

SUMMARY OF CONFERENCE COMMITTEE  
REPORT ON SENATE BILL 1  
FOR THE 2006 -2007 BIENNIUM



79<sup>TH</sup> LEGISLATIVE SESSION

Legislative Budget Board  
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# INTRODUCTION

The Senate Bill 1 Conference Committee's recommended appropriations for state government operations for the 2006–07 biennium total \$139.4 billion from all fund sources. The recommendations provide a \$12.8 billion, or

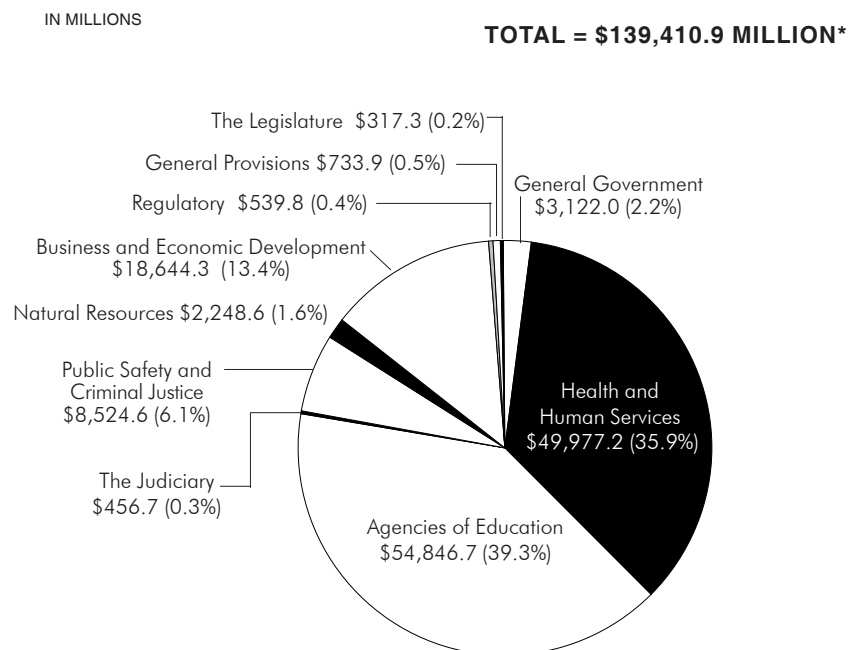
10.1 percent, increase from the 2004–05 biennial level.

General Revenue funding, including funds dedicated within the General Revenue Fund, totals \$71.6 billion for the 2006–07 biennium, an increase

of \$6.0 billion, or 9.2 percent, over the 2004–05 biennial level. Figures 1 and 2 show the 2006–07 recommendations by government function.

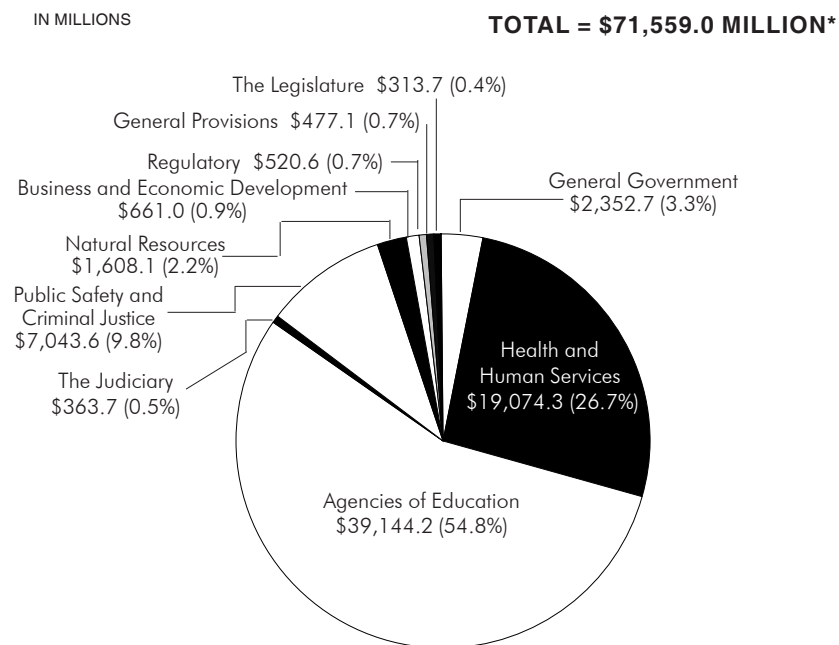
## 2006–07 BIENNIAL RECOMMENDATIONS

**FIGURE 1  
ALL FUNDS**



\*Does not adjust for appropriations made by, or transferred to, House Bill 10.  
 NOTES: Excludes interagency contracts.  
 Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table and figure amounts may not add because of rounding.

**FIGURE 2  
GENERAL REVENUE AND  
GENERAL REVENUE-DEDICATED FUNDS**



\*Does not adjust for appropriations made by, or transferred to, House Bill 10.  
 NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table and figure amounts may not add because of rounding.

# HIGHLIGHTS OF THE RECOMMENDATIONS

For the 2006–07 biennium, the Senate Bill 1 Conference Committee recommendations include funding for the following key budget items. (Noted funding increases or decreases are from the 2004–05 biennial level estimated as of December 2004.)

## EDUCATION

- \$24.6 billion in All Funds for the Foundation School Program. This includes an increase in General Revenue Funds of \$175 million to extend funding for school facilities to additional school districts, as well as \$1.1 billion in General Revenue Funds to maintain enrollment growth and current law obligations, ensure equity, and account for a one-month deferral of funding for the current biennium. The Conference Committee Report on Senate Bill 1 also reflects a transfer of \$548.0 million from the Teacher Retirement System to the Texas Education Agency to include teacher pass-through funds in the Foundation School Program.
- \$0.5 billion for TRS-Care, the healthcare system for retired school employees. This represents a decrease of \$0.2 billion primarily due to a large 2005 reserve and implementation of federal Medicare legislation.
- Enrollment growth is funded at institutions of higher education resulting in a \$188.7 million increase in General Revenue Funds. General Revenue formula funding for institutions of higher education is enhanced by \$242.9 million. The recommendations also reflect projected growth of \$0.1 billion in General Revenue–Dedicated Funds, primarily in tuition and fees.

## HEALTH AND HUMAN SERVICES

- \$37.9 billion in All Funds (\$13.6 billion in General Revenue and \$0.6 billion in General Revenue–Dedicated Funds) for Medicaid programs. This represents an increase of \$4.9 billion in All Funds and \$2.3 billion in General Revenue and General Revenue–Dedicated Funds. Funding serves anticipated increases in clients, restores certain services to adult Medicaid recipients, partially restores the Medically Needy program, creates a Medicaid buy-in program, expands community care waiver programs, addresses cost growth in the program, and restores reimbursement rates to, or increases rates above, fiscal year 2003 levels for long-term care services.
- \$1.4 billion in All Funds (\$0.4 billion in General Revenue Funds) for the Children’s Health Insurance Program. Funding covers projected increases in client caseloads; addresses cost growth; adjusts assumptions on client cost sharing; restores dental, vision, hospice, and mental health benefits; and establishes perinatal benefits.
- \$0.3 billion in All Funds (\$0.2 billion in General Revenue and General Revenue–Dedicated Funds) for Protective Services reform. Most funding, \$0.2 billion in General Revenue Funds and All Funds, supports reform in Child Protective Services (CPS). CPS reform includes 1,469 new FTE positions in fiscal year 2006 and another 1,054 FTE positions in fiscal year 2007.

## CRIMINAL JUSTICE

- \$4.0 billion in All Funds for the incarceration and treatment of adult felons. This reflects an increase of \$0.1 billion in General Revenue Funds to address projected population increases and rising healthcare and utility costs, replace one-time land

sale receipts, and partially compensate for decreases in Federal Funds.

## EMPLOYEE BENEFITS AND SALARIES

- \$0.6 billion All Funds increase for a state employee pay raise (including related benefits).
- \$3.0 billion in All Funds for state employee healthcare costs. This reflects an increase of \$0.4 billion in General Revenue Funds for increased medical and drug costs.
- \$3.7 billion in All Funds for retirement contributions for the Teacher Retirement System (\$2.9 billion), the Employees Retirement System (\$0.6 billion), and the Optional Retirement System (\$0.2 billion) for certain higher education employees.

## BOND DEBT SERVICE

- \$1.3 billion in All Funds for debt service payments on bonds and other long-term financing. This includes an increase of \$0.3 billion in General Revenue Funds to cover principal and interest needs for existing general obligation and tuition revenue bonds and to account for the fact that 2004–05 biennial appropriations covered interest payments only on commercial paper.

## TRANSPORTATION

- \$13.9 billion in All Funds for the state’s transportation system. This includes planning and design, acquisition of right-of-way, construction, and maintenance and operation of the system. The recommendations represent a \$1.2 billion increase in Federal Funds and a \$1.7 billion increase in Other Funds over the 2004–05 base level due primarily to additional finance tools available to the Department of Transportation.

# RECOMMENDATIONS BY METHOD OF FINANCING

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 1  
ALL FUNDS**

IN MILLIONS					
FUNCTION	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07**	BIENNIAL CHANGE	PERCENTAGE CHANGE	
	\$3,479.9	\$3,122.0	\$(357.9)	(10.3)%	
Article I - General Government				13.6	
	44,002.9		5,974.3	6.4	
Article II - Health and Human Services		49,977.2	3,307.6		
Article III - Agencies of Education	51,539.1	54,846.7			
Public Education	34,600.5	36,839.5	28,02,238.9	6.5	6.5
Higher Education	428.7	18,007.2	1,068.7	6.5	6.3
	16,938.6			4.3	
Article IV - The Judiciary	8,172.4	8,524.8			
Article V - Public Safety and Criminal Justice	2,323.3	2,248.6	(74.7)	(3.2)	
Article VI - Natural Resources			2,961.1	18.9	
Article VII - Business and Economic Development	669.5	18,644.3	(129.8)	(19.4)	
	15,683.2	339.8		NA	
Article VIII - Regulatory					
Article IX - General Provisions	325.0	733.9	(7.7)	(2.4)	
Article X - The Legislature		317.3	733.9		
				10.1%	
Grand Total	\$126,624.1	\$139,410.9	\$12,786.8		
*Includes anticipated supplemental spending needs as of December 2004 (excludes House Bill 10).					
**Does not adjust for appropriations made by, or transferred to House Bill 10.					
NOTES: Excludes interagency contracts.					
Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table and figure amounts may not add because of rounding.					



# RECOMMENDATIONS BY METHOD OF FINANCING

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 2**  
**GENERAL REVENUE FUNDS**

IN MILLIONS					
FUNCTION	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07**	BIENNIAL CHANGE	PERCENTAGE CHANGE	
		\$1,674.3	\$194.0	13.1%	
Article I - General Government	\$1,480.3		2,353.4	15.2	7.2
Article II - Health and Human Services	15,508.6	36,859.4	2,475.9		
Article III - Agencies of Education	34,383.5	17,862.0			
Public Education	24,233.8	25,877.4	16,716,433.6	5.3	6.8
Higher Education	318.0	10,982.0	832.3	6.5	8.2
Article IV - The Judiciary	6,569.9	334.7			
Article V - Public Safety and Criminal Justice		6,998.5			
Article VI - Natural Resources	485.3	437.1	27.1	428.6	(1.2)
Article VII - Business and Economic Development	377.0	404.1	(3.4)	48.2	7.2
Article VIII - Regulatory	0.0	256.0	252.9		(9.9)
Article IX - General Provisions			439.0	NA	
Article X - The Legislature	321.4		(7.7)		(2.4)
		313.7			
		\$65,575.7	\$5,875.7		
Grand Total	\$59,700.0				9.8%
*Includes anticipated supplemental spending needs as of December 2004 (excludes House Bill 10).					
**Does not adjust for appropriations made by, or transferred to House Bill 10.					
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding.					
Therefore, table and figure amounts may not add because of rounding.					

# RECOMMENDATIONS BY METHOD OF FINANCING

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 3**  
**GENERAL REVENUE-DEDICATED FUNDS**

IN MILLIONS					
FUNCTION	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07**	BIENNIAL CHANGE	PERCENTAGE CHANGE	
	\$424.7	\$678.4	\$253.7	59.7%	
Article I - General Government				46.0	
			382.1	(13.4)	
Article II - Health and Human Services	830.2	2,284.8	(352.9)		
Article III - Agencies of Education	2,637.8				
Public Education	241.6	230.1	(0.7)	(11.5)	(4.8)
Higher Education	29.6	28.9	(0.7)	(2.4)	(14.2)
	2,396.2	2,054.7	(341.4)	(2.0)	
Article IV - The Judiciary	46.0	45.1	12.4		
Article V - Public Safety and Criminal Justice	1,158.6			0.9)	(4.5)
Article VI - Natural Resources		1,171.0	(19.1)		1.1
	270.8	116.5	(154.2)	(57.0)	
Article VII - Business and Economic Development	0.0	408.1	38.2	NA	
Article VIII - Regulatory				NA	
	0.0	0.0	38.2	0.0	
Article IX - General Provisions					
Article X - The Legislature				2.7%	
Grand Total	\$5,824.9	\$5,983.3	\$158.4		
*Includes anticipated supplemental spending needs as of December 2004 (excludes House Bill 10).					
**Does not adjust for appropriations made by, or transferred to House Bill 10.					
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding.					
Therefore, table and figure amounts may not add because of rounding.					

# RECOMMENDATIONS BY METHOD OF FINANCING

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 4**  
**GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS**

IN MILLIONS					
FUNCTION	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07**	BIENNIAL CHANGE	PERCENTAGE CHANGE	
	\$1,905.1	\$2,352.7	\$447.6	23.5%	
Article I - General Government			2,735.5	16.7	
Article II - Health and Human Services	16,338.8	19,074.3	2,123.0	5.7	
Article III - Agencies of Education	37,021.2	39,144.2			
Public Education	24,475.4	26,107.5	16,016.32.1	6.7	
Higher Education	347.6	12,545.8	13,036.7	4.6	3.9
Article IV - The Judiciary	6,615.9	7,043.8	363.7	6.5	
Article V - Public Safety and Criminal Justice	1,643.9		427.7	(3.3)	
Article VI - Natural Resources		1,608.1	(22.3)	(35.8)	(2.2)
Article VII - Business and Economic Development	647.7	520.6	(127.2)	(19.6)	
Article VIII - Regulatory	683.2	661.0		NA	
Article IX - General Provisions	321.4	477.1	(7.7)	(2.4)	
Article X - The Legislature		313.7	477.1		
				9.2%	
Grand Total	\$65,524.9	\$71,559.0	\$6,034.1		
<p>*Includes anticipated supplemental spending needs as of December 2004 (excludes House Bill 10).  **Does not adjust for appropriations made by, or transferred to House Bill 10.  NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding.  Therefore, table and figure amounts may not add because of rounding.</p>					

# RECOMMENDATIONS BY METHOD OF FINANCING

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 5  
FEDERAL FUNDS**

IN MILLIONS		ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07**	BIENNIAL CHANGE (23.1%)	PERCENTAGE CHANGE
FUNCTION					
		\$869.4	\$668.1	\$(201.2)	11.6
Article I - General Government				3,105.8	8.0
Article II - Health and Human Services		26,762.4	28,868.2	626.3	
Article III - Agencies of Education		7,781.5	8,407.8		
Public Education		7,441.7	8,079.8	0.0	638.0
Higher Education		0.1	339.7	328.0	(11.7)
Article IV - The Judiciary		404.6	287.0		10.5
Article V - Public Safety and Criminal Justice		320.5		(39.6)	(29.1)
Article VI - Natural Resources			280.9		7.6
Article VII - Business and Economic Development		0.0	4.9	1,121.4	13.4
Article VIII - Regulatory		8,353.0	9,474.3	(1.2)	(20.1)
Article IX - General Provisions		0.0	0.0		NA
Article X - The Legislature			83.0		NA
				\$4,583.0	10.3%
Grand Total		\$44,491.4	\$49,074.4		
<p>*Includes anticipated supplemental spending needs as of December 2004 (excludes House Bill 10).  **Does not adjust for appropriations made by, or transferred to House Bill 10.  NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding.  Therefore, table and figure amounts may not add because of rounding.</p>					

# RECOMMENDATIONS BY METHOD OF FINANCING

## 2006-07 BIENNIAL RECOMMENDATIONS

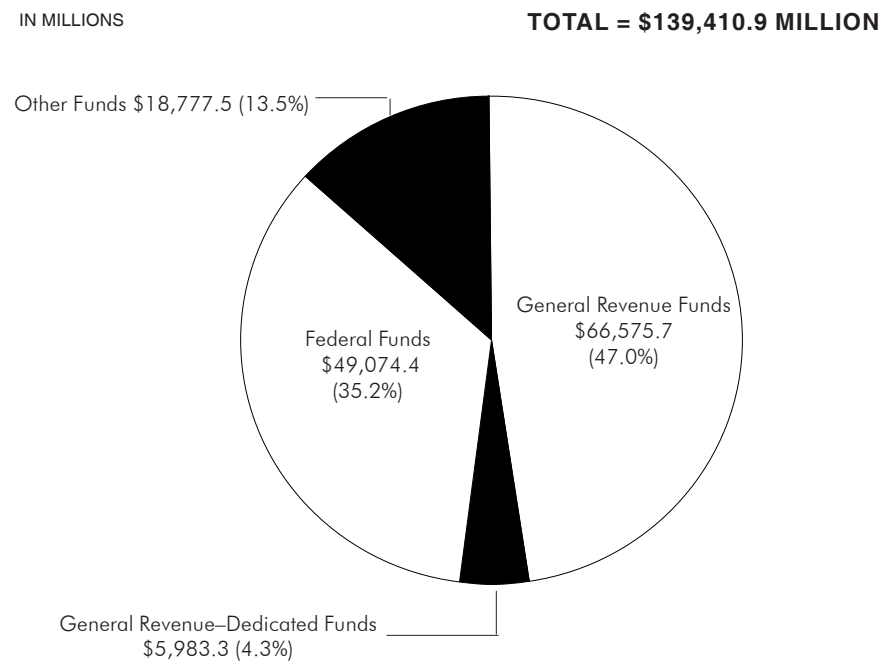
**TABLE 6  
OTHER FUNDS**

IN MILLIONS				
FUNCTION	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07*	BIENNIAL CHANGE	PERCENTAGE CHANGE
	\$705.5		\$(604.4)	(85.7)%
Article I - General Government		\$101.1		14.7
Article II - Health and Human Services	901.8	1,034.7	132.9	8.3
Article III - Agencies of Education	6,736.4	7,294.7	558.3	(1.2)
Public Education	2,683.4	2,652.2	11.9	14.5
Higher Education	81.0	92.9		
	4,053.0	4,642.5	589.5	14.7
Article IV - The Judiciary	1,151.9	1,194.0	42.1	
Article V - Public Safety and Criminal Justice	358.9		0.6	0.2
Article VI - Natural Resources		359.6	1,862.0	28.0
Article VII - Business and Economic Development	15.6	14.3	(1.4)	(8.7)
Article VIII - Regulatory	6,647.0	173.7	173.7	NA
Article IX - General Provisions	3.6	3.6	0.0	(0.2)
Article X - The Legislature	0.0			
				13.1%
Grand Total	\$16,601.7	\$18,777.5	\$2,175.9	
*Does not adjust for appropriations made by, or transferred to House Bill 10.				
NOTES: Excludes interagency contracts.				
Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table and figure amounts may not add because of rounding.				

# RECOMMENDATIONS BY FUND SOURCE

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**FIGURE 3**  
**BIENNIAL RECOMMENDATIONS FOR 2006-07**  
**BY FUND SOURCE**



NOTE: Excludes interagency contracts.

# SIGNIFICANT FUNDING ELEMENTS AND COSTS

IN ADDITION to growth in Transportation, Education, and Health and Human Services, there are a number of other areas that have a significant impact on the 2006–07 budget recommendations.

The elements of cost for debt service and employee benefits/employer costs are described below. These costs are distributed to the various functions of government (Education, Public Safety and Criminal Justice, etc.) to reflect the total cost of each function.

## DEBT SERVICE

Debt service costs included in the recommendations total \$631.1 million in All Funds in fiscal year 2006 and \$638.3 million in fiscal year 2007 for a total of \$1.3 billion in All funds for the 2006–07 biennium. Table 7 shows estimated/budgeted and recommended general obligation and revenue bond debt service costs by agency and method of financing for the 2004–05 and 2006–07 biennia. The recommendations include a biennial increase of \$256.1 million in General Revenue Funds for debt service from the 2004–05 level. This increase is in part due to paying off principal in addition to interest on commercial paper; as a cost saving measure only interest was paid for the 2004–05 biennium.

## EMPLOYEE BENEFITS/PAYROLL EXPENSE

The Employees Retirement System (ERS) state contribution rate for retirement is increased from 6.0 percent to the normal cost rate of 6.45 percent. This along with payroll growth results in an increase of \$63.0 million in All Funds.

The Teacher Retirement System (TRS) state contribution rate is maintained at 6.0 percent. Anticipated payroll growth results in an All Funds increase of \$216.7 million. The state contribution for the Optional Retirement Program is continued at 6.0 percent, and the All Funds increase of \$4.4 million is from payroll growth.

## GROUP INSURANCE

Recommendations relating to group insurance premium contribution rates for state and higher education employees provide for increases above the fiscal year 2005 rates of 8 percent in fiscal year 2006 and an additional 7 percent in fiscal year 2007 to cover anticipated increases in claims and medical inflation.

**TABLE 7  
DEBT SERVICE PAYMENTS  
BY AGENCY AND FUND SOURCE**

IN MILLIONS				
AGENCY/FUND SOURCE	ESTIMATED/ BUDGETED 2004–05	RECOMMENDED 2006–07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Finance Authority	\$475.5	\$675.9	\$200.4	42.1%
Water Development Board–Water Bonds	50.3	54.4	4.1	8.1
Building and Procurement Commission Lease Payments	92.7	92.0	(0.7)	(0.7)
Preservation Board/History Museum Lease Payments	13.4	13.2	(0.2)	(1.8)
Department of State Health Services Lease Payments	6.3	6.3	0.0	(15.9) <sup>6</sup>
Health and Human Services Commission Lease Payments	4.2	3.5	(0.7)	
Tuition Revenue Bonds	281.4	374.9	93.5	33.2
Adjutant General/Military Facilities Commission	6.5	6.0	(0.5)	(7.3)
Department of Criminal Justice				
Private Prison Lease/Purchase	37.7	30.3	(7.4)	(19.6)
Parks and Wildlife Department Lease Payments	11.3	12.8	1.5	13.7
<b>TOTAL, DEBT SERVICE PAYMENTS</b>	<b>\$979.3</b>	<b>\$1,269.4</b>	<b>\$290.1</b>	<b>29.6%</b>
<b>METHOD OF FINANCING</b>	28.0	23.8		
General Revenue Funds	\$921.2	\$1,177.3	\$256.1	27.8%
General Revenue–Dedicated Funds	30.0	63.7	33.7	112.2
Other Funds			0.4	1.3
<b>TOTAL, ALL FUNDS</b>	<b>\$979.3</b>	<b>\$1,269.4</b>	<b>\$290.1</b>	<b>29.6%</b>

NOTES: The above amounts do not reflect \$108.0 million in General Revenue Funds for bond debt service for Tuition Revenue Bonds (appropriated in Article IX) contingent on the passage of House Bill 2329. Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table and figure amounts may not add because of rounding.

# SIGNIFICANT FUNDING ELEMENTS AND COSTS

Employees Retirement System (ERS) group insurance contributions will increase by \$335.3 million because of the increase in premiums and the increase in the number of retirees.

Funding for Higher Education Group Insurance is increased by \$141.8 million in General Revenue Funds above the 2004–05 levels because of increases in premium rates and additional funds to make up for 2004–05 reductions.

Public school retirees' health insurance (TRS-Care) is decreased by \$203.9 million in General Revenue Funds. The decrease is primarily attributable to a balance in the TRS-Care trust fund at the end of 2005 and a reduction for a reimbursement from the federal government estimated by TRS to be \$116.1 million. In 2006 the federal Medicare drug plan will begin reimbursing employers some of their costs as an incentive to maintain their current prescription drug plans. ERS has estimated their federal reimbursement to be \$31.8 million for general state employees, with an additional reimbursement of \$11.8 million for higher education employees. These savings are reflected in the amounts shown in Table 8.

## SOCIAL SECURITY CONTRIBUTIONS AND BENEFIT REPLACEMENT PAY

The recommendations for Social Security reflect an All Funds increase of \$60.5 million caused by payroll growth. Of this increase, \$29.8 million is attributable to institutions of higher education. The

recommendations for Benefit Replacement Pay assume annual decreases resulting from employee turnover. The recommendations reflect a decrease in All Funds of \$12.2 million, or 9.4 percent, for Benefit Replacement Pay for state employees.

**TABLE 8  
SELECTED EMPLOYEE BENEFITS, ALL FUNDS**

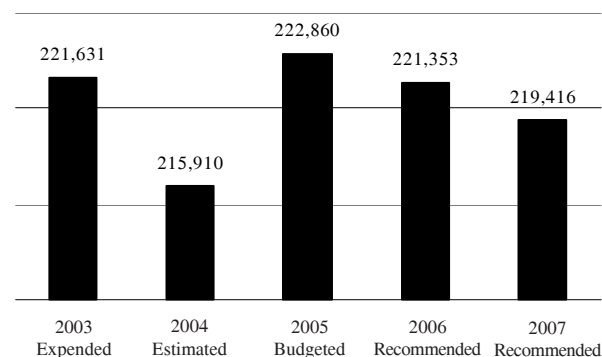
IN MILLIONS		ESTIMATED/ BUDGETED			RECOMMENDED BIENNIAL PERCENTAGE	
AGENCY/FUND SOURCE		2004–05	2006–07	CHANGE	CHANGE	
Benefit Replacement Pay		\$128.8	\$116.6	\$(12.2)	(9.4)%	
Social Security		1,157.5	1,218.0	60.5	5.2	
ERS Retirement		559.4	622.5	63.0	11.3	
ERS Health		1,746.2	2,081.5	335.3	19.2	
TRS Retirement		2,639.5	2,856.2	216.7	8.2	
TRS Retiree Insurance		710.5	506.6	(203.9)	(28.7)	
Optional Retirement Program		218.9	223.3	4.4	2.0	
Higher Education Group Insurance		796.1	937.9	141.8	17.8	
<b>TOTAL, SELECTED EMPLOYEE BENEFITS</b>		<b>\$7,957.1</b>	<b>\$8,562.7</b>	<b>\$605.6</b>	<b>7.6%</b>	
<b>METHOD OF FINANCING</b>						
General Revenue Funds		\$6,378.0	\$6,797.4	\$419.3	6.6%	
General Revenue–Dedicated Funds		604.2	367.5	691.8	408.6	41.1
Federal Funds		607.3		664.8	57.5	9.5
Other Funds					87.7	14.5
<b>TOTAL, ALL FUNDS</b>		<b>\$7,957.1</b>	<b>\$8,562.7</b>	<b>\$605.6</b>	<b>7.6%</b>	
NOTES: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table and figure amounts may not add because of rounding.						
No adjustments have been made for anticipated additional appropriation amounts for benefits in House Bill 10.						
Increases in employee benefits attributable to the employee pay raises in Article IX are not included in the above amounts.						



# FULL-TIME-EQUIVALENT POSITIONS

The Conference Committee Report for Senate Bill 1 provides for 221,353 full-time-equivalent positions (FTEs) in fiscal year 2006 and 219,416 in fiscal year 2007. As shown in Figure 4, the fiscal year 2007 amount (219,416) represents a decrease of 3,444 FTEs from the 2005 budgeted level.

