

LEGISLATIVE BUDGET BOARD

# Summary of Conference Committee Report for Senate Bill 1

FOR THE 2010 - 2011 BIENNIUM

MAY 2009

SUBMITTED TO THE CONFERENCE COMMITTEE FOR SENATE BILL 1



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## INTRODUCTION

The Conference Committee's recommended All Funds appropriations for state government operations for the 2010–11 biennium total \$182.3 billion from all fund sources. The recommendations provide a \$12.6 billion,

or 7.4 percent, increase from the 2008–09 biennial level.

General Revenue Funds, including funds dedicated within the General Revenue Fund, total \$87.1 billion for the 2010–11 biennium,

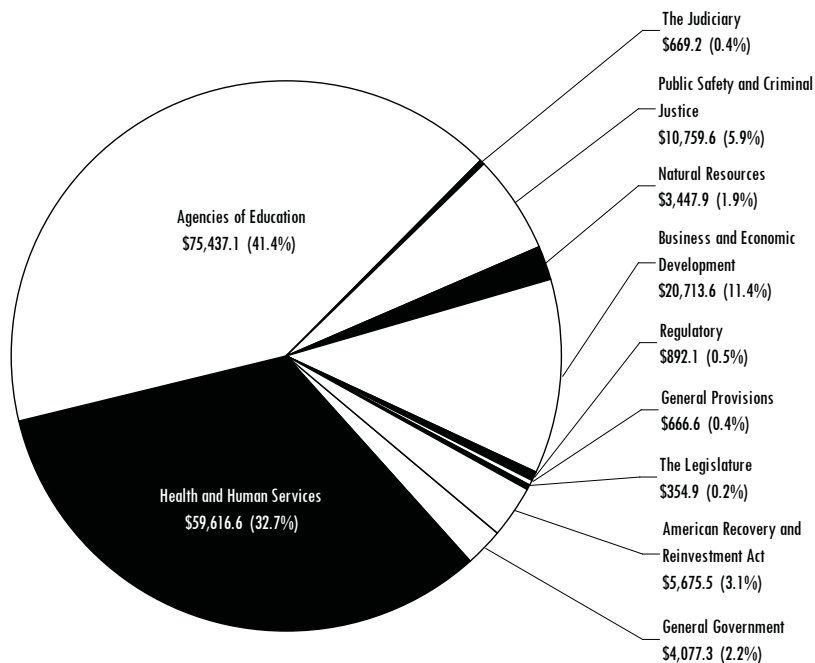
a decrease of \$1.6 billion, or 1.8 percent, from the anticipated 2008–09 biennial spending level. Figures 1 and 2 show the 2010–11 recommendations by government function.

### 2010–11 BIENNIAL RECOMMENDATIONS

**FIGURE 1  
ALL FUNDS**

IN MILLIONS

TOTAL = \$182,310.3

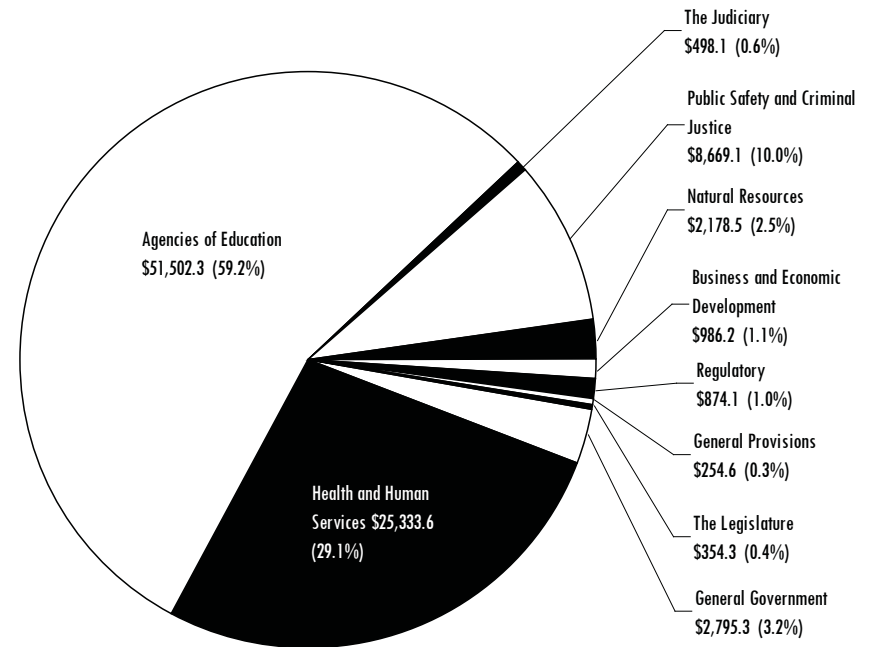


NOTE: Excludes Interagency Contracts.

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

IN MILLIONS

TOTAL = \$87,062.9



NOTES: Chart does not account for the \$6,383.3 million reduction in General Revenue Funds in Article XII. Percentage values do not sum to 100 percent.

## HIGHLIGHTS OF THE RECOMMENDATIONS

For the 2010–11 biennium, the Conference Committee's recommendations include funding for the following key budget items. (Noted funding increases or decreases are from the 2008–09 biennial spending level.)

### HEALTH AND HUMAN SERVICES

- The Medicaid program provides health and related care to children, pregnant women, and elderly and/or disabled adults. Acute care caseloads (two thirds of which are children) are projected to reach 3.2 million in fiscal year 2011. Funding totals \$44.8 billion in All Funds (\$18.7 billion in General Revenue and General Revenue–Dedicated Funds). An increase of \$4.5 billion in All Funds (\$2.5 billion in General Revenue and General Revenue–Dedicated Funds) is provided to address the following items: (1) maintain rates at fiscal year 2009 levels and address projected caseload growth, (2) address less favorable federal match, (3) address cost growth, (4) increase community attendant wages and health care provider rates, (5) achieve cost savings, (6) expand and reshape the system of care for individuals with developmental disabilities, (7) implement a Medicaid Buy-in program for children, and (8) provide health care to legal permanent residents at an enhanced federal match rate.
- The Children's Health Insurance Program provides health care to children whose family income is below 200 percent of the Federal Poverty Limit. Funding totals \$2 billion in All Funds (\$624 million in General Revenue Funds). An increase of \$122 million in All Funds (\$74 million

in General Revenue Funds) is provided primarily to address projected caseload growth. Caseloads are projected to reach 537,742 in fiscal year 2011; this includes 73,399 perinatal clients. These increases are offset by other adjustments, including the movement of funding for certain legal permanent residents to the Medicaid program.

- The Integrated Eligibility and Enrollment Office determines eligibility for many health and human services programs. Funding totals \$1.4 billion in All Funds (\$593.1 million in General Revenue Funds). An increase of \$100 million in All Funds (\$50 million in General Revenue Funds) maintains August 2009 staffing levels (9,039 full-time equivalents) and the state-authorized 2009 salary increase. These increases are partially offset by other adjustments.
- Funding for Child Protective Services (CPS) Staff totals \$886.4 million in All Funds (\$323.4 million in General Revenue Funds). An increase of \$5.7 million in All Funds (decrease of \$11.8 million in General Revenue Funds), together with an appropriation of \$48 million in stimulus TANF Federal Funds maintains August 2009 staffing and salary levels and adds 219 FTE positions.
- Adoption Subsidy caseloads are projected to increase by 19.5 percent or 5,405 children by fiscal year 2011 (from fiscal year 2009). A budget increase of \$47.2 million in All Funds will support the increased caseload. In contrast, Foster Care caseloads are estimated to flatten.

- The Eightieth Legislature appropriated \$82 million in General Revenue Funds to expand community mental health crisis services during the 2008-09 biennium. An additional \$83.6 million in General Revenue Funds is provided in 2010–11 to continue service levels achieved in fiscal year 2009 and for the expansion of transitional and intensive ongoing community mental health services.
- Funding for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) totals \$1.7 billion in All Funds (\$518 million in General Revenue and General Revenue–Dedicated Funds). An anticipated increase of \$33 million in Federal Funds will produce an additional \$17 million in General Revenue–Dedicated Funds, which are generated by rebates on infant formula and cereal. Client levels are expected to exceed one million in fiscal year 2011.
- The Early Childhood Intervention (ECI) program provides habilitative services to children under the age of three with developmental disabilities. An increase of \$18.5 million in All Funds (\$4.7 million in General Revenue Funds) is provided to address caseloads, which are expected to increase to 31,880 in fiscal year 2011.

### PUBLIC EDUCATION

- \$37.0 billion in All Funds is provided for the Foundation School Program. In addition to funding the state's current law obligations, \$1.9 billion in new funding is provided, contingent upon the enactment of legislation relating to a return to a formula-driven school finance system that

## HIGHLIGHTS OF THE RECOMMENDATIONS (CONTINUED)

improves equity, reduces recapture, and provides educator salary increases. This amount also includes \$68.9 million to roll forward the eligibility date for the Existing Debt Allotment and \$75.0 million in funding for new Instructional Facilities Allotment grants in fiscal year 2011. Funding for the renovation of science labs was increased to \$60 million, a \$20 million increase over the 2008–09 biennial level.

- \$812.8 million in General Revenue Funds is included for instructional materials, including \$465.3 million for textbooks under Proclamation 2010 and \$347.5 million for continuing contracts. This represents a \$315.2 million increase over 2008–09 expenditures for instructional materials. Proclamation 2010 includes English Language Arts, English and Spanish Reading textbooks for all grades, and English as a Second Language materials for high school grades.
- \$395.6 million in General Revenue Funds is included for the District Awards for Teacher Excellence (DATE) incentive pay program. In the 2008–09 biennium, this district-level program was funded starting in fiscal year 2009 at \$147.8 million, along with the campus-level Texas Educator Excellence Grants (TEEG) program, funded at a biennial amount of \$195.0 million. For the 2010–11 biennium, funding for TEEG is eliminated and DATE is funded at \$197.9 million in each fiscal year, an annual \$50 million increase for that program.
- Funding for the expansion of pre-Kindergarten programs is increased by

\$25 million, a 14 percent increase over the 2008–09 biennial appropriation. As an expansion of the existing full-day pre-Kindergarten programs, this increased funding will allow school districts to serve an estimated 17,000 additional students. Contingent on the enactment of House Bill 130 or similar legislation, the \$25 million increase would instead be allocated to implement enhanced quality full-day pre-Kindergarten programs under the provisions of the legislation.

### HIGHER EDUCATION

- Higher education is supported by \$22.6 billion in All Funds. Included in this amount is \$585.1 million in increased formula funding. Enrollment growth for all of higher education is funded resulting in an increase of \$336.7 million in General Revenue Funds and General Revenue–Dedicated Funds. Delays in issuing some bonds and the retirement of other bonds resulted in a decrease of \$25.9 million in debt service reimbursement for Tuition Revenue bonds. Special item funding in Article III also decreased a net of \$32.3 million due to the elimination of one-time expenditures such as hurricane relief and deferred maintenance and increased funding for medical school expansions at the Texas A&M University System Health Science Center and the Texas Tech University Health Sciences Center. Support for the system center operations and system office operations increased \$31.6 million.

- Funding for the Texas Competitive Knowledge Fund was increased \$33 million.
- Funding for patient care was increased \$117.5 million in General Revenue at the University of Texas Medical Branch at Galveston, The University of Texas M.D. Anderson Cancer Center and the University of Texas Health Science Center at Tyler.
- Financial aid at the Higher Education Coordinating Board was increased by a total of \$210.9 million for all the student financial aid programs.
- Texas Forest Service funding to assist volunteer fire departments was increased \$37.0 million mainly due to the appropriation of unexpended balances.
- The Higher Education Performance Incentive Initiative was annualized at \$40 million and \$66.5 million was transferred from special items to the General Academic funding formula.

### PUBLIC AND HIGHER EDUCATION BENEFITS

- State retirement contributions for the Teacher Retirement System and Optional Retirement Program are 6.4 percent of payroll. These contributions will result in an All Funds increase of \$190.2 million and \$9.1 million, respectively, to reflect assumed payroll growth of 5 percent annually in fiscal years 2010 and 2011 in public education, and 7 percent annually in fiscal years 2010 and 2011 in higher education payroll.



## HIGHLIGHTS OF THE RECOMMENDATIONS (CONTINUED)

- Public school retirees' health insurance (TRS-Care) increased by \$45.8 million, or 9.6 percent, in General Revenue Funds. The agency projects that this level of funding combined with the fund balance projected for fiscal year 2009 will be sufficient to fund TRS-Care costs through the 2010–11 biennium.
- Contributions for Higher Education Group Insurance (HEGI) total \$1.1 billion, reflecting growth of \$61.9 million for premium rate increases.

### CRIMINAL JUSTICE

- \$4.9 billion in All Funds is provided for the incarceration and treatment of adult offenders. This reflects an increase of \$271.4 million in General Revenue Funds primarily caused by salary increases for correctional officers, laundry and food service managers, and other unit staff; rising inmate healthcare costs; increased funding for reentry transitional coordinators; multi-year contract rate increases; increased funding for initiatives provided by the Eightieth Legislature; state approved salary increases in fiscal year 2009; and increased costs for food, overtime, utilities, hazardous duty pay, and adjustments to the corrections officer career ladder in fiscal year 2009. The recommendations include a decrease of \$27.6 million in General Revenue Funds for contracted temporary capacity based on January 2009 population projections.
- \$400.0 million in All Funds is provided for residential services at the Youth Commission. This represents a reduction of \$42.9 million in General Revenue Funds

primarily caused by institutional capacity reductions and corresponding reductions in staffing; a reduction in contracted capacity; and one-time appropriations made by the Eightieth Legislature for video surveillance equipment and an electronic medical records system. Recommendations for fiscal years 2010–11 include salary increases for juvenile correctional officers and other institutional staff; funding for the continued operation of the Victory Field Correctional Academy and the West Texas Regional Facility in fiscal year 2010; additional specialized treatment in fiscal year 2011; regional community reentry and specialized aftercare programs; and an automated assessment and data sharing system.

- \$87.1 million in All Funds is provided for border security operations including 66 additional personnel at the Department of Public Safety; additional funding to other state agencies, including the Parks and Wildlife Department, the Department of Criminal Justice, and the Governor's Office, for border security operations; funding for law enforcement overtime and operational costs; operations of the Joint Operations and Intelligence Centers and the Border Operations Center; construction of the Governor's Regional Center for Operations and Intelligence in Laredo; upgrades to Texas Task Force II in Dallas; and aviation support. Article XII provides direction on the use of Federal Byrne Justice Assistance Grants for border security.

### NATURAL RESOURCES

- The bill provides for an All Funds increase of \$143.9 million (\$108.1 million in General Revenue Funds and \$35.8 million in Other Funds) in debt service appropriations for General Obligation (GO) Water Bonds. Of this amount, \$89.0 million in General Revenue Funds is for additional debt service related to \$890 million in bonds for State Participation, Economically Distressed Areas Program and Water Infrastructure Fund No. 302 projects associated with the implementation of the State Water Plan.

### TRANSPORTATION

- \$17.1 billion in All Funds is provided for transportation planning and design, acquisition of right-of-way, construction, and maintenance of the state's transportation system. The recommendations represent a \$0.3 billion decrease in All Funds, which includes increases of \$1.1 billion in State Highway Funds and \$2.0 billion in Proposition 12 (2007) General Obligation Bond Proceeds, offset by decreases of \$1.6 billion in Texas Mobility Funds and \$1.0 billion in State Highway Fund Revenue Bond Proceeds for highway improvements and safety projects, and a decrease of \$0.2 billion in General Revenue Funds from the 2008–09 biennium.

### EMPLOYEES RETIREMENT SYSTEM STATE EMPLOYEE GROUP BENEFITS PROGRAM

- State contributions for group insurance benefits reflect increased funding of \$306.1 million in All Funds (\$187.0

## HIGHLIGHTS OF THE RECOMMENDATIONS (CONTINUED)

million in General Revenue Funds and General Revenue–Dedicated Funds). The contributions reflect a 6.5 percent state contribution increase in 2010; a 6.8 percent state contribution increase in 2011; and spending down the fund balance, to cover a 7.5 percent annual growth in healthcare claims. In addition, the contributions assume 1.8 percent and 1.6 percent annual growth in overall employee population in fiscal years 2010 and 2011, respectively.

### OTHER EMPLOYEE BENEFITS

The bill includes \$332.7 million in All Funds, including \$313.1 million in General Revenue–related Funds, for one-time payments to retired state and public school annuitants, the 3.5 percent pay increase each fiscal year for certain adult and youth corrections state employees described earlier and pay increases for certain other state employees. The bill provides for:

- a one-time payment to retired state employees in an amount equivalent to the annuitant's monthly benefit, not to exceed \$500. \$34.7 million is appropriated for this purpose. If the one-time payment is not constitutionally and statutorily permissible, \$34.7 million in General Revenue Funds is transferred to the Employees Retirement System to increase the state contribution rate from 6.45 percent to 6.95 percent.
- a one-time payment to retired public school employees in an amount equivalent to the annuitant's monthly benefit, not to exceed \$500. \$120.5 million is appropriated for this purpose. The one-time payment is also contingent upon passage of Senate

Bill 2567, or similar legislation authorizing the TRS board of trustees to issue the payment. If the one-time payment is not constitutionally and statutorily permissible, \$120.5 million in General Revenue Funds is transferred to the Teacher Retirement System to increase the state contribution rate from 6.40 percent to 6.644 percent.

- salary increases to Schedule C classified employees, with the amounts depending on salary group and experience. \$24 million in All Funds, including \$4.4 million in General Revenue-related Funds, is included in the bill for this purpose.
- salary increases for staff in wildlife, fishery, law enforcement and support divisions within the Texas Parks and Wildlife Department. \$11.3 million in contingent revenue from license fee increases is included in the bill for this purpose.
- targeted pay increases are also provided for certain judicial and financial examiner staff.

### AMERICAN RECOVERY AND REINVESTMENT ACT

- Amounts available for state appropriation by virtue of the American Recovery and Reinvestment Act (ARRA) total an estimated \$12.1 billion in Federal Funds for the 2010–11 biennium.
- A portion of the Federal Funds made available in ARRA may be used to make General Revenue available for other state obligations. The estimated value of those reductions is \$6.4 billion, making the net increase to state agencies through SB 1 \$5.7 billion for the biennium.

- All ARRA-related appropriations are made in Article XII of the bill.

## RECOMMENDATIONS BY METHOD OF FINANCING

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 1**  
**ALL FUNDS:**

| IN MILLIONS<br>FUNCTION                              | ESTIMATED/<br>BUDGETED<br>2008–09* | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|------------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                       | \$3,845.1                          | \$4,077.3              | \$232.2            | 6.0%                 |
| Article II – Health and Human Services               | 54,542.0                           | 59,616.6               | 5,074.6            | 9.3                  |
| Article III – Agencies of Education                  | 74,151.9                           | 75,437.1               | 1,285.2            | 1.7                  |
|  | 52,977.5                           | 52,796.3               | (181.2)            | (0.3)                |
| <i>Public Education**</i>                            | 21,174.3                           | 22,640.7               | 1,466.4            | 6.9                  |
| <i>Higher Education</i>                              |                                    |                        |                    |                      |
| Article IV – The Judiciary                           | 624.2                              | 669.2                  | 45.1               | 7.2                  |
| Article V – Public Safety and Criminal Justice       | 10,625.4                           | 10,759.6               | 134.2              | 1.3                  |
| Article VI – Natural Resources                       | 3,344.0                            | 3,447.9                | 103.9              | 3.1                  |
| Article VII – Business and Economic Development      | 21,510.3                           | 20,713.6               | (796.7)            | (3.7)                |
| Article VIII – Regulatory                            | 767.3                              | 892.1                  | 124.8              | 16.3                 |
| Article IX – General Provisions                      | 0.0                                | 666.6                  | 666.6              | NA                   |
| Article X – The Legislature                          | 344.0                              | 354.9                  | 10.9               | 3.2                  |
| Article XII – American Recovery and Reinvestment Act | 0.0                                | 5,675.5                | 5,675.5            | NA                   |
| <b>Total, All Functions</b>                          | <b>\$169,754.0</b>                 | <b>\$182,310.3</b>     | <b>\$12,556.3</b>  | <b>7.4%</b>          |

\*Includes certain anticipated supplemental spending needs.

\*\*Estimated/budgeted amounts in the 2008–09 biennium include \$1,487.6 million to cover the cost of a 25th month of Foundation School Program payments, reversing the deferral of the August payment into the following fiscal year. This is a one-time cost, so no appropriation for this purpose is necessary in the 2010–11 biennium.

NOTES: Excludes interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table and figure amounts may not add because of rounding.

## RECOMMENDATIONS BY METHOD OF FINANCING

### 2010–11 BIENNIAL RECOMMENDATIONS

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

| IN MILLIONS  | ESTIMATED/<br>BUDGETED<br>2008–09* | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|------------------------------------|------------------------|--------------------|----------------------|
| FUNCTION   |                                    |                        |                    |                      |
| Article I – General Government                       | \$2,109.8                          | \$2,141.8              | \$32.0             | 1.5%                 |
| Article II – Health and Human Services               | 21,499.6                           | 24,343.6               | 2,844.0            | 13.2                 |
| Article III – Agencies of Education                  | 48,202.5                           | 49,142.2               | 939.6              | 1.9                  |
|  | 35,783.8                           | 35,485.4               | (298.5)            | (0.8)                |
| <i>Public Education**</i>                            | 12,418.7                           | 13,656.8               | 1,238.1            | 10.0                 |
| <i>Higher Education</i>                              |                                    |                        |                    |                      |
| Article IV – The Judiciary                           | 402.9                              | 436.7                  | 33.8               | 8.4                  |
| Article V – Public Safety and Criminal Justice       | 8,048.0                            | 8,588.8                | 540.8              | 6.7                  |
| Article VI – Natural Resources                       | 682.5                              | 867.9                  | 185.4              | 27.2                 |
| Article VII – Business and Economic Development      | 648.3                              | 585.8                  | (62.5)             | (9.6)                |
| Article VIII – Regulatory                            | 338.6                              | 393.8                  | 55.1               | 16.3                 |
| Article IX – General Provisions                      | 0.0                                | 227.5                  | 227.5              | NA                   |
| Article X – The Legislature                          | 343.5                              | 354.3                  | 10.8               | 3.2                  |
| Article XII – American Recovery and Reinvestment Act | 0.0                                | (6,383.3)              | (6,383.3)          | NA                   |
| <b>Total, All Functions</b>                          | <b>\$82,275.8</b>                  | <b>\$80,699.1</b>      | <b>(\$1,576.7)</b> | <b>(1.9%)</b>        |

\*Includes certain anticipated supplemental spending needs.

\*\*Estimated/budgeted amounts in the 2008–09 biennium include \$1,487.6 million to cover the cost of a 25th month of Foundation School Program payments, reversing the deferral of the August payment into the following fiscal year. This is a one-time cost, so no appropriation for this purpose is necessary in the 2010–11 biennium.

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

## RECOMMENDATIONS BY METHOD OF FINANCING

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 3**  
**GENERAL REVENUE–DEDICATED FUNDS:**

| IN MILLIONS  | ESTIMATED/<br>BUDGETED<br>2008–09* | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|------------------------------------|------------------------|--------------------|----------------------|
| FUNCTION   |                                    |                        |                    |                      |
| Article I – General Government                       | \$715.9                            | \$653.5                | (\$62.3)           | (8.7%)               |
| Article II – Health and Human Services               | 965.8                              | 990.0                  | 24.3               | 2.5                  |
| Article III – Agencies of Education                  | 2,346.0                            | 2,360.2                | 14.2               | 0.6                  |
|  | 96.7                               | 0.2                    | (96.5)             | (99.7)               |
| <i>Public Education</i>                              | 2,249.3                            | 2,359.9                | 110.6              | 4.9                  |
| <i>Higher Education</i>                              |                                    |                        |                    |                      |
| Article IV – The Judiciary                           | 53.7                               | 61.5                   | 7.7                | 14.4                 |
| Article V – Public Safety and Criminal Justice       | 24.7                               | 80.3                   | 55.6               | 225.4                |
| Article VI – Natural Resources                       | 1,462.1                            | 1,310.5                | (151.6)            | (10.4)               |
| Article VII – Business and Economic Development      | 423.8                              | 400.4                  | (23.4)             | (5.5)                |
| Article VIII – Regulatory                            | 408.3                              | 480.4                  | 72.0               | 17.6                 |
| Article IX – General Provisions                      | 0.0                                | 27.1                   | 27.1               | NA                   |
| Article X – The Legislature                          | 0.0                                | 0.0                    | 0.0                | NA                   |
| Article XII – American Recovery and Reinvestment Act | 0.0                                | 0.0                    | 0.0                | NA                   |
| <b>Total, All Functions</b>                          | <b>\$6,400.2</b>                   | <b>\$6,363.8</b>       | <b>(\$36.4)</b>    | <b>(0.6%)</b>        |

\*Includes certain anticipated supplemental spending needs.

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



## RECOMMENDATIONS BY METHOD OF FINANCING

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 4**  
**GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS:**

| IN MILLIONS<br>FUNCTION                              | ESTIMATED/<br>BUDGETED<br>2008–09* | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|------------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                       | \$2,825.7                          | \$2,795.3              | (\$30.3)           | (1.1%)               |
| Article II – Health and Human Services               | 22,465.4                           | 25,333.6               | 2,868.3            | 12.8                 |
| Article III – Agencies of Education                  | 50,548.5                           | 51,502.3               | 953.8              | 1.9                  |
|  | 35,880.6                           | 35,485.6               | (394.9)            | (1.1)                |
| <i>Public Education**</i>                            | 14,668.0                           | 16,016.7               | 1,348.8            | 9.2                  |
| <i>Higher Education</i>                              |                                    |                        |                    |                      |
| Article IV – The Judiciary                           | 456.7                              | 498.1                  | 41.5               | 9.1                  |
| Article V – Public Safety and Criminal Justice       | 8,072.7                            | 8,669.1                | 596.4              | 7.4                  |
| Article VI – Natural Resources                       | 2,144.6                            | 2,178.5                | 33.9               | 1.6                  |
| Article VII – Business and Economic Development      | 1,072.1                            | 986.2                  | (85.9)             | (8.0)                |
| Article VIII – Regulatory                            | 747.0                              | 874.1                  | 127.2              | 17.0                 |
| Article IX – General Provisions                      | 0.0                                | 254.6                  | 254.6              | NA                   |
| Article X – The Legislature                          | 343.5                              | 354.3                  | 10.8               | 3.2                  |
| Article XII – American Recovery and Reinvestment Act | 0.0                                | (6,383.3)              | (6,383.3)          | NA                   |
| <b>Total, All Functions</b>                          | <b>\$88,676.1</b>                  | <b>\$87,062.9</b>      | <b>(\$1,613.1)</b> | <b>(1.8%)</b>        |

\*Includes certain anticipated supplemental spending needs.

\*\*Estimated/budgeted amounts in the 2008–09 biennium include \$1,487.6 million to cover the cost of a 25th month of Foundation School Program payments, reversing the deferral of the August payment into the following fiscal year. This is a one-time cost, so no appropriation for this purpose is necessary in the 2010–11 biennium.

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

## RECOMMENDATIONS BY METHOD OF FINANCING

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 5  
FEDERAL FUNDS:**

| IN MILLIONS<br>FUNCTION                              | ESTIMATED/<br>BUDGETED<br>2008–09* | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|------------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                       | \$682.5                            | \$622.5                | (\$60.0)           | (8.8%)               |
| Article II – Health and Human Services               | 31,596.0                           | 33,776.2               | 2,180.2            | 6.9                  |
| Article III – Agencies of Education                  | 8,827.6                            | 9,381.0                | 553.4              | 6.3                  |
| <i>Public Education</i>                              | 8,518.7                            | 9,076.6                | 557.9              | 6.5                  |
| <i>Higher Education</i>                              | 309.0                              | 304.4                  | (4.5)              | (1.5)                |
| Article IV – The Judiciary                           | 3.6                                | 5.0                    | 1.4                | 37.2                 |
| Article V – Public Safety and Criminal Justice       | 899.3                              | 617.8                  | (281.5)            | (31.3)               |
| Article VI – Natural Resources                       | 978.0                              | 1,011.0                | 33.0               | 3.4                  |
| Article VII – Business and Economic Development      | 9,156.3                            | 7,929.1                | (1,227.2)          | (13.4)               |
| Article VIII – Regulatory                            | 4.3                                | 4.5                    | 0.2                | 4.5                  |
| Article IX – General Provisions                      | 0.0                                | 195.2                  | 195.2              | NA                   |
| Article X – The Legislature                          | 0.0                                | 0.0                    | 0.0                | NA                   |
| Article XII – American Recovery and Reinvestment Act | 0.0                                | 12,058.8               | 12,058.8           | NA                   |
| <b>Total, All Functions</b>                          | <b>\$52,147.6</b>                  | <b>\$65,601.2</b>      | <b>\$13,453.5</b>  | <b>25.8%</b>         |

\*Includes certain anticipated supplemental spending needs.

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

## RECOMMENDATIONS BY METHOD OF FINANCING

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 6**  
**OTHER FUNDS:**

| IN MILLIONS<br>FUNCTION                              | ESTIMATED/<br>BUDGETED<br>2008–09* | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|------------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                       | \$337.0                            | \$659.5                | \$322.5            | 95.7%                |
| Article II – Health and Human Services               | 480.6                              | 506.7                  | 26.1               | 5.4                  |
| Article III – Agencies of Education                  | 14,775.7                           | 14,553.7               | (222.0)            | (1.5)                |
| <i>Public Education</i>                              | 8,578.3                            | 8,234.1                | (344.2)            | (4.0)                |
| <i>Higher Education</i>                              | 6,197.4                            | 6,319.6                | 122.2              | 2.0                  |
| Article IV – The Judiciary                           | 163.9                              | 166.1                  | 2.2                | 1.4                  |
| Article V – Public Safety and Criminal Justice       | 1,653.5                            | 1,472.7                | (180.7)            | (10.9)               |
| Article VI – Natural Resources                       | 221.4                              | 258.5                  | 37.1               | 16.8                 |
| Article VII – Business and Economic Development      | 11,281.9                           | 11,798.3               | 516.4              | 4.6                  |
| Article VIII – Regulatory                            | 16.0                               | 13.5                   | (2.5)              | (15.7)               |
| Article IX – General Provisions                      | 0.0                                | 216.8                  | 216.8              | NA                   |
| Article X – The Legislature                          | 0.5                                | 0.6                    | 0.1                | 20.6                 |
| Article XII – American Recovery and Reinvestment Act | 0.0                                | 0.0                    | 0.0                | NA                   |
| <b>Total, All Functions</b>                          | <b>\$28,930.3</b>                  | <b>\$29,646.2</b>      | <b>\$715.9</b>     | <b>2.5%</b>          |

\*Includes certain anticipated supplemental spending needs.

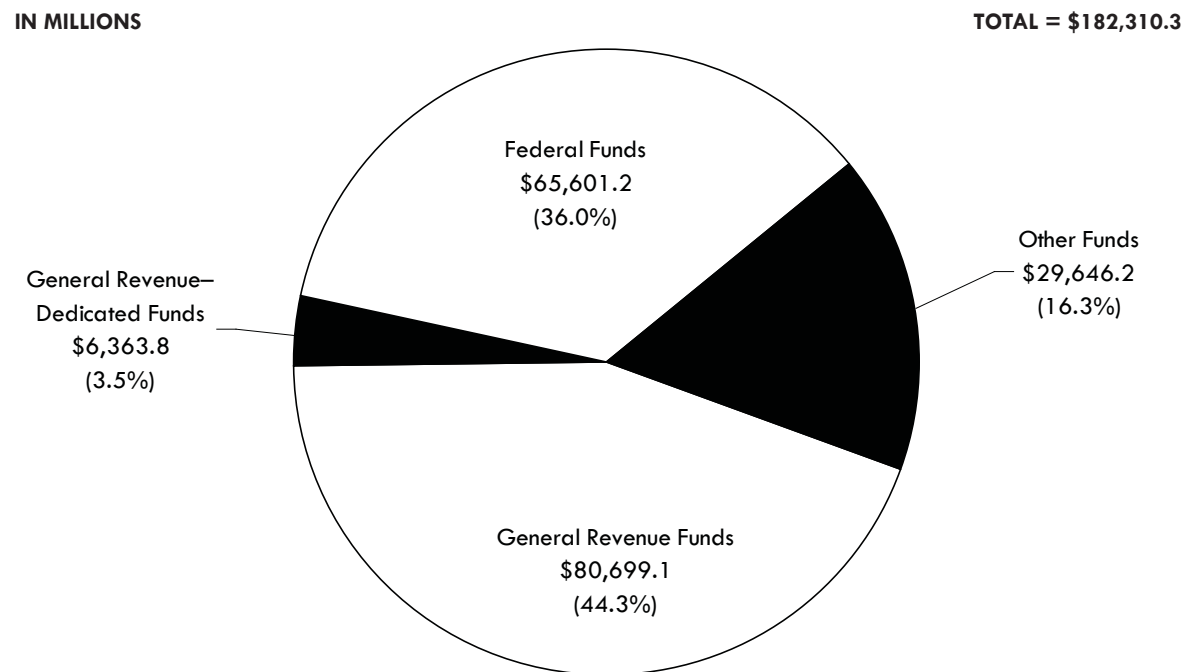
NOTES: Excludes interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table and figure amounts may not add because of rounding.

## RECOMMENDATIONS BY FUND SOURCE

### 2010–11 BIENNIAL RECOMMENDATIONS

**FIGURE 3**  
**BIENNIAL RECOMMENDATIONS FOR 2010–11**  
**BY FUND SOURCE**



NOTES: Excludes interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table and figure amounts may not add because of rounding.

## SIGNIFICANT FUNDING ELEMENTS AND COSTS

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

Recommendations for debt service costs total \$3,327.1 million in All Funds for the 2010–11 biennium and consist of \$1,536.8 million in fiscal year 2010 and \$1,790.3 million in fiscal year 2011. Table 7 shows estimated/budgeted and recommended General Obligation and Revenue bond debt service costs by agency and methods of finance for the 2008–09 and 2010–11 biennia. The recommendations include a biennial increase of \$51.4 million in General Revenue Funds mainly due to increases for debt service related to General Obligation bonds for highway construction, water projects, and state agencies, offset by decreases for debt service related to State Highway Fund Revenue bonds and debt service requirements for Tuition Revenue bonds. In addition, the recommendations include a biennial increase of \$764.5 million in Other Funds or 93.6 percent, for debt service from the 2008–09 level. This increase is primarily due to increases in debt service requirements out of the State Highway Fund and the Texas Mobility Fund.

**TABLE 7**

### DEBT SERVICE PAYMENTS BY AGENCY AND FUND SOURCE, ALL FUNDS:

| IN MILLIONS   |                                   |                        |                    |                      |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY/FUND SOURCE  | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
| Texas Public Finance Authority  | \$676.1                           | \$693.8                | \$17.7             | 2.6%                 |
| Historical Commission/National Museum of the Pacific War - Lease Payments | 2.0                               | 1.9                    | ( 0.1)             | (5.0)                |
| Water Development Board - Water Bonds                                     | 102.1                             | 199.5                  | 97.4               | 95.4                 |
| Facilities Commission - Lease Payments                                    | 95.0                              | 86.0                   | (9.0)              | (9.5)                |
| Preservation Board/History Museum - Lease Payments                        | 12.6                              | 12.3                   | (0.3)              | (2.4)                |
| Department of State Health Services - Lease Payments                      | 5.8                               | 5.8                    | 0.0                | 0.0                  |
| Tuition Revenue Bonds   | 675.8                             | 649.9                  | (25.9)             | (3.8)                |
| Adjutant General's Department   | 5.0                               | 4.6                    | (0.4)              | (8.0)                |
| Department of Criminal Justice - Private Prison Lease/Purchase            | 22.8                              | 19.9                   | (2.9)              | (12.7)               |
| Parks and Wildlife - Lease Payments                                       | 15.3                              | 14.9                   | (0.4)              | (2.6)                |
| Department of Transportation - State Highway Fund                         | 392.4                             | 847.5                  | 455.1              | 116.0                |
| Department of Transportation - Texas Mobility Fund                        | 510.2                             | 691.0                  | 180.8              | 35.4                 |
| Department of Transportation - Highway Construction*                      | \$0.0                             | \$100.0                | \$100.0            | NA                   |
| <b>TOTAL, Debt Service Payments</b>                                       | <b>\$2,515.1</b>                  | <b>\$3,327.1</b>       | <b>\$812.1</b>     | <b>32.3%</b>         |
| <b>METHOD OF FINANCING:</b>   |                                   |                        |                    |                      |
| General Revenue Funds   | \$1,671.5                         | \$1,722.9              | \$51.4             | 3.1%                 |
| General Revenue–Dedicated Funds   | 22.0                              | 18.2                   | (3.8)              | (17.5)               |
| Federal Funds   | 4.7                               | 4.7                    | 0.0                | 0.0                  |
| Other Funds   | 816.8                             | 1,581.3                | 764.5              | 93.6                 |
| <b>TOTAL, All Funds</b>   | <b>\$2,515.1</b>                  | <b>\$3,327.1</b>       | <b>\$812.0</b>     | <b>32.3%</b>         |

\*Contingent on passage of Senate Bill 263.

NOTE: Totals may not add due to rounding.



## SIGNIFICANT FUNDING ELEMENTS AND COSTS (CONTINUED)

### RETIREMENT BENEFITS

The Employees Retirement System (ERS) administers the retirement program for general state employees, which is funded by a combination of state contributions, member contributions, and investment earnings of the retirement fund. The state contributions reflect increased funding of \$33.4 million in All Funds (\$22.6 million in General Revenue Funds and General Revenue–Dedicated Funds) for employee retirement benefits. Factors used to develop these recommendations include: a state contribution rate of 6.45 percent; 2.1 percent growth in 2009 for the general state employee pay raise; 1.5 percent annual payroll growth for state employees; and an additional 0.4 percent and 0.2 percent growth in FTEs in 2010 and 2011, respectively, due to FTE growth at certain state agencies.

These recommendations reflect a combined contribution rate of 12.45 percent (6.45 percent state contribution and 6 percent member contribution). According to the February 28, 2009 actuarial valuation update of the ERS retirement fund, the total required contribution rate that would fund the normal cost of the retirement plan is 13.37 percent. The total required contribution rate that would both fund the normal cost and amortize the plan's unfunded accrued liability over 31 years is 19.38 percent. According to the same actuarial valuation, the retirement plan had a funded ratio (actuarial value of the plan's assets over the plan's accrued liability) of 88.9 percent, a decrease of 3.7 percentage points from the August 31, 2008 actuarial valuation.

The Teacher Retirement System of Texas (TRS) provides retirement benefits for employees of public school districts and institutions of higher education. The Optional Retirement Program (ORP) is a defined contribution plan that was created as an alternative to the defined benefit plan provided by TRS. Eligible higher education employees make a one-time choice between participating in ORP or TRS within their first 90 days of

employment. State retirement contributions for the TRS and ORP are 6.4 percent of payroll. These contributions represent an All Funds increase of \$190.2 million and \$9.1 million, respectively, to reflect assumed payroll growth of 5 percent annually in fiscal years 2010 and 2011 in public education and 7 percent annually in fiscal years 2010 and 2011 in higher education payroll.

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

| IN MILLIONS                     | ESTIMATED/<br>BUDGETED | RECOMMENDED      | BIENNIAL       | PERCENTAGE  |
|---------------------------------|------------------------|------------------|----------------|-------------|
| AGENCY/FUND SOURCE              | 2008–09*               | 2010–11          | CHANGE         | CHANGE      |
| Benefit Replacement Pay         | \$94.0                 | \$84.8           | (\$9.2)        | (9.7%)      |
| Social Security                 | 1,395.5                | 1,474.5          | 79.0           | 5.7         |
| ERS Retirement                  | 690.7                  | 724.1            | 33.4           | 4.8         |
| ERS Health                      | 2,102.8                | 2,408.8          | 306.1          | 14.6        |
| TRS-Retirement                  | 3,166.9                | 3,357.1          | 190.2          | 6.0         |
| TRS-Retiree Insurance           | 477.7                  | 523.4            | 45.8           | 9.6         |
| ORP                             | 285.5                  | 294.7            | 9.1            | 3.2         |
| HEGI                            | 952.3                  | 1,124.4          | 172.1          | 18.1        |
| <b>TOTAL</b>                    | <b>\$9,165.4</b>       | <b>\$9,991.9</b> | <b>\$826.4</b> | <b>9.0%</b> |
| <b>METHOD OF FINANCING:</b>     |                        |                  |                |             |
| General Revenue Funds           | \$7,230.3              | \$7,870.2        | \$639.9        | 8.9%        |
| General Revenue–Dedicated Funds | 457.7                  | 503.0            | 45.3           | 9.9         |
| Federal Funds                   | 747.8                  | 819.4            | 71.6           | 9.6         |
| Other Funds                     | 729.6                  | 799.3            | 69.7           | 9.5         |
| <b>TOTAL, All Funds</b>         | <b>\$9,165.4</b>       | <b>\$9,991.9</b> | <b>\$826.4</b> | <b>9.0%</b> |

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

## SIGNIFICANT FUNDING ELEMENTS AND COSTS (CONTINUED)

According to the February 28, 2009 actuarial valuation of the TRS retirement fund, the market value of the TRS trust fund has decreased from \$104.5 billion to \$70.6 billion from the August 31, 2008 actuarial valuation. The total required state contribution rate to maintain a 30-year funded ratio is 11.25 percent of pay if the members' rate remains at 6.40 percent of pay. The funded ratio of the plan's assets over the plan's liability has decreased to 67.7 percent, down 22.8 percentage points from the August 31, 2008 actuarial valuation.

Based on an Attorney General opinion that concludes the appropriation of \$155.2 million in General Revenue Funds is constitutionally and statutorily permissible, a one-time payment will be provided to retired state employees and retired public school employees in an amount equivalent to the annuitant's monthly benefit, not to exceed \$500. The one-time payment to retired public school employees is also contingent upon passage of Senate Bill 2567, or similar legislation authorizing the TRS board of trustees to issue the payment. If the one-time payment is not constitutionally and statutorily permissible, \$120.5 million in General Revenue Funds is transferred to the TRS to increase the state contribution rate from 6.40 percent to 6.644 percent, and \$34.7 million in General Revenue Funds is transferred to the ERS to increase the state contribution rate from 6.45 percent to 6.95 percent.

### GROUP INSURANCE

The Employees Retirement System (ERS) administers the Group Benefits Program, which provides group health insurance to

active and retired state employees, and their dependents. The state contributions for group insurance benefits reflect increased funding of \$306.1 million in All Funds (\$187.0 million in General Revenue Funds and General Revenue-Dedicated Funds). The contributions also reflect: a 6.5 percent state contribution increase in 2010; a 6.8 percent state contribution increase in 2011; and spending down the entire \$260 million ERS-projected insurance fund balance, to cover a 7.5 percent annual growth in healthcare claims.

In addition, the contributions reflect 1.8 percent and 1.6 percent annual growth in overall employee population in fiscal years 2010 and 2011, respectively. This growth represents continuation of an annual state employee retirement rate of five percent and higher than average FTE growth at certain state agencies. The recommendations include \$14.8 million for the state's contribution for dependent health insurance coverage for certain state employees through the State Kids Insurance Program (SKIP).

Higher Education Employees Group Insurance (HEGI) provides health benefits coverage to higher education employees belonging to one of the following three systems: The University of Texas System (UT), the Texas A&M University System (TAMU), and the Employees Retirement System (ERS). The ERS Group Benefits Program serves all higher education institutions that are not part of either UT or TAMU. The 2010–11 state contributions for HEGI result in an All Funds increase of \$172.1 million, and fund

premium contribution rates at 97.5 percent of ERS general state employee premium rates for state institutions participating in the Group Benefits Program, 83.5 percent for community colleges participating in the Group Benefits Program, and 95 percent of ERS general state premium rates for component institutions within The University of Texas and Texas A&M Systems. HEGI contributions also provide rate increases of 6.5 percent in fiscal year 2010 and 6.8 percent in fiscal year 2011 for all higher education institutions.

The Teacher Retirement System of Texas (TRS) administers the Texas Public School Retired Employee Group Insurance Program, which is referred to as TRS-Care. This program provides health insurance coverage for public education TRS retirees who are not eligible to participate in the state higher education or state employee plans. The recommendations for state contributions to TRS-Care increased by \$45.8 million in General Revenue Funds. TRS projects that this level of funding, combined with the fund balance projected for fiscal year 2009, will be sufficient to fund TRS-Care costs through the 2010–11 biennium.

### SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY

The Comptroller of Public Accounts is responsible for the payment of state and employee Social Security taxes to the federal government. It is also responsible for providing Benefit Replacement Pay (BRP) to general state employees continuously employed since August 31, 1995. Prior to fiscal year 1996, state employees received a state-paid Federal Insurance Contributions Act (FICA)

## SIGNIFICANT FUNDING ELEMENTS AND COSTS (CONTINUED)

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supplemental payment of 5.85 percent on their first \$16,500 of FICA-covered wages, up to a maximum of \$965.25. The Seventy-fourth Legislature, Regular Session, 1995, repealed this state-paid contribution for the Social Security obligation and replaced it with a benefit supplement (BRP) to ensure that take-home pay was not reduced.

The state contributions for Social Security reflect increased funding of \$79.0 million in All Funds (\$64.1 million in General Revenue Funds and General Revenue–Dedicated Funds). The contributions for Social Security reflect: a 1.5 percent annual payroll growth rate for general state employees; 3.5 percent annual payroll growth for higher education employees; and FTE growth of 0.4 percent and 0.2 percent in 2010 and 2011, respectively, due to higher than average FTE growth at certain state agencies. The contributions for Benefit Replacement Pay reflect decreased funding of \$9.2 million in All Funds (\$5.5 million in General Revenue Funds and General Revenue–Dedicated Funds) due to a projected 5 percent annual turnover rate in employees hired before September 1, 1995.

### **APPROPRIATIONS FOR ADDITIONAL FULL-TIME EQUIVALENTS**

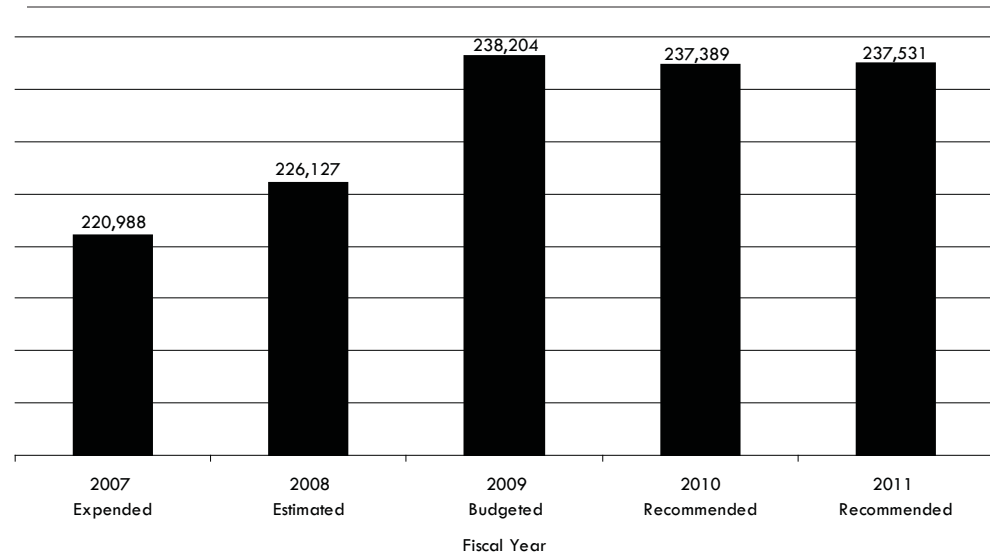
Additional appropriations of \$14.7 million in all funds are included in the bill for employee benefits associated with the increase in the number of Full-Time Equivalent employees. This amount includes \$4.2 million appropriated to the Comptroller of Public Accounts for the payment of employer paid Social Security contributions, and \$10.5 million appropriated

to the Employees Retirement System for retirement and group insurance contributions.

