



AUGUST 2019

# FISCAL NOTES

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## Texas and the 1115 Medicaid Waiver

By David Green, Spencer Grubbs and Joyce Jauer

### ACTION NEEDED TO ENSURE FEDERAL AID

Texas' health and human services (HHS) programs provide medical and social assistance for millions of Texans and represent the state's second-biggest expenditure after public education.

For the 2018-19 biennium, the Legislature appropriated nearly \$79 billion for these functions, including \$33.5 billion in state funds, \$43.8 billion in federal funding and \$1.6 billion in other revenue. Within the HHS portion of the budget, Medicaid is the largest program by far, accounting for \$61.8 billion or nearly 80 percent of the total.

Medicaid pays for acute health care, including physician visits, hospitalization, drug and lab expenses, as well as long-term care for eligible low-income individuals and families and aged and disabled Texans. Medicaid is jointly funded by state and federal governments and administered by the states. States have broad flexibility to determine Medicaid eligibility, benefit levels, cost-sharing requirements and provider payments. Beyond this flexibility, the federal government often grants "waivers" to states that wish to diverge from standard requirements when they can demonstrate that doing so will further some public good.

Texas currently holds a Medicaid waiver for its Healthcare Transformation and Quality Improvement Program. This program — commonly called the 1115 Medicaid waiver, as Section 1115 of the Social Security Act allows the federal government to approve waivers for experimental, pilot or demonstration projects — is an important funding source for the state's hospitals and other health care providers.

The 1115 Medicaid waiver program will provide Texas with up to \$25 billion between 2018 and 2022, but it's currently set to expire during the next two years. If the waiver isn't renewed, many "safety net" hospitals and providers will face financial uncertainty, particularly in rural Texas and other areas with high numbers of uninsured patients and uncompensated care costs.



The Texas Health and Human Services Commission (HHSC) is negotiating with the federal government to extend the waiver; without it, vulnerable populations could lose access to vital health care resources.

### THE 1115 WAIVER IN TEXAS

Texas' 1115 Medicaid waiver represents an augmentation of the state's Medicaid managed care program, which attempts to control health care costs through contractual arrangements with private insurance companies. It consists of two funding pools, a *supplemental payment program* that pays hospitals for uncompensated care (UC) delivered to patients without insurance and the *Delivery System Reform Incentive Payment Program* (DSRIP), which provides funding for innovative health care initiatives, largely for Medicaid recipients, the uninsured and low-income patients.

The initial waiver was approved in December 2011, while the current one was renewed in December 2017. Texas' original waiver was designed as a bridge to Medicaid expansion required by the 2010 Affordable

CONTINUED ON PAGE 3

# A Message from the Comptroller

Texas will spend nearly \$79 billion to provide health and human services (HHS) in the current biennium. HHS is the state's second-largest spending area after education, and millions of Texans depend on the services it provides.



Our federal tax dollars provide more than half of the money we spend on HHS, so anything that affects that funding stream can have significant consequences. A case in point is the 1115 Medicaid waiver, a program that channels federal funding to medical providers that serve the state's most vulnerable populations, including rural hospitals that provide a lifeline for persons with little access to health care.

By 2022, various iterations of the 1115 Medicaid waiver will have provided Texas with up to \$60 billion in vital funding. A portion of the program will expire in 2021, but the waiver can still provide hundreds of millions of dollars if the state can negotiate an extension for the program. It's a complex but important story we explain in this month's issue.

We also examine Texas' state jail program. Our state jails were created in the early 1990s during a prison population explosion. They were designed to provide a cheaper and more effective program for nonviolent offenders, offering them an array of services intended to help them find work and avoid committing new crimes after release.

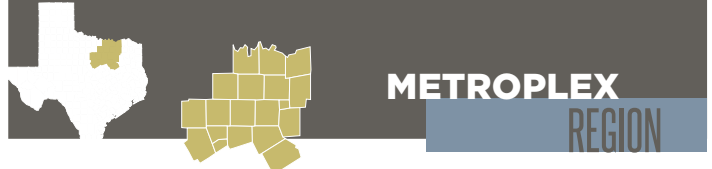
In more recent years, however, the program has received significant criticism for drifting away from its original goals; today, state jails are more commonly used simply to house prisoners awaiting transfer to conventional prison units. We examine that issue and some suggestions that have been proposed to fix the system.

As always, I hope you enjoy this issue!

**GLENN HEGAR**

Texas Comptroller of Public Accounts

## REGIONAL SNAPSHOT

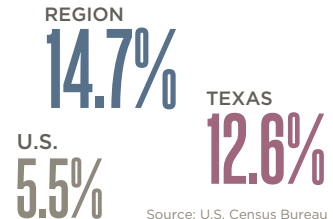


**METROPLEX  
REGION**

### POPULATION GROWTH

The Metroplex Region's estimated total population in 2017 was about 7.4 million, or more than 27 percent of the state's total population. This is an increase of nearly 15 percent (almost 1 million people) since the 2010 census.

