

SUMMARY OF HOUSE COMMITTEE
SUBSTITUTE FOR SENATE BILL 1
FOR THE 2006 -2007 BIENNIUM



79TH LEGISLATIVE SESSION

Legislative Budget Board
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INTRODUCTION

The House Committee on Appropriation’s recommended appropriations for state government operations for the 2006–07 biennium total \$137.5 billion from all fund sources. The recommendations provide a \$10.9 billion, or

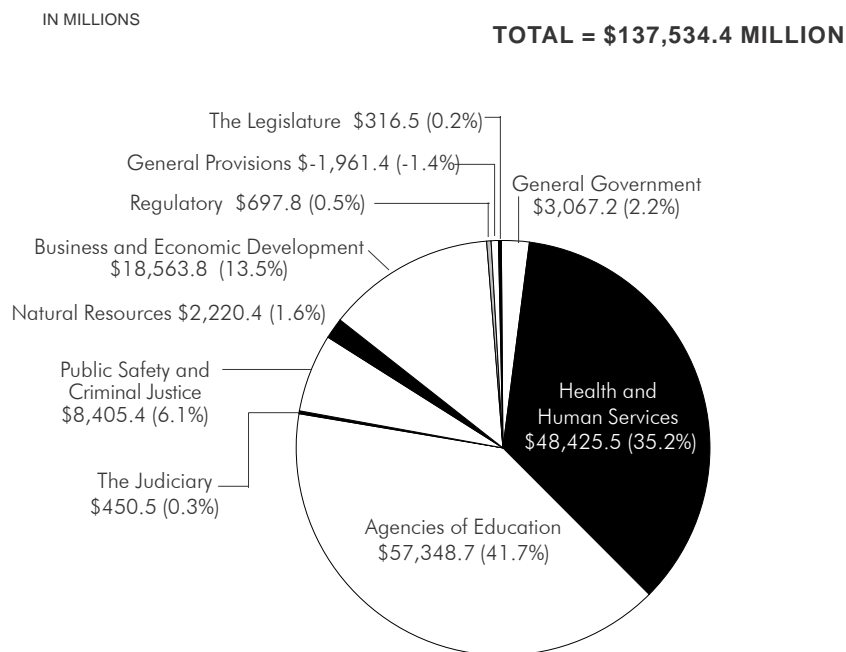
8.6 percent, increase from the 2004–05 biennial level.

General Revenue funding, including funds dedicated within the General Revenue Fund, totals \$71.5 billion for the 2006–07 biennium, an increase

of \$6.0 billion, or 9.1 percent, over the anticipated 2004–05 biennial spending level. Figures 1 and 2 show the 2006–07 recommendations by government function.

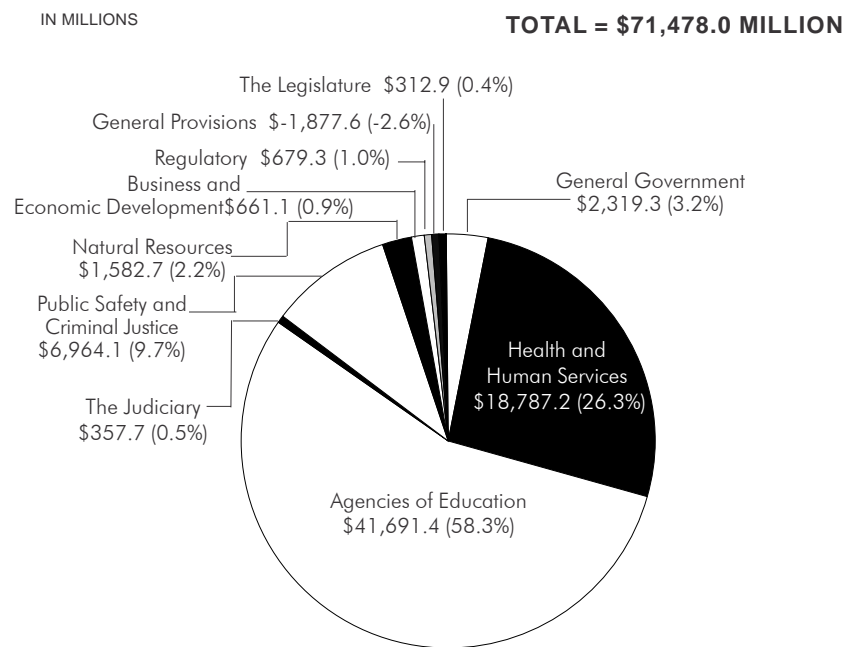
2006–07 BIENNIAL RECOMMENDATIONS

**FIGURE 1
ALL FUNDS**



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**



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 House Committee on Appropriation’s recommendations include funding for the following key budget items. (Noted funding increases or decreases are from the 2004–05 biennial spending level.)

EDUCATION

- \$3.0 billion as a contingency appropriation to fund the provisions of House Bill 2.
- \$24.9 billion in All Funds for the Foundation School Program. This includes a \$200 million increase to extend funding to the Existing Debt Allotment and Instructional Facilities Allotment. Also included is a \$1.1 billion increase in General Revenue Funds to maintain current enrollment growth, maintain law obligations, ensure equity, and account for a one-month deferral of funding for the current biennium, and 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 \$0.2 billion increase in General Revenue Funds. The recommendations also reflect projected growth of \$0.1 billion in General Revenue–Dedicated Funds, primarily in tuition and fees.
- Indirect cost recovery for the general academic and health-related institutions was removed, resulting

in a \$0.5 billion decrease in General Revenue–Dedicated Funds. Indirect cost recovery totaled \$0.4 billion in the 2004–05 biennium.

HEALTH AND HUMAN SERVICES

- \$36.9 billion in All Funds (\$14.0 billion in General Revenue and General Revenue–Dedicated Funds) for Medicaid programs. This represents an increase of \$3.8 billion in All Funds, and \$2.1 billion in General Revenue and General Revenue–Dedicated Funds, to serve anticipated increases in the number of clients, create a Medicaid buy-in program, increase community care waiver programs, and address cost growth.
- \$1.0 billion in All Funds (\$0.3 billion in General Revenue Funds) for the Children’s Health Insurance Program. Funding covers projected client caseloads, addresses cost growth, adjusts assumptions on client cost sharing, and restores dental, vision, and hospice benefits.
- \$0.3 billion in All Funds (\$0.3 billion in General Revenue and General Revenue–Dedicated Funds) for Child and Adult Protective Services reform. (It is anticipated that amounts for the Child Protective Services Program will be included in a supplemental appropriations bill for fiscal year 2005 with a carry-forward mechanism into the 2006–07 biennium.)

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, replace one-time land sale receipts, and partially compensate for decreases in Federal Funds.

EMPLOYEE BENEFITS

- \$3.0 billion 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

- \$1.2 billion in All Funds for debt service payments on bonds and other long-term financing. This includes an increase of \$0.2 billion in General Revenue Funds to cover principal and interest needs for existing general obligation and tuition revenue bonds.

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.

POLICY RECOMMENDATIONS

- \$1.7 billion in General Revenue Fund savings are included in the recommendations resulting from analyses of state government efficiency and operations.

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
Article I - General Government	\$3,479.9	\$3,067.2	\$(412.7)	(11.9)%
Article II - Health and Human Services	44,002.9	48,425.5	4,422.5	10.1
Article III - Agencies of Education	51,539.1	57,348.7	5,809.6	11.3
Public Education	34,600.5	39,874.2	5,273.6	15.2
Higher Education	16,938.6	17,474.5	536.0	3.2
Article IV - The Judiciary	428.7	450.5	21.8	5.1
Article V - Public Safety and Criminal Justice	8,172.4	8,405.4	223.0	2.9
Article VI - Natural Resources	2,323.3	2,220.4	(102.9)	(4.4)
Article VII - Business and Economic Development	15,683.2	18,563.8	2,880.6	18.4
Article VIII - Regulatory	669.5	697.8	28.2	4.2
Article IX - General Provisions**	0.0	(1,961.4)	(1,961.4)	NA
Article X - The Legislature	325.0	316.5	(8.5)	(2.6)
Grand Total	\$126,624.1	\$137,534.4	\$10,910.3	8.6%
*Includes certain anticipated supplemental spending needs.				
**Includes the assumed transfer of certain appropriations to the supplemental appropriations bill (House Bill 10) relating to public education and child protective services reform.				
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
Article I - General Government	\$1,480.3	\$1,647.3	\$166.9	11.3%
Article II - Health and Human Services	15,508.6	18,079.6	2,571.1	16.6
Article III - Agencies of Education	34,383.5	39,416.5	5,033.0	14.6
Public Education	24,233.8	28,954.7	4,720.8	19.5
Higher Education	10,149.7	10,461.9	312.2	3.1
Article IV - The Judiciary	318.0	328.8	10.8	3.4
Article V - Public Safety and Criminal Justice	6,569.9	6,923.6	353.6	5.4
Article VI - Natural Resources	485.3	410.6	(74.7)	(15.4)
Article VII - Business and Economic Development	256.0	259.3	3.3	1.3
Article VIII - Regulatory	377.0	396.9	19.9	5.3
Article IX - General Provisions**	0.0	(1,873.0)	(1,873.0)	NA
Article X - The Legislature	321.4	312.9	(8.5)	(2.6)
 Grand Total	 \$59,700.0	 \$65,902.5	 \$6,202.5	 10.4%
*Includes certain anticipated supplemental spending needs.				
**Includes the assumed transfer of certain appropriations to the supplemental appropriations bill (House Bill 10) relating to public education and child protective services reform.				
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
Article I - General Government	\$424.7	\$672.1	\$247.3	58.2%
Article II - Health and Human Services	830.2	707.5	(122.7)	(14.8)
Article III - Agencies of Education	2,637.8	2,274.9	(362.8)	(13.8)
Public Education	241.6	230.1	(11.5)	(4.8)
Higher Education	2,396.2	2,044.8	(351.3)	(14.7)
Article IV - The Judiciary	29.6	28.9	(0.7)	(2.4)
Article V - Public Safety and Criminal Justice	46.0	40.5	(5.5)	(12.0)
Article VI - Natural Resources	1,158.6	1,172.1	13.5	1.2
Article VII - Business and Economic Development	427.2	401.8	(25.4)	(6.0)
Article VIII - Regulatory	270.8	282.4	11.6	4.3
Article IX - General Provisions	0.0	(4.7)	(4.7)	NA
Article X - The Legislature	0.0	0.0	0.0	NA
Grand Total	\$5,824.9	\$5,575.5	\$(294.4)	(4.3%)
*Includes certain anticipated supplemental spending needs.				
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
Article I - General Government	\$1,905.1	\$2,319.3	\$414.3	21.7%
Article II - Health and Human Services	16,338.8	18,787.2	2,448.4	15.0
Article III - Agencies of Education	37,021.2	41,691.4	4,670.2	12.6
Public Education	24,475.4	29,184.8	4,709.3	19.2
Higher Education	12,545.8	12,506.7	(39.1)	(0.2)
Article IV - The Judiciary	347.6	357.7	10.1	2.9
Article V - Public Safety and Criminal Justice	6,615.9	6,964.1	348.2	5.3
Article VI - Natural Resources	1,643.9	1,582.7	(61.2)	(3.7)
Article VII - Business and Economic Development	683.2	661.1	(22.1)	(3.2)
Article VIII - Regulatory	647.7	679.3	31.5	4.9
Article IX - General Provisions**	0.0	(1,877.6)	(1,877.6)	NA
Article X - The Legislature	321.4	312.9	(8.5)	(2.6)
Grand Total	\$65,524.9	\$71,478.0	\$5,953.1	9.1%
*Includes certain anticipated supplemental spending needs.				
**Includes the assumed transfer of certain appropriations to the supplemental appropriations bill (House Bill 10) relating to public education and child protective services reform.				
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 5
FEDERAL FUNDS**

IN MILLIONS				
FUNCTION	ESTIMATED/ BUDGETED 2004-05*	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I - General Government	\$869.4	\$667.6	\$(201.8)	(23.2)%
Article II - Health and Human Services	26,762.4	28,683.3	1,876.0	7.0
Article III - Agencies of Education	7,781.5	8,407.7	626.2	8.0
Public Education	7,441.7	8,079.6	637.9	8.6
Higher Education	339.7	328.0	(11.7)	(3.4)
Article IV - The Judiciary	0.1	0.1	0.0	8.3
Article V - Public Safety and Criminal Justice	404.6	286.7	(117.9)	(29.1)
Article VI - Natural Resources	320.5	280.1	(40.4)	(12.6)
Article VII - Business and Economic Development	8,353.0	9,458.2	1,105.3	13.2
Article VIII - Regulatory	6.1	4.9	(1.2)	(20.1)
Article IX - General Provisions**	0.0	(70.5)	(70.5)	NA
Article X - The Legislature	0.0	0.0	0.0	NA
 Grand Total	 \$44,497.5	 \$47,673.2	 \$3,175.7	 7.1%
*Includes certain anticipated supplemental spending needs.				
**Includes the assumed transfer of certain appropriations to the supplemental appropriations bill (House Bill 10) relating to public education and child protective services reform.				
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 6
OTHER FUNDS**

IN MILLIONS				
FUNCTION	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I - General Government	\$705.5	\$80.3	\$(625.2)	(88.6)%
Article II - Health and Human Services	901.8	1,000.0	98.2	10.9
Article III - Agencies of Education	6,736.4	7,249.6	513.2	7.6
Public Education	2,683.4	2,609.8	(73.6)	(2.7)
Higher Education	4,053.0	4,639.8	586.8	14.5
Article IV - The Judiciary	81.0	92.7	11.8	14.5
Article V - Public Safety and Criminal Justice	1,151.9	1,154.7	2.7	0.2
Article VI - Natural Resources	358.9	357.6	(1.3)	(0.4)
Article VII - Business and Economic Development	6,647.0	8,444.4	1,797.4	27.0
Article VIII - Regulatory	15.6	13.6	(2.0)	(13.1)
Article IX - General Provisions	0.0	(13.3)	(13.3)	NA
Article X - The Legislature	3.6	3.6	0.0	(0.2)
 Grand Total	 \$16,601.7	 \$18,383.2	 \$1,781.5	 10.7%
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

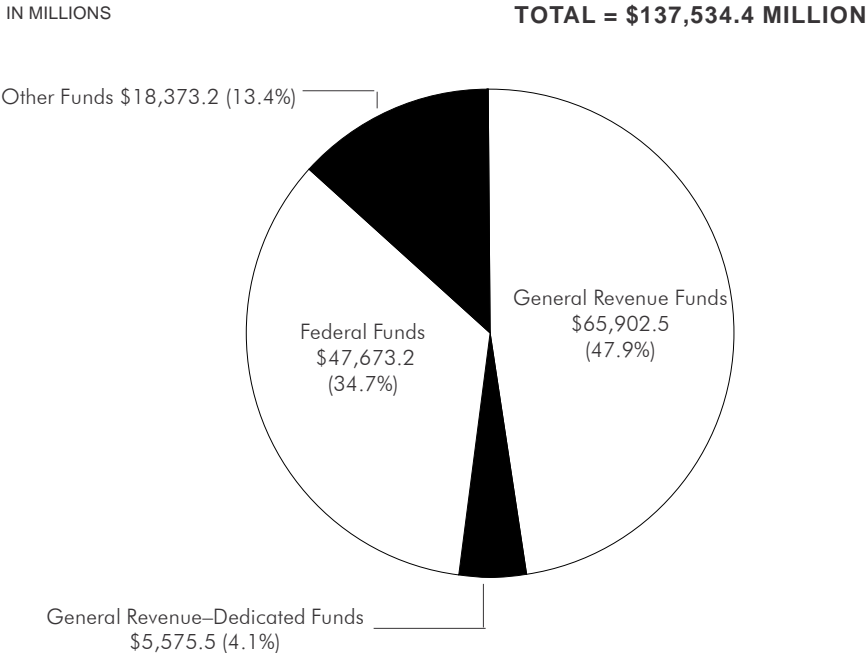
**TABLE 7
ITEMS FOR FUTURE CONSIDERATION
ALL FUNDS**

The House Committee on Appropriations' Report on Senate Bill 1 includes Article XI. While Article XI makes no appropriations, the items and amounts included are recommended by the committee for consideration should additional revenue become available. Table 7 summarizes the cost of items recommended in Article XI.

