

TEXAS BUDGET TRENDS IN ARTICLE I

OVERVIEW

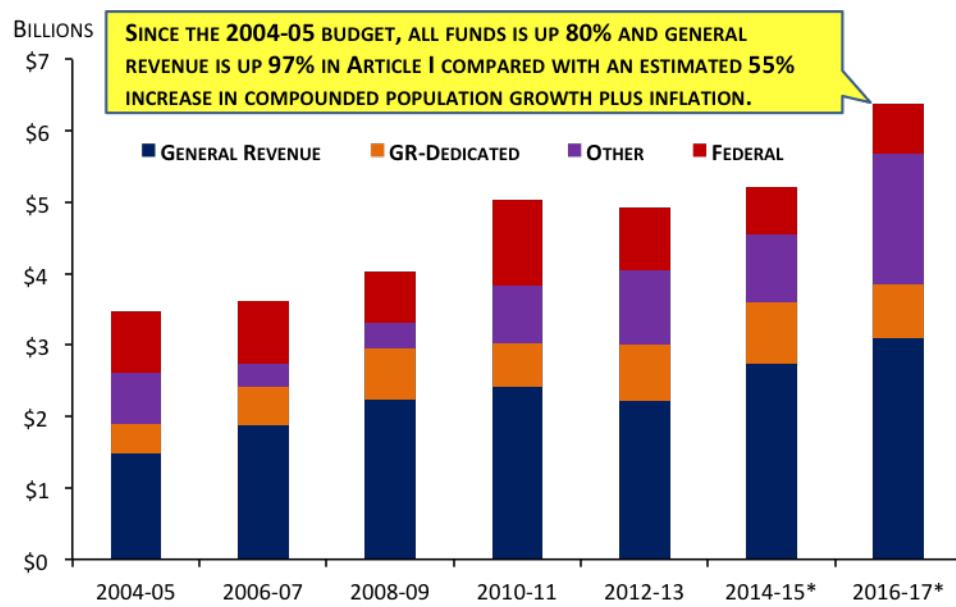
The 84th Texas Legislature passed a 2016-17 total budget including state and federal funds of \$209.1 billion for an increase of 2.9 percent from the previous budget's expected expenditures ([Legislative Budget Board \(LBB\) 2016a, 2](#)). Although this was a conservative budget, defined as an increase at or below the increase in population growth plus inflation of 6.5 percent during the prior two fiscal years ([Heflin and Ginn 2015, 5](#)), individual budget functions that increase by more than this key metric deserve scrutiny.

This paper highlights Texas budget trends in Article I since the 2004-05 budget and notes the general government functions that increase faster than population growth plus inflation in the 2016-17 budget.

Article I Budget Increases by More than Population Growth Plus Inflation

The Legislature appropriated \$6.3 billion for Article I, which is 3 percent of the 2016-17 overall budget. The \$6.3 billion is an increase of 17.5 percent, or \$931 million, above the previous budget's expected expenditures, far outpacing population growth plus inflation. Chart 1 notes that the Article I all funds budget has increased by more than compounded population growth plus inflation since the 2004-05 budget, for a cumulative increase of \$32.7 billion through 2016-17, and the general revenue budget is also up by more than this key metric.

Chart 1: Article I spending growth far outpaces population growth plus inflation since 2004-05



Notes: Data are from the Legislative Budget Board ([2016a](#)) and Heflin, et al. ([2015](#)) with the * representing expected spending.

continued

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- The Article I budget in all funds is up 80 percent since the 2004-05 budget compared with only a 55 percent increase in population growth plus inflation.
- The 84th Legislature appropriated \$6.3 billion for Article I of the 2016-17 all funds budget, which is an increase of 17.5 percent from the previous budget.
- Because of this budget increase and several functions within it outpace population growth plus inflation, they should be watched as agencies make their requests and during the legislative process next session.



