

A photograph of the Texas State Capitol building in Austin, Texas, featuring its iconic dome and classical architecture, surrounded by greenery and a clear blue sky with scattered clouds. A dark blue semi-transparent box is overlaid on the top right of the image, containing white text.

**2020 – 2021  
GOVERNOR'S BUDGET**

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**GREG ABBOTT**

# GOVERNOR'S BUDGET

2020-2021



TEXAS GOVERNOR GREG ABBOTT

Presented to the 86<sup>th</sup> Texas Legislature

February 2019



## GOVERNOR GREG ABBOTT

February 5, 2019

The Honorable Dan Patrick, Lieutenant Governor  
The Honorable Dennis Bonnen, Speaker  
Members of Eighty-Sixth Legislature

Texas is the envy of the nation. We lead the nation in job creation and boast the fastest-growing economy in America. The unemployment rate in Texas remains at an all-time historic low, while wages continue to rise. This economic success is shared by, and benefits, all Texans. I am especially proud that Texas leads the nation in jobs created by African-American business owners and Hispanic women business owners. The strength of our economy also reflects the diversity of our economy – from aerospace to cybersecurity, financial services to manufacturing, and Fortune 500 companies to small business and startups.

You and your colleagues have laid the foundation for this success by passing the laws and appropriating the funds required to create, preserve, and expand the environment for a robust economy: low taxes; light, fair and efficient regulation; public safety; and a free and educated population and workforce. All of these efforts have been pursued while continuing to manage the state budget with proper fiscal constraint and stewardship. Those values that brought us here are essential to carry forward. But there is more we must do.

As we begin the 86<sup>th</sup> Legislative Session, we stand at the threshold of our past achievements and are presented with the opportunity and the duty to ensure that this unparalleled success continues for generations to come. That future success rests on our ability to address several difficult, complicated and yes, even costly, issues. But they are critical.

As we work together to develop solutions, the state budget will necessarily reflect those decisions. This budget document is intended to highlight the ways in which I see the goals we share intersecting with the state budget. I am encouraged that, in large part, my budget and the House and Senate introduced budgets, all begin to address these priority issues.

I respectfully submit to you my budget priorities for Fiscal 2020-2021 biennium in accordance with the Texas Government Code and the Texas Constitution.

I look forward to working with members to sign a budget that addresses the included priorities, and truly believe that the foundation of state government upon which these priorities build will meet the needs of Texas citizens and taxpayers in the coming biennium and beyond.

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# *Elevating Education*

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*We must ensure destiny is not determined by zip code. We must dedicate ourselves to making our schools better than they have ever been... The eyes of Texas are upon us. We have the opportunity and the obligation to get this right. We can and we will better fund education.*

— Governor Greg Abbott, Inaugural Remarks, January 15, 2019

Comprehensive school finance and property tax reform are needed this session to ensure Texas' continued cultural and economic vibrancy. Without both, 20 years from now, today's pre-kindergarteners will not be able to afford to live in this state they call home because they will not be college- or career-ready, and because property taxes will put homeownership out of reach. The time is ripe for reform.

Extensive interim study of the school finance system and hours of debate and discussion on property taxes the past two sessions have equipped the Texas Legislature to make these important decisions. School finance and property tax reforms will dominate legislative discussions and will require a long-term, stable funding commitment to achieve these goals. **To be clear: Additional state funding is necessary to fund reforms that will improve student outcomes, and additional state funding is necessary to replace and slow the growth of property taxes and recapture.**

Over the past two years, the Texas economy has prospered, adding more than 391,000 jobs in 2018 alone, more than any other state in the nation. However, pressure points are appearing across the state. Representatives and senators from all regions have heard from constituents concerned about public schools' outcomes and high property taxes. Statewide officials have heard the unanimity and consistency of these cries and must act now to invest in our schoolchildren and to protect our homeowners and businesses from exorbitant and rising property taxes.

## **PUBLIC SCHOOL FINANCE REFORMS**

The [final report](#) of the Texas Commission on Public School Finance provides a roadmap for reforming the current school finance formulas and establishing new funding elements to more efficiently and equitably distribute state resources.

The Commission recommended improving student outcomes by focusing attention on two critical, high-needs areas: the needs of students and the needs of teachers. Beyond updating the school finance formulas to better reflect today's students and school districts, bonus funding in addition to the formulas is needed to reward districts when their students meet or exceed established standards. Significantly, **100% of the bonus funding tied to student outcomes is proposed to directly correlate with student needs.** The result is that districts with higher poverty or more English Language Learners have access to greater bonuses. This new approach to education funding will dramatically improve the outcomes of Texas students. The bold and innovative work underway in many school districts, including Dallas ISD, San Antonio ISD, and Pharr-San Juan ISD, as well as in pioneering public charter schools such as IDEA, has already demonstrated the effectiveness of this approach.

### *The needs of students*

Student performance in key areas must improve to ensure graduates are equipped for gainful job opportunities. The reforms outlined by the Commission — which are worthy of additional state funding — target improved scores in third grade reading and math, as well as readiness for college, a career, or the military upon high school graduation, with an eye toward achieving the 60x30TX Plan. This strategic approach is intended to more efficiently utilize taxpayer resources as well as increase the funding available to high-needs students.

The current school formulas allocate funding to the same student differently in different districts. Today, if a student moves from one district to another district, the current formula may allocate hundreds of dollars less for that same student with unchanged needs. This effect is most pronounced for students with high-needs, like English Language Learners or those with disabilities.

The current system also treats poverty as a binary system and focuses only on whether or not students are designated economically disadvantaged based on participation in the National School Lunch Program (NSLP). Instead, the system should focus on the *level* of poverty in a campus. A sliding scale system will better predict campus and student needs, allowing districts to better allocate their resources and the state to target funding increases to the students who need it the most.

The changes in this proposal allow for student-centered funding that will eliminate inefficiencies by focusing resources on **the needs of students**.

### *The needs of teachers*

The current salary schedule for educators does not reflect the important role that effective educators play in our classrooms. Talented teachers are not paid what they are worth and are limited in their ability to earn more, even if they are excelling in their profession. Many decide to leave the classroom to pursue career opportunities elsewhere, including school administration. The state must provide a salary structure that encourages effective teachers to remain in the classroom, for the benefit of students.

The Commission recommended providing effective teachers the opportunity to earn a six-figure salary. This salary level reflects the skills and experience these professionals bring to their classrooms every day. State funding must place the highest premium on excellent teachers in the poorest communities, matching the greatest needs with the greatest assets.

In this way, the Commission recommendation directs increased education funding to **the needs of teachers**.

