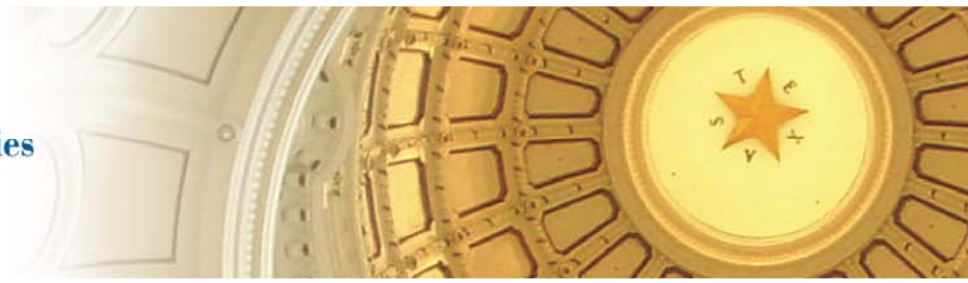




Center *for* Public Policy Priorities



Preview of 81st Session State Budget Issues

August 18, 2008

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

Outline

- Different ways to look at the state budget
- Recent budget developments
- What can be done, short-term & long-term

Register Now!



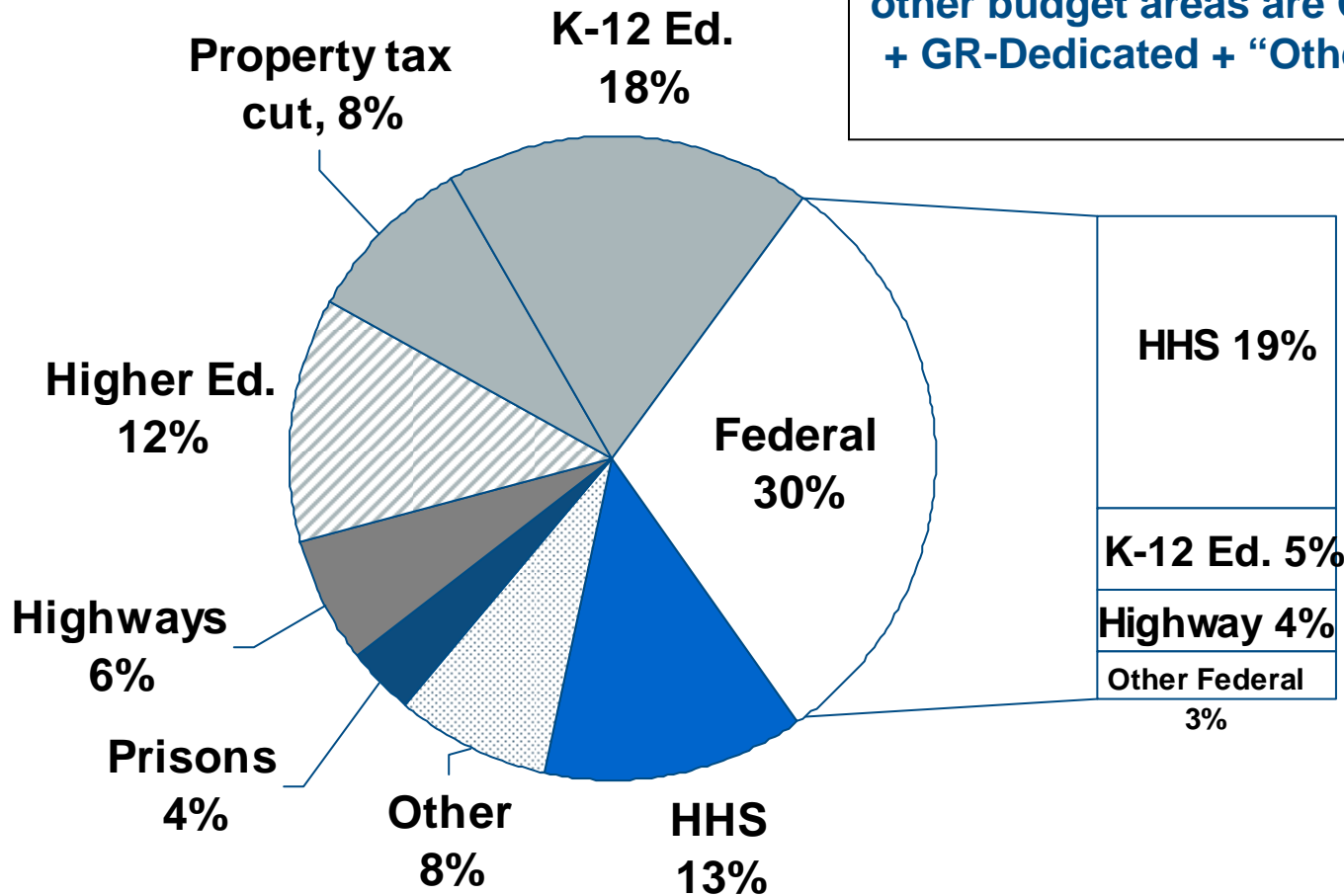
THE
WILLIAM P. HOBBY
POLICY CONFERENCE

September 18-19, 2008 • Austin, Texas

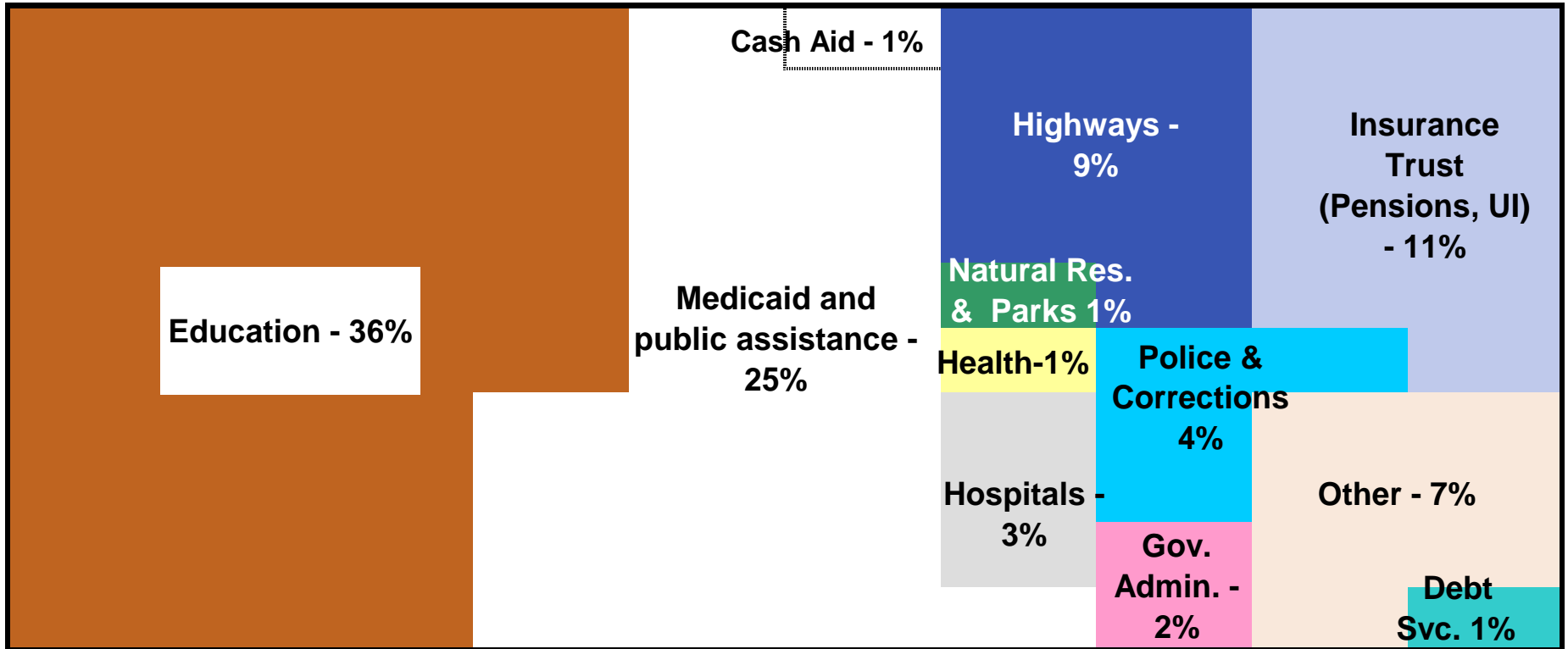
The Texas State Budget for 2008-09

Biennial Total: \$168 billion

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

