



LEGISLATIVE BUDGET BOARD

Summary of Appropriations for the 2022–23 Biennium

**Regular Session, Second Called Session,
and Third Called Session**

**SUBMITTED TO THE EIGHTY-SEVENTH TEXAS LEGISLATURE
PREPARED BY LEGISLATIVE BUDGET BOARD STAFF**

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JANUARY 2022

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INTRODUCTION

This summary of the General Appropriations Bill publication provides an overview of the appropriations included in the General Appropriations Bill, otherwise known as the state budget. The version of the General Appropriations Bill that becomes law, after being passed by the Legislature and signed by the Governor, is referred to as the General Appropriations Act (GAA). This enacted legislation is the state's budget for a two-year period (biennium). The Legislative Budget Board staff provides a Summary of the General Appropriations Bill for each version of the bill as the budget deliberations unfold during legislative sessions. The summary is a high-level overview of major changes across the biennia and among iterations of the bill.

The General Appropriations Bill is categorized into articles that cover certain areas of state government. For example, Article I is General Government. Article II covers Health and Human Services, and Article III is Public and Higher Education. Six additional articles cover the other areas of government.

The Legislature uses four methods of finance to appropriate funds to state agencies and public institutions of higher education: General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds. **All Funds** is the summation of the methods of finance.

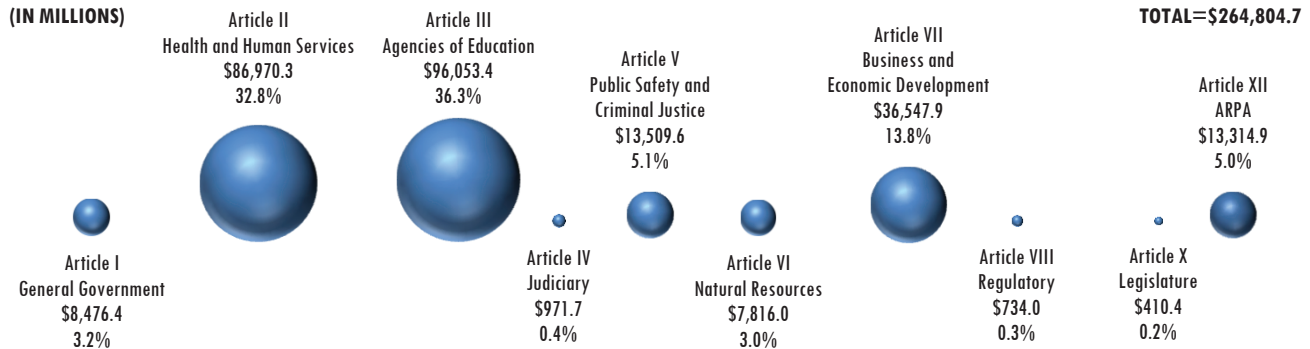
- **General Revenue Funds** include the nondedicated portion of the General Revenue Fund, which is the state's primary operating fund. General Revenue Funds also include the Available School Fund, the State Instructional Materials Fund, and the Foundation School Fund.
- **General Revenue–Dedicated Funds** include approximately 200 accounts within the General Revenue Fund that are dedicated for specific purposes by statute or the funds-consolidation process. For example, Account No. 151, Clean Air, is funded primarily through a portion of motor vehicle inspection fees and a portion of air pollution control fees. These revenues are statutorily dedicated to the Texas Commission on Environmental Quality to provide funding for various air quality, monitoring, and permitting programs.
- **Federal Funds** include grants, allocations, payments, or reimbursements received from the federal government by state agencies and institutions. The largest portion of Federal Funds appropriations is for the Medicaid program in Article II. Other examples of Federal Funds appropriations include the National School Lunch Program, Transportation Grants and National Highway System Funding, Special Education Basic State Grants, and the Children's Health Insurance Program.
- **Other Funds** consist of any funds not included in the General Revenue Fund (dedicated or not) or in Federal Funds. Examples of Other Funds appropriations include those from the State Highway Fund, the Texas Mobility Fund, the Property Tax Relief Fund, the Economic Stabilization Fund, trust funds, bond proceeds, and Interagency Contracts.

Figures 1 to 14 show the total appropriations for the 2022–23 biennium by each method of finance for each article in the bill compared to the 2020–21 biennium expended/budgeted level of funding. This summary includes highlights of major funding items, significant policy, or fiscal issues across the state.

The summary also provides additional context for understanding the General Appropriations Bill, including trends in state government expenditures, an explanation of constitutional spending limits, and insights into the Economic Stabilization Fund (i.e., the Rainy Day Fund).

FUNDING BY ARTICLE

**FIGURE 1
FUNDING BY ARTICLE, ALL FUNDS**



NOTE: Object size is proportional to the percentage of All Funds appropriations for all articles.
SOURCE: Legislative Budget Board.

**FIGURE 2
FUNDING BY ARTICLE, ALL FUNDS**

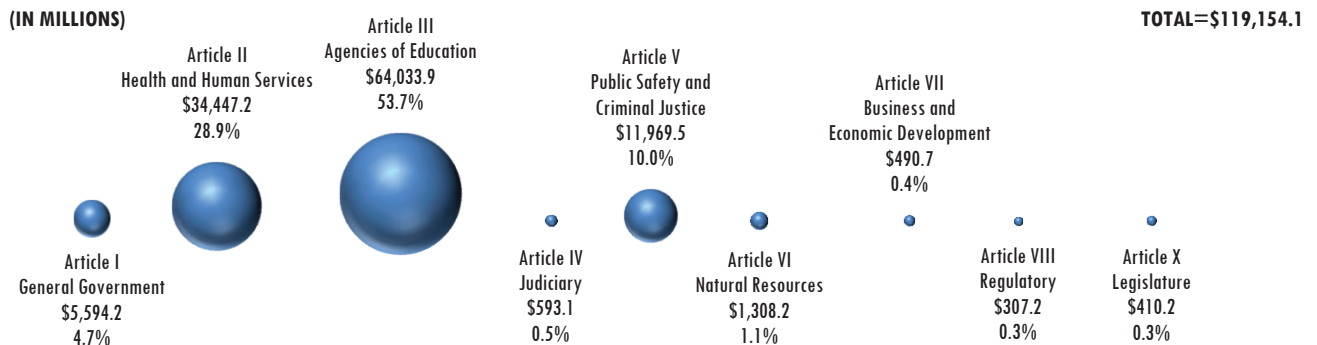
(IN MILLIONS)	ESTIMATED/BUDGETED 2020–21 (1)	APPROPRIATED 2022–23 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$9,605.0	\$8,476.4	(\$1,128.6)	(11.8%)
Article II – Health and Human Services	\$97,441.5	\$86,970.3	(\$10,471.2)	(10.7%)
Article III – Agencies of Education	\$95,697.4	\$96,053.4	\$356.0	0.4%
<i>Public Education</i>	\$69,487.1	\$72,402.8	\$2,915.7	4.2%
<i>Higher Education</i>	\$26,210.3	\$23,650.6	(\$2,559.7)	(9.8%)
Article IV – Judiciary	\$986.5	\$971.7	(\$14.7)	(1.5%)
Article V – Public Safety and Criminal Justice	\$13,722.8	\$13,509.6	(\$213.1)	(1.6%)
Article VI – Natural Resources	\$11,691.5	\$7,816.0	(\$3,875.5)	(33.1%)
Article VII – Business and Economic Development	\$40,067.1	\$36,547.9	(\$3,519.1)	(8.8%)
Article VIII – Regulatory	\$720.6	\$734.0	\$13.5	1.9%
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A
Article X – Legislature	\$408.2	\$410.4	\$2.2	0.5%
Total, Articles I–X	\$270,340.5	\$251,489.8	(\$18,850.7)	(7.0%)
Article XII – American Rescue Plan Act of 2021 (ARPA)		\$13,314.9		
Total, All Articles	\$270,340.5	\$264,804.7	(\$5,535.8)	(2.0%)

NOTES:

- (1) Estimated/Budgeted amounts for the 2020–21 biennium include supplemental spending adjustments pursuant to House Bill 2, Eighty-seventh Legislature, Regular Session, 2021.
- (2) Appropriated amounts for the 2022–23 biennium include adjustments pursuant to Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021; Senate Bill 1605, Eighty-seventh Legislature, Regular Session, 2021; House Bill 5 and House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021; and Senate Bill 8, Eighty-seventh Legislature, Third Called Session, 2021.
- (3) Excludes Interagency Contracts.
- (4) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE 3
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS**



NOTE: Object size is proportional to the percentage of General Revenue Funds appropriations for all articles.
SOURCE: Legislative Budget Board.

**FIGURE 4
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS**

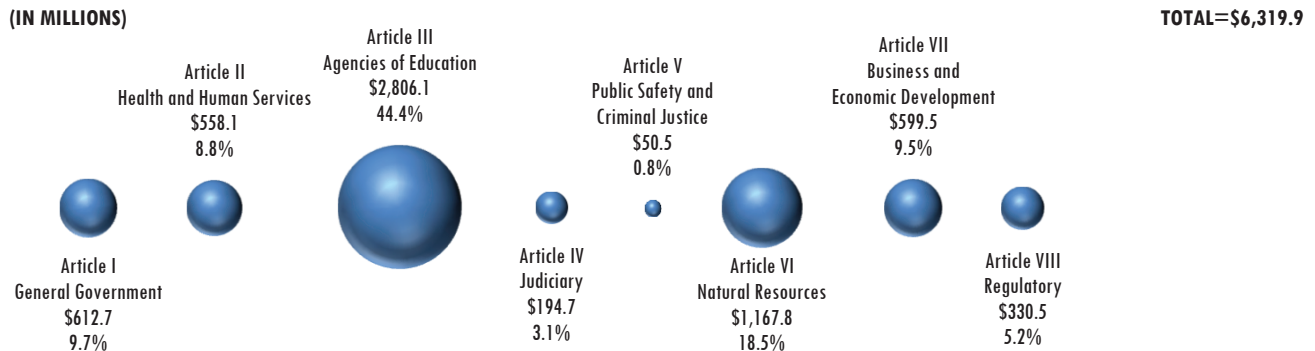
(IN MILLIONS)	ESTIMATED/BUDGETED 2020–21 (1)	APPROPRIATED 2022–23 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$5,125.0	\$5,594.2	\$469.3	9.2%
Article II – Health and Human Services	\$32,768.0	\$34,447.2	\$1,679.2	5.1%
Article III – Agencies of Education	\$60,640.0	\$64,033.9	\$3,393.9	5.6%
<i>Public Education</i>	\$44,843.9	\$47,326.6	\$2,482.7	5.5%
<i>Higher Education</i>	\$15,796.0	\$16,707.2	\$911.2	5.8%
Article IV – Judiciary	\$553.8	\$593.1	\$39.2	7.1%
Article V – Public Safety and Criminal Justice	\$10,932.9	\$11,969.5	\$1,036.6	9.5%
Article VI – Natural Resources	\$948.8	\$1,308.2	\$359.4	37.9%
Article VII – Business and Economic Development	\$520.9	\$490.7	(\$30.2)	(5.8%)
Article VIII – Regulatory	\$370.7	\$307.2	(\$63.4)	(17.1%)
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A
Article X – Legislature	\$408.1	\$410.2	\$2.2	0.5%
Total, All Articles	\$112,268.1	\$119,154.1	\$6,886.1	6.1%

NOTES:

- (1) Estimated/Budgeted amounts for the 2020–21 biennium include supplemental spending adjustments pursuant to House Bill 2, Eighty-seventh Legislature, Regular Session, 2021.
- (2) Appropriated amounts for the 2022–23 biennium include adjustments pursuant to Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021; Senate Bill 1605, Eighty-seventh Legislature, Regular Session, 2021; and House Bill 5 and House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE 5
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS**



NOTE: Object size is proportional to the percentage of General Revenue–Dedicated Funds appropriations for all articles.
SOURCE: Legislative Budget Board.