IN MILLIONS			
FUNCTION	RECOMMENDED 2006	RECOMMENDED 2007	BIENNIAL TOTAL
Article I - General Government	\$472.9	\$58.1	\$531.0
Article II - Health and Human Services	2,085.3	2,061.4	4,146.7
Article III - Agencies of Education	1,725.9	1,375.7	3,101.5
Article IV - The Judiciary	3.6	3.6	7.3
Article V - Public Safety and Criminal Justice	87.0	47.5	134.5
Article VI - Natural Resources	69.2	56.4	125.6
Article VII - Business and Economic Development	21.3	21.7	43.0
Article VIII - Regulatory	0.1	0.1	0.2
Article IX - General Provisions	294.8	224.1	518.8
Article X - The Legislature	0	0	0
Grand Total	\$4,760.1	\$3,848.5	\$8,608.7
NOTE: Totals may not add because of rounding.			

RECOMMENDATIONS BY FUND SOURCE

**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 \$614.7 million in All Funds in fiscal year 2006 and \$615.3 million in fiscal year 2007 for a total of \$1.2 billion in All funds for the 2006–07 biennium. Table 8 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 \$212.2 million in General Revenue Funds for debt service from the 2004–05 level.

EMPLOYEE BENEFITS/PAYROLL EXPENSE

The Employees Retirement System (ERS) state contribution rate for retirement is continued at the current level of 6.0 percent, an increase of \$17.0 million in All Funds to account for payroll growth.

The Teacher Retirement System (TRS) and Optional Retirement Program state contribution rates also are continued at 6 percent, resulting in All Funds increases of \$216.7 million and \$4.4 million, respectively, to cover 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 8
DEBT SERVICE PAYMENTS
BY AGENCY AND FUND SOURCE**

IN MILLIONS	ESTIMATED/ BUDGETED 2004–05	RECOMMENDED 2006–07	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY/FUND SOURCE				
Public Finance Authority	\$475.5	\$646.2	\$170.7	35.9%
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	5.8	(0.5)	(7.7)
Health and Human Services Commission Lease Payments	4.2	3.5	(0.7)	(15.9)
Tuition Revenue Bonds	281.4	367.9	86.5	30.7
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	10.7	(0.6)	(5.0)
TOTAL, DEBT SERVICE PAYMENTS	\$979.3	\$1,230.0	\$250.7	25.6%
METHOD OF FINANCING				
General Revenue Funds	\$921.2	\$1,133.4	\$212.2	23.0%
General Revenue–Dedicated Funds	30.0	62.8	32.8	109.2
Other Funds	28.0	33.8	5.8	20.6
TOTAL, ALL FUNDS	\$979.3	\$1,230.0	\$250.7	25.6%
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.				

SIGNIFICANT FUNDING ELEMENTS AND COSTS

Employees Retirement System (ERS) group insurance contributions will increase by \$323.9 million because of the increase in premiums and the increase in the number of retirees.

Funding for Higher Education Group Insurance is increased by \$148.4 million in General Revenue Funds above the 2004–05 levels.

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 recently passed 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 9.

SOCIAL SECURITY CONTRIBUTIONS AND BENEFIT REPLACEMENT PAY

The recommendations for Social Security reflect an All Funds increase of \$55.2 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.

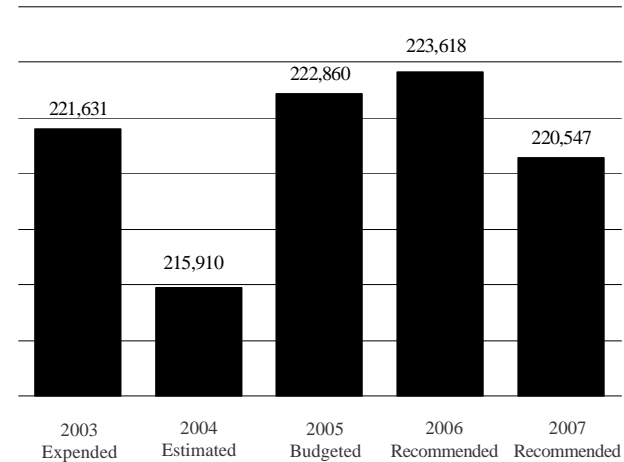
**TABLE 9
SELECTED EMPLOYEE BENEFITS, ALL FUNDS**

IN MILLIONS	ESTIMATED/ BUDGETED 2004–05	RECOMMENDED 2006–07	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY/FUND SOURCE				
Benefit Replacement Pay	\$128.8	\$116.6	\$(12.2)	(9.4)%
Social Security	1,157.5	1,212.7	55.2	4.8
ERS Retirement	559.4	576.4	17.0	3.0
ERS Health	1,746.2	2,070.1	323.9	18.5
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	944.5	148.4	18.6
TOTAL, SELECTED EMPLOYEE BENEFITS	\$7,957.1	\$8,506.6	\$549.5	6.9%
METHOD OF FINANCING				
General Revenue Funds	\$6,378.0	\$6770.0	\$392.0	6.1%
General Revenue–Dedicated Funds	367.5	406.2	38.7	10.5
Federal Funds	607.3	646.2	38.9	6.4
Other Funds	604.2	684.1	79.9	13.2
TOTAL, ALL FUNDS	\$7,957.1	\$8,506.6	\$549.5	6.9%
*Amounts do not include the assumed transfer of certain appropriations to the supplemental appropriations bill (House Bill 10) relating to public education.				
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.				

FULL-TIME-EQUIVALENT POSITIONS

The House Committee Substitute for Senate Bill 1 provides for 223,618 full-time-equivalent positions (FTEs) in fiscal year 2006 and 220,547 in fiscal year 2007. As shown in Figure 4, the fiscal year 2007 amount represents a decrease of 10,313 from the 2005 budgeted level.

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



**TABLE 10
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	9,446	9,459
Article II - Health and Human Services	48,894	46,630	46,328	47,394	44,702
Article III - Agencies of Education	77,685	77,685	81,101	82,656	82,656
Article IV - The Judiciary	1,299	1,287	1,326	1,324	1,324
Article V - Public Safety and Criminal Justice	53,747	51,991	53,574	53,228	53,194
Article VI - Natural Resources	8,289	8,086	8,525	8,403	8,349
Article VII - Business and Economic Development	19,237	18,140	19,049	19,005	19,000
Article VIII - Regulatory	3,380	3,292	3,598	3,687	3,692
Total, All Articles	221,631	215,910	222,860	223,618	220,547

NOTE: 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 House Committee Substitute for Senate Bill 1 contains 2,067 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
KEY					
Outcome (results/impact)	1,012	902	830	901	902
Output (volume)	1,123	828	819	824	726
Efficiency	491	300	291	295	318
Explanatory	143	121	125	135	121
Total	2,769	2,151	2,065	2,155	2,067
NON-KEY					
Outcome (results/impact)	1,640	1,985	1,355	1,414	1,499
Output (volume)	1,794	1,634	1,538	1,455	1,348
Efficiency	751	807	863	831	746
Explanatory	1,137	1,045	1,056	1,084	996
Total	5,322	5,471	4,812	4,784	4,589

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 \$412.7 million, or 11.9 percent, from the 2004-05 biennium (Table 12).

For General Revenue and General Revenue-Dedicated Funds, the recommendations total \$2.3 billion, which is an increase of \$414.2 million, or 21.7 percent, from the 2004-05 biennium (Table 13).

Selected performance measures for agencies in the General Government function are depicted in Table 14.

**TABLE 12
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	934.5	62.3	7.1
Bond Review Board	1.0	1.0	(0.1)	(5.0)
Building and Procurement Commission	104.8	105.7	0.9	0.9
Cancer Council	7.2	6.6	(0.6)	(8.0)
Comptroller of Public Accounts	372.0	372.0	0.0	0.0
Fiscal Programs-Comptroller of Public Accounts	455.2	479.4	24.2	5.3
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	3.4	(0.4)	(10.0)
Public Finance Authority	1.5	1.5	0.0	0.9
Fire Fighters' Pension Commissioner	0.9	0.9	0.0	(1.5)
Office of the Governor	17.2	17.3	0.1	0.3
Trusted Programs Within the Office of the Governor	900.9	564.4	(336.5)	(37.4)

Continued on next page.

GENERAL GOVERNMENT

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 12
ALL FUNDS (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Historical Commission	\$63.2	\$15.4	\$(47.8)	(75.6)%
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	52.3	(4.4)	(7.8)
Pension Review Board	0.6	0.6	(0.1)	(8.5)
Preservation Board	24.0	22.5	(1.5)	(6.2)
State Office of Risk Management	15.3	15.5	0.2	1.5
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	7.3	0.5	6.9
Retirement and Group Insurance	136.5	155.0	18.5	13.6
Social Security and Benefit Replacement Pay	65.4	66.6	1.3	2.0
Bond Debt Service Payments	20.4	60.1	39.7	194.5
Lease Payments	20.7	19.9	(0.9)	(4.1)
Article Total (less Interagency Contracts)	\$3,479.9	\$3,067.2	\$(412.7)	(11.9)%

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 13
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	458.5	44.1	10.6
Bond Review Board	1.0	1.0	(0.1)	(5.0)
Building and Procurement Commission	57.0	67.9	10.9	19.2
Cancer Council	7.0	6.6	(0.4)	(5.4)
Comptroller of Public Accounts	371.4	371.4	0.0	0.0
Fiscal Programs-Comptroller of Public Account	453.2	477.7	24.5	5.4
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	3.4	(0.4)	(10.1)
Public Finance Authority	1.0	1.0	(0.1)	(5.0)
Fire Fighters' Pension Commissioner	0.2	0.2	0.0	(5.0)
Office of the Governor	16.5	16.5	(0.1)	(0.4)
Trusteed Programs Within the Office of the Governor	141.5	408.5	267.0	188.7
Historical Commission	12.2	9.6	(2.7)	(21.7)
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	28.1	(1.7)	(5.6)
Pension Review Board	0.6	0.6	0.0	(5.0)

Continued on next page.

GENERAL GOVERNMENT

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 13
GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Preservation Board	\$23.9	\$22.4	\$(1.5)	(6.3)%
State Office of Risk Management	8.7	6.8	(1.9)	(21.6)
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	7.3	0.5	6.9
Retirement and Group Insurance	104.2	118.1	13.9	13.4
Social Security and Benefit Replacement Pay	52.8	53.8	1.1	2.0
Bond Debt Service Payments	20.4	60.1	39.7	194.5
Lease Payments	11.2	19.9	8.7	77.1
Article Total	\$1,905.1	\$2,319.3	\$414.2	21.7%

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 14
SELECTED PERFORMANCE MEASURES: GENERAL GOVERNMENT**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
OFFICE OF THE ATTORNEY GENERAL				
Amount of Title IV-D Child Support Collected (in millions)	\$1,678.0	\$1,784.6	\$1,909.5	\$2,033.6
COMPTROLLER OF PUBLIC ACCOUNTS				
Delinquent Taxes Collected Per Collection-related Dollar Expended	\$84	\$76	\$84	\$84
EMPLOYEES RETIREMENT SYSTEM				
Percent of HealthSelect Participants Satisfied with Network Services	82%	85%	85%	85%
DEPARTMENT OF INFORMATION RESOURCES				
Total Savings and Cost Avoidance through Utilization of Cooperative Services (in millions)	\$51.2	\$62.5	\$53.0	\$55.0
STATE OFFICE OF RISK MANAGEMENT				
Incident Rate of Injuries and Illnesses Per 100-Covered Full-time State Employees	4%	4%	4%	4%
SECRETARY OF STATE				
Number of Business, Commercial, and Public Filings Transactions Processed	1,555,476	1,435,000	1,560,000	1,560,000
OFFICE OF STATE-FEDERAL RELATIONS				
Texas' Proportionate Share of Federal Funding	6.8%	6.5%	6.8%	6.8%
VETERANS COMMISSION				
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	\$870	\$880

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 15 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: GENERAL GOVERNMENT				
IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
ACROSS ARTICLE APPROPRIATIONS				
CRIME VICTIMS COMPENSATION				
Decrease in appropriations for direct payments to victims, 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)%
BUILDING AND PROCUREMENT COMMISSION-LEASE PAYMENTS				
Increase of \$8.7 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%
EMPLOYEE BENEFITS				
Retirement				
Increase of \$17.0 million in All Funds (\$13.7 million in General Revenue Funds and General Revenue-Dedicated Funds) for employee retirement benefits, assuming a state contribution of 6 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	\$576.4	\$17.0	3.0%
Group Insurance				
Increase of \$323.9 million in All Funds (\$211.5 million in General Revenue Funds and General Revenue-Dedicated Funds) for employee group insurance, assuming an 8 percent annual growth rate in premiums in fiscal year 2006 and a 7 percent annual growth rate 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	\$2,070.1	\$323.9	18.5%

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 15 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES (CONTINUED)				
IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
Social Security Increase of \$55.2 million in All Funds (\$47.0 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	\$1,212.7	\$55.2	4.8%
Benefit Replacement Pay Decrease of \$12.2 million in All Funds (\$6.9 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)%
STATE DEBT ISSUED BY THE TEXAS PUBLIC FINANCE AUTHORITY				
Increase of \$170.7 million in All Funds (\$141.9 million in General Revenue Funds) reflecting payment of interest on commercial paper issued through fiscal year 2005 and interest-only payments for bonds issued during the 2006-07 biennium.	\$475.5	\$646.2	\$170.7	35.9%
GENERAL GOVERNMENT AGENCY APPROPRIATIONS				
Increase in child support enforcement activities such as establishing paternity and child support obligations, and enforcing child support, (\$445.6 million total); and contract for the State Disbursement Unit to distribute child support payments (\$59.4 million total).	\$490.1	\$505.0	\$14.9	3.0%
Increase in 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%
Decrease in 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%
Decrease in grants awarded to businesses for economic development and job creation by the Truusted Programs Within the Office of the Governor.	\$285.0	\$270.8	\$(14.2)	(5.0)%

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 15
RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES (CONTINUED)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
Decrease in county 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 the amount of \$40.0 million.	\$46.7	\$0.6	\$(46.1)	(98.8)%

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 16
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
OFFICE OF THE ATTORNEY GENERAL						
Increase in Child Support Enforcement (net \$15.0 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	\$136.3	\$0.0	\$305.8	\$3.4	\$445.6
A net increase in legal services of approximately \$5.4 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 legal staff (\$5.7 million), open records (\$0.6 million), cyber crimes (\$1.8 million), and 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	\$87.3	\$0.6	\$5.1	\$33.4	\$126.4
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 16
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
BUILDING AND PROCUREMENT						
Reduction of \$1.6 million in All Funds, of which \$0.6 million is General Revenue Funds and \$1.0 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
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
An increase of \$2.1 million in General Obligation Bond proceeds for deferred maintenance projects.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$6.2	\$6.2
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$8.3	\$8.3
COMPTROLLER OF PUBLIC ACCOUNTS						
Funding to the Comptroller was maintained at the 2004-05 funding levels, allowing the Comptroller to generate a net \$420.0 million in revenue that counts toward certification of the General Appropriations Act.	Est/Bud 2004-05	\$371.4	\$0.0	\$0.0	\$0.6	\$372.0
	Rec 2006-07	\$371.4	\$0.0	\$0.0	\$0.6	\$372.0

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 16
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
FISCAL PROGRAMS—COMPTRROLLER						
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
COMMISSION ON STATE EMERGENCY COMMUNICATIONS						
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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR						
Reduction in the Texas Enterprise Fund (TEF) of \$14.2 million in All Funds for grants which encourage new jobs and economic growth. Of the amounts appropriated for the 2006-07 biennium, \$130.0 million is contingent upon passage of Senate Bill 1177 which would make an appropriation to the TEF from the Skills Development Holding Fund.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$285.0	\$285.0
	Rec 2006-07	\$140.8	\$130.0	\$0.0	\$0.0	\$270.8
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 \$36.5 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	\$10.8	\$0.0	\$0.6	\$54.0
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 16
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
HISTORICAL COMMISSION						
Decrease of \$45.0 million in bond proceeds (Other Funds) for grants for the preservation of county courthouses and a decrease of \$1.1 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 the amount of \$40.0 million.	Est/Bud 2004-05	\$1.7	\$0.0	\$0.0	\$45.0	\$46.7
	Rec 2006-07	\$0.6	\$0.0	\$0.0	\$0.0	\$0.6
Federal Funds appropriated to the Texas Department of Transportation have been made available for the Tejano Monument in the amount of \$0.6 million.	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
JUNETEENTH COMMISSION (WITHIN THE HISTORICAL COMMISSION)						
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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE-DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
INCENTIVE AND PRODUCTIVITY COMMISSION						
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
STATE OFFICE OF RISK MANAGEMENT						
Decrease of \$1.9 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	\$6.8	\$0.0	\$0.0	\$4.9	\$11.7
WORKERS' COMPENSATION PAYMENTS						
Increase of \$8.9 million 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
SECRETARY OF STATE						
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

HEALTH AND HUMAN SERVICES

2006-07 BIENNIAL RECOMMENDATIONS

ALL FUNDS recommendations for Health and Human Services total \$48.4 billion for the 2006-07 biennium, which is an increase of \$4.4 billion, or 10.1 percent, from the 2004-05 biennium (Table 17). 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 Medicaid and Children's Health Insurance Program (CHIP).