**POPULATION INCREASE  
METROPLEX REGION VS.  
TEXAS AND U.S., 2010-2017**

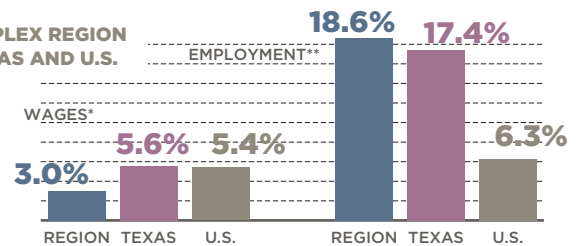


Source: U.S. Census Bureau

### JOBS & WAGE CHANGES, 2007-2017

In 2017, the Metroplex Region accounted for nearly 30 percent of the state's total employment, more than any other region.

**METROPLEX REGION  
VS. TEXAS AND U.S.**



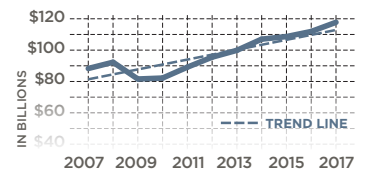
\* Real rate of change

\*\*Figures include private- and public-sector employees with the exception of active-duty military personnel, railroad employees, religious institution employees and the self-employed.  
Sources: JobsEQ and U.S. Bureau of Labor Statistics

### ECONOMY

Receipts subject to state sales tax directly attributed to the Metroplex Region trended upward in the past decade, with a significant climb following the 2008 recession.

**REGIONAL RECEIPTS SUBJECT  
TO SALES TAX, 2007-2017**



Source: Texas Comptroller of Public Accounts

### CONCLUSION

The Metroplex Region and its 19 counties have many economic variables and challenges that are unique. The local economy is strong and accounts for about 24 percent of the state's overall sales tax revenue. The region added more than 550,000 jobs between 2007 and 2017 and saw higher job growth than the state as a whole. The concentration of high-paying, high-growth industries makes the region's economy distinctive.

**THE METROPLEX REGION IS ONE OF THE  
COMPTROLLER'S 12 ECONOMIC REGIONS.**

To see a complete list of these regions, plus more in-depth county-by-county data, visit: [comptroller.texas.gov/economy/economic-data/regions/](http://comptroller.texas.gov/economy/economic-data/regions/)

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## UC funding helps offset an average \$6.6 billion in uncompensated health care provided in Texas each year.

Care Act. That requirement, however, was ruled unconstitutional by the U.S. Supreme Court in 2011, making the expansion optional for states. Texas remains one of 14 states that opted not to expand Medicaid, arguing that its managed care system is better equipped to contain health costs and support vulnerable populations.

Texas' current 1115 Medicaid waiver is a five-year, \$25 billion program with costs shared between federal and local governments, with Washington absorbing about 60 percent of costs. Note that, while Medicaid is supported by federal and state money, in the 1115 program counties and local hospital districts provide the matching funds needed to attract federal dollars.

The pool of federal funding available through the UC portion of the 1115 waiver is scheduled to fall from \$3.1 billion in 2019 to \$2.3 billion annually from 2020 through 2022. UC funding will end entirely on Sept. 30, 2022 (the end of the 2022 federal fiscal year)



if the waiver expires. DSRIP funding will fall from \$3.1 billion annually in 2019 to \$2.5 billion in 2021, and end entirely on Sept. 30, 2021 (**Exhibit 1**).

