



LEGISLATIVE BUDGET BOARD

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MEMORANDUM

TO: Lt. Governor Dan Patrick
Senator Kelly Hancock
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Senator Larry Taylor
Speaker Joe Straus
Representative Dennis Bonnen
Representative Drew Darby
Representative Oscar Longoria
Representative John Zerwas

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Stewart Shallow, Senior Analyst and Counselor

DATE: November 7, 2018

SUBJECT: November 16, 2018 LBB Meeting: Growth Rates of the State's Economy &
Technical Memorandum for Publication in the *Texas Register*

The Legislative Budget Board is scheduled to meet on November 16, 2018 at 2:00 PM in the Senate Finance Committee Hearing Room, Capitol Extension Room E1.036. During this meeting, the Board will review and consider the items of information necessary to establish the Article VIII spending limit on appropriations from tax revenue not dedicated by the Constitution for the 2020-21 biennium. The Board will also receive a report and testimony from the office of the Comptroller of Public Accounts regarding the financial condition of this state as required by Section 322.003(f) of the Government Code.

In preparation of the meeting, listed alphabetically below is preliminary information prepared by our staff on growth rates of the state's economy. As required by Section 316.002 of the Government Code, estimates of Texas personal income growth are used to establish the following growth rates. These growth rates will be updated if additional information becomes available.

<u>Source of Forecast</u>	<u>Estimated Growth Rate in Texas Personal Income from the 2018-19 Biennium to the 2020-21 Biennium</u>	<u>Date of Forecast</u>
IHS Markit Philadelphia, Pennsylvania	11.01%	October 2018
Moody's Analytics West Chester, Pennsylvania	11.37%	October 2018
Perryman Group Waco, Texas	11.26%	October 2018
Texas A&M University, Department of Economics College Station, Texas	8.34%	October 2018
Texas Comptroller of Public Accounts Austin, Texas	10.41%	October 2018

Additionally, listed below are estimated population and inflation growth rates from those forecasters that provided them. Texas A&M historically develops only a Texas personal income forecast for the Board's consideration.

<u>Source of Forecast</u>	<u>Estimated Growth Rate in Population and Inflation from the 2018-19 Biennium to the 2020-21 Biennium</u>	<u>Date of Forecast</u>
IHS Markit Philadelphia, Pennsylvania	8.22%	October 2018
Moody's Analytics West Chester, Pennsylvania	7.52%	October 2018
Perryman Group Waco, Texas	8.44%	October 2018
Texas Comptroller of Public Accounts Austin, Texas	7.76%	October 2018

Attached to this memo is historical information related to the Article VIII Limit growth rates. The first chart compares the actual growth rate of Texas personal income to the growth rate adopted by the LBB in establishing the Article VIII Limit. The second chart shows personal

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income growth rate estimates from various economic forecasters presented to the LBB for consideration at the time of each public hearing on the Article VIII Limit. The graph on the second chart compares the various growth rate estimates considered by the LBB with the adopted and actual growth rates from 1994-95 to 2018-19.

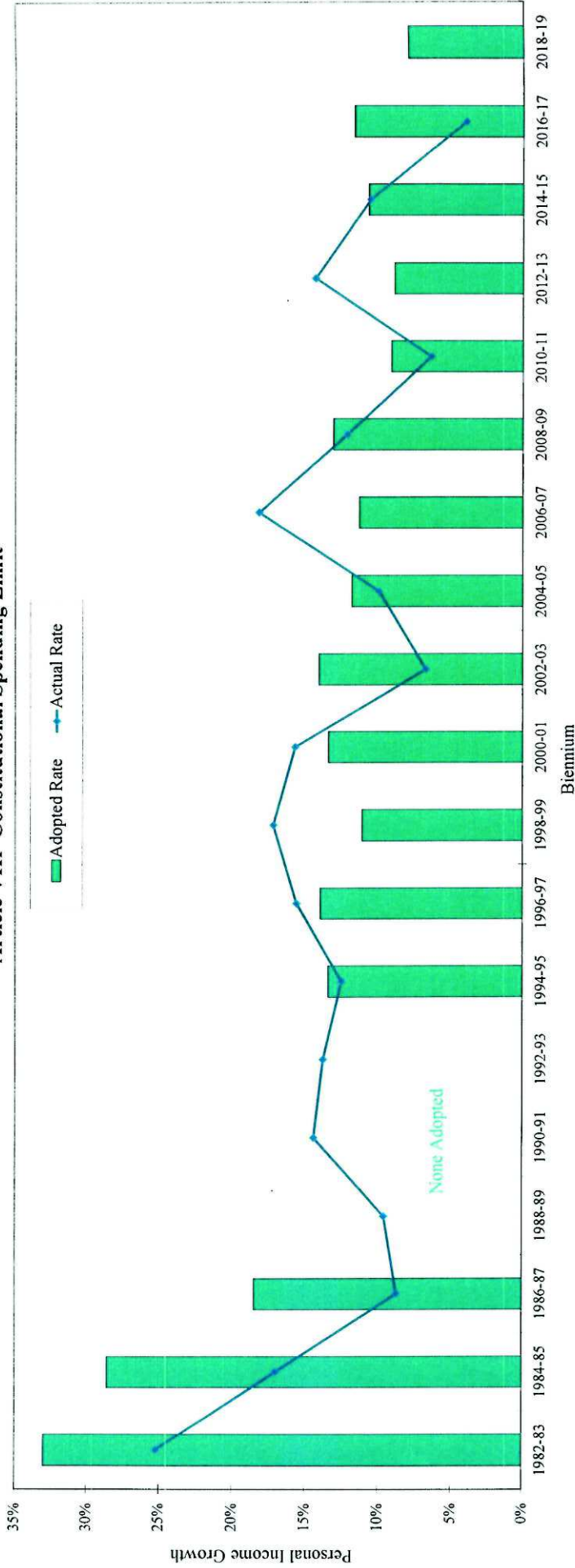
Also attached is the technical memorandum that is to be published, as required by Section 316.003 of the Government Code, in the November 16th issue of the *Texas Register*. The memorandum explains the methodology and sources used to calculate the items of information necessary to establish the Article VIII Spending Limit.

