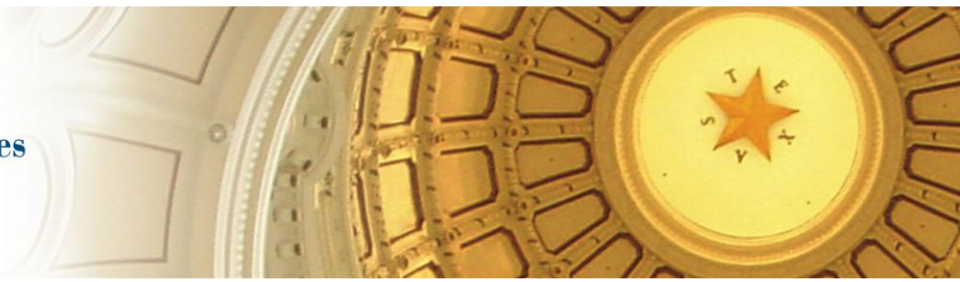




Center *for* Public Policy Priorities

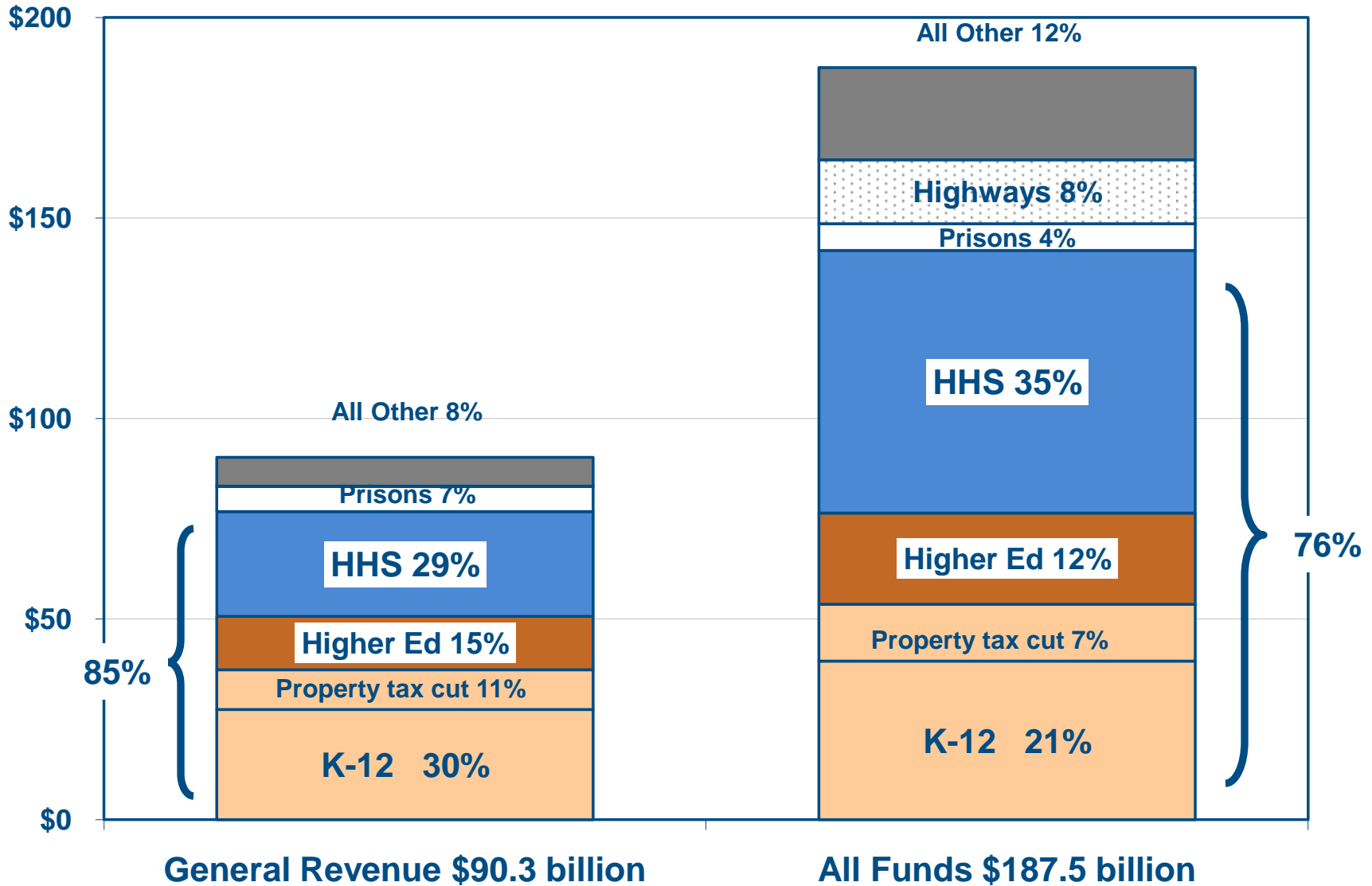


2012-13 Legislative Budget Update

June 17, 2011

Eva DeLuna Castro, Budget Analyst
deluna.castro@cphp.org

2010-11 Biennial State Budget

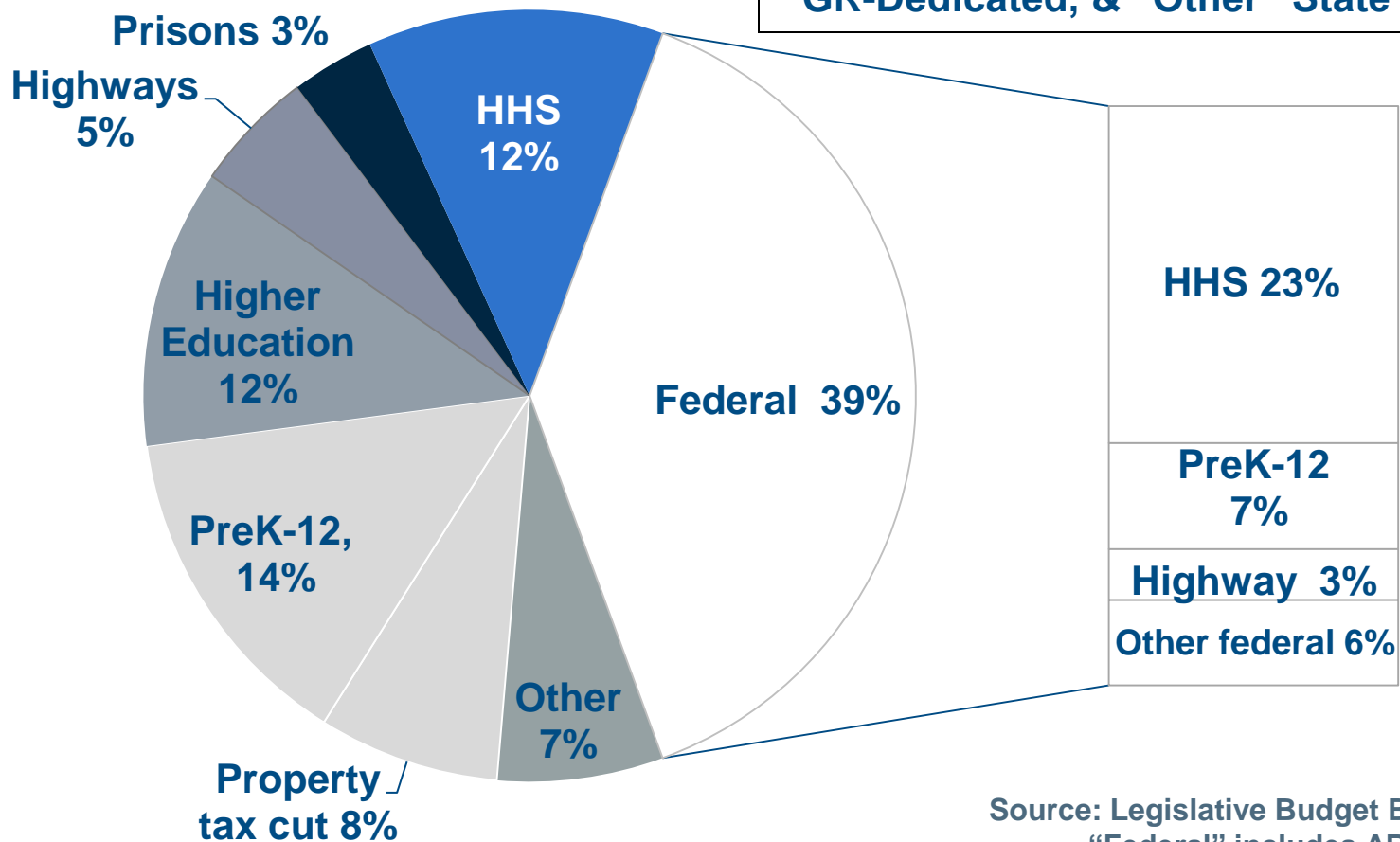


Source: Legislative Budget Board, May 2011. GR includes Recovery Act GR (LBB Table 7).

2010-11 Budget, State vs. Federal

Biennial Total: \$187 billion

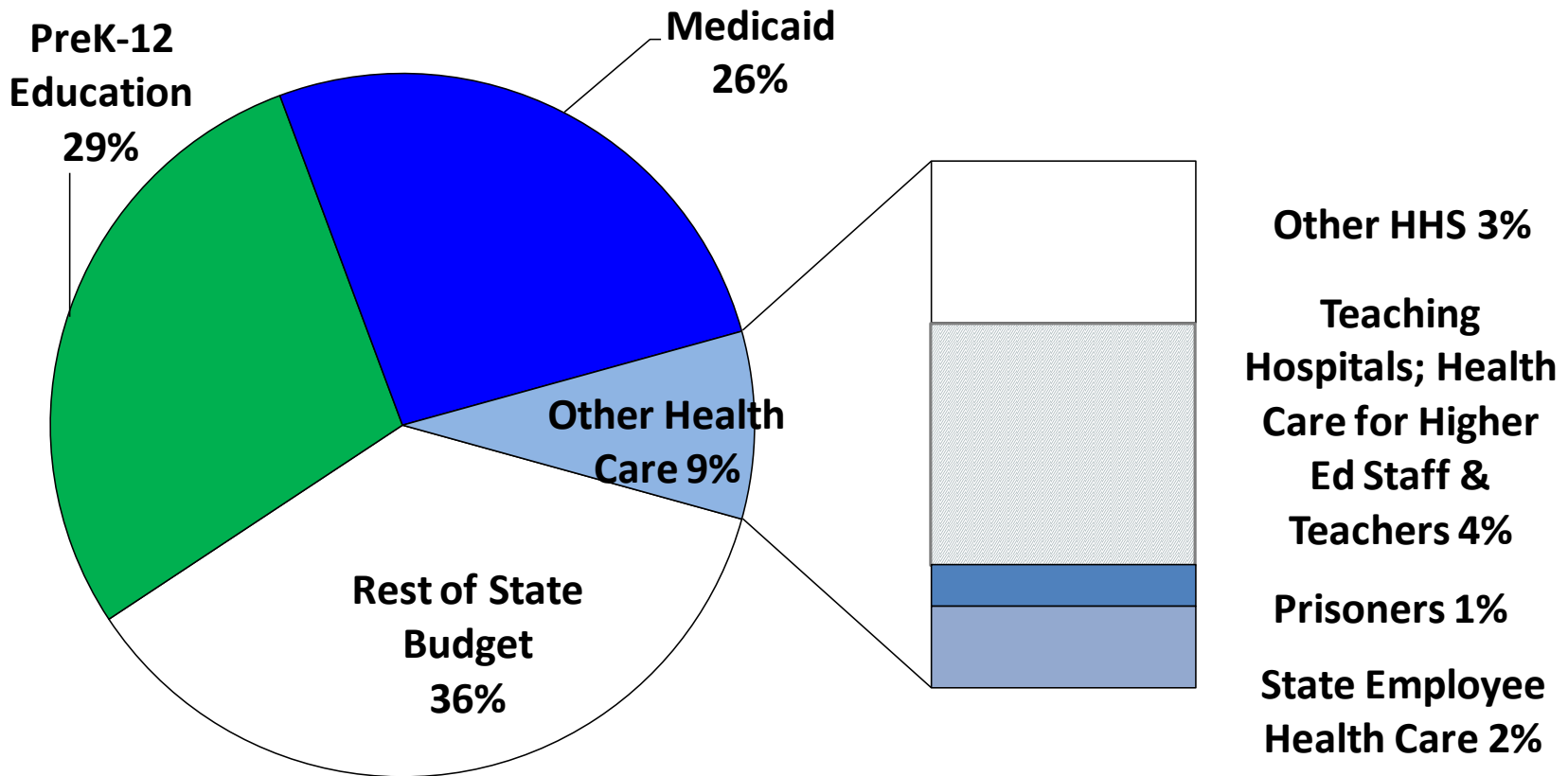
Federally funded = shown in white; other areas are General Revenue, GR-Dedicated, & "Other" State Funds.