## FULL-TIME-EQUIVALENT POSITIONS

The Conference Committee recommendations provide for 237,389 full-time-equivalent positions (FTEs) in fiscal year 2010, and 237,531 in fiscal year 2011. As shown in Figure 4, the fiscal year 2011 amount represents a decrease of 673 from the 2009 budgeted levels. The recommendations generally establish FTE caps for fiscal years 2010 and 2011 for institutions of higher education at the lower of 2008 actual or 2010–11 requested levels.

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



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

| IN MILLIONS                                     |                  |                   |                  |                     |                     |
|---|------------------|-------------------|------------------|---------------------|---------------------|
| FUNCTION  | EXPENDED<br>2007 | ESTIMATED<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
| Article I – General Government                  | 9,278            | 9,158             | 9,849            | 10,077              | 10,088              |
| Article II – Health and Human Services          | 47,831           | 50,051            | 54,330           | 55,927              | 56,052              |
| Article III – Agencies of Education             | 81,585           | 85,426            | 88,533           | 85,632              | 85,659              |
| Article IV – The Judiciary                      | 1,320            | 1,347             | 1,393            | 1,395               | 1,411               |
| Article V – Public Safety and Criminal Justice  | 51,537           | 50,969            | 53,428           | 53,276              | 53,217              |
| Article VI – Natural Resources                  | 8,091            | 8,265             | 8,622            | 8,796               | 8,820               |
| Article VII – Business and Economic Development | 18,186           | 17,608            | 18,287           | 18,236              | 18,234              |
| Article VIII – Regulatory                       | 3,160            | 3,303             | 3,762            | 3,959               | 3,960               |
| Article IX – General Provisions                 | -                | -                 | -                | 91                  | 91                  |
| <b>Grand Total</b>                              | <b>220,988</b>   | <b>226,127</b>    | <b>238,204</b>   | <b>237,389</b>      | <b>237,531</b>      |

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 10, the recommended appropriations for the 2010–11 biennium contain 1,974 key performance measures, which represents a 1 percent increase in the total number of key performance measures from the 2008–09 biennial level and a 8 percent decrease from the 2000–01 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 LBB.

**TABLE 10**  
**PERFORMANCE MEASURES, BY TYPE**

| TYPE OF MEASURE          | NUMBER OF MEASURES      |                         |                         |                         |                         |                        |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
|                          | APPROPRIATED<br>2000–01 | APPROPRIATED<br>2002–03 | APPROPRIATED<br>2004–05 | APPROPRIATED<br>2006–07 | APPROPRIATED<br>2008–09 | RECOMMENDED<br>2010–11 |
| <b>KEY</b>               |                         |                         |                         |                         |                         |                        |
| Outcome (results/impact) | 902                     | 830                     | 901                     | 906                     | 879                     | 940                    |
| Output (volume)          | 828                     | 819                     | 824                     | 734                     | 669                     | 652                    |
| Efficiency               | 300                     | 291                     | 295                     | 323                     | 287                     | 235                    |
| Explanatory              | 121                     | 125                     | 135                     | 124                     | 126                     | 147                    |
| <b>Total</b>             | <b>2,151</b>            | <b>2,065</b>            | <b>2,155</b>            | <b>2,087</b>            | <b>1,961</b>            | <b>1,974</b>           |
| <b>NON-KEY</b>           |                         |                         |                         |                         |                         |                        |
| Outcome (results/impact) | 1,985                   | 1,355                   | 1,414                   | 1,495                   | 1,499                   | 1,391                  |
| Output (volume)          | 1,634                   | 1,538                   | 1,455                   | 1,340                   | 1,331                   | 1,243                  |
| Efficiency               | 807                     | 863                     | 831                     | 743                     | 714                     | 631                    |
| Explanatory              | 1,045                   | 1,056                   | 1,084                   | 996                     | 984                     | 886                    |
| <b>Total</b>             | <b>5,471</b>            | <b>4,812</b>            | <b>4,784</b>            | <b>4,574</b>            | <b>4,528</b>            | <b>4,151</b>           |



## APPROPRIATED AND ESTIMATED/BUDGETED FUNDS COMPARISON

All Funds appropriations for the 2008–09 biennium, as reflected in the 2008–09 *Fiscal Size-up* publication, totaled \$167.8 billion. The sum of fiscal year 2008 estimated amounts and fiscal year 2009 budgeted amounts as shown in the *Legislative Budget Estimates* for the Eighty-first Legislature, 2009, is \$169.8 billion. The net increase of \$2.0 billion is attributable to the following major items:

- \$1.6 billion in higher than expected spending needs (\$1.1 billion in General Revenue Funds and \$0.5 billion in Federal Funds) for teacher retirement contributions, health and human services programs, group insurance for community colleges and the Texas Department of Criminal Justice;
- \$0.9 billion decrease in spending for the Foundation School Program due to higher than expected local property values and lower than expected K–12 enrollment;
- net increase of \$0.7 billion in transportation spending from various adjustments in revenue sources supporting transportation projects;
- \$0.8 billion in funding for disaster assistance and homeland security; and
- \$0.4 billion decrease in capital spending tied to lower than expected issuance of General Obligation bonds.

**TABLE 11**  
**RECONCILIATION OF 2008–09 APPROPRIATIONS**  
**TO 2008–09 ESTIMATED/BUDGETED AMOUNTS**  
**ALL FUNDS**

| IN BILLIONS   |                      |                |
|---|----------------------|----------------|
| BUDGET ADJUSTMENTS  | ADJUSTMENT<br>AMOUNT | 2008–09        |
| <b>2008–09 APPROPRIATIONS AS PUBLISHED IN <i>FISCAL SIZE-UP</i></b>   |                      | \$167.8        |
| Major Budget Adjustments  |                      |                |
| Higher than expected spending needs—teacher retirement, health and human services, criminal justice, and higher education group insurance | \$1.6                |                |
| Lower than expected spending for the Foundation School Program  | (0.9)                |                |
| Higher than expected transportation funding   | 0.7                  |                |
| Disaster-related assistance   | 0.8                  |                |
| Unspent General Obligation bond proceeds  | (0.4)                |                |
| Miscellaneous items   | 0.2                  |                |
| Subtotal, Adjustments   |                      | \$2.0          |
| <b>Total, Estimated/Budgeted for 2008–09</b>  |                      | <b>\$169.8</b> |

NOTE: Totals may not add because of rounding.

## FACTORS AFFECTING THE STATE BUDGET

Recommended healthcare-related appropriations for the 2010–11 biennium total \$60.9 billion in All Funds, representing 34 percent of the proposed state budget. Healthcare-related costs continue to be the state's single largest budget driver.

Other significant factors affecting the cost of state government include public and higher education enrollment, prison incarceration, and certain health and human services programs. As depicted in Table 12, the following are the major growth indicators from 1998 to 2008.

- Average daily attendance in public schools has grown 20.4 percent.

- Higher education enrollment in general academic institutions has increased by 27.8 percent.
- Community college enrollment has grown by 40.3 percent.
- The Children's Health Insurance Program served 447,651 children in fiscal year 2008.
- Average monthly caseload for Medicaid waiver clients has grown by 131.4 percent.
- Average monthly caseload for Medicaid clients (Acute Care and STAR+PLUS) has grown by 54.4 percent.

- Average monthly caseload for nursing home clients has decreased by 7.7 percent.
- Average inmate population in the Department of Criminal Justice has grown by 10.0 percent.
- Average residential population at the Youth Commission has decreased by 41.4 percent.

These factors do not totally explain the growth in the budget. Other cost-related factors, such as medical inflation, can have an equal or greater effect on growth.

**TABLE 12**  
**MAJOR BUDGET INDICATORS, 1998 AND 2008**

| INDICATORS   | ACTUAL 1998 | ACTUAL 2008 | PERCENTAGE CHANGE |
|--|-------------|-------------|-------------------|
| Average Daily Attendance—Public Schools                              | 3,584,868   | 4,316,833   | 20.4              |
| Fall Headcount Enrollment—General Academic Institutions              | 398,258     | 509,136     | 27.8              |
| Fall Headcount Enrollment—Community/Junior College                   | 406,610     | 570,573     | 40.3              |
| Average Monthly Caseload—Children's Health Insurance Program (CHIP)  | 0           | 447,651     | NA                |
| Average Monthly Caseload—Medicaid Waiver Clients                     | 19,985      | 46,247      | 131.4             |
| Average Monthly Caseload—Medicaid Clients (Acute Care and STAR+PLUS) | 1,863,106   | 2,877,203   | 54.4              |
| Average Monthly Caseload—Nursing Home Clients (excludes Hospice)     | 67,749      | 62,514      | (7.7)             |
| Average Inmate Population—Department of Criminal Justice             | 141,789     | 155,985     | 10.0              |
| Average Residential Population—Youth Commission                      | 4,907       | 2,875       | (41.4)            |

## AMERICAN RECOVERY AND REINVESTMENT ACT

In February 2009, the American Recovery and Reinvestment Act (ARRA) was signed into law. ARRA will provide an estimated \$16 billion in increased Federal spending to Texas flowing in fiscal years 2009 and 2010. Not all of those funds are under the purview of the state General Appropriations Act. For the 2010–11 biennium, SB 1 includes a total of \$12.1 billion in Federal Funds in Article XII, and reduces General Revenue appropriated elsewhere in the bill by \$6.4 billion thus creating a net article increase of \$5.7 billion.

### METHOD OF FINANCE ADJUSTMENTS

- **FMAP:** The largest program under ARRA is Medicaid enhanced FMAP, providing a more favorable Medicaid match rate to Texas. Total availability under this provision appropriated in SB 1 is \$2,513 million. These funds are appropriated to the Health and Human Services Commission, freeing up a like amount of General Revenue appropriated elsewhere in the bill. HHSC will allocate the funds as appropriate to the other Medicaid programs within Article II.
- **Education Stabilization:** The second-largest allocation under ARRA is for education stabilization. These funds, estimated to be \$3,250 million are intended to be used to assist states in continuing historical levels of support for public and higher education. SB 1 allocates these funds to the Texas Education Agency, providing for a stable level of funding for public schools (\$1,866 million) and including an appropriation of funds (\$1,384 million) to address the reduction

in deposits to the state Available School Fund.

- **General Government Stabilization:** ARRA provides \$700 million to be used for government services. These funds are allocated to the Texas Education Agency (\$361.6 million for textbooks), the Higher Education Coordinating Board (\$80.0 million for incentive funding), and to institutions of higher education (\$147 million for formulas). They also provide net new funding of \$111.4 million to various institutions of higher education and state agencies.
- **Federal Program Expansion:** The preponderance of funding under ARRA is for programs already funded by the Federal government. Examples of significant funding increases to existing funding streams include:
  - Title I and Individuals with Disabilities Education Act funding in public education;
  - Highway and bridge construction at the Texas Department of Transportation;
  - Weatherization at the Department of Housing and Community Affairs;
  - Child Care Development Block Grant at the Texas Workforce Commission; and
  - State Energy Program at the Comptroller of Public Accounts.
- **One-time Priorities:** It is the stated intent in SB 1 that state agencies and institutions of higher education focus the ARRA funds on items that are one-time and non-recurring in nature. It is unclear at this time

which, if any, of the ARRA Federal funding increases will continue.

- State agencies and institutions of higher education are required to submit an initial plan for expenditure of ARRA funds by August 31, 2009 to the Governor and to the Legislative Budget Board.
- Among other reporting requirements, state agencies and institutions of higher education receiving ARRA funds are required to submit quarterly reports to the Governor, Legislative Budget Board, State Auditor's Office, and Comptroller of Public Accounts detailing the expenditure of appropriated ARRA funds.

## AMERICAN RECOVERY AND REINVESTMENT ACT (CONTINUED)

**TABLE 13**  
**AMERICAN RECOVERY AND REINVESTMENT ACT**  
**SIGNIFICANT METHOD OF FINANCE AND APPROPRIATIONS ADJUSTMENTS**

|  | GENERAL REVENUE<br>FUNDS REDUCED | FEDERAL FUNDS<br>INCREASED |
|--|----------------------------------|----------------------------|
| <b>Office of the Attorney General</b>                      |                                  |                            |
| Child Support Enforcement                                  | (\$27.3)                         | \$27.3                     |
| <b>Fiscal Programs – Comptroller of Public Accounts</b>    |                                  |                            |
| State Energy Program                                       |                                  | \$218.8                    |
| Energy Efficiency and Conservation Block Grant             |                                  | \$45.6                     |
| Energy Star Appliance Rebate program                       |                                  | \$20.4                     |
| <b>Trusted Programs within the Office of the Governor</b>  |                                  |                            |
| Byrne Justice Grants                                       |                                  | \$90.3                     |
| <b>Health and Human Services Commission</b>                |                                  |                            |
| FMAP   | (\$2,513.0)                      | \$2,513.0                  |
| Food Stamps  |                                  | \$27.6                     |
| Temporary Assistance for Needy Families                    |                                  | \$17.8                     |
| <b>Department of Assistive and Rehabilitative Services</b> |                                  |                            |
| IDEA, Part C   |                                  | \$39.4                     |
| Vocational Rehabilitation Services                         |                                  | \$44.8                     |
| <b>Department of Family and Protective Services</b>        |                                  |                            |
| Temporary Assistance for Needy Families                    |                                  | \$48.0                     |
| Child Care and Development Block Grant                     |                                  | \$16.4                     |
| <b>Texas Education Agency</b>                              |                                  |                            |
| Education Stabilization – FSP Funding and ASF Shortfall    | (\$3,250.2)                      | \$3,250.2                  |
| General Government Stabilization – Textbooks               | (\$361.6)                        | \$361.6                    |
| IDEA, Special Education & Preschool                        |                                  | \$969.9                    |
| Title I-Grants to Local Educational Agencies               |                                  | \$944.6                    |
| Title I-School Improvement Grants                          |                                  | \$285.2                    |
| Educational Technology State Grants                        |                                  | \$59.4                     |

## AMERICAN RECOVERY AND REINVESTMENT ACT (CONTINUED)

**TABLE 13 (CONTINUED)**  
**AMERICAN RECOVERY AND REINVESTMENT ACT**  
**SIGNIFICANT METHOD OF FINANCE AND APPROPRIATIONS ADJUSTMENTS**

|   | GENERAL REVENUE<br>FUNDS REDUCED | FEDERAL FUNDS<br>INCREASED |
|---|----------------------------------|----------------------------|
| <b>Higher Education Coordinating Board</b>            |                                  |                            |
| General Government Stabilization – Incentive Funding  | (\$80.0)                         | \$80.0                     |
| <b>Institutions of Higher Education</b>               |                                  |                            |
| General Government Stabilization – Formula Funding    | (\$147.0)                        | \$147.0                    |
| <b>Higher Education and Other Government Programs</b> |                                  |                            |
| General Government Stabilization                      |                                  | \$111.4                    |
| <b>Department of Housing and Community Affairs</b>    |                                  |                            |
| Weatherization Assistance Program                     |                                  | \$327.0                    |
| HOME Program  |                                  | \$148.4                    |
| Community Services Block Grant                        |                                  | \$48.2                     |
| Homelessness Prevention                               |                                  | \$41.5                     |
| <b>Office of Rural Community Affairs</b>              |                                  |                            |
| Community Development Block Grant                     |                                  | \$19.5                     |
| <b>Texas Department of Transportation</b>             |                                  |                            |
| Highway and Bridge Construction                       |                                  | \$1,587.8                  |
| Urban and Rural Transit                               |                                  | \$50.0                     |
| <b>Texas Workforce Commission</b>                     |                                  |                            |
| Workforce Development Act                             |                                  | \$170.1                    |
| Child Care Development Block Grant                    |                                  | \$198.5                    |
| Unemployment Insurance-Improve Systems                |                                  | \$39.7                     |
| Employment Services                                   |                                  | \$27.2                     |
| <b>All Others</b>                                     | <b>(\$4.2)</b>                   | <b>\$82.2</b>              |
| <b>Total</b>  | <b>(\$6,383.3)</b>               | <b>\$12,058.8</b>          |



# REVENUE OUTLOOK FOR THE 2010–11 BIENNIUM

## CONSTITUTIONAL SPENDING LIMITS

Texas has four constitutional limits on spending: the “pay-as-you-go,” or balanced budget limit; the limit on the rate of growth of appropriations from certain state taxes; the limit on welfare spending; and a limit on tax-supported debt.

### ARTICLE III, SECTION 49A, “PAY-AS-YOU-GO” LIMIT

Article III, §49a, Texas Constitution, is the “pay-as-you-go” limit. It requires that bills making appropriations be sent to the Comptroller for certification that the appropriations are within available general revenue.

Recommended appropriations from the General Revenue Fund for the 2010–11 biennium total \$80.6 billion, which are within the “pay-as-you-go” limit.

### ARTICLE VIII, §22, LIMIT ON THE GROWTH OF CERTAIN APPROPRIATIONS

Article VIII, §22, Texas Constitution states: “In no biennium shall the rate of growth of appropriations from state tax revenue not dedicated by this Constitution exceed the estimated rate of growth of the state’s economy.” Under Government Code, §316, the LBB is required to adopt the items of information establishing the Article VIII limit. The Board met on November 14, 2008, and adopted the following items:

- The level of appropriations from state tax revenue not dedicated by the Constitution for the 2008–09 biennium is \$72,992,740,945 subject to adjustments or revisions resulting from revenue forecast;
- The estimated rate of growth of the Texas economy from the 2008–09 biennium to the 2010–11 biennium of 9.14 percent; and therefore,

- The 2010–11 limit on appropriations from state tax revenue not dedicated by the Constitution of \$79,664,277,468 subject to adjustments to 2008–09 biennial appropriations referenced above.

The Conference Committee’s recommended 2010–11 appropriations are within the Article VIII limit. The exact relationship between the final 2010–11 appropriations and the Article VIII limit will depend on the contents of the Comptroller’s revised revenue estimate and supplemental appropriations that may be enacted by the Legislature.

### ARTICLE III, §51-A, WELFARE SPENDING LIMIT

Article III, §51-a, of the Texas Constitution provides that the amount that may be paid out of state funds for assistance grants to or on behalf of needy dependent children and their caretakers shall not exceed 1 percent of the state budget in any biennium.

In accordance with Human Resources Code, §31.053, the following items of information pertaining to the limit are provided:

- The Conference Committee’s recommended 2010–11 biennial budget defined in Human Resources Code, §31.051, is \$182,310.3 million;
- The maximum biennial amount of 1 percent of the state budget is \$1,823.1 million; and
- The biennial amount included in the LBB’s recommendations subject to the limit on state dollars paid out in Temporary Assistance for Needy Families (cash assistance) grants is \$131.4 million. This amount is \$1,691.7 million less than the 1 percent limit.

### ARTICLE III, §49 (J), DEBT LIMIT

Article III, §49(j) of the Texas Constitution provides that the Legislature may not authorize additional state debt if in any fiscal year the resulting maximum annual debt service payable from the General Revenue Fund, excluding revenues constitutionally dedicated for purposes other than payment of state debt, exceeds 5 percent of the average annual unrestricted general revenue for the previous three years. To fulfill this requirement, the Bond Review Board calculates two debt limits. The first limit applies to outstanding or issued debt, and for the end of fiscal year 2008, the issued debt calculation is 1.30 percent. The second limit calculation includes both issued and authorized but unissued bonds. The Bond Review Board has determined that the state is currently at 4.09 percent of unrestricted general revenue for the end of fiscal year 2008. This latter calculation includes authorization of \$3 billion in bonds for cancer research initiatives and \$5 billion for transportation projects; The Conference Committee’s recommendations include \$450 million in General Obligation bond proceeds for cancer prevention and research grants; and \$2 billion in General Obligation bond proceeds for highway construction projects.

The Conference Committee’s recommendations also include the appropriation of \$143.0 million in General Revenue for debt service on \$782.8 million in General Obligation bond proceeds for the Water Infrastructure Fund (WIF), the State Participation, and the Economically Distressed Areas Program (EDAP) programs. It is estimated that the impact for these debt service appropriations would increase the constitutional debt limit from 4.09 percent to 4.27 percent

## REVENUE OUTLOOK FOR THE 2010–11 BIENNIUM (CONTINUED)

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for debt service of the three year average of unrestricted general revenue.

Note: The Bond Review Board considers certain self-supporting water general obligation bond debt to be not self-supporting when there is a general revenue appropriation for the related debt service. Therefore, these bonds may have an impact on the constitutional debt limit.

### **ECONOMIC STABILIZATION FUND (RAINY DAY FUND)**

The Economic Stabilization Fund, frequently referred to as the Rainy Day Fund, ended fiscal year 2008 with a balance of \$4,355.4 million. As a result of natural gas tax and oil production tax collections in fiscal year 2008 exceeding 1987 levels, the fund received a transfer of \$2,241.9 million from the General Revenue Fund in November 2008. The November transfer plus interest earnings less expenditures brought the Economic Stabilization Fund balance to \$6,660.5 million as of January 1, 2009. The comptroller forecasts that by the end of fiscal year 2011, the balance in the Economic Stabilization Fund will be \$9.1 billion.



## GENERAL GOVERNMENT

### 2010–11 BIENNIAL RECOMMENDATIONS

All Funds recommendations for General Government total \$4.1 billion for the 2010–11 biennium, which is an increase of \$232.2 million, or 6.0 percent, from the 2008–09 biennium (Table 14).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$2.8 billion, which is a decrease of \$30.3 million, or 1.1 percent, from the 2008–09 biennium (Table 15).

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

**TABLE 14**  
**ALL FUNDS: GENERAL GOVERNMENT**

IN MILLIONS

| AGENCY   | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| Commission on the Arts                             | \$9.9                             | \$9.4                  | (\$0.4)            | (4.5%)               |
| Office of the Attorney General                     | 984.8                             | 1,009.1                | 24.3               | 2.5                  |
| Bond Review Board                                  | 1.2                               | 1.2                    | 0.0                | 0.7                  |
| Cancer Prevention and Research Institute of Texas  | 6.9                               | 450.0                  | 443.1              | 6,419.5              |
| Comptroller of Public Accounts                     | 440.6                             | 463.8                  | 23.2               | 5.3                  |
| Fiscal Programs – Comptroller of Public Accounts   | 657.0                             | 663.6                  | 6.6                | 1.0                  |
| Commission on State Emergency Communications       | 152.3                             | 142.5                  | (9.8)              | (6.4)                |
| Employees Retirement System                        | 15.2                              | 15.2                   | 0.0                | -                    |
| Texas Ethics Commission                            | 4.0                               | 4.1                    | 0.2                | 3.8                  |
| Facilities Commission                              | 211.9                             | 136.7                  | (75.2)             | (35.5)               |
| Public Finance Authority                           | 1.8                               | 6.7                    | 4.8                | 264.0                |
| Fire Fighter's Pension Commissioner                | 10.0                              | 1.6                    | (8.4)              | (84.4)               |
| Office of the Governor                             | 22.2                              | 23.6                   | 1.4                | 6.2                  |
| Trusted Programs Within the Office of the Governor | 730.0                             | 464.9                  | (265.1)            | (36.3)               |
| Historical Commission                              | 99.0                              | 100.0                  | 0.9                | 1.0                  |
| Department of Information Resources                | 464.6                             | 532.1                  | 67.5               | 14.5                 |

# GENERAL GOVERNMENT

## 2010–11 BIENNIAL RECOMMENDATIONS

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

| IN MILLIONS                                 | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY                                      |                                   |                        |                    |                      |
| Library & Archives Commission               | \$64.5                            | \$70.8                 | \$6.3              | 9.7%                 |
| Pension Review Board                        | 1.4                               | 1.5                    | 0.0                | 2.2                  |
| Preservation Board                          | 25.6                              | 23.0                   | (2.6)              | (10.0)               |
| State Office of Risk Management             | 16.5                              | 17.8                   | 1.3                | 8.1                  |
| Workers' Compensation Payments              | 90.9                              | 98.1                   | 7.3                | 8.0                  |
| Secretary of State                          | 108.1                             | 96.1                   | (12.0)             | (11.1)               |
| Office of State-Federal Relations           | 1.6                               | 1.6                    | (0.0)              | (1.4)                |
| Veteran's Commission                        | 32.0                              | 34.1                   | 2.1                | 6.6                  |
| Subtotal, General Government                | \$4,152.0                         | \$4,367.6              | \$215.6            | 5.2%                 |
| Retirement and Group Insurance              | \$173.3                           | \$197.3                | \$24.0             | 13.8%                |
| Social Security and Benefit Replacement Pay | 75.0                              | 79.5                   | 4.5                | 6.0                  |
| Subtotal, Employee Benefits                 | \$248.3                           | \$276.8                | \$28.5             | 11.5%                |
| Bond Debt Service Payments                  | \$29.4                            | \$80.9                 | \$51.6             | 175.6%               |
| Lease Payments                              | 24.6                              | 23.2                   | (1.5)              | (5.9)                |
| Subtotal, Debt Service                      | \$54.0                            | \$104.1                | \$50.1             | 92.8%                |
| Less Interagency Contracts                  | \$609.2                           | \$671.3                | \$62.0             | 10.2%                |
| <b>Total Article I – General Government</b> | <b>\$3,845.1</b>                  | <b>\$4,077.3</b>       | <b>\$232.2</b>     | <b>6.0%</b>          |

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

# GENERAL GOVERNMENT

## 2010–11 BIENNIAL RECOMMENDATIONS

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

| IN MILLIONS  | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY   |                                   |                        |                    |                      |
| Commission on the Arts                             | \$5.4                             | \$5.4                  | \$0.0              | 0.3%                 |
| Office of the Attorney General                     | 562.2                             | 573.2                  | 11.0               | 2.0                  |
| Bond Review Board                                  | 1.2                               | 1.2                    | 0.0                | 0.7                  |
| Cancer Prevention and Research Institute of Texas  | 6.6                               | 0.0                    | (6.6)              | (99.4)               |
| Comptroller of Public Accounts                     | 436.4                             | 459.8                  | 23.4               | 5.4                  |
| Fiscal Programs - Comptroller of Public Accounts   | 639.5                             | 660.3                  | 20.9               | 3.3                  |
| Commission on State Emergency Communications       | 151.4                             | 142.1                  | (9.4)              | (6.2)                |
| Employees Retirement System                        | 15.2                              | 15.2                   | 0.0                | NA                   |
| Texas Ethics Commission                            | 3.8                               | 4.1                    | 0.3                | 7.9                  |
| Facilities Commission                              | 62.3                              | 66.8                   | 4.5                | 7.2                  |
| Public Finance Authority                           | 1.1                               | 6.0                    | 4.8                | 433.0                |
| Fire Fighters' Pension Commissioner                | 9.9                               | 1.5                    | (8.4)              | (85.0)               |
| Office of the Governor                             | 21.3                              | 22.6                   | 1.4                | 6.5                  |
| Trusted Programs Within the Office of the Governor | 496.2                             | 355.6                  | (140.6)            | (28.3)               |
| Historical Commission                              | 32.9                              | 35.6                   | 2.7                | 8.2                  |
| Department of Information Resources                | 1.6                               | 1.6                    | 0.0                | 0.8                  |
| Library & Archives Commission                      | 35.1                              | 40.9                   | 5.9                | 16.8                 |
| Pension Review Board                               | 1.4                               | 1.4                    | 0.1                | 5.2                  |
| Preservation Board                                 | 25.5                              | 22.9                   | (2.6)              | (10.0)               |
| State Office of Risk Management                    | 7.5                               | 0.0                    | (7.5)              | (100.0)              |
| Secretary of State                                 | 51.7                              | 42.3                   | (9.5)              | (18.3)               |



## GENERAL GOVERNMENT

### 2010–11 BIENNIAL RECOMMENDATIONS

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

| IN MILLIONS                                 | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY                                      |                                   |                        |                    |                      |
| Office of State-Federal Relations           | \$1.2                             | \$1.2                  | \$0.0              | 0.5%                 |
| Veteran's Commission                        | 9.7                               | 14.3                   | 4.5                | 46.8                 |
| Subtotal, General Government                | \$2,579.0                         | \$2,474.2              | (\$104.8)          | (4.1%)               |
| Retirement and Group Insurance              | \$132.6                           | \$152.6                | \$20.0             | 15.1%                |
| Social Security and Benefit Replacement Pay | 60.1                              | 64.5                   | 4.3                | 7.2                  |
| Subtotal, Employee Benefits                 | \$192.7                           | \$217.1                | \$24.3             | 12.6%                |
| Bond Debt Service Payments                  | \$29.4                            | \$80.9                 | \$51.6             | 175.8%               |
| Lease Payments                              | 24.6                              | 23.2                   | (1.5)              | (5.9)                |
| Subtotal, Debt Service                      | \$54.0                            | \$104.1                | \$50.1             | 92.9%                |
| <b>Total Article I – General Government</b> | <b>\$2,825.7</b>                  | <b>\$2,795.3</b>       | <b>(\$30.3)</b>    | <b>(1.1%)</b>        |

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

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

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

| MEASURE   | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|---|----------------|------------------|---------------------|---------------------|
| <b>OFFICE OF THE ATTORNEY GENERAL</b>   |                |                  |                     |                     |
| Amount of Title IV-D Child Support Collected (in Millions)                                | \$2,631.7      | \$2,800.0        | \$2,900.0           | \$3,100.0           |
| <b>COMPTROLLER OF PUBLIC ACCOUNTS</b>   |                |                  |                     |                     |
| Delinquent Taxes Collected Per Collection-related Dollar Expended                         | \$69.0         | \$79.0           | \$79.0              | \$79.0              |
| <b>EMPLOYEES RETIREMENT SYSTEM</b>  |                |                  |                     |                     |
| Percentage of Health Select Participants Satisfied with Network Services                  | 88.6%          | 90.0%            | 90.0%               | 90.0%               |
| <b>FACILITIES COMMISSION</b>  |                |                  |                     |                     |
| Percentage of Completed Construction Projects on Schedule and within Budget               | 95.8%          | 90.0%            | 95.0%               | 95.0%               |
| <b>TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR</b>                                |                |                  |                     |                     |
| Number of New Jobs Announced by Businesses Receiving Recruitment and Expansion Assistance | 8,916          | 8,000            | 8,000               | 8,000               |
| <b>HISTORICAL COMMISSION</b>  |                |                  |                     |                     |
| Number Served by State Historic Sites and Interpretive Programs                           | 175,586        | 220,000          | 225,000             | 225,000             |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 16**  
**SELECTED PERFORMANCE MEASURES: GENERAL GOVERNMENT (CONTINUED)**

| MEASURE   | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|---|----------------|------------------|---------------------|---------------------|
| <b>DEPARTMENT OF INFORMATION RESOURCES</b>  |                |                  |                     |                     |
| Total Contract Savings and Cost Avoidance Provided through DIR Contracts (in Millions)  | \$124.7        | \$95.0           | \$120.0             | \$120.0             |
| Percentage of Monthly Minimum Service Level Targets Achieved for Data Center Services   | 88.8%          | 92.0%            | 92.0%               | 92.0%               |
| <b>OFFICE OF RISK MANAGEMENT</b>  |                |                  |                     |                     |
| Incident Rate of Injuries and Illnesses Per 100 Covered Full-time State Employees   | 3.99%          | 4.00%            | 4.00%               | 4.00%               |
| <b>VETERANS COMMISSION</b>  |                |                  |                     |                     |
| Amount of VA Monetary Awards (in Millions) Paid Because of Commission Advocacy in Claims Representation of Veterans with Service-connected Disabilities | \$1,264.1      | \$1,210.0        | \$1,274.0           | \$1,274.0           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>MULTI-ARTICLE ISSUES</b>   |                    |                             |   |                  |                |              |
| <b>EMPLOYEE BENEFITS</b>  |                    |                             |   |                  |                |              |
| <b>Retirement</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$33.4 million in All Funds (\$22.6 million in General Revenue and General Revenue–Dedicated Funds) for employee retirement benefits. The funding reflects a state contribution rate of 6.45 percent, which when combined with the member contribution of 6 percent, equals a total contribution rate of 12.45 percent. Other factors used for funding include a 2.1 percent growth in 2009 for the general state employee pay raise, 1.5 percent annual payroll growth for state employees, and an additional 0.4 percent and 0.2 percent growth in FTEs in 2010 and 2011, respectively, due to FTE growth at specific state agencies. According to the February 28, 2009 actuarial valuation update, the total required contribution required to fund the normal cost of the retirement plan is 13.37 percent. The total required contribution rate that would both fund the normal cost and amortize the unfunded accrued liability over 31 years is 19.38 percent, an increase of 3.93 percentage points from the August 31, 2008 actuarial valuation. | EST/BUD<br>2008–09 | \$399.2                     | \$28.1                                    | \$136.2          | \$127.2        | \$690.7      |
|   | REC<br>2010–11     | \$420.7                     | \$29.2                                    | \$142.1          | \$132.1        | \$724.1      |
|   | BIENNIAL<br>CHANGE | 5.4%                        | 3.9%                                      | 4.3%             | 3.9%           | 4.8%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Group Insurance</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$306.1 million in All Funds (\$187 million in General Revenue Funds and General Revenue–Dedicated Funds) for state employee group insurance benefits. Factors used for funding include a 6.5 percent state contribution increase in 2010, a 6.8 percent state contribution increase in 2011, and spending down the entire \$260 million ERS-projected insurance fund balance, which covers a 7.5 percent annual growth in healthcare claims.<br><br>In addition, the funding reflects 1.8 percent and 1.6 percent annual growth in overall employee population in 2010 and 2011, respectively. This growth represents continuation of an annual state employee retirement rate of five percent and higher than average FTE growth at certain state agencies. Funding also includes \$14.8 million for the state's contribution for dependent health insurance coverage for certain state employees through the State Kids Insurance Program (SKIP). | EST/BUD<br>2008–09 | \$1,211.0                   | \$74.0                                    | \$415.5          | \$402.2        | \$2,102.7    |
|   | REC<br>2010–11     | \$1,387.5                   | \$84.5                                    | \$475.4          | \$461.4        | \$2,408.8    |
|   | BIENNIAL<br>CHANGE | 14.6%                       | 14.2%                                     | 14.4%            | 14.7%          | 14.6%        |
| <b>Social Security</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$79 million in All Funds (\$64.2 million in General Revenue Funds and General Revenue–Dedicated Funds) for Social Security based on a 1.5 percent annual payroll growth rate for general state employees and 3.5 percent annual payroll growth for higher education employees. Funding also provides for additional FTE growth of 0.4 percent and 0.2 percent in 2010 and 2011, respectively, due to FTE growth at specific state agencies.   | EST/BUD<br>2008–09 | \$905.8                     | \$136.3                                   | \$177.3          | \$176.1        | \$1,395.5    |
|   | REC<br>2010–11     | \$962.1                     | \$144.2                                   | \$184.9          | \$183.3        | \$1,474.5    |
|   | BIENNIAL<br>CHANGE | 6.2%                        | 5.8%                                      | 4.3%             | 4.1%           | 5.7%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Benefit Replacement Pay</b>  |                    |                             |   |                  |                |              |
| Decreased funding of \$9.2 million in All Funds (\$5.5 million in General Revenue Funds and General Revenue–Dedicated Funds) due to a projected 5 percent annual turnover rate in employees hired before September 1, 1995. | EST/BUD<br>2008–09 | \$49.7                      | \$6.2                                     | \$18.8           | \$19.3         | \$94.0       |
|   | REC<br>2010–11     | \$44.8                      | \$5.6                                     | \$17.0           | \$17.4         | \$84.8       |
|   | BIENNIAL<br>CHANGE | (9.9%)                      | (9.7%)                                    | (9.6%)           | (9.8%)         | (9.8%)       |

#### **One-Time Payment**

Funding of 34.7 million in General Revenue Funds, which is not reflected in the table, is included for a one-time payment to eligible state retirees equal to the retiree's monthly benefit, not to exceed \$500, contingent upon the issuance of an Attorney General opinion that indicates the payment is constitutionally and statutorily permissible. If the Attorney General does not provide a conclusive opinion that the payment is constitutionally and statutorily permissible, the funds will be transferred to the Employees Retirement System to increase the state contribution rate from 6.45 percent to 6.95 percent.



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>DEBT SERVICE</b>  |                    |                             |   |                  |                |              |
| <b>State General Obligation Debt Issued by the Texas Public Finance Authority</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$17.8 million in All Funds (\$21.9 million in General Revenue and General Revenue–Dedicated Funds) for debt service payments on General Obligation bonds issued and anticipated to be issued through fiscal year 2009 and new General Obligation bond proceeds for the 2010–11 biennium as reflected below:  | EST/BUD<br>2008–09 | \$660.1                     | \$5.1                                     | \$4.7            | \$6.1          | \$676.0      |
|  | REC<br>2010–11     | \$681.7                     | \$5.4                                     | \$4.7            | \$2.0          | \$693.8      |
|  | BIENNIAL<br>CHANGE | 3.3%                        | 5.9%                                      | 0.0%             | (67.2%)        | 2.6%         |
| <ul style="list-style-type: none"> <li>• increase of \$61.3 million in General Revenue for debt service on \$450.0 million in bond proceeds for cancer prevention and research grants and administrative costs for the Cancer Prevention and Research Institute (\$35.5 million), and \$249.4 million in bond proceeds for new capital projects for various agencies (\$25.8 million);</li> <li>• decrease of \$23.9 million in General Revenue for a planned one-time pay off of principal for the Colonias Roadway program in fiscal year 2009, however, due to current uncertainties in the financial market, the Texas Public Finance Authority has delayed paying off this debt;</li> <li>• decrease of \$22.9 million in General Revenue related to delays in issuances for various capital projects in the 2008-09 biennium;</li> </ul> |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <ul style="list-style-type: none"> <li>increase of \$7.4 million in General Revenue related to delays in issuances for the Parks and Wildlife Department and new capital projects in GR Account 400 - Sporting Good Tax-State Parks; and</li> <li>decrease of \$4.1 million in Other Funds due to Current Fund balances not anticipated to be available for debt service.</li> </ul> |                    |                             |   |                  |                |              |
| <b>FACILITIES COMMISSION – LEASE PAYMENTS ON REVENUE BONDS</b>   |                    |                             |   |                  |                |              |
| Decreased funding of \$9 million in General Revenue–Related Funds for debt service on Revenue Bonds for state-owned space due to reduced debt service requirements.  | EST/BUD<br>2008–09 | \$89.2                      | \$5.8                                     | \$0.0            | \$0.0          | \$95.0       |
|  | REC<br>2010–11     | \$84.3                      | \$1.7                                     | \$0.0            | \$0.0          | \$86.0       |
|  | BIENNIAL<br>CHANGE | -5.5%                       | -70.7%                                    | NA               | NA             | -9.5%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>MULTI-AGENCY ISSUES</b>  |                    |                             |   |                  |                |              |
| <b>Data Center Consolidation Services</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$60.7 million in All Funds (\$42.3 million in General Revenue Funds and General Revenue–Dedicated Funds) for Data Center Services (DCS) provided to state agencies by the Department of Information Resources (DIR). Amounts include \$43.0 million in All Funds (\$34.1 million in General Revenue Funds and General Revenue–Dedicated Funds) for certain agencies to meet current obligations for DCS during the 2010–11 biennium.                                | EST/BUD<br>2008–09 | \$100.6                     | \$25.5                                    | \$99.6           | \$63.9         | \$289.6      |
|   | REC<br>2010–11     | \$138.2                     | \$30.2                                    | \$122.4          | \$59.5         | \$350.3      |
|   | BIENNIAL<br>CHANGE | 37.4%                       | 18.4%                                     | 22.9%            | (6.9%)         | 21.0%        |
| <p>On October 28, 2008, the Governor suspended the DCS contract and directed DIR to address concerns regarding DCS vendor performance. As a result, DIR stopped the physical consolidation of data centers and is working with affected agencies to provide the Governor's Office a comprehensive corrective action plan. At this time it is unknown how this action will impact data center operations, however DIR expects full consolidation of the data centers by December 2009.</p> |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Crime Victims Compensation and Services</b>  |                    |                             |   |                  |                |              |
| Appropriations out of the Compensation to Victims of Crime (CVC) Account No. 469 total \$178.3 million which represents a decline of approximately \$16 million as compared to the 2008–09 biennium for agencies receiving funding out of the CVC Account. This decline is related to an increase in federal grant funding for victim claim payments (\$11.3 million) and a method of finance swap with Compensation to Victims of Crime Auxiliary Fund No. 0494 (\$5.0 million) to eliminate a projected deficit in the CVC Account. | EST/BUD<br>2008–09 | \$0.0                       | \$194.2                                   | \$0.0            | \$0.0          | \$194.2      |
|   | REC<br>2010–11     | \$0.0                       | \$178.3                                   | \$0.0            | \$0.0          | \$178.3      |
|   | BIENNIAL<br>CHANGE | NA                          | (8.2%)                                    | NA               | NA             | (8.2%)       |
| <p>Agencies receiving direct appropriations from the CVC Account include: the Office of the Attorney General (\$170.7 million—a decrease of \$14.9 million) for direct payments to victims and victims' services grants; the Texas Department of Criminal Justice (\$3.2 million) for victim services; and the Employee Retirement System (\$4.4 million—a decrease of \$1.1 million) for payment of benefits to beneficiaries of certain officers, fire fighters, and emergency medical technicians killed in the line of duty.</p>  |                    |                             |   |                  |                |              |
| <b>Governor's Mansion</b>   |                    |                             |   |                  |                |              |
| <p>Included in Article IX and contingent on the passage of Senate Bill 2307, the State Preservation Board is appropriated \$11 million in General Revenue Funds, which is not included in the table, for the repair of the Governor's Mansion. In the event SB 2307 is not passed, the Texas Historical Commission would be appropriated \$11 million in General Revenue Funds for the same purpose.</p>  |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>AGENCY ISSUES</b>   |                    |                             |   |                  |                |              |
| <b>OFFICE OF THE ATTORNEY GENERAL</b>  |                    |                             |   |                  |                |              |
| <b>Child Support Services</b>  |                    |                             |   |                  |                |              |
| Increase in General Revenue for child support enforcement (\$2.2 million) related to increases in indirect cost allocation (\$1.4 million) and annualizing the 2 percent salary increase (\$0.8 million). These increases are offset by a decrease in Other Funds (\$2.0 million) related to Interagency Contract revenue from the Health and Human Services Commission for child support enforcement operations and business plan projects. | EST/BUD<br>2008–09 | \$244.0                     | \$0.0                                     | \$299.5          | \$12.4         | \$555.9      |
|  | REC<br>2010–11     | \$246.2                     | \$0.0                                     | \$299.5          | \$10.4         | \$556.1      |
|  | BIENNIAL<br>CHANGE | 0.9%                        | NA  | 0.0%             | (16.1%)        | 0.0%         |
| The agency anticipates collecting approximately \$6.0 billion in child support payments in 2010–11 biennium, representing a 10 percent increase from 2008–09 collections of \$5.4 billion.   |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Crime Victims Services</b>   |                    |                             |   |                  |                |              |
| Funding to the Office of the Attorney General for victim related services increased by \$19.5 million in All Funds, including a method of finance swap of \$15.0 million out of the Compensation to Victims of Crime Auxiliary Account No. 494 as a substitute for funds out of the Victims of Crime (CVC) Account No. 469 appropriations. In addition, General Revenue funding increased by \$10.1 million due to a decrease of \$1.7 million primarily related to a one-time costs incurred during the 2008–09 biennium, an increase of \$7.0 million for the Court Appointed Special Advocate program, and \$4.0 million for the Children's Advocacy Centers program. Funding out of General Revenue–Dedicated Sexual Assault Program Account No. 5010 decreased by \$1.2 million related to a reduction grant funding for victim services. Federal Funds increased by \$10.7 million representing additional grant funding from the U.S. Department of Justice for victim claim payments. | EST/BUD<br>2008–09 | \$5.9                       | \$188.0                                   | \$41.7           | \$0.3          | \$235.9      |
|   | REC<br>2010–11     | \$15.2                      | \$186.8                                   | \$52.4           | \$0.2          | \$254.6      |
|   | BIENNIAL<br>CHANGE | 157.6%                      | (0.6%)                                    | 25.7%            | (33.3%)        | 7.9%         |
| <b>Legal Services</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$5.5 million in All Funds for legal services primarily related to an increase of \$5.1 million in Other Funds for recovered court costs and investigative fees.   | EST/BUD<br>2008–09 | \$111.8                     | \$1.3                                     | \$3.6            | \$44.2         | \$160.9      |
|   | REC<br>2010–11     | \$113.7                     | \$0.5                                     | \$2.9            | \$49.3         | \$166.4      |
| These additional funds will be used during the 2010–11 biennium to retain legal staff and improve information technology to increase the level and quality of legal services to the state.  | BIENNIAL<br>CHANGE | 1.7%                        | (61.5%)                                   | (19.4%)          | 11.5%          | 3.4%         |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS</b>   |                    |                             |   |                  |                |              |
| <b>Agency Operations and Cancer Prevention and Research Grants</b>   |                    |                             |   |                  |                |              |
| Decrease of \$6.6 million out of the GR-Insurance Companies Maintenance Tax and Insurance Department Fees Account No. 8042 which previously funded agency operations and cancer prevention grants. The appropriations include \$450 million in General Obligation bonds that will be used to fund agency administrative costs, including 36 FTEs (\$15.5 million), cancer prevention grants (\$43.5 million) and cancer research grants (\$391.0 million). | EST/BUD<br>2008–09 | \$6.6                       | \$0.0                                     | \$0.0            | \$0.0          | \$6.6        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$450.0        | \$450.0      |
|  | BIENNIAL<br>CHANGE | (100.0%)                    | NA  | NA               | NA             | 6,718.2%     |
| <b>COMPTROLLER OF PUBLIC ACCOUNTS</b>  |                    |                             |   |                  |                |              |
| <b>Agency Operations</b>   |                    |                             |   |                  |                |              |
| Increase of \$23.4 million in General Revenue for 150 additional audit and enforcement staff (\$20.3 million) and to annualize the 2 percent salary increase (\$3.1 million).  | EST/BUD<br>2008–09 | \$436.4                     | \$0.0                                     | \$0.0            | \$4.2          | \$440.6      |
|  | REC<br>2010–11     | \$459.8                     | \$0.0                                     | \$0.0            | \$4.0          | \$463.8      |
|  | BIENNIAL<br>CHANGE | 5.4%                        | NA  | NA               | (4.8%)         | 5.3%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>FISCAL PROGRAMS – COMPTROLLER OF PUBLIC ACCOUNTS</b>   |                    |                             |   |                  |                |              |
| <b>Mixed Beverage Tax Reimbursement</b>   |                    |                             |   |                  |                |              |
| Increase of \$29.0 million in General Revenue for payments to counties for mixed beverage reimbursements resulting from growth in collections.  | EST/BUD<br>2008–09 | \$232.3                     | \$0.0                                     | \$0.0            | \$0.0          | \$232.3      |
|   | REC<br>2010–11     | \$261.3                     | \$0.0                                     | \$0.0            | \$0.0          | \$261.3      |
|   | BIENNIAL<br>CHANGE | 12.5%                       | NA  | NA               | NA             | 12.5%        |
| <b>Unclaimed Property Program</b>   |                    |                             |   |                  |                |              |
| Decrease of \$37.9 million in General Revenue for payments to the public for unclaimed property as a result of the agency's outreach efforts in prior years which have reduced the number of outstanding claims.  | EST/BUD<br>2008–09 | \$293.9                     | \$0.0                                     | \$0.0            | \$0.0          | \$293.9      |
|   | REC<br>2010–11     | \$256.0                     | \$0.0                                     | \$0.0            | \$0.0          | \$256.0      |
|   | BIENNIAL<br>CHANGE | (12.9%)                     | NA  | NA               | NA             | (12.9%)      |
| <b>Oil Overcharge Program</b>   |                    |                             |   |                  |                |              |
| Increase of \$13.1 million in Oil Overcharge receipts (General Revenue–Dedicated Funds) for energy-related grants and loans due to additional revenue received from interest earnings and loan repayments. Funding will primarily be used for financing energy-efficient retrofits for state agencies, public schools, hospitals, and other entities. | EST/BUD<br>2008–09 | \$0.0                       | \$40.2                                    | \$0.0            | \$0.0          | \$40.2       |
|   | REC<br>2010–11     | \$0.0                       | \$53.3                                    | \$0.0            | \$0.0          | \$53.3       |
|   | BIENNIAL<br>CHANGE | NA                          | 32.6%                                     | NA               | NA             | 32.6%        |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Gross Weight and Axle Permit Fees</b>  |                    |                             |   |                  |                |              |
| Increase of \$15.0 million in General Revenue Funds due to a method of finance swap with Other Funds (State Highway Fund No. 006) related to distribution of Gross Weight and Axle permit fees to counties for maintenance of county roads and bridges. These appropriations were previously made to the Texas Department of Transportation.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$14.8         | \$14.8       |
|   | REC<br>2010–11     | \$15.0                      | \$0.0                                     | \$0.0            | \$0.0          | \$15.0       |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | (100.0%)       | 1.4%         |
| <b>COMMISSION ON STATE EMERGENCY COMMUNICATIONS</b>   |                    |                             |   |                  |                |              |
| <b>Funding out of the 911 Service Fees Account No. 5050</b>   |                    |                             |   |                  |                |              |
| Decreased funding of \$6.1 million out of the 911 Service Fees Account No. 5050 which is the primary funding source for 9-1-1 services. This reduction reflects completion of Wireless Phase II (\$11.5 million), which provides automatic location identification of wireless communication devices, and is offset by an increase of \$15.3 million to meet subscriber growth and maintenance of Phase II mapping and equipment. Also included is a reduction of \$9.9 million reflecting the replacement of equipment previously on backlog until 2008–09, and an overall decline in equipment replacement needs as compared to the 2008–09 biennium. | EST/BUD<br>2008–09 | \$0.0                       | \$112.9                                   | \$0.0            | \$0.0          | \$112.9      |
|   | REC<br>2010–11     | \$0.0                       | \$106.8                                   | \$0.0            | \$0.0          | \$106.8      |
|   | BIENNIAL<br>CHANGE | NA                          | (5.4%)                                    | NA               | NA             | (5.4%)       |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Funding out of the Advisory Commission on<br/>Emergency Communications Account No. 5007<br/>(Equalization Surcharge Account)</b>   |                    |                             |   |                  |                |              |
| Decreased funding of \$3.2 million out of the Equalization Surcharge Account which provides funding for regional poison control centers and supplements 911 Service Fees (Account 5050) allocations to meet the 9-1-1 service needs of regional planning commissions. The net decrease of \$3.2 million reflects completion of Wireless Phase II (\$2.9 million) and a reduction of \$2.0 million which is no longer needed to supplement 911 Service Fees appropriations. This is offset by an increase of \$1.6 million for poison center call taker salary increases, additional call takers and administrative and public education costs contingent on collection of revenue in this account above amounts identified in the Biennial Revenue Estimate (\$38.3 million). | EST/BUD<br>2008–09 | \$0.0                       | \$38.5                                    | \$0.0            | \$0.0          | \$38.5       |
|   | REC<br>2010–11     | \$0.0                       | \$35.2                                    | \$0.0            | \$0.0          | \$35.2       |
|   | BIENNIAL<br>CHANGE | NA                          | (8.6%)                                    | NA               | NA             | (8.6%)       |
| <b>FACILITIES COMMISSION</b>  |                    |                             |   |                  |                |              |
| <b>Construction and Renovations</b>   |                    |                             |   |                  |                |              |
| Decreased funding of \$79.7 million in Other Funds due primarily to a decrease of \$67.1 million in General Obligation bond proceeds for deferred maintenance of several state office buildings, as well as a reduction of \$12.5 million in Interagency Contracts for construction projects and project management fees.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$149.5        | \$149.5      |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$69.8         | \$69.8       |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | (53.3%)        | (53.3%)      |
| The recommendations include authority to carry forward unexpended balances for projects that were approved during the 2008–09 biennium.   |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Agency Operations and Capital Improvement Projects</b>   |                    |                             |   |                  |                |              |
| General Revenue funding increased by \$1.6 million due primarily to an increase in expenditures for repairs of fire alarm and fire suppression systems (\$0.6 million) and an increase in data center costs (\$0.8 million).  | EST/BUD<br>2008–09 | \$57.1                      | \$0.0                                     | \$0.0            | \$0.0          | \$57.1       |
|   | REC<br>2010–11     | \$58.7                      | \$0.0                                     | \$0.0            | \$0.0          | \$58.7       |
|   | BIENNIAL<br>CHANGE | 2.8%                        | NA  | NA               | NA             | 2.8%         |
| <b>Texas State Cemetery</b>   |                    |                             |   |                  |                |              |
| Included in the funding for the Texas Facilities Commission is increased General Revenue funding for the Texas State Cemetery. The increase of \$0.1 million is for increased fuel costs at the Cemetery, and to fully fund the Cemetery's 9.75 FTEs, as well as an additional .75 FTE. In addition, the Cemetery will receive \$0.5 million in Interagency Contract appropriations from the Texas Department of Transportation in the form of Transportation Enhancement Program funds. These funds will be used for beautification, repair and security enhancements at the Cemetery. | EST/BUD<br>2008–09 | \$1.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.0        |
|   | REC<br>2010–11     | \$1.1                       | \$0.0                                     | \$0.0            | \$0.5          | \$1.6        |
|   | BIENNIAL<br>CHANGE | 10.0%                       | NA  | NA               | NA             | 60.0%        |
| <b>Texas Public Finance Authority - Manage Bond Proceeds</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$4.8 million in General Revenue—Dedicated Funds to align with the Comptroller's Biennial Revenue Estimates for Revenue Bond Lease Payments and the Master Lease Purchase Program.   | EST/BUD<br>2008–09 | \$1.1                       | \$0.0                                     | \$0.0            | \$0.7          | \$1.8        |
|   | REC<br>2010–11     | \$1.1                       | \$4.8                                     | \$0.0            | \$0.7          | \$6.6        |
|   | BIENNIAL<br>CHANGE | 0.0%                        | NA  | NA               | 0.0%           | 266.7%       |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>FIRE FIGHTERS' PENSION COMMISSIONER</b>   |                    |                             |   |                  |                |              |
| <b>Contribution to Texas Emergency Services Retirement System (TESRS)</b>  |                    |                             |   |                  |                |              |
| Decreased funding of \$8.4 million in General Revenue Funds primarily due to the one-time appropriation of \$8.8 million to the Texas Emergency Services Retirement (TESRS) Fund during 2008–09. This was partially offset by an increase in appropriations of \$0.4 million in General Revenue Funds to fund another FTE for a pension specialist, shift pension-related accounting costs away from the TESRS fund, and upgrade the agency's website to make it compliant with the Americans with Disabilities Act. | EST/BUD<br>2008–09 | \$9.9                       | \$0.0                                     | \$0.0            | \$0.1          | \$10.0       |
|  | REC<br>2010–11     | \$1.5                       | \$0.0                                     | \$0.0            | \$0.1          | \$1.6        |
|  | BIENNIAL<br>CHANGE | (84.8%)                     | NA  | NA               | 0.0%           | (84.0%)      |
| <b>TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR</b>   |                    |                             |   |                  |                |              |
| <b>Agency Operations</b>   |                    |                             |   |                  |                |              |
| <b>General Revenue.</b> A reduction of \$77.8 million mainly reflecting the discontinuation of the General Revenue transfer of \$75 million to the Emerging Technology Fund offset by an increase of \$5.6 million in estimated revenue from hotel occupancy tax.  | EST/BUD<br>2008–09 | \$210.4                     | \$285.8                                   | \$172.0          | \$61.8         | \$730.0      |
|  | REC<br>2010–11     | \$132.6                     | \$223.0                                   | \$101.9          | \$7.4          | \$464.9      |
|  | BIENNIAL<br>CHANGE | (37.0%)                     | (22.0%)                                   | (40.8%)          | (88.0%)        | (36.3%)      |
| <b>General Revenue–Dedicated.</b> A decrease of \$62.8 million mainly due to a decrease of \$136.0 million in transfers and associated revenue from the Employment and Training Investment Holding Account offset by an increase in estimated revenue and unexpended balances for the Texas Enterprise Fund (\$32.0 million) and Texas Emerging Technology Fund (\$41.5 million).  |                    |                             |   |                  |                |              |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