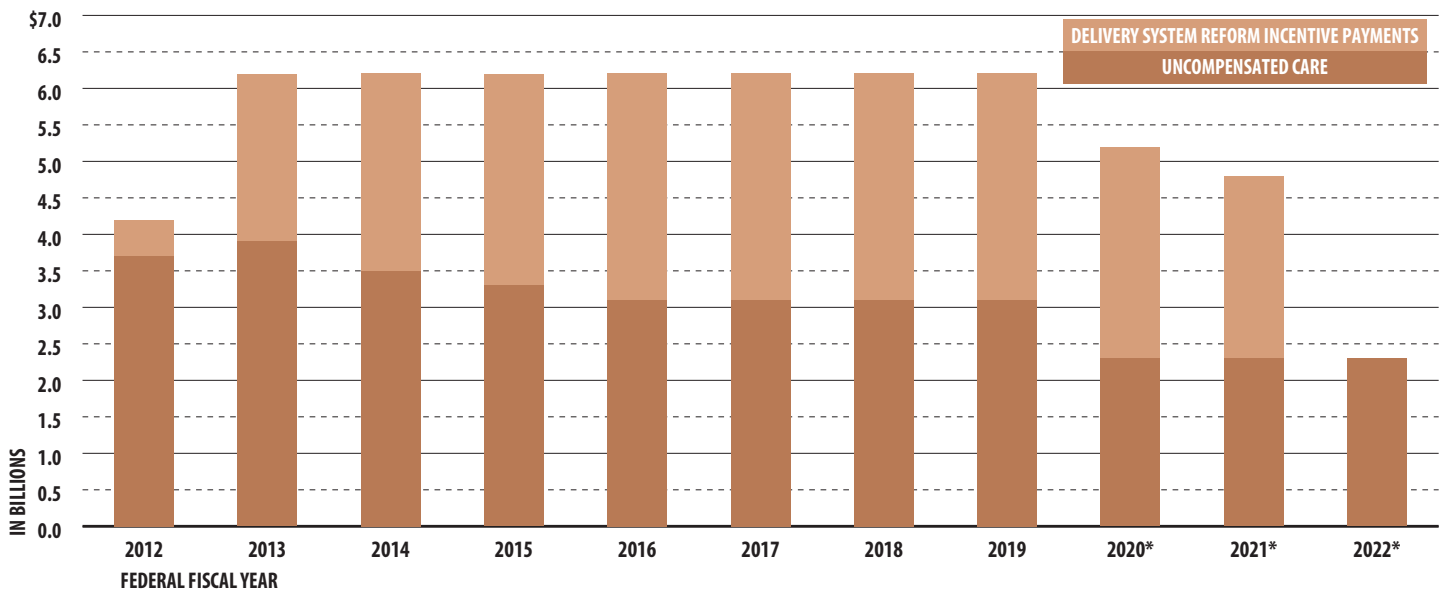
### UNCOMPENSATED CARE

UC payments reimburse health care providers for the cost of providing services to Medicaid recipients and uninsured patients, including hospital stays, physician fees, clinic visits and outpatient drug costs. UC funding helps offset an average \$6.6 billion in uncompensated health care provided in Texas each year.

EXHIBIT 1

## TEXAS 1115 MEDICAID WAIVER FUNDING BY FEDERAL FISCAL YEAR

(Maximum Allowable Federal Funds, in Billions of Dollars)



\* UC pool limit amounts for federal fiscal years 2020-22 are placeholder amounts, pending reassessment of hospital uncompensated charity care. The UC limits are expected to increase at the conclusion of the Texas Health and Human Services Commission and U.S. Centers for Medicare and Medicaid Services pool-sizing exercise in September 2019.

Sources: U.S. Centers for Medicare and Medicaid Services, Texas Health and Human Services Commission and Texas Comptroller of Public Accounts

# Texas and the 1115 Medicaid Waiver



## Texas' DSRIP program is the nation's largest, serving about 12 million Texans.

According to John Henderson, president/CEO of the Texas Organization of Rural and Community Hospitals (TORCH), rural hospitals in particular depend heavily on UC funding provided under the 1115 Medicaid waiver. A 2018 TORCH survey found that the average rural Texas hospital provides about \$2 million a year in uncompensated care, but federal UC payments help cover most of these losses.

### DSRIP

DSRIP makes incentive payments to providers for improvements to health care quality and delivery that also can accommodate more patients. To earn these payments, providers in each of the state's 11 health care regions collaborate through regional healthcare partnerships to develop a plan for improvements. Once its plan is approved by HHSC, the partnership measures and reports its outcomes to earn DSRIP payments for qualifying hospitals in its region.

By design, DSRIP is intended to scale down over time rather than becoming a permanent funding stream.

"For all states, CMS [the U.S. Centers for Medicare and Medicaid Services] never intended DSRIP to be a long-term program," says Lisa Kirsch, the Dell Medical School's Senior Policy Director at the University of Texas at Austin. With the limited years of funding, she says, Texas is incentivized to engage in a more collaborative, strategic effort to improve health and access to care as well as measure performance.

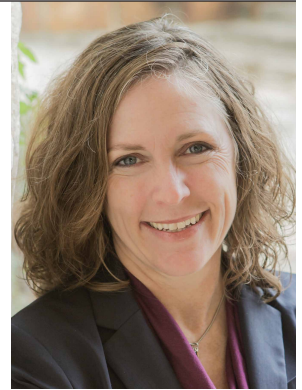
Texas' DSRIP program is the nation's largest, serving about 12 million Texans and providing payments for at least 300 Texas providers and more than 1,400 participating projects. Of Texans receiving DSRIP-funded services in the 2014 through 2017 federal fiscal years,

40 percent were low-income and/or uninsured, 20 percent were Medicaid recipients and 35 percent were other types of patients, such as those with Medicare or other insurance.

From its 2011 inception through October 2018, DSRIP has paid Texas providers \$13.7 billion, including \$9.3 billion to hospitals and \$2.2 billion to community mental health centers (**Exhibit 2**).

DSRIP funds a wide range of projects addressing various health outcomes. The most common project goals include the control of diabetes and high blood pressure and reductions in emergency department visits and congestive heart failure readmission rates. From 2014 to 2017, about 90 percent of these projects achieved their goals.

"DSRIP has enabled a lot of community-based care throughout the state, getting people the care they need to hopefully avoid preventable hospital admissions or uncontrolled chronic conditions," says Kirsch. "The program has included hospitals, academic health science centers, local health departments and community mental health centers, and has been flexible to pay for services for Medicaid enrollees, the uninsured and others."

