



# TEXAS LEGISLATIVE STUDY GROUP

*An Official Caucus of the Texas House of Representatives*

Representative:

Desk:

## **Bill Analysis** **House Committee Substitute Senate Bill 1**

**Thursday, April 22, 2021**

Author: Senator Jane Nelson      Sponsor: Rep. Greg Bonnen

Committee: Appropriations

Recommendation: Favorable, with Concerns

CSSB 1 Evaluated By: Audrey Erwin

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### SUMMARY

CSSB 1's General Revenue (GR) Fund expenditures total \$117.9 billion, an increase of 2.6% in GR spending from FY 2020-21. Initial budget estimates identified a negative balance of \$946 million from FY 2020-21 and \$7.3 billion in GR appropriations over the pay-as-you-go limit needing to be addressed. These shortfalls are addressed through savings identified in the proposed supplemental budget (HB 2) and anticipated savings in 2020 GR lapses, estimated to total \$5.8 billion beyond savings already included in the January Biennial Revenue Estimate. These contingencies would leave \$4.7 billion available in GR before reaching the spending growth limit and \$0.4 billion available in GR before reaching the pay-as-you-go limit. The state's Economic Stabilization Fund (ESF) is estimated to contain \$11.6 billion at the end of the 2022-23 biennium, but the proposed supplemental budget (HB 2) would appropriate \$876.3 million from the fund, lowering the projected balance of the fund to \$10.7 billion.

SB1 provides funding that is necessary to meet the state's responsibilities to support the state's growing population. However, there are legitimate concerns that some budget provisions may not adequately address some of our most urgent priorities.

- It is often said that there is only one bill the legislature must pass: the budget. Texas is receiving billions of dollars in federal funding from the CARES Act, the December 2020 Supplemental Appropriations Act and the American Rescue Plan. However, SB1 does not appropriate these funds, leaving them on the table to be appropriated "later," perhaps by a handful of elected officials, the Governor, or in a special session. How that might be done is not yet established.
- More than \$1 billion in federal funds that Texas received in 2020 for public schools was used to supplant state funding instead of using them for their intended purpose, helping Texans get through the effects of the COVID-19 pandemic.
- Some of the CARES Act funding received months ago was unspent for months, a failure that should not be repeated now that the legislature is in session and has the ability and the responsibility to pass a budget. The legislature should not defer the distribution of federal funds to another entity when SB1 could appropriate federal funding for their intended purposes, including working safely, additional public health supports, safely opening our public schools, and other pandemic-related matters.
- Although federal funding is available, SB1 provides inadequate funding for higher education, including underfunding of the Texas Grants financial aid program that makes postsecondary education possible for many Texas families.
- Numerous amendments will be offered to redirect funding for some budget items to those that might be considered more important priorities, such as funding to address certain educational priorities, access to health care, and disparities revealed or exacerbated by the pandemic. LSG staff will provide analyses and recommendations for SB1 amendments.

The 87<sup>th</sup> legislative session began during an economic downturn. In the first half of 2020, Texas saw increasing unemployment, decreases in tax revenue, reduced economic output, and anticipated budgetary shortfalls related to the COVID-19 pandemic.

The Comptroller's January *Biennial Revenue Estimate* (BRE) gave a projection of a \$946 million deficit from 2020-21, a more hopeful projection than the \$4.58 billion deficit predicted in July, which resulted in \$118.63 billion in available GR funds for the 2022-23 biennium. Of this, \$5.3 billion is reserved for the Economic Stabilization Fund (ESF) and State Highway Fund (SHF), and \$271 million is reserved for the Texas Tomorrow Fund shortfall. This leaves \$112.53 billion available for 2022-23 GR budget appropriations, a 0.4% decrease from the previous biennium.

Legislative appropriations are subject to four constitutional spending restrictions on GR funds.

- The pay-as-you-go limit prohibits GR appropriations in excess of the Comptroller's projected available revenue.
- The spending growth limit prohibits spending non-constitutionally dedicated tax revenue at a faster rate than the growth of the economy.



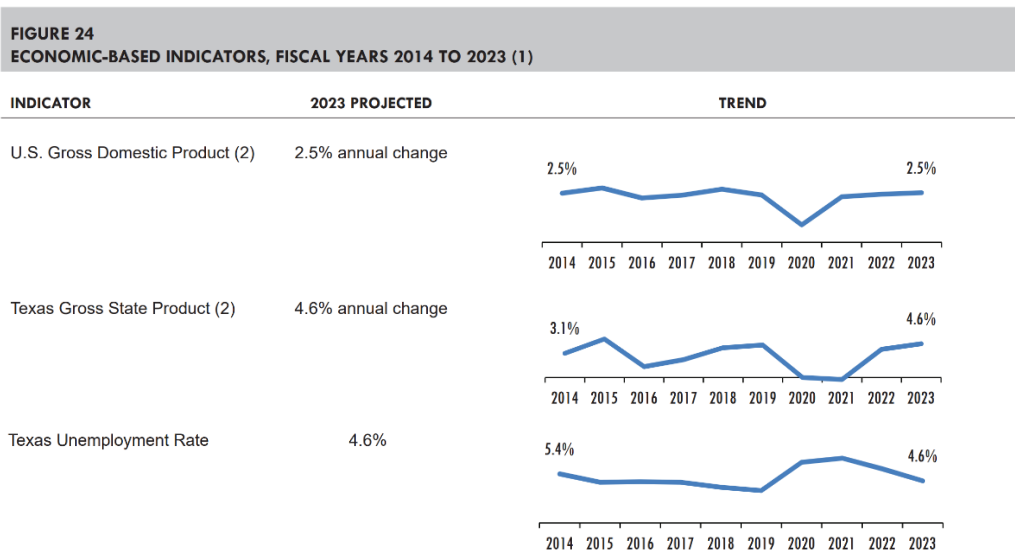
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- The constitutional (tax-supported) debt limit prevents the Legislature from authorizing additional state debt if the annual debt service amount exceeds 5% of the average GR from the previous three years.
- The welfare spending limit stipulates appropriated funds cannot exceed 1% of the biennial budget when allocated to assistance for vulnerable children or their caretakers.

CSSB 1 appropriates \$124.1 billion total in General Revenue-Related (GR-R) funds, a 2.2% increase from the 2020-2021 biennium (2019 General Appropriations Act). This is \$0.4 billion less than the pay-as-you-go limit and \$4.7 billion less than the spending limit. Lastly, appropriations subject to the welfare limit are \$2.4 billion below the 1% limit, with \$83.6 million appropriated in Temporary Assistance for Needy Families (TANF) grants.

Economic growth is forecast to coincide with diminishing COVID-19 impacts for the 2022-23 biennium, with projected growth rates at their highest in a decade. However, updated estimates do not account for unexpected events, like the still unknown total fiscal impact from Winter Storm Uri or a possible resurgence of COVID-19. Appropriators must consider such factors when allocating funds for two years.



Source: Legislative Budget Board

## COVID-19

### **Economic Impact**

The oil industry decline began before the COVID-19 pandemic further impacted it, as exemplified by the August 2020 weekly count of active drilling rigs falling from 450 to 100 within a year. COVID-19 impacted Texans' way of life. In March and April of 2020, state unemployment increased by 1,411,900 individuals, reaching an all-time high of 13.5% in April.

Tax revenue, which accounts for roughly 87% of state GR collections, decreased from all sources. The crisis affected revenue sources such as severance, entertainment, hotel, and alcoholic beverage taxes particularly hard. Sales tax revenue was not hit as hard as expected due to the state's ability to collect revenue from online purchasing. Revenue from Sporting Good Sales Tax (SGST), a GR-D account, saw increases during the pandemic, providing additional available funds for Texas Parks and Wildlife.

### **5% Agency Cuts**

In May 2020, the Governor, Lt. Governor, and former Speaker instructed state agencies and higher education institutions to identify 5% cuts to items funded by GR and GR-R funds to help correct the 2020-21 fiscal shortfall. This request included cost-saving measures such as holding open vacant positions that were not critical to the state's COVID-19 response, deferring expensive capital expenditures, avoiding unnecessary travel, and reducing administrative expenses.

Several agencies, programs, and issue areas were exempt from the 2020-21 reduction. Some agencies and programs had their 5% cuts partially or fully restored and some who were previously exempt in 2020-21 biennium now have 5% cuts reflected in CSSB 1. The reductions ultimately made due to the 5% directive total \$793 million in General Revenue and GR-D funds.

### **Federal COVID-19 Relief Funding**

According to the Legislative Budget Board's (LBB) February and April estimates, Texas has received an estimated \$24.8 billion in federal funding for the COVID-19 pandemic response. This estimate only includes federal funds allocated to the state to disperse and does not include direct allocations to local governments. Highlights of the federal relief acts and programs, allocations, estimated allocations, available funds, and state agencies receiving funds are provided below.

### **The Coronavirus Preparedness and Response Supplemental Appropriations (CPRSA) Act**



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was signed into law on March 6, 2020. Texas was allocated an estimated \$79.6 million, and there is none remaining. These funds were used for COVID screening, testing, medical supplies, telehealth support, primary care, and to reporting testing results. Allocation of funds as follows:

- Department of State Health Services - \$58,765,000 for CDC grants and \$20,807,000 for Hospital Preparedness (estimate for Hospital Preparedness includes CARES Act as well).
- Texas Tech Health Sciences Center - \$66,000 for Community Health Centers.

**Families First Coronavirus Response (FFCR) Act** was signed into law on March 18, 2020. Texas was allocated \$179.4 million in federal funds for the pandemic response efforts, including testing, food assistance, and unemployment insurance. In addition to funding, the FFCR act implemented a 6.2 percent increase in the Federal Medical Assistance Percentage (FMAP) Medicaid match rate (over \$2 billion for Texas as of October 2020); a requirement for coverage of COVID-19 testing by Medicaid and private insurers with no cost-sharing, \$a 1 billion reimbursement from the Public Health and Social Services Emergency Fund to reimburse providers for COVID testing the uninsured - on or after February 4, 2020 - at Medicaid rates, and allowances for flexibility and emergency allotments with Supplemental Nutrition Assistance Program (SNAP) and the Pandemic Electronic Benefit Transfer (PEBT) program. Funding provided through the following agencies:

- Texas Workforce Commission - \$88,288,000 for unemployment insurance base and supplemental funds.
- Health and Human Services Commission - \$39,003,000 for the Supplemental Nutrition Program for Women, Infants, and Children (WIC) and \$16,206,000 for congregate and home-delivery meals.

**Coronavirus Aid, Relief, and Economic Security (CARES) Act** was signed into law on March 27, 2020, providing loan guarantees for impacted businesses, direct cash payments for individuals, and additional testing and vaccine resources. The state and local governments were allocated \$14.6 billion with \$1.2 billion dedicated in transportation funds, \$879.2 million dedicated to the Higher Education Emergency Relief Fund (HEERF), \$1.3 billion dedicated to the Elementary and Secondary School Emergency Relief Fund (ESSERF), \$2.3 billion in dedicated Federal Emergency Management Agency (FEMA) Public Assistance Funds, and \$3.2 billion to local governments in Texas. The largest portion of federal relief funding in the CARES act is from the Coronavirus Relief Fund (CRF).

*\*The Office of the Governor reported all funds from the CRF portion have been allocated as of March 26, 2021.*

**Paycheck Protection Program and Healthcare Enhancement (PPPHE) Act** was signed into law on April 24, 2020, providing Texas with \$479.2 million in COVID-19 support for small business loans, healthcare providers, and COVID-19 testing.

**Presidential Directive** on August 8, 2020, provided \$1.9 billion in assistance for lost wages.

**Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)** was signed into law on December 27, 2020, providing Texas with an estimated \$7.6 billion. No funds have been received yet.

**American Rescue Plan Act (ARPA)** was signed into law on March 11, 2021, providing Texas with an estimated \$38.9 billion in funding. No funds have been received yet.

## Medicaid

The Families First Coronavirus Response Act (FFCR) included a continuous coverage provision. It provided a temporary increase in the federal share of Medicaid costs, or FMAP percentage, to help states manage increased enrollment costs. During public health emergencies (PHEs), coverage is indeterminate with estimates to remain in place until the end of 2022 or possibly longer. While this helps address Texas' uninsured population, even slightly, it has caused issues with State Medicaid services. Medicaid is subject to a regular renewal process that causes difficulties during staff shortages and limited case management. Limited staffing and increased caseloads cycling through the renewal process often result in beneficiaries left without timely responses needed to complete the Medicaid enrollment processes. Consequently, that lead to coverage loss or gaps outside of the PHE. The FMAP will be determined in the 2022-23 biennium. Since the long-term physical and mental health collateral consequences of a global pandemic are undetermined, ARPA funding comes with an increased FMAP and additional benefits to incentivize Medicaid expansion.

## Education

When COVID arrived, many students initially moved to virtual learning, a sudden shift that schools were not prepared to address. The state has worked to help students bridge the digital divide by distributing devices and continues to address broadband connectivity. Many families struggle with the cost of broadband access and a lack of infrastructure in certain communities. Even with more students returning to classrooms, COVID-19 negatively impacts structured learning environments and personalized student intervention and assistance. The need for an effective response must focus on their individual educational outcomes.

Concerns about the mental health impact on children and teachers are serious. Moving forward, Texas



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must address students' mental and emotional well-being in addition to "COVID slide" learning losses.

Additionally, the virtual transition in public education has made attendance rate determinations unreliable and made funding formulas based on average daily attendance a poor basis for funding. While hold-harmless funding measures have been put into place, it is not clear when or if all students will return to a traditional learning environment. Although federal relief funding for COVID-19 has played a significant role in the State's transition and adjustment periods, schools are in urgent need of additional funding to tackle learning loss immediately.

## **DEBT SERVICE**

According to the Bond Review Board (BRB), as of August 2020 state debt is \$62.4 billion. \$4.3 billion in All Funds (AF) will fully fund debt service for General Obligation and revenue debt issued, or expected to be issued, including debt for tuition revenue bonds, for the 2022-23 biennium. This is an increase of \$18.9 million from the 2020-21 biennium.

