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FOCUS *on* STATE FINANCE

Writing the state budget

Writing a two-year budget is one of the Texas Legislature's main tasks. During the 2019 regular session, the 86th Legislature will consider a budget for fiscal 2020-21, the two-year period from September 1, 2019, through August 31, 2021.

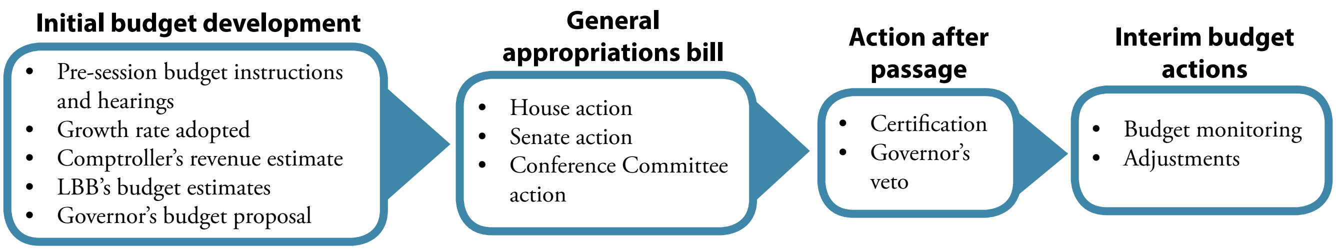
The Texas budget is written and implemented in a two-year cycle that includes development of the budget, passage of the general appropriations act, actions by the comptroller and governor, and monitoring the budget in the interim.

Initial budget development

Developing the budget begins with state agencies receiving instructions for submitting budget requests, followed by agencies submitting their budget proposals and hearings on those requests. Next, the Legislative Budget Board (LBB) adopts a growth rate that limits appropriations, the comptroller issues an estimate of available revenue, and preliminary budgets are drafted.

Pre-session budget instructions and hearings. State agencies are required in even-numbered years to develop five-year strategic plans (Government Code, sec. 2056.002) that include agency goals, strategies for accomplishing the goals, and performance measures. The summer before a regular legislative session begins, agencies submit funding requests to the governor's budget office and the LBB. These requests are called Legislative Appropriations Requests, or LARs. The LARs have two parts: the base-level request and requests for exceptional items beyond the baseline.

In June 2018, state agencies were instructed to submit spending requests for general revenue and general revenue dedicated funds not in excess of the amounts expended in fiscal 2018 and budgeted for 2019. Funds for certain programs were exempted from this baseline request limit, including amounts necessary to maintain funding for the Foundation School Program and Child Protective Services and to maintain public safety resources in the state's border region. The instructions also exempted the money used to maintain funding



for behavioral health services programs, which could apply to several state agencies. Also exempt from the limit were funds needed to maintain current benefits and eligibility in Medicaid, the Children's Health Insurance Program (CHIP), foster care programs, adoption subsidies programs, and the permanency care assistance program, which provides financial support under certain circumstances to relatives and others who become foster parents. Agencies were allowed to include enough funds for projected caseload growth in the baseline requests for these programs.

Agencies also were required to submit details on how they would reduce their baseline request for general revenue and general revenue dedicated funds by 10 percent in 2.5 percent increments.

State law requires the governor to hold budget hearings at which agencies and the public may testify (Government Code, secs. 401.043 and 401.044). Such hearings are optional for the LBB (Government Code, sec. 322.010). The LBB and the governor's budget staff held joint hearings in the late summer and fall of 2018 for agencies to explain their requests and answer questions about their LARs.

Strategic fiscal review. For this budget cycle, 11 agencies will undergo strategic fiscal review, a process designed to examine the performance and cost-effectiveness of state agency operations. Also under strategic fiscal review is funding for specific programs or activities at institutions of higher education that are not paid for with formula funding. The LBB collects detailed data on agency programs and studies the relationship of an agency's programs to its mission and statutes. During the budget writing process, the LBB will report on its reviews.