*In order to appropriately reform the school finance formulas, invest in critical early childhood education, reward school districts for improved outcomes, and attract talented individuals to a profession that will reward their talent, I recommend that the 86<sup>th</sup> Legislature appropriate at least \$3 billion beyond the current law requirement.*

## **SCHOOL PROPERTY TAX REFORMS**

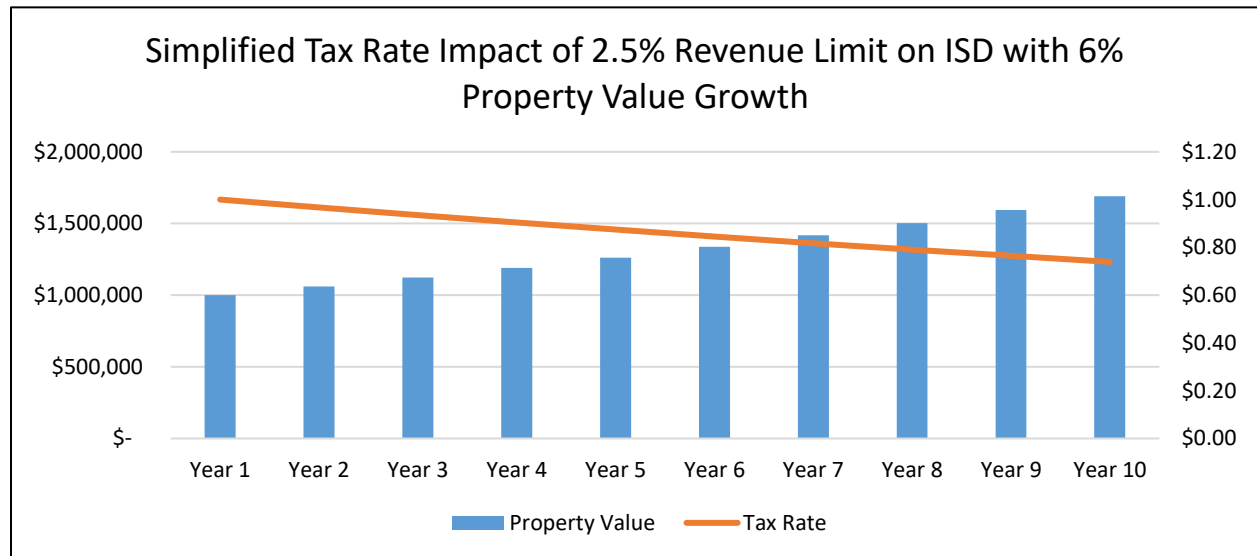
The rapid growth in property tax bills paid by Texas homeowners and businesses is unsustainable, and school property taxes are the largest part of this increasing problem. Residents face a housing affordability crisis in many urban and suburban areas. Some Texans are being taxed out of their homes, and the state's future economic development is at risk without major structural reform. This problem did

not arise overnight, and a lasting solution will require a long-term commitment to funding schools with additional state revenues to replace local property tax revenues.

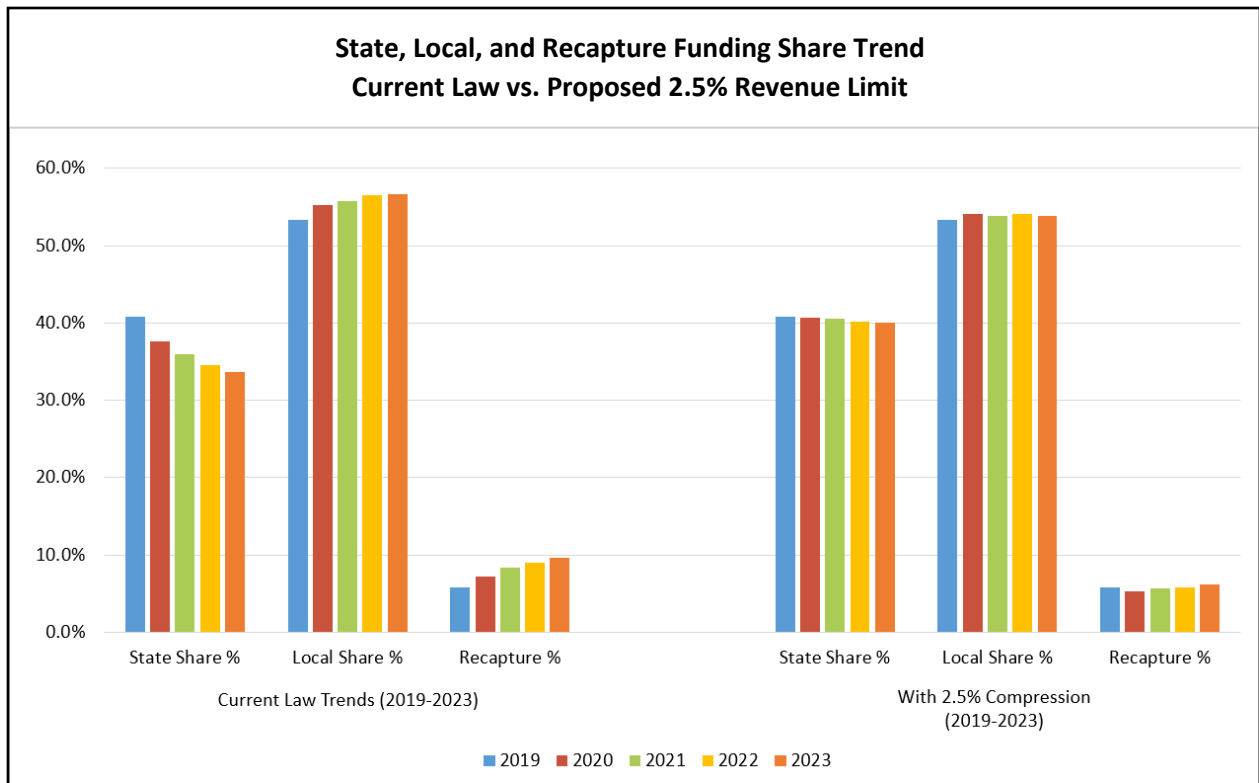
After years of increasing tax bills and judicial intervention, in 2006 the Legislature made a significant investment to buy down school district property taxes by 33%. However, since that time, tax rates for Tier 1 Maintenance & Operations (M&O) (the first dollar of tax effort for most school districts) have been largely fixed at 2008 levels. For the past decade, a district could not lower its tax rate — despite rapidly increasing property values — without sacrificing significant state funding. Under this structure, any increase in property value appraisals inevitably led to a corresponding increase in a homeowner’s property tax bill. While one-time buy downs can have an immediate effect, long-term property tax reform will require a new mechanism that allows tax rates to decline as property values increase. These tax reforms must ensure school districts receive their full formula allocation at lower tax rates.

To accomplish this goal, a 2.5% limit on the annual rate of property tax revenue growth for a school district is the best solution. Under this structure, if the property values in a district increase by more than 2.5%, the school district’s Tier 1 M&O tax rate will be compressed to ensure that Tier 1 M&O revenue does not increase by more than 2.5%. Importantly, the goal of this change is only to limit the increase in the Tier 1 M&O property tax revenue stream used to fund schools. This does **not** limit the growth of the district’s state formula funding, which will be dictated by the improved school finance formulas.

