



Legislative Budget Board
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Austin, TX 78701
(512) 463-1200

**Governor's Office of
Budget and Policy**
1100 San Jacinto, 4th Floor
Austin, TX 78701
(512) 463-1778

MEMORANDUM

June 22, 2018

TO: State Agency Board/Commission Chairs
State Agency Heads/Executive Directors
Appellate Court Justices and Judges
Chancellors, Presidents, and Directors of Institutions and Agencies of Higher Education

An initial step in developing the 2020-21 biennial budget for the State of Texas is submission of agency and institution Legislative Appropriations Requests. Detailed instructions for the submission are posted on the websites of the Legislative Budget Board and the Office of the Governor, including a staggered schedule of submission dates.

It is imperative that every state agency engage in a thorough review of each program and budget strategy and determine the value of each dollar spent. As a starting point for budget deliberations, an agency's baseline request for General Revenue Funds and General Revenue-Dedicated Funds may not exceed the sum of amounts expended in fiscal year 2018 and budgeted in fiscal year 2019. While the state's economic landscape is positive and a balance is projected to accrue in the treasury, agencies are directed to be vigilant in their spending and continue to be responsible stewards of state resources. Agencies must also submit a supplemental schedule detailing how they would reduce the baseline request by an additional 10 percent (in 2.5 percent increments) in General Revenue and General Revenue Dedicated Funds.

Exceptions to the baseline request limitation include amounts necessary to:

- maintain funding for Foundation School Program under current law;
- maintain public safety resources in the border region to help secure Texas;
- satisfy debt service requirements for bond authorizations;
- maintain funding at fiscal year 2019 budgeted levels plus amounts necessary to cover the impact of payroll growth for state pension systems and employee group benefits (not including payroll contributions made by state agencies and institutions of higher education)

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for retirement and group health insurance), though group benefit modifications may be considered;

- maintain funding for Child Protective Services;
- maintain funding for behavioral health services programs; and
- maintain current benefits and eligibility in Medicaid programs, the Children's Health Insurance Program, the foster care programs, the adoption subsidies programs and the permanency care assistance program. Baseline requests for these programs should include amounts sufficient for projected caseload growth.

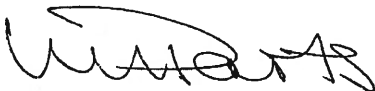
Specific questions with respect to the treatment of the above items should be directed via email to both your Governor's Office and LBB analyst.

Essential funding requests that exceed the baseline spending level may not be included in the baseline request, but these additional funding requests may be submitted as Exceptional Items. Agencies that request Exceptional Items should be prepared to identify lower-priority programs or other cost savings to help offset the increased costs associated with their requests.

Each LAR is required to include information providing the budget request by program, as outlined in the instructions, and agencies shall continue to provide information for the State Budget by Program application. Additionally, at the direction of either the Legislative Budget Board or the Governor's Office, you are required to submit additional agency detail as that office deems necessary to conduct its analysis, including any requested zero-based budget information.

Thank you for your service to the state of Texas, and we look forward to working with you in preparation for the 86th Legislative Session.

Sincerely,



Ursula Parks
Director
Legislative Budget Board



Sarah Hicks
Budget Director
Governor's Office, Budget and Policy Division