

Texas: Lawmakers pass \$217B budget for the 2018–19 biennium



David M. Kall | Thursday, June 8, 2017

Just before the close of the 85th Legislature, lawmakers in the Lone Star State passed a \$217 billion budget, by way of [SB 1](#). The vote was 135 to 14.

The total allocation of funds, and the percentage difference relative to the last budget, break down as follows:

CATEGORY	% OF TOTAL BUDGET	BUDGET \$ in MILLIONS	% CHANGE vs. LAST BUDGET
Education	37.1 percent	\$80,433.0	Up 1.6 percent
Health and Human Services	36.7 percent	\$79,456.5	Down 2.2 percent
Business and Economic Development	14.7 percent	\$31,845.8	Up 7.4 percent
Public Safety	5.7 percent	\$12,311.7	Down 2.1

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and Criminal Justice			percent
General Government	2.9 percent	\$6,240.8	Down 11.4 percent
Natural Resources	2.1 percent	\$4,544.5	Up .3 percent
The Judiciary	.4 percent	\$823.6	Up 1.3 percent
Regulatory	.3 percent	\$630.6	Down 34.1 percent
The Legislature	.2 percent	\$387.5	Down 3.3 percent
General Provisions	.04 percent	\$83.9	n/a

In its [Conference Committee Report](#), the Legislative Budget Board set forth the key items of the new budget. Among others, these items include:

1. **Foundation School Program (FSP):** \$80.1 billion, which fully funds what is estimated to be required to meet the current law FSP entitlement.
2. **Medicaid:** \$62.4 billion, which is \$1.9 billion less than last biennium.
3. **Transportation:** \$26.6 billion, which includes:
 - a. \$9.7 billion for maintenance and preservation of the existing transportation system
 - b. \$4.5 billion for construction and highway improvements; \$2.3 billion from [Proposition 7, 2015](#) proceeds (which dedicated a portion of sales and use tax revenue, and the motor vehicle sales and rental tax, to the State Highway Fund for non-tolled projects) and \$2.5 billion from [Proposition 1, 2014](#) proceeds (which dedicated funds for constructing, maintaining, and acquiring rights-of-way for non-tolled public roadways)
 - c. \$2.3 billion for transportation system planning, design, and management
 - d. \$1.7 billion for right-of-way acquisition
4. **Higher Education Funding:** \$8.7 billion for statutory tuition.
5. **Teacher Retirement And Health Benefits:** \$4 billion for the state contribution to retirement benefits of the Teacher Retirement System. This includes an increase of \$416.7 million, or 71.7 percent, from the 2016–17 biennial base funding level.
6. **Border Security:** \$800 million. Significant funding items include the following: <
 - a. \$97.1 million to recruit, train, equip, and deploy 250 new troopers and 126.1 support full time equivalent positions to the border region by the end of the 2018–19 biennium.
 - b. \$7.0 million for equipment, including cameras and related technology, associated with [Operation Drawbridge](#), which provides surveillance and other protective technology to monitor the 1,200-mile border with Mexico.
 - c. \$8.8 million to fund costs for extraordinary operations associated with [Operation Secure Texas](#), another border security initiative.
 - d. \$3.2 million to establish a law enforcement operations center in the border region.
 - e. \$145.6 million for a 50-hour work week for all Department of Public Safety commissioned law enforcement officers.
 - f. \$133.4 million to fund the full biennial costs of the 22 Texas Rangers (\$9.5 million), 250 troopers (\$123.9 million), and 115 support staff added by the previous legislature.

The report also sets forth various factors that affected the budget. The most significant of these were divided into two categories: changes in the population served, and the cost of that service. For example, medical inflation impacts not only Medicaid and the Children’s Health Insurance Program, but also inmate health care costs and state employee and teacher health care costs.

The Lone Star State has four constitutional limits on spending:

1. The balanced budget constraint, also known as the “pay-as-you go limit.”
2. The limit on the rate of growth of appropriations from certain state taxes, or the “spending limit.”
3. The limit on welfare spending.
4. The limit on tax-supported debt.

The report acknowledges that the 2018-19 biennium budget appropriations are all within these

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parameters.

On June 2, 2017, the comptroller certified SB 1, [commenting](#) that “...lawmakers understood this session would be difficult, and coming to a budget consensus would require sacrifice and compromise. I commend legislators for crafting a conservative budget that remains within my revenue forecast.” The next step is for Gov. Greg Abbott to sign it.

[Americans for Prosperity Texas](#) praised the fiscally conservative budget for “hold[ing] the line on spending while accounting for changes in population growth and inflation.” In addition, it “will better allow the private sector to create jobs and spur economic growth... [and] help make Texas even more economically competitive in the coming years by generating new job opportunities and attracting new business investment.”



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