*I recommend that the 86<sup>th</sup> Legislature appropriate state funds to replace the Tier 1 M&O taxes that would otherwise be collected under current law, but for the 2.5% revenue limit; the estimated cost is \$3 billion.*



While overall education spending has increased in Texas, the percentage funded by state tax revenues has declined in recent years. Current law designates state funding as the “last dollar in” after local property tax revenues to fund a district’s formula entitlement. As school property tax collections have skyrocketed over the past decade due to fixed tax rates and increasing appraised values, the state-local share has shifted. If this trajectory continued, the state share of public education M&O funding is expected to collapse from the low 40% range to the low 30% range by 2023. With a 2.5% property tax revenue limit, however, the state share is maintained going forward, and any additional state funding — for increased teacher pay, improved student outcomes, and early childhood education — could serve to increase the state share.



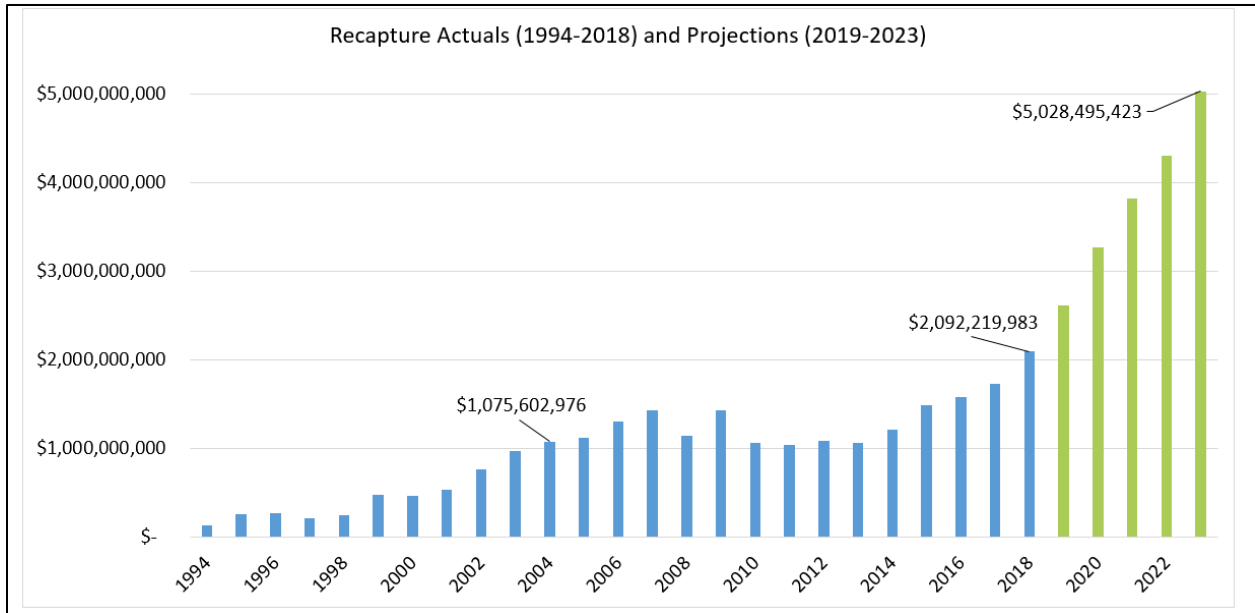
Simply adding more state dollars into the current broken school finance system will not abate these trends. While the state must strategically increase public education funding this session to improve student outcomes, the state must also slow the rapid growth of property taxes by making a serious financial commitment to fund the school finance system with state revenues.

## RECAPTURE REFORM

It is imperative to reform how recapture works in order to ensure increased teacher pay and outcomes funding are realized by the school districts and to lessen the burden on local property taxpayers. Much like our property tax system itself, recapture — or “Robin Hood” — is also on an unsustainable course. As shown below, recapture payments are projected to skyrocket over the next two biennia. Recapture is another clear manifestation of the property tax problem in Texas.

While recapture initially impacted only a small number of school districts, its impact is growing rapidly and negatively, impacting many communities, including those with significant student needs. To be clear, a district’s “property wealth” does not mean households are personally wealthy. Families within the district may be very low income, especially in our urban cores. Each year, many school districts are compelled to make recapture payments so large that they do not fully realize their Tier 1 entitlements. Recapture’s original purpose, to stabilize and equalize the school finance system, is long behind us.

Recapture now hurts many of the most economically disadvantaged students, including those in almost all major urban school districts. Houston entered recapture in 2017. Dallas enters recapture in 2019, San Antonio in 2022, and Irving in 2023. Recapture cannot be addressed only through school finance reforms or increased funding alone. **True comprehensive recapture reform requires property tax reform, specifically a revenue limit.**



This session, as part of comprehensive school finance and property tax reform, the Legislature must ensure that no district writes a check for recapture until its formula funding entitlement is fully covered. The need for recapture reform is further amplified by other formula reforms. For example, if the current recapture calculation is unchanged, some districts may qualify for outcomes bonuses, but would then be forced to return that incremental funding to the state in the form of an increased recapture payment. Instead, recapture must only apply to the local property tax revenue raised that exceeds the formula entitlement of the district. Restructuring the model and merging it with the 2.5% property tax revenue limit is estimated to save local districts \$1.6 billion in recapture payments in 2020–2021. Going forward, the 2.5% school property tax revenue limit will restrain the growth of future recapture payments, since tax rates will fall as values rise. Additionally, recapture districts will have the ability to further lower their payments by strategically increasing teacher pay and by improving student outcomes.

*I recommend that the 86<sup>th</sup> Legislature provide state revenues in lieu of increased recapture payments as a method of funding the school finance formulas.*

## **SPECIAL EDUCATION**

Substantial changes are occurring in special education in our state. For too long, students with disabilities were under-identified and left without critical educational supports. The Texas Education Agency released a Corrective Action Plan to improve outcomes for all students with disabilities. In keeping with the plan, the state should assist school districts in identifying the students who need additional instructional support and reimburse school districts for costs related to compensatory services. The state should also anticipate increased costs in the Foundation School Program formulas as more students are appropriately identified and provided additional assistance.

*I recommend that the 86<sup>th</sup> Legislature include appropriate funding for increased Special Education participation.*



## **TEACHER RETIREMENT SYSTEM**

To assist in the recruitment and retention of the most qualified teachers, Texas should ensure the pension fund for retired educators will be fully funded so it can remain solvent and stable into the future. The health care benefits that many teachers receive in retirement should also be put on a path that is sustainable for the future.

*I recommend that the 86<sup>th</sup> Legislature pass and fund measures to significantly improve the health of the TRS fund.*

## **HIGHER EDUCATION**

Texas public universities should be among the best in the nation, serving as centers for transformative education and innovation.

Texans expect an exemplary postsecondary system to ensure a workforce ready for the jobs of today and tomorrow, and to further the state's continued economic success. While the state is addressing public school finance, it must continue to improve and invest in higher education so that Texans have a wide array of options to further their study and skills in order to find gainful employment. This investment is critical to the 60x30TX plan, the state's ambitious goal that at least 60% of residents aged 25–34 achieve a postsecondary certificate or degree by 2030. For many, a degree or certificate is the key to economic freedom. And for that, the state should also continue to support the numerous students who attend community and technical colleges, which provide an entryway into improved employment and universities. Texas supports these students with contact hour and returned-value formula funding.

