

Legislative Budget SNAPSHOT

With just weeks remaining in the regular session of the 84th Legislature, House and Senate conferees are working out the two chambers' different versions of House Bill 1, the 2016-17 General Appropriations Act. Wherever different levels of funding are proposed, the conferees may choose to go with the lower amount, the higher amount, or compromise somewhere in between. Conferees must also work out differences in budget "riders" that attach strings to how certain services can be funded, as well as budget proposals to transfer responsibilities for administering programs from one state agency to another.

This analysis examines the House and Senate budgets' differences and similarities in Health and Wellness and Economic Opportunity, the key areas where additional investments could help make Texas the best state for hard-working people and their families. Major state services within these areas range from Medicaid, CHIP, family planning, and mental health, to Pre-K, state aid to local school districts, need-based college financial aid, and adult education. These areas add up to a little more than half of the proposed 2016-17 budget: 55 percent, or \$116 billion All Funds, of both the House and Senate recommendations.

The single largest area in which state dollars would be spent – not counting federal matching dollars – is the Foundation School Program, which supports local school districts and charter schools. At first glance the Senate proposal for schools might appear to be making a larger commitment to educating Texas' 5.2 million students. But after adjusting for the Senate's plan to reduce local school property taxes and cut the state's franchise tax, both of which support the Foundation School Program, it is in fact the House proposal that does more to restore per-student spending to pre-recession levels.

The House is proposing even larger tax cuts, though not through House Bill 1. Any tax cuts enacted by the 2015 Legislature don't just reduce our ability to invest today in our public schools, universities, and health care systems; tax cuts make it that much harder for future legislators to address the needs of our rapidly growing state. Texas already ranks 47th in per-resident state budget spending, yet both the House and Senate budgets would fail even to keep pace with population and inflation in 2016 and 2017. This means that public schools, higher education, Medicaid, and other human services – all of which saw major state budget cuts in 2003 and 2011 and have not yet recovered to their pre-recession levels – will continue to be strained by increases in students, clients, and costs. This is where the House and Senate budget proposals both fall short: they put tax cuts, in what is already a low-tax state, ahead of the investments needed to ensure our future prosperity.

Additional in-depth analyses of House Bill 1 budget implications for state services, and of the House and Senate's competing tax-cut proposals, will be coming soon. Stay tuned.

Health and Wellness



Maintain or improve support for Medicaid and the Children's Health Insurance Program (CHIP).

2014-15 LEVEL	HOUSE, 2016-17	SENATE, 2016-17	CPPP INSIGHTS
<p>Medicaid: \$59 billion All Funds</p> <p>\$23.1 billion in General Revenue (GR) or dedicated GR (GR-D)</p>	<p>\$62.9 billion All Funds</p> <p>\$25.9 billion in General Revenue; \$0.1 billion in GR-D</p> <p>House approved \$460 million GR (\$1.1 billion All Funds) to continue the federally funded ACA rate increase (to Medicare rate levels) for certain primary care providers / services that expired Dec. 2014.</p>	<p>\$62.1 billion All Funds</p> <p>\$25.6 billion in General Revenue; \$0.1 billion in GR-D</p> <p>Senate approved \$696 million GR (\$1.6 billion All Funds) for medical inflation, higher utilization, or increased acuity costs</p> <p>Senate assumes \$373 million GR (\$870 million All Funds) in Medicaid cost-containment initiatives: therapy rate cuts, HMO profits, and more.</p>	<p>Both chambers fund Medicaid at levels that would avoid the huge shortfall adopted in the 2011 session. But Medicaid is still very likely to need a supplemental appropriation in the 2017 session.</p> <p>House funding for primary care fees is beneficial to 4 million Texans relying on Medicaid for health care.</p> <p>Senate "giveth and taketh away" while allocating \$696 million GR to cover inflation/cost hikes, Senate also requires another \$373 million in GR savings that could affect access to care.</p>
<p>CHIP: \$1.9 billion All Funds; 366,045 children served in 2015 (36,425 perinatal)</p>	<p>\$1.68 billion All Funds (of which \$141 million is General Revenue) would serve 383,428 children, including 36,425 perinatal (monthly average), by fiscal 2017</p> <p>CHIP funding assumes an enhanced match rate of 91.1% in state fiscal 2016, 92.9% in 2017</p>		<p>On April 14, 2015, the U.S. Congress approved CHIP funding through 2017, eliminating an anticipated multibillion-dollar Texas budget hole over the biennium.</p>



Maintain or improve capacity for mental health and substance abuse services.

