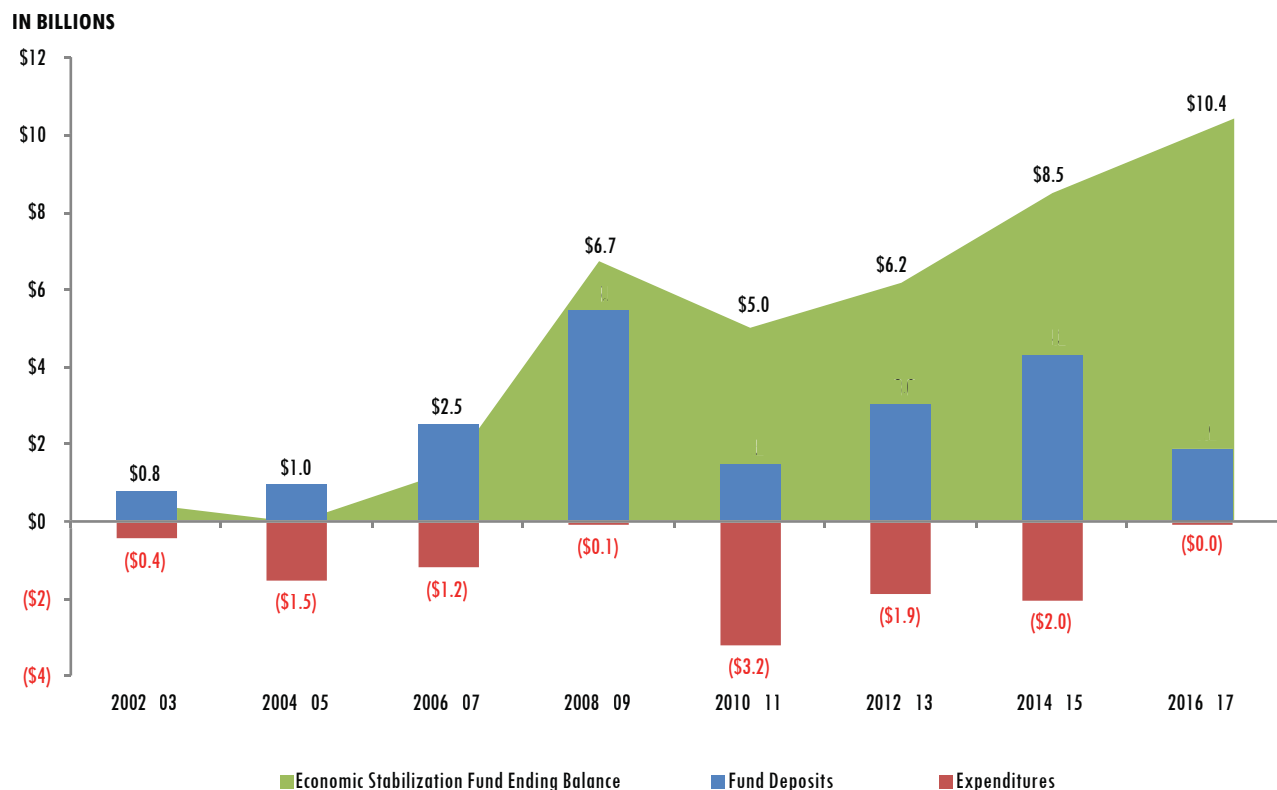
SOURCES: Legislative Budget Board; Texas Comptroller of Public Accounts.

ECONOMIC STABILIZATION FUND

The Economic Stabilization Fund (ESF) had a balance of \$8.5 billion at the beginning of the 2016–17 biennium. The Comptroller for Public Accounts' Certification Revenue Estimate for 2016–17 projects that during the 2016–17 biennium, \$1.4 billion will be transferred to the fund based on oil production tax revenues, \$0.4 billion will be transferred to the fund based on natural gas production tax revenues, and the fund will earn \$0.2 billion of interest and investment income. No appropriations were made by the Eighty-fourth Legislature, 2015; however, a small amount of expenditures will be made from the ESF during the 2016–17 biennium by agencies that have remaining appropriation authority from House Bill 1025, Eighty-third Legislature, Regular Session, 2013. The ESF is expected to end the 2016–17 biennium with a balance of \$10.4 billion.