The formula support provided to universities based on student semester credit hours taken is critical. As with the K–12 education system, the state should commit additional funding for student achievement and success. To ensure students are not burdened by unnecessary debt, or leaving school without a degree or certificate, the state should incentivize universities to improve outcomes that result in students completing a degree program. Outcomes worth rewarding could include retention rates, progress towards a degree, and completion ratios, especially as outcomes relate to at-risk students. Graduation should also be a critical benchmark in furthering the state's goals of an educated workforce.

### **Public Universities Achieving Carnegie R1 Designation since 2015:**

#### **2016**

Texas Tech University  
University of North Texas  
University of Texas at Dallas  
University of Texas at Arlington

#### **2019**

University of Texas at El Paso

Texas institutions of higher education should be accessible and affordable. Universities must continue to develop programs and policies to reduce a student's overall costs of earning a diploma, with a renewed emphasis on timely completion of coursework to earn a degree or certificate. The state's system of financial aid should also be reviewed to determine if it is the most effective means of ensuring that students with financial need are able to earn a degree or certificate.

In addition to undergraduate education, research at state universities is critical to guaranteeing Texas remains economically competitive. Texas is on the right track. Since 2015, five additional public universities have achieved the Carnegie R1 classification, which recognizes very high research activities at doctoral universities. But we must do more. The state should continue to invest in research that brings high-paying jobs, external funding, and patents to Texas. More importantly, it is this research that

expands our understanding of the world around us and creates the knowledge that will be taught to students in classrooms across the world.

Talented faculty and researchers produce groundbreaking innovations with important real-world applications. Created in the 84<sup>th</sup> Legislative Session, the Governor’s University Research Initiative (GURI) has precipitated numerous national academy members to relocate to Texas. Not only is their research critical to moving Texas forward, these individuals bring millions in external research dollars and numerous jobs to this state. GURI has led to the recruitment of 16 distinguished researchers at four institutions of higher education. GURI is a smart investment and will be important to the future success of the state.

#### GURI Recipients Across the State

**Dr. Ganesh Thakur** - Expert in reservoir management and oilfield rejuvenation; Director of Energy Industrial Partnerships (University of Houston, National Academy of Engineering Member).

**Dr. Roderic Ivan Pettigrew** – Leader in bioimaging and biomedical technology to provide innovative diagnostic and treatment options for conditions such as coronary artery disease and stroke (Texas A&M University, National Academies of Engineering and Medicine Member).

**Dr. Joan Brennecke** - Pioneer in sustainable energy storage capabilities, such as longer-lasting batteries (University of Texas at Austin, National Academy of Engineering Member).

**Dr. Luis Rafael Herrera-Estrella** - Leading expert on improving the science of agriculture and how to best grow plants in sub-optimal and semi-arid environments (Texas Tech University, National Academy of Sciences Member).

*I recommend that the 86<sup>th</sup> Legislature fully fund the Governor’s University Research Initiative (GURI) at \$40 million.*

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## *Expanding Economic Opportunity*

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*More Texans have jobs today than ever before. In fact, Texans created almost a million new jobs over the past four years and we set record lows for unemployment... Texas is a place of hope and opportunity where anyone can achieve their dreams if they’re willing to put in the work. But the promise that Texas offers is threatened... This session, we must finally rein in skyrocketing property taxes in Texas.*

— Governor Greg Abbott, Inaugural Remarks, January 15, 2019

A strong and growing economy is vital to the welfare of the people of Texas. At 3.7%, Texas’ unemployment rate is at the lowest level ever recorded. Average annual pay continues to grow. The recruitment of high-paying jobs to Texas benefits the lives of all Texans through expanded career opportunities and increased economic activity in all business sectors. Texas must maintain its

competitive edge for the well-being of its people. The nation's leading CEOs continually rank Texas as the "Best State for Business" because of the Lone Star State's pro-growth economic policies and friendly business climate — with no corporate income tax and no personal income tax — along with a skilled and growing workforce, easy access to global markets, robust infrastructure, and predictable regulations. It is in this framework that innovation, technology, and diverse industries thrive.

That's why Texas businesses added nearly 1 million new jobs over the last four years. That's why new business formation in Texas is at a five-year high, with startups growing alongside the world's biggest brands, nearly 50 Fortune 500 companies, hundreds of publicly traded firms, and more than 2.6 million small businesses. That's why Texas is the top exporting state, the top tech-exporting state, and the top state for domestic and foreign direct investments. And that's why, with an annual gross state product of \$1.7 trillion, Texas is the 10<sup>th</sup>-largest economy when compared to the nations of the world.

CEOs who relocate to Texas cite the differences as "night and day" when it comes to the improved quality of life, including good schools and a job-ready workforce. Additionally, lower energy costs, together with lower land costs and fewer land-use restrictions, also mean lower operating costs for businesses and — most importantly — a lower cost-of-living for their employees.

Those are some of the advantages that helped Texas win the Governor's Cup for the most new and expanded corporate facility projects in the nation for a record-breaking sixth year in a row. But we cannot be complacent. Governor Abbott is committed to making continuing strategic investments in infrastructure, education, and economic development to position Texas as the global hub for commerce and trade — and the undisputed center for innovation and intellectual capital.

## **ECONOMIC DEVELOPMENT AND TOURISM**

The Economic Development and Tourism Division within the Office of the Governor identifies and develops domestic and international business expansion, relocation, and investment leads with the goal of supporting continuing job creation for communities across the state, as well as expanding export opportunities for the state.

Critical to those efforts is the Texas Enterprise Fund (TEF), which added 39 new active projects from January 2015 through January 2019 that committed more than \$16.6 billion in new capital investments and more than 25,700 new direct jobs all across the state, from Amarillo to the Rio Grande Valley and communities in between. The TEF also serves as a jobs multiplier, supporting thousands more indirect jobs at existing local and small businesses. The \$122.2 million invested in job creation during that time also helped to close the deal on eight corporate headquarters relocations or expansions. Administered by the Economic Development and Tourism Division, the TEF helps strengthen the state's already diverse and growing economy and attract new jobs to communities across the state.

*I recommend that the 86<sup>th</sup> Legislature replenish the Texas Enterprise Fund to \$150 million.*

Similarly, travel and tourism are critical components of the Texas economy, supporting 1.2 million direct and indirect jobs in communities across Texas. Direct travel spending in 2017 was estimated to be \$74.7 billion, which created a total economic impact of \$136 billion and generated \$7 billion in state and local tax revenues. The Travel Texas program in the Office of the Governor's Economic Development & Tourism Division promotes Texas as a premier travel destination in out-of-state and international markets and influences \$2.3 billion in travel spending, generating \$145.3 million in state taxes, and directly supported 23,300 local jobs. The program is funded through state hotel occupancy dollars, and the Fiscal

Year 2018 Return on Investment for the Travel Texas program was \$10.49 for every dollar invested. Additionally, Travel Texas partnered with state agencies to assist communities, both large and small, with local tourism development initiatives.