**FIGURE 6
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS**

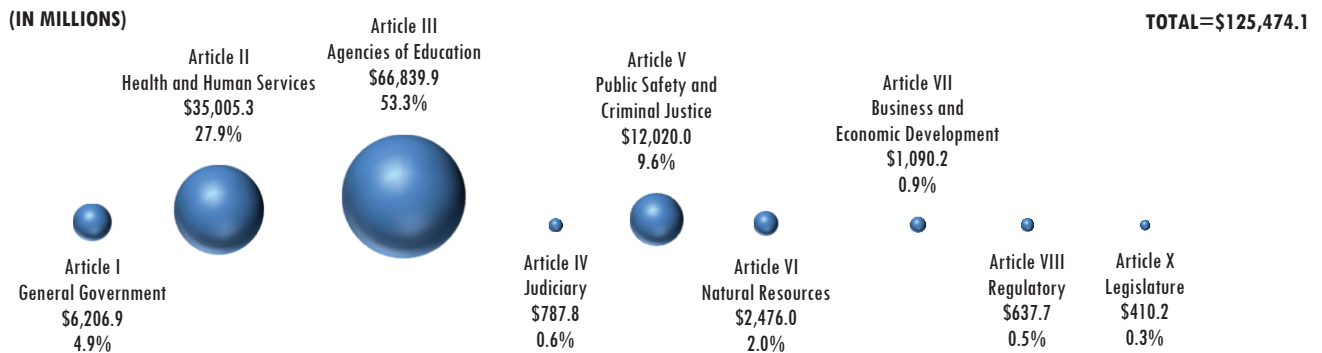
(IN MILLIONS)	ESTIMATED/BUDGETED 2020–21 (1)	APPROPRIATED 2022–23 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$855.5	\$612.7	(\$242.8)	(28.4%)
Article II – Health and Human Services	\$515.8	\$558.1	\$42.3	8.2%
Article III – Agencies of Education	\$2,785.2	\$2,806.1	\$20.9	0.7%
<i>Public Education</i>	\$0.0	\$0.0	\$0.0	N/A
<i>Higher Education</i>	\$2,785.2	\$2,806.1	\$20.9	0.7%
Article IV – Judiciary	\$191.2	\$194.7	\$3.6	1.9%
Article V – Public Safety and Criminal Justice	\$56.4	\$50.5	(\$5.9)	(10.5%)
Article VI – Natural Resources	\$1,330.1	\$1,167.8	(\$162.3)	(12.2%)
Article VII – Business and Economic Development	\$622.8	\$599.5	(\$23.3)	(3.7%)
Article VIII – Regulatory	\$248.9	\$330.5	\$81.6	32.8%
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A
Article X – Legislature	\$0.0	\$0.0	\$0.0	N/A
Total, All Articles	\$6,605.9	\$6,319.9	(\$286.0)	(4.3%)

NOTES:

- (1) Estimated/Budgeted amounts for the 2020–21 biennium include supplemental spending adjustments pursuant to House Bill 2, Eighty-seventh Legislature, Regular Session, 2021.
- (2) Appropriated amounts for the 2022–23 biennium include adjustments pursuant to Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021; Senate Bill 1605, Eighty-seventh Legislature, Regular Session, 2021; and House Bill 5, Eighty-seventh Legislature, Second Called Session, 2021.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE 7
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS**



NOTE: Object size is proportional to the percentage of General Revenue Funds and General Revenue–Dedicated Funds appropriations for all articles.

SOURCE: Legislative Budget Board.

**FIGURE 8
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS**

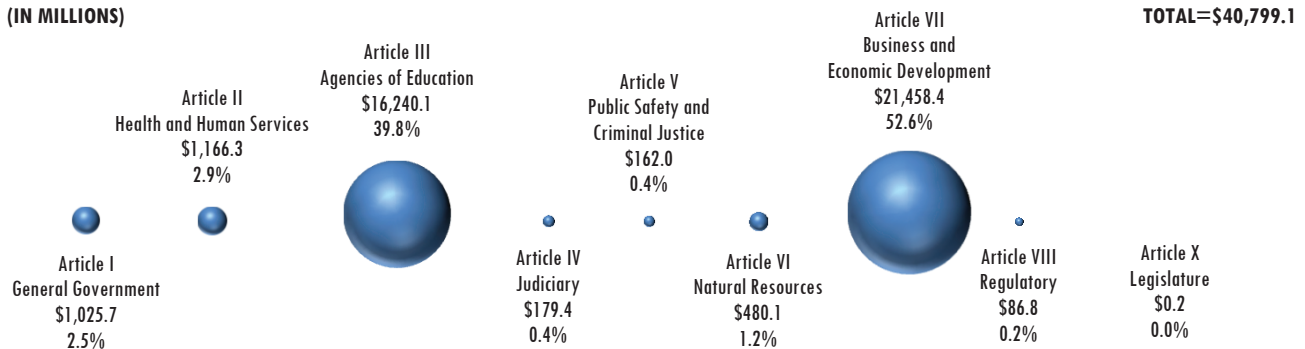
(IN MILLIONS)	ESTIMATED/BUDGETED 2020–21 (1)	APPROPRIATED 2022–23 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$5,980.4	\$6,206.9	\$226.5	3.8%
Article II – Health and Human Services	\$33,283.8	\$35,005.3	\$1,721.5	5.2%
Article III – Agencies of Education	\$63,425.2	\$66,839.9	\$3,414.8	5.4%
<i>Public Education</i>	\$44,843.9	\$47,326.6	\$2,482.7	5.5%
<i>Higher Education</i>	\$18,581.2	\$19,513.3	\$932.1	5.0%
Article IV – Judiciary	\$745.0	\$787.8	\$42.8	5.7%
Article V – Public Safety and Criminal Justice	\$10,989.4	\$12,020.0	\$1,030.6	9.4%
Article VI – Natural Resources	\$2,278.9	\$2,476.0	\$197.1	8.6%
Article VII – Business and Economic Development	\$1,143.7	\$1,090.2	(\$53.5)	(4.7%)
Article VIII – Regulatory	\$619.6	\$637.7	\$18.2	2.9%
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A
Article X – Legislature	\$408.1	\$410.2	\$2.2	0.5%
Total, All Articles	\$118,874.0	\$125,474.1	\$6,600.1	5.6%

NOTES:

- (1) Estimated/Budgeted amounts for the 2020–21 biennium include supplemental spending adjustments pursuant to House Bill 2, Eighty-seventh Legislature, Regular Session, 2021.
- (2) Appropriated amounts for the 2022–23 biennium include adjustments pursuant to Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021; Senate Bill 1605, Eighty-seventh Legislature, Regular Session, 2021; and House Bill 5 and House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE 9
FUNDING BY ARTICLE, OTHER FUNDS**



NOTE: Object size is proportional to the percentage of Other Funds appropriations for all articles.
SOURCE: Legislative Budget Board.

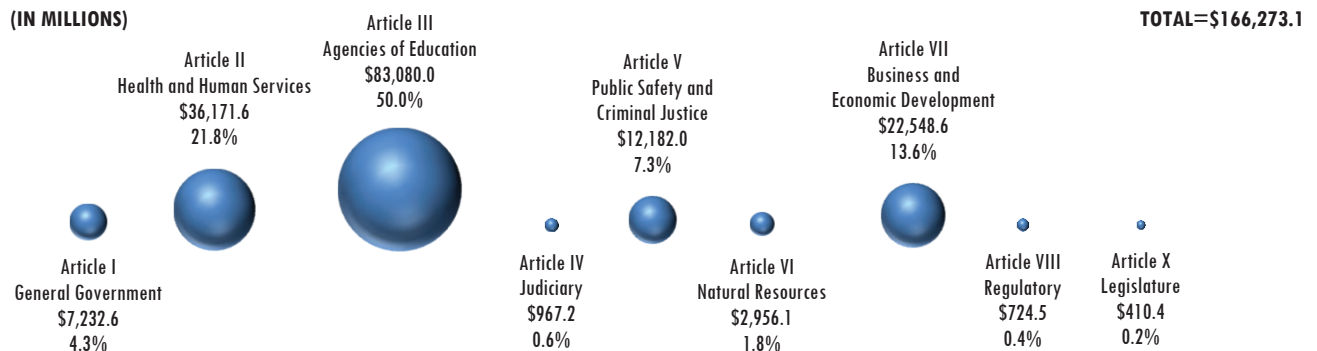
**FIGURE 10
FUNDING BY ARTICLE, OTHER FUNDS**

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2020–21 (1)	APPROPRIATED 2022–23 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$2,016.6	\$1,025.7	(\$990.8)	(49.1%)
Article II – Health and Human Services	\$2,083.3	\$1,166.3	(\$917.0)	(44.0%)
Article III – Agencies of Education	\$15,746.3	\$16,240.1	\$493.8	3.1%
<i>Public Education</i>	\$12,393.8	\$13,141.0	\$747.1	6.0%
<i>Higher Education</i>	\$3,352.4	\$3,099.1	(\$253.3)	(7.6%)
Article IV – Judiciary	\$237.1	\$179.4	(\$57.7)	(24.3%)
Article V – Public Safety and Criminal Justice	\$289.9	\$162.0	(\$127.9)	(44.1%)
Article VI – Natural Resources	\$2,495.0	\$480.1	(\$2,014.9)	(80.8%)
Article VII – Business and Economic Development	\$22,018.7	\$21,458.4	(\$560.3)	(2.5%)
Article VIII – Regulatory	\$91.7	\$86.8	(\$4.9)	(5.4%)
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A
Article X – Legislature	\$0.1	\$0.2	\$0.1	58.6%
Total, All Articles	\$44,978.7	\$40,799.1	(\$4,179.6)	(9.3%)

NOTES:
 (1) Estimated/Budgeted amounts for the 2020–21 biennium include supplemental spending adjustments pursuant to House Bill 2, Eighty-seventh Legislature, Regular Session, 2021.
 (2) Appropriated amounts for the 2022–23 biennium include adjustments pursuant to Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021; and Senate Bill 1605, Eighty-seventh Legislature, Regular Session, 2021.
 (3) Excludes Interagency Contracts.
 (4) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
 SOURCE: Legislative Budget Board.

