

LEGISLATIVE BUDGET BOARD

Summary of Legislative Budget Estimates

FOR THE 2012–13 BIENNIUM

JANUARY 2011

SENATE VERSION

SUBMITTED TO THE 82nd TEXAS LEGISLATURE



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**for the 2012–13 Biennium
January 2011**

Senate Version

Submitted to the 82nd Texas Legislature

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INTRODUCTION

The Legislative Budget Board's (LBB) recommended baseline appropriations for state government operations for the 2012–13 biennium total \$158.7 billion from all fund sources. The recommendations provide a

\$28.8 billion, or 15.4 percent, decrease from the 2010–11 biennial level.

General Revenue Funds, including funds dedicated within the General Revenue Fund, total \$79.7 billion for the 2012–13 biennium,

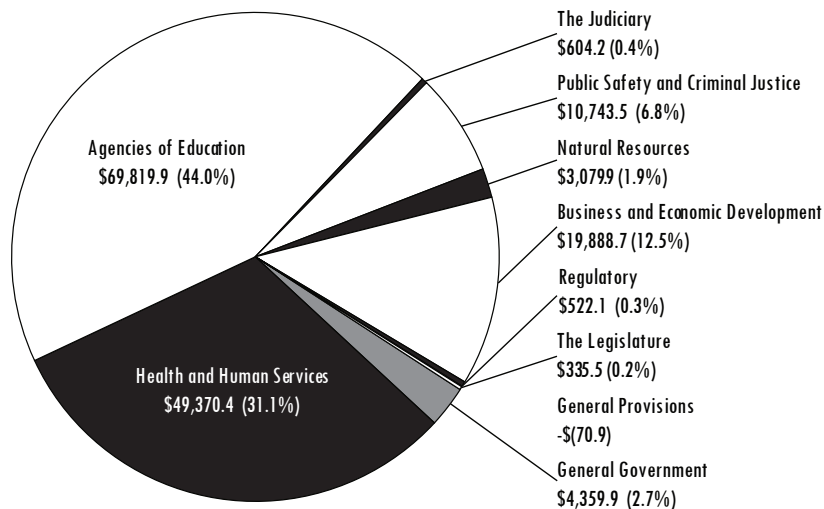
a decrease of \$8.8 billion, or 9.9 percent, from the anticipated 2010–11 biennial spending level. Figures 1 and 2 show the 2012–13 recommendations by government function.

2012–13 BIENNIAL RECOMMENDATIONS

**FIGURE 1
ALL FUNDS**

IN MILLIONS

TOTAL = \$158,653.4

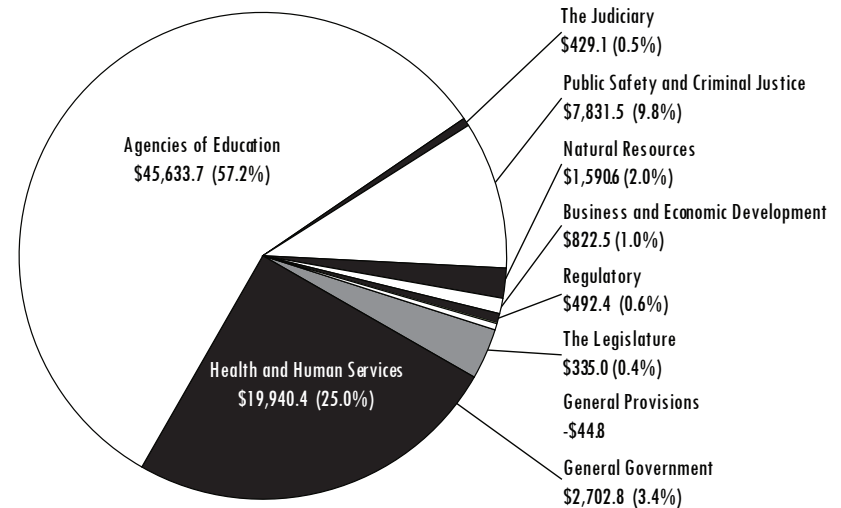


NOTE: Excludes Interagency Contracts.

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

IN MILLIONS

TOTAL = \$79,733.0



HIGHLIGHTS OF THE RECOMMENDATIONS

For the 2012–13 biennium, the LBB’s recommendations include funding for the following key budget items. Noted funding increases or decreases are from the 2010–11 biennial spending levels that reflect appropriation reduction plans approved by the Governor, Lieutenant Governor, and Speaker (estimated to be \$1.4 billion).

HEALTH AND HUMAN SERVICES

- \$35.2 billion in All Funds, including \$13.6 billion in General Revenue Funds and General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. Recommended funding levels assume provider rate reductions of 10 percent (a decrease of \$1.6 billion in General Revenue Funds and \$3.8 billion in All Funds) and an anticipated improvement in the Federal Medical Assistance Percentage that will result in General Revenue savings (\$1.0 billion). The recommendations do not include funding (an estimated \$1.7 billion in General Revenue Funds and \$4.2 billion in All Funds) to serve the projected number of clients who will be eligible for and enroll in the program or for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity. The recommendations also do not replace with state funds an estimated \$4.3 billion in federal stimulus funds associated with a higher Federal Medical Assistance Percentage (FMAP). This, in turn, results in the loss of an additional \$5.7 billion in federal matching funds.

PUBLIC EDUCATION

- \$33.3 billion in All Funds and \$27.2 billion in General Revenue Funds and General Revenue–Dedicated Funds is provided for the Foundation School Program (FSP). This represents a reduction of \$453.0 million in General Revenue Funds. The total funding

level for the FSP is estimated to be \$9.3 billion below the amount required to fund the school finance formulas under the Texas Education Code. Major factors driving FSP costs include: (1) projected student enrollment growth of just less than 80,000 students in average daily attendance annually (\$2.2 billion); (2) projected decreases in school district property values and resulting local revenue (more than \$2.0 billion); (3) the use of nearly \$3.3 billion in one-time federal American Recovery and Reinvestment Act (ARRA) in the 2010–11 biennium to help cover the state share of the FSP; and (4) an estimated \$1.4 billion related to the reliance on state overpayments to districts during fiscal year 2009 to fund fiscal year 2010 entitlement and projected underpayments in fiscal year 2011 that will be paid in fiscal year 2012. FSP funding levels assume passage of legislation that enacts reductions to school district and charter school entitlements such that amounts appropriated would represent full funding of the state’s obligations under the school finance formulas. This would require an estimated 13.0 percent reduction in state and local entitlements.

- General Revenue Funds for public education programs outside the FSP is reduced by \$1.4 billion, or 51.6 percent compared to the 2010–11 biennium. Several large funding items, such as the District Awards for Teacher Excellence educator incentive pay grants, the Student Success Initiative, the Technology Allotment and Pre-kindergarten Early Start grants are among those for which specifically designated funding is not provided in the 2012–13 biennium. The bill provides \$400 million in General Revenue directed by rider for four broad purposes including high school completion and college

readiness, pre-kindergarten, interventions for struggling students, campuses, and districts, and educator effectiveness.

HIGHER EDUCATION

- Higher Education is supported by \$21.6 billion in All Funds and \$14.1 in General Revenue Funds and General Revenue–Dedicated Funds. Included in this amount is a reduction of \$238.8 million in formula funding, the result of a 5 percent reduction in the General Academic, Community Colleges and most of the Health-related Institution’s formulas. Funding for enrollment growth at the various types of institutions is not provided. Special item funding for higher education has also been reduced by approximately 25 percent, resulting in a decrease of \$254.4 million. The elimination of one-time funding (mostly hurricane related) results in a loss of \$116.3 million. Student financial aid is generally provided only for students already participating in the various financial aid programs, resulting in a decline of \$431.2 million in aid programs. However, a contingency rider is provided for an additional \$50 million in financial aid, resulting in a net decrease of \$381.2 million. Numerous other programs at the Texas Higher Education Coordinating Board are reduced 25 percent, resulting in a decrease of \$112.2 million. Higher Education Group Insurance contributions are reduced \$115.3 million, mainly due to discounted premium contribution rates for higher education employees (90 percent of ERS general state employee premium rates for higher education employees and 50 percent for eligible community college employees). Additional reductions include: \$19.2 million for the Research Development Fund; \$5.3 million for System Office operations; \$51.1

HIGHLIGHTS OF THE RECOMMENDATIONS (CONTINUED)

million for clinical and hospital operations; \$32.5 million for assistance to volunteer fire departments; and \$227.0 million one-time funding from ARRA.

CRIMINAL JUSTICE

- \$4.6 billion in All Funds and \$4.4 billion in General Revenue Funds and General Revenue–Dedicated Funds is provided for the incarceration of adult offenders in the Texas Department of Criminal Justice which includes housing, security, classification, food and necessities, healthcare, and treatment services. General Revenue Fund reductions for fiscal years 2012–13 include: \$68.1 million for Institutional Goods/Support; \$20.6 million for Contract Prisons, Private State Jails, and Residential Pre-parole Facilities; \$31.1 million for the closure of the Central Unit; \$23.8 million for treatment/transitional services; and \$224 million for Correctional Managed Health Care (CMHC) services and monitoring. The CMHC reductions reflect: a 14 percent reduction for psychiatric and pharmacy care; payments to healthcare providers for hospital care are limited to Medicaid rates; and indirect charges not identified in the provider contract in unit care are not allowed.

BORDER SECURITY

- \$111.5 million in All Funds is provided for border security purposes at the Department of Public Safety, the Trusteed Programs Within the Office of the Governor, and at the Texas Parks and Wildlife Department. This includes funding for state and local security initiatives and patrol overtime. Funding is increased by \$0.5 million over 2010–11 spending levels of \$111.0 million.

TRANSPORTATION

- \$15.4 billion in All Funds is provided for transportation planning and design, right-of-

way acquisition, construction, maintenance, and bond debt service. The recommendations represent a \$508.5 million decrease in All Funds, which includes: increases of \$1.3 billion in State Highway Funds; \$568.5 million in Federal Funds from regular federal transportation apportionments; \$64.7 million in Federal Funds from Build America Bond interest payment subsidies and \$61.4 million in General Revenue Funds offset by decreases of \$938.6 million in federal economic stimulus funds; \$740.9 million in General Obligation Bond Proceeds; \$462.9 million in Texas Mobility Funds; \$396.2 million in State Highway Fund Revenue Bond Proceeds; and \$7.8 million in Other Funds from Interagency Contracts and Appropriated Receipts.

RETIREMENT BENEFITS

- \$695.6 million in All Funds and \$448.4 million in General Revenue Funds and General Revenue–Dedicated Funds is provided for state contributions to the state employee retirement program. The recommendations include a reduction of \$110.9 million in All Funds, which reflects a decrease in the state contribution rate from 6.95 percent to 6.00 percent, significant FTE changes at certain state agencies, and no payroll growth for state and higher education employees. The recommendations reflect a combined contribution rate of 12.00 percent due to the employee contribution matching the state contribution. According to the August 31, 2010 actuarial valuation of the ERS retirement fund, the total required contribution rate that would fund the normal cost of the retirement plan, which is the cost of benefits being earned during the year by current active members, is 12.30 percent.

- \$3.1 billion in All Funds and \$2.9 billion in General Revenue Funds and General Revenue–Dedicated Funds is provided for the state contribution for retirement benefits through the Teacher Retirement System. The state contribution rate is decreased from 6.644 percent in the 2010–11 biennium to 6.000 percent and assumes no payroll growth, which results in a decrease of \$254.8 million in All Funds. Because statute currently prohibits the state rate for retirement from being less than that of active members (currently 6.4 percent), this funding level assumes statutory change. For retiree health insurance, funding is \$253.7 million below the 2010–11 biennial level, representing a state contribution rate for retiree health insurance of 0.5 percent and no payroll growth. This is a decrease from the 1.0 percent in the 2010–11 biennium, a statutory rate; this funding level assumes passage of legislation amending that statute.

STATE EMPLOYEE GROUP BENEFITS

- \$2.5 billion in All Funds and \$1.6 billion in General Revenue Funds and General Revenue–Dedicated Funds is provided for state contributions for group insurance benefits for state employees, retirees, and their dependents. The recommendations include funding to make up for the use of trust fund reserves in the 2010–11 biennium (\$132.4 million in All Funds and \$76.9 million in General Revenue Funds) but do not include any increase in the state contribution rate for expected growth in the cost of healthcare claims.

RAINY DAY FUND

- The recommendations do not tap the Economic Stabilization Fund (Rainy Day Fund), the balance of which is projected to be \$9.4 billion in fiscal year 2013.

BUDGETARY REDUCTIONS FOR THE 2012–13 BIENNIUM

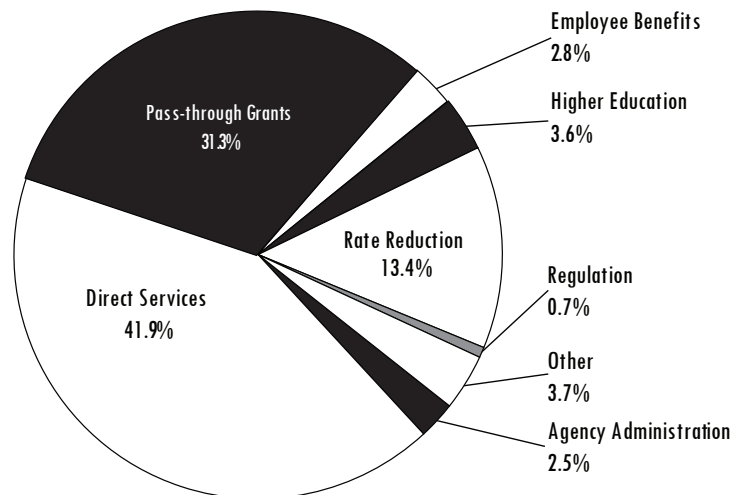
The recommended level of appropriations are the result of targeted reductions to programs and other state services. From an All Funds perspective, the largest share of reductions (41.9 percent) comes in direct services provided by state agencies. Primary examples include Medicaid and criminal justice programs

and services. For General Revenue Funds and General Revenue–Dedicated Funds, the largest share of reductions (34.5 percent) comes from pass-through grants to other entities, such as units of local government, including school districts, and non-profit organizations, among others. Provider rate reductions (primarily health

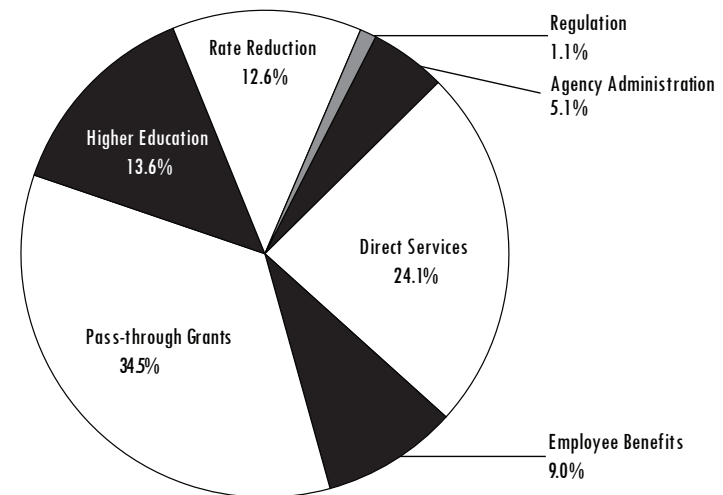
and human services providers) represent 13.4 percent of the All Funds reductions, and 12.6 percent of the General Revenue Funds and General Revenue–Dedicated Funds reductions. Figures 3 and 4 show recommended budgetary reductions.

RECOMMENDED 2012–13 BUDGETARY REDUCTIONS COMPARED TO 2010–11 BASE

**FIGURE 3
ALL FUNDS**



**FIGURE 4
GENERAL REVENUE FUNDS AND
GENERAL REVENUE–DEDICATED FUNDS**



RECOMMENDATIONS BY METHOD OF FINANCING

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 1
ALL FUNDS:

| IN MILLIONS FUNCTION | ESTIMATED/ BUDGETED 2010–11* | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|------------------------------------|------------------------|---------------------|----------------------|
| Article I – General Government | \$4,807.9 | \$4,359.9 | (\$448.0) | (9.3%) |
| Article II – Health and Human Services | 65,477.6 | 49,370.4 | (16,107.2) | (24.6) |
| Article III – Agencies of Education | 76,441.5 | 69,819.9 | (6,621.6) | (8.7) |
| <i>Public Education</i> | 53,701.5 | 48,278.4 | (5,423.1) | (10.1) |
| <i>Higher Education</i> | 22,740.0 | 21,541.5 | (1,198.5) | (5.3) |
| Article IV – The Judiciary | 673.9 | 604.2 | (69.7) | (10.3) |
| Article V – Public Safety and Criminal Justice | 12,073.9 | 10,743.5 | (1,330.5) | (11.0) |
| Article VI – Natural Resources | 3,649.0 | 3,079.9 | (569.1) | (15.6) |
| Article VII – Business and Economic Development | 23,202.8 | 19,888.7 | (3,314.0) | (14.3) |
| Article VIII – Regulatory | 798.7 | 522.1 | (276.6) | (34.6) |
| Article IX – General Provisions | 0.0 | (70.9) | (70.9) | NA |
| Article X – The Legislature | 372.8 | 335.5 | (37.2) | (10.0) |
| Total, All Functions | \$187,498.1 | \$158,653.4 | (\$28,844.7) | (15.4%) |

*Includes anticipated supplemental spending adjustments.

NOTES: Excludes interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table and figure totals may not sum due to rounding.

RECOMMENDATIONS BY METHOD OF FINANCING

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 2
GENERAL REVENUE FUNDS:

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11* | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|------------------------------------|------------------------|--------------------|----------------------|
| FUNCTION | | | | |
| Article I – General Government | \$2,439.1 | \$2,102.3 | (\$336.8) | (13.8%) |
| Article II – Health and Human Services | 21,702.8 | 19,029.3 | (2,673.5) | (12.3) |
| Article III – Agencies of Education | 46,850.0 | 43,012.9 | (3,837.1) | (8.2) |
| <i>Public Education</i> | 33,783.6 | 31,503.9 | (2,279.7) | (6.7) |
| <i>Higher Education</i> | 13,066.4 | 11,509.0 | (1,557.4) | (11.9) |
| Article IV – The Judiciary | 425.8 | 372.4 | (53.4) | (12.5) |
| Article V – Public Safety and Criminal Justice | 8,620.4 | 7,660.5 | (959.9) | (11.1) |
| Article VI – Natural Resources | 874.3 | 643.0 | (231.3) | (26.5) |
| Article VII – Business and Economic Development | 501.1 | 432.3 | (68.7) | (13.7) |
| Article VIII – Regulatory | 293.3 | 273.6 | (19.7) | (6.7) |
| Article IX – General Provisions | 0.0 | (38.4) | (38.4) | NA |
| Article X – The Legislature | 372.2 | 335.0 | (37.2) | (10.0) |
| Total, All Functions | \$82,078.9 | \$73,822.8 | (\$8,256.0) | (10.1%) |

*Includes anticipated supplemental spending adjustments.

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table and figure totals may not sum due to rounding.

RECOMMENDATIONS BY METHOD OF FINANCING

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 3
GENERAL REVENUE—DEDICATED FUNDS:

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11* | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|------------------------------------|------------------------|--------------------|----------------------|
| FUNCTION | | | | |
| Article I – General Government | \$624.7 | \$600.5 | (\$24.2) | (3.9%) |
| Article II – Health and Human Services | 961.5 | 911.1 | (50.4) | (5.2) |
| Article III – Agencies of Education | 2,512.4 | 2,620.8 | 108.4 | 4.3 |
| <i>Public Education</i> | 0.4 | 0.4 | 0.0 | NA |
| <i>Higher Education</i> | 2,512.0 | 2,620.4 | 108.4 | 4.3 |
| Article IV – The Judiciary | 64.1 | 56.7 | (7.4) | (11.5) |
| Article V – Public Safety and Criminal Justice | 75.4 | 171.0 | 95.6 | 126.7 |
| Article VI – Natural Resources | 1,295.7 | 947.6 | (348.1) | (26.9) |
| Article VII – Business and Economic Development | 467.0 | 390.1 | (76.9) | (16.5) |
| Article VIII – Regulatory | 445.9 | 218.8 | (227.1) | (50.9) |
| Article IX – General Provisions | 0.0 | (6.4) | (6.4) | NA |
| Article X – The Legislature | 0.0 | 0.0 | 0.0 | NA |
| Total, All Functions | \$6,446.7 | \$5,910.2 | (\$536.5) | (8.3%) |

*Includes anticipated supplemental spending adjustments.

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table and figure totals may not sum due to rounding.

RECOMMENDATIONS BY METHOD OF FINANCING

2012–13 BIENNIAL RECOMMENDATIONS

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

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11* | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|------------------------------------|------------------------|--------------------|----------------------|
| FUNCTION | | | | |
| Article I – General Government | \$3,063.8 | \$2,702.8 | (\$361.0) | (11.8%) |
| Article II – Health and Human Services | 22,664.3 | 19,940.4 | (2,723.9) | (12.0) |
| Article III – Agencies of Education | 49,362.4 | 45,633.7 | (3,728.7) | (7.6) |
| <i>Public Education</i> | 33,784.0 | 31,504.3 | (2,279.7) | (6.7) |
| <i>Higher Education</i> | 15,578.4 | 14,129.4 | (1,449.0) | (9.3) |
| Article IV – The Judiciary | 489.9 | 429.1 | (60.8) | (12.4) |
| Article V – Public Safety and Criminal Justice | 8,695.8 | 7,831.5 | (864.4) | (9.9) |
| Article VI – Natural Resources | 2,169.9 | 1,590.6 | (579.4) | (26.7) |
| Article VII – Business and Economic Development | 968.1 | 822.5 | (145.6) | (15.0) |
| Article VIII – Regulatory | 739.2 | 492.4 | (246.8) | (33.4) |
| Article IX – General Provisions | 0.0 | (44.8) | (44.8) | NA |
| Article X – The Legislature | 372.2 | 335.0 | (37.2) | (10.0) |
| Total, All Functions | \$88,525.6 | \$79,733.0 | (\$8,792.6) | (9.9%) |

*Includes anticipated supplemental spending adjustments.

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table and figure totals may not sum due to rounding.

RECOMMENDATIONS BY METHOD OF FINANCING

2012–13 BIENNIAL RECOMMENDATIONS

**TABLE 5
FEDERAL FUNDS:**

| IN MILLIONS FUNCTION | ESTIMATED/ BUDGETED 2010–11* | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|------------------------------------|------------------------|---------------------|----------------------|
| Article I – General Government | \$1,200.6 | \$668.0 | (\$532.6) | (44.4%) |
| Article II – Health and Human Services | 42,216.6 | 28,957.0 | (13,259.5) | (31.4) |
| Article III – Agencies of Education | 14,014.6 | 10,934.8 | (3,079.9) | (22.0) |
| <i>Public Education</i> | 13,320.5 | 10,540.4 | (2,780.1) | (20.9) |
| <i>Higher Education</i> | 694.1 | 394.4 | (299.7) | (43.2) |
| Article IV – The Judiciary | 5.0 | 3.6 | (1.4) | (27.9) |
| Article V – Public Safety and Criminal Justice | 1,895.0 | 1,619.9 | (275.0) | (14.5) |
| Article VI – Natural Resources | 1,230.2 | 1,196.1 | (34.1) | (2.8) |
| Article VII – Business and Economic Development | 12,004.1 | 9,088.0 | (2,916.0) | (24.3) |
| Article VIII – Regulatory | 7.2 | 6.2 | (0.9) | (13.0) |
| Article IX – General Provisions | 0.0 | (16.4) | (16.4) | NA |
| Article X – The Legislature | 0.0 | 0.0 | 0.0 | NA |
| Total, All Functions | \$72,573.2 | \$52,457.3 | (\$20,115.8) | (27.7%) |

*Includes anticipated supplemental spending adjustments.

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table and figure totals may not sum due to rounding.

RECOMMENDATIONS BY METHOD OF FINANCING

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 6
OTHER FUNDS:

| IN MILLIONS FUNCTION | ESTIMATED/ BUDGETED 2010–11* | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|------------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government | \$543.6 | \$989.2 | \$445.6 | 82.0% |
| Article II – Health and Human Services | 596.7 | 473.0 | (123.7) | (20.7) |
| Article III – Agencies of Education | 13,064.5 | 13,251.4 | 186.9 | 1.4 |
| <i>Public Education</i> | 6,597.1 | 6,233.7 | (363.4) | (5.5) |
| <i>Higher Education</i> | 6,467.4 | 7,017.7 | 550.3 | 8.5 |
| Article IV – The Judiciary | 179.1 | 171.6 | (7.5) | (4.2) |
| Article V – Public Safety and Criminal Justice | 1,483.1 | 1,292.1 | (191.1) | (12.9) |
| Article VI – Natural Resources | 248.9 | 293.3 | 44.3 | 17.8 |
| Article VII – Business and Economic Development | 10,230.6 | 9,978.2 | (252.4) | (2.5) |
| Article VIII – Regulatory | 52.3 | 23.4 | (28.8) | (55.2) |
| Article IX – General Provisions | 0.0 | (9.6) | (9.6) | NA |
| Article X – The Legislature | 0.6 | 0.6 | (0.0) | (5.2) |
| Total, All Functions | \$26,399.4 | \$26,463.0 | \$63.6 | 0.2% |

*Includes anticipated supplemental spending adjustments.

NOTES: Excludes interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table and figure totals may not sum due to rounding.

RECOMMENDATIONS BY FUND SOURCE

2012–13 BIENNIAL RECOMMENDATIONS

FIGURE 5
ESTIMATED/BUDGETED FOR 2010–11
BY FUND SOURCE

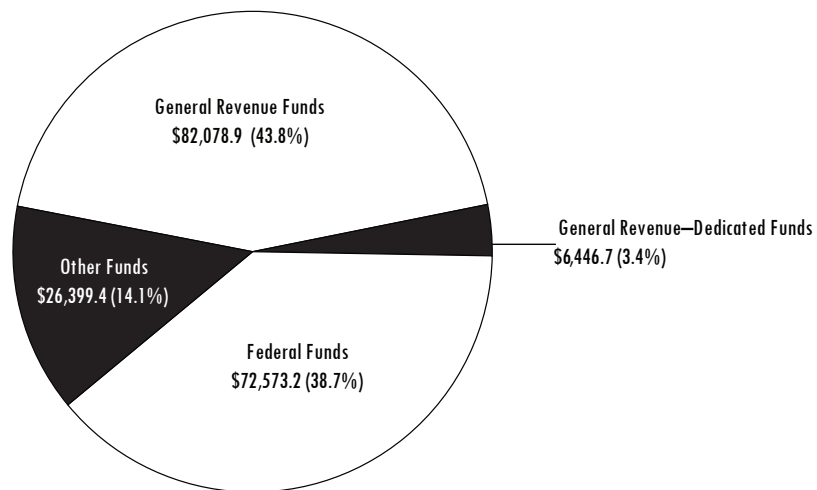
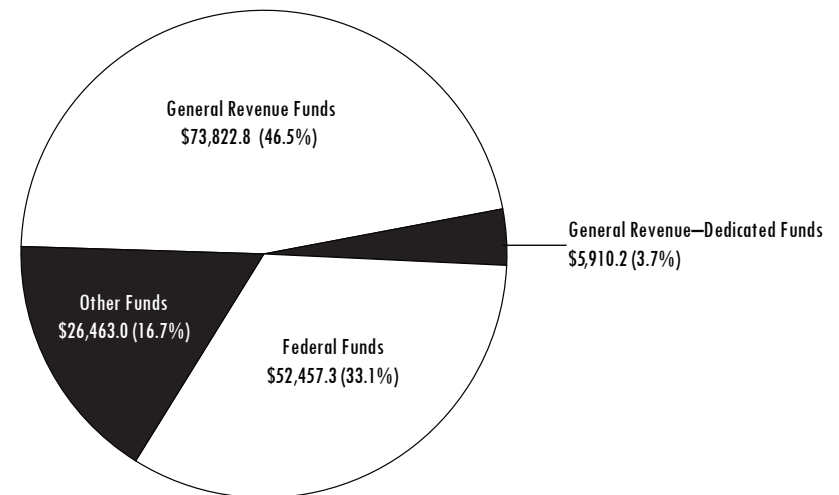


FIGURE 6
BIENNIAL RECOMMENDATIONS FOR 2012–13
BY FUND SOURCE



NOTES: Excludes interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table and figure totals may not sum due to 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 total \$3,254.7 million in All Funds for the 2012–13 biennium and consists of \$1,565.2 million in fiscal year 2012 and \$1,689.5 million in fiscal year 2013. Table 7 shows estimated/budgeted and recommended general obligation and revenue bond debt service costs by agency and methods of finance for the 2010–11 and 2012–13 biennia. The recommendations include a biennial increase of \$99.4 million in General Revenue Funds or 6.4 percent, mainly due to an increase in appropriations of General Revenue Funds for debt service related to Highway Construction Bonds and General Obligation bonds. The recommendations include a biennial increase of \$66.2 million in Federal Funds or 92.5 percent, primarily related to a debt service subsidy for the issuance of approximately \$3,705.5 million of Build America Bonds for transportation and capital projects. In addition, the recommendations include a biennial increase of \$307.9 million in Other Funds or 26.6 percent, for debt service from the 2010–11 level. This increase is primarily due to increases in debt service requirements out of the State Highway Fund and the Texas Mobility Fund, and for water projects.

