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Senate Finance Committee Approves Budget

Provides substantial increase for financial aid, health and human services, state employee pay

AUSTIN// -- The Senate Finance Committee today unanimously approved SB 1, a \$111.7 billion budget that meets Texas' basic needs while providing substantial increases for key priorities such as financial aid, health and human services and state employee pay, without raising taxes.

The committee increased funding \$3.5 billion over the initial budget proposal filed in January, which represents a \$9.8 billion increase (9.2 percent) over the adjusted budget for FY 2000-01. The majority of the new funding is dedicated to health and human services (49.3 percent) and education (27.8 percent).

"This budget meets the basic needs of a growing Texas while making significant progress in several key areas vital to the economy and people of our state," said Committee Chairman Rodney Ellis (D-Houston). "This is a very strong budget that will help thousands of Texas families build for the future."

Overall, the 2002-03 appropriations bill includes \$4.83 billion more for health and human services programs, \$380 million more for the TEXAS Grant Program, and \$787 million for state employee pay raises.

For public education, Senate Bill 1 earmarks \$200 million as a starting point for teachers' health insurance, with the goal of adding an additional \$1.9 billion from all funding sources. Both the Senate Education Committee and the House Select Committee on Teacher's Health Insurance are studying several proposals that would provide health insurance to Texas school teachers.

Senate Bill 1 also provides \$1.205 billion in equity funding to help local school districts fund public education. The plan raises Equalized Wealth limits from the current \$295,000 to \$300,000 in FY 02 and \$305,000 in FY 03, raises Basic Allotment from the current \$2,537 to \$2,567 in FY 02 and \$2,597 in FY 03, and raises Guaranteed Yield from the current \$24.99 to \$25.90 in FY 02 and \$26.75 in FY 03. Senate Bill 1 also includes \$245 million for Facilities, to cover existing debt at school districts issued prior to 2000 from 12 to 29 cents.

Other key initiatives include:

- \$961 million increase in Federal Funds for the Texas Department of Transportation for road construction and other projects.
- \$523 million earmarked for Medicaid prescription drug and program cost increases and caseload growth.
- \$30 million to fund President Bush's and Governor Perry's Math and Reading Initiatives.
- \$2.3 million increase to the Office of Attorney General to hire additional employees to improve child support enforcement.

Senate Bill 1 does not include specific funding for proposed Medicaid reforms to streamline and simplify the enrollment process. Budgeteers are awaiting the recommendations of a special joint House-Senate task force reviewing proposals to improve the program to cover the estimated 600,000 eligible children eligible but not currently served by Medicaid before taking action.

"When we began this process, I tried to establish four key priorities for the committee -- increasing funding for health and human services, expanding the TEXAS Grants program, providing health insurance to our hard-working Texas teachers and giving state employees a pay raise," said Ellis. "I believe this budget makes significant progress on each of these issues and represents a major downpayment for Texas' future."

The \$9.8 billion increased funding is needed to cover state government cost increases due to Texas' rapidly-growing population and rising health care costs, and to fund key priorities established by the committee. The majority of this growth comes from other funds, such as federal funds, rather than state coffers.