FIGURE 11
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS



NOTE: Object size is proportional to the percentage of General Revenue Funds, General Revenue–Dedicated Funds, and Other Funds appropriations for all articles.
 SOURCE: Legislative Budget Board.

FIGURE 12
FUNDING BY ARTICLES, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS

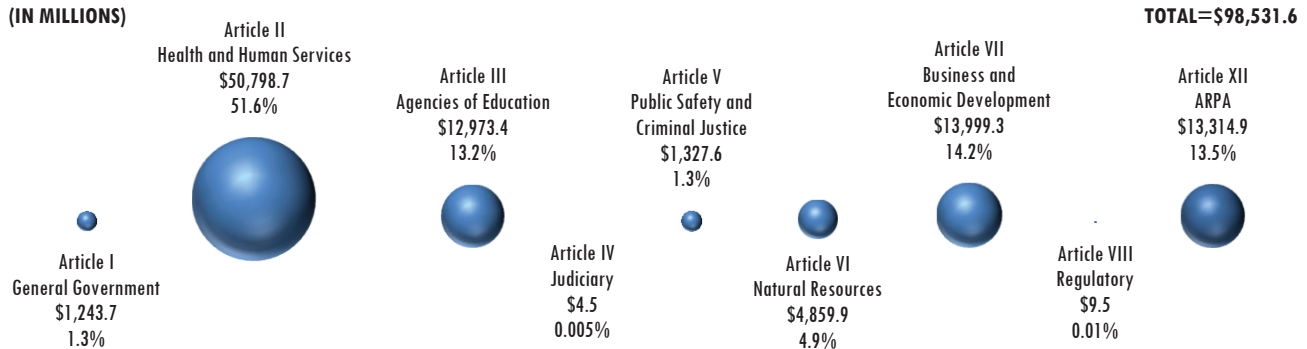
(IN MILLIONS)	ESTIMATED/BUDGETED 2020–21 (1)	APPROPRIATED 2022–23 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$7,997.0	\$7,232.6	(\$764.3)	(9.6%)
Article II – Health and Human Services	\$35,367.1	\$36,171.6	\$804.5	2.3%
Article III – Agencies of Education	\$79,171.4	\$83,080.0	\$3,908.6	4.9%
<i>Public Education</i>	\$57,237.8	\$60,467.6	\$3,229.8	5.6%
<i>Higher Education</i>	\$21,933.7	\$22,612.4	\$678.8	3.1%
Article IV – Judiciary	\$982.1	\$967.2	(\$14.9)	(1.5%)
Article V – Public Safety and Criminal Justice	\$11,279.3	\$12,182.0	\$902.7	8.0%
Article VI – Natural Resources	\$4,773.9	\$2,956.1	(\$1,817.8)	(38.1%)
Article VII – Business and Economic Development	\$23,162.4	\$22,548.6	(\$613.8)	(2.7%)
Article VIII – Regulatory	\$711.3	\$724.5	\$13.3	1.9%
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A
Article X – Legislature	\$408.2	\$410.4	\$2.2	0.5%
Total, All Articles	\$163,852.7	\$166,273.1	\$2,420.4	1.5%

NOTES:

- (1) Estimated/Budgeted amounts for the 2020–21 biennium include supplemental spending adjustments pursuant to House Bill 2, Eighty-seventh Legislature, Regular Session, 2021.
- (2) Appropriated amounts for the 2022–23 biennium include adjustments pursuant to Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021; Senate Bill 1605, Eighty-seventh Legislature, Regular Session, 2021; and House Bill 5 and House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021.
- (3) Excludes Interagency Contracts.
- (4) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 13
FUNDING BY ARTICLE, FEDERAL FUNDS



NOTE: Object size is proportional to the percentage of Federal Funds appropriations for all articles.
SOURCE: Legislative Budget Board.

FIGURE 14
FUNDING BY ARTICLE, FEDERAL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2020–21 (1)	APPROPRIATED 2022–23 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$1,608.0	\$1,243.7	(\$364.3)	(22.7%)
Article II – Health and Human Services	\$62,074.4	\$50,798.7	(\$11,275.7)	(18.2%)
Article III – Agencies of Education	\$16,526.0	\$12,973.4	(\$3,552.6)	(21.5%)
<i>Public Education</i>	\$12,249.3	\$11,935.3	(\$314.1)	(2.6%)
<i>Higher Education</i>	\$4,276.6	\$1,038.1	(\$3,238.5)	(75.7%)
Article IV – Judiciary	\$4.4	\$4.5	\$0.2	3.5%
Article V – Public Safety and Criminal Justice	\$2,443.5	\$1,327.6	(\$1,115.9)	(45.7%)
Article VI – Natural Resources	\$6,917.6	\$4,859.9	(\$2,057.6)	(29.7%)
Article VII – Business and Economic Development	\$16,904.6	\$13,999.3	(\$2,905.3)	(17.2%)
Article VIII – Regulatory	\$9.3	\$9.5	\$0.2	2.3%
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A
Article X – Legislature	\$0.0	\$0.0	\$0.0	N/A
Total, Articles I–X	\$106,487.8	\$85,216.7	(\$21,271.1)	(20.0%)
Article XII – American Rescue Plan Act of 2021 (ARPA)		\$13,314.9		
Total, All Articles	\$106,487.8	\$98,531.6	(\$7,956.2)	(7.5%)

NOTES:

- (1) Estimated/Budgeted amounts for the 2020–21 biennium include supplemental spending adjustments pursuant to House Bill 2, Eighty-seventh Legislature, Regular Session, 2021.
- (2) Appropriated amounts for the 2022–23 biennium include adjustments pursuant to Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021; and Senate Bill 8, Eighty-seventh Legislature, Third Called Session, 2021.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

HIGHLIGHTS OF APPROPRIATIONS FOR THE 2022–23 BIENNIUM, EIGHTY-SEVENTH LEGISLATURE, 2021

For the 2022–23 biennium, funding includes the following key budget items:

FOUNDATION SCHOOL PROGRAM

- Funding of \$51.7 billion in All Funds is included for state aid to school districts and charter schools through the Foundation School Program (FSP). Appropriations from General Revenue Funds for the FSP total \$38.9 billion, which represents an increase of \$1.3 billion from the 2020–21 biennium.
- Funding for the FSP fully funds current law and includes an estimated \$3.1 billion for student enrollment growth and \$1.1 billion in additional state aid related to property tax compression pursuant to the Texas Education Code.
- Appropriations for property tax compression include \$100.0 million in General Revenue Funds to implement the provisions of Senate Bill 8, Eighty-seventh Legislature, Second Called Session, 2021, relating to the authority of an individual who acquires a residence homestead to receive an ad valorem tax exemption for the homestead in the year in which the property is acquired and to the protection of school districts against the resulting loss in revenue.
- Appropriations from Other Funds for the FSP increased by \$1.3 billion, attributable to projected increases of \$475.6 million in recapture payments, \$1.2 billion from the Property Tax Relief Fund, and \$286.7 million from the Tax Reduction and Excellence in Education Fund, offset by a decrease of \$636.0 million from the Economic Stabilization Fund related to onetime funding provided to address the effects of Hurricane Harvey.

MEDICAID

- Funding for the 2022–23 biennium includes \$68.7 billion in All Funds, including \$25.2 billion in General Revenue Funds and \$0.1 billion in General Revenue–Dedicated Funds, for the Texas Medicaid program. This amount is a decrease of \$5.4 billion in All Funds, but a \$0.9 billion increase in General Revenue Funds, compared to 2020–21 biennial levels.
- Included in these amounts is \$64.1 billion in All Funds for Medicaid client services, \$1.7 billion in All Funds for programs supported by Medicaid funding, and \$2.8 billion in All Funds for administration of the Medicaid program and other programs supported by Medicaid funding. The net decrease in Medicaid funding is due to a \$5.1 billion decrease in All Funds for Medicaid client services and a \$0.5 billion decrease in All Funds for administrative funding, offset by a \$0.1 billion increase in All Funds for other programs supported by Medicaid funding.
- Less favorable federal medical assistance percentages (FMAP) combined with the assumed loss of the 6.2 percentage point increase to FMAP pursuant to the federal Families First Coronavirus Response Act result in a lower proportion of the program being funded with Federal Funds. The resulting increase in General Revenue Funds demand is offset partially by a decrease in General Revenue Funds demand due to the overall projected reduction in Medicaid client services. Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.
- The 2020–21 biennial amounts for Medicaid include adjustments to address supplemental needs to complete fiscal year 2021 expenditures.

TRANSPORTATION

- Funding provides \$30.2 billion in All Funds for all functions at the Department of Transportation. Estimated funding for the 2022–23 biennium includes \$19.5 billion in Other Funds from all State Highway Fund (SHF) revenue sources, which includes the following amounts: \$9.1 billion from traditional SHF tax and fee revenue sources; \$5.1 billion from anticipated state sales tax and motor vehicle sales and rental tax deposits to the SHF (Proposition 7, 2015); \$4.5 billion

from oil and natural gas tax-related transfers to the SHF (Proposition 1, 2014); and \$0.7 billion from SHF regional toll project and concession fee revenue.

- Funding provides \$26.5 billion in All Funds for highway planning and design, right-of-way acquisition, construction, and maintenance and preservation. The All Funds amount includes \$9.3 billion in Federal Funds; \$7.2 billion from traditional SHF revenue sources; \$4.5 billion from Proposition 7, 2015, proceeds and \$4.5 billion from Proposition 1, 2014, proceeds for constructing, maintaining, and acquiring rights-of-way for nontolled public roadways; \$0.7 billion from SHF regional toll project revenues; and \$0.2 billion in Other Funds from the Texas Mobility Fund.
- Funding provides \$2.2 billion in All Funds for debt service payments and other financing costs, including \$1.5 billion in Other Funds from traditional SHF sources (\$792.9 million) and the Texas Mobility Fund (\$755.1 million); \$546.3 million in Other Funds from Proposition 7, 2015, SHF proceeds for General Obligation bond debt service; and \$123.3 million in Federal Funds from Build America Bond interest payment subsidies.