TABLE 7

DEBT SERVICE PAYMENTS BY AGENCY AND FUND SOURCE, ALL FUNDS

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY/FUND SOURCE | | | | |
| Texas Public Finance Authority - GO Bonds | \$624.4 | \$708.3 | \$83.9 | 13.4% |
| Texas Public Finance Authority - MLPP | 26.2 | 18.0 | (8.2) | (31.3) |
| Historical Commission/National Museum of the Pacific War - Lease Payments | 1.9 | 1.7 | (0.2) | (10.5) |
| Governor's Office - Economic Growth and Tourism | 6.5 | 10.0 | 3.5 | 53.8 |
| Water Development Board - Water Bonds | 182.9 | 220.3 | 37.4 | 20.4 |
| Facilities Commission - Lease Payments | 86.0 | 76.3 | (9.7) | (11.3) |
| Preservation Board/History Museum - Lease Payments | 12.0 | 11.8 | (0.2) | (1.7) |
| Department of State Health Services - Lease Payments | 5.7 | 5.7 | 0.0 | 0.0 |
| Tuition Revenue Bonds | 599.4 | 600.0 | 0.6 | 0.1 |
| Adjutant General's Department | 4.6 | 4.6 | 0.0 | 0.0 |
| Department of Criminal Justice - Private Prison Lease/Purchase | 19.9 | 14.0 | (5.9) | (29.6) |
| Parks and Wildlife - Lease Payments | 14.9 | 14.5 | (0.4) | (2.7) |
| Department of Transportation - State Highway Fund | 21.9 | 127.1 | 105.2 | 480.4 |
| Department of Transportation - Texas Mobility Fund | 526.4 | 750.5 | 224.1 | 42.6 |
| Department of Transportation - Highway Construction (General Revenue) | 648.2 | 691.9 | 43.7 | 6.7 |
| TOTAL, Debt Service Payments | \$2,780.9 | \$3,254.7 | \$473.8 | 17.0% |
| METHOD OF FINANCING: | | | | |
| General Revenue Funds | \$1,542.9 | \$1,642.3 | \$99.4 | 6.4% |
| General Revenue–Dedicated Funds | 7.1 | 7.4 | 0.3 | 4.2 |
| Federal Funds | 71.6 | 137.8 | 66.2 | 92.5 |
| Other Funds | 1,159.3 | 1,467.2 | 307.9 | 26.6 |
| TOTAL, All Funds | \$2,780.9 | \$3,254.7 | \$473.8 | 17.0% |

NOTES: Totals may not sum due to rounding.

Contingent on the passage of legislation and included in amounts reflected in the table above, is approximately \$14.4 million in General Revenue Funds to the Texas Public Finance Authority for debt service on \$600 million in general obligation bond proceeds appropriated to the Cancer Prevention and Research Institute of Texas for cancer prevention and research grants.

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. Table 8 shows a comparison between the estimated/budgeted benefits costs for 2010–11 and the recommendations for 2012–13 by method of finance. The recommendations for retirement state contributions reflect decreased funding of \$110.9 million in All Funds (\$76.0 million in General Revenue Funds and General Revenue–Dedicated Funds) for employee retirement benefits. Factors used to develop these recommendations include: a decrease in the state contribution rate from 6.95 percent to 6.00 percent; FTE changes at specific state agencies; and no payroll growth for state and higher education employees.

These recommendations reflect a combined contribution rate of 12.00 percent (6.00 percent state contribution and 6.00 percent member contribution), which is a decrease from the current combined contribution rate of 13.45 percent. According to the August 31, 2010 actuarial valuation of the ERS retirement fund, the total required contribution rate that would fund the normal cost of the retirement plan is 12.30 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 17.07 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 83.20 percent, a decrease of 4.20 percentage points from the August 31, 2009 actuarial valuation. These percentages are subject to change once the February 2011 valuation results are available.

ERS also administers the Law Enforcement and Custodial Officer Supplemental (LECOS) Retirement Fund, which provides an increased retirement benefit for certain employees who

are certified peace officers and custodial officers. The recommendations include a decrease in funding of \$47.7 million in All Funds to the LECOS Retirement Fund, which reflects the recommendation to suspend the state contribution to this retirement program during the 2012–13 biennium. According to the August 31, 2010 actuarial valuation of the LECOS fund, the total required contribution rate that would fund the normal cost is 2.07

TABLE 8
SELECTED EMPLOYEE BENEFITS, ALL FUNDS

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11* | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---------------------------------|------------------------------------|------------------------|--------------------|----------------------|
| AGENCY/FUND SOURCE | | | | |
| Benefit Replacement Pay | \$78.8 | \$69.4 | (\$9.4) | (12.0%) |
| Social Security | 1,498.7 | 1,503.6 | 4.9 | 0.3 |
| ERS Retirement | 806.5 | 695.6 | (110.9) | (13.8) |
| ERS Health | 2,472.1 | 2,493.6 | 21.5 | 0.9 |
| TRS-Retirement | 3,391.4 | 3,136.5 | (254.9) | (7.5) |
| TRS-Retiree Insurance | 521.1 | 267.4 | (253.7) | (48.7) |
| ORP | 294.1 | 247.9 | (46.3) | (15.7) |
| HEGI | 1,068.3 | 952.8 | (115.4) | (10.8) |
| TOTAL | \$10,131.0 | \$9,366.8 | (\$764.2) | (7.5%) |
| METHOD OF FINANCING: | | | | |
| General Revenue Funds | \$8,057.9 | \$7,295.4 | (\$762.5) | (9.5%) |
| General Revenue–Dedicated Funds | 505.2 | 526.2 | 21.0 | 4.2 |
| Federal Funds | 824.0 | 781.5 | (42.5) | (5.2) |
| Other Funds | 744.0 | 763.7 | 19.7 | 2.7 |
| TOTAL, All Funds | \$10,131.0 | \$9,366.8 | (\$764.2) | (7.5%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table and figure totals may not sum due to rounding.

SIGNIFICANT FUNDING ELEMENTS AND COSTS (CONTINUED)

percent. The total required contribution rate that would both fund the normal cost and amortize the unfunded accrued liability over 31 years is 2.72 percent. These percentages are subject to change once the results of the February 2011 valuation update are available.

The third pre-funded retirement program administered by ERS is the Judicial Retirement System Plan Two (JRS-II), which is the retirement program for judges who became judiciary members on or after September 1, 1985. The recommendations include a reduction in funding of \$14.6 million in All Funds, which reflects a decrease in the state contribution rate from 16.83 percent to 6.00 percent. According to the August 31, 2010 actuarial valuation, the state contribution rate that would fund the normal cost is 14.21 percent. The required state contribution rate that would both fund the normal cost and amortize the unfunded accrued liability over 31 years is 15.70 percent. These percentages are subject to change once the results of the February 2011 valuation update are available.

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 6.0 percent of payroll, which is less than the current biennium's rate

of 6.4 percent. These contributions represent an All Funds decrease of \$254.9 million and \$46.3 million, respectively, to reflect no assumed payroll growth for fiscal years 2012 and 2013. Recommendations for the Optional Retirement Program assume no annual growth for the 2012–13 biennium.

GROUP INSURANCE

The Employees Retirement System (ERS) administers the Group Benefits Program (GBP), which provides group health insurance to active and retired state employees, and their dependents. The recommendations for state contributions for group insurance benefits reflect increased funding of \$21.5 million in All Funds, but a decrease of \$1.8 million in General Revenue Funds and General Revenue–Dedicated Funds. Factors used to develop the recommendations include: a 3.25 percent state contribution decrease in 2012; no change in the state contribution in 2013; and spending down the remaining \$50 million ERS-projected insurance fund balance as of August 31, 2011.

In addition, the recommendations reflect 1.5 percent annual growth in overall member population due to a 5 percent annual growth in retirees. The recommendations also include eliminating the state's contribution for dependent health insurance coverage for certain state employees through the State Kids Insurance Program (SKIP) due to these employees now being eligible for the Children's Health Insurance Program (CHIP), which is administered by the Texas Department of Health and Human Services. Finally, the recommendations include the

implementation of a tiered coinsurance plan for medical expenditures to reduce GBP costs and increase participants' cost sharing of health plan costs.

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 recommendations for state contributions to HEGI result in an All Funds decrease of \$115.4 million, and funds premium contribution rates at 90 percent of ERS general state employee premium rates for all institutions. The contribution rate for community colleges is 50 percent of the ERS general state employee premium rate per eligible employee.

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 benefits of TRS-Care are financed through a combination of state contributions, retiree premiums, and a percentage of payroll contributions from active employees and local school districts. According to the August 31, 2010 actuarial valuation of the TRS-Care retiree insurance trust fund, the asset balance of the trust fund

SIGNIFICANT FUNDING ELEMENTS AND COSTS (CONTINUED)

is \$815.0 million. Funding for the 2012–13 biennium assumes a state contribution rate of 0.5 percent of active public education employee payroll, a reduction from the current statutory rate of 1 percent. Recommendations for state contributions for TRS-Care retiree insurance reflect a decrease of \$253.7 million from 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) 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 recommendations for state contributions for Social Security reflect increased funding of \$4.9 million in All Funds (\$12.5 million in General Revenue Funds and General Revenue–Dedicated Funds). These recommendations for Social Security reflect FTE changes at certain state agencies, and no payroll growth for state and higher education employees. The recommendations for Benefit Replacement Pay reflect

decreased funding of \$9.4 million in All Funds (\$5.5 million in General Revenue Funds and General Revenue–Dedicated Funds) due to a projected 6.5 percent annual turnover rate in employees hired before September 1, 1995.

FULL-TIME-EQUIVALENT POSITIONS

The recommendations provide for 232,993 full-time-equivalent positions (FTEs) in fiscal year 2012, and 232,694 in fiscal year 2013. As shown in Figure 7, the fiscal year 2013 amount represents a decrease of 8,167 from the 2011 budgeted levels.

FIGURE 7
FULL-TIME-EQUIVALENT POSITIONS

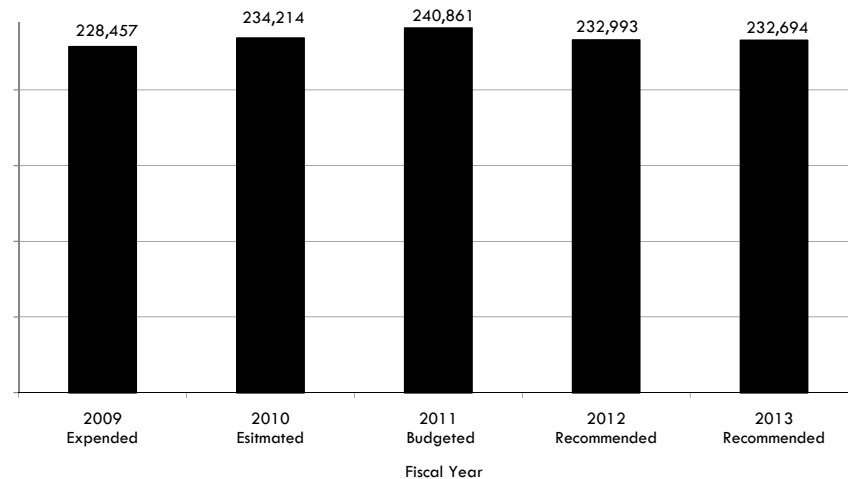


TABLE 9
FULL-TIME-EQUIVALENT POSITIONS

| IN MILLIONS | | | | | |
|---|------------------|-------------------|------------------|---------------------|---------------------|
| FUNCTION | EXPENDED 2009 | ESTIMATED 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
| Article I – General Government | 9,118 | 9,346 | 9,687 | 9,185 | 9,178 |
| Article II – Health and Human Services | 52,746 | 54,994 | 57,760 | 56,241 | 56,086 |
| Article III – Agencies of Education | 83,706 | 85,852 | 87,225 | 85,264 | 85,279 |
| Article IV – The Judiciary | 1,367 | 1,384 | 1,401 | 1,354 | 1,353 |
| Article V – Public Safety and Criminal Justice | 52,803 | 53,838 | 54,854 | 52,402 | 52,318 |
| Article VI – Natural Resources | 8,504 | 8,619 | 8,796 | 8,203 | 8,269 |
| Article VII – Business and Economic Development | 17,108 | 17,057 | 17,764 | 17,096 | 16,970 |
| Article VIII – Regulatory | 3,105 | 3,124 | 3,376 | 3,249 | 3,242 |
| Grand Total | 228,457 | 234,214 | 240,861 | 232,993 | 232,694 |

NOTE: Totals may not sum due to 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 2012–13 biennium contain 1,947 key performance measures, which represents a 1 percent decrease in the total number of key performance measures from the 2010–11 biennial level and a 10 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 2000–01 | APPROPRIATED 2002–03 | APPROPRIATED 2004–05 | APPROPRIATED 2006–07 | APPROPRIATED 2010–11 | RECOMMENDED 2012–13 |
| KEY | | | | | | |
| Outcome (results/impact) | 902 | 830 | 901 | 906 | 879 | 927 |
| Output (volume) | 828 | 819 | 824 | 734 | 669 | 637 |
| Efficiency | 300 | 291 | 295 | 323 | 287 | 234 |
| Explanatory | 121 | 125 | 135 | 124 | 126 | 149 |
| Total | 2,151 | 2,065 | 2,155 | 2,087 | 1,961 | 1,947 |
| NON-KEY | | | | | | |
| Outcome (results/impact) | 1,985 | 1,355 | 1,414 | 1,495 | 1,499 | 1,436 |
| Output (volume) | 1,634 | 1,538 | 1,455 | 1,340 | 1,331 | 1,280 |
| Efficiency | 807 | 863 | 831 | 743 | 714 | 604 |
| Explanatory | 1,045 | 1,056 | 1,084 | 996 | 984 | 842 |
| Total | 5,471 | 4,812 | 4,784 | 4,574 | 4,528 | 4,162 |

APPROPRIATED AND ESTIMATED/BUDGETED FUNDS COMPARISON

All Funds appropriations for the 2010–11 biennium, as reflected in the 2010–11 *Fiscal Size-up* publication, totaled \$182.2 billion. The sum of fiscal year 2010 estimated amounts and fiscal year 2011 budgeted amounts as shown in Table 11, is \$187.5 billion. The net increase of \$5.3 billion in All Funds is attributable to the following major items:

- An expected \$1.4 billion in savings from agency/institution 5 percent reduction plans offset by an estimated \$0.4 billion supplemental need in the Foundation School Program;
- \$5.0 billion in higher than expected Federal Funds for Medicaid tied to both program costs and receipt of additional stimulus funding;
- \$2.6 billion in federal disaster assistance;
- \$1.6 billion lower than expected receipts from the State Highway Fund (\$0.8 billion) and in expenditure of bond proceeds (\$0.8 billion) for transportation projects; and
- higher than expected spending from certain estimated appropriations.

**TABLE 11
RECONCILIATION OF 2010–11 APPROPRIATIONS
TO 2010–11 ESTIMATED/BUDGETED AMOUNTS
ALL FUNDS**

| IN BILLIONS | | |
|---|----------------------|----------------|
| BUDGET ADJUSTMENTS | ADJUSTMENT AMOUNT | 2010–11 |
| 2010–11 APPROPRIATIONS AS PUBLISHED IN <i>FISCAL SIZE-UP</i> | | \$182.2 |
| Major Budget Adjustments | | |
| Expected savings from agency/institution plans to reduce by 5 percent | (\$1.4) | |
| Higher than expected spending in the Foundation School Program | 0.4 | |
| Higher than expected federal funding for Medicaid | 5.0 | |
| Disaster-related assistance | 2.6 | |
| Lower than expected transportation spending from the State Highway Fund | (0.8) | |
| Lower than expected transportation spending from bond proceeds | (0.8) | |
| Higher than expected spending from certain estimated appropriations | 0.3 | |
| Subtotal, Adjustments | | 5.3 |
| Total, Estimated/Budgeted for 2010–11 | | \$187.5 |

NOTE: Totals may not sum due to rounding.

FACTORS AFFECTING THE STATE BUDGET

Recommended healthcare-related appropriations for the 2012–13 biennium total \$50.2 billion in All Funds, representing 32 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 shown in Table 12, the following are the major growth indicators from 2000 to 2010.

- Average daily attendance in public schools has grown 20.7 percent.
- Higher education enrollment in general academic institutions has increased by 34.5 percent.
- Community college enrollment has grown by 66.8 percent.
- The Children's Health Insurance Program served 570,193 children in fiscal year 2010.
- Average monthly caseload for Medicaid waiver clients has grown by 71.7 percent.
- Average monthly caseload for Medicaid clients (Acute Care and STAR+PLUS) has grown by 84.7 percent.
- Average monthly caseload for nursing home clients has decreased by 4.0 percent.
- Average inmate population in the Department of Criminal Justice has grown by 3.4 percent.
- Average residential population at the Texas Youth Commission has decreased by 64.7 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, 2000 AND 2010

| INDICATORS | ACTUAL 2000 | ACTUAL 2010 | PERCENTAGE CHANGE |
|--|-------------|-------------|-------------------|
| Average Daily Attendance—Public Schools | 3,702,396 | 4,468,698 | 20.7 |
| Fall Headcount Enrollment—General Academic Institutions | 414,626 | 557,550 | 34.5 |
| Fall Headcount Enrollment—Community/Junior College | 431,934 | 720,379 | 66.8 |
| Average Monthly Caseload—Children's Health Insurance Program (CHIP) | 9,433 | 570,193 | 5,944.4 |
| Average Monthly Caseload—Medicaid Waiver Clients | 29,843 | 51,250 | 71.7 |
| Average Monthly Caseload—Medicaid Clients (Acute Care and STAR+PLUS) | 1,785,693 | 3,298,485 | 84.7 |
| Average Monthly Caseload—Nursing Home Clients (excludes Hospice) | 64,631 | 62,040 | (4.0) |
| Average Inmate Population—Department of Criminal Justice | 149,201 | 154,283 | 3.4 |
| Average Residential Population—Youth Commission | 5,553 | 1,958 | (64.7) |

REVENUE OUTLOOK FOR THE 2012–13 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 of Public Accounts (CPA) for certification that the appropriations are within available general revenue.

Recommended appropriations from the General Revenue Fund for the 2012–13 biennium total \$73.8 billion, which exceeds 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 Texas Government Code, §316, the LBB is required to adopt the items of information establishing the Article VIII limit. The Board met on November 15, 2010, and adopted the following items:

- The level of appropriations from state tax revenue not dedicated by the Texas Constitution for the 2010–11 biennium is

\$71,665,225,913 subject to adjustments or revisions resulting from revenue forecast;

- The estimated rate of growth of the Texas economy from the 2010–11 biennium to the 2012–13 biennium of 8.92 percent; and therefore,
- The 2012–13 limit on appropriations from state tax revenue not dedicated by the Texas Constitution of \$78,057,764,064 subject to adjustments to 2012–13 biennial appropriations referenced above.

The LBB-recommended 2012–13 appropriations are within the Article VIII limit. The exact relationship between the final 2012–13 appropriations and the Article VIII limit will depend on the contents of the CPA’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 Texas Human Resources Code, §31.053, the following items of information pertaining to the limit are provided:

- The LBB’s recommended 2012–13 biennial budget defined in Texas Human Resources Code, §31.053, is \$158,653.4 million;

- The maximum biennial amount of 1 percent of the state budget is \$1,586.5 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 \$247.8 million. This amount is \$1,338.7 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 monitor where the state stands in relation to the constitutional debt limit, the Bond Review Board (BRB) calculates two debt ratios. The first ratio is the debt service on outstanding or issued debt as a percentage of unrestricted General Revenue Funds. At the end of fiscal year 2010, the BRB reported that the issued debt ratio is 1.36 percent. The second debt ratio is the debt service on outstanding debt and estimated debt service for authorized but unissued bonds. The BRB has reported that the state is at 4.10 percent of unrestricted general revenue for the end of fiscal year 2010. This latter calculation includes authorization of \$3 billion in bonds for cancer research initiatives and \$5 billion

REVENUE OUTLOOK FOR THE 2012–13 BIENNIUM (CONTINUED)

for transportation projects. However, as of the end of fiscal year 2010, approximately \$225 million of cancer related debt and none of the transportation related debt has been issued.

ECONOMIC STABILIZATION FUND (RAINY DAY FUND)

The Economic Stabilization Fund, frequently referred to as the Rainy Day Fund, ended fiscal year 2010 with a balance of \$7.7 billion. As a result of natural gas tax and oil production tax collections in fiscal year 2010 exceeding 1987 levels, the fund received a transfer of \$451.5 million from the General Revenue Fund in November 2010. The November transfer plus interest earnings brought the Economic Stabilization Fund balance to \$8.2 billion as of January 1, 2011. The CPA forecasts that by the end of fiscal year 2013, the balance in the Economic Stabilization Fund will be \$9.4 billion.

GENERAL GOVERNMENT

2012–13 BIENNIAL RECOMMENDATIONS

All Funds recommendations for General Government total \$4.4 billion for the 2012–13 biennium, which is a decrease of \$448.0 million, or 9.3 percent, from the 2010–11 biennium (Table 13).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$2.7 billion, which is a decrease of \$361.0 million, or 11.8 percent, from the 2010–11 biennium (Table 14).

Selected performance measures for agencies in the General Government function are shown in Table 15.

TABLE 13
ALL FUNDS: GENERAL GOVERNMENT

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Commission on the Arts | \$15.9 | \$7.5 | (\$8.4) | (52.7%) |
| Office of the Attorney General | 1,117.4 | 1,022.1 | (95.3) | (8.5) |
| Bond Review Board | 1.2 | 0.9 | (0.2) | (19.8) |
| Cancer Prevention and Research Institute of Texas | 227.6 | 820.9 | 593.3 | 260.6 |
| Comptroller of Public Accounts | 505.3 | 434.9 | (70.4) | (13.9) |
| Fiscal Programs - Comptroller of Public Accounts | 1,091.3 | 738.5 | (352.8) | (32.3) |
| Commission on State Emergency Communications | 139.4 | 103.1 | (36.3) | (26.0) |
| Employees Retirement System | 16.2 | 16.2 | 0.0 | NA |
| Texas Ethics Commission | 4.0 | 3.9 | (0.1) | (2.3) |
| Facilities Commission | 166.9 | 93.1 | (73.8) | (44.2) |
| Public Finance Authority | 6.6 | 4.7 | (2.0) | (29.9) |
| Fire Fighters' Pension Commissioner | 1.5 | 0.0 | (1.5) | (100.0) |
| Office of the Governor | 24.0 | 19.5 | (4.4) | (18.5) |
| Trusted Programs Within the Office of the Governor | 870.1 | 442.0 | (428.1) | (49.2) |
| Historical Commission | 104.9 | 24.0 | (80.9) | (77.1) |

GENERAL GOVERNMENT

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 13
ALL FUNDS: GENERAL GOVERNMENT (CONTINUED)

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Department of Information Resources | \$643.1 | \$563.7 | (\$79.4) | (12.4%) |
| Library & Archives Commission | 77.7 | 48.4 | (29.3) | (37.7) |
| Pension Review Board | 1.4 | 1.3 | (0.1) | (3.8) |
| Preservation Board | 35.4 | 28.0 | (7.4) | (20.8) |
| State Office of Risk Management | 17.6 | 18.1 | 0.5 | 3.1 |
| Workers' Compensation Payments | 90.2 | 96.2 | 6.0 | 6.6 |
| Secretary of State | 72.5 | 88.4 | 15.8 | 21.8 |
| Veterans Commission | 47.3 | 43.9 | (3.4) | (7.1) |
| Subtotal, General Government | \$5,277.6 | \$4,619.6 | (\$658.0) | (12.5%) |
| Retirement and Group Insurance | \$204.3 | \$197.0 | (\$7.3) | (3.6%) |
| Social Security and Benefit Replacement Pay | 78.4 | 77.0 | (1.4) | (1.8) |
| Subtotal, Employee Benefits | \$282.7 | \$274.1 | (\$8.7) | (3.1%) |
| Bond Debt Service Payments | \$56.1 | \$153.8 | \$97.7 | 174.0% |
| Lease Payments | 23.2 | 22.0 | (1.1) | (4.9) |
| Subtotal, Debt Service | \$79.3 | \$175.8 | \$96.6 | 121.8% |
| Less Interagency Contracts | \$831.7 | \$709.5 | (\$122.1) | (14.7%) |
| Total Article I – General Government | \$4,807.9 | \$4,359.9 | (\$448.0) | (9.3%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

GENERAL GOVERNMENT

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 14
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: GENERAL GOVERNMENT

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Commission on the Arts | 10.2 | 5.1 | (5.1) | (50.0) |
| Office of the Attorney General | 572.3 | 527.7 | (44.6) | (7.8) |
| Bond Review Board | 1.2 | 0.9 | (0.2) | (19.8) |
| Cancer Prevention and Research Institute of Texas | 0.2 | 0.0 | (0.2) | (95.1) |
| Comptroller of Public Accounts | 453.5 | 425.2 | (28.3) | (6.2) |
| Fiscal Programs - Comptroller of Public Accounts | 797.2 | 735.1 | (62.2) | (7.8) |
| Commission on State Emergency Communications | 135.9 | 100.1 | (35.8) | (26.4) |
| Employees Retirement System | 16.2 | 16.2 | 0.0 | NA |
| Texas Ethics Commission | 3.9 | 3.8 | (0.1) | (1.9) |
| Facilities Commission | 60.9 | 55.8 | (5.0) | (8.3) |
| Public Finance Authority | 5.9 | 3.6 | (2.3) | (39.4) |
| Fire Fighters' Pension Commissioner | 1.4 | 0.0 | (1.4) | (100.0) |
| Office of the Governor | 22.8 | 19.0 | (3.8) | (16.6) |
| Trusted Programs Within the Office of the Governor | 511.3 | 315.0 | (196.3) | (38.4) |
| Historical Commission | 36.1 | 21.2 | (14.8) | (41.2) |
| Department of Information Resources | 1.5 | 1.4 | (0.2) | (10.0) |
| Library & Archives Commission | 39.5 | 11.7 | (27.9) | (70.5) |
| Pension Review Board | 1.4 | 0.0 | (1.4) | (100.0) |
| Preservation Board | 24.2 | 28.0 | 3.8 | 15.9 |
| State Office of Risk Management | 0.0 | 0.0 | 0.0 | NA |
| Workers' Compensation Payments | 0.0 | 0.0 | 0.0 | NA |

GENERAL GOVERNMENT

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 14
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: GENERAL GOVERNMENT (CONTINUED)

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Secretary of State | \$45.2 | \$32.8 | (\$12.4) | (27.4%) |
| Veterans Commission | 13.9 | 11.1 | (2.8) | (20.0) |
| Subtotal, General Government | \$2,754.6 | \$2,313.7 | (\$440.8) | (16.0%) |
| Retirement and Group Insurance | \$165.3 | \$152.1 | (\$13.1) | (7.9%) |
| Social Security and Benefit Replacement Pay | 65.4 | 61.9 | (3.4) | (5.2) |
| Subtotal, Employee Benefits | \$230.6 | \$214.1 | (\$16.5) | (7.2%) |
| Bond Debt Service Payments | \$55.4 | \$153.0 | \$97.5 | 175.9% |
| Lease Payments | 23.2 | 22.0 | (1.1) | (4.9) |
| Subtotal, Debt Service | \$78.6 | \$175.0 | \$96.4 | 122.6% |
| Total Article I – General Government | \$3,063.8 | \$2,702.8 | (\$361.0) | (11.8%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 15
SELECTED PERFORMANCE MEASURES: GENERAL GOVERNMENT