TABLE 17

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| <p><b>Federal Funds.</b> A reduction of \$70.1 million in Federal Funds, mainly consisting of \$37.7 million in Crime Victim Assistance grants, \$19.1 million out of the Edward Byrne Memorial Justice Assistance grants, and \$6.5 million out of the Safe and Drug-free Schools and Communities grants.</p>   |                             |   |                  |                |              |
| <p><b>Other Funds.</b> A reduction of \$54.4 million mainly associated with the spend down of available account balances in the Small Business Incubator Fund (\$22.7 million) and the Texas Product Development Fund (\$29.9 million).</p>  |                             |   |                  |                |              |
| <p>Provided in Article IX and not included in the tables is \$40 million in General Revenue for Film and Music Marketing for film incentives; \$20 million in General Revenue for the Texas Enterprise Fund for grants to attract businesses to Texas; \$24 million in General Revenue for the Texas Emerging Technology Fund for research and development, provide matching funds, and to attract world-class or nationally recognized researchers; and an estimated \$70 million in federal reimbursements for the Texas Emerging Technology Fund.</p> |                             |   |                  |                |              |
| <p><b>Full-Time-Equivalent (FTE) Positions.</b> The recommendations include an increase of 8 FTEs reflecting those that are fully-federally funded. These positions are allocated to strategies A.1.3, Criminal Justice (1), and A.1.11, Homeland Security (7).</p>  |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>HISTORICAL COMMISSION</b>  |                    |                             |   |                  |                |              |
| <b>Courthouse Preservation</b>  |                    |                             |   |                  |                |              |
| Decreased funding of \$36.8 million primarily reflects the expenditure of general obligation bond proceeds (\$59.5 million) in 2008–09 to award grants for courthouse restoration offset by unexpended balances of \$2.5 million in fiscal year 2010 and an additional \$20 million in G.O. bond proceeds, which will complete the restoration of 3 to 5 courthouses in 2010–11. Since the program began in fiscal year 2000, the Commission has assisted with the restoration and preservation of 68 county courthouses. | EST/BUD<br>2008–09 | \$0.9                       | \$0.0                                     | \$0.0            | \$59.5         | \$60.4       |
|   | REC<br>2010–11     | \$1.1                       | \$0.0                                     | \$0.0            | \$22.5         | \$23.6       |
|   | BIENNIAL<br>CHANGE | 22.6%                       | NA  | NA               | (62.2%)        | (60.9%)      |
| <b>Archeological Heritage Protection</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$1.2 million for the agency's archeological programs is primarily due to an additional \$1 million in general revenue for efforts to conserve the hull of the Belle shipwreck. The remains of the 17th century Belle shipwreck was discovered in 1995 in Matagorda Bay along with other artifacts which would have been utilized for colonization of new territories for France.  | EST/BUD<br>2008–09 | \$2.5                       | \$0.0                                     | \$0.5            | \$0.1          | \$3.1        |
|   | REC<br>2010–11     | \$3.7                       | \$0.0                                     | \$0.5            | \$0.1          | \$4.3        |
|   | BIENNIAL<br>CHANGE | 48.0%                       | NA  | 0.0%             | 0.0%           | 39.0%        |
| <b>Heritage Trails Program</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$2.7 million for the Texas Heritage Trails program due to an increase of \$0.7 million in sporting goods sales tax (general revenue) which will allow the agency to match additional federal funds transferred from TxDOT (\$2 million). The Texas Heritage Trails program promotes tourism to 10 heritage regions of the state by providing technical, marketing and financial assistance.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$3.1          | \$3.1        |
|   | REC<br>2010–11     | \$0.7                       | \$0.0                                     | \$0.0            | \$5.1          | \$5.8        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | 64.5%          | 87.1%        |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Historic Sites</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$33.1 million in All Funds is primarily from unexpended balances of general obligation bond proceeds (\$33 million) for the repair and renovation of historic sites. The Historical Commission operates and maintains 18 historic sites transferred from the Parks and Wildlife Department in January 2008 as well as the Sam Rayburn House Museum and the National Museum of the Pacific War. In fiscal year 2008, an estimated 175,586 individuals were reached by educational and interpretive programs at or associated with these sites. | EST/BUD<br>2008–09 | \$18.9                      | \$0.0                                     | \$0.0            | \$0.1          | \$19.0       |
|   | REC<br>2010–11     | \$18.1                      | \$0.0                                     | \$0.0            | \$34.0         | \$52.1       |
|   | BIENNIAL<br>CHANGE | (4.2%)                      | NA  | NA               | 33,900.0%      | 174.2%       |
| <b>DEPARTMENT OF INFORMATION RESOURCES</b>  |                    |                             |   |                  |                |              |
| <b>Indirect Administration</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$4.4 million in All Funds mainly due to the following:  | EST/BUD<br>2008–09 | \$0.3                       | \$0.0                                     | \$0.0            | \$11.8         | \$12.1       |
| • increase of \$2.0 million in Other Funds (Interagency Contracts and Appropriated Receipts) for two new information technology related capital budget projects, which includes Communication and Collaboration Infrastructure and Integration Support Tool (\$1.5 million), and Standardization of Business Intelligence Platform (\$0.5 million);   | REC<br>2010–11     | \$0.6                       | \$0.0                                     | \$0.0            | \$15.9         | \$16.5       |
|   | BIENNIAL<br>CHANGE | 100.0%                      | NA  | NA               | 17.8%          | 19.8%        |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| <ul style="list-style-type: none"><li>increase in expenditures of Other Funds for the agency's participation in the Data Center Services contract (\$0.8 million); continuation of funding for two capital budget projects (\$0.3 million); and reallocation of 16 administrative and executive staff and related operating costs previously in other strategies (\$2.0 million). These increases are offset by a decrease of \$1.0 million for one-time costs for hosted performance management tools;</li><li>reallocation of General Revenue (\$0.3 million) from Strategy B.2.2, TexasOnline funding for indirect costs associated with the administration of the TexasOnline project.</li></ul> |                             |   |                  |                |              |
| Included in Article IX, is an increase of \$3 million in Other Funds (Appropriated Receipts and Interagency Contracts), which is not included in the table, for the Department of Information Resources to develop and implement an Enterprise Resource Planning system.   |                             |   |                  |                |              |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Telecommunications</b>   |                    |                             |   |                  |                |              |
| Decreased funding of \$1.9 million in All Funds primarily due to decreases for one-time expenditures related to the Health and Human Services Integrated Eligibility and Enrollment network (\$12.5 million); installation and equipment costs to connect to the Lonestar Education and Research Network (\$4.4 million) to provide data center services; and \$0.3 million in Federal Funds for a one-time grant for a statewide cyber security testing program. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.3            | \$149.6        | \$149.9      |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$148.0        | \$148.0      |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | (100.0%)         | (1.1%)         | (1.3%)       |
| These amounts are offset by the appropriation of available revenue in the Telecommunication Revolving Fund Account (\$7.5 million); procurement costs related to the new TEX-AN contract (\$4.4 million); and network security and monitoring (\$3.4 million).  |                    |                             |   |                  |                |              |
| <b>Contract Administration of Information Technology<br/>Commodities and Services</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$5.1 million in Other Funds (Interagency Contracts and Appropriated Receipts) primarily due to the appropriation of available balances in the DIR Clearing Fund Account (\$2.1 million), acquisition of procurement tools and software (\$2.0 million), and salaries and operating costs related to the reallocation of nine contract managers from other strategies (\$1.0 million).   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$10.3         | \$10.3       |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$15.4         | \$15.4       |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | 49.5%          | 49.5%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>LIBRARY AND ARCHIVES COMMISSION</b>   |                    |                             |   |                  |                |              |
| <b>Loan Star Libraries and Texas Library System Grants</b>   |                    |                             |   |                  |                |              |
| Increase of \$3.8 million for the agency's two largest grant programs for local libraries is primarily due to the increase of \$4.3 million in general revenue, which includes an additional \$4.9 million for Loan Star Libraries and Texas Library System programs. This is offset by a decrease of \$0.6 million in federal funds. Loan Star Libraries grants are awarded to public libraries for the enhancement of services. Texas Library System grants provide continuing education and consulting services to member libraries and fund additional activities based on statewide goals and regional initiatives. | EST/BUD<br>2008–09 | \$11.9                      | \$0.0                                     | \$9.0            | \$0.0          | \$20.8       |
|  | REC<br>2010–11     | \$16.2                      | \$0.0                                     | \$8.4            | \$0.0          | \$24.6       |
|  | BIENNIAL<br>CHANGE | 36.7%                       | NA  | (6.9%)           | NA             | 17.9%        |
| <b>STATE PRESERVATION BOARD</b>  |                    |                             |   |                  |                |              |
| <b>Agency Operations</b>   |                    |                             |   |                  |                |              |
| Decreased funding of \$2.6 million in General Revenue Funds primarily due to completion of the Capitol Security project (\$3.2 million), which is offset by increases of \$0.5 million for repair and replacement of building infrastructure; \$0.2 million for on-going maintenance of Capitol Security; and \$0.1 million for unexpended balances for the Capitol Security project.  | EST/BUD<br>2008–09 | \$25.5                      | \$0.0                                     | \$0.0            | \$0.1          | \$25.6       |
|  | REC<br>2010–11     | \$22.9                      | \$0.0                                     | \$0.0            | \$0.1          | \$23.0       |
|  | BIENNIAL<br>CHANGE | (10.2%)                     | NA  | NA               | 0.0%           | (10.2%)      |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>STATE OFFICE OF RISK MANAGEMENT</b>   |                    |                             |   |                  |                |              |
| <b>Administration of Workers' Compensation Program</b>   |                    |                             |   |                  |                |              |
| Continued funding at approximately the 2008–09 level, with a method of finance swap of \$7.5 million in Interagency Contract funds for General Revenue Funds for administrative costs related to workers' compensation program.  | EST/BUD<br>2008–09 | \$7.5                       | \$0.0                                     | \$0.0            | \$9.0          | \$16.5       |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$17.8         | \$17.8       |
| Increased funding of \$0.5 million, including 4.0 FTEs, to carry out the provisions of Senate Bill 908, Eightieth Legislature, Regular Session.  | BIENNIAL<br>CHANGE | (100.0%)                    | NA  | NA               | 97.8%          | 7.9%         |
| <b>WORKERS' COMPENSATION</b>   |                    |                             |   |                  |                |              |
| <b>Workers' Compensation Payments</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$7.3 million in All Funds (\$7.5 million in Interagency Contracts offset by a decrease of \$0.2 million in Subrogation Receipts) primarily for anticipated increases in medical costs and indemnity payments related to higher medical reimbursement and indemnity rates set by the Texas Department of Insurance. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$90.9         | \$90.9       |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$98.1         | \$98.1       |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | 7.9%           | 7.9%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>SECRETARY OF STATE</b>   |                    |                             |   |                  |                |              |
| <b>Elections Administration</b>   |                    |                             |   |                  |                |              |
| Decreased funding of \$0.7 million in General Revenue mainly due to the spend down of the remaining \$1 million from a \$5 million appropriation for a one-time special election held relating to property tax relief in May 2007 offset by an increase of \$0.3 million for software revisions to improve the accuracy of the verification of the identification numbers submitted on voter registration applications. | EST/BUD<br>2008–09 | \$7.9                       | \$0.0                                     | \$0.0            | \$0.6          | \$8.5        |
|   | REC<br>2010–11     | \$7.2                       | \$0.0                                     | \$0.0            | \$0.6          | \$7.8        |
|   | BIENNIAL<br>CHANGE | (8.9%)                      | NA  | NA               | 0.0%           | (8.2%)       |
| <b>Election / Voter Registration Funds</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$1.3 million in General Revenue Funds mainly due to raising the hourly rate paid to poll workers working primary and runoff elections from \$7 to \$9 per hour totaling \$1.3 million.  | EST/BUD<br>2008–09 | \$14.9                      | \$0.0                                     | \$0.0            | \$0.0          | \$14.9       |
|   | REC<br>2010–11     | \$16.2                      | \$0.0                                     | \$0.0            | \$0.0          | \$16.2       |
|   | BIENNIAL<br>CHANGE | 8.7%                        | NA  | NA               | NA             | 8.7%         |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 17**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Elections Improvement</b>   |                    |                             |   |                  |                |              |
| Decreased funding of \$12.3 million in All Funds due to a decrease in the amount of funds available for expenditure on Help America Vote Act (HAVA) activities which includes decreases of \$2.5 million in Federal Funds and \$9.8 million in General Revenue–Dedicated Funds.<br><br>The Recommendations include \$44.1 million for HAVA; mainly Federal Funds, which will be used for equipment that meets voting systems standards; provisional voting; statewide voter registration list; and voting information for election officials, poll workers, election volunteers, and the public.   | EST/BUD<br>2008–09 | \$0.0                       | \$13.8                                    | \$42.6           | \$0.0          | \$56.4       |
|  | REC<br>2010–11     | \$0.0                       | \$4.0                                     | \$40.1           | \$0.0          | \$44.1       |
|  | BIENNIAL<br>CHANGE | NA                          | (71.0%)                                   | (5.9%)           | NA             | (21.8%)      |
| <b>VETERANS COMMISSION</b>   |                    |                             |   |                  |                |              |
| <b>Agency Operations</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$4.5 million in General Revenue related to an increase of \$2.2 million offset by a reduction of Federal Funds related to reclassification of Federal Funds to General Revenue to comply with the Comptroller's policy related to Federal Funds earned on cost allocation plan; an increase of \$1.0 million to increase assistance for benefit claims to veterans and their families; an increase of \$0.7 million for expand employment and education opportunities for veterans and their spouses; and an increase of \$0.6 million for additional outreach and marketing efforts to make veterans and family members aware of services offered at the Veterans Commission and possible benefits from the Federal government related to military service. | EST/BUD<br>2008–09 | \$9.7                       | \$0.0                                     | \$22.3           | \$0.0          | \$32.0       |
|  | REC<br>2010–11     | \$14.2                      | \$0.0                                     | \$19.8           | \$0.0          | \$34.0       |
|  | BIENNIAL<br>CHANGE | 46.4%                       | NA  | (11.2%)          | NA             | 6.3%         |

## HEALTH AND HUMAN SERVICES

### 2010–11 BIENNIAL RECOMMENDATIONS

All Funds recommendations for Health and Human Services total \$59.6 billion for the 2010–11 biennium, an increase of \$5.1 billion, or 9.3 percent, from the 2008–09 biennium (Table 18).

For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$25.3 billion, an increase of \$2.9 billion, or 12.8 percent, from the 2008–09 biennium (Table 19).

A less favorable non-stimulus federal match for Medicaid and related programs accounts for approximately \$500 million of the biennial General Revenue Funds increase.

Funding for the 2008–09 biennium assumes a supplemental appropriation of \$758.5 million in General Revenue Funds to address a less favorable federal match in fiscal year 2009, the veto of fiscal year

2009 funds for Medicare Give Back, and higher than anticipated expenditures in the Medicaid program. However, the enacted version of the supplemental appropriations bill may provide a different level of funding.

Selected performance measures for agencies in the Health and Human Services function are depicted in Table 20.

**TABLE 18**  
**ALL FUNDS: HEALTH AND HUMAN SERVICES**

| IN MILLIONS   | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY  |                                   |                        |                    |                      |
| Department of Aging and Disability Services         | \$11,713.0                        | \$13,234.8             | \$1,521.8          | 13.0%                |
| Department of Assistive and Rehabilitative Services | 1,193.6                           | 1,248.6                | 55.0               | 4.6                  |
| Department of Family and Protective Services        | 2,551.0                           | 2,653.8                | 102.7              | 4.0                  |
| Department of State Health Services                 | 5,637.9                           | 5,853.9                | 216.0              | 3.8                  |
| Health and Human Services Commission                | 32,764.3                          | 35,817.8               | 3,053.5            | 9.3                  |
| Subtotal, Health and Human Services                 | \$53,859.9                        | \$58,808.9             | \$4,949.0          | 9.2%                 |
| Retirement and Group Insurance                      | \$909.9                           | \$1,032.6              | \$122.7            | 13.5%                |
| Social Security and Benefit Replacement Pay         | 311.0                             | 325.6                  | 14.6               | 4.7                  |
| Subtotal, Employee Benefits                         | \$1,220.9                         | \$1,358.2              | \$137.3            | 11.2%                |



## HEALTH AND HUMAN SERVICES

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 18**  
**ALL FUNDS: HEALTH AND HUMAN SERVICES (CONTINUED)**

| IN MILLIONS   | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY  |                                   |                        |                    |                      |
| Bond Debt Service Payments                          | \$57.7                            | \$65.2                 | \$7.5              | 13.0%                |
| Lease Payments                                      | 13.3                              | 13.9                   | 0.6                | 4.7                  |
| Subtotal, Debt Service                              | \$71.0                            | \$79.0                 | \$8.1              | 11.4%                |
| Article II, Special Provisions                      | \$0.0                             | \$0.0                  | \$0.0              | NA                   |
| Less Interagency Contracts                          | \$609.7                           | \$629.6                | \$19.8             | 3.3%                 |
| <b>Total Article II – Health and Human Services</b> | <b>\$54,542.0</b>                 | <b>\$59,616.6</b>      | <b>\$5,074.6</b>   | <b>9.3%</b>          |

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

# HEALTH AND HUMAN SERVICES

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 19**  
**GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS: HEALTH AND HUMAN SERVICES**

| IN MILLIONS   | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY  |                                   |                        |                    |                      |
| Department of Aging and Disability Services         | \$4,726.0                         | \$5,541.2              | \$815.2            | 17.2%                |
| Department of Assistive and Rehabilitative Services | 231.1                             | 248.2                  | 17.1               | 7.4                  |
| Department of Family and Protective Services        | 1,043.1                           | 1,100.4                | 57.2               | 5.5                  |
| Department of State Health Services                 | 2,849.8                           | 3,016.4                | 166.6              | 5.8                  |
| Health and Human Services Commission                | 12,874.8                          | 14,598.9               | 1,724.1            | 13.4                 |
| Subtotal, Health and Human Services                 | \$21,724.8                        | \$24,505.1             | \$2,780.2          | 12.8%                |
| Retirement and Group Insurance                      | \$507.0                           | \$578.1                | \$71.1             | 14.0%                |
| Social Security and Benefit Replacement Pay         | 167.9                             | 176.7                  | 8.8                | 5.2                  |
| Subtotal, Employee Benefits                         | \$674.9                           | \$754.8                | \$79.8             | 11.8%                |
| Bond Debt Service Payments                          | \$52.4                            | \$59.9                 | \$7.5              | 14.4%                |
| Lease Payments                                      | 13.3                              | 13.9                   | 0.6                | 4.7                  |
| Subtotal, Debt Service                              | \$65.6                            | \$73.8                 | \$8.2              | 12.4%                |
| <b>Total Article II – Health and Human Services</b> | <b>\$22,465.4</b>                 | <b>\$25,333.6</b>      | <b>\$2,868.3</b>   | <b>12.8%</b>         |

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

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 20**  
**SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES**

| MEASURE  | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|--|----------------|------------------|---------------------|---------------------|
| <b>DEPARTMENT OF AGING AND DISABILITY SERVICES</b>   |                |                  |                     |                     |
| Average Number of Clients Served Per Month: Medicaid Non-waiver Community Services and Supports (Community Care Entitlement) | 110,301        | 110,635          | 110,754             | 110,971             |
| <b>Average Number of Clients Served Per Month: Waivers</b>   |                |                  |                     |                     |
| Continuing Clients   | 46,247         | 48,806           | 49,855              | 49,855              |
| Expansion Clients  | 0              | 0                | 2,276               | 6,796               |
| Total, All Waiver Clients (Average Monthly)  | 46,247         | 48,806           | 52,131              | 56,651              |
| <b>Number of Clients Served (End of Year): Waivers</b>   |                |                  |                     |                     |
| Continuing Clients   | NA             | 49,855           | 49,855              | 49,855              |
| Expansion Clients  | NA             | 0                | 4,520               | 9,041               |
| Total, All Waiver Clients (End of Year)  | NA             | 49,855           | 54,375              | 58,896              |
| Average Monthly Caseload, Nursing Facility Clients (Medicaid, Medicare Copaid, and Hospice)                                  | 68,549         | 67,663           | 67,504              | 67,516              |
| Average Number of Persons in ICF/MR Medicaid Beds Per Month  | 6,365          | 6,203            | 6,037               | 5,871               |
| Average Monthly Number of Mental Retardation (MR) Campus Residents (State Schools)   | 4,832          | 4,655            | 4,512               | 4,354               |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 20**  
**SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES (CONTINUED)**

| MEASURE  | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|--|----------------|------------------|---------------------|---------------------|
| <b>DEPARTMENT OF ASSISTIVE AND<br/>REHABILITATIVE SERVICES</b>   |                |                  |                     |                     |
| Average Monthly Number of Children Served in<br>Comprehensive Services (Early Childhood Intervention)    | 27,693         | 29,584           | 30,766              | 31,880              |
| Number of Consumers Served (Vocational Rehabilitation<br>for Persons Who Are Blind or Visually Impaired) | 9,698          | 9,564            | 9,748               | 9,940               |
| Number of Consumers Served (Vocational Rehabilitation<br>for Persons with Disabilities)                  | 84,433         | 82,581           | 88,024              | 88,024              |
| Average Monthly Number of People Receiving<br>Comprehensive Rehabilitation Services                      | 184            | 185              | 206                 | 209                 |
| <b>DEPARTMENT OF FAMILY AND<br/>PROTECTIVE SERVICES</b>  |                |                  |                     |                     |
| Number of Completed Child Protective Services<br>Investigations  | 165,010        | 164,735          | 167,933             | 171,137             |
| Average Number of Children Served in Family Protective<br>Services-paid Foster Care Per Month            | 17,109         | 15,435           | 14,586              | 14,590              |
| Average Number of Children Provided Adoption Subsidy<br>Per Month  | 24,927         | 27,661           | 30,413              | 33,066              |
| Average Number of STAR Youth Served Per Month  | 5,875          | 6,209            | 6,209               | 6,209               |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 20**  
**SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES (CONTINUED)**

| MEASURE   | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|---|----------------|------------------|---------------------|---------------------|
| Number of Completed Adult Protective Services Investigations                  | 68,683         | 70,975           | 73,534              | 76,190              |
| <b>DEPARTMENT OF STATE HEALTH SERVICES</b>                                    |                |                  |                     |                     |
| Number of Vaccine Doses Administered to Children                              | 12,771,928     | 13,501,907       | 14,177,002          | 14,885,852          |
| CSHCN Clients Provided Medical Services at the End of the Year                | 1,600          | 1,650            | 1,737               | 1,737               |
| Number of WIC Participants Provided Nutritious Food Supplements Per Month     | 997,671        | 1,029,121        | 1,031,671           | 1,038,471           |
| Average Monthly Number of Adults Receiving Community Mental Health Services   | 52,074         | 47,944           | 52,484              | 52,484              |
| Average Monthly Number of Children Receiving Community Mental Health Services | 12,103         | 11,126           | 12,206              | 12,206              |
| Average Daily Census of State Mental Health Facilities (State Hospitals)      | 2,339          | 2,477            | 2,477               | 2,477               |
| <b>HEALTH AND HUMAN SERVICES COMMISSION</b>                                   |                |                  |                     |                     |
| Average Medicaid and CHIP Children Recipient Months Per Month                 | 2,419,864      | 2,577,557        | 2,677,484           | 2,720,740           |
| Average Medicaid Acute Care (Includes STAR+PLUS) Recipient Months Per Month   | 2,877,203      | 2,974,709        | 3,105,445           | 3,168,320           |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 20**  
**SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES (CONTINUED)**

| MEASURE  | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|--|----------------|------------------|---------------------|---------------------|
| Average Aged and Medicare-eligible Recipient Months Per Month: STAR+PLUS | 82,195         | 85,449           | 86,982              | 88,595              |
| Average Disabled and Blind Recipient Months Per Month: STAR+PLUS         | 72,300         | 74,376           | 78,250              | 81,594              |
| Total Medicaid Prescriptions Incurred                                    | 27,565,816     | 27,612,388       | 28,738,441          | 29,365,160          |
| Average CHIP Programs Recipient Months Per Month                         | 447,651        | 532,932          | 530,501             | 537,742             |
| Average Number of TANF Recipients Per Month                              | 120,816        | 107,340          | 105,273             | 105,273             |
| Average Number of State Two-parent Cash Assistance Recipients Per Month  | 4,478          | 4,259            | 4,424               | 4,589               |
| Number of Women and Children Served (Family Violence Services)           | 74,801         | 77,583           | 80,942              | 80,942              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>MAJOR ISSUES</b>  |                    |                             |   |                  |                |              |
| <b>Medicaid</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$4,527.4 million in All Funds (\$2,473.6 million in General Revenue Funds and General Revenue—Dedicated Funds) for the following items:  | EST/BUD<br>2008–09 | \$16,145.5                  | \$125.3                                   | \$23,747.8       | \$278.9        | \$40,297.4   |
|  | REC<br>2010–11     | \$18,620.5                  | \$123.8                                   | \$25,894.5       | \$186.0        | \$44,824.8   |
| <ul style="list-style-type: none"> <li>• Maintain rates at fiscal year 2009 levels and address projected caseload growth (\$2,329 million All Funds, \$1,053.8 million General Revenue Funds)</li> </ul> | BIENNIAL<br>CHANGE | 15.3%                       | (1.2%)                                    | 9.0%             | (33.3%)        | 11.2%        |
| <ul style="list-style-type: none"> <li>• Address less favorable federal match (\$481 million General Revenue Funds)</li> </ul>   |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>• Address cost growth (\$1,215.5 million All Funds, \$500 million General Revenue Funds)</li> </ul>   |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>• Increase Community attendant wages and health care provider rates at DADS, DFPS, and HHSC (see Wages/Rates below)</li> </ul>                                    |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>• Achieve cost savings (decrease of \$260.8 million All Funds, \$107.1 million General Revenue Funds)</li> </ul>  |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>• Implement a Medicaid Buy-in program for children (\$48.4 million All Funds, \$21.5 million General Revenue Funds)</li> </ul>                                    |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>• Provide health care to legal permanent residents at an enhanced federal match rate (\$156.1 All Funds, \$45.3 General Revenue Funds)</li> </ul>                 |                    |                             |   |                  |                |              |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|-----------------------------|---|------------------|----------------|--------------|
| <u>Caseload Assumptions</u><br>Acute Care Medicaid caseloads are anticipated to grow from 2,974,709 in fiscal year 2009 to 3,168,320 in fiscal year 2011. More than two-thirds of clients are children. |                             |   |                  |                |              |
| Nursing facility caseloads (including Medicaid, Medicare Copay, and Hospice) are projected to decrease slightly by 147 clients from 67,663 in fiscal year 2009 to 67,516 in fiscal year 2011.           |                             |   |                  |                |              |
| Community Care Entitlement caseloads are anticipated to increase slightly from 110,635 in fiscal year 2009 to 110,971 in fiscal year 2011.  |                             |   |                  |                |              |
| The number of Community-based (Waiver) clients established for the 2010–11 biennium is 49,855. When adjusted for appropriations for expansion of services, waiver caseloads increase to 58,896.         |                             |   |                  |                |              |



## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| <b>Wages/Rates</b>   |                             |   |                  |                |              |
| Increased funding of \$524.5 million in All Funds, including \$229.2 million in General Revenue Funds for the following wage/rate increases:   |                             |   |                  |                |              |
| <ul style="list-style-type: none"><li>One-step and temporary community attendant wage increase at DADS and HHSC (\$300.2 million All Funds, \$129.5 million General Revenue Funds)</li><li>One-step and temporary provider rate increase at DADS, DFPS, and HHSC (\$224.3 million All Funds, \$99.7 million General Revenue Funds)</li></ul> |                             |   |                  |                |              |
| Article XII of this Act includes \$29 million for Early Childhood Intervention (ECI) temporary provider rate increases for DARS, subject to certain conditions. The estimated one step increase in rates is 8%.  |                             |   |                  |                |              |
| <b>Mental Retardation Services</b>   |                             |   |                  |                |              |
| Increased funding of \$502.9 million in All Funds, including \$212.6 million in General Revenue Funds, to achieve the following objectives:  |                             |   |                  |                |              |
| <ul style="list-style-type: none"><li>Expand and reshape the system of care for individuals with developmental disabilities (contingency appropriation of \$464.5 million All Funds, \$207.9 million General Revenue Funds) and move 7,832 clients to waiver-related community-based settings by August 2011;</li></ul>                      |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

TABLE 21

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|-----------------------------|---|------------------|----------------|--------------|
| <ul style="list-style-type: none"><li>Strengthen facility night shift campus supervision and professional oversight by 142 FTEs per fiscal year (\$11.4 million All Funds, \$4.7 million General Revenue Funds);</li><li>Repair and renovate state schools (\$27.0 million in bonds/Other Funds).</li></ul> <p>Other legislation may provide additional funding, staff, and directives regarding state schools.</p> <p><b>Mental Health Services</b></p> <p>Increased funding of \$140.6 million in All Funds, including \$110.9 million in General Revenue Funds, for mental health services in the following areas:</p> <p><u>Community Mental Health Services</u></p> <ul style="list-style-type: none"><li>Annualize the fiscal year 2009 funding level for the Mental Health Community Crisis program (\$27.4 million All Funds/General Revenue Funds)</li><li>Expand transitional and intensive on-going community mental health services (\$55.0 million All Funds/General Revenue Funds)</li></ul> <p><u>State Mental Health Hospitals</u></p> <ul style="list-style-type: none"><li>Maintain fiscal year 2007 bed capacity at state mental health hospitals (\$29.7 million All Funds/Other Funds)</li></ul> |                             |   |                  |                |              |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|-----------------------------|---|------------------|----------------|--------------|
| <u>Mental Health Community Hospitals</u> <ul style="list-style-type: none"><li>• Increase allotment for inpatient services at mental health community hospitals (\$1.7 million All Funds/General Revenue Funds)</li><li>• Increase the number of inpatient beds at mental health community hospitals (\$11.3 million All Funds/General Revenue Funds)</li></ul> |                             |   |                  |                |              |
| <u>Local Mental Health Authorities</u> <ul style="list-style-type: none"><li>• Maintain critical services at local mental health authorities (\$8.0 million All Funds/General Revenue Funds)</li><li>• Establish mental health services at a newly constructed mental health facility (\$7.5 million All Funds/General Revenue Funds)</li></ul>                 |                             |   |                  |                |              |

#### **Article XII**

Article XII of this Act appropriates certain funding associated with the Federal American Recovery and Reinvestment Act to Health and Human Services agencies. It includes a \$2.5 billion method of finance adjustment for a more favorable stimulus federal match for Medicaid and related programs.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

| IN MILLIONS  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| BUDGET RECOMMENDATION AND DESCRIPTION  |                    |                             |   |                  |                |              |
| <b>AGENCY ISSUES</b>   |                    |                             |   |                  |                |              |
| <b>DEPARTMENT OF AGING AND DISABILITY SERVICES</b>   |                    |                             |   |                  |                |              |
| <b>Intake, Access and Eligibility</b>  |                    |                             |   |                  |                |              |
| An increase of \$81.5 million in All Funds, including \$46.1 million in General Revenue Funds for the following:   | EST/BUD<br>2008–09 | \$118.3                     | \$0.0                                     | \$176.7          | \$3.6          | \$298.6      |
| • \$9.2 million in All Funds, \$9.9 million in General Revenue Funds to maintain 2009 staffing and average salary levels.  | REC<br>2010–11     | \$164.5                     | \$0.0                                     | \$212.3          | \$3.4          | \$380.2      |
| • \$2.7 million in All Funds, including \$1.6 million in General Revenue Funds and 13.2 FTEs for expansion of community-based services.  | BIENNIAL<br>CHANGE | 39.0%                       | NA  | 20.1%            | (6.0%)         | 27.3%        |
| • \$69.5 in All Funds, including \$34.6 million in General Revenue Funds and 13.2 FTEs is included to expand and reshape the system of care for individuals with developmental disabilities. |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Community Care Entitlement (Medicaid)</b>  |                    |                             |   |                  |                |              |
| An increase of \$233.3 million in All Funds, including \$122.5 million in General Revenue Funds for the following:  | EST/BUD<br>2008–09 | \$726.0                     | \$0.0                                     | \$1,077.8        | \$0.0          | \$1,803.7    |
| <ul style="list-style-type: none"> <li>\$60.1 million in All Funds, including \$51.3 million in General Revenue Funds, for updated caseload forecast. The Average Number of Clients Served Per Month will increase from 110,301 in fiscal year 2008 to 110,754 in fiscal year 2010. Caseloads are expected to increase in fiscal year 2011, achieving 110,971.</li> </ul> | REC<br>2010–11     | \$848.5                     | \$0.0                                     | \$1,188.5        | \$0.0          | \$2,037.1    |
| <ul style="list-style-type: none"> <li>\$173.2 million in All Funds, including \$71.2 million in General Revenue Funds for rate increases for community care providers and personal attendants.</li> </ul>  | BIENNIAL<br>CHANGE | 16.9%                       | NA  | 10.3%            | NA             | 12.9%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

| IN MILLIONS   |                    |                             |   |                  |                |              |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
| <b>Community Care Waivers (Medicaid)</b>  |                    |                             |   |                  |                |              |
| An increase of \$688.2 million in All Funds, including \$321.7 million in General Revenue Funds for the following:  | EST/BUD<br>2008–09 | \$963.4                     | \$0.0                                     | \$1,430.2        | \$0.0          | \$2,393.6    |
| • \$335.7 million in All Funds, including \$139.5 million in General Revenue Funds is included to expand and reshape the system of care for individuals with developmental disabilities for 7,832 additional clients  | REC<br>2010–11     | \$1,285.1                   | \$0.0                                     | \$1,796.7        | \$0.0          | \$3,081.8    |
|   | BIENNIAL<br>CHANGE | 33.4%                       | NA  | 25.6%            | NA             | 28.8%        |
| • \$142.6 million in All Funds, including \$58.6 million in General Revenue Funds for a provider and an attendant rate increase   |                    |                             |   |                  |                |              |
| • \$21.4 million in All Funds, including \$8.6 million in General Revenue Funds for expansion of community-based services, and  |                    |                             |   |                  |                |              |
| • \$188.5 million in All Funds, including \$115.0 million in General Revenue Funds, primarily to maintain estimated August 2009 client levels (49,855) and maintain fiscal year 2009 average costs. Recommendations also adjust for a less favorable FMAP. Waiver services provide medical care and personal assistance to clients in home or community settings. Anticipated caseloads for key programs are highlighted in Table 20. |                    |                             |   |                  |                |              |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Community Services and Supports – State</b>  |                    |                             |   |                  |                |              |
| An increase of \$34.5 million in All Funds, including \$35.2 million in General Revenue Funds, for maintaining 2008–09 client levels, additional services to clients with developmental disabilities, including independent living, respite, and in-home and family support services, and a provider and attendant rate increase. | EST/BUD<br>2008–09 | \$238.5                     | \$0.0                                     | \$259.7          | \$1.3          | \$499.5      |
|   | REC<br>2010–11     | \$273.7                     | \$0.0                                     | \$259.1          | \$1.3          | \$534.1      |
|   | BIENNIAL<br>CHANGE | 14.7%                       | NA  | (0.2%)           | NA             | 6.9%         |
| <b>Program of All-Inclusive Care for the Elderly (PACE)</b>   |                    |                             |   |                  |                |              |
| An increase of \$15.9 million in All Funds, including \$7.5 million in General Revenue Funds for the following:   | EST/BUD<br>2008–09 | \$23.9                      | \$0.0                                     | \$36.0           | \$0.0          | \$59.9       |
| • \$0.1 million in All Funds, including \$1.0 million in General Revenue Funds, for updated caseloads, to continue the provider rate increase approved for 2008–09, and a less favorable FMAP.  | REC<br>2010–11     | \$31.4                      | \$0.0                                     | \$44.4           | \$0.0          | \$75.8       |
|   | BIENNIAL<br>CHANGE | 31.2%                       | NA  | 23.5%            | NA             | 26.6%        |
| • \$6.8 million in All Funds, including \$2.8 million in General Revenue Funds, for additional slots for the PACE site in Lubbock.  |                    |                             |   |                  |                |              |
| • \$7.7 million in All Funds, including \$3.2 million in General Revenue Funds for additional PACE slots for the El Paso, Amarillo, and Lubbock sites.  |                    |                             |   |                  |                |              |
| • \$1.4 million in All Funds, including \$0.6 million in General Revenue Funds, for an increase in provider rates.  |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Nursing Facility and Hospice Payments Medicaid)</b>   |                    |                             |   |                  |                |              |
| An increase of \$392.3 million in All Funds, including \$235.1 million in General Revenue Funds for the following:   | EST/BUD<br>2008–09 | \$1,841.0                   | \$0.0                                     | \$2,751.6        | \$0.0          | \$4,592.6    |
| <ul style="list-style-type: none"> <li>\$224.3 million in All Funds, including \$167.1 million in General Revenue Funds, for updated caseloads and to continue the provider rate increase approved for 2008–09 and also adjust for a less favorable FMAP.</li> </ul>   | REC<br>2010–11     | \$2,076.0                   | \$0.0                                     | \$2,908.9        | \$0.0          | \$4,984.9    |
| <ul style="list-style-type: none"> <li>\$156.8 million in All Funds, including \$64.5 million in General Revenue Funds for a provider rate increase.</li> </ul>  | BIENNIAL<br>CHANGE | 12.8%                       | NA  | 5.7%             | NA             | 8.5%         |
| <ul style="list-style-type: none"> <li>\$8.1 million in All Funds, including \$2.0 million in General Revenue Funds, for SAS/CARE Consolidation information technology modification.</li> </ul>  |                    |                             |   |                  |                |              |
| <p>Medicaid Nursing Facility caseloads are expected to decline modestly from 55,922 in fiscal year 2008 to 53,827 in fiscal year 2011. Medicaid/Medicare Copaid Nursing Facility caseloads are expected to grow from 6,592 in fiscal year 2008 to 7,319 in fiscal year 2011; Hospice caseloads are expected to grow from 5,945 in fiscal year 2008 to 6,370 in fiscal year 2011.</p> |                    |                             |   |                  |                |              |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Intermediate Care Facilities-Mental Retardation (Medicaid)</b>   |                    |                             |   |                  |                |              |
| A decrease of \$33.3 million in All Funds, including a decrease of \$3.4 million in General Revenue and General Revenue–Dedicated Funds for the following:  | EST/BUD<br>2008–09 | \$225.7                     | \$49.5                                    | \$414.1          | \$0.1          | \$689.4      |
|   | REC<br>2010–11     | \$218.8                     | \$53.1                                    | \$384.1          | \$0.1          | \$656.1      |
| <ul style="list-style-type: none"> <li>\$11.0 million increase in All Funds, including \$4.5 million in General Revenue Funds for a provider rate increase</li> </ul>   | BIENNIAL<br>CHANGE | (3.1%)                      | 7.3%                                      | (7.2%)           | 0.0%           | (4.8%)       |
| <ul style="list-style-type: none"> <li>\$44.3 million decrease in All Funds, including a decrease of \$16.2 million in General Revenue Funds and an increase of \$3.6 million in General Revenue–Dedicated Funds to reflect lower caseloads. Recommendations also adjust for a less favorable FMAP and maintains 2009 costs. The increase in General Revenue–Dedicated Funds represents the full appropriation of anticipated balances and collections for the Quality Assurance Fund.</li> </ul> |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Mental Retardation State Schools Services (Medicaid)</b>  |                    |                             |   |                  |                |              |
| An increase of \$70.3 million in All Funds, including an increase of \$44.1 million in General Revenue Funds and General Revenue–Dedicated Funds for the following:  | EST/BUD<br>2008–09 | \$377.9                     | \$58.7                                    | \$583.7          | \$54.1         | \$1,074.3    |
|  | REC<br>2010–11     | \$428.6                     | \$52.0                                    | \$610.3          | \$53.7         | \$1,144.7    |
| <ul style="list-style-type: none"> <li>• Maintain estimated August 2009 staffing levels (12,796.1) and associated salaries (\$55.5 million in All Funds, \$37.6 million in General Revenue Funds and General Revenue–Dedicated Funds)</li> </ul> | BIENNIAL<br>CHANGE | 13.4%                       | (11.4%)                                   | 4.6%             | (0.8%)         | 6.5%         |
| <ul style="list-style-type: none"> <li>• Strengthen facility night shift campus supervision and professional oversight by adding 142 FTEs (\$11.4 million in All Funds, \$4.7 million in General Revenue Funds)</li> </ul>                       |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>• \$0.5 in All Funds and General Revenue Funds for behavioral support specialists to assist the alleged offender residents with any specialized educational needs</li> </ul>                              |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>• Upgrade State School telephone system (\$2.9 million in All Funds, including \$1.3 million in General Revenue Funds)</li> </ul>   |                    |                             |   |                  |                |              |
| Other legislation may provide additional funding, staff, and directives regarding state schools.   |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Licensing, Certification and Outreach</b>   |                    |                             |   |                  |                |              |
| An increase of \$5.7 million in All Funds, including \$2.8 million in General Revenue Funds, and 47.8 FTEs to expand and reshape the system of care for individuals with developmental disabilities. This increase is partially offset by other adjustments.   | EST/BUD<br>2008–09 | \$42.5                      | \$3.8                                     | \$91.2           | \$3.1          | \$140.6      |
|  | REC<br>2010–11     | \$47.3                      | \$3.9                                     | \$91.7           | \$3.1          | \$146.0      |
|  | BIENNIAL<br>CHANGE | 11.3%                       | 1.4%                                      | 0.6%             | 0.1%           | 3.9%         |
| <b>Indirect Administration</b>   |                    |                             |   |                  |                |              |
| A net decrease of \$4.7 million in All Funds, including an increase of \$1.8 million in General Revenue Funds, for administrative activities:  | EST/BUD<br>2008–09 | \$55.9                      | \$0.0                                     | \$82.1           | \$4.3          | \$142.3      |
|  | REC<br>2010–11     | \$57.7                      | \$0.0                                     | \$76.0           | \$3.9          | \$137.6      |
|  | BIENNIAL<br>CHANGE | 3.3%                        | NA  | (7.4%)           | (10.1%)        | (3.3%)       |
| <ul style="list-style-type: none"> <li>\$10.8 million less in All Funds, including \$1.1 million in General Revenue Funds, primarily for a one-time capital project.</li> <li>\$0.6 million in All Funds, including \$0.3 million in General Revenue Funds, for Data Encryption and Security information technology project.</li> <li>\$0.5 in All Funds, including \$0.3 million in General Revenue Funds, and 4.6 FTEs for expansion of community-based services and to expand and reshape the system of care for individuals with developmental disabilities.</li> <li>\$5.0 million in All Funds, including \$2.3 million in General Revenue Funds, for Data Center Services.</li> </ul> |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