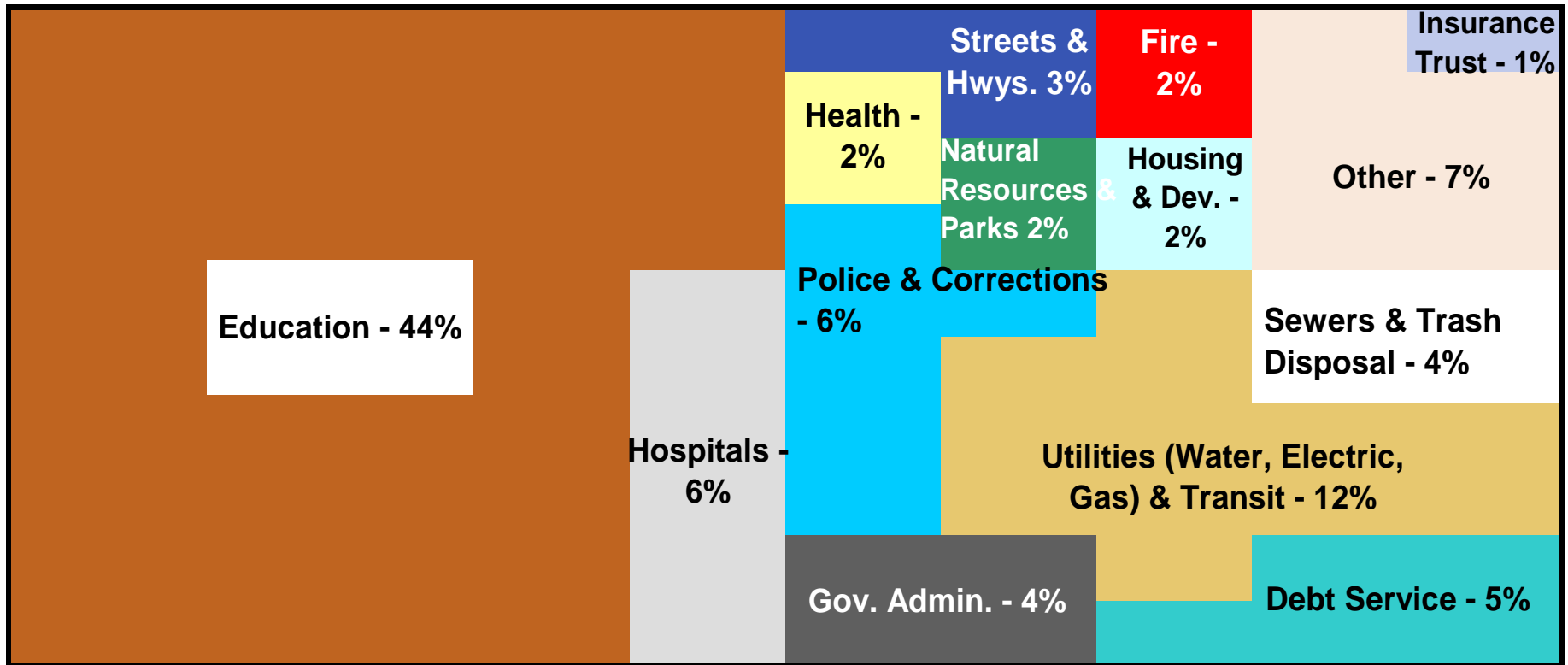


What State Government Pays For...



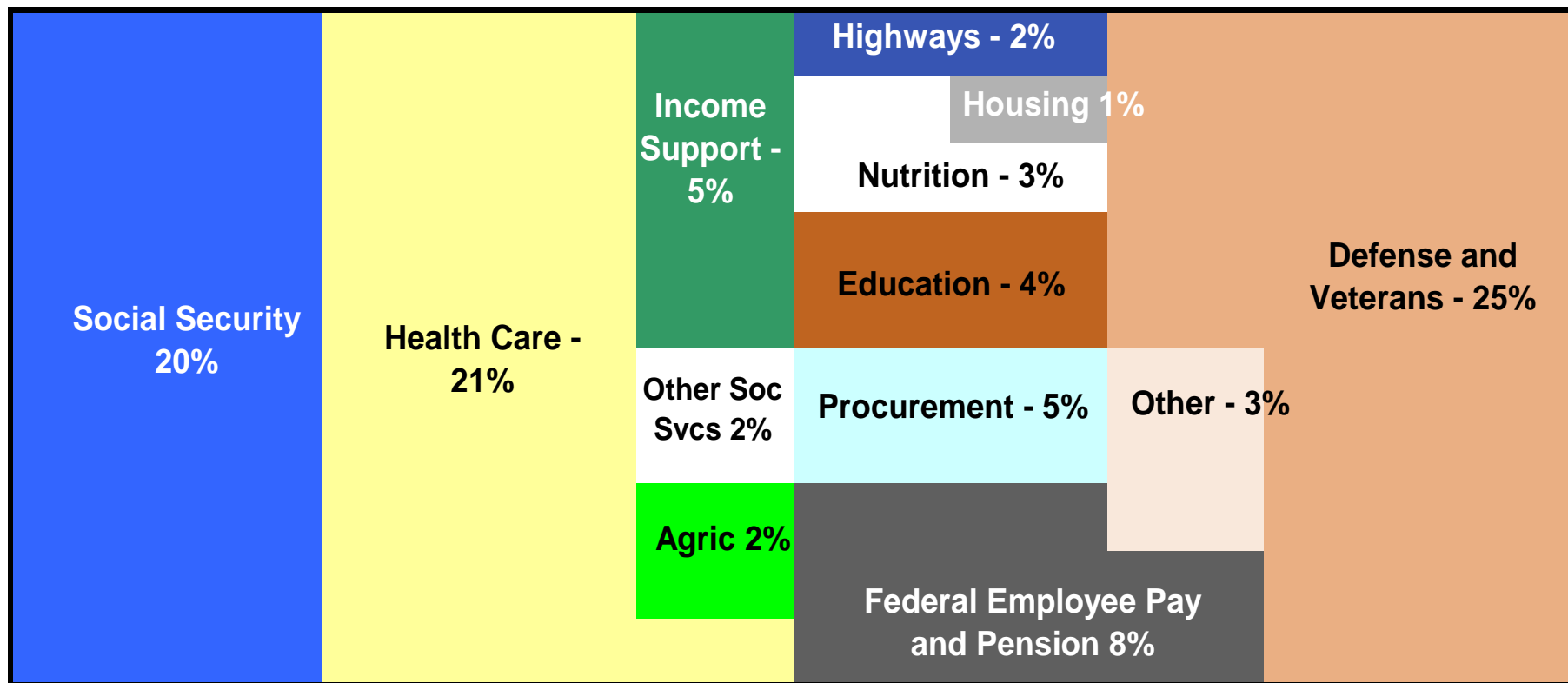
Source: U.S. Bureau of the Census, *State Government Finances* series. Data for 2006 for Texas, total expenditures (including trust) of **\$84 billion**.