The agencies subject to review represent eight budget articles and include the Teacher Retirement System, the Alcoholic Beverage Commission, the Parks and Wildlife Department, and the Department of Licensing and Regulation.

Growth rate adopted. Under the Texas constitutional spending cap (Art. 8, sec. 22), spending not constitutionally dedicated to particular purposes may not increase from one biennium to the next beyond the rate of growth in statewide personal income adopted by the LBB unless the cap is waived by a majority vote of both houses of the Legislature. On January 11, 2019, the LBB adopted a projected state personal income growth rate of 9.89 percent from fiscal 2018-19 to fiscal 2020-21. Subject to revisions in the revenue forecasts and subsequent appropriations, this limits spending from non-dedicated tax revenue in fiscal 2020-21 to $100.3 billion.

Comptroller's revenue estimate. Before each regular legislative session, the comptroller must estimate the revenue and expenditures for the current fiscal year and the anticipated revenue for the upcoming biennium (Art. 3, sec. 49a of the Constitution). A supplemental estimate is required before any special session.

The revenue estimate issued in January 2019 projected the 86th Legislature would have $119.1 billion available for general-purpose spending for the next biennium. This is an 8.1 percent increase from last biennium. This available amount takes into account anticipated transfers of $6.3 billion to the Economic Stabilization Fund ("rainy day fund") and the State Highway Fund as well as $211 million to the Texas Tomorrow Fund, the state's guaranteed prepaid tuition plan that is projected to have a shortfall.

The comptroller may revise the initial revenue estimate at any time. The only revenue estimate that applies in determining if the state budget is balanced is the one made when the comptroller certifies the general appropriations bill (see "Certification," page 7). See the comptroller's January 2019 *Biennial Revenue Estimate, 2020-21* for a detailed description of revenue estimates and the projected economic outlook.

Rainy day fund. The rainy day fund is expected to reach $15.4 billion by the end of fiscal 2020-21, absent appropriations from the fund, according to the comptroller's biennial revenue estimate.

Revenue for the rainy day fund comes almost entirely from oil and natural gas production taxes, also known as severance taxes. Before fiscal 2015, the rainy day fund received 75 percent of severance tax revenue that exceeded the amount collected in fiscal 1987. A constitutional amendment adopted in 2014 requires the comptroller to send half of this amount to the State Highway Fund, with the rest continuing to go the rainy day fund.

The comptroller will reduce or withhold allocations to the State Highway Fund as needed to maintain a sufficient balance in the rainy day fund. As required by Government Code, sec. 316.092, the Select Committee to Determine a Sufficient Balance of the Economic Stabilization Fund determined $7.5 billion to be a sufficient minimum balance for fiscal 2020-21. Government Code, sec. 316.092(d) establishes procedures for the Legislature to approve or change the sufficient balance adopted by the committee. If the Legislature does not finally approve a resolution with a balance by the 45th day of the legislative session, the balance adopted by the committee takes effect.

The comptroller also must transfer half of any unencumbered balance remaining in the general revenue fund at the end of a biennium to the rainy day fund (Art. 3, sec. 49-g). Only twice has such a balance been transferred to the fund under this provision — once in fiscal 1992 ($20.2 million) and again in fiscal 2008 ($1.8 billion).

The rainy day fund may not exceed 10 percent of the total amount deposited into general revenue (minus certain types of income and funds) during the previous biennium. The cap for fiscal 2020-21 is $18.6 billion. Money drawn from the rainy day fund counts toward the state's constitutional spending limit, according to the LBB.

Spending money from the rainy day fund requires legislative approval. At least three-fifths of the members present in each house of the Legislature must approve spending from the fund to cover but not exceed an unanticipated deficit in a current budget or offset a decline in revenue for a future budget. However, any amount from the fund may be spent for any purpose if approved by at least two-thirds of the members present in each house.

The Legislature has appropriated money from the rainy day fund during seven legislative sessions, including five times since 2000.

