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January 28, 2021

To: Urban Counties Membership
From: Windy Johnson, Program Manager
Re: **Appropriations Update**

Background:

Earlier this month the Comptroller provided a revenue estimate indicating how much legislators will have to spend in the 87th Session.

The report indicated legislators will have about \$2.3 billion less to work with than what was budgeted last year of \$114.84 billion. This was an upgrade to the previous estimate which indicated over a \$5b deficit. Instead, the state appropriators will only have to fill a \$1b shortfall which will likely be covered by the 5% agency cut the leadership ordered early last year.

Both the Senate and the House have filed their base budgets, there are very few differences in the two bills as filed. Both have a \$251b fiscal tag. The general revenue fund proposals, the discretionary aspect of the budget, are virtually the same, at \$119.7 billion — a \$1 billion increase from the current biennium. The general revenue expenditure proposals are about \$7 billion over the Biennial Revenue Estimate provided by the Comptroller. This will likely mean additional cuts to the base budget, use of the ESF, creative accounting tricks or all of the above.

Education agencies and Health and Human Services account for the two largest sections of the proposed budget at \$94 billion and \$92 billion, including \$74.2b for Medicaid costs.

The Senate proposal includes \$3.1 billion to fund public education enrollment growth, a \$493 million increase in contributions to the Teacher Retirement System, \$8.1 billion in higher education, a newly appropriated \$39.1 million for Texas capitol security, and \$30 billion for the Texas Department of Transportation.

The state currently is allocating \$28.6 billion in federal stimulus dollars to be distributed for coronavirus-related costs. This number is a

variable based on what the Biden Administration decides. There are currently no appropriations included in the bills from the Economic Stabilization Fund, which has an estimated balance of \$11.6b.

Below is a summary of county items seeing a decrease in appropriations:

Budget Cuts in SB 1 That Affect Counties

- a. Disabled Veterans Property Tax Assistance to eligible counties – 5% Decrease (\$20m to \$19m)
- b. Law Enforcement Education Funds – 5% Decrease (\$12m to \$11.4m)
- c. 9-1-1 Services grants and assistance to counties – 24% Decrease (\$125m to \$95m)
- d. Criminal Justice grants to counties – 8% Decrease (\$602m to \$554m)
- e. County Essential Services Grants to Counties – 10% Decrease (\$2.3m to \$2.1)
- f. Border Security Operations Grants to Counties – 10% Decrease (\$16.8m to \$15.1m)
- g. Courthouse Preservation Grants - %95 Decrease (\$25m in ESF funds were provided in the previous biennium) (\$27m to \$1.36m)
- h. Development Assistance Grants to Counties – 5% Decrease (\$3.5m to \$3.3m)
- i. County Indigent Healthcare Services – 23% Decrease (\$1.7m to \$1.3m)
- j. EMS and Trauma Care Funding for Local Projects – 2% Decrease (\$252m to \$246m)
- k. Indigent Defense – 5% Decrease (\$94m to \$89.9m)
- l. Adult Basic Supervision – 5% Decrease (\$136m to \$130m)
- m. Juvenile Justice Alternative Education – 5% Decrease (\$12.5m to \$11.8m)
- n. Juvenile Justice Prevention and Intervention – 100% (completely cut)
- o. Juvenile Community Programs Funding – 5% Decrease (\$89m to \$85m)
- p. Juvenile Local Diversion Programs – 4% Decrease (\$38.9m to \$37.6)
- q. Crime Laboratory Services – 3% Decrease (\$132.5m to \$128.5m)
- r. Drivers License Services – 3% (\$481.7m to \$465.9m)

- s. Local Park Grants to Local Governments – 21% Decrease (\$37m to \$29.2m)
- t. Transportation Planning and Design – 14% Decrease (\$956m to \$823m)
- u. Transportation Right of Way Acquisition – 19% Decrease (\$1.7b to \$1.38b)

There is a slight increase in funding to CPS and child neglect prevention services. In addition, parole and revocation sees a slight increase in funding, which could help decrease revocation hearings and impact blue warrant holds.