

State Budget Overview and Budget Drivers

2010–11 Biennium
and Historical Trends

Wayne Pulver, Assistant Director, Legislative Budget Board

Overview



1. Review of State Budget for the 2010–11 Biennium
2. Look at the Larger Programs Driving the Budget
3. Review Caseload Trends
4. Influence of Demographic Trends, Economic Conditions, and Other Factors

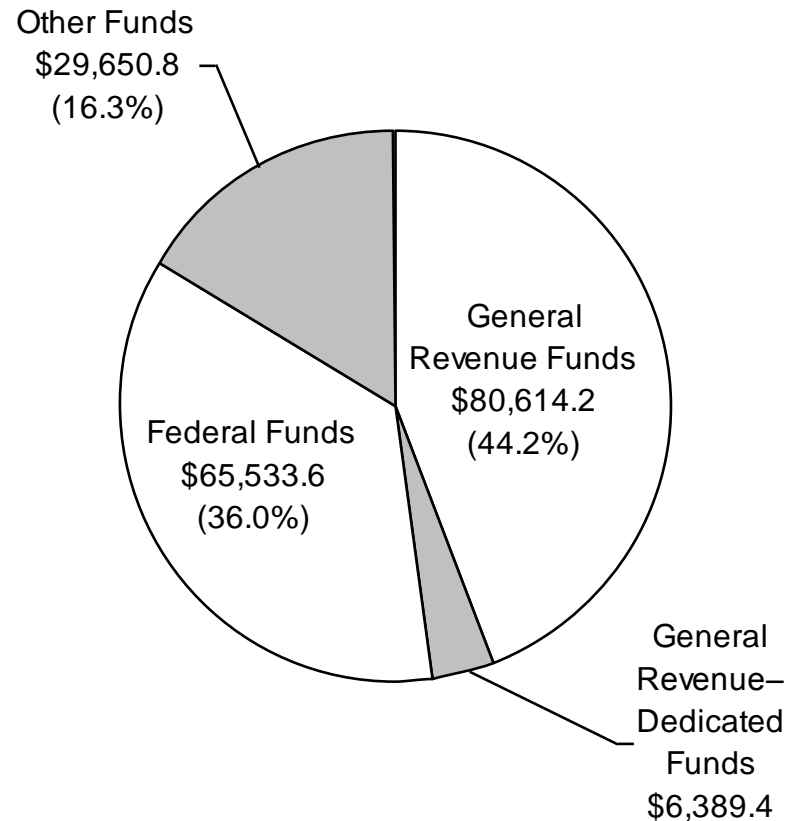
Methods of Finance for the State Budget 2010–11 Biennium



ALL FUNDS BUDGET BY FUND SOURCE

TOTAL = \$182,188.0 MILLION

(IN MILLIONS)



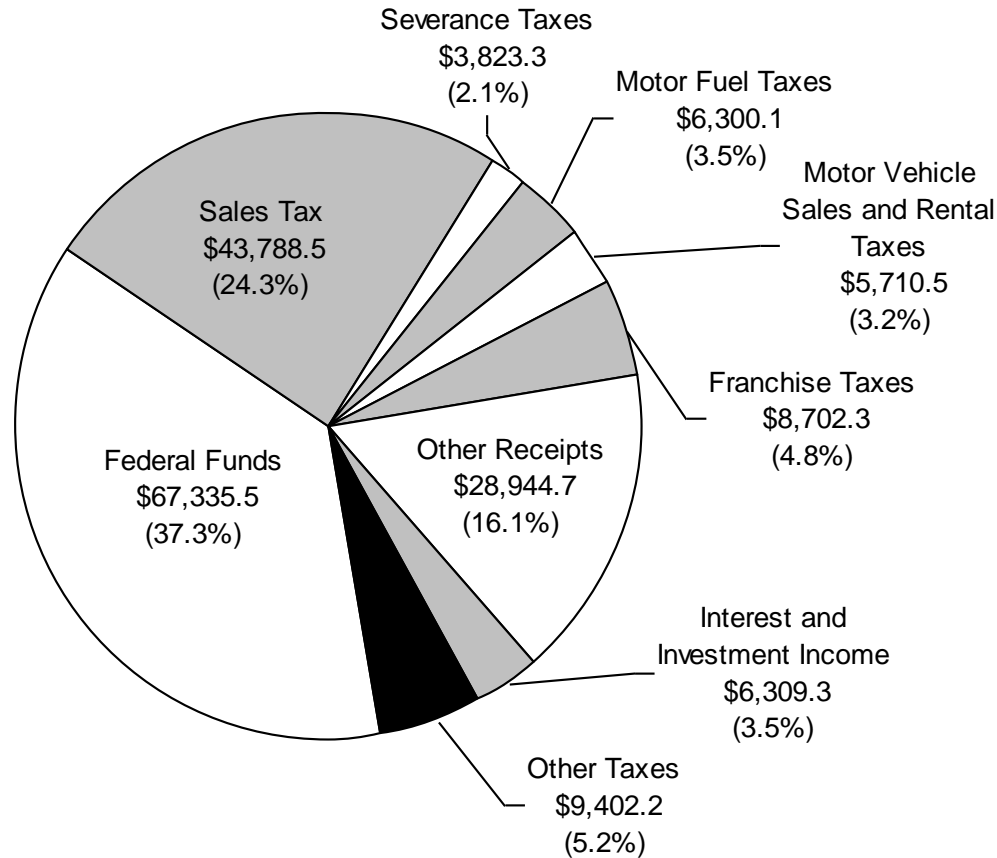
SOURCE: Legislative Budget Board.