**FIGURE 4**  
**FULL-TIME-EQUIVALENT POSITIONS**



**TABLE 9**  
**FULL-TIME-EQUIVALENT POSITIONS**

IN MILLIONS					
FUNCTION	EXPENDED 2003	ESTIMATED 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
Article I - General Government	9,101	8,800	9,359	9,449	9,462
Article II - Health and Human Services	48,894	46,630	46,328	47,570	45,561
Article III - Agencies of Education	77,685	77,685	81,101	82,685	82,692
Article IV - The Judiciary	1,299	1,287	1,326	1,334	1,334
Article V - Public Safety and Criminal Justice	53,747	51,991	53,574	53,480	53,521
Article VI - Natural Resources	8,289	8,086	8,525	8,381	8,327
Article VII - Business and Economic Development	19,237	18,140	19,049	19,009	19,004
Article VIII - Regulatory	3,380	3,292	3,598	3,683	3,688
Article IX - General Provisions	NA	NA	NA	(4,237)	(4,173)
Total, All Articles	221,631	215,910	222,860	221,353	219,416

NOTE: Totals may not add because of rounding.

# APPROPRIATED AND ESTIMATED/BUDGETED FUNDS COMPARISON

All Funds appropriations for the 2004–05 biennium, as reflected in the Legislative Budget Board’s 2004–05 *Fiscal Size-up* publication, totaled \$118.2 billion. The sum of fiscal year 2004 estimated amounts and fiscal year 2005 budgeted amounts as shown in the *Legislative Budget Estimates* for the Seventy-ninth Legislature, 2005, is \$126.6 billion. The increase of \$8.4 billion is attributable to the following items:

- ♦ an increase of \$1.7 billion in anticipated 2005 supplemental needs for the Health and Human Services Commission, primarily for Medicaid and the Children’s Health Insurance Program (\$0.7 billion in General Revenue Funds and \$1.0 billion in Federal Funds);
- ♦ an increase of \$0.5 billion in anticipated supplemental needs for the Texas Education Agency for the Foundation School Program;
- ♦ an increase of \$4.2 billion due to higher than expected federal receipts for Health and Human Services (\$2.0 billion), transportation (\$1.1 billion), education (\$0.5 billion), and other federal programs (\$0.6 billion);
- ♦ \$0.6 billion in patient income and tobacco proceeds expenditures at health science centers;
- ♦ an increase of \$0.3 billion in bond proceeds available for transportation;
- ♦ \$0.3 billion for establishment of a revolving loan fund for economic development activities in defense-dependent communities; and
- ♦ an increase of \$0.5 billion in local and Other Funds used to draw down federal health and human services funding.

**TABLE 10  
RECONCILIATION OF 2004–05 APPROPRIATIONS  
TO 2004–05 ESTIMATED/BUDGETED AMOUNTS  
ALL FUNDS**

IN BILLIONS		
BUDGET ADJUSTMENTS	ADJUSTMENT AMOUNT	2006–07 BIENNIUM
<b>2004–05 APPROPRIATIONS AS PUBLISHED IN <i>FISCAL SIZE-UP</i></b>		<b>\$118.2</b>
Major Budget Adjustments		
Health and Human Services supplemental needs	\$1.7	
Education supplemental needs	0.5	
Health and Human Services Federal Funds	2.0	
Transportation Federal Funds	1.1	
Education Federal Funds	0.5	
Other Federal Funds	0.6	
Patient income and Tobacco Proceeds	0.6	
Bond proceeds for transportation	0.3	
Loan fund for defense-dependent communities	0.3	
Local and Other Funds for Health and Human Services	0.5	
Miscellaneous items	0.3	
Subtotal, Adjustments		\$8.4
<b>TOTAL, ESTIMATED / BUDGETED FOR 2004–05</b>		<b>\$126.6</b>
NOTES: 2004–05 appropriations include anticipated supplemental spending needs as of December 2004.		
Totals may not add because of rounding.		

# PERFORMANCE MEASURES AND TARGETS

There are four types of performance measures used in the appropriations process: outcome, output, efficiency, and explanatory. Each type of measure serves a different purpose.

- Outcome measures are used to assess an agency's effectiveness in serving its key customers and in achieving its mission, goals, and objectives. They also are used to direct resources to strategies with the greatest effect on the most-valued outcomes.
- Output measures are used to assess workload and the agency's efforts to address those demands.

- Efficiency measures are used to assess the cost-efficiency, productivity, and timeliness of agency operations.
- Explanatory measures are used to define the agency's operating environment and to explain factors that are relevant to the interpretation of other agency measures.

Performance measures contained in the General Appropriations Act are designated as key measures. For key outcome, output, efficiency and explanatory performance measures, a target is established for each year of the biennium for which funds are appropriated.

As shown in Table 11, the Conference Committee Report for Senate Bill 1 contains 2,087 key performance measures, which represents a 5 percent decrease in the total number of key performance measures from the 2004–05 biennial level and a 26 percent decrease from the 1998–99 biennial level.

Performance measures that have been developed for state agency use but that are not contained in the General Appropriations Act are designated as non-key measures. Although targets are not established, agencies annually submit performance information related to these measures to the Legislative Budget Board.

**TABLE 11**  
**PERFORMANCE MEASURES, BY TYPE**

TYPE OF MEASURE	NUMBER OF MEASURES				
	APPROPRIATED 1998–99	APPROPRIATED 2000–01	APPROPRIATED 2002–03	APPROPRIATED 2004–05	RECOMMENDED 2006–07
<b>KEY</b>					
Outcome (results/impact)	1,012	902	830	901	906
Output (volume)	1,123	828	819	824	734
Efficiency	143,491	121,300	125,291	295	323
Explanatory				135	124
Total	2,769	2,151	2,065	2,155	2,087
<b>NON-KEY</b>					
Outcome (results/impact)	1,640	1,985	1,355	1,414	1,495
Output (volume)	1,794	1,634	1,538	1,455	1,340
Efficiency	1,137,751	1,045,807	1,056,863	831	743
Explanatory				1,084	996
Total	5,322	5,471	4,812	4,784	4,574

# COMPARISON OF COMMITTEE RECOMMENDATIONS

## 2006-07 SENATE, HOUSE, AND CONFERENCE COMMITTEE RECOMMENDATIONS

**TABLE 12**  
**ALL FUNDS**

IN MILLIONS			
FUNCTION	SENATE RECOMMENDED 2006-07	HOUSE RECOMMENDED 2006-07*	CONFERENCE RECOMMENDED 2006-07**
Article I - General Government	\$3,117.8	\$3,067.2	\$3,122.0
Article II - Health and Human Services	49,076.7	49,425.5	49,977.2
Article III - Agencies of Education	55,628.1	57,348.7	54,846.7
Public Education	37,115.8	39,874.2	36,839.5
Higher Education	18,512.3	17,474.5	18,007.2
Article IV - The Judiciary	453.4	450.5	456.7
Article V - Public Safety and Criminal Justice	8,543.1	8,405.4	8,524.6
Article VI - Natural Resources	2,286.4	2,220.4	2,248.6
Article VII - Business and Economic Development	18,610.3	18,563.8	18,644.3
Article VIII - Regulatory	545.0	697.8	539.8
Article IX - General Provisions	318,062.1	316.5 (1,961.4)	733.9
Article X - The Legislature			317.3
Grand Total	\$139,301.0	\$137,534.4	\$139,410.9
*House totals reflect an appropriation of \$3.0 billion for House Bill 2, a reduction of \$1.4 billion for transfers to House Bill 10 and \$0.5 billion in anticipated efficiency review savings.			
**Does not adjust for appropriations made by, or transferred to House Bill 10.			
NOTE: Totals may not add because of rounding.			

# COMPARISON OF COMMITTEE RECOMMENDATIONS

## 2006-07 SENATE, HOUSE, AND CONFERENCE COMMITTEE RECOMMENDATIONS

**TABLE 13**  
**GENERAL REVENUE FUNDS**

IN MILLIONS			
FUNCTION	SENATE RECOMMENDED 2006-07	HOUSE RECOMMENDED 2006-07*	CONFERENCE RECOMMENDED 2006-07**
Article I - General Government	\$1,674.3	\$1,647.3	\$1,674.3
Article II - Health and Human Services	18,260.2	18,079.6	17,862.0
Article III - Agencies of Education	37,129.9	39,416.5	36,859.4
Public Education	26,144.0	28,954.7	25,877.4
Higher Education	10,985.9	10,461.9	10,982.0
Article IV - The Judiciary	330.6	328.8	334.7
Article V - Public Safety and Criminal Justice	7,038.3	6,923.6	6,998.5
Article VI - Natural Resources	454.2	410.6	437.1
Article VII - Business and Economic Development	255.1	259.3	252.9
Article VIII - Regulatory	409.4	396.9	404.1
Article IX - General Provisions	314,354.3	312.9 (1,873.0)	439.0
Article X - The Legislature			313.7
Grand Total	\$66,220.7	\$65,902.5	65,575.7
*House totals reflect an appropriation of \$3.0 billion for House Bill 2, a reduction of \$1.3 billion for transfers to House Bill 10 and \$0.5 billion in anticipated efficiency review savings.			
**Does not adjust for appropriations made by, or transferred to House Bill 10.			
NOTE: Totals may not add because of rounding.			

# GENERAL GOVERNMENT

## 2006–07 BIENNIAL RECOMMENDATIONS

ALL FUNDS recommendations for General Government total \$3.1 billion for the 2006–07 biennium, which is a decrease of \$358.0 million, or 10.3 percent, from the 2004–05 biennium (Table 14).

For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$2.4 billion, which is an increase of \$447.7 million, or 23.5 percent, from the 2004–05 biennium (Table 15).

Selected performance measures for agencies in the General Government function are depicted in Table 16.

**TABLE 14  
ALL FUNDS: GENERAL GOVERNMENT**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004–05	RECOMMENDED 2006–07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	\$11.4	\$10.6	\$(0.8)	(7.0)%
Office of the Attorney General	872.3	933.1	60.8	7.0
Bond Review Board	1.0	1.0	0.0	0.1
Building and Procurement Commission	104.8	126.6	21.8	20.8
Cancer Council	7.2	6.6	(0.6)	(8.0)
Comptroller of Public Accounts	372.0	382.0	10.0	2.7
Fiscal Programs - Comptroller of Public Accounts	455.2	487.4	32.2	7.1
Commission on State Emergency Communications	104.9	123.9	19.0	18.1
Employees Retirement System	13.4	13.9	0.5	3.6
Texas Ethics Commission	3.8	3.6	(0.2)	(5.4)
Public Finance Authority	1.5	1.6	0.0	2.8
Fire Fighters' Pension Commissioner	0.9	2.5	1.5	162.2
Office of the Governor	17.2	17.3	0.0	0.3
Trusted Programs Within the Office of the Governor	900.9	564.1	(336.8)	(37.4)

Continued on next page.

# GENERAL GOVERNMENT

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 14**  
**ALL FUNDS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Historical Commission	\$63.2	\$16.0	\$(47.2)	(74.6)%
Texas Incentive and Productivity Commission	0.1	0.0	(0.1)	(100.0)
Department of Information Resources	135.6	131.9	(3.7)	(2.7)
Library & Archives Commission	56.7	56.3	(0.4)	(0.7)
Pension Review Board	0.6	0.9	0.3	42.3
Preservation Board	24.0	22.5	(1.5)	(6.2)
State Office of Risk Management	15.3	15.9	0.7	4.4
Workers' Compensation Payments	114.2	123.1	8.9	7.8
Secretary of State	226.9	41.5	(185.4)	(81.7)
Office of State-Federal Relations	2.3	2.3	(0.0)	(0.4)
Veterans Commission	6.9	7.5	0.6	8.9
Retirement and Group Insurance	136.5	161.3	24.8	18.2
Social Security and Benefit Replacement Pay	65.4	67.6	2.2	3.4
Bond Debt Service Payments	20.4	63.2	42.7	209.3
Lease Payments	20.7	19.9	(0.9)	(4.1)
Article Total (less Interagency Contracts)	\$3,479.9	\$3,122.0	\$(358.0)	(10.3)%
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# GENERAL GOVERNMENT

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 15  
GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS: GENERAL GOVERNMENT**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	\$7.3	\$6.5	\$(0.8)	(11.1)%
Office of the Attorney General	414.4	457.1	42.7	10.3
Bond Review Board	1.0	1.0	0.0	0.1
Building and Procurement Commission	57.0	67.5	10.5	18.4
Cancer Council	7.0	6.6	(0.4)	(5.4)
Comptroller of Public Accounts	371.4	381.4	10.0	2.7
Fiscal Programs - Comptroller of Public Account	453.2	485.7	32.5	7.2
Commission on State Emergency Communications	104.4	123.4	19.0	18.2
Employees Retirement System	13.4	13.9	0.5	3.6
Texas Ethics Commission	3.8	3.6	(0.2)	(5.5)
Public Finance Authority	1.0	1.0	(0.1)	(5.0)
Fire Fighters' Pension Commissioner	0.2	2.4	2.2	965.5
Office of the Governor	16.5	16.5	(0.1)	(0.4)
Trusted Programs Within the Office of the Governor	141.5	408.2	266.7	188.5
Historical Commission	12.2	10.2	(2.1)	(16.8)
Texas Incentive and Productivity Commission	0.0	0.0	0.0	NA
Department of Information Resources	5.1	3.9	(1.1)	(21.9)
Library & Archives Commission	29.8	32.1	2.3	7.9

Continued on next page.



# GENERAL GOVERNMENT

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 15**  
**GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS:**  
**GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Pension Review Board	\$0.6	\$0.9	\$0.3	47.7%
Preservation Board	23.9	22.4	(1.5)	(6.3)
State Office of Risk Management	8.7	7.2	(1.4)	(16.5)
Workers' Compensation Payments	0.0	0.0	0.0	0.0
Secretary of State	35.4	30.5	(4.9)	(13.8)
Office of State-Federal Relations	1.8	1.7	(0.1)	(5.0)
Veterans Commission	6.9	7.5	0.6	8.9
Retirement and Group Insurance	104.2	123.8	19.6	18.8
Social Security and Benefit Replacement Pay	52.8	54.8	2.0	3.8
Bond Debt Service Payments	20.4	63.2	42.7	209.3
Lease Payments	11.2	19.9	8.7	77.1
Article Total (Less Interagency Contracts)	\$1,905.1	\$2,352.7	\$447.7	23.5%
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# GENERAL GOVERNMENT

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 16  
SELECTED PERFORMANCE MEASURES: GENERAL GOVERNMENT**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
<b>OFFICE OF THE ATTORNEY GENERAL</b>				
Amount of Title IV-D Child Support Collected (in millions)	\$1,678.0	\$1,784.6	\$1,909.5	\$2,033.6
<b>COMPTROLLER OF PUBLIC ACCOUNTS</b>				
Delinquent Taxes Collected Per Collection-related Dollar Expended	\$84	\$76	\$84	\$84
<b>EMPLOYEES RETIREMENT SYSTEM</b>				
Percent of HealthSelect Participants Satisfied with Network Services	82%	85%	85%	85%
<b>DEPARTMENT OF INFORMATION RESOURCES</b>				
Total Savings and Cost Avoidance through Utilization of Cooperative Services (in millions)	\$51.2	\$62.5	\$53.0	\$55.0
<b>STATE OFFICE OF RISK MANAGEMENT</b>				
Incident Rate of Injuries and Illnesses Per 100-Covered Full-time State Employees	4%	4%	4%	4%
<b>SECRETARY OF STATE</b>				
Number of Business, Commercial, and Public Filings Transactions Processed	1,555,476	1,435,000	1,560,000	1,560,000
<b>OFFICE OF STATE-FEDERAL RELATIONS</b>				
Texas' Proportionate Share of Federal Funding	6.8%	6.5%	6.8%	6.8%
<b>VETERANS COMMISSION</b>				
Amount of VA Monetary Awards (in Millions of Dollars)				
Paid Because of Commission Advocacy in Claims Representation of Veterans with Service-connected Disabilities	\$813	\$830	\$910	\$935

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

<b>TABLE 17</b> <b>RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: GENERAL GOVERNMENT</b>				
<b>IN MILLIONS</b>  <b>MAJOR BUDGET ISSUE AND DESCRIPTION</b>	<b>ALL FUNDS</b>			
	<b>ESTIMATED/ BUDGETED 2004-05</b>	<b>RECOMMENDED 2006-07</b>	<b>BIENNIAL CHANGE</b>	<b>PERCENTAGE CHANGE</b>
<b>ACROSS ARTICLE APPROPRIATIONS</b>				
<b>CRIME VICTIMS COMPENSATION</b>				
Decrease in appropriations for victims' services grants and related programs to multiple state agencies out of the Compensation to Victims of Crime Account No. 469.	\$281.8	\$212.8	\$(69.0)	(24.5)%
<b>BUILDING AND PROCUREMENT COMMISSION-LEASE PAYMENTS</b>				
Increase of \$7.9 million in General Revenue Funds for Revenue Bonds for Lease Payments for state-owned space due to depletion of available funds balances (\$9.5 million) used during the 2004-05 biennium and an increase of \$0.9 million in General Revenue-Dedicated Funds.	\$92.7	\$92.0	\$0.7	<(1.0)%
<b>EMPLOYEE BENEFITS</b>				
<b>Retirement</b>				
Increase of \$63.0 million in All Funds (\$42.7 million in General Revenue Funds and General Revenue-Dedicated Funds) for employee retirement benefits, assuming a state contribution of 6.45 percent, an estimated 2 percent annual growth rate in payroll, and continuation of the 90-day delay in retirement contributions that is set to expire on August 31, 2005.	\$559.4	\$622.4	\$63.0	11.3%
<b>Group Insurance</b>				
Increase of \$335.3 million in All Funds (\$215.2 million in General Revenue Funds and General Revenue-Dedicated Funds) for employee group insurance, assuming an 8 percent annual growth in premiums in fiscal year 2006 and 7 percent annual growth in premiums in fiscal year 2007, after taking into account anticipated reimbursements from the federal government for the Medicare Part D prescription drug benefit. In addition, a 5 percent annual growth rate in retirees is assumed. Lastly, amounts include appropriations for the State Kids Insurance Program (total of \$20.6 All Funds, and \$17.4 in General Revenue Funds and General Revenue-Dedicated Funds); however, historical expenditures are reflected at the Health and Human Services Commission.	\$1,746.2	\$2,081.5	\$335.3	19.2%

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 17**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>MAJOR BUDGET ISSUE AND DESCRIPTION</b>				
Social Security Increase of \$60.5 million in All Funds (\$50.7 million in General Revenue Funds and General Revenue-Dedicated Funds) for social security based on a 2 percent annual growth rate for general state employees and 3.5 percent for higher education employees.	\$1,157.5	\$1,218.0	\$60.5	5.2%
Benefit Replacement Pay Decrease of \$12.2 million in All Funds (\$7.0 million in General Revenue Funds and General Revenue-Dedicated Funds) for benefit replacement pay due to a projected 5 percent turnover rate in employees hired before September 1, 1995.	\$128.8	\$116.6	\$(12.2)	(9.4)%
<b>STATE DEBT ISSUED BY THE TEXAS PUBLIC FINANCE AUTHORITY</b>				
Increase of \$200.4 million in All Funds (\$173.0 million in General Revenue Funds) reflecting payment of principal and interest on bonds issued through fiscal year 2005. Included in these amounts is \$248.6 million in new bond proceeds and \$21.7 million for debt service on these bonds.	\$475.5	\$675.9	\$200.4	42.1%
<b>GENERAL GOVERNMENT AGENCY APPROPRIATIONS</b>				
Child support enforcement appropriations for activities such as establishing paternity and child support obligations, and enforcing child support, (\$445.1 million); and contract for the State Disbursement Unit to distribute child support payments (\$59.4 million) are slightly below the 2004-05 funding levels.	\$490.1	\$504.5	\$14.4	2.9%
Crime Victims Compensation Fund Appropriations at the Office of the Attorney General Direct compensation to victims and grants to entities providing services or assistance to victims of crime.	\$168.1	\$204.7	\$36.6	21.7%
Payments to claimants of unclaimed property.	\$180.0	\$160.7	\$(19.3)	(10.7)%
Increase in Oil Overcharge receipts (General Revenue-Dedicated Funds) for grants and loans.	\$38.9	\$72.7	\$33.8	86.9%

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 17**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
Decrease in grants awarded to businesses for economic development and job creation by the Truited Programs Within the Office of the Governor. (See Article IX, Section 14.17.)	\$285.0	\$182.3	\$(102.7)	(36.0)%
Decrease in county courthouse preservation grants, technical assistance, and program administration. However, Federal Funds appropriated to the Texas Department of Transportation have been made available for courthouse preservation grants in the amount of \$80 million.	\$46.7	\$1.2	\$(45.5)	(97.5)%
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 18**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: GENERAL GOVERNMENT**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>OFFICE OF THE ATTORNEY GENERAL</b>						
Increase in Child Support Enforcement (net \$14.5 million in All Funds) and mainly consisting of \$14.7 million in Federal Funds due to the anticipated receipt of federal incentive payments.	Est/Bud 2004-05	\$136.0	\$0.0	\$291.1	\$3.4	\$430.6
	Rec 2006-07	\$135.8	\$0.0	\$305.8	\$3.4	\$445.1
A net increase in legal services of approximately \$4.5 million in General Revenue Funds due to appropriations contingent upon the passage of legislation to increase bond review fees to pay for salary increases for certain Assistant Attorney General positions (\$4.9 million), open records (\$0.6 million), cyber crimes (\$1.8 million), and post conviction litigation (\$1.4 million). This increase is offset by a reduction of \$4.2 million for a one-time litigation expense related to redistricting and anti-trust cases.	Est/Bud 2004-05	\$81.8	\$0.9	\$6.3	\$32.9	\$121.9
	Rec 2006-07	\$86.4	\$0.6	\$5.1	\$33.4	\$125.5
Increase in Crime Victim Compensation funding of \$36.6 million to the Office of the Attorney General for crime victims claims and claims administration.	Est/Bud 2004-05	\$0.0	\$168.8	\$71.9	\$0.0	\$240.8
	Rec 2006-07	\$0.0	\$205.3	\$69.4	\$0.0	\$274.7
Increase in Medicaid fraud investigations (\$9.1 million in All Funds) to reflect full implementation of the program.	Est/Bud 2004-05	\$5.2	\$0.0	\$12.7	\$0.0	\$17.9
	Rec 2006-07	\$7.5	\$0.0	\$19.5	\$0.0	\$27.0

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 18**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>BUILDING AND PROCUREMENT</b>						
Reduction of \$4.2 million in All Funds, of which \$1.0 million is General Revenue Funds and \$3.2 million is Other Funds, for custodial services due to lower contracted rates for custodial services, and a reduction for central office services, primarily due to the closure of the Central Supply Store.	Est/Bud 2004-05	\$9.7	\$0.0	\$0.0	\$4.0	\$13.7
	Rec 2006-07	\$8.7	\$0.0	\$0.0	\$0.8	\$9.5
An increase of \$22.9 million in bond proceeds for projects for asset management (\$5.0 million), critical repairs (\$3.0 million), compliance program (\$5.6 million), and the Library and Archives Commission (\$15.5 million).	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$6.2	\$6.2
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$29.1	\$29.1
Increase of \$9.5 million in General Revenue Funds to replace land sales receipts which will be used to pay utilities during the 2006-07 biennium.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$9.5	\$9.5
	Rec 2006-07	\$9.5	\$0.0	\$0.0	\$0.0	\$9.5
<b>COMPTROLLER OF PUBLIC ACCOUNTS</b>						
In addition to a net revenue gain of \$420 million by maintaining certain agency program at the 2004-05 funding level, an increase of \$10.0 million in General Revenue Funds for improved tax collection to generate a net \$254.6 million in revenue.	Est/Bud 2004-05	\$371.4	\$0.0	\$0.0	\$0.6	\$372.0
	Rec 2006-07	\$381.4	\$0.0	\$0.0	\$0.6	\$382.0

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 18**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>FISCAL PROGRAMS—COMPTROLLER</b>						
Increase of \$8.8 million in General Revenue Funds for payments to counties for: voter registration activities (\$3.6 million); and mixed beverage tax due to projected 2.9 percent growth rate in collections (\$5.2 million).	Est/Bud 2004-05	\$179.1	\$0.0	\$0.0	\$0.0	\$179.1
	Rec 2006-07	\$187.9	\$0.0	\$0.0	\$0.0	\$187.9
Reduction of \$19.3 million in General Revenue Funds for unclaimed property payments to claimants.	Est/Bud 2004-05	\$180.0	\$0.0	\$0.0	\$0.0	\$180.0
	Rec 2006-07	\$160.7	\$0.0	\$0.0	\$0.0	\$160.7
Increase of \$33.8 million in Oil Overcharge receipts (General Revenue-Dedicated Funds) for grants and loans.	Est/Bud 2004-05	\$0.0	\$38.9	\$0.0	\$0.0	\$38.9
	Rec 2006-07	\$0.0	\$72.7	\$0.0	\$0.0	\$72.7
Increase of \$6.0 million in General Revenue Funds for the development and improvement of tax systems to generate a net \$40.0 million in revenue.	Est/Bud 2004-05	\$15.3	\$0.0	\$0.0	\$0.0	\$15.3
	Rec 2006-07	\$21.3	\$0.0	\$0.0	\$0.0	\$21.3
Increase of \$2.0 million in General Revenue Funds for a contingency appropriation for a coal-based integrated sequestration and hydrogen research (commonly referred to as the FutureGen) project.	Est/Bud 2004-05	\$1.0	\$1.1	\$0.0	\$0.0	\$2.1
	Rec 2006-07	\$3.0	\$1.1	\$0.0	\$0.0	\$4.1

Continued on next page.



# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 18**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>COMMISSION ON STATE EMERGENCY COMMUNICATIONS</b> A net increase of \$18.8 million in General Revenue–Dedicated Funds for grants to regional planning commissions for 9-1-1 network reliability, equipment replacement and wireless Phase II implementation.	Est/Bud 2004–05	\$0.0	\$85.2	\$0.0	\$0.0	\$85.2
	Rec 2006–07	\$0.0	\$104.0	\$0.0	\$0.0	\$104.0
<b>ETHICS COMMISSION</b> Decrease of \$0.2 million in General Revenue Funds due to one-time expenditure for the development and implementation of an electronic filing system for lobbyists. Due to a contingency appropriation of \$174,000 during the 2006–07 biennium, the agency will address additional technology needs.	Est/Bud 2004–05	\$1.2	\$0.0	\$0.0	\$0.0	\$1.2
	Rec 2006–07	\$1.0	\$0.0	\$0.0	\$0.0	\$1.0
<b>FIRE FIGHTERS' PENSION COMMISSIONER</b> Increase in funding (\$1.4 million in General Revenue Funds) for Unfunded Actuarial Accrued Liability (UAAL) for the Texas Statewide Emergency Services Retirement Act (TSESRA).	Est/Bud 2004–05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006–07	\$1.4	\$0.0	\$0.0	\$0.0	\$1.4
Increase in General Revenue Funds (\$795,139) through a Method of Finance swap to maintain 2004–05 funding level and to fund TSESRA administrative costs out of the General Revenue Fund instead of the TSESRA Fund No. 976.	Est/Bud 2004–05	\$0.0	\$0.0	\$0.0	\$0.6	\$0.6
	Rec. 2006–07	\$0.7	\$0.0	\$0.0	\$0.0	\$0.7

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 18**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR</b>						
Reduction in the Texas Enterprise Fund (TEF) of \$102.7 million in All Funds for grants which encourage new jobs and economic growth. Of the amounts appropriated for the 2006-07 biennium, \$41.5 million is contingent upon passage of Senate Bill 1096, or similar legislation, which would make an appropriation to the TEF from the Employment and Training Investment Holding Fund. (See Article IX Section 14.17.)	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$285.0	\$285.0
	Rec 2006-07	\$140.8	\$41.5	\$0.0	\$0.0	\$182.3
Reduction in the Criminal Justice Division of \$37.0 million in Federal Funds due to the discontinuation of the Juvenile Accountability grant and the restructuring of the Byrne and Law Enforcement grants.	Est/Bud 2004-05	\$4.7	\$52.7	\$191.2	\$0.0	\$248.5
	Rec 2006-07	\$4.7	\$53.1	\$154.2	\$0.0	\$212.0
Reductions in Economic Development and Tourism of \$36.8 million, mainly in Other Funds and Federal Funds due to the discontinuation of the Smart Jobs Program and the federal Empowerment Zones program.	Est/Bud 2004-05	\$44.6	\$12.9	\$9.2	\$23.9	\$90.5
	Rec 2006-07	\$42.6	\$10.5	\$0.0	\$0.6	\$53.7
Reduction in Other Funds reflects the projected issuance of \$250 million in bonds in 2004-05 to assist defense-dependent communities with economic development.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$250.0	\$250.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 18**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>HISTORICAL COMMISSION</b>						
Decrease of \$45.0 million in bond proceeds (Other Funds) for grants for the preservation of county courthouses and a decrease of \$0.5 million in General Revenue Funds for courthouse preservation grants, technical assistance, and program administration. Federal Funds appropriated to the Texas Department of Transportation have been made available for courthouse preservation grants in 2006-07 in the amount of \$80.0 million.						
Est/Bud 2004-05		\$1.7	\$0.0	\$0.0	\$45.0	\$46.7
Rec 2006-07		\$1.2	\$0.0	\$0.0	\$0.0	\$1.2
Federal Funds appropriated to the Texas Department of Transportation have been made available for the Tejano Monument in the amount of \$0.6 million.						
<b>JUNETEENTH COMMISSION (WITHIN THE HISTORICAL COMMISSION)</b>						
Decrease of approximately \$1.1 million in General Revenue Funds. Federal Funds appropriated to the Texas Department of Transportation have been made available for the Juneteenth Memorial Monument in the amount of \$0.6 million.						
Est/Bud 2004-05		\$1.1	\$0.0	\$0.0	\$0.0	\$1.1
Rec 2006-07		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>INCENTIVE AND PRODUCTIVITY COMMISSION</b>						
A reduction of \$87,000 in All Funds due to zero-funding the agency for the 2006-07 biennium. The Council on Competitive Government assumed administrative oversight duties during fiscal year 2004.						
Est/Bud 2004-05		\$0.0	\$0.0	\$0.0	\$0.1	\$0.1
Rec 2006-07		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 18**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>DEPARTMENT OF INFORMATION RESOURCES</b>						
Increase of \$4.1 million in Federal Funds with authority to collect Interagency Contracts and Appropriated Receipts to implement the provisions of House Bill 3112, or similar legislation, which would establish a network security center. (See Article IX, Section 14.20.)	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.0	\$4.1	\$0.0	\$4.1
<b>PENSION REVIEW BOARD</b>						
Increase in funding (\$143,383 in General Revenue Funds) to develop an early warning system that will analyze all actuarially funded public pension plans.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1
<b>SECRETARY OF STATE</b>						
Decrease of \$185.3 million in All Funds (\$179.1 million in Federal Funds) for administration of the federal Help America Vote Act of 2002.	Est/Bud 2004-05	\$4.0	\$0.0	\$181.8	\$2.2	\$188.0
	Rec 2006-07	\$0.0	\$0.0	\$2.7	\$0.0	\$2.7
<b>STATE OFFICE OF RISK MANAGEMENT</b>						
Decrease of \$1.4 million for reviewing and paying eligible workers' compensation claims, and an increase of \$2.3 million in Other Funds (Interagency contracts) for the medical cost containment contract partially funded with General Revenue Funds during the 2004-05 biennium.	Est/Bud 2004-05	\$8.7	\$0.0	\$0.0	\$2.6	\$11.3
	Rec 2006-07	\$7.2	\$0.0	\$0.0	\$4.9	\$12.2

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 18**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>WORKERS' COMPENSATION PAYMENTS</b> Increase of \$8.9 million in Other Funds (mainly interagency contracts with state agencies) reflecting an annual 4 percent projected growth rate in payments for workers compensation claims.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$114.2	\$114.2
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$123.1	\$123.1

# HEALTH AND HUMAN SERVICES

## 2006–07 BIENNIAL RECOMMENDATIONS

ALL FUNDS recommendations for Health and Human Services total \$50.0 billion for the 2006–07 biennium, which is an increase of \$6.0 billion, or 13.6 percent, from the 2004–05 biennium (Table 19). Funding for the 2004–05 biennium includes an estimated supplemental appropriation of \$1.7 billion in All Funds, including \$657.1

million in General Revenue Funds and General Revenue–Dedicated Funds, for the Medicaid and Children’s Health Insurance Program (CHIP) programs.

For General Revenue and General Revenue–Dedicated Funds, the recommendations total

\$19.1 billion, which is an increase of \$2.7 billion, or 16.7 percent, from the 2004–05 biennium (Table 20).

Selected performance measures for agencies in the Health and Human Services function are depicted in Table 21.

**TABLE 19  
ALL FUNDS: HEALTH AND HUMAN SERVICES**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004–05*	RECOMMENDED 2006–07**	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	\$9,512.8	\$11,477.3	\$1,964.5	20.7%
Department of Assistive and Rehabilitative Services	913.5	976.6	63.1	6.9
Department of Family and Protective Services	1,720.2	2,092.4	372.2	21.6
Department of State Health Services	4,689.9	4,732.2	42.3	0.9
Health and Human Services Commission	26,385.0	30,057.3	3,672.3	13.9
Retirement and Group Insurance	722.5	848.4	125.8	17.4
Social Security and Benefit Replacement Pay	260.0	262.4	2.4	0.9
Bond Debt Service Payments	36.5	58.7	22.2	60.8
Lease Payments	14.9	14.7	(0.2)	(1.4)
Article II, Special Provisions	0.0	(277.6)	(277.6)	NA
Article Total (less Interagency Contracts)	\$44,002.9	\$49,977.2	\$5,974.3	13.6%
*Includes anticipated supplemental spending needs as of December 2004 (excludes House Bill 10).				
**Does not adjust for appropriations made by, or transferred to House Bill 10.				
NOTES: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# HEALTH AND HUMAN SERVICES

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 20**  
**GENERAL REVENUE AND GENERAL REVENUE--DEDICATED FUNDS: HEALTH AND HUMAN SERVICES**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07**	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	\$3,596.9	\$4,501.6	\$904.7	25.2%
Department of Assistive and Rehabilitative Services	188.0	187.0	(1.0)	(0.5)
Department of Family and Protective Services	549.1	770.5	221.5	40.3
Department of State Health Services	2,132.7	2,200.0	67.3	3.2
Health and Human Services Commission	9,271.7	10,992.4	1,720.7	18.6
Retirement and Group Insurance	412.8	501.5	88.7	21.5
Social Security and Benefit Replacement Pay	142.7	148.7	6.0	4.2
Bond Debt Service Payments	30.1	53.1	23.0	76.4
Lease Payments	14.9	14.7	(0.2)	(1.4)
Article II, Special Provisions	0.0	(295.1)	(295.1)	NA
Article Total	\$16,338.8	\$19,074.4	\$2,735.6	16.7%

\*Includes anticipated supplemental spending needs as of December 2004 (excludes House Bill 10).  
 \*\*Does not adjust for appropriations made by, or transferred to House Bill 10.  
 NOTES: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

# HEALTH AND HUMAN SERVICES

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 21  
SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
<b>DEPARTMENT OF AGING AND DISABILITY SERVICES</b>				
Average Number of Clients Served per Month: Medicaid Non-waiver Community Care	114,010	125,332	137,047	147,874
Average Number of Clients Served per Month: Medicaid Community-based Alternatives Waiver	27,664	26,100	26,867	28,401
Average Number of Clients Served per Month: Home and Community-based Services	8,243	8,860	9,744	11,194
Average Number of Clients Served per Month: Medicaid Related Conditions Waiver	1,812	1,817	2,228	3,049
Average Number of Clients Served per Month: Texas Home Living Waiver	101	2,052	2,811	2,823
Average Monthly Caseload, Nursing Facility Clients (Medicaid, Medicare Copay, and Hospice)	69,293	69,387	71,166	72,206
Average Number of Persons in ICF/MR Medicaid Eligible Beds per Month	7,308	7,308	7,308	7,308
Average Monthly Number of MR Campus Residents (State Schools)	4,991	5,003	5,007	5,011
<b>DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES</b>				
Number of Consumers Served (Vocational Rehabilitation for Persons who are Blind or Visually Impaired)	10,235	10,010	10,069	10,188
Number of Consumers Served (Vocational Rehabilitation Services for People with Disabilities)	144,863	120,000	109,837	111,117
Number of Children Served in Comprehensive Services (Early Childhood Intervention)	43,009	44,147	47,175	48,978

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# HEALTH AND HUMAN SERVICES

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES (CONTINUED)**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
Number of Contact Hours of Communication Access Services Provided (for Persons who are Deaf or Hard of Hearing)	24,407	23,540	24,237	24,237
People Receiving Comprehensive Rehabilitation Services	458	363	639	640
<b>DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES</b>				
Number of Completed Child Protective Services Investigations	138,587	152,798	163,723	175,419
Average Number of Days per Month of Foster Care for All Levels of Care	485,987	538,040	563,381	585,725
Average Number of Children Provided Adoption Subsidy per Month	16,635	18,139	19,639	21,159
Average Number of STAR Youth Served per Month	4,993	5,221	6,218	6,218
Number of Completed Adult Protective Services Investigations	60,998	63,823	65,477	67,025
<b>DEPARTMENT OF STATE HEALTH SERVICES</b>				
Number of Doses Administered (Immunizations)	11,805,340	11,788,002	12,172,394	12,458,043
Number of Children with Special Health Care Needs Clients Receiving Medical Services	1,843	2,114	2,232	2,293
Number of WIC Participants Provided Nutritious Food Supplements per Month	881,761	881,761	924,605	924,605
Number of Adults Served in Treatment Programs for Substance Abuse	46,563	52,977	53,756	53,756
Number of Youth Served in Treatment Programs for Substance Abuse	6,404	7,377	7,477	7,477

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# HEALTH AND HUMAN SERVICES

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES (CONTINUED)**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
Number of Dual Diagnosis Clients Served for Substance Abuse	5,700	6,265	6,082	6,082
Average Daily Census of State Mental Health Facilities	2,295	2,268	2,319	2,319
<b>HEALTH AND HUMAN SERVICES COMMISSION</b>				
Average Medicaid Acute Care Recipient Months per Month	2,659,753	2,862,298	2,986,661	3,114,218
Total Medicaid Prescriptions Incurred	36,487,135	40,149,567	32,710,587	30,292,112
Average Aged and Medicare-eligible Recipient Months per Month: STAR+PLUS	29,171	30,068	30,872	31,683
Average Disabled and Blind Recipient Months per Month: STAR+PLUS	22,992	23,343	23,629	23,918
Average CHIP Programs Recipient Months per Month	409,865	346,179	362,175	398,630
Average Number of TANF Recipients per Month	253,905	218,792	211,709	215,300
Average Number of TANF State Paid Recipients per Month	18,989	16,640	16,718	16,871
Number of Women and Children Served (Family Violence Services)	83,349	83,349	87,102	87,102

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006–07 BIENNIAL RECOMMENDATIONS

**TABLE 22**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: HEALTH AND HUMAN SERVICES**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004–05	RECOMMENDED 2006–07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>MAJOR BUDGET ISSUE AND DESCRIPTION</b>				
<b>MEDICAID</b>				
<p>Recommended funding for the 2006–07 biennium includes \$14.2 billion in General Revenue Funds and General Revenue–Dedicated Funds, \$22.9 billion in Federal Funds, and \$0.8 billion in Other Funds. This represents an increase of \$4.9 billion in All Funds, including \$2.3 billion in General Revenue Funds and General Revenue–Dedicated Funds. An increase of \$489.0 million in General Revenue–Dedicated Funds and \$733.5 million in matching Federal Funds are contingent upon enactment of a Quality Assurance Fee for nursing facility and waiver services. Funding increases are primarily related to the following: serving an anticipated increase in clients (caseloads) who are entitled to services under federal law—primarily children and elderly and disabled persons; maintaining fiscal year 2005 reimbursement rates to providers for acute care client services; restoring provider reimbursement rates to, or increasing rates above, fiscal year 2003 levels for long-term care services; replacing one-time State Fiscal Relief (Federal) Funds with General Revenue Funds; funding cost growth at the projected fiscal year 2006 level; implementing a Medicaid buy-in program for working persons with disabilities; and restoring coverage for medically needy clients and for mental health, podiatric, hearing, and vision benefits for adults.</p> <p>Caseload Assumptions:</p> <p>Acute care caseloads grow from 2,862,298 in fiscal year 2005 to 2,986,661 in fiscal year 2006 and 3,114,218 in fiscal year 2007. Over two-thirds of clients are projected to be children. Recommendations assume a continuation of six-month continuous eligibility for children enrolled in acute care. Nursing Facility-related caseloads grow from 69,387 in fiscal year 2005 to 71,166 in fiscal year 2006 and 72,206 in fiscal year 2007 (includes Medicaid, Medicare Copay, and Hospice). Community Care Medicaid non-waiver (entitlement) caseloads grow from 125,332 in fiscal year 2005 to 137,047 in fiscal year 2006 and 147,874 in fiscal year 2007.</p> <p>Funding for the 2004–05 biennium includes an anticipated supplemental spending need (as of December 2004) of \$1.5 billion in All Funds, including \$578.6 million in General Revenue Funds and General Revenue–Dedicated Funds. Funding for 2004–05 and 2006–07 is not adjusted for appropriations made by, or transferred to House Bill 10.</p>				
	\$33,037.5	\$37,944.2	\$4,906.7	14.9%

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 22**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>MAJOR BUDGET ISSUE AND DESCRIPTION</b>				
<b>CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP)</b>				
Recommended funding for the 2006-07 biennium includes \$444.4 million in General Revenue Funds and \$956.7 million in Federal Funds.				
A funding increase of \$409.1 million in All Funds, including \$89.5 million in General Revenue Funds, is primarily related to funding caseload growth; cost growth at the projected fiscal year 2006 level; and dental, vision, mental health, hospice, and perinatal benefits. Funding levels also assume maintaining six-month continuous eligibility and funding the State Kids Insurance Program (SKIP) at the Employees Retirement System. Caseloads increase from 346,179 in fiscal year 2005 to 362,175 in fiscal year 2006 and 398,630 in fiscal year 2007. Recommendations assume lower collections in premium copayment revenues (family contributions, which are not eligible for matching Federal Funds) due to replacement of monthly premium payments with annual enrollment fees.				
Funding for the 2004-05 biennium includes an anticipated supplemental spending need (as of December 2004) of \$206.2 million in All Funds, including \$78.5 million in General Revenue Funds. Funding for 2004-05 and 2006-07 is not adjusted for appropriations made by, or transferred to House Bill 10.				
	\$992.1	\$1,401.1	\$409.1	41.2%

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

<b>TABLE 22</b> <b>RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: HEALTH AND HUMAN SERVICES (CONTINUED)</b>				
IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>MAJOR BUDGET ISSUE AND DESCRIPTION</b>				
<b>PROTECTIVE SERVICES REFORM</b> Recommended funding for child and adult protective services reforms at all agencies includes an increase of \$259.9 million in All Funds, including \$213.6 million in General Revenue Funds and General Revenue-Dedicated Funds. These amounts do not include end-of-article appropriations for employee benefits.  Child protective services reform: Recommended funding for child protective services reforms includes an increase of \$248.1 million in All Funds, including \$200.0 million in General Revenue Funds for the Department of Family and Protective Services. These amounts may be funded through House Bill 10. They provide for direct delivery services, purchased client services, program support, indirect administration (including oversight of reform activities), and automation. They include 1,469 new FTE positions in fiscal year 2006 (including 460 caseworkers), and an additional 1,054 new FTE positions in fiscal year 2007 (including an additional 465 caseworkers). Most of the positions are to be phased in quarterly.				
	\$0.0	\$248.1	\$248.1	NA

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 22**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>MAJOR BUDGET ISSUE AND DESCRIPTION</b>				
<p>Adult protective services reform:</p> <p>Recommended funding for adult protective services reforms (including guardianship services) includes an increase of \$11.8 million in All Funds, including \$13.6 million in General Revenue Funds and General Revenue-Dedicated Funds (because the 2004-05 funding level includes more Federal Funds). The funding increase relates to programs and activities at the Department of Family and Protective Services (\$7.8 million in All Funds, including \$9.6 million in General Revenue Funds), the Department of Aging and Disability Services (\$3.4 million in General Revenue Funds), and the Health and Human Services Commission (\$0.6 million in General Revenue Funds). These amounts provide for additional in-home direct delivery services, emergency client services, adult guardianship services, program support, and automation. They include 32 new FTE positions in fiscal year 2006 and an additional 31 new FTE positions in fiscal year 2007 for the Department of Family and Protective Services. They also include 27 new positions each fiscal year for the Department of Aging and Disability Services.</p>	\$12.8	\$24.6	\$11.8	92.2%
<p><b>FOSTER CARE AND ADOPTION SUBSIDIES</b></p> <p>Recommended funding for the Department of Family and Protective Services includes an increase of \$72.6 million in All Funds, including an increase of \$97.8 million in General Revenue Funds offset by a decrease of \$62.1 million in General Revenue-Dedicated Funds (Crime Victims Compensation Account) to address projected caseload growth in the number of children served, to restore 2003 rates for foster care services, and to increase foster care rates.</p> <p>Caseload assumptions:</p> <p>The Average Number of Days per Month of Foster Care for All Levels of Care is projected to be 585,725 for fiscal year 2007, an increase of 47,685 days or 8.9 percent over the fiscal year 2005 level of 538,040. The Average Number of Children Provided Adoption Subsidy per Month is projected to be 21,159 in fiscal year 2007, an increase of 3,020 children or 16.6 percent over the fiscal year 2005 level of 18,139.</p>	\$0.0	\$72.6	\$72.6	NA

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006–07 BIENNIAL RECOMMENDATIONS

<b>TABLE 22</b> <b>RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: HEALTH AND HUMAN SERVICES (CONTINUED)</b>				
IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004–05	RECOMMENDED 2006–07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>WAITING LISTS</b>				
Recommended funding includes an increase of \$272.5 million in All Funds, including an increase of \$161.6 million in General Revenue Funds to address waiting lists for all health and human services agencies. These amounts include \$203.9 million in All Funds, including \$126.0 million in General Revenue Funds, to reduce health and human services waiting lists by 10 percent for the biennium and \$68.6 million in All Funds, including \$35.6 million in General Revenue Funds, to prevent waiting list growth for certain health and human services programs.				
	\$0.0	\$272.5	\$272.5	NA
<b>CONTRACT MANAGEMENT</b>				
Recommendations include an increase of \$3.7 million in General Revenue Funds and \$9.6 million in All Funds for contract management and oversight at all of the health and human services agencies. Full-time-equivalent positions were increased by 78 in fiscal years 2006 and 2007. This includes additional staff for the Office of Inspector General and additional contract specialists.				
	\$0.0	\$9.6	\$9.6	NA
<b>CALL CENTER SAVINGS</b>				
Recommended funding assumes the use of call centers to help determine eligibility for various programs—pursuant to House Bill 2292, Seventy-eighth Legislature, Regular Session, 2003—beginning in fiscal year 2006.				
Estimated savings total \$140.9 million in All Funds, including \$65.1 million in General Revenue Funds. A Health and Human Services Commission rider reduces agency funding by these amounts, and reduces the number of approved FTEs by 829 for fiscal year 2006 and by 3,980 for fiscal year 2007. Portions of the savings and FTE reduction may be allocated to the Department of Aging and Disability Services, which determines functional eligibility for long-term care clients. (A component of this entry is also included in the change in Medicaid funding noted on page 34.)				
	\$0.0	\$(140.9)	\$(140.9)	NA

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 22**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>MAJOR BUDGET ISSUE AND DESCRIPTION</b>				
<b>PAYMENT OF DEFERRED REIMBURSEMENTS</b>				
Payment for long-term care services provided in August 2007 is deferred to the 2008-09 biennium. All Funds amounts are reduced by \$355.5 million in All Funds, including \$145.5 million in General Revenue Funds. (This entry is also included in the change in Medicaid funding noted on page 34.)				
Payment for foster care services provided in August 2007 is also deferred to the 2008-09 biennium. All Funds amounts are reduced by \$34.3 million, including a General Revenue adjustment of \$12.4 million.				
Premium payments for CHIP and Medicaid Health Maintenance Organizations for August 2007 are deferred to the 2008-09 biennium. All Funds amounts are reduced by \$152.5 million, including a reduction of \$57.7 million in General Revenue funds. (This entry is also included in the changes in Medicaid and CHIP funding on pages 34 and 35.)				
	\$0.0	\$(542.3)	\$(542.3)	NA
<b>NON-CAPITATED MODEL OF CARE MANAGEMENT</b>				
Recommendations assume implementation of a non-capitated model of care management for aged, blind, and disabled Medicaid recipients and an associated savings of \$277.6 million in All Funds, including \$109.5 million in General Revenue Funds. An Article II, Special Provisions rider reduces the Health and Human Services Commission funding by these amounts and allows additional funding to be transferred from the Department of Aging and Disability Services to the Health and Human Services Commission. (This entry is also included in the change in Medicaid funding noted on page 34.)				
	\$0.0	\$(277.6)	\$(277.6)	NA
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				



# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: HEALTH AND HUMAN SERVICES**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>DEPARTMENT OF AGING AND DISABILITY SERVICES</b> <b>Community Care Entitlement (Medicaid)</b> An increase of \$448.5 million in All Funds (26.6 percent), including \$196.2 million in General Revenue Funds (30.8 percent), for acuity and restoring rates to fiscal year 2003 levels. The Average Number of Clients Served per Month: Medicaid Non-waiver Community Care increases by 22,542 from 125,332 in fiscal year 2005 to 147,874 in fiscal year 2007.  <b>Community Care Waivers (Medicaid)</b> An increase of \$449.7 million in All Funds (26.7 percent), including \$158.7 million in General Revenue Funds (24.8 percent), for projected increases in waiver costs, acuity, rate restoration to fiscal year 2003 levels, demographic growth, and reduction of the waiting list by 10 percent during the biennium. The Average Number of Clients Served per Month: Medicaid Waiver Community Care increases by 7,668 from 40,147 in fiscal year 2005 to 47,815 in fiscal year 2007.	Est/Bud 2004-05	\$636.8	\$0.0	\$1,040.0	\$8.3	\$1,685.2
	Rec 2006-07	\$833.0	\$0.0	\$1,292.4	\$8.3	\$2,133.7
	Est/Bud 2004-05	\$640.8	\$0.0	\$1,040.3	\$6.5	\$1,687.6
	Rec 2006-07	\$799.5	\$35.7	\$1,294.7	\$7.5	\$2,137.3

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Nursing Facility and Hospice Payments (Medicaid)</p> <p>An increase of \$982.6 million in All Funds (26.8 percent), including a decrease of \$0.6 million in General Revenue Funds and an addition of \$435.3 million in General Revenue-Dedicated Funds (Quality Assurance Fees), for increases in caseloads, increased client acuity, rate restoration to fiscal year 2003 levels, and rate increase. The Average Monthly Caseload for Nursing Facility Clients (Medicaid, Medicare Copay, and Hospice) increases by 2,819 from 69,387 in fiscal year 2005 to 72,206 in fiscal year 2007. The number of Promoting Independence clients increases by 1,723 from 3,033 in fiscal year 2005 to 4,756 in fiscal year 2007.</p>	Est/Bud 2004-05	\$1,396.1	\$0.0	\$2,272.6	\$2.7	\$3,671.4
	Rec 2006-07	\$1,395.5	\$435.3	\$2,820.6	\$2.7	\$4,654.0
<p>Intermediate Care Facilities-Mental Retardation (Medicaid)</p> <p>An increase of \$33.0 million in All Funds (4.5 percent), including \$4.5 million in General Revenue Funds (1.9 percent) and \$14.7 million in General Revenue-Dedicated Funds (34.3 percent), for restoring rates to fiscal year 2003 levels, increasing provider rates by 3.0 percent, and maintaining caseloads at fiscal year 2005 levels. The Average Number of Persons in ICF/MR Medicaid Eligible Beds per Month remains unchanged at 7,308 for fiscal years 2005, 2006, and 2007.</p>	Est/Bud 2004-05	\$237.0	\$42.8	\$456.5	\$6.5	\$742.8
	Rec 2006-07	\$241.5	\$57.5	\$469.0	\$7.8	\$775.8

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Mental Retardation State Schools Services (Medicaid)</p> <p>An increase of \$9.6 million in All Funds (1.2 percent), including \$33.9 million in General Revenue Funds (16.5 percent) and \$9.0 million in General Revenue—Dedicated Funds (16.2 percent), for increases in caseloads and an adjustment for a change in cost allocation methodologies. Additional bond authority in the amount of \$26.1 million for the biennium for repair and renovation of state schools (life safety code, roofs, and utilities) and use of Master Lease Purchase, \$6.5 million in All Funds for the biennium for vehicle replacement, and replacement of consumer furnishings and equipment. The Average Monthly Number of MR Campus (State School) Residents increases by 8 from 5,003 in fiscal year 2005 to 5,011 in fiscal year 2007.</p>	Est/Bud 2004-05	\$205.2	\$55.6	\$462.0	\$51.1	\$773.8
	Rec 2006-07	\$239.1	\$64.6	\$436.5	\$43.2	\$783.4
<b>DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES</b>						
<p>Early Childhood Intervention Services</p> <p>Reduction of \$1.6 million in General Revenue Funds is offset by increase of \$3.6 million in Foundation School Funds through an interagency contract with the Texas Education Agency, allowing the state to meet the maintenance of effort requirement for Federal Funds. It is anticipated that the Number of Children Served in Comprehensive Services will increase by 4,831 from 44,147 in fiscal year 2005 to 48,978 in fiscal year 2007.</p>	Est/Bud 2004-05	\$60.3	\$0.0	\$152.8	\$29.5	\$242.6
	Rec 2006-07	\$58.7	\$0.0	\$179.4	\$33.1	\$271.2

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Rehabilitation Services (General)</p> <p>Net increase of \$22.9 million in All Funds, including increases of \$24.0 million in Federal Funds and \$2.9 million in Other Funds partially offset by a reduction of \$4.0 million in General Revenue Funds. Method of finance change reduces General Revenue Funds and replaces with Federal Funds in Independent Living programs, and uses General Revenue Funds to draw down additional Federal Funds in the Vocational Rehabilitation program. Net increase of \$2.9 million in Other Funds includes \$3.8 million for House Bill 2 contingency rider directing funds to be transferred from the Texas Education Agency to the Department of Assistive and Rehabilitative Services. It is anticipated that the number of people served in the largest program, Vocational Rehabilitation, will decrease by 8,883 from 120,000 in fiscal year 2005 to 111,117 in fiscal year 2007 in response to policy and program changes at the agency.</p>	Est/Bud 2004-05	\$75.7	\$0.0	\$269.8	\$3.2	\$348.7
	Rec 2006-07	\$71.7	\$0.0	\$293.9	\$6.0	\$371.6
<p>Rehabilitation Services (Blind)</p> <p>Increase of \$5.6 million in Federal Funds for Vocational Rehabilitation for persons who are blind or visually impaired. Increase of \$1.2 million in Other Funds includes \$1.1 million for House Bill 2 contingency rider directing funds to be transferred from the Texas Education Agency to the Department of Assistive and Rehabilitative Services. It is anticipated that the number of people served will increase by 178 from 10,010 in fiscal year 2005 to 10,188 in fiscal year 2007.</p>	Est/Bud 2004-05	\$11.9	\$0.0	\$59.7	\$0.0	\$71.6
	Rec 2006-07	\$11.8	\$0.0	\$65.3	\$1.2	\$78.3

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Comprehensive Rehabilitation Services            General Revenue-Dedicated Funds are moved from general administration strategies to client services, serving more clients, and subrogation receipts are appropriated to the program. Funding to the program is increased by \$5.4 million in All Funds, including \$4.5 million in General Revenue Funds, to reduce the waiting list for services. It is anticipated that the number of people served will increase by 277 from 363 in fiscal year 2005 to 640 in fiscal year 2007.</p>	Est/Bud 2004-05	\$0.0	\$20.1	\$0.0	\$0.0	\$20.1
	Rec 2006-07	\$4.5	\$21.0	\$0.0	\$0.1	\$25.6
<b>DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES</b>						
<p>Foster Care Payments            Increase of \$49.2 million in All Funds, including an increase of \$84.5 million in General Revenue Funds offset by a decrease of \$62.1 million in General Revenue-Dedicated Funds from the Crime Victims Compensation account. The increase is due to projected growth in caseloads, restoration of 2003 rates, and a rate increase. The Average Number of Days per Month of Foster Care for All Levels of Care is 563,381 for fiscal year 2006 and 585,725 for fiscal year 2007. The fiscal year 2007 number represents an increase of 47,685 days, or 8.9 percent, over fiscal year 2005.</p>	Est/Bud 2004-05	\$183.1	\$62.1	\$437.0	\$0.9	\$683.1
	Rec 2006-07	\$267.6	\$0.0	\$462.4	\$2.3	\$732.3