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|---|----------------|------------------|---------------------|---------------------|
| OFFICE OF THE ATTORNEY GENERAL | | | | |
| Amount of Title I-D Child Support Collected (in millions) | 2,928 | 3,058 | 3,233 | 3,433 |
| TEXAS FACILITIES COMMISSION | | | | |
| Percentage of Completed Construction Projects on Schedule and within Budget | 100.0% | 90.0% | 90.0% | 90.0% |
| DEPARTMENT OF INFORMATION RESOURCES | | | | |
| Total Contract Savings and Cost Avoidance Provided through DIR Contracts (in Millions) | \$264.6 | \$120.0 | \$225.0 | \$225.0 |
| Percent of Monthly Minimum Service Level Targets Achieved for Data Center Services | 88.9% | 92.0% | 92.0% | 92.0% |
| Percent of Customers Satisfied with Data Center Services | 58.0% | 95.0% | 95.0% | 95.0% |
| OFFICE OF RISK MANAGEMENT | | | | |
| Incident Rate of Injuries and Illnesses Per 100 Covered Full-time State Employees | 3.85% | 4.00% | 4.00% | 4.00% |
| VETERANS COMMISSION | | | | |
| Amount of VA Monetary Awards (in millions) Paid Because of Commission Advocacy in Claims Representation of Veterans with Service-connected Disabilities | 1,698 | 1,760 | 1,708 | 1,708 |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| MULTI-ARTICLE ISSUES | | | | | | |
| EMPLOYEE BENEFITS | | | | | | |
| Retirement | | | | | | |
| Recommendations provide for maintaining a defined benefit state employee retirement program, which provides qualified state retirees a lifetime monthly annuity based on years of creditable service and average salary. The recommendations include a reduction in funding of \$110.9 million in All Funds, which reflects a decrease in the state contribution rate from 6.95 percent to 6.00 percent, significant FTE changes at certain state agencies, and no payroll growth for state and higher education employees. According to the August 31, 2010 actuarial valuation, the total required contribution rate that would fund the normal cost is 12.30 percent. Normal cost is defined as the cost of benefits being earned during the year by current active members. The total required contribution rate that would both fund the normal cost and amortize the unfunded accrued liability—the amount of the plan's accrued liabilities in excess of the plan's assets—over 31 years is 17.07 percent. These percentages are subject to change once the results of the February 2011 valuation update are available. The recommendations reflect a combined contribution rate of 12.00 percent, due to the employee contribution matching the state contribution. | EST/BUD 2010–11 | \$490.5 | \$34.0 | \$152.3 | \$129.9 | \$806.5 |
| | REC 2012–13 | \$417.3 | \$31.1 | \$129.6 | \$117.6 | \$695.6 |
| | BIENNIAL CHANGE | (14.9%) | (8.5%) | (14.9%) | (9.4%) | (13.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Law Enforcement and Custodial Officer Supplemental (LECOS) Fund | | | | | | |
| Recommendations reflect a decrease in funding for state contributions to the Law Enforcement and Custodial Officer Supplemental (LECOS) Retirement Fund, which provides an increased retirement benefit for certain state employees who are Certified Peace Officers and Custodial Officers. This decrease in funding reflects the recommendation to suspend the state contribution to this retirement program during the 2012–13 biennium. According to the August 31, 2010 actuarial valuation of the LECOS fund, the total required contribution rate that would fund the normal cost is 2.07 percent. The total required contribution rate that would both fund the normal cost and amortize the unfunded accrued liability over 31 years is 2.72 percent. These percentages are subject to change once the results of the February 2011 valuation update are available. | EST/BUD 2010–11 | \$42.5 | \$0.6 | \$0.2 | \$4.4 | \$47.7 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | (100.0%) | (100.0%) | (100.0%) | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Judicial Retirement System Plan (JRS-II) | | | | | | |
| Recommendations provide for maintaining a pre-funded retirement program for judges who became judiciary members on or after September 1, 1985, the Judicial Retirement System Plan Two (JRS-II). | EST/BUD 2010–11 | \$15.9 | \$0.0 | \$0.0 | \$6.8 | \$22.7 |
| The recommendations reflect a decrease in the state contribution rate from 16.83 percent to 6.00 percent. The recommendations reflect a combined contribution rate of 11.98 percent, with the average member contribution being 5.98 percent. According to the August 31, 2010 actuarial valuation, the total required contribution rate that would fund the normal cost is 20.19 percent. The total required contribution rate that would both fund the normal cost and amortize the unfunded accrued liability over 31 years is 21.68 percent. These percentages are subject to change once the results of the February 2011 valuation update are available. | REC 2012–13 | \$4.9 | \$0.0 | \$0.0 | \$3.2 | \$8.1 |
| | BIENNIAL CHANGE | (69.2%) | NA | NA | (52.9%) | (64.3%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Group Insurance | | | | | | |
| Recommendations provide funding for group health insurance benefits for state employees and retirees, as well as their dependents. The recommendations reflect a 3.25 percent decrease in the state contribution in 2012 and no change in the state contribution in 2013. The recommendations also reflect an annual state employee retirement rate of 5.00 percent and significant FTE changes at certain state agencies. Finally, the recommendations include eliminating the state's contribution for dependent health insurance coverage for certain state employees through the State Kids Insurance Program (SKIP) due to federal healthcare legislation making these employees eligible for the Children's Health Insurance Program (CHIP), which is administered by the Texas Department of Health and Human Services. Overall General Revenue Fund savings to the state is estimated to be \$16.2 million. | EST/BUD 2010–11 | \$1,494.4 | \$89.3 | \$466.9 | \$421.5 | \$2,472.1 |
| | REC 2012–13 | \$1,484.7 | \$97.2 | \$463.5 | \$448.1 | \$2,493.6 |
| | BIENNIAL CHANGE | (0.6%) | 8.8% | (0.7%) | 6.3% | 0.9% |
| Social Security | | | | | | |
| Recommendations provide for the payment of the state's share of Social Security taxes to the federal government. The recommendations include an increase in funding of \$4.9 million in All Funds for Social Security based on significant FTE changes at certain state agencies, and no payroll growth for state and higher education employees. | EST/BUD 2010–11 | \$994.4 | \$143.6 | \$189.4 | \$171.2 | \$1,498.7 |
| | REC 2012–13 | \$1,003.1 | \$147.5 | \$175.6 | \$177.4 | \$1,503.6 |
| | BIENNIAL CHANGE | 0.9% | 2.7% | (7.3%) | 3.6% | 0.3% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Benefit Replacement Pay | | | | | | |
| Recommendations provide for the payment of Benefit Replacement Pay to general state employees continuously employed since August 31, 1995. Prior to fiscal year 1996, the state paid for a portion of state employees' Social Security obligations. When this state-paid contribution was repealed in 1995, Benefit Replacement Pay was implemented to ensure state employee's net pay was not reduced. The recommendations include a decrease in funding of \$9.4 million in All Funds due to a projected 6.5 percent annual turnover rate in employees hired before September 1, 1995. | EST/BUD 2010–11 | \$42.7 | \$5.2 | \$15.4 | \$15.5 | \$78.8 |
| | REC 2012–13 | \$37.4 | \$5.0 | \$12.8 | \$14.2 | \$69.4 |
| | BIENNIAL CHANGE | (12.4%) | (3.8%) | (16.9%) | (8.4%) | (11.9%) |
| DEBT SERVICE | | | | | | |
| Facilities Commission - Lease Payments on Revenue Bonds | | | | | | |
| The recommendations provide \$76.3 million to repay the Texas Public Finance Authority through lease payments for revenue bonds that were issued to construct, renovate, or purchase state buildings. The recommendations include a reduction in funding of \$8.8 million in General Revenue Funds and General Revenue–Dedicated Funds due to reduced debt service requirements. | EST/BUD 2010–11 | \$84.3 | \$1.7 | \$0.0 | \$0.0 | \$86.0 |
| | REC 2012–13 | \$75.6 | \$0.8 | \$0.0 | \$0.0 | \$76.3 |
| | BIENNIAL CHANGE | (10.3%) | (52.9%) | NA | NA | (11.3%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| State General Obligation Debt Issued by the Texas Public Finance Authority | | | | | | |
| Recommendations provide for the payment of debt service for general obligation bonds issued, or expected to be issued, through fiscal year 2011 and for debt service for \$24 million in General Obligation Bond proceeds appropriated for the Colonias Roadway program to the Texas Department of Transportation for the 2012–13 biennium. Recommendations include an increase of appropriations in General Revenue Funds and General Revenue–Dedicated Funds primarily for increased debt service requirements of issued debt for Cancer Prevention and Research grants, loans to local defense communities, and various capital projects at state agencies. | EST/BUD 2010–11 | \$605.7 | \$5.4 | \$10.6 | \$2.7 | \$624.4 |
| | REC 2012–13 | \$687.6 | \$6.7 | \$12.0 | \$2.0 | \$708.3 |
| | BIENNIAL CHANGE | 13.5% | 24.1% | 13.2% | (25.9%) | 13.4% |
| In addition, recommendations include, contingent on the passage of legislation relating to the issuance of cancer related bonds to be issued on an as needed basis, approximately \$14.4 million in General Revenue Funds for debt service on \$600 million in General Obligation bond proceeds appropriated to the Cancer Prevention and Research Institute of Texas for cancer prevention and research grants. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---------------------------------------|-----------------------------|---|------------------|----------------|--------------|
|---------------------------------------|-----------------------------|---|------------------|----------------|--------------|

Additionally, recommendations include approximately \$7.3 million in Federal Funds related to a debt service subsidy for the issuance of approximately \$181.6 million in Build America Bonds issued in fiscal year 2009 on behalf of several client agencies for various capital projects. Recommendations do not include \$4.4 million in General Revenue Funds for debt service related to deferring the issuance of \$32.7 million in general obligation bonds for several capital projects at the Texas Department of Criminal Justice (\$10.0 million), Department of Aging and Disability Services (\$14.8 million), and the Texas Parks and Wildlife Department (\$7.9 million).

MULTI-AGENCY ISSUES

Data Center Consolidation Services

Recommendations reflect amounts appropriated to state agencies that receive Data Center Services (DCS) from the Department of Information Resources (DIR) to meet current obligations for DCS during the 2012–13 biennium. An \$52.0 million decrease in All Funds is primarily related to partial completion of a redesign of the child support system at the Office of the Attorney General, moving participating agencies' data center operations to the consolidated data center (transformation) in the 2010–11 biennium and overall reductions to certain agencies.