2014-15 LEVEL	HOUSE, 2016-17	SENATE, 2016-17	CPPP INSIGHTS
<p>\$2.6 billion General Revenue and GR-D for these services, administered by 16 state agencies</p>	<p>\$2.9 billion in GR and GR-D (\$304 million biennial increase)</p> <p>\$3.8 billion All Funds; \$2.75 billion, or 72 percent, would go to State Health Services programs</p>	<p>\$2.8 billion in GR and GR-D (\$249 million biennial increase)</p> <p>\$3.7 billion All Funds; \$2.69 billion, or 72 percent, would go to State Health Services programs</p> <p>NorthSTAR discontinued in January 2017</p>	<p>Both chambers have a DSHS rider for a Mental Health Peer Support Re-Entry pilot program (Senate: DSHS Rider 80; House, Rider 78).</p> <p>The Center supports the Legislature's continued commitment to funding mental health and substance abuse services. Not only did both chambers maintain the increased levels of funding from last session, but each budget proposal increases funding for outpatient and inpatient services.</p>

Health and Wellness



Maintain or improve resources for, and access to, subsidized family planning services.

2014-15 LEVEL	HOUSE, 2016-17	SENATE, 2016-17	CPPP INSIGHTS
\$212 million All Funds Across all budget strategies	\$233 million All Funds	\$261 million All Funds	The Center supports the Senate's funding level. But, even with the additional investment in preventive family planning , Texas will serve just a fraction of the women in need. Today, we serve just 3 in 10 of Texas women in need of family planning services.
State Health Services (DSHS), Expanded Primary Health Care (EPHC)			
\$100 million All Funds, to serve 170,000 patients in 2015	\$120 million for Expanded Primary Care; would serve 204,285 patients annually in 2016 and 2017 (EPHC funds directed by DSHS Rider 67. DSHS exceptional item 3, 2016-17 Appropriations Request, estimated that \$20 million in new funding would add 34,285 patients)	Moved to HHSC Women's Health Services D.2.3 (see below)	
State Health Services, Family Planning			
\$43.1 million, 65,000 patients served (2015 budgeted)	\$42.8 million; 65,000 patients served annually	Moved to HHSC Women's Health Services D.2.3 (see below)	
Health and Human Services Commission, Texas Women's Health Program			
\$69.3 million to serve 116,710 patients per month on average in 2014; 115,645 in 2015 (budgeted)	\$70.2 million, to serve 115,645 patients (average monthly)	Renamed: HHSC Women's Health Services D.2.3, \$261 million All Funds <ul style="list-style-type: none"> • \$69.3 million to serve 115,645 patients in Texas Women's Health Program • \$100 million for 170,000 patients in Expanded Primary Health Care • \$42.8 million for 65,000 patients in Family Planning • \$50 million for Women's Health Services 	The Senate budget combines all family planning strategies, in line with the Sunset Commission decision to move all family planning programs into one division at HHSC. In the Senate proposal, HHSC Rider 78 directs that the \$50 million appropriated for the new Women's Health Services strategy be used to "increase access to women's health and family planning services." HHSC must get the LBB and Governor's approval to spend funding.

Health and Wellness



Maintain/improve programs administered by the Dept. of Family and Protective Services.

2014-15 LEVEL	HOUSE, 2016-17	SENATE, 2016-17	CPPP INSIGHTS
\$3.11 billion All Funds (\$1.5 billion in General Revenue) for adult & child protective services, foster care, adoption subsidies, child care licensing	\$3.49 billion All Funds (\$1.8 billion in General Revenue)	\$3.45 billion All Funds (\$1.8 billion in General Revenue)	<p>Funding the agency's technology needs (House version) or an expansion of prevention programs (Senate) shouldn't be mutually exclusive. HB 1 conferees should fund both needs, helping DFPS accomplish its goals for the next biennium.</p> <p>Both proposals only fund the new CPS staff needed to keep caseloads at the 2015 levels, not to reduce them; caseloads will continue to be high in 2016-17.</p>



Maintain/improve programs administered by the Dept. of Assistive and Rehabilitative Services.