...Versus Local Government...



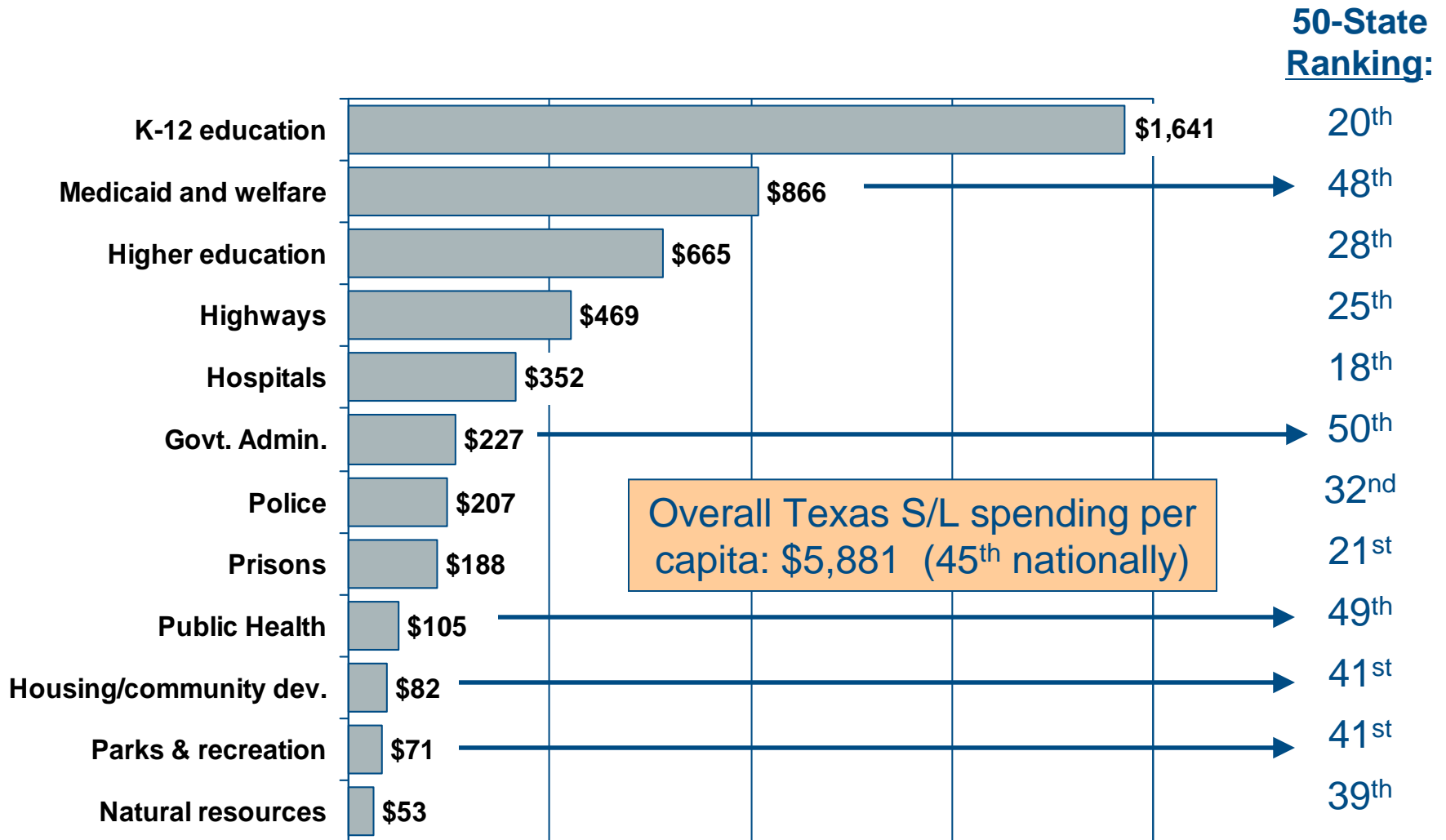
Source: U.S. Bureau of the Census, *Government Finances* series. Data for 2006 for Texas, total expenditures (including trust) of **\$95 billion**.