Source: Legislative Budget Board, May 2011.
"Federal" includes ARRA used as GR.

Health Care in the 2010-11 State Budget

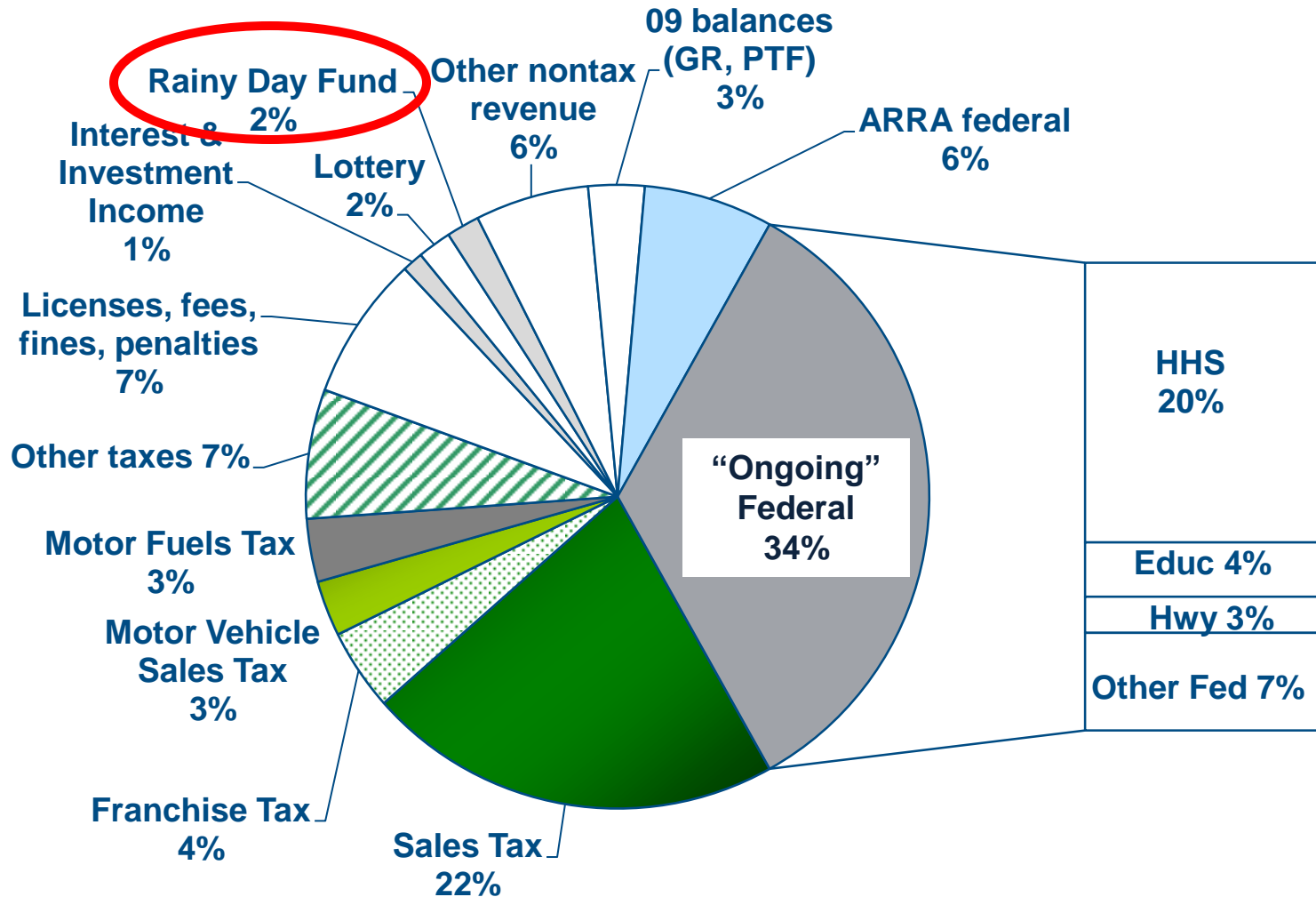
State Health Care Spending: \$66 billion
Medicaid: \$49 billion
CHIP: \$2 billion



Rest of state budget = higher education, prisons, public safety, courts, transportation, parks/environmental protection, regulatory agencies, legislature, and general govt.