| IN MILLIONS   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| BUDGET RECOMMENDATION AND DESCRIPTION   |                    |                             |   |                  |                |              |
| <b>Capital</b>  |                    |                             |   |                  |                |              |
| An increase of \$39.0 million in bond authority for repairs and renovation of state schools. Total bond funding includes:                                       | EST/BUD<br>2008–09 | \$0.3                       | \$0.6                                     | \$0.0            | \$17.6         | \$18.5       |
|   | REC<br>2010–11     | \$0.3                       | \$0.6                                     | \$0.0            | \$56.6         | \$57.4       |
| • A carry forward of unused bond authority from fiscal years 2008–09 of \$29.6 million.   | BIENNIAL<br>CHANGE | 0.0%                        | 0.0%                                      | NA               | 221.4%         | 211.1%       |
| • New bond authority of \$27.0 million  |                    |                             |   |                  |                |              |
| <b>Article XII</b>  |                    |                             |   |                  |                |              |
| An additional \$6.0 million in Federal American Recovery and Reinvestment (Stimulus) Funds are included in Article XII for congregate and home-delivered meals. |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

| IN MILLIONS  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| BUDGET RECOMMENDATION AND DESCRIPTION  |                    |                             |   |                  |                |              |
| <b>DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES</b>   |                    |                             |   |                  |                |              |
| <b>Children With Disabilities</b>  |                    |                             |   |                  |                |              |
| Net increased funding of \$18.5 million in All Funds, including \$4.7 million in General Revenue Funds:  | EST/BUD<br>2008–09 | \$70.7                      | \$0.0                                     | \$217.9          | \$33.1         | \$321.8      |
| • \$21.7 million in All Funds, \$8.6 million General Revenue Funds for anticipated caseload growth in the Early Childhood Intervention (ECI) program.  | REC<br>2010–11     | \$75.4                      | \$0.0                                     | \$231.7          | \$33.1         | \$340.2      |
| • \$1.7 million in General Revenue Funds and All Funds to serve additional children in the Blind Children's program.   | BIENNIAL<br>CHANGE | 6.6%                        | NA  | 6.3%             | 0.0%           | 5.7%         |
| • A decrease of \$5.0 million in General Revenue and All Funds in the Autism program.  |                    |                             |   |                  |                |              |
| <p>It is anticipated that the Average Monthly Number of Children Served in ECI Comprehensive Services will increase by 4,187 from 27,693 in fiscal year 2008 to 31,880 in fiscal year 2011. Article XII of this Act appropriates to the Department of Assistive and Rehabilitative Services (DARS) \$39.4 million in Individuals with Disabilities Education Act (IDEA) Part C Stimulus funds, of which \$29.0 million is appropriated for temporary increases in ECI provider reimbursements.</p> |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Rehabilitation Services for the Blind</b>  |                    |                             |   |                  |                |              |
| Increased funding and service levels to persons who are blind or visually impaired are offset by a reduction for one-time funding, resulting in a net decrease of \$2.2 million in All Funds:   | EST/BUD<br>2008–09 | \$18.1                      | \$7.8                                     | \$83.4           | \$0.1          | \$109.3      |
|   | REC<br>2010–11     | \$18.4                      | \$5.3                                     | \$83.4           | \$0.0          | \$107.1      |
| <ul style="list-style-type: none"> <li>\$0.6 million increase in General Revenue-Dedicated Funds to serve additional clients in the Business Enterprises of Texas program.</li> </ul>   | BIENNIAL<br>CHANGE | 1.5%                        | (32.1%)                                   | 0.0%             | (33.3%)        | (2.1%)       |
| <ul style="list-style-type: none"> <li>\$0.3 million increase in General Revenue Funds to serve additional clients in the Blindness Education, Screening and Treatment (BEST) program and the Independent Living program.</li> </ul>  |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>\$3.1 million decrease in General Revenue-Dedicated Funds due to a one-time payout to Business Enterprises of Texas managers.</li> </ul>   |                    |                             |   |                  |                |              |
| The Number of Consumers Served in the Vocational Rehabilitation-Blind program is expected to increase by 376 from 9,564 in fiscal year 2009 to 9,940 in fiscal year 2011.   |                    |                             |   |                  |                |              |
| Article XII of this Act appropriates to DARS \$44.8 million in VR Stimulus funds for contract employees, temporary enhanced services, and one-time equipment purchases and \$3.4 million in Independent Living Stimulus funds. These funds will be allocated between blind and general rehabilitation services. |                    |                             |   |                  |                |              |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Rehabilitation Services – General</b>   |                    |                             |   |                  |                |              |
| Net increase of \$13.2 million in All Funds, including a \$12.3 million increase in General Revenue Funds and General Revenue–Dedicated Funds, for services for persons with general disabilities:                                     | EST/BUD<br>2008–09 | \$101.4                     | \$22.8                                    | \$351.8          | \$4.0          | \$480.0      |
|  | REC<br>2010–11     | \$112.5                     | \$23.9                                    | \$353.4          | \$3.4          | \$493.2      |
| <ul style="list-style-type: none"> <li>• \$6.4 million in All Funds, \$4.9 million in General Revenue Funds to serve additional VR-General consumers</li> </ul>  | BIENNIAL<br>CHANGE | 11.0%                       | 4.8%                                      | 0.4%             | (15.1%)        | 2.8%         |
| <ul style="list-style-type: none"> <li>• \$1.5 million in General Revenue Funds and All Funds for three new Independent Living Centers</li> </ul>  |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>• \$4.8 million in General Revenue Funds and All Funds to serve additional clients in the Comprehensive Rehabilitation Services (CRS) and independent Living Services (ILS) programs</li> </ul> |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>• \$0.5 million in Other Funds and All Funds to maintain services for Specialized Telecommunication Assistance Program (STAP)</li> </ul>  |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>• An increase of \$1.0 million in General Revenue Funds and a decrease of \$1.0 million in Interagency Contracts for method of finance swap for the Regional Specialist projects</li> </ul>     |                    |                             |   |                  |                |              |
| The Number of Consumers Served in the VR-General program is anticipated to increase by 5,443 from 82,581 in fiscal year 2009 to 88,024 in fiscal year 2011.  |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Article XII of this Act appropriates to DARS \$44.8 million in VR Stimulus funds for contract employees, temporary enhanced services, and one-time equipment purchases and \$3.4 million in Independent Living Stimulus funds. These funds will be allocated between blind and general rehabilitation services.   |                    |                             |   |                  |                |              |
| <b>Disability Determination</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$23.5 million in Federal Funds for projected caseload growth at a rate of 3 percent per fiscal year. It is anticipated that the Number of Disability Cases Determined will increase by 17,908 from 289,612 in fiscal year 2009 to 307,520 in fiscal year 2011. Additionally, full-time-equivalent positions for this strategy are expected to increase by 30.8 in fiscal year 2010 and 62.5 in fiscal year 2011 above the fiscal year 2009 level to cover increased caseload. The Disability Determination function at DARS helps to determine eligibility for federal Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) benefits. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$230.1          | \$0.0          | \$230.1      |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$253.6          | \$0.0          | \$253.6      |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | 10.2%            | NA             | 10.2%        |
| <b>Program Support</b>  |                    |                             |   |                  |                |              |
| Net increase of \$2.0 million in All Funds, including a \$2.3 million increase in General Revenue Funds and a \$0.3 decrease in Federal Funds, for program support:<br><br>• \$0.4 million in General Revenue Funds and All Funds for Information Technology (IT) Accessibility for Americans with Disabilities Act Compliance.<br><br>• \$1.5 million in General Revenue Funds and All Funds for the agency to meet current obligations for data centers.  | EST/BUD<br>2008–09 | \$10.3                      | \$0.0                                     | \$41.7           | \$0.4          | \$52.4       |
|   | REC<br>2010–11     | \$12.7                      | \$0.0                                     | \$41.4           | \$0.4          | \$54.5       |
|   | BIENNIAL<br>CHANGE | 23.2%                       | NA  | (0.8%)           | (0.5%)         | 3.9%         |



## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES</b>   |                    |                             |   |                  |                |              |
| <b>Statewide Intake Services</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$4.2 million in All Funds is due primarily to annualizing 26 positions added in 2009, maintaining the 2 percent employee pay raise, and adding 34.4 positions to maintain caller hold time.   | EST/BUD<br>2008–09 | \$5.4                       | \$0.0                                     | \$27.2           | \$0.0          | \$32.6       |
|   | REC<br>2010–11     | \$7.1                       | \$0.0                                     | \$29.7           | \$0.0          | \$36.8       |
|   | BIENNIAL<br>CHANGE | 31.5%                       | NA  | 9.2%             | NA             | 12.9%        |
| <b>Child Protective Services Staff</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$5.7 million in All Funds is due primarily to annualizing 312 caseworkers and related direct delivery staff added by CPS Reform Continued in 2009; maintaining the 2 percent employee pay raise; and adding 219 positions to increase monthly face-to-face visits (119), strengthen services to youth transitioning from foster care (39), increase family group decision-making (36), notify relatives when children are removed (22), and process juvenile status applications (3). Article XII also appropriates \$48 million in TANF Federal Funds from the American Recovery and Reinvestment Act for child protective services staff. | EST/BUD<br>2008–09 | \$335.2                     | \$0.0                                     | \$535.1          | \$10.4         | \$880.7      |
|   | REC<br>2010–11     | \$323.3                     | \$0.0                                     | \$552.0          | \$11.1         | \$886.4      |
|   | BIENNIAL<br>CHANGE | (3.6%)                      | NA  | 3.2%             | 6.7%           | 0.6%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Purchased Child Protective Services</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$4.6 million in All Funds is due primarily to maintaining phased-in client services added by CPS Reform Continued in 2009, increasing post-adoption services using savings from phased-in federal reimbursement of adoption subsidy payments, and providing seed money for youth transition centers. Federal Funds are used in lieu of General Revenue Funds (\$6.2 million) due primarily to the availability of Temporary Assistance for Needy Families (TANF) block grant funds and Adoption Incentive Payment Program formula grant funds. Article XII also appropriates \$12 million in Child Care Development Block Grant Federal Funds from the American Recovery and Reinvestment Act for protective day care services (\$8.4 million) and relative day care services (\$3.6 million). | EST/BUD<br>2008–09 | \$79.6                      | \$0.0                                     | \$103.2          | \$0.0          | \$182.8      |
|  | REC<br>2010–11     | \$78.0                      | \$0.0                                     | \$109.4          | \$0.0          | \$187.4      |
|  | BIENNIAL<br>CHANGE | (2.0%)                      | NA  | 6.0%             | NA             | 2.5%         |
| <b>Foster Care Payments</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$22.3 million in All Funds is due to a projected decline in caseloads which is offset by provider rate increases. The Average Number of Children Served in Family Protective Services-paid Foster Care Per Month is 14,586 for fiscal year 2010 and 14,590 for fiscal year 2011. The fiscal year 2011 number represents a decrease of 845 children, or 5.4 percent, over fiscal year 2009.   | EST/BUD<br>2008–09 | \$286.2                     | \$0.0                                     | \$460.2          | \$2.2          | \$748.6      |
|  | REC<br>2010–11     | \$300.5                     | \$0.0                                     | \$468.2          | \$2.2          | \$770.9      |
|  | BIENNIAL<br>CHANGE | 5.0%                        | NA  | 1.7%             | 0.0%           | 3.0%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Adoption Subsidy Payments</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$47.2 million in All Funds is due to projected growth in adoption subsidy caseloads. The Average Number of Children Provided Adoption Subsidy Per Month is 30,413 for fiscal year 2010 and 33,066 for fiscal year 2011. The fiscal year 2011 number represents an increase of 5,405 children, or 19.5 percent, over fiscal year 2009.   | EST/BUD<br>2008–09 | \$152.8                     | \$0.0                                     | \$133.2          | \$0.0          | \$286.0      |
|   | REC<br>2010–11     | \$178.3                     | \$0.0                                     | \$154.9          | \$0.0          | \$333.2      |
|   | BIENNIAL<br>CHANGE | 16.7%                       | NA  | 16.3%            | NA             | 16.5%        |
| <b>Prevention and Early Intervention Services</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$4.4 million in All Funds is due to the expansion of community-based prevention programs in Strategy C.1.5, Other At-Risk Prevention Programs. Rider 25 directs the expenditure of some of these funds. Federal Funds are used in lieu of General Revenue Funds (\$5.1 million) due to the availability of Promoting Safe and Stable Families grant funds (Title IVB-2).  | EST/BUD<br>2008–09 | \$39.0                      | \$14.0                                    | \$34.2           | \$0.2          | \$87.4       |
|   | REC<br>2010–11     | \$35.5                      | \$15.3                                    | \$40.8           | \$0.2          | \$91.8       |
|   | BIENNIAL<br>CHANGE | (9.0%)                      | 9.3%                                      | 19.3%            | 0.0%           | 5.0%         |
| <b>Adult Protective Services</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$2.9 million in All Funds is due primarily to maintaining the 2 percent employee pay raise (\$0.7 million) and adding emergency client services (\$2.2 million). General Revenue Funds are used in lieu of Federal Funds (\$21.7 million) due to the loss of Medicaid Targeted Case Management revenue (\$19.1 million) and utilization of Social Services Block Grant funds in other strategies (\$2.6 million). | EST/BUD<br>2008–09 | \$52.8                      | \$0.0                                     | \$72.6           | \$0.1          | \$125.5      |
|   | REC<br>2010–11     | \$77.4                      | \$0.0                                     | \$50.9           | \$0.1          | \$128.4      |
|   | BIENNIAL<br>CHANGE | 46.6%                       | NA  | (29.9%)          | 0.0%           | 2.3%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Child Care Regulation</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$1.0 million in All Funds is due primarily to maintaining the 2 percent employee pay raise.   | EST/BUD<br>2008–09 | \$20.3                      | \$0.0                                     | \$44.8           | \$0.0          | \$65.1       |
|   | REC<br>2010–11     | \$21.9                      | \$0.0                                     | \$44.2           | \$0.0          | \$66.1       |
|   | BIENNIAL<br>CHANGE | 7.9%                        | NA  | (1.3%)           | NA             | 1.5%         |
| <b>Indirect Administration</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$10.4 million in All Funds is due primarily to lower costs associated with the completion of one-time capital budget projects and lower master lease purchase program costs, which are offset by costs associated with providing Tablet PCs for all CPS conservatorship workers; data center consolidation; modifying the IMPACT automation system to collect data on youth transitioning from foster care and to ensure data integrity and accessibility; and providing information technology services and support for new FTE positions. | EST/BUD<br>2008–09 | \$57.9                      | \$0.0                                     | \$83.7           | \$0.7          | \$142.3      |
|   | REC<br>2010–11     | \$63.0                      | \$0.0                                     | \$89.1           | \$0.6          | \$152.7      |
|   | BIENNIAL<br>CHANGE | 8.8%                        | NA  | 6.5%             | (14.3%)        | 7.3%         |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>DEPARTMENT OF STATE HEALTH SERVICES</b>  |                    |                             |   |                  |                |              |
| <b>Public Health Preparedness and Coordinated Services</b>  |                    |                             |   |                  |                |              |
| Decreased funding of \$40.4 million in All Funds primarily due to the following:  | EST/BUD<br>2008–09 | \$28.6                      | \$8.9                                     | \$194.0          | \$2.1          | \$233.7      |
| • a \$39.4 million decrease in Federal Funds due to an overall reduction in Public Preparedness and Bioterrorism funding and one-time funding for pandemic flu. | REC<br>2010–11     | \$29.0                      | \$9.7                                     | \$154.6          | \$0.0          | \$193.3      |
| • a decrease of \$10.0 million in General Revenue Funds due to one-time funding for pandemic flu anti-virals.   | BIENNIAL<br>CHANGE | 1.4%                        | 9.0%                                      | (20.3%)          | (99.0%)        | (17.3%)      |
| • an increase of \$7.3 million in General Revenue Funds for expanded disaster recovery and public health preparedness services.                                 |                    |                             |   |                  |                |              |
| • an increase of \$2.8 million in General Revenue Funds to maintain current operations.   |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Infectious Disease Prevention</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$5.3 million in All Funds due to the following:  | EST/BUD<br>2008–09 | \$42.5                      | \$2.4                                     | \$24.8           | \$0.1          | \$69.8       |
| • a \$7.0 million increase in General Revenue Funds for expanded tuberculosis services.  | REC<br>2010–11     | \$50.2                      | \$1.7                                     | \$23.1           | \$0.0          | \$75.1       |
| • a \$0.7 million increase in General Revenue Funds to maintain current operations.  | BIENNIAL<br>CHANGE | 18.1%                       | (29.2%)                                   | (6.9%)           | (95.0%)        | 7.6%         |
| • a \$0.7 million decrease in General Revenue–Dedicated Funds due primarily to a one-time expenditure of balance in “Animal Friendly” license plate revenue. |                    |                             |   |                  |                |              |
| <b>Health Promotion and Chronic Disease Prevention</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$12.3 million in All Funds due to the following:   | EST/BUD<br>2008–09 | \$9.0                       | \$0.0                                     | \$5.2            | \$0.8          | \$15.0       |
| • a \$4.8 million increase in General Revenue Funds for obesity prevention programs.   | REC<br>2010–11     | \$22.0                      | \$0.0                                     | \$5.1            | \$0.2          | \$27.3       |
| • a \$1.0 million increase in General Revenue Funds for cardiovascular council projects.   | BIENNIAL<br>CHANGE | 144.4%                      | NA  | (1.9%)           | (75.0%)        | 82.0%        |
| • a \$6.0 million increase in General Revenue Funds for expanded diabetes services.  |                    |                             |   |                  |                |              |
| • a \$1.0 million increase in General Revenue Funds for a kidney disease study.  |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Abstinence Education</b>  |                    |                             |   |                  |                |              |
| Decreased funding of \$9.8 million in All Funds (\$9.8 million in Federal Funds) due to the discontinuation of Federal Funds for abstinence education in the 2010–11 biennium.             | EST/BUD<br>2008–09 | \$1.1                       | \$0.0                                     | \$9.8            | \$0.0          | \$11.0       |
|  | REC<br>2010–11     | \$1.1                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.1        |
|  | BIENNIAL<br>CHANGE | 0.0%                        | NA  | (100.0%)         | NA             | (90.0%)      |
| <b>Children with Special Health Care Needs</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$4.8 million in All Funds (all General Revenue Funds) to address fiscal year 2009 end-of-year waiting lists for the Children with Special Health Care Needs program. | EST/BUD<br>2008–09 | \$61.0                      | \$0.0                                     | \$21.3           | \$0.1          | \$82.3       |
|  | REC<br>2010–11     | \$65.8                      | \$0.0                                     | \$21.3           | \$0.0          | \$87.1       |
|  | BIENNIAL<br>CHANGE | 7.9%                        | NA  | 0.0%             | (100.0%)       | 5.8%         |
| <b>Laboratory Services</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$7.3 million in All Funds due to the following:  | EST/BUD<br>2008–09 | \$17.6                      | \$27.5                                    | \$5.0            | \$28.2         | \$78.4       |
|  | REC<br>2010–11     | \$24.0                      | \$28.7                                    | \$4.8            | \$28.2         | \$85.7       |
|  | BIENNIAL<br>CHANGE | 36.4%                       | 4.4%                                      | (4.0%)           | 0.0%           | 9.3%         |
|  |                    |                             |   |                  |                |              |
| • a \$5.2 million increase in General Revenue Funds for cystic fibrosis newborn screenings.  |                    |                             |   |                  |                |              |
| • a \$1.1 million increase in General Revenue Funds for improvements to cervical cancer screening equipment.   |                    |                             |   |                  |                |              |
| • a \$1.0 million increase in General Revenue Funds to maintain current operations.  |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Women, Infants, and Children (WIC)</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$50.0 million in All Funds (\$17.2 million in General Revenue Funds and General Revenue–Dedicated Funds and \$32.8 million in Federal Funds) due to estimated growth in WIC rebates and Federal Funds. WIC rebates (General Revenue–Dedicated Funds) are collected for infant formula and cereal. As a result of increased funding, the number of WIC clients provided food supplements is estimated to exceed one million in fiscal year 2011. | EST/BUD<br>2008–09 | \$3.1                       | \$497.3                                   | \$1,199.5        | \$0.0          | \$1,699.9    |
|   | REC<br>2010–11     | \$3.0                       | \$514.6                                   | \$1,232.3        | \$0.0          | \$1,749.9    |
|   | BIENNIAL<br>CHANGE | (3.2%)                      | 3.5%                                      | 2.7%             | NA             | 2.9%         |
| <b>Family Planning Services</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$7.5 million in All Funds (all General Revenue Funds) primarily to align rates for family planning services with Medicaid rates.  | EST/BUD<br>2008–09 | \$16.1                      | \$0.0                                     | \$87.5           | \$0.2          | \$103.8      |
|   | REC<br>2010–11     | \$23.6                      | \$0.0                                     | \$87.5           | \$0.2          | \$111.3      |
|   | BIENNIAL<br>CHANGE | 46.6%                       | NA  | 0.0%             | 33.3%          | 7.2%         |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Mental Health Services – Adults</b>   |                    |                             |   |                  |                |              |
| Decreased funding of \$6.9 million in All Funds primarily due to the following:  | EST/BUD<br>2008-09 | \$413.1                     | \$0.0                                     | \$158.6          | \$0.1          | \$571.8      |
| • a decrease of \$5.9 million in General Revenue Funds due to one-time funds for the Bexar County Detox-Triage Center.   | REC<br>2010–11     | \$422.7                     | \$0.0                                     | \$142.1          | \$0.1          | \$564.9      |
|  | BIENNIAL<br>CHANGE | 2.3%                        | NA  | (10.4%)          | 66.7%          | (1.2%)       |
| • a decrease of \$16.5 million in Federal Funds due to the phase out of the Independence and Employment grant and a less favorable Medicaid FMAP.                                  |                    |                             |   |                  |                |              |
| • an increase of \$8.0 million in General Revenue Funds for the maintenance of critical services at local mental health authorities.   |                    |                             |   |                  |                |              |
| • an increase of \$7.5 million in General Revenue Funds to provide mental health services at a newly constructed mental health facility.   |                    |                             |   |                  |                |              |
| <b>Mental Health Services – Children</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$5.4 million in All Funds (all General Revenue Funds) to address fiscal year 2009 end-of-year waiting lists for Mental Health Services for Children at DSHS. | EST/BUD<br>2008–09 | \$87.5                      | \$0.0                                     | \$39.4           | \$0.3          | \$127.1      |
|  | REC<br>2010–11     | \$92.9                      | \$0.0                                     | \$39.2           | \$0.4          | \$132.5      |
|  | BIENNIAL<br>CHANGE | 6.2%                        | NA  | (0.5%)           | 33.3%          | 4.2%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Community Mental Health Crisis Services</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$83.6 million in All Funds (all General Revenue Funds) due to:   | EST/BUD<br>2008-09 | \$82.0                      | \$0.0                                     | \$0.0            | \$0.0          | \$82.0       |
| • annualization of the fiscal year 2009 funding level for the Mental Health Community Crisis program: \$27.4 million.  | REC<br>2010–11     | \$165.6                     | \$0.0                                     | \$0.0            | \$0.0          | \$165.6      |
| • expansion of transitional and intensive on-going community mental health services: \$55.0 million.   | BIENNIAL<br>CHANGE | 102.0%                      | NA  | 0.0%             | NA             | 102.0%       |
| • expanded services for veterans mental health training and coordination: \$1.2 million.   |                    |                             |   |                  |                |              |
| <b>Substance Abuse Prevention and Treatment</b>  |                    |                             |   |                  |                |              |
| Decreased funding of \$5.5 million in All Funds (\$5.2 million in Federal Funds) due to the phase out of two federal grants (Exceptional Care for Texas Screening Brief Referral Treatment and Projects of Regional and National Significance) that support substance abuse services.  | EST/BUD<br>2008–09 | \$46.0                      | \$0.0                                     | \$271.6          | \$0.0          | \$318.0      |
|  | REC<br>2010–11     | \$46.0                      | \$0.0                                     | \$266.4          | \$0.0          | \$312.5      |
|  | BIENNIAL<br>CHANGE | 0.0%                        | NA  | (1.9%)           | NA             | (1.7%)       |
| <b>Mental Health State Hospitals</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$29.7 million in All Funds to maintain fiscal year 2007 bed capacity (2,477) at state mental health hospitals. \$70.9 million in Other Funds (Public Health Medicaid Reimbursements Account No. 709) has been used in lieu of General Revenue Funds. The additional Account 709 revenue is the result of anticipated increased laboratory fee revenue due to a rate change to align with Medicare rates. | EST/BUD<br>2008–09 | \$662.2                     | \$0.0                                     | \$31.7           | \$44.2         | \$738.1      |
|  | REC<br>2010–11     | \$614.9                     | \$0.0                                     | \$35.1           | \$117.8        | \$767.8      |
|  | BIENNIAL<br>CHANGE | (7.1%)                      | NA  | 10.7%            | 166.5%         | 4.0%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Mental Health Community Hospitals</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$12.9 million in All Funds (all General Revenue Funds) due to the following:   | EST/BUD<br>2008–09 | \$47.3                      | \$0.0                                     | \$0.0            | \$0.0          | \$47.3       |
| <ul style="list-style-type: none"> <li>a \$1.7 million increase in General Revenue Funds for the allotment for community mental health inpatient services at Galveston Community Hospital and Lubbock Community Hospital.</li> </ul> | REC<br>2010–11     | \$60.2                      | \$0.0                                     | \$0.0            | \$0.0          | \$60.2       |
|  | BIENNIAL<br>CHANGE | 27.3%                       | NA  | 0.0%             | NA             | 27.3%        |
| <ul style="list-style-type: none"> <li>a \$2.8 million increase in General Revenue Funds to increase the number of inpatient beds by 10 at Galveston Community Hospital.</li> </ul>  |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>a \$8.5 million increase in General Revenue Funds to increase the number of beds at Harris County Psychiatric Center by 24.</li> </ul>  |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Consumer Protection Services</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$20.8 million in All Funds due primarily to:   | EST/BUD<br>2008-09 | \$63.9                      | \$30.6                                    | \$21.8           | \$8.6          | \$124.9      |
| • a \$14.1 million increase in General Revenue Funds to meet increased demand associated with food and drug, environmental health, radiation control, and health care facilities regulatory activities. Full-time-equivalent positions are also increased by 49.5 in fiscal year 2010 and 112.5 in fiscal year 2011.             | REC<br>2010–11     | \$81.1                      | \$33.4                                    | \$21.6           | \$9.7          | \$145.7      |
|  | BIENNIAL<br>CHANGE | 26.9%                       | 9.2%                                      | (0.9%)           | 12.8%          | 16.7%        |
| • a \$1.0 million increase in General Revenue Funds to maintain current operations.  |                    |                             |   |                  |                |              |
| • a \$1.7 million contingency appropriation (General Revenue Funds) for the regulation of free standing emergency care facilities.   |                    |                             |   |                  |                |              |
| • a \$1.4 million increase in Other Funds (Interagency Contracts) to serve 50 clients per year in the sex offender civil commitment program. DSHS provides treatment and supervision services for certain sexually violent predators through an interagency contract with the Judiciary Section of the Comptroller's Department. |                    |                             |   |                  |                |              |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Information Technology Program Support</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$19.9 million in All Funds due to the following:                                    | EST/BUD<br>2008–09 | \$13.0                      | \$0.0                                     | \$3.1            | \$0.0          | \$16.1       |
| • a \$7.4 million increase in General Revenue Funds to maintain and enhance DSHS technology systems.      | REC<br>2010–11     | \$33.3                      | \$0.0                                     | \$2.7            | \$0.0          | \$36.0       |
| • a \$2.5 million increase in General Revenue Funds for IT Accessibility ADA Compliance services at DSHS. | BIENNIAL<br>CHANGE | 156.2%                      | NA  | (12.9%)          | NA             | 123.6%       |
| • a \$10.3 million increase in General Revenue Funds to meet current data center service obligations.     |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Capital Projects</b>  |                    |                             |   |                  |                |              |
| Funding for this strategy has remained approximately level due to the following:   | EST/BUD<br>2008–09 | \$16.9                      | \$5.7                                     | \$0.0            | \$43.3         | \$66.0       |
| • an \$11.3 million decrease in General Revenue Funds due to one-time construction funds for South Texas Health Care System capital projects.  | REC<br>2010–11     | \$5.6                       | \$5.8                                     | \$0.0            | \$55.1         | \$66.4       |
| • an \$11.8 million increase in Other Funds associated with additional General Obligation (G.O.) Bond funds for state mental health facility capital projects. The total bond funding includes:  | BIENNIAL<br>CHANGE | (66.9%)                     | 1.8%                                      | NA               | 27.3%          | 0.6%         |
| (1) unexpended balances of \$7.2 million for construction of Texas Center for Infectious Disease and \$20.7 million for repairs and renovations of mental health facilities, \$1.4 million of which is allocated for repairs at Sunrise Canyon Hospital; and |                    |                             |   |                  |                |              |
| (2) \$27.2 million in new bond funds for mental health facility repair and renovation.   |                    |                             |   |                  |                |              |
| <b>Article XII</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$3.2 million in Prevention and Wellness Fund: Immunization Program stimulus funds for enhanced immunization services.  |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>HEALTH AND HUMAN SERVICES COMMISSION</b>  |                    |                             |   |                  |                |              |
| <b>Integrated Eligibility and Enrollment</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$0.6 million in All Funds, including an increase of \$8.8 million in General Revenue Funds, a reduction of \$11.0 million in Federal Funds, and an increase of \$2.8 million in Other Funds primarily for the following:   | EST/BUD<br>2008–09 | \$584.3                     | \$0.0                                     | \$752.7          | \$26.6         | \$1,363.6    |
|  | REC<br>2010-11     | \$593.1                     | \$0.0                                     | \$741.7          | \$29.4         | \$1,364.2    |
|  | BIENNIAL<br>CHANGE | 1.5%                        | NA  | (1.5%)           | 10.5%          | 0.0%         |
| <ul style="list-style-type: none"> <li>• an increase of \$100 million in All Funds, including \$50 million in General Revenue Funds to maintain end-of-year staffing levels and salaries in the Office of Eligibility Services. The staffing levels established for Strategy A.1.2, Integrated Eligibility and Enrollment, are 9,039 full-time equivalents in each year of the biennium. Rider 61, Office of Eligibility Services Staffing, provides authority to address operating costs and staffing levels through funding transfers.</li> <li>• a transfer of \$76.2 million in All Funds, including \$37.6 million in General Revenue Funds to Strategy F.1.1, TIERS and Eligibility Supporting Technologies, for capital funding related to the agency assuming duties previously contracted.</li> <li>• one time funding in the amount of \$9.5 million All Funds (all General Revenue Funds) is not continued.</li> <li>• a reduction to the Healthy Marriages program of \$16.7 million in All Funds, including an increase of \$6.0 million in General Revenue Funds and a decrease of \$22.7 million in Federal Funds.</li> </ul> |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Acute Care Medicaid (and STAR+PLUS)</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$3,258.4 million in All Funds (\$1,732.9 million more in General Revenue Funds, \$93.0 million less in Other Funds, and \$1,618.5 million more in Federal Funds) to provide Medicaid acute care health services to eligible recipients. The increase in All Funds relates to funding for projected caseload growth, projected cost growth (including \$500 million in General Revenue Funds and \$715.5 million in Federal Funds), and maintenance of provider rates that were increased in 2008–09. Funding is included to increase certain provider rates and community care attendant wages (\$19.5 million in General Revenue Funds and \$27.8 million in Federal Funds) and to provide acute care and vendor drug services to recipients of expanded community-based services (\$7.0 million in General Revenue Funds and \$10.1 million in Federal Funds). | EST/BUD<br>2008–09 | \$11,250.9                  | \$0.0                                     | \$16,446.5       | \$233.6        | \$27,931.0   |
|  | REC<br>2010–11     | \$12,983.8                  | \$0.0                                     | \$18,065.0       | \$140.6        | \$31,189.4   |
|  | BIENNIAL<br>CHANGE | 15.4%                       | NA  | 9.8%             | (39.8%)        | 11.7%        |
| <p>Funding is included to implement a Medicaid Buy-in for certain children (\$21.5 million in General Revenue Funds and \$26.9 million in Federal Funds). General Revenue Funds replace Other Funds (Fund 6 Match for Medicaid) in the Medical Transportation program, which now resides at HHSC (transferred from Department of Transportation). The funding includes a reduction of \$107.1 million in General Revenue Funds and \$260.8 million in All Funds for anticipated cost savings, as identified in rider 59, Medicaid Cost Savings.</p> <p>The Average Medicaid Acute Care Recipient Months per Month increases from 2,974,709 in fiscal year 2009 to 3,168,320 in fiscal year 2011.</p>   |                    |                             |   |                  |                |              |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Children's Health Insurance Program (CHIP)</b>   |                    |                             |   |                  |                |              |
| Net decreased funding of \$28.4 million in All Funds (\$19.2 million less in General Revenue Funds and \$9.2 million less in Federal Funds) due to the following:   | EST/BUD<br>2008–09 | \$643.4                     | \$0.0                                     | \$1,404.7        | \$0.0          | \$2,048.1    |
|   | REC<br>2010–11     | \$624.2                     | \$0.0                                     | \$1,395.5        | \$0.0          | \$2,019.7    |
| <ul style="list-style-type: none"> <li>an increase of \$122.2 million in All Funds and \$73.8 million in General Revenue Funds for caseload growth in the traditional and perinatal programs.</li> </ul>  | BIENNIAL<br>CHANGE | (3.0%)                      | NA  | (0.7%)           | NA             | (1.4%)       |
| <ul style="list-style-type: none"> <li>a reduction of \$72.9 million in All Funds primarily for a premium adjustment in the perinatal program.</li> </ul>   |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>a reduction of \$83.0 million in All Funds and \$42.2 million in General Revenue Funds for the use of federal matching funds in the Legal Immigrants program; this program may now utilize federal matching funds due to provisions of the federal CHIPRA 2009. Some funding for legal immigrants has been shifted to the Medicaid program.</li> </ul> |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>an increase of \$20.1 million in General Revenue (and an equal reduction in Federal Funds) due to a less favorable enhanced federal medical assistance percentage (EFMAP).</li> </ul>  |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>an increase of \$5.4 million in All Funds and \$2.1 million in General Revenue Funds for a rate increase for Federally Qualified Health Center and Rural Health Center providers.</li> </ul>   |                    |                             |   |                  |                |              |
| The Average CHIP Programs Recipient Months per Month (includes all CHIP programs) increases from 532,932 in fiscal year 2009 to 537,742 in fiscal year 2011.  |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Temporary Assistance for Needy Families (TANF) Cash Assistance Grants</b>   |                    |                             |   |                  |                |              |
| Decreased funding of \$11.3 million in All Funds (\$0.1 million more in General Revenue Funds, \$10.0 million less in Federal Funds, and \$1.4 million less in Other Funds) due to projected caseload decline.   | EST/BUD<br>2008–09 | \$131.3                     | \$0.0                                     | \$78.3           | \$1.4          | \$211.0      |
|  | REC<br>2010–11     | \$131.4                     | \$0.0                                     | \$68.3           | \$0.0          | \$199.7      |
| Caseloads for the TANF and State Cash Assistance Programs are projected to decline from 111,599 in fiscal year 2009 to 109,862 in fiscal year 2011 due to the continuing impact of full family sanction policies. The state two-parent cash assistance caseloads are excluded from the maintenance of effort calculations for this program, due to new work requirements of the federal Deficit Reduction Act. | BIENNIAL<br>CHANGE | 0.1%                        | NA  | (12.8%)          | (100.0%)       | (5.4%)       |
| <b>Family Violence Services</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$2.5 million in Federal Funds (TANF to Title XX) for expanding Family Violence services. The increased funding is estimated to serve an additional 3,359 persons per fiscal year.  | EST/BUD<br>2008–09 | \$21.8                      | \$0.0                                     | \$26.7           | \$0.0          | \$48.4       |
|  | REC<br>2010–11     | \$21.8                      | \$0.0                                     | \$29.2           | \$0.0          | \$50.9       |
|  | BIENNIAL<br>CHANGE | 0.0%                        | NA  | 9.4%             | NA             | 5.2%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 21**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>TIERS and Eligibility Technologies</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$72.8 million in All Funds (\$42.0 million more in General Revenue Funds and \$30.9 million more in Federal Funds) for the Texas Integrated Eligibility Redesign System (TIERS) project. Funds are included for Data Center Services billing costs (\$9.2 million in All Funds) and to provide a \$12.7 million unexpended balance of Revenue Bonds from fiscal year 2009. Additionally, funding was transferred from Strategy A.1.2, Integrated Eligibility and Enrollment, in the agency's base request, so most of the increase reflects a realignment. | EST/BUD<br>2008–09 | \$28.1                      | \$0.0                                     | \$33.2           | \$12.7         | \$74.0       |
|  | REC<br>2010–11     | \$70.1                      | \$0.0                                     | \$64.1           | \$12.7         | \$146.8      |
|  | BIENNIAL<br>CHANGE | 149.5%                      | NA  | 93.1%            | 0.0%           | 98.4%        |
| <b>Disaster Assistance</b>   |                    |                             |   |                  |                |              |
| Decreased funding of \$279.1 million in All Funds (\$53.5 million less in General Revenue Funds and \$225.6 million less in Federal Funds) for Disaster Assistance. Disaster Assistance is not funded, and the full-time equivalents are not continued. These 2008–09 expenditures are for one-time needs arising from Hurricanes Katrina, Rita, Dolly, Gustav and Ike.  | EST/BUD<br>2008–09 | \$53.5                      | \$0.0                                     | \$225.6          | \$0.0          | \$279.1      |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | BIENNIAL<br>CHANGE | (100.0%)                    | NA  | (100.0%)         | NA             | (100.0%)     |
| <b>Nurse Family Partnership</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$9.7 million in All Funds, including \$8.3 million in General Revenue Funds and \$1.4 million in Federal Funds (TANF) to maintain fiscal year 2009 program caseloads and to expand services to 200 families per fiscal year.   | EST/BUD<br>2008–09 | \$2.9                       | \$0.0                                     | \$5.2            | \$0.0          | \$8.1        |
|  | REC<br>2010–11     | \$11.2                      | \$0.0                                     | \$6.6            | \$0.0          | \$17.8       |
|  | BIENNIAL<br>CHANGE | 286.2%                      | NA  | 26.9%            | NA             | 119.8%       |

## EDUCATION

### 2010–11 BIENNIAL RECOMMENDATIONS

All Funds recommendations for Education total \$75.4 billion for the 2010–11 biennium, which is an increase of \$1.3 billion, or 1.7 percent, from the 2008–09 biennium (Table 22).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$51.5 billion, which is an increase of \$953.8 million, or 1.9 percent, from the 2008–09 biennium (Table 23).

Selected performance measures for agencies in the Education function are depicted in Table 24.

**TABLE 22**  
**ALL FUNDS: EDUCATION**

IN MILLIONS

| AGENCY                                     | ESTIMATED/<br>BUDGETED<br>2008–09* | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|------------------------------------|------------------------|--------------------|----------------------|
| <b>Public Education</b>                    |                                    |                        |                    |                      |
| Texas Education Agency                     | \$49,472.9                         | \$49,164.0             | (\$308.9)          | (0.6%)               |
| School for the Blind and Visually Impaired | 140.1                              | 76.1                   | (64.0)             | (45.7)               |
| School for the Deaf                        | 47.4                               | 50.4                   | 2.9                | 6.2                  |
| Subtotal, Public Education                 | \$49,660.5                         | \$49,290.5             | (\$370.0)          | (0.7%)               |
| <b>Public Higher Education</b>             |                                    |                        |                    |                      |
| General Academic Institutions              | \$6,072.3                          | \$6,288.8              | \$216.4            | 3.6%                 |
| Health-related Institutions                | 7,363.0                            | 7,724.0                | 361.0              | 4.9                  |
| Texas A&M Service Agencies                 | 835.5                              | 876.4                  | 40.9               | 4.9                  |
| Higher Education Fund                      | 525.0                              | 525.0                  | 0.0                | NA                   |
| Available University Fund                  | 1,024.0                            | 1,070.2                | 46.3               | 4.5                  |
| Other Higher Education                     | 1,284.0                            | 1,658.5                | 374.4              | 29.2                 |
| <b>Two-Year Institutions</b>               |                                    |                        |                    |                      |
| Public Community/Junior Colleges           | \$1,719.2                          | \$1,859.2              | \$140.0            | 8.1%                 |
| Lamar Lower-level Institutions             | 64.8                               | 67.2                   | 2.3                | 3.6                  |

# EDUCATION

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 22**  
**ALL FUNDS: EDUCATION (CONTINUED)**

| IN MILLIONS  | ESTIMATED/<br>BUDGETED<br>2008–09* | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|------------------------------------|------------------------|--------------------|----------------------|
| AGENCY   |                                    |                        |                    |                      |
| Texas State Technical Colleges                           | \$163.5                            | \$168.3                | \$4.8              | 2.9%                 |
| Subtotal, Two-year Institutions                          | \$1,947.6                          | \$2,094.8              | \$147.2            | 7.6%                 |
| Subtotal, Higher Education                               | \$19,051.4                         | \$20,237.6             | \$1,186.2          | 6.2%                 |
| Teacher Retirement System                                | \$3,761.9                          | \$4,005.0              | \$243.2            | 6.5%                 |
| Optional Retirement Program                              | 285.5                              | 294.7                  | 9.1                | 3.2                  |
| Higher Education Employees Group Insurance Contributions | 952.3                              | 1,124.4                | 172.1              | 18.1                 |
| Retirement and Group Insurance                           | 52.1                               | 58.4                   | 6.3                | 12.1                 |
| Social Security and Benefits Replacement Pay             | 518.9                              | 554.9                  | 36.0               | 6.9                  |
| Subtotal, Employee Benefits                              | \$5,570.7                          | \$6,037.4              | \$466.7            | 8.4%                 |
| Bond Debt Service Payments                               | \$5.3                              | \$13.6                 | \$8.4              | 158.1%               |
| Lease Payments   | 12.6                               | 5.9                    | (6.7)              | (53.2)               |
| Subtotal, Debt Service                                   | \$17.9                             | \$19.5                 | \$1.6              | 9.1%                 |
| Less Interagency Contracts                               | \$148.6                            | \$147.9                | (\$0.7)            | (0.5%)               |
| <b>Total Article III – Agencies of Education</b>         | <b>\$74,151.9</b>                  | <b>\$75,437.1</b>      | <b>\$1,285.2</b>   | <b>1.7%</b>          |

\*Estimated/budgeted amounts in the 2008–09 biennium include \$1,487.6 million to cover the cost of a 25th month of Foundation School Program payments, reversing the deferral of the August payment into the following fiscal year. This is a one-time cost, so no appropriation for this purpose is necessary in the 2010–11 biennium.

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

# EDUCATION

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS: EDUCATION**

| IN MILLIONS                                | ESTIMATED/<br>BUDGETED<br>2008–09* | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|------------------------------------|------------------------|--------------------|----------------------|
| AGENCY                                     |                                    |                        |                    |                      |
| <b>Public Education</b>                    |                                    |                        |                    |                      |
| Texas Education Agency                     | \$32,607.2                         | \$32,018.8             | (\$588.4)          | (1.8%)               |
| School for the Blind and Visually Impaired | 27.9                               | 30.7                   | 2.8                | 10.1                 |
| School for the Deaf                        | 35.7                               | 38.7                   | 2.9                | 8.2                  |
| Subtotal, Public Education                 | \$32,670.8                         | \$32,088.2             | (\$582.6)          | (1.8%)               |
| <b>Public Higher Education</b>             |                                    |                        |                    |                      |
| General Academic Institutions              | \$6,060.1                          | \$6,276.2              | \$216.1            | 3.6%                 |
| Health-related Institutions                | 2,482.4                            | 2,768.1                | 285.6              | 11.5                 |
| Texas A&M Service Agencies                 | 345.2                              | 380.2                  | 35.1               | 10.2                 |
| Higher Education Fund                      | 525.0                              | 525.0                  | 0.0                | NA                   |
| Available University Fund                  | 0.0                                | 0.0                    | 0.0                | NA                   |
| Other Higher Education                     | 1,079.8                            | 1,466.1                | 386.3              | 35.8                 |
| <b>Two-Year Institutions</b>               |                                    |                        |                    |                      |
| Public Community/Junior Colleges           | \$1,719.2                          | \$1,859.2              | \$140.0            | 8.1%                 |
| Lamar Lower-level Institutions             | 64.8                               | 67.2                   | 2.3                | 3.6                  |
| Texas State Technical Colleges             | 163.5                              | 168.3                  | 4.8                | 2.9                  |
| Subtotal, Two-year Institutions            | \$1,947.6                          | \$2,094.8              | \$147.2            | 7.6%                 |
| Subtotal, Higher Education                 | \$12,440.1                         | \$13,510.4             | \$1,070.2          | 8.6%                 |
| Teacher Retirement System                  | \$3,641.0                          | \$3,884.2              | \$243.2            | 6.7%                 |
| Optional Retirement Program                | 285.5                              | 294.7                  | 9.1                | 3.2                  |

# EDUCATION

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 23**  
**GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS: EDUCATION (CONTINUED)**

| IN MILLIONS  | ESTIMATED/<br>BUDGETED<br>2008–09* | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|------------------------------------|------------------------|--------------------|----------------------|
| AGENCY   |                                    |                        |                    |                      |
| Higher Education Employees Group Insurance Contributions | \$951.2                            | \$1,123.1              | \$171.9            | 18.1%                |
| Retirement and Group Insurance                           | 42.8                               | 48.1                   | 5.3                | 12.4                 |
| Social Security and Benefits Replacement Pay             | 499.2                              | 534.2                  | 35.0               | 7.0                  |
| Subtotal, Employee Benefits                              | \$5,419.7                          | \$5,884.3              | \$464.6            | 8.6%                 |
| Bond Debt Service Payments                               | \$5.3                              | \$13.6                 | \$8.4              | 158.5%               |
| Lease Payments   | 12.6                               | 5.9                    | (6.7)              | (53.2)               |
| Subtotal, Debt Service                                   | \$17.9                             | \$19.5                 | \$1.6              | 9.2%                 |
| <b>Total Article III – Agencies of Education</b>         | <b>\$50,548.5</b>                  | <b>\$51,502.3</b>      | <b>\$953.8</b>     | <b>1.9%</b>          |

\*Estimated/budgeted amounts in the 2008–09 biennium include \$1,487.6 million to cover the cost of a 25th month of Foundation School Program payments, reversing the deferral of the August payment into the following fiscal year. This is a one-time cost, so no appropriation for this purpose is necessary in the 2010–11 biennium.