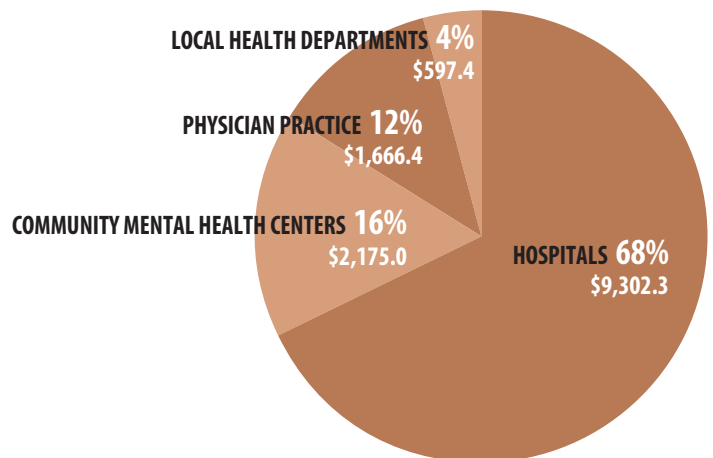


**LISA KIRSCH**  
SENIOR POLICY DIRECTOR,  
DELL MEDICAL SCHOOL

### EXHIBIT 2

#### DSRIP PAYMENTS BY PROVIDER TYPE, FEDERAL FISCAL YEARS 2012-2018

(Amounts in Millions of Dollars)



Source: Texas Health and Human Services Commission

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## THE UNINSURED IN TEXAS

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According to the Urban Institute, an estimated 4.7 million nonelderly Texans (those younger than 65) lacked health insurance in December 2018, about 19 percent of the state's total nonelderly population. By this measure, Texas has the highest uninsured rate in the country. In particular, 32 percent of Texans aged 19 to 34 are uninsured.

The poor in Texas' rural areas are more likely to go without insurance. The Georgetown University Health Policy Institute reports that 36 percent of low-income adults living in Texas' small towns and rural areas are uninsured, versus 29 percent of those in urban settings.

This large share of low-income, uninsured persons in rural areas is particularly burdensome to the relatively few hospitals that serve them. Of 164 rural hospitals in Texas in 2013, 21 have closed permanently or temporarily since then, and several more are in financial distress. The organization reports that more than a fourth of rural hospital revenue comes from supplemental payment programs, and many more could close without the 1115 waiver UC funds.

### DSRIP SUCCESS STORIES

In Wise County, two DSRIP projects have improved diabetes monitoring and reduced readmission rates for patients with congestive heart failure. The county's Total Diabetes Care program employs two full-time nurse educators who provide diabetic education and monitoring services in one-on-one and group settings.

In three years, the program significantly improved primary care monitoring of diabetic patients, reducing the incidence of long-term complications and costs associated with the disease. After establishing a chronic disease education and management program, the area's hospital readmission rates for congestive heart failure fell by almost 50 percent from 2012 to 2017.

In Medina County, a DSRIP-funded, nurse-staffed advice line has reduced potentially preventable admissions and emergency department visits, according to an external quality review.

And in November 2013, the Golden Plains Community Center in Borger used DSRIP funding to create an affordable care clinic designed to divert patients from unnecessary visits to the emergency room. Initially, the clinic operated in a hallway connected to the emergency room and served 96 patients in its first month. The clinic grew steadily and moved to an offsite location in 2018; it now sees about 600 patients each month.

### UNCERTAINTY FOR HOSPITALS

Texas' health care delivery system faces several challenges as the 1115 Medicaid waiver winds down.

First, DSRIP funds will expire completely at the end of 2021, potentially ending a series of innovative health services and programs that have helped many Texans who sorely needed them. Some of these services aren't sustainable without continued funding.

### Other states including California, Indiana and Maryland have renewed their 1115 waivers in recent years.

Second, changes in the methodology used to calculate the uncompensated care pool — the maximum funding available under the program — negotiated in the 2017 waiver will affect total UC funding and the distribution of payments to individual hospitals. Beginning in 2020, UC costs will apply only to hospital costs for uncompensated charity care and services provided to low-income patients. Importantly, it will no longer cover the difference between the actual cost of a service and the reimbursement paid.

As the Texas Hospital Association outlines it, this change could cause children's hospitals to receive less funding, since they usually serve a larger share of Medicaid recipients than uninsured patients.

Furthermore, CMS will reduce available UC funds to Texas hospitals by a share of the payments they receive through the Medicaid Disproportionate Share Hospital (DSH) program. DSH is an annual allotment of federal funds to hospitals that serve a disproportionately high share of uninsured patients; this change could reduce their funding by an estimated \$600 million each year.

HHSC is working with federal officials to secure a waiver extension for the UC pool. Other states including California, Indiana and Maryland have renewed their 1115 waivers in recent years. **FN**

*For more information on Texas' 1115 waiver program, visit [HHSC at hhs.texas.gov](http://hhs.texas.gov) and search for "1115 waiver."*

## TIME FOR A REBOOT?



In 1993, the Texas Legislature created a new category of criminal punishment, designating dozens of low-level felonies and some Class A misdemeanors as “state jail” offenses, mostly for first-time, nonviolent offenders. The intent was to create a less restrictive and more cost-effective setting than prison, with an emphasis on treatment, rehabilitation and successful re-entry to society.

But the jury’s still out on how well the state jail system has worked — and whether it should be modified or scrapped altogether. The system was the state’s “first major effort to de-incarcerate people,” says Tony Fabelo, a criminal justice expert and one of the system’s chief architects. But “history has taken its toll ... much has changed.”