Estimated State Revenue Collections 2010–11 Biennium



(IN MILLIONS)

TOTAL = \$180,316.2 MILLION



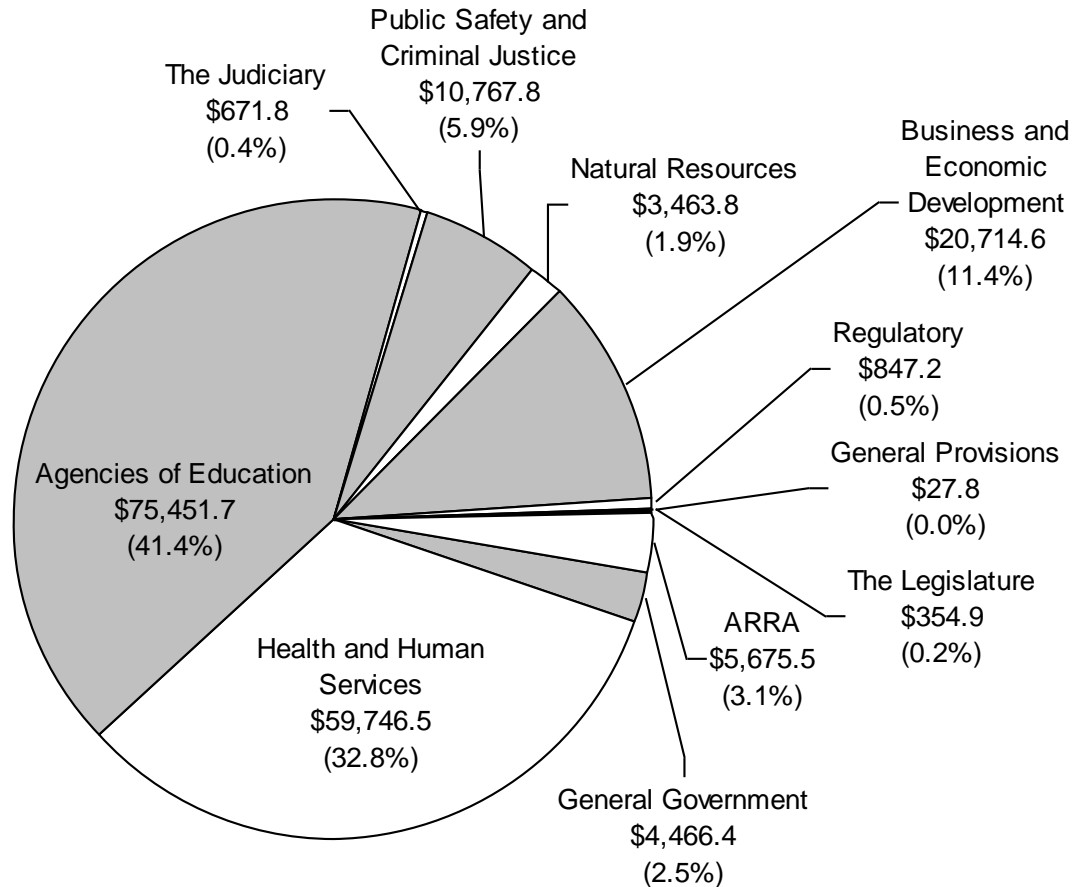
SOURCE: Comptroller of Public Accounts, November 2009.

