

Texas Public Policy Foundation's Policy Orientation for Texas Legislature

January 15, 2010

Budget Climate – Fair or Stormy?

Presented by *State Senator Royce West*

Fair or Stormy?



- \$182.3 billion appropriations act to fund state government for 2010-11 biennium
- \$12.1 billion in federal stimulus dollars (fsd)
- plus an additional \$2 billion fsd – approximate – used in the supplemental appropriations for 2008-2009 for a total of \$14.1 billion fsd.

Where'd the Money Go?

Article XII – Federal Stimulus Funds

Total of \$14.4 billion, FY 09-11 appropriated

□ Stimulus used to balance C.S.S.B. 1 (\$6,383.3 billion)

HHSC - FMAP	\$2,513.0
TEA - Education Stabilization	3,250.2
TEA - General Government Stabilization	361.6
Higher Ed – General Government Stabilization	227.0
All Others	<u>31.5</u>
	\$6,383.3 billion

<u>FY 09 Stimulus (\$2,309.3 billion):</u>	
HHSC – FMAP	\$1,619.8
OAG – Child Support Enforcement	27.3
TxDOT – Construction	<u>662.2</u>
	\$2,309.3 billion

□ Stimulus Increases (\$5,675.5 billion)

CPA, Fiscal Programs – State Energy Program	\$218.8
Governor, Trusteed – Byrne Justice Grants	90.3
TEA – IDEA, Title I, Technology Grants	2,259.1
TDHCA – Weatherization; HOME Program	475.3
TxDOT – Construction; Urban and Rural Transit	1,637.0
TWC – Workforce Investment Act; CCDBG	368.6
DARS – IDEA, Part C; Vocational Rehab Services	84.2
All Others	<u>542.2</u>
	\$5,675.5 billion

Conference Committee Report on S.B. 1

GR SPENDING

FY 10-11 SB 1, as introduced	\$83.8 billion
<u>Amount Added above Base Bill</u>	<u>3.3 billion</u>
Total Pre-Stimulus Spending	\$87.1 billion

Stimulus Used to Balance FY 10-11

FMAP Adjustment (Additional \$1.6 billion available in FY 09 for supplemental)	(\$2.5 billion)
Education Stimulus	(3.2 billion)
<u>General Fiscal Stabilization</u>	<u>(0.7 billion)</u>
Stimulus Used to Balance Spending in C.S.S.B. 1	(\$6.4 billion)

New GR Total in C.S.S.B. 1 **\$80.7 billion**

GR REVENUE

GR in Biennial Revenue Estimate	\$80.1 billion
Additional Revenue for Certification	0.5 billion
<u>GR freed up in FY 09 after Supplemental</u>	<u>0.1 billion</u>
Total Revenue to Balance C.S.S.B. 1	\$80.7 billion

Conference Committee Report on S.B. 1

	Estimated/ Budgeted FY 08/09	Recommended FY 10/11	% Increase
General Revenue	\$82,275.8	\$80,699.1	-1.8%
General Revenue–Dedicated	\$6,400.2	\$6,363.8	-0.6%
Subtotal, GR/GR-D	\$88,676.1	\$87,062.9	-1.8%
Federal Funds (non stimulus)	\$52,147.6	\$53,542.4	2.7%
Stimulus Federal Funds	\$0	\$12,058.8	N/A
Subtotal, Federal Funds	\$52,147.6	\$65,601.2	25.8%
All Funds	\$169,754.0	\$182,310.3	7.4%

What does this mean for the upcoming 82nd Session?

- We will have to increase state revenues by \$12.1 billion over current amounts just to maintain current services.
- This amount does not include paying for the additional services needed due to increase in populations and inflation.

The Tax Hole

- In addition to the \$12.1 billion, the state has a structural deficit of \$7 billion in its revenue to pay for property tax relief.
- This means that we are probably looking at a potential \$19 billion shortfall to make up for the \$12 billion stimulus and \$7 billion property tax shortfall.

What do we cut?

- HHSC \$50.1 billion – provider services?
- Public Education - \$52 billion?
- Higher Education - \$22.1 billion?
- Business Economic Development - \$20 billion?
 - Including transportation - \$16 billion?

- A new analysis by Mark Zandi, chief economist of Moody'sEconomy.com, examines the effectiveness of various spending options we may need to visit.

Fair of Stormy?