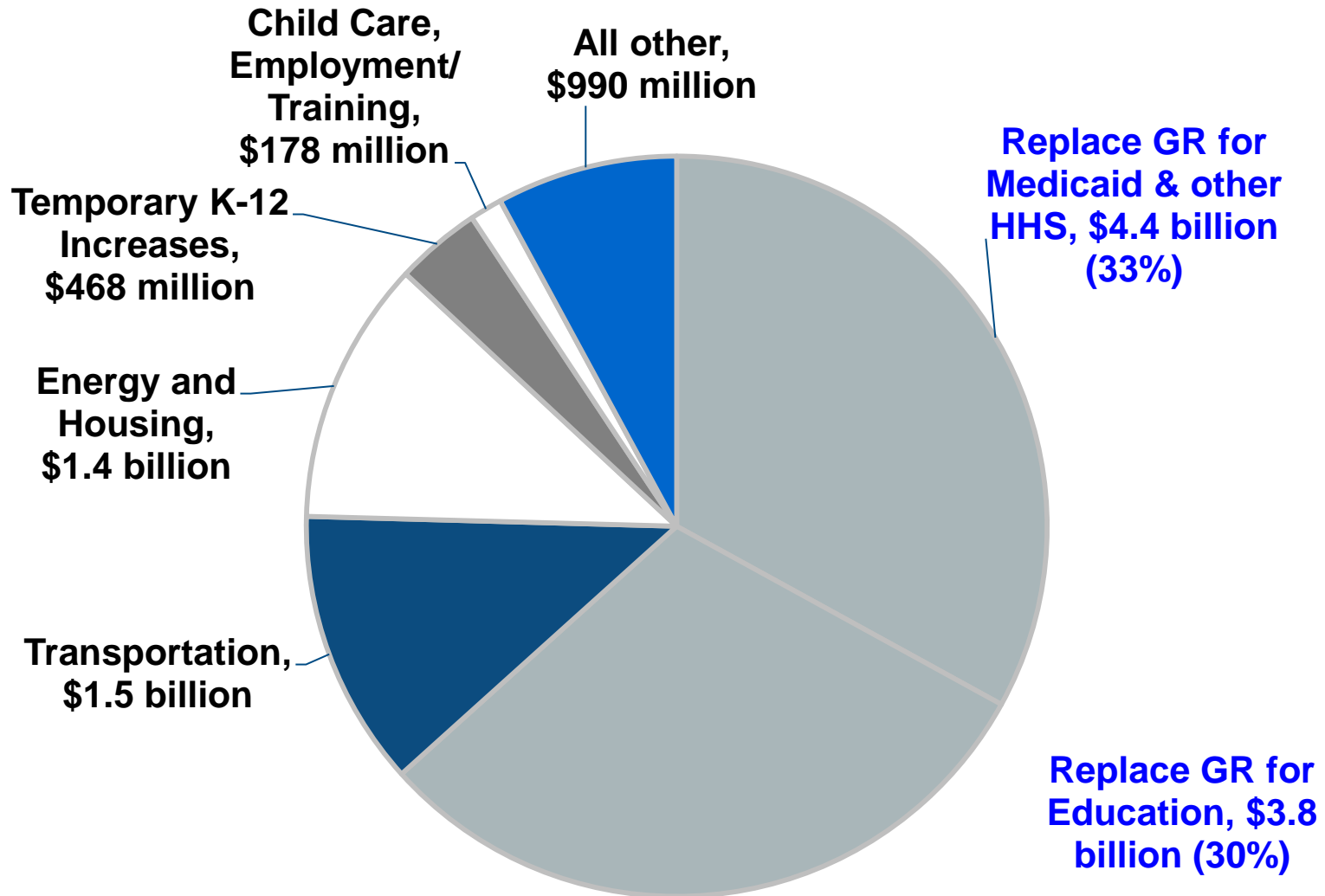
How the 2010-11 Budget was Funded

Biennial Total: \$186 billion

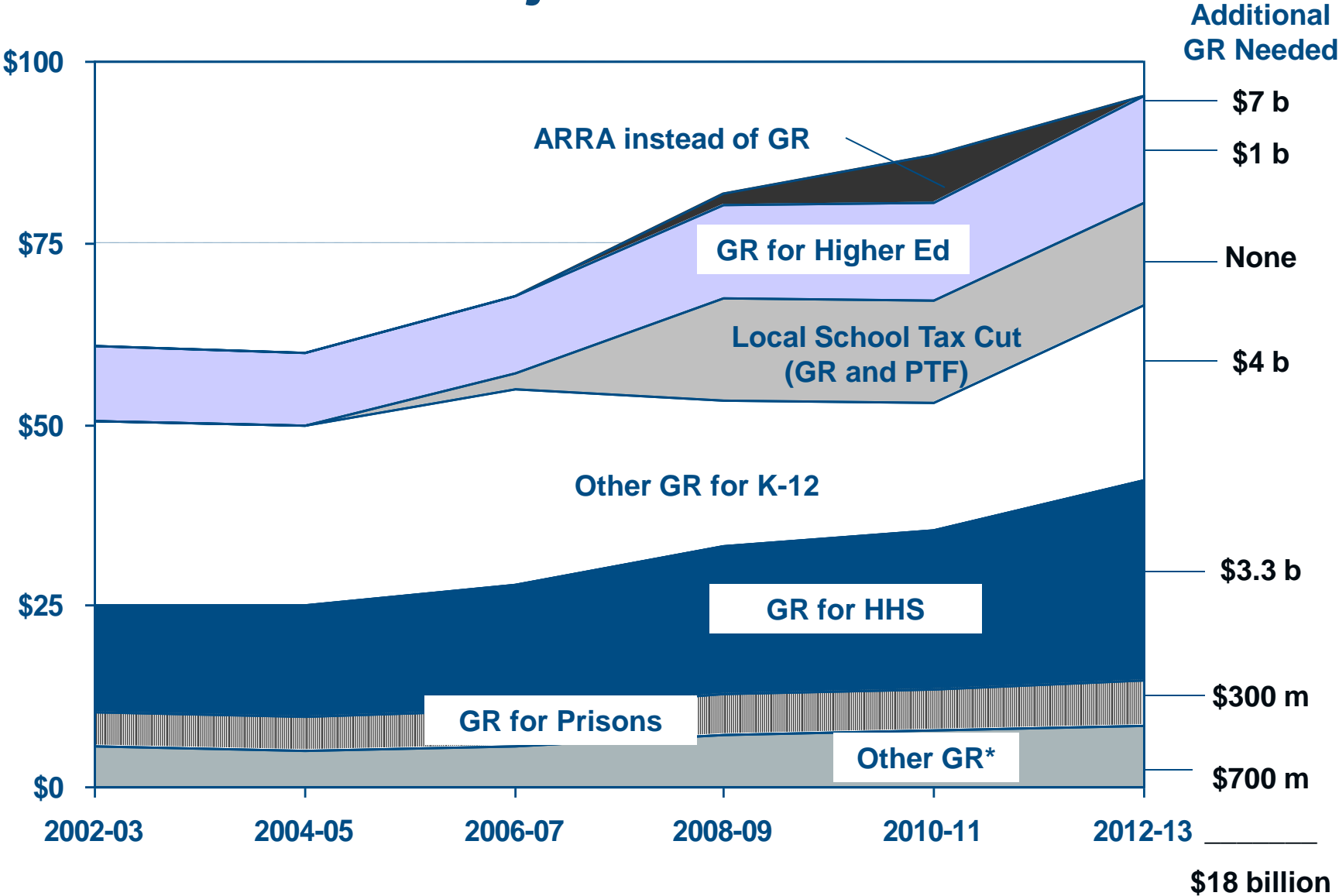


ARRA Uses in State Budget

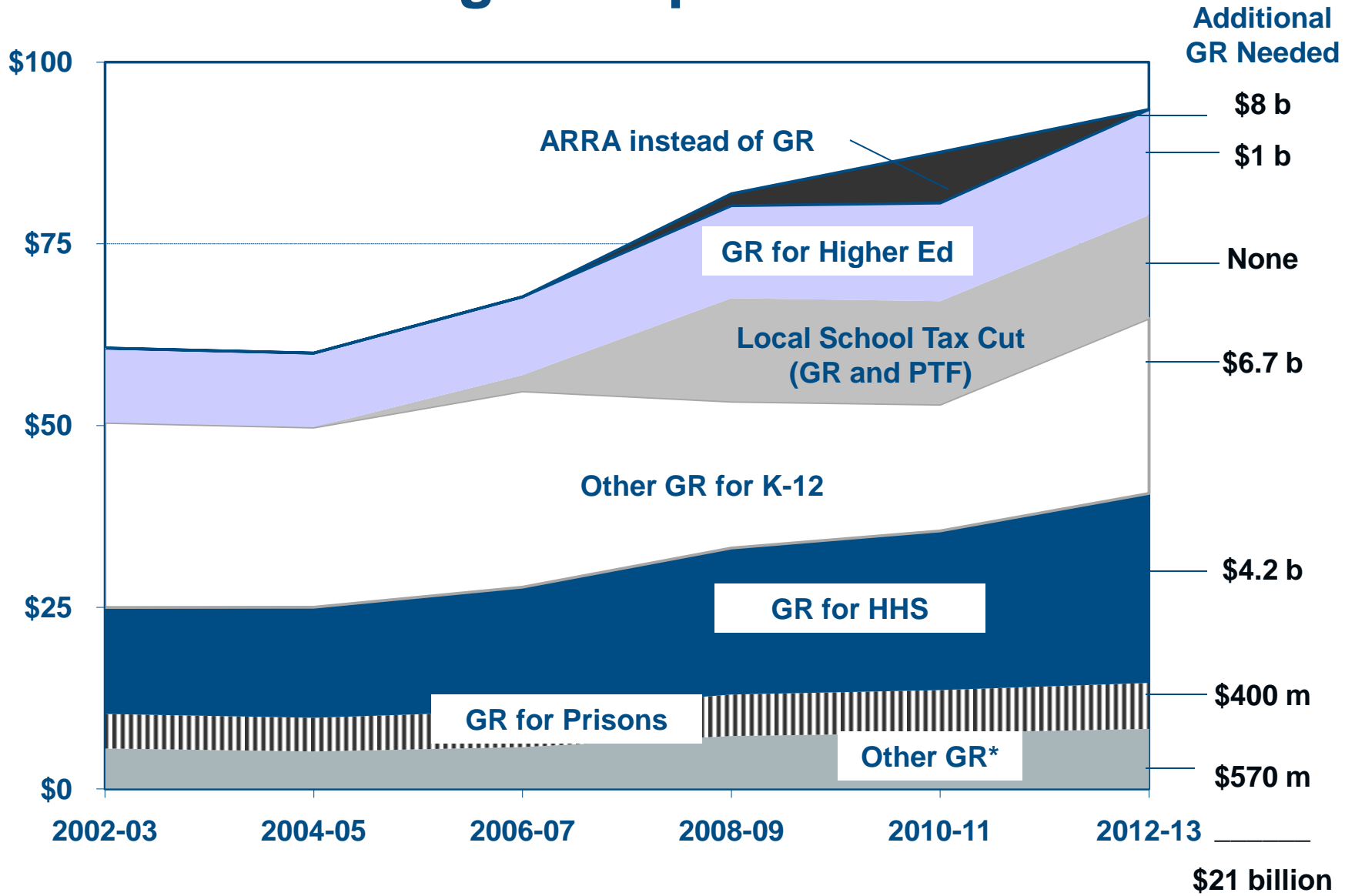
(2010-11: \$12.5 billion, plus \$4 billion spent in 2009)



CPPP Projection for 2012-13



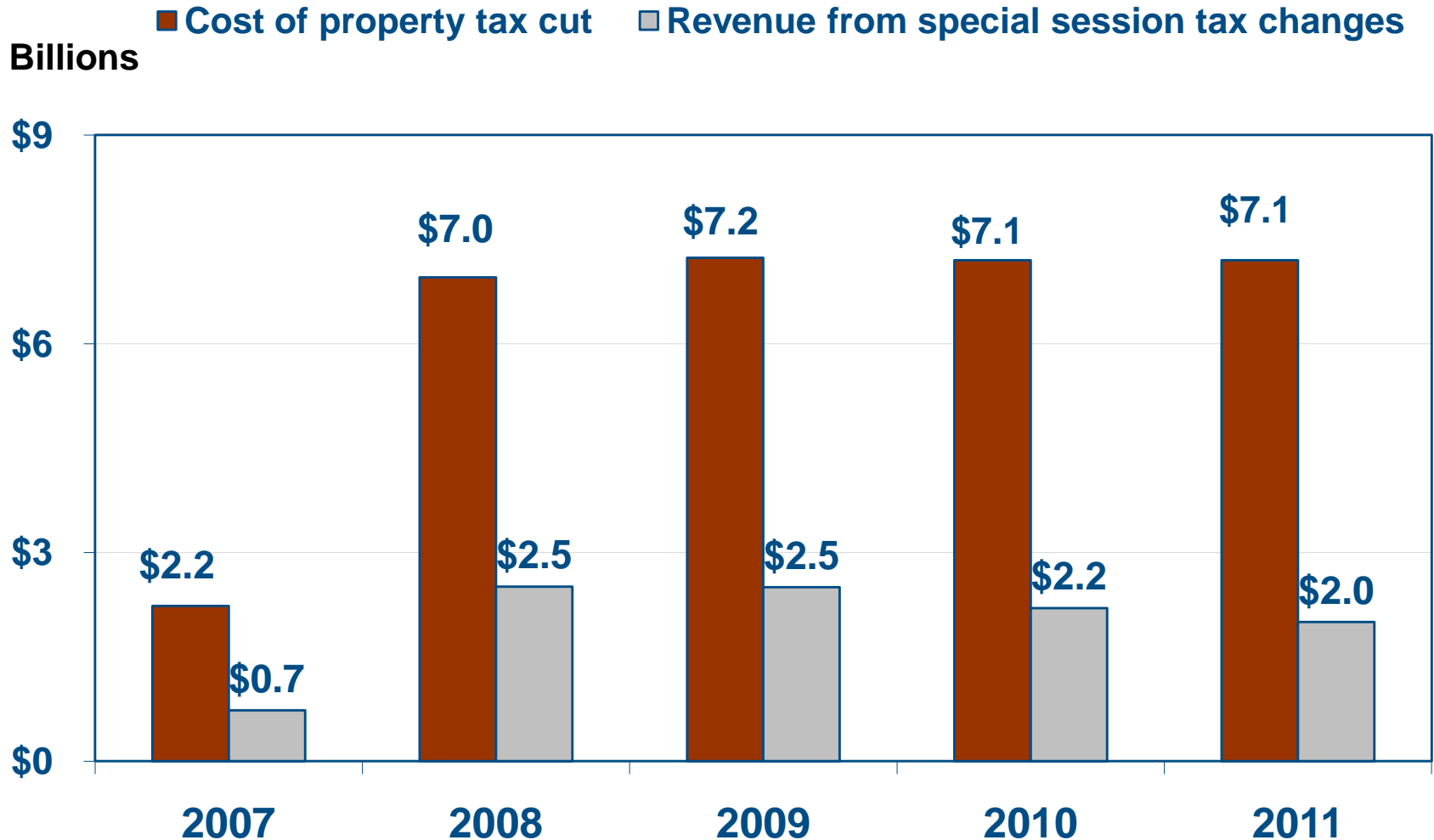
Actual Budget Requests for 2012-13



Spending Needs for 2012-13

- **Public Elementary/Secondary Education:** \$2.2 billion for enrollment growth; \$2 billion to offset local property value declines; \$4.7 billion other GR (*\$3.3 b replaces ARRA used as GR*)
- **Higher Ed:** \$730 million for enrollment growth
- **Health and Human Services:** \$1.4 billion GR to cover Medicaid/CHIP cost increases; \$1.7 billion caseload growth; \$5.5 billion in other GR needs (*\$4.4 b replaces ARRA used as GR*)
- **State employee benefits:** \$570 million more GR needed by ERS (health, pension)
- **Prisons:** \$400 million more for TDCJ/TYC