LBB budget submission. Government Code, sec. 322.008 requires the LBB to send copies of an estimated state budget to the governor and the Legislature at the beginning of each legislative session. These documents are called Legislative Budget Estimates (See House and Senate versions of the LBB's *Summary of Legislative Budget Estimates*, January 2019). They include agency-by-agency figures for funds spent or budgeted in previous years, the budget amount requested by each agency, the amount recommended in the baseline bill, and proposed methods of financing. The LBB also must submit a budget in the form of a bill at the beginning of the regular session. These proposals serve as the starting point for the Legislature's budget deliberations.

Governor's budget proposal. Governors are required to submit their own budget proposals (Government Code, sec. 401.0445). Historically, these documents have varied in the detail they include. The governor must submit a budget before giving the State of the State address (Government Code, sec. 401.046) and may prepare a general appropriations bill that must be submitted by the 30th day of the session (Government Code, sec. 316.009). In February 2019, Gov. Abbott released a list of budget priorities for fiscal 2020-21. The proposal highlights certain programs and spending across state government.

General appropriations bill

The Senate and House general appropriations bills for fiscal 2020-21, HB 1 by Zerwas and SB 1 by Nelson, are the starting points for the Legislature to authorize agency spending and other budgetary provisions.

Budget format. Appropriations bills may deal only with spending. The Texas Constitution, in Art. 3, sec. 35, limits bills to one subject, except for general appropriations bills, which may include various subjects and accounts. This provision has been interpreted as prohibiting changes to substantive law through an appropriations bill. House Rule 8, sec. 4 reflects this interpretation and explicitly prohibits changes in general law in an appropriations bill.

For fiscal 2020-21, LBB recommendations for the general appropriations act retain the basic structure of previous budget acts and include 10 articles for agency budgets. Articles 1 through 8 include state agency budgets by functional category. For example, Article 3 covers agencies of public and higher education. Article 9 contains general provisions and directions to state agencies, the state salary classification schedule, and other items. Article 10 contains appropriations for the Legislature.

Agency budget configuration. Each agency's budget first lists the mix of revenue sources intended to finance the agency's appropriation. Sources can include the general revenue fund, general revenue dedicated accounts, federal funds, and other funds.

In the early 1990s, the state began developing budgets through a form of performance-based budgeting based on strategic planning. House and Senate budget bills listed agency goals and strategies, with each strategy having its own appropriations. *Goals* are general statements of the agency's purposes. *Strategies*, sometimes called line items, state how an agency intends to achieve its goals and are the basis for appropriating money to an agency. An appropriation for a single strategy may fund more than one department or program in the agency. The agency may need more than one strategy to accomplish each goal.

Goals and strategies are linked to output and efficiency measures. Output measures gauge the quantity of a service provided or good produced. Efficiency measures gauge cost or time per unit, such as the average cost for the Department of Public Safety to complete a DNA case.

The examples on page 5 show the format for two portions of the fiscal 2020-21 appropriation for the Commission on the Arts in HB 1 as introduced. Figure 1 expresses one set of goals and strategies in terms of funds appropriated, and Figure 2 illustrates the performance measure targets for the same set of goals.

Riders in an appropriations bill can do several things, including set conditions or limits on funds or make an appropriation. Some riders provide instructions specific to a particular agency's operations. Riders also are used to describe an agency's capital budget or to break down agency funding by goals and strategies and by performance measures. Some riders contain *contingent appropriations*, which appropriate money only if the Legislature enacts other specific bills. If such bills are not enacted, these riders have no effect.

Lump-sum appropriations. In recent state budgets, each institution of higher education has been funded through a single line item, or lump-sum appropriation, instead of through multiple-line appropriations for separate strategies.

Legislative action

While the House and the Senate each work on the budget and hold hearings simultaneously, they traditionally take turns originating the general appropriations bill and chairing the budget conference committee. For the 2019 regular session, the bill is expected to originate in the House, so the final version of the bill would be HB 1.