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

\$18.8 billion, which is an increase of \$2.4 billion, or 15.0 percent, from the 2004-05 biennium (Table 18).

Selected performance measures for agencies in the Health and Human Services function are depicted in Table 19.

**TABLE 17
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	\$10,255.4	\$742.6	7.8%
Department of Assistive and Rehabilitative Services	913.5	971.3	57.8	6.3
Department of Family and Protective Services	1,720.2	2,177.7	457.5	26.6
Department of State Health Services	4,689.9	4,715.7	25.9	0.6
Health and Human Services Commission	26,385.0	29,705.6	3,320.6	12.6
Retirement and Group Insurance	722.5	814.7	92.1	12.7
Social Security and Benefit Replacement Pay	260.0	254.7	(5.3)	(2.0)
Bond Debt Service Payments	36.5	44.7	8.2	22.3
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	\$48,425.5	\$4,422.5	10.1%

NOTES: Does not reflect Article IX, Sec. 13.19 reduction of \$253.1 million in General Revenue Funds and \$317.1 million in All Funds. 2004-05 appropriations include anticipated supplemental spending needs. 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 18
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	\$4,014.1	\$417.2	11.6%
Department of Assistive and Rehabilitative Services	188.0	181.7	(6.3)	(3.4)
Department of Family and Protective Services	549.1	864.5	315.4	57.4
Department of State Health Services	2,132.7	2,199.8	67.1	3.1
Health and Human Services Commission	9,271.7	10,957.9	1,686.2	18.2
Retirement and Group Insurance	412.8	482.3	69.6	16.9
Social Security and Benefit Replacement Pay	142.7	142.7	(0.1)	0.0
Bond Debt Service Payments	30.1	39.0	8.9	29.7
Lease Payments	14.9	14.7	(0.2)	(1.4)
Article II, Special Provisions	0.0	(109.5)	(109.5)	NA
Article Total	\$16,338.8	\$18,787.2	\$2,448.4	15.0%

NOTES: Does not reflect Article IX, Sec. 13.19 reduction of \$253.1 million in General Revenue Funds and \$317.1 million in All Funds. 2004-05 appropriations include anticipated supplemental spending needs. 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 19
SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
DEPARTMENT OF AGING AND DISABILITY SERVICES				
Average Number of Clients Served per Month: Medicaid Non-waiver Community Care	114,010	125,332	137,286	148,605
Average Number of Clients Served per Month: Medicaid Community-based Alternatives Waiver	27,664	26,100	26,713	26,713
Average Number of Clients Served per Month: Home and Community-based Services	8,243	8,860	9,269	9,269
Average Number of Clients Served per Month: Medicaid Related Conditions Waiver	1,812	1,817	1,861	1,861
Average Number of Clients Served per Month: Texas Home Living Waiver	101	2,052	2,903	2,903
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
DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES				
Number of Consumers Served (Vocational Rehabilitation for Persons who are Blind or Visually Impaired)	10,235	10,010	10,609	11,150
Number of Consumers Served (Vocational Rehabilitation Services for People with Disabilities)	144,863	120,000	113,578	118,726
Number of Children Served in Comprehensive Services (Early Childhood Intervention)	43,009	44,147	47,175	48,978

Continued on next page.

HEALTH AND HUMAN SERVICES

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 19
SELECTED PERFORMANCE MEASURES (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	528	528
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES				
Number of Completed Child Protective Services Investigations	138,587	152,798	174,666	192,619
Average Number of Days per Month of Foster Care for All Levels of Care	485,987	538,040	595,241	655,310
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
DEPARTMENT OF STATE HEALTH SERVICES				
Number of Doses Administered (Immunizations)	11,805,340	11,788,002	12,141,155	12,426,804
Number of Children with Special Health Care Needs Clients Receiving Medical Services	1,843	2,114	2,375	2,416
Number of WIC Participants Provided Nutritious Food Supplements per Month	881,761	881,761	944,564	977,624
Number of Persons Served by the HIV Medication Program	13,107	13,107	14,851	15,148
Number of Adults Served in Treatment Programs for Substance Abuse	46,563	52,977	55,470	55,470
Number of Youth Served in Treatment Programs for Substance Abuse	6,404	7,377	7,701	7,701

Continued on next page.

HEALTH AND HUMAN SERVICES

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 19
SELECTED PERFORMANCE MEASURES (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	2,345	2,345
HEALTH AND HUMAN SERVICES COMMISSION				
Average Medicaid Acute Care Recipient Months per Month	2,659,753	2,862,298	2,991,374	3,140,841
Total Medicaid Prescriptions Incurred	36,487,135	40,149,567	32,567,119	30,172,502
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	324,750	331,132
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

*House CSSB1 assumes that existing STAR+PLUS program will be maintained, but not expanded to additional sites.

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 20 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: HEALTH AND HUMAN SERVICES				
IN MILLIONS	ALL FUNDS			
MAJOR BUDGET ISSUE AND DESCRIPTION	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MEDICAID				
<p>Recommended funding for the 2006-07 biennium includes \$14.0 billion in General Revenue Funds and General Revenue-Dedicated Funds, \$22.0 billion in Federal Funds, and \$0.8 billion in Other Funds. This represents an increase of \$3.8 billion in All Funds, including \$2.1 billion in General Revenue Funds and General Revenue-Dedicated Funds. 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 client services; replacing one-time State Fiscal Relief (Federal) Funds with General Revenue Funds; and funding cost growth at the projected fiscal year 2006 level.</p> <p>Funding levels assume a deferral of the August 2007 payment for acute care client services provided through Health Maintenance Organizations. The deferral (reduction) totals \$52.7 million in General Revenue Funds and \$134.6 million in All Funds. Additionally, savings of \$100.0 million in General Revenue Funds and \$250.0 million in All Funds are assumed for adoption of cash accounting for most Medicaid long-term care services provided by the Department of Aging and Disability Services.</p> <p>Caseload Assumptions: Acute care caseloads grow from 2,862,298 in fiscal year 2005 to 2,991,374 in fiscal year 2006 and 3,140,841 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; this will require a change in statute. 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 137,286 in fiscal year 2006 and 148,605 in fiscal year 2007.</p> <p>Funding for the 2004-05 biennium includes an estimated supplemental appropriation of \$1.5 billion in All Funds, including \$578.6 million in General Revenue Funds and General Revenue-Dedicated Funds.</p>				
	\$33,037.5	\$36,854.6	\$3,817.2	11.6%

Continued on next page.

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 20 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES (CONTINUED)				
IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
<p>CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP) Recommended funding for the 2006-07 biennium includes \$330.2 million in General Revenue Funds and \$668.6 million in Federal Funds.</p> <p>A net funding increase of \$6.7 million in All Funds is primarily related to funding cost growth at the projected fiscal year 2006 level and restoring coverage for dental, vision, and hospice benefits. Funding levels also assume maintaining six-month continuous eligibility (this will require a change in statute), maintaining eligibility at 200 percent of the Federal Poverty Level, and funding the State Kids Insurance Program (SKIP) at the Employees Retirement System. Fluctuations in projected caseloads are associated with policy changes enacted during the 2004-05 biennium. Caseloads are projected to decrease from 346,179 in fiscal year 2005 to 324,750 in fiscal year 2006 and then to increase to 331,132 in fiscal year 2007.</p> <p>Funding levels assume a deferral of the August 2007 payment for client services provided through Health Maintenance Organizations. The deferral (reduction) totals \$5.0 million in General Revenue Funds and \$17.9 million in All Funds.</p> <p>Method of financing change: A \$31.6 million increase in Federal Funds is offset by a \$24.7 million decrease in General Revenue Funds and a \$0.1 million decrease in Other Funds. 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.</p> <p>Funding for the 2004-05 biennium includes an estimated supplemental appropriation of \$206.2 million in All Funds, including \$78.5 million in General Revenue Funds.</p>				
	\$992.1	\$998.8	\$6.7	0.7%

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 20 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES (CONTINUED)		ALL FUNDS			
IN MILLIONS	MAJOR BUDGET ISSUE AND DESCRIPTION	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
PROTECTIVE SERVICES REFORM	<p>Recommended funding for child and adult protective services reforms at all agencies includes an increase of \$325.5 million in All Funds, including \$263.3 million in General Revenue Funds. The funding increases relate to child and adult protective services reforms proposed by the Health and Human Services Commission (HHSC).</p>				
	<p>Child protective services reform:</p>				
	<p>Recommended funding for child protective services reforms includes an increase of \$317.1 million in All Funds, including \$253.1 million in General Revenue Funds. The funding increase relates to programs and activities at the Department of Family and Protective Services (\$307.7 million in All Funds, including \$249.1 million in General Revenue Funds); the Department of Aging and Disability Services (\$6.0 million in All Funds, including \$2.4 million in General Revenue Funds); and the HHSC (\$3.4 million in All Funds, including \$1.6 million in General Revenue Funds). These amounts provide for direct delivery services, purchased client services, program support, indirect administration (including oversight of reform activities), and automation. They include 1,524 new FTE positions in fiscal year 2006 and an additional 304 new FTE positions in fiscal year 2007 for the Department of Family and Protective Services. (It is anticipated that these amounts will be included in a supplemental appropriations bill for fiscal year 2005 with a carry-forward mechanism into the 2006-07 biennium.)</p>	\$0.0	\$317.1	\$317.1	NA
	<p>Adult protective services reform:</p>				
	<p>Recommended funding for adult protective services reforms includes an increase of \$8.4 million in All Funds, including \$10.2 million in General Revenue Funds (because the 2004-05 funding level included 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) and the HHSC (\$0.6 million in General Revenue Funds). These amounts provide for additional in-home direct delivery services, emergency client services, program support, automation, and guardianship program grants. 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.</p>	\$12.8	\$21.3	\$8.4	65.6%

Continued on next page.

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 20 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES (CONTINUED)		ALL FUNDS			
IN MILLIONS		ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION					
FOSTER CARE AND ADOPTION SUBSIDIES					
<p>Recommended funding for the Department of Family and Protective Services includes an increase of \$155.7 million in All Funds, including an increase of \$153.3 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 (including child protective services reform), and to increase rates for foster care services.</p> <p>Caseload assumptions: The Average Number of Days per Month of Foster Care for All Levels of Care is projected to be 655,310 for fiscal year 2007, an increase of 117,270 days or 21.8 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	\$155.7	\$155.7	NA
WAITING LISTS					
<p>Recommended funding includes an increase of \$79.6 million in All Funds, including an increase of \$47.0 million in General Revenue Funds, to prevent waiting list growth for all health and human services programs. It is estimated that an additional 1,900 clients will be served in long-term care waiver and related programs during the 2006-07 biennium.</p>					
		\$0.0	\$79.6	\$79.6	NA
CONTRACT MANAGEMENT					
<p>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.</p>					
		\$0.0	\$9.6	\$9.6	NA

Continued on next page.

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 20 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES (CONTINUED)				
IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
CALL CENTER SAVINGS				
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
Recommendations include an increase of \$33.4 million in All Funds, including \$15.0 million in General Revenue Funds, to offset the rider reduction above and maintain support of integrated eligibility. The number of FTEs restored with these funds is 157.6 in each fiscal year.				
	\$0.0	\$33.4	\$33.4	NA
PAYMENT OF DEFERRED REIMBURSEMENTS AND ADOPTION OF CASH ACCOUNTING				
Recommendations include a decrease of \$5.5 million in General Revenue Funds and All Funds for the Department of Aging and Disability Services associated with August 2007 community center mental retardation services. Payment for services is deferred to the 2008-09 biennium. (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.				

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 20 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES (CONTINUED)				
IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
<p>Recommendations include a decrease of \$152.5 million in All Funds for the Health and Human Services Commission to defer the August 2007 payment to Health Maintenance Organizations for Medicaid and CHIP. The Medicaid deferral is \$52.7 million in General Revenue Funds and \$134.6 in All Funds. The CHIP deferral is \$5.0 million in General Revenue Funds and \$17.9 million in All Funds. Payments for services are deferred to the 2008-09 biennium. (This entry is also included in the change in Medicaid funding noted on page 34 and the change in CHIP funding noted on page 35.)</p> <p>The committee recommendations include a decrease of \$250.0 million in All Funds including \$100.0 million in General Revenue Funds for changing to cash basis of accounting for certain Medicaid strategies at the Department of Aging and Disability Services.</p> <p>Net impact of the above savings is \$442.3 million in All Funds, including \$175.6 million in General Revenue Funds.</p>	\$0.0	\$(442.3)	\$(442.3)	NA
<p>NON-CAPITATED MODEL OF CARE MANAGEMENT</p> <p>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.)</p>	\$0.0	\$(277.6)	\$(277.6)	NA
<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 21
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
DEPARTMENT OF AGING AND DISABILITY SERVICES						
Community Care Entitlement (Medicaid) An increase of \$382.3 million in All Funds (22.7 percent), including \$170.1 million in General Revenue Funds (26.7 percent), for increases in caseloads. The Average Number of Clients Served per Month: Medicaid Non-waiver Community Care increases by 23,273 from 125,332 in fiscal year 2005 to 148,605 in fiscal year 2007.	Est/Bud 2004-05	\$636.8	\$0.0	\$1,040.0	\$8.3	\$1,685.2
	Rec 2006-07	\$806.9	\$0.0	\$1,252.3	\$8.3	\$2,067.4
Community Care Waivers (Medicaid) An increase of \$103.0 million in All Funds (6.1 percent), including \$58.8 million in General Revenue Funds (9.2 percent), for projected increases in waiver costs, demographic growth, and promoting independence. The Average Number of Clients Served per Month: Medicaid Waiver Community Care increases by 2,200 from 40,147 in fiscal year 2005 to 42,347 in fiscal year 2007.	Est/Bud 2004-05	\$640.8	\$0.0	\$1,040.3	\$6.5	\$1,687.6
	Rec 2006-07	\$699.6	\$0.0	\$1,083.6	\$7.5	\$1,790.7
Nursing Facility and Hospice Payments (Medicaid) An increase of \$194.8 million in All Funds (5.3 percent), including \$127.7 million in General Revenue Funds (9.2 percent), for increases in caseloads. 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.	Est/Bud 2004-05	\$1,396.1	\$0.0	\$2,272.6	\$2.7	\$3,671.4
	Rec 2006-07	\$1,523.8	\$0.0	\$2,339.7	\$2.7	\$3,866.2

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 21
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Intermediate Care Facilities-Mental Retardation (Medicaid) A decrease of \$4.7 million in All Funds (0.6 percent), including an increase of \$4.5 million in General Revenue Funds (1.9 percent), for maintaining average costs and 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	\$42.8	\$446.0	\$7.9	\$738.1
<p>Mental Retardation State Schools Services (Medicaid) An increase of \$22.2 million in All Funds (2.9 percent), including \$27.0 million in General Revenue Funds (13.2 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 \$31.1 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 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	\$232.2	\$64.6	\$453.2	\$45.9	\$796.0

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 21
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES						
Early Childhood Intervention Services 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.	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
Rehabilitation Services (General) Net increase of \$22.0 million in All Funds, including a \$24.0 million increase in Federal Funds, partially offset by a reduction of \$4.8 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 1,274 from 120,000 in fiscal year 2005 to 118,726 in fiscal year 2007 in response to policy and program changes at the agency.	Est/Bud 2004-05	\$75.7	\$0.0	\$269.8	\$3.2	\$348.7
	Rec 2006-07	\$70.8	\$0.0	\$293.9	\$6.0	\$370.7

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 21
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Rehabilitation Services (Blind) 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 1,140 from 10,010 in fiscal year 2005 to 11,150 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
<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 \$1.0 million in All Funds. It is anticipated that the number of people served will increase by 165 from 363 in fiscal year 2005 to 528 in fiscal year 2007.</p>	Est/Bud 2004-05	\$0.0	\$20.1	\$0.0	\$0.0	\$20.1
	Rec 2006-07	\$0.0	\$21.0	\$0.0	\$0.1	\$21.1

Continued on next page.