## **HIGHLIGHTS**

CSSB 1 reflects the following significant changes to appropriations in FY 2022-23 from FY 2020-21:

- General Revenue (GR) increase of \$2.96 billion, or 2.6%, for fiscal 2022-23 from fiscal 2020-21.
- All Funds decrease of \$18.0 billion, or 6.8%, largely impacted by the reduction of \$16.1 billion, or 16.2%, in Federal Fund (FF) largely related to Hurricane Harvey relief funds and the first round of COVID-19 relief funding.
- Health and Human Services reduction of \$8.48 billion, or 8.9%, is primarily due to federal funds from the CARES Act and an enhanced FMAP of 6.2%, requiring a lower match from the state in fiscal 2020-21. There is uncertainty how long the enhanced FMAP will carry into fiscal 2022-23.
- Foundation School Program (FSP) increase of \$3.8 billion and HB 3 from the 86<sup>th</sup> session is fully funded for public education.
- The Texas Medicaid program is decreased by \$5.7 billion in all funds, partially to offset GR demand in anticipation of losing the enhanced FMAP.
- \$30 billion in all funds to support all functions at the Texas Department of Transportation and \$25.8 billion in all funds for highway planning and design, right-of-way acquisition, construction, maintenance, and preservation.
- General Land Office and Veterans' Land Board is appropriated \$3.07 billion for Hurricanes Harvey and Ike and floods during the 2015 and 2016 calendar year.
- Texas Division of Emergency Management is appropriated \$669.2 million for Hurricane Harvey and other eligible disaster declarations.
- The Water Development Board is appropriated \$217.6 million for flood disaster preparation and recovery.



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## **COMMON ACRONYMS**

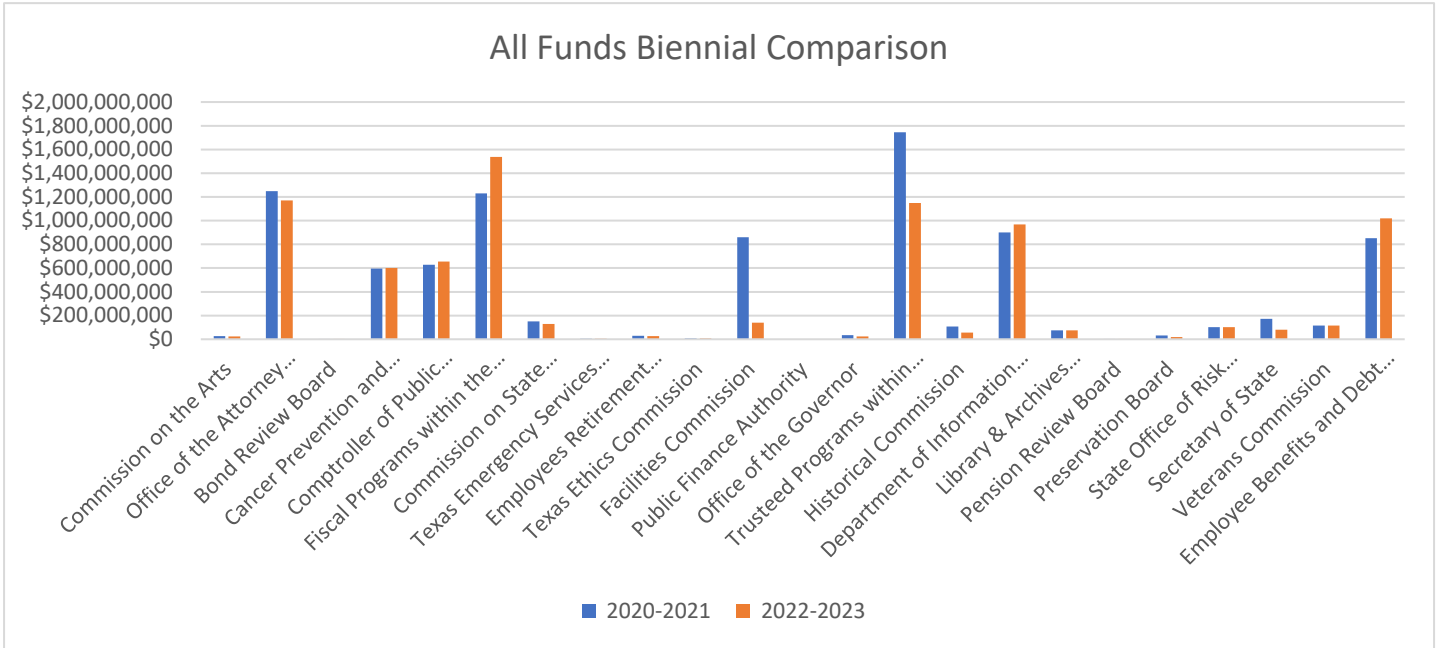
GR= General Revenue  
GR-D= General Revenue-Dedicated  
OF= Other Funds  
FF= Federal Funds  
AF= All Funds  
ESF= Economic Stabilization Fund  
FTE= Full Time Equivalent



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## ARTICLE I - GENERAL GOVERNMENT



Agency	2020-2021 (LBB Summary of HB1)	2022-2023 (HB1)	Difference	% Change
Commission on the Arts	\$27,600,000	\$23,008,676	(\$4,591,324)	-16.6%
Office of the Attorney General	\$1,247,500,000	\$1,170,673,210	(\$76,826,790)	-6.2%
Bond Review Board	\$1,700,000	\$1,616,482	(\$83,518)	-5.8%
Cancer Prevention and Research Institute of Texas	\$594,600,000	\$600,102,000	\$5,502,000	0.9%
Comptroller of Public Accounts	\$628,300,000	\$654,474,404	\$26,174,404	4.2%
Fiscal Programs within the Comptroller of Public Accounts	\$1,231,000,000	\$1,536,786,236	\$305,786,236	24.8%
Commission on State Emergency Communications	\$151,300,000	\$128,137,755	(\$23,162,245)	-15.3%
Texas Emergency Services Retirement System	\$3,900,000	\$3,886,849	\$0.0 million	0.5%
Employees Retirement System	\$28,800,000	\$27,500,000	(\$1,300,000)	-4.51%
Texas Ethics Commission	\$6,800,000	\$6,926,116	\$0.2 million	2.3%
Facilities Commission	\$861,000,000	\$140,926,681	(\$720,073,319)	-83.6%
Public Finance Authority	\$3,000,000	\$3,029,519	(\$0.0 million)	-0.1%
Office of the Governor	\$35,200,000	\$23,637,660	(\$11,562,340)	-32.8%
Trusted Programs within the Office of the Governor	\$1,744,800,000	\$1,149,065,602	(\$595,734,398)	-34.1%
Historical Commission	\$108,100,000	\$56,564,739	(\$51,535,261)	-47.7%
Department of Information Resources	\$900,800,000	\$966,839,870	\$66,039,870	7.3%
Library & Archives Commission	\$74,800,000	\$74,805,878	\$5,878	0.0%
Pension Review Board	\$2,100,000	\$2,144,623	\$0.0 million	0.0%
Preservation Board	\$30,900,000	\$19,454,579	(\$11,445,421)	-37.0%
State Office of Risk Management	\$102,500,000	\$102,498,332	\$0.0 million	0.0%
Secretary of State	\$171,300,000	\$81,470,240	(\$89,829,760)	-52.4%
Veterans Commission	\$115,000,000	\$115,687,349	\$687,349	0.6%
Employee Benefits and Debt Services	\$852,600,000	\$1,018,085,370	\$165,485,370	19.4%
Less Interagency Contracts	(\$1,005,400,000)	(\$971,416,286)	\$33,983,714	-3.4%
Total General Revenue and General Revenue Dedicated	\$4,780,700,000	\$4,723,116,271	(\$57,583,729)	-1.2%
<b>Total All Funds</b>	<b>\$7,918,000,000</b>	<b>\$6,935,905,884</b>	<b>(\$982,094,116)</b>	<b>-12.4%</b>



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## **Commission on the Arts**

\$23,008,676 (-16.6%)

The Commission on the Arts serves communities by offering services, grants, and programs to cultivate and strengthen the cultural industries of Texas. The Commission on the Arts provides resources to enhance economic development, arts education, cultural tourism, and artist sustainability initiatives.

- \$5 million for cultural district grants each FY to cities for approximately fifty projects.
- Texas Commission of Art grants are provided to the organization in 150 Texas cities, with 12% going to minority organizations and 6% to rural counties.

## **Office of the Attorney General**

\$1,170,673,210 (-6.2%)

The Attorney General provides legal representation for the state; enforces and collects child support; investigates and prosecutes criminal activities; administers victim assistance grants to fund organizations assisting with survivors, prevention, and legal services; and investigates Medicaid fraud, waste, and abuse.

- In total, the agency is appropriated \$1,170.2 million in AF, a decrease of \$76.8 million in AF from the 2020-21 biennium which is primarily due to a decrease in one-time funding for information technology (IT) projects.
- The agency is allocated \$75.2 million All Funds for Victims Assistance Grants, maintaining funding at 2020-21 biennium.
- The agency has a decrease of \$26.4 million in AF for legal services, primarily due to a reallocation of appropriated receipts to Victims Assistant Grants.
- Crime Victims Compensation, which provides victims of violent crime financial assistant for certain expenses, is allocated \$167.0 million in AF, an increase of \$7.1 million in AF from the 2020-21 biennium.
- Child Support Enforcement is allocated \$653.0 million in AF, a decrease of \$10.6 million in AF primarily due to onetime funding for the Child Support IT Modernization Project.

## **Cancer Prevention and Research Institute of Texas (CPRIT)**

\$600,102,000 (0.9%)

CPRIT provides grant funding to public and private persons to implement the Texas Cancer Plan, prevention programs, and services aimed to reduce the burden of cancer on Texans. CPRIT also awards grant funding to institutions of learning and advanced medical research to expand knowledge on cancer causes, treatment, and prevention.

- The agency is allocated \$502.7 million in AF to award as Cancer Research Grants.
- The agency is allocated \$55.3 million in AF to award as Cancer Prevention Grants.

## **Fiscal Programs within the Comptroller of Public Accounts**

\$1,536,786,236 (24.8%)

The Comptroller's office administers a variety of programs, including Treasury operations, managing the unclaimed money, State Energy Conservation Office, Texas College Savings Plans, statewide procurement initiatives, enforcing and investigating violations of Texas Tax laws, coordinating the payment of salaries and services for all state district judges, district attorneys and other Texas prosecutors.

- The agency is appropriated \$1,536.8 million in AF for the 2022-23 biennium, an increase of \$305.8 million. The increase is primarily related to obligatory requirements for unclaimed property, increased revenue from mixed beverage receipts, and allocations to the Texas Tomorrow Fund.
- The agency is allocated \$271.2 million in GR to meet contract obligations for the Texas Guaranteed Tuition Plan, known as the Texas Tomorrow Fund, which is expected to run out of cash in FY 2022 and is backed by the full faith and credit of the state.
- The agency is allocated \$26.0 million in GR for payments on miscellaneous and wrongful imprisonment claims based on historical expenditure, this is a decrease of \$8.9 million in GR and \$5.4 million in OF.

## **Commission on State Emergency Communications (CSEC)**

\$128,137,755 (-15.3%)

CSEC administers the State 9-1-1 Service Program and the Statewide Poison Control Program. CSEC's twelve members represent various public and private sector interests.

- The Statewide Poison Control Program is allocated \$19.0 million in AF, an increase of \$2.7 million AF from the 2020-21 biennium.
- The 9-1-1 Service Program is allocated \$107.0 million in AF, a decrease of \$21.0 million from the 2020-21 biennium with the most significant decrease in FY 2023.

## **Employees Retirement System (ERS)**

\$27,500,000 (-4.5%)

The Employees Retirement System (ERS) offers health coverage and retirement benefits to eligible state employees, with mandatory participation. These funds are only used to administer the program.

- The ERS fund is expected to be fully depleted during FY 2027, primarily due to projected health care expenditures, converting the plan to a pay-as-you-go status making benefits significantly more expensive for the state. To address the shortfall and prevent additional costs to the state down the road, \$1.4billion in AF for the state contribution to ERS.



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## **Texas Facilities Commission (TFC)**

\$140,926,681 (-83.6%)

The Texas Facilities Commission provides and contracts for the design, construction, property management, grounds and custodial services, recycling, and waste management services, building climate and energy automation, and the fire and security services required to keep State agencies operating.

- TFC is appropriated \$140.9 million in AF, a decrease of \$720.0 million from the 2020-21 biennium. This is primarily due to the reduction of one-time funding for facility construction and rehabilitation totaling \$531.6 million in AF.

## **Office of the Governor**

\$23,637,660 (-32.8%)

The Office of the Governor includes the duties of the Governor, such as recommending a budget, accounting for all public funds received and paid by the Governor and appointing qualified Texans to state offices and commissions to carry out laws and direct the policies of state government. These appointments include positions in advisory committees and task forces, such as budget and policy, Texas Office of State-Federal Relations, child sex trafficking, economic development, Travel Texas, and Texas Military Preparedness Commission.

- The Office of the Governor is appropriated \$23.6 million in AF, this is a decrease of \$11.5 million. The decrease is primarily due to onetime FF from the Coronavirus Relief Fund (CRF) that were distributed throughout the state during the previous biennium.

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## **Trusted Programs Within the Office of the Governor**

\$1,149,065,602 (-34.1%)

The primary function of the Trusted Programs Within the Office of the Governor is to provide grants for various programs. Programs include the Texas Enterprise Fund and Texas Moving Image Industry Incentive Program (TMIIP) to attract industry and jobs; Criminal Justice Division with various criminal justice grants and sexual assault services; Homeland Security Grant Division with various homeland security and border security programs; Defense Economic Adjustment Assistance Grant; Texas Economic Development & Tourism Office; Disaster Grants; and Emergency and Deficiency Grants.

- The agency is appropriated \$1.1 billion in AF, a decrease of \$595.7 million from the 2020-21 biennium. This is primarily due to \$268.2 million in unexpended funds carried forward into the 2020-21 and \$148.9 million for disaster grants and bullet-resistant vests program.
- Victims Assistance and Homeland Security grants are decreased by \$48.6 million in FF from the 2020-21 biennium.
- The Texas Enterprise Fund is expected to have \$100 mil in unexpended balances from 2020-21.
- \$40 million in UB for the Governors University Research Initiative

## **Texas Historical Commission (THC)**

\$56,564,739 (-47.7%)

The Texas Historical Commission's primary function is to preserve the history of Texas through collaboration with citizens and organizations. This includes architectural, archeological, and cultural landmarks.