DISASTER RECOVERY, INFRASTRUCTURE RESILIENCY, AND FLOOD INFRASTRUCTURE

- For the 2020–21 biennium, approximately \$8.6 billion was included for Hurricane Harvey disaster response in All Funds. The Eighty-sixth Legislature, 2019, provided \$4.5 billion in All Funds to the General Land Office (GLO) and Veterans' Land Board for the Disaster Recovery Program, including funds in response to Hurricane Harvey. The Texas Division of Emergency Management (TDEM) was appropriated \$3.5 billion in All Funds for disaster response, recovery, and mitigation. The Texas Education Agency was appropriated \$636.0 million to provide additional rate aid to districts affected by Hurricane Harvey.
- For the 2022–23 biennium, \$984.0 million in Federal Funds is included for Hurricane Harvey disaster response, including the following amounts:
 - \$713.8 million in Public Assistants Grants at TDEM, GLO, and the Department of Public Safety (DPS); and
 - \$270.2 million in Hazard Mitigation Grants at TDEM and DPS to implement hazard reduction strategies in areas affected by Hurricane Harvey.

These amounts represent disaster-related funding in Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021.

BEHAVIORAL HEALTH

- Funding includes \$4.3 billion in All Funds, including \$3.4 billion in General Revenue Funds and General Revenue–Dedicated Funds, for non-Medicaid/Children's Health Insurance Program (CHIP) behavioral health services. Funding supports programs at 25 agencies across six articles, and includes the following areas: funding for inpatient client services at state hospitals and community hospitals; outpatient services provided through local mental health authorities and local behavioral health authorities; substance abuse prevention, intervention, and treatment services for adults and children; mental healthcare and substance abuse treatment for incarcerated offenders; mental healthcare services for veterans; and other services.
- Medicaid expenditures for behavioral health services are estimated to total \$3.7 billion in All Funds for the 2022–23 biennium. CHIP expenditures are estimated to total \$98.9 million in All Funds. Total behavioral health-related funding, including estimated Medicaid and CHIP expenditures, is estimated to be \$8.1 billion in All Funds for the biennium.
- House Bill 2, Eighty-seventh Legislature, Regular Session, 2021, provides the Health and Human Services Commission (HHSC) with an additional \$321.3 million in Other Funds from the Economic Stabilization Fund during fiscal year 2021 to continue improvements to the state mental health hospital inpatient system. These funds are not included in the totals described previously, although they are appropriated for a two-year period and it is likely that HHSC will spend the majority of the funds during the 2022–23 biennium.

CHILD PROTECTIVE SERVICES

- Funding of \$4.0 billion in All Funds, including \$2.3 billion in General Revenue Funds, is provided for all Child Protective Services (CPS) functions at the Department of Family and Protective Services. This amount is an increase of \$281.7 million in All Funds, including \$495.6 million in General Revenue Funds, from the 2020–21 biennial base.
- CPS funding includes \$2.1 billion in All Funds, including \$1.0 billion in General Revenue Funds, for client services programs, including foster care, adoption subsidies, permanency care assistance payments, relative caregiver payments, and day care. Funding includes \$90.0 million in General Revenue Funds for foster care capacity building pursuant to House Bill 5, Eighty-seventh Legislature, Second Called Session, 2021.
- Funding includes \$1.7 billion in All Funds, including \$1.1 billion in General Revenue Funds, for CPS direct delivery staff, including services provided through Community-based Care (CBC). This amount includes increased funding to biennialize CBC expansion that occurred during fiscal year 2020 for Stage II in Regions 3B and 2 and Stage I in Region 1, and a full biennium of funding for CBC expansion into Stage I in Region 8B. This amount also provides funding to expand CBC into Stage II in Regions 8B and 1, and into Stage I in Regions 3E, 4, 5, and 9. In addition, funding provides for an additional 253.0 caseworker positions and related staff in fiscal year 2022 and 312.0 in fiscal year 2023.

HIGHER EDUCATION FORMULA FUNDING

- Higher education formulas are supported by \$6.8 billion in General Revenue Funds and \$1.7 billion in General Revenue–Dedicated Funds. Included in these amounts are increases of \$486.1 million in General Revenue Funds and a decrease of \$10.4 million in General Revenue–Dedicated Funds, which is primarily statutory tuition.
- Funding for the general academic institutions (GAI) Instruction and Operations (I&O) formula is provided at \$55.66 per weighted semester credit hour, a \$0.19 decrease from the 2020–21 biennium. Funding for the GAI Infrastructure formula maintained the 2020–21 biennial rate of \$5.47 per predicted square foot. Funding for the formulas for health-related institutions (HRI) I&O, Infrastructure Support, and Graduate Medical Education is maintained at 2020–21 biennial rates. The HRI Research Enhancement formula rate decreases slightly from 1.18 percent to 1.17 percent of total research expenditures.
- In addition to the increased funding for the four main HRI formulas, \$75.9 million in General Revenue Funds are reallocated from Nonformula Support Item funding to establish four mission-specific formulas at Texas A&M University System Health Science Center, University of North Texas Health Science Center at Fort Worth, Texas Tech University Health Sciences Center, and Texas Tech University Health Sciences Center at El Paso.

TEACHER RETIREMENT AND HEALTH BENEFITS

- Funding of \$5.0 billion in All Funds is included for the state contribution to retirement benefits of the Teacher Retirement System of Texas (TRS), including \$4,961.1 million in General Revenue Funds, \$52.4 million in General Revenue–Dedicated Funds, and \$9.4 million in Other Funds from the Teacher Retirement System Trust Fund. Funding amounts represent a state contribution rate of 7.75 percent of employee payroll for fiscal year 2022 and 8.0 percent of payroll for fiscal year 2023, increases from the required 7.5 percent of payroll for each year of the 2020–21 biennium, pursuant to Senate Bill 12, Eighty-sixth Legislature, 2019. Retiree health insurance funding totals \$897.6 million in General Revenue Funds to provide a statutorily required state contribution to TRS-Care of 1.25 percent of public education payroll. Funding levels are anticipated to be sufficient to maintain current TRS-Care premiums and benefits for the 2022–23 biennium.
- Funding includes \$701.1 million in General Revenue Funds to provide a onetime additional annuity payment to TRS retirees.
- Funding for TRS assumes 2.5 percent annual public and higher education payroll for retirement and 2.0 percent annual payroll growth for TRS-Care.

ADULT CORRECTIONS

- Funding of \$6,858.2 million in All Funds, including \$6,216.6 million in General Revenue Funds and General Revenue–Dedicated Funds, is included in the General Appropriations Act for the incarceration, probation, and parole of adult offenders in the Texas Department of Criminal Justice (TDCJ), which includes housing, security, classification, food and necessities, healthcare, and treatment services. Funding for correctional managed healthcare (CMHC) totals \$1,334.6 million. Total All Funds amounts decreased by \$391.3 million from the 2020–21 biennium.
- The Eighty-seventh Legislature, Regular Session, 2021, added \$98.3 million to amounts in the introduced bill, including \$60.0 million for correctional managed healthcare, \$34.1 million for a 3.0 percent pay increase for correctional officers working in maximum security facilities, \$1.9 million for academic and vocational training, \$1.0 million for reentry services, and \$1.3 million for law enforcement salaries. The Eighty-seventh Legislature, Regular Session, also decreased appropriations from General Revenue Funds for fiscal year 2022 by \$540.0 million, which includes benefits, and increased appropriations from Federal Funds by \$540.0 million for fiscal year 2022. These amounts include \$66.4 million in benefits appropriated elsewhere.
- House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021, added \$273.7 million in General Revenue Funds for the 2022–23 biennium for border security and agency operations. Of this amount, \$250.0 million directly offsets a transfer to the Office of the Governor, as authorized in a June 16, 2021, letter from the Governor and legislative leadership.
- Funding decreased by \$9.0 million from 2020–21 biennial levels to fund basic supervision and parole supervision at the Legislative Budget Board’s January 2021 projections. In addition, \$14.1 million for agency vehicles was removed.
- Funding also incorporates a decrease of \$4.0 million in General Revenue Funds for a budget execution order issued November 19, 2021, relating to the transfer of funds from TDCJ to the Secretary of State.
- Projected felony direct community supervision populations are 149,256 for fiscal year 2022 and 151,948 for fiscal year 2023. Projected incarceration populations are 139,019 for fiscal year 2022 and 138,545 for fiscal year 2023. Projected parole populations are 83,373 for fiscal year 2022 and 84,666 for fiscal year 2023.
- House Bill 2, Eighty-seventh Legislature, Regular Session, 2021, provided TDCJ with an increase of the following amounts for fiscal year 2021:
 - \$123.7 million in General Revenue Funds to fund a shortfall in CMHC expenditures;
 - \$86.0 million in General Revenue Funds to address a shortfall in agency operations and parole supervision;
 - \$21.5 million to update the inmate healthcare electronic medical record for CMHC information technology;
 - \$105.5 million in General Revenue Funds for the repair and renovation of correctional facilities; and
 - \$14.1 million for agency vehicles.
- House Bill 2 also contains a decrease of \$1,446.4 million in General Revenue Funds, including \$282.5 million for benefits, contingent on the receipt of federal funding through the Coronavirus Aid, Relief, and Economic Security Act in fiscal year 2021, and the previously determined decrease in General Revenue Funds related to the 5.0 percent reduction directed by state leadership.

BORDER SECURITY

- Funding of \$2,926.3 million in All Funds is provided for border security at 13 state agencies across several articles of government. Senate Bill 1 and House Bill 2, Eighty-seventh Legislature, Regular Session, 2021, contain \$1,013.4 million and \$110.3 million for this purpose, respectively. House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021, includes an additional \$1,802.6 million for border security. The majority of the total funding, \$1,375.2 million, supports the activities of the Trusteed Programs within the Office of the Governor. The total amount includes

an estimated \$71.0 million across several agencies that received salary adjustments in the Eighty-seventh Legislature, General Appropriations Act, 2022–23 Biennium, Article IX, for law enforcement officers in Salary Schedule C.