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 21
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES						
Foster Care Payments						
Increase of \$128.3 million in All Funds, including an increase of \$136.5 million in General Revenue Funds offset by an 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 (including child protective services reform), and an increase in foster care rates. The Average Number of Days per Month of Foster Care for All Levels of Care is 595,241 for fiscal year 2006 and 655,310 for fiscal year 2007. The fiscal year 2007 number represents an increase of 117,270 days, or 21.8 percent, over fiscal year 2005.						
	Est/Bud 2004-05	\$183.1	\$62.1	\$437.0	\$0.9	\$683.1
	Rec 2006-07	\$319.6	\$0.0	\$489.5	\$2.3	\$811.4
Adoption Subsidy Payments						
Increase of \$27.4 million in All Funds, including \$16.7 million in General Revenue Funds due to projected growth in caseloads and the continuation of adoption subsidy payments for certain children older than 17 pursuant to child protective services reform. 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.						
	Est/Bud 2004-05	\$112.7	\$0.0	\$91.4	\$0.0	\$204.1
	Rec 2006-07	\$129.4	\$0.0	\$102.1	\$0.0	\$231.5

Continued on next page.

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 21
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Child Protective Services Direct Delivery Staff Increase of \$167.4 million in All Funds, including \$132.9 million in General Revenue Funds to annualize direct delivery staff phased in during fiscal year 2005, offset the loss of Medicaid funding for targeted case management, and implement child protective services reforms. The total number of FTEs recommended for the function is 5,959 for fiscal year 2006, and 6,152 for fiscal year 2007.</p>	Est/Bud 2004-05	\$94.2	\$0.0	\$303.0	\$6.9	\$404.1
	Rec 2006-07	\$227.1	\$0.0	\$336.4	\$8.0	\$571.5
<p>Adult Protective Services Direct Delivery Staff Increase of \$12.4 million in All Funds, including \$15.7 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. 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	\$25.7	\$0.0	\$42.8	\$0.0	\$68.5
<p>Services to At-Risk Youth (STAR) Program Increase of \$7.1 million in All Funds, including a reduction of \$10.5 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	\$5.4	\$5.8	\$30.8	\$0.0	\$42.0

Continued on next page.

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 21
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Community Youth Development Program Increase of \$2.7 million in All Funds to restore the strategy to the fiscal year 2003 funding level. The Average Number of CYD Youth Served Per Month is 8,937 for fiscal years 2006 and 2007, compared to 7,464 for fiscal year 2005.	Est/Bud 2004-05	\$3.3	\$0.0	\$9.8	\$0.0	\$13.1
	Rec 2006-07	\$3.3	\$0.0	\$12.5	\$0.0	\$15.8
Other At-Risk Prevention Services Increase of \$8.9 million in All Funds to restore the following programs to the fiscal year 2003 funding level: at-risk mentoring (\$2.7 million), family strengthening (\$5.4 million), and parent training (\$0.8 million).	Est/Bud 2004-05	\$1.6	\$0.0	\$3.3	\$0.0	\$4.9
	Rec 2006-07	\$1.4	\$0.2	\$12.2	\$0.0	\$13.8
DEPARTMENT OF STATE HEALTH SERVICES						
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 12,141,155 in fiscal year 2006 and 12,426,804 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	\$57.4	\$0.0	\$30.3	\$6.1	\$93.8

Continued on next page.

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 21
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>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.</p>	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
<p>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 2,375 in fiscal year 2006 and 2,416 in fiscal year 2007. Funding increases meet demographic growth in program waiting list.</p>	Est/Bud 2004-05	\$46.9	\$0.1	\$28.6	\$1.5	\$77.1
	Rec 2006-07	\$49.1	\$0.0	\$25.1	\$0.0	\$74.1
<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 944,564 in fiscal year 2006 and 977,624 in fiscal year 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 reduce program waiting lists to meet demographic growth. 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	\$499.8	\$0.0	\$226.0	\$0.1	\$725.9

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 21
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<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 55,470 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 2,345 in fiscal years 2006 and 2007.</p>	Est/Bud 2004-05	\$474.0	\$0.0	\$36.0	\$67.3	\$577.4
	Rec 2006-07	\$494.8	\$0.0	\$35.4	\$57.3	\$587.5
<p>HEALTH AND HUMAN SERVICES COMMISSION Medicaid (Acute Care & STAR+PLUS) Net increase of \$1.8 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, acute care services related to funded waiver (waiting lists) placements, and a Medicaid buy-in waiver. Eligibility for pregnant women is maintained at 185 percent of the Federal Poverty Level.</p>						

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 21
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Caseload assumptions: The Average Medicaid Acute Care Recipient Months per Month increases by 278,543 from 2,862,298 in fiscal year 2005 to 3,140,841 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 increases by 2,190 from 53,411 in fiscal year 2005 to 55,601 in fiscal year 2007. The STAR+PLUS program is maintained but not expanded to additional sites.</p>	Est/Bud 2004-05	\$8,171.6	\$4.0	\$14,250.9	\$639.2	\$23,065.7
	Rec 2006-07	\$10,011.7	\$5.6	\$15,847.7	\$747.9	\$26,612.9
<p>Eligibility Determination Reduction of \$118.6 million in All Funds, including \$61.8 million in General Revenue Funds, to reflect savings estimated by the Health and Human Services Commission in transition to use of call centers for determination of eligibility for certain benefits (as required by House Bill 2292, Seventy-eighth Legislature, Regular Session, 2003). The reduction assumes an increase of \$33.4 million in All Funds and \$15.0 million in General Revenue Funds to maintain support of integrated eligibility. FTEs in eligibility determination strategies subsequently decline from 7,226.5 in fiscal year 2005 to 6,397.5 in fiscal year 2006 to 3,246.5 in fiscal year 2007.</p>	Est/Bud 2004-05	\$332.5	\$0.0	\$499.0	\$12.7	\$844.2
	Rec 2006-07	\$270.7	\$0.0	\$440.0	\$14.9	\$725.6

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 21
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Children's Health Insurance Program (CHIP) A net increase of \$6.7 million in All Funds (a \$31.6 million increase in Federal Funds partially offset by a \$24.7 million decrease in General Revenue Funds and a \$0.1 million decrease in Other Funds) due to projected caseload decline, funding for dental, vision, and hospice benefits, and adjustment to premium copayment revenue. Eligibility is maintained at 200 percent of the Federal Poverty Level. The Average CHIP Program Recipient Months per Month are projected to decrease by 15,047 from 346,179 in fiscal year 2005 to 331,132 in fiscal year 2007 due to the continuing impact of six-month continuous eligibility and other policy changes implemented during the 2004-05 biennium. Funding for the State Kids Insurance Program (SKIP) is included at the Employees Retirement System.</p>	Est/Bud 2004-05	\$355.0	\$0.0	\$637.0	\$0.1	\$992.1
	Rec 2006-07	\$330.2	\$0.0	\$668.6	\$0.0	\$998.8
<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 \$57.4 billion for the 2006-07 biennium, which is an increase of \$5.8 billion, or 11.2 percent, from the 2004-05 biennium (Table 22).

For General Revenue and General Revenue-Dedicated Funds, the recommendations total \$41.7 billion, which is an increase of \$4.7 billion, or 12.6 percent, from the 2004-05 biennium (Table 23).

Selected performance measures for agencies in the Education function are depicted in Table 25.

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
PUBLIC SCHOOLS				
Texas Education Agency	\$31,045.2	\$36,846.1	\$5,800.9	18.7%
School for the Blind and Visually Impaired	31.2	30.8	(0.4)	(1.3)
School for the Deaf	38.7	38.6	(0.1)	(0.2)
Subtotal, Public Schools	\$31,115.1	\$36,915.5	\$5,800.4	18.6%
PUBLIC HIGHER EDUCATION				
General Academic Institutions*	\$5,226.5	\$5,221.6	\$(4.9)	(0.1)%
Health-related Institutions*	5,429.4	5,703.7	274.3	5.1
A&M Service Agencies	735.0	731.6	(3.4)	(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	22.1	(1.2)	(5.2)
Other Higher Education	879.2	831.0	(48.2)	(5.5)

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EDUCATION

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 22 ALL FUNDS (CONTINUED)				
IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	\$1,507.1	\$1,566.2	\$59.1	3.9%
Lamar Lower-level Institutions	55.5	57.4	1.9	3.4
Texas State Technical Colleges	144.1	148.3	4.2	2.9
Subtotal, Two-year Institutions	\$1706.7	\$1771.9	\$65.2	3.8%
Subtotal, Higher Education	\$15,058.5	\$15,387.2	\$328.7	2.2%
ARTICLE III BENEFITS AND DEBT SERVICE				
Teacher Retirement System	\$3,983.5	\$3,444.4	\$(539.1)	(13.5)%
Optional Retirement Program	218.9	223.3	4.4	2.0
Higher Education Employees Group Insurance Contributions	796.1	944.5	148.4	18.6
Retirement and Group Insurance	38.7	45.0	6.3	16.3
Social Security and Benefit Replacement Pay	430.4	464.1	33.7	7.8
Subtotal, Employee Benefits	\$5,467.6	\$5,121.3	\$(346.3)	(6.3)%
Bond Debt Service Payments	\$0.9	\$2.2	\$1.3	144.4%
Lease Payments	16.5	16.5	0.0	0.0
Subtotal, Debt Service	\$17.4	\$18.7	\$1.3	7.5%
Article III, Special Provisions	\$0.0	\$4.6	\$4.6	NA
Total Article	\$51,658.7	\$57,447.3	\$5,788.6	11.2%
*Amounts in 2004-05 include indirect cost recovery monies; amounts in 2006-07 exclude indirect cost recovery monies.				
NOTES: Amounts do not reflect \$1,080.5 million in adjustments made in Article IX pursuant to House Bill 10.				
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

TABLE 23 GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS: EDUCATION				
IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
PUBLIC SCHOOLS				
Texas Education Agency	\$21,520.7	\$26,248.9	\$4,728.2	22.0%
School for the Blind and Visually Impaired	24.0	24.1	0.1	0.4
School for the Deaf	29.6	29.6	0.0	0.0
Subtotal, Public Schools	\$21,574.3	\$26,302.6	\$4,728.3	21.9%
PUBLIC HIGHER EDUCATION				
General Academic Institutions*	\$5,209.4	\$5,211.2	\$1.8	0.0%
Health-related Institutions*	2,310.0	2,051.8	(258.2)	(11.2)
A&M Service Agencies	297.4	296.9	(0.5)	(0.2)
Higher Education Fund	350.0	350.0	0.0	0.0
Research Development Fund	23.3	22.1	(1.2)	(5.2)
Other Higher Education	683.6	652.0	(31.6)	(4.6)
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	\$1,507.1	\$1,566.2	\$59.1	3.9%
Lamar Lower-level Institutions	55.5	57.4	1.9	3.4
Texas State Technical Colleges	144.1	148.3	4.2	2.9
Subtotal, Two-year Institutions	\$1,706.7	\$1,771.9	\$65.2	3.8%
Subtotal, Higher Education	\$10,580.4	\$10,355.9	\$(224.5)	(2.1)%

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EDUCATION

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 23
GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
ARTICLE III BENEFITS AND DEBT SERVICE				
Teacher Retirement System	\$3,383.1	\$3,360.0	\$(23.1)	(0.7)%
Optional Retirement Program	218.9	223.3	4.4	2.0
Higher Education Employees Group Insurance Contributions	795.4	943.7	148.3	18.6
Retirement and Group Insurance	33.4	38.9	5.5	16.5
Social Security and Benefit Replacement Pay	418.3	447.6	29.3	7.0
Subtotal, Employee Benefits	\$4,849.1	\$5,013.5	\$164.4	3.4%
Bond Debt Service Payments	\$0.9	\$2.2	\$1.3	144.4%
Lease Payments	16.5	16.5	0.0	0.0
Subtotal, Debt Service	\$17.4	\$18.7	\$1.3	7.5%
Article III, Special Provisions	\$0.0	\$0.7	\$0.7	NA
Total Article	\$37,021.2	\$41,691.4	\$4,670.2	12.6%
<p>*Amounts in 2004-05 include indirect cost recovery monies; amounts in 2006-07 exclude indirect cost recovery monies. NOTES: Amounts do not reflect \$1,080.5 million in adjustments made in Article IX pursuant to House Bill 10. 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 24 FUNDING FOR INSTITUTIONS OF HIGHER EDUCATION ADJUSTED TO EXCLUDE INDIRECT COST RECOVERY				
IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
INSTITUTION				
General Academic Institutions	\$5,036.7	\$5,221.6	\$184.9	3.6%
Health-related Institutions	\$5,166.0	\$5,703.2	\$537.2	10.3%
IN MILLIONS	GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
INSTITUTION				
General Academic Institutions	\$5,019.6	\$5,211.3	\$191.7	3.8%
Health-related Institutions	\$2,046.6	\$2,051.8	\$5.2	0.2%
<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 House recommends that 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 been estimated in the General Appropriations Act, but are not included in the House Committee Substitute for Senate Bill 1. Table 24 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 25
SELECTED PERFORMANCE MEASURES: EDUCATION**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
PUBLIC EDUCATION				
Total Average Daily Attendance (ADA)	4,015,213	4,100,333	4,184,223	4,272,352
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%
HIGHER EDUCATION				
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	50,327	50,327
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 25
SELECTED PERFORMANCE MEASURES (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%
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 26 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: EDUCATION				
IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
TEXAS EDUCATION AGENCY				
Foundation School Program funding includes General Revenue Funds increase of \$1.3 billion and Other Funds increase of \$442 million to fully fund current law obligations, and to extend state aid for facilities debt service.	\$22,056	\$24,887	\$2,831	12.8%
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.				
Agency funding includes \$3.0 billion to provide funds for the provisions of House Bill 2.	\$0	\$3,000	\$3,000	NA
TEACHER RETIREMENT SYSTEM				
Funding provided for retired employees group insurance program (TRS-Care) sufficient to fund estimated programs costs. Funding reflects adjustments in various contribution rates and changes to federal Medicare policy.	\$710.5	\$506.6	\$(203.9)	(29)%
HIGHER EDUCATION COORDINATING BOARD				
General Revenue Funds were reduced 5 percent from the 2004-05 expenditure levels.	\$666.9	\$633.71	\$(33.2)	(4.9)%
Decreasing Federal Funds and Other Funds transferred from the Texas Education Agency.	\$189.21	\$172.61	\$(16.6)	(8.7)%
GENERAL ACADEMIC INSTITUTIONS				
Fully funded weighted semester hour credit growth of 4.9 percent (\$105 million) and added an additional \$67 million to enhance formula funding.	\$0.0	\$172.2	\$172.2	NA
Funded non-formula General Revenue Fund items at 95 percent of the 2004-05 expenditure level. The recommendations also convert some non-formula General Revenue Funds to formula General Revenue Funds.	\$976.4	\$833.5	\$(142.9)	(14.6)%