| | | | | | |
|--------------------|---------|---------|---------|--------|---------|
| EST/BUD 2010–11 | \$163.7 | \$28.7 | \$143.9 | \$68.8 | \$405.1 |
| REC 2012–13 | \$142.2 | \$25.2 | \$121.7 | \$64.0 | \$353.1 |
| BIENNIAL CHANGE | (13.1%) | (12.2%) | (15.4%) | (7.0%) | (12.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <p>In July 2010, DIR issued a notice to cure to the DCS vendor based on several ongoing and unresolved service issues. In November 2010, DIR released a request for offer (RFO) to replace the current DCS vendor. Additionally, in December 2010, DIR issued a notice of an assistance event which requests all information reasonably necessary for DIR (or its designee) to assume responsibility of all activities under the DCS contract. Responses to the RFO are due in January 2011 and DIR plans to evaluate, negotiate, and execute a new contract by August 31, 2011.</p> <p>An Article IX provision makes further reductions of \$42.4 million in All Funds (\$19.9 million in General Revenue Funds and General Revenue–Dedicated Funds), to individual agency bill patterns to adjust funding for the cost of living adjustments related to the current DCS contract and to reflect the current administrative rate of 2.95 percent DIR charges DCS customers.</p> | | | | | | |
| Crime Victims Assistance | | | | | | |
| Recommendations include \$88.8 million to maintain grants for a broad range of victim-related services, which includes domestic violence shelter, rape crisis centers, hotlines, and victim advocacy. | EST/BUD 2010–11 | \$15.0 | \$67.4 | \$6.3 | \$0.0 | \$88.7 |
| | REC 2012–13 | \$4.0 | \$78.5 | \$6.3 | \$0.0 | \$88.8 |
| The recommendations include a reduction of \$11.0 million in General Revenue Funds associated with a Method of Finance swap for General Revenue–Dedicated Compensation to Victims of Crime Account No. 469 to support current services for the Court Appointed Special Advocate program (CASA) and the Children's Advocacy Centers program (CAC). | BIENNIAL CHANGE | (73.3%) | 16.5% | 0.0% | NA | 0.1% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Centralized Accounting and Payroll/Personnel System (CAPPS) | | | | | | |
| Recommendations reflect a decrease of \$41.6 million for the Centralized Accounting and Payroll/Personnel System (CAPPS)—a statewide enterprise resource planning system to consolidate accounting and payroll systems. | EST/BUD 2010–11 | \$4.6 | \$0.0 | \$0.0 | \$41.2 | \$45.7 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$4.1 | \$4.1 |
| During the 2010–11 biennium, the Comptroller of Public Accounts is anticipated to spend \$45.7 million for development of CAPPS. The project is primarily funded through Interagency Contract funds transferred from the Health and Human Services Commission, Texas Department of Transportation and the Department of Information Resources. These three agencies, along with the remaining four health and human services agencies, are the first agencies scheduled to transition to the new system. | BIENNIAL CHANGE | (100.0%) | NA | NA | (90.1%) | (91.1%) |
| Recommendations provide \$4.1 million for maintenance of the Integrated Statewide Administrative System (ISAS), an existing accounting system which utilizes the same software platform as CAPPS and is funded through fees paid by user agencies. Recommendations do not include funding for maintenance of CAPPS (\$35.8 million) or requests by the Department of Public Safety (\$18.6 million) and the Department of Motor Vehicles (\$4.3 million) to move to the new system. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| AGENCY ISSUES | | | | | | |
| COMMISSION ON THE ARTS | | | | | | |
| Arts Grants | | | | | | |
| Recommendations provide funding of \$4.2 million for project and operating support grants to arts organizations and \$1.7 million for arts education grants. | EST/BUD 2010–11 | \$0.0 | \$7.2 | \$3.5 | \$2.2 | \$12.9 |
| | REC 2012–13 | \$2.4 | \$1.1 | \$2.2 | \$0.3 | \$5.9 |
| Recommendations reflect reductions to grant programs primarily due to expenditure in 2010–11 of one-time funding from the American Recovery and Reinvestment Act (\$1.4 million) and funds from the agency's abolished endowment fund (\$5 million). Recommendations also eliminate funding for Cultural Tourism grants (\$0.4 million) provided to organizations for events which draw tourists. | BIENNIAL CHANGE | NA | (85.3%) | (39.1%) | (86.1%) | (54.3%) |
| Marketing and Tourism | | | | | | |
| Recommendations eliminate the agency's marketing programs which promote events, cities and regions of the state as a destination for cultural tourism and advertising for the agency's specialty State of the Arts license plate which fund the agency's grant programs. | EST/BUD 2010–11 | \$0.3 | \$0.3 | \$0.0 | \$0.0 | \$0.6 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | (100.0%) | NA | (100.0%) | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| OFFICE OF THE ATTORNEY GENERAL | | | | | | |
| Legal Services | | | | | | |
| Recommendations provide for \$165.8 million to defend the laws and Texas Constitution represent the state in litigation, approve public bond issuances, and provide assistance to the public regarding consumer protection. | EST/BUD 2010–11 | \$111.2 | \$1.1 | \$3.1 | \$50.3 | \$165.7 |
| | REC 2012–13 | \$104.9 | \$1.1 | \$1.7 | \$58.1 | \$165.8 |
| The recommendations reduce General Revenue Funds primarily for fewer expert witnesses and other operating expenses, closing the Lubbock Consumer Protection office, and decrease of staff through attrition. In addition, several contingency appropriations are recommended associated with reviewing comprehensive development agreements (\$2.0 million new revenue); reviewing state agency invoices for outside legal services (\$0.4 million in new revenue); collecting fees for electronic filing of document (\$0.9 million in new revenue); exempting staff attorneys from State Bar dues (\$0.2 million in savings); and, continuing legal education requirements (\$0.3 million in savings). | BIENNIAL CHANGE | (5.7%) | 0.0% | (45.2%) | 15.5% | 0.1% |
| Federal Funds include a decrease associated with fewer anticipated grant awards for Internet crime investigation and neighborhood crime prevention. | | | | | | |
| The recommendations also provide for an increase in Other Funds associated with the agency carrying forward unspent funding associated with collected court costs. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Child Support Services | | | | | | |
| Recommendations include \$553.7 million to provide services to parents through the establishment, enforcement, and modification of child support orders. | EST/BUD 2010–11 | \$246.9 | \$0.0 | \$396.1 | \$22.9 | \$665.9 |
| | REC 2012–13 | \$242.8 | \$0.0 | \$293.8 | \$17.1 | \$553.7 |
| Recommendations include a reduction of General Revenue Funds for the agency's child support business process redesign (TXCESES 2.0 project), the Access and Visitation program that counsels non-custodial parents, lower contract costs for processing and distributing child support payments, and overall operating expenses. The reduction of the child support business process redesign project would delay implementation of that project from fiscal year 2014 to fiscal year 2015. | BIENNIAL CHANGE | (1.7%) | NA | (25.8%) | (25.3%) | (16.8%) |
| Recommendations include new fee revenue (\$25.2 million) to be deposited to the General Revenue Fund associated with the agency implementing a \$25 annual service fee on all non-TANF cases in which \$500 or more has been collected in child support payments and a \$3 monthly processing fee on child support payments processed through the State Disbursement Unit. | | | | | | |
| Federal Funds include a decrease primarily associated with fewer one-time American Recovery and Reinvestment Act (ARRA) grants awards, one-time hardware and software enhancements in 2010–11, and other operating expenses. | | | | | | |
| Recommendations also provide for a decrease in Other Funds related to a reduction in contract revenue from the Health and Human Services Commission related to assisting the agency with removing participants within the Medicaid system that receive child support payments. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| CANCER PREVENTION AND RESEARCH INSTITUTE | | | | | | |
| Grants and Agency Operations | | | | | | |
| Recommendations include \$220.9 million in General Obligation bond proceeds out of estimated balances remaining as of August 31, 2011 for cancer prevention and research grants and agency operations. | EST/BUD 2010–11 | \$0.2 | \$0.0 | \$0.1 | \$227.3 | \$227.6 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$820.9 | \$820.9 |
| In addition, contingent on the passage of legislation authorizing the issuance of cancer related bonds to be issued on an as needed basis, recommendations include \$600 million in General Obligation bond proceeds for cancer prevention and research grants. | BIENNIAL CHANGE | (100.0%) | NA | NA | 261.1% | 260.6% |
| COMPTROLLER OF PUBLIC ACCOUNTS | | | | | | |
| Tax Law Compliance | | | | | | |
| Recommendations provide \$265.3 million for tax compliance strategies and programs and reflects \$151.3 million for audit activities which includes a reduction of \$3.5 million for operating expenses; \$68.4 for enforcement contact and collection programs reflecting savings of \$1.3 million for operations; \$31.1 million for taxpayer information programs, including tax law interpretation, which is a reduction of \$4.1 million generated from operations and hiring freezes; and, \$14.5 million for taxpayer hearings for redetermination and refunds which includes savings from reductions to operating costs and hiring freezes (\$2.5 million). | EST/BUD 2010–11 | \$276.6 | \$0.0 | \$0.0 | \$0.1 | \$276.7 |
| | REC 2012–13 | \$265.2 | \$0.0 | \$0.0 | \$0.1 | \$265.3 |
| | BIENNIAL CHANGE | (4.1%) | NA | NA | (2.0%) | (4.1%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Statewide Accounting | | | | | | |
| Recommendations provide \$41.8 million in funding for statewide accounting and reporting functions including monitoring state expenditures and revenue and developing the Biennial Revenue Estimate. | EST/BUD 2010–11 | \$42.0 | \$0.0 | \$4.3 | \$0.7 | \$47.0 |
| | REC 2012–13 | \$41.4 | \$0.0 | \$0.0 | \$0.4 | \$41.8 |
| Recommendations reflect reductions in operating expenses (\$0.6 million) and elimination of funds (\$4.3 million) from the American Recovery and Reinvestment Act (ARRA) expended in 2010–11 to monitor and report on ARRA funds received by state agencies. | BIENNIAL CHANGE | (1.4%) | NA | (100.0%) | (44.7%) | (11.1%) |
| Property Tax | | | | | | |
| Recommendations provide \$13 million for the property tax program which includes studies of independent school districts property values; ratio studies of county appraisal districts (CADs) to determine uniformity and median value of appraisals for major property categories; and review of governance and appraisal standards and methodology of CADs. | EST/BUD 2010–11 | \$19.4 | \$0.0 | \$0.0 | \$0.2 | \$19.6 |
| | REC 2012–13 | \$12.8 | \$0.0 | \$0.0 | \$0.2 | \$13.0 |
| Reductions of \$6.6 million are primarily due to savings from reduced frequency of property value studies and ratio studies due to passage of House Bill 8, Eighty-first Legislature, Regular Session. | BIENNIAL CHANGE | (34.2%) | NA | NA | 0.0% | (33.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Fiscal Research and Studies | | | | | | |
| Recommendations include elimination of the agency's public outreach, publications and local government assistance programs. Through these programs the agency reports on state economic, tax and financial issues. In addition, the agency provides assistance, including seminars and workshops, to local government officials on financial matters, including economic development, budgeting and auditing. | EST/BUD 2010–11 | \$15.6 | \$0.0 | \$0.0 | \$1.4 | \$17.0 |
| | REC 2012–13 | \$1.2 | \$0.0 | \$0.0 | \$0.0 | \$1.2 |
| | BIENNIAL CHANGE | (92.1%) | NA | NA | (100.0%) | (92.8%) |
| Funding is maintained for the Texas Transparency website which includes Where the Money Goes and Where the Money Comes From for site visitors to search agency spending and track state revenue sources. | | | | | | |
| In addition, funding from fee revenue (\$1 million) is provided for administration of the Texas Economic Development Act to implement recommendations in the <i>Texas State Government Effectiveness and Efficiency</i> report, which includes restructuring the Act with respect to the authority of the state and local school districts, the economic impact evaluation, treatment of eligibility categories, job and wage requirements, and related fee authority. The recommendation is contingent upon enactment of legislation to amend Chapter 313 of the Tax Code. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Treasury Operations | | | | | | |
| Recommendations provide funding of \$8.2 million for State Treasury operations. Reductions of \$1.1 million are incorporated for operating expenses and a hiring freeze. | EST/BUD 2010–11 | \$9.2 | \$0.0 | \$0.0 | \$0.1 | \$9.2 |
| | REC 2012–13 | \$8.1 | \$20.0 | \$0.0 | \$0.1 | \$28.2 |
| In addition, \$20 million is provided for deposit to General Revenue to reimburse the fund for costs of insurance premium tax credits for insurance companies' examination fees and overhead assessments. The recommendation is reflected in the <i>Texas State Government Effectiveness and Efficiency</i> report on insurance tax credits. | BIENNIAL CHANGE | (11.5%) | NA | NA | 0.0% | 204.9% |
| Procurement | | | | | | |
| Recommendations provide \$16 million in funding for procurement services. The Texas Procurement and Support Service (TPASS) area of the Comptroller's office administers statewide contracts for a variety of goods and services, excluding those for information technology. In addition, TPASS manages purchases and contracts for agencies for certain categories of purchases. | EST/BUD 2010–11 | \$7.5 | \$0.0 | \$0.0 | \$3.9 | \$11.4 |
| | REC 2012–13 | \$6.2 | \$4.9 | \$0.0 | \$4.8 | \$16.0 |
| | BIENNIAL CHANGE | (16.5%) | NA | NA | 22.8% | 40.1% |
| Recommendations also include the transfer of the Federal Surplus Property and State Surplus Property programs from the Facilities Commission. The transfer of programs and appropriations (\$4.9 million in General Revenue–Dedicated Funds and \$1.6 million in Appropriated Receipts) are contingent on enactment of legislation authorizing the transfer. Savings of \$0.4 million would be realized from transfer of the federal program. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Council on Competitive Government | | | | | | |
| Funding for the Council on Competitive Government was eliminated (\$0.6 million) with the exception of funding to manage current contracts for consolidated state services. Funding was not provided for further reviews to identify state savings. | EST/BUD 2010–11 | \$1.0 | \$0.0 | \$0.0 | \$0.0 | \$1.0 |
| | REC 2012–13 | \$0.4 | \$0.0 | \$0.0 | \$0.0 | \$0.4 |
| | BIENNIAL CHANGE | (59.6%) | NA | NA | NA | (59.6%) |
| Revenue and Tax Processing | | | | | | |
| Recommendations provide \$64.9 million for revenue and tax processing, collection and allocation of tax revenue, and disbursement of tax refunds. Funding reflects a decrease of \$12.7 million for reductions to operations and implementation of a hiring freeze. | EST/BUD 2010–11 | \$77.6 | \$0.0 | \$0.0 | \$0.0 | \$77.6 |
| | REC 2012–13 | \$64.9 | \$0.0 | \$0.0 | \$0.0 | \$64.9 |
| | BIENNIAL CHANGE | (16.4%) | NA | NA | (0.5%) | (16.4%) |
| FISCAL PROGRAMS - COMPTROLLER OF PUBLIC ACCOUNTS | | | | | | |
| Payment of Miscellaneous Claims Against the State | | | | | | |
| Recommendations provides an estimated \$13 million for payment of miscellaneous claims against the state and payments to eligible individuals for wrongful imprisonment. Payments are driven by claims brought by citizens against the state. | EST/BUD 2010–11 | \$30.8 | \$0.0 | \$0.0 | \$1.5 | \$32.3 |
| | REC 2012–13 | \$13.0 | \$0.0 | \$0.0 | \$0.0 | \$13.0 |
| | BIENNIAL CHANGE | (57.8%) | (100.0%) | (100.0%) | (100.0%) | (59.7%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Distributions to Counties for Road Repair and Maintenance | | | | | | |
| Recommendations eliminate distributions to counties for road expenses, including construction and maintenance, from gasoline tax allocations and from receipts of gross weight/axle permit fees on commercial vehicles, trailers and semitrailers. | EST/BUD 2010–11 | \$27.7 | \$0.0 | \$0.0 | \$0.0 | \$27.7 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| Mixed Beverage Tax Reimbursements | | | | | | |
| Recommendations provide reimbursements to counties and incorporated municipalities from mixed beverage tax collections at a reduced rate not to exceed 8.3065 percent, which is a 22.5 percent reduction from the current reimbursement rate of 10.7143 percent, the limit established by the Texas Tax Code. The recommended rate would provide funding to local entities near 2008–2009 levels. | EST/BUD 2010–11 | \$261.3 | \$0.0 | \$0.0 | \$0.0 | \$261.3 |
| | REC 2012–13 | \$246.0 | \$0.0 | \$0.0 | \$0.0 | \$246.0 |
| | BIENNIAL CHANGE | (5.8%) | NA | NA | NA | (5.8%) |
| Unclaimed Property | | | | | | |
| Recommendations provide \$367.1 million for payment of legitimate claims for unclaimed property previously abandoned or uncollected by owners. Amounts for the 2012–13 biennium reflect collection of a 10 percent handling fee on payment of claims over \$100. The Comptroller of Public Accounts currently sets the fee at 1.5 percent. The rate increase is contingent on enactment of legislation to set the fee at 10 percent which would provide an estimated \$27.7 million in new revenue to be deposited to the General Revenue Fund. | EST/BUD 2010–11 | \$340.3 | \$0.0 | \$0.0 | \$0.0 | \$340.3 |
| | REC 2012–13 | \$367.1 | \$0.0 | \$0.0 | \$0.0 | \$367.1 |
| | BIENNIAL CHANGE | 7.9% | NA | NA | NA | 7.9% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Advanced Tax Compliance | | | | | | |
| Recommendations provide \$14.2 million for tax administration technology and strategies, including contracting of tax examiners to increase audit coverage and procurement of new technologies to improve processes in the collection of legally due taxes. | EST/BUD 2010–11 | \$21.3 | \$0.0 | \$0.0 | \$0.0 | \$21.3 |
| Recommendations reflect savings of \$7.1 million due to completion of treasury system and tax system modernizations during the 2010–11 biennium. | REC 2012–13 | \$14.2 | \$0.0 | \$0.0 | \$0.0 | \$14.2 |
| | BIENNIAL CHANGE | (33.2%) | NA | NA | NA | (33.2%) |
| Grant Programs | | | | | | |
| Recommendations eliminate underage tobacco enforcement grants (\$4 million), local continuing education grants for law enforcement officers (\$12 million) and the Jobs and Education for Texans (JET) grant program (\$25 million). Underage tobacco enforcement grants are awarded to local law enforcement for activities to reduce the sale or distribution of tobacco products to minors. | EST/BUD 2010–11 | \$29.0 | \$12.0 | \$0.0 | \$0.0 | \$41.0 |
| Local continuing education grants are awarded to local law enforcement agencies for continued training and education of officers. JET grants are awarded to community colleges and nonprofit organizations for support and development of programs to prepare students for high-demand occupations. | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | (100.0%) | NA | NA | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Major Events Trust Fund | | | | | | |
| Recommendations provide unexpended balance authority for any remaining funds left unspent as of August 31, 2011 out of the \$25 million appropriation made by the Eighty-first Legislature, 2009 to the Major Events Trust Fund. The Major Events Trust Fund is operated by the Comptroller of Public Accounts for the purpose of attracting events to the state which are anticipated to generate additional state and local revenue. | EST/BUD 2010–11 | \$25.0 | \$0.0 | \$0.0 | \$0.0 | \$25.0 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| State Energy Conservation Office | | | | | | |
| Recommendations provide \$82.6 million for programs to reduce energy consumption of state and local entities. The Office's largest program is LoanSTAR, which provides revolving loans to state agencies and local governments, including school districts, to retrofit buildings with new technology and equipment to reduce energy and water consumption. | EST/BUD 2010–11 | \$1.1 | \$34.2 | \$292.5 | \$0.0 | \$327.8 |
| | REC 2012–13 | \$1.1 | \$78.0 | \$3.4 | \$0.0 | \$82.6 |
| | BIENNIAL CHANGE | 0.0% | 128.5% | (98.8%) | NA | (74.8%) |
| During the 2010–11 biennium \$289.2 million in Federal Funds authorized by the American Recovery and Reinvestment Act were expended primarily on a new loan program similar to LoanSTAR, grants for energy projects to state and local entities and a rebate program to consumers for purchase of energy efficient appliances. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| COMMISSION ON STATE EMERGENCY COMMUNICATIONS | | | | | | |
| 9-1-1 Services | | | | | | |
| The Commission on State Emergency Communications (CSEC) provides grants and assists local governments through Regional Planning Commissions (RPCs) as they develop and implement regional plans and maintenance for 9-1-1 services. CSEC also undertakes public education efforts, reviews regional plans for compliance with statewide standards and funding allocations, coordinates 9-1-1 activities with national organizations, and participates in state and federal regulatory proceedings. | EST/BUD 2010–11 | \$0.0 | \$118.6 | \$2.8 | \$0.5 | \$121.9 |
| | REC 2012–13 | \$0.0 | \$85.3 | \$2.6 | \$0.5 | \$88.4 |
| | BIENNIAL CHANGE | NA | (28.1%) | (7.1%) | 0.0% | (27.5%) |
| Recommendations of \$88.4 million provide primarily for state 9-1-1 network operations (\$84.0 million), the upgrade to the Next Generation 9-1-1 (NG911) Internet-Protocol (IP) network (\$2.6 million), program administration (\$1.5 million), and emergency equipment replacement (\$0.3 million), which is a decrease of \$16.0 million due to eliminating routine equipment replacements and only allowing for emergency equipment replacements. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Poison Control Program | | | | | | |
| CSEC administers grants to the six regional poison control centers throughout the state and provides for the telecommunications network. Recommendations of \$13.1 million provide primarily for grants for poison call center operations (\$10.9 million), network operations (\$1.8 million), and program management (\$0.4 million). The <i>Texas State Government Effectiveness and Efficiency</i> report, Consolidate the Texas Regional Poison Control Centers, recommends consolidating the six regional poison control centers by March 1, 2012 contingent on legislation passing. The report also recommends that the Commission on State Emergency Communications (CSEC) submit a plan for consolidating the regional poison control centers to the Governor and the Legislative Budget Board by October 1, 2011. | EST/BUD 2010–11 | \$0.0 | \$15.5 | \$0.0 | \$0.2 | \$15.7 |
| | REC 2012–13 | \$0.0 | \$13.1 | \$0.0 | \$0.0 | \$13.1 |
| | BIENNIAL CHANGE | NA | (15.5%) | NA | (100.0%) | (16.6%) |
| TEXAS ETHICS COMMISSION | | | | | | |
| Recommendations provide \$3.9 million for the agency to enforce and administer ethics laws and provide public information regarding public officials and lobbyists. The recommendations include a funding reduction of \$0.1 million in General Revenue Funds due to the elimination of the agency's Ethics Education Program, which provides ethics training and educational materials to state employees and office holders. The recommendations also include appropriations of \$0.4 million in General Revenue contingent on the Eighty-second Legislature increasing fees to generate \$0.4 in revenue above the 2012–13 Biennial Revenue Estimate. | EST/BUD 2010–11 | \$3.9 | \$0.0 | \$0.0 | \$0.0 | \$4.0 |
| | REC 2012–13 | \$3.8 | \$0.0 | \$0.0 | \$0.0 | \$3.9 |
| | BIENNIAL CHANGE | (2.6%) | NA | NA | NA | (2.5%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| TEXAS FACILITIES COMMISSION | | | | | | |
| Texas State Cemetery | | | | | | |
| Recommendations would amend statute to transfer the operations of the Texas State Cemetery to the State Preservation Board. The transfer of the State Cemetery would place it under the supervision of the same agency that oversees such tourist attractions as the State Capitol, the State History Museum, and the Governor's Mansion. | EST/BUD 2010–11 | \$1.1 | \$0.0 | \$0.0 | \$0.5 | \$1.5 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | (100.0%) | (100.0%) |
| Surplus Property Programs | | | | | | |
| Recommendations are to amend statute to transfer the operations of the Federal and State Surplus Property programs to the Comptroller of Public Accounts (CPA). The transfer of the surplus programs would place them under the control of the CPA, which is currently responsible for the disposition of unclaimed property. | EST/BUD 2010–11 | \$0.0 | \$2.7 | \$0.0 | \$1.2 | \$4.0 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | NA | (100.0%) | NA | (100.0%) | (100.0%) |
| Construction and Renovations | | | | | | |
| Recommendations provide \$23.1 million for capital improvement needs, such as repairing, replacing, and upgrading critical building systems. The recommendations include a reduction in funding of \$62.7 million in Other Funds due to a decrease of \$57.3 million in General Obligation bond proceeds for deferred maintenance at several state office buildings, as well as a decrease of \$4.9 million in Interagency Contracts for construction projects and project management fees. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$85.8 | \$85.8 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$23.1 | \$23.1 |
| | BIENNIAL CHANGE | NA | NA | NA | (73.1%) | (73.1%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Custodial Services | | | | | | |
| Recommendations provide \$8.1 million for custodial services at approximately 48 state-owned buildings. The recommendations include a reduction in funding of \$1.7 million in All Funds resulting from the elimination of the agency's in-house custodial staff and replacing them with the more cost-effective contracted custodial employees. | EST/BUD 2010–11 | \$6.0 | \$0.0 | \$0.0 | \$3.8 | \$9.8 |
| | REC 2012–13 | \$5.1 | \$0.0 | \$0.0 | \$3.0 | \$8.1 |
| | BIENNIAL CHANGE | (15.0%) | NA | NA | (21.1%) | (17.3%) |
| PUBLIC FINANCE AUTHORITY | | | | | | |
| Finance Capital Projects | | | | | | |
| Recommendations maintain the agency's core function to manage bond proceeds and pay debt service timely by replacing a portion of General Revenue Funds (\$0.3 million) with Appropriated Receipts from the Master Lease Purchase Program. Recommendations also include a reduction of \$0.3 million related to eliminating 3.0 full-time administrative positions (Systems Analyst, Administrative Assistant, and Accounting Technician). | EST/BUD 2010–11 | \$1.1 | \$0.0 | \$0.0 | \$0.7 | \$1.8 |
| | REC 2012–13 | \$0.5 | \$0.0 | \$0.0 | \$1.1 | \$1.6 |
| | BIENNIAL CHANGE | (54.5%) | NA | NA | 57.1% | (11.1%) |
| Manage Bond Proceeds | | | | | | |
| Recommendations reflect the appropriation of projected interest earnings out of the General Revenue–Dedicated - State Lease Account for lease payments on state-owned buildings and equipment purchased through the Master Lease Purchase Program (MLPP) for the 2012–13 biennium. | EST/BUD 2010–11 | \$0.0 | \$4.8 | \$0.0 | \$0.0 | \$4.8 |
| | REC 2012–13 | \$0.0 | \$3.1 | \$0.0 | \$0.0 | \$3.1 |
| | BIENNIAL CHANGE | NA | (35.4%) | NA | NA | (35.4%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| FIRE FIGHTERS' PENSION COMMISSIONER | | | | | | |
| Recommendations reflect decreased funding of \$1.5 million in All Funds due to the elimination of the Fire Fighters' Pension Commissioner as a stand-alone agency contingent upon passage of legislation. The recommendations include transferring the administrative duties of Texas Emergency Services Retirement System (TESRS) to the Employees Retirement System and discontinuing the agency's education and assistance functions to fire departments in the Texas Local Fire Fighters' Retirement Act (TLFFRA) program. The State Pension Review Board will provide education and assistance to the TLFFRA fire departments, as it currently does for the state's other public retirement systems. | EST/BUD 2010–11 | \$1.4 | \$0.0 | \$0.0 | \$0.1 | \$1.5 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | (100.0%) | (100.0%) |
| OFFICE OF THE GOVERNOR | | | | | | |
| Agency Operations | | | | | | |
| Recommendations provide for \$19.5 million for assisting the Governor with budget oversight, review of policy and legislative issues, making appointments to various state agencies boards and commissions, filling vacancies for state officeholders, and support of the Governor's residence. The recommendations include a decrease in General Revenue Funds to reflect funding at the 2008–09 appropriated levels. | EST/BUD 2010–11 | \$22.8 | \$0.0 | \$0.0 | \$1.2 | \$24.0 |
| | REC 2012–13 | \$19.0 | \$0.0 | \$0.0 | \$0.5 | \$19.5 |
| | BIENNIAL CHANGE | (16.7%) | NA | NA | (58.3%) | (18.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR | | | | | | |
| Agency Grant Assistance | | | | | | |
| Recommendations provide for the elimination of Emergency and Deficiency Grants provided to state agencies with insufficient funds to operate or to meet special needs due to unforeseen circumstances. | EST/BUD 2010–11 | \$2.3 | \$0.0 | \$0.0 | \$0.0 | \$2.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| Disaster Funds | | | | | | |
| Recommendations provide \$50.0 million in grants for disaster funding provided to state and local agencies when the Governor finds that the demands on funds regularly appropriated are insufficient to respond to a particular disaster. | EST/BUD 2010–11 | \$96.5 | \$0.0 | \$0.0 | \$0.3 | \$96.8 |
| | REC 2012–13 | \$50.0 | \$0.0 | \$0.0 | \$0.0 | \$50.0 |
| | BIENNIAL CHANGE | (48.2%) | NA | NA | (100.0%) | (48.3%) |
| Criminal Justice | | | | | | |
| Recommendations provide \$140.9 million for criminal justice grants to state and local entities, non-profit organizations, and independent school districts for a variety of criminal justice related projects. Funding reductions for this program would impact the number of grants awarded from an estimated 900 in fiscal year 2011 to approximately 520 each fiscal year of the 2012–13 biennium. | EST/BUD 2010–11 | \$25.0 | \$80.4 | \$213.6 | \$0.0 | \$319.0 |
| | REC 2012–13 | \$4.7 | \$20.9 | \$115.3 | \$0.0 | \$140.9 |
| | BIENNIAL CHANGE | (81.2%) | (74.0%) | (46.0%) | NA | (55.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Film and Music Marketing | | | | | | |
| Recommendations include \$10.0 million for the agency's Film and Music marketing program, which provides grants and information to production companies that produce films, television programs, video games, and commercials in the state, and information related to the Texas music industry. Funding reductions would impact the assistance and grants provided to both the music and film industry and thereby could decrease the number of jobs created within the state by those industries. | EST/BUD 2010–11 | \$66.5 | \$0.0 | \$0.0 | \$0.3 | \$66.8 |
| | REC 2012–13 | \$10.0 | \$0.0 | \$0.0 | \$0.0 | \$10.0 |
| | BIENNIAL CHANGE | (85.0%) | NA | NA | (100.0%) | (85.0%) |
| County Essential Service Grants | | | | | | |
| Recommendations provide for the elimination of County Essential Service grants provided to local governments with unanticipated and extraordinary criminal justice related expenditures. | EST/BUD 2010–11 | \$2.9 | \$0.0 | \$0.0 | \$0.0 | \$2.9 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Texas Enterprise Fund | | | | | | |
| Recommendations include \$151.3 million in estimated unexpended balances out of the Texas Enterprise Fund program, created in 2003, to provide economic incentives for businesses to relocate to Texas, attract new jobs and investment within the state, and provide other economic activities. Increased funding is attributed to unexpended balances not obligated in 2010–11 and moved forward for expenditure in 2012–13. | EST/BUD 2010–11 | \$0.0 | \$69.0 | \$0.0 | \$0.0 | \$69.0 |
| | REC 2012–13 | \$0.0 | \$151.3 | \$0.0 | \$0.0 | \$151.3 |
| | BIENNIAL CHANGE | NA | 119.3% | NA | NA | 119.3% |
| Recommendations also include the transfer of \$50.0 million to other state agencies, which includes \$45.0 to the Texas Workforce Commission for the Skills Development Program (\$30.0 million), Back to Work Program (\$15.0 million), and \$5.0 million to the Comptroller of Public Accounts for the Jobs and Education for Texas (JET) program contingent on passage of legislation allowing such use of fund proceeds. | | | | | | |
| Economic Development and Tourism | | | | | | |
| Recommendations provide for \$21.7 million for economic development activities. The recommendations provide for a decrease associated with the elimination of Texas' national advertising and marketing campaign. In addition, there would be fewer loans primarily to local economic development corporations, which assist local regions and communities with economic growth and development through job creation, capital investment, retention, expansion, and attraction of industry. | EST/BUD 2010–11 | \$71.9 | \$15.4 | \$4.4 | \$57.0 | \$148.7 |
| | REC 2012–13 | \$10.5 | \$0.0 | \$0.0 | \$11.2 | \$21.7 |
| | BIENNIAL CHANGE | (85.4%) | (100.0%) | (100.0%) | (80.4%) | (85.4%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Military Preparedness | | | | | | |
| Recommendations include approximately \$0.8 million to preserve and expand Texas' military installations and encourage defense related businesses to expand or relocate to Texas. The recommendations provide for the elimination of grant funding through the Defense Economic Adjustment Assistance Grant program, which provides funding to approximately 20 defense dependent communities to enhance economic development. | EST/BUD 2010–11 | \$5.8 | \$0.0 | \$5.0 | \$0.0 | \$10.8 |
| | REC 2012–13 | \$0.8 | \$0.0 | \$0.0 | \$0.0 | \$0.8 |
| | BIENNIAL CHANGE | (86.2%) | NA | (100.0%) | NA | (92.6%) |
| Border Security | | | | | | |
| Recommendations provide \$43.3 million for border security operations provided to state and local entities. | EST/BUD 2010–11 | \$0.0 | \$13.3 | \$0.2 | \$0.0 | \$13.5 |
| | REC 2012–13 | \$30.1 | \$13.0 | \$0.2 | \$0.0 | \$43.3 |
| | BIENNIAL CHANGE | 100.0% | (2.3%) | 0.0% | NA | 220.7% |
| Texas Emerging Technology Fund | | | | | | |
| Recommendations provide for \$21.3 million for the Texas Emerging Technology Fund program, created in 2005, to promote research, development, and commercialization of emerging technologies within the state through the issuance of grants. The recommendations include estimated unexpended balances not obligated in 2010–11 and moved forward for expenditure in 2012–13. Decreased funding reflects the elimination of General Revenue appropriations transferred to the Fund and the elimination of one-time Federal Fund reimbursements from the Federal Emergency Management Agency (FEMA) received by the state for disaster related assistance. | EST/BUD 2010–11 | \$24.0 | \$35.8 | \$77.6 | \$0.0 | \$137.4 |
| | REC 2012–13 | \$0.0 | \$21.3 | \$0.0 | \$0.0 | \$21.3 |
| | BIENNIAL CHANGE | (100.0%) | (40.5%) | (100.0%) | NA | (84.5%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| HISTORICAL COMMISSION | | | | | | |
| Architectural Assistance | | | | | | |
| Recommendations provide funding for the agency to perform reviews required by federal or state laws on projects which may alter historic buildings and sites and to review nominations of sites for historic designations. Funding is reduced for assistance and outreach efforts for the preservation of historic buildings and eliminated for the renovation and repair of the state historic buildings which house agency staff. | EST/BUD 2010–11 | \$2.0 | \$0.0 | \$0.2 | \$0.0 | \$2.2 |
| | REC 2012–13 | \$0.9 | \$0.0 | \$0.2 | \$0.0 | \$1.1 |
| | BIENNIAL CHANGE | (53.0%) | NA | (2.4%) | (100.0%) | (49.6%) |
| Archeology Programs | | | | | | |
| Recommendations provide funding for reviews of historic sites required by federal or state law, including reviews of construction projects to determine impact on historic resources. Funding is continued for certification of facilities for the housing of state artifacts and authority is provided for the agency to carry forward funds from fiscal year 2011 to fiscal year 2012 to complete the preservation of the La Belle shipwreck for display at the Bob Bullock Texas State History Museum. | EST/BUD 2010–11 | \$3.4 | \$0.0 | \$0.5 | \$0.1 | \$4.0 |
| | REC 2012–13 | \$1.3 | \$0.0 | \$0.5 | \$0.1 | \$1.9 |
| | BIENNIAL CHANGE | (60.6%) | NA | (7.7%) | 69.5% | (51.6%) |
| Reductions are included for the agency's programs to identify archeological sites and assist property owners with the protection of sites and artifacts. Funding is also reduced for the agency's online Atlas database of historic properties and landmarks. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| History Programs | | | | | | |
| Recommendations maintain funding for the performance of federal and state mandated reviews on projects to alter historic resources and reviews of nominations of sites for historic designations, including the state historic marker program. Authority is provided for the agency to carry forward funds from fiscal year 2011 to fiscal year 2012 for the perpetual care of the Juneteenth and Tejano monuments once they are placed on the capitol grounds. Funding is also continued for the Holocaust and Genocide Commission for activities relating to promoting education and awareness of genocide events. | EST/BUD 2010–11 | \$4.3 | \$0.0 | \$0.2 | \$0.7 | \$5.3 |
| | REC 2012–13 | \$0.7 | \$0.0 | \$0.2 | \$0.7 | \$1.6 |
| | BIENNIAL CHANGE | (84.8%) | NA | (22.4%) | 0.2% | (70.2%) |
| Recommendations eliminate funding for grants to county historical commissions for historic preservation activities and grants to small museums for preservation of collections. Funding is also eliminated for state historic highway program to identify and interpret historic highways and for the military sites program to identify and preserve sites significant to Texas military history. | | | | | | |
| Courthouses | | | | | | |
| Funding for the Courthouse program, which provides grants to counties for the renovation and rehabilitation of historic courthouses, is continued for the agency to monitor ongoing construction projects that were funded through appropriations in previous biennia. However, recommendations do not include funding for additional grants. | EST/BUD 2010–11 | \$1.7 | \$0.0 | \$0.0 | \$25.7 | \$27.4 |
| | REC 2012–13 | \$0.4 | \$0.0 | \$0.0 | \$0.0 | \$0.4 |
| | BIENNIAL CHANGE | (75.3%) | NA | NA | (100.0%) | (98.4%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Historic Sites | | | | | | |
| Recommendations for 20 historic sites operated by the agency include reductions to hours of operations by closing sites an additional day each week, elimination of funding for purchase of equipment and vehicles and elimination of funding for repair and renovation projects. | EST/BUD 2010–11 | \$18.9 | \$0.0 | \$0.0 | \$34.1 | \$53.0 |
| | REC 2012–13 | \$14.0 | \$0.0 | \$0.0 | \$0.1 | \$14.2 |
| | BIENNIAL CHANGE | (25.8%) | NA | NA | (99.6%) | (73.3%) |
| Development Assistance Programs | | | | | | |
| Recommendations provide funding for the continued administration of the Main Street program for cities currently participating in the program which provides assistance to local governments to promote economic development through historic preservation. Certified Local Government grants awarded to cities and counties for historic preservation activities are included in recommendations. | EST/BUD 2010–11 | \$2.3 | \$0.0 | \$1.6 | \$5.2 | \$9.1 |
| | REC 2012–13 | \$0.8 | \$0.0 | \$0.5 | \$0.1 | \$1.4 |
| | BIENNIAL CHANGE | (64.3%) | NA | (68.3%) | (98.4%) | (84.5%) |
| Funding is eliminated for the Visionaries in Preservation program which assists local communities in developing plans for historic preservation. Recommendations also provide for the close-out of the Heritage Trails program which promotes tourism to 10 heritage regions of the state by providing technical, marketing and financial assistance. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Agency Administration | | | | | | |
| Recommendations include elimination of the agency's marketing and communications division and reductions to central administrative functions. | EST/BUD 2010–11 | \$3.1 | \$0.0 | \$0.5 | \$0.0 | \$3.6 |
| | REC 2012–13 | \$1.0 | \$0.0 | \$0.4 | \$0.0 | \$1.5 |
| | BIENNIAL CHANGE | (66.4%) | NA | (10.5%) | NA | (58.9%) |
| Preservation Trust Fund | | | | | | |
| Recommendations provide \$2 million in funding from the General Revenue–Dedicated Preservation Trust Fund for history programs (\$0.5 million), county courthouse grant administration (\$0.5 million), development assistance programs (\$0.5 million) and agency administration (\$0.5 million). Funding is eliminated for Preservation Trust Fund grants awarded for various preservation activities, including building rehabilitation. | EST/BUD 2010–11 | \$0.0 | \$0.4 | \$0.0 | \$0.0 | \$0.4 |
| | REC 2012–13 | \$0.0 | \$2.0 | \$0.0 | \$0.0 | \$2.0 |
| | BIENNIAL CHANGE | NA | 400.0% | NA | NA | 400.0% |
| Funding is contingent on enactment of legislation to transfer the agency's funds from outside the state treasury to the General Revenue–Dedicated Preservation Trust Fund and to expand the purpose of the Fund to include agency operations. Recommendations would result in an estimated net revenue gain of \$6.4 million. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| DEPARTMENT OF INFORMATION RESOURCES | | | | | | |
| Statewide Information Resources Policies and Systems | | | | | | |
| Recommendations are contingent on the passage of legislation authorizing revenue collected from DIR's enterprise activities (Information Technology Commodity Cooperative Contracts, Telecommunications Services, and Data Center Services) to be used for statewide information resources policy and planning activities. A reduction of \$0.3 million in Other Funds is primarily related to the one-time expenditure for a statewide information technology asset management tool. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$2.9 | \$2.9 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$2.6 | \$2.6 |
| | BIENNIAL CHANGE | NA | NA | NA | (10.3%) | (10.3%) |
| Contract Administration of Information Technology (IT) Contracts | | | | | | |
| Recommendations maintain IT contract and procurement services and include approximately \$3.7 million in unexpended and unobligated balances in fiscal year 2012 out of the DIR Clearing Fund Account. Recommendations also reflect a reduction of 3.0 full-time marketing staff and related costs for brochures and conference materials (\$1.8 million) and a decrease primarily for contract remediation and procurement costs related to the Data Center Services (\$3.9 million). | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$18.1 | \$18.1 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$12.4 | \$12.4 |
| | BIENNIAL CHANGE | NA | NA | NA | (31.5%) | (31.5%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Shared Services and/or Technology Centers | | | | | | |
| Recommendations are contingent on the passage of legislation authorizing revenue collected from DIR's enterprise activities (Information Technology Commodity Cooperative Contracts, Telecommunications Services, and Data Center Services) to be used for activities related to policy for shared services and/or technology centers. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$0.4 | \$0.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.4 | \$0.4 |
| | BIENNIAL CHANGE | NA | NA | NA | 0.0% | 0.0% |
| Telecommunications | | | | | | |
| Recommendations provide for voice, data, video, and internet for the state through the Capitol Complex Telephone Services (CCTS) and operation and maintenance of the TEX-AN system, which is the long distance, voice and data communication system for state government. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$195.7 | \$195.7 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$174.4 | \$174.4 |
| | BIENNIAL CHANGE | NA | NA | NA | (10.9%) | (10.9%) |
| The reduction of \$21.3 million in Other Funds (Interagency Contracts and Appropriated Receipts out of the Telecommunications Revolving Account) is primarily related to completion of customer requested projects for CCTS (\$2.1 million) and TEX-AN (\$19.2 million). CCTS projects include new voicemail system, maintenance, and equipment to expand the capacity of CCTS. TEX-AN related projects include software and call center expansion for the Health and Human Services Commission Integrated Eligibility and Enrollment project; development and support of a request for proposal (RFP) for the TEX-AN contracts; and staff augmentation services for business process analysis, fee setting, and RFP support. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Network and Telecommunications Security Services | | | | | | |
| Recommendations are contingent on the passage of legislation authorizing revenue collected from Telecommunications Services to be used to support security initiatives and to manage day-to-day operation of the Network Security Operations Center. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$5.9 | \$5.9 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$1.9 | \$1.9 |
| The reduction of \$4.0 million in Other Funds (Interagency Contracts and Appropriated Receipts out of the Telecommunications Revolving Account) is primarily related to one-time related expenses for security initiatives and development of a request for proposal for the procurement of TEX-AN contracts. | BIENNIAL CHANGE | NA | NA | NA | (67.8%) | (67.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| LIBRARY AND ARCHIVES COMMISSION | | | | | | |
| Library Resource Sharing Programs | | | | | | |
| Recommendations provide funding for the TexShare database program which provides access to various electronic databases providing full-text articles from books, magazines, journals and newspapers to member libraries of the TexShare Consortium. Funding recommendations include elimination of General Revenue for database subscriptions and increases in member fees to offset the reductions which are contingent on the Commission increasing fee rates. Recommendations also include fees from libraries for subscriptions to TexSelect which provides access to specialized content databases. | EST/BUD 2010–11 | \$9.5 | \$0.0 | \$10.6 | \$5.0 | \$25.1 |
| | REC 2012–13 | \$0.6 | \$0.0 | \$6.7 | \$14.9 | \$22.2 |
| | BIENNIAL CHANGE | (93.8%) | NA | (37.0%) | 196.1% | (11.6%) |
| Recommendations eliminate funding for K–12 TexShare databases for public school libraries from the Texas Education Agency; the Texas Records and Information Locator which provides a search tool and index of state agency and grant information; and the Depository program which provides state agency publications to select libraries. | | | | | | |
| Recommendations also incorporate the loss (\$3.5 million) of Federal Funds in fiscal year 2013 due to a reduction of General Revenue funds required to meet maintenance of effort provisions required by the federal administering program. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Aid to Local Libraries | | | | | | |
| Recommendations eliminate funding for Loan Star Libraries grants for public library service enhancements, Texas Reads grants for literacy programs and Library System Negotiated Grants for regional library system initiatives. General Revenue funding for consulting services to public libraries also is eliminated. | EST/BUD 2010–11 | \$16.2 | \$0.0 | \$18.4 | \$0.1 | \$34.7 |
| | REC 2012–13 | \$0.1 | \$0.0 | \$9.5 | \$0.1 | \$9.7 |
| | BIENNIAL CHANGE | (99.3%) | (100.0%) | (48.5%) | 12.6% | (72.0%) |
| Recommendations include Federal Funds from the American Recovery and Reinvestment Act (\$1.8 million) for grants to public libraries for public computing centers. | | | | | | |
| Recommendations incorporate a loss of federal library service funds (\$4.5 million) due to reduction of General Revenue funds required to meet maintenance of effort requirements. The federal dollars provide funding for various grant programs for public libraries. | | | | | | |
| Records Management | | | | | | |
| Recommendations maintain funding for the state records management program which provides services to state and local government for records management consulting and training, document imaging, and records storage services on a cost-recovery basis. Recommendations from the <i>Government Effectiveness and Efficiency Report</i> on the state records and archives programs are incorporated to reflect restructuring of fee rates for records storage services resulting in a decrease of General Revenue offset by a corresponding increase in Interagency Contract funds from fees paid by state agencies. | EST/BUD 2010–11 | \$1.7 | \$0.0 | \$0.0 | \$2.9 | \$4.6 |
| | REC 2012–13 | \$1.0 | \$0.0 | \$0.0 | \$3.7 | \$4.7 |
| | BIENNIAL CHANGE | (42.8%) | NA | NA | 25.3% | 0.2% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| PENSION REVIEW BOARD | | | | | | |
| The recommendations provide funding for the oversight of the management of the state's public retirement systems, as well as the providing of educational and technical assistance to these systems. The recommendations include amending statute to assess a mandatory fee to these public retirement systems, based on their number of active members and annuitants, which would be deposited into the State Pension Review Board Fund No. 662 and appropriated to the agency, replacing General Revenue. | EST/BUD 2010–11 | \$1.4 | \$0.0 | \$0.0 | \$0.0 | \$1.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$1.3 | \$1.3 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (7.1%) |
| PRESERVATION BOARD | | | | | | |
| Transfer of the State Cemetery | | | | | | |
| Recommendations are contingent on amending statute to transfer the management and operation of the Texas State Cemetery to the Preservation Board from the Facilities Commission. The transfer would combine the preservation and maintenance responsibilities of the State Cemetery with other historic properties such as the State Capitol, State History Museum, and the Governor's Mansion at the Preservation Board. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | REC 2012–13 | \$1.1 | \$0.0 | \$0.0 | \$0.0 | \$1.1 |
| | BIENNIAL CHANGE | NA | NA | NA | NA | NA |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Restoration of the Governor's Mansion | | | | | | |
| Recommendations include \$8.9 million in unexpended and unobligated balances carried forward from fiscal year 2011 to the 2012–13 biennium for the restoration of the Governor's Mansion. It is anticipated that the agency will expend \$11 million in Federal Funds appropriated by House Bill 4586, Eighty-first Legislature, 2009, for the restoration of the Governor's Mansion during the 2010–11 biennium. | EST/BUD 2010–11 | \$2.1 | \$0.0 | \$11.0 | \$0.0 | \$13.1 |
| | REC 2012–13 | \$8.9 | \$0.0 | \$0.0 | \$0.0 | \$8.9 |
| | BIENNIAL CHANGE | 323.8% | NA | (100.0%) | NA | (32.1%) |
| Building Maintenance | | | | | | |
| Recommendations maintain facility maintenance services of facilities managed by the Preservation Board which include the Capitol, Capitol grounds, the Capitol Extension, and the Capitol Visitors Center primarily by shifting funding for 24.0 full-time equivalents for facilities maintenance to the Capitol Fund, a fund outside the state treasury. | EST/BUD 2010–11 | \$6.1 | \$0.0 | \$0.0 | \$0.1 | \$6.2 |
| | REC 2012–13 | \$2.7 | \$0.0 | \$0.0 | \$0.0 | \$2.7 |
| | BIENNIAL CHANGE | (55.7%) | NA | NA | (100.0%) | (56.5%) |
| Preserve Buildings and Contents | | | | | | |
| Recommendations maintain curatorial services by shifting funding for 2.0 full-time equivalents to the Capitol Fund, a fund outside the state treasury. | EST/BUD 2010–11 | \$0.3 | \$0.0 | \$0.0 | \$0.0 | \$0.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Museum Operations | | | | | | |
| Recommendations maintain facilities maintenance of the State History Museum by shifting funding for 3.0 full-time maintenance staff to the Museum Fund, a fund outside the state treasury. | EST/BUD 2010–11 | \$0.3 | \$0.0 | \$0.0 | \$0.0 | \$0.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| STATE OFFICE OF RISK MANAGEMENT (SORM) | | | | | | |
| Risk Management Program | | | | | | |
| SORM's risk management specialists review existing state agency risk management programs and assist the agencies in establishing employee health and safety programs to ensure a safe environment for state employees. The agency also approves all purchases of insurance coverage by state agencies, such as property, casualty, and liability. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$4.3 | \$4.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$6.2 | \$6.2 |
| | BIENNIAL CHANGE | NA | NA | NA | 44.2% | 44.2% |
| Recommendations of \$6.2 million provide for indirect administration (\$2.3 million) and risk management services such as reporting risk information and assisting agencies with their risk programs (\$3.9 million). SORM's indirect administration is performed by the Office of Attorney General (OAG) and historically has been funded out of General Revenue at the OAG. Recommendations shift funding to Interagency Contracts, resulting in an increase in assessments to state agencies by approximately 2.4 percent per fiscal year. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Workers' Compensation Claims Administration | | | | | | |
| SORM administers the state workers' compensation program, which covers all state employees except those statutorily exempt. SORM's Claims Operation Division investigates reported injury claims, determines indemnity, medical benefits for each claim, and maintains a customer service call center to provide claims processing information to state employees. In addition, SORM oversees contracted medical cost containment services, including auditing medical bills, identifying duplicate bills, and ensuring compliance with Texas Department of Insurance, Division of Workers' Compensation requirements. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$13.3 | \$13.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$12.0 | \$12.0 |
| | BIENNIAL CHANGE | NA | NA | NA | (9.8%) | (9.8%) |
| WORKERS' COMPENSATION PAYMENTS | | | | | | |
| Workers' Compensation Payments | | | | | | |
| Workers' Compensation Payments pay for medical expenses and compensation indemnity payments to injured state workers. Recommendations in 2012–13 of \$96.2 million provide primarily for payments for medical expenses (\$56.0 million) and compensation indemnity payments (\$34.2 million) and allow for an increase in the medical fee schedule and average weekly wage (\$2.0 million) and an increase due to restrictions put on informal networks (\$4.0 million). Starting January 1, 2011, insurance carriers no longer will be able to accept discounts for Preferred Provider Organization (PPO) from informal networks, and based on a December 17, 2010 Texas Department of Insurance, Division of Workers' Compensation emergency rule amendment, starting 180 days later, insurance carriers no longer will be able to accept discounts for Pharmacy Benefit Managers (PBM) from informal networks barring legislative action. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$90.2 | \$90.2 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$96.2 | \$96.2 |
| | BIENNIAL CHANGE | NA | NA | NA | 6.7% | 6.7% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| SECRETARY OF STATE | | | | | | |
| Elections | | | | | | |
| SOS's elections functions are divided into three sections: Elections Administration; Election/Voter Registration Funds; and Constitutional Amendments. | EST/BUD 2010–11 | \$20.1 | \$0.0 | \$0.0 | \$0.7 | \$20.8 |
| | REC 2012–13 | \$17.6 | \$0.0 | \$0.0 | \$0.7 | \$18.3 |
| The Elections Administration section (\$4.4 million) provides rules, directives, opinions, instructions, and training to election officials; assists voter registrars as requested; and maintains a central database of all registered voters in the state. A reduction of \$0.6 million in General Revenue Funds reflects a reduction in administrative and support operations for assistance to election officials and the public. | BIENNIAL CHANGE | (12.4%) | NA | NA | 0.0% | (12.0%) |
| The Election/Voter Registration section (\$13.1 million) manages funds for the primary election financing program and reimburses counties for postage for voter registration applications. A reduction of \$1.3 million in General Revenue Funds is associated with the reduction of poll worker wages from \$8.50 to \$7.00 per hour. | | | | | | |
| The Constitutional Amendments section (\$0.8 million) contracts with newspapers throughout the state to publish proposed constitutional amendments. It also translates the proposed amendments into Spanish for publication in Spanish-language newspapers and for direct mailing to Hispanic households. A reduction of \$0.3 million in General Revenue is associated with changing the format of the explanatory information published in newspapers for constitutional amendments to be more concise. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Elections Improvement | | | | | | |
| The Help America Vote Act (HAVA) provides for elections improvements for equipment that meets voting systems standards; provisional voting; statewide voter registration system; state plan administration; and voting information for election officials, poll workers, election volunteers, and the public. Recommendations of \$43.0 million consists of the remaining estimated unexpended balance from the 2010–11 biennium and provides for expenditures on HAVA activities. An increase of \$20.8 million mainly out of Federal Funds primarily due to receiving an additional \$19.5 million for HAVA-related duties. | EST/BUD 2010–11 | \$0.0 | \$8.8 | \$13.4 | \$0.0 | \$22.2 |
| | REC 2012–13 | \$0.0 | \$1.8 | \$41.2 | \$0.0 | \$43.0 |
| | BIENNIAL CHANGE | NA | (79.5%) | 207.5% | NA | 93.7% |
| Colonias Initiatives | | | | | | |
| Recommendations eliminate funding for the colonias initiatives and associated FTE ombudspersons positions (8.0 FTEs). The colonia initiative provides for ombudspersons to coordinate efforts between funding entities and colonia residents to improve physical living conditions for colonia residents. The colonia initiative provides funding for coordination; it does not provide funding for colonia projects. | EST/BUD 2010–11 | \$0.8 | \$0.0 | \$0.0 | \$0.0 | \$0.8 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 16

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| VETERANS COMMISSION | | | | | | |
| Agency Operations | | | | | | |
| Recommendations provide \$43.9 million for veteran's services, which includes claim representation, employment services, education services, outreach and marketing, and grants for recently separated veterans within the state. This represents an overall 20 percent reduction in General Revenue funding (\$2.8 million) for agency operations. | EST/BUD 2010–11 | \$13.9 | \$0.0 | \$20.2 | \$13.2 | \$47.3 |
| | REC 2012–13 | \$11.1 | \$0.0 | \$19.1 | \$13.7 | \$43.9 |
| | BIENNIAL CHANGE | (20.1%) | NA | (5.4%) | 3.8% | (7.2%) |

HEALTH AND HUMAN SERVICES

2012–13 BIENNIAL RECOMMENDATIONS

All Funds recommendations for Health and Human Services total \$49.4 billion for the 2012–13 biennium, a decrease of \$16.1 billion, or 24.6 percent, from the 2010–11 biennium (Table 17).