House action. In the House, the Appropriations Committee (HAC) has jurisdiction over appropriations bills. For the 2019 session, the HAC includes a chair, a vice chair, and 25 additional members. House Rule 4, sec. 4(b) prohibits the chair of the Appropriations Committee from serving on another substantive committee.

The chair of the HAC usually appoints standing subcommittees to consider different parts of the budget, such as general government, health and human services, education, criminal justice, and business and economic development. Subcommittees hold public hearings and make recommendations on budget proposals for agencies, programs, or funding under their jurisdiction.

Time constraints. House Rule 8, sec. 21(g) requires the HAC to report the general appropriations bill to the House by the 90th day of the session, which will be April 7 for the 2019 session. Under House Rule 8, sec. 21(a), during the first 118 days of the session the speaker may not lay before the House any bill appropriating money unless the general appropriations bill already has been enacted and the comptroller has certified it. If the HAC does not meet its 90th-day reporting deadline, this rule is suspended. The 118th day of the 2019 session is May 5.

House Rule 8, secs. 21(b) and (f) further restrict consideration of certain appropriations bills. To ensure compliance with the constitutional limit on spending from state tax revenue not dedicated by the Constitution, no bill appropriating such revenue may be considered before final approval of the general appropriations bill, and no bills may be considered that, when added to amounts previously appropriated, would exceed the limit.

Bills reducing taxes or providing payment for legislative expenses, judgments against the state, and or emergency matters are not subject to rules restraining House appropriations (House Rule 8, sec. 21(e)).

Figure 1

COMMISSION ON THE ARTS

	For the Years Ending August 31, 2020	For the Years Ending August 31, 2021
Items of Appropriation:		
A. Goal: ARTS AND CULTURAL GRANTS		
Provide and Support Arts and Cultural Grants.		
A.1.1. Strategy: ARTS ORGANIZATION GRANTS	$ 3,841,850	$ 3,841,851
A.1.2. Strategy: ARTS EDUCATION GRANTS	$ 711,488	$ 711,487
A.1.3. Strategy: CULTURAL TOURISM GRANTS	$ 670,000	$ 670,000
A.1.4. Strategy: DIRECT ADMINISTRATION OF GRANTS	$ 624,761	$ 624,761
Total, Goal A: ARTS AND CULTURAL GRANTS	$ 5,848,099	$ 5,848,099

source: HB 1 by Zerwas as introduced

Figure 2

Performance Measure Targets:		
A. Goal: ARTS AND CULTURAL GRANTS	2020	2021
Outcome (Results/Impact):		
Percentage of Grant Dollars Provided to Minority Organizations	12%	12%
Percentage of Grant Dollars to Rural Counties	6%	6%
Percentage of Grants Funded for Arts Education	25%	25%
Number of Artists Compensated for TCA Texas Touring Roster Performances	1,500	1,500
Number of Texas Cities in Which Organizations Received TCA Grants	150	150
Number Served by Arts Respond Projects in Education	750,000	750,000
Number Served by Arts Respond Projects in Health & Human Services	70,000	70,000
Number Served by Arts Respond Projects in Public Safety & Criminal Justice	90,000	90,000
A.1.3. Strategy: CULTURAL TOURISM GRANTS		
Output (Volume):		
Number of Grants that Promote Cultural Tourism	107	107