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 26 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES (CONTINUED)				
IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
Includes \$1.7 billion in General Revenue–Dedicated Funds (an increase of \$109.0 million) mostly due to growth in tuition and fees.	\$1,628.6	\$1,737.6	\$109.0	6.7%
Fully funded Tuition Revenue Bond debt service increase over 2004–05 levels.	\$225.9	\$277.9	\$52.0	23.0%
Indirect cost recovery-related General Revenue–Dedicated Funds decrease due to exclusion of these funds associated with federal and other grants from the bill.	\$189.7	\$0.0	\$(189.7)	(100.0)%
HEALTH-RELATED INSTITUTIONS				
Fully funded 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.	\$1,052.8	\$1,071.1	\$18.3	1.74%
Non-formula items were funded at 95 percent of the 2004–05 expenditure level, resulting in a net reduction of \$36.3 million in non-formula General Revenue Funds.	\$786.5	\$750.2	\$(36.3)	(4.62)%
General Revenue Funds were added to support an increase of \$36.6 million in Tuition Revenue Bond debt service over 2004–05 levels.	\$53.8	\$90.4	\$36.6	68.03%
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.	\$470.6	\$180.3	\$(290.3)	(61.6)%
Other Funds increase 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%
PUBLIC COMMUNITY/JUNIOR COLLEGES				
Provided \$39.0 million to fund contact hour growth of 2.61 percent. Provided \$19.2 million to fund community colleges at 2004–05 base levels or higher (including Clarendon College and Ranger College). Added \$1.3 million to Dallas Community College’s Small Business Development Center (SBDC) Special Item.	\$1,507.1	\$1,566.2	\$59.1	3.9%

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 26 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES (CONTINUED)				
IN MILLIONS	ALL FUNDS			
MAJOR BUDGET ISSUE AND DESCRIPTION	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
<p>HIGHER EDUCATION EMPLOYEE GROUP HEALTH INSURANCE CONTRIBUTIONS Funded \$133.5 million in General Revenue Funds for growth in health insurance premiums. Also increased state contribution levels for higher education group insurance by \$15.0 million for Medicare Part D and other assumption adjustments.</p>	\$796.1	\$944.5	\$148.4	18.6%
<p>AVAILABLE UNIVERSITY FUND Reflects estimated increases in the distributions from the Permanent University Fund.</p>	\$708.4	\$755.3	\$46.8	6.6%
<p>HIGHER EDUCATION FUND Funding for the Higher Education Fund at 100 percent of the 2004-05 expenditure levels.</p>	\$350	\$350	\$0.0	NA

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 27
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: EDUCATION**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
TEXAS EDUCATION AGENCY						
<p>Foundation School Program—Operations. Current law state aid payments for school district operations increase by \$1,182.0 million in General Revenue Funds and \$442.0 million in Other Funds. The General Revenue Funds increase reflects costs of meeting enrollment growth and equity standards and a payment deferred 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 Highway Fund 6 funds for the transportation allotment.</p>	Est/Bud 2004-05	\$18,273.0	\$0.0	\$0.0	\$2,075.0	\$20,348.0
	Rec 2006-07	\$19,455.0	\$0.0	\$0.0	\$2,517.0	\$21,972.0
<p>Foundation School Program—Facilities. Funding continues state's current law obligations regarding facilities aid, and increases funding by \$200.0 million to provide additional state assistance for facilities debt. The \$200.0 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	\$1,462.0	\$0.0	\$0.0	\$0.0	\$1,462.0
	Rec 2006-07	\$1,564.0	\$0.0	\$0.0	\$0.0	\$1,564.0
<p>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.</p>	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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 27
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Foundation School Program—Instructional Materials. General Revenue for 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. New textbooks scheduled for purchase in the 2006–07 biennium are not covered by this funding level.</p>	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
<p>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.</p>	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
<p>Other General Revenue-Funded Programs. Remaining major education programs are reduced by \$24.4 million in General Revenue Funds, reflecting the agency’s overall 5 percent General Revenue Funds reduction to programs not related to the Foundation School Program.</p>	Est/Bud 2004–05	\$1,068.9	\$0.1	\$0.0	\$3.0	\$1072.0
	Rec 2006–07	\$1,044.5	\$0.1	\$0.0	\$1.0	\$1,045.6
<p>Federal Funds. Federal Funds are increased by \$614 million. Estimates for federal Title I grants for low-income students (\$179 million increase), special education funds (\$250 million increase), 21st Century Community Learning Centers (\$44 million increase), and English language acquisition (\$26 million) constitute the bulk of the growth in appropriations.</p>	Est/Bud 2004–05	\$0.0	\$0.0	\$7,372.8	\$0.0	\$7,372.8
	Rec 2006–07	\$0.0	\$0.0	\$7,986.8	\$0.0	\$7,986.8

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE-DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Administrative Reductions. All Funds appropriations for agency administration are reduced by \$9.4 million, a decrease of 7.7 percent. Decreases in General Revenue Funds (\$9.8 million) and Other Funds (\$5.0 million) are partially offset by an increase in Federal Funds (\$5.4 million). The Other Funds decrease is due to the elimination of funding for external managers of the Permanent School Fund.	Est/Bud 2004-05	\$50.2	\$0.0	\$52.8	\$18.6	\$121.6
	Rec 2006-07	\$40.4	\$0.0	\$58.2	\$13.6	\$112.2
Funding for State Board for Educator Certification increased by an estimated \$3.4 million in General Revenue Funds (Certification and Assessment Fees) to allow agency to meet projected demand for educator certification examinations.	Est/Bud 2004-05	\$21.9	\$0.0	\$0.0	\$0.0	\$21.9
	Rec 2006-07	\$25.3	\$0.0	\$0.0	\$0.0	\$25.3
Funding for State Board for Educator Certification increased by \$11.0 million in Federal Funds to continue support for the Texas Beginning Educator Support System (TxBESS) induction and mentoring program for educators.	Est/Bud 2004-05	\$0.0	\$0.0	\$1.0	\$0.0	\$1.0
	Rec 2006-07	\$0.0	\$0.0	\$12.0	\$0.0	\$12.0
Funding for remaining State Board for Educator Certification strategies and programs provided at 99 percent of 2004-05 All Funds level, reduced by funds associated with salary and benefits for the exempt Executive Director position (position eliminated in transfer to TEA).	Est/Bud 2004-05	\$14.0	\$0.0	\$1.3	\$0.0	\$15.3
	Rec 2006-07	\$15.2	\$0.0	\$0.0	\$0.0	\$15.2

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 27
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
STATE BOARD FOR EDUCATOR CERTIFICATION						
Transferred to Texas Education Agency.						
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED						
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
Instructional and residential services for students, and technical assistance and outreach to school districts and parents decreases by \$0.1 million in General Revenue Funds and \$0.5 million in All Funds. This decrease is largely due to anticipated declines in Federal and state specialized grants.						
	Est/Bud 2004-05	\$18.8	\$0.0	\$4.7	\$2.4	\$25.9
	Rec 2006-07	\$18.7	\$0.0	\$4.6	\$2.1	\$25.4
Funding for school administration decreases by \$0.3 million in All Funds, representing a 5 percent reduction.						
	Est/Bud 2004-05	\$5.0	\$0.0	\$0.0	\$0.1	\$5.1
	Rec 2006-07	\$4.7	\$0.0	\$0.0	\$0.1	\$4.8
TEXAS SCHOOL FOR THE DEAF						
Funding for teacher salary increases grows by an estimated \$0.7 million in General Revenue 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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)

IN MILLIONS							
BUDGET RECOMMENDATION AND DESCRIPTION			GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Instructional and residential services for students, and technical assistance and outreach to school districts and parents decreases by \$0.3 million in All Funds.	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
Funding for school administration decreases by \$0.4 million in All Funds, representing a 5 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	\$8.1
TEACHER RETIREMENT SYSTEM							
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 a contribution rate of 6 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
Funding provided 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, savings associated with implementation of Medicare Part D, and use of available fund balances.	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.	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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 27
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Funding for administrative costs provided at 100 percent of 2004-05 biennial level.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$81.5	\$81.5
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$81.5	\$81.5
OPTIONAL RETIREMENT SYSTEM						
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
HIGHER EDUCATION EMPLOYEES GROUP INSURANCE						
Funded \$127.5 million in General Revenue Funds for growth in health insurance premiums. Increased state contribution levels for higher education group insurance by \$15.0 million for Medicare Part D and other assumption adjustments. Increased State Highway Fund 006 funding for the Texas Transportation Institute by \$0.1 million. Provided \$6.0 million in General Revenue Funds for SKIP.	Est/Bud 2004-05	\$795.4	\$0.0	\$0.0	\$0.7	\$796.1
	Rec 2006-07	\$943.7	\$0.0	\$0.0	\$0.8	\$944.5
HIGHER EDUCATION COORDINATING BOARD						
General Revenue Funds and General Revenue-Dedicated Funds were reduced 5 percent from the 2004-05 expenditure levels.	Est/Bud 2004-05	\$666.9	\$13.9	\$0.0	\$0.0	\$680.8
	Rec 2006-07	\$633.7	\$13.2	\$0.0	\$0.0	\$646.9

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 27
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
In anticipation of fewer available grants, Federal Funds have been 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 resulted 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 the TEXAS Grant program was maintained near the 2004-05 levels.	Est/Bud 2004-05	\$324.1	\$0.0	\$0.0	\$0.3	\$324.4
	Rec 2006-07	\$322.1	\$0.0	\$0.0	\$0.4	\$322.8
Funding for the B-on-Time program was maintained at 2004-05 levels.	Est/Bud 2004-05	\$0.0	\$10.8	\$0.0	\$0.0	\$10.8
	Rec 2006-07	\$0.0	\$10.8	\$0.0	\$0.0	\$10.8
AVAILABLE UNIVERSITY FUND Increased funding (\$46.8 million in Other Funds) due to projected growth in distributions from the Permanent University Fund.	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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE-DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
HIGHER EDUCATION FUND						
Funding for the Higher Education Fund at 100 percent of the 2004-05 expenditure levels.						
	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
RESEARCH DEVELOPMENT FUND						
Decreased funding (\$1.2 million in General Revenue Funds) due to funding the Research Development Fund at 95 percent of the September 2004 Budget Execution amount for the Texas Excellence Fund and the University Research Fund.						
	Est/Bud 2004-05	\$23.3	\$0.0	\$0.0	\$0.0	\$23.3
	Rec 2006-07	\$22.1	\$0.0	\$0.0	\$0.0	\$22.1
GENERAL ACADEMIC INSTITUTIONS						
Fully funded weighted semester hour credit growth of 4.9 percent (\$105.2 million) and added an additional \$67.0 million to enhance formula funding.						
	Est/Bud 2004-05	\$2,659.8	\$0.0	\$0.0	\$0.0	\$2,659.8
	Rec 2006-07	\$2,833.8	\$0.0	\$0.0	\$0.0	\$2,833.8
Total non-formula General Revenue Funds are funded at 95 percent of the 2004-05 expenditure levels, with the exception of tuition revenue bond debt service which is fully funded. Two-year Lamars portion of the two-year academic institutions' instruction and operation formula was increased \$1.7 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	\$833.5	\$0.0	\$0.0	\$0.0	\$833.5

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 27
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
A decrease of \$197.5 million in General Revenue–Dedicated Funds due to the removal of indirect cost recovery related to federal and other grants from the bill.	Est/Bud 2004–05	\$0.0	\$189.7	\$0.0	\$0.0	\$189.7
	Rec 2006–07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Includes \$1.7 billion in General Revenue–Dedicated Funds (an increase of \$109.0 million) mostly due to growth in tuition and fees.	Est/Bud 2004–05	\$0.0	\$1,628.6	\$0.0	\$0.0	\$1,628.6
	Rec 2006–07	\$0.0	\$1,737.6	\$0.0	\$0.0	\$1,737.6
Fully funded Tuition Revenue Bond debt service increase over 2004–05 levels.	Est/Bud 2004–05	\$225.9	\$0.0	\$0.0	\$0.0	\$225.9
	Rec 2006–07	\$277.9	\$0.0	\$0.0	\$0.0	\$277.9
HEALTH-RELATED INSTITUTIONS						
Fully funded a 6.9 percent growth in full-time-student equivalents for 2006–07 (\$18.3 million in General Revenue Funds). Non-formula items were funded at 95 percent of the 2004–05 expenditure level, resulting in a net reduction of \$36.6 million in non-formula General Revenue Funds. General Revenue Funds were added to support an increase of \$36.3 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	\$1,857.9	\$0.0	\$0.0	\$0.0	\$1,857.9
A decrease of \$263.4 million in General Revenue-Dedicated Funds, due to removing the indirect cost recovery related to federal and other grants from the Health-related Institutions' bill pattern, 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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 27
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS							
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE-DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS	
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
PUBLIC COMMUNITY/JUNIOR COLLEGES							
Provides \$1.57 billion in General Revenue Funds for supplementary funding for Texas' 50 local public community/junior college districts. This amount represents an increase of \$59.0 million, or 3.9 percent, above the fiscal year 2004-05 funding levels. Of this total increase, \$57.7 million raises the state's formula funding contribution levels and the remaining amount provides additional funding for Dallas Community College's Small Business Development Center. General Revenue Fund contributions (including restricted and unrestricted General Revenue Fund appropriations) for the 50 public community/junior college districts represent an estimated 33 percent of the districts' total funding.		Est/Bud 2004-05	\$1,507.1	\$0.0	\$0.0	\$0.0	\$1,507.1
		Rec 2006-07	\$1,566.2	\$0.0	\$0.0	\$0.0	\$1,566.2
TEXAS ENGINEERING EXPERIMENT STATION							
An agency-requested decrease of 4 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
TEXAS STATE TECHNICAL COLLEGES							
Fully funded contact hour enrollment growth of 2.8 percent and incorporated 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	\$81.4	\$0.0	\$0.0	\$0.0	\$81.4

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 27
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE-DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Less General Revenue Funds 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	\$13.9	\$0.0	\$0.0	\$0.0	\$13.9
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
Generally funded non-formula General Revenue Fund items at 95 percent of the 2004-05 expenditure level.	Est/Bud 2004-05	\$19.3	\$0.0	\$0.0	\$0.0	\$19.3
	Rec 2006-07	\$18.3	\$0.0	\$0.0	\$0.0	\$18.3
The recommendations move some General Revenue-Dedicated Funds into the infrastructure and instruction/operations 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	\$6.8	\$0.0	\$0.0	\$6.8
TEXAS TRANSPORTATION INSTITUTE						
An increase of 2.9 percent (\$1.4 million in Other Funds) to provide for growth in sponsored research for 2006-07. This growth is primarily due to the growth in the Texas Department of Transportation Research Program, which funds the development of new technologies, construction and maintenance innovations, and safety improvements. 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	\$69.4	\$76.9

JUDICIARY

2006-07 BIENNIAL RECOMMENDATIONS

ALL FUNDS recommendations for the Judiciary total \$450.5 million for the 2006-07 biennium, which is an increase of \$21.8 million, or 5.1 percent, from the 2004-05 biennium (Table 28).