*I recommend that the 86<sup>th</sup> Legislature appropriate the dedicated state hotel occupancy tax revenues to the Texas Economic Development and Tourism Division to further attract visitors to our great state.*

The Texas Music Office promotes Texas across the nation and around the world as the No. 1 state for the music industry. The music industry in Texas, including music businesses and music educators, created almost 95,000 direct permanent jobs across the state and generated over \$8.5 billion in annual economic activity in 2017. The ripple effects added to that bring the total impact to over 178,000 permanent jobs and \$19.8 billion in annual economic activity. The state also realized approximately \$323 million in tax revenues. A business referral network connects businesses and artists to opportunities all across Texas. The Music Friendly Communities Program fosters best practices among music communities, helping to grow local businesses and jobs. And in 2018, the Music Office awarded \$32,878 to music education and community nonprofits through its specialty license plate grants.

The Texas Film Commission promotes Texas as the premier destination for film, television, commercial, animation, visual effects, and video game production. In 2017–18, the Texas Moving Image Industry Incentive Program created 25,958 local jobs and generated approximately \$254 million of in-state spending through 103 projects. To qualify for grant funds on eligible expenses, 70% of paid cast, crew, and extras must be Texas residents and 60% of total production days must be completed in Texas. The Texas Film Commission also listed 292 projects on its job hotline, equating to 1,475 local jobs. And while major metro areas continue to see steady production activity, Film Friendly Texas Communities certified by the Film Commission, hosted a wide range of 2017–18 productions, creating jobs in communities across the state.

*I recommend that the 86<sup>th</sup> Legislature appropriate \$50 million for Film and Music Marketing in order to continue attracting creative and lucrative job opportunities.*

## **HOME OWNERSHIP AFFORDABILITY**

Continued job recruitment must occur simultaneously with property tax and school finance system reform to be effective. All three of these issues are inextricably linked. Already there are signs that home ownership is out of reach for many — and in too many instances, the increasing burden of school district and local property taxes is to blame.

Consider Texas in 2040. Property values in Texas are growing consistently at 4–6% per year. What does this mean? Our youngest Texans today will be left with a difficult choice: Stay in Texas or move to another state with lower homeownership costs. This is an important economic choice. In 2018, tens of thousands of California, Illinois, and New York residents were faced with the same situation: Stay close to home or move to Texas where the cost of living is lower and opportunity is greater. Many of these families decided to move to Texas for the lower cost of living and more economic opportunity. Without comprehensive property tax reform, the children who will benefit from the significant investment of an improved public education system, will leave Texas when the time comes to buy a home, start a family, or open a business — meaning that the fruits of this investment will flow to other states.

## **2.5% PROPERTY TAX REVENUE LIMIT ON LOCAL GOVERNMENT**

To ensure that the effects of the 2.5% school property tax revenue limit and the associated recapture reforms benefit taxpayers, we must adopt a more stringent limit on the growth of *other* property tax revenues, as well. While cities and counties have the ability to lower tax rates as property values rise, many do not do so, meaning that property bills paid by homeowners and businesses continue to rise in lockstep with their appraisals. The current 8% “rollback” methodology — which was established at a time of rapid inflation — provides virtually no taxpayer protection. According to the Comptroller, from 1998 to 2017, the total county property tax levy increased on average 6.26% per year, and the total city property tax levy increased on average 6.05% per year. Over that same time, U.S. inflation never increased by more than 3.8% per year. In larger taxing units, the rollback petition and election requirements are so onerous that the 8% limit can be ignored by the governing body because taxpayers cannot reasonably meet the threshold.

Residents should have a much greater influence over their property tax bills. Local governments should also be limited to 2.5% growth in their Maintenance and Operations property tax revenue, to be exceeded only with voter approval.

## **UNFUNDED MANDATES**

To help alleviate the pressure on the growth of local property taxes, no future state legislative burdens should be placed onto our cities and counties without the proper funding required for implementation. The full cost of implementing new laws should be taken into consideration before any legislation is passed, or signed. The state should not create new unfunded mandates; rather, we should continue investing in services that are inherently state responsibilities. The modernization of the state mental health hospital system is among the greatest examples of increased state investment that helps relieve costs currently shouldered by local governments.

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## *Ensuring Public Safety*

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*I believe we have only risen to the foothills of what we can become. I know we can do even more for our fellow Texans... We can do more to educate the next generation and keep them safe at school... More to crack down on human trafficking and the dangerous gangs promoting it. All of this we can do. All of this we must do, because we live in the greatest state in America, and we have an obligation to make it even better.*

— Governor Greg Abbott, Inaugural Remarks, January 15, 2019

The primary duty of government is to protect its citizens. This core function occurs in many forms – from the Department of Family and Protective Services (DFPS) physically stepping in to protect abused and neglected children and elderly adults, to providing safe learning environments for schoolchildren, to securing critical data, to safeguarding Texas’ southern border, to ensuring justice for those who are abused. Texas must continually reinforce the safety of citizens in every walk of life.

## **CHILDREN, THE ELDERLY, AND PEOPLE WITH DISABILITIES**

From the moment life begins, and throughout all stages of life, Texas seeks to uphold the inherent dignity of individuals. Texas has fought tirelessly to protect life from the point of conception, to protect children in vulnerable home situations, to improve the health of women, to provide services to citizens with behavioral health challenges, and to provide individuals with the ability to live in their homes when their physical conditions might otherwise preclude that possibility. We must be vigilant in furthering our efforts.

*I recommend that the 86<sup>th</sup> Legislature appropriate funds for the following:*

- *The protection of the children within the foster care system was deemed an emergency item last session. Many pieces of legislation passed which strengthened the system, including legislation that made DFPS an independent agency. The Legislature appropriated funds to reduce the workloads of Child Protection caseworkers and to move the foster care system to a community-based system to ensure the needs of our youngest Texans are met. These efforts should be sustained.*
- *The increased investment in behavioral health initiatives during recent legislative sessions are critical to address unmet needs within local communities through matching grants for criminal justice diversion and additional outpatient treatment options.*
- *Texas should continue adding capacity within local communities and at our State Hospitals to address the need for in-patient residential treatment. It is also important to explore initiatives that ultimately reduce the number of people requiring in-patient services.*
- *Texas should ensure individuals with an intellectual or physical disability receiving personal care attendant services have access to a stable and qualified workforce. According to the National Council on Disability, personal care attendants and home-based care services allow individuals to remain in their homes and out of more costly institutional settings. However, the work is demanding, and the turnover rate for personal care attendants is high. \$150 million is necessary to raise the minimum hourly base wage for personal care attendants from \$8.00 to \$8.50.*
- *Texas should ensure DFPS has the resources to retain qualified caseworkers who assist elderly Texans and people with disabilities in order to protect them from abuse, neglect, and exploitation.*

## **SCHOOL SAFETY**

Keeping Texas students safe is one of our state's top priorities. In February 2018, after the horrific school shooting in Parkland, Florida, Governor Abbott directed the Texas Education Agency (TEA) to ensure Texas schools were following school safety protocols and to provide districts with information on adequate and appropriate school safety measures. Despite these efforts, tragedy struck the State of Texas on May 18, 2018, when eight students and two teachers were killed and thirteen others were injured in Santa Fe, Texas. After a series of Governor-led roundtable discussions and legislative hearings, it became clear that improvements are needed to keep children safe and healthy. Many of these recommendations are listed in [The School and Firearm Safety Action Plan](#) from the Office of the Governor, released May 30, 2018, and [a subsequent update](#) that was released on August 30, 2018.