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

recommendations total \$19.9 billion, a decrease of \$2.7 billion, or 12.0 percent, from the 2010–11 biennium (Table 18).

The majority of the biennial General Revenue Funds decrease is related to provider rate reductions of 10 percent (\$1.6 billion) and an anticipated

improvement in the Federal Medical Assistance Percentage that will result in General Revenue savings (\$1.0 billion).

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

TABLE 17
ALL FUNDS: HEALTH AND HUMAN SERVICES

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Aging and Disability Services, Department of | \$13,641.7 | \$8,473.5 | (\$5,168.3) | (37.9%) |
| Assistive and Rehabilitative Services, Department of | 1,348.8 | 1,195.0 | (153.8) | (11.4) |
| Family and Protective Services, Department of | 2,740.3 | 2,491.2 | (249.1) | (9.1) |
| State Health Services, Department of | 6,140.2 | 5,502.1 | (638.0) | (10.4) |
| Health and Human Services Commission | 40,782.6 | 30,879.3 | (9,903.3) | (24.3) |
| Subtotal, Health And Human Services | \$64,653.7 | \$48,541.2 | (\$16,112.5) | (24.9%) |
| Retirement and Group Insurance | \$1,105.4 | \$1,079.8 | (\$25.6) | (2.3%) |
| Social Security and Benefit Replacement Pay | 343.1 | 338.8 | (4.3) | (1.2) |
| Subtotal, Employee Benefits | \$1,448.5 | \$1,418.7 | (\$29.9) | (2.1%) |

HEALTH AND HUMAN SERVICES

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 17
ALL FUNDS: HEALTH AND HUMAN SERVICES (CONTINUED)

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|---------------------|----------------------|
| AGENCY | | | | |
| Bond Debt Service Payments | \$55.3 | \$61.1 | \$5.9 | 10.6% |
| Lease Payments | 13.9 | 12.5 | (1.4) | (10.3) |
| Subtotal, Debt Service | \$69.1 | \$73.6 | \$4.4 | 6.4% |
| Less Interagency Contracts | \$693.8 | \$663.0 | (\$30.8) | (4.4%) |
| Total Article II – Health And Human Services | \$65,477.6 | \$49,370.4 | (\$16,107.2) | (24.6%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

HEALTH AND HUMAN SERVICES

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 18
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: HEALTH AND HUMAN SERVICES

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Aging and Disability Services, Department of | \$4,427.6 | \$3,550.7 | (\$877.0) | (19.8%) |
| Assistive and Rehabilitative Services, Department of | 245.9 | 218.6 | (27.3) | (11.1) |
| Family and Protective Services, Department of | 1,080.4 | 1,116.1 | 35.8 | 3.3 |
| State Health Services, Department of | 2,955.0 | 2,693.6 | (261.4) | (8.8) |
| Health and Human Services Commission | 13,040.0 | 11,418.5 | (1,621.5) | (12.4) |
| Subtotal, Health And Human Services | \$21,748.8 | \$18,997.5 | (\$2,751.3) | (12.7%) |
| Retirement and Group Insurance | \$658.7 | \$668.6 | \$9.9 | 1.5% |
| Social Security and Benefit Replacement Pay | 194.6 | 208.1 | 13.5 | 6.9 |
| Subtotal, Employee Benefits | \$853.3 | \$876.7 | \$23.3 | 2.7% |
| Bond Debt Service Payments | \$48.3 | \$53.8 | \$5.5 | 11.5% |
| Lease Payments | 13.9 | 12.5 | (1.4) | (10.3) |
| Subtotal, Debt Service | \$62.1 | \$66.2 | \$4.1 | 6.6% |
| Total Article II – Health And Human Services | \$22,664.3 | \$19,940.4 | (\$2,723.9) | (12.0%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 19
SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|--|----------------|------------------|---------------------|---------------------|
| DEPARTMENT OF AGING AND DISABILITY SERVICES | | | | |
| Average Number of Individuals Served Per Month: Medicaid Non-waiver Community Services and Supports | 115,957 | 115,921 | 116,277 | 119,390 |
| Average Number of Clients Served Per Month: Waivers | 51,250 | 52,335 | 53,347 | 53,347 |
| Number of Clients Served (End of Year): Waivers | 51,735 | 53,347 | 53,347 | 53,347 |
| Average Monthly Caseload, Nursing Facility Clients (Medicaid, Medicare Copaid, and Hospice) | 68,625 | 69,281 | 69,896 | 70,504 |
| Average Number of Persons in ICF/MR Medicaid Beds Per Month | 6,063 | 5,915 | 5,766 | 5,616 |
| Average Monthly Number of Mental Retardation (MR) Campus Residents | 4,338 | 4,024 | 3,713 | 3,402 |
| DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES | | | | |
| Average Monthly Number of Children Served in Comprehensive Services (Early Childhood Intervention) | 32,073 | 32,245 | 26,052 | 26,052 |
| Number of Consumers Served (Vocational Rehabilitation for Persons Who Are Blind or Visually Impaired) | 10,042 | 9,940 | 8,478 | 8,478 |
| Number of Consumers Served (Vocational Rehabilitation for Persons with Disabilities) | 89,259 | 88,024 | 82,636 | 82,636 |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 19
SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES (CONTINUED)

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|--|----------------|------------------|---------------------|---------------------|
| Average Monthly Number of People Receiving Comprehensive Rehabilitation Services | 398 | 209 | 132 | 132 |
| DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES | | | | |
| Number of Completed Child Protective Services Investigations | 166,829 | 170,407 | 175,230 | 180,054 |
| Average Number of Children Served in Family Protective Services-paid Foster Care per Month | 15,898 | 16,430 | 16,909 | 17,386 |
| Average Number of Children Provided Adoption Subsidy Per Month | 30,828 | 33,807 | 36,973 | 40,273 |
| Average Number of STAR Youth Served Per Month | 6,116 | 6,318 | 4,015 | 4,015 |
| Number of Completed Adult Protective Services Investigations | 82,802 | 84,182 | 87,605 | 91,003 |
| DEPARTMENT OF STATE HEALTH SERVICES | | | | |
| Number of Vaccine Doses Administered to Children | 13,780,547 | 14,290,417 | 14,576,225 | 14,576,225 |
| Average Monthly Caseload of CSHCN Clients Receiving Health Care Benefits | 1,433 | 1,239 | 1,000 | 1,000 |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 19
SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES (CONTINUED)

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|---|----------------|------------------|---------------------|---------------------|
| Number of WIC Participants Provided Nutritious Food Supplements Per Month | 1,028,001 | 1,060,886 | 1,031,671 | 1,031,671 |
| Average Monthly Number of Adults Receiving Community Mental Health Services | 53,402 | 52,484 | 48,705 | 48,705 |
| Average Monthly Number of Children Receiving Community Mental Health Services | 13,462 | 12,206 | 11,455 | 11,455 |
| Average Monthly Number of Adults Served in Treatment Programs for Substance Abuse | 5,360 | 5,360 | 5,360 | 5,360 |
| Average Monthly Number of Youth Served in Treatment Programs for Substance Abuse | 747 | 750 | 750 | 750 |
| Average Daily Census of State Mental Health Facilities | 2,339 | 2,477 | 2,347 | 2,347 |
| HEALTH AND HUMAN SERVICES COMMISSION | | | | |
| Average Medicaid and CHIP Children Recipient Months Per Month | 2,894,859 | 3,086,464 | 3,183,186 | 3,248,828 |
| Average Medicaid Acute Care (Includes STAR+Plus) Recipient Months Per Month | 3,298,485 | 3,517,959 | 3,620,829 | 3,709,990 |
| Average Aged and Medicare-eligible Recipient Months per Month: STAR+Plus | 87,527 | 112,694 | 132,224 | 135,725 |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 19
SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES (CONTINUED)

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|---|----------------|------------------|---------------------|---------------------|
| Average Disabled and Blind Recipient Months Per Month: STAR+Plus | 79,004 | 107,190 | 131,072 | 138,711 |
| Total Medicaid Prescriptions Incurred | 31,891,452 | 33,936,311 | 34,682,808 | 35,329,701 |
| Average CHIP Recipient Months Per Month | 570,193 | 573,769 | 601,215 | 613,263 |
| Average Number of TANF Recipients Per Month | 116,526 | 122,386 | 126,210 | 128,985 |
| Average Number of State Two-parent Cash Assistance Recipients Per Month | 6,109 | 6,279 | 6,279 | 6,279 |
| Number of Persons Served by Family Violence Programs/Shelters | 79,060 | 80,942 | 80,940 | 80,940 |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| MULTI-AGENCY ISSUES | | | | | | |
| Medicaid | | | | | | |
| <p>Medicaid is a state and federally funded program that provides health and related care to children, pregnant women, and elderly and/or disabled adults. \$35,169.5 million in All Funds (\$13,636.4 million in General Revenue Funds and General Revenue–Dedicated Funds) is provided for the Texas Medicaid program.</p> <p>Acute Care Medicaid caseloads are anticipated to grow from 3,517,959 in fiscal year 2011 to 3,709,990 in fiscal year 2013. More than two-thirds of clients are children. Nursing facility caseloads (including Medicaid, Medicare Copay, and Hospice) are projected to increase slightly by 1,223 clients from 69,281 in fiscal year 2011 to 70,504 in fiscal year 2013. Community Care Entitlement caseloads are anticipated to increase from 115,921 in fiscal year 2011 to 119,390 in fiscal year 2013. The number of Community-based (Waiver) clients established for the 2012–13 biennium is 53,347.</p> <p>Funding levels for 2012–13 include reductions for the following:</p> <ul style="list-style-type: none"> • 10 percent provider rate reductions, totaling \$1.6 billion in General Revenue Funds and \$3.8 billion in All Funds over the biennium. This is in addition to maintaining the 1 percent provider rate reductions from the 5 percent reduction plan implemented during the 2010–11 biennium and reductions for one-time rate increases under Article II, Special Provisions, Section 54, 2010–11 General Appropriations Act. | EST/BUD 2010–11 | \$15,679.3 | \$105.1 | \$33,384.3 | \$249.8 | \$49,418.5 |
| | REC 2012–13 | \$13,517.3 | \$119.1 | \$21,292.0 | \$241.1 | \$35,169.5 |
| | BIENNIAL CHANGE | (13.8%) | 13.3% | (36.2%) | (3.5%) | (28.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| <ul style="list-style-type: none">Funding is not provided for caseload or cost growth, totaling \$1.7 billion in General Revenue Funds and \$4.2 billion in All Funds for the biennium.Funding is also not provided for the replacement of an estimated \$4.3 billion in federal stimulus funds associated with a higher Federal Medical Assistance Percentage (FMAP). This, in turn, results in the loss of an additional \$5.7 billion in federal matching funds.Assumed managed care expansions resulting in a net savings of \$367.0 million in General Revenue Funds and \$935.7 million in All Funds. This will result in the transition of certain clients and services from the Department of Aging and Disability Services (DADS) to the Health and Human Services Commission (HHSC).Recommendations anticipate an improvement in the FMAP that will result in \$1.0 billion in General Revenue savings. | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| AGENCY ISSUES | | | | | | |
| DEPARTMENT OF AGING AND DISABILITY SERVICES | | | | | | |
| Medicaid Services | | | | | | |
| <p>Medicaid is a state and federally funded program that assists low-income individuals or families, as well as elderly or disabled individuals. The Department of Aging and Disability Services (DADS) provides institutional and community-based services through various strategies.</p> <p>Funding for Medicaid services includes \$7.4 billion in All Funds, \$3.0 billion in General Revenue Funds, \$119.1 million in General Revenue–Dedicated Funds, \$4.2 billion in Federal Funds, and \$37.4 million in Other Funds.</p> <p>Medicaid funding for 2012–13 is anticipated to serve an average of 256,829 clients per month in fiscal year 2012 and 261,089 in fiscal year 2013. Community Care waiver caseloads are maintained at August 2011 projected levels. Funding does not include the General Revenue Fund replacement of stimulus-related FMAP.</p> <p>Expansion of managed care at HHSC includes the transfer of \$1.3 billion in All Funds, \$524.5 million in General Revenue Funds, to HHSC for clients currently being served at the Department of Aging and Disability Services (DADS). Additional reduction of \$28.3 million in All Funds (\$13.7 million in General Revenue Funds) is made for administrative savings associated with the expansion.</p> <p>Rates for Medicaid programs (excluding Medicare Copay Skilled Nursing, Program of All-Inclusive Care for the Elderly (PACE), and State Supported Living Centers) were reduced 10.0 percent, \$1.2 billion in All Funds and \$488.4 million in General Revenue Funds.</p> | EST/BUD 2010–11 | \$3,781.0 | \$105.1 | \$8,453.2 | \$50.5 | \$12,389.8 |
| | REC 2012–13 | \$3,022.9 | \$119.1 | \$4,196.4 | \$37.4 | \$7,375.8 |
| | BIENNIAL CHANGE | (20.1%) | 13.3% | (50.4%) | (26.0%) | (40.5%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Non-Medicaid Services | | | | | | |
| Some of the services provided by non-Medicaid strategies include home-delivered and congregate meals, services to assist independent living, relocation services for nursing facility residents who move to community settings, attendant care and home health services, home modifications, and transportation. | EST/BUD 2010–11 | \$274.1 | \$0.0 | \$265.0 | \$1.3 | \$540.4 |
| | REC 2012–13 | \$153.2 | \$0.0 | \$259.1 | \$1.3 | \$413.6 |
| | BIENNIAL CHANGE | (44.1%) | NA | (2.2%) | 0.0% | (23.5%) |
| Funding for Non-Medicaid Services strategies includes \$413.6 million in All Funds, \$153.2 million in General Revenue Funds, \$259.1 million in Federal Funds, and \$1.3 million in Other Funds. | | | | | | |
| The Average Number of Clients Served Per Month is estimated to be 45,901 in fiscal year 2012 with caseloads expected to remain at 45,901 for fiscal year 2013. | | | | | | |
| Funding reductions include a decrease of \$126.8 million in All Funds, including a decrease of \$121.0 million in General Revenue Funds and \$5.9 million in Federal Funds for client services. An estimated 11,987 individuals could be impacted by the reduction in funding for fiscal years 2012 and 2013 when compared to fiscal year 2011 projected client levels. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Intake, Access, Eligibility and Guardianship | | | | | | |
| Intake, Access, Eligibility provides functional eligibility determination for Title XIX, Grants to States for Medical Assistance Programs, and functional and financial eligibility for Social Services Block Grant, Title XX, and community services. These and other services are provided through regional and local services staff and through local Area Agencies on Aging and mental retardation authorities. | EST/BUD 2010–11 | \$156.1 | \$0.0 | \$218.4 | \$3.4 | \$377.8 |
| | REC 2012–13 | \$157.1 | \$0.0 | \$244.0 | \$2.6 | \$403.7 |
| | BIENNIAL CHANGE | 0.6% | NA | 11.7% | (22.6%) | 6.8% |
| Guardianship services are provided directly or through contracts with local guardianship programs. A guardian is a court-appointed person or entity responsible for making decisions on behalf of a person with diminished capacity. | | | | | | |
| Funding for Intake, Access, Eligibility and Guardianship strategies includes \$403.7 million in All Funds, \$157.1 million in General Revenue Funds, \$244.0 million in Federal Funds, and \$2.6 million in Other Funds. | | | | | | |
| Reclassification of unmatched General Revenue Funds to matching General Revenue accesses an additional \$25.6 million in Federal Funds. The Intake, Access, Eligibility strategy has reductions to client services and grants of \$9.4 million in All Funds and \$3.9 million in General Revenue Funds compared to fiscal year 2010–11. | | | | | | |
| Funding for the Guardianship strategy includes a Method of Finance swap of \$2.8 million in Social Services Block Grant, Title XX, funds in lieu of General Revenue Funds. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Administrative/Capital | | | | | | |
| Administrative and information technology functions provide technology products, services, and support to all DADS programs. Further funding is provided for the construction and renovation of facilities at the state supported living centers (SSLC). | EST/BUD 2010–11 | \$60.9 | \$0.6 | \$79.9 | \$47.9 | \$189.3 |
| | REC 2012–13 | \$55.9 | \$0.6 | \$69.4 | \$18.7 | \$144.6 |
| | BIENNIAL CHANGE | (8.2%) | 0.0% | (13.1%) | (61.0%) | (23.6%) |
| Funding for Administrative/Capital includes \$144.6 million in All Funds, \$55.9 million in General Revenue Funds, \$0.6 million in General Revenue–Dedicated Funds, \$69.4 million in Federal Funds, and \$18.7 million in Other Funds. | | | | | | |
| Administration is reduced by \$11.2 million in All Funds, \$6.1 million in General Revenue Funds and a reduction of 46.2 FTEs compared to fiscal year 2011. | | | | | | |
| Capital repairs and renovations at SSLCs are funded with General Obligation bonds. \$14.8 million in bonds are included in fiscal year 2013. These are the unissued portion of the bonds appropriated in 2010–11 and carried forward to 2013. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Regulatory | | | | | | |
| Funding is provided for certification, licensing, complaint and investigation, and outreach services to providers to assist in implementing best practices through the Quality Monitoring Program. | EST/BUD 2010–11 | \$45.9 | \$3.9 | \$91.6 | \$3.1 | \$144.4 |
| | REC 2012–13 | \$38.0 | \$3.9 | \$90.9 | \$3.1 | \$135.8 |
| Providers include nursing facilities, assisted living facilities, adult day care facilities, intermediate care facilities for persons with mental retardation or related conditions (ICF/MR), home and community support services agencies (HCSSAs), and providers of home and community-based waiver and Texas Home Living waiver services. | BIENNIAL CHANGE | (17.1%) | 0.0% | (0.8%) | 0.0% | (6.0%) |
| Regulatory funding includes \$135.8 million in All Funds, \$38.0 million in General Revenue Funds, \$3.9 million in General Revenue–Dedicated Funds, \$90.9 million in Federal Funds, and \$3.1 million in Other Funds. | | | | | | |
| The Facility and Community-Based Regulation is reduced by \$7.6 million in General Revenue Funds and a reduction of 68.4 FTEs compared to fiscal year 2011. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES | | | | | | |
| Rehabilitation Services-General | | | | | | |
| DARS offers a variety of services to individuals who have general disabilities or are deaf or hard of hearing. Vocational Rehabilitation (VR) for General Disabilities helps people with a wide variety of disabilities enter or return to gainful employment. Independent Living Centers and Independent Living services are provided to assist individuals in obtaining independence within their families and in their communities. Deaf and Hard of Hearing services are provided in three ways: (1) by contracting for services for the deaf; (2) by educating and training consumers as well as certifying interpreters; and (3) by providing telecommunication access equipment. | EST/BUD 2010–11 | \$108.2 | \$21.7 | \$394.7 | \$3.3 | \$527.8 |
| | REC 2012–13 | \$90.5 | \$21.1 | \$341.0 | \$3.8 | \$456.3 |
| | BIENNIAL CHANGE | (16.3%) | (2.7%) | (13.6%) | 14.0% | (13.5%) |
| The \$456.3 million in All Funds for the 2012–13 biennium is anticipated to serve approximately 82,636 VR clients and 132 Comprehensive Rehabilitation clients each year of the biennium. The funding levels for 2012–13 also include reductions to clients services (\$17.8 million in General Revenue Funds and General Revenue–Dedicated Funds). | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Children With Disabilities | | | | | | |
| DARS offers Early Childhood Intervention (ECI) services, Habilitative Services, and Autism Services for children with disabilities. ECI services are provided to eligible Texas children under age three who have a disability or developmental delay. Habilitative services are provided to all blind and visually impaired children and autism services are provided to Texas children age three through eight with autism spectrum disorder. | EST/BUD 2010–11 | \$81.9 | \$0.0 | \$278.9 | \$33.1 | \$393.9 |
| | REC 2012–13 | \$75.6 | \$0.0 | \$207.9 | \$33.0 | \$316.5 |
| | BIENNIAL CHANGE | (7.7%) | NA | (25.5%) | (0.4%) | (19.6%) |
| The \$316.5 million in All Funds for the 2012–13 biennium is anticipated to provide Comprehensive Services to an Average Monthly Number of 26,052 ECI children in each year of the biennium. Funding levels for the 2012–13 biennium do not assume caseload growth or the General Revenue replacement of ARRA funds. A less favorable federal match for Medicaid accounts for approximately \$32.9 million of the All Funds decrease. Other decreases in funding are for reducing client services in the Blind Children's program (\$2.9 million and a corresponding decrease in FTEs of 20.1 each fiscal year, as compared to the fiscal year 2011 level) and in the Autism program (\$3.3 million). | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Disability Determination | | | | | | |
| The Disability Determination function at DARS helps to determine eligibility for federal Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) benefits. Increased funding of \$22.3 million in Federal Funds is 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 21,258 from 307,520 in fiscal year 2011 to 328,778 in fiscal year 2013. Additionally, FTEs for this strategy are expected to increase by 37.1 in fiscal year 2012 and 74.3 in fiscal year 2013 above the fiscal year 2011 level to cover increased caseload. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$248.3 | \$0.0 | \$248.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$270.6 | \$0.0 | \$270.6 |
| | BIENNIAL CHANGE | NA | NA | 9.0% | NA | 9.0% |
| Rehabilitation Services-Blind | | | | | | |
| VR services for persons who are blind or visually impaired includes: <ul style="list-style-type: none"> • Independent Living Services • Blindness, Education, Screening, and Treatment • VR • Business Enterprises of Texas and Trust Fund The \$94.8 million in All Funds for the 2012–13 biennium is anticipated to serve approximately 8,478 VR clients each year of the biennium. Funding is decreased by \$20.9 million in All Funds (\$1.6 million in General Revenue Funds and General Revenue–Dedicated Funds) from the 2010–11 biennium. Reductions to client services account for the decrease in General Revenue Funds and General Revenue–Dedicated Funds decrease. | EST/BUD 2010–11 | \$18.1 | \$5.3 | \$92.2 | \$0.1 | \$115.7 |
| | REC 2012–13 | \$17.0 | \$4.8 | \$72.9 | \$0.1 | \$94.8 |
| | BIENNIAL CHANGE | (5.9%) | (9.5%) | (20.9%) | 0.0% | (18.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Program Support | | | | | | |
| Funding for the agency's administrative budget totals \$56.7 million in All Funds for the 2012–13 biennium. | EST/BUD 2010–11 | \$10.8 | \$0.0 | \$52.2 | \$0.1 | \$63.1 |
| Decreases in funding incorporate the agency's 10 percent General Revenue reduction in administrative budgets (\$1.2 million in General Revenue Funds and a corresponding decreases in FTEs of 5 in fiscal year 2012 and 10 in fiscal year 2013, as compared to the fiscal year 2011 level). | REC 2012–13 | \$9.6 | \$0.0 | \$47.0 | \$0.1 | \$56.7 |
| | BIENNIAL CHANGE | (10.9%) | NA | (10.0%) | 0.0% | (10.2%) |
| DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES | | | | | | |
| Child Protective Services | | | | | | |
| Department of Family and Protective Services (DFPS) investigates reports of child abuse and/or neglect, provides protective services to prevent future abuse and/or neglect, provides temporary substitute care for children who are not safe in their own homes, and works toward placing children who cannot safely return home with a permanent family. | EST/BUD 2010–11 | \$832.5 | \$0.0 | \$1,404.9 | \$13.2 | \$2,250.6 |
| | REC 2012–13 | \$914.1 | \$0.0 | \$1,157.0 | \$13.5 | \$2,084.6 |
| | BIENNIAL CHANGE | 9.8% | NA | (17.6%) | 2.3% | (7.4%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <p>2012–13 appropriations total \$2,084.6 million in All Funds (\$914.1 million in General Revenue Funds). Funding for 2012–13 maintains caseloads for the foster care, adoption subsidy, and permanency care assistance programs. Funding for 2012–13 does not include the General Revenue replacement of stimulus-related funds (Federal Medical Assistance Percentage, Temporary Assistance for Needy Families, or Child Care and Development Block Grant). The funding levels for 2012–13 also include a 1 percent reduction for foster care, adoption subsidy, and permanency care assistance payments; a reduction for one-time foster care rate increases under Article II, Special Provisions, Section 54, 2010–11 General Appropriations Act; and reductions for purchased client services and relative monetary assistance payments. FTEs are reduced by 749.5 in 2013, as compared to 2011 due to maintaining base funding levels and not replacing Temporary Assistance for Needy Families stimulus-related funds.</p> | | | | | | |
| Adult Protective Services | | | | | | |
| <p>DFPS investigates reports of abuse, neglect, and/or exploitation and provides emergency client services for certain adults who live in community settings and nursing homes. The agency also investigates reports of abuse, neglect, and/or exploitation of consumers receiving mental health and mental retardation services.</p> <p>2012–13 appropriations total \$132.8 million in All Funds (\$72.8 million in General Revenue Funds). The funding levels for 2012–13 include a reduction for emergency client services. FTEs are reduced by 22.0 in fiscal year 2013, as compared to fiscal year 2011 due to maintaining base funding levels.</p> | EST/BUD 2010–11 | \$78.0 | \$0.0 | \$56.5 | \$0.0 | \$134.5 |
| | REC 2012–13 | \$72.8 | \$0.0 | \$60.0 | \$0.0 | \$132.8 |
| | BIENNIAL CHANGE | (6.7%) | NA | 6.2% | NA | (1.3%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Indirect Administration | | | | | | |
| Indirect administration includes central administration, other support services, regional administration, information technology program support, and the capital budget for the acquisition of information resource technologies. | EST/BUD 2010–11 | \$77.7 | \$0.0 | \$83.8 | \$0.1 | \$161.6 |
| | REC 2012–13 | \$60.9 | \$0.0 | \$59.0 | \$0.0 | \$119.9 |
| 2012–13 appropriations total \$119.9 million in All Funds (\$60.9 million in General Revenue Funds). Funding for 2012–13 does not include the General Revenue replacement of stimulus-related funds from the Child Care and Development Block Grant for a one-time quality initiative. The funding levels for 2012–13 also include reductions for information resource technology capital budget projects, information technology program support, master lease purchase payments (MLPP), and enterprise billings for lease management services. FTE positions are reduced by 19.0 in fiscal year 2013, as compared to fiscal year 2011 due to maintaining base funding levels. | BIENNIAL CHANGE | (21.6%) | NA | (29.6%) | (100.0%) | (25.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Child Care Regulation | | | | | | |
| DFPS enforces minimum standards for child day care, residential child care, and maternity homes. It also investigates reports alleging child abuse and neglect, and reports of serious incidents in child care operations. 2012–13 appropriations total \$64.7 million in All Funds (\$22.7 million in General Revenue Funds). Funding for 2012–13 does not include the General Revenue replacement of stimulus-related funds from the Child Care and Development Block Grant for a one-time quality initiative. The funding levels for 2012–13 also include a reduction for day care inspections. FTEs are reduced by 1.4 in fiscal year 2013, as compared to fiscal year 2011 due to maintaining base funding levels. | EST/BUD 2010–11 | \$25.1 | \$0.0 | \$43.3 | \$0.3 | \$68.7 |
| | REC 2012–13 | \$22.7 | \$0.0 | \$41.7 | \$0.3 | \$64.7 |
| | BIENNIAL CHANGE | (9.6%) | NA | (3.7%) | 0.0% | (5.8%) |
| Prevention and Early Intervention Services | | | | | | |
| DFPS provides prevention and early intervention services for children and youth. 2012–13 appropriations total \$52.9 million in All Funds (\$21.5 million in General Revenue Funds). Funding for 2012–13 includes a 32 percent reduction for the Services to At-Risk Youth (STAR) program, the Community Youth Development program, and the Texas Families program. The funding levels for 2012–13 also include a 45 percent reduction for program support and a 74 percent reduction for other at-risk prevention programs. FTEs are also reduced by 14.5 in fiscal year 2013, as compared to fiscal year 2011. | EST/BUD 2010–11 | \$39.1 | \$15.3 | \$33.6 | \$0.0 | \$88.0 |
| | REC 2012–13 | \$21.5 | \$11.6 | \$19.8 | \$0.0 | \$52.9 |
| | BIENNIAL CHANGE | (56.3%) | (25.5%) | (41.1%) | NA | (45.1%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Statewide Intake Services | | | | | | |
| <p>DFPS operates a statewide intake call center that receives reports of abuse, neglect, and/or exploitation, and assigns for investigation those reports that meet statutory definitions. The agency also provides 24-hour expedited background checks for Child Protective Services (CPS) caseworkers.</p> <p>2012–13 appropriations total \$36.4 million in All Funds (\$12.6 million in General Revenue Funds). The funding levels for 2012–13 include a reduction for master lease purchase payments (MLPP). FTEs are reduced by 17.2 in fiscal year 2013, as compared to fiscal year 2011 due to maintaining base funding levels.</p> | EST/BUD 2010–11 | \$12.6 | \$0.0 | \$24.3 | \$0.0 | \$36.9 |
| | REC 2012–13 | \$12.6 | \$0.0 | \$23.8 | \$0.0 | \$36.4 |
| | BIENNIAL CHANGE | 0.0% | NA | (2.1%) | NA | (1.4%) |
| DEPARTMENT OF STATE HEALTH SERVICES | | | | | | |
| Community Health Services | | | | | | |
| <p>The Department of State Health Services (DSHS) provides Community Health Services to improve the health of children, women, families, and individuals, and to enhance the capacity of communities to deliver healthcare services. Services include primary care, nutrition services, and behavioral health services, including community mental health and substance abuse, prevention, intervention, and treatment services.</p> <p>Funding for Community Health Services totals \$3,384.6 million in All Funds (\$1,428.9 million in General Revenue Funds and General Revenue–Dedicated Funds).</p> | EST/BUD 2010–11 | \$902.4 | \$694.2 | \$2,024.0 | \$86.3 | \$3,706.9 |
| | REC 2012–13 | \$790.4 | \$638.6 | \$1,858.3 | \$97.4 | \$3,384.6 |
| | BIENNIAL CHANGE | (12.4%) | (8.0%) | (8.2%) | 12.8% | (8.7%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| <p>Funding is decreased by \$322.3 million in All Funds (\$167.6 million in General Revenue Funds and General Revenue–Dedicated Funds) including a reduction of 37.7 FTEs from the 2010–11 biennium primarily for the following:</p> <ul style="list-style-type: none"> • a \$112.0 million decrease in General Revenue Funds due to: 1) not including the General Revenue replacement of stimulus-related Federal Medical Assistance Percentage (FMAP), 2) \$59.1 million reduction to Community Mental Health strategies, 3) \$19.2 million reduction to primary care and nutrition services programs, and 4) \$12.0 million reduction to indigent health care programs. • a \$55.6 million decrease in General Revenue–Dedicated Funds due to: 1) \$30.0 million reduction in funding for trauma care reimbursements, and 2) \$18.6 million reduction in the tobacco reduction funding. • a \$165.7 million decrease in Federal Funds due to: <ol style="list-style-type: none"> 1) elimination of Community Mental Health Block Grant (\$31.0 million in each fiscal year) due to reduction to General Revenue Match for Community Mental Health Block Grant, 2) \$49.2 million decrease due to temporary ARRA increase in FMAP in 2010–11, 3) \$30.4 million reduction in Women, Infants, and Children (WIC) grants; and 4) \$19.7 million reduction in federal substance abuse grants. | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Preparedness and Prevention | | | | | | |
| DSHS coordinates essential public health services across the state, implements public health emergency and hospital preparedness programs, administers vital records and immunization programs, and provides services to address sexually transmitted, infectious, and chronic diseases. | EST/BUD 2010–11 | \$400.8 | \$49.5 | \$642.6 | \$127.7 | \$1,220.5 |
| | REC 2012–13 | \$371.9 | \$44.4 | \$490.4 | \$126.1 | \$1,032.8 |
| | BIENNIAL CHANGE | (7.2%) | (10.2%) | (23.7%) | (1.2%) | (15.4%) |
| Funding for Preparedness and Prevention Services totals \$1,032.8 million in All Funds (\$416.3 million in General Revenue Funds and General Revenue–Dedicated Funds). | | | | | | |
| Funding is decreased by \$187.7 million in All Funds (\$34.0 million in General Revenue Funds and General Revenue–Dedicated Funds) including a reduction of 30.1 FTEs from the 2010–11 biennium primarily due to: | | | | | | |
| <ul style="list-style-type: none"> • a \$152.1 million decrease in Federal Funds due to one-time H1N1 funds and FEMA reimbursements and a \$27.2 million reduction in HIV Care Formula Grant, and • a \$34.0 million decrease in General Revenue Funds and General Revenue–Dedicated Funds due to various reductions to preparedness and prevention programs and client services. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Hospital Facilities and Services | | | | | | |
| DSHS operates the Texas Center for Infectious Disease, which serves individuals with tuberculosis and other chronic respiratory diseases; the South Texas Health Care System in Harlingen, which provides general outpatient care, primarily for indigent patients in the Lower Rio Grande Valley; and a system of 10 state mental health hospitals, which provide inpatient hospitalization and general psychiatric services for persons with severe mental illness who require intensive treatment. DSHS also provides grants to three mental health community hospitals in Houston, Galveston, and Lubbock. | EST/BUD 2010–11 | \$709.8 | \$2.4 | \$35.4 | \$126.7 | \$874.3 |
| | REC 2012–13 | \$672.5 | \$2.4 | \$32.1 | \$128.9 | \$835.9 |
| | BIENNIAL CHANGE | (5.3%) | 0.0% | (9.3%) | 1.7% | (4.4%) |
| Funding for hospital facilities and services totals \$835.9 million in All Funds (\$674.8 million in General Revenue Funds and General Revenue–Dedicated Funds). | | | | | | |
| Funding is decreased by \$38.4 million in All Funds (\$37.3 million in General Revenue Funds) including a reduction of 124.0 FTEs from the 2010–11 biennium primarily due to: | | | | | | |
| <ul style="list-style-type: none"> • a \$28.0 million reduction in General Revenue Funds to state mental health hospitals, and • a \$9.0 million reduction in General Revenue Funds to mental health community hospitals. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Consumer Protection Services | | | | | | |
| DSHS provides consumer protection services including public health efforts related to ensuring food and drug safety, minimizing environmental hazards, licensing healthcare professionals and facilities, and regulating activities related to radiation. Funding for these regulatory services is largely generated through fee revenue deposited to the General Revenue Fund or to specific General Revenue–Dedicated accounts. | EST/BUD 2010–11 | \$79.6 | \$35.2 | \$23.9 | \$9.2 | \$147.8 |
| | REC 2012–13 | \$63.6 | \$35.3 | \$22.4 | \$8.5 | \$129.8 |
| | BIENNIAL CHANGE | (20.0%) | 0.4% | (6.4%) | (7.7%) | (12.2%) |
| Funding for Consumer Protection Services totals \$129.8 million in All Funds (\$99.0 million in General Revenue Funds and General Revenue–Dedicated Funds). | | | | | | |
| Funding is decreased by \$18.1 million in All Funds (\$16.1 million in General Revenue Funds and General Revenue–Dedicated Funds) from the 2010–11 biennium primarily due to a \$14.1 million reduction to regulatory programs and the reduction of one-time funds for a regulatory automation system. | | | | | | |
| Indirect Administration | | | | | | |
| Funding for the agency's administrative budget totals \$106.2 million in All Funds for the 2012–13 biennium. | EST/BUD 2010–11 | \$67.0 | \$2.7 | \$25.1 | \$17.4 | \$112.2 |
| | REC 2012–13 | \$59.9 | \$2.6 | \$23.3 | \$20.3 | \$106.2 |
| | BIENNIAL CHANGE | (10.5%) | (3.6%) | (7.1%) | 16.7% | (5.4%) |
| Funding is decreased by \$6.0 million in All Funds (\$7.1 million in General Revenue Funds and General Revenue–Dedicated Funds) including a reduction of 33.1 FTEs from the 2010–11 biennium primarily due to a 10 percent reduction to operations in all Indirect Administration programs. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Capital Items | | | | | | |
| Funding for the agency's capital items totals \$12.9 million in All Funds for the 2012–13 biennium. These items include: 1) appropriation authority to pay debt service on revenue bonds issued to build a laboratory and parking structure; and 2) construction funds including General Revenue Funds and General Obligation (G.O.) bond proceeds for the repair and renovation of the state's mental health hospitals. | EST/BUD 2010–11 | \$5.7 | \$5.8 | \$0.0 | \$67.0 | \$78.4 |
| | REC 2012–13 | \$6.2 | \$5.7 | \$0.0 | \$0.9 | \$12.9 |
| | BIENNIAL CHANGE | 9.5% | (0.3%) | NA | (98.7%) | (83.6%) |
| Funding is decreased by \$65.5 million in All Funds primarily due to one-time G.O. bonds for the construction of the Texas Center for Infectious Disease and renovations at state mental hospital facilities. | | | | | | |
| HEALTH AND HUMAN SERVICES COMMISSION | | | | | | |
| Acute Care Medicaid (and STAR+Plus) | | | | | | |
| Medicaid is a jointly-funded federal-state program that provides health insurance and other services primarily to low-income families, non-disabled children, related caretakers of dependent children, pregnant women, the elderly, and people with disabilities. The federal government contributes to the cost of Medicaid according to a match rate, or Federal Medical Assistance Percentage (FMAP). | EST/BUD 2010–11 | \$11,220.6 | \$0.0 | \$23,945.2 | \$201.3 | \$35,367.1 |
| | REC 2012–13 | \$9,730.7 | \$0.0 | \$16,087.1 | \$203.5 | \$26,021.2 |
| | BIENNIAL CHANGE | (4.4%) | NA | (37.0%) | 1.1% | (26.4%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| <p>The Health and Human Services Commission (HHSC) provides primarily hospital and physician services; outpatient prescription drugs; Medicare premiums, deductibles, and copayments for certain clients; targeted case management for high-risk pregnancies; family planning; medical transportation; and managed care. The agency also provides medical and dental checkups for children through the Texas HealthSteps Program.</p> <p>2012–13 appropriations total \$26,021.2 million in All Funds (\$9,730.7 million in General Revenue Funds). Funding for 2012–13 maintains 2010–11 caseload levels. Funding does not include the General Revenue Fund replacement of stimulus-related FMAP. The funding levels for 2012–13 also include the following reductions: 10 percent provider rate; fees for certain services; optional services; anticipated improvement in the FMAP; and administrative costs. Changes from the 2010–11 levels also include the elimination of children’s hospital Upper Payment Limit and increases for the expansion of the managed care model of services.</p> | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Children's Health Insurance Program | | | | | | |
| <p>The Children's Health Insurance Program (CHIP) is a federal-state program that insures children whose family income is above Medicaid standards, but is less than 200 percent of the Federal Poverty Level (FPL). The federal government contributes to the cost of CHIP according to a match rate, or Enhanced Federal Medical Assistance Percentage (EFMAP). Services include inpatient and outpatient hospital services, prescription medications, lab and diagnostic tests, well-child exams and preventive health services, physician office visits, emergency care transportation, home and community health services, vision, dental, mental health, tobacco cessation, chiropractic, hospice and skilled nursing benefits, and durable medical equipment. The state requires an annual enrollment fee, which is based on the size of the applicant's family and monthly income.</p> <p>2012–13 appropriations total \$2,102.8 million in All Funds (\$626.4 million in General Revenue Funds). New federal guidelines require that infants of certain mothers in the CHIP Perinatal program receive services under Medicaid, resulting in an overall decrease in CHIP caseloads. Caseloads will increase as a result of newly eligible children of state employees entering the CHIP program. The state will also be able to draw down federal matching funds for Legal Permanent Residents and School Employee Children as a result of changes in federal regulations. This results in decreased General Revenue need and an increase in federal funding. Funding is reduced from 2010–11 levels as a result of shifts in caseloads and a 10 percent provider rate reduction.</p> | EST/BUD 2010–11 | \$694.1 | \$0.0 | \$1,532.7 | \$0.9 | \$2,227.6 |
| | REC 2012–13 | \$626.4 | \$0.0 | \$1,476.5 | \$0.0 | \$2,102.8 |
| | BIENNIAL CHANGE | (9.8%) | NA | (3.7%) | (100.0%) | (5.6%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Integrated Eligibility and Enrollment | | | | | | |
| HHSC determines eligibility for the numerous programs it oversees including Medicaid, CHIP, State Kids Insurance Program (SKIP), Temporary Assistance for Needy Families (TANF), and the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program). Eligibility determination for CHIP is provided by a contractor; eligibility for other programs is provided by state workers in regional offices and hospitals. | EST/BUD 2010–11 | \$707.7 | \$0.0 | \$842.1 | \$36.3 | \$1,586.1 |
| | REC 2012–13 | \$708.3 | \$0.0 | \$811.2 | \$23.5 | \$1,543.0 |
| | BIENNIAL CHANGE | 0.1% | NA | (3.7%) | (35.4%) | (2.7%) |
| Funding for eligibility determination and supporting staff is in strategy A.1.2, Integrated Eligibility and Enrollment (IEE). Appropriations for the 2012–13 biennium total \$1,543.0 million in All Funds (\$708.3 million in General Revenue Funds). Funding and staffing levels maintain the 2010–11 eligibility field staff cap of 8,568 FTEs. There are reductions in administrative costs, contracts, and grant programs within the IEE strategy that do not directly affect the eligibility determination process. IEE funding is also impacted by changes in FMAP levels relating to the end of stimulus funding. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Program Support | | | | | | |
| Appropriations for the 2012–13 biennium for program support total \$308.9 million in All Funds (\$35.4 million in General Revenue Funds). HHSC provides regional, central, and IT program support. While funding in General Revenue and federal funding has decreased for the 2012–13 biennium as a result of savings in administrative costs, travel, and IT daily operations, there is an overall increase as capital-related costs for the eligibility determination and telecom systems shift to maintenance and operations. The increase is due to increases in Other Funds, mostly interagency contracts, as a result of the agency's cost allocation plan. | EST/BUD 2010–11 | \$41.2 | \$0.0 | \$39.7 | \$222.9 | \$303.8 |
| | REC 2012–13 | \$35.4 | \$0.0 | \$35.1 | \$238.3 | \$308.9 |
| | BIENNIAL CHANGE | (14.0%) | NA | (11.7%) | 6.9% | 1.7% |
| Temporary Assistance for Needy Families (TANF) | | | | | | |
| Temporary Assistance for Needy Families (TANF) grants provide time-limited cash assistance to families with children who have incomes below 13 percent of FPL. Grants are provided to single-parent families and to two-parent families in which one or both parents are unemployed or have a disability. The monthly cash grant amount paid to a family is based on household size, income, and the family's basic needs. | EST/BUD 2010–11 | \$150.9 | \$0.0 | \$122.5 | \$0.0 | \$273.4 |
| | REC 2012–13 | \$141.1 | \$0.0 | \$106.7 | \$0.0 | \$247.8 |
| | BIENNIAL CHANGE | (6.5%) | NA | (12.9%) | NA | (9.3%) |
| Appropriations for the 2012–13 biennium of \$247.8 million in All Funds (\$141.1 million in General Revenue Funds) maintain existing TANF programs, including one-time grants of \$1,000 to families opting out of regular cash assistance, one-time grants of \$1,000 for grandparents, a TANF maximum grant level of at least 17 percent of FPL, and a once-a-year supplemental payment of \$30 per child. Decreases in funding levels are a result of one-time stimulus-related TANF Emergency Contingency Funding. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 20
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Texas Integrated Eligibility and Redesign System (TIERS) & Eligibility Technologies | | | | | | |
| Texas is currently transitioning from its legacy eligibility determination system, SAVERR, to the Texas Integrated Eligibility and Redesign System (TIERS). TIERS is expected to improve the eligibility-determination process by replacing outmoded information systems and giving clients easier access to information and assistance. HHSC is rolling out the new system by region and has made significant progress without hindering the eligibility determination process. The expected completion date for the statewide rollout of TIERS is December of 2011. | EST/BUD 2010–11 | \$79.0 | \$0.0 | \$82.5 | \$21.5 | \$183.1 |
| | REC 2012–13 | \$66.1 | \$0.0 | \$70.7 | \$4.4 | \$141.2 |
| | BIENNIAL CHANGE | (16.3%) | NA | (14.4%) | (79.4%) | (22.9%) |
| Appropriations for the 2012–13 biennium total \$141.2 million in All Funds (\$66.1 million in General Revenue Funds). As rollout is well under way, costs will shift from capital expenses to maintenance and operations. | | | | | | |
| Office of the Inspector General | | | | | | |
| The Office of the Inspector General investigates fraud, waste and abuse in the provision of all health and human services, enforces state law relating to the provision of those services, and provides utilization assessment and review of both clients and providers. | EST/BUD 2010–11 | \$31.3 | \$0.0 | \$45.1 | \$22.6 | \$99.0 |
| | REC 2012–13 | \$29.3 | \$0.0 | \$40.7 | \$22.4 | \$92.3 |
| | BIENNIAL CHANGE | (6.5%) | NA | (9.8%) | (1.0%) | (6.8%) |
| Appropriations for the 2012–13 biennium total \$92.3 million in All Funds (\$29.3 million in General Revenue Funds). Decreases in funding are for reductions in administrative costs included in HHSC's 10 percent reduction schedule, including reductions for vacant FTE positions. | | | | | | |

