



LEGISLATIVE BUDGET BOARD

House Bill 1, as Introduced

2024-25 Biennium

PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE

LEGISLATIVE BUDGET BOARD STAFF

FEBRUARY 2023

House Bill 1, by Method of Finance

MOF Type	2022–23	2024–25	Biennial Change	% Change
General Revenue Funds	\$118,180.0	\$130,127.9	\$11,947.9	10.1%
General Revenue–Dedicated Funds	\$6,749.8	\$6,297.4	(\$452.4)	(6.7%)
Federal Funds	\$124,732.4	\$93,705.3	(\$31,027.2)	(24.9%)
Other Funds	\$47,522.4	\$58,564.5	\$11,042.1	23.2%
ALL FUNDS <i>(in millions)</i>	\$297,184.7	\$288,695.1	(\$8,489.5)	(2.9%)

General Revenue Funds, by Article

Article	2022–23	2024–25	\$ Change	% Change
1 – General Gov't	\$7,877.6	\$7,171.9	(\$705.7)	(9.0%)
2 – Health/Human Services	\$37,511.9	\$40,997.5	\$3,485.6	9.3%
3 – Public Education	\$40,490.0	\$38,420.7	(\$2,069.2)	(5.1%) ☆
3 – Higher Education	\$17,184.7	\$20,991.8	\$3,807.0	22.2%
4 – Judiciary	\$597.7	\$743.6	\$145.9	24.4%
5 – Public Safety/Criminal Justice	\$11,887.7	\$17,432.1	\$5,544.4	46.6%
6 – Natural Resources	\$1,379.4	\$2,104.7	\$725.3	52.6%
7 – Business/Econ Development	\$508.1	\$1,113.1	\$605.0	119.1%
8 – Regulatory	\$309.5	\$331.9	\$22.3	7.2%
9 – General Provisions	\$0.0	\$350.0	\$350.0	-
10 – Legislature	\$433.4	\$470.7	\$37.3	8.6%
TOTAL, ALL ARTICLES <i>(in millions)</i>	\$118,180.0	\$130,127.9	\$11,947.9	10.1%

☆ In addition to amounts shown above, the introduced bill transfers \$9.7 billion in General Revenue to the Property Tax Relief Fund.

Major Funding Items

PUBLIC EDUCATION

- Funding for the Foundation School Program fully funds requirements in current law and includes projected student enrollment growth
- \$15.0 billion set aside for additional property tax relief
- Provides \$2.4 billion to increase the yield on the golden pennies

HIGHER EDUCATION

- 2024-25 formula funding rates were generally maintained at 2022-23 appropriated levels
- Contingency funding of \$2.5 billion for a new Higher Education Endowment Fund
- Contingency funding of \$650.0 million for additional Community College financing

HEALTH & HUMAN SERVICES / BEHAVIORAL HEALTH

- All Funds decrease of \$5.5 billion primarily related to onetime COVID-related federal funds in 2022-23
- \$1,030.0 million in additional behavioral health service funding
- Projected increases in Medicaid and CHIP client services of \$1.8 billion in GR and a decrease of \$6.9 billion in All Funds due to a less favorable FMAP and reduced Medicaid caseloads related to the end of the Public Health Emergency
- An additional \$100.0 million in GR funding to target foster care rate increases at Department of Family & Protective Services

Major Funding Items

TRANSPORTATION / INFRASTRUCTURE

- \$30.5 billion for highway planning and design, right-of-way acquisition, construction, and maintenance
- \$550.0 million for maritime transportation infrastructure projects, including \$400.0 million for the Ship Channel Improvement Revolving Fund and \$150.0 million for maritime port capital improvement projects

BORDER SECURITY

- \$4.6 billion to maintain current border security operations, with pay increases for border law enforcement.

CRIMINAL JUSTICE & PUBLIC SAFETY

- \$118.8 million in additional funding for adult probation supervision and \$23.9 million to provide body-worn cameras for correctional officers at the 23 maximum security facilities at the Texas Department of Criminal Justice
- \$200.0 million for the construction of new facilities and \$133.8 million for juvenile probation supervision at the Texas Juvenile Justice Department

OTHER HIGHLIGHTS

- \$400.0 million to finish the Alamo Plan construction and restoration projects
- \$500.0 million for Gulf Coast Protection District projects contingent on certain local and federal actions
- \$350.0 million in contingency funding to create a rural law enforcement fund
- \$350.0 million in contingency funding to create the Texas Space Commission

Major Funding Items

EMPLOYEE COMPENSATION & STATE BENEFITS

- \$1.8 billion to fund a 5% increase (with a \$3,000 minimum) in FY 2024 followed by another 5% increase (with a \$3,000 minimum) in FY 2025 for all state employees, including law enforcement (Schedule C)
- \$855.0 million to eliminate the unfunded liabilities in the Law Enforcement and Custodial Officer Supplemental (LECOS) retirement plan and Judicial Retirement System (JRS) II retirement funds
- Recommendations for the Teacher Retirement System (TRS) include an increased state contribution rate, from 8.0% in FY 2023 to 8.25% in FY 2024 and 2025

SUPPLEMENTAL APPROPRIATIONS BILL - intended funding is highlighted in Art IX, Section 17.17, including:

- \$2.3 billion for state hospital construction and additional inpatient capacity
- \$1.0 billion for an additional one-time legacy payment to the employees retirement system
- \$600.0 million to assist school districts in implementing school safety initiatives
- \$400.0 million for flood mitigation projects
- \$273.6 million for cross-article agency vehicle replacement
- \$243.8 million to fully fund all remaining Texas Guaranteed Tuition plan obligations
- \$148.9 million to begin the FY 24 pay increase three months earlier, effective June 1st

Constitutional / Statutory Limitations

2024–25 Remaining General Revenue Spending Authority (in billions)	
Pay-as-you-go Limit <i>Texas Constitution, Article III, Section 49a</i>	\$43.6
Tax Spending Limit <i>Texas Constitution, Article VIII, Section 22</i>	\$4.0
Consolidated General Revenue Limit <i>Texas Government Code, Section 316.001</i>	\$17.1

These amounts compare the introduced bill with the Comptroller's Biennial Revenue Estimate and do not fully account for revisions that will occur due to supplemental appropriations and other legislative decisions.

Federal COVID-19 Funding

Texas has a remaining balance of **\$5.4 billion** in Coronavirus State Fiscal Recovery (CSFR) funds appropriated by the American Rescue Plan Act (ARPA).

States have until:

- the end of calendar year 2024 to fully obligate
- the end of calendar year 2026 to fully liquidate

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	Criminal Justice – projections/reports
Legislative Budget Estimates – Strategy	Infographics and Issue Briefs
Legislative Budget Estimates – Program	Interactive Graphics
Fiscal Size-Up, 2022-23 Biennium	School Performance Reviews



LEGISLATIVE BUDGET BOARD

Contact the LBB

Legislative Budget Board

www.lbb.texas.gov

512.463.1200