



## LEGISLATIVE BUDGET BOARD

*Conference Committee Report on*

# **HOUSE BILL 1**

*Highlights of the Appropriations for the 2024–25 Biennium*

**LEGISLATIVE BUDGET BOARD STAFF**

**MAY 2023**

# House Bill 1, by Method of Finance

MOF Type <i>(in millions)</i>	2022–23	HB1 2024–25	Biennial Change	% Change
General Revenue (GR) Funds	\$130,403.6	\$144,130.4	\$13,726.8	10.53%
General Revenue–Dedicated Funds	\$8,024.2	\$6,833.7	(\$1,190.5)	(14.84%)
Federal Funds	\$117,301.4	\$102,286.3	(\$15,015.1)	(12.80%)
Other Funds	\$47,567.1	\$68,087.2	\$20,520.1	43.14%
<b>ALL FUNDS</b>	<b>\$303,296.3</b>	<b>\$321,337.6</b>	<b>\$18,041.3</b>	<b>5.95%</b>

*2022-23 amounts include the supplemental appropriations made in Senate Bill 30.*

# Constitutional / Statutory Spending Limits

Remaining General Revenue (GR) Spending Authority, 2024-25	
<i><u>based on HB1 &amp; SB30 Appropriations</u></i>	<i><u>(in billions)</u></i>
<b>Pay-as-you-go Limit</b> <i>Texas Constitution, Article III, Section 49a</i>	\$10.7
<b>Tax Spending Limit</b> <i>Texas Constitution, Article VIII, Section 22</i> <i>Texas Gov't Code, Section 316.001(b)</i>	\$1.6
<b>Consolidated GR Limit</b> <i>Texas Gov't Code, Section 316.001(c)</i>	\$11.8

# General Revenue Funds, by Article

Article	2022–23	2024–25	\$ Change	% Change
1 – General Government	\$10,845.8	\$9,334.1	(\$1,511.7)	(13.94%)
2 – Health & Human Services	\$39,015.2	\$42,862.1	\$3,846.9	9.86%
3 – Education	\$62,752.0	\$72,006.6	\$9,254.6	14.75%
<i>Public Education</i>	\$41,454.6	\$50,402.9	\$8,948.3	21.59%
<i>Higher Education</i>	\$21,297.4	\$21,603.7	\$306.3	1.44%
4 – Judiciary	\$597.7	\$860.3	\$262.6	43.94%
5 – Public Safety/Criminal Justice	\$12,645.8	\$13,364.7	\$718.9	5.68%
6 – Natural Resources	\$3,294.4	\$3,486.4	\$192.0	5.83%
7 – Business/Econ. Development	\$508.1	\$1,292.5	\$784.4	154.38%
8 – Regulatory	\$311.2	\$434.1	\$122.9	39.49%
9 – General Provisions				
10 – Legislature	\$433.4	\$489.6	\$56.2	12.97%
<b>TOTAL, ALL ARTICLES</b> <i>(in millions)</i>	<b>\$130,403.6</b>	<b>\$144,130.4</b>	<b>\$6,098.6</b>	<b>10.53%</b>

2022-23 amounts include the supplemental appropriations made in Senate Bill 30.

2024-25 appropriations made in Article IX are reflected in the functional articles above.

Not included above are 2024-25 GR transfers to the Property Tax Relief Fund (Other Funds), totaling \$12.3 billion.

# Major Funding Items

## PUBLIC EDUCATION

- Provides \$17.6 billion for property tax relief, including \$12.3 billion above amounts required by current law, contingent on enactment of legislation.
- Fully funds the Foundation School Program (FSP) under current law, including increases of \$3.2 billion to fund projected enrollment growth, \$2.4 billion for increases in the golden penny yield, and \$60.0 million for the New Instructional Facilities Allotment. HB1 also increases funding to districts and charter schools for technology and instructional materials by \$307 million.
- Includes \$5.0 billion in additional funding for Public Education, contingent on enactment of legislation.
- Increases funding for school safety measures by \$1.4 billion (\$300.0 million in HB 1 and \$1.1 billion in SB 30), including grants to districts and charter schools and new statewide initiatives.
- Includes \$1.6 billion for a onetime supplemental annuity payment for certain TRS retirees and \$3.4 billion to provide a cost-of-living adjustment to eligible TRS retirees, contingent on enactment of legislation.
- Provides \$588.5 million to the Teacher Retirement System (TRS) to maintain health insurance premium increases below 10 percent each year for TRS-ActiveCare participants.

# Major Funding Items

## HIGHER EDUCATION

- Provides a state focus on student affordability for general academic universities and a revamped public junior college state finance program – HB1 provides \$9.9 billion, which is a \$1.1 billion increase to the current biennium, to fund the formulas at our higher education institutions:

*\$4.8 billion to General Academic Institutions, Lamar State Colleges and Texas State Technical Colleges; \$2.9 billion to Health Related Institutions and \$2.2 billion to Community Colleges.*

- Provides for long-term investments in higher education through the establishment of the Texas University Fund (\$3.0 billion corpus in SB 30) and the Permanent Instruction in Manufacturing and Technical Workforce Operations Funds (\$1.05 billion corpus in HB1), contingent on enactment of legislation.