- THC is appropriated \$56.6 million in AF, a decrease of \$51.6 million from the 2020-21 biennium primarily due to the one-time funding items for the operations and maintenance of historic sites.
- The Texas Holocaust and Genocide Commission is administratively attached to the THC's bill pattern with \$1,347,425 in AF included, but this is contingent on Sunset Advisory Commission review.

## **Department of Information Resources (DIR)**

\$966,839,870 (7.3%)

The Department of Information Resources is the state's technology agency, providing the mainframe, server, network, information security, data center, and print/mail services for state agencies and universities. DIR is tasked with keeping Texas updated on technology with planning, policy, and standards to improve technology across the state, including statewide project planning.

- The agency is appropriated \$966.8 million in AF, largely from interagency contracts (OF), an increase of \$66.1 million primarily for an estimated increase in consumption of data services and telecommunication services.
- Funding for enhanced security programs and services is allocated \$77.7 million in AF, with an increase of \$45.1 million in GR for two new cybersecurity projects.



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## **State Preservation Board**

\$19,454,579 (-37.0%)

The State Preservation board oversees the preservation, maintenance, and restoration of the State Capitol, the General Land Office Building, and their contents and grounds.

- The State Preservation Board is appropriated \$19.5 million in AF, a decrease of \$11.4 million from the 2020-21 biennium. This is primarily from a decrease in funding for the operation and maintenance of the Texas State Cemetery and the Bob Bullock Texas State History Museum.

## **Secretary of State**

\$81,470,240 (-52.4%)

The Office of the Secretary of State is responsible for administering the Texas Election Code, maintaining filings and records related to Texas Corporations, serving as the lead liaison for Texas Border and Mexican Affairs, and serves as the state's chief international protocol officer.

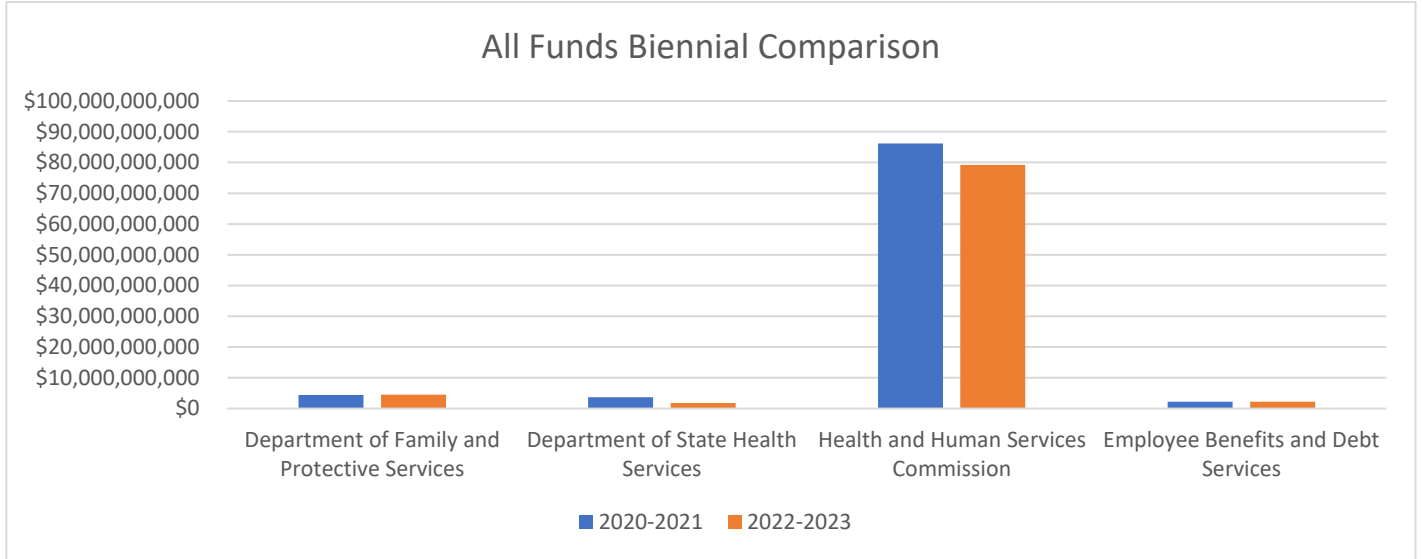
- The Secretary of State is appropriated \$81.5 million, a decrease of \$89.9 million, this is due to federal funds and grants from the Governor's Office related to the COVID-19 pandemic.



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## ARTICLE II- HEALTH AND HUMAN SERVICES



Agency	2020-2021 (LBB Summary of HB1)	2022-2023 (HB1)	Difference	% Change
Department of Family and Protective Services	\$4,374,700,000	\$4,516,185,640	\$141,485,640	3.2%
Department of State Health Services	\$3,634,200,000	\$1,845,020,019	(\$1,789,179,981)	-49.2%
Health and Human Services Commission	\$86,171,900,000	\$79,261,618,976	(\$6,910,281,024)	-8.0%
Employee Benefits and Debt Services	\$2,213,200,000	\$2,278,876,525	\$65,676,525	3.0%
Less Interagency Contracts	(\$698,400,000)	(\$681,497,663)	\$16,902,337	-2.4%
<b>Total GR and GR-D</b>	<b>\$36,454,600,000</b>	<b>\$34,941,591,162</b>	<b>(\$1,513,008,838)</b>	<b>-4.2%</b>
<b>Total All Funds</b>	<b>\$95,695,600,000</b>	<b>\$87,220,203,497</b>	<b>(\$8,475,396,503)</b>	<b>-8.9%</b>

### Department of Family and Protective Services (DFPS)

\$4,516,185,640 (3.2%)

- CPS funding includes \$1.9 billion in AF for direct delivery staff providing an additional 253 caseworkers and related staff in fiscal year 2022 and 312 in fiscal year 2023.
- CPS is allocated \$85.2 million in AF, of which \$80 million are GR, to address the foster care litigation.
  - CPS is allocated \$4.3 million in GR for the biennium to provide payments to providers to support 24-hour awake supervision, a requirement for the Foster Care Lawsuit from 2011. Recommendations stated supplemental costs associated with provided 24-hour wake supervision would be \$18 million per fiscal year.
- Funding of \$1.9 billion in AF, an increase of \$67.3 million increase from the 2020-21 biennium, is appropriated for client service programs including Foster Care payments, Community-based Care, Adoption Subsidies and Permanency Care Assistance (PCA), Texas Workforce Commission (TWC) contracted day care services, and Relative Caregiver Payments.
  - \$33,873,867 in FF during the biennium for the implementation of programs that provide enhanced support services for families to help children and come into compliance with the Family First Prevention Services Act (FFPSA). FFPSA provides a 50% federal match if the state invests GR in approved prevention programs. CPS is allocated \$9 million to pilot FFPSA prevention services through CPS, \$8.9 million to purchase services for children who are at imminent risk of entering DFPS conservatorship, and \$5.2 million to expand services for the Nurse Family Partnership program. Additionally, this provides for the implementation of the Qualified Residential Treatment Pilot (QRTP) with an allocation of \$22 million in FF over the biennium for pilot and system upgrades.
- \$49.3 million in AF, a decrease of \$1.3 million in AF from the 2020-21 biennium, for Relative Caregiver payments.
  - Rider directing DFPS and HHSC to collaborate to streamline the process to become verified for kin to become verified foster families to ensure financial assistance for children and families.
- \$24.4 million in funding to provide Services to At-Risk Youth (STAR) program.
- \$69,747,693 in AF each fiscal year for APS

### Department of State Health Services

\$1,845,020,019 (-49.2%)

DSHS is responsible for maintaining vital records including birth and death certificates, organizing state emergency response efforts during times of disaster, educate and track widespread diseases in Texas,



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collect public health data and statistics, and administer programs that promote public health. DSHS oversees drug safety, emergency medical and trauma services, environmental health, food, and meat safety, as well as radiation control.

- Significant decrease in funding is due to one-time federal funds in the 2020-2021 fiscal year.
- \$47.4 million in AF for the biennium, an increase of \$19.9 million in AF, including \$8.1 million in GR, for Data Center Services with \$8.1 million in GR for upgrades related to the infectious disease surveillance system.
- DSHS to develop and implement a public awareness campaign designed to increase awareness and educate the public on the safety and effectiveness of COVID-19 vaccines.
- \$126.8 million in FF for the COVID-19 response in the 2022-23 biennium.

## **Health and Human Services Commission**

\$79,261,618,976 (-8.0%)

HHSC heads all of the state's health and human service agencies. It is also responsible for implementing and administering Medicaid – including managed care, acute care, vendor drug, long term services and supports, and 1115 waiver programs – as well as the Healthy Texas Women Program (HTW), the Children's Health Insurance program (CHIP), Temporary Assistance for Needy Families (TANF), and the Supplemental Nutrition Assistance Program (SNAP).

- Funding decrease is due to one-time federal fund appropriations during the 2020-2021 fiscal year.
- \$2.75 million in GR and \$6.5 million in FF in each year to enhance capacity of family violence service, including enhanced capacity for shelter services and legal, mental health, housing, and economic stability services to victims of family violence.
- Rider directing HHSC to design and create a statewide voluntary Quality Incentive Payment Program (QIPP) modeled after the Texas Nursing Facility (NF) QIPP, program that encourages NFs to improve the quality and innovation of their services through implementation of program-wide improvement processes for which facilities are compensated for meeting or exceeding certain goals.
- Rider directing HHSC to conduct a study on the adequacy and efficacy of the current state's National Suicide Prevention Lifeline (NSPL) infrastructure and preparedness to comply with federal National Suicide Hotline Designation Act of 2020.
- Rider directing HHSC to study its readiness and ability to provide innovative therapies for rare disease diagnoses to extent allowable for medical or pharmaceutical benefits and through alternative payment models.
- Rider directing HHSC to partner with a medical school or other qualified partner for a study on ways to improve quality and efficiency of mental health continuum of care for children and adolescents in Texas with serious mental illness (SMI) or serious emotional disturbance (SEI), including those with intellectual and developmental disabilities (IDD) and/or Autism Spectrum Disorders (ASD).
- Rider directing HHSC to work with the Centers for Medicare and Medicaid Services (CMS) to increase access to long-acting reversible contraception (LARC) with direction to amend with 1115 waiver if needed to maintain an inventory.

## **Medicaid**

Texas Medicaid client services are appropriated \$64.7 billion AF, \$23.9 billion in GR and GR-D are managed by HHSC. Texas Medicaid and the Children's Health Insurance Program (CHIP) includes the following programs that provide health coverage for low-income children, families, pregnant women, seniors, and people with disabilities:

- STAR for newborns, children, some families, and pregnant women.
- STAR Kids for children and adults age 20 or younger with a disability.
- STAR PLUS for individuals with a disability, individuals over 65, and women with breast or cervical cancer
- Medicaid-Medicare Plan (MMP) for individuals who are dual eligibility in Medicaid and Medicare.
- STAR Health is for children and youth in the foster care system and with provided through Department of Family and Protective Services
- CHIP provides Medicaid coverage for children in families that make too much.
- Healthy Texas Women is provided to low-income women.

\$1.8 billion in AF for the biennium to fund the Children's Health Insurance Program (CHIP) client services for the 2022-23 biennium This is a decrease of \$0.4 billion in AF from 2020-21 biennial spending levels primarily due to projected caseload decreases in the 2022-23 biennium and expected lapses in the 2020-21 biennium that are not accounted for at this time. Texas is one of 12 states that has not expanded Medicaid under the Affordable Care Act (ACA). Texas has the greatest number and percentage of uninsured or underinsured people in the country.

## **1115 Transformation Waiver**

The 1115 Transformation waiver is granted by the federal government to assist states in the process of expanding Medicaid. Texas has filed extensions over the years but has not expanded Medicaid. CMS recently rescinded a 10-year extension of the 1115 transformation waiver, because proper rule making process was not followed, however Texas has time before the waiver expires to go through the proper process and get an extension or renewal. Since its initial approval in December of 2011, the 1115 Transformation waiver has provided nearly 30 billion in uncompensated care payments to keep hospitals



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afloat, and another 20 billion plus during its lifetime Delivery System Reform Incentive Payment Program (DSRIP).

## **State Hospitals & State Supported Living Centers (SSLCs)**

State Hospitals serve individuals in need of acute mental health services. SSLCs provide housing and care services for individuals with intellectual and developmental disabilities. New and continued construction to expand Texas's state hospitals is included in HB 2.

- \$894.6 million in AF, this includes \$763.1 million in GR for state mental health hospitals. This represents a decrease of \$13.3 million in AF and \$1.9 million in GR. The new appropriations will allow for the San Antonio State Hospital to operate the expanded bed capacity.

## **Early Childhood Intervention Services (ECI)**

ECI serves the needs of children with developmental delays. Implementing ECI programs has been shown to exponentially reduce state costs through early intervention, thus reducing the necessity for future services. A combination of budget cuts and policy changes has reduced Texas' ECI per child funding in the last decade.

- \$52.4 million in AF is appropriated fiscal year 2022 and \$52,328,321 in fiscal year 2023 is appropriated for ECI services.
- ECI is a program under HHSC that has support services for families to learn how to best help their children, birth up to age 3, with developmental delays, disabilities or certain medical diagnoses that may impact development. Currently there is a sliding scale for payment. Rider has HHSC study the feasibility of requiring private insurers to reimburse participants for ECI services.

## **Women's Health Programs (Healthy Texas Women)**

The Women's Health Programs strategy is a 100% General Revenue funded program, providing family planning services (FPL) and annual exams to women ages 18 to 44 who are at or below 185% of the FPL and do not qualify for Medicaid.

- \$75.4 million in GR is appropriated for Healthy Texas Women. If the HTW 1115 waiver status changes HHSC is directed to request approval to transfer general revenue funds from other sources before reducing HTW services.

## **Alternatives to Abortion (A2A)**

Alternatives to Abortion is a statewide program that amongst other things oversees crisis pregnancy centers. These centers do not provide medical services, have no measurable deliverables, and are not given oversight regarding the use of state dollars or accuracy of medical information disseminated.