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

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 24**  
**SELECTED PERFORMANCE MEASURES: EDUCATION**

| MEASURE   | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|---|----------------|------------------|---------------------|---------------------|
| <b>PUBLIC EDUCATION</b>   |                |                  |                     |                     |
| <b>TEXAS EDUCATION AGENCY</b>   |                |                  |                     |                     |
| Total Average Daily Attendance  | 4,316,833      | 4,398,692        | 4,486,789           | 4,572,768           |
| Percent of Students Passing All Tests Taken   | 69.3%          | 72.0%            | 74.0%               | 75.0%               |
| Percent of African-American Students Passing All Tests Taken                              | 55.1%          | 56.0%            | 58.0%               | 59.0%               |
| Percent of Hispanic Students Passing All Tests Taken                                      | 62.5%          | 64.0%            | 66.0%               | 68.0%               |
| Percent of Economically Disadvantaged Students Passing All Tests Taken                    | 59.9%          | 62.0%            | 64.0%               | 65.0%               |
| Percent of Students Completing High School  | 88.6%          | 85.1%            | 83.9%               | 84.0%               |
| Percent of Districts Rated Exemplary or Recognized  | 30.0%          | 18.0%            | 15.0%               | 15.0%               |
| Percent of Campuses That Meet Adequate Yearly Progress                                    | 75.0%          | 70.0%            | 60.0%               | 50.0%               |
| Percent of Students Exiting Bilingual/English as a Second Language Programs Successfully  | 82.2%          | 76.0%            | 82.0%               | 82.0%               |
| <b>HIGHER EDUCATION</b>   |                |                  |                     |                     |
| <b>HIGHER EDUCATION COORDINATING BOARD</b>  |                |                  |                     |                     |
| Number of Students Receiving TEXAS Grants   | 53,467         | 60,303           | 77,817              | 68,643              |
| <b>GENERAL ACADEMIC INSTITUTIONS AND LAMAR STATE COLLEGES</b>                             |                |                  |                     |                     |
| Percent of First-time, Full-time Freshmen Who Earn a Degree Within Six Years <sup>1</sup> | 38.75%         | 40.57%           | 42.75%              | 43.46%              |
| Retention Rate of First-time, Full-time Freshmen After One Year                           | 67.43%         | 69.90%           | 73.86%              | 74.67%              |



## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 24**  
**SELECTED PERFORMANCE MEASURES: EDUCATION (CONTINUED)**

| MEASURE  | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|--|----------------|------------------|---------------------|---------------------|
| Percent of Lower-Division Courses Taught By Tenured or Tenure-track Faculty                | 39.47%         | 40.37%           | 46.83%              | 46.93%              |
| Percent of Courses Completed at Lamar State Colleges                                       | 90.77%         | 90.77%           | 91.80%              | 91.80%              |
| <b>HEALTH-RELATED INSTITUTIONS</b>   |                |                  |                     |                     |
| Percent of Medical School Graduates Practicing Primary Care in Texas <sup>2</sup>          | 34.9%          | 35.1%            | 34.0%               | 34.0%               |
| Percent of Bachelor of Science in Nursing Graduates Who Are Licensed in Texas <sup>3</sup> | 93.1%          | 94.5%            | 93.3%               | 93.3%               |

<sup>1</sup>Only including students who graduated at the same institution they initially enrolled as a freshman.

<sup>2</sup>Composed of the average performance of each institution with a medical school program, which includes UT Southwestern Medical Center at Dallas, UT Medical Branch at Galveston, UT Health Science Center at Houston, UT Health Science Center at San Antonio, Texas A&M University System Health Science Center, University of North Texas Health Science Center at Fort Worth, and Texas Tech University Health Sciences Center.

<sup>3</sup>Composed of the average performance of each institution with a nursing program, which includes UT Medical Branch at Galveston, UT Health Science Center at Houston, UT Health Science Center at San Antonio, and Texas Tech University Health Sciences Center.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>AGENCY ISSUES: PUBLIC EDUCATION</b>   |                    |                             |   |                  |                |              |
| <b>TEXAS EDUCATION AGENCY</b>  |                    |                             |   |                  |                |              |
| <b>Foundation School Program (FSP) - Reversal of the August FSP Payment Deferral</b>   |                    |                             |   |                  |                |              |
| For the 2008–09 biennium, the agency was appropriated \$1,487.6 million to pay for the August 2009 FSP payment pursuant to House Bill 1, 79th Legislature, Third Called Session. August FSP payments prior to fiscal year 2009 had been deferred one month and thus into the subsequent fiscal year. The reversal of this deferral pulled this additional month into the 2008–09 biennium, requiring appropriations for 25 months of Foundation School Program payments instead of the normal 24. This is a one-time cost in the 2008–09 biennium, and so no appropriation is necessary for this purpose in the 2010–11 biennium.  | EST/BUD<br>2008–09 | \$1,487.6                   | \$0.0                                     | \$0.0            | \$0.0          | \$1,487.6    |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | BIENNIAL<br>CHANGE | (100.0%)                    | 0.0%                                      | 0.0%             | 0.0%           | (100.0%)     |
| <b>Foundation School Program (FSP) - Operations and Facilities Funding</b>   |                    |                             |   |                  |                |              |
| The 2010–11 biennial amounts fully fund the state's current law obligations, including the cost of student growth, and provides an additional \$1,866 million over current law obligations, which is directed by rider to be spent to support legislation that creates formula-driven school finance system that improves equity, reduces recapture, and provides for educator salary increases. The state cost of full FSP funding for school district operations, including the \$1,866 million, represents an All Funds decrease from the amount budgeted/estimated for the 2008-09 biennium by \$108 million (this All Funds decrease is reflected in the \$300 million decrease in General Revenue and \$192 million increase in Other Funds appropriated receipts made in Article IX). | EST/BUD<br>2008–09 | \$28,508.3                  | \$0.0                                     | \$0.0            | \$8,333.1      | \$36,841.4   |
|  | REC<br>2010–11     | \$28,649.5                  | \$0.0                                     | \$0.0            | \$8,247.8      | \$36,897.3   |
|  | BIENNIAL<br>CHANGE | 0.5%                        | 0.0%                                      | 0.0%             | (1.0%)         | 0.2%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Offsetting this decrease to the state cost of the FSP are \$163.9 million in facilities funding increases, including \$68.9 million in additional General Revenue over current law obligations to roll forward eligibility in the Existing Debt Allotment Program, \$75 million to provide new Instructional Facilities Allotment grants in the second year of the biennium, and an increase in science lab grants of \$10 million per year over 2008-09 biennial levels. |                    |                             |   |                  |                |              |
| <b>Instructional Materials and Technology Allotment</b>   |                    |                             |   |                  |                |              |
| The 2010–11 biennial funding includes \$812.8 million for instructional materials, including \$347.5 million for continuing contracts and \$465.3 million for Proclamation 2010, and appropriations of \$270.9 million to fund the technology allotment at the statutory rate of \$30 per student. \$13.5 million in federal funds is included for braille and large type textbooks.  | EST/BUD<br>2008–09 | \$664.1                     | \$96.5                                    | \$8.5            | \$0.0          | \$769.1      |
|   | REC<br>2010–11     | \$1,083.8                   | \$0.0                                     | \$13.5           | \$0.0          | \$1,097.3    |
|   | BIENNIAL<br>CHANGE | 63.2%                       | (100.0%)                                  | 58.8%            | 0.0%           | 42.7%        |
| Proclamation 2010 includes English Language Arts, English and Spanish Reading textbooks for all grades, and English as a Second Language materials for high school grades.  |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Educator Incentive Pay</b>   |                    |                             |   |                  |                |              |
| Funding includes an increase of \$52.8 million over 2008–09 funding for incentive pay, which included two years of funding for the Texas Educator Excellence Grants at \$97.5 million per year and one year of funding for the Districts Awards for Teacher Excellence (DATE) program at \$147.8 million beginning in fiscal year 2009. 2010–11 appropriations provide two years of funding for the DATE program at \$197.5 million per year, an increase of \$50 million per year over 2009 funding levels for that program. Funding for the TEEG program is eliminated. | EST/BUD<br>2008–09 | \$342.8                     | \$0.0                                     | \$0.0            | \$0.0          | \$342.8      |
|   | REC<br>2010–11     | \$395.6                     | \$0.0                                     | \$0.0            | \$0.0          | \$395.6      |
|   | BIENNIAL<br>CHANGE | 15.4%                       | 0.0%                                      | 0.0%             | 0.0%           | 15.4%        |
| <b>Prekindergarten Grants</b>   |                    |                             |   |                  |                |              |
| Funding includes an additional \$25 million over 2008–09 biennial levels for the Prekindergarten Expansion Grants program to serve an estimated 17,100 additional students. Contingent on enactment of House Bill 130, Senate Bill 21, or similar legislation establishing an enhanced quality full-day prekindergarten program, the \$25 million in increased funding would instead be allocated to implement the provisions of that legislation.  | EST/BUD<br>2008–09 | \$165.2                     | \$0.0                                     | \$18.4           | \$0.0          | \$183.6      |
|   | REC<br>2010–11     | \$208.6                     | \$0.0                                     | \$0.0            | \$0.0          | \$208.6      |
|   | BIENNIAL<br>CHANGE | 26.3%                       | 0.0%                                      | (100.0%)         | 0.0%           | 13.6%        |
| <b>Virtual School Network</b>   |                    |                             |   |                  |                |              |
| Funding for the Virtual School Network is increased by \$18 million. Of that amount, approximately \$3 million is to support administration of the program, and \$15 million is to pay tuition and other costs for students enrolled in courses through the network.  | EST/BUD<br>2008–09 | \$2.3                       | \$0.0                                     | \$0.0            | \$0.0          | \$2.3        |
|   | REC<br>2010–11     | \$20.3                      | \$0.0                                     | \$0.0            | \$0.0          | \$20.3       |
|   | BIENNIAL<br>CHANGE | 782.6%                      | 0.0%                                      | (100.0%)         | 0.0%           | 782.6%       |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Adult Basic Education</b>  |                    |                             |   |                  |                |              |
| Funding includes \$10 million in additional General Revenue to support Adult Basic Education to serve an estimated 10,000 additional students in each fiscal year.  | EST/BUD<br>2008–09 | \$17.8                      | \$0.0                                     | \$101.3          | \$0.0          | \$119.1      |
|   | REC<br>2010–11     | \$27.8                      | \$0.0                                     | \$96.8           | \$0.0          | \$124.6      |
|   | BIENNIAL<br>CHANGE | 56.2%                       | 0.0%                                      | (100.0%)         | 0.0%           | 4.6%         |
| <b>Student Success Initiative</b>   |                    |                             |   |                  |                |              |
| Funding includes \$304.0 million in General Revenue for a modified Student Success Initiative Program. The program scope is expanded to include passage of the Algebra I end-of-course assessment and college readiness as goals of the program. Out of the total funding provided under the program, \$205.8 million is allocated for specific initiatives in mathematics instruction, instruction to students with limited English proficiency, reading instruction, curriculum training, Algebra I readiness, college readiness, and reimbursement for the administration of certain college admissions assessments. The remaining funding would flow to school districts based on student performance on state assessments. | EST/BUD<br>2008–09 | \$309.0                     | \$0.0                                     | \$0.0            | \$0.0          | \$309.0      |
|   | REC<br>2010–11     | \$304.0                     | \$0.0                                     | \$0.0            | \$0.0          | \$304.0      |
|   | BIENNIAL<br>CHANGE | (1.6%)                      | 0.0%                                      | (100.0%)         | 0.0%           | (1.6%)       |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Other Major General Revenue Programs</b>   |                    |                             |   |                  |                |              |
| Funding includes a net General Revenue increase for state-funded programs of \$7.9 million. Included in this increase is \$9.3 million for Windham School District, a \$6.5 million increase for Teach for America, a \$4.3 million increase for criminal history background checks for educators, \$4.3 million to comply with federal requirements for assessments for students with disabilities, \$4.0 million to establish the Center for Improvement of Districts and Schools, \$3.5 million to maintain the FY2009 funding level for educator salaries, \$2.0 million for Humanities Texas, and \$1.5 million in other program increases. One-time 2008-09 funds totaling \$15.4 million are eliminated; the High School Completion and Success Initiative is reduced by \$4.3 million; the Steroid Testing program is reduced by \$4.0 million, and funds transferred to the Texas Youth Commission are reduced by \$3.8 million. | EST/BUD<br>2008–09 | \$869.9                     | \$0.0                                     | \$0.0            | \$0.0          | \$869.9      |
|   | REC<br>2010–11     | \$877.8                     | \$0.0                                     | \$0.0            | \$0.0          | \$877.8      |
|   | BIENNIAL<br>CHANGE | 0.9%                        | 0.0%                                      | 0.0%             | 0.0%           | 0.9%         |
| <b>Administrative Operations</b>  |                    |                             |   |                  |                |              |
| Funding includes a net increase of \$3.0 million in All Funds (\$3.8 million in General Revenue) for agency administration which reflects a \$3 million increase to provide administrative support for educator background checks and an increase associated with funding two years of the FY 2009 statewide salary increase. Increases are offset by the net impact to administrative funding from changes in federal grants described below and a decrease in the agency's capital budget, excluding projects funded from transfers from the Foundation School Program.   | EST/BUD<br>2008–09 | \$143.2                     | \$0.0                                     | \$79.0           | \$24.0         | \$246.2      |
|   | REC<br>2010–11     | \$147.0                     | \$0.0                                     | \$78.5           | \$23.7         | \$249.2      |
|   | BIENNIAL<br>CHANGE | 2.7%                        | 0.0%                                      | (0.6%)           | (1.3%)         | 1.2%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Federal Funds other than American Recovery and Reinvestment Act of 2009 Funds</b>  |                    |                             |   |                  |                |              |
| Federal Funds are increased by \$575.6 million. The increase includes \$384 million for the Child Nutrition Program, \$240 million in Title I grants to school districts, \$79 million in the Individuals with Disabilities Education Act grant, \$28 million for Math Science Partnerships, and \$13 million in the English Language Acquisition grant. The increase is offset by decreases of \$135 million reflecting termination of the Reading First program, \$16 million reflecting termination of the Innovative Education Programs grant, a \$30 million reduction to the 21st Century Community Learning Center program, and reductions to Even Start and other federal programs. Increases in Federal Funding from the American Recovery and Reinvestment Act of 2009 are appropriated in Article XII. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$8,293.3        | \$0.0          | \$8,293.3    |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$8,868.9        | \$0.0          | \$8,868.9    |
|   | BIENNIAL<br>CHANGE | 0.0%                        | 0.0%                                      | 6.9%             | 0.0%           | 6.9%         |
| <b>TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED</b>   |                    |                             |   |                  |                |              |
| <b>Residential Instructor Compensation</b>  |                    |                             |   |                  |                |              |
| Funding includes \$596,000 to provide for salary increases for residential instructors. The increases would provide an average \$200 per month per employee for the school's 128 residential instructors.   | EST/BUD<br>2008–09 | \$5.3                       | \$0.0                                     | \$0.0            | \$0.2          | \$5.5        |
|   | REC<br>2010–11     | \$5.9                       | \$0.0                                     | \$0.0            | \$0.2          | \$6.1        |
|   | BIENNIAL<br>CHANGE | 11.3%                       | 0.0%                                      | 0.0%             | 0.0%           | 10.9%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Teacher Preparation Programs</b>  |                    |                             |   |                  |                |              |
| Funding includes \$800,000 to address the shortage of certified teachers to serve blind and visually impaired students. The teacher preparation program is in partnership with Texas Tech University and Stephen F. Austin University.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$1.8            | \$0.0          | \$1.8        |
|  | REC<br>2010–11     | \$0.8                       | \$0.0                                     | \$1.8            | \$0.0          | \$2.6        |
|  | BIENNIAL<br>CHANGE | NA                          | 0.0%                                      | 0.0%             | 0.0%           | 44.4%        |
| <b>Campus Renovations</b>  |                    |                             |   |                  |                |              |
| Funding includes \$35.2 million in unexpended General Obligation bond proceeds for campus renovations out of \$68.3 million authorized by the Eightieth Legislature. The agency expended or encumbered \$33.1 million in LBB approved bond proceeds in the 2008–09 biennium.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$68.3         | \$68.3       |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$35.2         | \$35.2       |
|  | BIENNIAL<br>CHANGE | 0.0%                        | 0.0%                                      | 0.0%             | (48.5%)        | (48.5%)      |
| <b>Salary Increases</b>  |                    |                             |   |                  |                |              |
| General Revenue is increased by \$0.3 million to annualize salaries at the 2009 level for a 2.0 percent state employee pay raise and a 3.0 percent professional salary increase. Appropriations also include \$0.4 million in General Revenue to fund a 3.0 percent professional salary increase in each year of the 2010–11 biennium as required under statute to pay teachers on the Austin Independent School District Salary Schedule. | EST/BUD<br>2008–09 | \$26.8                      | \$0.0                                     | \$3.0            | \$0.0          | \$29.8       |
|  | REC<br>2010–11     | \$27.5                      | \$0.0                                     | \$2.9            | \$0.0          | \$30.4       |
|  | BIENNIAL<br>CHANGE | 2.6%                        | 0.0%                                      | (3.3%)           | 0.0%           | 2.0%         |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>TEXAS SCHOOL FOR THE DEAF</b>   |                    |                             |   |                  |                |              |
| <b>18+ Transition Program</b>  |                    |                             |   |                  |                |              |
| Funding includes \$442,000 in General Revenue Funds and 6.4 new FTE positions to provide services to students who have transferred to TSD for additional transition services such as guidance and instruction on employment preparation, independent living skills, and community integration.   | EST/BUD<br>2008–09 | \$6.2                       | \$0.0                                     | \$0.8            | \$8.2          | \$15.2       |
|  | REC<br>2010–11     | \$6.6                       | \$0.0                                     | \$0.8            | \$8.2          | \$15.6       |
|  | BIENNIAL<br>CHANGE | 6.5%                        | 0.0%                                      | 0.0%             | 0.0%           | 2.6%         |
| <b>Transportation Vehicle Replacement</b>  |                    |                             |   |                  |                |              |
| Funding is increased by \$270,000 in General Revenue to add two school buses, two Drivers' Education cars, and two passenger vans to the School's current fleet of 33 vehicles.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.3                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.3        |
|  | BIENNIAL<br>CHANGE | NA                          | 0.0%                                      | 0.0%             | 0.0%           | NA           |
| <b>E-Rate Infrastructure Project</b>   |                    |                             |   |                  |                |              |
| Funding includes \$500,000 or 10 percent of the E-rate grant, whichever is less, in General Revenue Funds contingent on the approval of \$5 million in E-rate funding from the Schools and Libraries Program of the Universal Service Administrative Company. The combined funding would be used to update the school's data network system. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.5                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.5        |
|  | BIENNIAL<br>CHANGE | NA                          | 0.0%                                      | 0.0%             | 0.0%           | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Salary Increases</b>  |                    |                             |   |                  |                |              |
| General Revenue funding is increased by \$0.4 million to annualize salaries at the 2009 level for a 2.0 percent state employee pay raise and a 3.0 percent professional salary increase. Recommendations include \$0.6 million in General Revenue to fund a 3.0 percent professional salary increase in each year of the 2010–11 biennium as required under statute to pay teachers on the Austin Independent School District Salary Schedule. | EST/BUD<br>2008–09 | \$33.0                      | \$0.0                                     | \$0.5            | \$1.0          | \$34.5       |
|  | REC<br>2010–11     | \$34.0                      | \$0.0                                     | \$0.4            | \$1.1          | \$35.5       |
|  | BIENNIAL<br>CHANGE | 3.0%                        | 0.0%                                      | (20.0%)          | 10.0%          | 2.9%         |

### TEACHER RETIREMENT SYSTEM

#### State Retirement Contribution Rate at 6.4 Percent

Funding includes \$190.2 million in All Funds to provide a 6.4 percent state retirement contribution rate to reflect assumed payroll growth in public education of 5.0 percent annually in fiscal years 2010 and 2011 and payroll growth of 7.0 percent annually in higher education in fiscal years 2010 and 2011. Current law prohibits the state contribution rate for retirement from being less than that of active members, which is currently 6.4 percent.

|                    |           |         |       |       |           |
|--------------------|-----------|---------|-------|-------|-----------|
| EST/BUD<br>2008–09 | \$2,992.1 | \$171.2 | \$0.0 | \$3.6 | \$3,166.9 |
| REC<br>2010–11     | \$3,157.2 | \$196.2 | \$0.0 | \$3.8 | \$3,357.2 |
| BIENNIAL<br>CHANGE | 5.5%      | 14.6%   | 0.0%  | 5.6%  | 6.0%      |

In Article IX, TRS is allocated an additional \$120.5 million in funding for the 2010–11 biennium. Contingent upon the passage of authorizing legislation, and contingent upon an Attorney General's opinion allowing it, this funding is allocated for a one-time payment to eligible members equivalent to their monthly benefit, not to exceed \$500. Absent an Attorney General's opinion allowing it, the funding is to be transferred to TRS and used to increase the state contribution rate from 6.4 percent to 6.644 percent.

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Statutorily Required State Contribution to TRS-Care</b>  |                    |                             |   |                  |                |              |
| <b>Retired Employee Group Insurance Program</b>   |                    |                             |   |                  |                |              |
| Funding includes \$45.8 million in General Revenue Funds for required state contribution of 1.0 percent of payroll to reflect assumed 5.0 percent annual payroll growth in public education. Agency projections indicate that funding provided through the state statutory 1.0 percent contribution together with the fund balance projected for fiscal year 2009 will be sufficient to fund plan costs under the current benefit structure for the 2010–11 biennium. | EST/BUD<br>2008–09 | \$477.7                     | \$0.0                                     | \$0.0            | \$0.0          | \$477.7      |
|   | REC<br>2010–11     | \$523.4                     | \$0.0                                     | \$0.0            | \$0.0          | \$523.4      |
|   | BIENNIAL<br>CHANGE | 9.6%                        | 0.0%                                      | 0.0%             | 0.0%           | 9.6%         |
| <b>Administrative Operations</b>  |                    |                             |   |                  |                |              |
| Funding includes an increase of \$3.9 million for investment staff salaries and \$3.3 million and 20 full-time equivalent (FTE) positions for restructuring the investment division, funded out of the TRS Trust Fund Account No. 960. Funding also includes a \$7.4 million increase in General Revenue Funds for exempt staff salaries offset by an equal decrease from the TRS Trust Fund.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$117.3        | \$117.3      |
|   | REC<br>2010–11     | \$7.4                       | \$0.0                                     | \$0.0            | \$117.1        | \$124.5      |
|   | BIENNIAL<br>CHANGE | NA                          | 0.0%                                      | 0.0%             | (0.2%)         | 6.1%         |
| <b>OPTIONAL RETIREMENT PROGRAM</b>  |                    |                             |   |                  |                |              |
| <b>State Retirement Contribution at 6.4 Percent</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$9.1 million in All Funds assumes a 6.4 percent state contribution rate and reflects assumed growth in covered payroll of 3.0 percent.  | EST/BUD<br>2008–09 | \$243.6                     | \$41.9                                    | \$0.0            | \$0.0          | \$285.5      |
|   | REC<br>2010–11     | \$251.4                     | \$43.3                                    | \$0.0            | \$0.0          | \$294.7      |
|   | BIENNIAL<br>CHANGE | 3.2%                        | 3.3%                                      | 0.0%             | 0.0%           | 3.2%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>MULTI-AGENCY ISSUES: HIGHER EDUCATION</b>   |                    |                             |   |                  |                |              |
| <b>HIGHER EDUCATION EMPLOYEES GROUP INSURANCE</b>  |                    |                             |   |                  |                |              |
| Provided an additional \$171.9 million in General Revenue Funds to fund rate increases of 6.5 percent in fiscal year 2010 and 6.8 percent in fiscal year 2011 for all categories of public higher education institutions using the following base premium contribution levels:   | EST/BUD<br>2008–09 | \$951.2                     | \$0.0                                     | \$0.0            | \$1.1          | \$952.3      |
|  | REC<br>2010–11     | \$1,123.1                   | \$0.0                                     | \$0.0            | \$1.3          | \$1,124.4    |
| <ul style="list-style-type: none"> <li>components of the UT and A&amp;M systems received base premium contribution levels equal to 95 percent of ERS premium levels;</li> <li>state higher education institutions insured with ERS' Group Benefits Program received base premium contribution levels equal to 97.5 percent of ERS premium levels; and</li> <li>local community college districts insured within ERS' Group Benefits Program received base premium contribution levels equal to 83.5 percent of ERS premium levels for those district staff working in positions eligible to be paid with General Revenue.</li> </ul> | BIENNIAL<br>CHANGE | 18.1%                       | NA  | NA               | 16.2%          | 18.1%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>AGENCY ISSUES: HIGHER EDUCATION</b>   |                    |                             |   |                  |                |              |
| <b>HIGHER EDUCATION COORDINATING BOARD</b>   |                    |                             |   |                  |                |              |
| <p>Funding was increased \$332.9 million in General Revenue Funds, primarily due to increased funding for the TEXAS grant program (\$185.9 million), the Professional Nursing Shortage Reduction Program (\$35.0 million), B-On-Time Program (\$15.0 million), Adult Basic Education Community College Grants (\$10.0 million), Texas Educational Opportunity Grant Program (\$10.0 million), Baylor College of Medicine (\$5.7 million), Joint Admission Medical Program (\$5.0 million), Hospital Based Nursing Grant Program (\$5.0 million), Developmental Education Program (\$5.0 million), Family Practice Residency Program (\$3.8 million), General Academic Enrollment Growth (\$3.5 million), New Campus Funding (\$3.5 million), Alzheimer's Disease Centers (\$2.9 million), Teach for Texas Loan Repayment Program (\$2.5 million), Baylor College of Medicine Graduate Medical Education formula allocation (\$2.4 million) and Alternative Teaching Certification Programs (\$2.3 million).</p> <p>Funding includes \$80 million for incentive funding and \$54 million for Top Ten Percent Scholarships, an increase of \$34 million over the \$100 million provided in 2008–09 for the combined programs.</p> <p>These increases were offset by decreases in the OAG Loan Repayment Program (\$0.5 million) and the Doctoral Incentive Program (\$0.9 million). Previously these programs were funded by General Revenue Funds and tuition set-asides. The funding only includes the tuition set-asides.</p> | EST/BUD<br>2008–09 | \$1,036.8                   | \$43.0                                    | \$113.1          | \$91.1         | \$1,284.0    |
|  | REC<br>2010–11     | \$1,369.6                   | \$96.5                                    | \$102.8          | \$89.5         | \$1,658.5    |
|  | BIENNIAL<br>CHANGE | 32.1%                       | 124.1%                                    | (9.1%)           | (1.2%)         | 29.2%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <p>Funding totals \$1,007.0 million for the Student Financial Aid strategy (TEXAS Grants, Tuition Equalization Grants, B-On-Time Program, Texas College Work Study, and Texas Educational Opportunity Grants) in the 2010–11 biennium, an increase of \$210.9 million in General Revenue Funds over the 2008–09 funding level primarily due to increases in TEXAS Grants (\$185.9 million).</p> <p>General Revenue–Dedicated Funds increased \$53.5 million primarily due to \$28.0 million in unexpended balances for the B-On-Time Program and \$20.0 million in increased designated tuition set-asides for fiscal years 2010–11 for the program.</p> <p>Federal Funds decreased a total of \$10.3 million primarily due to the allocation of Perkins Funds between secondary and postsecondary education being charged as well as some funds being administered directly by the Texas Workforce Commission instead of being passed through the Higher Education Coordinating Board.</p> |                    |                             |   |                  |                |              |
| <b>HIGHER EDUCATION FUND</b>  |                    |                             |   |                  |                |              |
| Funding for the Higher Education Fund was sustained at the levels required by House Bill 3001, Seventy-ninth Legislature, Regular Session, 2005.  | EST/BUD<br>2008–09 | \$525.0                     | \$0.0                                     | \$0.0            | \$0.0          | \$525.0      |
|   | REC<br>2010–11     | \$525.0                     | \$0.0                                     | \$0.0            | \$0.0          | \$525.0      |
|   | BIENNIAL<br>CHANGE | 0.0%                        | NA  | NA               | NA             | 0.0%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>AVAILABLE UNIVERSITY FUND</b>  |                    |                             |   |                  |                |              |
| Estimated earnings on the Available University Fund increased by \$46.2 million.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$1,024.0      | \$1,024.0    |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$1,070.2      | \$1,070.2    |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | 4.5%           | 4.5%         |
| <b>GENERAL ACADEMIC INSTITUTIONS, SYSTEM OFFICES,<br/>LAMAR STATE COLLEGES, TEXAS STATE TECHNICAL<br/>COLLEGE</b>   |                    |                             |   |                  |                |              |
| All Funds for General Academic Institutions, Lamar State Colleges, Texas State Technical Colleges, and System Offices increases by \$223.6 million, components are as follows:  |                    |                             |   |                  |                |              |
| <b>General Academic Institutions</b>  |                    |                             |   |                  |                |              |
| All Funds increased \$216 million for the General Academic Institutions.<br><br>General Revenue Funds increased \$231.4 million overall, including an increase in formula funding that includes:<br>• \$148.6 million to fund 3.55 percent growth in formula enrollment;<br>• an additional increase of \$34 million for General Academic formula enrichment; and<br>• \$40.0 million in formula hold harmless. | EST/BUD<br>2008–09 | \$4,603.1                   | \$1,685.4                                 | \$0.0            | \$12.2         | \$6,300.7    |
|   | REC<br>2010–11     | \$4,844.1                   | \$1,667.6                                 | \$0.0            | \$12.5         | \$6,524.3    |
|   | BIENNIAL<br>CHANGE | 5.23%                       | (1.1%)                                    | NA               | 2.9%           | 3.6%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| <p>Non-formula General Revenue Fund decreases include:</p> <ul style="list-style-type: none"> <li>• \$31.0 million for tuition revenue bond debt service reimbursement;</li> <li>• \$45.3 million in one time funding in 2008–09, such as hurricane emergency appropriations and deferred maintenance;</li> </ul> <p>Non-formula General Revenue Fund increases include:</p> <ul style="list-style-type: none"> <li>• \$1.9 million for small business development centers;</li> <li>• \$33.0 million for Texas Competitive Knowledge Fund;</li> <li>• \$18.7 million for system center operations;</li> <li>• \$9.9 million for debt service for system centers;</li> <li>• \$4.0 million for the engineering program at Texas A&amp;M - Corpus Christi;</li> <li>• \$1.0 million for business incubator at Texas A&amp;M - Corpus Christi;</li> <li>• \$12.9 for system office operations;</li> <li>• \$2.5 million total, or \$500,000 each, for Institutional Enhancement at Texas A&amp;M University at Galveston, University of Houston – Clear Lake, University of Houston – Victoria, Midwestern State University and Sul Ross State University – Rio Grande College;</li> <li>• \$555,710 for the Texas State Data Center at the University of Texas – San Antonio; and</li> <li>• \$2.4 million for the Rural Development Initiative South West Border Network Small Business Development Center at the University of Texas – San Antonio.</li> </ul> <p>In addition, \$66.5 million in General Revenue Funds moves from special items to the Instruction and Operations Formula. An amount equal to each institution's resulting formula increase was then deducted from its Excellence strategy first and then its Institutional Enhancement strategy.</p> |                             |   |                  |                |              |



## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|-----------------------------|---|------------------|----------------|--------------|
| General Revenue–Dedicated Funds decreased \$15.4 million overall, due mainly to an increase in estimated statutory tuition revenue.   |                             |   |                  |                |              |
| <b>Lamar State Colleges</b>   |                             |   |                  |                |              |
| All Funds increased \$2.3 million for the Lamar State Colleges.   |                             |   |                  |                |              |
| General Revenue Funds increased \$2.15 million in overall. The increase includes \$0.7 million in the instruction formula to fund 2.4 percent contact hour growth and \$1.9 million in formula enrichment, of which \$1.4 million is for hold harmless funding. Additionally, the Lamar State Colleges' portion of the General Academic infrastructure formula increased \$0.7 million in General Revenue over 2008–09 including \$0.3 million for hold harmless funding. Non-formula General Revenue Fund decreased due to one-time funding in 2008–09 for Hurricane Rita emergency appropriations, but includes an increase for the small business development center at Lamar State College – Port Arthur. |                             |   |                  |                |              |
| General Revenue–Dedicated Funds increased \$0.2 million for estimated statutory tuition revenue.  |                             |   |                  |                |              |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| <b>Texas State Technical College</b><br><br>All Funds increased \$4.8 million for the Texas State Technical Colleges.<br><br>General Revenue Funds increased \$7.3 million in overall. This includes an increase of \$1.8 million in the instruction formula to fund 2.0 percent contact hour growth and an additional \$4.8 million in formula enrichment, which includes \$3.0 million in hold harmless funding. An overall increase of \$0.6 million in the Texas State Technical Colleges' portion of the General Academic infrastructure formula includes \$1.1 million in hold harmless funding.<br><br>General Revenue–Dedicated Funds include a decrease of \$2.5 million for estimated statutory tuition revenue. |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>TEXAS A&amp;M SYSTEM AGENCIES</b>   |                    |                             |   |                  |                |              |
| Total funding for the seven A&M system agencies increases by \$40.9 million.   | EST/BUD<br>2008–09 | \$310.8                     | \$34.4                                    | \$195.5          | \$294.9        | \$835.5      |
| General Revenue Funds decreased \$13.1 million due to one-time reimbursements related to wildfire response made in 2008–09 by the Texas Forest Service. This decrease was offset by an increase of \$7 million for the wildfire protection plan at the Texas Forest Service, a \$1.5 million increase for transportation studies at the Texas Transportation Institute, a \$3 million increase at Texas AgriLife Research for research capacity, a \$1.5 million increase at Texas AgriLife Extension for the program delivery system and rural community economic development, a \$2.1 million increase across all system agencies to annualize salaries, and a \$2 million increase for infrastructure, diagnostic testing, and the Nuclear Power Institute. | REC<br>2010–11     | \$315.3                     | \$64.9                                    | \$201.2          | \$294.9        | \$876.4      |
|  | BIENNIAL<br>CHANGE | 1.45%                       | 88.8%                                     | 3.0%             | 0.0%           | 4.9%         |
| The General Revenue–Dedicated Funds for the Volunteer Fire Department Assistance Program at the Texas Forest Service was increased by \$30.0 million, appropriating anticipated receipts.  |                    |                             |   |                  |                |              |
| Increases in Federal Funds at the Texas Engineering Experiment Station (\$5.2 million) and the Texas Transportation Institute (\$1.2 million) were offset by a decrease at the Texas Forest Service (\$0.6 million).   |                    |                             |   |                  |                |              |
| Decreases in Other Funds at the Texas Forest Service (\$1.0 million) and the Texas Veterinary Medical Diagnostic Laboratory (\$2.6 million) were offset by increases at the Texas Engineering Experiment Station (\$1.8 million) and the Texas Transportation Institute (\$1.5 million).   |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>PUBLIC COMMUNITY/JUNIOR COLLEGES</b>  |                    |                             |   |                  |                |              |
| General Revenue Funds for community colleges increased a total of \$140.0 million due to:  | EST/BUD<br>2008–09 | \$1,719.2                   | \$0.0                                     | \$0.0            | \$0.0          | \$1,719.2    |
| • adding \$118.5 million to enrich state formula contributions;  | REC<br>2010–11     | \$1,859.2                   | \$0.0                                     | \$0.0            | \$0.0          | \$1,859.2    |
| • providing \$15.2 million in formula hold harmless to ensure no district is funded below its 2008–09 formula level;   | BIENNIAL<br>CHANGE | 8.1%                        | NA  | NA               | NA             | 8.1%         |
| • including \$6.0 million to fund a formula-driven Small Institution Supplement;   |                    |                             |   |                  |                |              |
| • contributing \$0.7 million to the Southwest Collegiate Institute for the Deaf at Howard College to enhance general operational support and fund certain one-time infrastructure-related items; |                    |                             |   |                  |                |              |
| • reducing \$1.0 million from the Southwest Collegiate Institute for the Deaf at Howard College for a one-time infrastructure-related item;  |                    |                             |   |                  |                |              |
| • revising upwards by \$0.3 million the revenue-neutral amount for Dallas Community College's Small Business Development Center; and   |                    |                             |   |                  |                |              |
| • providing an additional \$0.3 million to Dallas Community College's StarLink Special item.   |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>HEALTH-RELATED INSTITUTIONS</b>   |                    |                             |   |                  |                |              |
| All Funds for the nine Health-Related Institutions increased by \$361.1 million for the 2010–11 biennium.  | EST/BUD<br>2008–09 | \$2,288.2                   | \$194.2                                   | \$0.0            | \$4,880.5      | \$7,362.9    |
| General Revenue Funds increased by \$273.3 million overall including an increase in formula funding that includes:   | REC<br>2010–11     | \$2,561.5                   | \$206.6                                   | \$0.0            | \$4,955.9      | \$7,724.0    |
|  | BIENNIAL<br>CHANGE | 11.9%                       | 6.4%                                      | 0.0%             | 1.5%           | 4.9%         |
| <b>Cross Institution Funding</b>   |                    |                             |   |                  |                |              |
| Formula General Revenue Adjustments:   |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>an increase of \$100.1 million for the Instruction and Operation Support Formula for weighted student growth and supplemental funding (includes the small campus supplement funding for The University of Texas Health Science Center at Houston Public Health Austin Campus and for Texas Tech University Health Sciences Center School of Pharmacy Abilene Campus);</li> <li>an increase of \$20.2 million for the Infrastructure Support Formula (includes the multi-campus adjustment for the space projection model funding for Texas Tech University Health Sciences Center School of Pharmacy Abilene Campus);</li> <li>an increase of \$4.7 million for the Research Formula; and</li> <li>an increase of \$13.9 million to fund the Graduate Medical Education Formula for an increase in medical resident growth and supplemental funding.</li> </ul> |                    |                             |   |                  |                |              |
| Non-formula General Revenue Fund Adjustments:  |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>a net decrease of \$4.7 million in debt service for existing tuition revenue bonds.</li> </ul>  |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 25**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| <b>Institution Specific Funding</b><br>Formula General Revenue Adjustments: <ul style="list-style-type: none"><li>• an increase of \$15.5 million to fund the Cancer Center Operations Formula at The University of Texas M.D. Anderson Cancer Center; and</li><li>• an increase of \$5.0 million to fund the Chest Disease Center Operations Formula at The University of Texas Health Science Center for Tyler.</li></ul> Non-formula General Revenue Adjustments: <ul style="list-style-type: none"><li>• an increase of \$97 million to fund The University of Texas Medical Branch at Galveston hospital operations</li><li>• an increase of \$8.0 million to fund the College of Medicine expansion at the Texas A&amp;M University System Health Science Center Round Rock campus;</li><li>• a decrease of \$4.0 million from a one-time funding of lease space for the Texas A&amp;M University System Health Science Center Temple campus; and</li><li>• an increase of \$17.6 million to fund the School of Medicine expansion at the Texas Tech University Health Sciences Center at El Paso.</li></ul> |                             |   |                  |                |              |
| <b>Cross Institution Funding:</b><br>General Revenue–Dedicated Fund increased by \$12.4 million in tuition, and fees and other income.   |                             |   |                  |                |              |
| Other Funds increased by \$75.4 million because of an increase in patient income by \$107 million mostly attributable to The University of Texas M.D. Anderson Cancer Center and a decrease in Tobacco Fund Earnings (\$31.6 million).   |                             |   |                  |                |              |



## JUDICIARY

### 2010–11 BIENNIAL RECOMMENDATIONS

All Funds recommendations for the Judiciary total \$669.2 million for the 2010–11 biennium, which is an increase of \$45.1 million, or 7.2 percent, from the 2008–09 biennium (Table 26).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$498.1 million, which is an increase of \$41.5 million, or 9.1 percent, from the 2008–09 biennium (Table 27).

Selected performance measures for agencies in the Judiciary function are depicted in Table 28.

**TABLE 26**  
**ALL FUNDS: JUDICIARY**

| IN MILLIONS   | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY  |                                   |                        |                    |                      |
| Supreme Court of Texas  | \$38.5                            | \$60.9                 | \$22.4             | 58.1%                |
| Court of Criminal Appeals                                     | 28.9                              | 30.5                   | 1.6                | 5.5                  |
| First Court of Appeals District, Houston                      | 7.3                               | 7.7                    | 0.5                | 6.4                  |
| Second Court of Appeals District, Fort Worth                  | 5.6                               | 5.9                    | 0.3                | 5.1                  |
| Third Court of Appeals District, Austin                       | 4.9                               | 5.1                    | 0.3                | 5.2                  |
| Fourth Court of Appeals District, San Antonio                 | 5.5                               | 5.9                    | 0.4                | 6.8                  |
| Fifth Court of Appeals District, Dallas                       | 9.9                               | 10.6                   | 0.7                | 7.2                  |
| Sixth Court of Appeals District, Texarkana                    | 2.6                               | 2.8                    | 0.2                | 6.7                  |
| Seventh Court of Appeals District, Amarillo                   | 3.3                               | 3.4                    | 0.2                | 5.3                  |
| Eighth Court of Appeals District, El Paso                     | 2.7                               | 2.8                    | 0.2                | 6.4                  |
| Ninth Court of Appeals District, Beaumont                     | 3.3                               | 3.4                    | 0.2                | 4.9                  |
| Tenth Court of Appeals District, Waco                         | 2.5                               | 2.8                    | 0.2                | 8.2                  |
| Eleventh Court of Appeals District, Eastland                  | 2.6                               | 2.8                    | 0.2                | 6.4                  |
| Twelfth Court of Appeals District, Tyler                      | 2.6                               | 2.8                    | 0.2                | 8.7                  |
| Thirteenth Court of Appeals District, Corpus Christi-Edinburg | 4.9                               | 5.1                    | 0.3                | 5.4                  |
| Fourteenth Court of Appeals District, Houston                 | 7.3                               | 7.8                    | 0.5                | 6.3                  |



# JUDICIARY

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 26**  
**ALL FUNDS: JUDICIARY (CONTINUED)**

| IN MILLIONS  | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY   |                                   |                        |                    |                      |
| Office of Court Administration, Texas Judicial Council | \$88.1                            | \$94.1                 | \$6.0              | 6.8%                 |
| Office of the State Prosecuting Attorney               | 0.9                               | 0.9                    | 0.0                | 1.3                  |
| State Law Library                                      | 2.0                               | 2.3                    | 0.3                | 14.2                 |
| State Commission on Judicial Conduct                   | 1.8                               | 2.0                    | 0.2                | 10.6                 |
| Judiciary Section, Comptroller's Department            | 281.2                             | 287.7                  | 6.6                | 2.3                  |
| Subtotal, Courts and Agencies                          | \$506.2                           | \$547.3                | \$41.1             | 8.1%                 |
| Retirement and Group Insurance                         | \$110.1                           | \$113.6                | \$3.5              | 3.2%                 |
| Social Security and Benefit Replacement Pay            | 18.9                              | 19.4                   | 0.5                | 2.6                  |
| Subtotal, Employee Benefits                            | \$129.0                           | \$133.0                | \$4.0              | 3.1%                 |
| Lease Payments   | \$4.9                             | \$4.9                  | \$0.0              | 0.1%                 |
| Less Interagency Contracts                             | 16.0                              | 16.1                   | 0.1                | 0.6                  |
| <b>Total Article IV – The Judiciary</b>                | <b>\$624.2</b>                    | <b>\$669.2</b>         | <b>\$45.1</b>      | <b>7.2%</b>          |

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

## JUDICIARY

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 27**  
**GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS: JUDICIARY**

| IN MILLIONS   | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY  |                                   |                        |                    |                      |
| Supreme Court of Texas  | \$13.9                            | \$35.5                 | \$21.7             | 156.2%               |
| Court of Criminal Appeals                                     | 8.8                               | 9.7                    | 1.0                | 11.2                 |
| First Court of Appeals District, Houston                      | 6.6                               | 7.1                    | 0.5                | 7.5                  |
| Second Court of Appeals District, Fort Worth                  | 5.0                               | 5.3                    | 0.3                | 5.7                  |
| Third Court of Appeals District, Austin                       | 4.4                               | 4.7                    | 0.2                | 5.6                  |
| Fourth Court of Appeals District, San Antonio                 | 5.0                               | 5.4                    | 0.4                | 7.6                  |
| Fifth Court of Appeals District, Dallas                       | 9.0                               | 9.7                    | 0.7                | 7.9                  |
| Sixth Court of Appeals District, Texarkana                    | 2.4                               | 2.6                    | 0.2                | 7.5                  |
| Seventh Court of Appeals District, Amarillo                   | 3.0                               | 3.2                    | 0.2                | 5.8                  |
| Eighth Court of Appeals District, El Paso                     | 2.4                               | 2.6                    | 0.2                | 7.0                  |
| Ninth Court of Appeals District, Beaumont                     | 3.0                               | 3.2                    | 0.2                | 5.3                  |
| Tenth Court of Appeals District, Waco                         | 2.3                               | 2.6                    | 0.2                | 8.9                  |
| Eleventh Court of Appeals District, Eastland                  | 2.4                               | 2.6                    | 0.2                | 7.0                  |
| Twelfth Court of Appeals District, Tyler                      | 2.4                               | 2.6                    | 0.2                | 9.4                  |
| Thirteenth Court of Appeals District, Corpus Christi-Edinburg | 4.4                               | 4.7                    | 0.3                | 6.0                  |
| Fourteenth Court of Appeals District, Houston                 | 6.6                               | 7.1                    | 0.5                | 7.1                  |
| Office of Court Administration, Texas Judicial Council        | 78.1                              | 84.1                   | 5.9                | 7.6                  |
| Office of the State Prosecuting Attorney                      | 0.9                               | 0.9                    | 0.0                | 0.0                  |
| State Law Library   | 1.9                               | 2.2                    | 0.3                | 14.9                 |
| State Commission on Judicial Conduct                          | 1.8                               | 2.0                    | 0.2                | 10.6                 |
| Judiciary Section, Comptroller's Department                   | 171.8                             | 176.7                  | 4.9                | 2.9                  |
| Subtotal, Courts and Agencies                                 | \$336.2                           | \$374.3                | \$38.1             | 11.3%                |

## JUDICIARY

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 27**  
**GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS: JUDICIARY (CONTINUED)**

| IN MILLIONS                                 | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY                                      |                                   |                        |                    |                      |
| Retirement and Group Insurance              | \$101.1                           | \$104.1                | \$3.0              | 3.0%                 |
| Social Security and Benefit Replacement Pay | 14.5                              | 14.8                   | 0.3                | 2.4                  |
| Subtotal, Employee Benefits                 | \$115.6                           | \$118.9                | \$3.3              | 2.9%                 |
| Lease Payments                              | \$4.9                             | \$4.9                  | \$0.0              | 0.1%                 |
| <b>Total Article IV – The Judiciary</b>     | <b>\$456.7</b>                    | <b>\$498.1</b>         | <b>\$41.5</b>      | <b>9.1%</b>          |