If you have any questions or would like to schedule a briefing for you or your staff, please call us at (512) 463-1200.

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Texas Personal Income Growth for the Article VIII Constitutional Spending Limit



LBB Meeting Date	Biennium	Adopted Rate	Actual Rate
11/24/80	1982-83	33.00%	25.22%
11/20/82	1984-85	28.60%	17.00%
11/08/84	1986-87	18.50%	8.71%
11/05/86	1988-89	None Adopted	9.61%
10/20/88	1990-91	None Adopted	14.42%
11/07/90	1992-93	13.79%	13.79%
11/11/92	1994-95	13.43%	12.52%
11/22/94	1996-97	13.98%	15.62%
11/20/96	1998-99	11.12%	17.19%
11/19/98	2000-01	13.44%	15.72%
11/29/00	2002-03	14.09%	6.76%
11/25/02	2004-05	11.83%	9.99%
11/17/04	2006-07	11.34%	18.21%
01/11/07	2008-09	13.11%	12.14%
11/14/08	2010-11	9.14%	6.39%
11/15/10	2012-13	8.92%	14.34%
11/15/12	2014-15	10.71%	10.59%
12/01/14	2016-17	11.68%	4.00%
12/01/16	2018-19	8.00%	

Note: Historical growth rates are based on data from the U.S. Bureau of Economic Analysis as of September 25, 2018. Actual 2018-19 growth is not yet known.

TAX RELIEF AMENDMENT IMPLEMENTATION

LIMIT ON GROWTH OF CERTAIN STATE APPROPRIATIONS

LEGAL REFERENCES

The Texas Constitution, Article VIII, Section 22(a), restriction on rate of growth of appropriations, commonly referred to as the spending limit, was established by the passage of a constitutional amendment in 1978. It states that:

In no biennium shall the rate of growth of appropriations from state tax revenues not dedicated by this constitution exceed the estimated rate of growth of the state's economy. The legislature shall provide by general law procedures to implement this subsection.

This provision does not alter, amend, or repeal the Texas Constitution, Article III, Section 49a, known as the pay-as-you-go provision.

To implement this provision of the Texas Constitution, the Sixty-sixth Legislature, 1979, passed Article 9, Chapter 302, Laws 1979 (the Texas Government Code, Chapter 316), which placed with the Legislative Budget Board the responsibility for approval of a limitation on the growth of certain state appropriations. A part of the procedure for approving the limitation is set forth in Sections 316.003 and 316.004 as follows:

Section. 316.003. Before the Legislative Budget Board approves the items of information required by Section 316.002, the board shall publish in the *Texas Register* the proposed items of information and a description of the methodology and sources used in the calculations.

Section. 316.004. Not later than December 1 of each even-numbered year, the Legislative Budget Board shall hold a public hearing to solicit testimony regarding the proposed items of information and the methodology used in making the calculations required by Section 316.002.

These items of information are identified as follows in the Texas Government Code, Section 316.002:

1. the estimated rate of growth of the state's economy from the current biennium to the next biennium;
2. the level of appropriations for the current biennium from state tax revenues not dedicated by the constitution; and
3. the amount of state tax revenues not dedicated by the constitution that could be appropriated for the next biennium within the limit established by the estimated rate of growth of the state's economy.

In this memorandum, each item of information is discussed in this same order.

ESTIMATED RATE OF GROWTH OF THE STATE'S ECONOMY

A definition of the "estimated rate of growth of the state's economy" is set in the Texas Government Code, Section 316.002(b), in the following words:

(b) Except as provided by Subsection (c), the board shall determine the estimated rate of growth of the state's economy by dividing the estimated Texas total personal income for the next biennium by the estimated Texas total personal income for the current biennium. Using standard statistical methods, the board shall make the estimate by projecting through the biennium the estimated Texas total personal income reported by the United States Department of Commerce or its successor in function.

