

Cheat Sheet for the Texas Revenue Estimate

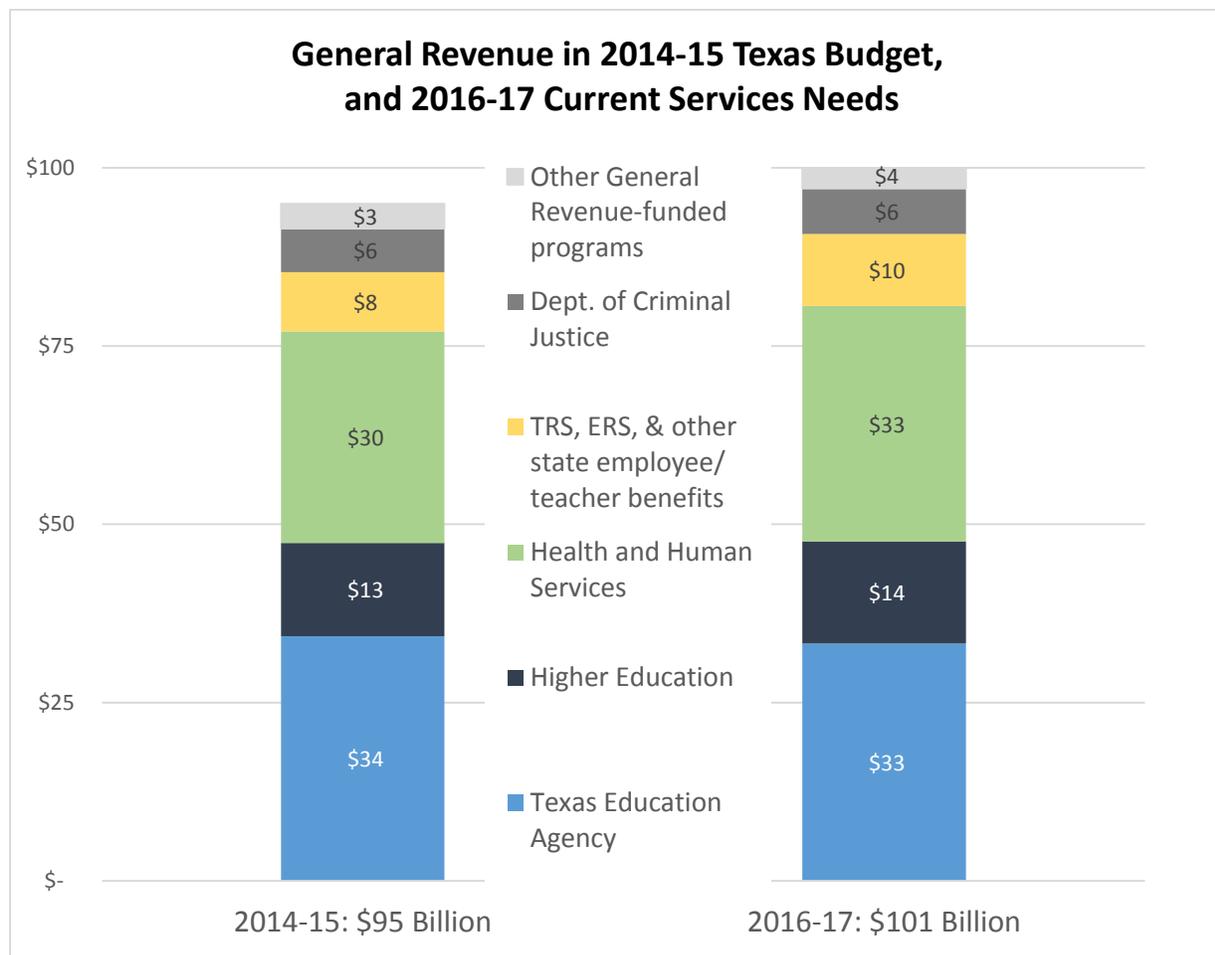
By Eva DeLuna Castro

On January 12, new Texas Comptroller Glenn Hegar will issue the revenue estimate for [the 2016-17 budget cycle](#), as well as update legislators on 2014-15 state revenue collections.

Perennially missing from the early stages of the official process is a clear understanding of the funding needed just to deal with growth in the number of public school or college students, publicly funded health care and pension beneficiaries, prison and jail inmates, and other major [drivers](#) of the Texas budget. Nor does the Legislative Budget Board calculate new funding needed to fully cover higher costs such as rising prescription drug prices, hospital charges, or highway construction materials.

But by examining state agencies' budget [requests](#) and other budget documents for the 2016-17 biennium, it's possible to estimate the minimum amount of General Revenue – **a net increase of \$6 billion (or 6 percent more)** – needed to fund a "current services" budget that at least keeps up with population-driven and cost growth.

The Texas budget will need additional General Revenue to resolve the school finance issues currently in the courts, as well as to implement any new policies proposed by legislators or state officials.



The [Texas Education Agency](#) accounts for just over one-third of General Revenue spending. In the next budget cycle, the education agency is asking for \$1.1 billion less in General Revenue than it currently receives, because rising property tax collections are expected to reduce the amount of state aid to local school districts.

Health and human services agencies combined are almost another third of General Revenue spending, and many of these dollars bring additional federal matching funds for Medicaid and the Children's Health Insurance Program, foster care, and other social services. The consolidated HHS [proposal](#) requests almost \$3.4 billion more in General Revenue, roughly half to cover Medicaid and other growth in demand for services, and the other half for medical cost increases.

Higher education is another major part of the General Revenue budget. The Texas Higher Education Coordinating Board recommends almost \$1.1 billion more in funding along with about \$200 million more to maintain state financial aid programs.

Finally, the [Employees Retirement System](#) and [Teacher Retirement System](#) combined have requested \$1.8 billion more in General Revenue to address funding needs for state employee pension and health plans and for TRS-Care (health insurance for retired school employees).

Adding these and additional "current services" items for criminal justice and other areas of state spending to current spending of \$95 billion yields \$101 billion in General Revenue as a "bare bones" current services proposal for the 2016-17 budget cycle. This funding level would not undo the cuts in state services that remain from the 2011 session. Nor does this funding level include the many "exceptional items" that state agencies requested but which would either improve state services or address long-neglected issues such as capital repairs or purchases.

Many of the "exceptional items" agencies have carefully requested are for the investments that will build a Texas where everyone is healthy, well-educated and financially secure. To remain competitive, lawmakers should make investments today to make Texas the best state for hard-working people and their families.

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