Figure 26 shows the history of ESF deposits, expenditures, and balances from the 2002–03 to 2016–17 biennia.

FIGURE 26
ECONOMIC STABILIZATION FUND BIENNIAL DEPOSITS, EXPENDITURES, AND FUND BALANCE
2002–03 TO 2016–17 BIENNIA



NOTE: Fiscal years 2015 to 2017 are projections based on the Comptroller of Public Accounts' 2015 Certification Revenue Estimate.
SOURCES: Legislative Budget Board; Texas Comptroller of Public Accounts.

READER'S GUIDE TO THE GENERAL APPROPRIATIONS ACT

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

The General Appropriations Act is 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 the same 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 contains subcategories.

C The left footer shows the version of the appropriations bill. This is the **Fiscal Size-up** version, which is the final enacted version of the appropriations bill from the Eighty-fourth Legislature, 2015.

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

A OFFICE OF THE ATTORNEY GENERAL		
	For the Years Ending August 31, 2016	August 31, 2017
B Method of Financing:		
C <u>General Revenue Fund</u>		
General Revenue Fund ^{1,2}	\$ 153,793,548	\$ 141,573,195
Child Support Retained Collection Account No. 787	63,407,651	63,407,651
Attorney General Debt Collection Receipts No. 788	8,300,000	8,300,000
Insurance Companies Maintenance Tax and Insurance Department Fees Fund No. 8042	3,332,377	3,332,377
Subtotal, General Revenue Fund	<u>\$ 228,833,576</u>	<u>\$ 216,613,223</u>
<u>General Revenue Fund - Dedicated</u>		
Compensation to Victims of Crime Account No. 0469 ³	66,936,655	66,975,769
Compensation to Victims of Crime Auxiliary Account No. 0494	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>\$ 82,587,952</u>	<u>\$ 72,627,066</u>
Federal Funds ²	233,945,635	211,005,118
<u>Other Funds</u>		
Interagency Contracts - Criminal Justice Grants ²	720,265	725,806
Appropriated Receipts	26,479,635	26,316,527
Interagency Contracts	26,886,485	26,754,202
License Plate Trust Fund Account No. 0802	28,800	28,800
Subtotal, Other Funds	<u>\$ 54,115,185</u>	<u>\$ 53,825,335</u>
Total, Method of Financing	<u>\$ 599,482,348</u>	<u>\$ 554,070,742</u>
This bill pattern represents an estimated 100% of this agency's estimated total available funds for the biennium.		
C A813-FSize-up-1-A	D I-3	September 29, 2015

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

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

G Agency Items of Appropriation consist of goals with multiple strategies. Each strategy has its own appropriation. Certain large agencies have sub-strategies.

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 shown in component B on the previous page, and the Total, Object-of-Expense Informational Listing shown in component I.

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

E**F****G****I**

OFFICE OF THE ATTORNEY GENERAL (Continued)