For General Revenue and General Revenue-Dedicated Funds, the recommendations total \$357.7 million, which is an increase of \$10.1 million, or 2.9 percent, from the 2004-05 biennium (Table 29).

Selected performance measures for agencies in the the Judiciary function are depicted in Table 30.

**TABLE 28
ALL FUNDS: JUDICIARY**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$23.1	\$36.0	\$12.9	55.8%
Court of Criminal Appeals	27.2	26.6	(0.6)	(2.2)
First Court of Appeals District, Houston	5.3	5.3	0.0	0.1
Second Court of Appeals District, Fort Worth	4.4	4.2	(0.1)	(3.3)
Third Court of Appeals District, Austin	3.9	3.8	(0.1)	(2.3)
Fourth Court of Appeals District, San Antonio	4.2	4.1	(0.1)	(2.7)
Fifth Court of Appeals District, Dallas	7.3	7.2	(0.1)	(0.9)
Sixth Court of Appeals District, Texarkana	2.1	2.1	(0.0)	(0.9)
Seventh Court of Appeals District, Amarillo	2.8	2.8	(0.0)	(0.4)
Eighth Court of Appeals District, El Paso	2.6	2.1	(0.4)	(17.3)
Ninth Court of Appeals District, Beaumont	2.4	2.7	0.3	12.5
Tenth Court of Appeals District, Waco	2.0	2.1	0.2	8.9

Continued on next page.

JUDICIARY

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 28 ALL FUNDS (CONTINUED)				
IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Eleventh Court of Appeals District, Eastland	\$2.2	\$2.1	\$(0.0)	(1.2)%
Twelfth Court of Appeals District, Tyler	2.2	2.1	(0.0)	(0.3)
Thirteenth Court of Appeals District, Corpus Christi	3.9	3.8	(0.1)	(3.7)
Fourteenth Court of Appeals District, Houston	5.4	5.3	(0.2)	(2.9)
Office of Court Administration, Texas Judicial Council	52.2	53.2	0.9	1.8
Office of the State Prosecuting Attorney	0.7	0.6	(0.0)	(3.8)
State Law Library	1.7	1.6	(0.1)	(5.3)
State Commission on Judicial Conduct	1.8	1.6	(0.2)	(9.1)
Judiciary Section, Comptroller's Department	180.5	183.6	3.1	1.7
Retirement and Group Insurance	87.1	93.0	5.9	6.8
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	\$450.5	\$21.8	5.1%

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 29 GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS: JUDICIARY				
IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$7.6	\$7.9	\$0.2	3.0%
Court of Criminal Appeals	8.0	8.0	0.0	0.0
First Court of Appeals District, Houston	5.2	5.3	0.0	0.8
Second Court of Appeals District, Fort Worth	4.2	4.2	0.0	0.0
Third Court of Appeals District, Austin	3.8	3.8	0.0	0.0
Fourth Court of Appeals District, San Antonio	4.1	4.1	0.0	0.0
Fifth Court of Appeals District, Dallas	7.2	7.2	(0.0)	(0.1)
Sixth Court of Appeals District, Texarkana	2.1	2.1	0.0	0.0
Seventh Court of Appeals District, Amarillo	2.8	2.8	0.0	0.0
Eighth Court of Appeals District, El Paso	2.5	2.1	(0.4)	(16.0)
Ninth Court of Appeals District, Beaumont	2.4	2.7	0.3	13.4
Tenth Court of Appeals District, Waco	1.9	2.1	0.2	9.7
Eleventh Court of Appeals District, Eastland	2.1	2.1	0.0	0.0
Twelfth Court of Appeals District, Tyler	2.1	2.1	0.0	0.0
Thirteenth Court of Appeals District, Corpus Christi	3.8	3.8	0.0	0.9
Fourteenth Court of Appeals District, Houston	5.3	5.3	0.0	0.0
Office of Court Administration, Texas Judicial Council	40.6	41.4	0.8	1.9
Office of the State Prosecuting Attorney	0.7	0.6	(0.0)	(3.8)
State Law Library	1.6	1.5	(0.1)	(5.0)

Continued on next page.

JUDICIARY

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 29
GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Commission on Judicial Conduct	\$1.7	\$1.6	\$(0.1)	(4.2)%
Judiciary Section, Comptroller's Department	133.3	136.1	2.8	2.1
Retirement and Group Insurance	84.0	89.6	5.7	6.8
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	\$357.7	\$10.1	2.9%

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 30
SELECTED PERFORMANCE MEASURES: JUDICIARY**

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

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 31 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES: JUDICIARY				
IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
LEGAL SERVICES FOR THE INDIGENT 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%
SALARIES FOR DISTRICT JUDGES & PROSECUTORS 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%
WITNESS EXPENSES 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%
APPELLATE COURT OPERATIONS 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).	\$66.3	\$65.7	\$(0.7)	(1.0)%
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 32
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: JUDICIARY**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
SUPREME COURT						
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), and provides funding for web casting of Supreme Court sessions (\$0.1 million increase in General Revenue Funds).	Est/Bud 2004-05	\$7.6	\$0.0	\$0.0	\$0.1	\$7.8
	Rec 2006-07	\$7.9	\$0.0	\$0.0	\$0.0	\$7.9
COURT OF CRIMINAL APPEALS						
Restores the 5 percent reduction in court operations (a \$0.4 million increase in the General Revenue Fund), and provides 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	\$8.0	\$0.0	\$0.0	\$18.6	\$26.6
COURTS OF APPEALS (14 COURTS)						
Funding increase for the 14 Courts of Appeals to restore 5 percent reduction from 2004-05 spending levels and 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.	Est/Bud 2004-05	\$49.5	\$0.0	\$0.0	\$0.9	\$50.4
	Rec 2006-07	\$49.8	\$0.0	\$0.0	\$0.0	\$49.8

Continued on next page.

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 32
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
OFFICE OF COURT ADMINISTRATION						
Increased 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
JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT						
Maintains current staffing levels at the Public Integrity Unit, which would otherwise be reduced to cover forecasted increases in salary and benefit costs and adds a position (an increase of \$0.6 million in General Revenue Funds 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
Increased 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 (\$1.2 million increase).	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

PUBLIC SAFETY AND CRIMINAL JUSTICE

2006-07 BIENNIAL RECOMMENDATIONS

ALL FUNDS recommendations for Public Safety and Criminal Justice total \$8.4 billion for the 2006-07 biennium, which is an increase of \$233.0 million, or 2.9 percent, from the 2004-05 biennium (Table 33).

For General Revenue and General Revenue-Dedicated Funds, the recommendations total \$7.0 billion, which is an increase of \$348.2 million, or 5.3 percent, from the 2004-05 biennium (Table 34).

Selected performance measures for agencies in the Public Safety and Criminal Justice function are depicted in Table 35.

**TABLE 33
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	\$92.2	\$1.5	1.6%
Alcoholic Beverage Commission	60.2	61.3	1.2	1.9
Department of Criminal Justice	4,898.3	5,004.4	106.1	2.2
Commission on Fire Protection	5.6	5.6	(0.0)	(0.2)
Commission on Jail Standards	1.8	1.7	(0.1)	(4.2)
Juvenile Probation Commission	266.9	270.4	3.5	1.3
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	863.3	(123.5)	(12.5)
Youth Commission	487.9	480.5	(7.3)	(1.5)
Retirement and Group Insurance	791.7	914.8	123.1	15.5

Continued on next page.

PUBLIC SAFETY AND CRIMINAL JUSTICE

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 33
ALL FUNDS (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Social Security and Benefit Replacement Pay	\$290.3	\$298.6	\$8.3	2.9%
Bond Debt Service Payments	400.2	517.3	117.1	29.3
Lease Payments	4.0	4.0	(0.1)	(1.3)
Article Total (less Interagency Contracts)	\$8,172.4	\$8,405.4	\$233.0	2.9%

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 34
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	60.3	1.7	3.0
Department of Criminal Justice	4,613.1	4,725.8	112.7	2.4
Commission on Fire Protection	5.6	5.6	0.0	0.0
Commission on Jail Standards	1.7	1.6	(0.1)	(4.4)
Juvenile Probation Commission	186.1	187.9	1.8	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	(0.2)	(5.0)
Department of Public Safety	11.1	17.4	6.3	56.4
Youth Commission	426.3	427.1	0.8	0.2
Retirement and Group Insurance	645.7	746.2	100.5	15.6
Social Security and Benefit Replacement Pay	233.1	240.3	7.1	3.1
Bond Debt Service Payments	399.6	516.9	117.3	29.3
Lease Payments	4.0	4.0	(0.1)	(1.3)
Article Total	\$6,615.9	\$6,964.1	\$348.2	5.3%

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 35
SELECTED PERFORMANCE MEASURES: PUBLIC SAFETY AND CRIMINAL JUSTICE**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
ADJUTANT GENERAL'S DEPARTMENT				
Total Number of Assigned Military Strength	20,140	20,042	20,112	20,115
ALCOHOLIC BEVERAGE COMMISSION				
Number of Inspections Made	117,460	106,000	109,572	109,603
Number of Licenses/Permits Issued	98,343	99,144	102,000	102,000
DEPARTMENT OF CRIMINAL JUSTICE				
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%
JUVENILE PROBATION COMMISSION				
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 35
SELECTED PERFORMANCE MEASURES (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
DEPARTMENT OF PUBLIC SAFETY				
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
YOUTH COMMISSION				
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 36 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
MAJOR BUDGET ISSUE AND DESCRIPTION				
<p>ALCOHOLIC BEVERAGE COMMISSION Increased funding (\$5.2 million in General Revenue Funds) for enforcement and DWI prevention. Recommendations for fiscal years 2006 and 2007 include an increase of \$3.4 million in General Revenue Funds for increased enforcement on DWI issues, an increase of \$0.1 million in General Revenue Funds to enhance prosecution of administrative violations, an increase of \$1.4 million in General Revenue Funds for routine inspections of licensed premises, and an increase of \$0.3 million in General Revenue Funds for central administration, information resources, and support staff.</p>	\$0.0	\$5.2	\$5.2	NA
<p>DEPARTMENT OF CRIMINAL JUSTICE 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.</p>	\$127.9	\$178.1	\$50.2	39.3%
<p>Increased funding (\$10.0 million in All Funds and \$37.6 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 \$16.7 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 \$4.5 million in General Revenue Funds for rising inmate healthcare costs.</p>	\$3,921.9	\$3,931.8	\$10.0	0.3%

Continued on next page.

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 36 RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES (CONTINUED)				
IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
Increased funding (\$72.8 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. Funding of \$9.1 million from the State Highway Fund (Other Funds) is contingent upon the passage of House Bill 151 or similar legislation making burglary of a motor vehicle a state jail felony.	\$0.0	\$72.8	\$72.8	NA
DEPARTMENT OF PUBLIC SAFETY				
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)%
Increased funding (\$2.4 million in Federal Funds and \$6.0 million in State Highway Funds) for the Criminal Intelligence Bureau and the Texas Security Alert and Analysis Center.	\$0.0	\$8.4	\$8.4	NA
Increased funding (\$5.6 million in State Highway Funds) for crime laboratory personnel to address increasing demands for evidence analysis.	\$0.0	\$5.6	\$5.6	NA
YOUTH COMMISSION				
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	3.9%
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 37
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
ALCOHOLIC BEVERAGE COMMISSION						
Increased funding (\$5.2 million in General Revenue Funds) for enforcement and DWI prevention. Recommendations for fiscal years 2006 and 2007 include an increase of \$3.4 million in General Revenue Funds for increased enforcement on DWI issues, an increase of \$0.1 million in General Revenue Funds to enhance prosecution of administrative violations, an increase of \$1.4 million in General Revenue Funds for routine inspections of licensed premises, and an increase of \$0.3 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	\$5.2	\$0.0	\$0.0	\$0.0	\$5.2
DEPARTMENT OF CRIMINAL JUSTICE						
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.	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
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	\$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 37
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Increased funding (\$10.0 million in All Funds and \$37.6 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 \$16.7 million in General Revenue Funds for institutional operations and maintenance to 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 \$4.5 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	\$3,767.2	\$21.3	\$34.3	\$109.1	\$3,931.8
<p>Increased funding (\$72.8 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. Funding of \$9.1 million from the State Highway Fund (Other Funds) is contingent upon the passage of House Bill 151 or similar legislation making burglary of a motor vehicle a state jail felony.</p>	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$52.6	\$0.0	\$11.1	\$9.1	\$72.8

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 37
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
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.	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
Decreased funding (\$4.8 million in General Revenue Funds) for parole supervision related to the establishment of an annual parole supervision program for low-risk offenders who have been on active supervision for three years or more. 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	\$148.0	\$0.0	\$0.0	\$0.0	\$148.0
JUVENILE PROBATION COMMISSION						
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 37
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
TEXAS MILITARY FACILITIES COMMISSION						
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
DEPARTMENT OF PUBLIC SAFETY						
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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 37
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Reduced funding (\$12.1 million in All Funds and \$2.0 million in General Revenue-Dedicated Funds) for the Crash Records Information System (CRIS). The CRIS system is scheduled for implementation in April 2005. 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	\$0.0	\$0.0	\$1.1	\$1.1
Increased funding (\$2.9 million in State Highway Funds) for the agency's building program including the expansion of a district office.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$2.9	\$2.9
Increased funding (\$2.4 million in Federal Funds and \$6.0 million in State Highway 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
TEXAS YOUTH COMMISSION						
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 37
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (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
Reduced funding (\$7.4 million in All Funds) for construction and renovation of agency facilities primarily as a result of general obligation bond expenditures during fiscal years 2004 and 2005.	Est/Bud 2004-05	\$0.1	\$0.0	\$0.1	\$8.0	\$8.2
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.8	\$0.8
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 \$102.9 million, or 4.4 percent, from the 2004-05 biennium (Table 38).

For General Revenue and General Revenue-Dedicated Funds, the recommendations total \$1.6 billion, which is a decrease of \$61.2 million, or 3.7 percent, from the 2004-05 biennium (Table 39).

Selected performance measures for agencies in the Natural Resources function are depicted in Table 40.