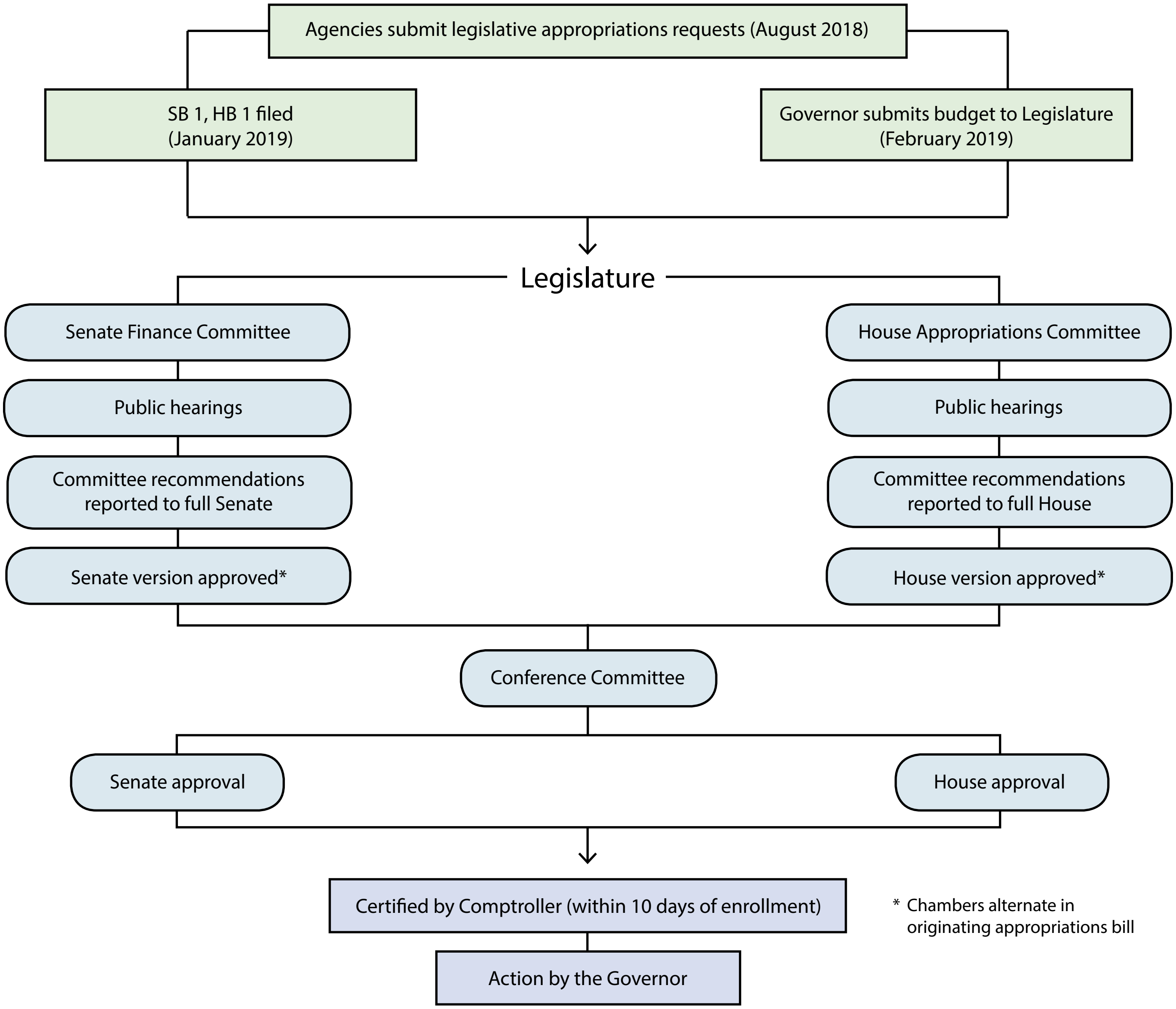
source: HB 1 by Zerwas as introduced

Dynamic economic impact statement. The HAC chair must send the general appropriations bill to the LBB to prepare a dynamic economic impact statement. This statement must include the number of state employees to be affected and the estimated impact on private sector and local government employment resulting from any change the bill makes in state expenditures (Rule 4, sec. 34 (a-1)).

Distribution of the bill. A printed copy of the general appropriations bill reported by the HAC must be distributed to each House member at least 168 hours (seven days) before it may be considered on second reading during a regular session. During a special session, the bill must be distributed at least 72 hours in advance (House Rule 8, sec. 14(a-1)). The Calendars Committee must post electronically the calendar on which the general appropriations bill is eligible to be considered on second reading at least 144 hours (six days) in advance for that calendar to be eligible for consideration (House Rule 6, sec. 16(a-1)).

