

Overview of 2018-19 Texas Government Budget: Avoiding Smoke & Mirrors

Here is the reported all-funds Texas budget in the [LBB Summary Report for CCR SB 1](#):

FIGURE 2
FUNDING BY ARTICLE, ALL FUNDS
(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2016-17	CCR SB1 2018-19	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$7,043.9	\$6,240.8	(\$803.2)	(11.4%)
Article II – Health and Human Services	\$81,280.1	\$79,456.5	(\$1,823.6)	(2.2%)
Article III – Agencies of Education	\$79,148.6	\$80,433.0	\$1,284.4	1.6%
<i>Public Education</i>	\$58,895.8	\$59,944.8	\$1,049.1	1.8%
<i>Higher Education</i>	\$20,252.8	\$20,488.2	\$235.4	1.2%
Article IV – Judiciary	\$813.3	\$823.6	\$10.3	1.3%
Article V – Public Safety and Criminal Justice	\$12,575.5	\$12,311.7	(\$263.7)	(2.1%)
Article VI – Natural Resources	\$4,530.2	\$4,544.5	\$14.2	0.3%
Article VII – Business and Economic Development	\$29,649.6	\$31,845.8	\$2,196.2	7.4%
Article VIII – Regulatory	\$956.4	\$630.6	(\$325.8)	(34.1%)
Article IX – General Provisions	\$0.0	\$83.9	\$83.9	N/A
Article X – Legislature	\$400.9	\$387.5	(\$13.3)	(3.3%)
Total, All Articles	\$216,398.5	\$216,757.9	\$359.4	0.2%

NOTES:
 (1) Includes supplemental spending adjustments pursuant to House Bill 2, Eighty-fifth Legislature, 2017.
 (2) Excludes Interagency Contracts.
 (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

Of course, those reported amounts compare apples (2018-19 appropriations)-to-oranges (2016-17 estimated/budgeted).

To correctly compare apples-to-apples, and avoid smoke and mirrors, the following table shows the amounts that TPPF considers, which appropriately includes the \$1.8 billion delay in Prop 7 transportation payment that should be funded in the 2019 supplemental bill (at least one component of that supplemental which will also very likely include an amount for Medicaid):

Article/All Funds (In Millions)	Appropriated 2016-17	House SB 1 2018-19	Senate SB 1 2018-19	CCR SB 1 2018-19	CCR SB 1 Change
I - General Government	\$6,252.6	\$5,677.2	\$5,805.5	\$6,239.9	-\$12.7
II - Health and Human Services	\$77,199.8	\$79,408.3	\$80,252.8	\$79,456.5	\$2,256.7
III - Agencies of Education	\$78,570.1	\$79,610.6	\$79,525.4	\$80,432.6	\$1,862.5
<i>Public Education</i>	\$58,556.2	\$59,073.1	\$59,292.0	\$59,944.8	\$1,388.6
<i>Higher Education</i>	\$20,013.9	\$20,537.5	\$20,233.4	\$20,487.8	\$473.9
IV - The Judiciary	\$807.8	\$824.7	\$807.2	\$821.0	\$13.2
V - Public Safety and Criminal Justice	\$12,432.6	\$11,356.6	\$12,186.7	\$12,303.0	-\$129.6
VI - Natural Resources	\$4,367.5	\$4,346.0	\$4,335.1	\$4,446.7	\$79.2
VII - Business and Economic Development*	\$27,762.2	\$33,604.8	\$33,605.3	\$33,641.6	\$5,879.4
VIII - Regulatory	\$934.2	\$626.3	\$639.9	\$630.6	-\$303.6
IX - General Provisions	\$390.2	\$2,312.2	\$190.0	\$83.9	-\$306.3
X - The Legislature	\$386.1	\$380.6	\$386.6	\$381.5	-\$4.6
All Funds Total	\$209,103.1	\$218,147.2	\$217,734.5	\$218,437.3	\$9,334.2

*Includes \$1.8 billion delay in Proposition 7 transportation payment.