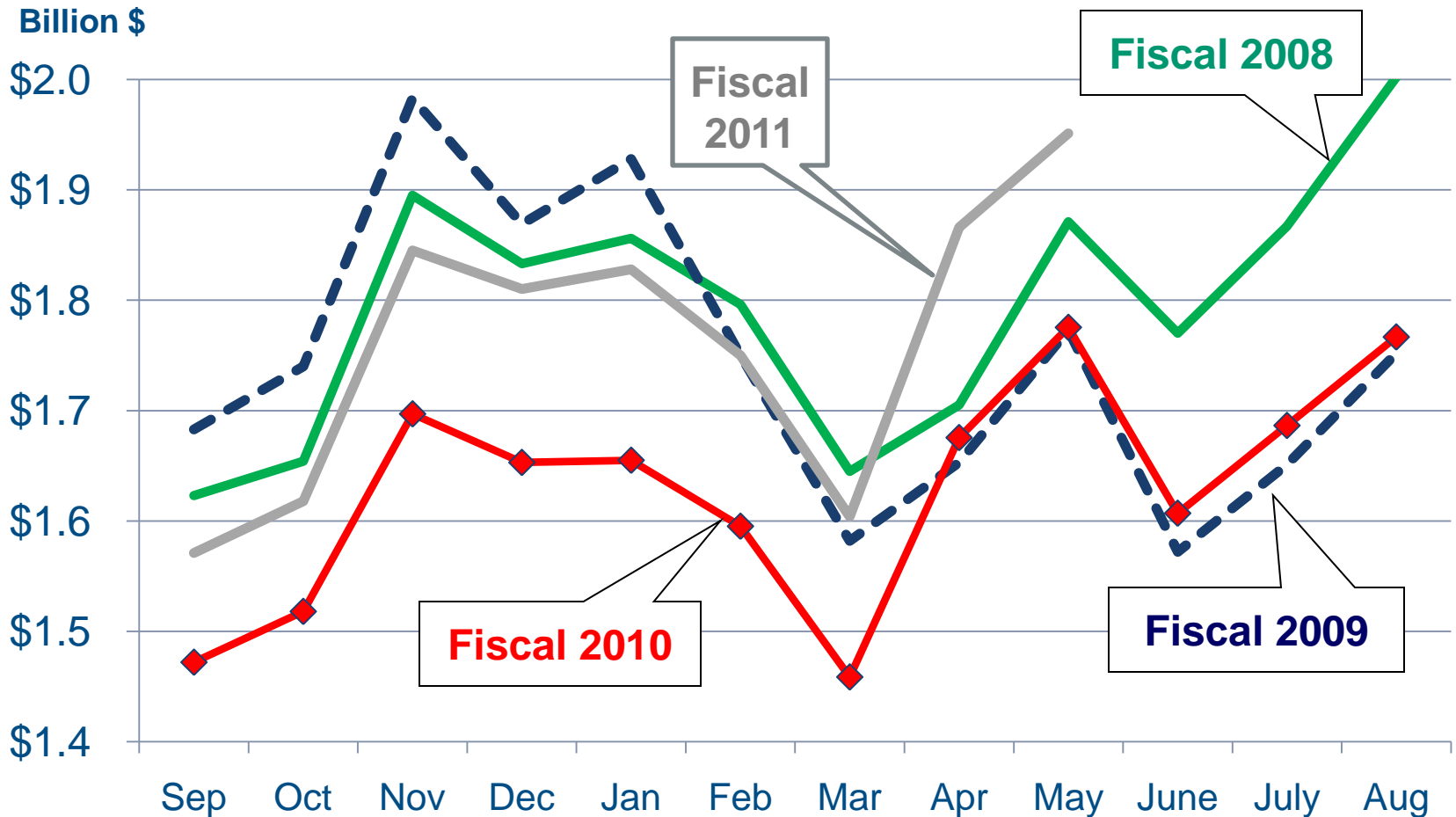
2010-11 Budget: \$10 Billion Gap Between Tax Cut Cost & Revenue Raised in 2006 Session



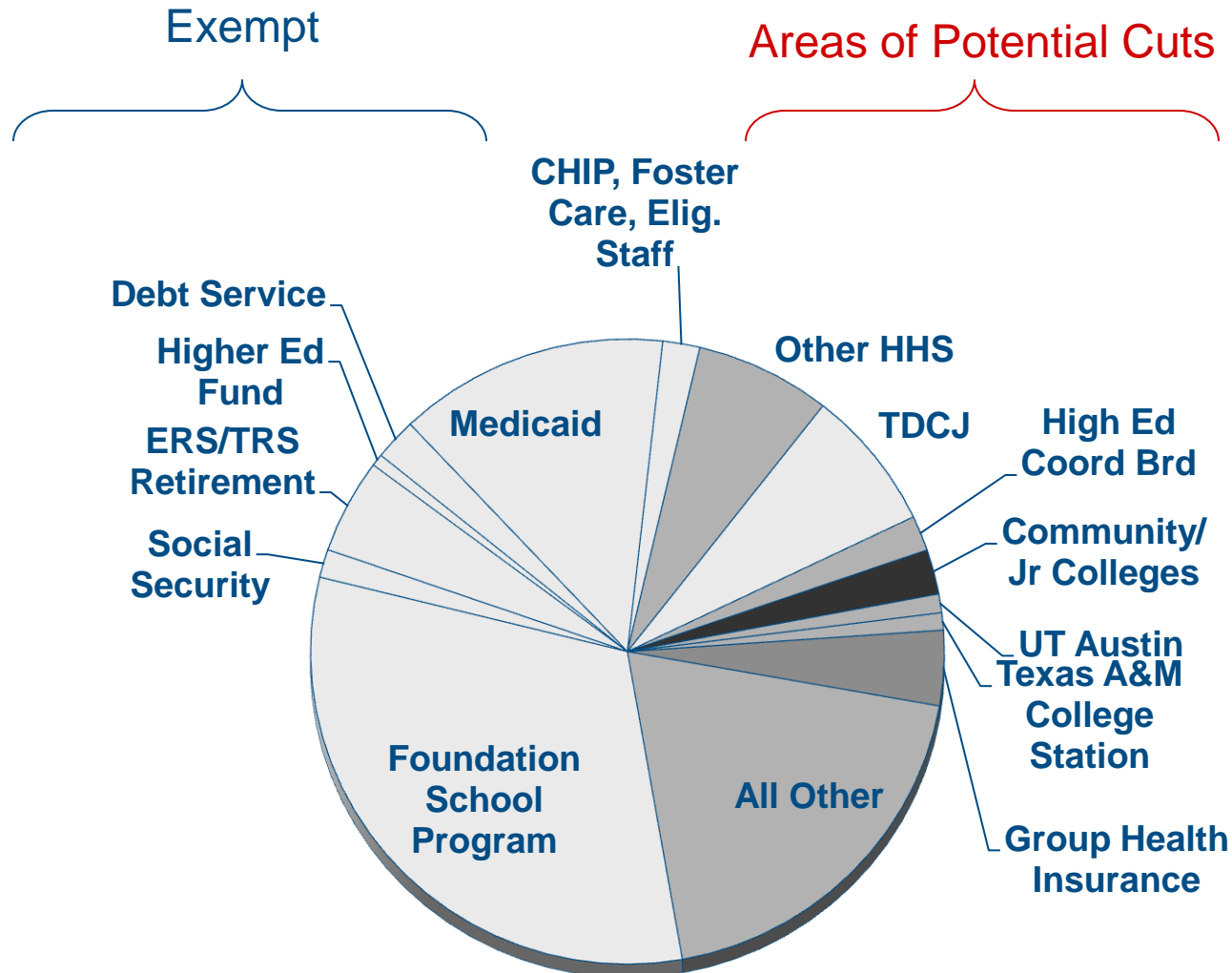
New Revenue Replaces Less Than One-Third of Lost Property Taxes

In billion \$	2008-09		2010-11	
	May '06 fiscal note	2008 & 2009 Cash Report	May '06 fiscal note	2010 Cash Rpt; Jan '11 Estimate
Franchise tax	6.8	3.0	7.7	2.6
Tobacco tax	1.4	1.9	1.3	1.7
Used car sales	0.1	0.03	0.1	0.001
TOTAL REVENUE	8.3	5.0	9.1	4.2
Cost of property tax cut	-\$14.2	-\$14.2	-\$14.9	-\$14.2
SHORTFALL	-\$5.9	-\$9.2	-\$5.8	-\$10.0

The Recession Caused Sales Tax Revenue to Plummet



5% Cuts to General Revenue Budget for 2010-11



Of the \$87 billion (GR and GR-Dedicated) appropriated for 2010-11, only \$35 billion was “on the table” for 5% cut proposals submitted by state agencies

Total General Revenue from 5% cuts that were finally approved: \$1.25 billion

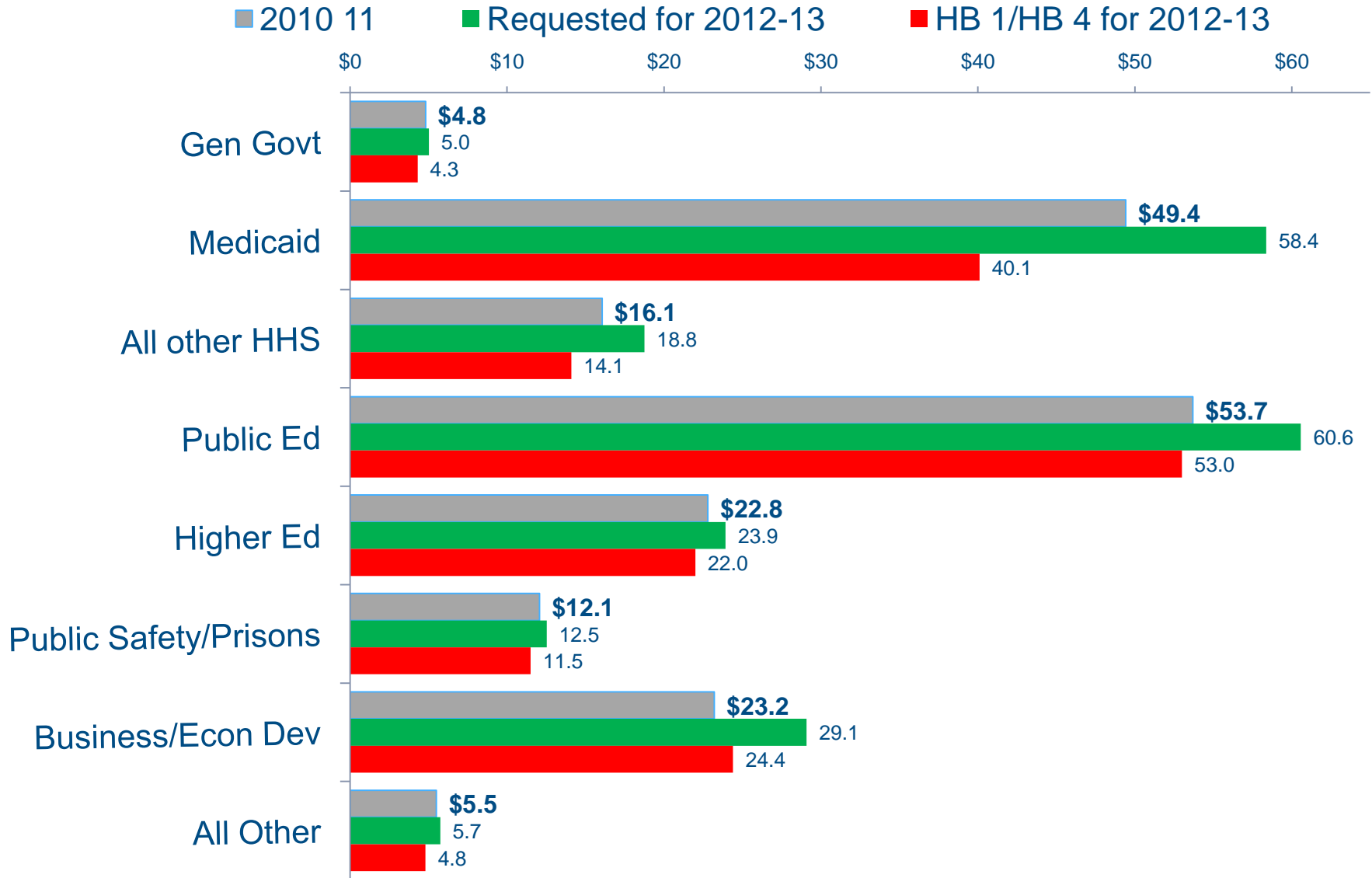
Major Areas of 5% Cuts for 2010-11, *continued*

	GR/GRD cut approved for 2010-11
HHS agencies (provider rates and other cuts)	\$205 million
Group Health Insurance (ERS & higher ed employees)	132 million
Texas Education Agency	126 million
Public community/junior colleges	106 million
Texas Department of Criminal Justice	55 million
Commission on Environmental Quality	43 million
UTMB Galveston	27 million
UT Austin	27 million
Texas A&M College Station	25 million
Higher Ed Coordinating Board	23 million
Parks and Wildlife Department	21 million
UT MD Anderson Cancer Center	16 million
Attorney General (mostly child support enforcement)	\$18 million