2014-15 LEVEL	HOUSE, 2016-17	SENATE, 2016-17	CPPP INSIGHTS
<p>\$1.23 billion All Funds</p> <p>\$219 million in GR for Early Childhood Intervention, rehabilitation & employment programs, and federal disability determination</p>	<p>\$1.28 billion All Funds</p> <p>\$234.5 million in GR</p>	<p>\$455 million All Funds</p> <p>\$119.5 million in GR</p> <p>Senate proposal to transfer certain programs to Texas Workforce Commission accounts for \$755 million of the All Funds biennial decrease</p>	<p>The proposals present a trade-off for autism programs. The House proposes to fund comprehensive and focused applied behavioral analysis (ABA) treatments and serves fewer children. The Senate phases out the comprehensive ABA services and focuses on solely funding the focused ABA treatments, and serves more children.</p> <p>The Center recommends funding to serve more children and provide both services.</p> <p>Regarding the transfer of programs to the Workforce Commission, services should remain intact so the programs will be able to meet the goal of helping Texans with disabilities lead independent lives.</p>

Economic Opportunity



Establish Pre-K as a full-day program for currently eligible students.

Currently, the state provides funding for half-day Pre-K programs.

2014-15 LEVEL	HOUSE, 2016-17	SENATE, 2016-17	CPPP INSIGHTS
<p>\$1.5 billion through Foundation School Program (FSP) formulas (Pre-K kids count as half a student in average daily attendance, or ADA)</p> <p>\$30.4 million through Texas School Ready!</p> <p>\$30 million through a supplemental program</p>	<p>Current-law FSP formulas would fund half-day Pre-K at \$1.6 billion for 2016-17; no changes proposed by House or Senate to funding of Texas School Ready! or supplemental funding.</p> <p>House and Senate put additional funds for any Pre-K bills in their respective Article XIs.</p>		<p>HB 4, based on the Governor's proposal, passed the House and is the leading proposal. This bill would provide additional funding up to \$1,500 per Pre-K student in ADA for limited quality improvements at a cost to the state of \$118 to \$130 million for 2016-17.</p>



Increase the base level of funding that supports public schools (FSP).

2014-15 LEVEL	HOUSE, 2016-17	SENATE, 2016-17	CPPP INSIGHTS
<p>\$38.8 billion All Funds for FSP-Equalized Operations</p> <p>\$1.2 billion for Facilities funding</p>	<p>\$40.3 billion All Funds for Operations</p> <p>\$1.10 billion for Facilities in Texas Education Agency funding</p> <p>\$800 million more for Operations, contingent on H.B. 1759</p>	<p>\$41.6 billion All Funds for Operations</p> <p>\$1.16 billion for Facilities in Texas Education Agency funding</p> <p>(Additional facilities funding: \$55.5 million for property-poor districts issuing bonds.)</p>	<p>Senate proposes more funding for FSP, but \$2.15 billion is to reduce school district property taxes, and \$2.35 billion is General Revenue that would replace franchise tax revenue no longer going to Property Tax Relief Fund.</p>



Expand adult education and other job training.

2014-15 LEVEL	HOUSE, 2016-17	SENATE, 2016-17	CPPP INSIGHTS
<p>\$162 million; about 100,500 Adult Education Customers served in 2015</p>	<p>\$145 million, would serve 101,500 Texans by 2017</p>	<p>\$141 million; same estimate as House for customers served in 2017</p>	<p>Reduction is due to federal grant money no longer available in 2016-2017</p>

Economic Opportunity



Enhance existing programs for need-based aid directed at two-year and four-year public college students.

