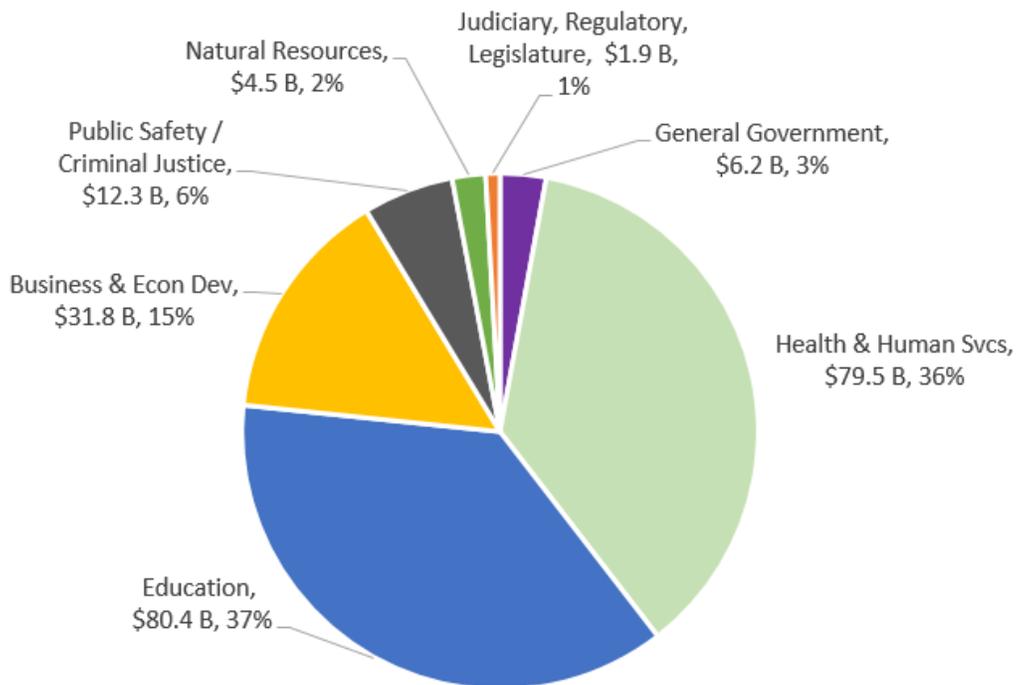


CPPP Insights into SB 1 -- The 2018-2019 Texas Budget

Key Takeaways

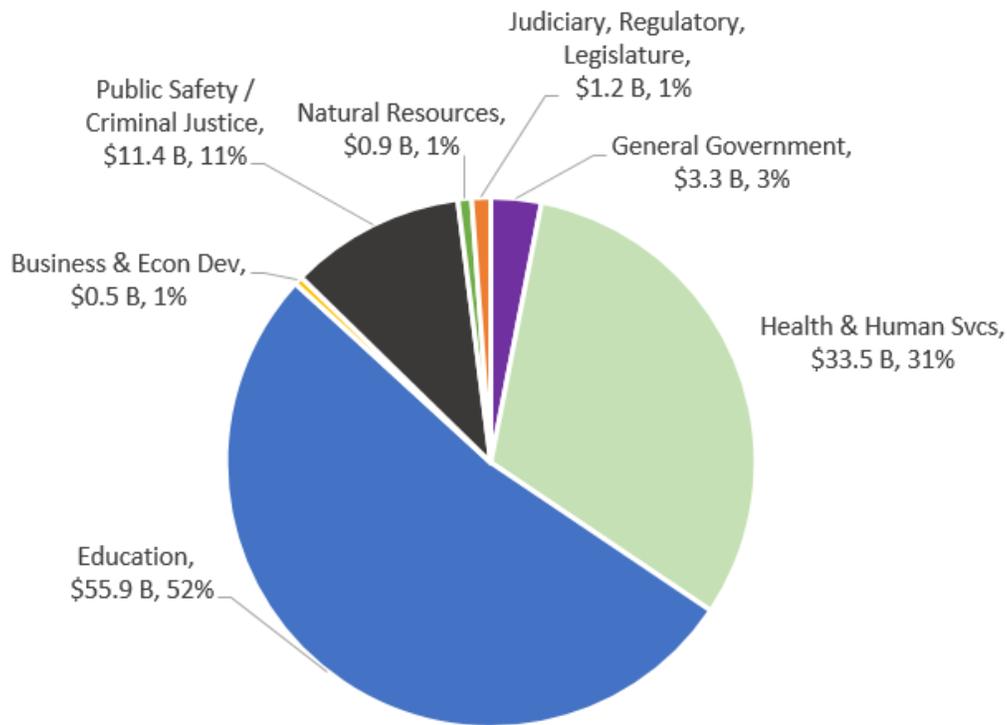
• **Not good enough for Texas:** The \$217 billion All Funds proposal in Senate Bill 1 is only \$352 million higher than the 2016-17 budget – less than a 0.2 percent increase. This means the proposed funding level is close to a 7.5 percent to 8 percent decrease in “real” terms, given the population growth and inflation forecast for the next two years. Except for highways, almost every area of state spending faces cuts or underfunding, such as a likely \$1 billion Medicaid “IOU” that SB 1 creates for the 2019 Legislature. Those who claim that we have to “live within our means” should remember that lawmakers have repeatedly reduced “our means” through tax cuts and diversions. The 2013 and 2015 tax cuts and revenue diversions reduced the amount of General Revenue – mainly used for health care and education – by more than \$10 billion, independent of the drop in oil and natural gas prices.