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Adoption Subsidy Payments            Increase of \$23.4 million in All Funds, including \$13.3 million in General Revenue Funds due to projected growth in caseloads. The Average Number of Children Provided Adoption Subsidy per Month is 19,639 for fiscal year 2006 and 21,159 for fiscal year 2007. The fiscal year 2007 number represents an increase of 3,020 children, or 16.6 percent, over fiscal year 2005.</p>	Est/Bud 2004-05	\$112.7	\$0.0	\$91.4	\$0.0	\$204.1
	Rec 2006-07	\$126.0	\$0.0	\$101.6	\$0.0	\$227.6
<p>Child Protective Services Direct Delivery Staff            Increase of \$10.7 million in All Funds, including a decrease of 11.3 million in General Revenue Funds, to annualize direct delivery staff phased in during fiscal year 2005 and offset the loss of Medicaid funding for targeted case management. The total number of FTEs recommended for the strategy is 4,675. Additional funds and FTEs are included in the appropriations for child protective services reform.</p>	Est/Bud 2004-05	\$94.2	\$0.0	\$303.0	\$6.9	\$404.1
	Rec 2006-07	\$83.0	\$0.0	\$323.8	\$8.0	\$414.8

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006–07 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE– DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Adult Protective Services Direct Delivery Staff            Increase of \$12.4 million in All Funds, including \$8.0 million in General Revenue Funds, offset by a decrease of \$3.5 million in General Revenue–Dedicated Funds from the Crime Victims Compensation Account. The increase is due to implementation of adult protective services reforms. In total, 35 FTEs are added for fiscal year 2006 and 66 FTEs are added for fiscal year 2007. The total number of FTEs recommended for the strategy is 579 in fiscal year 2006, and 610 in fiscal year 2007.</p>	Est/Bud 2004–05	\$10.0	\$3.5	\$42.6	\$0.0	\$56.1
	Rec 2006–07	\$18.0	\$0.0	\$50.5	\$0.0	\$68.5
<p>Services to At-Risk Youth (STAR) Program            Increase of \$7.1 million in All Funds, including a reduction of \$13.0 million in General Revenue Funds and General Revenue–Dedicated Funds that is offset by additional TANF Federal Funds, to restore the strategy to the fiscal year 2003 funding level. The Average Number of STAR Youth Served per Month is 6,218 for fiscal years 2006 and 2007, compared to 5,221 for fiscal year 2005.</p>	Est/Bud 2004–05	\$15.8	\$5.9	\$13.2	\$0.0	\$34.9
	Rec 2006–07	\$2.9	\$5.8	\$33.3	\$0.0	\$42.0

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006–07 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE– DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>DEPARTMENT OF STATE HEALTH SERVICES</b>						
General Revenue Funds were maintained at the 2004–05 biennial level or increased for most key public health programs, including immunizations, HIV/STD and Hepatitis C, Children with Special Health Care Needs, WIC, and mental health and substance abuse services.						
Immunize Children and Adults Provides funding to increase the Number of Doses Administered from 11,788,002 in fiscal year 2005 to 12,172,394 in fiscal year 2006 and 12,458,043 in fiscal year 2007. Funding provides for increased availability of Hepatitis A and PCV-7 vaccines.						
	Est/Bud 2004–05	\$51.5	\$0.0	\$29.2	\$6.1	\$86.8
	Rec 2006–07	\$55.5	\$5.1	\$30.3	\$6.1	\$97.1
HIV/STD and Hepatitis C Prevention Provides funding to increase the Number of Persons Served by the HIV Medication Program from 13,107 in fiscal year 2005 to 14,851 in fiscal year 2006 and 15,148 in fiscal year 2007.						
	Est/Bud 2004–05	\$83.4	\$0.0	\$196.3	\$1.9	\$281.6
	Rec 2006–07	\$98.5	\$0.0	\$197.7	\$0.0	\$296.2
Children with Special Health Care Needs Provides funding to increase the Number of Children with Special Health Care Needs Clients Receiving Medical Services from 2,114 in fiscal year 2005 to 2,232 in fiscal year 2006 and 2,293 in fiscal year 2007. Funding increases reduce the program waiting list and meet demographic growth.						
	Est/Bud 2004–05	\$46.9	\$0.1	\$28.6	\$1.5	\$77.1
	Rec 2006–07	\$50.8	\$0.0	\$25.1	\$0.0	\$75.9

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Women, Infants, and Children and Farmer's Market Nutrition Services The number of participants projected to receive food supplements per month grows from 881,761 in fiscal year 2005 to 924,605 in fiscal years 2006 and 2007. Performance is based on agency estimates, which indicate an increase in the number of clients.</p>	Est/Bud 2004-05	\$2.6	\$382.8	\$964.3	\$0.0	\$1,349.7
	Rec 2006-07	\$2.6	\$382.8	\$949.5	\$0.0	\$1,334.9
<p>Mental Health Services for Adults and Children Provides funding to meet demographic growth and to reduce program waiting lists for Mental Health Services for Children. Federal maintenance of effort requirements for mental health services are also met.</p>	Est/Bud 2004-05	\$480.0	\$0.0	\$209.0	\$0.1	\$689.1
	Rec 2006-07	\$489.2	\$0.0	\$226.0	\$0.1	\$715.3
<p>Substance Abuse Prevention, Intervention, and Treatment Services General Revenue Funds were increased in order to meet a federal maintenance of effort requirement for substance abuse services. The Number of Adults Served in Treatment Programs for Substance Abuse grows from 52,977 in fiscal year 2005 to 53,756 in fiscal years 2006 and 2007.</p>	Est/Bud 2004-05	\$41.0	\$0.0	\$269.2	\$0.3	\$310.5
	Rec 2006-07	\$45.2	\$0.0	\$269.5	\$0.0	\$314.7
<p>Mental Health State Hospitals and Mental Health Community Hospitals Provides funding to increase capacity at mental health state hospitals and to replace one-time funding sources from the 2004-05 biennium. The Average Daily Census of State Mental Health Facilities increases from 2,268 in fiscal year 2005 to 2,319 in fiscal years 2006 and 2007.</p>	Est/Bud 2004-05	\$474.0	\$0.0	\$36.0	\$67.3	\$577.4
	Rec 2006-07	\$453.4	\$0.0	\$35.4	\$57.3	\$546.1

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>HEALTH AND HUMAN SERVICES COMMISSION</b> Medicaid (Acute Care & STAR+PLUS) Net increase of \$1.7 billion in General Revenue Funds and General Revenue-Dedicated Funds, primarily for projected caseload growth, replacement of one-time State Fiscal Relief (Federal) Funds, cost growth, and restoration of coverage for medically needy clients and for mental health, podiatric, hearing, and vision benefits for adults.  Caseload assumptions: The Average Medicaid Acute Care Recipient Months per Month increases by 251,920 from 2,862,298 in fiscal year 2005 to 3,114,218 in fiscal year 2007. The sum of the Average Aged and Medicare-eligible Recipient Months per Month and the Average Disabled and Blind Recipient Months per Month in the STAR+PLUS program in Harris County increases by 2,190 from 53,411 in fiscal year 2005 to 55,601 in fiscal year 2007.  Children's Health Insurance Program (CHIP) A net increase of \$409.1 million in All Funds (a \$319.7 million increase in Federal Funds, an \$89.5 million increase in General Revenue Funds, and a \$0.1 million decrease in Other Funds) due to caseload growth; funding for dental, vision, mental health, hospice, and perinatal benefits; and adjustment to premium copayment revenue. The Average CHIP Program Recipient Months per Month are projected to increase by 52,451 from 346,179 in fiscal year 2005 to 398,630 in fiscal year 2007. Funding for the State Kids Insurance Program (SKIP) is included at the Employees Retirement System.	Est/Bud 2004-05	\$8,171.6	\$4.0	\$14,250.9	\$639.2	\$23,065.7
	Rec 2006-07	\$9,832.8	\$11.1	\$15,792.1	\$782.9	\$26,418.9
	Est/Bud 2004-05	\$355.0	\$0.0	\$637.0	\$0.1	\$992.1
	Rec 2006-07	\$444.4	\$0.0	\$956.7	\$0.0	\$1,401.1

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Temporary Assistance for Needy Families (TANF) Grants Reductions of \$42.1 million in All Funds, including \$34.1 million in General Revenue Funds and \$8.0 million in Federal Funds, due to projected caseload decline. Caseloads are projected to decrease by 3,261 from 235,432 in fiscal year 2005 to 232,171 in fiscal year 2007 due to the continuing impact of full family sanction policies. Certain General Revenue Funds are reduced and replaced with TANF Federal Funds.</p>	Est/Bud 2004-05	\$171.4	\$0.0	\$268.1	\$4.1	\$443.6
	Rec 2006-07	\$137.3	\$0.0	\$260.1	\$4.1	\$401.5
NOTE: Totals may not add due to rounding.						

# EDUCATION

## 2006–07 BIENNIAL RECOMMENDATIONS

ALL FUNDS recommendations for Education total \$54.8 billion for the 2006–07 biennium, which is an increase of \$3.3 billion, or 6.4 percent, from the 2004–05 biennium (Table 24).

For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$39.1 billion, which is an increase of \$2.1 billion, or 5.7 percent, from the 2004–05 biennium (Table 25).

Selected performance measures for agencies in the Education function are depicted in Table 27.

<b>TABLE 24</b> <b>ALL FUNDS: EDUCATION</b>				
IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004–05*	RECOMMENDED 2006–07**	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>PUBLIC SCHOOLS</b>				
Texas Education Agency	\$31,045.2	\$33,766.5	\$2,721.3	8.8%
School for the Blind and Visually Impaired	31.2	67.8	36.6	117.2
School for the Deaf	38.7	40.5	1.8	4.7
Subtotal, Public Schools	\$31,115.1	\$33,874.8	\$2,759.7	8.9%
<b>PUBLIC HIGHER EDUCATION</b>				
General Academic Institutions	\$5,226.5	\$5,456.3	\$229.8	4.4%
Health-related Institutions	5,429.4	5,837.5	408.1	7.5
A&M Service Agencies	735.0	738.9	3.9	0.5
Higher Education Fund	350.0	350.0	0.0	0.0
Available University Fund	708.4	755.3	46.9	6.6
Research Development Fund***	23.3	0.0	NA	NA
Other Higher Education	879.2	944.3	65.1	7.4

Continued on next page.

# EDUCATION

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 24**  
**ALL FUNDS: EDUCATION (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07**	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>TWO-YEAR INSTITUTIONS</b>				
Public Community/Junior Colleges	\$1,507.1	\$1,627.3	\$120.2	8.0%
Lamar Lower-level Institutions	55.5	61.6	6.1	11.0
Texas State Technical Colleges	144.1	154.1	10.0	6.9
Subtotal, Two-year Institutions	\$1,706.7	\$1,843.0	\$136.3	8.0%
Subtotal, Higher Education	\$15,058.5	\$15,925.3	\$866.8	5.8%
<b>ARTICLE III BENEFITS AND DEBT SERVICE</b>				
Teacher Retirement System	\$3,983.5	\$3,449.8	\$(533.7)	(13.4)%
Optional Retirement Program	218.9	223.3	4.4	2.0
Higher Education Employees Group Insurance Contributions	796.1	937.9	141.8	17.8
Retirement and Group Insurance	38.7	45.8	7.1	18.3
Social Security and Benefit Replacement Pay	430.4	464.1	33.7	7.8
Subtotal, Employee Benefits	\$5,467.6	\$5,120.9	\$(346.7)	(6.3)%
Bond Debt Service Payments	\$0.9	\$3.3	\$2.4	266.7%
Lease Payments	16.5	16.5	0.0	0.0
Subtotal, Debt Service	\$17.4	\$19.8	\$2.4	13.8%
Article III, Special Provisions	0.0	4.6	4.6	NA
Total Article (less Interagency Contracts)	\$51,539.0	\$54,846.7	\$3,307.8	6.4%
*Includes anticipated supplemental spending needs as of December 2004 (excludes House Bill 10).				
**Does not adjust for appropriations made by, or transferred to House Bill 10.				
***Amounts are incorporated into the General Academic Institutions in 2006-07.				
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# EDUCATION

## 2006-07 BIENNIAL RECOMMENDATIONS

<b>TABLE 25</b> <b>GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS: EDUCATION</b>				
IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07**	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>PUBLIC SCHOOLS</b>				
Texas Education Agency	\$21,520.7	\$23,169.3	\$1,648.6	7.7%
School for the Blind and Visually Impaired	24.0	24.6	0.6	2.5
School for the Deaf	29.6	29.7	0.1	0.3
Subtotal, Public Schools	\$21,574.3	\$23,223.6	\$1,649.3	7.6%
<b>PUBLIC HIGHER EDUCATION</b>				
General Academic Institutions	\$5,209.4	\$5,445.9	\$236.5	4.5%
Health-related Institutions	2,310.0	2,185.6	(124.4)	(5.4)
A&M Service Agencies	297.4	302.6	5.2	1.7
Higher Education Fund	350.0	350.0	0.0	0.0
Available University Fund	0.0	0.0	0.0	0.0
Research Development Fund***	23.3	0.0	NA	NA
Other Higher Education	683.6	765.3	81.7	12.0
<b>TWO-YEAR INSTITUTIONS</b>				
Public Community/Junior Colleges	\$1,507.1	\$1,627.3	\$120.2	8.0%
Lamar Lower-level Institutions	55.5	61.6	6.1	11.0
Texas State Technical Colleges	144.1	154.1	10.0	6.9
Subtotal, Two-year Institutions	\$1,706.7	\$1,843.0	\$136.3	8.0%
Subtotal, Higher Education	\$10,580.4	\$10,892.4	\$312.0	2.9%

Continued on next page.

# EDUCATION

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS: EDUCATION (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07**	BIENNIAL CHANGE	PERCENTAGE CHANGE
Teacher Retirement System	\$3,383.1	\$3,360.3	\$(22.8)	(0.7)%
Optional Retirement Program	218.9	223.3	4.4	2.0
Higher Education Employees Group Insurance Contributions	795.4	937.1	141.7	17.8
Retirement and Group Insurance	33.4	39.6	6.2	18.6
Social Security and Benefit Replacement Pay	418.3	447.6	29.3	7.0
Subtotal, Employee Benefits	\$4,849.1	\$5,007.9	\$158.8	3.3%
<b>ARTICLE III BENEFITS AND DEBT SERVICE</b>				
Bond Debt Service Payments	\$0.9	\$3.3	\$2.4	266.7%
Lease Payments	16.5	16.5	0.0	0.0
Subtotal, Debt Service	\$17.4	\$19.8	\$2.4	13.8%
Article III, Special Provisions	\$0.0	\$0.7	\$0.7	NA
Total Article	\$37,021.2	\$39,144.2	\$2,123.2	5.7%
<p>*Includes anticipated supplemental spending needs as of December 2004 (excludes House Bill 10).</p> <p>**Does not adjust for appropriations made by, or transferred to House Bill 10.</p> <p>***Amounts are incorporated into the General Academic Institutions in 2006-07.</p> <p>NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.</p>				

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 26**  
**FUNDING FOR INSTITUTIONS OF HIGHER EDUCATION ADJUSTED TO EXCLUDE INDIRECT COST RECOVERY**

IN MILLIONS		ALL FUNDS			
INSTITUTION		ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Academic Institutions		\$5,036.7	\$5,456.3	\$419.6	8.3%
Health-related Institutions		\$5,166.0	\$5,837.5	\$617.5	11.9%
IN MILLIONS		GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS			
INSTITUTION		ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Academic Institutions		\$5,019.6	\$5,445.9	\$426.3	8.4%
Health-related Institutions		\$2,046.6	\$2,185.6	\$139.0	6.7%
<p>The Seventy-eighth Legislature removed the statutory authority to apply 50 percent of an institution's indirect cost recovery as a reduction in General Revenue appropriations for formula items with the enactment of House Bill 1887. The indirect cost recovery funds no longer appear as a separate strategy or as part of the method of financing (General Revenue-Dedicated Funds) for General Academic and Health-related Institutions.</p> <p>Indirect cost recovery is locally held and negotiated as a percentage of each federal and other grant between individual institutions and the grantor. Indirect cost recovery may consist of a number of factors including buildings and equipment use allowance, operations and maintenance and general departmental and project administration. The amounts for indirect cost recovery have been historically estimated in the General Appropriations Act, but are not included in Senate Bill 1. Table 26 removes the amounts for indirect cost recovery for 2004-05 in order to more accurately compare the two biennia.</p>					



# EDUCATION

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 27  
SELECTED PERFORMANCE MEASURES: EDUCATION**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
<b>PUBLIC EDUCATION</b>				
Total Average Daily Attendance (ADA)	4,015,213	4,100,333	4,190,426	4,284,617
Percent of Equalized Revenue in the Foundation School Program	94.9%	94.7%	98%	98%
Percent of Students in Districts with Substantially Equal Access to Revenues	81.7%	80.5%	85%	85%
Percent of Students Passing All Tests Taken	66.55%	68%	70%	72%
Percent of African-American Students Passing All Tests Taken	51.45%	57%	60%	63%
Percent of Hispanic Students Passing All Tests Taken	56.78%	58%	60%	63%
Percent of Economically Disadvantaged Students Passing All Tests Taken	55.2%	58%	60%	63%
Percent of Districts Rated Exemplary or Recognized	32%	35%	40%	50%
Annual Statewide Dropout Rate for All Students	0.9%	1.1%	1.1%	2.9%
<b>HIGHER EDUCATION</b>				
Percentage of University Students Graduating Within Six Years	52.6%	53.0%	53.3%	53.5%
Percent of Family Residency Program Graduates Practicing in Texas	84%	84%	83%	83.5%
Number of Students receiving TEXAS Grants	61,448	56,109	52,670	50,859
Percent Increase in Fall Student Headcount Enrollment since Fall 2000	15.4%	18%	21%	24%
Percent of Public Two-Year Institution Students Graduating in Three Years	16%	15%	15%	15%

Continued on next page.

# EDUCATION

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 27**  
**SELECTED PERFORMANCE MEASURES: EDUCATION (*CONTINUED*)**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
Percent of Medical School Graduates Practicing Primary Care in Texas	36.3%	30.7%	35.5%	35.5%
Percent of Bachelor of Science in Nursing Graduates Who Are Licensed in Texas	96.1%	93.8%	91.3%	91.3%

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006–07 BIENNIAL RECOMMENDATIONS

**TABLE 28**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: EDUCATION**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004–05	RECOMMENDED 2006–07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>MAJOR BUDGET ISSUE AND DESCRIPTION</b>				
<b>TEXAS EDUCATION AGENCY</b>				
Foundation School Program funding includes General Revenue Funds increase of \$1.1 billion and Other Funds increase of \$442.0 million to fully fund current law operations and facilities obligations, as well as to extend state aid for facilities debt service.	\$22,056	\$24,648	\$2,592	11.8%
Consolidation of various funding streams into the strategy for Foundation School Program—Operations, within the Texas Education Agency. Consolidated programs include funding for the Foundation School Program, Instructional Materials, Technology Allotment and school district employee pass-through, previously funded within the Teacher Retirement System. These newly consolidated programs increase the Foundation School Program by an additional \$1.1 billion in General Revenue Funds.				
<b>TEACHER RETIREMENT SYSTEM</b>				
Funding provided for retired employees group insurance program (TRS-Care) sufficient to fund estimated program costs. Funding reflects adjustments in various contribution rates and federal Medicare policy.	\$710.5	\$506.6	\$(203.9)	(28.7)%
<b>HIGHER EDUCATION COORDINATING BOARD</b>				
General Revenue Funds and General Revenue—Dedicated Funds are increased by \$81.7 million from the 2004–05 expenditure levels. The increase is primarily due to increased funding in student financial aid strategies.	\$680.9	\$762.6	\$81.7	12.0%
Anticipated fewer Federal Funds and Other Funds will be transferred from the Texas Education Agency.	\$189.21	\$172.61	\$(16.6)	(8.7)%
<b>GENERAL ACADEMIC INSTITUTIONS</b>				
Fully fund weighted semester hour credit growth of 4.9 percent (\$105.2 million) and an additional \$141.5 million to enhance formula funding for all institutions.	\$0.0	\$246.7	\$246.7	NA
Fund non-formula General Revenue Fund items at 99.5 percent of the 2004–05 expenditure level, and increase special item funding (including formula hold harmless) by \$66.8 million. The recommendations also convert some non-formula General Revenue Funds to formula General Revenue Funds.	\$976.4	\$1,015.3	\$38.9	3.9%

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 28**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: EDUCATION (CONTINUED)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
\$19.0 million is added to fund one-half of the maximum recommended appropriation for the Research Development Fund. The funds are distributed to each individual institution in a new Research Development Fund strategy.	\$23.3	\$42.8	\$19.5	83.6%
Fully fund the Tuition Revenue Bond debt service increase over 2004-05 levels.	\$225.9	\$275.7	\$49.8	23.0%
Indirect cost recovery-related General Revenue-Dedicated Funds decrease is due to exclusion of these funds associated with federal and other grants from the bill.	\$189.7	\$0.0	\$(189.7)	(100.0)%
<b>HEALTH-RELATED INSTITUTIONS</b>				
Fully fund a 6.9 percent growth in full-time-student equivalents for 2006-07 (\$18.3 million in General Revenue Funds) and add to the Instruction & Operation formula; in addition to \$40.0 million to enhance the Health-related Institutions Formula, and \$19.8 million for a new formula element, Graduate Medical Education.	\$1,052.8	\$1,130.1	\$77.3	7.4%
Non-formula items funds at 100 percent of the 2004-05 expenditure level, in addition to a non-formula general revenue increase of \$44.1 million over 2004-05 funding levels.	\$732.6	\$776.7	\$44.1	6.0%
General Revenue Funds adds to support an increase of \$43.6 million in Tuition Revenue Bond debt service over 2004-05 levels.	\$53.8	\$97.4	\$43.6	81.0%
General Revenue-Dedicated Funds decrease is mainly due to the exclusion of indirect cost recovery associated with federal and other grants (\$263.4 million) from the bill and adjustments to other educational and general income.	\$470.6	\$180.3	\$(290.3)	(61.6)%
Other Funds increase is primarily due to patient income growth at the University of Texas M.D. Anderson Cancer Center.	\$3,119.4	\$3,651.8	\$532.4	17.1%

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

<b>TABLE 28</b> <b>RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: EDUCATION (CONTINUED)</b>				
<b>IN MILLIONS</b>  <b>MAJOR BUDGET ISSUE AND DESCRIPTION</b>	<b>ALL FUNDS</b>			
	<b>ESTIMATED/ BUDGETED 2004-05</b>	<b>RECOMMENDED 2006-07</b>	<b>BIENNIAL CHANGE</b>	<b>PERCENTAGE CHANGE</b>
<b>PUBLIC COMMUNITY/JUNIOR COLLEGES</b>				
Provides \$65.4 million to fully fund contact hour growth of 4.4 percent and an additional \$41.6 million to enrich state contribution levels. Provides an additional \$2.2 million in small institution supplement funding for Clarendon and Ranger Colleges; also provides \$5.0 million to hold harmless the Alvin, Brazosport, Del Mar, Galveston, Kilgore and Victoria community college districts. Provides \$5.4 million in new special item funding.	\$1,507.1	\$1,627.3	\$120.2	8.0%
<b>TEXAS A&amp;M UNIVERSITY SYSTEM SERVICE AGENCIES</b>				
Increase of 2 percent (\$5.6 million) for Infrastructure Support outside Brazos County. Mostly offset by decreases in Federal Funds (\$2.5 million).	\$735.0	\$738.9	\$3.9	0.5%
<b>HIGHER EDUCATION EMPLOYEE GROUP HEALTH INSURANCE CONTRIBUTIONS</b>				
Funds \$141.8 million in All Funds for growth in health insurance premiums.	\$796.1	\$937.9	\$141.8	17.8%
<b>AVAILABLE UNIVERSITY FUND</b>				
Reflects estimated increases in the distributions from the Permanent University Fund.	\$708.4	\$755.3	\$46.9	6.6%
<b>HIGHER EDUCATION FUND</b>				
Funding for the Higher Education Fund at 100 percent of the 2004-05 expenditure levels.	\$350.0	\$350.0	\$0.0	0.0%
<b>RESEARCH DEVELOPMENT FUND</b>				
\$19.5 million adds to fund one-half of the maximum statute-recommended appropriation for the Research Development Fund and the funds are distributed to each individual institution in a new Research Development Fund strategy. (See General Academic Institutions) NOTE: This new fund replaces the Texas Excellence Fund and the University Research Fund.	\$23.3	\$0.0	\$(23.3)	100.0%
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006–07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p><b>TEXAS EDUCATION AGENCY</b></p> <p>Foundation School Program—Operations. Current law state aid payments for school district operations increase by \$962.0 million in General Revenue Funds and \$442.0 million in Other Funds. The General Revenue Fund increase reflects costs of meeting enrollment growth, equity standards and a payment deferral from the 2004–05 biennium. Growth in Other Funds is due to an increased estimate of recapture payments from school districts and the use of \$100.0 million in Fund 6 Transportation funds for the transportation allotment.</p> <p>Foundation School Program—Facilities. Over and above funding to continue the state's current law obligations regarding facilities aid, funding is increased by a total of \$175.0 million; \$150.0 million to provide state assistance for facilities debt through the Existing Debt Allotment, and \$25.0 million to provide grants through the Instructional Facilities Allotment. This \$175.0 million in additional funding is partially offset by a cost decrease to the state's current obligations of \$98.0 million, due to rising property values which serve to lower the state share of facilities programs.</p>	Est/Bud 2004–05	\$18,273.0	\$0.0	\$0.0	\$2,075.0	\$20,348.0
	Rec 2006–07	\$19,235.0	\$0.0	\$0.0	\$2,517.0	\$21,752.0
	Est/Bud 2004–05	\$1,462.0	\$0.0	\$0.0	\$0.0	\$1,462.0
	Rec 2006–07	\$1,539.0	\$0.0	\$0.0	\$0.0	\$1,539.0

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006–07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Foundation School Program—Active-Care Pass-Through. The Active-Care supplement (pass-through) is moved from the Teacher Retirement System and rolled into the FSP, causing an increase of \$548.0 million in General Revenue Funds. This funding level allows for full-time school district employees to receive \$500 per year, and part-time employees to receive \$250 per year, excluding administrators.	Est/Bud 2004–05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006–07	\$548.0	\$0.0	\$0.0	\$0.0	\$548.0
Foundation School Program—Instructional Materials. Textbook funding is rolled into the FSP, and appropriations are sufficient to cover cost of all textbook purchases deferred to fiscal year 2006 from fiscal year 2005, as well as all continuing contracts for the 2006–07 biennium. This represents a decrease of \$53.6 million in All Funds.	Est/Bud 2004–05	\$389.1	\$0.0	\$0.0	\$0.0	\$389.1
	Rec 2006–07	\$327.0	\$0.0	\$8.5	\$0.0	\$335.5
Foundation School Program—Technology Allotment. The technology allotment is rolled into the FSP, and appropriations are reduced by \$11.5 million in General Revenue–Dedicated Funds, reflecting a 5 percent reduction.	Est/Bud 2004–05	\$0.0	\$241.5	\$0.0	\$0.0	\$241.5
	Rec 2006–07	\$0.0	\$230.0	\$0.0	\$0.0	\$230.0
Student Success Initiative. Program General Revenue funding is increased by \$140.5 million for the biennium to provide accelerated instruction to students in grades 6 and 7 who are at risk of failing the 8th grade assessment in reading or math in the 2007–08 school year.	Est/Bud 2004–05	\$164.7	\$0.1	\$0.0	\$0.0	\$164.8
	Rec 2006–07	\$316.0	\$0.1	\$0.0	\$0.0	\$316.1