### THE STATE JAIL SYSTEM

Unlike county and municipal jails, state jail facilities aren’t intended for those awaiting trial or serving brief sentences for misdemeanors. State jail inmates are convicted felons, although they serve shorter sentences than most of those incarcerated in conventional prison units.

State jail felonies are punishable by a minimum of 180 days to a maximum of two years in jail as well as fines of up to \$10,000. Most inmates are serving time for property- or drug-related offenses (**Exhibit 1**).

### EXHIBIT 1

#### EXAMPLES OF STATE JAIL FELONIES

- DWI (DRIVING WHILE INTOXICATED) WITH A CHILD PASSENGER
- CRIMINALLY NEGLIGENT HOMICIDE
- POSSESSION OF LESS THAN A GRAM OF CERTAIN CONTROLLED SUBSTANCES
- BURGLARY OF A BUILDING
- CHECK FORGERY
- USE OF A VEHICLE TO EVADE ARREST
- UNAUTHORIZED USE OF A VEHICLE
- THEFT OF ITEMS VALUED FROM \$1,500 TO \$20,000
- THREATS OF VIOLENCE TO COERCE A MINOR TO JOIN A GANG
- CREDIT CARD ABUSE
- CRIMINAL NON-SUPPORT
- CRUELTY TO ANIMALS
- FALSE ALARM OR REPORT
- ILLEGAL POSSESSION OR FRAUDULENT USE OF PERSONALLY IDENTIFYING INFORMATION
- IMPROPER VISUAL RECORDING OR PHOTOGRAPHY
- INTERFERENCE WITH CHILD CUSTODY

Source: Texas Department of Criminal Justice

Today, the Texas Department of Criminal Justice (TDCJ) oversees 17 state jails, 14 directly and three through private contractors, in 16 counties throughout the state (**Exhibit 2**). The state jails' annual employee payroll for fiscal 2019 totals \$225.7 million.

### SYSTEM CHANGES

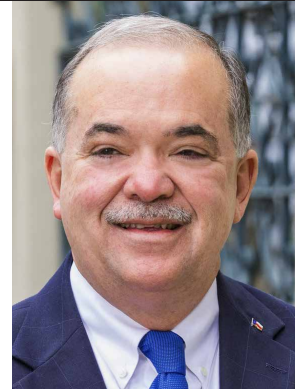
Texas operates one of the world's largest prison systems, and in the early 1990s it was so overcrowded that some 35,000 convicted felons were being held in county jails while awaiting prison beds. According to the Texas Commission on Jail Standards, from fiscal 1994 to 1996 TDCJ paid \$415 million to county jails to reimburse them for the costs of holding state prisoners.

Today, Fabelo is a senior fellow for justice policy at the Meadows Mental Health Policy Institute in Austin. In 1993, however, he was the director of the state's now-defunct Texas Criminal Justice Policy Council. There, he helped design a two-pronged approach to reform patterned in part after Travis County programs: a new felony category for lesser offenses such as

small-quantity drug possession, with shorter sentences combined with more treatment, supervision and community integration.

The original state jail-related statutes of 1993 required judges ordering a state jail sentence to immediately suspend it and place the offender under community supervision (probation), although judges also could require defendants to serve a state jail term prior to probation. Probation violations would lead to further incarceration in a state jail. In 1995 and 1997, subsequent laws allowed for direct sentencing to a state jail facility and removed the requirement for mandatory probation.