EDUCATION

2012–13 BIENNIAL RECOMMENDATIONS

All Funds recommendations for Education total \$69.8 billion for the 2012–13 biennium, which is a decrease of \$6.6 billion, or 8.7 percent, from the 2010–11 biennium (Table 21).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$45.6 billion, which is a decrease of \$3.7 billion, or 7.6 percent, from the 2010–11 biennium (Table 22).

Selected performance measures for agencies in the Education function are shown in Table 23).

**TABLE 21
ALL FUNDS: EDUCATION**

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Public Education | | | | |
| Texas Education Agency | \$50,051.3 | \$45,088.8 | (\$4,962.5) | (9.9%) |
| School for the Blind and Visually Impaired | 93.8 | 38.3 | (55.4) | (59.1) |
| School for the Deaf | 53.5 | 49.1 | (4.5) | (8.3) |
| Subtotal, Public Education | \$50,198.6 | \$45,176.2 | (\$5,022.4) | (10.0%) |
| Public Higher Education | | | | |
| General Academic Institutions | \$6,269.7 | \$5,838.8 | (\$430.9) | (6.9%) |
| Health-related Institutions | 7,829.4 | 7,999.2 | 169.8 | 2.2 |
| Texas A&M Service Agencies | 930.9 | 890.7 | (40.2) | (4.3) |
| Higher Education Coordinating Board | 1,782.5 | 1,113.0 | (669.5) | (37.6) |
| Higher Education Fund | 525.0 | 525.0 | 0.0 | NA |
| Available University Fund | 1,059.0 | 1,061.4 | 2.4 | 0.2 |

EDUCATION

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 21
ALL FUNDS: EDUCATION (CONTINUED)

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Two-Year Institutions | | | | |
| Public Community/Junior Colleges | \$1,768.9 | \$1,663.6 | (\$105.3) | (6.0%) |
| Lamar Lower-level Institutions | 70.5 | 66.6 | (4.0) | (5.6) |
| Texas State Technical Colleges | 176.6 | 159.4 | (17.2) | (9.7) |
| Subtotal, Two-Year Institutions | \$2,016.1 | \$1,889.6 | (\$126.4) | (6.3%) |
| Subtotal, Higher Education | \$20,412.6 | \$19,317.7 | (\$1,094.9) | (5.4%) |
| Teacher Retirement System | \$4,038.1 | \$3,528.9 | (\$509.3) | (12.6%) |
| Optional Retirement Program | 294.2 | 247.9 | (46.3) | (15.7) |
| Higher Education Employees Group Insurance Contributions | 1,068.3 | 952.8 | (115.4) | (10.8) |
| Retirement and Group Insurance | 61.8 | 59.3 | (2.5) | (4.1) |
| Social Security and Benefit Replacement Pay | 560.4 | 597.5 | 37.2 | 6.6 |
| Subtotal, Employee Benefits | \$6,022.8 | \$5,386.4 | (\$636.4) | (10.6%) |
| Bond Debt Service Payments | \$7.4 | \$17.2 | \$9.8 | 133.3% |
| Lease Payments | 5.9 | 5.3 | (0.6) | (10.3) |
| Subtotal, Debt Service | \$13.3 | \$22.5 | \$9.2 | 69.4% |
| Less Interagency Contracts | \$205.7 | \$82.9 | (\$122.8) | (59.7%) |
| Total Article III – Agencies Of Education | \$76,441.5 | \$69,819.9 | (\$6,621.6) | (8.7%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

EDUCATION

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 22
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: EDUCATION

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Public Education | | | | |
| Texas Education Agency | \$30,306.9 | \$28,464.7 | (\$1,842.1) | (6.1%) |
| School for the Blind and Visually Impaired | 29.2 | 26.2 | (3.0) | (10.2) |
| School for the Deaf | 36.6 | 32.6 | (4.0) | (10.9) |
| Subtotal, Public Education | \$30,372.6 | \$28,523.6 | (\$1,849.1) | (6.1%) |
| Public Higher Education | | | | |
| General Academic Institutions | \$6,130.3 | \$5,823.9 | (\$306.3) | (5.0%) |
| Health-related Institutions | 2,636.8 | 2,367.4 | (269.3) | (10.2) |
| Texas A&M Service Agencies | 364.0 | 305.4 | (58.6) | (16.1) |
| Higher Education Coordinating Board | 1,463.1 | 951.9 | (511.2) | (34.9) |
| Higher Education Fund | 525.0 | 525.0 | 0.0 | NA |
| Two-Year Institutions | | | | |
| Public Community/Junior Colleges | \$1,752.0 | \$1,663.6 | (\$88.4) | (5.0%) |
| Lamar Lower-level Institutions | 69.1 | 66.6 | (2.5) | (3.7) |
| Texas State Technical Colleges | 174.0 | 159.4 | (14.6) | (8.4) |
| Subtotal, Two-Year Institutions | \$1,995.2 | \$1,889.6 | (\$105.5) | (5.3%) |
| Subtotal, Higher Education | \$13,114.4 | \$11,863.4 | (\$1,251.0) | (9.5%) |
| Teacher Retirement System | \$3,910.4 | \$3,398.7 | (\$511.7) | (13.1%) |
| Optional Retirement Program | 294.2 | 247.9 | (46.3) | (15.7) |
| Higher Education Employees Group Insurance Contributions | 1,067.0 | 951.6 | (115.3) | (10.8) |

EDUCATION

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 22
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: EDUCATION (CONTINUED)

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Retirement and Group Insurance | \$51.6 | \$50.3 | (\$1.2) | (2.4%) |
| Social Security and Benefit Replacement Pay | 539.2 | 576.0 | 36.8 | 6.8 |
| Subtotal, Employee Benefits | \$5,862.4 | \$5,224.6 | (\$637.8) | (10.9%) |
| Bond Debt Service Payments | \$7.1 | \$16.9 | \$9.8 | 137.2% |
| Lease Payments | 5.9 | 5.3 | (0.6) | (10.3) |
| Subtotal, Debt Service | \$13.0 | \$22.2 | \$9.1 | 70.3% |
| Total Article III – Agencies of Education | \$49,362.4 | \$45,633.7 | (\$3,728.7) | (7.6%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 23
SELECTED PERFORMANCE MEASURES: EDUCATION

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|--|----------------|------------------|---------------------|---------------------|
| PUBLIC EDUCATION | | | | |
| TEXAS EDUCATION AGENCY | | | | |
| Total Average Daily Attendance | 4,468,698 | 4,543,762 | 4,621,087 | 4,699,717 |
| Percent of Students Graduating from High School | 80.6% | 80.8% | 81.0% | 81.2% |
| Percent of Students Continuing in High School | 8.6% | 8.6% | 8.6% | 8.6% |
| Percent of Students Receiving GEDs | 1.4% | 1.4% | 1.4% | 1.4% |
| Percent of Students Dropping Out Before Graduation | 9.4% | 9.3% | 9.2% | 9.1% |
| Percent of Campuses That Meet Adequate Yearly Progress | 79.0% | 73.0% | 67.0% | 61.0% |
| Percent of Students Exiting Bilingual/English as a Second Language Programs Successfully | 79.0% | 81.0% | 82.0% | 83.0% |
| HIGHER EDUCATION | | | | |
| HIGHER EDUCATION COORDINATING BOARD | | | | |
| Number of Students Receiving TEXAS Grants | 69,395 | 86,830 | 50,945 | 27,135 |
| Number of NHARP Research Projects Funded | 112 | 0 | 71 | 0 |
| Increase in Fall Student Headcount Enrollment | 352,683 | 403,483 | 448,883 | 494,283 |
| TEXAS A&M UNIVERSITY | | | | |
| Percent of First-time, Full-time Freshmen Who Earn a Degree Within Six Years | 79.5% | 76.5% | 77.0% | 77.0% |
| Retention Rate of First-time, Full-time Freshmen After One Year | 91.1% | 90.0% | 90.0% | 90.0% |
| Percent of Lower-Division Courses Taught by Tenured or Tenure-track Faculty | 36.6% | 41.0% | 40.0% | 40.0% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 23
SELECTED PERFORMANCE MEASURES: EDUCATION (CONTINUED)

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|--|----------------|------------------|---------------------|---------------------|
| THE UNIVERSITY OF TEXAS | | | | |
| Percent of First-time, Full-time Freshmen Who Earn a Degree Within Six Years | 80.2% | 81.0% | 82.1% | 83.3% |
| Retention Rate of First-time, Full-time Freshmen After One Year | 91.7% | 92.0% | 92.0% | 92.0% |
| Percent of Lower-Division Courses Taught by Tenured or Tenure-track Faculty | 41.3% | 36.9% | 40.0% | 40.0% |
| TEXAS TECH UNIVERSITY | | | | |
| Percent of First-time, Full-time Freshmen Who Earn a Degree Within Six Years | 62.6% | 57.5% | 59.0% | 63.0% |
| Retention Rate of First-time, Full-time Freshmen After One Year | 81.3% | 84.0% | 83.0% | 85.0% |
| Percent of Lower-Division Courses Taught by Tenured or Tenure-track Faculty | 31.1% | 33.0% | 32.0% | 33.8% |
| UNIVERSITY OF HOUSTON | | | | |
| Percent of First-time, Full-time Freshmen Who Earn a Degree Within Six Years | 45.7% | 46.0% | 48.0% | 50.0% |
| Retention Rate of First-time, Full-time Freshmen After One Year | 81.6% | 82.0% | 84.0% | 86.0% |
| Percent of Lower-Division Courses Taught by Tenured or Tenure-track Faculty | 33.8% | 29.5% | 35.0% | 35.0% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 23
SELECTED PERFORMANCE MEASURES: EDUCATION (CONTINUED)

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|--|----------------|------------------|---------------------|---------------------|
| THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS | | | | |
| Percent of Medical School Graduates Practicing Primary Care in Texas ¹ | 19.0% | 18.0% | 18.0% | 18.0% |
| THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON | | | | |
| Percent of Medical School Graduates Practicing Primary Care in Texas ² | 19.8% | 30.0% | 30.0% | 30.0% |
| THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO | | | | |
| Percent of Medical School Graduates Practicing Primary Care in Texas ³ | 47.0% | 25.0% | 25.00% | 25.0% |
| UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER AT FORT WORTH | | | | |
| Percent of Medical School Graduates Practicing Primary Care in Texas ⁴ | 42.0% | 45.0% | 45.0% | 45.0% |

¹Performed the lowest among seven Health-Related Institutions (HRIs) with medical school graduates in fiscal year 2010.

²Performed the second to the lowest among seven HRIs with medical school graduates in fiscal year 2010.

³Performed the highest among seven HRIs with medical school graduates in fiscal year 2010.

⁴Performed the second highest among HRIs in with medical school graduates fiscal year 2010.