- \$40 million in each fiscal year in AF is appropriated to A2A.

## **Substance Use Disorder Treatment**

The Attorney General has yet to appropriate local Texas cities and counties impacted by the opioid crisis the funds awarded in the settlement agreement with the opioid manufacturer Mallinckrodt.

- \$511.9 million in AF is appropriated for substance use disorder treatment over the 2022-23 biennium.

## **Intellectual or Developmental Disabilities (IDD) Services**

HHSC offers services, programs, and Medicaid coverage for people who have an intellectual or developmental disability. These include severe or chronic conditions due to mental or physical impairments related to language, mobility, learning, self-help, and independent living.

## **Texas Civil Commitment Office (TCCO)**

TCCO provides treatment and supervision to civilly committed sexually violent offenders.

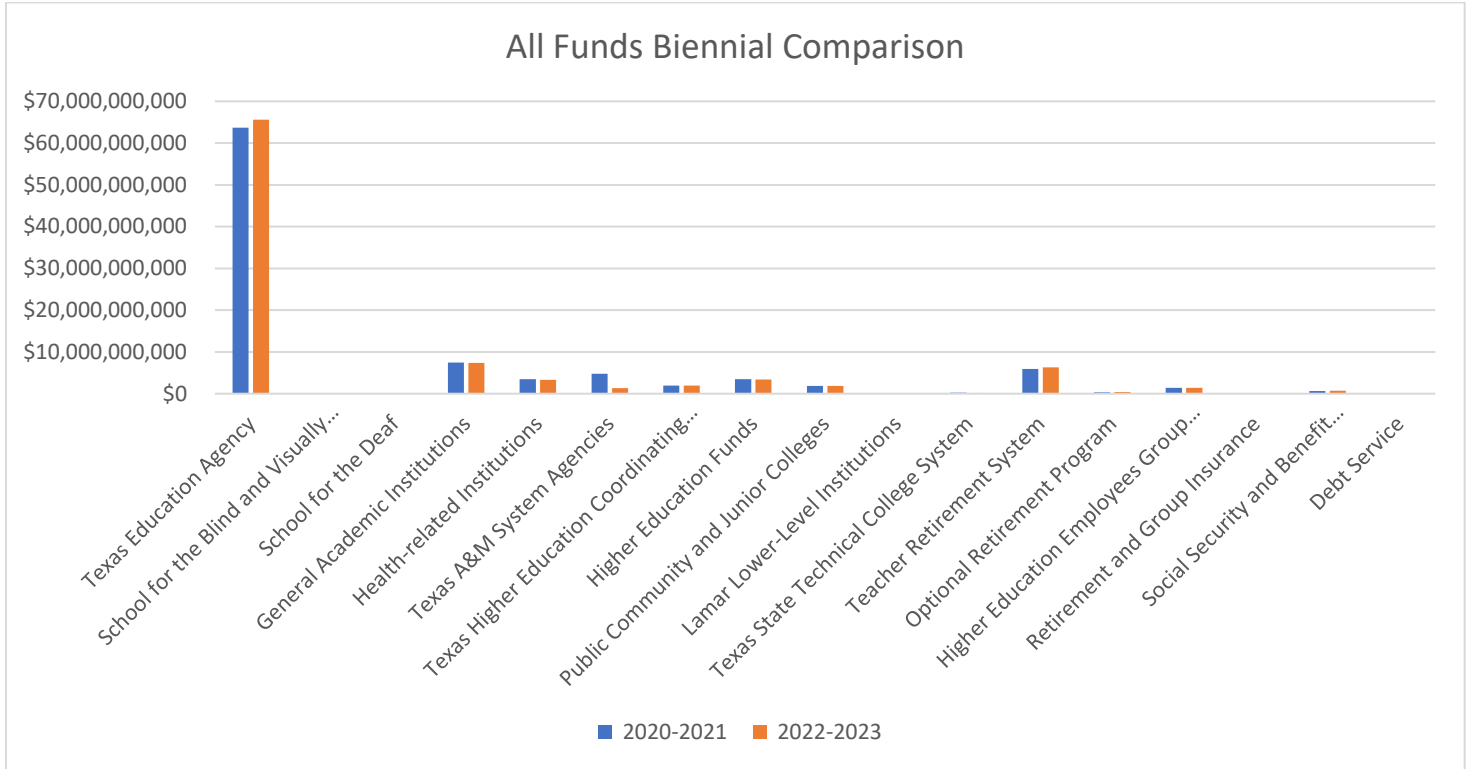
- \$414.4 million in GR each fiscal year to provide health care not covered under contract to civilly committed residents of a housing facility either operated by or contracted for by TCCO.



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## Article III – EDUCATION



### Public Education

Agency	2020-2021 (LBB Summary of HB1)	2022-2023 (HB1)	Difference	% Change
Texas Education Agency	\$63,683,300,000	\$65,629,124,163	\$1,945,824,163	3.1%
School for the Blind and Visually Impaired	\$50,400,000	\$48,548,564	(\$1,851,436)	-3.7%
School for the Deaf	\$61,900,000	\$63,957,136	\$2,057,136	3.3%
<b>Subtotal</b>	<b>\$63,795,600,000</b>	<b>\$65,741,629,863</b>	<b>\$1,946,029,863</b>	<b>3.1%</b>

### Texas Education Agency (TEA)

\$63,683,300,000 3.1%

The TEA oversees primary and secondary public education. The TEA distributes funds to public school districts and charter schools.

Following the COVID-19 stay-at-home order and the increased use of virtual platforms, there is a need to address the ADA-based formula for funding public education to account not only learning loss, but also the basis the current basis for education funding. Public education does meet the maintenance of effort required for federal funding at this time.

- \$65.7 billion in AF for the 2022-23 biennium, an increase of \$1.9 billion from the 2020-21 biennium funds required public education, account for \$3.1 billion for student enrollment growth and meets maintenance of effort.
- \$3.05 million in GR is appropriated restoring 5% cuts and funding for Communities in Schools. Communities in Schools aids students for the daily challenges they face in and out of school by addressing immediate needs like food or clothing to more complex ones like counseling or emotional support, we do whatever it takes to help students succeed.
- School Safety rider is amended to include the implementation of mental health and behavioral prevention practices helping students and staff in recovering from trauma related to COVID-19 and winter storm. With facilitators trained in restorative justice and programs focusing on social-emotional learning, restorative justice practices, culturally relevant instructions, and robust mental health supports.
- Charter schools shall report on open-enrollment numbers, fees collected from students, on students who did not complete the school year and on students receiving special education services. Creating equity in in reporting with public schools.
- Out of grants under School and Program Improvement and Innovation and Improving Educator Quality and Leadership, the Commissioner of Education shall support initiatives to attract and retain effective bilingual educators and address learning loss and achievement gaps among Texas English Learners.

### Foundation School Program (FSP)

The Foundation School Program is the primary fund source for public school districts and charter schools through the collection of tax revenue. FSP is primarily driven by revenue from property taxes.

- FSP increased by \$325.6 million OF from the 2020-21 biennium, attributed to projected increases



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of \$432.4 million in recapture payments, \$180.4 million from the Property Tax Relief Fund, and \$348.9 million from the Tax Reduction and Excellence in Education Fund. This was offset by a decrease of \$636 million from the ESF appropriated in the 2020-21 biennium for onetime funding to address the effects of Hurricane Harvey.

## Windham School District (WSD)

The Windham school district provides high school equivalency and technical education to the state’s adult prisoner population. Currently, the Windham School District operates under the same school year as other TEA schools. This means they observe summer break, spring break, and winter break. This is unnecessary as the school district serves incarcerated individuals. Additional funding could allow the school district to operate year-round.

## Special Education

\$50.5 million in GR is appropriated for the Special Education Supports Initiative to provide grants for compensatory services to students in accordance with the federal Individuals with Disabilities Education Act (IDEA).

- TEA reporting on open-enrollment charter schools to includes students receiving special education services, exiting after 6 weeks, and several data points from the last 5 years.

## Texas School for the Blind and Visually Impaired

\$48,548,564 (-3.7%)

The Texas School for the Blind and Visually Impaired was established to provide specialized services for students who are blind and visually impaired, such as opportunities for residential living skills training. It is a statewide resource for parent of children and professionals who serve them.

Funding includes:

- \$0.8 million from ESF for campus safety infrastructure.

## Texas School for the Deaf

\$63,957,136 (3.3%)

Texas School for the Deaf is the only school of its kind in the state which offers a continuum of educational services to students ages zero to twenty-one who are deaf or hard of hearing and who may have multiple disabilities. Additionally, Texas School for the Deaf serves as a statewide resource center on deafness support family, students, programs, and professionals with a variety of services.

- \$2.1 million each fiscal year for outreach and resource services.

## Higher Education

Agency	2020-2021 (LBB Summary of HB1)	2022-2023 (HB1)	Difference	% Change
General Academic Institutions	\$7,434,300,000	\$7,413,382,710	(\$20,917,290)	-0.3%
Health-related Institutions	\$3,444,500,000	\$3,354,640,577	(\$89,859,423)	-2.6%
Texas A&M System Agencies	\$4,781,600,000	\$1,312,039,385	(\$3,469,560,615)	-72.6%
Texas Higher Education Coordinating Board	\$1,907,500,000	\$1,908,104,575	\$604,575	0.0%
Higher Education Funds	\$3,451,500,000	\$3,381,496,740	(\$70,003,260)	-2.0%
Public Community and Junior Colleges	\$1,867,700,000	\$1,863,990,345	(\$3,709,655)	-0.2%
Lamar Lower-Level Institutions	\$95,200,000	\$108,285,770	\$13,085,770	13.7%
Texas State Technical College System	\$224,600,000	\$195,560,060	(\$29,039,940)	-12.9%
Teacher Retirement System	\$5,930,500,000	\$6,269,982,019	\$339,482,019	5.7%
Optional Retirement Program	\$361,000,000	\$371,119,231	\$10,119,231	2.8%
Higher Education Employees Group Insurance Contributions	\$1,417,900,000	\$1,426,163,181	\$8,263,181	0.6%
Retirement and Group Insurance	\$97,600,000	\$100,939,263	\$3,339,263	3.4%
Social Security and Benefit Replacement Pay	\$660,600,000	\$699,588,872	\$38,988,872	5.9%
Debt Service	\$15,200,000	\$13,083,217	(\$2,116,783)	-13.9%
Less Interagency Contracts	\$177,200,000	\$129,328,218	(\$47,871,782)	-27.0%
<b>Total GR and GR-D</b>	<b>\$63,186,000,000</b>	<b>\$67,505,747,935</b>	<b>\$4,319,747,935</b>	<b>6.8%</b>
<b>Total Article III All Funds</b>	<b>\$95,308,100,000</b>	<b>\$94,030,677,590</b>	<b>(\$1,277,422,410)</b>	<b>-1.3%</b>



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## **General Academic Institutions (GAIs)**

\$7,413,382,710 (-0.3%)

Texas General Academic Institutions consist of the state four-year higher education institutions. Texas higher education continues to grow more notable in the research, programs, and innovations produced by students and staff. For higher education to be eligible for additional federal relief funding they need to meet maintenance of effort.

- General Academic Institutions are appropriated \$7.4 billion in AF for the 2022-23 biennium, a decrease of \$20.9 million in AF from the 2020–21 biennial base. However, state funding for the 2022-23 biennium is \$5.3 billion in GR which is an increase of \$87.5 million, or 1.7 percent, compared to 2020–21 biennial base funding levels.
- \$147.1 million in GR appropriations for the 2022-23 biennium for the University of Texas at Austin and Texas A&M University is through the Texas Research University Fund (TRUF).
- The University of Texas San Antonio Foster Care Pilot program is allocated \$1.75 million each fiscal year, with the authority to carry forward any unused balance from fiscal year 2022 to 2023.
- Prairie View A&M University (PVAMU) is one of two Land-Grant Institutions in Texas who receive 100% matching in federal dollars to help fund their programs with the mission to expand agricultural and technical education. The other one is Texas A&M University (TAMU), but equity in participation and funding over the years has not been present. Black Texans were unable to benefit from the initial benefits as Black people were not admitted to TAMU until the 1960's. Since 100% matching was instituted PVAMU has never received the 100% match from the state unlike TAMU. In the 2022-23 biennium of the \$23.9 million in FF PVAMU is only receiving \$4.0 billion from the state, a deficit of \$19.9 million. TAMU is has an almost double match from the state with \$101.8 million over the match funding from the state. A way of working towards not only maintenance of effort but also equity for all higher education would be to fund the \$7.9 million needed by PVAMU to meet the 50% threshold with a waiver.

## **Health Related Institutions (HRIs)**

\$3,354,640,577 (-2.6%)

There are 14 state Health Related Institutions who impact the health outcomes of Texans, increase innovation in health-related fields, train highly qualified professionals, and have a huge impact on Texas being known for world medical research institutes.

- \$3.4 billion in AF for the 2022-23 biennium is a decrease of \$89.8 million from the 2020–21 biennium which includes a decrease of \$26.2 million in GR from the 2020-21 biennium.
- The University of Houston College of Medicine had their inaugural class of medical students begin in the Fall of 2020. The decrease in GR for HRI is partially due to the inclusion of funding for this newly established institution.

## **Texas A&M System Agencies**

\$1,312,039,385 (-72.6%)

The Texas A&M System Agencies consist of 8 state agencies ranging in research and contributions to their selective fields. These agencies have a wide range of duties from conserving and protecting the lands of the state to vocational training.

- \$1.3 billion in AF for the 2022-23 biennium is a decrease of \$3.5 billion AF, including a decrease of \$41.6 million in GR-R from the 2020–21 biennium.
- \$34.8 million Funding for the seven engineering and agricultural agencies includes for infrastructure support inside Brazos County, a \$0.1 million decrease in General Revenue Funds from the 2020–21 biennium. This funding aligns with the general academic institutions' Infrastructure Formula rate.

## **Texas Higher Education Coordinating Board**

\$1,908,104,575 (0.0%)

The Higher Education Coordinating Board is the highest authority in the state on public higher education matters. provides leadership and coordination for Texas Higher Education and promotes access, affordability, quality, and success, and cost efficiency.