How the State Budget Is Spent 2010–11 Biennium



**ALL FUNDS
(IN MILLIONS)**

TOTAL = \$182,188.0 MILLION



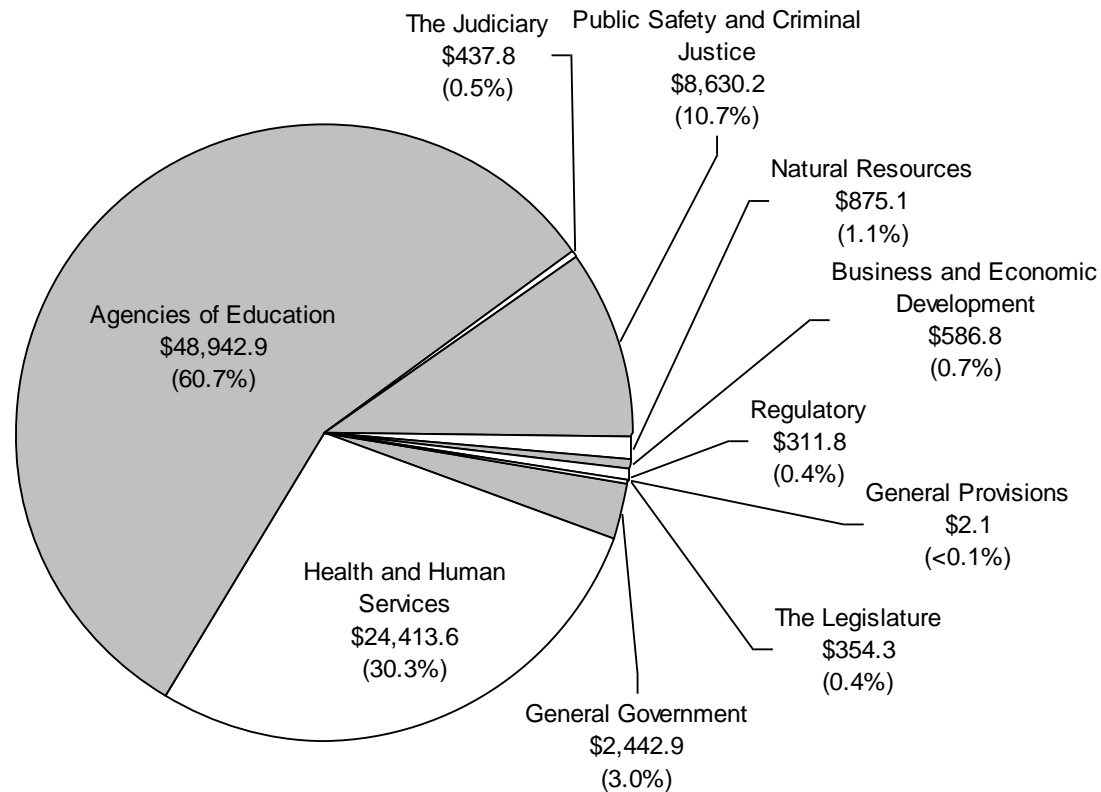
SOURCE: Legislative Budget Board.