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Other General Revenue-Funded Programs. Overall, General Revenue Funds for the remaining major education programs is decreased by \$7.4 million for the biennium. However, taking into account a \$17.0 million swap of General Revenue for Federal Funds between the Student Success Initiative and the Texas Reading, Math and Science Initiatives, General Revenue for these programs is increased by approximately \$10.0 million. Most programs, including pre-Kindergarten expansion grants, High School Initiative, Advanced Placement, and Early Childhood Readiness, and the Windham School District are maintained at 100 percent of their 2004-05 funding level. Funding for the Regional Education Service Centers and disciplinary alternative education programs are reduced by 5 percent from 2004-05 levels. The Foundation School Program set aside for the Communities in Schools program is increased by \$6.0 million for the biennium, a 23.5 percent increase. Funds to support the Master Reading, Math and Science Teacher grant programs are increased by \$5.6 million.</p>	Est/Bud 2004-05	\$904.2	\$0.0	\$0.0	\$3.0	\$907.2
	Rec 2006-07	\$896.8	\$0.0	\$0.0	\$1.0	\$897.8
	Est/Bud 2004-05	\$0.0	\$0.0	\$7,372.8	\$0.0	\$7,372.8
	Rec 2006-07	\$0.0	\$0.0	\$7,997.9	\$0.0	\$7,997.9
<p>Federal Funds. Federal Funds for programs are increased by \$625.1 million. Estimates for federal Title I grants for low-income students (\$179.0 million increase), special education funds (\$250.0 million increase), and 21st Century Community Learning Centers (\$44.0 million increase), and English language acquisition (\$26.0 million) constitute the bulk of the growth in appropriations.</p>						

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Agency Administration. All Funds appropriations for agency administration are reduced by \$8.3 million, a decrease of 6.8 percent. Decreases in General Revenue Funds (\$9.7 million) and Other Funds (\$4.9 million) are partially offset by an increase in Federal Funds (\$6.3 million). However, agency has the ability to transfer up to 1 percent of program funds to administrative strategies, with the agency's administrative budget capped at the 2004-05 level.</p>	Est/Bud 2004-05	\$50.2	\$0.0	\$52.8	\$18.6	\$121.6
	Rec 2006-07	\$40.5	\$0.0	\$59.1	\$13.7	\$113.3
	Est/Bud 2004-05	\$35.9	\$0.0	\$2.3	\$0.0	\$38.2
	Rec 2006-07	\$36.9	\$0.0	\$0.0	\$0.0	\$36.9
<p>State Board for Educator Certification is rolled into TEA's bill pattern. Funding decreased by an estimated \$1.3 million in All Funds. All General Revenue for this function is certification and assessment fees.</p>	Est/Bud 2004-05	\$35.9	\$0.0	\$2.3	\$0.0	\$38.2
	Rec 2006-07	\$36.9	\$0.0	\$0.0	\$0.0	\$36.9
	Est/Bud 2004-05	\$35.9	\$0.0	\$2.3	\$0.0	\$38.2
	Rec 2006-07	\$36.9	\$0.0	\$0.0	\$0.0	\$36.9
<b>TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED</b>						
<p>Campus Construction, Repair and Renovation. Provides \$36.5 million in General Obligation Bond proceeds to fund ten major construction or renovation projects, including new residential facilities, physical therapy and recreation centers, and the renovation and expansion of the main instructional building.</p>	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$36.5	\$36.5
	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$36.5	\$36.5

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Teacher Salary Increases. Funding for teacher salary increases grows by an estimated \$0.4 million in General Revenue Funds to match anticipated raises of educators in the Austin Independent School District.	Est/Bud 2004-05	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2
	Rec 2006-07	\$0.6	\$0.0	\$0.0	\$0.0	\$0.6
Student Services and Outreach. Funding for instructional and residential services for students, and technical assistance and outreach to school districts and parents increases by \$0.3 million in General Revenue Funds (a 1.6 percent increase) and \$0.1 million decrease in All Funds (a 0.6 percent decrease). The General Revenue Fund increase is offset by anticipated decreases in available Federal and Other Funds.	Est/Bud 2004-05	\$18.8	\$0.0	\$4.7	\$2.4	\$25.9
	Rec 2006-07	\$19.1	\$0.0	\$4.6	\$2.1	\$25.8
Administration. Funding for school administration decreases by \$0.2 million in All Funds, representing a 3.4 percent reduction.	Est/Bud 2004-05	\$5.0	\$0.0	\$0.0	\$0.1	\$5.1
	Rec 2006-07	\$4.8	\$0.0	\$0.0	\$0.1	\$4.9
<b>TEXAS SCHOOL FOR THE DEAF</b>						
Building Repair and Renovation. Provides \$1.7 million in General Obligation Bond proceeds to facilities repair and renovation projects, including projects for compliance with the Americans with Disabilities Act, life safety code projects, heating and air conditioning projects, and roof repair and replacement.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$1.7	\$1.7

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Teacher Salary Increases. Funding for teacher raises increases by an estimated \$0.7 million in General Revenue Funds to match anticipated raises of educators in the Austin Independent School District.	Est/Bud 2004-05	\$0.3	\$0.0	\$0.0	\$0.0	\$0.3
	Rec 2006-07	\$1.0	\$0.0	\$0.0	\$0.0	\$1.0
Student Services and Outreach. Instructional and residential services for students, and technical assistance and outreach to school districts and parents decreases by \$0.3 million in General Revenue Funds, a decline of 1.3 percent over the 2004-05 level.	Est/Bud 2004-05	\$21.1	\$0.0	\$2.6	\$6.1	\$29.8
	Rec 2006-07	\$20.8	\$0.0	\$2.3	\$6.4	\$29.5
Administration. Funding for school administration decreases by \$0.3 million in All Funds, representing a 3.0 percent reduction.	Est/Bud 2004-05	\$8.2	\$0.0	\$0.0	\$0.3	\$8.5
	Rec 2006-07	\$7.9	\$0.0	\$0.0	\$0.3	\$8.2
<b>TEACHER RETIREMENT SYSTEM</b>						
Funding increased by \$216.7 million (99 percent General Revenue Funds and General Revenue-Dedicated Funds) in retirement strategies commensurate with projected payroll growth at an increased contribution rate of 6.00 percent.	Est/Bud 2004-05	\$2,527.4	\$109.3	\$0.0	\$2.9	\$2,639.6
	Rec 2006-07	\$2,727.0	\$126.3	\$0.0	\$2.9	\$2,856.2

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Funding provides for retired employee group insurance program (TRS-Care) sufficient to meet agency estimates of program need in conjunction with policy changes related to school district and active member contribution rates, retiree premiums, and savings associated with implementation of Medicare Part D.	Est/Bud 2004-05	\$194.5	\$0.0	\$0.0	\$516.0	\$710.5
	Rec 2006-07	\$506.6	\$0.0	\$0.0	\$0.0	\$506.6
TRS-Active Health, "Pass-through" program providing supplemental funds to active public education employees transferred to the Texas Education Agency. Funding includes \$250,000 in General Revenue Funds for the statutorily required insurance comparability study.	Est/Bud 2004-05	\$552.0	\$0.0	\$0.0	\$0.0	\$552.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Funding for administrative costs increased by \$5.2 million in Other Funds to reflect 100 percent of requested levels.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$81.5	\$81.5
	Rec 2006-07	\$0.5	\$0.0	\$0.0	\$86.7	\$86.7
<b>OPTIONAL RETIREMENT SYSTEM</b>						
Funding increased by \$4.4 million (\$3.7 million in General Revenue Funds) to account for payroll growth among participating higher education employees.	Est/Bud 2004-05	\$185.1	\$33.8	\$0.0	\$0.0	\$218.9
	Rec 2006-07	\$188.9	\$34.5	\$0.0	\$0.0	\$223.3

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>HIGHER EDUCATION EMPLOYEES GROUP INSURANCE CONTRIBUTIONS</b> Provides \$141.7 million in General Revenue Funds for growth in health insurance premiums. Increases State Highway Fund 006 funding for the Texas Transportation Institute by \$0.1 million and reduces funding for SKIP by \$3.0 million in General Revenue Funds.	Est/Bud 2004-05	\$795.4	\$0.0	\$0.0	\$0.7	\$796.1
	Rec 2006-07	\$937.1	\$0.0	\$0.0	\$0.8	\$937.9
<b>HIGHER EDUCATION COORDINATING BOARD</b> In anticipation of fewer available grants, Federal Funds are reduced to agency-requested levels.	Est/Bud 2004-05	\$0.0	\$0.0	\$129.0	\$0.0	\$129.0
	Rec 2006-07	\$0.0	\$0.0	\$119.9	\$0.0	\$119.9
Agency-requested reductions in the Texas Education Agency's Educational Aide Program results in a decrease in transfers to the Higher Education Coordinating Board.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$60.2	\$60.2
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$52.7	\$52.7
Funding for TEXAS Grants, B-on-Time, College Work Study and TEXAS Grants II is collapsed into a new Student Financial Aid Strategy. Funding includes an additional \$8.0 million in General Revenue Funds and \$10.3 million in unexpended balance authority for the General Revenue-Dedicated B-on-Time Account. An additional \$71.0 million in General Revenue is also added for Texas Equalization Grants.	Est/Bud 2004-05	\$342.5	\$10.8	\$0.0	\$0.3	\$353.6
	Rec 2006-07	\$421.4	\$20.6	\$0.0	\$0.4	\$442.4

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>The remaining overall decrease of \$7.1 million in General Revenue Funds is primarily due to the elimination of the Advanced Technology program. In fiscal year 2004-05, the Advanced Research Program, is funded at \$19.4 million. Of this amount, \$8.3 million is used to fund the Advanced Research Program, which leaves a decrease of \$11.1 million. There is also an increase of \$5.2 million for Baylor Graduate Medical Education.</p>	Est/Bud 2004-05	\$327.3	\$0.0	\$0.0	\$0.0	\$327.3
	Rec 2006-07	\$320.2	\$0.0	\$0.0	\$0.0	\$320.2
<p><b>AVAILABLE UNIVERSITY FUND</b> Appropriation level reflects estimated increases in the distributions from the Permanent University Fund.</p>	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$708.4	\$708.4
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$755.3	\$755.3
<p><b>HIGHER EDUCATION FUND</b> Funds the Higher Education Fund at 100 percent of the 2004-05 expenditure levels.</p>	Est/Bud 2004-05	\$350.0	\$0.0	\$0.0	\$0.0	\$350.0
	Rec 2006-07	\$350.0	\$0.0	\$0.0	\$0.0	\$350.0
<p><b>GENERAL ACADEMIC INSTITUTIONS</b> Provides \$2.9 billion in formula funding to support the General Academic Institution. This includes fully funding weighted semester hour credit growth of 4.9 percent (\$105.2 million) and an additional \$141.5 million.</p>	Est/Bud 2004-05	\$2,659.8	\$0.0	\$0.0	\$0.0	\$2,659.8
	Rec 2006-07	\$2,906.5	\$0.0	\$0.0	\$0.0	\$2,906.5

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Total non-formula General Revenue Funds are funded at 99.5 percent of the 2004-05 expenditure levels, and include full funding of tuition revenue bond debt service increase over 2004-05 in addition to \$66.8 million in new special item funding. Two-year Lamar Colleges' portion of the two-year academic institutions' instruction and operation formula increases \$6.5 million over the 2004-05 expenditure level. The recommendation also includes a conversion of non-formula General Revenue Funds to formula General Revenue Funds.	Est/Bud 2004-05	\$976.4	\$0.0	\$0.0	\$0.0	\$976.4
	Rec 2006-07	\$1,015.3	\$0.0	\$0.0	\$0.0	\$1,015.3
Funds are distributed to each individual institution in a new Research Development Fund strategy.	Est/Bud 2004-05	\$23.3	\$0.0	\$0.0	\$0.0	\$23.3
	Rec 2006-07	\$42.8	\$0.0	\$0.0	\$0.0	\$42.8
Indirect cost recovery-related funds decrease due to exclusion of these funds associated with federal and other grants from the bill.	Est/Bud 2004-05	\$0.0	\$1,628.6	\$0.0	\$0.0	\$1,628.6
	Rec 2006-07	\$0.0	\$1,543.6	\$0.0	\$0.0	\$1,543.6
Other Funds decrease of \$6.6 million due to adjustments in interagency contracts.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$17.0	\$17.0
	Rec. 2006-07	\$0.0	\$0.0	\$0.0	\$10.4	\$10.4

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29**

**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>HEALTH-RELATED INSTITUTIONS</b>						
Provide \$2,185.6 million in General Revenue Funds to support the state's health-related institutions. This includes fully funding a 6.9 percent growth in full-time-student equivalents for 2006-07 (\$18.3 million in General Revenue Funds) added to the Instruction & Operation formula; in addition to \$40.0 million to enhance the Health-related Institutions Formula, and \$19.8 million in Graduate Medical Education. Non-formula items funded at 100 percent of the 2004-05 expenditure level, in addition to a non-formula general revenue increase of \$44.1 million over 2004-05 funding levels. General Revenue Funds are added to support an increase of \$43.6 million in Tuition Revenue Bond debt service over 2004-05 levels.						
	Est/Bud 2004-05	\$1,839.3	\$0.0	\$0.0	\$0.0	\$1,839.3
	Rec 2006-07	\$2,005.2	\$0.0	\$0.0	\$0.0	\$2,005.2
General Revenue-Dedicated Funds decrease mainly due to the exclusion of indirect cost recovery associated with federal and other grants (\$263.4 million) from the bill and adjustments to other educational and general income.						
	Est/Bud 2004-05	\$0.0	\$470.6	\$0.0	\$0.0	\$470.6
	Rec 2006-07	\$0.0	\$180.3	\$0.0	\$0.0	\$180.3
A net increase of \$532.4 million in Other Funds, mostly due to growth in patient income at the University of Texas M.D. Anderson Cancer Center.						
	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$3,119.4	\$3,119.4
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$3,651.8	\$3,651.8

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>PUBLIC COMMUNITY/JUNIOR COLLEGES</b>						
Provides \$1.63 billion in General Revenue Funds for Texas' 50 local public community/junior college districts. This amount represents an increase of \$120.2 million, or 8.0 percent, above the fiscal year 2004-05 funding levels. Of this total increase, \$114.3 million raises the state's formula funding contribution levels and includes funding to ensure no college is funded at a level below its respective 2004-05 formula funding level. The remaining \$5.9 million funds the following: \$1.2 million to fund the Dallas Community College's Small Business Development Center, \$3.0 million to fund a four-year degree pilot program at three community colleges, \$1.2 million to fund astronomy education at Midland College and \$0.5 million to fund the Hidalgo Center at South Texas Community College.						
	Est/Bud 2004-05	\$1,507.1	\$0.0	\$0.0	\$0.0	\$1,507.1
	Rec 2006-07	\$1,627.3	\$0.0	\$0.0	\$0.0	\$1,627.3
<b>TEXAS STATE TECHNICAL COLLEGES</b>						
Fully fund contact hour enrollment growth and incorporate a change in the allocation of recommended dollars for two-year institutions.						
	Est/Bud 2004-05	\$76.1	\$0.0	\$0.0	\$0.0	\$76.1
	Rec 2006-07	\$86.8	\$0.0	\$0.0	\$0.0	\$86.8
Less General Revenue Funds is needed in the general academic institution infrastructure formula because of an increase in tuition and fees.						
	Est/Bud 2004-05	\$16.9	\$0.0	\$0.0	\$0.0	\$16.9
	Rec 2006-07	\$13.8	\$0.0	\$0.0	\$0.0	\$13.8
Increase in formula General Revenue-Dedicated Funds (\$4.5 million) from tuition and fees for infrastructure and instruction/operations.						
	Est/Bud 2004-05	\$0.0	\$22.4	\$0.0	\$0.0	\$22.4
	Rec 2006-07	\$0.0	\$26.9	\$0.0	\$0.0	\$26.9

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Generally fund non-formula General Revenue Fund items at 95 percent of the 2004-05 expenditure level and funded \$0.5 million in additional items.	Est/Bud 2004-05	\$19.3	\$0.0	\$0.0	\$0.0	\$19.3
	Rec 2006-07	\$18.8	\$0.0	\$0.0	\$0.0	\$18.8
Convert some General Revenue-Dedicated Funds into the infrastructure and instruction/operations formula to properly reflect the use of this revenue.	Est/Bud 2004-05	\$0.0	\$10.8	\$0.0	\$0.0	\$10.8
	Rec 2006-07	\$0.0	\$8.2	\$0.0	\$0.0	\$8.2
<b>TEXAS AGRICULTURAL EXPERIMENT STATION</b>						
An increase of 2.6 percent (\$3.3 million) of which \$3.8 million is for infrastructure outside Brazos County.	Est/Bud 2004-05	\$100.4	\$1.0	\$12.9	\$10.5	\$124.8
	Rec 2006-07	\$103.7	\$1.0	\$12.9	\$10.4	\$128.1
<b>TEXAS COOPERATIVE EXTENSION</b>						
An increase of 1.8 percent (\$2.2 million), of which \$1.0 million is for infrastructure outside Brazos County.	Est/Bud 2004-05	\$88.8	\$0.0	\$20.5	\$15.9	\$125.2
	Rec 2006-07	\$89.8	\$0.0	\$21.7	\$15.9	\$127.4
<b>TEXAS ENGINEERING EXPERIMENT STATION</b>						
An agency-requested decrease of 4.0 percent (\$3.8 million) in Federal Funds for research that addresses specific industrial and governmental needs, including formation of industry research consortia and public/private partnerships.	Est/Bud 2004-05	\$23.2	\$1.9	\$95.1	\$44.7	\$164.9
	Rec 2006-07	\$23.2	\$1.9	\$91.3	\$44.1	\$160.6

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>TEXAS TRANSPORTATION INSTITUTE</b>						
An increase of 3.8 percent (\$3.5 million in Other Funds) to provide for growth in sponsored research for 2006-07. This growth is primarily due to an increase in the Texas Department of Transportation Research Program and funding for the Transportation Studies Center in El Paso. The agency also estimates a slight increase in federal competitive research funds.						
	Est/Bud 2004-05	\$0.0	\$0.0	\$7.2	\$67.6	\$74.8
	Rec 2006-07	\$0.0	\$0.0	\$7.5	\$71.1	\$78.6

# JUDICIARY

## 2006–07 BIENNIAL RECOMMENDATIONS

ALL FUNDS recommendations for the Judiciary total \$456.7 million for the 2006–07 biennium, which is an increase of \$28.0 million, or 6.5 percent, from the 2004–05 biennium (Table 30).

For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$363.7 million, which is an increase of \$16.0 million, or 4.6 percent, from the 2004–05 biennium (Table 31).

Selected performance measures for agencies in the the Judiciary function are depicted in Table 32.

**TABLE 30  
ALL FUNDS: JUDICIARY**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004–05	RECOMMENDED 2006–07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$23.1	\$36.3	\$13.2	57.2%
Court of Criminal Appeals	27.2	27.1	(0.1)	(0.4)
First Court of Appeals District, Houston	5.3	5.9	0.6	12.1
Second Court of Appeals District, Fort Worth	4.4	4.6	0.2	4.3
Third Court of Appeals District, Austin	3.9	4.1	0.2	4.1
Fourth Court of Appeals District, San Antonio	4.2	4.4	0.2	3.6
Fifth Court of Appeals District, Dallas	7.3	8.1	0.8	10.9
Sixth Court of Appeals District, Texarkana	2.1	2.2	0.1	6.2
Seventh Court of Appeals District, Amarillo	2.8	2.9	0.1	1.8
Eighth Court of Appeals District, El Paso	2.6	2.2	(0.3)	(12.8)
Ninth Court of Appeals District, Beaumont	2.4	2.8	0.4	17.1
Tenth Court of Appeals District, Waco	2.0	2.2	0.3	14.7

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# JUDICIARY

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 30**  
**ALL FUNDS: JUDICIARY (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Eleventh Court of Appeals District, Eastland	\$2.2	\$2.3	\$0.1	5.0%
Twelfth Court of Appeals District, Tyler	2.2	2.3	0.1	4.6
Thirteenth Court of Appeals District, Corpus Christi	3.9	4.1	0.1	2.7
Fourteenth Court of Appeals District, Houston	5.4	5.9	0.5	9.0
Office of Court Administration, Texas Judicial Council	52.2	53.5	1.3	2.4
Office of the State Prosecuting Attorney	0.7	0.7	0.0	3.4
State Law Library	1.7	1.6	(0.1)	(5.3)
State Commission on Judicial Conduct	1.8	1.7	(0.1)	(5.9)
Judiciary Section, Comptroller's Department	180.5	184.1	3.6	2.0
Retirement and Group Insurance	87.1	93.4	6.3	7.2
Social Security and Benefit Replacement Pay	15.8	16.2	0.5	2.9
Lease Payments	4.9	5.0	0.1	1.9
Article IV, Special Provisions	0.0	0.0	0.0	0.0
Article Total (less Interagency Contracts)	\$428.7	\$456.7	\$28.0	6.5%
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# JUDICIARY

## 2006-07 BIENNIAL RECOMMENDATIONS

<b>TABLE 31 GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS: JUDICIARY</b>				
IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$7.6	\$8.2	\$0.6	7.4%
Court of Criminal Appeals	8.0	8.5	0.4	5.5
First Court of Appeals District, Houston	5.2	5.9	0.7	12.9
Second Court of Appeals District, Fort Worth	4.2	4.6	0.3	7.9
Third Court of Appeals District, Austin	3.8	4.1	0.3	6.6
Fourth Court of Appeals District, San Antonio	4.1	4.4	0.3	6.5
Fifth Court of Appeals District, Dallas	7.2	8.1	0.9	11.9
Sixth Court of Appeals District, Texarkana	2.1	2.2	0.1	7.1
Seventh Court of Appeals District, Amarillo	2.8	2.9	0.1	2.1
Eighth Court of Appeals District, El Paso	2.5	2.2	(0.3)	(11.4)
Ninth Court of Appeals District, Beaumont	2.4	2.8	0.4	18.1
Tenth Court of Appeals District, Waco	1.9	2.2	0.3	15.5
Eleventh Court of Appeals District, Eastland	2.1	2.3	0.1	6.3
Twelfth Court of Appeals District, Tyler	2.1	2.3	0.1	4.9
Thirteenth Court of Appeals District, Corpus Christi	3.8	4.1	0.3	7.6
Fourteenth Court of Appeals District, Houston	5.3	5.9	0.6	12.2
Office of Court Administration, Texas Judicial Council	40.6	41.6	1.0	2.4
Office of the State Prosecuting Attorney	0.7	0.7	0.0	3.4
State Law Library	1.6	1.5	(0.1)	(5.0)

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# JUDICIARY

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 31**  
**GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS: JUDICIARY (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Commission on Judicial Conduct	\$1.7	\$1.7	\$(0.0)	(0.9)%
Judiciary Section, Comptroller's Department	133.3	136.6	3.3	2.5
Retirement and Group Insurance	84.0	90.1	6.1	7.3
Social Security and Benefit Replacement Pay	15.6	16.0	0.5	2.9
Lease Payments	4.9	5.0	0.1	1.9
Article IV, Special Provisions	0.0	0.0	0.0	0.0
Article Total	\$347.6	\$363.7	\$16.0	4.6%

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

# JUDICIARY

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 32  
SELECTED PERFORMANCE MEASURES: JUDICIARY**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
<b>SUPREME COURT OF TEXAS</b> Disposition Rate	101.6%	100%	105%	105%
<b>COURT OF CRIMINAL APPEALS</b> Disposition Rate for Petitions for Discretionary Review Which are Granted	54%	54%	79%	79%
<b>14 COURTS OF APPEALS</b> Clearance Rate	97.7%	88.9%	100%	100%



# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 33  
RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: JUDICIARY**

IN MILLIONS  MAJOR BUDGET ISSUE AND DESCRIPTION	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>LEGAL SERVICES FOR THE INDIGENT</b> For basic civil legal services for indigents (\$12.8 million increase), and grants to counties for improved standards and services for indigent criminal defense services (\$1.4 million increase) from revenue dedicated for these purposes by statute. This funding is within the Supreme Court of Texas and the Office of Court Administration.	\$42.6	\$56.8	\$14.2	33.3%
<b>SALARIES FOR DISTRICT JUDGES &amp; PROSECUTORS</b> For district judge and prosecutor salaries, including salaries for nine new courts created by the Seventy-eighth Legislature, Regular Session and Third Called Special Session, 2003.	\$117.1	\$118.3	\$1.2	1.0%
<b>WITNESS EXPENSES</b> For travel expenses of witnesses called in criminal proceedings who reside outside the county where the trial is held.	\$1.2	\$2.2	\$1.0	83.3%
<b>APPELLATE COURT OPERATIONS</b> For intermediate and statewide final jurisdiction in civil and criminal cases (14 Courts of Appeals, Court of Criminal Appeals, and the Supreme Court of Texas), including pay increases for legal staff and travel expenses for the Supreme Court Rules Advisory Committee (a net increase of \$4.2 million in General Revenue).	\$66.3	\$70.5	\$4.2	6.3%

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006–07 BIENNIAL RECOMMENDATIONS

**TABLE 33**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: JUDICIARY (*CONTINUED*)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004–05	RECOMMENDED 2006–07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>MAJOR BUDGET ISSUE AND DESCRIPTION</b>				
<p><b>CONTINGENCY APPROPRIATION FOR SENATE BILL 978: MODEL FINES COLLECTION PROGRAM</b></p> <p>Spending out of General Revenue Fund to provide additional funding to the Supreme Court for basic civil legal services for the indigent (\$3.0 million) and the Judiciary Section, Comptroller’s Department for the visiting judge program (\$2.0 million), and related implementation costs at the Office of Court Administration (\$0.6 million and 4 full-time-equivalent positions) and the Comptroller of Public Accounts (\$0.6 million and a total of 8 full-time-equivalent positions) is contingent on legislation expanding the model fines court collection program to non-participating localities of a certain size and revenue to the General Revenue and General Revenue–Dedicated Funds from court costs, and fines exceeding the Comptroller’s revenue estimate. (Appropriations contingent on the Model Fines Collection Program total \$6.2 million and are included in Article IX, Sec. 14.01.)</p>				
<p><b>CONTINGENCY APPROPRIATION FOR SENATE BILL 368: JUDICIAL PAY RAISE</b></p> <p>Spending out of the General Revenue Fund (\$6.7 million) and Judicial Fund No. 573 (\$39.5 million) to provide a pay raise for judges and prosecutors and related increases in Judicial Retirement System (JRS) costs (\$44.9 million), and fund 12 new district courts created by the Seventy-ninth Legislature (\$1.4 million). Senate Bill 368 creates new revenues—a \$37 civil court filing fee and a \$4 criminal court cost—to fund the judicial pay raise, which would increase salaries for district judges and professional prosecutors to \$125,000, intermediate appellate court justices to \$137,500, and justices on the Supreme Court or judges on the Court of Criminal Appeals to \$150,000. (Appropriations contingent on passage of Senate Bill 368 total \$46.3 million and are included in Article IX, Sec. 14.38.)</p>				
<p>NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.</p>				

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 34**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: JUDICIARY**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>SUPREME COURT</b>						
Funding increase for grants to provide basic civil legal services for the indigent (a \$12.8 million increase in Other Funds).	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$15.3	\$15.3
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$28.1	\$28.1
Restores the 5 percent reduction in court operations (a \$0.4 million increase in the General Revenue Fund), provides pay increases to court legal staff (\$0.3 million increase in the General Revenue Fund), and provides travel expenses for the Supreme Court Rules Advisory Committee (\$0.2 million increase in the General Revenue Fund).	Est/Bud 2004-05	\$7.6	\$0.0	\$0.0	\$0.1	\$7.8
	Rec 2006-07	\$8.3	\$0.0	\$0.0	\$0.0	\$8.3
<b>COURT OF CRIMINAL APPEALS</b>						
Restores the 5 percent reduction in court operations (a \$0.4 million increase in the General Revenue Fund), provides pay increases to court legal staff (\$0.4 million increase in the General Revenue Fund), and provides funding for actual innocence training for judicial and court personnel (a \$0.3 million increase in Other Funds).	Est/Bud 2004-05	\$8.0	\$0.0	\$0.0	\$19.2	\$27.2
	Rec 2006-07	\$8.4	\$0.0	\$0.0	\$18.6	\$30.6

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 34**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: JUDICIARY (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>COURTS OF APPEALS (14 COURTS)</b> Funding increase for the 14 Courts of Appeals to restore 5 percent reduction from 2004-05 spending levels, to provide additional funding to the Ninth Court of Appeals in Beaumont, which was increased from a 3 to a 4 justice court by House Bill 2261, Seventy-eighth Legislature, Regular Session, and to provide a block grant for similar funding for same-sized courts (a \$4.0 million increase in the General Revenue Fund).	Est/Bud 2004-05	\$49.5	\$0.0	\$0.0	\$0.9	\$50.4
	Rec 2006-07	\$53.8	\$0.0	\$0.0	\$0.0	\$53.8
<b>OFFICE OF COURT ADMINISTRATION</b> Increases funding for grants to counties for improved services to indigent defendants (a \$1.4 million increase in General Revenue-Dedicated Funds).	Est/Bud 2004-05	\$0.0	\$27.3	\$0.0	\$0.0	\$27.3
	Rec 2006-07	\$0.0	\$28.7	\$0.0	\$0.0	\$28.7
<b>JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT</b> Maintains current staffing levels at the Public Integrity Unit (39.0 positions), with performance-based pay increases and related benefits and adds a position to the Motor Fuel Tax Fraud Division (an increase of \$0.6 million in the General Revenue Fund and \$16,943 in Other Funds).	Est/Bud 2004-05	\$4.4	\$0.0	\$0.0	\$1.8	\$6.2
	Rec 2006-07	\$4.9	\$0.0	\$0.0	\$1.8	\$6.7

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 34**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: JUDICIARY (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increases funding for district judge and prosecutor salaries, including salaries for nine new courts created by the Seventy-eighth Legislature, Regular Session and Third Called Special Session, 2003 (a \$1.2 million increase in the General Revenue Fund).	Est/Bud 2004-05	\$93.1	\$0.0	\$0.0	\$24.0	\$117.1
	Rec 2006-07	\$94.3	\$0.0	\$0.0	\$24.0	\$118.3
Increases funding for pay increases, related benefits, expert witness expenses, and increased costs of civil commitment proceedings at the Special Prosecution Unit (an increase of \$0.5 million in the General Revenue Fund).	Est/Bud 2004-05	\$1.1	\$0.0	\$0.0	\$2.7	\$3.8
	Rec 2006-07	\$1.6	\$0.0	\$0.0	\$2.7	\$4.3

# PUBLIC SAFETY AND CRIMINAL JUSTICE

## 2006-07 BIENNIAL RECOMMENDATIONS

ALL FUNDS recommendations for Public Safety and Criminal Justice total \$8.5 billion for the 2006-07 biennium, which is an increase of \$352.1 million, or 4.3 percent, from the 2004-05 biennium (Table 35).