(c) If a more comprehensive definition of the rate of growth of the state's economy is developed and is approved by the committee established by Section 316.005, the board may use that definition in calculating the limit on appropriations.

The U.S. Commerce Department's Bureau of Economic Analysis defines state personal income as follows:

...the income received by persons from all sources, that is, from participation in production, from both government and business transfer payments, and from government interest. Personal income is the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income, rental income of persons, personal dividend income, personal interest income, and transfer payments, less contributions for social insurance.

Table 1 shows the U.S. Commerce Department's personal income account for Texas for calendar year 2017. The largest component of Texas personal income is wage and salary disbursements, estimated at \$700.2 billion during calendar year 2017. Salary and wage disbursements are added with supplements to wages and salaries, primarily employer contributions to private pensions and welfare funds, and proprietors' income to arrive at total earnings by place of work. Texas total earnings by place of work reached an estimated \$999.4 billion in calendar year 2017.

In deriving Texas total personal income, adjustments are made to total earnings by place of work. Personal and employee contributions for social insurance, principally Social Security payroll taxes paid by employees and self-employed individuals, are deducted. A place-of-residence adjustment also is made to reflect the earnings of workers who cross state borders to live or work. Dividends, interest, and rent income are then added, along with transfer payments. The major types of transfer payments include Social Security, various retirement and unemployment insurance benefits, welfare, and disability and health insurance payments. Texas total personal income is estimated to be \$1,340.6 billion for calendar year 2017.

The U.S. Department of Commerce reports personal income estimates by calendar quarter and year. Because the state's fiscal year begins on September 1 and ends August 31, an adjustment is required to present these data on a biennial basis. The Legislative Budget Board uses the data for the first three calendar quarters of a year plus the fourth quarter of the preceding year to represent the state's fiscal year. A biennium is the sum of two fiscal years. Table 2 shows the historical record of the rate of growth in Texas personal income for the past 18 completed biennia, using the data published by the U.S. Department of Commerce.

FORECASTING TEXAS PERSONAL INCOME

In reviewing standard statistical techniques for forecasting or projecting Texas personal income, the Legislative Budget Board has obtained the latest economic forecasts from the following sources, listed alphabetically: (1) IHS Markit, (2) Moody's Analytics, (3) Perryman Group, (4) Texas A&M University – Department of Economics, and (5) Texas Comptroller of Public Accounts. These forecasts are based on econometric models developed and maintained by the forecasting services listed.

Although each forecasting service approaches the development of economic projections differently, several characteristics are common to the econometric models from which the Texas total personal income estimates are derived. First, each model assumes that the U.S. economy is the driving force behind Texas economic activity. As a result, forecasts of U.S. economic variables are needed to drive each model. Secondly, each of the econometric models is structural in nature, representing certain assumptions about the structure of the Texas economy, consistent with economic theory. Structural models typically entail detailed modeling of key sectors of the state's economy, followed by statistical testing to establish relationships with other sectors of the economy. Previous memoranda published on the constitutional limit include additional discussion of the forecasting methods used and can be found in the following issues of

the *Texas Register*: 5 *TexReg* 4272, 7 *TexReg* 3727, 9 *TexReg* 5219, 11 *TexReg* 4590, 13 *TexReg* 4599, 15 *TexReg* 6876, 17 *TexReg* 7702, 19 *TexReg* 9053, 21 *TexReg* 10919, 23 *TexReg* 11472, 25 *TexReg* 11735, 27 *TexReg* 10977, 29 *TexReg* 10612, 31 *TexReg* 9641, 33 *TexReg* 9109, 35 *TexReg* 10081, 37 *TexReg* 9031, 39 *TexReg* 9391, and 41 *TexReg* 9360.

Table 3 shows details of the Texas personal income growth rates of the various forecasting services for the 2020–21 biennium over the 2018–19 biennium. These forecasts range from 8.34 percent to 11.37 percent.

The personal income growth rates shown in Table 3, or any more recent forecasts if available, will be presented to the Legislative Budget Board for its consideration in adopting this item of information. The Board is not limited to one, or any combination of the growth rates, when adopting a Texas personal income growth rate for the 2020–21 biennium.

Table 4 shows the sources and dates for the Texas personal income growth rates presented in Table 3.

APPROPRIATIONS FROM STATE TAX REVENUE NOT DEDICATED BY THE CONSTITUTION 2018–19 BIENNIUM

The amount of appropriations from state tax revenue that are not dedicated by the constitution in the 2018–19 biennium, the base biennium, is the second item of information to be determined by the Legislative Budget Board. As of November 7, 2018, the Legislative Budget Board (LBB) staff estimates this amount to be \$91,482,990,002. This item multiplied by the estimated rate of growth of Texas personal income from the 2018–19 biennium to the 2020–21 biennium produces the limitation on appropriations for the 2020–21 biennium pursuant to the Texas Constitution, Article VIII, Section 22.