All Funds: \$217 Billion for 2018-19



The total amount of **General Revenue** spending is \$106.7 billion, below the current (2016-2017) budget of \$108 billion. SB 1 is at least \$2 billion short of the “bare bones” General Revenue amount that would have funded current services, and even further below the almost \$115 billion requested by state agency heads. Keep in mind that as the Texas population grows rapidly, so does the number of students enrolled in public schools – to give just one example of a major budget driver. When overall spending is flat, this is actually a significant cut to state investments, or a cost shift to local taxpayers, such as for school property taxes.

General Revenue: \$107 Billion for 2018-19



- **Accounting tricks:** The House SB 1 conferees did not agree to the Senate’s March 2017 proposal to delay a \$2.5 billion constitutional transfer for highways but still appropriate that money in the 2018-19 budget cycle, in effect counting the same \$2.5 billion twice. Instead, SB 1 reduces the Proposition 7 sales tax revenue used during the 2018-19 biennium by \$1.8 billion. This means the Comptroller can certify \$1.8 billion in additional General Revenue. The money will still go to the Highway Fund and the Department of Transportation in fiscal 2020.

- **Rainy Day Fund:** The state’s Rainy Day Fund already contains \$10 billion, making it the largest such reserve fund in the country. SB 1 proposes to spend \$989 million in Economic Stabilization Funds – a small fraction of the Fund, and almost entirely for state facilities repairs, construction, and equipment purchases (see Sec. 17.16 in Article IX, below). By choosing to leave \$11 billion unspent (the balance that will be reached by 2019), lawmakers are choosing to cut and underfund key state services unnecessarily. The Rainy Day Fund is specifically designed for times like these, to help prevent cuts to essential services like health care and education.

Sec. 17.16 Informational Listing of Certain Appropriations. The following is an informational listing of appropriations made in Articles I-VIII in this Act from the Economic Stabilization Fund.

One-time Grants to Local Entities	
Disaster grants	\$110,000,000
Bullet Proof Vests	\$25,000,000
Alamo	\$75,008,961
E-Rate grants to schools and libraries	\$26,000,000
Courthouse preservation	\$19,200,000
Historical museums	\$5,100,000
Defense Economic Adjustment Assistance Grants	\$20,000,000
Health and Safety Repair	
State Hospitals	\$300,000,000
State Supported Living Centers/State Hospital Critical Repairs	\$160,000,000
Facilities Commission - Deferred Maintenance	\$90,000,000
TJJD	\$12,100,000
TDCJ - Deferred Maintenance	\$40,000,000
Well plugging - Railroad Commission	\$38,200,000
Other State Facilities Construction Needs	
Military Department - including armories	\$16,300,000
DPS, including training facility	\$15,000,000
State office buildings - LBJ Renovations	\$13,600,000
State office buildings - GJ Sutton	\$4,800,000
TDCJ Infirmaries	\$2,000,000
Facilities Construction at TSBVI	\$2,000,000
TFC Master Plan at TSD (Central Service Center)	\$10,400,000
School For Deaf - Toddler Center	\$4,200,000
TOTAL	\$988,908,961

Next page: details of **Border Security** spending. Total is \$800 million for the biennium, the same as in the current budget. Before the 2016-17 budget cycle, most of this was supported by the State Highway Fund or federal grants; now, it is almost all General Revenue spending.

Sec. 17.07 Border Security - Informational Listing. Included elsewhere in this Act is \$800.0 million in border security funding for the 2018-19 biennium. The following is an informational list of the amounts appropriated elsewhere in this Act for border security to the Department of Public Safety, Trusteed Programs Within the Office of the Governor, the Parks and Wildlife Department, the Alcoholic Beverage Commission, the Department of Criminal Justice, the Commission on Law Enforcement, the Office of the Attorney General, the Soil and Water Conservation Board, and the Department of Motor Vehicles.

Agency / Item	2018-19 Biennial Total (in millions)
Department of Public Safety	
Baseline Border Security	\$428.4
50 hour work week for all DPS law enforcement officers statewide	\$145.6
Additional 250 Troopers and Support Staff	\$ 97.1
Extraordinary Operations (Surge Funding)	\$ 8.8
Equipment (Primarily for Operation Drawbridge)	\$ 7.0
Border Auto Theft Information Center	\$ 1.3
Penitas - Law Enforcement Center	\$ 3.2
University of North Texas Missing Persons Database Transfer	\$ 2.2
National Incident Based Reporting System (NIBRS) Training	\$ 0.7
Trusteed Programs within in the Office of the Governor	
Prosecution Resources	\$ 12.0
National Incident Based Reporting System (NIBRS) Technology	\$ 11.3
Border Security Enforcement Activities	\$ 10.2
Anti-gang Activities	\$ 10.2
Sustain Year-round Flight Capacity for Helicopters	\$ 6.0
Installation and Maintenance of Border Cameras	\$ 3.0
Texas Parks and Wildlife Department	
Baseline Expenditures in Border	\$ 11.4
Game Warden Activity on the Border	\$ 10.6
Extraordinary Operations (Surge Funding)	\$ 7.0
65-foot Vessel	\$ 4.0
Texas Alcoholic Beverage Commission	
Baseline Expenditures in Border	\$ 5.7
Special Investigation Agents	\$ 1.2
Texas Department of Criminal Justice	
Anti-Gang Intelligence	\$ 1.6
Texas Commission on Law Enforcement	
Border Investigators	\$ 0.3
Office of the Attorney General	
Border Prosecutions	\$ 2.6
Texas Soil and Water Conservation Board	
Carrizo Cane removal	\$ 3.0
Department of Motor Vehicles	
Automobile Burglary and Theft Prevention Authority Grants	\$ 5.6
 GRAND TOTAL, ALL AGENCIES	 \$ 800.0