**TABLE 38
ALL FUNDS: NATURAL RESOURCES**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	\$124.6	\$107.5	\$(17.1)	(13.7)%
Animal Health Commission	31.8	23.8	(8.0)	(25.1)
Commission on Environmental Quality	924.1	898.9	(25.2)	(2.7)
General Land Office and Veterans' Land Board	91.9	82.8	(9.1)	(9.9)
Trusted Programs Within the General Land Office	196.4	185.0	(11.4)	(5.8)
Parks and Wildlife Department	482.7	439.7	(42.9)	(8.9)
Railroad Commission	110.6	105.1	(5.5)	(5.0)
Texas River Compact Commissions	0.7	0.7	(0.0)	(3.5)
Soil and Water Conservation Board	27.9	25.2	(2.7)	(9.6)
Water Development Board	88.6	75.7	(12.9)	(14.6)
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 38
ALL FUNDS (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Retirement and Group Insurance	\$138.4	\$158.5	\$20.1	14.5%
Social Security and Benefit Replacement Pay	59.2	60.5	1.2	2.1
Bond Debt Service Payments	15.2	20.2	5.0	33.1
Lease Payments	2.2	2.1	(0.0)	(1.9)
Article Total (less Interagency Contracts)	\$2,323.3	\$2,220.4	\$(102.9)	(4.4)%

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

NATURAL RESOURCES

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 39
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	\$79.3	\$(10.0)	(11.2)%
Animal Health Commission	16.6	15.8	(0.8)	(5.0)
Commission on Environmental Quality	817.9	780.2	(37.7)	(4.6)
General Land Office and Veterans' Land Board	29.5	23.3	(6.2)	(21.0)
Trusteed Programs Within the General Land Office	11.1	15.3	4.2	37.5
Parks and Wildlife Department	320.7	304.9	(15.8)	(4.9)
Railroad Commission	91.9	88.8	(3.1)	(3.4)
Texas River Compact Commissions	0.7	0.7	(0.0)	(3.5)
Soil and Water Conservation Board	18.8	14.2	(4.6)	(24.6)
Water Development Board	37.7	30.7	(7.0)	(18.6)
Debt Service Payments-Non-Self Supporting G.O. Water Bonds	40.2	34.9	(5.3)	(13.1)
Retirement and Group Insurance	114.7	131.3	16.6	14.5
Social Security and Benefit Replacement Pay	48.3	49.2	1.0	2.0
Bond Debt Service Payments	4.3	12.0	7.6	177.0
Lease Payments	2.2	2.1	(0.0)	(1.9)
Article Total	\$1,643.9	\$1,582.7	\$(61.2)	(3.7)%

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

NATURAL RESOURCES

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 40
SELECTED PERFORMANCE MEASURES: NATURAL RESOURCES**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
DEPARTMENT OF AGRICULTURE				
Percent of School Districts in Compliance with Nutrition Regulations	94.0%	82.9%	85.0%	85.0%
COMMISSION ON ENVIRONMENTAL QUALITY				
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
GENERAL LAND OFFICE				
Amount of Revenue Detected from Audits	\$15,544,231	\$15,500,000	\$8,000,000	\$8,000,000
GENERAL LAND OFFICE-TRUSTEED PROGRAMS				
Percent of Eroding Shorelines Maintained, Protected or Restored for Gulf Beaches and Other Shorelines	24.5%	24.0%	7.0%	18.0%
PARKS AND WILDLIFE DEPARTMENT				
Number of State Parks in Operation	111	112	111	113
Number of Major/Repair Construction Projects Completed	82	103	48	35
RAILROAD COMMISSION				
Percentage of Known Orphaned Wells Plugged with the Use of State Funds	10.0%	11.4%	11.4%	10.9%
SOIL AND WATER CONSERVATION BOARD				
Number of Acres of Brush Treated	197,216	155,000	155,000	155,000
WATER DEVELOPMENT BOARD				
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 41 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				
CONTINGENCY APPROPRIATION				
Total spending by the General Land Office (including Trusteed Programs) out of General Revenue-Dedicated Funds (Coastal Protection Account No. 027) for coastal erosion projects includes \$14.6 million for 2006-07 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) exceeding the Comptroller's revenue estimate.	\$17.4	\$15.3	\$(2.1)	(12.1)%
METHOD-OF-FINANCE SUBSTITUTIONS: REPLACE GENERAL REVENUE WITH OTHER FUNDS AND BALANCES IN GENERAL REVENUE-DEDICATED ACCOUNTS				
Replace General Revenue Funds used to fund brush control projects at the Soil and Water Conservation Board, debt service for agricultural water conservation bonds, and regional water planning activities at the Water Development Board with Other Funds.	\$18.3	\$15.8	\$(2.5)	(13.7)%
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	\$87.2	\$(0.1)	(0.1)%
SPENDING LIMITED TO REVENUE COLLECTIONS				
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)%
LOCAL PARK GRANTS				
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)%

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 41
RECOMMENDED FUNDING FOR MAJOR BUDGET ISSUES (CONTINUED)**

IN MILLIONS	ALL FUNDS			
	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
MAJOR BUDGET ISSUE AND DESCRIPTION				
CAPITAL IMPROVEMENTS AND MAJOR REPAIRS				
Infrastructure maintenance and improvements at Texas Parks and Wildlife Department sites and facilities, includes a net decrease in bond proceeds for completed projects (\$35.8 million) and a decrease of \$4.4 million in General Revenue-Dedicated Funds (State Parks Account No. 64) for capital projects, of which \$3.8 million was reallocated to park operations. Funding increases include \$35.2 million in bond proceeds for critical repairs at 32 facilities, and construction of a new fish hatchery in East Texas; and \$0.8 million in Other Funds (Appropriated Receipts and existing bond proceeds) for a new game warden academy and to replace employee housing at Government Canyon State Natural Area.	\$55.9	\$44.1	\$(11.8)	(21.1)%
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 42
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	
DEPARTMENT OF AGRICULTURE							
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
ANIMAL HEALTH COMMISSION							
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
COMMISSION ON ENVIRONMENTAL QUALITY							
Decrease in funding from General Revenue-Dedicated Funds (Clean Air Account No. 151) for Air Quality Assessment and Planning mainly because of funding reductions in the Low-Income Vehicle Repair and Assistance Program (a \$13.7 million decrease).		Est/Bud 2004-05	\$0.0	\$65.7	\$0.0	\$0.0	\$65.7
		Rec 2006-07	\$0.0	\$52.0	\$0.0	\$0.0	\$52.0

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 42
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (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 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).	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 \$3.5 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	\$9.5	\$90.4	\$0.0	\$0.0	\$99.9
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 42
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (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
GENERAL LAND OFFICE-TRUSTEED PROGRAMS						
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
PARKS AND WILDLIFE DEPARTMENT						
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.	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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 42
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Reduced funding for capital improvement and repair projects (a \$35.8 million decrease in bond proceeds for completed projects, a \$15.0 million increase in bond proceeds to replace a fish hatchery in East Texas with the debt paid off by revenue from a freshwater fish stamp dedicated by statute for inland fish hatchery repairs and replacement, \$18.1 million in bond proceeds for critical repairs at 32 facilities, and an \$8.9 million decrease in Federal Funds due to completed projects and the transfer of local park acquisition and development grants to the Local Parks strategy).</p>	Est/Bud 2004-05	\$1.0	\$6.7	\$9.2	\$39.0	\$55.9
	Rec 2006-07	\$0.0	\$4.9	\$0.3	\$38.8	\$44.1
<p>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).</p>	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
<p>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).</p>	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

Continued on next page.

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 42
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
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 Natural Area 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
RAILROAD COMMISSION						
Reduced funding for the oil and gas migration capital budget project (a \$1.5 million decrease in General Revenue Funds) and for oil and gas monitoring and inspections due to the consolidation of four field offices (a \$0.8 million decrease in General Revenue Funds and a decrease of 9.5 FTEs).	Est/Bud 2004-05	\$54.2	\$0.0	\$0.0	\$0.0	\$54.2
	Rec 2006-07	\$51.5	\$0.0	\$0.0	\$0.0	\$51.5
SOIL AND WATER CONSERVATION BOARD						
For brush control projects, a net decrease of \$1.8 million which includes a net increase in Other Funds for an interagency contract with the Water Development Board to replace General Revenue Funds (a \$3.7 million increase) and completion of brush control projects funded by bond proceeds (a \$1.7 million decrease).	Est/Bud 2004-05	\$3.8	\$0.0	\$0.0	\$1.7	\$5.5
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$3.7	\$3.7

Continued on next page.

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 42
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE-DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
WATER DEVELOPMENT BOARD						
For regional water planning activities, a net decrease of \$0.7 million which includes replacing General Revenue Funds with Other Funds (Water Assistance Fund No. 480), a \$5.1 million decrease in General Revenue Funds.						
	Est/Bud 2004-05	\$7.4	\$0.0	\$0.0	\$0.0	\$7.4
	Rec 2006-07	\$1.6	\$0.0	\$0.0	\$5.1	\$6.7
For agricultural water conservation projects, a net decrease of \$5.7 million primarily due to the completion of a one-time \$10.0 million pilot project and an increase of \$3.7 million to fund brush control projects at the Soil and Water Conservation Board (combined, a net decrease in Other Funds of \$6.3 million).						
	Est/Bud 2004-05	\$0.6	\$0.0	\$0.0	\$11.2	\$11.8
	Rec 2006-07	\$0.6	\$0.0	\$0.0	\$5.6	\$6.2
DEBT SERVICE PAYMENTS-NON-SELF SUPPORTING G.O. WATER BONDS						
Replace General Revenue Funds for debt service on agricultural water conservation bonds with Other Funds (Agriculture Water Conservation Account No. 358).						
	Est/Bud 2004-05	\$5.4	\$0.0	\$0.0	\$0.0	\$5.4
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$5.4	\$5.4
Increase in debt service requirements for the Economically Distressed Area Program because of additional \$25.0 million bond issue in fiscal year 2004 and another \$25.0 million expected to be issued in 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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 42
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Decrease in General Revenue Funds for State Participation Program debt service because significantly more revenue from repayments becomes available as loans mature and payments include both principal and interest (a \$3.3 million decrease in General Revenue Funds offset by a \$3.4 million increase in Other Funds).	Est/Bud 2004-05	\$9.8	\$0.0	\$0.0	\$5.7	\$15.4
	Rec 2006-07	\$6.5	\$0.0	\$0.0	\$9.0	\$15.6

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 \$2.9 billion, or 18.4 percent, from the 2004-05 biennium (Table 43).

For General Revenue and General Revenue-Dedicated Funds, the recommendations total \$661.1 million, which is a decrease of \$22.1 million, or 3.2 percent, from the 2004-05 biennium (Table 44).

Selected performance measures for agencies in the Business and Economic Development function are depicted in Table 45.

**TABLE 43
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	393.9	(17.4)	(4.2)
Office of Rural Community Affairs	193.9	194.5	0.7	0.3
Department of Transportation	12,220.8	15,102.1	2,881.3	23.6
Texas Workforce Commission	2,143.8	2,098.3	(45.5)	(2.1)
Reimbursements to the Unemployment Compensation Benefit Account	51.6	33.7	(18.0)	(34.8)
Retirement and Group Insurance	374.3	438.7	64.5	17.2
Social Security and Benefit Replacement Pay	126.2	128.6	2.4	1.9
Bond Debt Service Payments	2.3	14.4	12.0	514.7
Lease Payments	0.3	1.0	0.6	195.0
Article Total (less Interagency Contracts)	\$15,683.2	\$18,563.8	\$2,880.6	18.4%

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 44
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	393.9	(17.4)	(4.2%)
Office of Rural Community Affairs	13.2	12.8	(0.4)	(3.3)
Department of Transportation	1.6	1.0	(0.6)	(36.0)
Texas Workforce Commission	205.2	194.7	(10.5)	(5.1)
Reimbursements to the Unemployment Compensation Benefit Account	16.7	10.4	(6.3)	(37.6)
Retirement and Group Insurance	12.8	15.5	2.8	21.6
Social Security and Benefit Replacement Pay	4.9	5.1	0.2	5.0
Bond Debt Service Payments	2.3	14.4	12.0	514.7
Lease Payments	0.3	1.0	0.6	195.0
Article Total	\$683.2	\$661.1	\$(22.1)	(3.2)%

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 45
SELECTED PERFORMANCE MEASURES: BUSINESS AND ECONOMIC DEVELOPMENT**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS				
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%
TEXAS LOTTERY COMMISSION				
Number of Retailer Business Locations Licensed	16,521	16,800	16,800	16,800
OFFICE OF RURAL COMMUNITY AFFAIRS				
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
DEPARTMENT OF TRANSPORTATION				
Percent of Construction Projects Completed on Budget	98.8%	95%	98.8%	98.8%
Percent of Construction Projects Completed on Time	74.2%	74%	74%	74%
TEXAS WORKFORCE COMMISSION				
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	82,849	81,530
Skills Development Customers Served	13,799	11,414	9,339	9,384

BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 46
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				
TEXAS DEPARTMENT OF TRANSPORTATION				
For the management and plan development necessary for systematic preservation and expansion of the transportation system.	\$1,279.5	\$1,522.5	\$243.0	19.0%
For acquiring right-of-way.	\$775.2	\$1,055.5	\$280.3	36.2%
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	\$6,122.6	\$1,853.9	43.4%
For maintaining and operating the highway system.	\$4,791.4	\$5,257.8	\$466.4	9.7%
TEXAS WORKFORCE COMMISSION				
Fund child care services to enable TANF Choices, transitioning, and the at-risk families to work or train for work and administration. The reductions are primarily related to a one-time draw of previously available balances of Federal Funds and the remaining amounts are tied to decreased matching funds.	\$915.9	\$878.0	\$(37.9)	(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 47
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
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS						
Replaced \$3.3 million in General Revenue Funds with Other Funds from Appropriated Receipts for 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
Reduced 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
Reduced 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
TEXAS LOTTERY COMMISSION						
Reduced General Revenue-Dedicated Funds by \$19.3 million for lottery operations.	Est/Bud 2004-05	\$0.0	\$386.4	\$0.0	\$0.0	\$386.4
	Rec 2006-07	\$0.0	\$367.1	\$0.0	\$0.0	\$367.1
Increased 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 47
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
OFFICE OF RURAL COMMUNITY AFFAIRS						
Increased 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
TEXAS DEPARTMENT OF TRANSPORTATION						
Increased All Funds by \$23.8 million for supporting general aviation; ended funding (\$6.4 million in Other Funds) for functions previously provided by the State Aircraft Pooling Board (SAPB); required the sale of SAPB aircraft and equipment; and included 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
Increased All Funds by \$243.0 million for highway construction planning, design, and management costs, which included \$135.9 million in anticipated Texas Mobility Funds; \$82.2 million in anticipated Federal Funds; and \$24.9 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	\$883.8	\$1,522.5
Increased All Funds by \$280.3 million for acquiring right-of-way, which included increases of \$206.4 million in anticipated Texas Mobility Funds; \$94.6 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	\$854.4	\$1,055.5

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 47
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increased All Funds by \$1.9 billion for highway construction funding, which included increases of \$1.2 billion in anticipated Texas Mobility Funds and \$892.5 million in Federal Funds offset by decreases of \$200.9 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	\$2,165.8	\$6,122.7
Increased All Funds by \$466.4 million for maintaining and operating the highway system, which included increases of \$191.8 million in Federal Funds and \$274.6 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	\$3,204.9	\$5,257.8
Increased All Funds by \$11.9 million for public transportation grants which included an increase of \$13.5 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	\$70.1	\$123.8
Increased funding for the Medical Transportation Program by \$21.3 million, which included increases of \$20.4 million in State Highway Funds (of which \$10.0 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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 47
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increased funding for the registration and titling of motor vehicles by \$10.3 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	\$129.7	\$129.7
Increased funding for administration by \$10.4 million in State Highway Funds to support the additional finance tools and funding (\$2.8 billion in All Funds) available to the agency.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$325.4	\$325.4
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$335.8	\$335.8
TEXAS WORKFORCE COMMISSION						
Reduced \$4.4 million in General Revenue Funds and reallocated a portion of those funds to Child Care and Project Reintegration of Offenders (RIO). These amounts include administrative support costs for the program.	Est/Bud 2004-05	\$25.0	\$0.0	\$0.0	\$0.0	\$25.0
	Rec 2006-07	\$20.6	\$0.0	\$0.0	\$0.0	\$20.6
Reduced All Funds by \$3.4 million for Project RIO. Decreased \$0.7 million in General Revenue Funds, which provides individuals services, such as job preparation and job search assistance to individuals during incarceration and after release. Reduced \$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.	Est/Bud 2004-05	\$13.2	\$0.0	\$3.6	\$0.0	\$16.8
	Rec 2006-07	\$12.5	\$0.0	\$0.9	\$0.0	\$13.4

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 47
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Reduced \$37.9 million in All Funds for the Child Care and Development program, which included a reduction of \$4.2 million in General Revenue Funds, \$32.9 million in Child Care and Development Federal Funds (a reduction of \$23.7 million for one-time draws of previously available balances and \$9.2 million was for reductions in state and local matching funds to provide child care for qualified clients), and \$0.8 million in Other Funds.	Est/Bud 2004-05	\$139.8	\$0.0	\$770.3	\$5.8	\$915.9
	Rec 2006-07	\$135.6	\$0.0	\$737.4	\$5.0	\$878.0
Reduced \$8.9 million in Federal Funds for Trade Adjustment Assistance (TAA) for dislocated workers. The agency received a one-time additional draw of \$9.6 million in Federal Funds in fiscal year 2004 and anticipates it will continue \$0.7 million of that increase in 2006-07.	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
Increased \$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
Increased \$8.9 million in All Funds for the Temporary Assistance for Needy Families (TANF) Choices Program, which included 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 47
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increased \$10.5 million in All Funds for the Workforce Investment Act Program, which included 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
Reduced funding by \$0.8 million in All Funds for the Food Stamp and Employment Training Program. This included 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
Reduced funding by \$3.3 million in All Funds for employment and community service, which included 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 included 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 47
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
<p>Reduced \$9.7 million in All Funds, which included reductions of \$0.8 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 Fund Programs.</p>	Est/Bud 2004-05	\$7.7	\$8.9	\$233.5	\$29.9	\$280.0
	Rec 2006-07	\$6.9	\$8.4	\$225.2	\$29.9	\$270.3
REIMBURSEMENT TO THE UNEMPLOYMENT COMPENSATION BENEFIT ACCOUNT						
<p>Reduced \$17.9 million in All Funds, which included reductions of \$6.3 million in General Revenue-Dedicated Funds and \$11.8 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	\$35.0	\$51.6
	Rec 2006-07	\$0.0	\$10.4	\$0.0	\$23.2	\$33.7

REGULATORY

2006-07 BIENNIAL RECOMMENDATIONS

ALL FUNDS recommendations for Regulatory total \$697.8 million for the 2006-07 biennium, which is an increase of \$28.2 million, or 4.2 percent, from the 2004-05 biennium (Table 48).