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| AGENCY ISSUES: PUBLIC EDUCATION | | | | | |
| TEXAS EDUCATION AGENCY | | | | | |
| Foundation School Program (FSP) | | | | | |
| <p>General Revenue Funds for the FSP are \$453 million below the 2010–11 base. On an All Funds basis, FSP funding is \$4.0 billion below the 2010–11 base. The additional All Funds decrease is due to the use of nearly \$3.3 billion in one-time federal American Recovery and Reinvestment Act (ARRA) funds in the 2010–11 biennium, and to lower levels of anticipated recapture payments.</p> | | | | | |
| <p>The total funding level for FSP operations and facilities is currently estimated to be \$9.3 billion below the amount required to fund the school finance formulas under the Texas Education Code. Major factors driving FSP costs include: (1) projected student enrollment growth of just under 80,000 students in average daily attendance annually, at a biennial cost of approximately \$2.2 billion; (2) projected decreases in school district property values and resulting local revenue, increasing biennial costs by more than \$2.0 billion; (3) the use of nearly \$3.3 billion in one-time ARRA funds in the 2010–11 biennium to help cover the state share of the FSP, funds that are not available for the 2012–13 biennium; and (4) an approximately \$1.4 billion increase related to the reliance on state overpayments to districts during fiscal year 2009 to fund fiscal year 2010 entitlement and projected underpayments in fiscal year 2011 that will be paid in fiscal year 2012.</p> | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <p>The levels of FSP funding shown below assume passage of legislation that enacts reductions to school district and charter school entitlements such that amounts appropriated would represent full funding of the state's obligations under the school finance formulas.</p> | | | | | | |
| FSP - Operations | | | | | | |
| 2012–13 amounts for payments to school districts and charter schools through the school finance system for daily operations are reduced by \$820 million in General Revenue Funds and \$4.4 billion in All Funds from the 2010–11 biennium. | EST/BUD 2010–11 | \$26,442.4 | \$0.0 | \$3,250.3 | \$6,390.8 | \$36,083.5 |
| | REC 2012–13 | \$25,622.4 | \$0.0 | \$0.0 | \$6,077.7 | \$31,700.1 |
| | BIENNIAL CHANGE | (3.1%) | NA | (100.0%) | (4.9%) | (12.1%) |
| FSP - Facilities | | | | | | |
| 2012–13 amounts provide full funding for the state's current law obligations under the Existing Debt Allotment (EDA) and the Instructional Facilities Allotment (IFA). The cost increase of \$367.0 million over the 2010–11 biennium is the result of a projected increase in the state share of EDA and IFA due to anticipated decreases in property values. | EST/BUD 2010–11 | \$1,206.9 | \$0.0 | \$0.0 | \$0.0 | \$1,206.9 |
| | REC 2012–13 | \$1,573.9 | \$0.0 | \$0.0 | \$0.0 | \$1,573.9 |
| | BIENNIAL CHANGE | 30.4% | NA | NA | NA | 30.4% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| General Revenue Funding Items with Federal Match or Maintenance of Effort Implications | | | | | | |
| Reduced funding for these items by \$17.3 million in General Revenue. Items in this category include the state match for the federal Child Nutrition Program, various programs serving students with special needs (Regional Day Schools for the Deaf, Visually Impaired Services at Regional Education Service Centers, etc.), Adult Basic Education, and the state assessments program. Reductions are made to Adult Basic Education (\$5.0 million) and state assessments (\$12.3 million). | EST/BUD 2010–11 | \$250.6 | \$0.0 | \$0.0 | \$0.0 | \$250.6 |
| | REC 2012–13 | \$233.3 | \$0.0 | \$0.0 | \$0.0 | \$233.3 |
| | BIENNIAL CHANGE | (6.9%) | NA | NA | NA | (6.9%) |
| Funding to Entities Other Than School Districts or Charter Schools | | | | | | |
| Funding is reduced for education programs at the Texas Youth Commission (\$1.2 million) to correspond with population projections, Juvenile Justice Alternative Education Programs (\$5.8 million) to correspond with population projections and to reflect a reduction in the rate paid per student per day state from \$79 to \$59, Windham School District (\$10.6 million), and Regional Education Service Centers (\$2.0 million). | EST/BUD 2010–11 | \$206.1 | \$0.4 | \$0.0 | \$2.0 | \$208.5 |
| | REC 2012–13 | \$186.5 | \$0.4 | \$0.0 | \$2.0 | \$188.9 |
| | BIENNIAL CHANGE | (9.5%) | NA | NA | 0.0% | (9.4%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Instructional Materials | | | | | | |
| Funding includes General Revenue sufficient to fund Continuing Contracts costs for 2012–13 assuming the use of 100 percent of fund balances in the State Textbook Fund. Recommendation does not include funding for new materials under Proclamation 2011 (English Language Arts and Reading) or supplemental Science materials in lieu of Proclamation 2012 (issuance postponed by the State Board of Education). Note that 2010–11 includes \$361.6 million in federal ARRA funding as a method of financing instructional materials. | EST/BUD 2010–11 | \$441.2 | \$0.0 | \$361.6 | \$0.0 | \$802.8 |
| | REC 2012–13 | \$308.1 | \$0.0 | \$0.0 | \$0.0 | \$308.1 |
| | BIENNIAL CHANGE | (30.2%) | NA | NA | NA | (61.6%) |
| Technology Allotment | | | | | | |
| No funding is provided for the Technology Allotment. | EST/BUD 2010–11 | \$270.9 | \$0.0 | \$0.0 | \$0.0 | \$270.9 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

| IN MILLIONS | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| BUDGET RECOMMENDATION AND DESCRIPTION | | | | | | |
| Discretionary State Grant Programs | | | | | | |
| Funding includes \$400 million directed by Rider 53 for four general purposes: improving high school completion and college readiness; improving pre-kindergarten and early childhood education; improving intervention strategies for struggling students, campuses, and districts; and improving educator effectiveness. Rider 53 requires the Commissioner to submit a plan prior to expenditure for allocating funding among those purposes for approval by the LBB and the Governor's office. Funding includes \$1.8 million in General Revenue for steroid testing. Recommendation does not include specifically designated funding for District Awards for Teacher Excellence (\$385.1 million), the Student Success Initiative (\$293.2 million), Pre-kindergarten grants and Early Childhood School Readiness programs (\$223.3 million), the High School Completion and Success Initiative (\$86.0 million), Educational Aide/Early High School Graduation/TANF tuition exemptions (\$43.2 million), Science Lab Grants (\$35.0 million), Texas Advanced Placement Incentive Program (\$28.4 million), the Virtual School Network (\$20.3 million), Middle School PE grants (\$20 million), Life Skills Teen Parenting (\$19.7 million), LEP Student Success Initiative (\$19.4 million), the Texas Reading/Math/Science Initiative (\$16.1 million), Optional Extended Year Program (\$14.1 million), School Bus Seat Belt grants (\$10 million), and other programs (\$59.2 million). Recommendation does not include General Revenue funding for Communities in Schools (\$32.1 million), but does include \$9.7 million in federal TANF funds for the program. | EST/BUD 2010–11 | \$1,305.0 | \$0.0 | \$9.7 | \$29.4 | \$1,344.1 |
| | REC 2012–13 | \$401.8 | \$0.0 | \$9.7 | \$0.0 | \$411.5 |
| | BIENNIAL CHANGE | (69.2%) | NA | NA | (100.0%) | (69.4%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Agency Administration | | | | | | |
| Funding reflects a reduction to General Revenue for agency administration of 24.5 percent (or 25 percent excluding fee revenues appropriated for the educator certification exam administration). The recommendation reduces the agency's FTE cap by 159.3 or 15 percent. | EST/BUD 2010–11 | \$183.1 | \$0.0 | \$90.6 | \$23.7 | \$297.4 |
| | REC 2012–13 | \$138.3 | \$0.0 | \$95.9 | \$23.7 | \$257.9 |
| | BIENNIAL CHANGE | (24.5%) | NA | 5.8% | 0.0% | (13.3%) |
| Federal Grants to School Districts | | | | | | |
| Funds in this category are primarily pass-through grants to school districts, the largest of which are grants awarded under Title I of the No Child Left Behind Act to serve economically disadvantaged students and under the Individuals with Disabilities Education Act (IDEA) to serve students with special needs. Also included in the 2010–11 amounts are \$458.6 million of the \$2.3 billion in supplemental Title I, IDEA, and other federal formula grants provided under ARRA and not continuing in 2012–13. The vast majority of those funds were allocated to school districts in fiscal year 2009. Increases to Federal Funds includes an appropriation of \$830.8 million contingent on amendment of the federal Education Jobs Fund (EduJobs) law and allocation of those funds by the U.S. Department of Education and also a net increase in other federal funds of \$459.4 million, primarily attributable to an expected increase in federal matching funds for the Child Nutrition Program which provides free and reduced-price lunches, breakfasts, and snacks for income eligible students. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$9,586.4 | \$0.0 | \$9,586.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$10,415.0 | \$0.0 | \$10,415.0 |
| | BIENNIAL CHANGE | NA | NA | 8.6% | NA | 8.6% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED | | | | | | |
| Daily Operations | | | | | | |
| Funding reflects a net decrease of \$2.8 million in All Funds (\$3.0 million in General Revenue Funds and \$0.3 million in Appropriated Receipts) for daily operations. These amounts are offset by an anticipated increase of \$0.5 million in Federal Funds for Medicaid Reimbursement. Decreases reflect a 10 percent reduction across all strategies as identified in the agency's 10 percent reduction schedule and would reduce or eliminate key programs. Funding recommendations are expected to limit the number of students served. Recommendations reflect no funding for professional salary increases for the 2012–13 biennium and assume no Austin Independent School District salary increases in the 2011–12 and 2012–13 school years. However, the appropriation is estimated and would increase to reflect any AISD salary increases. | EST/BUD 2010–11 | \$29.2 | \$0.0 | \$5.4 | \$6.5 | \$41.1 |
| | REC 2012–13 | \$26.2 | \$0.0 | \$5.9 | \$6.2 | \$38.3 |
| | BIENNIAL CHANGE | (10.3%) | 0.0% | 9.3% | (4.6%) | (6.8%) |
| Campus Renovations | | | | | | |
| The \$52.6 million reduction in Other Funds is related to General Obligation bond proceeds for campus renovations. Anticipated completion of all construction projects is December, 2012 with no new bond proceed requests for the 2012–13 biennium. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$52.6 | \$52.6 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | 0.0% | 0.0% | 0.0% | (100.0%) | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| TEXAS SCHOOL FOR THE DEAF | | | | | | |
| Funding decreases by \$4.5 million in All Funds (\$4.0 million in General Revenue Funds) and the agency's full-time-equivalent (FTE) cap reduces from 462.2 to 444.0. Included in the FTE reductions are 18.2 teacher and support positions. General Revenue reductions are based on the agency's 10 percent reduction schedule and would eliminate summer school and short-term outreach programs, eliminate technology and vehicle replacement, and significantly reduce funding for repair and renovations of campus facilities. Funding recommendations are expected to limit the number of students served. Recommendations reflect no funding for professional salary increases for the 2012–13 biennium and assume no Austin Independent School District salary increases in the 2011–12 and 2012–13 school years. However, the appropriation is estimated and would increase to reflect any AISD salary increases. | EST/BUD 2010–11 | \$36.6 | \$0.0 | \$4.2 | \$12.7 | \$53.5 |
| | REC 2012–13 | \$32.6 | \$0.0 | \$2.9 | \$13.5 | \$49.0 |
| | BIENNIAL CHANGE | (10.9%) | 0.0% | (31.0%) | 6.3% | (8.4%) |
| TEACHER RETIREMENT SYSTEM | | | | | | |
| State Retirement Contribution Rate at 6.0 Percent | | | | | | |
| Funding decreases by \$254.9 million in All Funds (\$269.5 million decrease in General Revenue Funds offset by increases of \$14.0 million in General Revenue–dedicated Funds and \$0.6 million in Other Funds). Recommendations assume a 6.0 percent state contribution rate. Because current law prohibits the state contribution rate for retirement from being less than that of active members (currently 6.4 percent), recommendations assume a statute change. No annual payroll growth is assumed in public education and higher education for the 2012–13 biennium. | EST/BUD 2010–11 | \$3,198.0 | \$188.8 | \$0.0 | \$4.6 | \$3,391.4 |
| | REC 2012–13 | \$2,928.5 | \$202.8 | \$0.0 | \$5.2 | \$3,136.5 |
| | BIENNIAL CHANGE | (8.4%) | 7.4% | 0.0% | 13.0% | (7.5%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|-----------------|-----------------------------|---|------------------|----------------|--------------|
| State Contribution to TRS-Care Retired Employee Group Insurance Program | | | | | | |
| Decreased funding of \$253.7 million in General Revenue Funds assumes a state contribution rate of 0.5 percent of payroll and no annual payroll growth in public education. Because current law requires a state contribution of 1.0 percent of active public education employee payroll, recommendations assume a statute change. | EST/BUD 2010–11 | \$521.1 | \$0.0 | \$0.0 | \$0.0 | \$521.1 |
| | REC 2012–13 | \$267.4 | \$0.0 | \$0.0 | \$0.0 | \$267.4 |
| | BIENNIAL CHANGE | (48.7%) | 0.0% | 0.0% | 0.0% | (48.7%) |
| OPTIONAL RETIREMENT PROGRAM | | | | | | |
| State Retirement Contribution at 6.0 Percent | | | | | | |
| Decreased funding of \$46.2 million in All Funds assumes a 6.0 percent state contribution rate and no annual payroll growth in higher education for the 2012–13 biennium. | EST/BUD 2010–11 | \$249.8 | \$44.3 | \$0.0 | \$0.0 | \$294.1 |
| | REC 2012–13 | \$205.3 | \$42.6 | \$0.0 | \$0.0 | \$247.9 |
| | BIENNIAL CHANGE | (17.8%) | (3.8%) | 0.0% | 0.0% | (15.7%) |
| MULTI-AGENCY ISSUES: HIGHER EDUCATION | | | | | | |
| HIGHER EDUCATION EMPLOYEES GROUP INSURANCE | | | | | | |
| Funding decreases by \$115.4 million in All Funds to reflect funding community colleges at a contribution level equal to 50 percent of ERS premiums and state institutions at a contribution level equal to 90 percent of ERS premiums. | EST/BUD 2010–11 | \$1,067.0 | \$0.0 | \$0.0 | \$1.3 | \$1,068.3 |
| | REC 2012–13 | \$951.6 | \$0.0 | \$0.0 | \$1.2 | \$952.8 |
| | BIENNIAL CHANGE | (10.8%) | NA | NA | (7.7%) | (10.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| AGENCY ISSUES: HIGHER EDUCATION | | | | | | |
| HIGHER EDUCATION COORDINATING BOARD | | | | | | |
| <p>The \$513.5 million decrease in General Revenue Funds is primarily due to funding only students already participating in various financial aid programs (no new awards) and the elimination of various programs at the Higher Education Coordinating Board.</p> <p>Student Financial Aid includes five programs: TEXAS Grants, the B-On-Time Program, Texas Educational Opportunity Grants, Tuition Equalization Grants and Texas College Work Study. The recommendations reduce funding by \$392.2 million. Texas Grants is funded at \$365.7 million, which covers renewal awards, which is \$256 million below the 2010–11 amounts (a 41 percent decrease). The General Revenue recommendations for the B-On-Time program totals \$26.2 million, which covers renewals for students at private institutions, and is \$25.8 million below 2010–11. The Texas Educational Opportunity Program is funded at \$6.9 million, \$17.2 million below 2010–11. The Tuition Equalization Grant and Texas College Work Study programs are reduced 41 percent, resulting in funding levels of \$124.6 million (\$87.4 million decrease) for Tuition Equalization Grants and \$8.9 million (\$6.1 million decrease) for Texas College Work Study. Only renewals are covered in the Top Ten Percent Scholarships program, which results in funding levels of \$11.4 million, a decrease of \$40.1 million from 2010–11.</p> | EST/BUD 2010–11 | \$1,328.1 | \$135.0 | \$197.3 | \$122.1 | \$1,782.5 |
| | REC 2012–13 | \$814.6 | \$137.3 | \$123.6 | \$37.4 | \$1,112.9 |
| | BIENNIAL CHANGE | (33.7%) | 1.7% | (37.4%) | (69.3%) | (37.6%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| <p>The elimination of three programs (included below) account for a reduction of \$32.2 million.</p> <ul style="list-style-type: none"> Professional Nursing Shortage Reduction Program (\$15.3 million). This decrease includes one-time funding for the University of Texas at Arlington. Texas Research Incentive Program (funding for this program is in the Performance Incentive Initiative Strategy) (\$11.9 million). Family Practice Residency Program (\$5 million). <p>Baylor College of Medicine is funded at \$73.8 million a reduction of \$5.3 million compared to 2010–11, consistent with funding at the Health-related Institutions.</p> <p>The remaining decrease, approximately \$43.5 million in General Revenue Funds, is primarily tied to the elimination of smaller programs and a 15 percent reduction in administration.</p> | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| <p>The slight increase in General Revenue–Dedicated Funds is primarily tied to a \$50 million contingency rider for the Student Financial Aid Program based on legislation that would tap funds at the Texas Guaranteed Student Loan Corporation. This increase was offset by funding for the B-On-Time Program and the Physician Loan Repayment Program. General Revenue–Dedicated funding for the B-On-Time program is \$70 million, which is a decrease of \$35 million from the 2010–11 biennium. Funding for 2010–11 base included unexpended balances which are not included in the 2012–13 recommendations. The Physician Education Loan Repayment Program, which received a new dedicated smokeless tobacco funding source in the Eighty-first Session, is not funded, which is a decrease of \$22 million from the 2010–11 biennium.</p> <p>The \$73.7 million decrease in Federal Funds is primarily due to \$80.0 million in American Recovery and Reinvestment Act funds appropriated for the Higher Education Performance Incentive Initiative program in 2010–11. This reduction was offset by a \$5.3 million increase in the College Access Challenge Grants program.</p> <p>The \$84.7 million decrease in Other Funds results from reductions in program funding at other state agencies for 2012–13. In 2010–11, the Higher Education Coordinating Board received transfers from the Texas Education Agency for the Early High School Graduation Program (\$16.1 million), Educational Aide Program (\$28.7 million) and intensive summer programs and teacher academies (\$8.8 million). The agency also received transfers from the Health and Human Services Commission for the Children's Medicaid Loan Repayment Program (\$32.9 million decrease). A slight increase in Tobacco funds offset these decreases.</p> | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| HIGHER EDUCATION FUND | | | | | | |
| Funding for the Higher Education Fund is sustained at the levels required by House Bill 3001, Seventy-ninth Legislature, Regular Session, 2005. | EST/BUD 2010–11 | \$525.0 | \$0.0 | \$0.0 | \$0.0 | \$525.0 |
| | REC 2012–13 | \$525.0 | \$0.0 | \$0.0 | \$0.0 | \$525.0 |
| | BIENNIAL CHANGE | 0.0% | NA | NA | NA | 0.0% |
| AVAILABLE UNIVERSITY FUND | | | | | | |
| Estimated earnings on the Available University Fund increase by less than one-fifth of 1 percent, or \$2.4 million. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$1,059.0 | \$1,059.0 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$1,061.4 | \$1,061.4 |
| | BIENNIAL CHANGE | NA | NA | NA | 0.0% | 0.0% |
| GENERAL ACADEMIC INSTITUTIONS, LAMAR STATE COLLEGES, AND TEXAS STATE TECHNICAL COLLEGES | | | | | | |
| General Revenue funding decreased a total of \$420.2 million overall for the General Academics Institutions, Lamar State Colleges and the Texas State Technical Colleges. | EST/BUD 2010–11 | \$4,572.6 | \$1,800.8 | \$130.0 | \$13.4 | \$6,516.8 |
| | REC 2012–13 | \$4,152.6 | \$1,898.0 | \$0.0 | \$14.8 | \$6,064.3 |
| | BIENNIAL CHANGE | (9.2%) | 5.4% | (100.0%) | 10.8% | (6.9%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|-----------------------------|---|------------------|----------------|--------------|
| GENERAL ACADEMIC INSTITUTIONS | | | | | |
| Recommendations decrease General Revenue funding by \$398.8 million overall. Decreases include \$158.2 million in formula funding, \$151.3 million in funding for special items, \$43.4 million in one-time 2010–11 expenditures, \$5.3 million in system office operations, \$19.2 million in the Research Development Fund, \$10.9 million in Academic Development Initiative appropriations, and \$6.1 million in tuition revenue bond debt service. | | | | | |
| General Revenue–Dedicated Funds increase \$92.5 million due primarily to an increase in estimated statutory tuition revenue. | | | | | |
| Other Funds, including Tobacco Funds, Real Estate Trust Account, and Interagency Contracts increase \$1.5 million. Federal Funds decrease \$126 million due to the loss of American Recovery and Reinvestment Act funding. | | | | | |
| LAMAR STATE COLLEGES | | | | | |
| General Revenue funding decreases by \$5.9 million. Decreases include, \$1.4 million in formula funding, \$2.9 million in one-time expenditures in 2010–11 and \$1.9 million in special items. | | | | | |
| General Revenue–Dedicated Funds increase \$3.4 million due primarily to an increase in statutory tuition revenue. | | | | | |
| Federal Funds decrease \$1.4 million due to the loss of American Recovery and Reinvestment Act funding. | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| TEXAS STATE TECHNICAL COLLEGES | | | | | | |
| General Revenue funding decreases by \$15.2 million. Decreases include \$1.4 million in formula funding, \$10 million in one-time expenditures in 2010–11, \$1.2 million in system office operations, and \$2.4 million in special items. | | | | | | |
| General Revenue–Dedicated Funds increase \$0.5 million due primarily to an increase in statutory tuition revenue. | | | | | | |
| Federal Funds decrease \$2.6 million due to the loss of American Recovery and Reinvestment Act funding. | | | | | | |
| TEXAS A&M SYSTEM AGENCIES | | | | | | |
| General Revenue is reduced by \$26.0 million due to targeted reductions in administrative, certain programmatic and infrastructure strategies. | EST/BUD 2010–11 | \$299.7 | \$64.3 | \$248.3 | \$314.6 | \$926.9 |
| | REC 2012–13 | \$273.7 | \$31.7 | \$270.3 | \$315.0 | \$890.7 |
| The General Revenue–Dedicated Funds reduction of \$32.6 million is mostly due to a reduction of \$32.5 million for the Volunteer Fire Department Assistance Program at the Texas Forest Service. | BIENNIAL CHANGE | (8.7%) | (50.7%) | 8.9% | 0.0% | (3.9%) |
| The Federal Funds recommendations increase \$22.0 million, is mostly due to estimated increases in federal funding at the Texas Engineering Experiment Station (\$20.6 million) and the Texas Transportation Institute (\$1.4 million). | | | | | | |
| The Other Funds recommendations increase \$0.4 million to reflect the total not changed among the 11 agencies' Other Funds accounts. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <p>The increase in Other Funds of \$0.3 million is due to a combination of decreases at the Texas Veterinary Medical Diagnostic Laboratory (\$2.3 million), Texas Engineering Extension Service (\$2.1 million) and Texas AgriLife Extension Service (\$0.6 million) and increases at the Texas Engineering Experiment Station (\$3.1 million) and Texas Transportation Institute (\$2.2 million).</p> | | | | | | |
| PUBLIC COMMUNITY/JUNIOR COLLEGES | | | | | | |
| The decrease of \$88.4 million in General Revenue is due to: | EST/BUD 2010–11 | \$1,752.0 | \$0.0 | \$16.9 | \$0.0 | \$1,768.9 |
| • a decrease of \$86.6 million in formula funding to reflect 5 percent reduction; | REC 2012–13 | \$1,663.6 | \$0.0 | \$0.0 | \$0.0 | \$1,633.6 |
| • a decrease of \$0.3 million in Small Institution Supplement funding; | BIENNIAL CHANGE | (5.0%) | NA | (100.0%) | NA | (5.9%) |
| • a decrease of \$1.5 million for certain Special Items. | | | | | | |
| <p>The funding does not include \$16.9 million in American Recovery and Reinvestment Act funding appropriated in 2010–11.</p> | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| HEALTH-RELATED INSTITUTIONS | | | | | | |
| Funding for the nine Health-Related Institutions increases by \$169.8 million in All Funds for the 2012–13 biennium. | EST/BUD 2010–11 | \$2,440.3 | \$196.5 | \$97.0 | \$5,095.6 | \$7,829.4 |
| General Revenue decreases by \$293.4 million overall including: | REC 2012–13 | \$2,146.9 | \$220.5 | \$0.0 | \$5,631.8 | \$7,999.2 |
| Cross Institution Funding | BIENNIAL CHANGE | (12.0%) | 12.2% | (100.0%) | 10.5% | 2.2% |
| Formula General Revenue Adjustments: | | | | | | |
| <ul style="list-style-type: none"> • a decrease of \$37.4 million for the Instruction and Operation Support Formula; • a decrease of \$17.5 million for the Infrastructure Support Formula; • a decrease of \$4.8 million for the Research Formula; and • an increase of \$0.5 million for the Graduate Medical Education Formula. | | | | | | |
| Non-formula General Revenue Fund Adjustments: | | | | | | |
| <ul style="list-style-type: none"> • an increase of \$6.8 million in debt service for existing tuition revenue bonds; and • an increase of \$7.8 million for Texas A&M University System Health Science Center for its Round Rock building. | | | | | | |
| Institution Specific Funding | | | | | | |
| Formula General Revenue Adjustments: | | | | | | |
| <ul style="list-style-type: none"> • a decrease of \$33.5 million in funding for the Cancer Center Operations Formula at The University of Texas M.D. Anderson Cancer Center; and • a decrease of \$7.4 million in funding for the Chest Disease Center Operations Formula at The University of Texas Health Science Center at Tyler. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|-----------------------------|---|------------------|----------------|--------------|
| <p>Non-formula General Revenue Adjustments:</p> <ul style="list-style-type: none"> • a reduction of \$51.1 million for hospital and dental clinic operations; • a \$60.0 million reduction at The University of Texas Medical Branch at Galveston for state matching funds related to Hurricane Ike damages appropriated from House Bill 4586, Eighty-first Legislative Regular Session; • a \$2.0 million reduction at the University of North Texas Health Science Center at Fort Worth for uncompensated care appropriated from House Bill 4586, Eighty-first Legislative Regular Session; • a \$1.2 million reduction for Worker's Compensation and Unemployment Insurance; and • a \$93.6 million reduction for special items. <p>Cross Institution Funding:</p> <p>General Revenue–Dedicated Fund:</p> <ul style="list-style-type: none"> • a net increase of \$24 million in tuition, fees and other income, including a one-time funding decrease (\$3.0 million) at The University of Texas Health Science Center at Houston for trauma care appropriated from House Bill 4586, Eighty-first Legislative Regular Session. • a \$35,624 reduction at The University of Texas Medical Branch at Galveston. | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 24
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: EDUCATION (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|-----------------------------|---|------------------|----------------|--------------|
| Federal Funds Adjustments: A reduction of \$97.0 million in American Recovery and Reinvestment Act Federal Funds including: <ul style="list-style-type: none">• a \$35 million reduction in Infrastructure and Operations Support for one-time funding;• a \$16 million reduction in Graduate Medical Education Formula from one-time funding; and• a \$46 million reduction for special items in one-time funding. Other Funds increased by \$536.1 million because of an increase in patient income mostly attributable to The University of Texas M.D. Anderson Cancer Center and an increase in Tobacco Fund Earnings (\$8.6 million). | | | | | |

JUDICIARY

2012–13 BIENNIAL RECOMMENDATIONS

All Funds recommendations for the Judiciary total \$604.2 million for the 2012–13 biennium, which is a decrease of \$69.7 million, or 10.3 percent, from the 2010–11 biennium (Table 25).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$429.1 million, which is a decrease of \$60.8 million, or 12.4 percent, from the 2010–11 biennium (Table 26).

Selected performance measure for agencies in the Judiciary function are shown in Table 27.