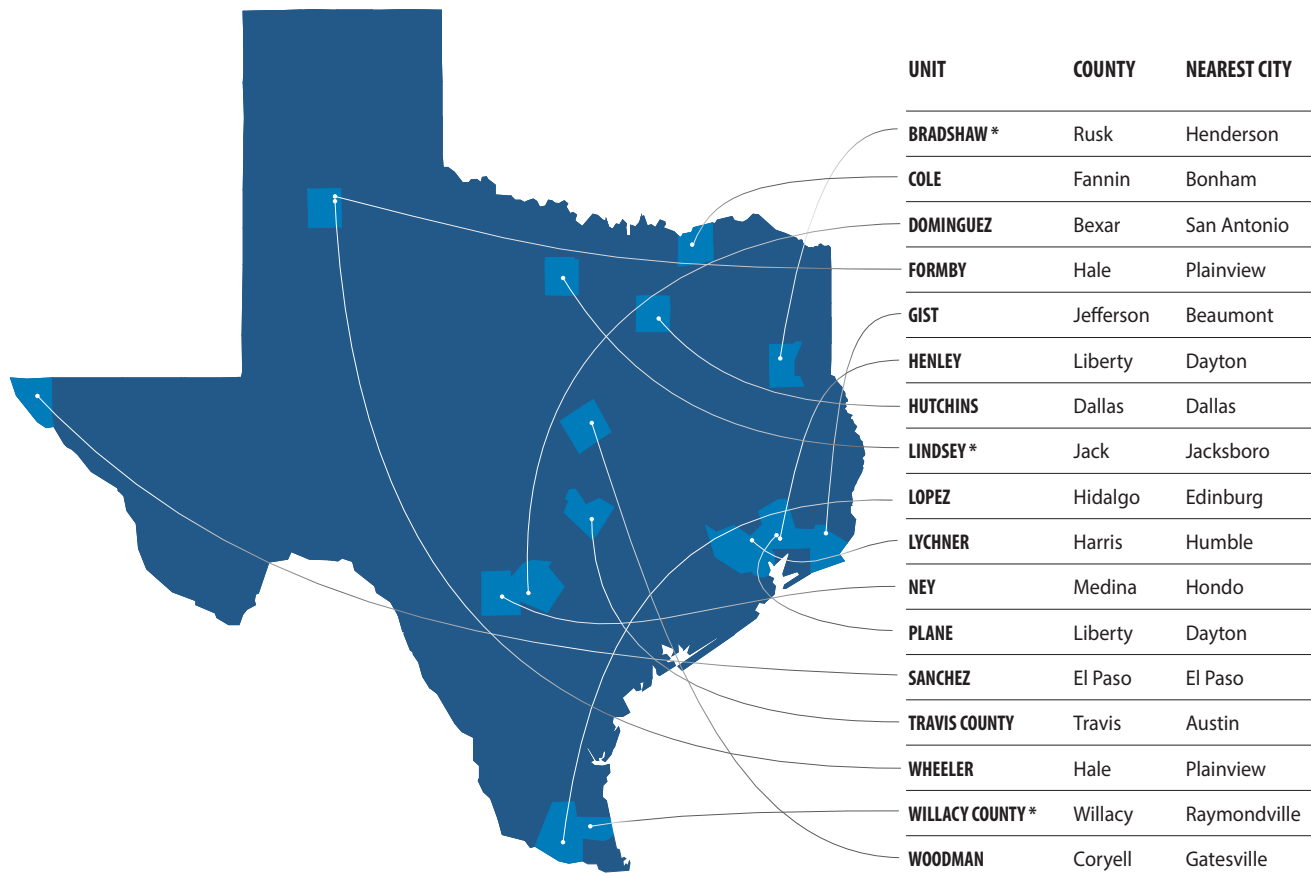
Since the first state jail opened its doors in 1995, various laws gradually have reduced the number of people sentenced to these facilities. The population



**TONY FABELO**  
SENIOR FELLOW,  
MEADOWS MENTAL HEALTH  
POLICY INSTITUTE

EXHIBIT 2

## STATE JAIL FACILITIES IN TEXAS



\*Operated by a private contractor  
Source: Texas Department of Criminal Justice

# Texas State Jails



Photo Courtesy of Texas Department of Criminal Justice.

Travis County State Jail

## The Texas state jail population declined by more than 39 percent between 2010 and 2018.

held in state jails, called state jail felons (SJFs), peaked at nearly 16,000 around 2003. In 2018 legislative testimony, TDCJ Executive Director Bryan Collier reported that the state jail population declined by more than 39 percent between 2010 and 2018.

In 1995, the Legislature allowed defendants eligible for state jail to opt to serve their sentences in local jails or to be prosecuted for Class A misdemeanors, which involve lesser penalties without state jail time and, usually, no probation requirement. Many take this route.

Since 2011, moreover, state jail inmates have been able to reduce their sentences by up to 20 percent by completing work or treatment programs offered by state jails. For this “diligent participation” credit to apply, a judge must approve it after program completion. TDCJ reports that, on average, more than half of SJFs participate in some programming while incarcerated; half of those discharged in fiscal 2018 used credits to reduce their stays by an average of 40 days.

Chief Financial Officer Jerry McGinty of TDCJ says the agency tries to address some of the needs of state jail felons and give them tools to succeed. “The state

jail system does exactly what it was intended to do,” he says. “It’s not broken.”

TDCJ Chief of Staff Jason Clark also attributes the declining number of state jail inmates to the rise of specialty courts, which hear cases involving specific types of defendants such as persons delinquent on child support payments and those with mental health issues. Texas now has 182 of these courts. Other factors



Photo Courtesy of Texas Department of Criminal Justice.

*Inmates of the Veterans Dorm, Travis County State Jail, Austin. The dorm is populated by offenders who have military service records and wish to participate. It’s designed to mimic the unit structure familiar to veterans.*





Photo Courtesy of Texas Department of Criminal Justice.

Woodman State Jail

**Today, Texas’ state jails house more than twice as many higher-level felons awaiting transfer to prison as they do SJFs.**

he cites include pre-trial diversion programs, which allow criminal defendants to avoid incarceration by completing work-release programs or substance abuse treatment, and local alternatives to incarceration such as community supervision, restitution, community service and electronic monitoring.

**A CHANGING ROLE**

TDCJ has closed two state jail units, both privately run — Dawson, in downtown Dallas, shuttered in 2013 and recently sold to a local nonprofit, and Bartlett, northeast of Georgetown in Central Texas, in 2017. About 18 percent of the system’s total population has been residing in three remaining privately run facilities, but, as of late June, one of them (Willacy near Raymondville in the Lower Rio Grande Valley) housed no SJFs at all.

Ironically, today Texas’ state jails house more than twice as many higher-level felons awaiting transfer to prison as they do SJFs, as well as some inmates undergoing various treatment programs. On May 31, 2019, Texas’ state jails housed 6,226 SJFs (with 116



Photo Courtesy of Texas Department of Criminal Justice.