...Versus Federal Spending in Texas



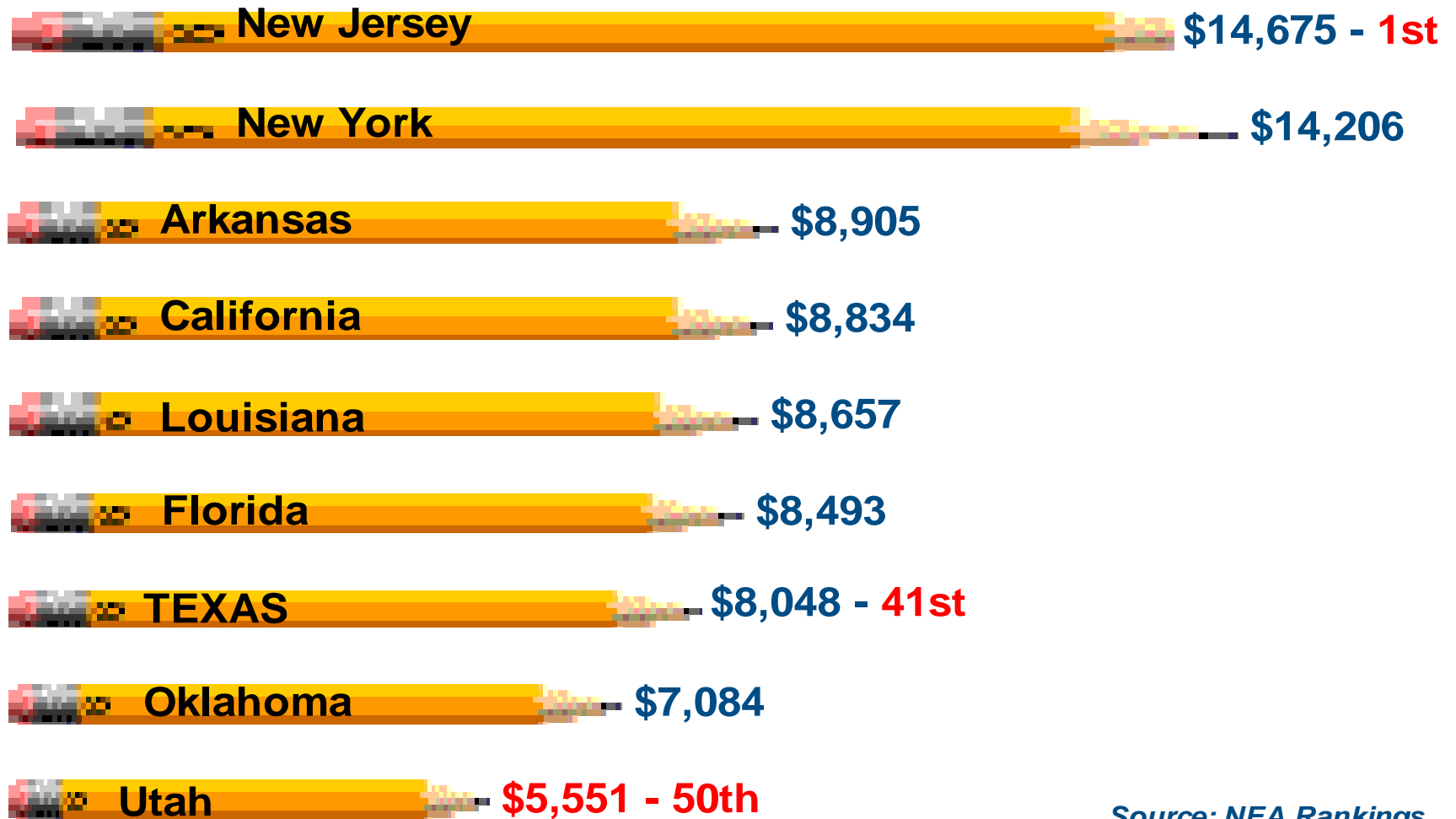
Source: U.S. Bureau of the Census, *Consolidated Federal Funds Report*. Data for 2006 for Texas, total expenditures (excluding loans) of **\$167 billion**.