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

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 28**  
**SELECTED PERFORMANCE MEASURES: JUDICIARY**

| MEASURE  | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|--|----------------|------------------|---------------------|---------------------|
| <b>SUPREME COURT OF TEXAS</b>  |                |                  |                     |                     |
| Disposition Rate   | 104.7%         | 105.0%           | 105.0%              | 105.0%              |
| <b>COURT OF CRIMINAL APPEALS</b>   |                |                  |                     |                     |
| Disposition Rate for Petitions for Discretionary Review<br>Which are Granted | 140.0%         | 144.0%           | 100.0%              | 100.0%              |
| <b>14 COURTS OF APPEALS</b>  |                |                  |                     |                     |
| Clearance Rate   | 95.9%          | 100.0%           | 100.0%              | 100.0%              |
| <b>OFFICE OF COURT ADMINISTRATION</b>  |                |                  |                     |                     |
| Number of Children who have Received a Final Order                           | 5,429          | 4,909            | 4,816               | 4,909               |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>AGENCY ISSUES</b>  |                    |                             |   |                  |                |              |
| <b>SUPREME COURT OF TEXAS</b>   |                    |                             |   |                  |                |              |
| <b>Appellate Court Operations</b>   |                    |                             |   |                  |                |              |
| A \$0.5 million increase in General Revenue due to targeted pay increases for staff attorneys, administrative staff and law clerks (\$0.6 million increase); an Electronic Document Management Project (\$0.2 million increase), including 1.0 FTE; and one-time funding for a web-casting project in the 2008-09 Biennium (\$0.3 million decrease).  | EST/BUD<br>2008–09 | \$9.6                       | \$0.0                                     | \$0.0            | \$1.0          | \$10.6       |
|   | REC<br>2010–11     | \$10.1                      | \$0.0                                     | \$0.0            | \$1.0          | \$11.1       |
|   | BIENNIAL<br>CHANGE | 5.2%                        | NA  | NA               | 0.0%           | 4.7%         |
| <b>Basic Civil Legal Services for the Indigent</b>  |                    |                             |   |                  |                |              |
| A \$21.1 million increase in All Funds caused by a \$20.0 million increase in General Revenue and a \$1.7 million increase in General Revenue–Dedicated Funds (Sexual Assault Program Fund No. 5010) to provide one-time funding to offset an anticipated revenue loss in the Interest on Lawyers Trust Account (IOLTA) Program. The revenue loss, which compared to IOLTA funds in fiscal year 2008 represents an annual loss of \$10.7 million, is due to declining interest rates. The entire \$2.0 million appropriation from the General Revenue–Dedicated Sexual Assault Program Fund No. 5010 is contingent upon litigation being resolved in favor of the state and actual receipts from the sexually-oriented business fee exceeding the Comptroller's Biennial Revenue Estimate by the same amount. | EST/BUD<br>2008–09 | \$3.0                       | \$0.3                                     | \$0.0            | \$20.1         | \$23.4       |
|   | REC<br>2010–11     | \$23.0                      | \$2.0                                     | \$0.0            | \$19.4         | \$44.4       |
|   | BIENNIAL<br>CHANGE | 666.7%                      | 566.7%                                    | NA               | (3.0%)         | 90.3%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Multi-District Litigation</b>   |                    |                             |   |                  |                |              |
| A decrease of \$0.6 million in General Revenue for grants to trial level or appellate courts to handle multi-district litigation (MDL) cases. To date, only one MDL case has required grant funding.   | EST/BUD<br>2008–09 | \$1.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.0        |
|  | REC<br>2010–11     | \$0.4                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.4        |
|  | BIENNIAL<br>CHANGE | (56.2%)                     | NA  | NA               | NA             | (56.2%)      |
| <b>COURT OF CRIMINAL APPEALS</b>   |                    |                             |   |                  |                |              |
| <b>Appellate Court Operations</b>  |                    |                             |   |                  |                |              |
| An increase of \$1.0 million in General Revenue to fund targeted pay raises for Court staff (\$0.6 million); the addition of a Special Counsel position (1.0 FTE and \$0.2 million); travel for special committees and out-of-Austin oral arguments (\$0.1 million); and, imaging system maintenance replacement (\$0.04 million).   | EST/BUD<br>2008–09 | \$8.8                       | \$0.0                                     | \$0.0            | \$0.7          | \$9.5        |
|  | REC<br>2010–11     | \$9.8                       | \$0.0                                     | \$0.0            | \$0.7          | \$10.5       |
|  | BIENNIAL<br>CHANGE | 11.2%                       | NA  | NA               | NA             | 10.4%        |
| <b>Judicial Education</b>  |                    |                             |   |                  |                |              |
| A net increase of \$0.6 million in Other Funds due to a \$1.0 million increase in existing training programs for cost increases and a new training program for public defenders (Judicial Court and Personnel Training Fund No. 540); and a reduction from 2008–09 levels of \$0.4 million in refunds of unexpended balances from training entities (Appropriated Receipts). | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$19.4         | \$19.4       |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$20.0         | \$20.0       |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | 3.2%           | 3.2%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>14 COURTS OF APPEALS</b>  |                    |                             |   |                  |                |              |
| <b>Appellate Court Operations</b>  |                    |                             |   |                  |                |              |
| An increase of \$4.1 million in General Revenue primarily for a \$3.8 million block grant for the 14 Courts of Appeals to provide similar funding for same-sized courts; annualizing the 2009 employee pay raise (\$0.1 million); and funding for the new judicial longevity pay authorized by the Eightieth Legislature (\$0.09 million). Block grant funds will be used to reclassify law clerks to staff attorneys; add attorney and non-attorney staff (15.5 FTEs); provide targeted pay raises of no more than 10% for both attorney and non-attorney staff; and fund operating cost increases. All targeted pay raises and new positions are funded for fiscal year 2011 only. | EST/BUD<br>2008–09 | \$59.1                      | \$0.0                                     | \$0.0            | \$5.8          | \$64.9       |
|  | REC<br>2010–11     | \$63.2                      | \$0.0                                     | \$0.0            | \$5.8          | \$69.0       |
|  | BIENNIAL<br>CHANGE | 7.0%                        | NA  | NA               | (0.7%)         | 6.3%         |
| <b>OFFICE OF COURT ADMINISTRATION</b>  |                    |                             |   |                  |                |              |
| <b>Information Technology</b>  |                    |                             |   |                  |                |              |
| A decrease of \$0.8 million in General Revenue due to \$1.4 million in start-up costs in the 2008–09 biennium for two information technology projects, the Automated Registry project and e-filing of appellate court cases (Texas Appeals Management and E-Filing System), offset by an increase of \$0.5 million for: (1) a Judicial Emergency Data Infrastructure project to continue computer operations in the event of an emergency (\$0.4 million); and (2) targeted pay raises for IT staff and other cost increases (\$0.1 million).  | EST/BUD<br>2008–09 | \$10.6                      | \$0.0                                     | \$0.0            | \$1.1          | \$11.7       |
|  | REC<br>2010–11     | \$9.8                       | \$0.0                                     | \$0.0            | \$1.1          | \$10.9       |
|  | BIENNIAL<br>CHANGE | (7.5%)                      | NA  | NA               | 0.0%           | (6.8%)       |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Indigent Defense</b>   |                    |                             |   |                  |                |              |
| Funding increase of \$6.0 million in General Revenue-Dedicated funds to annualize transfers to the General Revenue-Dedicated Fair Defense Account No. 5073 from juror pay collections. Funds will be used to increase grants to counties for costs of indigent defense. | EST/BUD<br>2008–09 | \$0.0                       | \$53.2                                    | \$0.0            | \$0.0          | \$53.2       |
|   | REC<br>2010–11     | \$0.0                       | \$59.2                                    | \$0.0            | \$0.0          | \$59.2       |
|   | BIENNIAL<br>CHANGE | NA                          | 11.3%                                     | NA               | NA             | 11.3%        |
| <b>Child Protection Courts Program</b>  |                    |                             |   |                  |                |              |
| An increase in General Revenue of \$0.4 million to continue a child protection court established by the presiding judges of the administrative judicial regions (\$0.3 million and 2.0 FTEs), and funding for training and mileage reimbursement (\$0.06 million).      | EST/BUD<br>2008–09 | \$4.6                       | \$0.0                                     | \$0.0            | \$0.0          | \$4.6        |
|   | REC<br>2010–11     | \$5.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$5.0        |
|   | BIENNIAL<br>CHANGE | 8.5%                        | NA  | NA               | NA             | 8.5%         |
| <b>JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT</b>  |                    |                             |   |                  |                |              |
| <b>District Judge Salaries</b>  |                    |                             |   |                  |                |              |
| Funding reflects salaries for 449 district judges. (This is an estimated appropriation.) District courts serve as the primary trial courts in the state, handling both civil and criminal cases. The state salary for a district court judge is \$125,000.              | EST/BUD<br>2008–09 | \$64.1                      | \$0.0                                     | \$0.0            | \$46.5         | \$110.6      |
|   | REC<br>2010–11     | \$64.2                      | \$0.0                                     | \$0.0            | \$46.3         | \$110.5      |
|   | BIENNIAL<br>CHANGE | 0.2%                        | NA  | NA               | (0.4%)         | (0.1%)       |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Prosecutor Salaries and Supplements</b>  |                    |                             |   |                  |                |              |
| Funding reflects salaries and salary supplements for 148 professional prosecutors, which includes district attorney, criminal district attorneys and county attorneys prohibited from the private practice of law; district attorneys permitted to engage in private practice; felony prosecutors; and, the Harris County District Attorney. The state salary for a professional prosecutor is \$125,000; \$100,000 for a district attorney; \$71,500 or \$100,000 for a felony prosecutor; and, \$136,023 for the Harris County District Attorney. | EST/BUD<br>2008–09 | \$31.3                      | \$0.0                                     | \$0.0            | \$7.4          | \$38.8       |
|   | REC<br>2010–11     | \$31.3                      | \$0.0                                     | \$0.0            | \$7.4          | \$38.8       |
|   | BIENNIAL<br>CHANGE | 0.0%                        | NA  | NA               | 0.0%           | 0.0%         |
| <b>Visiting Judges - Regions</b>  |                    |                             |   |                  |                |              |
| An increase of \$1.9 million in General Revenue, which includes \$1.3 million to fund a pay raise for visiting judges serving in district courts, and \$0.6 million for a 7 percent increase in assignments. The Eightieth Legislature enacted legislation to increase the compensation of a visiting judge serving in district court from 85 percent to 100 percent of that of an active judge.  | EST/BUD<br>2008–09 | \$8.6                       | \$0.0                                     | \$0.0            | \$0.4          | \$9.0        |
|   | REC<br>2010–11     | \$10.4                      | \$0.0                                     | \$0.0            | \$0.4          | \$10.9       |
|   | BIENNIAL<br>CHANGE | 22.0%                       | NA  | NA               | 0.0%           | 21.0%        |
| <b>Statutory County Judge Salary Supplements</b>  |                    |                             |   |                  |                |              |
| An increase of \$1.4 million from the Judicial Fund No. 573 to annualize an increase in the salary supplement paid to statutory county judges. The Eightieth Legislature enacted legislation which increased the annual state salary supplement from \$35,000 to \$75,000, an amount equal to 60 percent of a district judge's salary.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$32.4         | \$32.4       |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$33.8         | \$33.8       |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | 4.3%           | 4.3%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Public Integrity Unit</b>  |                    |                             |   |                  |                |              |
| An increase of \$0.5 million in All Funds to maintain 40.0 FTEs, a portion of which would otherwise be reduced to fund forecasted increases in Travis County compensation and benefit costs, which includes an increase from the General Revenue - Insurance Companies Maintenance Tax for the Insurance Fraud Division (\$0.2 million), a General Revenue increase for the General State Government Division (\$0.1 million), and an increase from State Highway Fund No. 6 for the Motor Fuels Tax Division (\$0.2 million).  | EST/BUD<br>2008–09 | \$5.3                       | \$0.0                                     | \$0.0            | \$1.9          | \$7.2        |
|   | REC<br>2010–11     | \$5.6                       | \$0.0                                     | \$0.0            | \$2.1          | \$7.7        |
|   | BIENNIAL<br>CHANGE | 5.7%                        | NA  | NA               | 10.5%          | 6.9%         |
| <b>Special Prosecution Unit – Walker County</b>   |                    |                             |   |                  |                |              |
| A net increase of \$1.3 million in All Funds, which includes: (1) an increase of \$1.5 million in General Revenue for expert witnesses, court reporter and other operating costs related to bringing 50 civil commitment cases to trial, and targeted pay raises for the Civil Division; (2) an increase of \$0.2 million in General Revenue for compensatory leave and fuel and travel cost increases for Criminal Division employees; (3) an increase of \$0.2 million from Criminal Justice Division Grants to provide targeted pay raises for the Criminal Division; and (4) an increase in General Revenue of \$0.1 million to provide targeted pay raises and fuel cost increases for the Juvenile Division, offset by a decrease in General Revenue of \$0.7 million due to cost savings and one-time start up costs related to the phase-in of the newly created Juvenile Division during the 2008-09 biennium. | EST/BUD<br>2008–09 | \$6.8                       | \$0.0                                     | \$0.0            | \$2.8          | \$9.6        |
|   | REC<br>2010–11     | \$7.9                       | \$0.0                                     | \$0.0            | \$3.0          | \$10.9       |
|   | BIENNIAL<br>CHANGE | 16.2%                       | NA  | NA               | 7.1%           | 13.5%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 29**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Sex Offender Treatment and Supervision</b>   |                    |                             |   |                  |                |              |
| An increase of \$1.4 million from General Revenue for costs to treat and supervise an additional 25 offenders per year and to maintain a ratio of 1 monitoring FTE to 10 offenders.   | EST/BUD<br>2008–09 | \$5.9                       | \$0.0                                     | \$0.0            | \$0.0          | \$5.9        |
|   | REC<br>2010–11     | \$7.3                       | \$0.0                                     | \$0.0            | \$0.0          | \$7.3        |
|   | BIENNIAL<br>CHANGE | 23.7%                       | NA  | NA               | NA             | 23.7%        |
| <b>Montgomery Court - 435th District Court staff</b>  |                    |                             |   |                  |                |              |
| \$0.4 million in General Revenue to fund a court coordinator, court reporter and other operating costs for the 435th District Court in Montgomery County, which has special jurisdiction over civil commitment proceedings of sexually violent predators. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.4                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.4        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

## PUBLIC SAFETY AND CRIMINAL JUSTICE

### 2010–11 BIENNIAL RECOMMENDATIONS

All Funds recommendations for Public Safety and Criminal Justice total \$10.8 billion for the 2010–11 biennium, which is an increase of \$134.2 million, or 1.3 percent, from the 2008–09 biennium (Table 30).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$8.7 billion, which is an increase of \$596.4 million, or 7.4 percent, from the 2008–09 biennium (Table 31).

Selected performance measures for agencies in the Public Safety and Criminal Justice function are depicted in Table 32.

**TABLE 30**  
**ALL FUNDS: PUBLIC SAFETY AND CRIMINAL JUSTICE**

| IN MILLIONS   | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY  |                                   |                        |                    |                      |
| Adjutant General's Department                                 | \$242.2                           | \$186.7                | (\$55.4)           | (22.9%)              |
| Alcoholic Beverage Commission                                 | 81.9                              | 88.8                   | 7.0                | 8.5                  |
| Department of Criminal Justice                                | 5,850.5                           | 6,157.8                | 307.3              | 5.3                  |
| Commission on Fire Protection                                 | 5.9                               | 6.7                    | 0.8                | 14.3                 |
| Commission on Jail Standards                                  | 1.9                               | 2.2                    | 0.2                | 12.6                 |
| Juvenile Probation Commission                                 | 302.5                             | 362.6                  | 60.1               | 19.9                 |
| Commission on Law Enforcement Officer Standards and Education | 6.0                               | 6.7                    | 0.7                | 11.8                 |
| Department of Public Safety                                   | 1,888.1                           | 1,733.9                | (154.3)            | (8.2)                |
| Youth Commission  | 561.9                             | 455.9                  | (106.0)            | (18.9)               |
| Subtotal, Public Safety and Criminal Justice                  | \$8,940.8                         | \$9,001.2              | \$60.4             | 0.7%                 |
| Retirement and Group Insurance                                | \$971.0                           | \$1,072.2              | \$101.1            | 10.4%                |
| Social Security and Benefit Replacement Pay                   | 322.8                             | 332.3                  | 9.5                | 2.9                  |
| Subtotal, Employee Benefits                                   | \$1,293.8                         | \$1,404.4              | \$110.7            | 8.6%                 |

## PUBLIC SAFETY AND CRIMINAL JUSTICE

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 30**  
**ALL FUNDS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

| IN MILLIONS   | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY  |                                   |                        |                    |                      |
| Bond Debt Service Payments                                  | \$528.0                           | \$490.9                | (\$37.1)           | (7.0%)               |
| Lease Payments  | 4.4                               | 4.0                    | (0.4)              | (9.6)                |
| Subtotal, Debt Service                                      | \$532.4                           | \$494.9                | (\$37.5)           | (7.0%)               |
| Less Interagency Contracts                                  | \$141.7                           | \$141.0                | (\$0.7)            | (0.5%)               |
| <b>Total Article V – Public Safety and Criminal Justice</b> | <b>\$10,625.4</b>                 | <b>\$10,759.6</b>      | <b>\$134.2</b>     | <b>1.3%</b>          |

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

# PUBLIC SAFETY AND CRIMINAL JUSTICE

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 31**  
**GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS: PUBLIC SAFETY AND CRIMINAL JUSTICE**

| IN MILLIONS   | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY  |                                   |                        |                    |                      |
| Adjutant General's Department                                 | \$30.6                            | \$31.0                 | \$0.5              | 1.5%                 |
| Alcoholic Beverage Commission                                 | 80.4                              | 87.8                   | 7.4                | 9.2                  |
| Department of Criminal Justice                                | 5,557.4                           | 5,899.3                | 341.9              | 6.2                  |
| Commission on Fire Protection                                 | 5.8                               | 6.6                    | 0.8                | 14.4                 |
| Commission on Jail Standards                                  | 1.9                               | 2.1                    | 0.2                | 12.9                 |
| Juvenile Probation Commission                                 | 246.9                             | 298.5                  | 51.5               | 20.9                 |
| Commission on Law Enforcement Officer Standards and Education | 5.3                               | 6.0                    | 0.7                | 12.4                 |
| Department of Public Safety                                   | 107.3                             | 295.3                  | 188.0              | 175.2                |
| Youth Commission  | 461.7                             | 415.1                  | (46.6)             | (10.1)               |
| Subtotal, Public Safety and Criminal Justice                  | \$6,497.3                         | \$7,041.8              | \$544.5            | 8.4%                 |
| Retirement and Group Insurance                                | \$788.4                           | \$869.6                | \$81.2             | 10.3%                |
| Social Security and Benefit Replacement Pay                   | 255.1                             | 262.8                  | 7.7                | 3.0                  |
| Subtotal, Employee Benefits                                   | \$1,043.5                         | \$1,132.4              | \$88.9             | 8.5%                 |
| Bond Debt Service Payments                                    | \$527.4                           | \$490.9                | (\$36.5)           | (6.9%)               |
| Lease Payments  | 4.4                               | 4.0                    | (0.4)              | (9.6)                |
| Subtotal, Debt Service  | \$531.9                           | \$494.9                | (\$36.9)           | (6.9%)               |
| <b>Total Article V – Public Safety and Criminal Justice</b>   | <b>\$8,072.7</b>                  | <b>\$8,669.1</b>       | <b>\$596.4</b>     | <b>7.4%</b>          |

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

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 32**  
**SELECTED PERFORMANCE MEASURES: PUBLIC SAFETY AND CRIMINAL JUSTICE**

| MEASURE  | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|--|----------------|------------------|---------------------|---------------------|
| <b>ADJUTANT GENERAL'S DEPARTMENT</b>   |                |                  |                     |                     |
| Assigned Texas National Guard Strength   | 22,223         | 23,789           | 24,100              | 24,360              |
| Number of Facilities Maintained  | 615            | 610              | 605                 | 581                 |
| <b>ALCOHOLIC BEVERAGE COMMISSION</b>   |                |                  |                     |                     |
| Number of Inspections Conducted by Enforcement Agents                              | 126,444        | 128,000          | 130,000             | 130,000             |
| Number of Licenses/Permits Issued  | 107,783        | 106,800          | 74,700              | 60,300              |
| <b>DEPARTMENT OF CRIMINAL JUSTICE</b>  |                |                  |                     |                     |
| Average Number of Felony Offenders Under Direct Supervision (Adult Probation)      | 168,925        | 170,065          | 172,895             | 175,075             |
| Average Number of Offenders Incarcerated   | 139,582        | 142,308          | 140,529             | 140,019             |
| Average Number of Offenders in Contractual Correctional Bed Capacity               | 1,897          | 0                | 0                   | 0                   |
| Average Number of Offenders in Contract Prisons and Privately Operated State Jails | 11,565         | 11,672           | 11,890              | 11,890              |
| Average Number of Pre-parole Transferees in Pre-parole Transfer Facilities         | 2,271          | 2,242            | 2,277               | 2,277               |
| Average Number of Offenders Under Active Parole Supervision                        | 77,964         | 78,267           | 78,496              | 80,052              |
| Three-year Recidivism Rate   | 27.2%          | 30.0%            | 28.0%               | 28.0%               |
| <b>COMMISSION ON FIRE PROTECTION</b>   |                |                  |                     |                     |
| Number of Fire Service Personnel Certified   | 27,613         | 26,750           | 26,750              | 26,750              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 32**  
**SELECTED PERFORMANCE MEASURES: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

| MEASURE  | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|--|----------------|------------------|---------------------|---------------------|
| <b>COMMISSION ON JAIL STANDARDS</b>  |                |                  |                     |                     |
| Number of Annual Inspections Conducted                                     | 250            | 251              | 251                 | 251                 |
| <b>JUVENILE PROBATION COMMISSION</b>                                       |                |                  |                     |                     |
| Rate of Successful Completion of Court-ordered Probation                   | 84.0%          | 87.0%            | 87.0%               | 87.0%               |
| Average Daily Population of Youth Supervised Under Deferred Prosecution    | 10,677         | 10,683           | 11,823              | 11,801              |
| Average Daily Population of Youth Supervised Under Court-ordered Probation | 23,216         | 24,273           | 23,619              | 23,406              |
| Average Daily Population of Youth Supervised Prior to Disposition          | 7,557          | 7,839            | 7,654               | 7,721               |
| Average Daily Population of Residential Placements                         | 3,090          | 3,507            | 4,000               | 4,000               |
| Mandatory Student Attendance Days in JJAEP During the Regular School Year  | 126,542        | 141,064          | 138,937             | 139,676             |
| <b>COMMISSION ON LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION</b>       |                |                  |                     |                     |
| Number of New Licenses Issued to Individuals                               | 14,764         | 12,000           | 12,500              | 12,500              |
| <b>DEPARTMENT OF PUBLIC SAFETY</b>   |                |                  |                     |                     |
| Traffic Law Violator Contacts  | 3,462,697      | 3,371,325        | 3,400,000           | 3,400,000           |
| Commercial Traffic Law Violator Contacts                                   | 1,564,234      | 1,576,267        | 1,600,000           | 1,600,000           |
| Number of Examinations Administered (Driver License)                       | 5,688,113      | 5,597,084        | 6,000,000           | 6,000,000           |
| Annual Texas Index Crime Rate  | 4,631          | 4,631            | 4,600               | 4,600               |
| Number of Emergency Incidents Coordinated                                  | 6,206          | 4,860            | 5,000               | 5,000               |



## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 32**  
**SELECTED PERFORMANCE MEASURES: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

| MEASURE  | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|--|----------------|------------------|---------------------|---------------------|
| <b>YOUTH COMMISSION</b>                          |                |                  |                     |                     |
| Average Daily Population: Institutional Programs | 2,468          | 2,292            | 1,996               | 1,900               |
| Average Daily Population: Contract Programs      | 252            | 340              | 200                 | 200                 |
| Average Daily Population: Halfway House Programs | 201            | 218              | 218                 | 218                 |
| Three-year Reincarceration Rate                  | 43.3%          | 48.0%            | 43.0%               | 43.0%               |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>MULTI-ARTICLE ISSUES</b>  |                    |                             |   |                  |                |              |
| <b>Schedule C Pay Raise</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$24.0 million in All Funds (\$1.8 million in General Revenue Funds and \$2.6 million in General Revenue–Dedicated Funds) for Salary Schedule C pay raises for commissioned peace officers with the Alcoholic Beverage Commission, the Department of Criminal Justice, the Parks and Wildlife Department, and the Department of Public Safety.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$1.8                       | \$2.6                                     | \$1.2            | \$18.4         | \$24.0       |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Border Security</b>   |                    |                             |   |                  |                |              |
| Reduced funding of \$21.1 million in State Highway Funds (Other Funds) for one-time appropriations associated with DPS Rider 49, Border Security. In addition, \$63.7 million in General Revenue Funds were replaced with General Revenue–Dedicated Funds. Recommendations for fiscal years 2010–11 include 66 additional full-time-equivalent positions at the Department of Public Safety and \$15.4 million in appropriations of General Revenue–Dedicated Funds to other state agencies for enhanced border security. Recommendations for fiscal years 2010–11 include \$7.5 million in General Revenue–Dedicated Funds for the Governor's Regional Center for Operations and Intelligence, upgrades to Texas Task Force II in Dallas, and operational costs for a helicopter in Longview. | EST/BUD<br>2008–09 | \$63.7                      | \$0.0                                     | \$0.0            | \$44.4         | \$108.1      |
|  | REC<br>2010–11     | \$0.0                       | \$63.7                                    | \$0.0            | \$23.4         | \$87.1       |
|  | BIENNIAL<br>CHANGE | (100.0%)                    | NA  | NA               | (47.3%)        | (19.4%)      |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>AGENCY ISSUES</b>  |                    |                             |   |                  |                |              |
| <b>ADJUTANT GENERAL'S DEPARTMENT</b>  |                    |                             |   |                  |                |              |
| Decreased funding of \$55.4 million in All Funds (\$0.5 million increase in General Revenue Funds) for the operations of the state's military forces.   | EST/BUD<br>2008–09 | \$30.6                      | \$0.0                                     | \$180.9          | \$30.7         | \$242.2      |
|   | REC<br>2010–11     | \$31.0                      | \$0.0                                     | \$142.8          | \$12.9         | \$186.7      |
| Recommendations for fiscal years 2010–11 include a General Revenue Fund increase of \$2.0 million for the State Military Tuition Assistance Program. Reductions in General Revenue Funds include \$0.4 million for bond debt service, \$0.7 million for fiscal year 2007 supplemental appropriations brought into the 2008–09 biennium, and \$0.5 million for an unexpended balance in the State Military Tuition Assistance Program carried into the 2008–09 biennium. | BIENNIAL<br>CHANGE | 1.3%                        | NA  | (21.1%)          | (58.0%)        | (22.9%)      |
| Reductions in Federal Funds total \$38.1 million and include \$35.1 million for new construction, \$0.5 million for facilities maintenance, and \$2.0 million for a communications grant in fiscal years 2008–09.   |                    |                             |   |                  |                |              |
| Reductions in Other Funds total \$17.8 million and include \$3.1 million from the Current Fund Balance, \$2.3 million in Interagency Contracts for hurricane training exercises and border security, and \$12.4 million in Bond Proceeds for facilities maintenance.  |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

| IN MILLIONS  |                    |                             |   |                  |                |              |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
| <b>ALCOHOLIC BEVERAGE COMMISSION</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$7.0 million in All Funds (\$7.4 million in General Revenue Funds) for agency operations.  | EST/BUD<br>2008–09 | \$80.4                      | \$0.0                                     | \$1.1            | \$0.3          | \$81.9       |
| Recommendations for fiscal years 2010–11 include General Revenue Fund increases of \$2.7 million for an employee retention and succession plan for non-Schedule C employees, \$2.9 million for various information technology enhancements and data center services, \$0.8 million for ports of entry at the Mexican border (Anzalduas and Donna bridges), \$0.5 million for the Wine Marketing Assistance Program, and \$0.3 million for state approved salary increases in fiscal year 2009. | REC<br>2010–11     | \$87.8                      | \$0.0                                     | \$0.7            | \$0.3          | \$88.8       |
|  | BIENNIAL<br>CHANGE | 9.2%                        | NA  | (36.4%)          | 0.0%           | 8.4%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>DEPARTMENT OF CRIMINAL JUSTICE</b>   |                    |                             |   |                  |                |              |
| <b>Incarceration in State Institutions</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$289.2 million in All Funds (\$299.0 million in General Revenue Funds) for the incarceration and treatment of adult offenders. The projected average number of inmates incarcerated with these funds is 155,196 in fiscal year 2010 and 154,686 in fiscal year 2011. Recommendations for fiscal years 2010–11 include General Revenue Fund increases of \$22.2 million for state approved salary increases in fiscal year 2009; \$121.1 million for salary increases for correctional officers, laundry and food service managers, and other unit staff; \$14.1 million for multi-year contract rate increases; \$30.8 million for increased funding for initiatives provided by the Eightieth Legislature; \$5.2 million for 64 reentry transitional coordinators; \$92.6 million for rising inmate healthcare costs; and \$30.4 million for food, overtime, utilities, hazardous duty pay, and adjustments to the corrections officer career ladder in fiscal year 2009.<br><br>Recommendations for fiscal years 2010–11 include General Revenue Fund decreases of \$14.8 million contingent on legislation relating to the release of certain inmates who complete a rehabilitation tier program and \$2.6 million in estimated revenues from Texas Correctional Industries and Education and Recreation Program receipts. Recommendations also include a decrease of \$10.4 million in General Obligation Bond Proceeds (Other Funds) for the repair of the prison hospital in Galveston in fiscal years 2008–09 and an increase of \$2.6 million in Interagency Contracts (Other Funds) for Project RIO. | EST/BUD<br>2008–09 | \$4,481.1                   | \$3.0                                     | \$40.1           | \$119.8        | \$4,644.0    |
|   | REC<br>2010–11     | \$4,780.1                   | \$3.0                                     | \$37.2           | \$112.8        | \$4,933.2    |
|   | BIENNIAL<br>CHANGE | 6.7%                        | 0.0%                                      | (7.2%)           | (5.8%)         | 6.2%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Contracted Temporary Capacity</b>  |                    |                             |   |                  |                |              |
| Decreased funding of \$27.6 million in General Revenue Funds for contracted temporary capacity. The reduction is based on January 2009 population projections that do not support continued contracting for temporary capacity.   | EST/BUD<br>2008–09 | \$27.6                      | \$0.0                                     | \$0.0            | \$0.0          | \$27.6       |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | BIENNIAL<br>CHANGE | (100.0%)                    | NA  | NA               | NA             | (100.0%)     |
| <b>Basic Community Supervision</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$11.1 million in General Revenue Funds for basic community supervision. Based on January 2009 population projections, felony direct community supervision (probation) populations will increase to an average of 172,895 in fiscal year 2010 and 175,075 in fiscal year 2011.   | EST/BUD<br>2008–09 | \$205.7                     | \$0.0                                     | \$0.0            | \$7.4          | \$213.1      |
|   | REC<br>2010–11     | \$216.7                     | \$0.0                                     | \$0.0            | \$7.4          | \$224.1      |
|   | BIENNIAL<br>CHANGE | 5.3%                        | NA  | NA               | 0.0%           | 5.2%         |
| <b>Community Supervision Diversion Programs</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$18.5 million in All Funds (\$19.7 million in General Revenue Funds) for grants to local community supervision and corrections departments. Recommendations for fiscal years 2010–11 include General Revenue Fund increases of \$3.8 million for probation residential treatment beds, \$4.0 million for the Serving for Success Diversion Program, and \$13.1 million for salary increases for community supervision officers and direct care staff; and a General Revenue Fund decrease of \$1.2 million based on increased refunds from local community supervision and corrections departments during fiscal years 2008–09. | EST/BUD<br>2008–09 | \$214.5                     | \$0.0                                     | \$0.0            | \$8.6          | \$223.1      |
|   | REC<br>2010–11     | \$234.2                     | \$0.0                                     | \$0.0            | \$7.4          | \$241.6      |
|   | BIENNIAL<br>CHANGE | 9.2%                        | NA  | NA               | (14.0%)        | 8.3%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Construction and Repair of Facilities</b>   |                    |                             |   |                  |                |              |
| Decreased funding of \$23.4 million in Other Funds (General Obligation Bond Proceeds) for the repair and rehabilitation of facilities. Recommendations for fiscal years 2010–11 include \$10.0 million in General Obligation Bond Proceeds for renovations at the Marlin Correctional Mental Health Facility and \$70.0 million in General Obligation Bond Proceeds for the repair and rehabilitation of facilities. Reductions include \$23.4 million from an unexpended balance of prior appropriations and \$80.0 million appropriated in fiscal years 2008–09 for the repair and rehabilitation of facilities. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$103.4        | \$103.4      |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$80.0         | \$80.0       |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | (22.6%)        | (22.6%)      |
| <b>Parole Supervision</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$6.2 million in General Revenue Funds for parole supervision. Recommendations for fiscal years 2010–11 include a decrease of \$0.9 million for projected decreases in parole supervision populations and an increase of \$6.0 million for parole officer salary increases. Recommendations also include an increase of \$1.2 million in General Revenue Funds contingent on legislation relating to the release of certain inmates who complete a rehabilitation tier program.   | EST/BUD<br>2008–09 | \$189.5                     | \$0.0                                     | \$0.0            | \$0.1          | \$189.7      |
|  | REC<br>2010–11     | \$195.8                     | \$0.0                                     | \$0.0            | \$0.1          | \$195.9      |
|  | BIENNIAL<br>CHANGE | 3.3%                        | NA  | NA               | 0.0%           | 3.3%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Parole Residential Facilities</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$17.9 million in General Revenue Funds for multi-year contract rate increases and to provide increased funding for initiatives by the Eightieth Legislature. | EST/BUD<br>2008–09 | \$89.5                      | \$0.0                                     | \$0.0            | \$0.3          | \$89.8       |
|  | REC<br>2010–11     | \$107.4                     | \$0.0                                     | \$0.0            | \$0.3          | \$107.7      |
|  | BIENNIAL<br>CHANGE | 20.0%                       | NA  | NA               | 0.0%           | 19.9%        |
| <b>Information Resources</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$11.9 million in General Revenue Funds for data center services.   | EST/BUD<br>2008–09 | \$54.6                      | \$0.0                                     | \$0.0            | \$0.6          | \$55.3       |
|  | REC<br>2010–11     | \$66.5                      | \$0.0                                     | \$0.0            | \$0.6          | \$67.1       |
|  | BIENNIAL<br>CHANGE | 21.8%                       | NA  | NA               | 0.0%           | 21.3%        |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>JUVENILE PROBATION COMMISSION</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$60.1 million in All Funds (\$51.5 million in General Revenue Funds and \$8.5 million in Federal Funds) for agency operations and grants to local juvenile probation departments. Recommendations for fiscal years 2010–11 include an increase of \$50 million in General Revenue Funds for a statewide community corrections diversion program and a juvenile justice information system, including four additional staff to maintain the system; \$0.5 million for four staff to monitor the diversion program; and \$1.0 million for the operation of a juvenile mental health facility. Recommendations also include an increase of \$8.5 million in Federal Funds for agency anticipated increases in Title IV-E Foster Care funding. | EST/BUD<br>2008–09 | \$246.9                     | \$0.0                                     | \$29.9           | \$25.7         | \$302.5      |
|  | REC<br>2010–11     | \$298.5                     | \$0.0                                     | \$38.4           | \$25.7         | \$362.6      |
|  | BIENNIAL<br>CHANGE | 20.9%                       | NA  | 28.4%            | 0.0%           | 19.9%        |
| <b>DEPARTMENT OF PUBLIC SAFETY</b>   |                    |                             |   |                  |                |              |
| <b>Information Technology</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$44.6 million in State Highway Funds (Other Funds) to establish an enterprise architecture and improve various business practices, including two additional staff.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$44.6         | \$44.6       |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Additional Patrol Vehicles</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$18.1 million in State Highway Funds (Other Funds) for 300 additional patrol vehicles.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$18.1         | \$18.1       |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Restructure of the Driver License Division</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$15.0 million in State Highway Funds (Other Funds) for the transition of commissioned employees to a civilian management model, including 160 additional staff. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$15.0         | \$15.0       |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Texas Data Exchange (TDEx)</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$12.4 million in State Highway Funds (Other Funds) for operational costs, including three additional staff.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$12.4         | \$12.4       |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Additional Personnel</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$6.4 million in State Highway Funds (Other Funds) for crime lab personnel, regulatory personnel, information management, and staff services, totaling 50 additional staff in fiscal year 2010 and 65 additional staff in fiscal year 2011.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$6.4          | \$6.4        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Physical Plant</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$76.3 million in All Funds (\$24.3 million in General Revenue Funds and \$5.5 million in General Revenue–Dedicated Funds) for a new regional office and crime lab in Lubbock, new offices in McAllen and Rio Grande City, crime lab expansions, an emergency vehicle operations course, and deferred maintenance. Recommendations for fiscal years 2010–11 include an increase of \$76.5 million in General Obligation Bond Proceeds (Other Funds) caused by increases of \$10.0 million for deferred maintenance and \$6.1 million for a crime lab in Laredo, and an unexpended balance of \$131.6 million for construction projects funded during fiscal years 2008–09. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$101.3        | \$101.3      |
|   | REC<br>2010–11     | \$24.3                      | \$5.5                                     | \$0.0            | \$147.8        | \$177.6      |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | 45.9%          | 75.3%        |
| Recommendations also include a reduction of \$30.0 million in State Highway Funds (Other Funds) primarily caused by increased agency utility costs in fiscal year 2008 and a Method of Finance change of \$24.3 million to General Revenue Funds. Recommendations also include an increase of \$5.5 million in General Revenue–Dedicated Funds for the Governor’s Regional Center for Operations and Intelligence (also included under Border Security).  |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Operational Costs for the Emergency Vehicle Operations Course</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$2.5 million in General Revenue Funds for personnel and operating costs for the emergency vehicle operations course, including 11 additional staff.                                  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$2.5                       | \$0.0                                     | \$0.0            | \$0.0          | \$2.5        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Driver License Reengineering</b>  |                    |                             |   |                  |                |              |
| Reduced funding of \$23.4 million in State Highway Funds (Other Funds) caused by unexpended balances from appropriations for driver license reengineering during fiscal years 2008–09.                     | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$32.0         | \$32.0       |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$8.6          | \$8.6        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | (73.1%)        | (73.1%)      |
| <b>Federal Funds</b>   |                    |                             |   |                  |                |              |
| Reduced funding of \$244.3 million in Federal Funds primarily caused by increased disaster-related assistance and homeland security funding received in fiscal year 2008. This represents an agency total. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$604.0          | \$0.0          | \$604.0      |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$359.7          | \$0.0          | \$359.7      |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | (40.4%)          | NA             | (40.4%)      |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Method of Finance Change</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$200 million in General Revenue Funds and reduced funding of \$200 million in State Highway Funds (Other Funds) in various strategies including Emergency Management, Regulatory Programs, and Indirect Administration and Support. This represents an agency total and may overlap with items included above.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$200.0                     | \$0.0                                     | \$0.0            | (\$200.0)      | \$0.0        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>YOUTH COMMISSION</b>   |                    |                             |   |                  |                |              |
| <b>Residential Services</b>   |                    |                             |   |                  |                |              |
| Reduced funding of \$48.3 million in All Funds (\$42.9 million in General Revenue Funds) primarily caused by an institutional capacity reduction of 296 beds in fiscal year 2010 and 392 beds in fiscal year 2011 with corresponding reductions in staffing; a reduction of 441 beds in contracted capacity in each fiscal year; and one-time appropriations made by the Eightieth Legislature for video surveillance equipment and an electronic medical records system. Recommendations for fiscal years 2010–11 include General Revenue Fund increases of \$8.0 million for juvenile correctional officer salary increases and \$6.0 million for salary increases for other institutional staff. | EST/BUD<br>2008–09 | \$407.7                     | \$0.0                                     | \$23.0           | \$17.6         | \$448.3      |
|   | REC<br>2010–11     | \$364.8                     | \$0.0                                     | \$20.7           | \$14.5         | \$400.0      |
|   | BIENNIAL<br>CHANGE | (10.5%)                     | NA  | (10.0%)          | (17.6%)        | (10.8%)      |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 33**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                 | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|-----------------|-----------------------------|---|------------------|----------------|--------------|
| <p>Recommendations also include General Revenue Fund increases of \$2.0 million for automated assessment and data sharing systems; \$10.7 million for the operation of Victory Field Correctional Academy and West Texas Regional Facility in fiscal year 2010; \$2.1 million for regional specialized treatment beds in fiscal year 2011; and \$0.6 million for regional reentry and aftercare programs. The projected average daily population in residential services is 2,414 in fiscal year 2010 and 2,318 in fiscal year 2011.</p> |                 |                             |   |                  |                |              |
| <b>Facilities Construction and Renovation</b>  |                 |                             |   |                  |                |              |
| <p>Reduced funding of \$54.0 million in All Funds (\$52.9 million in Other Funds) for the construction and renovation of facilities. The reduction is caused by one-time appropriations of General Obligation Bonds Proceeds (Other Funds) for construction, renovation, and repair projects in fiscal years 2008–09. Recommendations for fiscal years 2010–11 include \$5.6 million in General Obligation Bond Proceeds for repair and rehabilitation of existing facilities.</p>   | EST/BUD 2008–09 | \$0.0                       | \$0.0                                     | \$1.1            | \$58.5         | \$59.6       |
|  | REC 2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$5.6          | \$5.6        |
|  | BIENNIAL CHANGE | NA                          | NA  | (100.0%)         | (90.4%)        | (90.6%)      |
| <b>Central Administration</b>  |                 |                             |   |                  |                |              |
| <p>Reduced funding of \$2.8 million in General Revenue Funds caused by a reduction in staffing.</p>  | EST/BUD 2008–09 | \$16.8                      | \$0.0                                     | \$0.0            | \$0.0          | \$16.8       |
|  | REC 2010–11     | \$14.0                      | \$0.0                                     | \$0.0            | \$0.0          | \$14.0       |
|  | BIENNIAL CHANGE | (16.7%)                     | NA  | NA               | NA             | (16.7%)      |



## NATURAL RESOURCES

### 2010–11 BIENNIAL RECOMMENDATIONS

All Funds recommendations for Natural Resources total \$3.4 billion for the 2010–11 biennium, which is an increase of \$103.9 million, or 3.1 percent, from the 2008–09 biennium (Table 34).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$2.2 billion, which is an increase of \$33.9 million, or 1.6 percent, from the 2008–09 biennium (Table 35).

Selected performance measures for agencies in the Natural Resources function are depicted in Table 36.