How the State Budget Is Spent 2010–11 Biennium



GENERAL REVENUE FUNDS (IN MILLIONS)

TOTAL \$80,614.2 MILLION



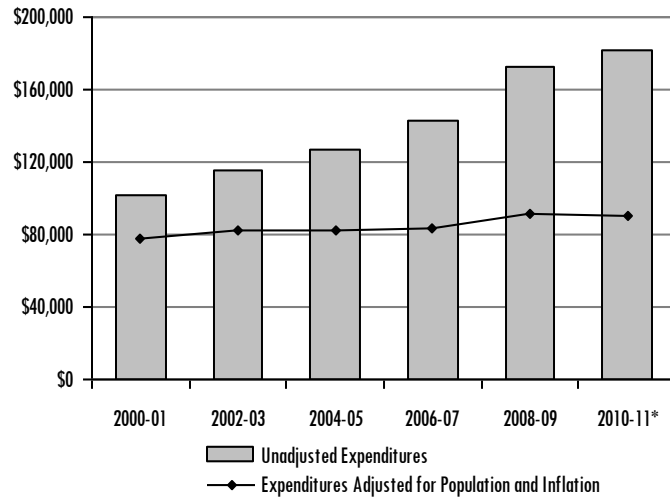
SOURCE: Legislative Budget Board.

Trends in State Government Expenditures

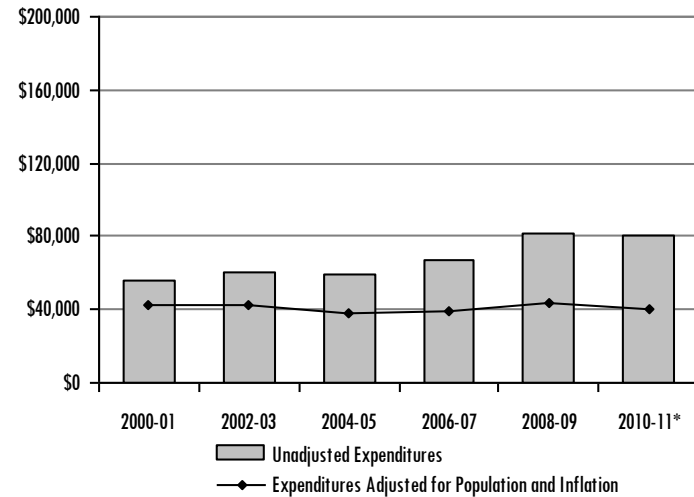


IN MILLIONS

ALL FUNDS



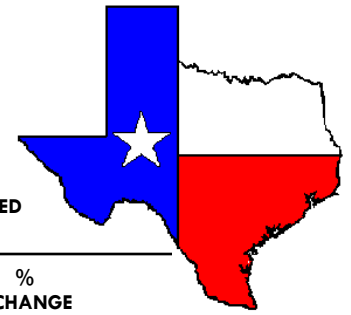
GENERAL REVENUE FUNDS



*Estimated.

SOURCES: Legislative Budget Board, Comptroller of Public Accounts.

Programs That Drive the State Budget



PROGRAM (INDICATOR)	INDICATOR MEASURE			GENERAL REVENUE & GENERAL REVENUE–DEDICATED FUNDS (IN MILLIONS)		
	2000	2010	% CHANGE	2000–01 EXPENDED	2010–11 APPROPRIATED	% CHANGE
Public Schools Enrollment (Average Daily Attendance)	3,702,396	4,486,789	21.2%	\$20,639.0	\$34,237.7**	65.9%
Higher Education Enrolment (Fall Headcount Enrolment)	984,464	1,313,783*	33.5%	14,979.4	16,332.7**	9.0%
Medicaid Program (Average Monthly Caseload)	1,807,669	3,105,445	71.8%	8,076.2	18,783.1**	132.6%
Children’s Health Insurance Program (Average Monthly Caseload)	63,787	530,501	731.7	156.1	624.2	299.9%
Temporary Assistance for Needy Families (Recipients per Month)	341,396	109,697	(67.9%)	245.4	131.4	(46.5%)
Child Protective Services (Completed Investigations)	121,732	167,933	38.0%	373.1	847.9	127.3%
Employee Benefits/Payroll Costs (Total Membership)	193,443	213,808	10.5%	2,142.9	3,256.9	52.0%
Teachers Retirement System (Membership)	946,299	1,292,693	36.6%	2,516.7	3,884.2	54.3%
Optional Retirement Program (Members)	38,049	42,637	12.1%	287.4	294.7	2.5%
Higher Education Group Insurance (GR Funded Enrollees)	105,747	110,000*	4.0%	621.3	1,124.4	81.0%
Adult Criminal Justice Populations (Average Inmate Population)	149,201	155,196	4.0%	4,703.0	5,913.3	25.7%
Juvenile Justice Populations (Average Residential Population)	5,554	2,414	(56.5%)	601.6	713.6	18.6%
TOTAL, BUDGET DRIVERS GENERAL REVENUE & GENERAL REVENUE–DEDICATED FUNDS:				\$55,342.1	\$86,144.1	55.7%
TOTAL GENERAL REVENUE & GENERAL REVENUE–DEDICATED FUNDS EXPENDED/BUDGETED:				\$60,675.5	\$92,543.5**	52.5%
PERCENTAGE ATTRIBUTABLE TO BUDGET DRIVERS:				91.2%	93.1%	