For General Revenue and General Revenue-Dedicated Funds, the recommendations total \$7.0 billion, which is an increase of \$427.7 million, or 6.5 percent, from the 2004-05 biennium (Table 36).

Selected performance measures for agencies in the Public Safety and Criminal Justice function are depicted in Table 37.

**TABLE 35**  
**ALL FUNDS: PUBLIC SAFETY AND CRIMINAL JUSTICE**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07*	BIENNIAL CHANGE	PERCENTAGE CHANGE
Adjutant General's Department	\$90.7	\$96.7	\$6.0	6.6%
Alcoholic Beverage Commission**	60.2	72.4	12.2	20.3
Department of Criminal Justice**	4,898.3	5,053.3	154.9	3.2
Commission on Fire Protection	5.6	5.7	0.1	1.9
Commission on Jail Standards	1.8	1.7	(0.1)	(4.2)
Juvenile Probation Commission	266.9	270.5	3.6	1.4
Commission on Law Enforcement Officer Standards and Education	5.4	5.1	(0.2)	(4.4)
Texas Military Facilities Commission	47.5	24.8	(22.6)	(47.7)
Department of Public Safety**	986.8	901.3	(85.6)	(8.7)
Youth Commission	487.9	490.4	2.5	0.5
Retirement and Group Insurance	791.7	919.5	127.7	16.1

Continued on next page.

# PUBLIC SAFETY AND CRIMINAL JUSTICE

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 35**  
**ALL FUNDS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07*	BIENNIAL CHANGE	PERCENTAGE CHANGE
Social Security and Benefit Replacement Pay	\$290.3	\$295.4	\$5.1	1.8%
Bond Debt Service Payments	400.2	522.6	122.4	30.6
Lease Payments	4.0	4.0	(0.1)	(1.3)
Article Total (less Interagency Contracts)	\$8,172.4	\$8,524.6	\$352.1	4.3%

\*Does not adjust for appropriations made by, or transferred to House Bill 10.

\*\*Agency amounts do not include appropriations for Salary Schedule C commissioned peace officer pay raises and stipends included in Article IX.

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

# PUBLIC SAFETY AND CRIMINAL JUSTICE

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 36  
GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS:  
PUBLIC SAFETY AND CRIMINAL JUSTICE**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07*	BIENNIAL CHANGE	PERCENTAGE CHANGE
Adjutant General's Department	\$22.7	\$23.1	\$0.5	2.1%
Alcoholic Beverage Commission**	58.6	71.4	12.8	21.9
Department of Criminal Justice**	4,613.1	4,783.8	170.7	3.7
Commission on Fire Protection	5.6	5.7	0.1	2.1
Commission on Jail Standards	1.7	1.6	(0.1)	(4.4)
Juvenile Probation Commission	186.1	188.0	1.9	1.0
Commission on Law Enforcement Officer Standards and Education	5.2	5.0	(0.3)	(5.3)
Texas Military Facilities Commission	3.1	3.0	(0.1)	(4.4)
Department of Public Safety	11.1	23.6	12.5	112.7
Youth Commission	426.3	427.1	0.8	0.2
Retirement and Group Insurance	645.7	748.2	102.5	15.9
Social Security and Benefit Replacement Pay	233.1	237.0	3.9	1.7
Bond Debt Service Payments	399.6	522.2	122.5	30.7
Lease Payments	4.0	4.0	(0.1)	(1.3)
Article Total	\$6,615.9	\$7,043.6	\$427.7	6.5%

\*Does not adjust for appropriations made by, or transferred to House Bill 10.  
 \*\*Agency amounts do not include appropriations for Salary Schedule C commissioned peace officer pay raises and stipends included in Article IX.  
 NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.



# PUBLIC SAFETY AND CRIMINAL JUSTICE

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 37**  
**SELECTED PERFORMANCE MEASURES: PUBLIC SAFETY AND CRIMINAL JUSTICE**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
<b>ADJUTANT GENERAL'S DEPARTMENT</b>				
Total Number of Assigned Military Strength	20,140	20,042	20,112	20,115
<b>ALCOHOLIC BEVERAGE COMMISSION</b>				
Number of Inspections Made	117,460	106,000	116,104	128,447
Number of Licenses/Permits Issued	98,343	99,144	102,000	102,000
<b>DEPARTMENT OF CRIMINAL JUSTICE</b>				
Average Number of Felony Offenders Under Direct Supervision (Adult Probationers)	156,981	156,184	155,278	154,316
Average Number of Offenders Incarcerated	137,481	138,581	139,459	139,459
Average Number of Offenders in Contract Prisons and Privately Operated State Jails	11,236	11,198	11,375	11,375
Average Number of Inmates in Contractual Correctional Bed Capacity	0	0	1,361	3,004
Average Number of Offenders Under Active Parole Supervision	76,641	78,323	78,883	80,460
Three-year Recidivism Rate	28.3%	33.0%	30.0%	30.0%
<b>JUVENILE PROBATION COMMISSION</b>				
Rate of Successful Completion of Court-ordered Probation	87%	85%	87%	87%
Average Daily Population of Youth Supervised Under Deferred Prosecution	10,787	11,165	11,295	11,666
Average Daily Population of Youth Supervised Under Court-ordered Probation	23,801	25,586	24,052	24,251

Continued on next page.

# PUBLIC SAFETY AND CRIMINAL JUSTICE

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 37**  
**SELECTED PERFORMANCE MEASURES:**  
**PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
Average Daily Population of Youth Supervised Prior to Court Proceedings	6,402	6,914	6,587	6,610
Mandatory Student Attendance Days in Juvenile Justice Alternative Education Programs During the Regular School Year	107,812	118,523	130,299	143,245
<b>DEPARTMENT OF PUBLIC SAFETY</b>				
Traffic Law Violator Contacts	2,326,565	2,430,453	2,500,000	2,500,000
Number of Accident Reports Processed	373,287	600,000	700,000	700,000
Annual Texas Index Crime Rate	5,144	5,257	5,200	5,200
Number of Emergency Incidents Coordinated	4,150	2,032	2,000	2,000
<b>YOUTH COMMISSION</b>				
Average Daily Population: Institutional Programs	3,935	4,227	4,244	4,244
Average Daily Population: Contract Programs	608	600	539	613
Average Daily Population: Halfway House Programs	210	218	218	218
One-year Rearrest Rate	55%	54%	54%	54%

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 38  
RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: PUBLIC SAFETY AND CRIMINAL JUSTICE**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>MAJOR BUDGET ISSUE AND DESCRIPTION</b>				
<b>SCHEDULE C PAY RAISE AND STIPENDS</b>				
Increased funding (\$5.6 million in General Revenue Funds, \$8.5 million in General Revenue--Dedicated Funds, \$2.6 million in Federal Funds, and \$61.0 million in Other Funds appropriated in Article IX) for Salary Schedule C pay raises and stipends for commissioned peace officers with the Alcoholic Beverage Commission, the Department of Criminal Justice, the Parks and Wildlife Department, and the Department of Public Safety.	\$0.0	\$77.7	\$77.7	NA
<b>ALCOHOLIC BEVERAGE COMMISSION</b>				
Increased funding (\$12.9 million in General Revenue Funds) for enforcement and DWI prevention. Recommendations for fiscal years 2006 and 2007 include an increase of \$7.8 million in General Revenue Funds for increased enforcement on DWI issues, an increase of \$0.6 million in General Revenue Funds to achieve maximum effectiveness in prevention and education efforts, an increase of \$0.3 million in General Revenue Funds to enhance prosecution of administrative violations, an increase of \$3.5 million in General Revenue Funds for routine inspections of licensed premises, and an increase of \$0.7 million in General Revenue Funds for central administration, information resources, and support staff.	\$0.0	\$12.9	\$12.9	NA
<b>DEPARTMENT OF CRIMINAL JUSTICE</b>				
Increased funding (\$50.2 million in All Funds and \$55.4 million in General Revenue Funds) for community supervision diversion programs. Recommendations for fiscal years 2006 and 2007 include \$27.3 million for residential treatment and sanction beds and \$28.2 million for the reduction of probation caseloads. Recommendations also include \$2.5 million in General Revenue Funds for the Battering Intervention and Prevention Program.	\$127.9	\$178.1	\$50.2	39.3%

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 38**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES:**  
**PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
Increased funding (\$42.0 million in All Funds and \$66.5 million in General Revenue Funds) for the incarceration and treatment of adult offenders in state-owned institutions (excludes contracted temporary capacity). The projected average number of inmates incarcerated with these funds is 150,834 during fiscal years 2006 and 2007. Recommendations for fiscal years 2006 and 2007 include an increase of \$21.7 million in General Revenue Funds for institutional operations and maintenance to fund rising utility expenses and compensate for reductions in the federal State Criminal Alien Assistance Program; an increase of \$23.4 million in General Revenue Funds for contract prisons and privately operated state jails to compensate for a one-time General Revenue Fund reduction during fiscal years 2004 and 2005 for the sale of real property; and an increase of \$29.5 million in General Revenue Funds for rising inmate healthcare costs.	\$3,921.9	\$3,963.8	\$42.0	1.1%
Increased funding (\$63.7 million in All Funds and \$52.6 million in General Revenue Funds) for contracted temporary capacity as a result of projected increases in incarcerated populations. The projected average number of inmates in contracted temporary bed capacity during fiscal year 2006 is 1,361 and 3,004 during fiscal year 2007.	\$0.0	\$63.7	\$63.7	NA
Increased funding (\$14.7 million in All Funds and General Revenue Funds) for parole supervision. Recommendations for fiscal years 2006 and 2007 include \$4.7 million for projected increases in parole caseloads and \$10.0 million for parole substance abuse outpatient treatment. The projected average number of offenders under active parole supervision during fiscal year 2006 is 78,883 and 80,460 during fiscal year 2007.	\$152.9	\$167.5	\$14.7	9.6%
<b>DEPARTMENT OF PUBLIC SAFETY</b>				
An anticipated reduction of \$113.5 million in Federal Funds primarily related to the Motor Carrier Safety Assistance Program and disaster recovery and mitigation assistance during fiscal years 2004 and 2005.	\$169.3	\$55.7	\$(113.5)	(67.2)%

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 38  
RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES:  
PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS  MAJOR BUDGET ISSUE AND DESCRIPTION	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Increased funding (\$25.7 million in General Obligation Bond Proceeds) for the agency's building program including the expansion of a crime laboratory, a Texas Rangers headquarters, and other offices.	\$0.0	\$25.7	\$25.7	NA
Increased funding (\$6.0 million in State Highway Funds and \$2.4 million in Federal Funds) for the Criminal Intelligence Bureau and the Texas Security Alert and Analysis Center.	\$0.0	\$8.4	\$8.4	NA
<b>YOUTH COMMISSION</b>				
Reduced funding (\$8.3 million in All Funds and \$8.1 million in General Revenue Funds) for contract programs as a result of projected juvenile residential populations. The projected average daily population in contract programs during fiscal year 2006 is 539 and 613 during fiscal year 2007.	\$45.2	\$36.9	\$(8.3)	(18.3)%
Increased funding (\$9.7 million in All Funds and \$10.1 million in General Revenue Funds) for 24-months of operation of all agency-operated institutional facilities (including capacity additions during the 2004-05 biennium), phase II of the facility radio system upgrade, and a professional development training academy. The projected average daily population in institutional programs is 4,244 during fiscal years 2006 and 2007.	\$236.2	\$245.9	\$9.7	4.1%
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 39**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>ADJUTANT GENERAL'S DEPARTMENT</b> Increased funding (\$4.1 million in All Funds) to maintain, improve, modernize, and secure the agency's facilities. Recommendations for fiscal years 2006 and 2007 include \$4.7 million in general obligation bond proceeds.	Est/Bud 2004-05	\$3.4	\$0	\$27.7	\$2.9	\$34.1
	Rec 2006-07	\$3.5	\$0	\$29.6	\$5.1	\$38.2
<b>ALCOHOLIC BEVERAGE COMMISSION</b> Increased funding (\$12.9 million in General Revenue Funds) for enforcement and DWI prevention. Recommendations for fiscal years 2006 and 2007 include an increase of \$7.8 million in General Revenue Funds for increased enforcement on DWI issues, an increase of \$0.6 million in General Revenue Funds to achieve maximum effectiveness in prevention and education efforts, an increase of \$0.3 million in General Revenue Funds to enhance prosecution of administrative violations, an increase of \$3.5 million in General Revenue Funds for routine inspections of licensed premises, and an increase of \$0.7 million in General Revenue Funds for central administration, information resources, and support staff.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$12.9	\$0.0	\$0.0	\$0.0	\$12.9

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 39**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>DEPARTMENT OF CRIMINAL JUSTICE</b> Reduced funding (\$9.5 million in All Funds and \$8.6 million in General Revenue Funds) for basic adult community supervision (adult probation) as a result of projected decreases in direct supervision populations. The projected average number of felons under direct community supervision during fiscal year 2006 is 155,278 and 154,316 during fiscal year 2007.  Increased funding (\$50.2 million in All Funds and \$55.4 million in General Revenue Funds) for community supervision diversion programs. Recommendations for fiscal years 2006 and 2007 include \$27.3 million for residential treatment and sanction beds and \$28.2 million for the reduction of probation caseloads. Recommendations also include \$2.5 million in General Revenue Funds for the Battering Intervention and Prevention Program.	Est/Bud 2004-05	\$197.7	\$0.0	\$0.0	\$7.4	\$205.1
	Rec 2006-07	\$189.1	\$0.0	\$0.0	\$6.5	\$195.6
	Est/Bud 2004-05	\$120.1	\$2.5	\$0.0	\$5.2	\$127.9
	Rec 2006-07	\$175.5	\$0.0	\$0.0	\$2.6	\$178.1

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 39**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Increased funding (\$42.0 million in All Funds and \$66.5 million in General Revenue Funds) for the incarceration and treatment of adult offenders in state-owned institutions (excludes contracted temporary capacity). The projected average number of inmates incarcerated with these funds is 150,834 during fiscal years 2006 and 2007. Recommendations for fiscal years 2006 and 2007 include an increase of \$21.7 million in General Revenue Funds for institutional operations and maintenance to fund rising utility expenses and compensate for reductions in the federal State Criminal Alien Assistance Program; an increase of \$23.4 million in General Revenue Funds for contract prisons and privately operated state jails to compensate for a one-time General Revenue Fund reduction during fiscal years 2004 and 2005 for the sale of real property; and an increase of \$29.5 million in General Revenue Funds for rising inmate healthcare costs.</p>	Est/Bud 2004-05	\$3,729.6	\$22.4	\$42.1	\$127.7	\$3,921.9
	Rec 2006-07	\$3,796.2	\$24.3	\$34.3	\$109.1	\$3,963.8
<p>Increased funding (\$63.7 million in All Funds and \$52.6 million in General Revenue Funds) for contracted temporary capacity as a result of projected increases in incarcerated populations. The projected average number of inmates in contracted temporary bed capacity during fiscal year 2006 is 1,361 and 3,004 during fiscal year 2007.</p>	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$52.6	\$0.0	\$11.1	\$0.0	\$63.7
<p>Increased funding (\$6.5 million in All Funds) for the construction and repair of facilities. Recommendations for fiscal years 2006 and 2007 include \$80.0 million in general obligation bond proceeds.</p>	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$73.5	\$73.5
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$80.0	\$80.0

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 39**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increased funding (\$14.7 million in All Funds and General Revenue Funds) for parole supervision. Recommendations for fiscal years 2006 and 2007 include \$4.7 million for projected increases in parole caseloads and \$10.0 million for parole substance abuse outpatient treatment. The projected average number of offenders under active parole supervision during fiscal year 2006 is 78,883 and 80,460 during fiscal year 2007.	Est/Bud 2004-05	\$152.8	\$0.0	\$0.0	\$0.0	\$152.9
	Rec 2006-07	\$167.5	\$0.0	\$0.0	\$0.0	\$167.5
<b>JUVENILE PROBATION COMMISSION</b>						
Increased funding (\$2.1 million in transfers from the Foundation School Fund) for the Juvenile Justice Alternative Education Program (JJAEP) for projected mandatory student population increases during the regular school year. The projected number of mandatory student attendance days in the regular school year during fiscal year 2006 is 130,299 and 143,245 during fiscal year 2007.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$15.0	\$15.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$17.1	\$17.1
Increased funding (\$2.6 million in General Revenue Funds) for projected increases in juvenile probation supervision populations.	Est/Bud 2004-05	\$54.0	\$0.0	\$0.0	\$0.0	\$54.0
	Rec 2006-07	\$56.7	\$0.0	\$0.0	\$0.0	\$56.7

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 39**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>TEXAS MILITARY FACILITIES COMMISSION</b> Reduced funding (\$22.2 million in All Funds) for building maintenance and new facility construction primarily related to federal funding during fiscal years 2004 and 2005. Recommendations for fiscal years 2006 and 2007 include \$9.2 million in revenue bonds for major maintenance projects and armory roof replacements.	Est/Bud 2004-05	\$2.6	\$0.0	\$18.3	\$19.3	\$40.1
	Rec 2006-07	\$2.4	\$0.0	\$2.6	\$13.0	\$17.9
<b>DEPARTMENT OF PUBLIC SAFETY</b> An anticipated reduction of \$113.5 million in Federal Funds primarily related to the Motor Carrier Safety Assistance Program and disaster recovery and mitigation assistance during fiscal years 2004 and 2005.	Est/Bud 2004-05	\$0.0	\$0.0	\$169.3	\$0.0	\$169.3
	Rec 2006-07	\$0.0	\$0.0	\$55.7	\$0.0	\$55.7
Reduced funding (\$16.1 million in State Highway Funds) for driver license reengineering. Recommendations for fiscal years 2006 and 2007 include \$15.9 million in State Highway Funds (Other Funds) for the on-going operations of the system.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$31.9	\$31.9
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$15.9	\$15.9
Increased funding (\$8.7 million in General Revenue Funds) for the administration and vendor compensation for the Driver Responsibility Program.	Est/Bud 2004-05	\$1.0	\$0.0	\$0.0	\$0.0	\$1.0
	Rec 2006-07	\$9.7	\$0.0	\$0.0	\$0.0	\$9.7

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 39**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Reduced funding (\$11.7 million in All Funds and \$0.5 million in General Revenue-Dedicated Funds) for the Crash Records Information System (CRIS). The recommended funding level for fiscal years 2006 and 2007 is for the on-going operations of the system.	Est/Bud 2004-05	\$0.0	\$2.0	\$0.0	\$11.2	\$13.2
	Rec 2006-07	\$0.0	\$1.5	\$0.0	\$0.0	\$1.5
Increased funding (\$25.7 million in General Obligation Bond Proceeds) for the agency's building program including the expansion of a crime laboratory, a Texas Rangers headquarters, and other offices.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$25.7	\$25.7
Increased funding (\$6.0 million in State Highway Funds and \$2.4 million in Federal Funds) for the Criminal Intelligence Bureau and the Texas Security Alert and Analysis Center.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.0	\$2.4	\$6.0	\$8.4
Increased funding (\$5.6 million in State Highway Funds) for crime laboratory personnel to address increasing demands for evidence analysis.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$5.6	\$5.6
<b>TEXAS YOUTH COMMISSION</b>						
Reduced funding (\$8.3 million in All Funds and \$8.1 million in General Revenue Funds) for contract programs as a result of projected juvenile residential populations. The projected average daily population in contract programs during fiscal year 2006 is 539 and 613 during fiscal year 2007.	Est/Bud 2004-05	\$41.7	\$0.0	\$3.5	\$0.0	\$45.2
	Rec 2006-07	\$33.6	\$0.0	\$3.3	\$0.0	\$36.9

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 39**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increased funding (\$9.7 million in All Funds and \$10.1 million in General Revenue Funds) for 24-months of operation of all agency-operated institutional facilities (including capacity additions during the 2004-05 biennium), phase II of the facility radio system upgrade, and a professional development training academy. The projected average daily population in institutional programs is 4,244 during fiscal years 2006 and 2007.	Est/Bud 2004-05	\$223.2	\$0.0	\$10.6	\$2.5	\$236.2
	Rec 2006-07	\$233.3	\$0.0	\$11.1	\$1.5	\$245.9
Increased funding (\$2.5 million in All Funds) for construction and renovation of agency facilities. Recommendations for fiscal years 2006 and 2007 include \$10.7 million in general obligation bond proceeds.	Est/Bud 2004-05	\$0.1	\$0.0	\$0.1	\$8.0	\$8.2
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$10.7	\$10.7
Increased funding (\$0.9 million in All Funds and \$1.0 million in General Revenue Funds) for additional vocational program teachers.	Est/Bud 2004-05	\$29.4	\$0.0	\$13.3	\$20.0	\$62.7
	Rec 2006-07	\$30.5	\$0.0	\$12.6	\$20.5	\$63.6



# NATURAL RESOURCES

## 2006-07 BIENNIAL RECOMMENDATIONS

ALL FUNDS recommendations for Natural Resources total \$2.2 billion for the 2006-07 biennium, which is a decrease of \$74.7 million, or 3.2 percent, from the 2004-05 biennium (Table 40).

For General Revenue and General Revenue-Dedicated Funds, the recommendations total \$1.6 billion, which is a decrease of \$35.8 million, or 2.2 percent, from the 2004-05 biennium (Table 41).

Selected performance measures for agencies in the Natural Resources function are depicted in Table 42.

**TABLE 40  
ALL FUNDS: NATURAL RESOURCES**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	\$124.6	\$109.0	\$(15.6)	(12.5)%
Animal Health Commission	31.8	25.0	(6.7)	(21.2)
Commission on Environmental Quality	924.1	909.6	(14.5)	(1.6)
General Land Office and Veterans' Land Board	91.9	82.8	(9.1)	(9.9)
Trusted Programs Within the General Land Office	196.4	170.4	(26.0)	(13.2)
Parks and Wildlife Department*	482.7	448.7	(34.0)	(7.0)
Railroad Commission	110.6	112.5	1.9	1.7
Texas River Compact Commissions	0.7	0.7	0.0	(3.5)
Soil and Water Conservation Board	27.9	26.4	(1.5)	(5.3)
Water Development Board	88.6	82.4	(6.2)	(7.0)
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	50.3	54.4	4.1	8.1

Continued on next page.

# NATURAL RESOURCES

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 40**  
**ALL FUNDS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Retirement and Group Insurance	\$138.4	\$161.5	\$23.1	16.7%
Social Security and Benefit Replacement Pay	59.2	60.5	1.2	2.1
Bond Debt Service Payments	15.2	18.4	3.3	21.6
Lease Payments	2.2	2.1	(0.0)	(1.9)
Article Total (less Interagency Contracts)	\$2,323.3	\$2,248.6	\$(74.7)	(3.2)%
<p>*Amounts do not include appropriations for Salary Schedule C commissioned peace officer pay raises and stipends included in Article IX. NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.</p>				

# NATURAL RESOURCES

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 41**  
**GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS: NATURAL RESOURCES**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	\$89.3	\$80.8	\$(8.5)	(9.5)%
Animal Health Commission	16.6	17.0	0.4	2.4
Commission on Environmental Quality	817.9	790.8	(27.1)	(3.3)
General Land Office and Veterans' Land Board	29.5	23.3	(6.2)	(21.0)
Trusted Programs Within the General Land Office	11.1	0.7	(10.4)	(94.1)
Parks and Wildlife Department*	320.7	307.0	(13.7)	(4.3)
Railroad Commission	91.9	96.1	4.2	(4.5)
Texas River Compact Commissions	0.7	0.7	(0.0)	(3.5)
Soil and Water Conservation Board	18.8	18.8	0.0	0.1
Water Development Board	37.7	37.2	(0.6)	(1.5)
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	40.2	40.3	0.1	0.3
Retirement and Group Insurance	114.7	133.8	19.1	16.7
Social Security and Benefit Replacement Pay	48.3	49.2	1.0	2.0
Bond Debt Service Payments	4.3	10.2	5.9	136.8
Lease Payments	2.2	2.1	(0.0)	(1.9)
Article Total	\$1,643.9	\$1,608.1	\$(35.8)	(2.2)
<p>*Amounts do not include appropriations for Salary Schedule C commissioned peace officer pay raises and stipends included in Article IX. NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.</p>				



# NATURAL RESOURCES

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 42  
SELECTED PERFORMANCE MEASURES: NATURAL RESOURCES**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
<b>DEPARTMENT OF AGRICULTURE</b>				
Number of School District Staff Trained	9,500	10,000	10,000	10,000
<b>COMMISSION ON ENVIRONMENTAL QUALITY</b>				
Annual Percent of Stationary and Mobile Source Pollution Reductions in Non-attainment Areas	5.0%	6.0%	6.0%	6.0%
Average Cost Per Ton of Nitrous Oxides Reduced through the Texas Emissions Reduction Plan	\$5,811	\$5,000	\$5,000	\$5,000
<b>GENERAL LAND OFFICE</b>				
Amount of Revenue Detected from Audits	\$15,544,231	\$15,500,000	\$8,000,000	\$8,000,000
<b>GENERAL LAND OFFICE-TRUSTEED PROGRAMS</b>				
Percent of Eroding Shorelines Maintained, Protected or Restored for Gulf Beaches and Other Shorelines	24.5%	24.0%	7.0%	18.0%
<b>PARKS AND WILDLIFE DEPARTMENT</b>				
Number of State Parks in Operation	111	112	111	113
Number of Major/Repair Construction Projects Completed	82	103	55	58
<b>RAILROAD COMMISSION</b>				
Percentage of Known Orphaned Wells Plugged with the Use of State Funds	10.0%	11.4%	11.4%	10.9%
<b>SOIL AND WATER CONSERVATION BOARD</b>				
Number of Acres of Brush Treated	197,216	155,000	155,000	155,000
<b>WATER DEVELOPMENT BOARD</b>				
Total Dollars Financial Assistance Provided to Communities	\$431,349,206	\$437,715,000	\$433,615,000	\$440,550,000

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006–07 BIENNIAL RECOMMENDATIONS

**TABLE 43**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: NATURAL RESOURCES**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004–05	RECOMMENDED 2006–07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
<b>CONTINGENCY APPROPRIATION</b>				
Spending by the Railroad Commission out of General Revenue and General Revenue–Dedicated Funds includes \$7.4 million contingent on legislation changing the allocation of revenues from fees collected from oil and gas generators and creating additional revenues through new fees and fee increases.	\$110.6	\$112.5	\$1.9	1.7%
Total spending by the Animal Health Commission out of the General Revenue Fund for bovine brucellosis first point testing consists of \$0.9 million for 2006–07 contingent on legislation allowing the commission to increase veterinary health certificate fees.	\$31.8	\$25.1	(\$6.7)	(21.2)%
<b>ARTICLE IX APPROPRIATIONS</b>				
Contingent on legislation modifying the statutory limit on the use of funds for this purpose to interest earnings and revenue to General Revenue–Dedicated Funds (Coastal Protection Account No. 027) totaling at least \$40.8 million for the 2006–07 biennium, the General Land Office (including Trusteed Programs) is appropriated \$14.6 million out of General Revenue–Dedicated Funds (Coastal Protection Account No. 027) for coastal erosion projects. (See Article IX, Sec. 14.35.)				
Contingent on legislation extending the Petroleum Storage Tank (PST) reimbursement program and continuing the petroleum products delivery fee at 2004–05 rates, \$65.7 million in General Revenue–Dedicated Funds (including 54 full-time-equivalent positions) is appropriated to the Texas Commission on Environmental Quality. (Appropriations contingent on passage of House Bill 3540 or similar legislation are included in Article IX, Sec. 14.19.)				
Contingent on legislation transferring responsibility for the regulation of radioactive waste to the Texas Commission on Environmental Quality (TCEQ), \$0.9 million in General Revenue and 8.0 full-time-equivalent positions are transferred from the Department of State Health Services to the TCEQ, and an additional \$2.3 million in General Revenue is appropriated to the TCEQ for the permitting of a radioactive waste disposal site in Texas. (Appropriations contingent on passage of Senate Bill 1667 or similar legislation are included in Article IX, Sec. 14.51.)				