- Bolsters Texas' healthcare workforce:

*\$233.1 million for graduate medical education to maintain a 1.1 to 1.0 ratio for residency slots; \$280.5 million for the Texas Child Mental Health Care Consortium; and \$124.8 million for other related workforce programs.*

- Includes \$1.54 billion for financial aid programs:

*\$950.3 million for TEXAS Grants program, \$195.8 million for Tuition Equalization Grants program, \$222.0 million for Texas Educational Opportunity Grants (TEOG) –Public Community Colleges, \$22.2 million for TEOG –State and Technical Colleges, \$149.3 million for Student Financial Aid to be allocated to TEXAS Grants, Tuition Equalization Grants, Texas Leadership Scholars Program and TEXAS Transfer Grants.*

# Major Funding Items

## HEALTH & HUMAN SERVICES

- Strengthens commitment to mental health services by providing \$9.4 billion in All Funds in HB 1 and \$2.2 billion in All Funds in SB 30 for behavioral health.
  - *In HB 1, \$302.0 million for mental health community hospitals, \$199.4 million for mental health state hospital operations, and \$83.0 million for community mental health grant programs; and*
  - *In SB 30, \$1.6 billion for new construction of mental health state hospitals, \$0.5 billion for new construction at mental health community facilities, and \$0.1 billion for maintenance and information technology projects related to mental health services.*
- Includes \$447.2 million in All Funds for women's health programs, an increase of \$160.1 million over current spending.
- Provides a total of \$80.8 billion in All Funds across all three Health and Human Services agencies for Medicaid, including:
  - *\$2.0 billion to support community attendant services and raise the base wage to \$10.60 an hour; and*
  - *\$206.8 million to increase rates for pediatric services, women's health related surgeries, private duty nursing, and ground ambulances.*
- Provides an additional \$178.2 million for rural hospitals, including increased funding for rural labor and delivery add on, and a new rural hospital grant program.
- Increases funding for DFPS by \$548 million in All Funds, including \$97.1 million to expand Community-based Care into new regions and stages, and \$219.7 million for Foster Care rate modernization.

# Major Funding Items

## PUBLIC SAFETY

- Provides \$5,105.7 million for border security efforts coordinated through thirteen state agencies, including the Texas Military Department (\$2,265.5 million), Office of the Governor (\$1,388.7 million) and the Department of Public Safety (\$1,194.6 million).
- Includes \$381.5 million to the Department of Public Safety (DPS) to expand the Williamson County Training Academy facility, funding for 50 additional officers (\$31.1 million) and a total of six recruit schools along with graduation recruitment bonus payments (\$35.0 million), expansion of statewide intelligence and analytics (\$27.1 million), and communication radio infrastructure improvements (\$23.7 million).
- Includes \$126.2 million in new funding for local adult probation departments at the Department of Criminal Justice (TDCJ), along with additional body scanners and metal detectors (\$8.4 million), video surveillance upgrades (\$6.3 million), additional protective gear for correctional staff (\$4.0 million), and expanded resources to the TDCJ-OIG (\$3.0 million) to pursue parole absconders.
- Includes \$200.0 million for new state secure facilities for the Juvenile Justice Department and \$142.5 million in additional funding for local juvenile probation departments.
- Provides \$330.8 million for county law enforcement contingent on enactment of legislation, to establish grant programs to provide financial assistance to qualified sheriff, constable, and prosecutors' offices in rural counties.



# Major Funding Items

## OTHER HIGHLIGHTS

- Provides \$1.8 billion in All Funds, including \$1.3 billion in GR and GR-Dedicated Funds, for a 5.0 percent increase to state employee salaries, with a minimum of \$3,000 per year in fiscal year 2024, followed by another 5.0 percent increase with a minimum of \$3,000 per year in fiscal year 2025. (SB30 includes funding necessary to begin the FY 2024 increase two months early, in July 2023). Additional targeted salary increases were provided to agencies with significant staff turnover.
- Includes \$931.2 million to the Employees Retirement System to address unfunded liabilities and cover the normal costs of the Law Enforcement and Custodial Officer Supplemental Retirement Plan and the Judicial Retirement System Plan II. Additionally, in SB30, \$900.0 million was provided to ERS for a onetime legacy payment toward the retirement system's unfunded actuarial liabilities.
- Provides \$243.8 million in SB 30 to fully fund all remaining obligations with the Texas Guaranteed Tuition Plan.
- Includes \$0.7 billion for the Semiconductor Innovation Fund (in SB30), \$1.5 billion for broadband development and telecommunications services, and \$350.0 million to establish the Texas Space Commission, each of which are contingent on enactments of legislation.
- Provides the Parks and Wildlife Department (TPWD) \$1.0 billion in GR to capitalize the Centennial Parks Conservation Fund for the purpose of establishing state parks, contingent on enactment of legislation.

# Major Funding Items

## OTHER HIGHLIGHTS

- Provides the General Land Office (GLO) \$550.0 million in GR to provide funds to the Gulf Coast Protection District and \$60.0 million in GR-D funding to administer the Coastal Erosion Planning and Response Act program to expand erosion response projects studies.
- Includes \$400.0 million in additional General Revenue to complete remaining Alamo Plan construction and restoration projects.
- Provides (in SB30) to the Water Development Board (TWDB) \$1.0 billion in GR to capitalize the Texas Water Fund, contingent on enactment of legislation, for financing water projects in the state and \$625.0 million in General Revenue to be transferred to the Flood Infrastructure Fund to increase funding for flood control, drainage, and mitigation projects.
- Contingent on enactment of legislation that establishes the Texas Energy Fund, appropriates \$5.0 billion to support the construction, maintenance, and modernization of dispatchable electric generating facilities.
- Increases funding to the Texas Department of Transportation for highway planning and design, right-of-way acquisition, and construction and maintenance by approximately \$5.0 billion that includes \$2.5 billion in Federal Funds and \$2.5 billion in the State Highway Fund.