Texas Per Capita State/Local Spending, 2006



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

Public School Spending per Enrolled Student, 2006-07



Source: NEA Rankings

Need for Public Services

	Travis County	Texas	US Average	Texas rank
Under-65 Population with No Health Insurance , 2006	20.6% (<i>'05 est.</i>)	27.2 %	17.8 %	1 st
Population under 18 , 2006	24.8 %	27.7 %	24.6 %	3 rd
Child Poverty Rate, 2006	20.4 %	23.9 %	18.3 %	7 th
Elderly Poverty Rate, 2006	7.3 %	12.3 %	9.9 %	9 th
Residents Aged 25+ with at least a High School Diploma , 2006	85.4 %	78.6 %	84.1 %	49 th
Residents Aged 25+ with at least a Bachelor's Degree , 2006	42.4 %	24.7 %	27.0 %	33 rd

Source: U.S. Census Bureau, Current Population Survey Annual Social and Economic Supplement and American Community Survey; Texas State Data Center (county uninsured).

“Surplus”? Says Who?

Speaker of the House: “...We are going to have close to a \$15 billion surplus” — *May 1, 2008*

Comptroller: state could have \$10.7 billion in unspent revenue by end of 2009 (includes \$5.7 billion in the “Rainy Day” Fund and \$3 billion in Property Tax Relief Fund)

Governor: wants to “return” a \$10 billion tax surplus, by cutting property taxes, sales taxes, or the business (franchise/“margins”) tax

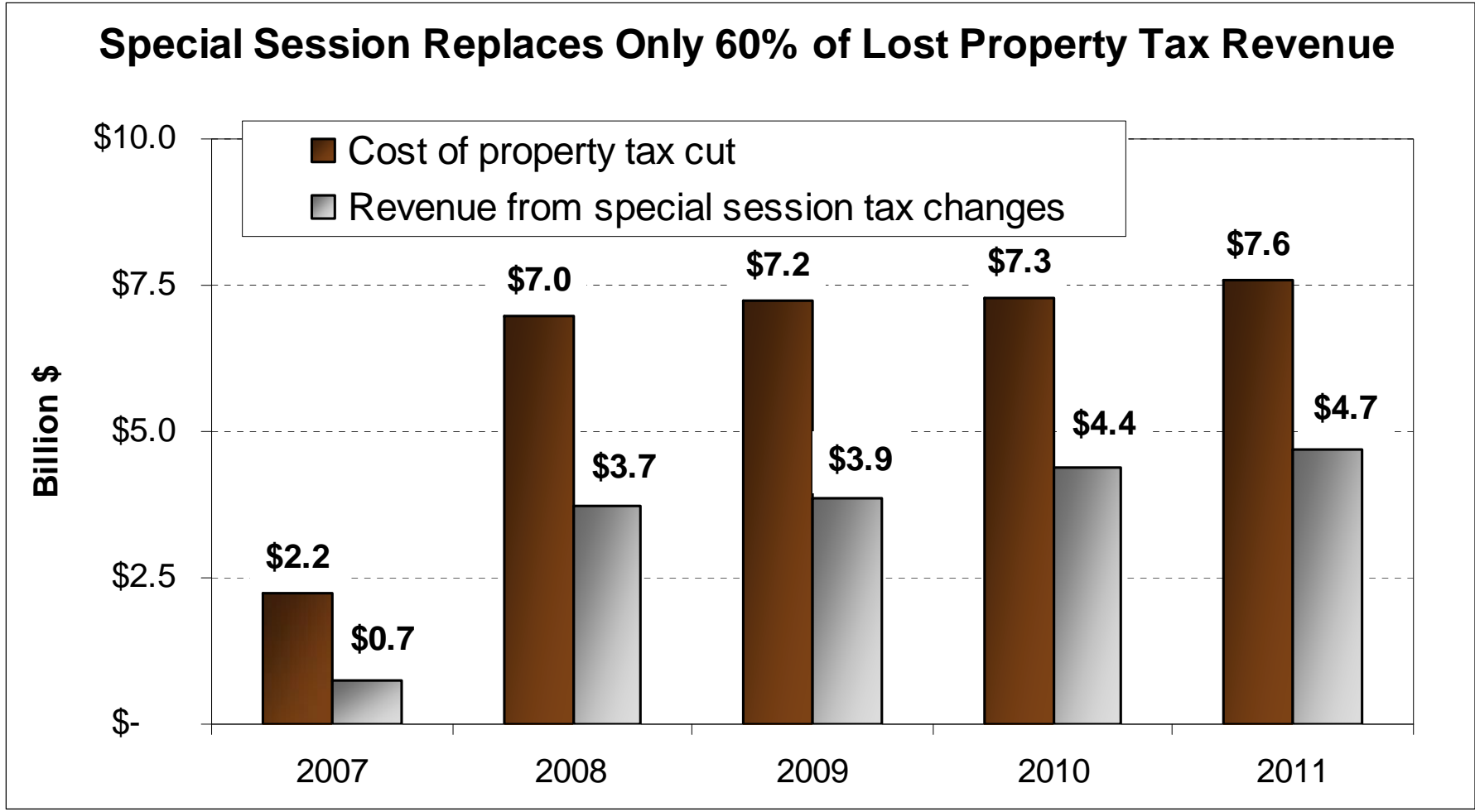
Budget instructions for 2010-11: baseline will not be a true “current services” budget (allowing for cost increases); agencies asked to prepare 10% GR cut impact estimates



