



HB 2 – The 2016-17 Supplemental Budget Say No to Raiding the Rainy Day Fund

The filed House supplemental appropriations bill, [HB2](#), would appropriate \$1.4 billion from Texas' Economic Stabilization Fund (ESF), also known as the Rainy Day Fund. However, a committee substitute for HB2 (CSHB2) was recently outlined in the [House Appropriations Committee](#) that would increase the appropriation from the ESF to \$2.4 billion, which together with \$957 million from general revenue (GR) and \$1.8 billion from federal funds, would bring the total cost of the supplemental bill to \$5.2 billion. An examination of the numbers shows that this is far too costly for taxpayers and that there is no need to use any money from the ESF.

The following items would total \$2.4 billion from the ESF:

- \$680.6 million to various public education agencies, including \$500 million for TRS-Care
- \$653.1 million for border security, primarily to DPS
- \$587.4 million for capital needs and deferred maintenance to various agencies
- \$180.6 million to DFPS for 2017 expenditures and 2018-19 expenditures dependent on passage of HB4
- \$80 million for IT purposes primarily to DIR and various other agencies
- \$75.3 million for discretionary grants, such as to the Governor's Office and Tarleton State University
- \$50 million to HHSC for more bed capacity at state hospitals and in mental health community hospitals
- \$45 million to Governor's Office
- \$38.2 million for plugging abandoned oil and gas wells to RRC
- \$14.5 million to various agencies
- \$9 million to the Animal Health Commission for mitigation of cattle fever ticks

In examining these proposed appropriated items, a pattern begins to emerge. In most cases, these appropriations—if they are needed at all—could be made in the regular appropriations bill, [SB 1](#). For instance, most of the \$9 million for the Animal Health Commission is for 2018, not 2017. Similarly, funding border security is needed for 2018 and the amount for TRS-Care can actually be spread out over four years beginning in 2018.

Perhaps the only spending really needed in the supplemental bill is for Medicaid, for which HB 2 would appropriate \$930 million in GR. Given that Comptroller Glenn Hegar certified in his [Budget Revenue Estimate](#) that \$1.53 billion of GR is available for general purpose spending, that means there is about \$600 million available for other appropriations above that for Medicaid, if they are really necessary.

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TEXAS BUDGET

LIMITS FOR 2016-17 SUPPLEMENTAL BUDGET

\$1.2
BILLION
state funds

\$6.1
BILLION
all funds

**TO KEEP THE 2016-17 OVERALL BUDGET WITHIN
THE CONSERVATIVE TEXAS BUDGET LIMITS**

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The [Conservative Texas Budget](#) puts tighter limits on supplemental appropriations, but even its limit of \$1.2 billion in state funds to keep the budget from increasing more than population growth plus inflation leaves legislators about \$270 million of appropriations room above Medicaid.

There simply is no need to use the ESF or to appropriate taxpayer money beyond the limits of the CTB in either the 2016-17 supplemental budget or in the [2018-19 budget](#).

Limiting the increase in appropriations to less than population growth plus inflation would boost the economy, make it possible to cut taxes, and limit the ability of government to interfere in the daily lives of its citizens.