LEGISLATIVE BUDGET BOARD

House Budget Recommendations
for the 2022–23 Biennium

PRESENTED TO HOUSE COMMITTEE ON APPROPRIATIONS

LEGISLATIVE BUDGET BOARD STAFF   **FEBRUARY 2021**

House Recommendations, by Method of Finance

Method of Finance (In Millions)	2020–21	2022–23	Biennial Change	% Change
General Revenue Funds	$114,947.8	$119,753.9	$4,806.1	4.2%
General Revenue–Dedicated Funds	$6,532.3	$6,307.9	($224.4)	(3.4%)
Federal Funds	$99,446.0	$85,533.2	($13,912.8)	(14.0%)
Other Funds	$43,878.3	$39,882.9	($3,995.4)	(9.1%)
ALL FUNDS	**$264,804.4**	**$251,477.9**	**($13,326.5)**	**(5.0%)**

General Revenue Funds, by Article

Article	2020–21	2022–23	$ Change	% Change
1 – General Gov't	$3,977.4	$4,110.1	$132.7	3.3%
2 – Health/Human Services	$35,914.4	$36,668.3	$753.9	2.1%
3 – Public Education	$44,561.5	$48,640.2	$4,078.7	9.2%
3 – Higher Education	$15,841.3	$15,890.4	$49.2	0.3%
4 – Judiciary	$553.8	$545.5	($8.4)	(1.5%)
5 – Public Safety/Criminal Justice	$11,869.5	$11,807.2	($62.3)	(0.5%)
6 – Natural Resources	$933.1	$916.9	($16.2)	(1.7%)
7 – Business/Econ Development	$520.9	$477.8	($43.1)	(8.3%)
8 – Regulatory	$367.8	$287.3	($80.5)	(21.9%)
10 – Legislature	$408.1	$410.2	$2.1	0.5%
TOTAL, ALL ARTICLES (In Millions)	**$114,947.8**	**$119,753.9**	**$4,806.1**	**4.2%**

Major Funding Items

PUBLIC EDUCATION

- Recommended funding for the Foundation School Program fully funds current law and includes projected student enrollment growth and state funding related to property tax compression.

- Recommendations for the Teacher Retirement System (TRS) include an increased state contribution rate, from 7.5% in 2020–21 to 7.75% in FY 2022 and 8.0% in FY 2023.

HEALTH & HUMAN SERVICES

- All Funds decrease of $3.8 billion primarily related to COVID-related federal fund expenses in 2020–21 ($1.8 billion), $0.6 billion in 2020–21 new construction and repair/renovation projects, as well as projected decreases in Medicaid and CHIP client services ($1.3 billion).

TRANSPORTATION

- All Funds decrease of $2.5 billion, primarily related to an estimated $2.4 billion decrease in 2020–21 federal reimbursements for highway planning, right-of-way, construction and maintenance.

HIGHER EDUCATION

- Higher Education formula General Revenue appropriations for the 2022–23 biennium were maintained at the 2020–21 appropriated levels.

ADULT CORRECTIONS

- Recommended funding maintains correctional security operations, with a decrease totaling $148 million, primarily related to recent facility closures and 2020–21 repair/renovation projects.

Constitutional Limitations

2022–23 Remaining General Revenue Spending Authority (In Billions)	
Pay-as-you-go Limit *Texas Constitution, Article III, Section 49a*	($7.3)
Spending Limit *Texas Constitution, Article VIII, Section 22*	$3.2

These amounts compare the House Recommendations with the Comptroller's Biennial Revenue Estimate and do not fully account for revisions that will occur due to supplemental appropriations, 5% agency reductions, and/or the use of federal funds.

Economic Stabilization Fund

- The 2022-23 ending balance of the Economic Stabilization Fund (ESF) is estimated by the Comptroller to be $11.6 billion, as reflected in the Biennial Revenue Estimate. The ending balance consists of the cash balance plus the total asset value of investments.

- No appropriations from the ESF are included in the LBB Recommendations.

State Debt

- According to the Bond Review Board (BRB), as of August 31, 2020, state and local debt totaled $314.2 billion, of which local debt comprised $251.8 billion, or 80.1 percent; the remaining $62.4 billion is state debt outstanding including revenue conduit issuances.

- The BRB calculates two debt ratios to monitor state debt in relation to the constitutional debt limit:

	(1) Debt service on outstanding (issued) debt as a percentage of unrestricted General Revenue (UGR) Funds. At the end of fiscal year 2020, the BRB reported that issued debt was 1.23 percent. This reflects a 0.05 percentage point decrease from fiscal year 2019.

	(2) Debt service on outstanding debt and estimated debt service for authorized but unissued debt as a percentage of UGR Funds. At the end of fiscal year 2020, the issued and authorized but unissued debt was 2.67 percent. This reflects a 0.60 percentage point increase from fiscal year 2019.

- Recommended funding for the 2022–23 biennium fully funds debt service and totals $4.3 billion in All Funds. This amount is an increase of $18.9 million from the 2020–21 biennium.

Federal Coronavirus Funding

Estimated federal funding to Texas by federal action, as of 2/12/21.

Does not include direct allocations to local governments.

- CPRSA Act, signed 3/6/20 $79.6 million
- FFCR Act, signed 3/18/20 $179.4 million
- CARES Act, signed 3/17/20 $14.6 billion
- PPHE Act, signed 4/24/20 $479.2 million
- Presidential Directive – Lost Wage Assistance $1.9 billion
- CRRSA Act, signed 12/27/20 $7.6 billion

Total Identified Funding to date: $24.8 billion

Please refer to separate handout for further detail.

LBB Staff

- Support committee deliberations

- Provide budget and program analysis

- Assist the committee with state fiscal analysis

Publications include:

Appropriations Bills	Strategic Fiscal Reviews
Bill Summaries (Summary of LBE)	Criminal Justice – projections/reports
Legislative Budget Estimates – Strategy	Infographics and Issue Briefs
Legislative Budget Estimates – Program	Interactive Graphics
Fiscal Size-up, 2020–21 Biennium	School Performance Reviews

Contact the LBB

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