- Legislation increases funding for the Truusted Programs within the Office of the Governor’s border security activities. Funding in Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021, maintains grant programs for border prosecution, antigang programs, and the National Incident Based Crime Reporting System. An additional \$50.0 million in House Bill 2, Eighty-seventh Legislature, Regular Session, 2021, is included to support border security operations. House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021, includes an additional \$1,020.3 million for border security-related grants, including those that can be used to construct fencing on privately owned land in border counties and to support local law enforcement initiatives. House Bill 9 also reimburses \$250.0 million that was transferred from the Texas Department of Criminal Justice (TDCJ) to the Office of the Governor to extend the border wall.
- Border security funding maintains support for the Department of Public Safety (DPS) personnel at full deployment levels and eliminates onetime 2020–21 biennial funding for a tactical training facility in Cameron County. Significant funding in Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021, includes the following items: \$671.1 million in biennial baseline border security funding, including an expanded work week for all DPS’ commissioned law enforcement officers, and costs for select Texas Rangers; \$56.7 million for 100 additional border security troopers and an additional recruit school; \$9.3 million for anti-human trafficking and antigang activities; \$7.0 million for Operation Drawbridge camera maintenance; and \$0.5 million for the Texas Transnational Intelligence Center. Border security funding in House Bill 2, Eighty-seventh Legislature, Regular Session, 2021, includes \$8.9 million for vehicles and \$29.1 million for new equipment. Significant funding items in House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021, include \$133.5 million for Operation Lone Star, \$3.4 million for tactical marine unit vessels, and \$17.9 million for 79.0 additional full-time-equivalent positions for border security-related purposes.
- Legislation includes border security funding for Operation Lone Star at the Texas Military Department. Senate Bill 1 and House Bill 2, Eighty-seventh Legislature, Regular Session, 2021, include \$88.6 million and \$22.3 million, respectively, and House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021, includes \$301.0 million for this purpose. Senate Bill 1 also provides \$29.0 million to the Parks and Wildlife Department for game warden activities in border counties and funding for investigations, prosecutions, and other border security-related activities across several state agencies.
- House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021, also provides funding for ambulance services at the Department of State Health Services, for indigent defense and interpreters at the Office of Court Administration, and for holding individuals at facilities operated by TDCJ.

TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

- Funding for the Truusted Programs within the Office of the Governor totals \$2,704.3 million in All Funds for the 2022–23 biennium, an increase of \$909.6 million, or 50.7 percent, from the 2020–21 biennium.
- Funding of \$150.6 million in Other Funds from the Economic Stabilization Fund, primarily provided for disaster grants, is not continued in the 2022–23 biennium.
- Funding for disaster grants includes \$110.0 million in General Revenue Funds, which is an increase of \$76.0 million from the 2020–21 biennium. The total amount includes \$80.0 million in General Revenue Funds and \$30.0 million in anticipated unexpended balances to be carried forward from the 2020–21 biennium to the 2022–23 biennium. In addition, appropriations in House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021, provide a total of \$1,270.3 million in General Revenue Funds for disaster grants related to border security.
- Funding for economic development and jobs creation is included in the agency’s bill pattern in Strategy C.1.1, Create Jobs and Promote Texas, which includes programs for economic development, tourism, film and music marketing, the

Texas Enterprise Fund, military community support, and the Governor's University Research Initiative. Funding in the strategy for various economic development programs totals \$332.0 million in All Funds for the 2022–23 biennium, including the following amounts:

- \$100.0 million in estimated unexpended balances remaining at the end of fiscal year 2021 in the Texas Enterprise Fund for incentive grants, a decrease of \$77.2 million in General Revenue–Dedicated Funds;
 - \$40.0 million in estimated unexpended balances remaining at the end of fiscal year 2021 in the General Revenue–Dedicated Account No. 5161, Governor's University Research Initiative, for recruitment grants, a decrease of \$5.2 million in General Revenue–Dedicated Funds;
 - \$69.5 million in General Revenue Funds from Hotel Occupancy Tax deposits for tourism promotion, a decrease of \$42.5 million in General Revenue Funds; and
 - \$10.0 million in General Revenue Funds for the Spaceport Trust Fund.
- Not included in previous amounts, Trusteed Programs is appropriated funding from the Coronavirus Relief Fund for provisions specified in Senate Bill 8, Eighty-seventh Legislature, Third Called Session, 2021, including the following amounts:
 - \$180.0 million in funding for grants for tourism, travel, and hospitality industry recovery;
 - \$1.2 million in funding for information technology case management system improvements for children's advocacy centers; and
 - \$160.0 million in funding for grants for victims of crime.

STATE EMPLOYEE RETIREMENT, HEALTH BENEFITS, SOCIAL SECURITY, AND FULL-TIME-EQUIVALENT POSITIONS

- Funding of \$1.4 billion in All Funds, including \$949.3 million in General Revenue Funds and General Revenue–Dedicated Funds, is provided for the state contribution to the Employees Retirement System of Texas retirement program. This amount is an increase of \$37.7 million in All Funds, and a decrease of \$19.6 million in General Revenue Funds and General Revenue–Dedicated Funds, for state employees' retirement benefits, due to assuming 0.5 percent annual payroll growth for fiscal years 2022 and 2023. Funding provides for a 9.5 percent state contribution rate for each fiscal year of the 2022–23 biennium. Funding also continues the additional retirement contribution from all general state agencies of 0.5 percent of the total base wages and salaries for each eligible employee for a total combined state contribution rate of 10.0 percent, the maximum pursuant to the Texas Constitution, Article XVI, Section 67 (b)(3).
- Funding of \$4.1 billion in All Funds, including \$2.9 billion in General Revenue Funds and General Revenue–Dedicated Funds, is provided for the state contribution for group insurance benefits for general state employees, retirees, and their dependents. The funding is an increase of \$167.9 million in All Funds, including \$44.6 million in General Revenue Funds and General Revenue–Dedicated Funds, prompted by assumed active and retired member growth. Funding does not provide a per-member contribution rate increase and instead relies upon the agency spending down the contingency reserve fund, which has achieved historically high fund balances due to savings in health plan contracts.
- Funding of \$144.5 million in General Revenue Funds is provided for health insurance contributions for local community supervision and correction department employees, retirees, and dependents who also participate in the state's Group Benefits Program. The funding provides an increase of \$1.2 million.
- Funding of \$1.9 billion in All Funds, including \$1.5 billion in General Revenue Funds and General Revenue–Dedicated Funds, is provided for the state contribution for Social Security payroll taxes for employees of state agencies and

institutions of higher education, an increase of \$69.3 million in All Funds, including \$20.2 million in General Revenue Funds and General Revenue–Dedicated Funds. The funding is sufficient to provide the 6.2 percent Social Security employer contribution and the 1.45 percent Medicare employer contribution. Funding assumes 0.5 percent annual payroll growth for state agency employees and 2.5 percent annual payroll growth for higher education employees in fiscal years 2022 and 2023.

- Funding provides for 219,748.9 full-time-equivalent (FTE) positions for fiscal year 2022, and 219,525.8 positions for fiscal year 2023. The number of FTE positions for fiscal year 2023 is an increase of 3,804.6 positions from fiscal year 2021 budgeted levels.

DEBT SERVICE

- Funding for the 2022–23 biennium fully funds debt service and totals \$4.3 billion in All Funds. This amount is an increase of \$21.6 million from the 2020–21 biennium. Funding provides for debt service for General Obligation and revenue debt issued, or expected to be issued, by the Texas Public Finance Authority, the Texas Facilities Commission, the Texas Water Development Board, the Texas Department of Transportation, and the Office of the Governor. Funding also provides for reimbursement of debt service payments for Capital Construction Assistance Projects issued by various institutions.

COVID-19 PANDEMIC-RELATED STIMULUS FUNDS

Following the emergence of a novel coronavirus known as SARS-CoV-2 (COVID-19), a federal public health emergency was declared January 31, 2020. As a result, the U.S. Congress passed six major spending bills from March 6, 2020, to March 11, 2021, which, excluding direct allocations to local entities and nonstate agencies, provided an estimated \$74.4 billion in financial support to help respond to and mitigate the impact of the COVID-19 pandemic: the Coronavirus Preparedness and Response Supplemental Appropriations Act; the Families First Coronavirus Response Act; the Coronavirus Aid, Relief, and Economic Security Act; the Paycheck Protection Program and Healthcare Enhancement Act; the Coronavirus Response and Relief Supplemental Appropriations Act; and the American Rescue Plan Act. Texas' funding from the six acts includes the following amounts: \$594.5 million for the Governor's Emergency Education Relief Fund (GEERF I and II); \$8.1 billion for the Coronavirus Relief Fund; \$8.0 billion in Public Assistance Grants; \$12.4 billion in Elementary and Secondary School Emergency Relief Funds (ESSER I, II, and III); \$4.3 billion in Higher Education Emergency Relief Funds (HEERF I, II, and III); and \$3.7 billion in Public Health Grants.

The Eighty-seventh Legislature, Third Called Session, 2021, appropriated \$13.3 billion from the federal Coronavirus State Fiscal Recovery Fund (\$12.8 billion) and the Coronavirus Capital Projects Fund (\$500.5 million) awarded to the state through the American Rescue Plan Act. The funds were appropriated as follows:

- \$7.2 billion for the state's Unemployment Compensation Fund;
- \$2.0 billion for state and local hospital surge staffing;
- \$617.8 million for various construction projects;
- \$500.5 million for broadband infrastructure;
- \$475.0 million for critical and emergency staffing and support grants;
- \$379.5 million for funding shortfalls in accounts or funds for crime victims assistance, sexual assault, crime victims compensation, and court fees;
- \$359.7 million for public safety salaries;
- \$300.0 million for acquisition and construction of a state operations center;

- \$286.3 million for TRS-ActiveCare and TRS-Care claims related to the COVID-19 pandemic;
- \$200.0 million for cybersecurity projects;
- \$180.0 million for tourism, travel, and hospitality; and
- \$816.1 million for various other purposes.

The remaining \$24.0 billion of Texas' federal awards will be provided to the state for various purposes including food and nutrition services, rental and homeowner assistance, transportation, and childcare and other support grants, among others. The majority of the remaining funds must be obligated by the end of calendar year 2024 and expended by the end of calendar year 2026.

ECONOMIC STABILIZATION FUND

- No appropriations from the Economic Stabilization Fund are included for the 2022–23 biennium. House Bill 2, Eighty-seventh Legislature, Regular Session, 2021, the supplemental appropriations bill, includes \$531.1 million in fiscal year 2021 appropriations from the fund. The resulting cash balance of the fund plus the total asset value of investments is estimated to be \$12.1 billion at the end of fiscal year 2023.