- \$98.5 million in GR from the Graduate Medical Education formula for fiscal 2022-23 maintains the 2020-21 biennium funding level for health-related institutions and the Baylor College of Medicine.

## **Higher Education Funds**

\$3,381,496,740 (-2.0%)

These four higher education funds help fund the state institutions of higher learning: Higher Education Fund, Available National Research University Fund, Available University Fund, and Support for Military and Veteran Exemptions. The purpose of the National Research University Fund is to provide a dedicated, independent, and equitable source of funding to enable emerging research universities in this state to achieve national prominence as major research universities. The Available University Fund provides funding for most institutions and agencies in the University of Texas System and the Texas A&M University System. The Hazelwood Program is a tuition exemption for veterans that can be used for 150 credit hours at any public institution of higher education and through the exemption passed onto their dependent.

## **Public Community and Junior Colleges**

\$1,863,990,345 (-0.2%)

There are 50 Public Community and Junior Colleges throughout the state dedicated to helping Texas reach the 60x30TX plan of striving to have 60% of 25-34 year old Texans hold a certificate of a degree by



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2030.

- \$1.86 billion in GR for 2022-23 is a decrease of \$3.7 million GR from 2020–21 biennial levels.
- The Success Point Formula, providing funding for Public Community and Junior Colleges, has been amended to implement a formal process to designate and remove critical fields for the purposes of Student Success Points in a transparent, predictable manner based on emerging data and trends. Student Success Points are a weighted metrics for funding. This will increase equity in funding for Texas's Public Community and Junior Colleges.

### **Lamar Lower-Level Institutions**

\$108,285,770 (13.7%)

Included in Lamar Lower-Level Institutions is Lamar Institute of Technology, Lamar State College Orange, and Lamar State College Port Arthur. These are two-year institutions that provide certificate programs, associate degrees, institutional awards, and other types of trades.

- Funding for the Lamar State Colleges and the Texas State Technical Colleges for the 2022–23 biennium totals \$303.8 million in All Funds, a decrease of \$15.9 million from the 2020–21 biennium. Included in this total is \$274.4 million in General Revenue Funds, a decrease of \$16.5 million from the 2020–21 biennium.

### **Texas State Technical Colleges**

\$195,560,060 (-12.9%)

These campuses help Texans meet the high-tech challenges of today's global economy, in partnership with business and industry, government agencies and other educational intuitions. Texas State Technical College System is dedicated to keeping abreast of what markets will likely be the most in demand and providing education, training, and certification in high paying and high demand fields.

- \$178,175 each fiscal year for forecasting and curriculum development.

### **Teacher Retirement System (TRS)**

\$6,269,982,019 (5.7%)

The Teacher Retirement system is an employment benefit plan for current and previous public and higher education teachers. Funding for TRS is comprised of state contributions for retirement and health care benefits for employees of public schools, higher education institutions, and retired teachers. During the 86th session the Legislature appropriated a onetime \$236.3 million in GR to make the account actuarially sound. TRS is the largest public retirement system in Texas.

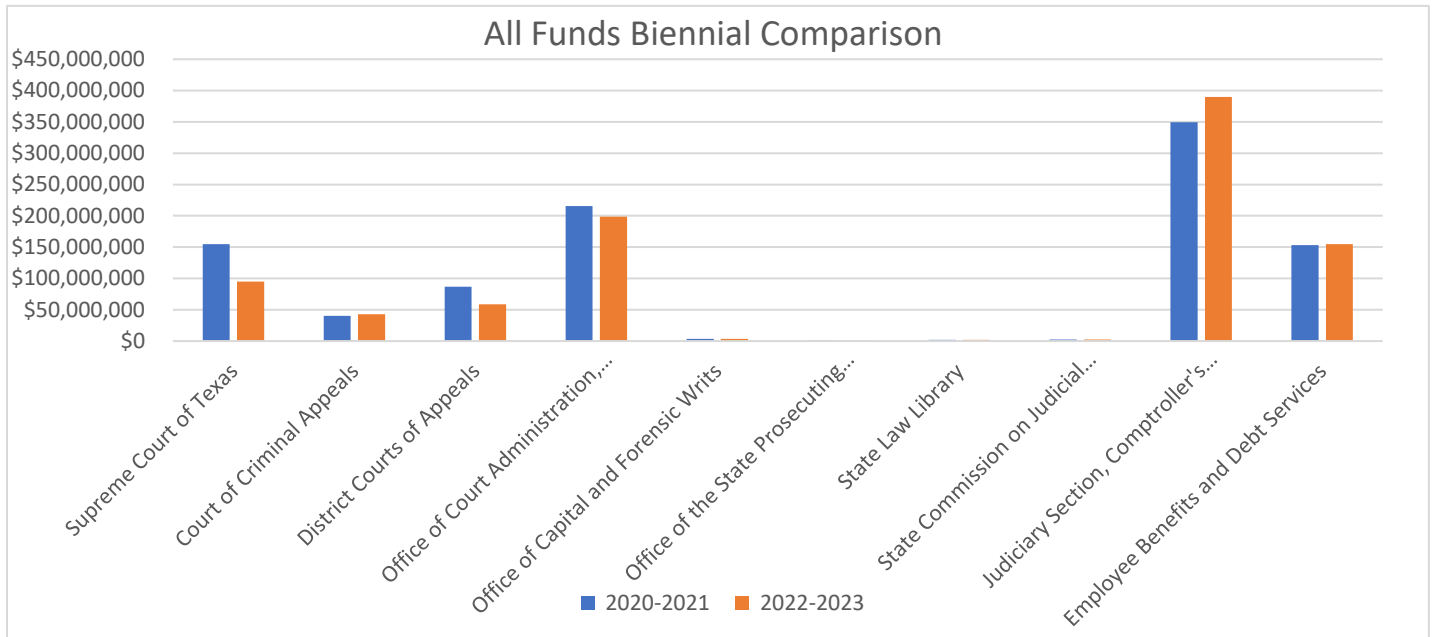
- \$6.3 billion in AF to fund the 2022-23 biennium represents an increase of \$339.5 million AF from the 2020–21 biennial base.



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## ARTICLE IV- THE JUDICIARY



Agency	2020-2021 (LBB Summary of HB1)	2022-2023 (HB1)	Difference	% Change
Supreme Court of Texas	\$154,800,000	\$95,155,053	(\$59,644,947)	-38.53%
Court of Criminal Appeals	\$40,100,000	\$42,918,599	\$2,818,599	7.03%
District Courts of Appeals	\$86,900,000	\$58,821,538	(\$28,078,462)	-32.31%
Office of Court Administration, Texas Judicial Council	\$215,600,000	\$198,799,986	(\$16,800,014)	-7.79%
Office of Capital and Forensic Writs	\$3,500,000	\$3,710,691	\$210,691	6.02%
Office of the State Prosecuting Attorney	\$900,000	\$625,000	(\$275,000)	-30.56%
State Law Library	\$2,100,000	\$2,128,455	\$28,455	1.36%
State Commission on Judicial Conduct	\$2,400,000	\$2,383,908	(\$16,092)	-0.67%
Judiciary Section, Comptroller's Department	\$349,400,000	\$389,763,484	\$40,363,484	11.55%
Employee Benefits and Debt Services	\$153,300,000	\$154,596,312	\$1,296,312	0.85%
Less Interagency Contracts	(\$22,600,000)	(\$22,598,183)	\$1,817	-0.01%
GR and GR-D	\$745,000,000	\$742,375,641	(\$2,624,359)	-0.35%
<b>Total All Funds</b>	<b>\$986,500,000</b>	<b>\$926,304,843</b>	<b>(\$60,195,157)</b>	<b>-6.10%</b>

### Supreme Court of Texas

\$95,155,053 (-38.5%)

The Supreme Court is made up of the chief justice and eight additional justices. They represent the last resort for civil matters in the state of Texas. The net decrease in funding is primarily due to onetime civil penalties awarded to the state of \$49.1 million in the 2020-21 biennium. The remaining \$10.6 million in reduction is a result of COVID-19 impacting court costs, penalties, and fee revenue collections in the Judicial Fund. Funding for the Supreme Court of Texas includes:

- \$10 million in AF in FY 2022 allocated to Basic Civil Legal Services for Victims of Sexual Assault.
- Basic Civil Legal Services for Veterans continues to be funded at 2020-21 biennium level, \$3 million in AF each FY, for grants to provide legal aid, legal clinics, and other legal services.
- \$74.1 million in AF for Basic Civil Legal Services.
- Allocations to the Judicial Commission on Mental Health, include \$1.25 million in AF each fiscal year, with \$250,000 each FY for continuing a training program to educate and inform judges and their staff on mental health care resources available in Texas.



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## **Court of Criminal Appeals**

\$42,918,599 (7.0%)

The Court of Criminal Appeals is the highest court for criminal cases in Texas. Funding during the 2022-23 biennium includes a slight increase with \$31.8 million in GR for the Court of Criminal Appeals' Judicial Education grant program. This program provides continuing legal education and technical assistance to judges, court staff, prosecuting attorneys, and criminal defense attorneys. Included in this legal education and training:

- \$349,229 is allocated for the biennium strictly for education services and providing training on working with indigent clients and mental health.
- \$611,839 is allocated each FY strictly for innocence education.
- \$550,502 is allocated for the biennium strictly for the Indigent Disposition Process and Judge Mentor Program regarding bail, fines, fees, requests for community service, jail commitments, and jail credit in cases involving the indigent population. Additionally, this is to be used for the development of a mentor program for new municipal court judges and webinars on reform.
- \$187,500 is allocated each FY strictly for training on mental health issues and pre-trial diversion.

## **Office of Court Administration (OCA), Texas Judicial Council**

\$198,799,986 (-7.8%)

### **Office of Court Administration (OCA)**

The OCA provides resources and information for the administration of the Judicial Branch of Texas, including judicial branch regulatory boards and policy-making bodies. Resources provided on technical assistance, training, research for trial courts, IT solutions, fiscal consultation for appellate and specialty courts, staffing, and administration. Funding includes:

- \$30.6 million in All Funds for Child Protection Courts and Child Support Courts. Included in this amount are \$13.1 million in AF for 30 Child Protection Courts and \$17.5 million for 43 Child Support Courts.
  - Included in this is a \$0.3 million increase in GR for travel funding for associate judges and court coordinators to conduct in-person hearings for Child Courts.
  - OCA reported Children's Courts were able to transition to fully remote in March 2020 due to COVID-19, with only a small decrease in capacity.
- There is a decrease of \$11 million in GR related to onetime expenses including \$10.6 million for the Uniform Case Management System, \$0.3 million related to the Parent-Child Relationship Reporting System, and \$0.1 million related to the Texas Commission on Judicial Selection.
- \$49.7 million in GR-D allocated, a decrease of \$10.8 million, to fulfill the Statewide Electronic Filing System vendor contract payments, support the operation and maintenance of the statewide electronic filing system, and fund statewide judicial technology projects.
  - Funding was decreased due to anticipated reductions to revenue from Judicial Fees and Court costs
- Rider directing OCA to establish a Family Violence Homicide Reduction Task Force to make recommendations, and provide courts guidance on implementing policies related to the transfer or other disposition of firearms for persons temporarily prohibited from possessing firearms.

### **Texas Judicial Council**

The Texas Judicial Council was created by the 41<sup>st</sup> Legislature in 1929 to continuously study and report on the organization and practices of the Texas Judicial Branch. They are the policy-making body for the state judiciary. Within this agency is the Texas Indigent Defense Commission, created as a support system for counties in establishing, developing, and maintaining cost-effective indigent defense services.

- \$94.9 million in AF is allocated, \$0.5 million more in AF than in the 2020-21 biennium, for the Texas Indigent Defense Commission (TIDC) to assist counties in establishing, developing, and maintaining cost-effective indigent defense service. This also includes \$1.2 million of funding through six universities for the continuance of the Innocence Project.
  - TIDC is required to use the funding for a pilot project on the early identification and specialized representation of indigent defendants with mental illness in three geographically diverse counties.
  - TDCI to make grants to counties with \$2,566,528 in FY 2022 and \$2,474,370 in FY 2023 to implement cost containment initiatives designed to limit local indigent defense cost increases.
  - \$2.5 million in GR-D each FY to provide grants to public defender offices and programs to expand existing mental health defender programs and expand into counties without these programs.

## **Office of Capital and Forensic Writs (OCFW)**

\$3,710,691 (5.3%)

The OCFW represent persons sentenced to death in Texas during their initial state habeas corpus applications, related proceedings, and raising challenges to their convictions through forensic science writs. Representation includes both capital and non-capital offenses. OCFW is appropriated \$3.7 million in AF, an increase of \$0.2 million from the 2020-21 biennium, and is expected to accept 3 new non-capital offense cases in 2022 and 4 additional in 2023.

## **Office of the State Prosecuting Attorney**

\$625,000 (-32.5%)

The Office of the State Prosecuting Attorney represents the state in all Court of Criminal Appeals proceedings, in any stage of a criminal case if determined by the State Prosecuting Attorney to be in the



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interest of the state, assists a district or a county attorney in representing the state before a court of appeals if requested, and may be assisted by a district of county attorney for cases in the Court of Criminal Appeals.

- The agency is appropriated \$0.6 million in AF for the biennium, a decrease of \$0.3 million with a reduction of 1 FTE from the 2020-21 biennium.

## **Texas State Law Library**

\$2,128,455 (-0.4)

The State Law Library is a public law library serving the legal research needs of the Texas judiciary community, state agencies and commission, and the citizens of the state.

- The state law library was subject to 5% agency cuts that are not restored in this budget.

## **Judiciary Section, Comptrollers Department**

\$389,763,484 (11.6%)

The Judiciary Section of the Comptrollers Department coordinates the payment of salaries and expenses for all state district judges, district attorneys, and other prosecutors in Texas.