The prevention of another school shooting should be a primary focus for every community in our state. From local law enforcement and teachers to parents and grandparents, everyone must work together and stay vigilant against possible threats. In order to prevent future attacks, Texas must first focus on the

internal support that all of our campuses and districts provide to students. There must be aligned systems and dedicated faculty to assist and monitor students in distress. This highly specialized activity should be the work of trained mental health professionals.

Schoolchildren should have access to campus counselors who are equipped to assist with behavioral health needs. Many school counselors are busy advising students on graduation and college requirements and so unable to counsel students through difficult situations. School districts must employ additional counselors with the ability and capacity to assist with behavioral health needs. In order for Texas to efficiently and effectively provide services, the state should leverage existing behavioral health expertise and resources. For example, one of the items within the TEA’s Safe and Healthy Schools Initiative would enable schools to better utilize existing Mental Health First Aid (MHFA) resources already funded through the Health and Human Services Commission. Also, some school districts are choosing to partner with Communities In Schools (CIS), Local Mental Health Authorities (LMHAs), or Federal Qualified Health Clinics (FQHCs) to provide services to children on school campuses.

Our public university systems should be a part of the long-term solution. These institutions have a proven record of creating innovative programs to assist public schools, such as the Telemedicine Wellness Intervention Triage and Referral (TWITR) program. Therefore, the state should invest and leverage the expertise of the health-related institutions’ psychiatry departments to allow schools to access the expertise of the university using telehealth or other delivery models. However, behavioral health challenges do not end the day a child graduates from high school, and young adults also must be connected with appropriate services after leaving school.

Additionally, the state must provide the necessary funding to employ school-hardening tools and strategies. School districts should have the flexibility to determine how to use these funds in a manner that works best for them to keep their children safe on school campuses.

<p><b>DPS School Safety Initiatives</b></p> <ul style="list-style-type: none"><li>• DPS officers conducted 19,578 school visits</li><li>• DPS stationed 255 troopers in 175 on-campus offices</li><li>• DPS commissioned 3,117 personnel trained in active shooter response (June 2018 – January 2019)</li></ul>
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Currently, many smaller counties lack the ability to provide magistrates with immediate access to critical information such as recent convictions or indictments, conditions of bond, protective orders, domestic assault history, mental health holds, and guardianship orders. These conditions can be disqualifiers under the National Instant Criminal Background Check System (NICS) and should be taken into consideration when determining bail. Therefore, the Office of Court Administration (OCA) should create a statewide case management system to provide courts with such information and also to support the timely reporting of court records for federal background checks. Automatic reporting to NICS, to ensure individuals who are legally prohibited from purchasing firearms are actually unable to do so, is a critical step.

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*I recommend that the 86<sup>th</sup> Legislature appropriate \$29.6 million to OCA for the creation of a statewide case management system.*

The Advanced Law Enforcement Rapid Response Training (ALERRT) program at the School Safety Center at Texas State University is nationally recognized. ALERRT saves lives and local communities must have increased access to the training.

*I recommend that the 86<sup>th</sup> Legislature appropriate \$4 million for the ALERRT program.*

Texas State University also houses the School Safety Center. This center serves as a clearinghouse for preparing schools to create safe, secure, and healthy learning environments. The center provides training, and technical assistance to school districts and community colleges.

*I recommend that the 86<sup>th</sup> Legislature fully fund the School Safety Center with \$7.2 million.*

## **CYBERSECURITY**

The proliferating capabilities of hackers, from nation-state attackers to smaller organizations and even individuals, present a growing and asymmetric threat. Texas has been, and will continue to be, the target of cyber criminals. The state has a responsibility to protect its own infrastructure in order to maintain the ability to deliver services to citizens and ensure their information is secured. State leaders should also help ensure the overall economy is protected against cyber vulnerabilities. Discovering and neutralizing threats in real-time is critical to ensuring both state and key private sector infrastructure remain safe. The Legislature should carefully consider how to enhance the cyber security of our state agencies as well as support larger cyber initiatives at universities like the University of Texas at Austin, the University of Texas at San Antonio (UTSA), and Texas A&M University - San Antonio. The National Security Collaboration Center at UTSA represents a great partnership between federal agencies, industry leaders, and academia that is sure to launch San Antonio and the state to the forefront of this national security issue.

## **BORDER SECURITY**

Texas and Mexico share approximately 1,200 miles of common border and are joined by 28 international bridges and border crossings. These crossings are the conduit for commerce between Texas and Mexico and have contributed to Mexico's status as our state's top trading partner. The partnerships between Texas and Mexico are vital to our continued success, and the state must continue to foster these relationships by ensuring the security of our southern border.

The hopes of Texans that the federal government would uphold its constitutional duty to secure our southern border have long gone unfulfilled. Spillover cartel violence threatens our interstate corridors and communities. The Texas Legislature has rightly responded to these concerns, and statewide efforts have been very productive. Since 2015, the state has appropriated funds to place an additional 500 Department of Public Safety (DPS) troopers on the border, provide equipment and cameras, increase border prosecutions, and begin clearing Carrizo Cane from the Rio Grande River. According to April 2018 Legislative Budget Board testimony, statewide performance indicators in border counties were the following: 74,440 pounds of drugs seized with land support; 42,816 smuggling apprehensions resulting from camera detection; 42,198 intelligence referrals resulting in apprehensions; 2,598 border crime cases filed supported by grants from the Office of the Governor; and 2,368 border crime cases advancing to trial.

*I recommend that the 86<sup>th</sup> Legislature continue to demonstrate the state's commitment to border security by maintaining our trooper presence and ensuring continued funding for equipment, camera maintenance and replacement, and Carrizo Cane eradication.*

State efforts to strengthen border security also center on addressing the threat of violent gangs. According to DPS' 2018 Gang Threat Assessment, there are as many as 100,000 gang members in Texas,



and they continue to work closely with Mexican cartels. Further, younger gang members are relinquishing traditional gang structure for less organizational oversight and the freedom to serve in self-interested roles. To address these concerns, Texas operates six anti-gang (TAG) centers, which work in partnership with federal, state, and local agencies to target violent criminal activity in our state. These efforts have yielded positive results. In Houston, more than 1,400 arrests were made in 2017, with 247 of those arrested classified as violent or high-threat offenders. In April 2018, a DPS-led investigation resulted in the charging of 57 members of a white supremacist gang cell that involved drug and weapons trafficking in Dallas. The success of the TAG centers underscores their benefit to our communities.