2020–21 BIENNIUM SUPPLEMENTAL APPROPRIATIONS BILL

House Bill 2, Eighty-seventh Legislature, Regular Session, 2021, provides supplemental appropriations and savings for fiscal year 2021 totaling \$3,384.3 million in All Funds and \$5,113.4 million in General Revenue Funds, in addition to the appropriations made in the Eighty-seventh Legislature, General Appropriations Act (GAA), 2022–23 Biennium. Appropriations in House Bill 2 from the Economic Stabilization Fund (ESF) total \$531.1 million.

Of those amounts, an estimated \$930.1 million are available to certify the GAA for the pay-as-you-go limit. Aside from House Bill 2, \$1,799.6 million is estimated to lapse in fiscal year 2020 from the 5.0 percent budget reductions and the Coronavirus Relief Fund reimbursements for General Revenue Funds salaries paid to public health and public safety employees. The net certification savings of House Bill 2 and the 2020 lapses are estimated to total \$2,729.7 million greater than estimates in the Comptroller of Public Accounts' (CPA) *Biennial Revenue Estimate*. **Figure 15** shows the legislation's appropriations and savings.

FIGURE 15
HIGHLIGHTS OF HOUSE BILL 2, 2020–21 BIENNIUM SUPPLEMENTAL APPROPRIATIONS BILL

(IN MILLIONS)	HOUSE BILL 2, FISCAL YEAR 2021		
	ALL FUNDS	GENERAL REVENUE FUNDS	2020–21 BIENNIUM IMPACT ON GENERAL REVENUE CERTIFICATION
Foundation School Program	(\$5,152.2)	(\$5,152.2)	\$0.0
5.0 Percent Budget Reductions	(\$577.0)	(\$505.5)	(\$793.3)
Coronavirus Relief Fund Reimbursement for General Revenue Funds	(\$2,409.8)	(\$2,409.8)	(\$3,993.2)
General Government	\$1,484.1	\$999.5	\$1,051.5
Health and Human Services	\$345.1	\$0.1	\$0.1
Education	\$228.8	\$159.3	\$159.3
Public Safety and Criminal Justice	\$405.3	\$380.3	\$380.3
Natural Resources	\$29.7	\$15.2	\$51.3
Cross Article	\$2,267.6	\$1,399.8	\$414.2
Total Cost/(Savings)	\$3,384.3	(\$5,113.4)	(\$2,729.7)

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

House Bill 2 includes the following significant appropriations and savings:

- \$5,152.2 million savings in General Revenue Funds to the Foundation School Program (FSP) resulting from updated projections, including increased district property value growth, lower-than-anticipated average daily attendance rates, increased non-General Revenue Funds revenues, and federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding;
- \$2,409.8 million savings in General Revenue Funds from COVID-19 pandemic-related stimulus funds for reimbursements for salaries of public health and public safety employees. Combined with \$1,583.3 million in fiscal year 2020 lapses, certification savings total \$3,993.2 million;
- \$577.0 million savings in General Revenue Funds and General Revenue–Dedicated Funds from agencies' 5.0 percent budget reductions. Combined with \$216.3 million in fiscal year 2020 lapses, certification savings total \$793.3 million;
- \$76.0 million savings in General Revenue Funds from debt service and lease payments at the Texas Facilities Commission (TFC), Texas Public Finance Authority, and the Health and Human Services Commission (HHSC);

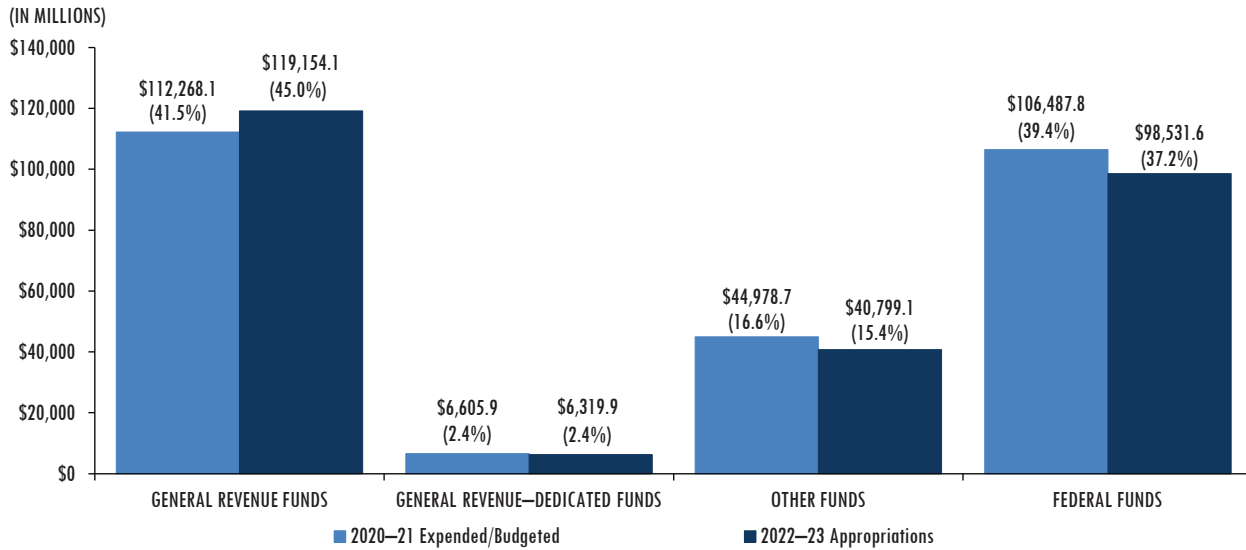
- \$1,020.0 million in All Funds appropriated to the Employees Retirement System to implement the provisions of Senate Bill 321, relating to benefit contributions. This amount includes \$678.3 million in General Revenue Funds, \$52.0 million in General Revenue–Dedicated Funds, \$118.3 million in Other Funds, and \$171.4 million in Federal Funds;
- \$893.3 million in All Funds appropriated for information technology (IT), including \$269.2 million in General Revenue Funds, \$12.3 million in General Revenue–Dedicated Funds, and \$611.8 million in Other Funds and Federal Funds. Project amounts include \$64.6 million for Cybersecurity, \$431.8 million for Legacy System Modernization, \$219.0 million for other IT projects, \$159.3 million for Data Center Services, and \$18.6 million for deployment of the Centralized Accounting and Payroll/Personnel System;
- \$582.8 million in All Funds appropriated for statewide capital needs, including \$301.2 million in General Revenue Funds, \$40.0 million from the ESF, and \$241.6 million in Other Funds and Federal Funds to various agencies;
- \$255.4 million in All Funds for public safety initiatives and vehicles, including \$133.7 million to the Texas Department of Public Safety (DPS), \$22.4 million to the Texas Military Department, \$50.0 million to Trusteed Programs within the Office of the Governor, \$14.9 million to the Texas Parks and Wildlife Department (TPWD), and \$12.4 million to other agencies. Pursuant to Senate Bill 2222, Eighty-seventh Legislature, Regular Session, 2021, House Bill 2 also provides no more than \$22.0 million from the ESF to DPS to purchase bullet-resistant windshields for patrol vehicles;
- \$1,000.0 million in General Revenue Funds appropriated to CPA to deposit into the Property Tax Relief Fund, which would establish a beginning balance in the fund to support the FSP for the 2022–23 biennium;
- \$271.2 million in General Revenue Funds appropriated to CPA to fund the Texas Guaranteed Tuition Plan;
- \$223.8 million in General Revenue Funds appropriated to the Texas Department of Criminal Justice. Of this amount, \$123.7 million is to fill a shortfall in correctional managed healthcare, \$86.0 million is for agency operations, and \$14.1 million is for the purchase of vehicles;
- \$44.0 million in General Revenue Funds appropriated to the Texas Education Agency for Special Education Maintenance of Effort supporting a negotiated legal settlement between the State of Texas and the U.S. Department of Education;
- \$5.7 million in General Revenue Funds appropriated to South Texas College to correct a calculation error in state contributions for health benefits;
- \$5.0 million in General Revenue Funds appropriated to the Texas Commission on Environmental Quality for litigation expenses related to the Rio Grande Compact;
- \$3.4 million in General Revenue Funds appropriated to the Texas Department of Agriculture for food bank programs and home-delivered meals;
- \$6.5 million from General Revenue–Dedicated Account No. 9, Game, Fish, and Water Safety, to TPWD for the purchase of a law enforcement helicopter;
- \$321.3 million appropriated from the ESF to HHSC for capital needs, including \$276.5 million to finish construction of replacement campuses at Austin State Hospital and San Antonio State Hospital, and \$44.8 million for planning efforts to build new state hospitals in the Dallas area;
- \$56.4 million appropriated from the ESF to Texas A&M Forest Service for natural disaster response;
- \$50.0 million appropriated from the ESF to the General Land Office to preserve and maintain the Alamo and Alamo Complex;
- \$36.3 million appropriated from the ESF to TFC for Capitol Complex construction and to various agencies for moving expenses;
- \$36.1 million appropriated from the ESF to the State Preservation Board for Capitol projects;

- \$25.0 million appropriated from the ESF to the Texas Historical Commission (THC) for courthouse preservation grants;
- \$7.2 million appropriated from the ESF to Lamar University and Lamar State College–Orange, for hurricane and tropical storm recovery; and
- \$5.5 million appropriated from the ESF to THC for the National Museum of the Pacific War.

BIENNIAL COMPARISON BY FUND SOURCE

Figure 16 shows a comparison of biennial amounts for each of the four fund sources, or methods of finance, in the state budget. Estimated and budgeted amounts for the 2020–21 biennium refer to agency-estimated expenditures for fiscal year 2020 and agency-budgeted amounts for fiscal year 2021. Appropriations for the 2022–23 biennium refer to biennial amounts contained in the Eighty-seventh Legislature, General Appropriations Act, 2022–23 Biennium, and supplemental appropriations. Percentage amounts represent the percentage of the entire biennial budget represented by that fund source.

FIGURE 16
BIENNIAL COMPARISON BY FUND SOURCE OF 2020–21 ESTIMATED/BUDGETED AND 2022–23 APPROPRIATED AMOUNTS



NOTES:

- (1) Estimated/Budgeted amounts for the 2020–21 biennium include supplemental spending adjustments pursuant to House Bill 2, Eighty-seventh Legislature, Regular Session, 2021.
- (2) Appropriated amounts for the 2022–23 biennium include adjustments pursuant to Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021; Senate Bill 1605, Eighty-seventh Legislature, Regular Session, 2021; House Bill 5 and House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021; and Senate Bill 8, Eighty-seventh Legislature, Third Called Session, 2021.
- (3) Other Funds excludes Interagency Contracts.
- (4) Totals may not sum due to rounding.