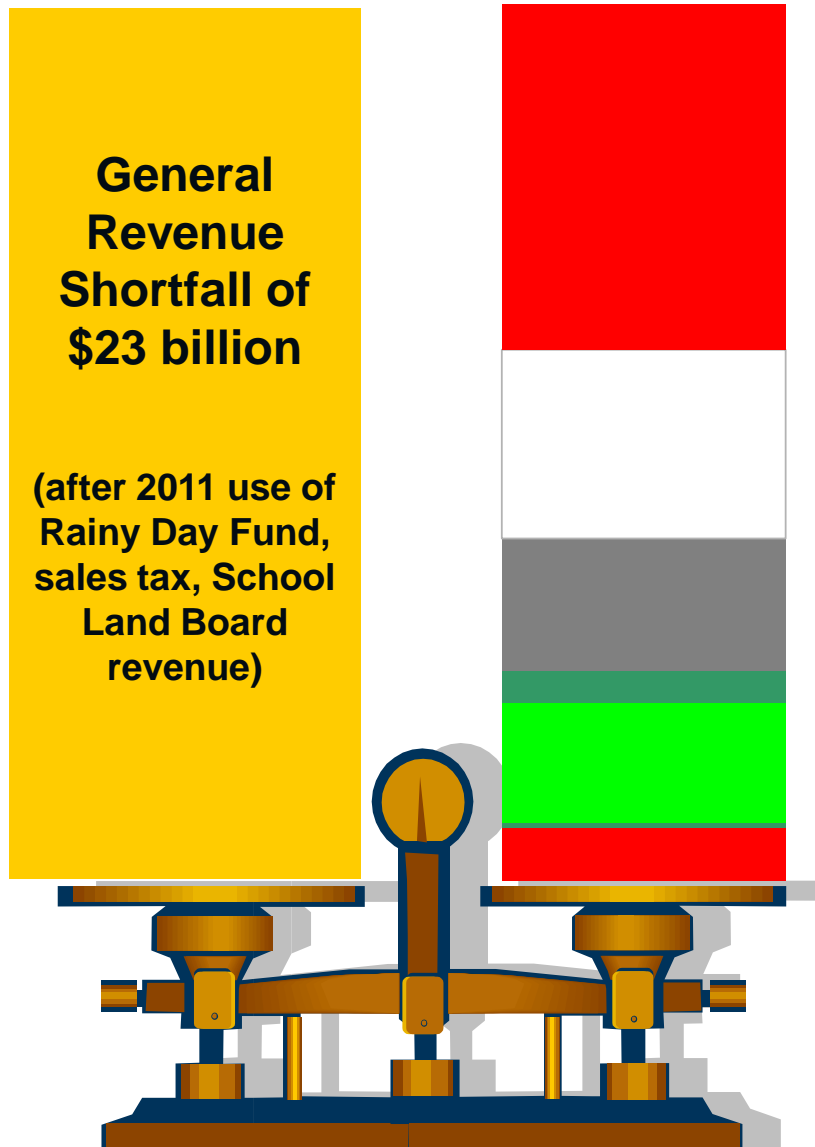
Regular Session Budget Proposals

	Requested GR	GR in HB 1 and HB 4 Conf	General Revenue Shortfall	
HHS	\$ 31.0 b	\$ 22.4 b	- \$8.6 b	-28%
Education	56.4 b	48.1 b	- 8.3 b	-15%
Criminal Justice	9.2 b	8.2 b	- 1.0 b	-11%
The rest	6.2 b	4.0 b	- 2.2 b	-35%
TOTAL	\$102.8 billion	\$ 82.7 billion	- \$ 20.1 billion	-20%

All Funds Budget (Billions)



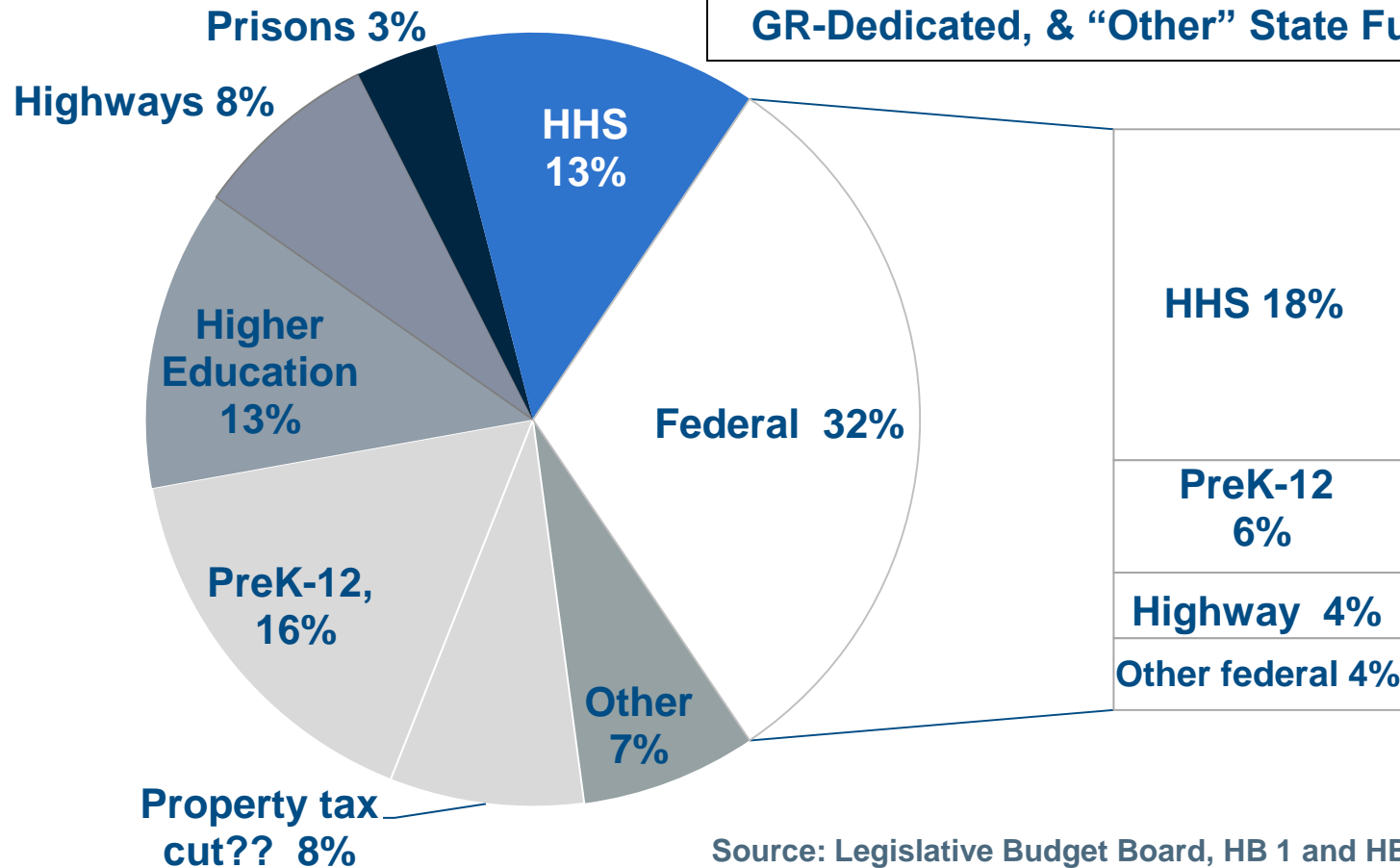
“Balancing” the 2012-13 State Budget



The Texas State Budget for 2012-13

Total: \$175 billion (6.4% cut)

Federally funded = shown in white;
other areas are General Revenue,
GR-Dedicated, & "Other" State Funds.



Source: Legislative Budget Board, HB 1 and HB 4, May 2011.
Includes \$2.3 billion delayed school payment.

Local-Level Estimates: HHS & School Cuts

CUTS TO PUBLIC SCHOOLS PROPOSED IN SPECIAL SESSION

	2012 loss in state aid (million \$)	2013 loss in state aid (million \$)	Potential ISD job loss (in 2013)	Resulting private sector job loss*	Total jobs lost
ACCESS	3.9	5.1	126	176	1,855
Andrews Center	15.0	31.4	773	1,082	5,589
Austin Travis County Integral Care	40.4	94.7	2,329	468	5,980
Betty Hardwick Center	8.7	13.6	334	313	2,812
Bluebonnet Trails Community Svcs.	44.3	47.6	2,242	1,640	1,090
Border Region MHMR	19.5	18.5	1,171	636	639
Burke Center	14.1	8.7	214	300	514
Camino Real Community Services	9.6	32.8	806	1,128	1,834
Center for Life Resources	4.1	4.8	117	144	262
Central Counties Center MHMR	19.3	15.2	1,033	1,447	895
Central Plains Center	4.4	42.0	1,888	2,643	4,530
Coastal Plains Center MHMR	19.9	48.4	1,919	1,666	2,855
Community Healthcore	37.4	78.0	652	2,697	4,806
Costal Plains MHMR	14.2	26.9	530	742	1,588
Denton County MHMR	12.5	21.5	530	742	1,271
El Paso MHMR	28.8	63.7	1,566	2,192	3,758
Gulf Bend Center	30.4	52.7	1,295	1,813	3,109
Hear of Texas Region	52.4	110.0	4,853	6,784	6,489
Helen Farabee Centers	103.6	197.3	634	887	11,647
Hill Country Mental Health & Developmental Disabilities Centers	11.8	25.8	725	1,015	3,400
Lakes Regional MHMR Center	195.0	295.0	324	454	17
LifesPath Systems	12.9	13.2	255	274	89
Lubbock Regional MHMR Center	78.6	98.8	10.4	11.2	7.6
Metrocare Services	5.0	7.6	18.7	35.3	17.6
MHMR Authority of Brazos Valley	17.6	17.6	51	51	17.6
MHMR Authority of Harris County	33.1	33.1	17.7	17.7	75.0
MHMR of Tarrant County	75.0	75.0	27.9	27.9	68.1
MHMR of Nueces County	68.1	68.1	13.1	13.1	12.5
MHMR of Tarrant County	12.5	12.5	5	5	17.7
MHMR Svcs. for the Concho Valley	17.7	17.7	5	5	17.7
MHMR Services of Texoma	17.7	17.7	5	5	17.7
MHMR Valley MHMR	17.7	17.7	5	5	17.7
Metrocare Services	17.7	17.7	5	5	17.7
Pecan Valley MHMR	17.7	17.7	5	5	17.7
Permian Basin Community Centers	17.7	17.7	5	5	17.7
Permian Basin Community Centers	17.7	17.7	5	5	17.7
Spindletop Center	17.7	17.7	5	5	17.7
Texoma Center	17.7	17.7	5	5	17.7
Texas Panhandle Centers	17.7	17.7	5	5	17.7
The Center for Health Care Services	17.7	17.7	5	5	17.7
Tri-County Services	17.7	17.7	5	5	17.7
Tropical Texas Centers	17.7	17.7	5	5	17.7
Tropical Texas Behavioral Health	17.7	17.7	5	5	17.7
West Texas Centers	17.7	17.7	5	5	17.7
West Texas Behavioral Health	17.7	17.7	5	5	17.7
Lubbock Regional MHMR Center	17.7	17.7	5	5	17.7
TEXAS TOTAL	\$1.2 billion	\$2.2 billion	11,647	17,647	176,489

*Maximum number of ISD jobs that would be cut if other revenue cannot be used to offset cuts. Elementary/secondary education has a 1.4 multiplier on average (1 school job = 1.4 jobs lost).