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 43**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<b>MAJOR BUDGET ISSUE AND DESCRIPTION</b>				
Restores 5 percent reduction in funding to the Railroad Commission out of the General Revenue Fund (\$2.4 million) and General Revenue-Dedicated Funds (\$0.2 million), including 9.5 full-time-equivalent positions for Oil and Gas Monitoring and Inspections. (Appropriations are included in Article IX, Sec. 14.32.)				
<b>METHOD-OF-FINANCE SUBSTITUTIONS: REPLACE GENERAL REVENUE WITH OTHER FUNDS AND BALANCES IN GENERAL REVENUE-DEDICATED ACCOUNTS</b>				
Replace General Revenue Funds used to fund water-related programs at the Texas Commission on Environmental Quality with balances in General Revenue-Dedicated Funds (Water Resource Management Account No. 153).	\$103.4	\$100.8	\$(2.6)	(2.5)%
Replace General Revenue Funds used to fund state park operations with General Revenue-Dedicated Funds (State Parks Account No. 64) reallocated from capital improvement and land acquisition projects (\$8.3 million).	\$87.3	\$87.6	\$0.3	0.3%
<b>SPENDING LIMITED TO REVENUE COLLECTIONS</b>				
Spending out of General Revenue-Dedicated Funds (Operating Permit Fee Account No. 5094) reduced to available revenue (a decrease of \$7.0 million) for Texas Commission on Environmental Quality.	\$61.9	\$54.9	\$(7.0)	(11.3)%
<b>LOCAL PARK GRANTS</b>				
For grants primarily to local governments to acquire and develop new parks or to renovate existing parks. The sporting goods sales tax allocation for local parks allowed by statute is \$31.0 million and is funded through the Texas Parks and Wildlife Department.	\$40.4	\$29.3	\$(11.1)	(27.5)%
<b>WATER SUPPLY PLANNING</b>				
For water supply planning, an increase of \$4.9 million out of the General Revenue Fund for water desalination activities (\$3.3 million and 2.0 full-time-equivalent positions) and regional water planning grants (\$1.6 million) at the Water Development Board.	\$19.4	\$23.6	\$4.2	21.6%

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 43**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
<b>CAPITAL IMPROVEMENTS AND MAJOR REPAIRS</b>				
Infrastructure maintenance and improvements at Texas Parks and Wildlife Department sites and facilities, includes a decrease in Federal Funds for completed projects and a decrease of \$2.7 million in General Revenue Funds and General Revenue-Dedicated Funds for allocated capital projects. Funding increases include \$42.1 million in bond proceeds for critical repairs at 32 facilities, construction of a new fish hatchery in East Texas, and expansion of the Admiral Nimitz State Historic Site; and \$0.8 million in Other Funds for a new game warden academy, and replacement of employee housing at Government Canyon State Park.	\$55.9	\$50.9	(\$5.0)	(8.9)%
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 44**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: NATURAL RESOURCES**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>DEPARTMENT OF AGRICULTURE</b>						
Reduced funding for boll weevil eradication due to successful eradication in nine of the fourteen eradication zones (a \$10.4 million decrease in General Revenue Funds).	Est/Bud 2004-05	\$41.0	\$0.0	\$0.0	\$0.0	\$41.0
	Rec 2006-07	\$30.6	\$0.0	\$0.0	\$0.0	\$30.6
Decrease in Other Funds (Texas Agriculture Fund No. 683) because of a one-time transfer to address insolvent loan programs (a \$10.0 million decrease).	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$10.0	\$10.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>ANIMAL HEALTH COMMISSION</b>						
Of the agency's total Federal Funds, a decrease primarily due to one-time funds for tuberculosis testing (\$3.0 million decrease); Homeland Security funds for personal computers, brucellosis testing equipment, and vehicles (\$1.0 million decrease); and funds for Avian Influenza outbreaks (\$1.0 million decrease).	Est/Bud 2004-05	\$0.0	\$0.0	\$15.2	\$0.0	\$15.2
	Rec 2006-07	\$0.0	\$0.0	\$8.0	\$0.0	\$8.0
<b>COMMISSION ON ENVIRONMENTAL QUALITY</b>						
Decrease in funding from General Revenue-Dedicated Clean Air Account No. 151 for Air Quality Assessment and Planning because of funding reductions in the Low-Income Vehicle Repair and Assistance (LIRAP) Program (\$11.9 million) offset by an increase (\$5.0 million) for an air quality field study in East Texas.	Est/Bud 2004-05	\$0.0	\$65.7	\$0.0	\$0.0	\$65.7
	Rec 2006-07	\$0.0	\$58.8	\$0.0	\$0.0	\$58.8

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 44**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Decrease in funding from General Revenue-Dedicated Funds (Waste Management Account No. 549) for Petroleum Storage Tank (PST) Administration since the Petroleum Storage Remediation program sunsets in fiscal year 2007, and as a result related administrative costs significantly decline (an \$11.0 million decrease). (Article IX, Sec. 14.19 provides an appropriation contingent on passage of legislation extending the PST reimbursement program, which would increase this amount by \$4.5 million in fiscal year 2007.)	Est/Bud 2004-05	\$0.0	\$21.3	\$0.0	\$0.0	\$21.3
	Rec 2006-07	\$0.0	\$10.3	\$0.0	\$0.0	\$10.3
For water-related programs, an overall net decrease of \$2.6 million which includes an increase in funding from General Revenue-Dedicated Funds (Water Resource Management Account No. 153) to replace General Revenue Funds (a \$40.0 million increase).	Est/Bud 2004-05	\$53.0	\$50.4	\$0.0	\$0.0	\$103.4
	Rec 2006-07	\$10.5	\$90.4	\$0.0	\$0.0	\$100.9
Increase in Other Funds (Appropriated Receipts) for pipeline engine grants authorized by House Bill 2914, Seventy-seventh Legislature, 2001 (a \$15.2 million increase).	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$2.8	\$2.8
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$18.0	\$18.0
Decrease in funding from General Revenue-Dedicated Funds (Operating Permit Account No. 5094) to equal available revenue (a \$7.0 million decrease).	Est/Bud 2004-05	\$0.0	\$61.9	\$0.0	\$0.0	\$61.9
	Rec 2006-07	\$0.0	\$54.9	\$0.0	\$0.0	\$54.9

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 44**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
An agency-wide decrease of \$5.1 million in Federal Funds primarily due to completion of multi-year non-point source pollution and public drinking water operator certification grants (an \$8.0 million decrease) and nonrecurring grants for clean up of a Superfund site and a leaking underground storage tank (a \$3.4 million decrease) and Air Quality/BioWatch grants (a \$5.0 million increase).	Est/Bud 2004-05	\$0.0	\$0.0	\$95.1	\$0.0	\$95.1
	Rec 2006-07	\$0.0	\$0.0	\$90.1	\$0.0	\$90.1
Increase in funding from General Revenue-Dedicated Low-level Radioactive Waste Management Account No. 088 for contractor services associated with the evaluation of an application for a low-level radioactive waste disposal site. (See Article IX, Sec. 14.51 for additional appropriation to TCEQ for radioactive waste regulatory activities.)	Est/Bud 2004-05	\$0.0	\$2.0	\$0.0	\$0.0	\$2.0
	Rec 2006-07	\$0.0	\$2.7	\$0.0	\$0.0	\$2.7
<b>GENERAL LAND OFFICE-TRUSTEED PROGRAMS</b> Of the agency's total Federal Funds, a decrease primarily due to a one-time appropriation for the Coastal Impact Assistance Program (a \$12.7 million decrease).	Est/Bud 2004-05	\$0.0	\$0.0	\$21.6	\$0.0	\$21.6
	Rec 2006-07	\$0.0	\$0.0	\$8.0	\$0.0	\$8.0

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 44**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>PARKS AND WILDLIFE DEPARTMENT</b> For state park operations, provide funding sufficient to restore 2004-05 spending levels and more by adding \$3.0 million for 2006-07 contingent on revenue to General Revenue-Dedicated Funds (State Parks Account No. 64) exceeding the Comptroller's revenue estimate.  For capital improvements and repair projects, a net decrease in funding due to a \$35.8 million decrease in bond proceeds for completed projects, an \$8.9 million decrease in Federal Funds for completed projects and the transfer of local park acquisition and development grants to the Local Parks strategy, and a \$2.7 million decrease in General Revenue Funds and General Revenue-Dedicated Funds allocated for capital projects. New bond projects include: \$15.0 million to replace a fish hatchery in East Texas with debt service paid from freshwater fish stamp dedicated by statute for inland fish hatchery repairs and replacement; \$18.1 million for critical repairs at 32 facilities; and \$9.0 million for expansion of the Admiral Nimitz State Historic Site.	Est/Bud 2004-05	\$72.3	\$29.4	\$0.8	\$2.5	\$105.0
	Rec 2006-07	\$69.6	\$32.6	\$0.2	\$0.5	\$102.9
	Est/Bud 2004-05	\$1.0	\$6.7	\$9.2	\$39.0	\$55.9
	Rec 2006-07	\$0.0	\$4.9	\$0.3	\$45.7	\$50.9

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006–07 BIENNIAL RECOMMENDATIONS

**TABLE 44**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Restore funding for game warden cadet classes, law enforcement, wildlife conservation, coastal fisheries, and other activities to 2004–05 spending levels by adding \$3.0 million for 2006–07 contingent on revenue to General Revenue–Dedicated Funds (Game, Fish and Water Safety Account No. 9) exceeding the Comptroller’s revenue estimate. Decrease in Federal Funds primarily due to one-time grants for commercial shrimpers for economic losses due to increased imports and fuel costs (a \$6.2 million decrease).	Est. Bud 2004–05	\$4.1	\$122.2	\$63.3	\$3.3	\$192.9
	Rec 2006–07	\$0.2	\$126.1	\$56.6	\$0.5	\$183.5
Reduced funding for local park grants (a \$5.4 million decrease in General Revenue Funds; i.e., the statutory sporting goods sales tax allocation, an \$8.9 million decrease in General Revenue–Dedicated Funds, and a \$3.7 million increase in Federal Funds for local park acquisition and development grants).	Est/Bud 2004–05	\$15.8	\$9.8	\$14.7	\$0.0	\$40.4
	Rec 2006–07	\$10.5	\$0.9	\$17.9	\$0.0	\$29.3
No funding for park land acquisitions in 2006–07 (a \$7.1 million decrease in Federal Funds due to one-time habitat acquisitions at Government Canyon State Park and the transfer of grant funds to the Local Parks strategy, and a \$1.5 million decrease in Other Funds).	Est/Bud 2004–05	\$0.0	\$0.6	\$7.1	\$1.5	\$9.2
	Rec 2006–07	\$0.0	\$0.6	\$0.0	\$0.0	\$0.6

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 44**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>RAILROAD COMMISSION</b> New fee revenues totaling \$7.4 million (\$7.2 million in General Revenue and General Revenue-Dedicated Funds) for the oil and gas migration project (\$1.5 million), oil and gas monitoring and inspections (\$0.8 million and 9.5 full-time positions), computer replacements (\$1.7 million), vehicles (\$0.4 million), and a targeted salary increase (\$2.7 million), contingent upon passage of legislation increasing fee revenues from oil and gas operators.	Est/Bud 2004-05	\$59.2	\$37.8	\$11.3	\$7.4	\$110.6
	Rec 2006-07	\$57.8	\$38.3	\$10.9	\$5.5	\$112.5
<b>WATER DEVELOPMENT BOARD</b> For regional water planning activities, the replacement of General Revenue Funds with Other Funds (Water Assistance Fund No. 480), a \$5.1 million decrease in General Revenue Funds; restoring funding for regional water planning activities to 2002-03 levels (a \$1.6 million increase in General Revenue Funds); and adding funding for water desalination projects (a \$3.3 million increase in General Revenue Funds).	Est/Bud 2004-05	\$8.9	\$0.0	\$2.4	\$8.1	\$19.3
	Rec 2006-07	\$7.9	\$0.0	\$3.2	\$12.6	\$23.6
For agricultural water conservation projects, a decrease in funding out of Other Funds (Agricultural Water Conservation Fund No. 358) due to the completion of a one-time \$10.0 million pilot project (a \$5.4 million decrease in Other Funds).	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$11.4	\$11.4
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$6.0	\$6.0

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 44**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>DEBT SERVICE PAYMENTS-NON-SELF SUPPORTING G.O. WATER BONDS</b> Increase in debt service requirements for the Economically Distressed Area Program because of additional \$25 million bond issue in fiscal year 2004 and an additional \$25 million to be issued in fiscal year 2007 (an increase of \$3.4 million in General Revenue Funds and \$0.5 million in Other Funds).	Est/Bud 2004-05	\$25.0	\$0.0	\$0.0	\$4.5	\$29.5
	Rec 2006-07	\$28.4	\$0.0	\$0.0	\$5.0	\$33.5

# BUSINESS AND ECONOMIC DEVELOPMENT

## 2006-07 BIENNIAL RECOMMENDATIONS

ALL FUNDS recommendations for Business and Economic Development total \$18.6 billion for the 2006-07 biennium, which is an increase of \$3.0 billion, or 18.9 percent, from the 2004-05 biennium (Table 45).

For General Revenue and General Revenue-Dedicated Funds, the recommendations total \$661.0 million, which is a decrease of \$22.3 million, or 3.3 percent, from the 2004-05 biennium (Table 46).

Selected performance measures for agencies in the Business and Economic Development function are depicted in Table 47.

**TABLE 45**  
**ALL FUNDS: BUSINESS AND ECONOMIC DEVELOPMENT**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	\$323.4	\$314.3	\$(9.1)	(2.8)%
Texas Lottery Commission	411.3	400.1	(11.2)	(2.7)
Office of Rural Community Affairs	193.9	194.8	1.0	0.5
Department of Transportation	12,220.8	15,151.5	2,930.7	24.0
Texas Workforce Commission	2,143.8	2,132.7	(11.1)	(0.5)
Reimbursements to the Unemployment Compensation Benefit Account	51.6	33.7	(18.0)	(34.8)
Retirement and Group Insurance	374.3	445.1	70.8	18.9
Social Security and Benefit Replacement Pay	126.2	128.6	2.4	1.9
Bond Debt Service Payments	2.3	9.7	7.4	316.6
Lease Payments	0.3	1.0	0.6	195.0
Article Total (less Interagency Contracts)	\$15,683.2	\$18,644.3	\$2,961.1	18.9%
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# BUSINESS AND ECONOMIC DEVELOPMENT

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 46  
GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS:  
BUSINESS AND ECONOMIC DEVELOPMENT**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	\$15.0	\$12.3	\$(2.6)	(17.6)%
Texas Lottery Commission	411.3	400.1	(11.2)	(2.7)
Office of Rural Community Affairs	13.2	13.1	(0.1)	(0.9)
Department of Transportation	1.6	1.0	(0.6)	(36.0)
Texas Workforce Commission	205.2	192.5	(12.7)	(6.2)
Reimbursements to the Unemployment Compensation Benefit Account	16.7	10.4	(6.3)	(37.6)
Retirement and Group Insurance	12.8	15.7	2.9	23.0
Social Security and Benefit Replacement Pay	4.9	5.1	0.2	5.0
Bond Debt Service Payments	2.3	9.7	7.4	316.6
Lease Payments	0.3	1.0	0.6	195.0
Article Total	\$683.2	\$661.0	\$(22.3)	(3.3)%
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# BUSINESS AND ECONOMIC DEVELOPMENT

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 47  
SELECTED PERFORMANCE MEASURES: BUSINESS AND ECONOMIC DEVELOPMENT**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
<b>DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS</b>				
Percent of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	1.8%	1.4%	1.8%	1.8%
<b>TEXAS LOTTERY COMMISSION</b>				
Number of Retailer Business Locations Licensed	16,521	16,800	16,800	16,800
<b>OFFICE OF RURAL COMMUNITY AFFAIRS</b>				
Percent of Small Communities Population Benefiting from Public Facility, Economic Development, Housing Assistance, and Planning Projects	37%	36%	36%	36%
Number of New Community/Economic Development Contracts Awarded	278	325	325	325
<b>DEPARTMENT OF TRANSPORTATION</b>				
Percent of Construction Projects Completed on Budget	98.8%	95%	98.8%	98.8%
Percent of Construction Projects Completed on Time	74.2%	74%	81.5%	82%
<b>TEXAS WORKFORCE COMMISSION</b>				
Entered Employment Rate	61.4%	61%	63%	63%
Choices Participation Rate	45.4%	43.5%	47.3%	47.3%
Average Number of Children Served Per Day, Transitional and At-Risk Services	87,600	87,706	85,777	84,098
Skills Development Customers Served	13,799	11,414	9,339	9,384

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 48  
RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: BUSINESS AND ECONOMIC DEVELOPMENT**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
<b>TEXAS DEPARTMENT OF TRANSPORTATION</b>				
For the management and plan development necessary for systematic preservation and expansion of the transportation system.	\$1,279.5	\$1,523.1	\$243.6	19.0%
For acquiring right-of-way.	\$775.2	\$1,056.4	\$281.2	36.3%
For the construction, reconstruction, rehabilitation, and traffic management of roads, bridges, and facilities on the state transportation system through private sector contracts.	\$4,268.7	\$6,129.1	\$1,860.4	43.6%
For maintaining and operating the highway system.	\$4,791.4	\$5,261.2	\$469.8	9.8%
<b>TEXAS WORKFORCE COMMISSION</b>				
Fund child care services to enable TANF Choices, transitioning, and the at-risk families to work or train for work and administration. The net reductions are primarily related to a one-time draw of previously available balances of Federal Funds and increased matching funds.	\$915.9	\$897.9	\$(18.0)	(1.9)%
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 49**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS</b>						
Replace \$3.3 million in General Revenue Funds with Other Funds from Appropriated Receipts related to Manufactured Housing operations.	Est/Bud 2004-05	\$3.5	\$0.0	\$0.0	\$3.7	\$7.2
	Rec 2006-07	\$0.2	\$0.0	\$0.0	\$7.0	\$7.2
Reduce Federal Funds by \$7.6 million for the Low-Income Home Energy Assistance Program to anticipated Federal Funds levels.	Est/Bud 2004-05	\$0.0	\$0.0	\$88.4	\$0.0	\$88.4
	Rec 2006-07	\$0.0	\$0.0	\$80.8	\$0.0	\$80.8
Reduce Federal Funds by \$1.8 million for affordable housing loans and grants through the HOME program to anticipated Federal Funds levels.	Est/Bud 2004-05	\$0.0	\$0.0	\$88.5	\$0.0	\$88.5
	Rec 2006-07	\$0.0	\$0.0	\$86.7	\$0.0	\$86.7
<b>TEXAS LOTTERY COMMISSION</b>						
Reduce General Revenue-Dedicated Funds by \$13.1 million for lottery operations.	Est/Bud 2004-05	\$0.0	\$386.4	\$0.0	\$0.0	\$386.4
	Rec 2006-07	\$0.0	\$373.3	\$0.0	\$0.0	\$373.3
Increase General Revenue Funds by \$1.9 million for bingo regulation.	Est/Bud 2004-05	\$24.8	\$0.0	\$0.0	\$0.0	\$24.8
	Rec 2006-07	\$26.7	\$0.0	\$0.0	\$0.0	\$26.7

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 49**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>OFFICE OF RURAL COMMUNITY AFFAIRS</b> Increase Federal Funds by \$0.9 million including a \$1.2 million increase in funding for the Community Development Block Grant program and a decrease of \$0.3 million for federal rural hospital grant programs.	Est/Bud 2004-05	\$4.0	\$0.0	\$179.9	\$0.0	\$183.9
	Rec 2006-07	\$4.0	\$0.0	\$180.8	\$0.0	\$184.8
<b>TEXAS DEPARTMENT OF TRANSPORTATION</b> Increase All Funds by \$23.8 million for general aviation; authorize funding transfers between strategies as necessary for contracting to serve as the point of coordination for state officials and agencies to contact to use state aircraft to access remote and rural areas and to provide necessary hangar space, maintenance, and services for the use of state aircraft; require the sale of surplus aircraft and associated equipment determined by the agency; and include a General Revenue Funds reduction of \$0.5 million for the Special Aviation Loan Fund, a \$1.5 million increase in anticipated Federal Funds, and an increase of \$22.8 million in Other Funds for aviation grants.	Est/Bud 2004-05	\$0.5	\$0.0	\$70.5	\$54.5	\$125.5
	Rec 2006-07	\$0.0	\$0.0	\$72.0	\$77.3	\$149.3
Increase All Funds by \$243.6 million for transportation construction planning, design, and management costs, which includes \$135.8 million in anticipated Texas Mobility Funds; \$82.2 million in anticipated Federal Funds; and \$25.6 million in State Highway Funds.	Est/Bud 2004-05	\$0.0	\$0.0	\$556.5	\$723.0	\$1,279.5
	Rec 2006-07	\$0.0	\$0.0	\$638.7	\$884.4	\$1,523.1

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 49**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**BUSINESS AND ECONOMIC DEVELOPMENT (*CONTINUED*)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increase All Funds by \$281.2 million for acquiring right-of-way, which included increases of \$206.4 million in anticipated Texas Mobility Funds; \$95.5 million in State Highway Funds; and an anticipated decrease of \$20.7 million in Federal Funds.	Est/Bud 2004-05	\$0.0	\$0.0	\$221.8	\$553.4	\$775.2
	Rec 2006-07	\$0.0	\$0.0	\$201.1	\$855.3	\$1,056.4
Increase All Funds by \$1.86 billion for transportation construction funding, which includes increases of \$1.2 billion in anticipated Texas Mobility Funds and \$892.5 million in Federal Funds offset by decreases of \$194.5 million in State Highway Funds and \$40 million in General Obligation Bond Proceeds.	Est/Bud 2004-05	\$0.0	\$0.0	\$3,064.3	\$1,204.4	\$4,268.7
	Rec 2006-07	\$0.0	\$0.0	\$3,956.9	\$2,172.2	\$6,129.1
Increase All Funds by \$469.8 million for maintaining and operating the transportation system, which includes increases of \$191.8 million in Federal Funds and \$278.0 million in State Highway Funds.	Est/Bud 2004-05	\$0.0	\$0.0	\$1,860.1	\$2,930.3	\$4,791.4
	Rec 2006-07	\$0.0	\$0.0	\$2,051.9	\$3,208.3	\$5,261.2
Increase All Funds by \$1.9 million for public transportation grants which includes an increase of \$3.5 million in State Highway Funds offset by an anticipated decrease of \$1.6 million in Federal Funds.	Est/Bud 2004-05	\$0.0	\$0.0	\$55.3	\$56.6	\$111.9
	Rec 2006-07	\$0.0	\$0.0	\$53.7	\$60.1	\$113.8

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 49**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increase All Funds for the Medical Transportation Program by \$21.3 million, which includes increases of \$20.4 million in State Highway Funds (of which \$10 million will be used for a Medicaid Match and \$6.4 million will support client workforce transportation) and \$0.9 million in Interagency Contracts.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$166.1	\$166.1
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$187.4	\$187.4
Increase funding for the registration and titling of motor vehicles by \$11.7 million in State Highway Funds.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$119.4	\$119.4
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$131.1	\$131.1
Increase funding by \$5.0 million in State Highway Funds for automobile burglary prevention contingent upon the enactment of Senate Bill 1874, or similar legislation by the Seventy-ninth Legislature, Regular Session, related to automobile burglary and theft prevention.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$20.5	\$20.5
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$25.5	\$25.5
Reduce funding by \$25.8 million in State Highway Funds for the one-time purchase of new ferries and ferry dock repairs occurring in fiscal years 2004-05.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$68.0	\$68.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$42.2	\$42.2

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006–07 BIENNIAL RECOMMENDATIONS

**TABLE 49**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**BUSINESS AND ECONOMIC DEVELOPMENT (*CONTINUED*)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increase funding by \$15.9 million in All Funds to support the additional finance tools and funding of \$2.9 billion in All Funds available to the agency and \$40.0 million in State Highway Funds to pay the purchase option price under the lease with an option to purchase relating to the design, construction, and renovation of the department's Houston District office headquarters facilities.	Est/Bud 2004–05	\$0.0	\$0.0	\$0.0	\$325.4	\$325.4
	Rec 2006–07	\$0.0	\$0.0	\$0.0	\$381.3	\$381.3
Reduce \$23.0 million in All Funds for traffic safety by \$20.0 million in State Highway Funds for amounts transferred to the Department of Public Safety for the State Traffic Enforcement Program and reduce grant funding by \$3.0 million in Federal Funds that are not anticipated to be available in the 2006–07 biennium.	Est/Bud 2004–05	\$0.0	\$0.0	\$46.0	\$29.6	\$75.6
	Rec 2006–07	\$0.0	\$0.0	\$43.0	\$9.6	\$52.6
Increase funding for Travel Information by \$3.7 million in State Highway Funds for additional operating expenses related to promoting tourism.	Est/Bud 2004–05	\$0.0	\$0.0	\$0.0	\$36.4	\$36.4
	Rec 2006–07	\$0.0	\$0.0	\$0.0	\$40.1	\$40.1