Limit on amendments. The House Calendars Committee usually adopts a special rule limiting floor

Figure 3 **Overview of the legislative appropriations process**



amendments to the appropriations bill to changes that do not increase the budget's overall expenditures. The rule generally has required that any amendment adding or increasing an appropriation item must contain an equal or greater reduction in one or more other appropriation items. For a special rule proposed by the Calendars Committee concerning a general appropriations bill to take effect, House members must adopt it by a majority vote (House Rule 6, sec. 16(f)).

Second-reading amendments must be filed at least 72 hours before the calendar on which the bill appears is eligible for consideration (House Rule 11, sec. 6(h)). The House usually considers numerous floor amendments before approving its version of the budget.

Senate action. The Senate Finance Committee develops the Senate budget proposal. Budget hearings often have occurred before the entire committee, although in past sessions workgroups have heard testimony on specific areas of the budget. Unlike in the House, the Senate Finance Committee version of the budget often passes the full Senate without floor amendments.

Conference committee action. After both chambers adopt their versions of the general appropriations bill, the speaker appoints House members and the lieutenant governor appoints senators to a conference committee to reconcile differences between the bills. The conference committee usually includes the chairs and four other members of the

House Appropriations and Senate Finance committees, although the rules do not restrict who may be chosen.

House Rule 13, sec. 9(b) and Senate Rule 12.04 allow conferees to reconcile only points on which the House and Senate bills differ. They may not alter figures that are identical in both bills. On any given spending item included in both bills, the conferees may not set the amount lower than the smaller of the two amounts nor increase it above the larger amount. If an item appears in only one bill, the conferees may include or delete it.

The conferees may not include an item in the conference committee bill that does not appear in either the House or the Senate bill. However, House Rule 13, sec. 9(b)(5) and Senate Rule 12.04(5) allow the conference committee to add contingent appropriations for purposes or programs authorized by bills that have been passed by at least one chamber. The conference committee may seek permission from the House and the Senate to make changes otherwise prohibited by the rules — "outside the bounds" — by means of a resolution specifying the changes.

House Rule 13, sec. 10(a) requires that the conference committee report on any bill, including the general appropriations act, be distributed to members at least 24 hours before it may be considered. Senate Rule 12.09(a) requires that the conference committee report be laid out for 48 hours before being considered in a regular session and 24 hours before being considered in a special session.

Action after final passage

After final approval by the Legislature, the appropriations bill must be certified by the comptroller. It is then sent to governor who, subject to certain deadlines, has line-item veto authority over parts of the bill.

Certification and restrictions on state spending. After it is passed by each chamber and signed by the speaker and the lieutenant governor, an appropriations bill goes to the comptroller. Under Art. 3, sec. 49a of the Constitution, no appropriations bill may be enacted or sent to the governor for consideration until the comptroller certifies the state will have enough revenue to cover the approved spending. Government Code, sec. 403.0131(a) requires the comptroller to certify the appropriations by the 10th day, excluding Sundays, after the act is reported enrolled by the chamber from which it originated.

Art. 3, sec. 49a of the Texas Constitution allows appropriations in excess of anticipated revenue in cases of "emergency and imperative public necessity" with approval of four-fifths of the total membership of each chamber. Generally, however, the Legislature does not approve an appropriations bill unless the revenue necessary to pay for it is available.

Appropriations bills also must comply with other constitutional and statutory restrictions on spending (see "Restrictions on spending," page 8).

Governor's veto powers. Art. 4, sec. 14 of the Constitution states: "If any bill presented to the Governor contains several items of appropriations he may object to one or more of such items, and approve the other portion of the bill."

In 2017, Gov. Abbott used this authority to veto approximately $120 million in appropriations, including certain appropriations for air quality planning activities and the low-income vehicle repair program under the Texas Commission on Environmental Quality, safety education under the Department of Public Safety, retailer bonuses under the Texas Lottery Commission, and other appropriations.