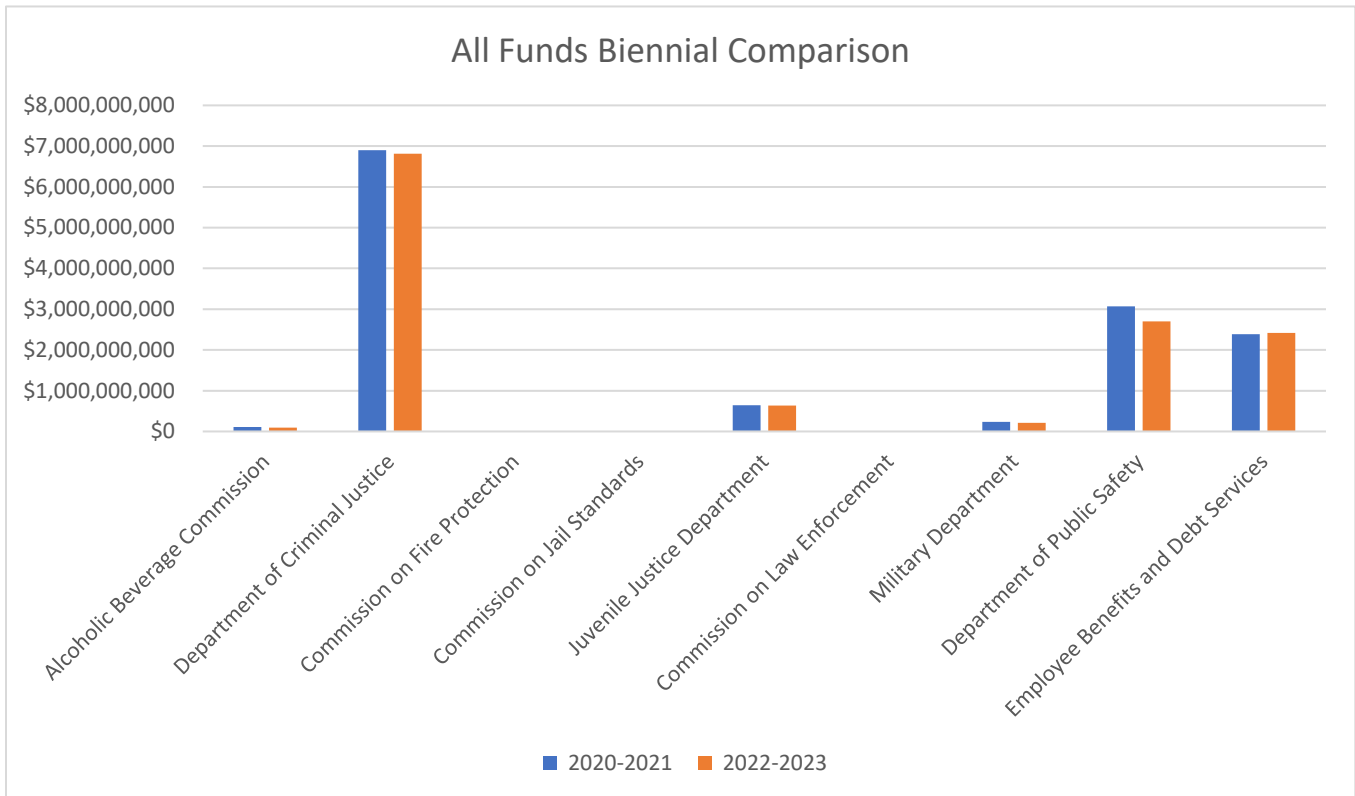
- \$251.4 million in AF is appropriated, an increase of \$4.7 million, for judicial salaries and \$.3 million for the state prosecuting attorney's salary. \$4.3 million for district judge salaries, \$.2 million for appellate court judge and justice salaries, and \$.2 million for county-level judge salary supplements.



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## ARTICLE V- PUBLIC SAFETY AND CRIMINAL JUSTICE



Agency	2020-2021 (LBB Summary of HB1)	2022-2023 (HB1)	Difference	% Change
Alcoholic Beverage Commission	\$107,800,000	\$97,046,034	(\$10,753,966)	-10.0%
Department of Criminal Justice	\$6,898,800,000	\$6,813,448,543	(\$85,351,457)	-1.2%
Commission on Fire Protection	\$3,800,000	\$3,762,976	(\$37,024)	-1.0%
Commission on Jail Standards	\$3,000,000	\$2,880,838	(\$119,162)	-4.0%
Juvenile Justice Department	\$639,300,000	\$636,487,068	(\$2,812,932)	-0.4%
Commission on Law Enforcement	\$8,300,000	\$8,446,555	\$146,555	1.8%
Military Department	\$234,400,000	\$211,972,936	(\$22,427,064)	-9.6%
Department of Public Safety	\$3,065,000,000	\$2,702,926,855	(\$362,073,145)	-11.8%
Employee Benefits and Debt Services	\$2,389,000,000	\$2,418,752,969	\$29,752,969	1.2%
Less Interagency Contracts	(\$176,700,000)	(\$165,645,403)	\$11,054,597	-6.3%
<b>Total GR and GR-D</b>	<b>\$11,925,900,000</b>	<b>\$11,942,239,203</b>	<b>\$16,339,203</b>	<b>0.1%</b>
<b>Total All Funds</b>	<b>\$13,172,700,000</b>	<b>\$12,730,079,371</b>	<b>(\$442,620,629)</b>	<b>-3.4%</b>

\* Net decrease of \$442.6 million, or 3.4%, from the 2020-21 biennium is primarily due to FF for Hurricane Harvey assistance and onetime capital budget projects expected to be completed in the 2020-21 biennium.

### Texas Alcoholic Beverage Commission (TABC)

\$97,046,034 (-10%)

TABC is responsible for regulating, inspecting, and taxing the production, sale, and use of alcohol in the state. It offers licenses and certificates for companies and employees in the alcoholic beverage industry, enforces applicable laws, and collects excise taxes.

- TABC is appropriated \$97 million in AF, a reduction of \$10.8 million in AF, primarily due to the one-time funding for IT projects during the 2020-21 biennium.

### Texas Department of Criminal Justice (TDCJ)

\$6,813,448,543 (-1.2%)

TDCJ manages the housing, security, food, healthcare, and treatment services for adults who are incarcerated in state prisons, state jails, and contracted private correctional facilities. The agency funds community supervision, diversion, and reentry programs. The state closed two Texas prisons in 2020 due to declining population and unsafe staffing. Projected incarceration populations are 139,019 and 138,545 for FY 2022 and 2023, respectively. The aging of our prison population has brought the need for increased funds due to higher costs of healthcare and other services. Additionally, the increasing number of individuals with mental health issues puts strains on already scarce resources and capacity.

- \$6.8 billion in AF, a decrease of \$85.4 million, due to unit closures and onetime items partially



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offset by be increases for CMHC and aligning supervision with 2021 projected population projections.

- Agency request to fund needed CMHC was partially funded at \$60 million in GR out of the \$178.8 million.
- \$1.3 billion in AF is allocated to CMHC maintaining funding levels from 2020-21, with \$645.0 million for psychiatric inpatient care for an estimated 1,709.53 individuals daily.
- \$426.1 million in AF for the Board of Pardons and Parole, parole processing and supervision, and residential facilities
- Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) will coordinate with DSHS, county and municipal jails, and community centers pre- and post-release for continuity of care.
  - TCOOMMI allocated \$500,000 each FY to reimburse HHSC for providing formerly incarcerated individuals with a 90-day supply of medication post-release.
- \$75.1 million in AF is allocated for capital expenses, including computer and software purchasing, data center consolidation, vehicle replacement, equipment replacement for operational support and industrial operations, and items for agriculture operations.
- TDCJ to maintain a Safe Prisons Program to prevent and limit the number of sexual assaults by inmates on inmates and report annually on the number of assaults and actions taken.
- TDCJ to report annually on the outputs and outcome of the Substance Abuse Felony Punishment Facility (SAFP) program, including the outcomes for aftercare participants.
- TDCJ to produce an annual report to the Legislature each year regarding offender complaints related to temperature, cases of environmental hyperthermia or death caused by temperature or exacerbated by temperature, and agency procedures used to manage temperature and mitigate excessive heat in TDCJ facilities.

### **Texas Commission on Fire Protection (TCFP)**

\$3,762,976 (-1.2%)

TCFP provides education and assistance to the fire service and enforces statewide fire service standards through training, certification, and compliance programs. The agency is subject to review by the Sunset Advisory Commission (SAC).

- TCFP was recommended by SAC to be continued for another 12 years.

### **Texas Commission on Jail Standards (TCJS)**

\$2,880,838 (-3.4%)

TCJS is the regulatory agency for all county jails and privately operated municipal jails in the state. It establishes, enforces, and trains operators on standards for the construction and management of jails. The agency is subject to review by the Sunset Advisory Commission (SAC).

- SAC recommended the continuance of TCJS and recommended be required: to ensure minimum standards account for varying needs and levels of risk among facilities, establish a risk-based approach to inspections, conduct trend analysis with data the agency collects, and adopt rules and policies for taking escalating actions against jails that remain out of compliance for extended or recurring periods.
  - Additional recommendations include updating statutes to enhance requirements for tracking, analyzing, and reporting on complaints, and the agency conducts a staffing analysis to better align resource allocations with the inspection function.

### **Texas Juvenile Justice Department (TJJD)**

\$636,487,068 (-0.4%)

TJJD is responsible for housing, parole, supervision, re-entry programs, facility staffing, education, food, healthcare, and treatment services for children who are incarcerated. Projections for state juvenile residential populations are 1,009 and 1,120, supervised probation populations are 17,897 and 18,629, and for parole supervision are projected to be 283 and 315 for FY 2022 and 2023, respectively.

- \$5.9 million in AF is appropriated each FY for Juvenile Justice Alternative Education Program (JJAEP), with a projected 2,050 entering the program each year.
  - A maximum of \$500,000 in each FY, for a maximum of 90 attendance days per child, is allocated for counties with a population of at least 72,000 which operate a JJAEP.
- TJJD to develop and manage a provider contract, or contracts, to deliver the most effective managed healthcare and mental health services.
- \$19.2 million in GR each FY to be used to provide diversion programs, including residential, community-based, family, and aftercare programs.
- \$2 million in AF for the biennium to fund mental health services provided by local juvenile probation departments.
- \$250,000 in GR each FY to establish pilot programs in Harris, Hidalgo, and Cameron counties to provide trauma-informed counseling, life skills and hands-on vocational training for youth who were previously committed to state correctional custody.

### **Texas Commission on Law Enforcement (TCOLE)**

\$8,446,555 (2%)

TCOLE is the regulatory agency for law enforcement, corrections, and telecommunications personnel. It offers training, licensure, and educational services to ensure that relevant statutes and standards are enforced. The agency is subject to review by the Sunset Advisory Commission (SAC).

- SAC implements a Blue-Ribbon Panel to analyze the effectiveness and need for uniformity in law enforcement regulation. This provides TCOLE with regulatory authority to investigate officer misconduct and revoke licensure as appropriate.



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- TCOLE was allocated \$656,874 in GR for 3 FTEs for curriculum development staff to oversee training and reimburse volunteer curriculum committee participants for travel costs.

## **Texas Military Department (TMD)**

\$211,972,936 (-9.6%)

The Texas Military Department manages the state military forces in support of state and federal authorities. The agency is comprised of the Texas Army National Guard, Texas Air National Guard, and the Texas State Guard.

- Appropriations to TMD decreased by \$22.4 million in AF from the 2020-21 biennium. This is primarily due to onetime funds in 2020-21 of \$19.4 million from the ESF in disaster grants from the Governor's response to the civil unrest this past summer following the death of George Floyd.
- TMD was appropriated \$2.3 million in GR and \$977,124 in FF for the State of Texas Armory Revitalization (STAR) program, responsible for the renovation of state armories and readiness facilities used by the State and National Guard members.

## **Department of Public Safety (DPS)**

\$2,702,926,855 (-11.8%)

DPS is responsible for statewide law enforcement and vehicle registration services, including criminal investigations, emergency response, cybersecurity, counterterrorism, and handgun and driver's licensing services. This agency also manages the Highway Patrol and the Texas Rangers.

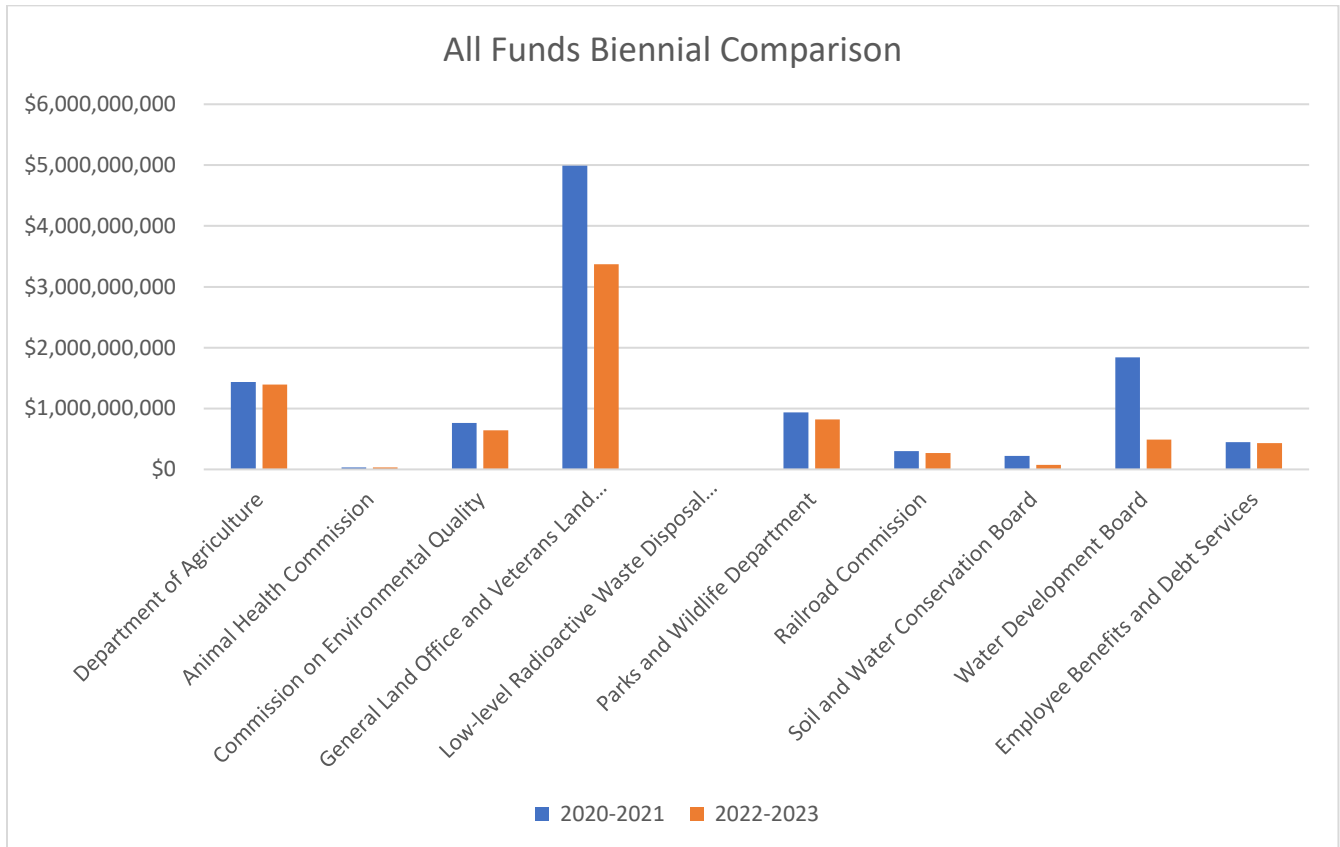
- DPS was appropriated \$2.7 billion in AF, a decrease of \$362.1 million from the 2020-21 biennium, primarily due to a \$332.7 million decrease in FF related to Hurricane Harvey and COVID-19 assistance and \$28.4 million of GR decrease is related to onetime funding for capital projects during the 2020-21 biennium.
- \$1 million in GR over the 2022-23 biennium to replace legacy and end-of-life systems, including 3 full-time-equivalent (FTE) positions.
- \$6.1 million in GR, over the 2022-23 biennium, to fund an additional trooper recruit school.
- \$ 692.5 million to DPS for border security and \$797 million in AF for border security across nine state agencies