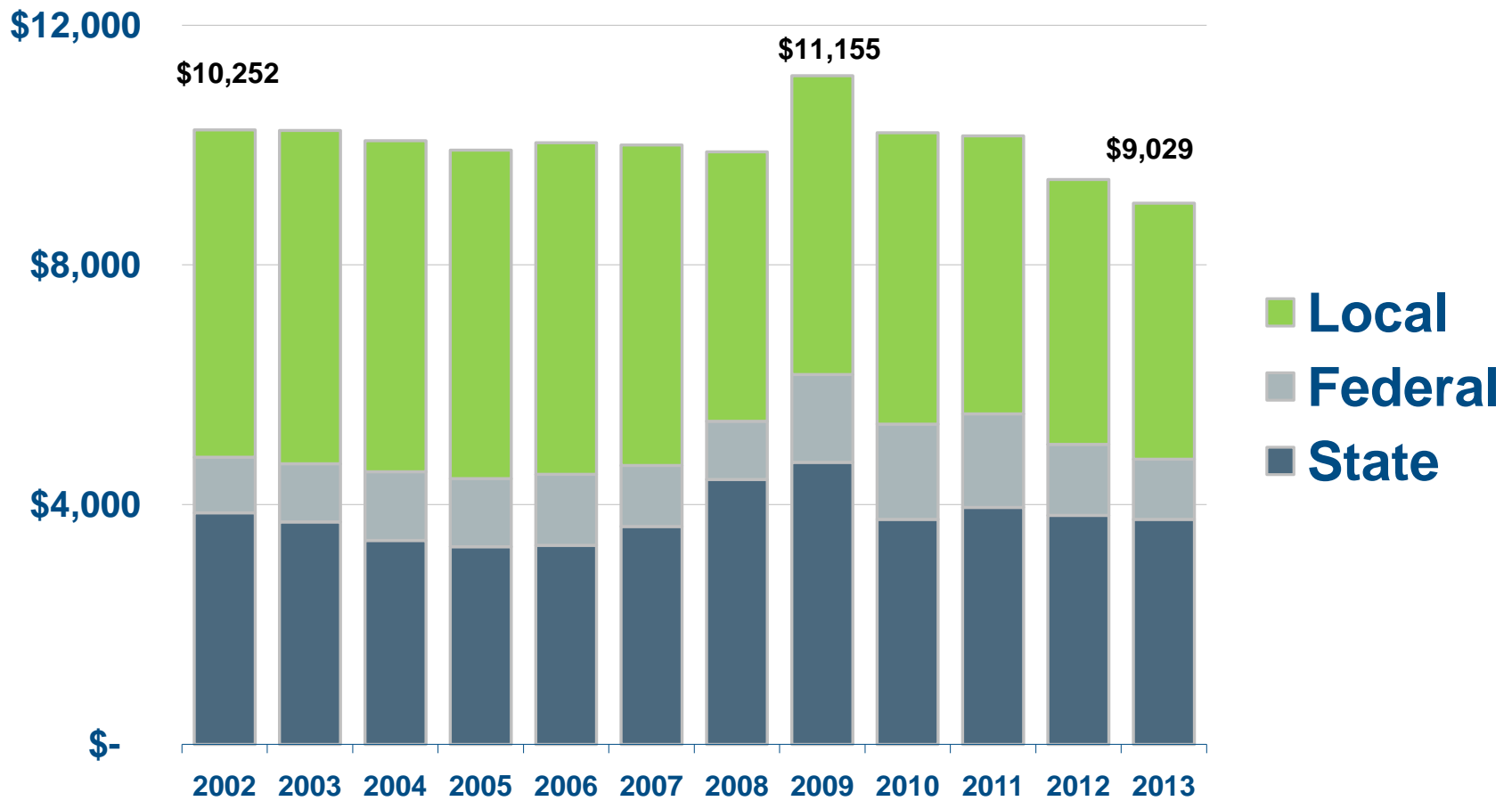
CUTS TO HEALTH & HUMAN SERVICES ENACTED IN REGULAR SESSION

	2010-11 All Funds Budget for HHS (million \$)	HB 1 All Funds for 2012-13 (million \$)	Biennial change	Percent Change
ACCESS	317	262	(55)	-17
Andrews Center	3,663	3,115	(548)	-15
Austin Travis County Integral Care	946	775	(171)	-18
Betty Hardwick Center	1,725	1,451	(274)	-16
Bluebonnet Trails Center	821	647	(174)	-21
Border Region MHMR	1,343	1,006	(337)	-25
Burke Center	459	366	(93)	-20
Camino Real Community Services	886	647	(239)	-27
Center for Life Resources	377	262	(115)	-30
Central Counties Center MHMR	3,663	3,115	(548)	-15
Central Plains Center	946	775	(171)	-18
Community Healthcore	1,725	1,451	(274)	-16
Denton County MHMR	821	647	(174)	-21
El Paso MHMR	1,343	1,006	(337)	-25
Gulf Bend Center	459	366	(93)	-20
Hear of Texas Region	638	373	(265)	-41
Helen Farabee Centers	155	528	(373)	-24
Hill Country Mental Health & Developmental Disabilities Centers	417	126	(291)	-70
Lakes Regional MHMR Center	1,519	92	(1,427)	-94
LifesPath Systems	962	335	(627)	-65
Lubbock Regional MHMR Center	1,824	1,255	(569)	-31
Metrocare Services	1,468	807	(661)	-45
MHMR Authority of Brazos Valley	1,071	1,491	(420)	-39
MHMR Authority of Harris County	877	1,211	(334)	-38
MHMR of Tarrant County	1,285	868	(417)	-32
MHMR of Nueces County	1,383	731	(652)	-47
MHMR of Tarrant County	522	1,072	(550)	-105
MHMR Svcs. for the Concho Valley	1,426	1,138	(288)	-20
MHMR Services of Texoma	6,656	432	(6,224)	-93
Metrocare Services	10,981	1,175	(9,806)	-89
Pecan Valley MHMR	660	537	(123)	-19
Permian Basin Community Centers	1,598	910	(688)	-43
Permian Basin Community Centers	4,842	537	(4,305)	-89
Spindletop Center	701	1,316	(615)	-88
Texas Center	385	4,002	(3,617)	-93
The Center for Health Care Services	943	568	(375)	-40
Tri-County Services	795	309	(486)	-61
Tropical Texas Centers	1,128	769	(359)	-32
Tropical Texas Behavioral Health	1,372	656	(716)	-52
West Texas Centers	782	922	(140)	-18
West Texas Behavioral Health	5,339	1,122	(4,217)	-79
TEXAS TOTAL	\$64.7 billion	\$53.4 bil	(\$11.2 bil)	-17%

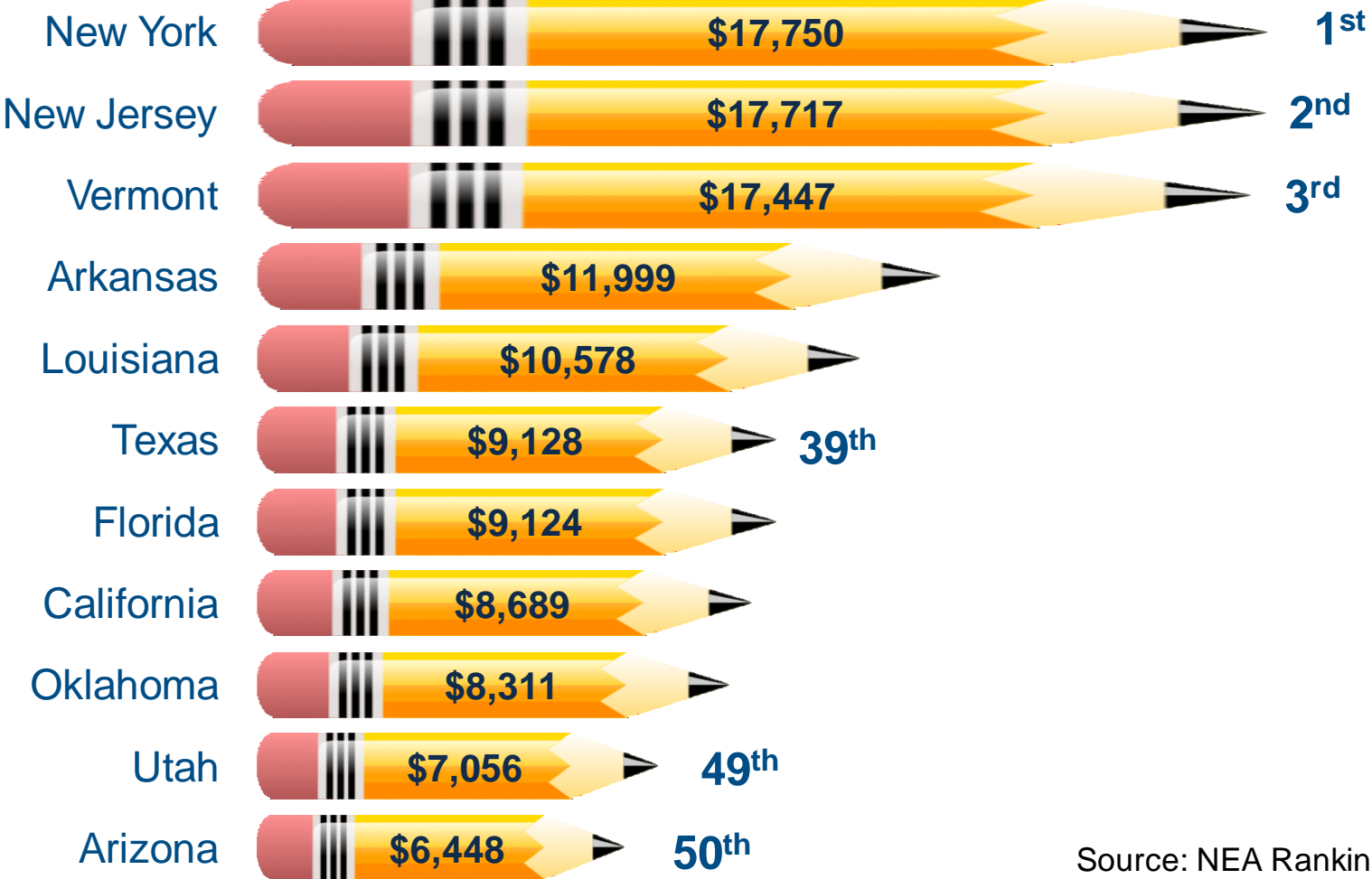
If legislature subsequently approves a supplemental appropriation for Medicaid (\$11 billion All Funds), most areas should receive funding equal to the 2010-11 level (after 2011 interim cuts).

What Might the 2012-13 Budget Do for PreK-12 Education?