*Estimated

**Note: Includes certain funding from the American Recovery and Reinvestment Act and, in the case of public education, funding from the Property Tax Relief Fund.

SOURCE: Legislative Budget Board.

Public School Attendance Trends



TEXAS PUBLIC SCHOOL AVERAGE DAILY ATTENDANCE

FISCAL YEAR	SCHOOL YEAR	TOTAL ADA	% CHANGE
2002	2001-02	3,854,707	2.4
2003	2002-03	3,935,932	2.1
2004	2003-04	4,008,528	1.8
2005	2004-05	4,078,747	1.8
2006	2005-06	4,181,278	2.5
2007	2006-07	4,246,916	1.6
2008*	2007-08	4,315,132	1.6
2009*	2008-09	4,392,859	1.8
2010*	2009-10	4,486,789	2.1
2011*	2010-11	4,572,768	1.9

*Estimated.

Notes: ADA counts include charter schools and exclude all state-administered schools except Moody.

SOURCES: Legislative Budget Board; Texas Education Agency.

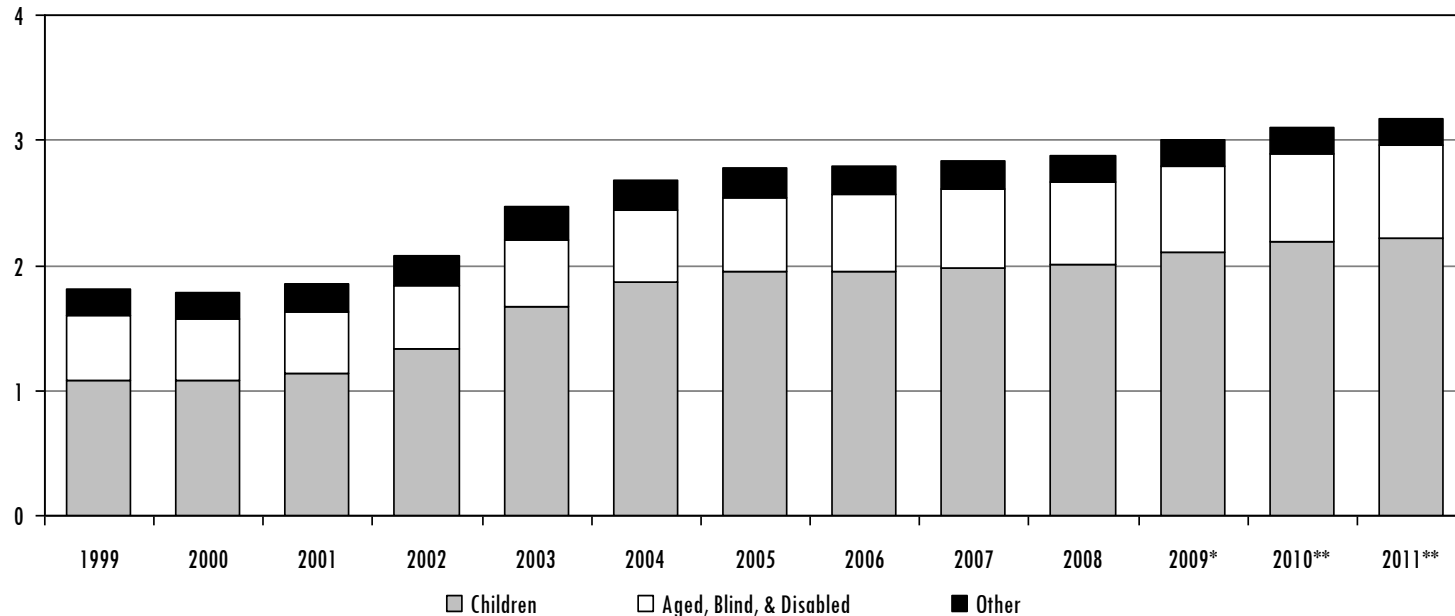
Acute Care Medicaid Average Monthly Caseload



ACUTE CARE MEDICAID AVERAGE MONTHLY CASELOAD

FISCAL YEARS 1999 to 2011

IN MILLIONS



*Estimated.