The TAG centers have achieved success in thwarting violent gangs in our communities, and we must extend their accomplishments to new communities. Waco and Tyler are each in need of a TAG center,

*I recommend that the 86<sup>th</sup> Legislature maintain funding for the Criminal Justice Division of the Office of the Governor so that these new centers can succeed.*

## **HUMAN TRAFFICKING**

According to a December 2016 University of Texas (UT) study, “Human Trafficking by the Numbers: The Initial Benchmark of Prevalence and Economic Impact for Texas,” approximately 79,000 minors and youth are victims of sex trafficking in Texas, and there are approximately 313,000 victims of human trafficking in Texas. UT estimated the lifetime cost of care for victims of minor and youth sex trafficking totals \$6.6 billion. While law enforcement agencies certainly work to investigate human trafficking crimes, there is a greater need to target human trafficking in Texas by utilizing resources at DPS, the DFPS, and the Office of the Attorney General (OAG).

DPS appropriations in the 2018–19 biennium to directly address human trafficking total \$9.9 million. This is not nearly enough to address this crisis. DPS reports that criminal organizations involved in property offenses are often linked to a variety of other transnational crimes, including weapons and drug smuggling and human trafficking. It is therefore imperative that DPS create Criminal Investigation Division human trafficking squads in each of the six DPS regions. These squads would devote officers to conduct domestic, minor sex trafficking investigations and to develop international and labor-trafficking cases.

*I recommend that the 86<sup>th</sup> Legislature appropriate \$22.1 million to DPS for the creation of six regional Criminal Investigation Division human trafficking squads and enhance the Interdiction for the Protection of Children program to train law enforcement agencies on human trafficking interdiction.*

## **BACKLOG OF UNTESTED SEXUAL ASSAULT EVIDENCE KITS**

The Texas Legislature has rightly prioritized legislation to protect victims of sexual assault and to punish predators. The 85<sup>th</sup> Legislature passed into law several measures to address the backlog of untested sexual assault evidence kits.

Despite the Legislature’s attention to this issue, other policies that sought to improve the justice system required DPS to test more evidence, which greatly added to DPS’ caseload. These measures were enacted without a concurrent increase in DPS’ overall crime lab capacity. As such, the backlog of untested

DNA/biology evidence cases at DPS continues to grow each year. DPS reports the yearly ending backlog of DNA/biology evidence cases increased from 5,087 in 2014 to 7,721 in 2018.

While the Legislature has done much to address this backlog, there are many other concerns relating to testing evidence at crime laboratories. For instance, in capital murder cases, crime laboratories are statutorily obligated to test all evidence collected by law enforcement, unless agreed to by both prosecution and defense. Unless the crime laboratory is able to negotiate down the number of evidence items requested for testing, the total number of tests done in one case can both significantly lengthen the life of that case and increase the costs on the laboratory to conduct the tests. Additionally, there are only three third-party, for-profit DNA crime laboratories in the country, with limited ability to absorb substantial contract testing. Although law enforcement agencies can outsource DNA and biology evidence from sexual assault cases to these laboratories for forensic testing, the final review and entry of the Combined DNA Index System (CODIS) profile must be completed by a law enforcement agency. DPS reports this review is done by laboratory scientists and constitutes approximately 15–20% of the total work for each sexual assault kit that undergoes DNA evidence testing. The State of Texas must finally resolve this issue that has languished far too long. The 86<sup>th</sup> Legislature should work to address these concerns through the legislative and appropriations process.

*I recommend that the 86<sup>th</sup> Legislature appropriate \$14 million to DPS for the 2020–2021 biennium to build crime laboratory capacity by adding crime laboratory scientists, technicians, supervisors, and trainers, and by purchasing essential laboratory testing equipment upgrades.*

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## *A Stronger Tomorrow*

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*From moments of triumph to horrors of tragedy, generation after generation, Texans have been tested. And Texans have prevailed. We live in a state where Texans have always tapped into our trademark resilience and ingenuity to rise above our challenges... We will muster that same resolve, that same ingenuity, to tackle the challenges of our time. And we will prevail... Together, we will ensure every generation reaches their mountaintop. And together, we will keep Texas the greatest state in America.*

— Governor Greg Abbott, Inaugural Remarks, January 15, 2019

August 25, 2017, brought one of the greatest disasters in U.S. history to the Texas Coast. Responding to Hurricane Harvey was the most acute challenge that confronted our state and local governments this decade. As successful as the response was, preparations and improvements are needed for every possible event.

Many excellent recommendations are available in the [Report of the Governor's Commission to Rebuild Texas](#). The budget proposals contained here, however, are more limited in scope and pertain to relevant questions for appropriators in the near term.

## **FUTURE-PROOFING**

Harvey adversely affected millions of families and numerous cities, counties, and school districts. We all must work together to rebuild our state better than it was before. Stronger, more flood-resistant infrastructure will ensure people's safety and protect property and economic prosperity. Billions in federal funding will aid local governments in rebuilding and reducing the risks posed by future flooding events. The State of Texas should assist local communities in their efforts to build a stronger and more resilient Texas.

## **DISASTER FUND**

The Disaster Fund within the Office of the Governor is an essential tool when responding to disaster and it was acutely needed during Hurricane Harvey. Certain state agencies' response would have been hindered without the cash flow assistance provided by the fund. During Hurricane Harvey, all of the tools built into the General Appropriations Act to enable disaster response were used, and the Disaster Fund was a critical — and the most immediate — piece of that response.

*I recommend that the 86<sup>th</sup> Legislature replenish the Disaster Fund with \$100 million.*

## **ENHANCING PREPAREDNESS, RESPONSE, AND RECOVERY**

The critical need for better training and support for rescue and recovery operations was demonstrated by the response to Hurricane Harvey. Effective rescue and recovery operations lessen the economic and human impact of disasters and allow citizens to return to their regular routine much sooner. Texas Task Forces 1 and 2 have proven themselves invaluable in the face of many disasters. However, in a state as vast as Texas, Standardized Urban Search and Rescue response teams should be created in each of the remaining Texas Department of Public Safety Regions. Local search and rescue teams that can deploy immediately, rather than waiting for response from the statewide team, will be much more responsive. These teams will be designed to operate in a self-sufficient fashion for up to 72 hours.

*I recommend that the 86<sup>th</sup> Legislature fully fund the expansion of the Texas Regional Search and Rescue System at Texas A&M Engineering Extension Service (TEEX).*

Another critical component of assisting local governments in recovery involves the ability to successfully navigate the burdensome process of documentation, application, and reconciliation of funding needs and sources. A Financial Recovery Task Force should be created at the Texas Department of Emergency Management (TDEM) to provide specialized assistance for communities and individuals in areas such as finance, federal assistance programs, and recovery and resiliency planning to speed recovery at the local level. Federal guidelines governing FEMA, HUD, SBA, and a multitude of other federal programs are disjointed and ever changing. This funding would allow TDEM to employ a cohort of disaster response professionals who will then train up to 1,000 task force members. This force will provide scalable personnel resources brought into service through memorandums of understanding similar to how the TEEX maintains Texas A&M Task Force 1 and its personnel.