*Case Manager Chance Lanyon at Plane State Jail near Dayton counsels a state jail inmate.*

temporarily assigned elsewhere); 14,573 pre-prison transferees; and 254 felony substance abuse offenders. The transferees typically committed nonviolent crimes and may remain in a state jail for as long as two years.

Critics contend that this defeats the purpose of state jails. “[They] are largely not fulfilling the original mission for which they were created,” says Marc Levin, vice president of criminal justice at the Texas Public Policy Foundation in Austin.

Fabelo says, however, that prison overcrowding did in fact ease and crime declined after state jails were

built. "It's not a failure in the historical context," he says, given the pressures Texas faced at the time.

State jails remain much more cost-effective than prisons (**Exhibit 3**), but State Rep. James White, House Corrections Committee chairman, says, "It's become just another form of incarceration."

EXHIBIT 3

## TDCJ COSTS BY FACILITY TYPE, 2018

FACILITY TYPE	COST PER INMATE PER DAY	AVERAGE STAY	TOTAL COST OF INCARCERATION
STATE-OPERATED PRISONS	\$62.34	4.2 YEARS	\$95,633
STATE-OPERATED JAILS	\$52.46	5.4 MONTHS	\$17,245
PRIVATELY OPERATED STATE JAILS	\$33.83	5.4 MONTHS	\$11,121

Sources: Texas Department of Criminal Justice and Legislative Budget Board

### PROGRAMMING FAILURE?

As Levin and other critics have pointed out, state jails seem to have done little to reduce recidivism, new offenses committed by ex-convicts. White notes that substance abuse treatment, originally a key component of the system, hasn't been improved or enhanced.

According to a January 2019 interim report by the Texas House Criminal Jurisprudence Committee, "The treatment and programming concepts state jails were originally designed around ... were never funded or developed, so state jails now offer nearly nothing in the way of rehabilitative services." During a 2003 budget crisis, the Legislature slashed state jail treatment funding, and much of it has not been restored. In any case, some state jails reportedly lack space for treatment programs.

The interim report also noted a lack of after-care programs for those released from state jail. A 2019 Legislative Budget Board (LBB) report noted that just 0.4 percent of those released from state jails in fiscal 2015 entered probation.

Between 2015 and 2018, 31 percent of SJFs were reincarcerated after release, versus 28 percent of those on probation and just 20 percent of former prison inmates. Some believe that a lack of post-release supervision is the main reason for SJFs' higher recidivism rates.

Interim legislative studies also have found that many persons sentenced for state jail felonies take the option to do the time in local jails, many of which offer credits to shorten their sentences, because it's quicker and easier than treatment or probation.

### FIXING THE SYSTEM

In late 2018 and early 2019, three Texas legislative committees recommended addressing the option that allows state jail felons to do their time in local jails; two would eliminate it altogether.

A TDCJ pilot program, approved in 2017 and funded this year, will discharge nonviolent felons from state jail months early to a work-release program operated by nonprofits. Levin says participants will serve 90 days in state jail, followed by a 180-day probation period coupled with 90 days of career and technical training, including job placement. TDCJ issued a request for proposals for this \$5.3 million initiative in mid-June.

If any consensus is forming on how to fix the state jail system, it seems to focus on beefing up rehabilitation efforts by providing more services earlier in the process. Harris County often is mentioned as a model.

Teresa May directs the Harris County Community Supervision and Corrections Department (CSCD), one of the nation's largest. She has been praised for creating a multi-faceted program relying heavily on social science research.

"Instead of revolving [them] in and out of state jail, now we address their needs," May says. Among the innovations are offender risk and needs assessments; early intervention and rehabilitative services before prosecution; residential mental health treatment; and a reduction in pre-trial detention through more bond releases, thereby reducing jail time-served credits, which had created an incentive for SJFs to choose to serve their sentences there rather than in state jails.

Harris County has cut its share of Texas' state jail inmates almost in half in five years, from 26 percent in fiscal 2014 to 14 percent in 2018. In this period, its re-arrest rates for SJFs on community supervision also fell sharply, from as much as 73 percent to roughly 26 percent.

"When people are diverted to treatment that addresses their needs," May says, "they are less likely to be re-arrested." **FN**

*Learn more about Harris County CSCD's reform initiatives in Line Items at [FiscalNotes.com](http://FiscalNotes.com).*



**TERESA MAY**  
DIRECTOR,  
HARRIS COUNTY COMMUNITY  
SUPERVISION AND  
CORRECTIONS DEPARTMENT

# State Revenue Watch

This table presents data on net state revenue collections by source. It includes most recent monthly collections, year-to-date (YTD) totals for the current fiscal year and a comparison of current YTD totals with those in the equivalent period of the previous fiscal year.

These numbers were current at press time. For the most current data as well as downloadable files, visit [comptroller.texas.gov/transparency](http://comptroller.texas.gov/transparency).

Note: Texas' fiscal year begins on Sept. 1 and ends on Aug. 31.