CALCULATING THE 2020–21 LIMITATION

The limitation on appropriations of state tax revenue that is not dedicated by the state constitution in the 2020–21 biennium, the third item of information, may be illustrated by selecting a growth rate and applying it to the 2018–19 biennial appropriations base. A change to the 2018–19 biennial appropriations base would result in a corresponding change to the 2020–21 biennial limit.

METHOD OF CALCULATING 2018–19 APPROPRIATIONS FROM STATE TAX REVENUE NOT DEDICATED BY THE CONSTITUTION

As previously stated, LBB staff estimates the amount of appropriations from state tax revenue that are not dedicated by the constitution in the 2018–19 biennium to be \$91,482,990,002. This section details the sources of information used in this calculation.

Total appropriations for the 2018–19 biennium include those made by the Eighty-fifth Legislature, Regular Session, 2017, in Senate Bill 1, House Bill 2, House Bill 3849, and other legislation affecting appropriations. Appropriations totals have been adjusted to incorporate the Governor’s vetoes. Any subsequent appropriations made by the Eighty-sixth Legislature, 2019, for the 2018–19 biennium also would be included in total appropriations.

Table 5, Section B, shows General Revenue Funds appropriations, which is the method of finance for general-purpose spending. General Revenue Funds appropriations are financed with revenues in the following General Revenue Funds: General Revenue Fund (Fund No. 0001), Available School Fund (Fund No. 0002), Technology and Instructional Materials Fund (Fund No. 0003), Foundation School Fund (Fund No. 0193), and Tobacco Settlement Fund (Fund No. 5040). Section B shows the total amount of General Revenue Funds appropriations, the amount of appropriations financed from constitutionally dedicated tax revenue, the amount financed from nontax revenue and the remainder—the amount financed from tax revenue that is not dedicated by the constitution—which is the amount subject to the limitation.

I. General Revenue–Related Funds

A. Appropriations are classified in this table as the following: (1) “estimated to be” line item appropriations, and (2) sum-certain line item appropriations.

1. “Estimated to Be” Line Item Appropriations:

Each of these items under the subheading “estimated to be” may change under certain circumstances. For purposes of this calculation, most fiscal year 2018 amounts are based on actual 2018 expenditures. Most amounts for fiscal year 2019 are taken from Senate Bill 1, Eighty-fifth Legislature, Regular Session, 2017.

2. Sum-certain Line Item Appropriations:

As calculated in Table 6, the amount shown for “Total Sum Certain Line Item Appropriations” is the difference between total appropriations and the items listed separately as “estimated to be appropriations.” General Revenue Funds appropriations in Table 6 include those made by the Eighty-fifth Legislature, Regular Session, 2017, in Senate Bill 1, House Bill 2, House Bill 3849, and other legislation affecting appropriations. Totals have been adjusted to incorporate the Governor’s vetoes.

B. Source of Funding – General Revenue–Related: Table 5, Part B, shows that of the \$106,867,925,606 of General Revenue Fund appropriations, \$87,199,964,763 is subject to the limitation because it is financed from state tax revenue that is not dedicated by the Constitution.

Constitutionally dedicated state tax revenues deposited into General Revenue Funds are estimated to total \$5,979,818,194 during the 2018–19 biennium. Appropriations from General Revenue Funds financed from nontax revenue are estimated at \$13,688,142,649 for the 2018–19 biennium. Revenue analysis in this calculation applies actual fiscal year 2018 revenue collections and the most recent revenue estimates by the Comptroller of Public Accounts for fiscal year 2019.

II. Appropriations from Funds Outside of General Revenue

Certain tax revenues are deposited into funds and accounts outside of the General Revenue Funds. Appropriations from these funds and accounts financed with state tax revenue that are not dedicated by the constitution are included in this calculation.

The state imposes a sales and use tax on boats and boat motors, of which 95.0 percent is deposited into the General Revenue Funds and the remaining 5.0 percent is deposited into General Revenue–Dedicated Account No. 0009, Game, Fish, and Water Safety. The state imposes an insurance companies maintenance tax, which is deposited into General Revenue–Dedicated Account No. 0036, Texas Department of Insurance.

A portion of the motor vehicles sales tax, franchise tax, and cigarette tax is deposited into the Property Tax Relief Fund (Fund No. 0304). The state transfers revenue in the General Revenue Funds to the Economic Stabilization Fund (Fund No. 0599) based on the amount of severance tax collections during the previous year. Most of the transferred revenue is tax revenue.

General Revenue–Dedicated Account No. 5066, Rural Volunteer Fire Department Insurance, includes deposits of taxes on the sales of fireworks. Part of the sales tax and the motor vehicles sales tax is deposited

into General Revenue–Dedicated Account No. 5071, Emissions Reduction Plan. In addition, General Revenue–Dedicated Account No. 5144, Physician Education Loan Repayment, includes deposits of tobacco tax revenue.