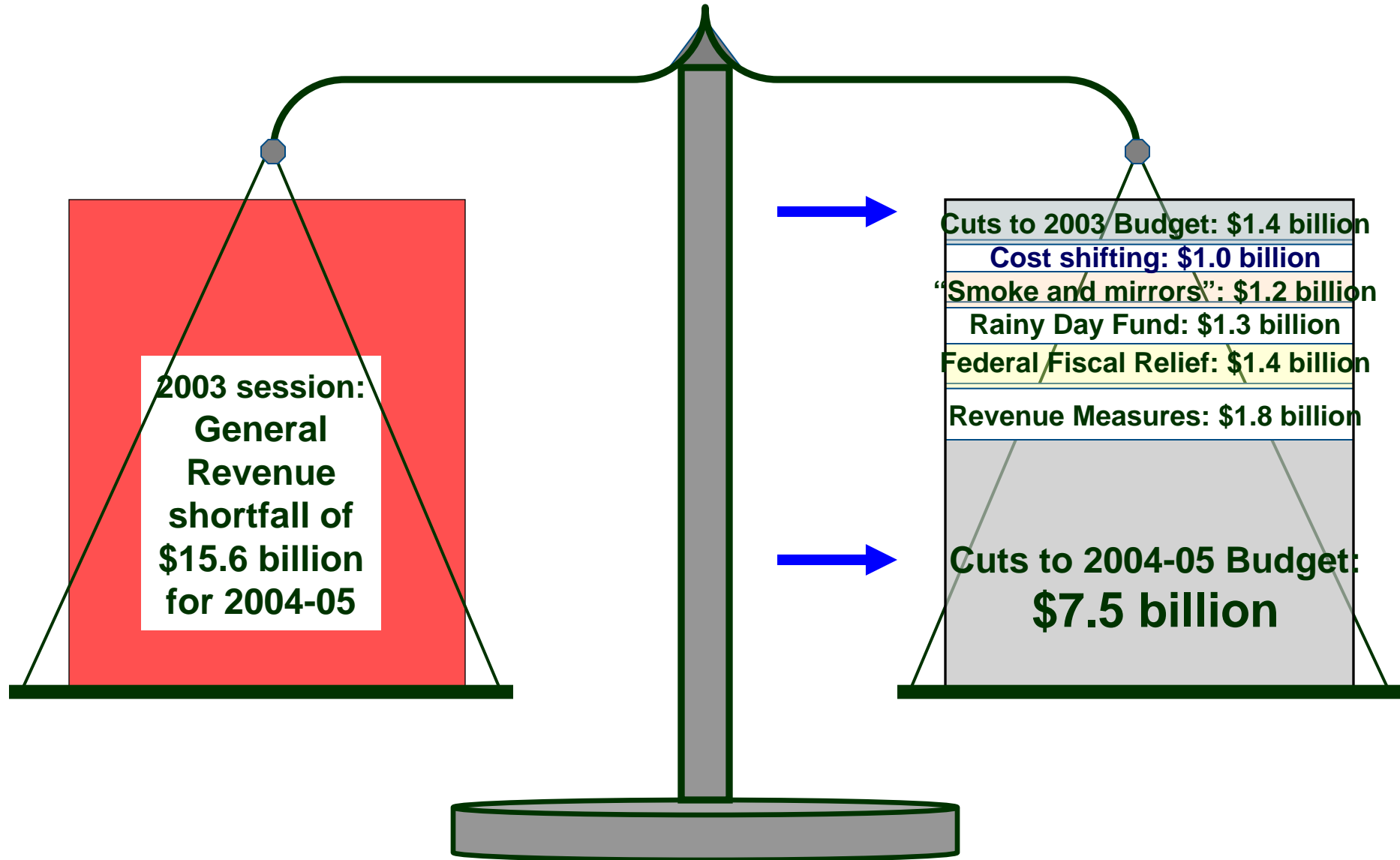
Spending Needs for 2010-11

- **Public Elementary/Secondary Education:** \$1.5 billion in new state aid just to cover enrollment growth (75,000 to 80,000 students per year)
- **Higher Ed:** More than \$800 million in new General revenue requested, mostly to expand financial aid
- **Health and Human Services:** \$1.5 billion GR to cover health care (Medicaid/CHIP) **cost** increases; more to cover **caseload** growth, plus reduce waiting lists for HHS programs/keep waiting lists from growing (\$224 million)

