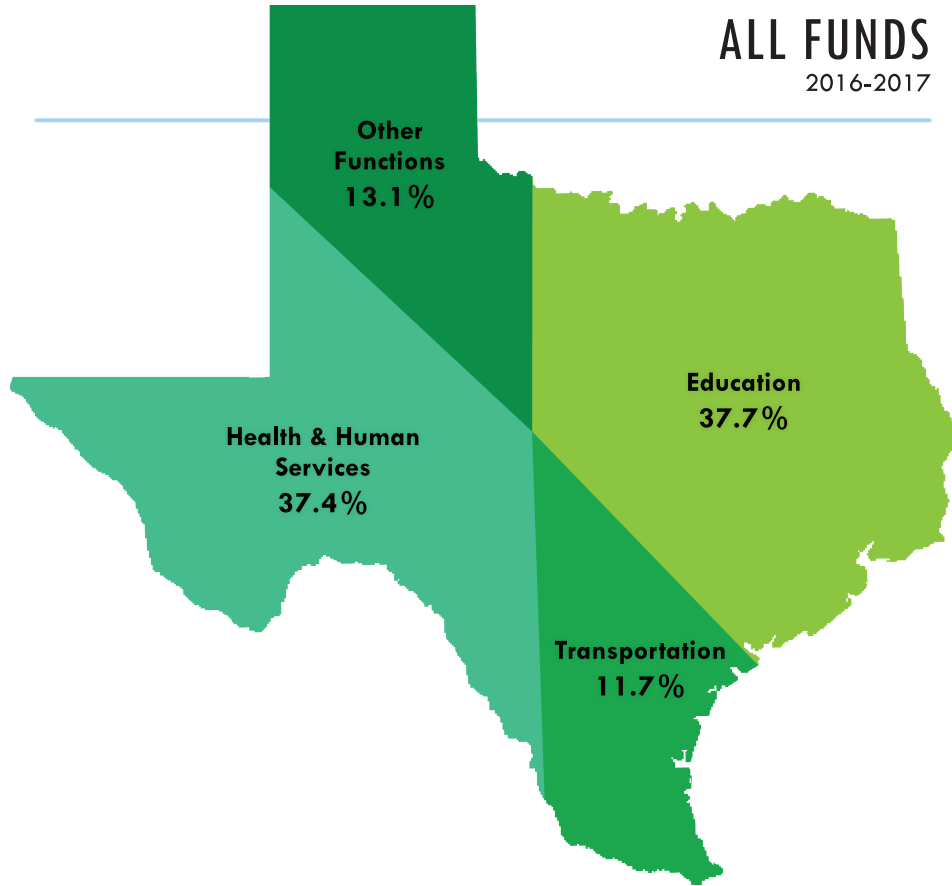




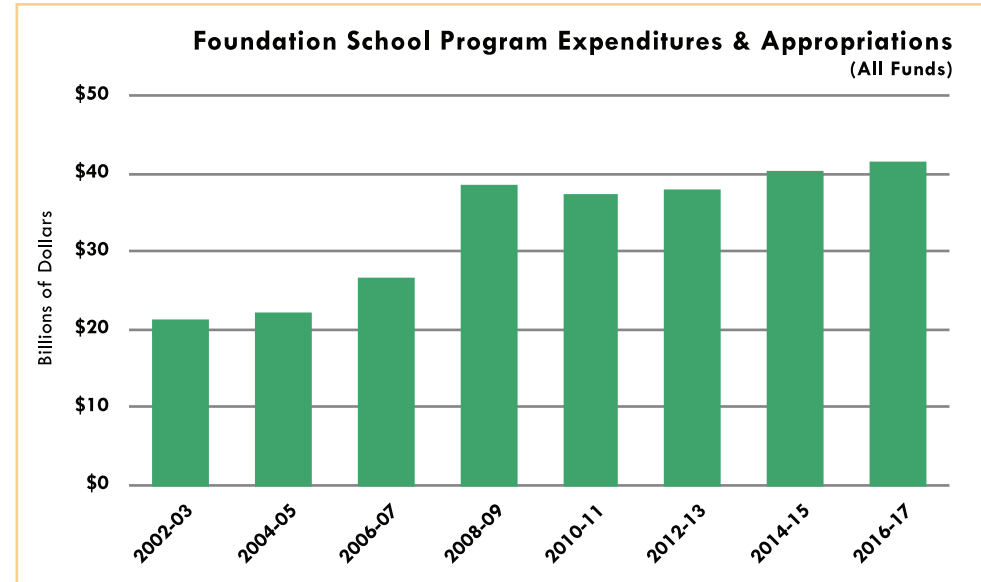
**ALL FUNDS**  
2016-2017



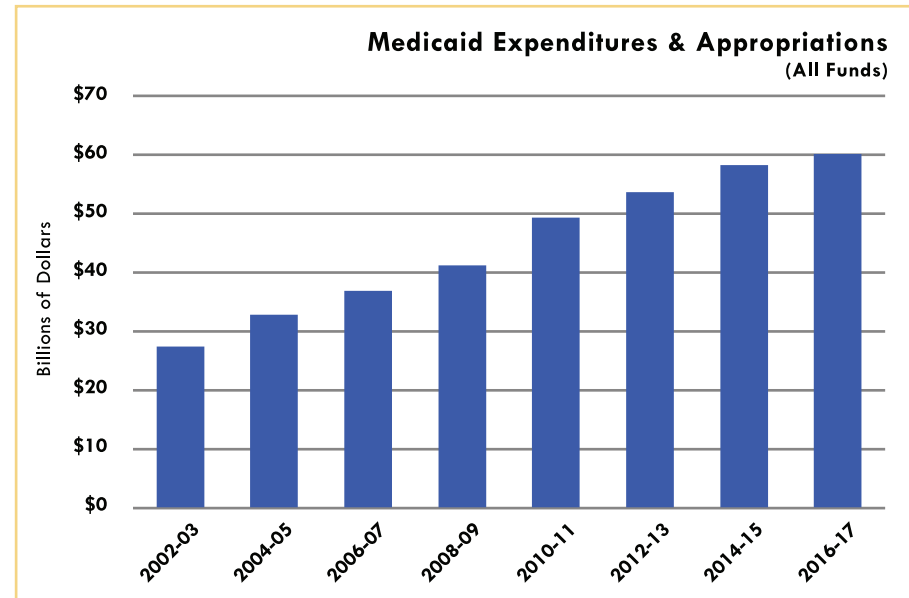
STATE FUNDING in millions	2014-2015	2016-2017
Public Education & Higher Education	\$73,941.8	\$76,388.9
Health & Human Services	\$74,513.4	\$75,764.6
Transportation	\$23,157.1	\$23,739.9
All Other Functions	\$30,470.8	\$26,548.2
<b>TOTAL</b>	<b>\$202,083.1</b>	<b>\$202,441.6</b>

**FOUNDATION SCHOOL PROGRAM (FSP)**

The FSP is the primary vehicle for delivering public education funding to school districts. House recommendations total \$41.4 billion in All Funds, which is \$2.2 billion more than is necessary to maintain current law state obligations, including the cost of adding an estimated 85,000 children to the system each year. This additional \$2.2 billion over current law is to be used at the direction of the legislature, with the stated goals of improving the equity