GRAND TOTAL

A grand total of \$111,749,308,679 in 2018–19 biennial appropriations is included in this analysis. Of this amount, \$5,979,818,194 is financed out of taxes dedicated by the state constitution. Another \$14,286,500,483 is financed out of nontax revenue. The remaining \$91,482,990,002 is financed out of state tax revenue that is not dedicated by the state constitution. This amount serves as the base for calculating the limitation on 2020–21 biennial appropriations from state tax revenue that is not dedicated by the constitution, as required by the Texas Constitution Article VIII, Section 22.

TABLE 1
U.S. DEPARTMENT OF COMMERCE PERSONAL
INCOME ACCOUNT FOR TEXAS, CALENDAR YEAR 2017
 In Millions of Current Dollars

Earnings by Place of Work	Amount	Percent of Total
Wage and Salary Disbursements	\$ 700,181	70.1%
Supplements to Wages and Salaries	148,861	14.9%
Proprietors' Income	<u>150,349</u>	<u>15.0%</u>
Total Earnings by Place of Work	\$999,391	100.0%
 Derivation of Total Personal Income		
Earnings by Place of Work (from above)	\$999,391	
Less: Personal Contributions for Social Insurance	<i>(53,478)</i>	
Less: Employee Contributions for Social Insurance	<i>(48,267)</i>	
Less: Adjustment for Residence	<i>(1,933)</i>	
Equals: Net Earnings by Place of Residence	\$895,713	66.8%
Plus: Dividends, Interest and Rent	238,805	17.8%
Plus: Personal Current Transfer Receipts	<u>206,050</u>	<u>15.4%</u>
 Total Personal Income	 \$1,340,568	 100.0%

Note: Totals may not add due to rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, September 2018.

TABLE 2
BIENNIUM-TO-BIENNIUM GROWTH RATES IN TEXAS PERSONAL INCOME
1982-83 TO 2016-17 BIENNIA

Base Biennium	Target Biennium	Growth Rate	Percent Increase
1980-81	1982-83	1.252	25.2
1982-83	1984-85	1.170	17.0
1984-85	1986-87	1.087	8.7
1986-87	1988-89	1.096	9.6
1988-89	1990-91	1.144	14.4
1990-91	1992-93	1.138	13.8
1992-93	1994-95	1.125	12.5
1994-95	1996-97	1.156	15.6
1996-97	1998-99	1.172	17.2
1998-99	2000-01	1.157	15.7
2000-01	2002-03	1.068	6.8
2002-03	2004-05	1.100	10.0
2004-05	2006-07	1.182	18.2
2006-07	2008-09	1.121	12.1
2008-09	2010-11	1.064	6.4
2010-11	2012-13	1.143	14.3
2012-13	2014-15	1.106	10.6
2014-15	2016-17	1.040	4.0

TABLE 3
ESTIMATED GROWTH RATES FOR TEXAS PERSONAL INCOME
USING FIVE ECONOMETRIC MODELS
2018-19 BIENNIUM TO 2020-21 BIENNIUM

Source of Forecast	2020-21 Texas Personal Income Growth Rate
1. IHS Markit	11.01%
2. Moody's Analytics	11.37%
3. Perryman Group	11.26%
4. Texas A&M University, Department of Economics	8.34%
5. Texas Comptroller of Public Accounts	10.41%

TABLE 4
SUMMARY OF SOURCES AND METHODS FOR
TEXAS PERSONAL INCOME GROWTH RATES FOR THE
2020-21 BIENNIUM

Source of Forecast	Type of Forecast	Date of Forecast
1. IHS Markit	Econometric	October 2018
2. Moody's Analytics	Econometric	October 2018
3. Perryman Group	Econometric	October 2018
4. Texas A&M University, Department of Economics	Econometric	October 2018
5. Texas Comptroller of Public Accounts	Econometric	October 2018

Source: Compiled by the Legislative Budget Board, October 2018.