## NET STATE REVENUE — All Funds Excluding Trust

(AMOUNTS IN THOUSANDS)

### Monthly and Year-to-Date Collections: Percent Change From Previous Year

Tax Collections by Major Tax	JULY 2019	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
<b>SALES TAX</b>	\$2,860,085	\$31,035,929	6.78%
PERCENT CHANGE FROM JULY 2018	4.32%		
<b>MOTOR VEHICLE SALES AND RENTAL TAXES</b>	483,574	4,522,268	0.80%
PERCENT CHANGE FROM JULY 2018	10.64%		
<b>MOTOR FUEL TAXES</b>	311,051	3,415,905	1.50%
PERCENT CHANGE FROM JULY 2018	-0.60%		
<b>FRANCHISE TAX</b>	34,759	3,980,452	11.97%
PERCENT CHANGE FROM JULY 2018	-13.10%		
<b>OIL PRODUCTION TAX</b>	312,430	3,531,282	17.22%
PERCENT CHANGE FROM JULY 2018	7.00%		
<b>INSURANCE TAXES</b>	706,755	2,256,900	2.73%
PERCENT CHANGE FROM JULY 2018	4.21%		
<b>CIGARETTE AND TOBACCO TAXES</b>	129,132	1,238,548	4.41%
PERCENT CHANGE FROM JULY 2018	5.71%		
<b>NATURAL GAS PRODUCTION TAX</b>	128,971	1,583,346	21.39%
PERCENT CHANGE FROM JULY 2018	11.28%		
<b>ALCOHOLIC BEVERAGES TAXES</b>	117,465	1,256,677	6.10%
PERCENT CHANGE FROM JULY 2018	3.41%		
<b>HOTEL OCCUPANCY TAX</b>	57,605	575,502	5.45%
PERCENT CHANGE FROM JULY 2018	3.93%		
<b>UTILITY TAXES<sup>1</sup></b>	83,968	412,038	3.03%
PERCENT CHANGE FROM JULY 2018	-8.39%		
<b>OTHER TAXES<sup>2</sup></b>	30,127	303,453	2.70%
PERCENT CHANGE FROM JULY 2018	-15.09%		
<b>TOTAL TAX COLLECTIONS</b>	<b>\$5,255,922</b>	<b>\$54,112,300</b>	<b>6.95%</b>
PERCENT CHANGE FROM JULY 2018	<b>4.36%</b>		
Revenue By Source	JULY 2019	YEAR TO DATE: TOTAL	YEAR TO DATE: CHANGE FROM PREVIOUS YEAR
<b>TOTAL TAX COLLECTIONS</b>	5,255,922	\$54,112,300	6.95%
PERCENT CHANGE FROM JULY 2018	4.36%		
<b>FEDERAL INCOME</b>	3,703,330	38,979,596	6.23%
PERCENT CHANGE FROM JULY 2018	20.19%		
<b>LICENSES, FEES, FINES AND PENALTIES</b>	526,701	5,854,982	1.13%
PERCENT CHANGE FROM JULY 2018	-0.43%		
<b>STATE HEALTH SERVICE FEES AND REBATES<sup>3</sup></b>	971,620	6,959,782	-7.36%
PERCENT CHANGE FROM JULY 2018	18.71%		
<b>NET LOTTERY PROCEEDS<sup>4</sup></b>	210,523	2,349,326	16.53%
PERCENT CHANGE FROM JULY 2018	19.59%		
<b>LAND INCOME</b>	189,649	2,096,656	12.37%
PERCENT CHANGE FROM JULY 2018	-9.59%		
<b>INTEREST AND INVESTMENT INCOME</b>	167,180	2,324,928	34.17%
PERCENT CHANGE FROM JULY 2018	21.91%		
<b>SETTLEMENTS OF CLAIMS</b>	2,245	544,116	8.27%
PERCENT CHANGE FROM JULY 2018	-39.81%		
<b>ESCHEATED ESTATES</b>	189,214	653,225	6.10%
PERCENT CHANGE FROM JULY 2018	-19.81%		
<b>SALES OF GOODS AND SERVICES</b>	27,040	265,117	4.44%
PERCENT CHANGE FROM JULY 2018	37.08%		
<b>OTHER REVENUE</b>	504,829	3,468,166	20.50%
PERCENT CHANGE FROM JULY 2018	36.26%		
<b>TOTAL NET REVENUE</b>	<b>\$11,748,253</b>	<b>\$117,608,195</b>	<b>6.47%</b>
PERCENT CHANGE FROM JULY 2018	<b>10.65%</b>		

<sup>1</sup> Includes public utility gross receipts assessment, gas, electric and water utility tax and gas utility pipeline tax.

<sup>2</sup> Includes taxes not separately listed, such as taxes on oil well services, coin-operated amusement machines, cement and combative sports admissions as well as refunds to employers of certain welfare recipients.

<sup>3</sup> Includes various health-related service fees and rebates that were previously in "license, fees, fines and penalties" or in other non-tax revenue categories.

<sup>4</sup> Gross sales less retailer commission and the smaller prizes paid by retailers.

Notes: Totals may not add due to rounding. Excludes local funds and deposits by certain semi-independent agencies.

Includes certain state revenues that are deposited in the State Treasury but not appropriated.



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