Inflation-adjusted (2011 \$) Spending Per Student

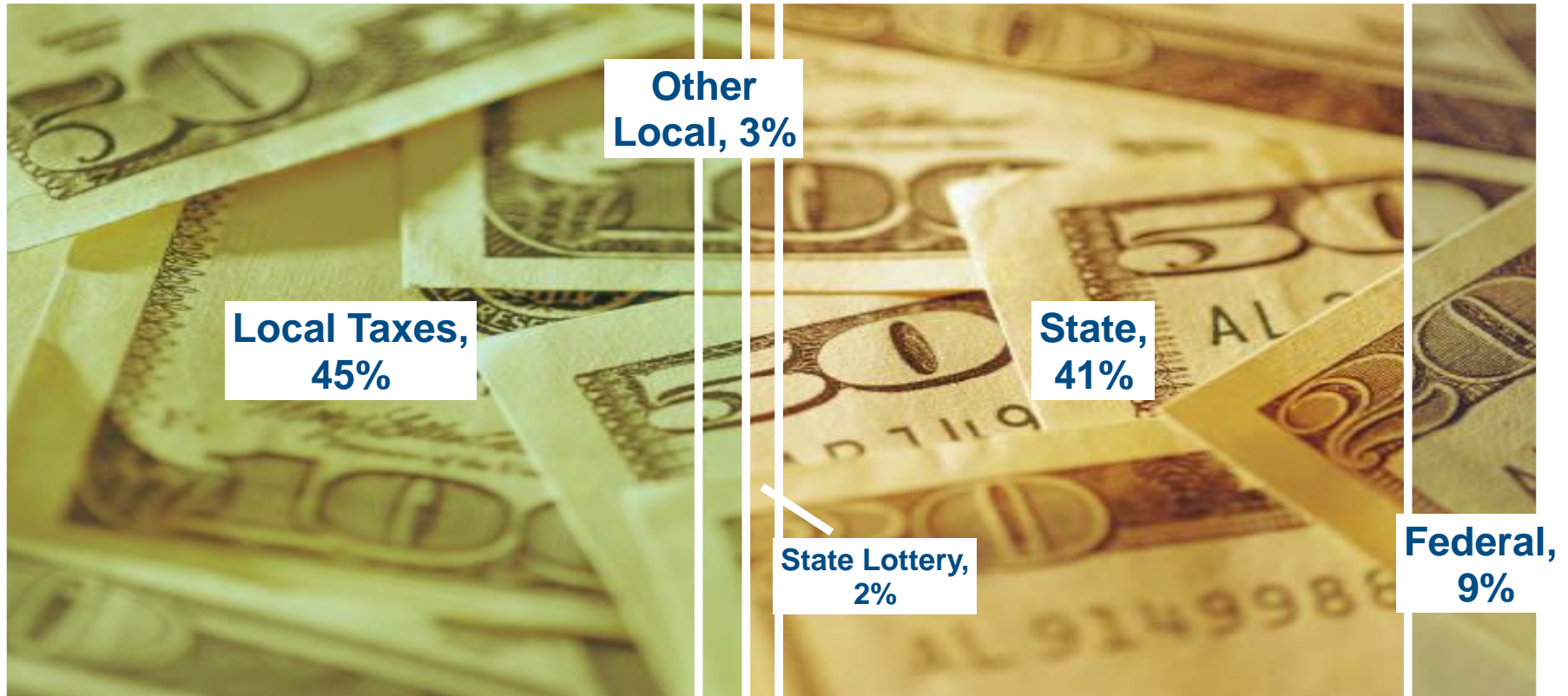


Public School Spending per Enrolled Student, 2010-11



Source: NEA Rankings

Where Support for Schools Came From, 2009-10



What Schools Spend Money On

(2009-10 School Year)



42% goes to Regular Instruction

1% to Gifted/Talented; 2% to Career/Technology Ed.; 3% to Bilingual Ed., 2% to Compensatory Ed.

9% for Education of Students with Disabilities; 2% for Accelerated Ed.; 1% for Alternative Ed;

2% for Athletics/Cocurriculars 2% for Instructional Resources & Curriculum/Staff Development

4% for Counseling, Social Work, & Health Services 5% for School Leadership

7% for General Admin & Data Processing 11% for Campus Maintenance/Operation/Security

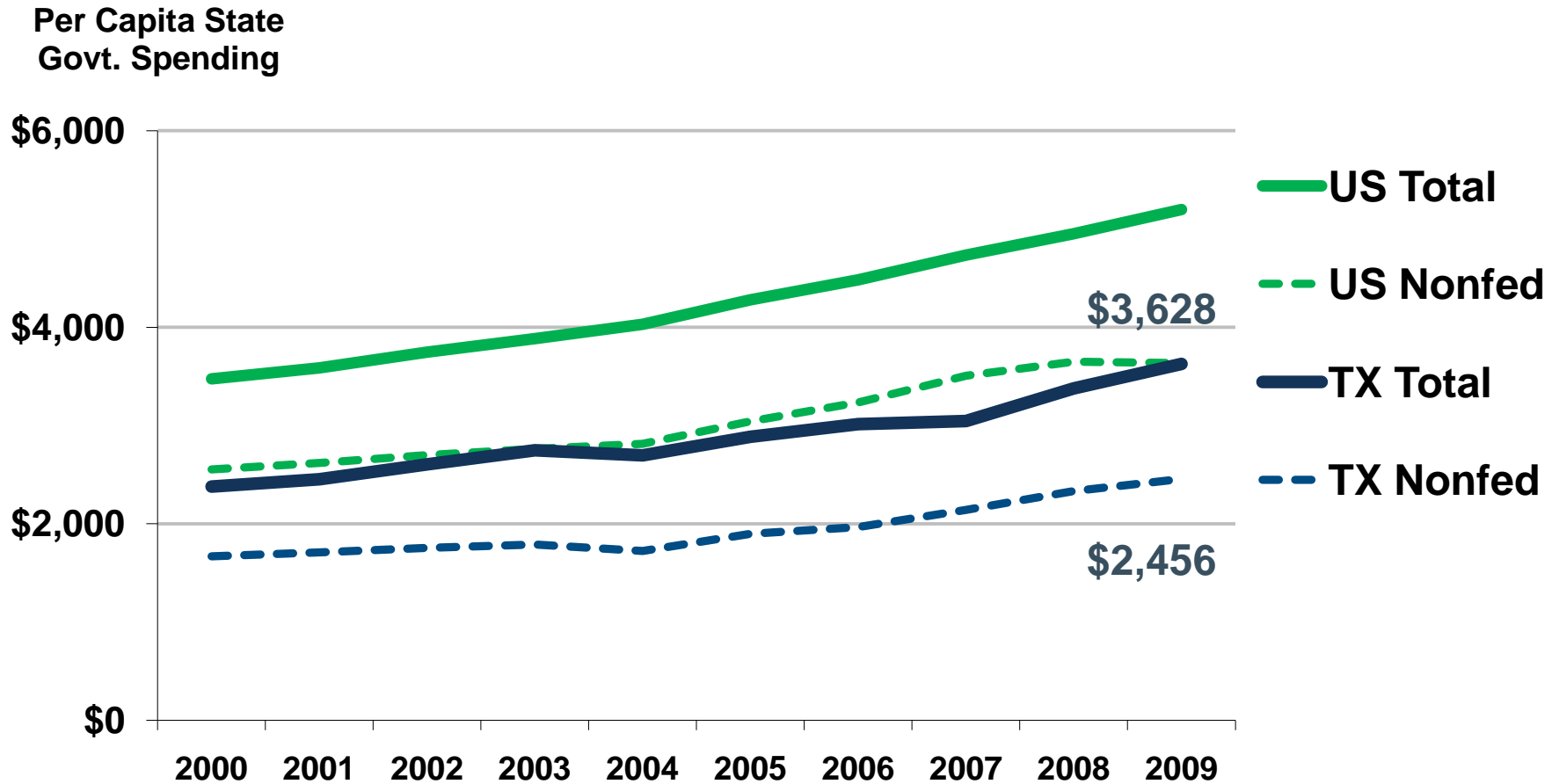
3% for Transportation/Buses 5% for Cafeterias/Food

Need for Public Services Continues

In 2009:	Texas	US Average	Texas 50-state Rank
Children (under 18) as a Percent of Total Population	27.8 %	24.3 %	2 nd
Percent of Residents with No Health Insurance	23.8 %	15.1 %	1 st
Child Poverty Rate	24.4 %	20.0 %	6 th
Elderly Poverty Rate	11.8 %	9.5 %	7 th
Share of Residents Aged 25 or over with at least a High School Diploma	79.9 %	85.3 %	50 th
Share of Residents Aged 25 or over with at least a Bachelor's Degree	25.5 %	27.9 %	30 th

Source: U.S. Census Bureau, 2009 American Community Survey.

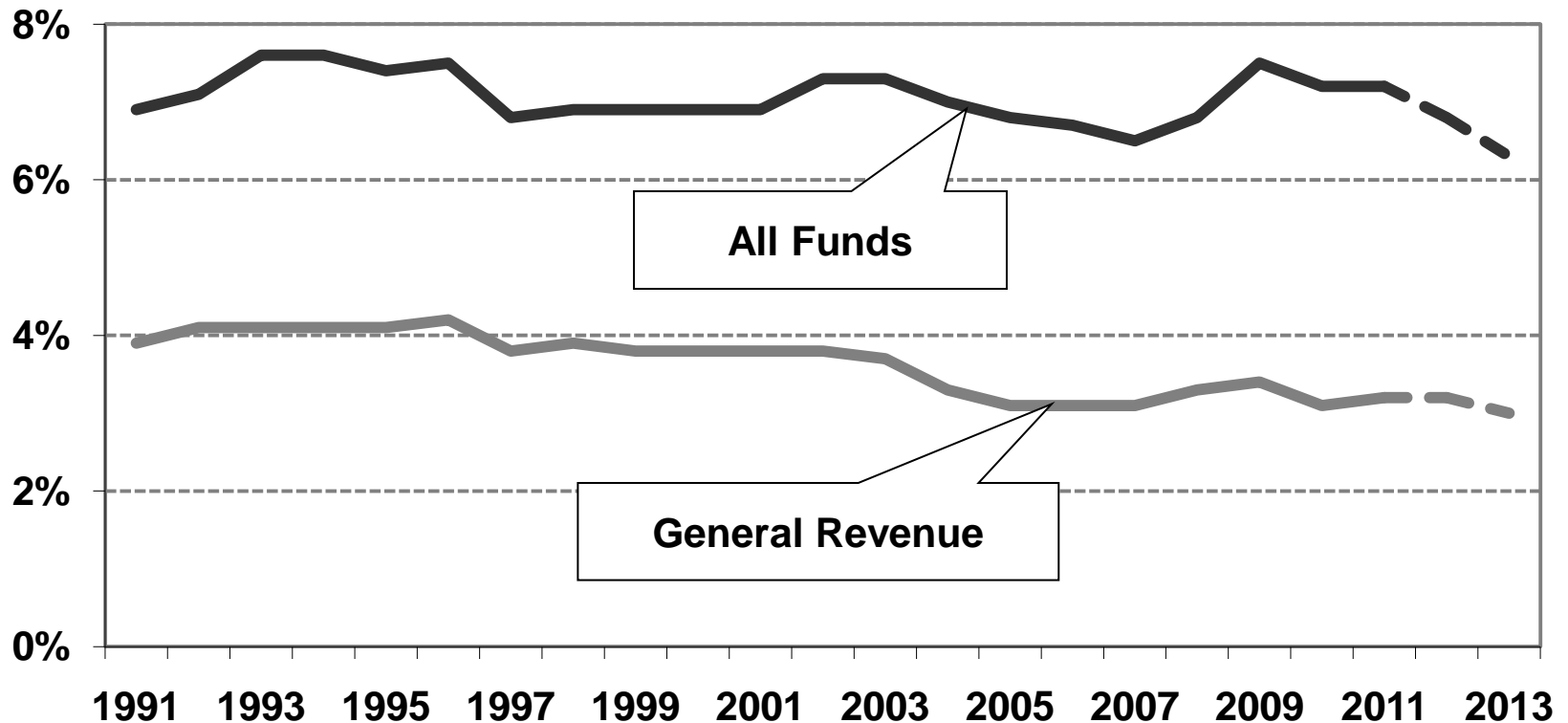
Per Resident, Texas State Government Spends Well Below U.S. Average



Sources: National Association of State Budget Officers; U.S. Census Bureau, Government Finances.