Number of Full-Time-Equivalents (FTE): ³	4,195.4	4,195.4
Schedule of Exempt Positions: ⁴ Attorney General, Group 6	\$153,750	\$153,750
Items of Appropriation: A. Goal: PROVIDE LEGAL SERVICES Provide General Legal Services to the State and Authorized Entities.		
A.1.1. Strategy: LEGAL SERVICES ² Provide Counseling/Litigation/Alternative Dispute Resolution Services.	\$ 98,403,345	\$ 98,248,859
B. Goal: ENFORCE CHILD SUPPORT LAW Enforce State/Federal Child Support Laws.		
B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT Establish Paternity/Obligations, Enforce Orders and Distribute Monies.	\$ 339,974,551	\$ 303,519,152
B.1.2. Strategy: STATE DISBURSEMENT UNIT	\$ 24,275,719	\$ 24,275,719
Total, Goal B: ENFORCE CHILD SUPPORT LAW	<u>\$ 364,250,270</u>	<u>\$ 327,794,871</u>
C. Goal: CRIME VICTIMS' SERVICES Investigate/Process Applications for Compensation to Crime Victims.		
C.1.1. Strategy: CRIME VICTIMS' COMPENSATION ³ Review Claims, Determine Eligibility/State Liability, Pay Correctly.	\$ 79,633,437	\$ 80,715,780
C.1.2. Strategy: VICTIMS ASSISTANCE ¹ Provide Grants & Contracts for Victims Svcs/Sexual Asslt Vctms/Chld Adv.	\$ 38,239,267	\$ 28,316,267
Total, Goal C: CRIME VICTIMS' SERVICES	<u>\$ 117,872,704</u>	<u>\$ 109,032,047</u>
D. Goal: REFER MEDICAID CRIMES Investigate/Refer for Prosecution Fraud/Misconduct Involving Medicaid.		
D.1.1. Strategy: MEDICAID INVESTIGATION ² Conduct Investigation Supporting Prosecution of Alleged Medicaid Crime.	\$ 18,190,689	\$ 18,229,625
E. Goal: ADMINISTRATIVE SUPPORT FOR SORM Provide Administrative Support for the State Office of Risk Management.		
E.1.1. Strategy: ADMINISTRATIVE SUPPORT FOR SORM Provide Administrative Support to the State Office of Risk Management.	\$ 765,340	\$ 765,340
Grand Total, OFFICE OF THE ATTORNEY GENERAL	<u>\$ 599,482,348</u>	<u>\$ 554,070,742</u>
Object-of-Expense Informational Listing:		
Salaries and Wages	\$ 226,510,436	\$ 226,746,194
Other Personnel Costs	7,683,166	7,685,755
Professional Fees and Services	84,048,774	55,994,452
Fuels and Lubricants	378,568	378,568
Consumable Supplies	2,112,682	2,112,682
Utilities	3,366,435	3,366,435
Travel	5,153,205	5,153,205
Rent - Building	18,780,125	16,602,328
Rent - Machine and Other	2,311,700	2,311,700
Other Operating Expense	196,846,951	191,352,117
Grants	51,826,732	41,903,732
Capital Expenditures	463,574	463,574
Total, Object-of-Expense Informational Listing	<u>\$ 599,482,348</u>	<u>\$ 554,070,742</u>

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

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.

OFFICE OF THE ATTORNEY GENERAL
(Continued)

Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act:

J	<u>Employee Benefits</u>		
	Retirement	\$ 20,366,628	\$ 20,448,224
	Group Insurance	41,737,995	45,275,119
	Social Security	16,119,507	16,200,101
	Benefits Replacement	<u>690,286</u>	<u>624,711</u>
	Subtotal, Employee Benefits	\$ 78,914,416	\$ 82,548,155
J	<u>Debt Service</u>		
	Lease Payments	\$ 394,540	\$ 402,535
	Total, Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act	\$ 79,308,956	\$ 82,950,690

K 1. **Performance Measure Targets.**³ 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>2016</u>	<u>2017</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 Counseling	1,069,039	1,077,696
Efficiencies:		
Average Cost Per Legal Hour	85.11	84.22
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)	4,150	4,325
Efficiencies:		
Ratio of Total Dollars Collected Per Dollar Spent	12.34	14.43
B.1.2. Strategy: STATE DISBURSEMENT UNIT		
Output (Volume):		
Number of Payment Receipts Processed by the SDU Vendor	22,762,063	23,535,973
C. Goal: CRIME VICTIMS' SERVICES		
Outcome (Results/Impact): ³		
Amount of Crime Victims' Compensation Awarded	71,837,122	73,018,387
C.1.1. Strategy: CRIME VICTIMS' COMPENSATION		
Efficiencies:		
Average Number of Days to Analyze a Claim and Make an Award	50	45
D. Goal: REFER MEDICAID CRIMES		
Outcome (Results/Impact):		
Amount of Medicaid Over-payments Identified	56,600,000	56,600,000
D.1.1. Strategy: MEDICAID INVESTIGATION		
Output (Volume):		
Number of Investigations Concluded	500	500

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 for specific uses. Capital budgets direct the agency purchase or lease of vehicles, information resources, real property, or certain road construction or building repair.