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 49**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p><b>TEXAS WORKFORCE COMMISSION</b></p> <p>Reduce All Funds for the Skills Development Program by \$4.4 million. Reduce \$14.6 million in General Revenue Funds and reallocate a portion of those funds to Child Care and Project Reintegration of Offenders (RIO). Increase \$10.2 million in Other Funds contingent upon the enactment of Senate Bill 1177, or similar legislation by the Seventy-ninth Legislature, Regular Session. These amounts include administrative support costs for the program.</p> <p>Reduce All Funds by \$0.4 million for Project RIO. Increase \$2.3 million in General Revenue Funds, which provides individuals services, such as job preparation and job search assistance to individuals during incarceration and after release. Reduce \$3.6 million in federal Temporary Assistance for Needy Families (TANF) offset by an increase of \$0.9 million in federal Workforce Investment Act for Youth funds.</p> <p>Reduce \$18.0 million in All Funds for the Child Care and Development program, which includes an increase of \$0.8 million in General Revenue Funds, a net decrease of \$18.0 million in Child Care and Development Federal Funds (a reduction of \$23.7 million for one-time draws of previously available balances and \$5.7 million increase in state and local matching funds to provide child care for qualified clients), and a decrease of \$0.8 million in Other Funds.</p>	Est/Bud 2004-05	\$25.0	\$0.0	\$0.0	\$0.0	\$25.0
	Rec 2006-07	\$10.4	\$0.0	\$0.0	\$10.2	\$20.6
	Est/Bud 2004-05	\$13.2	\$0.0	\$3.6	\$0.0	\$16.8
	Rec 2006-07	\$15.5	\$0.0	\$0.9	\$0.0	\$16.4
	Est/Bud 2004-05	\$139.8	\$0.0	\$770.3	\$5.8	\$915.9
	Rec 2006-07	\$140.6	\$0.0	\$752.3	\$5.0	\$897.9

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 49**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increase \$11.6 million in Other Funds for Child Care Foster families with an increase in interagency contract funds from the Department of Family and Protective Services.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$25.6	\$25.6
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$37.2	\$37.2
Reduce \$8.9 million in Federal Funds for Trade Adjustment Assistance (TAA) for dislocated workers.	Est/Bud 2004-05	\$0.0	\$0.0	\$32.3	\$0.0	\$32.3
	Rec 2006-07	\$0.0	\$0.0	\$23.4	\$0.0	\$23.4
Increase \$3.5 million in Unemployment Insurance Federal Funds for the payment of unemployment claims, appeals, and tax collection for qualified individuals searching for work.	Est/Bud 2004-05	\$0.0	\$0.0	\$206.8	\$0.0	\$206.8
	Rec 2006-07	\$0.0	\$0.0	\$210.3	\$0.0	\$210.3
Increase \$8.9 million in All Funds for the Temporary Assistance for Needy Families (TANF) Choices Program, which include increases of \$3.2 million in Federal Funds and \$5.7 million in Interagency Contracts (for the Medical Transportation Program) to provide employment, training, and job retention services for applicants, recipients, and former recipients of TANF cash assistance.	Est/Bud 2004-05	\$0.0	\$0.0	\$163.5	\$7.1	\$170.6
	Rec 2006-07	\$0.0	\$0.0	\$166.7	\$12.8	\$179.5

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 49**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increase \$10.5 million in All Funds for the Workforce Investment Act Program, which includes an increase of \$11.6 million in Workforce Investment Act Federal Funds and a reduction of \$1.1 million in Other Funds to provide employment and training services to adults and dislocated workers.	Est/Bud 2004–05	\$0.0	\$0.0	\$370.9	\$1.1	\$372.0
	Rec 2006–07	\$0.0	\$0.0	\$382.5	\$0.0	\$382.5
Reduce funding by \$0.8 million in All Funds for the Food Stamp and Employment Training Program. This includes an increase of \$0.1 million in General Revenue Funds reallocated from the Skills Development Program, reducing \$1.4 million in Federal Funds, and increasing Other Funds by \$0.5 million.	Est/Bud 2004–05	\$7.4	\$0.0	\$26.9	\$0.3	\$34.6
	Rec 2006–07	\$7.5	\$0.0	\$25.5	\$0.8	\$33.8
Reduce funding by \$3.3 million in All Funds for employment and community service, which includes federal AmeriCorp funds because of direct funding to the OneStar National Service Commission, Inc. to oversee Texas’ participation in corporation for national and community service programs. This includes a reduction of \$3.4 million in Federal Funds and an increase of \$0.1 million in General Revenue–Dedicated Funds.	Est/Bud 2004–05	\$1.2	\$1.9	\$85.3	\$1.3	\$89.7
	Rec 2006–07	\$1.2	\$2.0	\$81.9	\$1.3	\$86.4

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 49**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS:**  
**BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Reduction of \$9.5 million in All Funds, which includes reductions of \$0.7 million in General Revenue for the Apprenticeship Program, Career Schools and Colleges, Veterans Education, Civil Rights Division, and one-time expenses for retirees, and \$0.5 million in General Revenue-Dedicated Funds for the close out of Telecommunications Infrastructure Fund, and \$8.3 million in Federal Funds for various Federal Programs.</p>	Est/Bud 2004-05	\$7.7	\$8.9	\$233.5	\$4.3	\$254.4
	Rec 2006-07	\$7.0	\$8.4	\$225.2	\$4.3	\$244.9
<p><b>REIMBURSEMENT TO THE UNEMPLOYMENT COMPENSATION BENEFIT ACCOUNT</b></p> <p>Reduction of \$17.9 million in All Funds, which includes reductions of \$6.3 million in General Revenue-Dedicated Funds and \$11.6 million in Other Funds for an anticipated decrease in payments to former state employees.</p>						
	Est/Bud 2004-05	\$0.0	\$16.7	\$0.0	\$34.9	\$51.6
	Rec 2006-07	\$0.0	\$10.4	\$0.0	\$23.3	\$33.7





# REGULATORY

## 2006–07 BIENNIAL RECOMMENDATIONS

ALL FUNDS recommendations for Regulatory total \$539.8 million for the 2006–07 biennium, which is a decrease of \$129.8 million, or 19.4 percent, from the 2004–05 biennium (Table 50).

For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$520.6 million, which is a decrease of \$127.2 million, or 19.6 percent, from the 2004–05 biennium (Table 51).

Selected performance measures for agencies in the Regulatory function are depicted in Table 52.

**TABLE 50  
ALL FUNDS: REGULATORY**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004–05*	RECOMMENDED 2006–07	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	\$14.3	\$15.5	\$1.1	8.0%
Department of Banking	22.5	34.8	12.3	54.5
Board of Barber Examiners	1.2	0.0	(1.2)	(100.0)
Board of Chiropractic Examiners	0.7	0.7	0.0	6.6
Office of Consumer Credit Commissioner	6.8	8.3	1.4	20.5
Cosmetology Commission	4.7	0.0	(4.7)	(100.0)
Credit Union Department	3.3	3.8	0.5	15.3
Texas State Board of Dental Examiners	3.1	3.3	0.1	4.6
Funeral Service Commission	1.3	1.2	(0.0)	(3.5)
Board of Professional Geoscientists	0.8	0.9	0.1	8.1
Health Professions Council	1.2	0.3	(0.9)	(75.4)
Department of Insurance	98.9	97.6	(1.3)	(1.3)

Continued on next page.

# REGULATORY

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 50**  
**ALL FUNDS: REGULATORY (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Office of Public Insurance Counsel	\$2.0	\$2.0	\$(0.0)	(0.3)%
Board of Professional Land Surveying	0.7	0.7	0.0	6.5
Department of Licensing and Regulation	23.2	28.1	(4.9)	(21.1)
Board of Medical Examiners	16.5	15.2	(1.3)	(7.8)
Board of Nurse Examiners	9.6	12.9	3.3	34.9
Optometry Board	0.8	0.8	0.0	2.0
Structural Pest Control Board	2.9	2.8	(0.1)	(3.9)
Board of Pharmacy	6.5	6.8	0.2	3.7
Executive Council of Physical Therapy & Occupational Therapy Examiners	1.8	1.8	0.0	1.2
Board of Plumbing Examiners	3.2	3.4	0.2	6.9
Board of Podiatric Medical Examiners	0.4	0.4	0.0	1.9
Board of Examiners of Psychologists	1.4	1.4	(0.0)	(0.1)
Racing Commission	21.6	20.8	(0.8)	(3.6)
Real Estate Commission	9.2	9.5	0.3	2.9
Residential Construction Commission	6.3	6.8	0.5	8.3
Savings and Loan Department	6.9	12.9	5.9	85.6
Securities Board	10.4	10.9	0.5	4.9
Board of Tax Professional Examiners	0.3	0.4	0.1	18.4

Continued on next page.

# REGULATORY

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 50**  
**ALL FUNDS: REGULATORY (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Utility Commission of Texas	\$185.8	\$27.5	\$(158.3)	(85.2)%
Office of Public Utility Counsel	3.5	3.3	(0.2)	(5.0)
Board of Veterinary Medical Examiners	1.2	1.2	0.0	0.2
Workers' Compensation Commission	111.4	108.5	(2.9)	(2.6)
Retirement and Group Insurance	54.1	63.1	9.0	16.6
Social Security and Benefit Replacement Pay	24.6	25.1	0.5	2.2
Lease Payments	10.7	11.9	1.2	11.4
Article Total (less Interagency Contracts)	\$669.5	\$539.8	\$(129.8)	(19.4)%
<p>*Does not adjust for appropriations made by, or transferred to House Bill 10.</p> <p>NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.</p>				

# REGULATORY

## 2006-07 BIENNIAL RECOMMENDATIONS

<b>TABLE 51 GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS: REGULATORY</b>				
IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	\$4.7	\$4.8	\$0.1	2.0%
Department of Banking	22.4	34.7	12.3	54.9
Board of Barber Examiners	1.2	0.0	(1.2)	(100.0)
Board of Chiropractic Examiners	0.7	0.7	0.1	8.2
Office of Consumer Credit Commissioner	6.8	8.3	1.4	20.5
Credit Union Department	3.3	3.8	0.5	15.3
Cosmetology Commission	4.0	0.0	(4.0)	(100.0)
Texas State Board of Dental Examiners	2.8	2.9	0.1	4.1
Funeral Service Commission	1.2	1.1	(0.0)	(3.3)
Board of Professional Geoscientists	0.8	0.9	0.1	8.1
Health Professions Council	0.9	0.0	(0.9)	(100.0)
Department of Insurance	98.1	97.1	(1.1)	(1.1)
Office of Public Insurance Counsel	2.0	1.9	(0.1)	(5.0)
Board of Professional Land Surveying	0.7	0.7	0.0	6.5
Department of Licensing and Regulation	22.0	27.2	(5.2)	(23.6)
Board of Medical Examiners	16.4	15.1	(1.3)	(7.9)
Board of Nurse Examiners	8.1	11.6	3.5	42.5
Optometry Board	0.7	0.7	0.0	3.1

Continued on next page.

# REGULATORY

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 51  
GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS: REGULATORY  
(CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Structural Pest Control Board	\$2.5	\$2.5	\$0.0	0.8%
Board of Pharmacy	6.5	6.7	0.2	3.7
Executive Council of Physical Therapy & Occupational Therapy Examiners	1.7	1.7	0.1	3.8
Board of Plumbing Examiners	3.1	3.4	0.2	7.5
Board of Podiatric Medical Examiners	0.4	0.4	0.0	3.0
Board of Examiners of Psychologists	1.3	1.3	(0.0)	(3.5)
Racing Commission	21.6	20.8	(0.8)	(3.6)
Real Estate Commission	8.8	9.1	0.3	3.0
Residential Construction Commission	6.3	6.8	0.5	8.3
Savings and Loan Department	6.9	12.9	5.9	85.6
Securities Board	10.4	10.9	0.5	4.9
Board of Tax Professional Examiners	0.3	0.4	0.1	18.4
Public Utility Commission of Texas	185.1	26.6	(158.5)	(85.6)
Office of Public Utility Counsel	3.5	3.3	(0.2)	(5.0)
Board of Veterinary Medical Examiners	1.2	1.2	0.0	0.2
Workers' Compensation Commission	102.3	101.4	(0.9)	(0.9)

Continued on next page.

# REGULATORY

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 51  
GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS: REGULATORY  
(CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Retirement and Group Insurance	\$54.1	\$63.1	\$9.0	\$16.6
Social Security and Benefit Replacement Pay	24.3	24.8	0.5	2.2
Lease Payments	\$10.7	\$11.9	\$1.2	11.4%
Article Total	\$647.7	\$520.6	\$(127.2)	(19.6)%
<p>*Does not adjust for appropriations made by, or transferred to House Bill 10. NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.</p>				

# REGULATORY

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 52  
SELECTED PERFORMANCE MEASURES: REGULATORY**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
<b>ALL AGENCIES</b>				
Total Number of New Individual Licenses Issued	158,123	100,128	110,885	111,516
<b>DEPARTMENT OF INSURANCE</b>				
Number of Complaints Resolved	32,483	32,200	32,200	32,200
<b>PUBLIC UTILITY COMMISSION</b>				
Average Annual Residential Telephone Bill in Texas as a Percentage of the National Average	63.8%	76.6%	65%	65%
Average Annual Residential Electric Bill from Competitive Suppliers as a Percentage of the National Average	146.25%	149.9%	140.7%	148%
Average Price of Electricity per kWh in Texas for Residential Customers from Competitive Suppliers as a Percentage of the National Residential Average	112.7%	102.9%	104.1%	109.6%
Percent of Texas Cities Served by Three or More Certified Telecommunication Providers	85.9%	83.5%	86%	86%
<b>WORKERS' COMPENSATION COMMISSION</b>				
Number of Inspections, Consultations, and Investigations Provided to Employees	3,512	3,680	3,680	3,680
Percentage of Benefit Dispute Cases Resolved by the Commission's Informal Dispute Resolution System	86%	83%	86%	86%
Percentage of Medical Dispute Cases Resolved by Initial Administrative Decision	88%	85%	87%	87%
Average Number of Days to Resolve Benefit Dispute	46	57	46	46



# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 53  
RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: REGULATORY**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
<b>BOARD OF BARBER EXAMINERS</b> Ends funding for the agency as a separate entity and transfers financial oversight, funding and FTEs to the Texas Department of Licensing and Regulation contingent upon the enactment of Senate Bill 411, or similar legislation by the Seventy-ninth Legislature, Regular Session, relating to the regulation of barbers and cosmetologists by the Texas Department of Licensing and Regulation and the abolition of the State Board of Barber Examiners and the Texas Cosmetology Commission.	\$1.2	\$0.0	\$(1.2)	(100.0)%
<b>COSMETOLOGY COMMISSION</b> Ends funding for the agency as a separate entity and transfers financial oversight, funding and FTEs to the Texas Department of Licensing and Regulation contingent upon the enactment of Senate Bill 411, or similar legislation by the Seventy-ninth Legislature, Regular Session, relating to the regulation of barbers and cosmetologists by the Texas Department of Licensing and Regulation and the abolition of the State Board of Barber Examiners and the Texas Cosmetology Commission.	\$4.7	\$0.0	\$(4.7)	(100.0)%
<b>TEXAS DEPARTMENT OF LICENSING AND REGULATION</b> Increases offset a \$2.2 million reduction in alignment with amounts requested by the agency with \$1.5 million for the Electricians Program, Legal Services Contract Program, and Combative Sports Program contingent upon an increase in fee generated revenue to cover all increases and \$5.6 million for transferring the duties, funding, and full-time-equivalent positions for the Board of Barber Examiners and the Cosmetology Commission contingent upon the enactment of Senate Bill 411, or similar legislation by the Seventy-ninth Legislature, Regular Session, relating to the regulation of barbers and cosmetologists by the Texas Department of Licensing and Regulation and the abolition of the State Board of Barber Examiners and the Texas Cosmetology Commission.	\$23.2	\$28.1	\$5.6	21.4%

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 53**  
**RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: REGULATORY (CONTINUED)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
<b>PUBLIC UTILITY COMMISSION</b> For energy assistance to low-income residential electric customers.	\$157.4	\$0.0	\$(157.4)	(100.0)%
<b>TEXASONLINE</b> The TexasOnline program allows regulated entities and persons to apply for a number of both new and renewal occupational licenses, permits, and registrations over the Internet.	\$4.5	\$5.8	\$1.3	28.9%
NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.				

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 54**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: REGULATORY**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>STATE OFFICE OF ADMINISTRATIVE HEARINGS</b> Increase All Funds by \$1.2 million from a net increase of \$0.1 million in General Revenue (a reduction of \$0.2 million in General Revenue for five percent savings and increase of \$0.3 million in General Revenue for a portion of funding for 57 Administrative Law Judge salaries) and a net increase of \$1.1 million in Other Funds (an increase of \$0.4 in interagency contracts from the hourly rate to \$100 per hour from \$90 per hour for those agencies charged an hourly rate and an increase of \$0.5 million from State Highway Fund No. 006 for Administrative Licenses Revocation hearings for the Department of Public Safety and a \$0.2 million increase from State Highway Fund No. 006 for portion of of funding for 57 Administrative Law Judge salaries).	Est/Bud 2004-05	\$4.7	\$0.0	\$0.0	\$9.6	\$14.3
	Rec 2006-07	\$4.8	\$0.0	\$0.0	\$10.7	\$15.5
<b>DEPARTMENT OF BANKING</b> Increase contingency funding for bank examinations by \$11.1 million in General Revenue Funds and adds 57.0 full-time-equivalent positions to maintain regulatory standards if significant changes in the industry occur with the requirement that all increases be covered by new revenue.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$11.1	\$0.0	\$0.0	\$0.0	\$11.1

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 54**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increase contingency funding for bank examinations by \$1.2 million in General Revenue Funds and adds 10.0 full-time-equivalent positions with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$1.2	\$0.0	\$0.0	\$0.0	\$1.2
<b>BOARD OF BARBER EXAMINERS</b>						
Ends agency funding as a separate entity and 13.0 full-time-equivalent positions for the agency and subsequently transfers financial oversight, funding and 12.0 full-time-equivalent positions to the Texas Department of Licensing and Regulation contingent upon the enactment of Senate Bill 411, or similar legislation by the Seventy-ninth Legislature, Regular Session, relating to the regulation of barbers and cosmetologists by the Texas Department of Licensing and Regulation and the abolition of the State Board of Barber Examiners and the Texas Cosmetology Commission.	Est/Bud 2004-05	\$1.2	\$0.0	\$0.0	\$0.0	\$1.2
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>OFFICE OF CONSUMER CREDIT COMMISSIONER</b>						
Increase contingency funding and adds 3.0 full-time-equivalent positions for motor vehicle sales finance industry licensing and enforcement by \$0.4 million in General Revenue Funds with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.4	\$0.0	\$0.0	\$0.0	\$0.4

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 54**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increase contingency funding for motor vehicle sales finance and payday lending industry licensing and enforcement by \$1.0 million in General Revenue Funds and add 9.0 full-time-equivalent positions to maintain regulatory standards changes in the industry occur with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$1.0	\$0.0	\$0.0	\$0.0	\$1.0
<b>COSMETOLOGY COMMISSION</b>						
Ends agency funding as a separate entity and 43.0 full-time-equivalent positions and subsequently transfers financial oversight, funding and 40.5 full-time-equivalent positions to the Texas Department of Licensing and Regulation contingent upon the enactment of Senate Bill 411, or similar legislation by the Seventy-ninth Legislature, Regular Session, relating to the regulation of barbers and cosmetologists by the Texas Department of Licensing and Regulation and the abolition of the State Board of Barber Examiners and the Texas Cosmetology Commission.	Est/Bud 2004-05	\$4.0	\$0.0	\$0.0	\$0.7	\$4.7
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>CREDIT UNION DEPARTMENT</b>						
Increase contingency funding for examiner staff salaries by \$0.1 million in General Revenue Funds with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 54**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Increase contingency funding for Credit Union examinations by \$0.3 million in General Revenue Funds and add 3.0 full-time-equivalent positions in fiscal year 2006 and 5.0 full-time-equivalent positions in fiscal year 2007 to maintain regulatory standards if significant changes in the industry occur with the requirement that all increases be covered by new revenues.</p>	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.3	\$0.0	\$0.0	\$0.0	\$0.3
	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<p>Increase contingency funding for Credit Union examinations and agency operations by \$0.1 million in General Revenue funds with the requirement that all increases be covered by new revenues.</p>	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>HEALTH PROFESSIONS COUNCIL</b>						
<p>Reduce General Revenue Funds by \$0.9 million due to eliminating funding and 5.0 full-time-equivalent positions for the Office of Patient Protection compared to 2004-05 estimated expenditures. A total amount of \$1.2 million in All Funds estimated to be available for this program was not funded.</p>	Est/Bud 2004-05	\$0.9	\$0.0	\$0.0	\$0.3	\$1.2
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.3	\$0.3
	Est/Bud 2004-05	\$0.9	\$0.0	\$0.0	\$0.3	\$1.2
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.3	\$0.3
<b>DEPARTMENT OF INSURANCE</b>						
<p>Reduce All Funds by \$1.5 million for collecting and analyzing market data and providing information and reports, which include reductions of \$0.9 million in General Revenue Funds; \$0.5 million in General Revenue-Dedicated Funds; and \$0.2 million in Federal Funds.</p>	Est/Bud 2004-05	\$27.0	\$13.7	\$0.2	\$0.3	\$41.2
	Rec 2006-07	\$26.2	\$13.2	\$0.0	\$0.3	\$39.7
	Est/Bud 2004-05	\$27.0	\$13.7	\$0.2	\$0.3	\$41.2
	Rec 2006-07	\$26.2	\$13.2	\$0.0	\$0.3	\$39.7

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 54**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>DEPARTMENT OF LICENSING AND REGULATION</b> Reduce All Funds by \$2.2 million including \$0.9 million in Federal Funds related to the expiration of funds for the Weather Modification Program grant and \$1.3 million in General Revenue (6 percent) in alignment with amounts requested by the agency.  Increase General Revenue Funds by \$1.2 million and add 12.0 full-time-equivalent positions contingent upon the enactment of Senate Bill 411, or similar legislation by the Seventy-ninth Legislature, Regular Session, relating to the regulation of barbers and cosmetologists by the Texas Department of Licensing and Regulation and the abolition of the State Board of Barber Examiners and the Texas Cosmetology Commission, by transferring financial oversight and funding from the Board of Barber Examiners.  Increase All Funds by \$4.4 million and add 40.5 full-time-equivalent positions contingent upon the enactment of Senate Bill 411, or similar legislation by the Seventy-ninth Legislature, Regular Session, relating to the regulation of barbers and cosmetologists by the Texas Department of Licensing and Regulation and the abolition of the State Board of Barber Examiners and the Texas Cosmetology Commission, by transferring financial oversight and funding from the Cosmetology Commission.	Est/Bud 2004-05	\$19.4	\$0.0	\$0.9	\$0.3	\$20.6
	Rec 2006-07	\$18.1	\$0.0	\$0.0	\$0.3	\$18.4
	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$1.2	\$0.0	\$0.0	\$0.0	\$1.2
	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$3.8	\$0.0	\$0.0	\$0.6	\$4.4
	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$3.8	\$0.0	\$0.0	\$0.6	\$4.4

Continued on next page.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 54**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increase contingency funding for the Combative Sports Program by \$0.2 million in General Revenue Funds with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$0.6	\$0.0	\$0.0	\$0.0	\$0.6
	Rec 2006-07	\$0.8	\$0.0	\$0.0	\$0.0	\$0.8
Increase contingency funding for the Legal Services Contract Program by \$0.3 million in General Revenue Funds with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.3	\$0.0	\$0.0	\$0.0	\$0.3
Increase contingency funding for the Electricians Program by \$1.0 million in General Revenue Funds with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$2.0	\$0.0	\$0.0	\$0.0	\$2.0
	Rec 2006-07	\$3.0	\$0.0	\$0.0	\$0.0	\$3.0
<b>BOARD OF MEDICAL EXAMINERS</b>						
Reduce General Revenue-Dedicated Funds by \$1.1 million for anticipated reductions in collections from \$80 surcharges applied to biennial physician licenses and renewals as of January 1, 2005.	Est/Bud 2004-05	\$4.7	\$6.1	\$0.0	\$0.0	\$10.8
	Rec 2006-07	\$4.7	\$5.0	\$0.0	\$0.0	\$9.7
<b>BOARD OF NURSE EXAMINERS</b>						
Increase contingency funding for criminal records checks of new Licensed Vocational Nurse applicants by \$0.8 million in General Revenue Funds and add 2.5 full-time-equivalent positions with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.8	\$0.0	\$0.0	\$0.0	\$0.8

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 54**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increase contingency funding for criminal records checks of renewal applicants by \$2.4 million in General Revenue Funds and add 2.5 full-time-equivalent positions with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$2.4	\$0.0	\$0.0	\$0.0	\$2.4
Increase contingency funding for peer assistance by \$0.2 million in General Revenue Funds with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$1.0	\$0.0	\$0.0	\$0.0	\$1.0
	Rec 2006-07	\$1.2	\$0.0	\$0.0	\$0.0	\$1.2
<b>RACING COMMISSION</b>						
Reduce \$2.0 million in General Revenue Funds for a one-time reimbursement of expenses related to hosting the Breeders' Cup at Lone Star Park in fiscal year 2005.	Est/Bud 2004-05	\$2.0	\$19.6	\$0.0	\$0.0	\$21.6
	Rec 2006-07	\$0.0	\$19.6	\$0.0	\$0.0	\$19.6
Increase contingency funding for the Texas Bred Program for each new horse racetrack that begins operation by \$0.3 million in General Revenue-Dedicated Funds each year with the requirement that all increases be covered by new revenue.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.6	\$0.0	\$0.0	\$0.6

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 54**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increase contingency funding by \$0.3 million each year in General Revenue—Dedicated Funds and add 5.0 full-time-equivalent positions for each new horse race track that begins operation with the requirement that all increases be covered by new revenue.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.6	\$0.0	\$0.0	\$0.6
<b>SAVINGS AND LOAN DEPARTMENT</b>						
Increase contingency funding for savings and loan examinations by \$1.3 million in General Revenue Funds and add 7.0 full-time-equivalent positions in fiscal year 2006 and 10.0 full-time-equivalent positions in fiscal year 2007 to maintain regulatory standards if significant changes in the industry occur with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$1.3	\$0.0	\$0.0	\$0.0	\$1.3
Increase contingency funding for mortgage broker examinations by \$3.7 million in General Revenue Funds and adds 3.0 full-time-equivalent positions to maintain regulatory standards if significant changes in the industry occur with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$3.7	\$0.0	\$0.0	\$0.0	\$3.7
Increase contingency funding for mortgage broker examinations by \$1.0 million in General Revenue Funds and add 7.0 full-time-equivalent positions with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$1.8	\$0.0	\$0.0	\$0.0	\$1.8
	Rec 2006-07	\$2.8	\$0.0	\$0.0	\$0.0	\$2.8

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 54**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<b>SECURITIES BOARD</b>						
Increase contingency funding for the acquisition of information technology, investor education, and daily operations by \$0.5 million in General Revenue Funds and adds 1.0 full-time-equivalent position with the requirement that all increases be covered by new revenues.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5
<b>PUBLIC UTILITY COMMISSION</b>						
Reduce funding for the Low Income Discount program by \$157.4 million in General Revenue-Dedicated Funds.	Est/Bud 2004-05	\$0.0	\$157.4	\$0.0	\$0.0	\$157.4
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Reduce funding for telephone and electric utility rate cases by \$1 million in All Funds, which includes a reduction of \$1.1 million in General Revenue Funds and an increase of \$0.1 million in General Revenue-Dedicated Funds.	Est/Bud 2004-05	\$5.6	\$0.6	\$0.0	\$0.2	\$6.4
	Rec 2006-07	\$4.4	\$0.7	\$0.0	\$0.2	\$5.4
<b>OFFICE OF PUBLIC UTILITY COUNSEL</b>						
Reduce funding from General Revenue-Dedicated Funds by \$0.5 million and replaces with \$0.5 million from General Revenue Funds for participation in electric proceedings.	Est/Bud 2004-05	\$0.0	\$0.5	\$0.0	\$0.0	\$0.5
	Rec 2006-07	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5

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# BUDGET ISSUES AND RECOMMENDATIONS

## 2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 54**  
**SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE— DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Reduce funding for participation in electric proceedings by \$0.2 million in General Revenue Funds.	Est/Bud 2004-05	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>WORKERS' COMPENSATION COMMISSION</b>						
Reduce General Revenue Funds by \$0.5 million for salary and other operating costs and reduces General Revenue-Dedicated Funds by \$0.4 million for liability payments.	Est/Bud 2004-05	\$94.6	\$7.7	\$0.0	\$0.0	\$102.3
	Rec 2006-07	\$94.1	\$7.3	\$0.0	\$0.0	\$101.4
Reduce funding by \$2.1 million in Other Funds for a one-time grant from the Texas Mutual Insurance Company for health care provider reviews.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$2.1	\$2.1
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