TABLE 5
2018-19 BIENNIAL ADJUSTED APPROPRIATIONS
INCLUDED IN THE CALCULATION OF
THE LIMITATION BASE

I. General Revenue Related Funds	2018 Expenditures/ 2019 Appropriations
A. Appropriations	
1. "Estimated To Be" Line Item Appropriations in General Appropriations Act, 85th Legislature	
(a) Fiscal Programs - Comptroller of Public Accounts	20,266,496
A.1.1. Strategy: Miscellaneous Claims	
(b) Fiscal Programs - Comptroller of Public Accounts	444,001,347
A.1.2. Reimbursement - Beverage Tax	
(c) Fiscal Programs - Comptroller of Public Accounts	13,332,375
A.1.4. County Taxes - University Lands	
(d) Fiscal Programs - Comptroller of Public Accounts	553,076,461
A.1.6. Unclaimed Property	
(e) Funds Appropriated to the Comptroller for Social Security and BRP	1,283,997,924
A.1.1. Strategy: State Match - Employer (GR Portion) & A.1.2 Benefit Replacement Pay (GR Portion)	
(f) Employees Retirement System	3,937,015,845
A. Goal: Administer Retirement Program (GR Portion) & B. Goal: Provide Health Program (GR Portion)	
(g) Secretary of State	1,306,626
B.1.5. Strategy: Voter Registration	
(h) Department of State Health Services	605,366
C.1.5. Strategy: TEXAS.GOV	
(i) Health and Human Services Commission	96,949,081
Medicaid Program Income No. 705	
(j) Health and Human Services Commission	1,850,152,313
Vendor Drug Rebates—Medicaid No. 706	
(k) Health and Human Services Commission	11,405,986
Premium Co-Payments, Low Income Children No. 3643	
(l) Health and Human Services Commission	21,589,388
Vendor Drug Rebates—Public Health No. 8046	
(m) Health and Human Services Commission	9,270,750
Experience Rebates-CHIP No. 8054	
(n) Health and Human Services Commission	12,742,880
Vendor Drug Rebates-CHIP No. 8070	
(o) Health and Human Services Commission	5,764,982
Cost Sharing - Medicaid Clients No. 8075	
(p) Health and Human Services Commission	148,830,881
Vendor Drug Rebates-Supplemental Rebates No. 8081	

TABLE 5
2018-19 BIENNIAL ADJUSTED APPROPRIATIONS
INCLUDED IN THE CALCULATION OF
THE LIMITATION BASE

(q)	Texas Education Agency B.3.6. Strategy: Certification Exam Administration	35,252,773
(r)	Teacher Retirement System A.1.1. Strategy: TRS - Public Education Retirement	3,544,224,289
(s)	Teacher Retirement System A.1.2. Strategy: TRS - Higher Education Retirement (GR Portion)	429,873,282
(t)	Teacher Retirement System A.2.1. Strategy: Retiree Health - Statutory Funds	1,223,926,787
(u)	Optional Retirement Program A.1.1. Strategy: Optional Retirement Program (GR Portion)	245,793,122
(v)	Office Of Court Administration, Texas Judicial Council C.1.2. Strategy: TEXAS.GOV	12,571
(w)	Department Of Housing And Community Affairs E.1.4. Strategy: TEXAS.GOV	21,080
(x)	Board Of Chiropractic Examiners A.1.2. Strategy: TEXAS.GOV	60,474
(y)	Texas State Board Of Dental Examiners A.2.2. Strategy: TEXAS.GOV	448,583
(z)	Funeral Service Commission A.1.2. Strategy: TEXAS.GOV	92,037
(aa)	Board Of Professional Geoscientists A.1.2. Strategy: TEXAS.GOV	45,174
(ab)	Department Of Insurance (GR Portion) A.3.2. Strategy: TEXAS.GOV	13,300
(ac)	Board Of Professional Land Surveying A.1.3. Strategy: TEXAS.GOV	33,257
(ad)	Department Of Licensing And Regulation A.1.5. Strategy: TEXAS.GOV	1,209,972
(ae)	Texas Board of Nursing A.1.2. Strategy: TEXAS.GOV	1,154,217
(af)	Optometry Board A.1.2. Strategy: TEXAS.GOV	41,030
(ag)	Optometry Board A.1.3. Strategy: National Practitioner Data Bank	9,092
(ah)	Board Of Pharmacy A.1.2. Strategy: TEXAS.GOV	482,159

TABLE 5
2018-19 BIENNIAL ADJUSTED APPROPRIATIONS
INCLUDED IN THE CALCULATION OF
THE LIMITATION BASE

(ai)	Executive Council Of Physical Therapy & Occupational Therapy Examiners A.1.2. Strategy: TEXAS.GOV	372,365
(aj)	Board Of Plumbing Examiners A.1.2. Strategy: TEXAS.GOV	312,452
(ak)	Board Of Examiners Of Psychologists A.1.2. Strategy: TEXAS.GOV	76,076
(al)	Board Of Veterinary Medical Examiners A.1.2. Strategy: TEXAS.GOV	79,986
(am)	Multiple Agencies: Earned Federal Funds Sec. 13.111. Definition, Appropriation, Reporting and Audit of Earned Federal Funds	122,028,232
(an)	Adjustment for Property Tax Relief Fund Revenue	231,756,732
(ao)	Adjustment for Texas Education Agency Attendance Credit Revenue	(24,500,000)
	Subtotal, "Estimated to Be" Line Items (Expended/ Appropriated)	<u>\$ 14,223,127,744</u>
2.	Total Sum-certain Line Item Appropriations (Appropriated)	<u>\$ 92,644,797,862</u>
	TOTAL General Revenue Related Fund Appropriations, <i>adjusted for 2018 estimated amounts</i>	<u>\$ 106,867,925,606</u>