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)

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

	2016	2017
a. Acquisition of Information Resource Technologies		
(1) Child Support Hardware/Software Enhancements	\$ 100,000	\$ 100,000
(2) Child Support TXCSES 2.0 Release 1	25,803,812	741,174
(3) Child Support TXCSES 2.0 Release 2	\$ 9,560,050	\$ 6,692,474
Total, Acquisition of Information Resource Technologies	\$ 35,463,862	\$ 7,533,648
b. Transportation Items		
(1) Child Support Motor Vehicles	\$ 163,494	\$ 163,494
c. Data Center Consolidation		
(1) Data Center Consolidation	\$ 46,734,045	\$ 53,062,011
d. Centralized Accounting and Payroll/Personnel System (CAPPS)		
(1) Converted PeopleSoft Licenses	\$ 55,662	\$ 55,662
Total, Capital Budget	\$ 82,417,063	\$ 60,814,815

M 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	\$ 904,847	\$ 904,847
Total, Method of Financing	\$ 82,417,063	\$ 60,814,815

- 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 payments received from the federal government, and all revenues specifically established by statute on a fee or service-provided basis and pertaining to the Child Support Enforcement Program.
- b. Amounts earned as interest on, and allocated by the Comptroller of Public Accounts to, the Child Support Trust Fund No. 994, in excess of \$808,289 in fiscal year 2016 and \$808,289 in fiscal year 2017, shall be transferred monthly by the Comptroller of Public Accounts to such funds from the General Revenue Fund, and all amounts so transferred are appropriated to the Office of the Attorney General for use during the 2016-17 biennium, in addition to the amounts otherwise appropriated herein. Amounts transferred pursuant to this provision shall

○ For the version of the General Appropriations Act (GAA) published with *Fiscal Size-Up*, endnotes are added to explain changes from the conference committee version of the GAA. Typically these changes are from appropriations that previously appeared in Article IX.



¹ Incorporates Article IX, §18.27, of this Act, due to enactment of HB 3327, 84th Legislature, Regular Session, relating to a grant program to fund domestic violence high risk teams, resulting in increases of \$300,000 out of General Revenue each fiscal year of the biennium.

² Incorporates Article IX, §18.28, of this Act, due to enactment of HB 2037, 84th Legislature, Regular Session, relating to compensation and leave of certain peace officers, resulting in increases of \$1,990,131 in FY 2016 and \$2,063,816 in FY 2017 out of General Revenue, increases of \$963,722 in FY 2016 and \$994,337 in FY 2017 out of Federal Funds, and increases of \$91,835 in FY 2016 and \$97,376 in FY 2017 out of Interagency Contracts – Criminal Justice Grants, affecting several strategies.

³ Incorporates Article IX, §18.22, of this Act, due to enactment of HB 1446, 84th Legislature, Regular Session, relating to reimbursement of certain medical costs for victims of certain sex offenses and compensation to victims of stalking for relocation and housing rental expenses, resulting in increases of \$2,828,349 in FY 2016 and \$2,867,463 in FY 2017 out of General Revenue – Dedicated Compensation to Victims of Crime Account No. 0469 and increases of 2.0 FTEs in each year of the biennium. Performance measures are adjusted accordingly.

⁴ Article IX, §18.02 of this Act, increases the salary of the Attorney General from \$150,000 to \$153,750.

OFFICE OF THE ATTORNEY GENERAL
(Continued)

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I-12

September 29, 2015