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## ARTICLE VI – NATURAL RESOURCES



Agency	2020-2021 (LBB Summary of HB1)	2022-2023 (HB1)	Difference	% Change
Department of Agriculture	\$1,436,500,000	\$1,395,112,790	(\$41,387,210)	-3%
Animal Health Commission	\$31,900,000	\$29,922,342	(\$1,977,658)	-6%
Commission on Environmental Quality	\$760,800,000	\$644,915,433	(\$115,884,567)	-15%
General Land Office and Veterans Land Board	\$4,993,400,000	\$3,372,605,565	(\$1,620,794,435)	-32%
Low-level Radioactive Waste Disposal Compact Commission	\$800,000	\$840,828	\$40,828	5%
Parks and Wildlife Department	\$939,300,000	\$821,997,840	(\$117,302,160)	-12%
Railroad Commission	\$299,700,000	\$269,361,426	(\$30,338,574)	-10%
Soil and Water Conservation Board	\$222,200,000	\$71,981,287	(\$150,218,713)	-68%
Water Development Board	\$1,843,100,000	\$492,209,728	(\$1,350,890,272)	-73%
Employee Benefits and Debt Services	\$448,400,000	\$430,740,199	(\$17,659,801)	-4%
Less Interagency Contracts	(\$21,200,000)	(\$20,774,368)	\$425,632	-2%
Total GR and GR-D	\$2,224,400,000	\$2,193,666,628	(\$30,733,372)	-1%
<b>Total All Funds</b>	<b>\$10,954,900,000</b>	<b>\$7,508,913,070</b>	<b>(\$3,445,986,930)</b>	<b>-31%</b>

### Texas Department of Agriculture (TDA)

\$1,395,112,790 (-2.9%)

TDA promotes the production of agriculture, consumer protection, economic development, and healthy living. The agency is subject to review by the Sunset Advisory Commission (SAC).

- SAC's initial recommendations are for the continuance of the agency. Included are some of the additional recommendations:
  - Abolishment of the Early Childhood Health and Nutrition Interagency Council
  - Elimination of the Texas Rural Foundation and the Aquaculture program
  - Reestablishing the GO TEXAN program
  - Requiring improvement of coordination with other state agencies with overlapping regulatory responsibilities, to use available data to improve agency efficiency and effectiveness.
- \$9.7 million in GR for the biennium to fund the Boll Weevil Eradication Program.
- \$1.2 billion in AF for the biennium for the Child and Adult Nutrition programs, a decrease of \$32.5 million. This is due to a decrease of \$201.4 million in FF from the CRF and was partially offset by a net increase of \$165.4 million in various FF and an additional \$3.5 million in GR Funds.
- \$29.9 million in GR over the 2022-23 biennium for the Texans Feeding Texans Programs. Of this, \$19.7 million is allocated for the Home Delivered Meals program. These two programs had their



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- 5% cuts restored.
- \$10.2 million is allocated for the Surplus Agricultural Products Grant Program, an increase of \$1.5 million and \$2 million from 2020 & 2021, respectively.

### **Texas Animal Health Commission (TAHC)**

\$29,922,342 (-6.1%)

The Texas Animal Health Commission protects the health and marketability of all Texas livestock and poultry, including cattle, swine, poultry, sheep, goats, equine family animals, and exotic livestock. The agency is subject to review by the Sunset Advisory Commission (SAC).

- The \$2.1 million decrease from the 2020-21 biennium is primarily due to various federal grants not being continued in the 2022-23 biennium.
- Funding includes \$8.0 million in AF for the agency's continued cattle fever tick control and eradication activities.

### **Texas Commission of Environmental Quality (TCEQ)**

\$644,915,433 (-15.2%)

The TCEQ is the main environmental agency for the state, responsible for permitting usage and enforcing laws related to air, water, and land resources.

- TCEQ is appropriated \$644.9 million in AF, a decrease of \$115.9 million from the biennium. The decrease is primarily due to a decrease in the Texas Emissions Reduction Plan (TERP) Fund.
  - TCEQ is now required to produce an annual report on the use of TERP.
- \$5 million in GR each FY for litigation expenses associated with the Rio Grande Compact Commission for Texas' continuing lawsuit against New Mexico for the equitable distribution of water Rio Grande Compact Commission.
- \$24.7 million in AF for the biennium to align Data Center Services funding with recommendations by the Department of Information Resources.
- \$4 million in GR-D for air quality monitoring

### **General Land Office and Veterans' Land Board**

\$3,372,605,565 (-32.5%)

The General Land Office manages state lands and mineral rights properties, state veterans benefit programs and the Permanent School Fund. It protects and maintains Texas's natural and coastal landscapes and historical facilities like the Alamo and administers community recovery grants. The Veterans' Land Board provides land, home loans, home improvement loans exclusively to Veterans and Military Members. It is also in charge of nine Texas State Veteran Homes and four Texas State Veteran Cemeteries.

- \$1,433.9 million in AF for housing projects related to disaster recovery, a decrease of \$2 billion from 2020-21 biennial spending levels. Funding includes \$1.4 billion in FF from Community Development Block Grants from the U.S. Department of Housing and Urban Development for community housing projects.
- \$1.6 billion in FF over the biennium for infrastructure and mitigation projects related to disaster recovery.
- \$221.4 million in AF for the biennium, a decrease of \$309.8 million, or 58.3 percent, to protect and maintain the Texas coastline.
- \$10.7 million in AF for the Alamo Complex over the biennium, a decrease of \$56.9 million, or 84.2 percent, primarily due to the removal of \$60 million in OF for the Alamo Master Plan

### **Texas Parks and Wildlife Department**

\$821,997,840 (-12.5%)

The Texas Parks and Wildlife Department manages coastal and inland fisheries, conservation of natural and cultural resources, state parks, provides legal assistance with the Texas Parks and Wildlife Commission, and provides statewide law enforcement meant to protect Texas' wildlife, natural resources, and the environment. The agency also manages hunting, fishing, and outdoor recreation. The agency is subject to review by the Sunset Advisory Commission (SAC).

- \$674.7 million in GR and GR-D is an increase of \$85.5 million, or 14.5%, primarily due to anticipated increases in Sporting Goods Sales Tax related to the increase in sales during the pandemic. Of these funds, the following has been allocated additionally to improve the stewardship of state parks includes:
  - \$4.3 million with authority for an additional 46 FTEs with salary and benefits.
  - \$2.2 million for additional salary and benefit costs for 114 state park law enforcement officers to address agency-identified longstanding disparities between game wardens and state park law enforcement officers.
  - \$3 million for minor repairs at state parks.
  - \$9.2 million in capital budget authority for vehicles and equipment.
  - \$3.6 million to address increased costs related to increased visitation to state parks.
  - \$22.2 million for capital construction and repairs for facilities and infrastructure at state parks.
  - \$9 million to be used as grants for local parks.
  - \$7 million for land acquisition to enhance current state park holdings.
- The decrease of \$202.8 million in FF and OF is primarily due to decreased FF and the agency's methodology of only requesting confirmed amounts. \$205.8 million, an increase of \$69.5 million, for state park operations and minor repairs.

### **Soil and Water Conservation Board**



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\$71,981,287 (-67.6%)

The Texas State Soil and Water Conservation Board administers Texas' soil and water conservation law, provides operation and maintenance of flood control structures, coordinates conservation, and provides education programs. The agency is also in charge of the planning, management, and abatement of agricultural and silvicultural nonpoint source water pollution and administers the Water Supply Enhancement Program.

- \$406,818 of GR each FY for administrative costs associated with the preparation of water quality management plans for poultry operators and \$3.5 million of GR each FY for the planning and implementation of water quality management plans.

## **Texas Water Development Board (TWDB)**

\$492,209,728 (-73.3%)

The Water Development Board manages the state's water and flood plans. It supports local and regional water, wastewater, and flood mitigation plans and projects through technical and financial assistance.

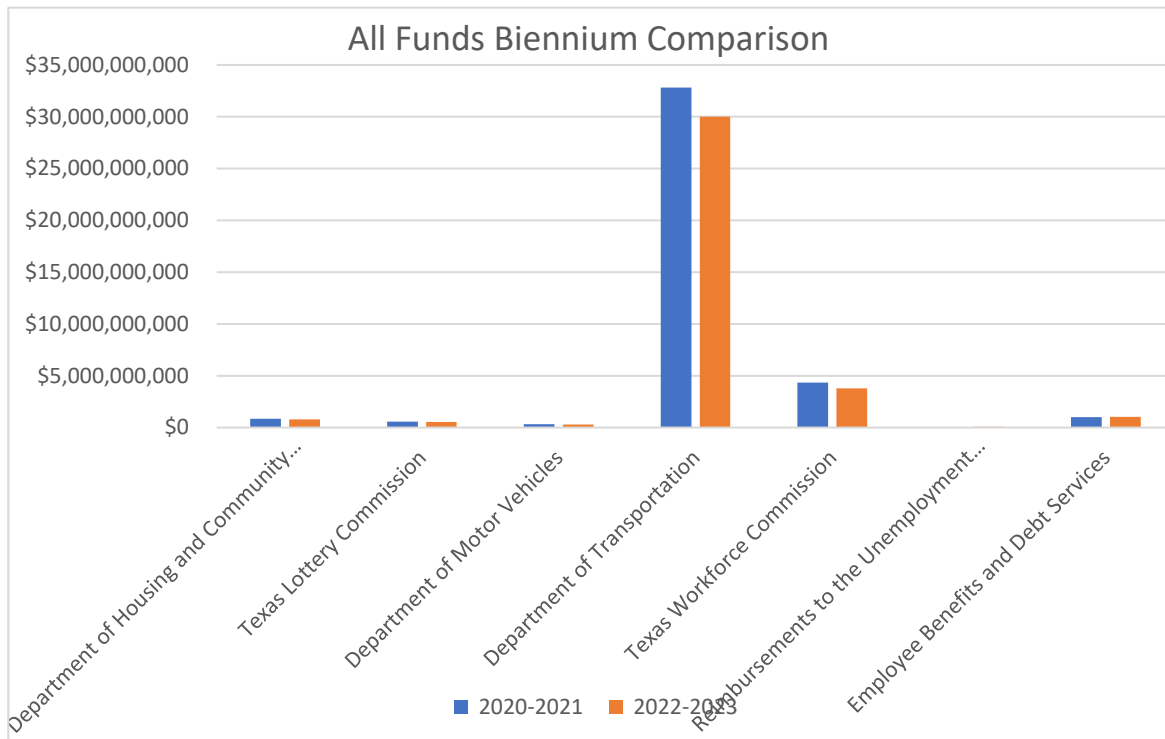
- \$20.8 million in GR-D from the Texas Infrastructure Resiliency Fund in FY 2022 for Floodplain Management.
- \$2.6 million in GR-R over 2022-23 for debt service in the issuance of approximately \$30.0 million in new Economically Distressed Areas Program (EDAP) bonds.



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## ARTICLE VII-BUSINESS AND ECONOMIC DEVELOPMENT



Agency	2020-2021 (LBB Summary of HB1)	2022-2023 (HB1)	Difference	% Change
Department of Housing and Community Affairs	\$842,400,000	\$801,621,323	(\$40,778,677)	4.8%
Texas Lottery Commission	\$556,800,000	\$541,045,348	(\$15,754,652)	2.8%
Department of Motor Vehicles	\$328,900,000	\$306,797,114	(\$22,102,886)	6.7%
Department of Transportation	\$32,812,400,000	\$30,009,071,975	(\$2,803,328,025)	8.5%
Texas Workforce Commission	\$4,342,200,000	\$3,783,060,166	(\$559,139,834)	2.9%
Reimbursements to the Unemployment Compensation Benefit Account	\$55,100,000	\$64,808,566	\$9,708,566	17.6%
Employee Benefits and Debt Services	\$994,100,000	\$1,020,631,481	\$26,531,481	2.7%
Less Interagency Contracts	(\$284,000,000)	(\$216,273,535)	\$67,726,465	23.8%
Total GR and GR-D	\$1,143,700,000	\$1,097,481,662	(\$46,218,338)	4.0%
<b>Total All Funds</b>	<b>\$39,647,700,000</b>	<b>\$36,310,762,438</b>	<b>(\$3,336,937,562)</b>	<b>8.4%</b>

### Texas Department of Housing and Community Affairs (TDHCA)

\$801,621,323 (-4.8%)

TDHCA provides affordable housing, community, and energy assistance programs, Colonia development, utility and rental assistance programs, HOME and assistance programs for people experiencing homelessness, and regulation of the manufactured housing industry.