of the system, increasing the state's share of funding, and reducing recapture. Including local revenue, the FSP totals an estimated \$90.6 billion in revenue to school districts.



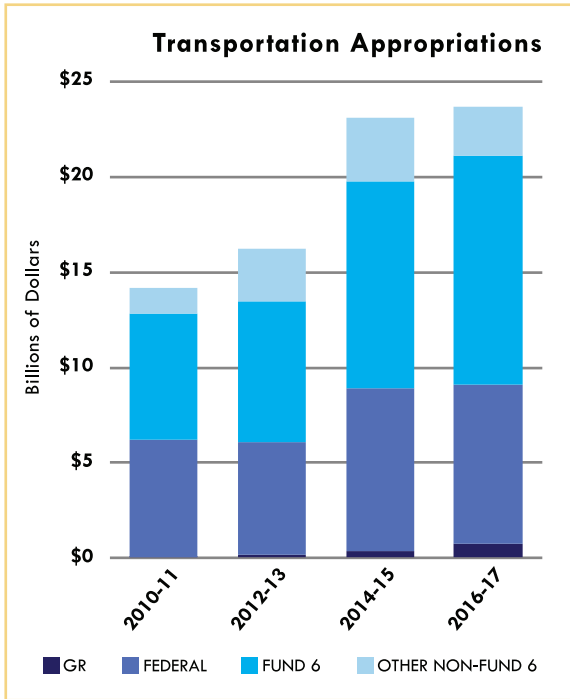
**MEDICAID**



The primary funding item for the Health and Human Services function is the Texas Medicaid program. Medicaid is a state and federally funded program that provides health insurance primarily to low-income children, pregnant women, older adults, and adults with disabilities. The Medicaid program is supported by \$60.1 billion in state and Federal funding; at roughly a 60/40 federal/state split, General Revenue represents \$24.8 billion of the total. House recommendations fully fund projected case load, maintain 2015 average costs in most programs, and fund the transfer of children from CHIP to Medicaid. There is an estimated \$171 million net supplemental 2015 need in the Medicaid program.