While the Legislature is in session, the governor has 10 days (not counting Sundays) after receiving the spending bill to veto appropriations. If the governor fails to act within the 10 days, the bill becomes law. If the Legislature still is in session when the governor vetoes items, the bill is returned to the Legislature, which may override the veto if two-thirds of the members present in each chamber approve. The chamber where the bill originated votes first.

If the appropriations bill goes to the governor later than the 10th day (not counting Sundays) before the session ends, the governor has 20 days (counting Sundays) after the session ends to act. In these circumstances, if the 86th Legislature's 2019 regular session lasts its full 140 days and ends on May 27, the veto deadline will be Sunday, June 16.

Because the general appropriations act usually receives final approval during the last few days of a session, the Legislature typically forfeits the chance to override these vetoes.

Interim budget action

An enacted appropriations bill may be adjusted after it takes effect, either to reduce or adjust appropriations.

Adjustments. Once it enacts a general appropriations bill, the Legislature may adjust appropriations during the two-year budget period, either in a special session called by the governor or in a subsequent regular session. The appropriations bill itself may include provisions allowing agencies to make discretionary transfers between appropriations items, subject to various limitations or prior approval by the governor and the LBB.

Budget execution authority. Government Code, ch. 317 allows the governor and the LBB, acting jointly, to use budget execution authority to make certain changes in appropriations when the Legislature is not in session. A budget execution order may prohibit an agency from spending funds, transfer an appropriation from one agency to another, change the purpose for an appropriation, or change the time an appropriation is distributed to an agency. An order may not withhold for more than 180 days money appropriated to any agency.

Informal reductions. The governor and legislative leaders also may informally instruct agencies to modify their spending without taking official action to reduce appropriations. For example, in 2010, the governor, lieutenant governor, and speaker of the House jointly instructed state agencies to identify reductions in spending for fiscal 2010-11. The three state leaders approved some of the proposed reductions and modified or waived others.

Supplemental appropriations. The Legislature may change the state budget through a supplemental appropriations bill after the budget has been approved. Because the regular session begins in January, with eight months remaining in the two-year budget period, the Legislature sometimes appropriates funds to supplement an agency for the last fiscal year of a biennium.

Budget monitoring. The House Appropriations Committee and the Senate Finance Committee may schedule oversight hearings during the interim between regular sessions. Other House and Senate committees also may review spending of state agencies under their jurisdiction. In addition, the LBB monitors agency performance measures and expenditures and summarizes the state budget, state revenue, and state government functions, activities, and agencies in its *Fiscal Size-up* report.

Restrictions on spending

Lawmakers must adhere to a number of restrictions when approving state spending, including limits in the Texas Constitution and state law and limits associated with dedicated and federal funds.

Constitutional limits. Five major constitutional limits affect the appropriations process.

Appropriation requirement. Under the Texas Constitution, no money may be drawn from the state treasury unless it has been appropriated by law, and no appropriation may be made for longer than two years (Art. 8, sec. 6).

Budget growth limit. The Constitution also caps spending of state tax revenue that is not dedicated by the Constitution to a particular purpose. State spending not constitutionally dedicated to particular purposes may not increase from one biennium to the next beyond the rate of growth in statewide personal income adopted by the LBB unless the cap is waived by a majority vote of both chambers of the Legislature. Examples of revenue subject to the spending cap include funds resulting from sales, motor vehicle sales, franchise, and cigarette and tobacco taxes (Art. 8, sec. 22).

Government Code, ch. 316, subch. A specifies how the LBB adopts the growth rate. On January 11, 2019, the LBB adopted a projected state personal income growth rate of 9.89 percent from fiscal 2018-19 to fiscal 2020-21. Subject to revisions in the revenue forecasts and subsequent appropriations, this limits spending from non-dedicated tax revenue in fiscal 2020-21 to $100.3 billion, up from $91.2 billion in such appropriations for the 2018-19 biennium. The spending cap amount is subject to change with further appropriations or adjustments for fiscal 2019. Additional appropriations for fiscal 2019 may be made through supplemental appropriations bills enacted by the 86th Legislature.