For General Revenue and General Revenue-Dedicated Funds, the recommendations total \$679.3 million, which is an increase of \$31.5 million, or 4.9 percent, from the 2004-05 biennium (Table 49).

Selected performance measures for agencies in the Regulatory function are depicted in Table 50.

**TABLE 48
ALL FUNDS: REGULATORY**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	\$14.3	\$14.5	\$0.1	0.8%
Department of Banking	22.5	34.3	11.7	52.1
Board of Barber Examiners	1.2	0.0	(1.2)	(100.0)
Board of Chiropractic Examiners	0.7	0.8	0.1	18.8
Office of Consumer Credit Commissioner	6.8	8.2	1.4	20.3
Cosmetology Commission	4.7	0.0	(4.7)	(100.0)
Credit Union Department	3.3	3.7	0.4	11.3
Texas State Board of Dental Examiners	3.1	3.3	0.1	4.1
Funeral Service Commission	1.3	1.2	(0.1)	(5.1)
Board of Professional Geoscientists	0.8	0.9	0.1	15.8
Health Professions Council	1.2	1.5	0.4	31.8
Department of Insurance	98.9	97.6	(1.3)	(1.3)

Continued on next page.

REGULATORY

2006-07 BIENNIAL RECOMMENDATIONS

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Office of Public Insurance Counsel	\$2.0	\$1.9	\$(0.1)	(5.0)%
Board of Professional Land Surveying	0.7	0.7	0.0	5.6
Department of Licensing and Regulation	23.2	28.2	5.0	21.6
Board of Medical Examiners	16.5	15.0	(1.5)	(9.2)
Board of Nurse Examiners	9.6	12.2	2.6	27.3
Optometry Board	0.8	0.8	(0.0)	(0.7)
Structural Pest Control Board	2.9	2.8	(0.1)	(4.8)
Board of Pharmacy	6.5	6.7	0.2	3.5
Executive Council of Physical Therapy & Occupational Therapy Examiners	1.8	1.8	0.0	0.7
Board of Plumbing Examiners	3.2	3.3	0.1	3.0
Board of Podiatric Medical Examiners	0.4	0.4	0.0	0.3
Board of Examiners of Psychologists	1.4	1.4	(0.0)	(1.5)
Racing Commission	21.6	20.5	(1.0)	(4.8)
Real Estate Commission	9.2	9.2	(0.0)	(0.4)
Residential Construction Commission	6.3	6.5	0.2	2.7
Savings and Loan Department	6.9	12.9	5.9	85.6
Securities Board	10.4	10.9	0.5	4.8
Board of Tax Professional Examiners	0.3	0.3	0.0	11.6

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REGULATORY

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 48
ALL FUNDS (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Utility Commission of Texas	\$185.8	\$193.5	\$7.7	4.1%
Office of Public Utility Counsel	3.5	3.3	(0.2)	(5.0)
Board of Veterinary Medical Examiners	1.2	1.1	(0.1)	(4.9)
Workers' Compensation Commission	111.4	104.3	(7.1)	(6.4)
Retirement and Group Insurance	54.1	61.8	7.7	14.3
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	\$697.8	\$28.2	4.2%

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

REGULATORY

2006-07 BIENNIAL RECOMMENDATIONS

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	\$4.7	\$4.4	\$(0.3)	(5.4)%
Department of Banking	22.4	34.1	11.7	52.4
Board of Barber Examiners	1.2	0.0	(1.2)	(100.0)
Board of Chiropractic Examiners	0.7	0.8	0.1	21.0
Office of Consumer Credit Commissioner	6.8	8.2	1.4	20.3
Cosmetology Commission	4.0	0.0	(4.0)	(100.0)
Credit Union Department	3.3	3.7	0.4	11.3
Texas State Board of Dental Examiners	2.8	2.9	0.1	3.6
Funeral Service Commission	1.2	1.1	(0.1)	(5.0)
Board of Professional Geoscientists	0.8	0.9	0.1	15.8
Health Professions Council	0.9	1.3	0.4	42.2
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	5.6
Department of Licensing and Regulation	22.0	27.2	5.2	23.6
Board of Medical Examiners	16.4	14.9	(1.5)	(9.3)
Board of Nurse Examiners	8.1	10.9	2.7	33.5
Optometry Board	0.7	0.7	0.0	0.2

Continued on next page.

REGULATORY

2006-07 BIENNIAL RECOMMENDATIONS

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Structural Pest Control Board	\$2.5	\$2.5	\$(0.0)	(0.2)%
Board of Pharmacy	6.5	6.7	0.2	3.5
Executive Council of Physical Therapy & Occupational Therapy Examiners	1.7	1.7	0.1	3.3
Board of Plumbing Examiners	3.1	3.3	0.1	3.4
Board of Podiatric Medical Examiners	0.4	0.4	0.0	1.4
Board of Examiners of Psychologists	1.3	1.2	(0.1)	(5.0)
Racing Commission	21.6	20.5	(1.0)	(4.8)
Real Estate Commission	8.8	8.8	(0.0)	(0.5)
Residential Construction Commission	6.3	6.5	0.2	2.7
Savings and Loan Department	6.9	12.9	5.9	85.6
Securities Board	10.4	10.9	0.5	4.8
Board of Tax Professional Examiners	0.3	0.3	0.0	11.6
Public Utility Commission of Texas	185.1	192.6	7.5	4.1
Office of Public Utility Counsel	3.5	3.3	(0.2)	(5.0)
Board of Veterinary Medical Examiners	1.2	1.1	(0.1)	(4.9)
Workers' Compensation Commission	102.3	97.2	(5.1)	(5.0)

Continued on next page.

REGULATORY

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 49
GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS (CONTINUED)**

IN MILLIONS				
AGENCY	ESTIMATED/ BUDGETED 2004-05	RECOMMENDED 2006-07	BIENNIAL CHANGE	PERCENTAGE CHANGE
Retirement and Group Insurance	\$54.1	\$61.8	\$7.7	14.3%
Social Security and Benefit Replacement Pay	24.3	24.8	0.5	2.2
Lease Payments	10.7	12.1	1.4	12.8
Article Total	\$647.7	\$679.3	\$31.5	4.9%

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

REGULATORY

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 50
SELECTED PERFORMANCE MEASURES: REGULATORY**

MEASURE	ACTUAL 2004	BUDGETED 2005	RECOMMENDED 2006	RECOMMENDED 2007
ALL AGENCIES				
Total Number of New Individual Licenses Issued	158,123	100,128	110,760	111,491
DEPARTMENT OF INSURANCE				
Number of Complaints Resolved	32,483	32,200	32,200	32,200
PUBLIC UTILITY COMMISSION				
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%
WORKERS' COMPENSATION COMMISSION				
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 51 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				
<p>BOARD OF BARBER EXAMINERS Zero funds the agency and transfers financial oversight, partial funding and 11 full-time-equivalent positions to the Texas Department Licensing and Regulation.</p>	\$1.2	\$0.0	\$(1.2)	(100.0)%
<p>COSMETOLOGY COMMISSION Zero funds the agency and transfers financial oversight, partial funding and 38 full-time-equivalent positions to the Texas Department Licensing and Regulation.</p>	\$4.7	\$0.0	\$(4.7)	(100.0)%
<p>DEPARTMENT OF LICENSING AND REGULATION Increases offset a \$2.2 million reduction in alignment with amounts requested by the agency with contingency funding of \$2.0 million for the Electricians Program, Legal Services Contract Program, Combative Sports Program, and Weather Modification Program. Transfers \$5.2 million for the financial oversight, funding and full-time-equivalent positions from the Board of Barber Examiners and the Cosmetology Commission.</p>	\$23.2	\$28.2	\$5.0	21.6%
<p>PUBLIC UTILITY COMMISSION Increases funding for energy assistance to low-income residential electric customers by \$19.6 million during 2006-07 that is contingent upon a municipally owned utility or electric cooperative opting into the competitive market.</p>	\$157.4	\$166.0	\$8.6	5.4%
<p>TEXASONLINE The TexasOnline program allows the public to apply for a number of both new and renewal occupational licenses, permits, and registrations over the Internet.</p>	\$4.5	\$5.8	\$1.3	28.9%
<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 52
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS: REGULATORY**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
DEPARTMENT OF BANKING						
Increased contingency funding for bank examinations by \$11.1 million in General Revenue Funds 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	\$11.1	\$0.0	\$0.0	\$0.0	\$11.1
Increased contingency funding for bank examinations by \$0.6 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	\$0.6	\$0.0	\$0.0	\$0.0	\$0.6
BOARD OF BARBER EXAMINERS						
Zero funds the agency and transfers financial oversight, partial funding, and 11 full-time-equivalent positions to the Texas Department of Licensing Regulation.	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
OFFICE OF CONSUMER CREDIT COMMISSIONER						
Increased contingency funding 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 52
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Increased contingency funding for motor vehicle sales finance and payday lending industry licensing and enforcement by \$1.0 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	\$1.0	\$0.0	\$0.0	\$0.0	\$1.0
COSMETOLOGY COMMISSION						
Zero funds the agency and transfers financial oversight, partial funding, and 38 full-time-equivalent positions to the Texas Department of Licensing Regulation.	Est/Bud 2004-05	\$4.1	\$0.0	\$0.0	\$0.6	\$4.7
	Rec 2006-07	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
DEPARTMENT OF INSURANCE						
Reduced All Funds by \$1.5 million for collecting and analyzing market data and providing information and reports, which included reductions of \$0.9 million in General Revenue Funds; \$0.5 million in General Revenue-Dedicated Funds; and \$0.2 million in Federal Funds.	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
DEPARTMENT OF LICENSING AND REGULATION						
Reduced General Revenue Funds by \$1.3 million (6 percent) in alignment with amounts requested by the agency.	Est/Bud 2004-05	\$19.4	\$0.0	\$0.0	\$0.3	\$19.7
	Rec 2006-07	\$18.1	\$0.0	\$0.0	\$0.3	\$18.4

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 52
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE-DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Transfer financial oversight, funding of \$1.0 million in All Funds, and 11 full-time-equivalent positions from the Board of Barber Examiners.	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
Transfer financial oversight, funding of \$4.1 million in All Funds, and 38 full-time-equivalent positions from the Cosmetology Commission.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$3.5	\$0.0	\$0.0	\$0.6	\$4.1
Increased 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
Increased contingency funding for the Legal Services Contract 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
Increased 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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 52
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Reduced All Funds by \$0.4 million for the Weather Modification Program. Increased contingency funding by \$0.5 million in General Revenue Funds with the requirement that all increases be covered by new revenues, offsetting a \$0.9 million reduction in federal grant funds for the Weather Modification Program that is not anticipated to be available.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.9	\$0.0	\$0.9
	Rec 2006-07	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5
BOARD OF MEDICAL EXAMINERS						
Reduced 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
BOARD OF NURSE EXAMINERS						
Increased contingency funding for criminal records checks of new Licensed Vocational Nurse applicants by \$0.6 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	\$0.6	\$0.0	\$0.0	\$0.0	\$0.6
Increased 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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 52
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Reduced All Funds by \$0.5 million, including \$0.4 million in General Revenue Funds (5 percent) and \$0.1 million in Appropriated Receipts related to greater use of online resources resulting in reduced sales of publications and records in alignment with amounts requested by the agency.	Est/Bud 2004-05	\$8.1	\$0.0	\$0.0	\$1.5	\$9.6
	Rec 2006-07	\$7.7	\$0.0	\$0.0	\$1.4	\$9.1
Increased contingency funding for criminal records checks of renewal applicants by \$2.3 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	\$2.3	\$0.0	\$0.0	\$0.0	\$2.3
RACING COMMISSION						
Reduced \$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
Increased contingency funding for each new horse racetrack that begins operation by \$0.3 million with the requirement that all increases be covered with new revenue.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$0.3	\$0.0	\$0.0	\$0.3

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

**TABLE 52
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE- DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Accredited Texas Bred Program Increased contingency funding by \$0.6 million from revenue set aside by the commission for the Texas Bred Incentive Program with the requirement that all increases be covered with 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
SAVINGS AND LOAN DEPARTMENT						
Increased contingency funding for savings and loan examinations by \$1.3 million in General Revenue Funds 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
Increased contingency funding for mortgage broker examinations by \$3.7 million in General Revenue Funds 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
Increased contingency funding for mortgage broker examinations by \$1.0 million in General Revenue Funds 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 52
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)**

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE-DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
SECURITIES BOARD						
Increased contingency funding for the acquisition of information technology, investor education, and daily operations by \$0.5 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	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5
PUBLIC UTILITY COMMISSION						
Reduced funding for the Low Income Discount program by \$11.0 million in General Revenue-Dedicated Funds for anticipated reductions in the number of eligible customers.	Est/Bud 2004-05	\$0.0	\$157.4	\$0.0	\$0.0	\$157.4
	Rec 2006-07	\$0.0	\$146.4	\$0.0	\$0.0	\$146.4
Increased contingency funding for the Low Income Discount program by \$19.6 million in General Revenue-Dedicated Funds to maintain the program at 10 percent if a municipally owned utility or electric cooperative opts into the competitive market.	Est/Bud 2004-05	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Rec 2006-07	\$0.0	\$19.6	\$0.0	\$0.0	\$19.6
Reduced funding for telephone and electric utility rate cases by \$1.0 million in All Funds, which included 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

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BUDGET ISSUES AND RECOMMENDATIONS

2006-07 BIENNIAL RECOMMENDATIONS

TABLE 52
SIGNIFICANT AGENCY BUDGET RECOMMENDATIONS (CONTINUED)

IN MILLIONS						
BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE-DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
WORKERS' COMPENSATION COMMISSION						
Reduced General Revenue Funds by \$4.7 million for salary and longevity pay, retirement incentives, and other operating costs.						
	Est/Bud 2004-05	\$94.5	\$0.0	\$0.0	\$0.0	\$94.5
	Rec 2006-07	\$89.8	\$0.0	\$0.0	\$0.0	\$89.8
Reduced 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