2014-15 LEVEL	HOUSE, 2016-17	SENATE, 2016-17	CPPP INSIGHTS
\$1.116 billion for all "Close the Gaps" Affordability strategies	\$1.125 billion	\$1.196 billion	
TEXAS Grant program*			
<p>\$683 million total</p> <p>76,884 grant recipients budgeted for 2015</p> <p>For 2016-17: Higher Ed. Coordinating Board exceptional item proposed \$138 million to increase award to \$5,300 for all new and continuing students, and replace \$30 million in one-time funds no longer available</p>	<p>\$690 million</p> <p>Would provide Texas Grants to 68,985 students per year</p> <p>\$37 million added by House in mark-up (from \$653 million base) mostly replaced one-time funding received in 2014-15</p> <p>\$100 million unfunded exceptional item (Art. XI) would provide \$5,300 grant to current and new recipients</p>	<p>\$736 million</p> <p>Would provide Texas Grants to 71,084 students in 2016 and 76,048 in 2017, according to the Senate proposal</p> <p>Senate Finance mark-up provided the \$37 million that the House did, plus an additional \$46 million</p>	<p>Higher Education Coordinating Board estimates that an award level of \$5,000 will only meet 61 percent of average tuition and fees in 2016-17</p> <p>Serving all students in the Senate proposal while providing a \$5,300 grant would require another \$44 million</p> <p>Only for students enrolled at 4-year institutions. All 2-year students moved to TEOG. There is an increased cost to support students attending 4-year universities.</p>
<p>* Grants for financially needy students enrolled at a public university on at least a ¾ time basis, and who maintain at least a 2.5 college GPA. Starting in Fall 2014: only for students enrolled at TX public 4-year universities. Target award has been \$5,000 since 2012, below the statutory maximum of \$5,300, so that more students can be served.</p>			
Tuition Equalization Grants*			
<p>\$180 million</p> <p>If funding were continued at this level in 2016-17, 27,700 students would be served at an average award level of \$3,250</p> <p>HECB Exceptional Item 15 proposed \$18 million in new funding, to serve 30,000 students (the pre-2011 peak)</p>	<p>\$192 million</p> <p>House added \$12 million (two-third of the exceptional item funding requested). This is enough to reach 29,580 students, if award stays at \$3,250</p> <p>1,880 new students reached</p>	<p>\$197.5 million</p> <p>Senate added \$17.4 million, enough to reach 29,900 students with no change in the award level.</p> <p>2,200 new students reached</p>	<p>Currently, Tuition Equalization Grants reach fewer students because the program's funding was cut by 20 percent in 2011 (for 2012-13) and only got a 6.7 percent increase in 2014-15</p>
<p>* Grants to financially needy residents attending private universities in Texas on at least a ¾ basis (including graduate schools); criteria to continue getting the grant include credit hour completion and GPA minimum</p>			
Top 10 Percent Scholarships			
\$40 million	\$18 million	\$18 million	Both chambers propose cutting funding for new scholarships and continuing renewal scholarships only, effectively ending the program for new students

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Economic Opportunity



Enhance existing programs for need-based aid directed at two-year and four-year public college students.

2014-15 LEVEL	HOUSE, 2016-17	SENATE, 2016-17	CPPP INSIGHTS
Texas Education Opportunity Grants*			
<p>\$65 million: \$13.9 million in 2014, and \$51.2 million in 2015</p> <p>Continuing at \$51.2 million per year requires \$102 million in biennial funding for 2016-17</p> <p>NOTE: As of fiscal 2015, TEOG (originally known as TEXAS Grant II) only funds 2-year students, while TEXAS Grants funds 4-year institutions</p>	<p>\$106 million</p> <p>House budget as introduced proposed \$65 million (the 2014-15 biennial level, not the higher 2015 amount)</p> <p>Appropriations Committee mark-up added \$41 million, to serve all renewal students plus 22% of new students (instead of only 8.5% that would be reached at \$65 million level)</p>	<p>\$92 million</p> <p>Senate budget also initially proposed \$65 million</p> <p>Senate Finance added \$27 million, \$14 million less than the House</p>	<p>House is actually a \$4 million increase (compared to the 2015 budget, times two); Senate is a \$10 million reduction</p>
<i>*Grants for financially needy residents enrolled in Texas public 2-year colleges on at least a ½ time basis, working toward an associate's or certificate, maintaining at least a 2.5 GPA; award can't exceed statewide average of public 2-year colleges' tuition and required fees</i>			
Texas B-On-Time Loan: Public Universities*			
<p>\$78.2 million in General Revenue-Dedicated (funding comes from 5% tuition set-aside for public universities)</p> <p>At that same level of funding (\$78 million), 9,000 students could receive loans in 2016-17</p>	<p>\$55.2 million in GR-D</p>	<p>\$80.6 million in GR-D</p>	<p>Senate funds new and renewal loans; House continues funding renewal loans only, effectively ending the program for new students</p>
<i>*Zero-interest loans, with possibility of loan forgiveness</i>			
Texas B-On-Time Loan: Private Universities*			
<p>\$31.4 million in General Revenue (not dedicated)</p>	<p>\$19.2 million</p>	<p>\$19.5 million</p>	<p>Senate and House fund renewal loans only, effectively ending the program for new students</p>
Texas College Work Study			
<p>\$19 million</p> <p>HECB exceptional item requested \$5.3 million more to reach 1,577 additional students per year, based on award of \$1,680 (2014 average)</p>	<p>\$19 million</p> <p>House leaves funding unchanged; would serve 4,100 students a year (average amount \$1,680 each)</p>	<p>\$21 million</p> <p>Senate added \$2.5 million, enough to fund 684 more students than House budget (at \$1,680 each)</p>	<p>Two proposals are moving through the legislature to improve access to meaningful employment placements for work study students. One would direct THECB to conduct a feasibility study on identifying the barriers and opportunities of partnering with private-sector employers. The other would require 50 percent of work-study funds to be directed toward off campus employment.</p>