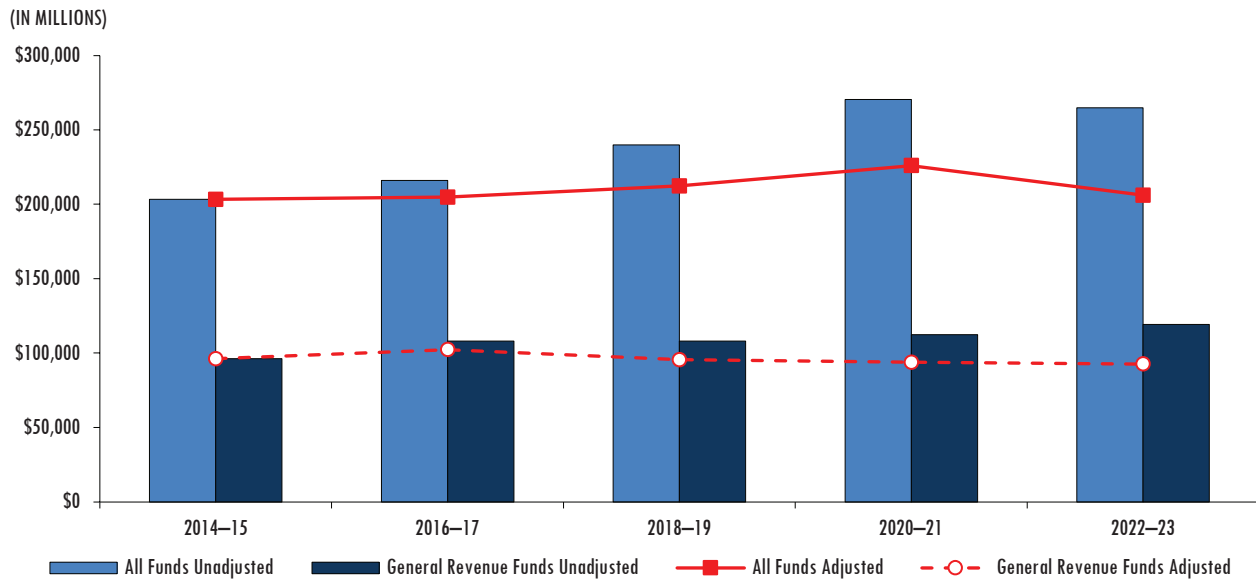
SOURCE: Legislative Budget Board.

TRENDS IN STATE GOVERNMENT EXPENDITURES

Figure 17 shows biennial All Funds and General Revenue Funds expenditures/appropriations since the 2014–15 biennium. It also shows current and historical expenditure/appropriation totals adjusted into 2014–15 biennial dollars based on compounded population and inflation growth. All Funds expenditures increased by 30.3 percent from the 2014–15 to 2022–23 biennia and increased 1.4 percent after adjusting for population and inflation. General Revenue Funds appropriations increased by 24.0 percent during the same period, but decreased by 3.5 percent when adjusted.

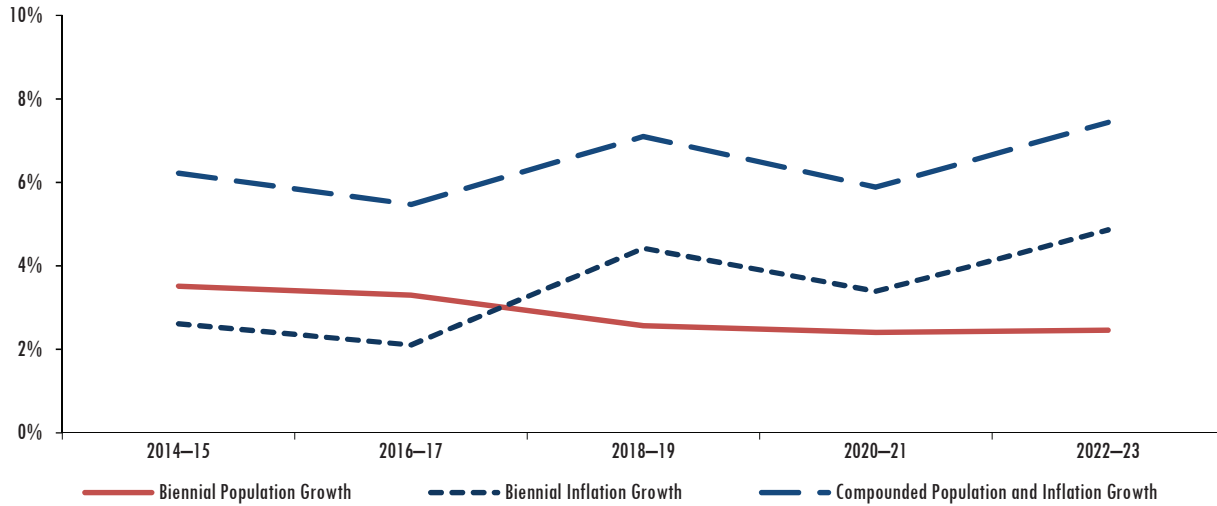
FIGURE 17
TRENDS IN STATE GOVERNMENT EXPENDITURES,
2022–23 BIENNIAL APPROPRIATIONS BY THE EIGHTY-SEVENTH LEGISLATURE

FISCAL BIENNIUM	ALL FUNDS				GENERAL REVENUE FUNDS			
	UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION		UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION	
	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE
2014–15	\$203,300.5	N/A	\$203,300.5	N/A	\$96,072.6	N/A	\$96,072.6	N/A
2016–17	\$215,991.7	6.2%	\$204,781.0	0.7%	\$108,007.3	12.4%	\$102,401.4	6.6%
2018–19	\$239,797.5	11.0%	\$212,274.9	3.7%	\$107,986.3	(0.0%)	\$95,592.3	(6.6%)
2020–21	\$270,340.5	12.7%	\$226,011.3	6.5%	\$112,268.1	4.0%	\$93,858.9	(1.8%)
2022–23	\$264,804.7	(2.0%)	\$206,049.8	(8.8%)	\$119,154.1	6.1%	\$92,716.2	(1.2%)



SOURCE: Legislative Budget Board.

FIGURE 18
BIENNIAL POPULATION AND INFLATION GROWTH FROM THE 2014–15 TO 2022–23 BIENNIA



SOURCE: Comptroller of Public Accounts.

Tools such as population and inflation compare budget growth; however, they do not tie directly to government budget drivers. For example, the Consumer Price Index (CPI) tracks the increased price of goods and services purchased by a typical family, such as groceries, clothing, housing, and private healthcare. Inflation of goods and services purchased by state government, such as education, public healthcare, and infrastructure, tend to grow faster than the price of goods and services purchased by consumers.

The compounded population and CPI growth shown in **Figure 18** is based on data in the Comptroller of Public Accounts’ Fall 2020 State Economic Forecast as published in the 2021 *Biennial Revenue Estimate* and which included a biennial growth rate of 7.44 percent from the 2020–21 to 2022–23 biennia. Population and inflation growth estimates submitted to the Legislative Budget Board in anticipation of its November 2020 board meeting ranged from 6.17 percent to 7.46 percent.

LIMITS ON APPROPRIATIONS

Texas has four constitutional limits on spending: the balanced budget limit, which commonly is referred to as the pay-as-you-go limit; the limit on the rate of growth of appropriations from certain state taxes, commonly referred to as the spending limit; the limit on tax-supported debt; and the limit on welfare spending.

The pay-as-you-go limit and the spending limit both restrict appropriations, but in different ways. The pay-as-you-go limit prohibits the General Revenue Fund budget from exceeding available revenue. The spending limit prohibits appropriations funded with tax revenues not dedicated by the Texas Constitution from growing faster than the state's economy. The spending limit does not apply to appropriations funded with nontax revenues or appropriations funded with tax revenues if the constitution requires the tax revenue to be spent for a specific purpose.

Funding from General Revenue Funds for the 2022–23 biennium total \$119.2 billion. This amount includes appropriations in Senate Bill 1 and House Bill 2, Eighty-seventh Legislature, Regular Session, 2021; House Bill 5 and House Bill 9, Second Called Session, 2021; and Senate Bill 8, Third Called Session, 2021. This amount is \$6.0 billion less than the pay-as-you-go limit. General Revenue Funds are \$4.4 billion less than the General Revenue Funds capacity in accordance with the spending limit. Because General Revenue Funds spending authority pursuant to the spending limit is the lower of the two limits, shown in **Figure 19**, the spending limit is the controlling limit.

FIGURE 19
REMAINING GENERAL REVENUE FUNDS SPENDING AUTHORITY, 2022–23 BIENNIUM

(IN BILLIONS)	AMOUNT
Pay-as-you-go Limit	\$6.0
Spending Limit	\$4.4

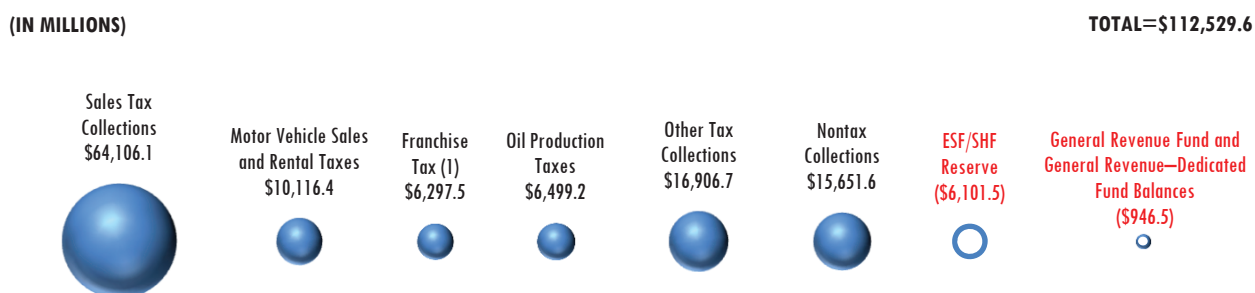
SOURCE: Legislative Budget Board.

ARTICLE III, SECTION 49A, PAY-AS-YOU-GO LIMIT

The Texas Constitution, Article III, Section 49a, sets the so-called pay-as-you-go limit. The constitution requires that bills making appropriations are sent to the Comptroller of Public Accounts (CPA) for certification that the appropriations are within estimates of available revenue.