Revenue that the Constitution restricts to a specific purpose is not subject to the constitutional spending limit. Motor-fuels tax revenue dedicated to highways and the 25 percent of oil and natural gas production taxes dedicated to public education are examples of restricted revenue that does not count toward the limit.

Prohibition on deficit spending. The Constitution also limits spending to the amount of revenue the comptroller estimates will be available during the two-year budget period (Art. 3, sec. 49a). The comptroller must certify that the state will have enough revenue to pay for the approved spending. This certification stands, even if the comptroller subsequently determines that revenue will not cover expenditures. The Legislature may override the deficit spending prohibition only if at least four-fifths of the members in each chamber approve.

The state may end a fiscal biennium with an unanticipated deficit but must eliminate the deficit in the subsequent budget. Any deficit carried from one biennium to another must be deducted from anticipated revenue when determining how much revenue is available for appropriation and certification in the new biennium (see Atty. Gen. Opinion, No. JM-666, April 1, 1987).

Limits on state debt. The Constitution prohibits state borrowing except to "supply casual deficiencies of revenue" up to $200,000, repel invasion, suppress insurrection, defend the state in war, or for a purpose it specifically authorizes (Art. 3, sec. 49).

The Legislature may not authorize general-obligation or revenue bonds or large lease-purchase agreements designed to be repaid from general revenue if the resulting annual debt service from general revenue would exceed 5 percent of the average amount of general revenue (excluding funds dedicated by the Constitution) during the preceding three fiscal years (Art. 3, sec. 49-j). The limitation does not include bonds that are backed by the full faith and credit of the state and are reasonably expected to be paid from other revenue sources and not draw on general revenue.

At the end of fiscal 2017, debt service on outstanding debt payable from general revenue equaled about 1.4 percent of unrestricted general revenue, according to the Bond Review Board. The total authorized debt service (issued and unissued) equaled 2.4 percent of unrestricted general revenue.

Limit on child welfare spending. The Constitution limits state spending on assistance to needy children and their caretakers to no more than 1 percent of the total state budget in a biennium (Art. 3, sec. 51-a(b)). Federal matching funds and administrative expenses are not included under this cap, which was about $2.2 billion for fiscal 2018-19, according to the LBB. The fiscal 2018-19 budget allocated $96.5 million in state spending to grants for Temporary Assistance for Needy Families that counts under this limit.

Dedicated revenues and funds. Discretion in legislative spending also is restricted by constitutional or statutory dedications that reserve certain revenue sources for special purposes or by requirements for the state to comply with court orders or federal requirements.

General revenue dedicated funds are those funds within the general revenue fund, such as the State Parks Account, reserved for specific purposes by the Texas Constitution or specific statutes. Many of these funds have balances carried over from previous biennia that have been unspent but counted toward budget certification.

According to the LBB's *Fiscal Size-up: 2018-19 Biennium*, 82.2 percent of the general revenue funds and general revenue dedicated funds appropriated for fiscal 2018-19 is restricted by various means. Of the general revenue and general revenue dedicated funds budgeted in fiscal 2018-19:

- 44.8 percent is restricted by constitutional or statutory dedications;
- 25.9 percent is influenced or directed by federal laws, regulations, and court decisions; and
- 11.6 percent is influenced by funding formulas.

After accounting for these restrictions, 17.8 percent of all general revenue and general revenue dedicated funds in fiscal 2018-19 were available for discretionary spending, according to the LBB.

The 85th Legislature appropriated $6.3 billion in general revenue dedicated funds for fiscal 2018-19, a decrease of $1.7 billion from fiscal 2016-17. The LBB reports estimated balances of about $5.1 billion across all general revenue dedicated accounts available to be counted toward budget certification for 2018-19 general revenue fund appropriations.

Federal funds. The state's $216.6 billion total appropriation for fiscal 2018-19 included about $71.9 billion in federal fund expenditures. Federal funds generally are granted for specific purposes or with restrictions on how states may spend them.