TABLE 5
2018-19 BIENNIAL ADJUSTED APPROPRIATIONS
INCLUDED IN THE CALCULATION OF
THE LIMITATION BASE

B. Source of Funding - General Revenue Related	<u>Total</u> <u>Appropriations</u>	Constitutionally Dedicated State <u>Tax Revenues</u>	Non Tax <u>Revenues</u>	State Tax Revenue Not Dedicated by the <u>Constitution</u>
1. Occupation Taxes	\$4,065,606,018	\$4,065,606,018	\$0	\$0
2. Motor Fuel Taxes	1,938,120,410	1,914,212,176	-	23,908,234
3. Education Revenues	5,708,644,292	-	5,708,644,292	-
4. Insurance Maintenance Tax	294,150,937	-	-	294,150,937
5. Hotel Tax	34,150,223	-	-	34,150,223
6. Sporting Good Sales Tax	295,596,120	-	-	295,596,120
7. Appropriations from Other Revenue	94,531,657,606	-	7,979,498,357	86,552,159,249
 SUBTOTAL(General Revenue Related)	 <u>\$106,867,925,606</u>	 <u>\$5,979,818,194</u>	 <u>\$13,688,142,649</u>	 <u>\$87,199,964,763</u>
 II. Appropriations from Funds Outside of GR				
1. Account 0009 – Game, Fish, and Water Safety	\$212,759,164	\$0	\$207,031,146	\$5,728,018
2. Account 0036 – Texas Department of Insurance Operating	133,364,820	-	128,997,054	4,367,766
3. Fund 0304 – Property Tax Relief Fund	3,362,443,268	-	2,741,001	3,359,702,267
4. Fund 0599 – Economic Stabilization Fund	988,908,961	-	153,620,583	835,288,378
5. Account 5066 – Rural Volunteer Fire Department Insurance	2,930,000	-	-	2,930,000
6. Account 5071 – Emissions Reduction Plan	155,626,860	-	105,759,090	49,867,770
7. Account 5144 - Physician Education Loan Repayment Program	25,350,000	-	208,959	25,141,041
 GRAND TOTAL	 <u>\$111,749,308,679</u>	 <u>\$5,979,818,194</u>	 <u>\$14,286,500,483</u>	 <u>\$91,482,990,002</u>

TABLE 6
CALCULATION OF "SUM CERTAIN LINE ITEMS APPROPRIATIONS"
FOR THE 2018-19 BIENNIUM

	<u>2018</u>	<u>2019</u>	<u>2018-19</u>
General Revenue Funds "Recap" Amount	\$54,609,012,361	\$52,054,223,965	\$106,663,236,326
Less "Estimated to Be" Items:			
Fiscal Programs - Comptroller of Public Accounts	13,000,000	13,000,000	26,000,000
A.1.1. Strategy: Miscellaneous Claims (SB1, Article I-22)			
Fiscal Programs - Comptroller of Public Accounts	216,143,000	226,949,000	443,092,000
A.1.2. Reimbursement - Beverage Tax (SB1, Article I-22)			
Fiscal Programs - Comptroller of Public Accounts	7,296,814	7,807,591	15,104,405
A.1.4. County Taxes - University Lands (SB1, Article I-22)			
Fiscal Programs - Comptroller of Public Accounts	275,000,000	300,000,000	575,000,000
A.1.6. Unclaimed Property (SB1, Article I-22)			
Funds Appropriated to the Comptroller for Social Security and BRP	648,181,049	654,687,321	1,302,868,370
A.1.1. Strategy: State Match - Employer (GR Portion) & A.1.2 Benefit Replacement Pay (GR Portion) (SB1, Article I-28)			
Employees Retirement System	1,941,818,645	1,995,197,200	3,937,015,845
A. Goal: Administer Retirement Program (GR Portion) & B. Goal: Provide Health Program (GR Portion) (SB1, Article I-33)			
Secretary of State	4,777,500	1,000,000	5,777,500
B.1.5. Strategy: Voter Registration (SB1, Article I-84)			
Department of State Health Services	388,416	388,416	776,832
C.1.5. Strategy: TEXAS.GOV (SB1, Article II-21)			

TABLE 6
CALCULATION OF "SUM CERTAIN LINE ITEMS APPROPRIATIONS"
FOR THE 2018-19 BIENNIUM

	<u>2018</u>	<u>2019</u>	<u>2018-19</u>
Health and Human Services Commission Medicaid Program Income No. 705 (SB1, Article II-35)	50,000,000	50,000,000	100,000,000
Health and Human Services Commission Vendor Drug Rebates—Medicaid No. 706 (SB1, Article II-35)	904,008,613	940,938,469	1,844,947,082
Health and Human Services Commission Premium Co-Payments, Low Income Children No. 3643 (SB1, Article II-35)	5,654,878	5,841,004	11,495,882
Health and Human Services Commission Vendor Drug Rebates—Public Health No. 8046 (SB1, Article II-35)	7,886,357	7,886,357	15,772,714
Health and Human Services Commission Experience Rebates-CHIP No. 8054 (SB1, Article II-35)	508,740	506,770	1,015,510
Health and Human Services Commission Vendor Drug Rebates-CHIP No. 807 (SB1, Article II-35)	5,736,519	5,802,717	11,539,236
Health and Human Services Commission Cost Sharing - Medicaid Clients No. 8075 (SB1, Article II-35)	200,000	200,000	400,000
Health and Human Services Commission Vendor Drug Rebates-Supplemental Rebates No. 8081 (SB1, Article II-35)	78,937,285	82,205,281	161,142,566
Texas Education Agency B.3.6. Strategy: Certification Exam Administration (SB1, Article III-2)	18,766,445	18,766,445	37,532,890
Teacher Retirement System A.1.1. Strategy: TRS - Public Education Retirement (SB1, Article III-34)	1,741,633,557	1,802,590,732	3,544,224,289