- Decrease of \$39.1 million in FF, primarily due to CRF assistance, expended primarily in FY 2021.
- The agency's Community Development Block Grant (CDBG) program was allocated \$48.1 million by the CARES Act over the 2020-21 biennium. CDBG provides funds to Community Action Agencies (CAAs) to provide services designed to eliminate poverty and foster self-sufficiency for very low-income Texas residents in all 254 counties. The eligibility threshold of 125% of the federal poverty limit was increased to 200% of the federal poverty level through the CARES Act, allowing for greater access to CDBG services for Texans.

### Texas Lottery Commission (TLC)

\$541,045,348 (-2.8%)

TLC generates revenue for the state and the Foundation School Fund (FSF) through the management and sale of lottery products.

- TLC experienced a \$25.9 million decrease in the state's projected contractual obligation, a \$3.8 million decrease in Bingo Prize Fee collections, and a \$5.2 million decrease related to George H. W. Bush Building relocation costs. These are offset by increases of \$17.8 million for Retailer Commissions, based on total projected sales, and \$1.4 million for changes in agency product contracting and administration costs for a net decrease of \$15.7 million in AF.



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- In FY 2020 the agency's revenue transfers included \$1.66 billion to the FSF and \$22.2 million to the Fund for Veterans' Assistance, the largest in the agency's history for each.

## **Texas Department of Motor Vehicles (TxDMV)**

\$306,797,114 (-6.7%)

TxDMV administers motor vehicle programs and services to ensure vehicle compliance and generate revenue for the state. TxDMV provides customer service related to vehicle registration, vehicle titling, motor carrier credentialing, permitting, motor vehicle industry regulation, compliance and investigation, consumer protections within the Enforcement Division, and burglary and theft prevention.

- The net decrease of \$4.3 million in AF from the 2020-21 biennium relates to one-time funding for items, capital projects, and unexpended balances carried forward from the 2018-2019 biennium into the 2020-21 biennium.
- \$30 million in GR for motor vehicle crime prevention grants to local law enforcement.

## **Department of Transportation (TxDOT)**

\$30,009,071,975 (-8.5%)

The Department of Transportation (TxDOT) is responsible for maintaining a safe, reliable, and integrated transportation system.

- TxDOT's \$2.8 billion decrease in AF is primarily due to an estimated decrease in reimbursement for highway planning and construction.
- \$25.8 billion in AF is appropriated for highway planning and design, right-of-way acquisition, construction, maintenance, and preservation over the 2022-23 biennium.
- Funding includes an estimated \$300 million appropriation from the State Highway Fund (SHF) to the Texas Emissions Reduction Plan (TERP) fund.
- Any unexpended balance from the previous biennium, not to exceed \$32 billion, is authorized to carry forward in the 2022-23 biennium for the construction of international port of entry projects at the Bridge of the Americas and the Ysleta Bridge in El Paso.
- \$210.2 million in GR-D funds for public transportation.

## **Texas Workforce Commission (TWC)**

\$3,783,060,166 (-12.9%)

TWC assists employers and job seekers by overseeing and providing workforce development services including job matching, recruiting, and training.

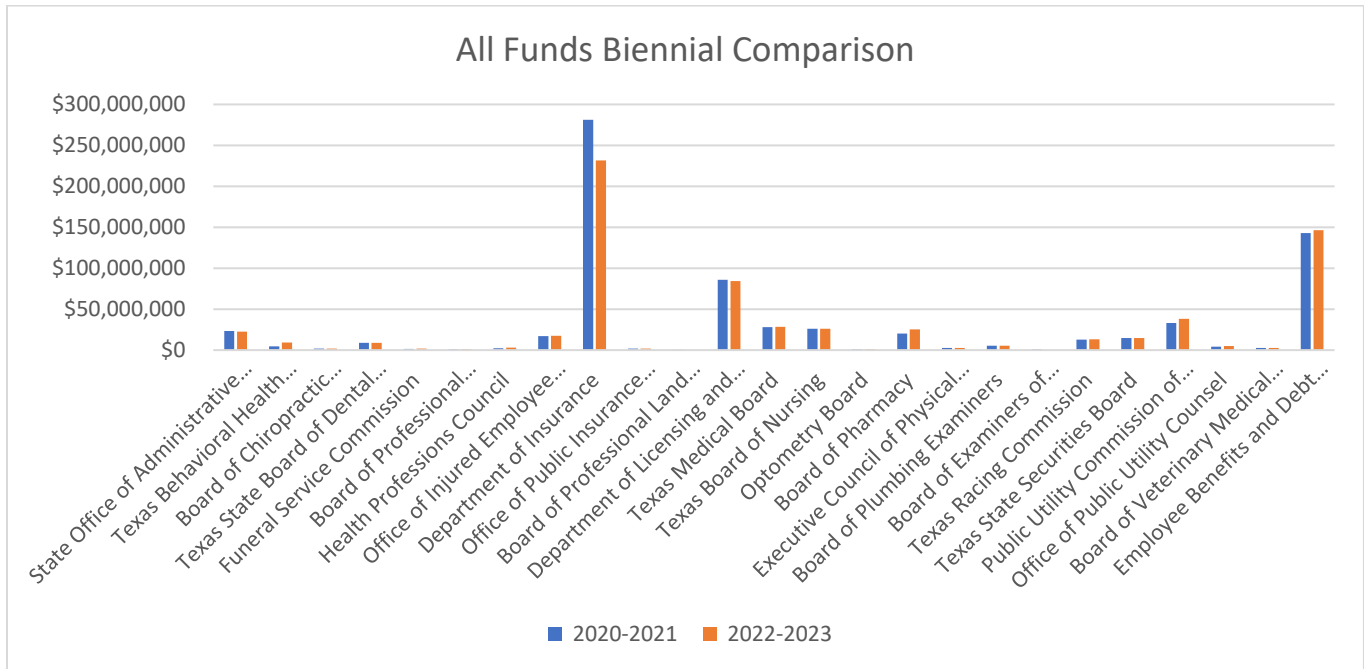
- The decrease in funding of \$499.6 million is due to one-time FF from the CRF.
- \$29 million increase in AF, for capital budget projects, TWC Internet redesign project, and enhanced mobile messaging services for customers.
- \$1.8 billion in AF for childcare services for DFPS families, at-risk children, and low-income families, and families working or training for work.
- \$576 million in AF for Vocational Rehabilitation, to assist people who are differently-abled in preparing to enter the workforce and advancing their employment goals.
  - TWC must conduct an inventory of all current apprenticeships and internships.
- \$5.8 million from TANF funds appropriated each FY for adult literacy programs with priority for digital literacy added to previously established priority programs.
- \$178.4 million for Unemployment claims for the 2022-23 biennium.



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## ARTICLE VIII- REGULATORY



Agency	2020-2021 (LBB Summary of HB1)	2022-2023 (HB1)	Difference	% Change
State Office of Administrative Hearings	\$23,200,000	\$22,702,023	(\$497,977)	-2.1%
Texas Behavioral Health Executive Council	\$4,600,000	\$9,323,259	\$4,723,259	102.7%
Board of Chiropractic Examiners	\$1,700,000	\$1,732,374	\$32,374	1.9%
Texas State Board of Dental Examiners	\$8,900,000	\$8,979,233	\$79,233	0.9%
Funeral Service Commission	\$1,600,000	\$1,681,583	\$81,583	5.1%
Board of Professional Geoscientists	\$1,100,000	\$1,159,519	\$59,519	5.4%
Health Professions Council	\$2,300,000	\$2,929,731	\$629,731	27.4%
Office of Injured Employee Counsel	\$17,300,000	\$17,402,826	\$102,826	0.6%
Department of Insurance	\$281,200,000	\$231,749,584	(\$49,450,416)	-17.6%
Office of Public Insurance Counsel	\$1,900,000	\$2,000,180	\$100,180	5.3%
Board of Professional Land Surveying *	\$300,000	\$0	(\$300,000)	-100.0%
Department of Licensing and Regulation	\$85,900,000	\$84,299,550	(\$1,600,450)	-1.9%
Texas Medical Board	\$28,000,000	\$28,350,458	\$350,458	1.3%
Texas Board of Nursing	\$26,200,000	\$26,200,988	\$988	0.0%
Optometry Board	\$1,000,000	\$1,022,340	\$22,340	2.2%
Board of Pharmacy	\$20,200,000	\$25,328,396	\$5,128,396	25.4%
Executive Council of Physical Therapy & Occupational Therapy Examiners	\$2,700,000	\$2,751,148	\$51,148	1.9%
Board of Plumbing Examiners	\$5,500,000	\$5,540,784	\$40,784	0.7%
Board of Examiners of Psychologists *	\$1,000,000	\$0	(\$1,000,000)	-100.0%
Texas Racing Commission	\$13,000,000	\$13,263,438	\$263,438	2.0%
Texas State Securities Board	\$14,800,000	\$14,763,111	(\$36,889)	-0.2%
Public Utility Commission of Texas	\$33,100,000	\$38,182,168	\$5,082,168	15.4%
Office of Public Utility Counsel	\$4,100,000	\$4,871,528	\$771,528	18.8%
Board of Veterinary Medical Examiners	\$2,700,000	\$2,652,221	(\$47,779)	-1.8%
Employee Benefits and Debt Services	\$142,800,000	\$146,270,553	\$3,470,553	2.4%
Less Interagency Contracts	(\$12,400,000)	(\$12,228,347)	\$171,653	-1.4%
<b>Total GR and GR-D</b>	<b>\$611,700,000</b>	<b>\$625,685,293</b>	<b>\$13,985,293</b>	<b>2.3%</b>
<b>Total All Funds</b>	<b>\$712,800,000</b>	<b>\$680,928,648</b>	<b>(\$31,871,352)</b>	<b>-4.5%</b>



# TEXAS LEGISLATIVE STUDY GROUP

*An Official Caucus of the Texas House of Representatives*

## **Texas Behavioral Health Executive Council (BHEC)**

\$9,323,259 (101.3%)

BHEC ensures compliance with professional standards and regulates behavioral health services and social work practices. BHEC oversees several Texas State Boards of Examiners, including marriage and family therapists, professional counselors, psychologists, and social workers.

- Funding increases can be attributed to the council's inception during the 86<sup>th</sup> Legislative session, following the consecutive review of the member boards under its purview. The 2020-21 biennium funded the council's creation, and the one-year operations appropriation fully cover operations costs for the 2022-23 biennium.

## **Texas Department of Insurance (TDI)**

\$231,749,584 (-17.6%)

TDI regulates the insurance industry, implements the Texas workers compensation program, and protects Texas consumers. The Division of Workers Compensation, responsible for implementing the Texas Workers Compensation System, is under the purview of TDI.

- The \$49.5 million decrease in AF from the 2020-21 biennium is primarily due to a \$41.1 million decrease associated with the temporary Health Insurance Risk Pool expiration and a decrease of \$6.9 million for the Three-Share Assistance Program.

## **Board of Pharmacy**

\$25,328,396 (25.4%)

The Texas State Board of Pharmacy regulates the pharmaceutical profession and administers the licensing of Texas pharmacy workers and pharmacies. The agency is responsible for establishing regulations for pharmacy practice.

- \$5.0 million is allocated each FY for the Prescription Monitoring Program. Of these funds, \$1 million is to be used in the production, printing, and sale of official prescription forms, and any additional fees collected from sales that are appropriated for the same purpose.

## **Texas Racing Commission (TRC)**

\$13,263,438 (2.2%)

TRC oversees the horse and greyhound racing industry and issues licenses for racetracks as required by the Texas Racing Act. The agency is subject to review by the Sunset Advisory Commission (SAC).

- SAC recommended transferring TRC to the Comptroller of Public Accounts as a semi-independent board, maintaining current functions for 12 years, and regulatory authorization for pari-mutuel racing.

## **Board of Veterinary Medical Examiners**

\$2,652,221 (0%)

The Board of Veterinary Medical Examiners implements rules and policies to ensure ethical veterinary practices in Texas. The board oversees veterinary license examinations and implements compliance audits. The agency is subject to review by the Sunset Advisory Commission (SAC).

- SAC recommended the agency be continued for 8 years to align with the other regulating boards with authority to prescribe and dispense controlled substances. SAC also recommended the agency undergo a special purpose Sunset review to evaluate the implementation of its database system and procedures for collecting and analyzing.

## **Health Professions Council (HPC)**

\$2,929,731 (29.6%)

HPC coordinates regulatory efforts across a spectrum of professional healthcare service providers and their examination boards.

- Funding increases from the 2020-21 biennium relate to interagency contracts regarding population growth following the establishment of the Behavioral Health Executive Council.

## **The Texas State Board of Plumbing Examiners**

\$5,540,784 (0.0%)

The Texas State Board of Plumbing Examiners regulates the industry, overseeing licensure administration, and ensuring plumbing safety compliance.

- The Board of Plumbing Examiners underwent the Sunset Review process in the 86<sup>th</sup> legislative session, which resulted in executive action from Governor Abbott continuing the TSBPE for two years when legislative consensus could not be reached regarding certain sunset recommendations. Legislation passed this session continued the functions of TSBPE as a standalone agency for 12 years.

## **Public Utility Commission of Texas (PUC)**

\$38,182,168 (15.3%)

PUC oversees electric, water, wastewater, and telecommunications rates and services. PUC regulates utility markets and is responsible for ensuring independent public utility providers follow state and federal law.

- In response to Winter Storm Uri in February 2021, there is \$3.4 million in GR over the 2022-23 biennium for enhanced oversight of ERCOT and increased external communications.



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## **Department of Licensing and Regulation**

\$84,299,550 (-1.9%)

The Texas Department of Licensing and Regulation provides regulatory oversight of a wide range of professions. TDLR administers examination processes, performs compliance inspections, and manages professional certifications for 39 different licenses. The agency is subject to review by the Sunset Advisory Commission (SAC) this legislative session.

- The Sunset Commission continued TDLR as a standalone agency performing essential functions for the next 12 years. Recommendations include eliminating or consolidating certain license types, removing unnecessary industry-specific regulations, and streamlining certain licensing programs.