**Target established in the General Appropriations Act.

Note: Represents average monthly number of clients receiving Medicaid acute care health insurance services through the Health and Human Services Commission. Aged, Blind, and Disabled includes clients enrolled in STAR+PLUS. Other includes TANF Adults, Pregnant Women, and Medically Needy clients.

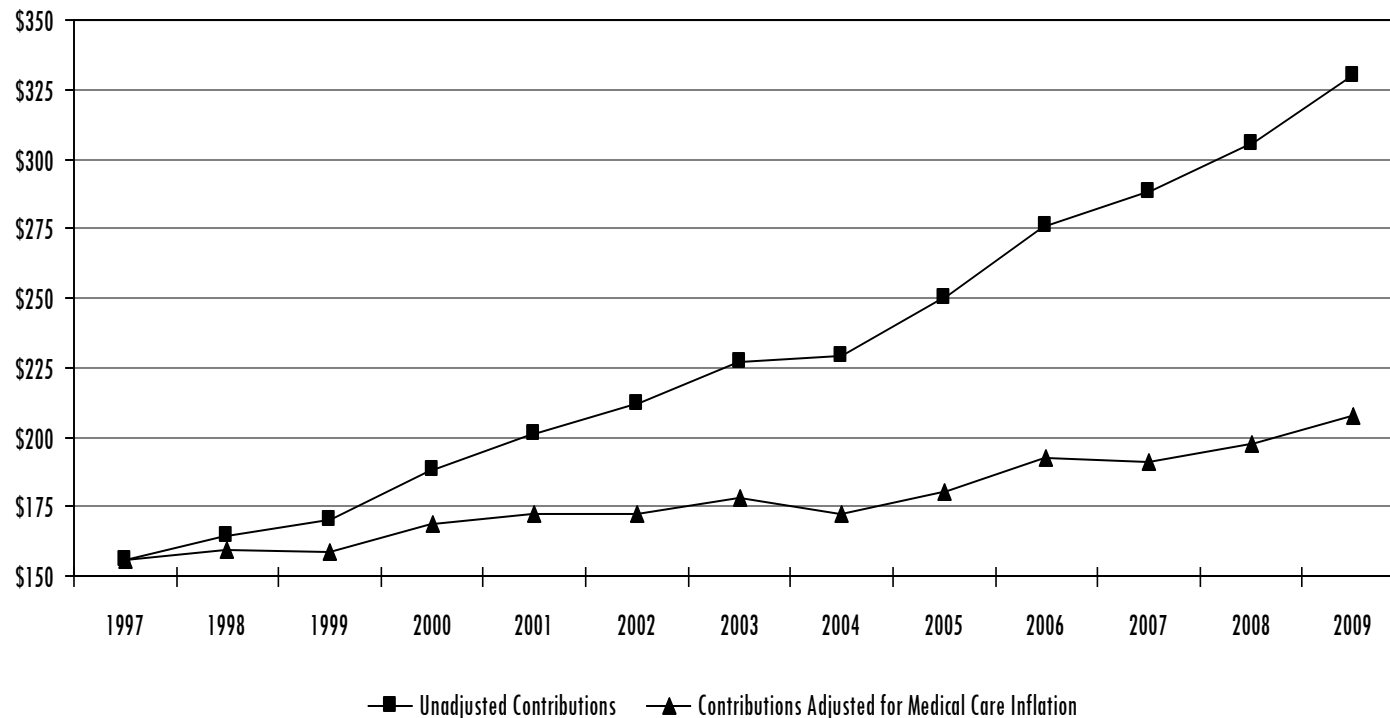
SOURCES: Legislative Budget Board; Health and Human Services Commission.