**TABLE 34**  
**ALL FUNDS: NATURAL RESOURCES**

| IN MILLIONS   | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY  |                                   |                        |                    |                      |
| Department of Agriculture                                       | \$777.6                           | \$881.3                | \$103.7            | 13.3%                |
| Animal Health Commission  | 29.5                              | 30.6                   | 1.2                | 3.9                  |
| Commission on Environmental Quality                             | 1,091.4                           | 964.2                  | (127.3)            | (11.7)               |
| General Land Office and Veterans' Land Board                    | 155.2                             | 160.4                  | 5.1                | 3.3                  |
| Parks and Wildlife Department                                   | 686.9                             | 671.3                  | (15.6)             | (2.3)                |
| Railroad Commission   | 155.4                             | 141.2                  | (14.2)             | (9.2)                |
| Soil and Water Conservation Board                               | 37.0                              | 57.2                   | 20.2               | 54.7                 |
| Water Development Board   | 109.7                             | 97.7                   | (11.9)             | (10.9)               |
| Debt Service Payments – Non-Self Supporting<br>G.O. Water Bonds | 102.1                             | 199.5                  | 97.5               | 95.5                 |
| Subtotal, Natural Resources                                     | \$3,144.7                         | \$3,203.4              | \$58.7             | 1.9%                 |
| Retirement and Group Insurance                                  | \$171.1                           | \$189.0                | \$17.9             | 10.5%                |
| Social Security and Benefit Replacement Pay                     | 67.4                              | 68.8                   | 1.4                | 2.1                  |
| Subtotal, Employee Benefits                                     | \$238.5                           | \$257.8                | \$19.3             | 8.1%                 |



# NATURAL RESOURCES

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 34**  
**ALL FUNDS: NATURAL RESOURCES (CONTINUED)**

| IN MILLIONS                                 | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY                                      |                                   |                        |                    |                      |
| Bond Debt Service Payments                  | \$15.8                            | \$21.8                 | \$6.0              | 37.9%                |
| Lease Payments                              | 8.4                               | 7.8                    | (0.6)              | (7.0)                |
| Subtotal, Debt Service                      | \$24.2                            | \$29.6                 | \$5.4              | 22.3%                |
| Less Interagency Contracts                  | \$63.4                            | \$42.9                 | (\$20.5)           | (32.3%)              |
| <b>Total Article VI – Natural Resources</b> | <b>\$3,344.0</b>                  | <b>\$3,447.9</b>       | <b>\$103.9</b>     | <b>3.1%</b>          |

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

# NATURAL RESOURCES

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 35**  
**GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS: NATURAL RESOURCES**

| IN MILLIONS  | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY   |                                   |                        |                    |                      |
| Department of Agriculture                                    | \$127.6                           | \$144.3                | \$16.7             | 13.1%                |
| Animal Health Commission                                     | 19.8                              | 21.5                   | 1.7                | 8.5                  |
| Commission on Environmental Quality                          | 980.6                             | 866.5                  | (114.1)            | (11.6)               |
| General Land Office and Veterans' Land Board                 | 29.3                              | 27.6                   | (1.6)              | (5.6)                |
| Parks and Wildlife Department                                | 490.4                             | 507.3                  | 16.8               | 3.4                  |
| Railroad Commission  | 119.3                             | 123.0                  | 3.7                | 3.1                  |
| Soil and Water Conservation Board                            | 24.4                              | 45.1                   | 20.7               | 84.9                 |
| Water Development Board                                      | 56.3                              | 58.0                   | 1.8                | 3.2                  |
| Debt Service Payments - Non-Self Supporting G.O. Water Bonds | 81.4                              | 143.0                  | 61.6               | 75.7                 |
| Subtotal, Natural Resources                                  | \$1,929.0                         | \$1,936.3              | \$7.3              | 0.4%                 |
| Retirement and Group Insurance                               | \$142.7                           | \$158.9                | \$16.2             | 11.4%                |
| Social Security and Benefit Replacement Pay                  | 53.6                              | 55.1                   | 1.5                | 2.8                  |
| Subtotal, Employee Benefits                                  | \$196.3                           | \$214.0                | \$17.7             | 9.0%                 |
| Bond Debt Service Payments                                   | \$10.9                            | \$20.3                 | \$9.4              | 85.7%                |
| Lease Payments   | 8.4                               | 7.8                    | (0.6)              | (7.0)                |
| Subtotal, Debt Service                                       | \$19.4                            | \$28.2                 | \$8.8              | 45.4%                |
| <b>Total Article VI – Natural Resources</b>                  | <b>\$2,144.6</b>                  | <b>\$2,178.5</b>       | <b>\$33.9</b>      | <b>1.6%</b>          |

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

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 36**  
**SELECTED PERFORMANCE MEASURES: NATURAL RESOURCES**

| MEASURE   | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|---|----------------|------------------|---------------------|---------------------|
| <b>DEPARTMENT OF AGRICULTURE</b>  |                |                  |                     |                     |
| Average Number of Children and Adults Served Meals through Child and Adult Care Food Programs Per Day | 258,359        | 273,765          | 287,178             | 292,921             |
| Number of Hours Spent at Inspections of Plant Shipments and Regulated Articles                        | 7,215          | 9,100            | 9,900               | 9,900               |
| Number of Weights and Measures Device Inspections Conducted   | 122,462        | 100,000          | 132,462             | 132,462             |
| <b>COMMISSION ON ENVIRONMENTAL QUALITY</b>  |                |                  |                     |                     |
| Number of Dam Safety Assessments  | 430            | 430              | 730                 | 1,030               |
| Number of Federal Air Quality Permits Reviewed  | 1,100          | 800              | 800                 | 800                 |
| Number of Mobile Source On-road Air Quality Assessments   | 1,268          | 1,250            | 1,500               | 1,500               |
| Number of Petroleum Storage Tank Reimbursement Applications Processed                                 | 3,500          | 2,800            | 1,400               | 900                 |
| Number of Tons of Nitrous Oxides Reduced through the Texas Emissions Reduction Plan Expenditures      | 18,218         | 29,318           | 13,270              | 13,270              |
| <b>PARKS AND WILDLIFE DEPARTMENT</b>  |                |                  |                     |                     |
| Number of State Parks in Operation  | 90             | 91               | 91                  | 91                  |
| Number of Major Repair/Construction Projects Completed  | 76             | 47               | 45                  | 40                  |
| <b>RAILROAD COMMISSION</b>  |                |                  |                     |                     |
| Number of Rebate and Incentive Applications Handled   | 4,310          | 3,351            | 3,351               | 3,351               |
| <b>WATER DEVELOPMENT BOARD</b>  |                |                  |                     |                     |
| Number of Commitments to State Water Plan Projects  | 15             | 20               | 19                  | 17                  |
| Number of Completed Economically Distressed Areas Projects  | 70             | 76               | 81                  | 85                  |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>DEPARTMENT OF AGRICULTURE</b>   |                    |                             |   |                  |                |              |
| <b>Food and Nutrition</b>  |                    |                             |   |                  |                |              |
| An increase in All Funds of \$83.0 million (an \$84.1 million increase in Federal Funds offset by a \$1.1 million decrease in General Revenue) in the food and nutrition programs due to anticipated increased participation rates.  | EST/BUD<br>2008–09 | \$6.9                       | \$0.0                                     | \$633.8          | \$0.0          | \$640.7      |
|  | REC<br>2010–11     | \$5.8                       | \$0.0                                     | \$717.9          | \$0.0          | \$723.7      |
|  | BIENNIAL<br>CHANGE | (15.9%)                     | NA  | 13.3%            | NA             | 13.0%        |
| <b>Integrated Pest Management</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$0.1 million in General Revenue for Integrated Pest Management, which utilizes a variety of practices to control pest populations including: biological pest controls; pest-resistant crop plants; crop rotations; planting-date adjustments; crop residue destruction; and, pesticides. | EST/BUD<br>2008–09 | \$34.4                      | \$0.0                                     | \$0.4            | \$0.0          | \$34.8       |
|  | REC<br>2010–11     | \$34.5                      | \$0.0                                     | \$0.4            | \$0.0          | \$34.9       |
|  | BIENNIAL<br>CHANGE | 0.3%                        | NA  | NA               | NA             | 0.3%         |
| <b>Specialty Crop Block Grant Program</b>  |                    |                             |   |                  |                |              |
| Increased funding of \$2.0 million in Federal Funds for the Specialty Crop Block Grant Program due to an anticipated increase in federal appropriations for specialty crops in the 2008 Farm Bill.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$2.0            | \$0.0          | \$2.0        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$4.0            | \$0.0          | \$4.0        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | 100.0%           | NA             | 100.0%       |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Weights and Measures</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$2.5 million in All Funds, including a \$0.8 million increase in General Revenue Funds and a \$1.7 million increase in Other Funds, for the Weights and Measures Program to increase inspections, conduct blitz operations based upon trend analysis, and to begin conducting fuel quality testing and enforcement. Funding for the Fuel Quality Testing and Enforcement Program (\$1.0 million in Other Funds) is contingent on passage of legislation and TDA assessing fees that generate additional revenue to cover program costs. | EST/BUD<br>2008–09 | \$7.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$7.0        |
|   | REC<br>2010–11     | \$7.9                       | \$0.0                                     | \$0.0            | \$1.7          | \$9.6        |
|   | BIENNIAL<br>CHANGE | 12.9%                       | NA  | NA               | NA             | 37.1%        |
| <b>One-time Uncollectible Debt Payoff</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$14.7 million in General Revenue to pay off the bad debts accumulated by the Texas Agricultural Finance Authority. Up to \$10.0 million of this amount may be used for Boll Weevil Eradication with prior notification of the Governor and the Legislative Budget Board. (See Article IX, Sec. 17.19.)  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$14.7                      | \$0.0                                     | \$0.0            | \$0.0          | \$14.7       |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Unexpended Balance Authority</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$1.2 million in General Revenue for unexpended balance authority between biennia.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$1.2                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.2        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

| IN MILLIONS   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| BUDGET RECOMMENDATION AND DESCRIPTION   |                    |                             |   |                  |                |              |
| <b>ANIMAL HEALTH COMMISSION</b>   |                    |                             |   |                  |                |              |
| <b>Field Operations</b>   |                    |                             |   |                  |                |              |
| An All Funds Increase of \$1.1 million, which includes \$1.2 million in General Revenue for fever tick inspections, treatment and control in South Texas (\$1.0 million and 5 FTEs), and funding to allow the agency to reimburse its' field staff for mileage at the maximum allowable reimbursement rate (\$0.2 million), offset by a \$0.4 million decrease in Federal Funds due to one-time expenditures in the 2008–09 Biennium (e.g., hand-held devices and interfaces for remote electronic collection of animal identification information; fever tick disease prevention equipment). | EST/BUD<br>2008–09 | \$12.8                      | \$0.0                                     | \$8.4            | \$0.0          | \$21.2       |
|   | REC<br>2010–11     | \$14.3                      | \$0.0                                     | \$8.0            | \$0.0          | \$22.3       |
|   | BIENNIAL<br>CHANGE | 11.6%                       | NA  | (4.3%)           | (100.0%)       | 5.3%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>  |                    |                             |   |                  |                |              |
| <b>Cross-Agency Issues</b>  |                    |                             |   |                  |                |              |
| <b>Petroleum Storage Tank Reimbursement Program</b>   |                    |                             |   |                  |                |              |
| A decrease in General Revenue–Dedicated Funds of \$48.9 million for the Petroleum Storage Tank (PST) Remediation program because of an expected decline in the number of reimbursement payments the agency expects to make, as a result of the PST Remediation program ending on September 1, 2011. Although such reimbursement costs were paid in 2008–09 out of the PST Remediation Account No. 655, recommendations include a \$22.5 million decrease out of the Waste Management Account No. 549 and a \$26.4 million decrease out of the PST Remediation Account because of \$15.3 million in administrative costs and \$7.3 million in costs associated with the PST regulatory program that were moved from the Waste Management Account to the PST Remediation Account as a result of changes regarding the use of such funds from passage of House Bill 3544, Eightieth Legislature, 2007. | EST/BUD<br>2008–09 | \$21.0                      | \$959.6                                   | \$91.7           | \$19.1         | \$1,091.4    |
|   | REC<br>2010–11     | \$29.5                      | \$837.0                                   | \$80.1           | \$17.5         | \$964.1      |
|   | BIENNIAL<br>CHANGE | 40.5%                       | (12.8%)                                   | (12.6%)          | (8.4%)         | (11.7%)      |
| <b>Information Technology – Application Maintenance and Microsoft Enterprise</b>  |                    |                             |   |                  |                |              |
| An increase of \$2.9 million in General Revenue–Dedicated Funds to provide application maintenance for information systems, including some which were put in place prior to 2004.   |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Indirect Cost Reallocations</b>  |                    |                             |   |                  |                |              |
| As a result of an analysis of the agency's indirect cost allocations, appropriations out of the following General Revenue–Dedicated accounts were made to better reflect indirect costs in relation to program expenditures: an increase of \$8.0 million out of the Water Resource Management Account No. 153; an increase of \$0.5 million out of the Occupational Licensing Account No. 468; a decrease of \$6.0 million out of the Clean Air Account No. 151; and a decrease of \$2.0 million out of the Hazardous and Solid Waste Remediation Account No. 550. |                    |                             |   |                  |                |              |
| <b>Strategy-Level Changes</b>   |                    |                             |   |                  |                |              |
| <b>Air Quality Assessment and Planning</b>  |                    |                             |   |                  |                |              |
| An All Funds decrease of \$97.9 million in this strategy, consisting of the following funding changes.  | EST/BUD<br>2008–09 | \$0.0                       | \$498.5                                   | \$17.4           | \$0.3          | \$516.2      |
| (1) A \$105.0 million decrease out of the General-Revenue Dedicated Texas Emissions Reduction Plan (TERP) Account No. 5071, resulting in a reduced level of funding for incentive payments for the diesel emissions reduction program and technology research grants.   | REC<br>2010–11     | \$0.2                       | \$403.4                                   | \$14.8           | \$0.0          | \$418.3      |
|   | BIENNIAL<br>CHANGE | NA                          | (19.1%)                                   | (15.1%)          | (100.0%)       | (19.0%)      |



## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| (2) A \$7.3 million increase in General Revenue–Dedicated Funds (\$5.8 million out of the Clean Air Account No. 151 and \$1.5 million out of the Operating Permits Account No. 5094) and 22.0 FTEs in 2010 and 30.0 FTEs in 2011 to handle increased duties associated with the U.S. Environmental Protection Agency's (US EPA) recent eight-hour ozone regulations for air quality standards. It is expected that four additional areas in Texas will be classified as nonattainment for national ambient air quality standards, and the funds would be used for additional modeling, data analysis, and the development of state implementation plans for the newly added areas. |                             |   |                  |                |              |
| (3) A \$2.0 million increase out of the Clean Air Account No. 151 (General Revenue–Dedicated Funds) for air quality planning in three additional areas that are being made eligible for funding: El Paso, Waco, and Beaumont. The funds would be used by local governments in attempts to maintain the areas' attainment status for national ambient air quality standards.  |                             |   |                  |                |              |
| (4) A \$1.3 million increase out of the General Revenue–Dedicated Clean Air Account No. 151 and 1.0 FTE to establish an air permits allowables database.   |                             |   |                  |                |              |
| (5) A \$1.0 million increase out of the General Revenue–Dedicated Clean Air Account No. 151 for the agency to contract with the Mickey Leland National Urban Air Toxics Research Center for a study on air pollution risks and the health effects of air toxins.   |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| (6) A \$2.6 million decrease in Federal Funds from the US EPA because of a \$1.0 million one-time Core Air Performance Partnership Grant (PPG); an anticipated change in the match ratio for Particulate Matter 2.5 Air Monitoring grants from 100% to 60% federal resulting in a decrease of \$0.6 million; an anticipated decrease in BioWatch funding of \$0.5 million; and a PPG Special Projects grant of \$0.5 million not anticipated to be received in 2010–11.  |                    |                             |   |                  |                |              |
| <b>Water Resource Assessment and Planning</b>  |                    |                             |   |                  |                |              |
| A decrease in All Funds of \$1.2 million consisting of the following changes: an increase of \$2.5 million in General Revenue (including 12.0 FTEs in 2010 and 24.0 FTEs in 2011) for the expansion of the Dam Safety program and to meet existing and emerging infrastructure inspection needs; a \$0.9 million increase in General Revenue–Dedicated Funds (Water Resource Management Account No. 153) to accommodate salary cost increases for federally-funded FTEs under fixed grant amounts; and, a \$5.2 million decrease in Federal Funds from the US EPA reflecting the closure of the one-time 2004–08 and 2005–10 Section 319(h) Non-Point Source Categorical grants. | EST/BUD<br>2008–09 | \$11.6                      | \$28.8                                    | \$23.5           | \$0.0          | \$63.9       |
|  | REC<br>2010–11     | \$14.7                      | \$29.7                                    | \$18.2           | \$0.0          | \$62.7       |
|  | BIENNIAL<br>CHANGE | 27.5%                       | 3.1%                                      | (22.3%)          | NA             | (1.8%)       |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Pollution Prevention and Recycling</b>   |                    |                             |   |                  |                |              |
| A decrease in All Funds of \$0.2 million, consisting of the following changes: a \$1.2 million increase in General Revenue–Dedicated Funds (Solid Waste Disposal Account No. 5000) for a waste tire cleanup in the City of Hawkins; a \$1.5 million decrease in Federal Funds due to one-time grants from the US EPA (e.g., 2004–08 and 2005–10 Section 319(h) Non-Point Source Categorical Grants, Pollution Prevention Discretionary Grants, Section 106 Water Pollution Control Categorical Grants for 2007–09) that are not expected in 2010–11.  | EST/BUD<br>2008–09 | \$0.5                       | \$7.0                                     | \$1.9            | \$1.9          | \$11.3       |
|   | REC<br>2010–11     | \$0.5                       | \$8.4                                     | \$0.4            | \$1.9          | \$11.2       |
|   | BIENNIAL<br>CHANGE | 0.5%                        | 18.8%                                     | (76.9%)          | 0.0%           | (1.5%)       |
| <b>Hazardous Materials Cleanup</b>  |                    |                             |   |                  |                |              |
| An All Funds increase of \$3.5 million, consisting of the following changes: an \$6.0 million increase in General Revenue–Dedicated Funds (Solid Waste Disposal Account No. 5000) for the cleanup of additional priority Superfund hazardous waste sites and cost increases related to hazardous waste cleanups; a decrease of \$1.5 million in General Revenue–Dedicated Funds (Waste Management Account No. 549) because of a one-time appropriation in House Bill 15, Eightieth Legislature, 2007, for a cleanup at the Walker Branch Facility in Fort Worth; a \$0.8 million decrease in Appropriated Receipts for non-recurring cost recovery for the Ballard Pits cleanup project near Corpus Christi; a \$0.3 million decrease in Federal Funds for environmental restoration; and a \$0.1 million increase in General Revenue for the Data Center Consolidation contract. | EST/BUD<br>2008–09 | \$0.0                       | \$57.0                                    | \$9.0            | \$0.8          | \$66.9       |
|   | REC<br>2010–11     | \$0.1                       | \$61.5                                    | \$8.7            | \$0.0          | \$70.3       |
|   | BIENNIAL<br>CHANGE | NA                          | 7.9%                                      | (3.7%)           | (100.0%)       | 5.2%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>GENERAL LAND OFFICE AND VETERANS' LAND BOARD</b>  |                    |                             |   |                  |                |              |
| <b>Cross Agency Issues</b>   |                    |                             |   |                  |                |              |
| <b>Technology – Expansion of Agency Network Bandwidth</b>  |                    |                             |   |                  |                |              |
| Agency funding includes \$2.4 million out of the General Revenue Fund and \$0.2 million out of the Veterans Land Board Fund No. 522 (Other Funds) for several technology-related initiatives, including the following Capital Budget projects: the Agency Land Program Project; the Business Process Integration Project; the Business Analytics Project; the Gas Management System; and, the Combined Systems Upgrade.  |                    |                             |   |                  |                |              |
| <b>Strategy-Level Issues</b>   |                    |                             |   |                  |                |              |
| <b>Coastal Management and Coastal Erosion Control Response</b>   |                    |                             |   |                  |                |              |
| An All Funds increase of \$10.4 million, consisting mainly of: an \$8.3 million increase in Federal Funds because the receipt of Coastal Impact Assistance from the US Mineral Management Service from Federal Appropriation Year 2007 (total of \$25 million) was delayed and a portion of the funds are expected to carry forward into 2010–11; and, an increase of \$2.6 million in Appropriated Receipts (Other Funds) reflecting an expected increase in local matching funds for shared project costs for the Coastal Erosion Planning and Response Act (CEPRA) program. | EST/BUD<br>2008–09 | \$1.1                       | \$1.5                                     | \$15.9           | \$28.8         | \$47.4       |
|  | REC<br>2010–11     | \$1.2                       | \$1.4                                     | \$24.2           | \$30.9         | \$57.8       |
|  | BIENNIAL<br>CHANGE | 9.1%                        | (6.7%)                                    | 52.2%            | 7.3%           | 21.9%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Oil Spill Response and Oil Spill Prevention</b>   |                    |                             |   |                  |                |              |
| An All Funds decrease of \$2.2 million, primarily due to a one-time appropriation in House Bill 15, Eightieth Legislature, Regular Session from the General Revenue–Dedicated Coastal Protection Account No. 027 for the removal of an offshore derelict oil structure; and one-time relocation costs for the Interstate Oil and Gas Compact Commission in 2008–09.                                | EST/BUD<br>2008–09 | \$0.0                       | \$23.2                                    | \$0.8            | \$0.0          | \$24.0       |
|  | REC<br>2010–11     | \$0.0                       | \$21.1                                    | \$0.7            | \$0.0          | \$21.8       |
|  | BIENNIAL<br>CHANGE | NA                          | (9.1%)                                    | (8.2%)           | NA             | (9.1%)       |
| <b>State Veterans' Homes</b>   |                    |                             |   |                  |                |              |
| An All Funds decrease of \$2.2 million due to a \$2.0 million one-time grant out of the General Revenue Fund for the Hearts Veterans' Museum in 2008–09.   | EST/BUD<br>2008–09 | \$2.0                       | \$0.0                                     | \$0.0            | \$5.7          | \$7.7        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$5.5          | \$5.5        |
|  | BIENNIAL<br>CHANGE | (100%)                      | NA  | NA               | (3.1%)         | (28.2%)      |
| <b>State Veterans' Cemeteries</b>  |                    |                             |   |                  |                |              |
| An All Funds decrease of \$2.7 million, which includes a \$4.7 million decrease in Federal Funds because of the anticipated completion of construction on the Abilene Veterans Cemetery in May 2009; and an increase of \$1.7 million from the Veterans Homes Administration Fund No. 374 (Other Funds) reflecting two full years of operating costs for the Abilene Veterans Cemetery in 2010–11. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$12.7           | \$6.9          | \$19.6       |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$8.0            | \$8.8          | \$16.8       |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | (37.1%)          | 28.9%          | (14.1%)      |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>TEXAS PARKS AND WILDLIFE DEPARTMENT</b>   |                    |                             |   |                  |                |              |
| <b>Cross-agency Issue</b>  |                    |                             |   |                  |                |              |
| An increase of \$11.3 million from revenue above the Biennial Revenue Estimate in the General Revenue—Dedicated Game, Fish and Water Safety Account No. 9 to address salary and equity compensation issues for staff in wildlife, fishery, law enforcement, and support divisions. (Contingent upon Comptroller certification)   |                    |                             |   |                  |                |              |
| <b>Wildlife Conservation</b>   |                    |                             |   |                  |                |              |
| An All Funds decrease of \$23.6 million comprised of the following: a \$20.6 million decrease in Federal Funds, primarily for one-time pass through grants to Travis County and the City of San Marcos for acquisition of endangered species habitat; a net decrease of \$2.4 million in the General Revenue—Dedicated Game, Fish and Water Safety Account No. 9 for funds reallocated to the Technical Guidance and Hunting and Wildlife Recreation strategies (\$5.4 million) offset by an increase of \$4.1 million to address salary and equity compensation issues for wildlife staff; and a decrease of \$0.6 million in Appropriated Receipts (Other Funds), which are budgeted as they are received. | EST/BUD<br>2008–09 | \$0.0                       | \$20.2                                    | \$44.1           | \$0.6          | \$64.9       |
|  | REC<br>2010–11     | \$0.0                       | \$17.8                                    | \$23.5           | \$0.0          | \$41.3       |
|  | BIENNIAL<br>CHANGE | NA                          | (11.9%)                                   | (46.7%)          | (99.3%)        | (36.4%)      |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Coastal and Inland Fisheries Management</b>  |                    |                             |   |                  |                |              |
| An All Funds decrease of \$9.2 million. Major components of the decrease are as follows:  | EST/BUD<br>2008–09 | \$0.0                       | \$26.6                                    | \$26.7           | \$6.9          | \$60.2       |
| <ul style="list-style-type: none"> <li>Decreased funding of \$7.8 million in Federal Funds, primarily for one-time boat ramp repairs, oyster habitat restoration, and assistance to fisherman for bycatch reduction devices (\$2.4 million); completed construction projects, including a new building at Sea Center Texas (\$2.1 million), and a coastal wetlands restoration project in Galveston County (\$1.0 million); and, one-time capital purchases (\$0.3 million).</li> </ul>   | REC<br>2010–11     | \$1.5                       | \$29.6                                    | \$18.9           | \$1.0          | \$51.0       |
|   | BIENNIAL<br>CHANGE | NA                          | 11.3%                                     | (29.2%)          | (85.5%)        | (15.3%)      |
| <ul style="list-style-type: none"> <li>A decrease of \$5.7 million in donations (Appropriated Receipts) received for the Artificial Reef Program for projects such as the sinking of the Texas Clipper.</li> </ul>  |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>An increase of \$1.5 million in General Revenue for aquatic vegetation management.</li> </ul>  |                    |                             |   |                  |                |              |
| <ul style="list-style-type: none"> <li>A net increase of \$3.0 million in General Revenue—Dedicated accounts, including an increase in the Game, Fish and Water Safety Account No. 9 to address salary and equity compensation issues for coastal and inland fisheries staff (\$4.1 million) offset by decreased funding of \$1.1 million in General Revenue—Dedicated accounts, primarily due to the reallocation of \$0.7 million in Game, Fish and Water Safety Account No. 9 funds to the Inland Hatcheries Operations strategy.</li> </ul> |                    |                             |   |                  |                |              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>State Park Operations</b>  |                    |                             |   |                  |                |              |
| An All Funds Increase of \$6.6 million. Major components of the increase are as follows:  | EST/BUD<br>2008–09 | \$65.2                      | \$66.6                                    | \$0.7            | \$1.7          | \$134.1      |
| • An agency reallocation of funds and 12 FTEs from the Parks Support strategy of the reservations call center and concessions to more accurately reflect all state park activities (\$5.7 million from General Revenue and the General Revenue–Dedicated State Parks Account No. 64).   | REC<br>2010–11     | \$115.1                     | \$24.9                                    | \$0.7            | \$0.0          | \$140.8      |
|   | BIENNIAL<br>CHANGE | 76.5%                       | (62.6%)                                   | 0.0%             | (100.0%)       | 5.0%         |
| • An increase of \$3.2 million from the General Revenue–Dedicated State Parks Account No. 64 including 47.2 FTEs for state park fiscal controls and other audit requirements (\$2.4 million) and 21.0 FTEs for seasonal staffing (\$0.8 million).   |                    |                             |   |                  |                |              |
| • An increase of \$0.4 million from General Revenue and \$0.1 million from Federal Funds including 3.0 FTEs in 2010 and 5.5 FTEs in 2011 to develop, operate, and maintain an off-road vehicle recreation site in the Canadian River Corridor.  |                    |                             |   |                  |                |              |
| • A decrease of \$2.6 million in General Revenue-Related funds for one-time expenditures in 2008–09 Biennium. \$2.0 million out of General Revenue for matching funds related to the transfer of the Texas State Railroad, and \$0.6 million out of the General Revenue–Dedicated Texas Parks and Wildlife Capital and Conservation Account No. 5004 for the use of balances in license plate receipts. |                    |                             |   |                  |                |              |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |  | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS     | OTHER<br>FUNDS       | ALL<br>FUNDS          |
|---|--|-----------------------------|---|----------------------|----------------------|-----------------------|
| <b>Local Park Grants</b>  |  |                             |   |                      |                      |                       |
| An All Funds decrease of \$12.2 million including:  | EST/BUD<br>2008–09                       | \$29.1                      | \$16.7                                    | \$2.7                | \$0.0                | \$48.5                |
| A decrease for the use of one-time balances in the General Revenue–Dedicated Texas Recreation and Parks Account No. 467 for designated local park grants in the 2008–09 biennium (\$16.7 million); and a net increase of \$4.7 million in the Sporting Goods Sales Tax transfer to the Texas Recreation and Parks Account No. 467 (General Revenue) for a Special Needs Park in Bexar County (\$5.5 million), less a decrease to reallocate funds to the Boating Access and Other Grants strategy for the Community Outdoor Outreach program (\$0.8 million). | REC<br>2010–11<br><br>BIENNIAL<br>CHANGE | \$28.5<br><br>(2.1%)        | \$5.4<br><br>(67.7%)                      | \$2.4<br><br>(11.1%) | \$0.0<br><br>NA      | \$36.2<br><br>(25.4%) |
| <b>Law Enforcement Programs and Warden Training</b>   |  |                             |   |                      |                      |                       |
| An All Funds decrease of \$0.7 million including:   | EST/BUD<br>2008–09                       | \$4.1                       | \$81.2                                    | \$10.0               | \$0.6                | \$95.9                |
| A decrease in Federal Funds of \$1.8 million for joint border security operations (\$1.1 million) and enhanced enforcement of commercial, recreational, and charter vessels fishing in the Gulf of Mexico; an increase of \$1.3 million in General Revenue-Dedicated funds (Game, Fish and Water Safety Account No. 9) to annualize the 2009 statewide employee pay raise (\$0.7 million) and address salary and equity compensation issues for law enforcement administrative staff (\$0.6 million).   | REC<br>2010–11<br><br>BIENNIAL<br>CHANGE | \$4.1<br><br>0.0%           | \$82.4<br><br>1.5%                        | \$8.1<br><br>(19.0%) | \$0.5<br><br>(16.7%) | \$95.2<br><br>(0.7%)  |
| Also added in Article IX, but not reflected in the law enforcement strategies was \$2.9 million for Schedule C pay increases (\$2.6 million from the Game, Fish and Water Safety Account No. 9 and \$0.3 million from Federal Funds), and \$3.4 million in All Funds for Border Security.   |  |                             |   |                      |                      |                       |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Improvements and Major Repairs</b>  |                    |                             |   |                  |                |              |
| An All Funds increase of \$24.9 million, which includes an increase of \$38.0 million in General Obligation (GO) bonds for ongoing repairs to the agency's facility infrastructure, (\$28.0 million) and state park weather related repairs at Mother Neff SP, Palo Duro SP, and Government Canyon State Natural Area (\$10.0 million).  | EST/BUD<br>2008–09 | \$25.2                      | \$21.7                                    | \$5.4            | \$49.7         | \$101.9      |
|  | REC<br>2010–11     | \$25.3                      | \$23.2                                    | \$6.3            | \$72.0         | \$126.8      |
|  | BIENNIAL<br>CHANGE | 0.4%                        | 6.9%                                      | 16.7%            | 44.9%          | 24.4%        |
| Increases of \$11.9 million for unexpended balances carried forward from 2008–09 Biennium to fiscal year 2010 for ongoing repairs at facilities statewide (\$10.2 million in GO bonds and \$1.7 million in the General Revenue–Dedicated Game, Fish and Water Safety Account No. 9), \$0.5 million (\$0.4 million from General Revenue and \$0.1 million from Federal Funds) to develop an off-road vehicle recreation site in the Canadian River Corridor, and \$0.2 million from the General Revenue–Dedicated Game, Fish and Water Safety Account No. 9 to address salary and equity compensation issues for infrastructure staff; offset by decreases of \$15.0 million in revenue bonds for the East Texas Fish Hatchery and \$10.1 million in donations (Appropriated Receipts) received for the Game Warden Academy, the Battleship TEXAS and other capital projects statewide. |                    |                             |   |                  |                |              |
| <b>Information Resources</b>   |                    |                             |   |                  |                |              |
| Increased funding of \$1.5 million in All Funds, primarily for an increase in General Revenue–Dedicated Funds for Data Center Services (\$2.9 million) and for targeted pay raises (\$0.3 million), offset by a decrease of \$1.8 million in Federal Funds, primarily in State Wildlife Grants for a completed vegetation mapping project.   | EST/BUD<br>2008–09 | \$0.7                       | \$17.6                                    | \$2.2            | \$0.1          | \$20.6       |
|  | REC<br>2010–11     | \$0.0                       | \$21.7                                    | \$0.4            | \$0.0          | \$22.1       |
|  | BIENNIAL<br>CHANGE | (100.0%)                    | 23.3%                                     | (81.8%)          | (100.0%)       | 7.3%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>RAILROAD COMMISSION</b>  |                    |                             |   |                  |                |              |
| <b>Promote Energy Resource Development Opportunities and Oil and Gas Monitoring and Inspections</b>   |                    |                             |   |                  |                |              |
| Recommendations include an All Funds increase of \$3.0 million comprised of: an increase of \$2.6 million out of the General Revenue–Dedicated Oil Field Cleanup Account No. 145 including \$1.9 million for 21.0 additional Oil and Gas FTEs, funding for which is contingent upon revenues in excess of the Comptroller's Biennial Revenue Estimate for 2010–11 and an increase of \$0.7 million to fill positions vacant in 2008–09 and annualize the 2009 salary increase; a \$1.2 million increase out of the General Revenue Fund resulting from a \$0.6 million increase to fill positions vacant in 2008–09 and annualize the 2009 salary increase and a \$0.6 million increase in data center costs; and, a \$0.7 million decrease in Other Funds. | EST/BUD<br>2008–09 | \$32.9                      | \$4.0                                     | \$0.9            | \$1.2          | \$39.0       |
|   | REC<br>2010–11     | \$34.1                      | \$6.6                                     | \$0.8            | \$0.5          | \$42.0       |
|   | BIENNIAL<br>CHANGE | 3.7%                        | 62.3%                                     | (6.3%)           | (60.6%)        | 7.6%         |
| <b>Promote LP Gas Usage</b>   |                    |                             |   |                  |                |              |
| A decrease in All Funds of \$16.1 million due to a \$16 million decrease in Interagency Contracts (Other Funds) for a one-time Texas Emissions Reduction Plan (TERP) grant from the Texas Commission on Environmental Quality in 2008–09 which is not expected to continue in 2010–11.  | EST/BUD<br>2008–09 | \$0.9                       | \$4.2                                     | \$0.2            | \$17.7         | \$23.0       |
|   | REC<br>2010–11     | \$0.9                       | \$4.2                                     | \$0.0            | \$1.7          | \$6.8        |
|   | BIENNIAL<br>CHANGE | 0.0%                        | 0.0%                                      | (100.0%)         | (90.2%)        | (70.3%)      |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Ensure Pipeline and LPG/CNG/LNG Safety</b>   |                    |                             |   |                  |                |              |
| An All Funds increase of \$2.3 million, consisting of \$1.6 million in General Revenue and \$0.7 million in Federal Funds, for 13.5 additional FTEs to handle a greater level of reporting of pipeline safety issues than expected. The appropriations include \$1.2 million in General Revenue and \$0.6 million in Federal Funds that are contingent upon passage of legislation, increasing the maximum allowable pipeline safety fee from \$0.50 to \$1.0 per line. | EST/BUD<br>2008–09 | \$7.5                       | \$0.0                                     | \$3.2            | \$0.1          | \$10.9       |
|   | REC<br>2010–11     | \$9.1                       | \$0.0                                     | \$4.0            | \$0.1          | \$13.2       |
|   | BIENNIAL<br>CHANGE | 21.4%                       | NA  | 22.0%            | 0.0%           | 21.4%        |
| <b>Surface Mining Monitoring and Inspections</b>  |                    |                             |   |                  |                |              |
| An All Funds increase of \$1.0 million including: an increase of \$0.3 million in new fee revenues deposited to the General Revenue Fund and a corresponding increase in matching Federal Funds for 3.0 FTEs to improve surface mining monitoring and inspections; and an increase of \$0.3 million in Federal Funds because of an expectation that vacancies will be filled and to annualize the 2009 salary increase.   | EST/BUD<br>2008–09 | \$3.6                       | \$0.0                                     | \$2.2            | \$0.0          | \$5.8        |
|   | REC<br>2010–11     | \$4.1                       | \$0.0                                     | \$2.7            | \$0.0          | \$6.8        |
|   | BIENNIAL<br>CHANGE | 13.5%                       | NA  | 22.4%            | NA             | 16.9%        |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Oil and Gas Remediation</b>  |                    |                             |   |                  |                |              |
| An All Funds decrease of \$2.2 million including: a decrease of \$1.8 million out of the General Revenue–Dedicated Oil Field Cleanup Account No. 145 attributable to a projected revenue shortfall of \$1.5 million and a decrease of \$0.3 million due to a higher than expected number of remediation contracts paid out in fiscal year 2008; and a decrease in Interagency Contracts of \$0.5 million due to a one-time contract with the Texas Commission on Environmental Quality for a water quality grant from the U.S. Environmental Protection Agency. | EST/BUD<br>2008–09 | \$1.3                       | \$11.1                                    | \$0.2            | \$0.8          | \$13.4       |
|   | REC<br>2010–11     | \$1.3                       | \$9.3                                     | \$0.2            | \$0.3          | \$11.2       |
|   | BIENNIAL<br>CHANGE | 3.8%                        | (16.1%)                                   | (6.9%)           | (62.5%)        | (16.8%)      |
| <b>Surface Mining Reclamation</b>   |                    |                             |   |                  |                |              |
| An All Funds decrease of \$1.7 million because of a one-time distribution of Federal Funds from the Surface Mining Control and Reclamation Act which occurred in 2008–09, but is not expected in 2010–11.   | EST/BUD<br>2008–09 | \$0.3                       | \$0.0                                     | \$8.0            | \$0.0          | \$8.3        |
|   | REC<br>2010–11     | \$0.2                       | \$0.0                                     | \$6.4            | \$0.0          | \$6.6        |
|   | BIENNIAL<br>CHANGE | (7.9%)                      | NA  | (20.7%)          | NA             | (20.3%)      |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>SOIL AND WATER CONSERVATION BOARD</b>  |                    |                             |   |                  |                |              |
| <b>Water Supply Enhancement</b>   |                    |                             |   |                  |                |              |
| A \$4.8 million increase in General Revenue Funds, for the Water Supply Enhancement Program to remove water-depleting brush and trees, such as juniper, mesquite, and salt cedar.   | EST/BUD<br>2008–09 | \$4.3                       | \$0.0                                     | \$0.0            | \$0.0          | \$4.3        |
|   | REC<br>2010–11     | \$9.1                       | \$0.0                                     | \$0.0            | \$0.0          | \$11.1       |
|   | BIENNIAL<br>CHANGE | 111.6%                      | NA  | NA               | NA             | 158.1%       |
| <b>Flood Control Dam Operation, Maintenance, and Structural Repair</b>  |                    |                             |   |                  |                |              |
| A \$15.0 million increase in General Revenue to provide operations and maintenance, structural repair, and rehabilitation needs to flood control dams across the State.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$15.0                      | \$0.0                                     | \$0.0            | \$0.0          | \$15.0       |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>WATER DEVELOPMENT BOARD</b>  |                    |                             |   |                  |                |              |
| <b>One-time Expenditures</b>  |                    |                             |   |                  |                |              |
| An All Funds decrease of \$8.2 million (\$6.9 million in General Revenue Funds and \$1.4 million in Other Funds) for one-time expenditures in the 2008–09 biennium including \$6.2 million for the La Joya Special Utility District Water Infrastructure Project and \$2.0 million for the Boeye Reservoir. | EST/BUD<br>2008–09 | \$6.9                       | \$0.0                                     | \$0.0            | \$1.4          | \$8.3        |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | BIENNIAL<br>CHANGE | (100.0%)                    | NA  | NA               | NA             | (100.0%)     |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Economically Distressed Areas Program</b>  |                    |                             |   |                  |                |              |
| An Other Funds decrease of \$2.0 million for Economically Distressed Areas Program projects funded through the Water Assistance Fund.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$2.0          | \$2.0        |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | (100.0%)       | (100.0%)     |
| <b>Administration of State Financial Assistance Programs</b>  |                    |                             |   |                  |                |              |
| A General Revenue increase of \$3.4 million for the administration of state financial assistance programs currently being funded out of the Water Development Fund. (Replaces funding previously provided by bond proceeds and loan repayments that are off-budget.)  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$3.4                       | \$0.0                                     | \$0.0            | \$0.0          | \$3.4        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Groundwater Science for Groundwater Management</b>   |                    |                             |   |                  |                |              |
| A General Revenue increase of \$3.7 million, including 7.5 FTEs to: a) study brackish groundwater resources, minor aquifers, and the effect of water quality on groundwater quantity; (b) update the groundwater availability models; (c) fund targeted pay raises to retain and recruit groundwater modelers; and (d) develop three-dimensional visuals of the state's aquifers. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$3.7                       | \$0.0                                     | \$0.0            | \$0.0          | \$3.7        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Edwards Aquifer Recovery Implementation Program</b>   |                    |                             |   |                  |                |              |
| An Other Funds increase of \$1.7 million to fund grants and studies related to the Edwards Aquifer Recovery Implementation Program.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$1.7          | \$1.7        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Capitalization Grants</b>   |                    |                             |   |                  |                |              |
| Decrease funding by \$5.0 million for anticipated decreases in federal disbursements for the administration of capitalization grants for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$17.9           | \$0.0          | \$17.9       |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$12.9           | \$0.0          | \$12.9       |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | (27.9%)          | NA             | (27.9%)      |
| <b>Flood Mitigation Assistance</b>   |                    |                             |   |                  |                |              |
| A Federal Funds decrease of \$4.8 million for one-time flood mitigation assistance related to Hurricane Rita which was awarded in fiscal year 2008.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$7.9            | \$0.0          | \$7.9        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$3.1            | \$0.0          | \$3.1        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | (60.8%)          | NA             | (60.8%)      |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>DEBT SERVICE PAYMENTS – NON-SELF SUPPORTING<br/>G.O. WATER BONDS</b>  |                    |                             |   |                  |                |              |
| <b>EDAP Debt Service</b>   |                    |                             |   |                  |                |              |
| An All Funds increase of \$8.5 million, including an increase of \$8.1 million in General Revenue and \$0.5 million in Other Funds, primarily to fund 2010–11 debt service requirements for \$84.4 million in new General Obligation (GO) Bond issues for the Economically Distressed Areas Program, including \$34.4 million to implement the State Water Plan. | EST/BUD<br>2008–09 | \$32.7                      | \$0.0                                     | \$0.0            | \$6.3          | \$39.0       |
|  | REC<br>2010–11     | \$40.8                      | \$0.0                                     | \$0.0            | \$6.8          | \$47.6       |
|  | BIENNIAL<br>CHANGE | 24.8%                       | NA  | NA               | 7.9%           | 22.1%        |
| <b>State Participation Program</b>   |                    |                             |   |                  |                |              |
| An All Funds increase of \$18.1 million, including an increase of \$15.4 million in General Revenue and \$2.7 million in Other Funds, primarily to fund 2010–11 debt service requirements for \$225.1 million in new GO Bond issues for the State Participation Program, including \$200.1 million to implement the State Water Plan.                            | EST/BUD<br>2008–09 | \$10.6                      | \$0.0                                     | \$0.0            | \$14.4         | \$25.0       |
|  | REC<br>2010–11     | \$26.0                      | \$0.0                                     | \$0.0            | \$17.1         | \$43.1       |
|  | BIENNIAL<br>CHANGE | 145.3%                      | NA  | NA               | 18.8%          | 72.4%        |
| <b>Agricultural Water Conservation</b>   |                    |                             |   |                  |                |              |
| A \$5.4 million decrease in General Revenue due to the Agricultural Water Conservation bonds (originally issued in fiscal year 2003) being completely paid off in fiscal year 2009.  | EST/BUD<br>2008–09 | \$5.4                       | \$0.0                                     | \$0.0            | \$0.0          | \$5.4        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | BIENNIAL<br>CHANGE | (100.0%)                    | NA  | NA               | NA             | (100.0%)     |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 37**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Water Infrastructure Fund</b>   |                    |                             |   |                  |                |              |
| An All Funds increase of \$76.2 million, including an increase of \$43.6 million in General Revenue and \$32.6 million in Other Funds, primarily to fund 2010–11 debt service requirements for \$707.8 million in new GO Bond issues in the Water Infrastructure Fund to implement the State Water Plan. | EST/BUD<br>2008–09 | \$32.6                      | \$0.0                                     | \$0.0            | \$0.0          | \$32.6       |
|  | REC<br>2010–11     | \$76.2                      | \$0.0                                     | \$0.0            | \$32.6         | \$108.8      |
|  | BIENNIAL<br>CHANGE | 133.7%                      | NA  | NA               | 100.0%         | 233.7%       |



## BUSINESS AND ECONOMIC DEVELOPMENT

### 2010–11 BIENNIAL RECOMMENDATIONS

All Funds recommendations for Business and Economic Development total \$20.7 billion for the 2010–11 biennium, which is a decrease of \$796.7 million, or 3.7 percent, from the 2008–09 biennium (Table 38).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$986.2 million, which is a decrease of \$85.9 million, or 8.0 percent from the 2008–09 biennium (Table 39).

Selected performance measures for agencies in the Business and Economic Development function are depicted in Table 40.

**TABLE 38**  
**ALL FUNDS: BUSINESS AND ECONOMIC DEVELOPMENT**

| IN MILLIONS   | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY  |                                   |                        |                    |                      |
| Department of Housing and Community Affairs                     | \$751.2                           | \$343.1                | (\$408.1)          | (54.3%)              |
| Texas Lottery Commission  | 418.8                             | 393.9                  | (24.9)             | (5.9)                |
| Office of Rural Community Affairs                               | 221.4                             | 181.2                  | (40.2)             | (18.2)               |
| Department of Transportation                                    | 17,452.4                          | 17,082.6               | (369.8)            | (2.1)                |
| Texas Workforce Commission                                      | 2,124.2                           | 2,125.8                | 1.6                | 0.1                  |
| Reimbursements to the Unemployment Compensation Benefit Account | 30.3                              | 33.9                   | 3.6                | 11.8                 |
| Subtotal, Business and Economic Development                     | \$20,998.4                        | \$20,160.5             | (\$837.8)          | (4.0%)               |
| Retirement and Group Insurance                                  | \$433.4                           | \$486.5                | \$53.1             | 12.2%                |
| Social Security and Benefit Replacement Pay                     | 132.9                             | 135.2                  | 2.4                | 1.8                  |
| Subtotal, Employee Benefits                                     | \$566.3                           | \$621.8                | \$55.4             | 9.8%                 |
| Bond Debt Service Payments                                      | \$39.9                            | \$21.4                 | (\$18.5)           | (46.4%)              |
| Lease Payments  | 1.6                               | 2.3                    | 0.7                | 42.1                 |
| Subtotal, Debt Service  | \$41.5                            | \$23.6                 | (\$17.8)           | (43.0%)              |
| Less Interagency Contracts                                      | \$95.9                            | \$92.3                 | (\$3.6)            | (3.7%)               |
| <b>Total Article VII – Business and Economic Development</b>    | <b>\$21,510.3</b>                 | <b>\$20,713.6</b>      | <b>(\$796.7)</b>   | <b>(3.7%)</b>        |

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

## BUSINESS AND ECONOMIC DEVELOPMENT

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 39**  
**GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS: BUSINESS AND ECONOMIC DEVELOPMENT**

| IN MILLIONS  | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY   |                                   |                        |                    |                      |
| Department of Housing and Community Affairs                        | \$14.7                            | \$44.8                 | \$30.0             | 203.7%               |
| Texas Lottery Commission   | 418.8                             | 393.9                  | (24.9)             | (5.9)                |
| Office of Rural Community Affairs                                  | 17.0                              | 23.7                   | 6.8                | 40.0                 |
| Department of Transportation                                       | 312.2                             | 167.8                  | (144.4)            | (46.3)               |
| Texas Workforce Commission   | 239.0                             | 300.4                  | 61.3               | 25.7                 |
| Reimbursements to the Unemployment Compensation<br>Benefit Account | 8.7                               | 9.8                    | 1.0                | 11.8                 |
| Subtotal, Business and Economic Development                        | \$1,010.5                         | \$940.3                | (\$70.1)           | (6.9%)               |
| Retirement and Group Insurance                                     | \$14.8                            | \$16.9                 | \$2.1              | 13.9%                |
| Social Security and Benefit Replacement Pay                        | 5.3                               | 5.4                    | 0.1                | 2.1                  |
| Subtotal, Employee Benefits  | \$20.1                            | \$22.3                 | \$2.2              | 10.8%                |
| Bond Debt Service Payments   | \$39.9                            | \$21.4                 | (\$18.5)           | (46.4%)              |
| Lease Payments   | 1.6                               | 2.3                    | 0.7                | 42.1                 |
| Subtotal, Debt Service   | \$41.5                            | \$23.6                 | (\$17.8)           | (43.0%)              |
| <b>Total Article VII – Business and Economic Development</b>       | <b>\$1,072.1</b>                  | <b>\$986.2</b>         | <b>(\$85.9)</b>    | <b>(8.0%)</b>        |