*I recommend that the 86<sup>th</sup> Legislature fund DPS' request to create a Financial Recovery Task Force at TDEM to assist Texas communities in recovering as quickly as possible.*

## **TRAUMA SYSTEM INFRASTRUCTURE**

Our state's trauma system saves and improves the lives of Texans every day. The system includes emergency medical service providers, Regional Advisory Councils (RACs), and Texas hospitals. While Texans use our trauma system every day for life saving treatment, the system is also essential to our state when responding to disasters like Hurricane Harvey.

*I recommend that the 86<sup>th</sup> Legislature take steps to strengthen the trauma system, especially in areas of the state that do not have access to Level I trauma centers, like South Texas.*

## **STATE GUARD**

The Texas State Guard (TXSG) forces of the Texas Military Department (TMD) assist state and local authorities through homeland security and community service activities. TXSG forces also augment the Texas National Guard. The current TXSG strength is authorized at 2,300 members. TXSG training supports the requirements outlined in the Texas All-Hazards Plan, as developed by the Texas Division of Emergency Management (TDEM). Collectively, from 2003 to 2018, national and state guardsmen responded to 35 tropical weather missions, 40 flood missions, 31 aviation fire missions, 19 ground fire missions, 53 winter weather missions, 94 civil missions, and 62 law enforcement missions. TXSG's response to Hurricane Harvey demonstrated the value of a strong volunteer military force. However, with only 2,300 authorized members, it became apparent that there was a need to have more service members to quickly deploy in state-level disaster response. The TMD reports there are currently nine FTEs funded to execute the operational and organizational mission readiness tasks of TXSG. Further, TXSG has only one FTE devoted to recruitment. Therefore, the 86<sup>th</sup> Legislature should appropriate funds to TMD to lead a recruitment drive and to increase the ranks of the Texas State Guard to a force of 5,000 members.

*I recommend that the 86<sup>th</sup> Legislature enhance TMD's ability to recruit volunteers for TXSG by appropriating \$12.8 million to TMD to hire recruiters, provide tuition assistance for 200 TXSG members per semester, and provide support staff necessary for a TXSG volunteer force of 5,000.*

## **VETERANS**

Texas is committed to fostering an environment of prosperity for our veterans. A 2018 study by the Council on Foreign Relations revealed that Texas has the second-largest number of enlisted recruits. Statistics from the Department of Veterans Affairs showed over 1.6 million veterans resided in Texas as of September 2015, which is the second-largest population of veterans in the United States. With 15 military installations and over \$101 billion in output and almost \$40 billion in disposable personal income, the U.S. military is one of Texas' largest industries. As such, it is important that the state collaborate with the U.S. military to ensure the mutually beneficial partnership continues.

While the state has committed itself to its veterans, there is much work to be done to repay our veterans for their sacrifice. The Texas Veterans Commission (TVC) administers the Veterans Employment Services program, which was able to assist over 15,000 veterans with their job search in 2017 alone. Texas must do more to ensure veterans have access to health care and workforce reintegration services.

*I recommend that the 86<sup>th</sup> Legislature lower the heavy burden of property taxes on veterans working to start a business by granting a property tax exemption of up to \$30,000 of business personal property for the first five years that a veteran owned business is in operation.*

*I recommend that the 86<sup>th</sup> Legislature give local governments the authority to adopt exemptions that:*

- *Encourage businesses to hire veterans by granting them a \$15,000 reduction in their taxable value for each veteran they hire, with a cap of the lesser of \$300,000 or 20% of the business' total taxable value.*
- *Encourage nonprofit and for-profit corporations to provide reduced-cost housing and substance abuse or mental health treatment by granting them a \$15,000 reduction in their taxable value for every veteran who receives at least \$5,000 in qualifying services, with a maximum exemption of \$300,000.*

*Additionally, I recommend that the 86<sup>th</sup> Legislature appropriate funds for the following:*

- *The Supreme Court of Texas grants funds to nonprofit organizations that offer free civil legal services to low-income Texans. Texas' growing veteran population would benefit from a doubling of the level of funding from \$3 million to \$6 million for basic civil legal services for veterans.*
- *Continued base level funding of \$10 million at HHSC for veterans' mental health in the 2020–2021 biennium.*
- *The TVC is the lead agency in helping veterans make claims to access the benefits due to them for their service. However, of the 67 VA Healthcare facilities in Texas, 41 of them do not have TVC personnel available to assist veterans onsite. Forty-six Texas counties lack TVC personnel or a Veteran County Service Officer, meaning veterans must go elsewhere to receive help with their claims. Rural veterans and their families would have better access to claims assistance with the appropriation of \$3.1 million for TVC to hire 25 additional FTEs.*

## **DEFENSE ECONOMIC ADJUSTMENT ASSISTANCE GRANT PROGRAM**

The Defense Economic Adjustment Assistance Grant Program (DEAAG) is an infrastructure grant program designed to assist defense communities that have been impacted by a Base Realignment and Closure (BRAC), a Department of Defense decision, or a change in defense contracts. The DEAAG program provides funds for state-federal cost share projects or infrastructure projects to improve the military value of installations and to help ensure the state is well positioned for future Base Realignment and Closure actions. Supporting the DEAAG program is essential to Texas' economic growth. Therefore, the 86<sup>th</sup> Legislature must continue the state's commitment to improving military installations and their surrounding communities.

Since 2016, the Legislature has appropriated \$50 million for the DEAAG program. These funds were awarded to 17 projects benefitting 14 military installations. The assistance funded through the DEAAG program is translated into greater military value, which provides significant positive economic effects on local communities and the state. Furthermore, the DEAAG program is a helpful tool as Texas prepares for a future round of BRAC.

*To continue the state's commitment to improving military installations and their surrounding communities, I recommend that the 86<sup>th</sup> Legislature appropriate \$20 million to enhance the economic growth of Texas through the DEAAG program.*

For purposes of compliance with the Texas Government Code 401.0045-046, the Governor adopts the Legislative Budget Board, House Legislative Budget Estimates Articles I-III and IV-IX, Fiscal Years 2017-2021, available at [www.lbb.state.tx.us](http://www.lbb.state.tx.us).

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The budget priorities included are simultaneously limited, lofty, and achievable. We have the opportunity to enact meaningful reforms and steward our taxpayers' resources wisely by making significant investments that will position Texas to continue to be the greatest state in America.

By prioritizing excellent education for every Texas student, expanded economic opportunity for hard workers in every corner of Texas, enhanced public safety for the most vulnerable among us, and a resilient infrastructure ready for the demands of the days to come, Texas will be firmly on the path for continued prosperity.

All of this we can do. All of this we must do. Because we live in the greatest state in America, and we have an obligation to make it even better.

Sincerely,



Greg Abbott  
Governor of Texas