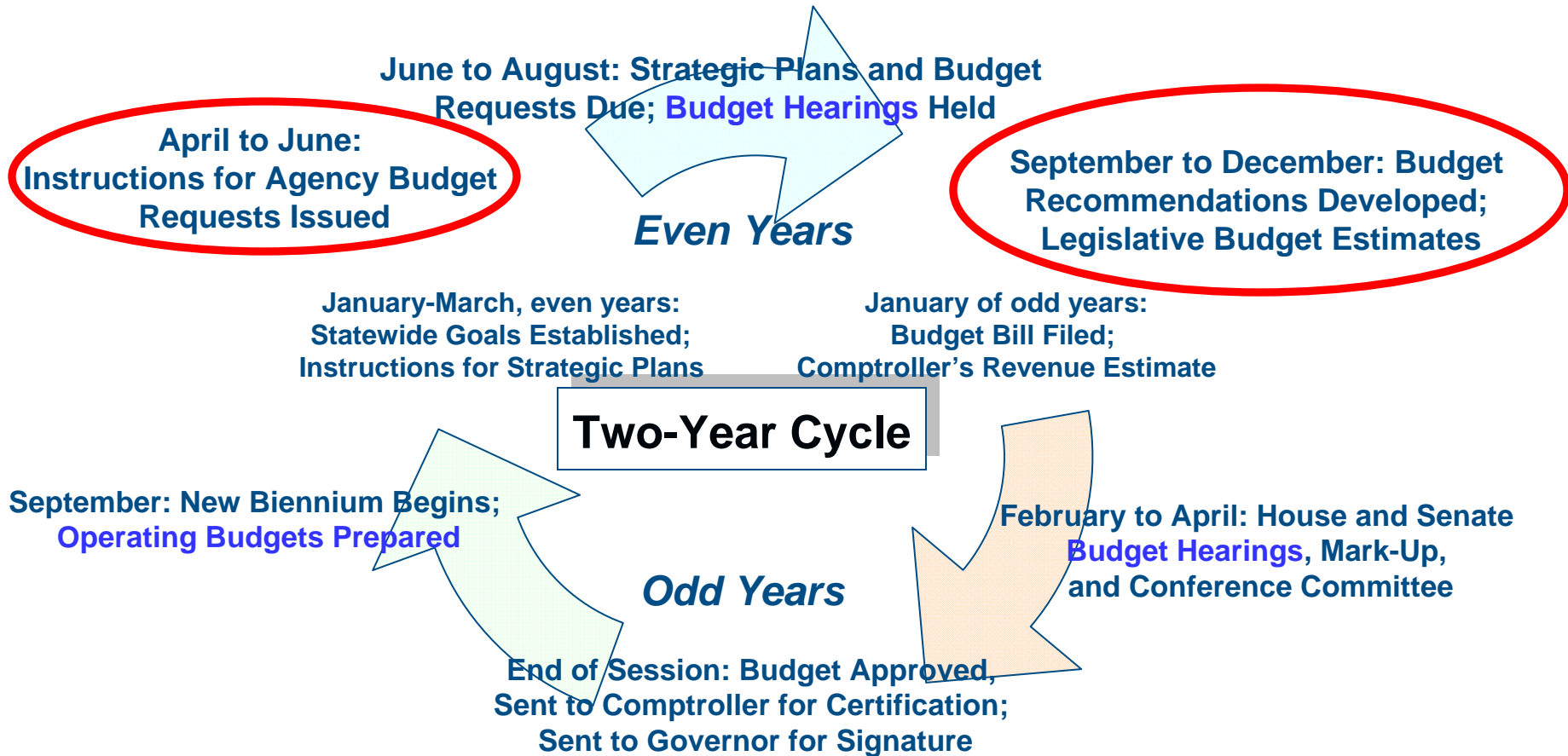
\$6 Billion Hole in School Funding



“Balancing” the 2004-05 State Budget



Texas State Budget Cycle



HHS Joint Budget Hearings

Assistive & Rehabilitative Services: August 28, 9 AM to noon,
John H. Reagan Building, Room 140

Health & Human Services Commission: September 11, 1:30
to 4:30 PM, John H. Reagan Building, Room 140

Aging & Disability Services: September 23, 9 AM to 2 PM,
John H. Reagan Building, Room 140

Family & Protective Services:

www.dfps.state.tx.us/documents/about/Presentations/2008-04-25_LAR.pdf

State Health Services:

www.dshs.state.tx.us/budget/lar/lakeylarpresentation050208.pdf

Other Opportunities

- House and Senate committee interim studies
- Visits to legislators' district offices before session starts
- **November 10**: Pre-filing of legislation for the 81st Legislature begins
- Federal and local government budgets
- **Revenue coalition** — to prevent property tax changes that will reduce local government revenues for schools (requiring more state aid) or other basic services

Use of This Presentation

The Center *for* Public Policy Priorities encourages you to reproduce and distribute these slides, giving appropriate credit to CPPP where necessary.

The data presented here may become outdated.
**For the most recent information or to sign up for
our free E-Mail Updates, visit www.cppp.org.**

© CPPP

**900 Lydia Street
Austin, TX 78702
(512) 320-0222 x 103 deluna.castro@cppp.org**