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

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 40**  
**SELECTED PERFORMANCE MEASURES: BUSINESS AND ECONOMIC DEVELOPMENT**

| MEASURE  | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|--|----------------|------------------|---------------------|---------------------|
| <b>DEPARTMENT OF HOUSING AND<br/>COMMUNITY AFFAIRS</b>   |                |                  |                     |                     |
| Percentage of Households/Individuals of Very Low,<br>Low, and Moderate Income Needing Affordable Housing<br>That Subsequently Receive Housing or Housing-related<br>Assistance | 0.70%          | 0.76%            | 0.75%               | 0.74%               |
| <b>TEXAS LOTTERY COMMISSION</b>  |                |                  |                     |                     |
| Number of Retail Business Locations Licensed   | 16,431         | 16,500           | 16,500              | 16,500              |
| <b>OFFICE OF RURAL COMMUNITY AFFAIRS</b>   |                |                  |                     |                     |
| Percentage of Small Communities' Population Benefiting<br>from Public Facility, Economic Development, Housing<br>Assistance, and Planning Projects                             | 39.6%          | 36.0%            | 39.0%               | 39.0%               |
| Number of New Community/Economic Development<br>Contracts Awarded  | 356            | 266              | 335                 | 335                 |
| <b>DEPARTMENT OF TRANSPORTATION</b>  |                |                  |                     |                     |
| Percentage of Construction Projects Completed on<br>Budget   | 98.8%          | 99.9%            | 97.0%               | 97.0%               |
| Percentage of Construction Projects Completed on Time  | 69.5%          | 85.0%            | 74.0%               | 75.0%               |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 40**  
**SELECTED PERFORMANCE MEASURES: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

| MEASURE  | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|--|----------------|------------------|---------------------|---------------------|
| <b>TEXAS WORKFORCE COMMISSION</b>  |                |                  |                     |                     |
| Entered Employment Rate  | 80%            | 79%              | 79%                 | 79%                 |
| Temporary Assistance for Needy Families (TANF)<br>Choices Participation Rate: Single-Parent Families | 38%            | 30%              | 30%                 | 30%                 |
| Average Number of Children Served Per Day,<br>Transitional and At-Risk Services                      | 107,044        | 106,296          | 103,220             | 103,301             |
| Skills Development Customers Served  | 20,289         | 19,786           | 27,298              | 27,298              |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 41**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>AGENCY ISSUES</b>  |                    |                             |   |                  |                |              |
| <b>TEXAS DEPARTMENT OF HOUSING AND<br/>COMMUNITY AFFAIRS</b>  |                    |                             |   |                  |                |              |
| <b>Disaster Related Federal Funds</b>   |                    |                             |   |                  |                |              |
| Decreased Federal Funds by \$448.2 million for disaster relief money related to Hurricanes Katrina and Rita no longer anticipated to be available.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$448.2          | \$0.0          | \$448.2      |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | (100.0%)         | NA             | (100.0%)     |
| <b>Non-Disaster Related Federal Funds</b>   |                    |                             |   |                  |                |              |
| Increased standard Federal Funds by \$7.9 million for expected increases in federal disbursements, including the Low-Income Home Energy Assistance Program and the HOME Investment Partnership Program.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$257.4          | \$0.0          | \$257.4      |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$265.3          | \$0.0          | \$265.3      |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | 3.1%             | NA             | 3.1%         |
| <b>Increased Appropriated Receipts</b>  |                    |                             |   |                  |                |              |
| Increased Appropriated Receipts funding from fee generated revenue by \$2.1 million, to provide funding for the First-Time Homebuyer program, Colonia Field Offices and Self-Help Centers, Manufactured Housing operations and agency administration. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$30.8         | \$30.8       |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$32.9         | \$32.9       |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | 6.8%           | 6.8%         |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 41**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Housing Trust Fund</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$10.0 million to expand the Texas Bootstrap Loan Program and funding programs for veterans and persons with disabilities, rural rental housing, homeownership activities and activities to enhance the ability of nonprofits offer affordable housing options. | EST/BUD<br>2008–09 | \$11.3                      | \$0.0                                     | \$0.0            | \$0.0          | \$11.3       |
|  | REC<br>2010–11     | \$21.3                      | \$0.0                                     | \$0.0            | \$0.0          | \$21.3       |
|  | BIENNIAL<br>CHANGE | 88.5%                       | NA  | NA               | NA             | 88.5%        |
| <b>Homeless Housing Services</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue by \$10.0 million for the purposes of assisting regional urban areas in providing services to homeless individuals and families, including services such as case management, and housing placement and retention.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$10.0                      | \$0.0                                     | \$0.0            | \$0.0          | \$10.0       |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>TEXAS LOTTERY COMMISSION</b>  |                    |                             |   |                  |                |              |
| <b>Lottery Operator Contract</b>   |                    |                             |   |                  |                |              |
| Decreased General Revenue–Dedicated Lottery Account No. 5025 funding by \$23.6 million for the Lottery Operator Contract due to an anticipated decline in lottery ticket sales.  | EST/BUD<br>2008–09 | \$0.0                       | \$214.3                                   | \$0.0            | \$0.0          | \$214.3      |
|  | REC<br>2010–11     | \$0.0                       | \$190.7                                   | \$0.0            | \$0.0          | \$190.7      |
|  | BIENNIAL<br>CHANGE | NA                          | (11.0%)                                   | NA               | NA             | (11.0%)      |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 41**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Mass Media Advertising Contract</b>   |                    |                             |   |                  |                |              |
| Decreased General Revenue—Dedicated Lottery Account No. 5025 funding by \$1.0 million for the Mass Media Advertising Contract due to agency estimates that prize payouts will equal 62 percent of gross ticket revenue in both fiscal years. | EST/BUD<br>2008–09 | \$0.0                       | \$61.0                                    | \$0.0            | \$0.0          | \$61.0       |
|  | REC<br>2010–11     | \$0.0                       | \$60.0                                    | \$0.0            | \$0.0          | \$60.0       |
|  | BIENNIAL<br>CHANGE | NA                          | (1.6%)                                    | NA               | NA             | (1.6%)       |
| <b>OFFICE OF RURAL COMMUNITY AFFAIRS</b>   |                    |                             |   |                  |                |              |
| <b>Rural Technology Centers</b>  |                    |                             |   |                  |                |              |
| Decreased General Revenue funding by \$5.0 million for one-time expenditures to establish rural technology centers in Starr and Zapata counties.   | EST/BUD<br>2008–09 | \$5.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$5.0        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | BIENNIAL<br>CHANGE | (100.0%)                    | NA  | NA               | NA             | (100.0%)     |
| <b>Disaster Related Federal Funds</b>  |                    |                             |   |                  |                |              |
| Decreased Federal Funds by \$37.0 million for disaster relief money related to Hurricanes Katrina and Rita no longer anticipated to be available.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$37.0           | \$0.0          | \$37.0       |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | (100.0%)         | NA             | (100.0%)     |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 41**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Non-Disaster Related Federal Funds</b>  |                    |                             |   |                  |                |              |
| Decreased Federal Funds by \$8.2 million, including \$2.6 million in Community Development Block Grant funds and \$5.6 million in other federal disbursement carryforwards, which are not anticipated to be available and are not associated with disaster relief. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$161.1          | \$0.0          | \$161.1      |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$152.9          | \$0.0          | \$152.9      |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | (5.1%)           | NA             | (5.1%)       |
| <b>Health Care Access Programs</b>   |                    |                             |   |                  |                |              |
| Decreased Federal Funds by \$1.8 million for the State Rural Hospital Program due to an estimated reduction in the state's federal apportionment for this program.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$5.3            | \$0.0          | \$5.3        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$3.5            | \$0.0          | \$3.5        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | (34.0%)          | NA             | (34.0%)      |
| <b>Rural Fire Department Assistance Program</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.1 million for 1 FTE for the Rural Fire Department Assistance program which assists with the recruitment and retention of volunteer fire fighters and implements a master fire protection program.                         | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.1                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.1        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 41**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Water Desalination with Renewable Energy Program</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$3 million to fund renewable energy and wind/power/groundwater desalination projects in rural communities. Decreased Federal Funds by \$0.5 million due to an anticipated reduction in the state's federal apportionment for this program.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.5            | \$0.0          | \$0.5        |
|  | REC<br>2010–11     | \$3.0                       | \$0.0                                     | (\$0.5)          | \$0.0          | \$2.5        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | (100.0%)         | NA             | 400.0%       |
| <b>Rural Sustainability General Revenue Funding</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$8 million to fund 4 FTEs and provide additional grant funds to rural communities on a competitive basis.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0          |
|  | REC<br>2010–11     | \$8.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$8          |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>DEPARTMENT OF TRANSPORTATION</b>  |                    |                             |   |                  |                |              |
| <b>Transportation Planning, Design, and Management</b>   |                    |                             |   |                  |                |              |
| Decreased All Funds by \$551.2 million for transportation planning, design, and management, which includes decreases of \$400.4 million in State Highway Fund Bond Proceeds, \$202.1 million in Texas Mobility Funds, \$22.2 million in State Highway Fund Toll Revenues, and \$21.4 million in State Highway Funds; and increases of \$60 million in Proposition 12 (2007) General Obligation Bond Proceeds, (portion of \$2.0 billion allocation), \$23.2 million in Federal Funds, and \$11.7 million in General Revenue for two rail relocation and rehabilitation projects. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$614.8          | \$1,112.6      | \$1,727.4    |
|  | REC<br>2010–11     | \$11.7                      | \$0.0                                     | \$638.0          | \$526.5        | \$1,176.2    |
|  | BIENNIAL<br>CHANGE | NA                          | 0.0%                                      | 3.8%             | (52.7%)        | (31.9%)      |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 41**

### **SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Right of Way Acquisition</b>   |                    |                             |   |                  |                |              |
| Decreased All Funds by \$804.3 million for acquiring right of way, which includes decreases of \$419.2 million in Texas Mobility Funds, \$309.5 million in State Highway Fund Bond Proceeds, \$156.6 million in State Highway Fund Toll Revenues, and \$17.9 million in State Highway Funds; and increases of \$90 million in Proposition 12 (2007) General Obligation Bond Proceeds (portion of \$2.0 billion allocation) and \$8.9 million in Federal Funds.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$138.2          | \$1,258.1      | \$1,396.3    |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$147.2          | \$444.8        | \$592.0      |
|   | BIENNIAL<br>CHANGE | 0.0%                        | 0.0%                                      | 6.5%             | (64.6%)        | (57.6%)      |
| <b>Transportation Construction</b>  |                    |                             |   |                  |                |              |
| Increased All Funds by \$1,340.4 million for transportation construction, which includes increases of \$1,850.0 million in Proposition 12 (2007) General Obligation Bond Proceeds, (portion of \$2.0 billion allocation), \$223.3 million in State Highway Funds, \$139.6 million in State Highway Fund Toll Revenues, \$561.5 million in Federal Funds, \$16.7 million in General Obligation Bond Proceeds, and \$1.0 million in State Highway Fund Concession Fees; and decreases of \$1,196.2 million in Texas Mobility Fund Bond Proceeds, \$255.6 million in State Highway Fund Bond Proceeds. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$1,721.4        | \$3,400.8      | \$5,122.2    |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$2,282.9        | \$4,179.7      | \$6,462.6    |
|   | BIENNIAL<br>CHANGE | 0.0%                        | 0.0%                                      | 32.6%            | 22.9%          | 26.2%        |
| <b>Aviation Grants and Services</b>   |                    |                             |   |                  |                |              |
| Increased All Funds by \$14.1 million for general aviation grants and state flight services and maintenance operations, which includes increases of \$23.4 million in State Highway Funds and \$0.9 million in Interagency Contracts and a decrease of \$10.2 million in Federal Funds.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$94.1           | \$69.3         | \$163.4      |
|   | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$84.0           | \$93.6         | \$177.6      |
|   | BIENNIAL<br>CHANGE | 0.0%                        | 0.0%                                      | (10.7%)          | 35.1%          | 8.7%         |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 41**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Transportation System Maintenance and Preservation</b>  |                    |                             |   |                  |                |              |
| Decreased All Funds by \$794.8 million for maintaining and operating the transportation system, which includes decreases of \$1,284.6 million in Federal Funds, \$76.8 million in State Highway Fund Bond Proceeds, and \$8.0 million in State Highway Fund Concession Fees; and increases of \$488.6 million in State Highway Funds and \$85.9 million in State Highway Fund Toll Revenues. | EST/BUD<br>2008–09 | \$2.3                       | \$1.3                                     | \$3,551.7        | \$3,100.8      | \$6,656.1    |
|  | REC<br>2010–11     | \$2.3                       | \$1.3                                     | \$2,267.1        | \$3,590.6      | \$5,861.3    |
|  | BIENNIAL<br>CHANGE | 0.0%                        | 0.0%                                      | (36.2%)          | 15.8%          | (11.9%)      |
| <b>Public Transportation</b>   |                    |                             |   |                  |                |              |
| Increased All Funds by \$3.0 million to support and promote public transportation, which includes an increase of \$3.7 million in anticipated Federal Funds and a decrease of \$0.7 million in State Highway Funds.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$114.3          | \$61.3         | \$175.6      |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$118.0          | \$60.6         | \$178.6      |
|  | BIENNIAL<br>CHANGE | 0.0%                        | 0.0%                                      | 3.2%             | (1.1%)         | 1.7%         |
| <b>Vehicle Registration and Titling</b>  |                    |                             |   |                  |                |              |
| Increased State Highway Funds by \$59.3 million for enhancements to the agency's vehicle registration titling system, the marketing of specialty license plates, and other personnel and operating expenses.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$177.6        | \$177.6      |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$236.9        | \$236.9      |
|  | BIENNIAL<br>CHANGE | 0.0%                        | 0.0%                                      | 0.0%             | 33.4%          | 33.4%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 41**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Traffic Safety</b>  |                    |                             |   |                  |                |              |
| Increased All Funds by \$2.1 million for operating the statewide traffic safety program, which includes an increase of \$2.6 million in State Highway Funds and a decrease of \$0.5 million in Federal Funds.  | EST/BUD<br>2008–09 | \$1.5                       | \$0.0                                     | \$78.4           | \$14.8         | \$94.7       |
|  | REC<br>2010–11     | \$1.5                       | \$0.0                                     | \$77.9           | \$17.4         | \$96.8       |
|  | BIENNIAL<br>CHANGE | 0.0%                        | 0.0%                                      | (0.6%)           | 17.6%          | 2.2%         |
| <b>Automobile Theft Prevention</b>   |                    |                             |   |                  |                |              |
| Increased All Funds by \$0.4 million for automobile burglary and theft prevention grants and administrative costs, which includes decreases of \$24.4 million in State Highway Funds and \$3.0 million in Appropriated Receipts offset by an increase of \$27.8 million in General Revenue Funds.    | EST/BUD<br>2008–09 | \$2.6                       | \$0.0                                     | \$0.0            | \$27.4         | \$30.0       |
|  | REC<br>2010–11     | \$30.4                      | \$0.0                                     | \$0.0            | \$0.0          | \$30.4       |
|  | BIENNIAL<br>CHANGE | 1,069.2%                    | 0.0%                                      | 0.0%             | (100.0%)       | 1.3%         |
| <b>Indirect Administration</b>   |                    |                             |   |                  |                |              |
| Increased State Highway Funds by \$88.2 million for central administration, information resources support, and regional support services for deferred facilities maintenance costs, information technology replacements and upgrades, and to annualize staff salaries at the fiscal year 2009 level. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$379.9        | \$379.9      |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$468.1        | \$468.1      |
|  | BIENNIAL<br>CHANGE | 0.0%                        | 0.0%                                      | 0.0%             | 23.2%          | 23.2%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 41**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Bond Debt Service Payments</b>  |                    |                             |   |                  |                |              |
| Increased All Funds by \$271.0 million for bond debt service payments, which includes increases of \$274.6 million in State Highway Funds and \$180.7 in Texas Mobility Funds offset by a decrease of 184.3 million in General Revenue Funds (includes a reduction of \$284.3 million in General Revenue for State Highway Fund bond debt service and repayment of short-term borrowing offset by an increase of \$100 million for Proposition 12 General Obligation Bond debt service). | EST/BUD<br>2008–09 | \$300.0                     | \$0.0                                     | \$0.0            | \$1,067.4      | \$1,367.4    |
|  | REC<br>2010–11     | \$115.7                     | \$0.0                                     | \$0.0            | \$1,522.7      | \$1,638.4    |
|  | BIENNIAL<br>CHANGE | (61.4%)                     | 0.0%                                      | 0.0%             | 42.7%          | 19.8%        |
| <b>TEXAS WORKFORCE COMMISSION</b>  |                    |                             |   |                  |                |              |
| <b>Workforce Client Transportation Services</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue MOE for Temporary Assistance for Needy Families by \$13.7 million which reflects a method of finance swap in 2010–11 of State Highway Fund No. 006 - Workforce Client Transportation Services for General Revenue Funding.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$13.7         | \$13.7       |
|  | REC<br>2010–11     | \$13.7                      | \$0.0                                     | \$0.0            | \$0.0          | \$13.7       |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | (100.0%)       | 0.0%         |
| <b>Workforce Investment Act (WIA) Funds</b>  |                    |                             |   |                  |                |              |
| Decreased WIA Funds for Adult/Dislocated Workers and Youth by approximately \$63.3 million due to a lower allotment of WIA Federal Funds to Texas beginning in fiscal year 2009.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$442.9          | \$0.0          | \$442.9      |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$379.6          | \$0.0          | \$379.6      |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | (14.3%)          | NA             | (14.3%)      |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 41**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Child Care and Development Block Grant (CCDF)</b>   |                    |                             |   |                  |                |              |
| Increased CCDF funding by \$23.8 million and increased Child Care Mandatory and Matching Funds by approximately \$10.0 million due to an anticipated growth in these federal funding sources in fiscal years 2010–11.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$799.9          | \$0.0          | \$799.9      |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$833.7          | \$0.0          | \$833.7      |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | 4.2%             | NA             | 4.2%         |
| <b>Temporary Assistance for Needy Families (TANF)</b>  |                    |                             |   |                  |                |              |
| Decreased TANF Federal Funds by \$12.8 million due to statewide initiatives in TANF Choices in fiscal years 2008–09 that are not continued in fiscal years 2010–11 biennium. This includes \$2.6 million to provide stipends to exempt individuals to gain employment and achieve continued employment, and capacity-building for non-profits. Also includes reductions for the Non-Custodial Parent Initiatives and Foster Youth Expansion. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$195.9          | \$0.0          | \$195.9      |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$183.1          | \$0.0          | \$183.1      |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | (6.5%)           | NA             | (6.5%)       |
| <b>Employment Services</b>   |                    |                             |   |                  |                |              |
| Decreased Federal Funds by \$1.8 million due to the Employment Services re-employment federal grant not being renewed after fiscal year 2008 as well as reductions in the Employment and Training Assessment grant and reductions in state level expenditures.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$87.0           | \$0.0          | \$87.0       |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$85.2           | \$0.0          | \$85.2       |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | (2.1%)           | NA             | (2.1%)       |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 41**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)**  
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Project Reintegration of Offenders</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$2.6 million. Additional funding will allow the Texas Department of Criminal Justice/Windham School District to hire 42 additional staff, which will allow for an additional 13,165 offenders to be served. | EST/BUD<br>2008–09 | \$18.9                      | \$0.0                                     | \$0.0            | \$0.0          | \$18.9       |
|   | REC<br>2010–11     | \$21.5                      | \$0.0                                     | \$0.0            | \$0.0          | \$21.5       |
|   | BIENNIAL<br>CHANGE | 13.8%                       | NA  | NA               | NA             | 13.8%        |
| <b>Skills Development Fund</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$30 million to train at least 15,000 additional workers.  | EST/BUD<br>2008–09 | \$51.0                      | \$0.0                                     | \$0.0            | \$0.0          | \$51.0       |
|   | REC<br>2010–11     | \$81.0                      | \$0.0                                     | \$0.0            | \$0.0          | \$81.0       |
|   | BIENNIAL<br>CHANGE | 58.8%                       | NA  | NA               | NA             | 58.8%        |
| <b>Public-Private Partnerships with Employers</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$15 million for public-private partnerships with employers to move Texans off of public benefits and into the workforce.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$15.0                      | \$0.0                                     | \$0.0            | \$0.0          | \$15.0       |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |



## REGULATORY

### 2010–11 BIENNIAL RECOMMENDATIONS

All Funds recommendations for Regulatory total \$892.1 million, which is an increase of \$124.8 million, or 16.3 percent, from the 2008–09 biennium (Table 42).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$874.1 million, which is an increase of \$127.2 million, or 17.0 percent, from the 2008–09 biennium (Table 43).

Selected performance measures for agencies in the Regulatory function are depicted in Table 44.

**TABLE 42**  
**ALL FUNDS: REGULATORY**

| IN MILLIONS                             | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY                                  |                                   |                        |                    |                      |
| State Office of Administrative Hearings | \$18.7                            | \$21.1                 | \$2.4              | 13.0%                |
| Department of Banking                   | 29.9                              | 47.5                   | 17.6               | 58.9                 |
| Board of Chiropractic Examiners         | 0.9                               | 1.3                    | 0.3                | 35.7                 |
| Office of Consumer Credit Commissioner  | 9.4                               | 11.2                   | 1.8                | 18.9                 |
| Credit Union Department                 | 3.6                               | 5.1                    | 1.4                | 39.8                 |
| Texas State Board of Dental Examiners   | 3.8                               | 4.9                    | 1.2                | 30.8                 |
| Funeral Service Commission              | 1.3                               | 1.5                    | 0.2                | 12.0                 |
| Board of Professional Geoscientists     | 0.9                               | 1.4                    | 0.6                | 61.9                 |
| Health Professions Council              | 0.3                               | 3.3                    | 3.0                | 922.1                |
| Office of Injured Employee Counsel      | 14.7                              | 15.5                   | 0.9                | 5.9                  |
| Department of Insurance                 | 201.1                             | 205.8                  | 4.8                | 2.4                  |
| Office of Public Insurance Counsel      | 2.1                               | 2.2                    | 0.1                | 5.2                  |
| Board of Professional Land Surveying    | 0.8                               | 0.9                    | 0.1                | 11.7                 |
| Department of Licensing and Regulation  | 42.2                              | 45.8                   | 3.6                | 8.5                  |
| Texas Medical Board                     | 19.0                              | 22.5                   | 3.5                | 18.5                 |
| Texas Board of Nursing                  | 14.2                              | 16.7                   | 2.5                | 17.5                 |
| Optometry Board                         | 0.9                               | 1.0                    | 0.1                | 15.9                 |
| Board of Pharmacy                       | 8.4                               | 11.1                   | 2.8                | 32.9                 |

## REGULATORY

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 42**  
**ALL FUNDS: REGULATORY (CONTINUED)**

| IN MILLIONS  | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY   |                                   |                        |                    |                      |
| Executive Council of Physical Therapy & Occupational Therapy Examiners | \$2.2                             | \$2.3                  | \$0.1              | 3.7%                 |
| Board of Plumbing Examiners  | 3.8                               | 4.7                    | 0.9                | 23.1                 |
| Board of Podiatric Medical Examiners                                   | 0.5                               | 0.5                    | 0.0                | 1.9                  |
| Board of Examiners of Psychologists                                    | 1.6                               | 1.9                    | 0.3                | 16.9                 |
| Racing Commission  | 19.6                              | 21.6                   | 2.0                | 10.0                 |
| Real Estate Commission   | 13.2                              | 16.8                   | 3.5                | 26.6                 |
| Residential Construction Commission                                    | 19.2                              | 18.0                   | (1.2)              | (6.2)                |
| Department of Savings and Mortgage Lending                             | 9.5                               | 13.7                   | 4.2                | 43.8                 |
| Securities Board   | 11.7                              | 15.7                   | 4.0                | 34.2                 |
| Board of Tax Professional Examiners                                    | 0.4                               | 0.4                    | 0.0                | 9.6                  |
| Public Utility Commission of Texas                                     | 212.5                             | 280.4                  | 67.9               | 31.9                 |
| Office of Public Utility Counsel                                       | 3.5                               | 3.5                    | 0.0                | 0.6                  |
| Board of Veterinary Medical Examiners                                  | 1.7                               | 2.0                    | 0.3                | 18.0                 |
| Subtotal, Regulatory   | \$671.7                           | \$800.4                | \$128.7            | 19.2%                |
| Retirement and Group Insurance   | \$64.6                            | \$71.2                 | \$6.5              | 10.1%                |
| Social Security and Benefit Replacement Pay                            | 27.1                              | 27.7                   | 0.6                | 2.1                  |
| Subtotal, Employee Benefits  | \$91.7                            | \$98.8                 | \$7.1              | 7.8%                 |
| Lease Payments   | \$9.7                             | \$3.8                  | (\$5.9)            | (60.5%)              |
| Subtotal, Debt Service   | \$9.7                             | \$3.8                  | (\$5.9)            | (60.5%)              |
| Less Interagency Contracts   | \$5.9                             | \$11.0                 | \$5.1              | 87.4%                |
| <b>Total Article VIII – Regulatory</b>                                 | <b>\$767.3</b>                    | <b>\$892.1</b>         | <b>\$124.8</b>     | <b>16.3%</b>         |

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

## REGULATORY

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 43**  
**GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS: REGULATORY**

| IN MILLIONS   | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY  |                                   |                        |                    |                      |
| State Office of Administrative Hearings                                   | \$6.8                             | \$7.0                  | \$0.2              | 2.7%                 |
| Department of Banking   | 29.9                              | 47.5                   | 17.6               | 58.9                 |
| Board of Chiropractic Examiners   | 0.9                               | 1.2                    | 0.3                | 38.2                 |
| Office of Consumer Credit Commissioner                                    | 9.4                               | 11.2                   | 1.8                | 18.9                 |
| Credit Union Department   | 3.6                               | 5.1                    | 1.5                | 40.2                 |
| Texas State Board of Dental Examiners                                     | 3.6                               | 4.8                    | 1.2                | 33.2                 |
| Funeral Service Commission  | 1.2                               | 1.4                    | 0.2                | 13.1                 |
| Board of Professional Geoscientists                                       | 0.9                               | 1.4                    | 0.6                | 61.9                 |
| Health Professions Council  | 0.0                               | 0.0                    | (0.0)              | (100.0)              |
| Office of Injured Employee Counsel  | 14.7                              | 15.5                   | 0.9                | 5.9                  |
| Department of Insurance   | 192.9                             | 199.8                  | 6.9                | 3.6                  |
| Office of Public Insurance Counsel  | 2.0                               | 2.1                    | 0.1                | 5.4                  |
| Board of Professional Land Surveying                                      | 0.8                               | 0.9                    | 0.1                | 11.7                 |
| Department of Licensing and Regulation                                    | 41.1                              | 44.7                   | 3.6                | 8.8                  |
| Texas Medical Board   | 18.8                              | 22.4                   | 3.6                | 19.0                 |
| Texas Board of Nursing  | 12.6                              | 15.1                   | 2.5                | 19.7                 |
| Optometry Board   | 0.8                               | 0.9                    | 0.1                | 17.9                 |
| Board of Pharmacy   | 8.4                               | 11.1                   | 2.8                | 33.0                 |
| Executive Council of Physical Therapy & Occupational<br>Therapy Examiners | 2.0                               | 2.1                    | 0.1                | 4.0                  |
| Board of Plumbing Examiners   | 3.7                               | 4.6                    | 0.9                | 23.9                 |
| Board of Podiatric Medical Examiners                                      | 0.5                               | 0.5                    | 0.0                | 3.3                  |
| Board of Examiners of Psychologists                                       | 1.4                               | 1.7                    | 0.3                | 18.8                 |
| Racing Commission   | 19.6                              | 21.6                   | 2.0                | 10.0                 |

## REGULATORY

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 43**  
**GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS: REGULATORY (CONTINUED)**

| IN MILLIONS                                 | ESTIMATED/<br>BUDGETED<br>2008–09 | RECOMMENDED<br>2010–11 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY                                      |                                   |                        |                    |                      |
| Real Estate Commission                      | \$12.9                            | \$16.4                 | \$3.5              | 27.4%                |
| Residential Construction Commission         | 19.2                              | 18.0                   | (1.2)              | (6.2)                |
| Department of Savings and Mortgage Lending  | 9.5                               | 13.7                   | 4.2                | 44.0                 |
| Securities Board                            | 11.7                              | 15.7                   | 4.0                | 34.2                 |
| Board of Tax Professional Examiners         | 0.4                               | 0.4                    | 0.0                | 9.6                  |
| Public Utility Commission of Texas          | 211.4                             | 279.4                  | 68.0               | 32.2                 |
| Office of Public Utility Counsel            | 3.5                               | 3.5                    | 0.0                | 0.6                  |
| Board of Veterinary Medical Examiners       | 1.7                               | 2.0                    | 0.3                | 18.0                 |
| Subtotal, Regulatory                        | \$646.0                           | \$771.9                | \$125.9            | 19.5%                |
| Retirement and Group Insurance              | \$64.6                            | \$71.2                 | \$6.5              | 10.1%                |
| Social Security and Benefit Replacement Pay | 26.7                              | 27.3                   | 0.6                | 2.1                  |
| Subtotal, Employee Benefits                 | \$91.3                            | \$98.4                 | \$7.1              | 7.8%                 |
| Lease Payments                              | \$9.7                             | \$3.8                  | (\$5.9)            | (60.5%)              |
| Subtotal, Debt Service                      | \$9.7                             | \$3.8                  | (\$5.9)            | (60.5%)              |
| <b>Total Article VIII – Regulatory</b>      | <b>\$747.0</b>                    | <b>\$874.1</b>         | <b>\$127.2</b>     | <b>17.0%</b>         |

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

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 44**  
**SELECTED PERFORMANCE MEASURES: REGULATORY**

| MEASURE  | ACTUAL<br>2008 | BUDGETED<br>2009 | RECOMMENDED<br>2010 | RECOMMENDED<br>2011 |
|--|----------------|------------------|---------------------|---------------------|
| <b>ALL AGENCIES</b>  |                |                  |                     |                     |
| Total Number of Individuals Licensed   | 1,455,103      | 1,477,644        | 1,522,944           | 1,538,718           |
| <b>OFFICE OF INJURED EMPLOYEE COUNSEL</b>  |                |                  |                     |                     |
| Percentage of Scheduled Proceedings at the Division of Workers' Compensation with Ombudsman Assistance   | 40%            | 41%              | 41%                 | 41%                 |
| <b>DEPARTMENT OF INSURANCE</b>   |                |                  |                     |                     |
| Number of Complaints Resolved  | 23,064         | 23,350           | 23,350              | 23,350              |
| Number of Consultations and Inspections Provided to Employers  | 2,813          | 3,360            | 3,058               | 3,058               |
| Average Number of Days to Resolve Indemnity Disputes through Dispute Resolution Proceedings  | 113            | 116              | 115                 | 115                 |
| Percentage of Medical Fee Disputes Resolved by Agency Decision   | 80.5%          | 80%              | 90%                 | 90%                 |
| <b>PUBLIC UTILITY COMMISSION</b>   |                |                  |                     |                     |
| Percentage of Texas Cities Served by Three or More Certified Telecommunications Providers  | 83%            | 83%              | 82%                 | 81%                 |
| Average Annual Residential Telephone Bill in Texas as a Percentage of the National Average   | 77.3%          | 72.4%            | 73%                 | 73%                 |
| Average Annual Residential Electric Bill from Competitive Suppliers as a Percentage of the National Average  | 164.2%         | 154.1%           | 150%                | 148%                |
| Average Price of Electricity per kWh in Texas for Residential Customers from Competitive Suppliers as a Percentage of the National Residential Average | 129.4%         | 124.4%           | 121%                | 119%                |
| Percentage of Eligible Low-Income Customers Provided a Discount for Electric Service   | 93%            | 93%              | 93%                 | 93%                 |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>AGENCY ISSUES</b>   |                    |                             |   |                  |                |              |
| <b>STATE OFFICE OF ADMINISTRATIVE HEARINGS</b>   |                    |                             |   |                  |                |              |
| <b>Increase in Workload</b>  |                    |                             |   |                  |                |              |
| Increased Interagency Contract funding by \$2.0 million for 8 FTEs for new administrative law judges and 3 FTEs for administrative hearing support staff to handle the additional workload estimated at 13,000 hours each year.                      | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$5.1          | \$5.1        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$7.1          | \$7.1        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | 33.3%          | 33.3%        |
| <b>DEPARTMENT OF BANKING</b>   |                    |                             |   |                  |                |              |
| <b>Regulatory Response</b>   |                    |                             |   |                  |                |              |
| Increased contingency funding for bank examinations by \$6.5 million in General Revenue Funds to maintain regulatory standards if significant changes in the industry occur. This recommendation continues a legislative policy established in 1996. | EST/BUD<br>2008–09 | \$4.6                       | \$0.0                                     | \$0.0            | \$0.0          | \$4.6        |
|  | REC<br>2010–11     | \$11.1                      | \$0.0                                     | \$0.0            | \$0.0          | \$11.1       |
|  | BIENNIAL<br>CHANGE | 141.3%                      | NA  | NA               | NA             | 141.3%       |
| <b>Additional Bank Examiner Positions and Salary Adjustments</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$6.3 million for 14.0 new senior bank examiner FTEs and for bank examiner retention and competitive salaries.  | EST/BUD<br>2008–09 | \$20.4                      | \$0.0                                     | \$0.0            | \$0.0          | \$20.4       |
|  | REC<br>2010–11     | \$26.7                      | \$0.0                                     | \$0.0            | \$0.0          | \$26.7       |
|  | BIENNIAL<br>CHANGE | 30.9%                       | NA  | NA               | NA             | 30.9%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>BOARD OF CHIROPRACTIC EXAMINERS</b>  |                    |                             |   |                  |                |              |
| <b>Increase in Staff for Licensing and Enforcement</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue Funding by \$0.3 million for an additional 2.5 FTEs in Licensing and Enforcement.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.3                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.3        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>OFFICE OF CONSUMER CREDIT COMMISSIONER</b>   |                    |                             |   |                  |                |              |
| <b>Regulatory Response</b>  |                    |                             |   |                  |                |              |
| Increased contingency funding for regulation by \$1.0 million in General Revenue Funds to maintain regulatory standards if significant changes in the industry occur. This recommendation continues a legislative policy established in 2006. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$1.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.0        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Financial Examiner Salary Adjustments</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.7 million for financial examiner retention and competitive salaries.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.7                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.7        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>CREDIT UNION DEPARTMENT</b>   |                    |                             |   |                  |                |              |
| <b>Regulatory Response</b>   |                    |                             |   |                  |                |              |
| Increased contingency funding for credit union examinations by \$0.8 million in General Revenue Funds to maintain regulatory standards if significant changes in the industry occur. This recommendation continues a legislative policy established in 1996. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.8                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.8        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Financial Examiner Salary Adjustments</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.6 million for financial examiner retention and competitive salaries.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.6                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.6        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>BOARD OF DENTAL EXAMINERS</b>   |                    |                             |   |                  |                |              |
| <b>Health Professions Council Shared Regulatory Database Migration Project</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.7 million to fund the Board of Dental Examiner's portion of the Health Professions Council Shared Database Migration Project.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.7                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.7        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Salary Increases and Adjustments</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.3 million to provide staff salary adjustments and merit raises across the licensing, enforcement and legal divisions of the agency.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.3                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.3        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Additional FTEs in the Legal Department</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.2 million for 2.0 additional FTEs in the legal department to increase the rate of complaint resolution.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.2                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.2        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>BOARD OF PROFESSIONAL GEOSCIENTISTS</b>  |                    |                             |   |                  |                |              |
| <b>Licensing and Enforcement</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.5 million for 4 FTEs and operating costs in licensing and enforcement. This also includes office relocation costs, computer software upgrades, and the replacement of computers. | EST/BUD<br>2008–09 | \$0.8                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.8        |
|   | REC<br>2010–11     | \$1.3                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.3        |
|   | BIENNIAL<br>CHANGE | 62.5%                       | NA  | NA               | NA             | 62.5%        |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>HEALTH PROFESSIONS COUNCIL</b>  |                    |                             |   |                  |                |              |
| <b>Shared Regulatory Database Migration Project</b>  |                    |                             |   |                  |                |              |
| Increased Other Funds by \$3.0 million in interagency contracts for 3 new FTEs and to fund a database project to be used by six agencies. The six agencies include the Board of Dental Examiners, the Board of Plumbing Examiners, the Board of Examiners of Psychologists, the Optometry Board, and the Board of Professional Land Surveying. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$3.0          | \$3.0        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>OFFICE OF INJURED EMPLOYEE COUNSEL</b>  |                    |                             |   |                  |                |              |
| <b>Outreach Expenses</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue–Dedicated Fund 36 funding by \$0.6 million to fund public service announcements and additional outreach expenses.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.0                       | \$0.6                                     | \$0.0            | \$0.0          | \$0.6        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Internal Auditor</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue–Dedicated Fund 36 funding by \$0.1 million to fund 1 new FTE to be the agency's internal auditor.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.0                       | \$0.1                                     | \$0.0            | \$0.0          | \$0.1        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>TEXAS DEPARTMENT OF INSURANCE</b>   |                    |                             |   |                  |                |              |
| <b>Annualize Salaries</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue–Dedicated Fund 36 funding by \$0.9 million and General Revenue Account 8042 - Insurance Maintenance Tax funding by \$0.6 million to annualize salaries at the 2009 level.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.6                       | \$0.9                                     | \$0.0            | \$0.0          | \$1.5        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Open Records Processing Costs</b>   |                    |                             |   |                  |                |              |
| Decreased Other Funds by \$2.3 million in Appropriated Receipts due to a policy change in open records processing to more accurately capture the cost recovery methods and a decrease in grant funding to the Division of Workers' Compensation. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$3.8          | \$3.8        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$1.5          | \$1.5        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | (60.5%)        | (60.5%)      |
| <b>New Phone System One Time Expenditure</b>   |                    |                             |   |                  |                |              |
| Decreased General Revenue–Dedicated Fund 36 funding by \$1 million due to a one-time expenditure in 2008 for a new phone system for the Division of Workers' Compensation.   | EST/BUD<br>2008–09 | \$0.0                       | \$1.0                                     | \$0.0            | \$0.0          | \$1.0        |
|  | REC<br>2010–11     | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | BIENNIAL<br>CHANGE | NA                          | (100.0%)                                  | NA               | NA             | (100.0%)     |

## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Workers Compensation Medical Quality Review</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue–Dedicated Fund 36 funding by \$0.9 million to fund 4 new FTEs to expand the agency's functions for Workers' Compensation Medical Quality Review.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.0                       | \$0.9                                     | \$0.0            | \$0.0          | \$0.9        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Education to Health Care Providers</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue–Dedicated Fund 36 funding by \$1.0 million to fund 8 new FTEs to increase education to health care providers regarding disability management and the return-to-work program.                              | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.0                       | \$1.0                                     | \$0.0            | \$0.0          | \$1.0        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Financial Examiners</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue–Dedicated Fund 36 funding by \$0.8 million and General Revenue funding by \$1.6 million to fund 30 FTEs (additional financial examiners, attorneys and investigators) to regulate the insurance industry. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$1.6                       | \$0.8                                     | \$0.0            | \$0.0          | \$2.4        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Data Center Services Contract</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue–Dedicated Fund 36 funding by \$1.4 million and General Revenue by \$0.9 million to fund increased expenses for the Data Center Services contract. | EST/BUD<br>2008–09 | \$0.8                       | \$5.3                                     | \$0.0            | \$0.0          | \$6.1        |
|   | REC<br>2010–11     | \$1.7                       | \$6.7                                     | \$0.0            | \$0.0          | \$8.4        |
|   | BIENNIAL<br>CHANGE | 112.5%                      | 26.4%                                     | NA               | NA             | 37.7%        |
| <b>OFFICE OF PUBLIC INSURANCE COUNSEL</b>   |                    |                             |   |                  |                |              |
| <b>Expert Witnesses</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.1 million to provide expert witnesses to testify in rate and rulemaking hearings.  | EST/BUD<br>2008–09 | \$0.1                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.1        |
|   | REC<br>2010–11     | \$0.2                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.2        |
|   | BIENNIAL<br>CHANGE | 100%                        | NA  | NA               | NA             | 100%         |



## BUDGET ISSUES AND RECOMMENDATIONS

### 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>TEXAS DEPARTMENT OF LICENSING AND REGULATION</b>   |                    |                             |   |                  |                |              |
| <b>Fully Integrating New Programs</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$1.6 million to fully fund operations and FTEs for four new programs incorporated into TDLR during the 2008–09 biennium. These programs include the regulation of air conditioning and refrigeration contracting, the licensing and regulation of tow trucks, tow truck operators, and vehicle storage facilities, the licensing and regulation of appliance installers and appliance installation contractors, and the registration and regulation of certain discount health plans. | EST/BUD<br>2008–09 | \$7.4                       | \$0.0                                     | \$0.0            | \$0.0          | \$7.4        |
|   | REC<br>2010–11     | \$9.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$9.0        |
|   | BIENNIAL<br>CHANGE | 21.6%                       | NA  | NA               | NA             | 21.6%        |
| <b>Additional FTEs and Operating Costs for Conducting Inspections</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.7 million for 6.0 additional FTEs, increased rent and travel costs, and operating costs in enforcement for conducting inspections.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.7                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.7        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Increased Operating Costs for Investigations</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.7 million for additional office space and for increased travel costs for enforcement divisions.   | EST/BUD<br>2008–09 | \$1.9                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.9        |
|  | REC<br>2010–11     | \$2.6                       | \$0.0                                     | \$0.0            | \$0.0          | \$2.6        |
|  | BIENNIAL<br>CHANGE | 36.8%                       | NA  | NA               | NA             | 36.8%        |
| <b>Increased Data Center Consolidation Services Cost</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.3 million to fund increased consumption costs for Data Center Consolidation Services.   | EST/BUD<br>2008–09 | \$0.3                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.3        |
|  | REC<br>2010–11     | \$0.6                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.6        |
|  | BIENNIAL<br>CHANGE | 100.0%                      | NA  | NA               | NA             | 100.0%       |
| <b>TEXAS MEDICAL BOARD</b>   |                    |                             |   |                  |                |              |
| <b>Funding for Enforcement Division</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$3.1 million for 11.0 FTEs to provide additional support and address the increased workload in the enforcement division. The increased General Revenue includes \$0.8 million to offset an anticipated loss of General Revenue–Dedicated funds of the same amount. | EST/BUD<br>2008–09 | \$6.9                       | \$5.2                                     | \$0.0            | \$0.0          | \$12.1       |
|  | REC<br>2010–11     | \$9.9                       | \$4.5                                     | \$0.0            | \$0.0          | \$14.4       |
|  | BIENNIAL<br>CHANGE | 43.5%                       | (\$13.5%)                                 | NA               | NA             | 19.0%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Agency Outreach Program and Public Education</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.2 million and 2 FTEs to develop an outreach program which will provide information to physicians related to the agency's role, changes to statutes and rules made by the Board.            | EST/BUD<br>2008–09 | \$0.7                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.7        |
|   | REC<br>2010–11     | \$0.9                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.9        |
|   | BIENNIAL<br>CHANGE | 28.6%                       | NA  | NA               | NA             | 28.6%        |
| <b>Timekeeping System and Upgrades to Software and Hardware</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.3 million and 1 FTE to upgrade agency's timekeeping system, computer software and add capabilities to data network hardware, software and data network security and management components. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.3                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.3        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Salary Increases</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.7 million for salary increases for staff.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.7                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.7        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>BOARD OF NURSING</b>  |                    |                             |   |                  |                |              |
| <b>Increase in Staff for Licensing and Enforcement</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$1.2 million for an additional 12.0 FTEs and operating costs in Licensing and Enforcement.                                       | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$1.2                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.2        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Increase for Staff Salary Adjustments and Merit Raises</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.4 million for staff salary adjustments and merit raises in the licensing, accreditation, and adjudicate violation strategies. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.4                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.4        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Peer Assistance Program Funding</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.2 million to fully fund the Peer Assistance Program and increase the cap on the number of RN and LVN participants.            | EST/BUD<br>2008–09 | \$1.2                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.2        |
|  | REC<br>2010–11     | \$1.4                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.4        |
|  | BIENNIAL<br>CHANGE | 16.7%                       | NA  | NA               | NA             | 16.7%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Interagency Contract with the Department of State Health Services</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.7 million to help fund the Center for Nursing Workforce Studies at the Department of State Health Services through an interagency contract.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.7                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.7        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>TEXAS STATE BOARD OF PHARMACY</b>   |                    |                             |   |                  |                |              |
| <b>Health Professions Council Shared Regulatory Database Migration Project</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$1.0 million to fund the Texas State Board of Pharmacy's portion of the Health Professions Council Shared Database Migration Project.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$1.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.0        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Salary Increases and Adjustments and Additional FTEs in Licensing and Enforcement</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$1.5 million for 9.0 additional FTEs in licensing and enforcement to address increases in licensee populations, and to provide staff salary adjustments and merit raises in the licensing and enforcement divisions. | EST/BUD<br>2008–09 | \$4.6                       | \$0.0                                     | \$0.0            | \$0.0          | \$4.6        |
|  | REC<br>2010–11     | \$6.1                       | \$0.0                                     | \$0.0            | \$0.0          | \$6.1        |
|  | BIENNIAL<br>CHANGE | 32.6%                       | NA  | NA               | NA             | 32.6%        |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Increase funding for Compound Pharmaceutical testing</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.1 million to conduct an additional 100 tests on compounded pharmaceutical products.  | EST/BUD<br>2008–09 | \$0.1                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.1        |
|   | REC<br>2010–11     | \$0.2                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.2        |
|   | BIENNIAL<br>CHANGE | 100.0%                      | NA  | NA               | NA             | 100.0%       |
| <b>BOARD OF PLUMBING EXAMINERS</b>  |                    |                             |   |                  |                |              |
| <b>Health Professions Council Shared Regulatory Database Migration Project</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.6 million to fund the Board of Plumbing Examiners portion of the Health Professions Council Shared Database Migration Project. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.6                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.6        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Additional FTEs</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.2 million to fund 2 new FTEs for licensing and investigating plumbers.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.2                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.2        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION   |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>BOARD OF EXAMINERS OF PSYCHOLOGISTS</b>  |                    |                             |   |                  |                |              |
| <b>Health Professions Council Shared Regulatory Database Migration</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.1 million to fund the Board of Examiners of Psychologists portion of the Health Professions Council Shared Database Migration Project.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.1                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.1        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>RACING COMMISSION</b>  |                    |                             |   |                  |                |              |
| <b>New Horse Racetracks</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue—Dedicated Account No. 597 by \$1.3 million for Contingency Appropriations to allow the agency to regulate any new horse racetrack that begins operations during the biennium and to increase funding for the Texas Bred Program with revenue collected from the opening of each new horse racetrack. Newly generated revenues would offset these appropriations. This continues a legislative policy initially established in 1992. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.0                       | \$1.3                                     | \$0.0            | \$0.0          | \$1.3        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Reopening of Greyhound Track</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue—Dedicated Account No. 597 by \$0.6 million to fund necessary regulation functions of a greyhound track expected to reopen that was closed in 2008–09. The increase provided funding for 3.2 new FTEs.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|   | REC<br>2010–11     | \$0.0                       | \$0.6                                     | \$0.0            | \$0.0          | \$0.6        |
|   | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>REAL ESTATE COMMISSION</b>  |                    |                             |   |                  |                |              |
| <b>Criminal History Background Checks</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$1.9 million to perform federal criminal history background checks on applicants for original licensure and applicants for renewal of broker and salesperson licenses, as required by House Bill 1530, Eightieth Legislature, Regular Session, 2007. | EST/BUD<br>2008–09 | \$0.3                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.3        |
|  | REC<br>2010–11     | \$2.2                       | \$0.0                                     | \$0.0            | \$0.0          | \$2.2        |
|  | BIENNIAL<br>CHANGE | 633.3%                      | NA  | NA               | NA             | 633.3%       |
| <b>Salary Increases and Enforcement Support</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.8 million for salary increases for staff and to provide additional resources to the enforcement division.   | EST/BUD<br>2008–09 | \$13.1                      | \$0.0                                     | \$0.0            | \$0.0          | \$13.1       |
|  | REC<br>2010–11     | \$13.9                      | \$0.0                                     | \$0.0            | \$0.0          | \$13.9       |
|  | BIENNIAL<br>CHANGE | 6.1%                        | NA  | NA               | NA             | 6.1%         |
| <b>Document Scanning and Security Testing for Information System</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.4 million for document scanning and security testing for the agency's licensee and enforcement databases.   | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.4                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.4        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |



# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>TEXAS RESIDENTIAL CONSTRUCTION COMMISSION</b>   |                    |                             |   |                  |                |              |
| <b>Reduced Program Costs</b>   |                    |                             |   |                  |                |              |
| Decreased General Revenue funding by \$1.2 million for reduced one-time registration, complaint resolution, compliance and administrative program costs.   | EST/BUD<br>2008–09 | \$19.2                      | \$0.0                                     | \$0.0            | \$0.0          | \$19.2       |
|  | REC<br>2010–11     | \$18.0                      | \$0.0                                     | \$0.0            | \$0.0          | \$18.0       |
|  | BIENNIAL<br>CHANGE | (6.2%)                      | NA  | NA               | NA             | (6.2%)       |
| <b>DEPARTMENT OF SAVINGS AND MORTGAGE LENDING</b>  |                    |                             |   |                  |                |              |
| <b>Regulatory Response</b>   |                    |                             |   |                  |                |              |
| Increased contingency funding for thrift examinations by \$1.6 million in General Revenue Funds to maintain regulatory standards if significant changes in the industry occur. This recommendation continues legislative policy established in 2004. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$1.6                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.6        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Financial Examiner Salary Adjustments</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.5 million for financial examiner retention and competitive salaries.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.5                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.5        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE–<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>SECURITIES BOARD</b>  |                    |                             |   |                  |                |              |
| <b>Regulatory Response</b>   |                    |                             |   |                  |                |              |
| Increased contingency funding for securities regulation by \$1.9 million in General Revenue Funds to maintain regulatory standards if significant changes in the industry occur. | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$1.9                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.9        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Financial Examiner Salary Adjustments</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$1.6 million for financial examiner retention and competitive salaries.  | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$1.6                       | \$0.0                                     | \$0.0            | \$0.0          | \$1.6        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |
| <b>Inspection FTEs</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.3 million for 4 new financial examiner FTEs to reduce dealer and investment advisor inspection cycles from five to three years.         | EST/BUD<br>2008–09 | \$0.0                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.0        |
|  | REC<br>2010–11     | \$0.3                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.3        |
|  | BIENNIAL<br>CHANGE | NA                          | NA  | NA               | NA             | NA           |

# BUDGET ISSUES AND RECOMMENDATIONS

## 2010–11 BIENNIAL RECOMMENDATIONS

**TABLE 45**  
**SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)**

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION  |                    | GENERAL<br>REVENUE<br>FUNDS | GENERAL<br>REVENUE—<br>DEDICATED<br>FUNDS | FEDERAL<br>FUNDS | OTHER<br>FUNDS | ALL<br>FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <b>Travel</b>  |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.1 million for inspection, investigation, and legal travel.  | EST/BUD<br>2008–09 | \$0.3                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.3        |
|  | REC<br>2010–11     | \$0.4                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.4        |
|  | BIENNIAL<br>CHANGE | 33.3%                       | NA  | NA               | NA             | 33.3%        |
| <b>PUBLIC UTILITY COMMISSION</b>   |                    |                             |   |                  |                |              |
| <b>Low-Income Discount Program - Increase</b>  |                    |                             |   |                  |                |              |
| Increased System Benefit Fund 5100 funding for the Low Income Discount Program by \$70.9 million to provide up to a 17 percent discount for eligible customers for 5 months. | EST/BUD<br>2008–09 | \$0.0                       | \$181.0                                   | \$0.0            | \$0.0          | \$181.0      |
|  | REC<br>2010–11     | \$0.0                       | \$251.9                                   | \$0.0            | \$0.0          | \$251.9      |
|  | BIENNIAL<br>CHANGE | NA                          | 39.2%                                     | NA               | NA             | 39.2%        |
| <b>Increase funding for Data Center Consolidation Services Costs</b>   |                    |                             |   |                  |                |              |
| Increased General Revenue funding by \$0.2 million for increased operating costs for the Data Center Consolidation Services.   | EST/BUD<br>2008–09 | \$0.7                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.7        |
|  | REC<br>2010–11     | \$0.9                       | \$0.0                                     | \$0.0            | \$0.0          | \$0.9        |
|  | BIENNIAL<br>CHANGE | 28.6%                       | NA  | NA               | NA             | 28.6%        |