TABLE 6
CALCULATION OF "SUM CERTAIN LINE ITEMS APPROPRIATIONS"
FOR THE 2018-19 BIENNIUM

	<u>2018</u>	<u>2019</u>	<u>2018-19</u>
Teacher Retirement System A.1.2. Strategy: TRS - Higher Education Retirement (GR Portion) (SB1, Article III-34)	211,736,248	218,137,034	429,873,282
Teacher Retirement System A.2.1. Strategy: Retiree Health - Statutory Funds (SB1, Article III-34)	795,729,797	413,867,839	1,209,597,636
Optional Retirement Program A.1.1. Strategy: Optional Retirement Program (GR Portion) (SB1, Article III-38)	123,514,132	122,278,990	245,793,122
Office Of Court Administration, Texas Judicial Council C.1.2. Strategy: TEXAS.GOV (SB1, Article IV-24)	10,290	12,571	22,861
Department Of Housing And Community Affairs E.1.4. Strategy: TEXAS.GOV (SB1, Article VII-2)	19,120	19,120	38,240
Board Of Chiropractic Examiners A.1.2. Strategy: TEXAS.GOV (SB1, Article VIII-5)	29,850	29,850	59,700
Texas State Board Of Dental Examiners A.2.2. Strategy: TEXAS.GOV (SB1, Article VIII-7)	250,000	250,000	500,000
Funeral Service Commission A.1.2. Strategy: TEXAS.GOV (SB1, Article VIII-10)	46,500	46,500	93,000
Board Of Professional Geoscientists A.1.2. Strategy: TEXAS.GOV (SB1, Article VIII-12)	25,000	25,000	50,000
Department Of Insurance (GR Portion) A.3.2. Strategy: TEXAS.GOV (SB1, Article VIII-18)	6,520	6,520	13,040

TABLE 6
CALCULATION OF "SUM CERTAIN LINE ITEMS APPROPRIATIONS"
FOR THE 2018-19 BIENNIUM

	<u>2018</u>	<u>2019</u>	<u>2018-19</u>
Board Of Professional Land Surveying A.1.3. Strategy: TEXAS.GOV (SB1, Article VIII-27)	17,150	17,150	34,300
Department Of Licensing And Regulation A.1.5. Strategy: TEXAS.GOV (SB1, Article VIII-28)	500,000	500,000	1,000,000
Texas Board of Nursing A.1.2. Strategy: TEXAS.GOV (SB1, Article VIII-37)	594,902	594,903	1,189,805
Optometry Board A.1.2. Strategy: TEXAS.GOV (SB1, Article VIII-41)	21,230	18,625	39,855
Optometry Board A.1.3. Strategy: National Practitioner Data Bank (SB1, Article VIII-41)	9,092	9,092	18,184
Board Of Pharmacy A.1.2. Strategy: TEXAS.GOV (SB1, Article VIII-43)	210,500	222,200	432,700
Executive Council Of Physical Therapy & Occupational Therapy Examiners A.1.2. Strategy: TEXAS.GOV (SB1, Article VIII-47)	206,215	157,715	363,930
Board Of Plumbing Examiners A.1.2. Strategy: TEXAS.GOV (SB1, Article VIII-49)	155,000	155,000	310,000
Board Of Examiners Of Psychologists A.1.2. Strategy: TEXAS.GOV (SB1, Article VIII-52)	37,000	37,000	74,000
Board Of Veterinary Medical Examiners A.1.2. Strategy: TEXAS.GOV (SB1, Article VIII-66)	40,000	40,000	80,000
Multiple Agencies: Earned Federal Funds Sec. 13.11. Definition, Appropriation, Reporting and Audit of Earned Federal Funds (SB1, Article IX-65)	47,572,739	47,576,949	95,149,688

TABLE 6
CALCULATION OF "SUM CERTAIN LINE ITEMS APPROPRIATIONS"
FOR THE 2018-19 BIENNIUM

	<u>2018</u>	<u>2019</u>	<u>2018-19</u>
Subtotal, Estimated Appropriations	<u>\$7,100,669,103</u>	<u>\$6,917,769,361</u>	<u>\$14,018,438,464</u>
Total Sum-certain Line Item Appropriations	<u>\$47,508,343,258</u>	<u>\$45,136,454,604</u>	<u>\$92,644,797,862</u>