TRANSPORTATION



House recommendations total \$23.7 billion for the Texas Department of Transportation. 100 percent of all State Highway Fund (Fund 6) revenue is appropriated to TxDOT, representing a \$1.3 billion increase. There is no Fund 6 revenue or appropriations elsewhere in the House budget; 2014-15 appropriations from Fund 6 to agencies other than TxDOT are generally replaced by General Revenue in 2016-17. Funding also reflects passage of Proposition 1, allocating oil and gas-related revenues from the Economic Stabilization Fund to transportation; this allocation is \$2.6 billion in 2016-17. The primary funding sources for highway infrastructure spending and other functions carried out by the Texas Department of Transportation have traditionally been the State Highway Fund and Federal Funds (primarily federal-aid highway reimbursements). Revenues for the State Highway Fund include the constitutionally dedicated motor fuel taxes, vehicle registration fees, sales taxes on motor fuel lubricants, and oil and natural gas tax-related transfers to the fund; there are also non-constitutionally dedicated sources of revenue. The remainder of the agency's funding comes from the Texas Mobility Fund, and General Revenue.

STATE EMPLOYEES

Funding in the House recommendations provides for 214,203.8 full-time equivalent (FTE) positions in 2016 and 214,087.5 in 2017. This is a decline of 4,202.4 FTEs between 2015 and 2017 attributable to adjusting the number of authorized FTEs to actual agency and higher education institution employment levels. It does not represent a reduction in force.

CONTRACTING

The House includes a new rider in Article IX prohibiting state agencies and institutions of higher education to enter into contracts over \$10 million and certain contracts over \$1 million without prior detailed notification to the Legislative Budget Board, the State Auditor, and legislative leadership. If the LBB finds that a state entity is not in compliance, the Comptroller shall not allow the expenditure.

BORDER SECURITY

Funding for border security has increased significantly since 2012-13, and the House recommendations include nearly \$420 million across all affected state agencies, an increase of 88 percent since 2012-13. The Texas Department of Public Safety receives nearly all of the funding for border security. Other agencies, including Trusteed Programs Within the Office of the Governor, the Texas Parks and Wildlife Department, and the Texas Department of Criminal Justice also receive funds. The Texas Military Department recently began involvement in state-funded border security activities.

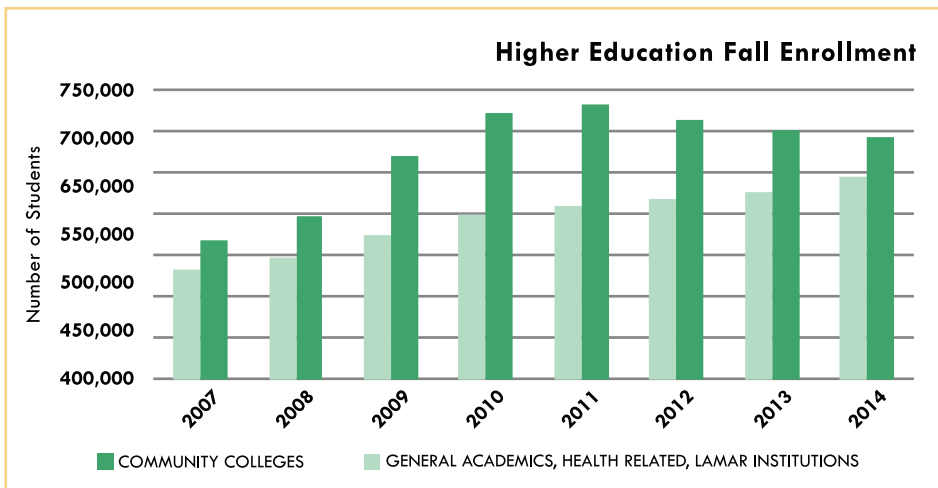
JUVENILE JUSTICE

House recommendations include \$638.9 million in all state funds for the Juvenile Justice Department. This is provided as block funding in a rider outlining issues for consideration by the 84th legislature with respect to this function overall, including facilities, location, management, and provision of services.

PUBLIC INTEGRITY UNIT

House recommendations provide \$6.6 million in General Revenue funds contingent on legislation that reforms the system of investigating and prosecuting crimes related to state government. 2014-15 appropriations were vetoed by the Governor.

INSTITUTIONS OF HIGHER EDUCATION



Funding for higher education totals \$18.9 billion in All Funds. Projected enrollment at all types of institutions is funded at the current biennium's rates. The reduction of \$80 million in funding to community colleges is directly attributable to declining enrollment. The value of the formula rate is not reduced. Texas community colleges experienced an uptick in the number of contact hours in the 2010-11 biennium, but in every year since, contact hours have declined.