Employee Health Insurance Trends

AVERAGE MONTHLY STATE-PAID CONTRIBUTION PER ENROLLEE FOR ERS, THE UNIVERSITY OF TEXAS SYSTEM, AND THE TEXAS A&M UNIVERSITY SYSTEM

FISCAL YEARS 1997 to 2009



SOURCES: Employees Retirement System, The University of Texas System, Texas A&M University System.

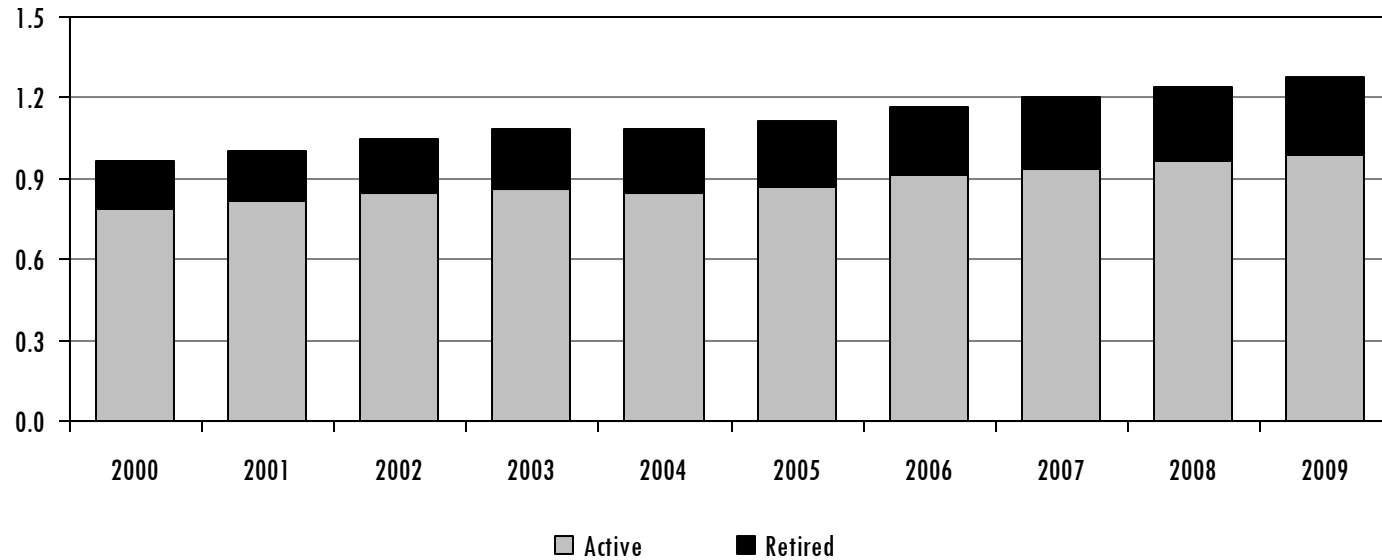
Teacher Retirement System



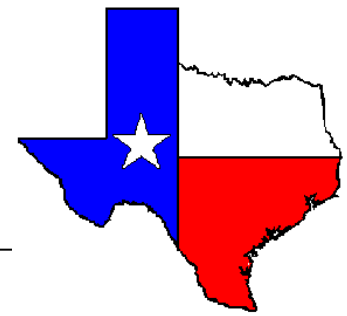
TEACHER RETIREMENT SYSTEM MEMBERSHIP

FISCAL YEARS 2000 to 2009

IN MILLIONS

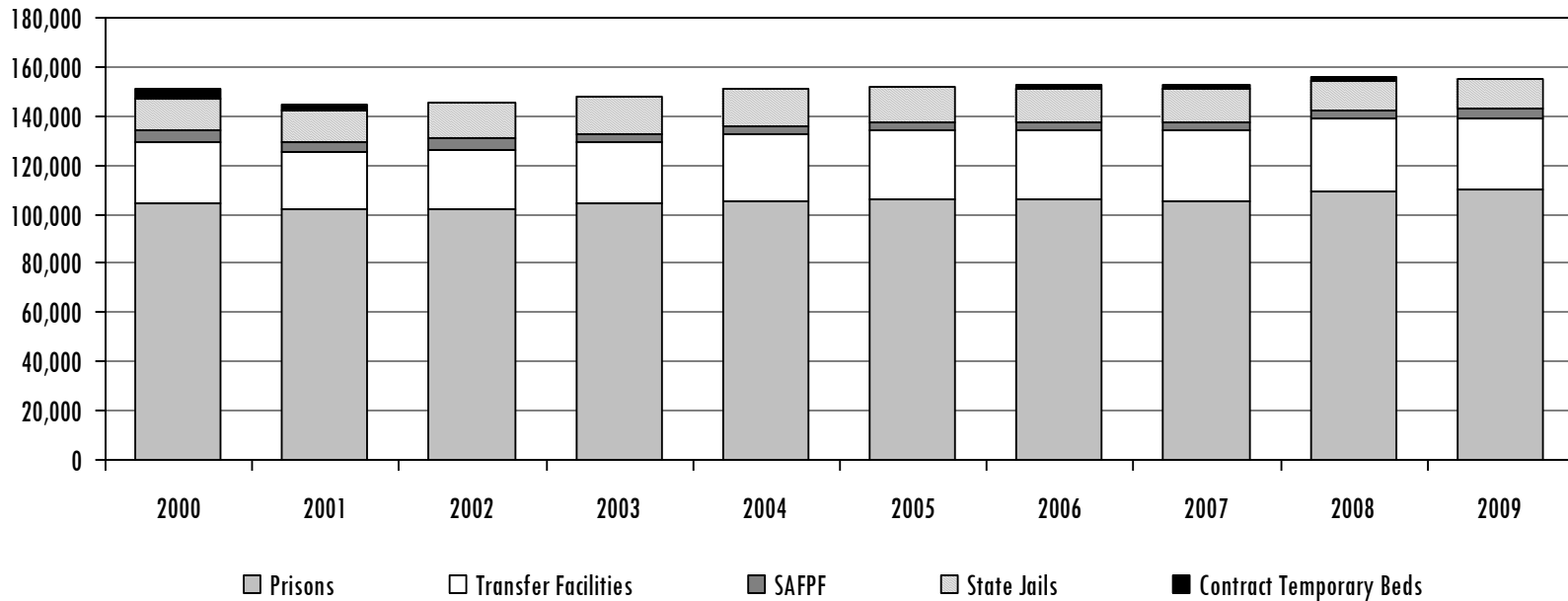


SOURCE: Teacher Retirement System of Texas.



Adult Correctional Populations

CORRECTIONAL POPULATIONS FISCAL YEARS 2000 TO 2009



Notes: SAFPF = Substance Abuse Felony Punishment Facilities.

Population counts as of August 31 of each fiscal year.

On September 1, 2007, the Legislative Budget Board adopted a change in the way capacity and incarcerated populations are reported to include preparole transfer and work program facilities. This change resulted in an increase of approximately 2,800 in prison capacity and correctional populations.

SOURCE: Texas Department of Criminal Justice.

Influence of Demographic Trends, Economic Conditions, and Other Factors



- As an economy contracts, less revenue is collected to pay for demands.
- Federal policy changes can drive state expenditures.
- Medicaid enrollment correlates to unemployment rates.
- As some parents lose jobs, their incomes fall within Medicaid income eligibility thresholds.
- Federal matching rates for Medicaid are tied to Texas' per capita income in relation to the U.S. per capita income over a 3 year prior period.
- So when Texas' per capita income decreases relative to the U.S., Texas receives more federal funding.
- When Texas' per capita income increases relative to the U.S., Texas receives less federal funding.
- Approximately 50 percent of the births in Texas are covered by Medicaid.
- Health care and higher education inflation rates outpace other types of inflation.

Influence of Demographic Trends, Economic Conditions, and Other Factors



- The relative strength of the Texas economy over that of Mexico increases migration into Texas.
- Migration from Mexico tends to increase demands for public education and health and human services.
- Texas has higher numbers of lower income households, resulting in higher birth rates and lower educational attainment.
- Baby boomer cohorts are beginning to retire, putting some pressure on the ERS and TRS systems.
- Increased enrollments in higher education are somewhat correlated with higher unemployment.