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Chart 2: Functions in 2016-17 Article I all funds budget that increase by more than population growth plus inflation

| FUNCTION (IN MILLIONS) | 2014-15 APPROPRIATIONS | 2016-17 APPROPRIATIONS | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|---------------------------|---------------------------|--------------------|----------------------|
| <i>Facilities Commission</i> | \$144.0 | \$1,139.1 | \$995.1 | 690.8% |
| <i>Veterans Commission</i> | \$52.8 | \$101.4 | \$48.6 | 92.0% |
| <i>Commission on the Arts</i> | \$13.4 | \$17.7 | \$4.3 | 32.1% |
| <i>Historical Commission</i> | \$43.0 | \$64.3 | \$21.3 | 49.4% |
| <i>Library and Archives Commission</i> | \$45.7 | \$64.2 | \$18.5 | 40.5% |
| <i>Preservation Board</i> | \$31.8 | \$43.3 | \$11.5 | 36.1% |
| <i>Comptroller of Public Accounts</i> | \$461.6 | \$588.4 | \$126.8 | 27.5% |
| <i>Department of Information Resources</i> | \$586.0 | \$734.1 | \$148.1 | 25.3% |
| <i>Fiscal Programs – CPA</i> | \$817.4 | \$964.2 | \$146.8 | 18.0% |
| <i>Employees Retirement System</i> | \$16.7 | \$19.5 | \$2.8 | 16.7% |
| <i>Office of the Attorney General</i> | \$1,071.5 | \$1153.6 | \$82.1 | 7.7% |

Source: *Legislative Budget Board (2013, 2016b)*

These excessive increases in the Article I budget pique interest in what is contributing to this growth. Chart 2 highlights the key functions included in Article I that increase more than 6.5 percent in appropriations from 2014-15 to 2016-17.

The primary causes for these increases are listed below:

- \$767 million of the Facilities Commission budget increase is in the strategy “facilities design and construction” for new buildings in the Capital Complex and North Austin Complex ([LBB 2016b, I-42,43](#)).
- \$30 million of the Veterans Commission budget increase is in a new strategy of “Hazlewood reimbursements” for higher education institutions per the Hazlewood Exemption Legacy Program ([LBB 2016b, I-90](#)).
- \$4.3 million of the Commission on the Arts budget increase goes to “cultural tourism grants” for FY 2016; the Governor vetoed the FY 2017 appropriations ([LBB 2016b, I-1,3](#)).
- \$16 million of the Historical Commission budget increase is for “courthouse preservation” ([LBB 2016b, I-64](#)).
- \$13.3 million of the Library and Archives Commission budget increase is for “library resource sharing services” statewide ([LBB 2016b, I-76](#)).
- \$15.4 million of the Preservation Board budget increase is for “building maintenance” to “maintain state Capitol and other designated buildings and grounds.” There were decreases its in other strategies ([LBB 2016b, I-79](#)).
- \$95.6 million of the Comptroller of Public Accounts budget increase is in a new strategy of “Centralized Accounting Payroll/Personnel System (CAPPs) implementation” to “implement a statewide Enterprise Resource Planning System” ([LBB 2016b, I-17](#)).
- \$107.4 million of the Department of Information Resources budget increase is for a “data services center” for the cost of services to providers of telecommunications and data center services that are directly billed to customers ([LBB 2016b, I-70](#)).
- \$101.2 million of the Fiscal Programs—Comptroller of Public Accounts budget increase is to “reimburse beverage tax” per Tax Code 183.051 ([LBB 2016b, I-23](#)).
- \$2.8 million of the Employees Retirement System budget increase is for “retiree death benefits” to “provide lump-sum retiree death benefits” ([LBB 2016b, I-33](#)).
- \$48.7 million of the Office of the Attorney General budget increase is for “child support enforcement” to “establish paternity/obligations, enforce orders and distribute monies” ([LBB 2016b, I-4](#)).

CONCLUSION

Increases in functions in Article I by more than population growth plus inflation should be watched as agencies make their requests and during the legislative process next session. Of course, budget increases in other areas of

General Government should also be watched so that the Article I budget only funds essential government services such that the total budget does not increase by more than population growth plus inflation each session. ★

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