CPA identified the pay-as-you-go limit for General Revenue Funds appropriations as \$112.5 billion in the *Biennial Revenue Estimates* (BRE). This total includes estimated 2022–23 biennial General Revenue Funds revenue collections of \$119.6 billion, less the amount of \$6.1 billion in General Revenue Funds deposits reserved for transfer to the Economic Stabilization Fund, the State Highway Fund, and the Texas Tomorrow Fund. This total also includes the negative beginning General Revenue Fund balance and General Revenue–Dedicated Funds account balances available for certification totaling \$0.9 billion, shown in **Figure 20**.

FIGURE 20
COMPONENTS OF THE PAY-AS-YOU-GO LIMIT, 2022–23 BIENNIUM



NOTES:

(1) General Revenue Fund portion.

(2) ESF=Economic Stabilization Fund; SHF=State Highway Fund.

SOURCE: Legislative Budget Board.

Subsequent to publication of the BRE, the CPA increased revenue estimates by \$3.1 billion in May 2021 and again by \$7.5 billion in July 2021. The Eighty-seventh Legislature passed additional supplemental bills for the 2022–23 biennium, including House Bill 5 and House Bill 9, Second Called Session, 2021; and Senate Bill 8, Third Called Session, 2021. After considering revenue revisions by the CPA and actions by the Legislature affecting revenues and supplemental appropriations, total 2022–23 biennial appropriations are estimated to be within the pay-as-you-go limit by \$6.0 billion as of the end of the Third Called Session.

ARTICLE VIII, SECTION 22, LIMITATION ON THE GROWTH OF CERTAIN APPROPRIATIONS

The Texas Constitution, Article VIII, Section 22, prohibits appropriations funded with state tax revenues not dedicated by the constitution from growing faster than the estimated rate of growth of the state’s economy. Consequently, the revenue source funding appropriations determines if the appropriations are subject to the spending limit. Appropriations funded with tax revenues are subject to the spending limit unless the constitution dedicates the tax revenue for a specific purpose. The spending limit does not apply to appropriations funded with nontax revenues or appropriations funded with tax revenues if the constitution requires the tax revenue to be spent for a specific purpose.

The 2022–23 biennial spending limit equals total 2020–21 biennial appropriations funded with tax revenues not dedicated by the constitution of \$100.4 billion, grown by the adopted growth rate of 7.06 percent. The 2022–23 biennial spending limit is estimated to be \$107.5 billion after adjusting the 2020–21 biennial base to include updated revenue collections by the CPA and supplemental appropriations by the Legislature. The 2022–23 biennial appropriations subject to the spending limit, after the end of the Third Called Session, 2021, total \$104.5 billion, \$3.0 billion less than the spending limit, as shown in **Figure 21**.

**FIGURE 21
SPENDING LIMIT COMPARED TO APPROPRIATIONS BY THE EIGHTY-SEVENTH LEGISLATURE
2022–23 BIENNIUM**

(IN BILLIONS)	AMOUNT
Spending Limit	\$107.5
Appropriations Subject to the Spending Limit	(\$104.5)
Total Less Than the Spending Limit	\$3.0

SOURCE: Legislative Budget Board.

Because revenue deposits to the General Revenue Fund also include revenue that is not subject to the spending limit, the maximum 2022–23 biennial General Revenue Funds appropriations associated with the \$107.5 billion limit is \$123.6 billion, leaving \$4.4 billion in remaining General Revenue Funds spending capacity less than the spending limit, shown in **Figure 22**.

**FIGURE 22
GENERAL REVENUE FUNDS PURSUANT TO THE SPENDING LIMIT COMPARED TO APPROPRIATIONS BY THE EIGHTY-SEVENTH
LEGISLATURE, 2022–23 BIENNIUM**

(IN BILLIONS)	AMOUNT
Maximum General Revenue Funds Appropriations Pursuant to the Spending Limit	\$123.6
General Revenue Funds Appropriations by the Eighty-seventh Legislature, 2021	(\$119.2)
Total Less Than the Maximum General Revenue Fund Appropriations	\$4.4

SOURCE: Legislative Budget Board.

ARTICLE III, SECTION 49-J, DEBT LIMIT

The Texas Constitution, Article III, Section 49-j, provides that the Legislature may not authorize additional state debt if in any fiscal year the resulting maximum annual debt service payable from the General Revenue Fund, excluding revenues constitutionally dedicated for purposes other than payment of state debt, exceeds 5.0 percent of the average annual unrestricted

General Revenue Funds for the previous three years. To monitor where the state stands in relation to the constitutional debt limit (CDL), the Bond Review Board (BRB) calculates two debt ratios. The first ratio is the debt service on outstanding or issued debt as a percentage of unrestricted General Revenue Funds. At the end of fiscal year 2021, the BRB reported that the issued debt ratio is 1.23 percent. The second debt ratio is the debt service on outstanding debt plus estimated debt service for authorized but unissued bonds. For this ratio, the BRB has reported that the state is at 2.58 percent of unrestricted General Revenue Funds at the end of fiscal year 2021. The latter calculation represents a 3.4 percent decrease from the 2.67 percent calculated for outstanding and authorized but unissued debt for fiscal year 2020. The BRB expects the CDL ratio to continue to decrease with the issuance of authorized debt. However, the CDL ratio could be affected by changes to any of the following factors: the three-year average of unrestricted General Revenue Funds, the amount of debt outstanding and unissued debt authorizations, and actual and assumed interest rates.

ARTICLE III, SECTION 51-A, WELFARE SPENDING LIMIT

The Texas Constitution, Article III, Section 51-a, requires that the amount paid out of state funds for assistance grants to or on behalf of needy dependent children and their caretakers shall not exceed 1.0 percent of the state budget in any biennium.

The 2022–23 biennial budget defined in the Texas Human Resources Code, Section 31.053, is \$264.8 billion. Therefore, the welfare spending limit is \$2.6 billion. The biennial amount appropriated in Senate Bill 1 for the 2022–23 biennium that is subject to the limit on state dollars paid out in Temporary Assistance for Needy Families (cash assistance) grants is \$83.6 million, which is \$2.6 billion less than the 1.0 percent limit.

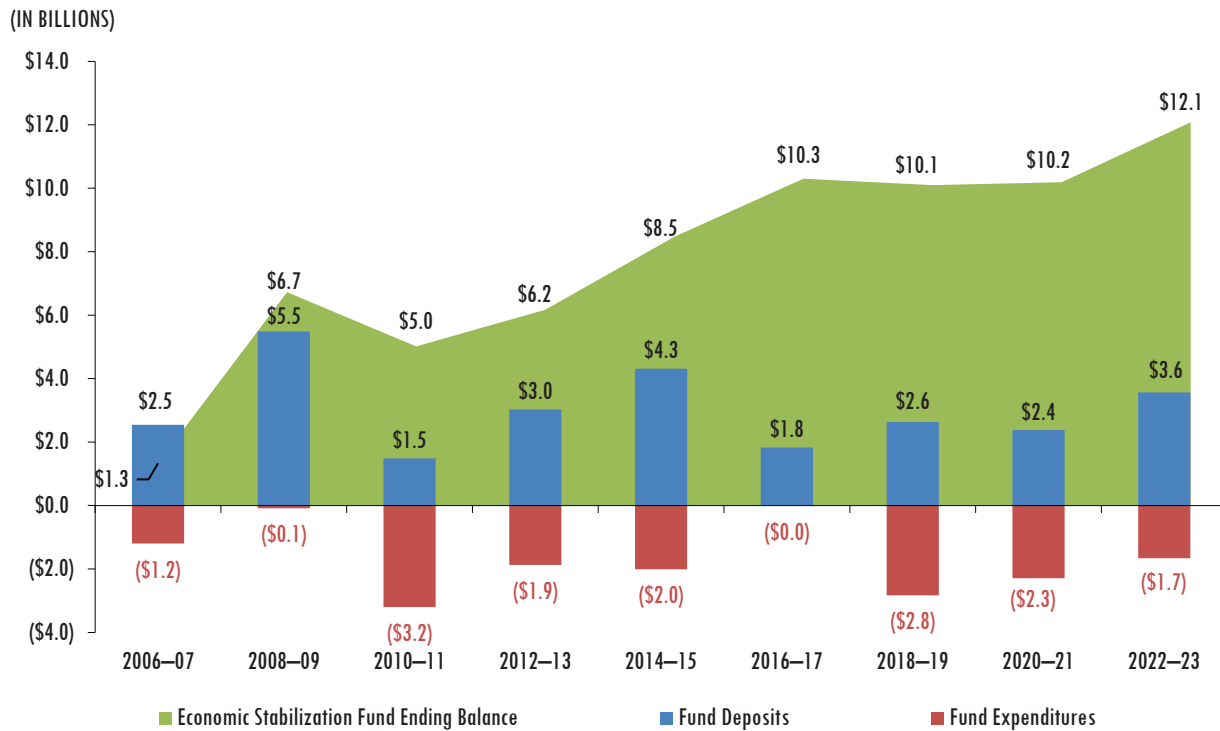
ECONOMIC STABILIZATION FUND

The Texas Constitution Article III, Section 49-g, established the Economic Stabilization Fund (ESF). Appropriations can be made from the fund within certain fiscal conditions with a three-fifths vote of each legislative chamber. Appropriations also can be made for any purpose with a two-thirds vote of each legislative chamber. House Bill 903, Eighty-fourth Legislature, 2015, directed the Comptroller of Public Accounts (CPA) to invest a portion of the cash balance of the ESF in assets outside of the Treasury pool, with the goal of obtaining a higher rate of return. Beginning September 1, 2015, CPA established the Texas Economic Stabilization Investment Fund (TESTIF) to invest a portion of the ESF pursuant to this legislation.

CPA forecasts the 2022–23 biennial ending cash balance of the ESF plus the total asset value of the TESTIF to be \$12.1 billion. Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021, contains no appropriations from the fund. House Bill 2, Eighty-seventh Legislature, Regular Session, 2021, appropriates \$531.1 million from the fund in fiscal year 2021.

Figure 23 shows the history of ESF deposits, expenditures, and balances from the 2006–07 to 2022–23 biennia.

FIGURE 23
ECONOMIC STABILIZATION FUND BIENNIAL DEPOSITS, EXPENDITURES, INVESTMENTS AND FUND BALANCE
2006–07 TO 2022–23 BIENNIA



NOTE: Fiscal years 2022 to 2023 are projections based on the Comptroller of Public Accounts' September 2021 available revenue estimate for the Eighty-seventh Legislature, Third Called Session, 2021.

SOURCES: Legislative Budget Board; Comptroller of Public Accounts.