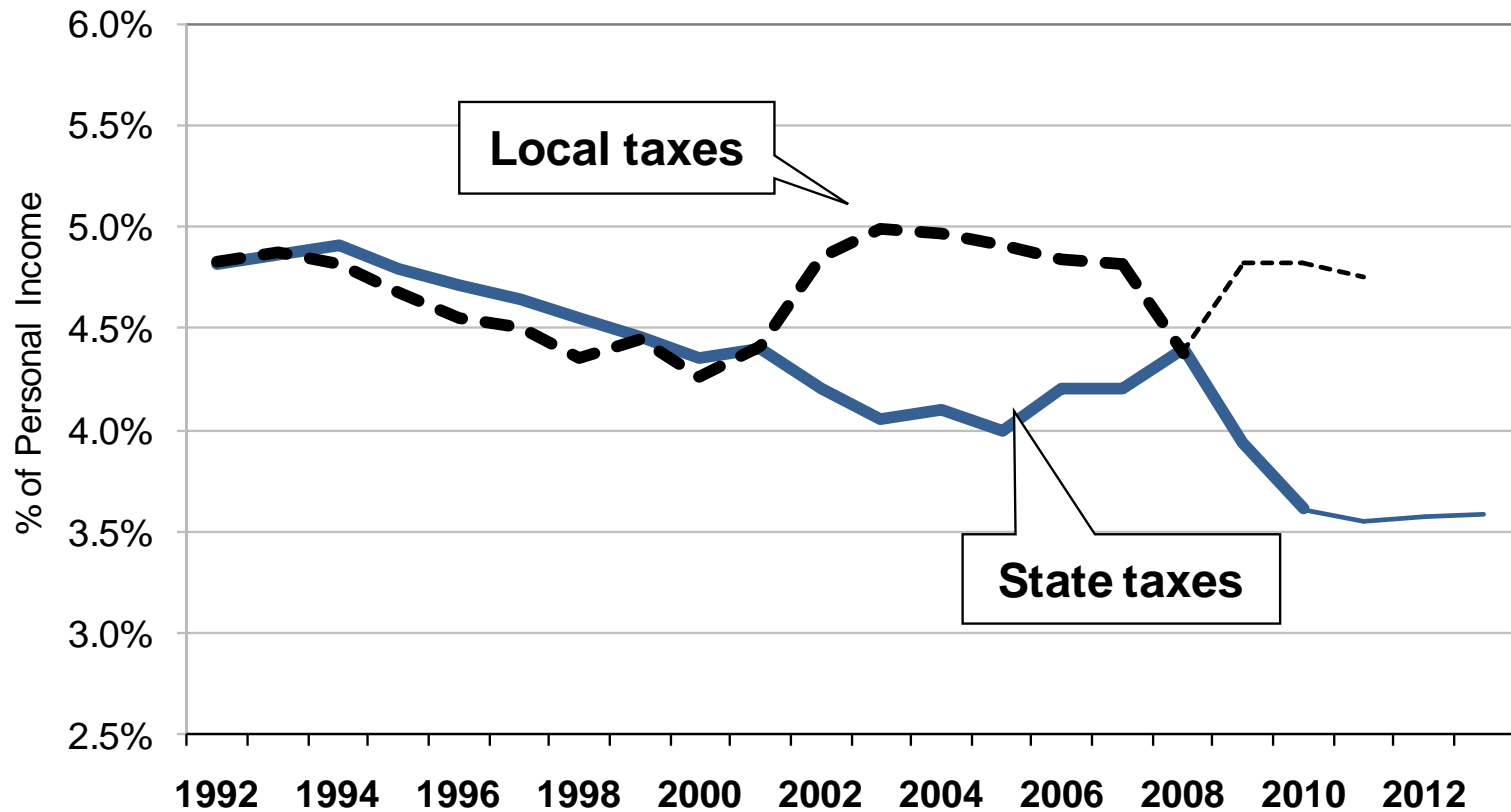
As a Share of the Economy, State Government Spending Peaked in mid-1990's

% of Gross State Product



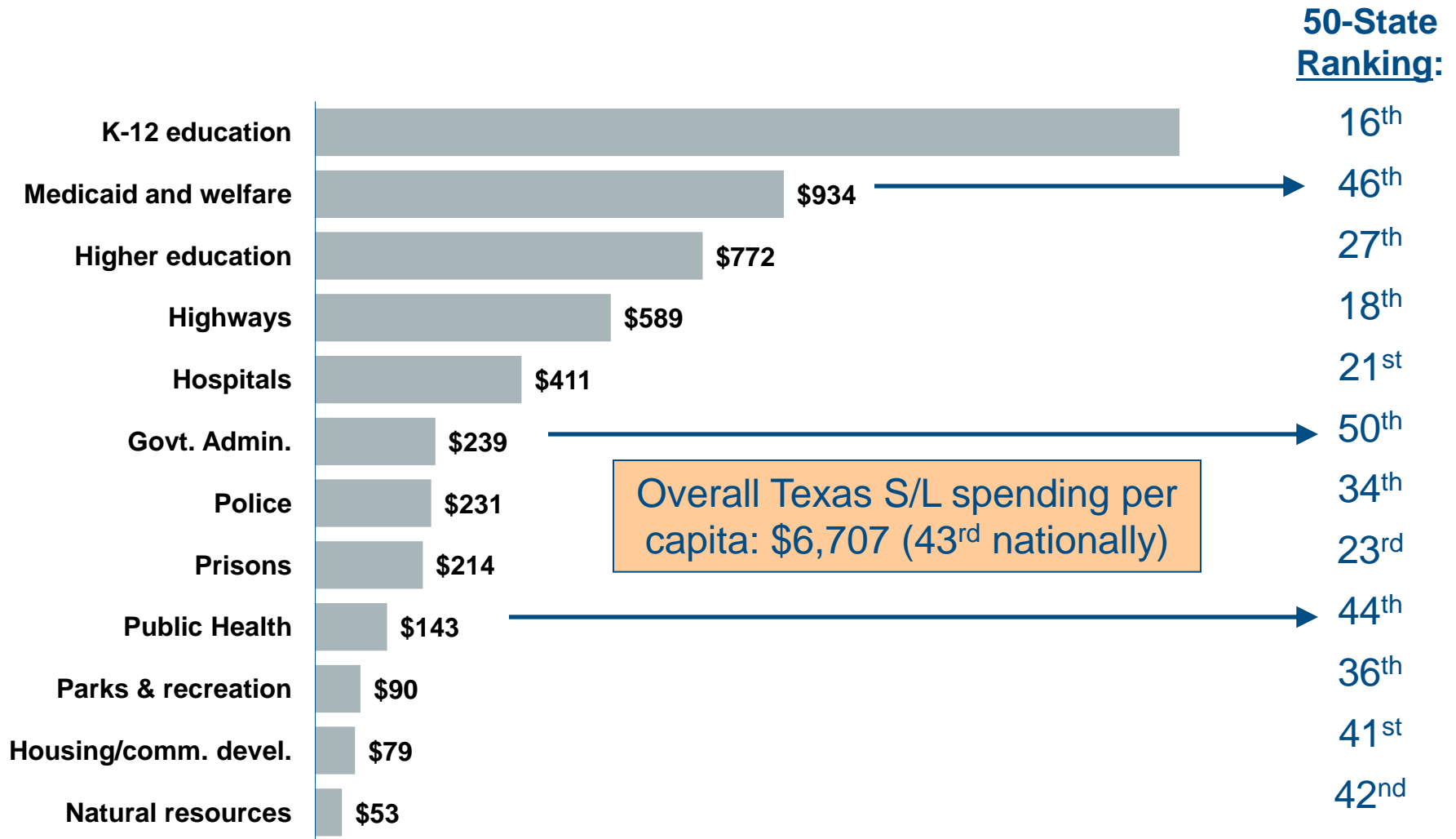
Source: Legislative Budget Board; Comptroller's Winter 2010-11 Forecast. 2013 assumes payment of Medicaid "I.O.U." and includes \$2.3 billion for schools that gets paid in 2014.

Public Services Provided Would be Even Scarcer If Not For Local Decisions



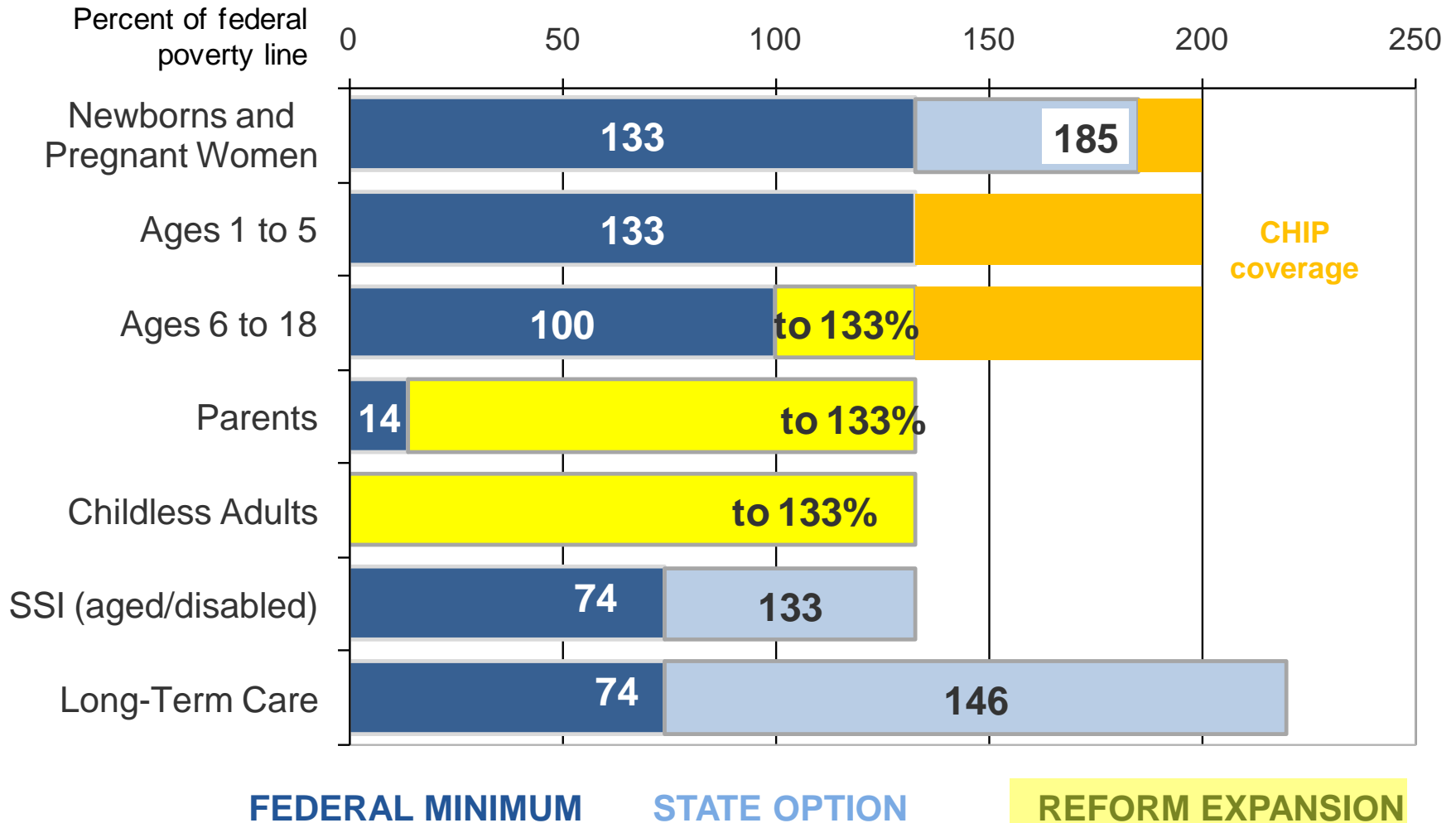
Source: Comptroller of Public Accounts, U.S. Census Bureau.

Texas Per Capita State/Local Spending, 2008



Source: U.S. Census Bureau, *Government Finances* series.

Current & Future Texas Medicaid/CHIP Eligibility



Medicaid expands to cover adults below 133% of poverty in fiscal 2014, entirely paid for with federal funds; state first has costs (5%) in 2017.

Longer-Term Solutions

Apply Sales Tax to Services	\$5 billion
Repeal high-cost natural gas tax break	\$2 billion
“Healthy Texas” taxes	\$3.5 billion
Hospital quality assurance fee	<u>\$350 million</u>
TOTAL	\$11 billion

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