Given these amounts, the following table provides a breakdown of how CCR SB 1 compares with the Conservative Texas Budget. Initially, our [press release](#) noted that the Legislature took a step toward passing a Conservative Texas Budget as they were within a few million dollars (\$45.3 million), but with Governor Abbott's [vetoes](#) of \$120 million in funds, the budget is now under the CTB at this stage ([TPPF press release](#)):

Article/All Funds (In Millions)	Appropriated 2016-17	CCR SB 1 2018-19	Conservative Texas Budget 2018-19 Limits Pop+Inf: 4.5%	CCR SB 1 v. CTB 2018-19
GR	\$106,007.5	\$106,606.4		
GR-D	7,808.4	6,376.2		
Other	27,285.6	33,595.9		
State Total	\$141,101.5	\$146,578.5	\$147,451.1	-\$752.0
Federal	68,001.5	71,858.9		
All Funds Total	\$209,103.0	\$218,437.3	\$218,512.6	-\$75.3
GR Change		0.6%		
State Change		3.9%		
Fed Change		5.7%		
All Change		4.46%		

*Includes \$1.8 billion delay in Proposition 7 transportation payment.

Of course, a Conservative Texas Budget must be achieved at each stage of the budget process. Above is a comparison of stage one with appropriations-to-appropriations, but we will next do this in stage two with GAA+Supplemental-to-GAA+Supplemental, which is what HB 2 this session did to achieve that step for the 2016-17 Conservative Texas Budget. Finally, stage three will be a comparison of expended-to-expended, which we won't be able to examine until later this year or possibly early next year).

The following table includes HB 2 (2016-17 GAA+Supplemental) and increases it by pop+inf of 4.5 percent providing how much the 86th Legislature will have available to appropriate in a supplemental to achieve a 2018-19 Conservative Texas Budget. This amount is \$2.79 billion in all funds, which the \$1.8 billion to transportation is already included, that would be available for a potential Medicaid shortfall and other underfunded amounts:

Article/All Funds (In Millions)	GAA+Sup 2016-17	GAA+Sup 2018-19	Conservative Texas Budget 2018-19 Limits Pop+Inf: 4.5%	GAA+Sup v. CTB 2018-19
GR	\$107,008.3	\$106,606.4		
GR-D	7,808.4	6,376.2		
Other	27,285.6	33,595.9		
State Total	\$142,102.3	\$146,578.5	\$148,496.1	-\$1,917.6
Federal	69,601.4	71,858.9		
All Funds Total	\$211,703.7	\$218,437.2	\$221,229.6	-\$2,792.3
GR Change		-0.4%		
State Change		3.1%		
Fed Change		3.2%		
All Change		3.2%		

*Includes \$1.8 billion delay in Proposition 7 transportation payment.

Overall, the 2018-19 budget is a valuable step in the right direction to passing a Conservative Texas Budget.

When you look at the appropriations in the first table above as reported by the LBB, the Legislature may argue that the footprint of government (all funds) increased by only \$359.4 million, or 0.2 percent, instead of the actual increase in appropriations of \$9.54 billion, or 4.52 percent. However, with the work that they did throughout the budget process, there is a clear indication that they were at least trying to match our Conservative Texas Budget criteria.

They were \$45.3 million above when including the alternative funding mechanism of the Prop 7 funds, so it was not quite a Conservative Texas Budget, but after Gov. Abbott's vetoes, the budget was \$75.3 million below the CTB. This valuable step provides room for what could be a historic second consecutive Conservative Texas Budget.

Texans must not become complacent because the Legislature will be diligent in their desire to grow government. But with fiscally conservative folks like you, we can strengthen the Texas model so that Texans have more opportunities to prosper, D.C. and other states have an example to follow, and the rest of the world has evidence that liberty, free enterprise, and personal responsibility—the pillars with which the Texas Public Policy Foundation rests—works.