TABLE 25
ALL FUNDS: JUDICIARY

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Supreme Court of Texas | \$61.5 | \$36.9 | (\$24.6) | (40.0%) |
| Court of Criminal Appeals | 30.2 | 27.1 | (3.0) | (10.1) |
| First Court of Appeals District, Houston | 7.6 | 7.4 | (0.2) | (3.0) |
| Second Court of Appeals District, Fort Worth | 5.8 | 5.6 | (0.2) | (3.1) |
| Third Court of Appeals District, Austin | 5.0 | 4.9 | (0.1) | (2.9) |
| Fourth Court of Appeals District, San Antonio | 5.8 | 5.7 | (0.2) | (2.8) |
| Fifth Court of Appeals District, Dallas | 10.4 | 10.1 | (0.3) | (2.8) |
| Sixth Court of Appeals District, Texarkana | 2.7 | 2.7 | (0.1) | (3.0) |
| Seventh Court of Appeals District, Amarillo | 3.4 | 3.3 | (0.1) | (2.9) |
| Eighth Court of Appeals District, El Paso | 2.8 | 2.7 | (0.1) | (2.9) |
| Ninth Court of Appeals District, Beaumont | 3.4 | 3.3 | (0.1) | (2.9) |
| Tenth Court of Appeals District, Waco | 2.7 | 2.6 | (0.1) | (2.9) |
| Eleventh Court of Appeals District, Eastland | 2.7 | 2.7 | (0.1) | (2.8) |
| Twelfth Court of Appeals District, Tyler | 2.8 | 2.7 | (0.1) | (3.1) |
| Thirteenth Court of Appeals District, Corpus Christi-Edinburg | 5.1 | 4.9 | (0.1) | (2.8) |

JUDICIARY

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 25
ALL FUNDS: JUDICIARY (CONTINUED)

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Fourteenth Court of Appeals District, Houston | \$7.6 | \$7.4 | (\$0.2) | (2.9%) |
| Office of Court Administration, Texas Judicial Council | 97.4 | 82.5 | (14.9) | (15.3) |
| Office of Capital Writs | 1.0 | 1.8 | 0.8 | 80.0 |
| Office of the State Prosecuting Attorney | 0.9 | 0.0 | (0.9) | (100.0) |
| State Law Library | 2.2 | 0.0 | (2.2) | (100.0) |
| State Commission on Judicial Conduct | 1.9 | 1.9 | (0.0) | (2.1) |
| Judiciary Section, Comptroller's Department | 290.6 | 281.5 | (9.1) | (3.1) |
| Subtotal, The Judiciary | \$553.5 | \$497.5 | (\$55.9) | (10.1%) |
| Retirement and Group Insurance | \$111.7 | \$97.0 | (\$14.7) | (13.1%) |
| Social Security and Benefit Replacement Pay | 20.0 | 20.1 | 0.1 | 0.4 |
| Subtotal, Employee Benefits | \$131.7 | \$117.1 | (\$14.6) | (11.1%) |
| Lease Payments | \$4.9 | \$4.6 | (\$0.4) | (7.6%) |
| Subtotal, Debt Service | \$4.9 | \$4.6 | (\$0.4) | (7.6%) |
| Less Interagency Contracts | \$16.1 | \$14.9 | (\$1.2) | (7.5%) |
| Total Article IV – The Judiciary | \$673.9 | \$604.2 | (\$69.7) | (10.3%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

JUDICIARY

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 26
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: JUDICIARY

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Supreme Court of Texas | \$33.2 | \$10.0 | (\$23.2) | (70.0%) |
| Court of Criminal Appeals | 9.5 | 9.3 | (0.1) | (1.2) |
| First Court of Appeals District, Houston | 6.9 | 6.7 | (0.2) | (3.1) |
| Second Court of Appeals District, Fort Worth | 5.2 | 5.0 | (0.2) | (3.1) |
| Third Court of Appeals District, Austin | 4.6 | 4.4 | (0.1) | (3.1) |
| Fourth Court of Appeals District, San Antonio | 5.3 | 5.1 | (0.2) | (3.1) |
| Fifth Court of Appeals District, Dallas | 9.5 | 9.2 | (0.3) | (3.1) |
| Sixth Court of Appeals District, Texarkana | 2.5 | 2.5 | (0.1) | (3.1) |
| Seventh Court of Appeals District, Amarillo | 3.1 | 3.0 | (0.1) | (3.1) |
| Eighth Court of Appeals District, El Paso | 2.5 | 2.5 | (0.1) | (3.1) |
| Ninth Court of Appeals District, Beaumont | 3.1 | 3.0 | (0.1) | (3.1) |
| Tenth Court of Appeals District, Waco | 2.5 | 2.4 | (0.1) | (3.1) |
| Eleventh Court of Appeals District, Eastland | 2.5 | 2.4 | (0.1) | (3.1) |
| Twelfth Court of Appeals District, Tyler | 2.6 | 2.5 | (0.1) | (3.1) |
| Thirteenth Court of Appeals District, Corpus Christi-Edinburg | 4.6 | 4.4 | (0.1) | (3.1) |
| Fourteenth Court of Appeals District, Houston | 7.0 | 6.7 | (0.2) | (3.1) |
| Office of Court Administration, Texas Judicial Council | 87.3 | 73.6 | (13.6) | (15.6) |
| Office of Capital Writs | 1.0 | 1.8 | 0.8 | 80.0 |
| Office of the State Prosecuting Attorney | 0.8 | 0.0 | (0.8) | (100.0) |
| State Law Library | 2.1 | 0.0 | (2.1) | (100.0) |
| State Commission on Judicial Conduct | 1.9 | 1.9 | (0.0) | (2.1) |
| Judiciary Section, Comptroller's Department | 167.8 | 159.5 | (8.3) | (4.9) |
| Subtotal, The Judiciary | \$365.4 | \$316.1 | (\$49.3) | (13.5%) |

JUDICIARY

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 26
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: JUDICIARY (CONTINUED)

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Retirement and Group Insurance | \$104.8 | \$93.7 | (\$11.1) | (10.6%) |
| Social Security and Benefit Replacement Pay | 14.7 | 14.7 | 0.0 | 0.2 |
| Subtotal, Employee Benefits | \$119.5 | \$108.4 | (\$11.1) | (9.3%) |
| Lease Payments | \$4.9 | \$4.6 | (\$0.4) | (7.6%) |
| Subtotal, Debt Service | \$4.9 | \$4.6 | (\$0.4) | (7.6%) |
| Total Article IV – The Judiciary | \$489.9 | \$429.1 | (\$60.8) | (12.4%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SELECTED PERFORMANCE MEASURES: JUDICIARY

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|--|----------------|------------------|---------------------|---------------------|
| SUPREME COURT OF TEXAS | | | | |
| Disposition Rate | 100.8% | 100.0% | 102.0% | 102.0% |
| COURT OF CRIMINAL APPEALS | | | | |
| Disposition Rate for Petitions for Discretionary Review Which are Granted | 164.0% | 164.0% | 125.0% | 125.0% |
| 14 COURTS OF APPEALS | | | | |
| Clearance Rate | 104.0% | 100.5% | 98.0% | 98.0% |
| OFFICE OF CAPITAL WRITS | | | | |
| Number of Writ Applications Filed | - | 0 | 3 | 9 |
| OFFICE OF COURT ADMINISTRATION | | | | |
| Number of Children Who Have Received a Final Order | 4,598 | 4,909 | 4,900 | 4,900 |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 28
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| JUDICIARY FUNDING HIGHLIGHTS | | | | | |
| Court operations | | | | | |
| Funding for core judicial functions - Supreme, Court of Criminal Appeals and appellate court operations - is provided at baseline funding levels, or on average 98 percent of 2010–11 funding, and salaries for the 456 district judges currently authorized in statute are fully-funded. Also, the specialty courts (17 Child Protection Courts and 43 Child Support Courts) administered by the Office of Court Administration (OCA) are funded at 100 percent of 2010–11 appropriated levels. | | | | | |
| Targeted Program Reductions | | | | | |
| Recommendations reflect 15 percent reductions in funding for indigent defense and judicial education grant programs, the visiting judge program for appellate and district courts, and juror pay. The largest program reduction compared to 2010–11 funding levels occurs in basic civil legal services: a \$20 million reduction related to one-time funding from General Revenue appropriated in 2010–11 to offset a decrease in Interest on Lawyers Trust Account (IOLTA) funds caused by declining interest rates. | | | | | |
| Administrative consolidations/eliminations | | | | | |
| Recommendations discontinue funding for State Law Library operations, resulting in the elimination of 13 FTEs, and move the Office of State Prosecuting Attorney to OCA. This latter consolidation generates administrative cost savings. | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 28
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Information Technology Support/Projects | | | | | | |
| Recommendations suspend funding for major information technology (IT) projects that support the judiciary, including enhancements and current funding for the Texas Appeals Management and E-filing system (TAMES), IT replacement cycles, the Judicial Emergency Data Infrastructure disaster recovery project, and the new Statewide Judicial Smart Forms project, which would provide data-enabled standardized forms for judicial filings. | | | | | | |
| SUPREME COURT OF TEXAS | | | | | | |
| Basic Civil Legal Services | | | | | | |
| A \$20 million decrease in one-time funding from General Revenue for basic civil legal services in 2010–11 provided to offset a decrease in IOLTA funds. Recommendations also remove \$3.0 million in General Revenue but partially replace it with an additional \$2.8 million in Judicial Fund No. 573 (Other Funds) receipts. The overall decrease in Other Funds is due to unexpended balances in BCLS fee revenues collected in the 2010–11 biennium. | EST/BUD 2010–11 | \$23.0 | \$0.0 | \$0.0 | \$22.3 | \$45.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$22.2 | \$22.2 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | (0.4%) | (51.0%) |
| COURT OF CRIMINAL APPEALS | | | | | | |
| Judicial Education | | | | | | |
| Consistent with recommendations elsewhere in the Judiciary (see Indigent Defense grants at OCA) funding for judicial education grants is reduced by approximately 15 percent or \$2.9 million (Judicial and Court Personnel Training Fund No. 540 - Other Funds). | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$20.0 | \$20.0 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$17.1 | \$17.1 |
| | BIENNIAL CHANGE | NA | NA | NA | (14.5%) | (14.5%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 28
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| 14 COURTS OF APPEALS | | | | | | |
| Appellate Court Operations | | | | | | |
| A decrease of \$1.9 million in General Revenue across all 14 Courts of Appeals that funds each court at its baseline request limit, or approximately 97 percent of 2010–11 funding levels. | EST/BUD 2010–11 | \$61.9 | \$0.0 | \$0.0 | \$5.8 | \$67.7 |
| | REC 2012–13 | \$60.0 | \$0.0 | \$0.0 | \$5.7 | \$65.7 |
| | BIENNIAL CHANGE | (3.1%) | NA | NA | (1.7%) | (3.0%) |
| OFFICE OF COURT ADMINISTRATION | | | | | | |
| Court Administration | | | | | | |
| A \$0.6 million decrease in General Revenue Funds, primarily due to a 10 percent reduction applied to agency administration, research and court services, the collection improvement program, legal services, process server certification (which is transferred to Strategy C.1.3, Guardians and Process Servers), and travel for the Texas Judicial Council and the Judicial Compensation Commission (\$8,600). Recommendations include a reduction of 4.8 FTEs. | EST/BUD 2010–11 | \$4.3 | \$0.0 | \$0.0 | \$0.6 | \$4.9 |
| | REC 2012–13 | \$3.7 | \$0.0 | \$0.0 | \$0.4 | \$4.1 |
| | BIENNIAL CHANGE | (14.0%) | NA | NA | (33.3%) | (16.3%) |
| Information Technology | | | | | | |
| A \$4.8 million decrease in General Revenue Funds, primarily in capital budget and related costs for information technology (IT) replacement cycles and projects for disaster recovery, e-filing, and data-enabled forms (\$3.6 million); and for support of certain ongoing IT projects (\$1.2 million). Recommendations include a reduction of 9.4 FTEs. | EST/BUD 2010–11 | \$9.3 | \$0.0 | \$0.0 | \$0.8 | \$10.1 |
| | REC 2012–13 | \$4.5 | \$0.0 | \$0.0 | \$0.0 | \$4.5 |
| | BIENNIAL CHANGE | (51.6%) | NA | NA | (100.0%) | (55.4%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 28
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Assistance to the Administrative Judicial Regions | | | | | | |
| Funding reflects the suspension of state-funded administrative assistance to the nine presiding judges of the administrative judicial regions (includes 2.0 FTEs). The reduction of \$0.4 million is comprised of \$0.4 million in General Revenue Funds and \$74,918 in Appropriated Receipts. | EST/BUD 2010–11 | \$0.4 | \$0.0 | \$0.0 | \$0.1 | \$0.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | (100.0%) | (100.0%) |
| Indigent Defense | | | | | | |
| A decrease of \$8.6 million from the General Revenue—Dedicated Fair Defense Account No. 5073, to reflect a 15 percent reduction in grants to counties for indigent defense, the transfer of \$0.8 million to the new Office of Capital Writs, and to reflect a 10 percent reduction in program administrative costs, including 1.0 FTE. Funding of \$0.8 million from the Fair Defense Account for innocence projects at four law schools is continued in the recommendations. | EST/BUD 2010–11 | \$0.0 | \$63.3 | \$0.0 | \$0.1 | \$63.4 |
| | REC 2012–13 | \$0.0 | \$54.7 | \$0.0 | \$0.0 | \$54.7 |
| | BIENNIAL CHANGE | NA | (13.6%) | NA | (100.0%) | (13.7%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 28
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| OFFICE OF CAPITAL WRITS | | | | | | |
| Death Penalty Representation | | | | | | |
| Funding reflects the annualization of fiscal year 2011 appropriations for the new agency, which was established by Senate Bill 1091, Eighty-first Legislature. Recommendations apply an additional 10 percent reduction, for a cumulative 15 percent reduction to the annual appropriated amount times two. Also, recommendations reflect a \$0.8 million transfer from the General Revenue—Dedicated Fair Defense Account No. 5073 to replace an equal amount of General Revenue. As a result, all 2012–13 recommended funding for this office is out of the General Revenue—Dedicated Fair Defense Account No. 5073. | EST/BUD 2010–11 | \$0.5 | \$0.5 | \$0.0 | \$0.0 | \$1.0 |
| | REC 2012–13 | \$0.0 | \$1.8 | \$0.0 | \$0.0 | \$1.8 |
| | BIENNIAL CHANGE | (100.0%) | 260.0% | NA | NA | 80.0% |
| OFFICE OF THE STATE PROSECUTING ATTORNEY | | | | | | |
| Representation of the State before the Court of Criminal Appeals | | | | | | |
| A \$0.1 million decrease in General Revenue Funds due to salary savings from the administrative consolidation of the Office of the State Prosecuting Attorney (OSPA) with OCA. (Due to the recommended consolidation with OCA, one administrative position at OSPA is no longer expected to be required). Consistent with reduced funding levels for Multi-County Prosecutor Office Apportionments at the Comptroller's Judiciary Section, funding for office apportionment is reduced by \$23,900 (Interagency Contracts). | EST/BUD 2010–11 | \$0.8 | \$0.0 | \$0.0 | \$0.1 | \$0.9 |
| | REC 2012–13 | \$0.7 | \$0.0 | \$0.0 | \$0.1 | \$0.8 |
| | BIENNIAL CHANGE | (12.5%) | NA | NA | 0.0% | (11.1%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 28
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)

| IN MILLIONS | | | | | | |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
| STATE LAW LIBRARY | | | | | | |
| Administration & Operations | | | | | | |
| Recommendations eliminate funding for the State Law Library (including 13.0 FTEs), resulting in a savings of \$1.9 million in General Revenue from the 2010–11 funding level of \$2.1 million. The remaining \$0.2 million in 2010–11 General Revenue funding was for purchases of legal reference materials for the Supreme Court and the Court of Criminal Appeals, and accordingly has been moved to the two courts to continue funding for the purchases in 2012–13. | EST/BUD 2010–11 | \$2.1 | \$0.0 | \$0.0 | \$0.1 | \$2.2 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | (100.0%) | (100.0%) |
| JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT | | | | | | |
| District Judge Salaries | | | | | | |
| Funding reflects salaries for the 456 district judges currently authorized in statute, which includes an All Funds increase of \$2.8 million (an increase of \$13.6 million in General Revenue offset by a decrease of \$10.9 million in the Judicial Fund No. 573 - Other Funds) for a method-of-financing ratio of 60 percent General Revenue to 40 percent Judicial Fund No. 573 for judicial salaries. | EST/BUD 2010–11 | \$55.4 | \$0.0 | \$0.0 | \$57.5 | \$112.9 |
| | REC 2012–13 | \$69.0 | \$0.0 | \$0.0 | \$46.6 | \$115.6 |
| | BIENNIAL CHANGE | 24.5% | NA | NA | (19.0%) | 2.4% |
| 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. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 28
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Prosecutor Salaries Linked to the Salary of a District Judge | | | | | | |
| Funding reflects salaries and salary supplements for the following positions linked to the salary of a district judge: professional prosecutors (which include 149 district attorneys, criminal district attorneys and county attorneys prohibited from the private practice of law); 7 prosecutors permitted to engage in private practice; the Oldham County Attorney; and salary supplements paid to 254 constitutional county attorneys. | EST/BUD 2010–11 | \$40.4 | \$0.0 | \$0.0 | \$9.1 | \$49.5 |
| | REC 2012–13 | \$29.5 | \$0.0 | \$0.0 | \$19.9 | \$49.5 |
| | BIENNIAL CHANGE | (27.0%) | NA | NA | 118.7% | 0.0% |
| MOF Swap: Recommendations include a method of financing swap of \$10.8 million each fiscal year from General Revenue, which is replaced by corresponding amounts of Judicial Fund No. 573 (Other Funds) for a method-of-financing ratio of 60 percent General Revenue to 40 percent Judicial Fund No. 573. | | | | | | |
| Visiting Judge Programs | | | | | | |
| Recommendations include a decrease of \$1.1 million in General Revenue Funds to reflect a 10 percent reduction to programs serving the judicial regions and the appellate courts, or a total reduction of 15 percent from 2010–11 appropriated levels. | EST/BUD 2010–11 | \$10.7 | \$0.0 | \$0.0 | \$0.4 | \$11.1 |
| | REC 2012–13 | \$9.6 | \$0.0 | \$0.0 | \$0.4 | \$10.0 |
| | BIENNIAL CHANGE | (10.3%) | NA | NA | 0.0% | (9.9%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 28
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Felony Prosecutors: Expenses of Office | | | | | | |
| Recommendations reflect a decrease of \$3.6 million in General Revenue to fund office expenses for felony prosecutors (157) and the State Prosecuting Attorney at the statutory level of \$22,500 per office rather than the existing level of \$34,450 per office. | EST/BUD 2010–11 | \$10.7 | \$0.0 | \$0.0 | \$0.0 | \$10.7 |
| | REC 2012–13 | \$7.1 | \$0.0 | \$0.0 | \$0.0 | \$7.1 |
| | BIENNIAL CHANGE | (33.6%) | NA | NA | NA | (33.6%) |
| Public Integrity Unit | | | | | | |
| Recommendations include a decrease of \$0.3 million in General Revenue Funds to reflect a 10 percent reduction to the General State Division, for a total 15 percent reduction from 2010–11 appropriated levels, and includes a decrease for lease payments budgeted for office space in a building now owned by Travis County (\$0.2 million). Also included is a decrease of \$0.4 million from the self-leveling General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees Account No. 8042 to reflect a 15 percent reduction from 2010–11 appropriated levels for the Insurance Fraud Division, including a decrease for lease payments (\$0.1 million); and, a decrease of \$0.2 million from the State Highway Fund No. 6 (Other Funds) for lease payments. | EST/BUD 2010–11 | \$5.4 | \$0.0 | \$0.0 | \$2.1 | \$7.6 |
| | REC 2012–13 | \$4.8 | \$0.0 | \$0.0 | \$2.0 | \$6.7 |
| | BIENNIAL CHANGE | (11.1%) | NA | NA | (4.8%) | (11.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 28
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Special Prosecution Unit | | | | | | |
| Recommendations include a decrease of \$0.8 million in General Revenue Funds to reflect an 11 percent reduction in funding for the Criminal, Civil, and Juvenile Divisions, including a decrease for one-time lump sum compensatory payments to staff in the Criminal Division (\$76,403); and a decrease of \$0.2 million from Criminal Justice Division Grants to reflect a 5 percent reduction from this funding source for the Criminal Division. | EST/BUD 2010–11 | \$7.5 | \$0.0 | \$0.0 | \$3.0 | \$10.5 |
| | REC 2012–13 | \$6.6 | \$0.0 | \$0.0 | \$2.9 | \$9.5 |
| | BIENNIAL CHANGE | (12.0%) | NA | NA | (3.3%) | (9.5%) |
| National Center for State Courts | | | | | | |
| Recommendations include a decrease of \$0.4 million in General Revenue to fund 50 percent of the state's estimated subscription to this organization in 2012–13. | EST/BUD 2010–11 | \$0.8 | \$0.0 | \$0.0 | \$0.0 | \$0.8 |
| | REC 2012–13 | \$0.4 | \$0.0 | \$0.0 | \$0.0 | \$0.4 |
| | BIENNIAL CHANGE | (50.0%) | NA | NA | NA | (50.0%) |
| Juror Pay | | | | | | |
| Recommendations include a decrease of \$3.2 million in General Revenue Funds to reflect a 15 percent reduction to this program. Under statute, jurors receive \$40 per day after the first day of service. | EST/BUD 2010–11 | \$21.6 | \$0.0 | \$0.0 | \$0.0 | \$21.6 |
| | REC 2012–13 | \$18.4 | \$0.0 | \$0.0 | \$0.0 | \$18.4 |
| | BIENNIAL CHANGE | (14.8%) | NA | NA | NA | (14.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 28
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Montgomery County - 435th District Court Staff | | | | | | |
| Recommendations include a decrease of \$354,000 in General Revenue to suspend state funding for a court coordinator, court reporter, and operating expenses to assist this district court with special jurisdiction over civil commitments of sex offenders. | EST/BUD 2010–11 | \$0.4 | \$0.0 | \$0.0 | \$0.0 | \$0.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |

PUBLIC SAFETY AND CRIMINAL JUSTICE

2012–13 BIENNIAL RECOMMENDATIONS

All Funds recommendations for Public Safety and Criminal Justice total \$10.7 billion for the 2012–13 biennium, which is a decrease of \$1.3 billion, or 11.0 percent, from the 2010–11 biennium (Table 29).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$7.8 billion, which is a decrease of \$864.4 million, or 9.9 percent, from the 2010–11 biennium (Table 30).

Selected performance measures for agencies in the Public Safety and Criminal Justice function are shown in Table 31.

TABLE 29
ALL FUNDS: PUBLIC SAFETY AND CRIMINAL JUSTICE

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Adjutant General's Department | \$212.8 | \$106.7 | (\$106.0) | (49.8%) |
| Alcoholic Beverage Commission | 86.4 | 78.6 | (7.9) | (9.1) |
| Department of Criminal Justice | 6,194.0 | 5,610.5 | (583.6) | (9.4) |
| Commission on Fire Protection | 4.5 | 2.8 | (1.7) | (38.6) |
| Commission on Jail Standards | 2.0 | 1.9 | (0.2) | (9.7) |
| Juvenile Probation Commission | 332.4 | 285.0 | (47.4) | (14.3) |
| Commission on Law Enforcement Officer Standards and Education | 6.5 | 5.3 | (1.2) | (19.0) |
| Department of Public Safety | 2,988.6 | 2,629.8 | (358.8) | (12.0) |
| Youth Commission | 455.9 | 360.3 | (95.6) | (21.0) |
| Subtotal, Public Safety And Criminal Justice | \$10,283.3 | \$9,080.8 | (\$1,202.5) | (11.7%) |
| Retirement and Group Insurance | \$1,136.6 | \$1,037.3 | (\$99.3) | (8.7%) |
| Social Security and Benefit Replacement Pay | 329.5 | 318.0 | (11.4) | (3.5) |
| Subtotal, Employee Benefits | \$1,466.1 | \$1,355.4 | (\$110.8) | (7.6%) |

PUBLIC SAFETY AND CRIMINAL JUSTICE

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 29
ALL FUNDS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Bond Debt Service Payments | \$475.5 | \$429.4 | (\$46.2) | (9.7%) |
| Lease Payments | 4.0 | 3.9 | (0.1) | (3.2) |
| Subtotal, Debt Service | \$479.6 | \$433.3 | (\$46.3) | (9.7%) |
| Less Interagency Contracts | \$155.0 | \$126.0 | (\$29.0) | (18.7%) |
| Total Article V – Public Safety And Criminal Justice | \$12,073.9 | \$10,743.5 | (\$1,330.5) | (11.0%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

PUBLIC SAFETY AND CRIMINAL JUSTICE

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 30
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: PUBLIC SAFETY AND CRIMINAL JUSTICE

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Adjutant General's Department | \$30.0 | \$22.2 | (\$7.8) | (25.9%) |
| Alcoholic Beverage Commission | 84.5 | 77.5 | (7.0) | (8.3) |
| Department of Criminal Justice | 5,902.7 | 5,431.3 | (471.4) | (8.0) |
| Commission on Fire Protection | 4.4 | 2.7 | (1.7) | (39.4) |
| Commission on Jail Standards | 2.0 | 1.2 | (0.8) | (39.0) |
| Juvenile Probation Commission | 290.4 | 251.2 | (39.3) | (13.5) |
| Commission on Law Enforcement Officer Standards and Education | 5.7 | 4.1 | (1.6) | (28.2) |
| Department of Public Safety | 290.7 | 179.9 | (110.9) | (38.1) |
| Youth Commission | 397.2 | 334.4 | (62.8) | (15.8) |
| Subtotal, Public Safety And Criminal Justice | \$7,007.7 | \$6,304.4 | (\$703.3) | (10.0%) |
| Retirement and Group Insurance | \$945.0 | \$844.5 | (\$100.6) | (10.6%) |
| Social Security and Benefit Replacement Pay | 266.7 | 252.6 | (14.2) | (5.3) |
| Subtotal, Employee Benefits | \$1,211.7 | \$1,097.0 | (\$114.7) | (9.5%) |
| Bond Debt Service Payments | \$472.4 | \$426.2 | (\$46.2) | (9.8%) |
| Lease Payments | 4.0 | 3.9 | (0.1) | (3.2) |
| Subtotal, Debt Service | \$476.4 | \$430.1 | (\$46.3) | (9.7%) |
| Total Article V – Public Safety And Criminal Justice | \$8,695.8 | \$7,831.5 | (\$864.4) | (9.9%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 31
SELECTED PERFORMANCE MEASURES: PUBLIC SAFETY AND CRIMINAL JUSTICE

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|--|----------------|------------------|---------------------|---------------------|
| ADJUTANT GENERAL'S DEPARTMENT | | | | |
| Assigned Texas National Guard Strength | 22,703 | 22,520 | 22,520 | 22,520 |
| Number of Facilities Maintained | 622 | 623 | 623 | 623 |
| ALCOHOLIC BEVERAGE COMMISSION | | | | |
| Number of Inspections Conducted by Enforcement Agents | 100,073 | 111,222 | 106,740 | 106,740 |
| Number of Licenses/Permits Issued | 81,715 | 60,300 | 60,300 | 60,300 |
| DEPARTMENT OF CRIMINAL JUSTICE | | | | |
| Average Number of Felony Offenders Under Direct Supervision (Adult Probation) | 173,058 | 174,075 | 174,214 | 175,430 |
| Average Number of Offenders Incarcerated | 139,693 | 138,971 | 139,990 | 139,805 |
| Average Number of Offenders in Contract Prisons and Privately operated State Jails | 11,818 | 11,890 | 10,939 | 10,939 |
| Average Number of Offenders in Pre-parole Transfer Facilities | 2,247 | 2,277 | 2,095 | 2,095 |
| Average Number of Offenders in Parole Work Program Facilities | 498 | 500 | 460 | 460 |
| Average Number of offenders Under Active Parole Supervision | 81,220 | 81,399 | 81,810 | 82,838 |
| Three-year Recidivism Rate | 27.2 | 27.2 | 28.0 | 28.0 |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 31
SELECTED PERFORMANCE MEASURES: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|---|----------------|------------------|---------------------|---------------------|
| COMMISSION ON FIRE PROTECTION | | | | |
| Number of Fire Service Personnel Certified | 29,346 | 28,941 | 29,800 | 30,700 |
| COMMISSION ON JAIL STANDARDS | | | | |
| Number of Annual Inspections Conducted | 245 | 245 | 245 | 245 |
| JUVENILE PROBATION COMMISSION | | | | |
| Average Daily Population of Youth Supervised Prior to Disposition | 7,327 | 6,588 | 6,516 | 6,444 |
| Average Daily Population of Youth Supervised Under Deferred Prosecution | 8,911 | 9,183 | 9,378 | 9,577 |
| Average Daily Population of Youth Supervised Under Court-ordered Probation | 18,988 | 18,065 | 17,884 | 17,705 |
| Average State Cost Per Referral | 1,631.1 | 1,467.06 | 1,343.87 | 1,345.76 |
| State Cost Per Day Per Youth for Residential Placement | 108.58 | 110.66 | 108.37 | 108.37 |
| Number of Mandatory Students Entering Juvenile Justice Alternative Education Programs | 2,104 | 2,198 | 2,248 | 2,248 |
| COMMISSION ON LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION | | | | |
| Number of New Licenses Issued to Individuals | 21,428 | 12,500 | 14,000 | 14,000 |
| DEPARTMENT OF PUBLIC SAFETY | | | | |
| Traffic Law Violator Contacts | 3,300,812 | 3,400,000 | 3,400,000 | 3,400,000 |
| Commercial Traffic Law Violator Contacts | 1,555,316 | 1,600,000 | 1,600,000 | 1,600,000 |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 31
SELECTED PERFORMANCE MEASURES: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|---|----------------|------------------|---------------------|---------------------|
| Number of Examinations Administered (Driver License) | 4,747,468 | 5,716,447 | 5,716,447 | 5,716,447 |
| Annual Texas Index Crime Rate | 4,600 | 4,600 | 4,525 | 4,525 |
| Number of Arrests by Texas Rangers | 1,835 | 2,200 | 2,400 | 2,400 |
| YOUTH COMMISSION | | | | |
| Average Daily Population: Institutional Programs | 1,695 | 1,383 | 1,464 | 1,489 |
| Capacity Cost in Institutional Programs per Youth Day | 182.75 | 210.04 | 166.59 | 163.78 |
| Average Daily Population: Contract Programs | 133 | 125 | 125 | 125 |
| Capacity Cost in Contract Programs per Youth Day | 159.72 | 171.08 | 159.57 | 160.20 |
| Average Daily Population: Halfway House Programs | 148.5 | 218.0 | 218.0 | 218.0 |
| Capacity Cost in Halfway Houses per Youth Day | 184.34 | 124.91 | 117.83 | 118.15 |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---------------------------------------|-----------------------------|---|------------------|----------------|--------------|
|---------------------------------------|-----------------------------|---|------------------|----------------|--------------|

MULTI-AGENCY ISSUES

Funding is maintained for core correctional security within the Texas Department of Criminal Justice (TDCJ) and Texas Youth Commission (TYC), and various reductions are made in all other programs and services, including treatment, work, vocational, educational, and parole supervision. Reductions are also made to TDCJ and Texas Juvenile Probation Commission grant programs to local adult and juvenile probation departments related to offender and juvenile supervision and treatment services (residential and non-residential). Correctional managed health care funding is reduced at TDCJ and TYC compared to fiscal years 2010–11 spending levels. As a result of funding reductions, correctional unit closures are anticipated at TDCJ (one state-operated prison unit and 925 contracted prison beds) and TYC (up to three state-operated facilities). All other public safety agencies are affected by funding reductions in various programs and services, such as capital budget requests, discretionary programs, and non-core services. No new general obligation bonds proceeds are authorized for the 2012–13 biennium, only unexpended proceeds from 2010–11 are carried-forward to 2012–13.

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| ADJUTANT GENERAL'S DEPARTMENT | | | | | | |
| Operations Support | | | | | | |
| AGD's function relating to the operation, construction, and maintenance of facilities, utilities, debt service, the Truck Rebuild Program, and the Firefighters-Ellington A.F.B. Program. The recommendations include funding reductions for less expected Federal Funds (\$61.5 million) largely due to no new facility construction in 2012–13 and a reduction in Facilities Maintenance; and \$24 million less in Other Funds, largely due to no new G.O. bonds for Facility Construction. | EST/BUD 2010–11 | \$15.0 | \$0.0 | \$138.0 | \$25.6 | \$178.7 |
| | REC 2012–13 | \$14.9 | \$0.0 | \$76.6 | \$1.6 | \$93.1 |
| | BIENNIAL CHANGE | (0.9%) | NA | (44.5%) | (93.8%) | (47.9%) |
| State Active Duty-Disaster Relief/Emergency Missions | | | | | | |
| AGD's function relating to funding for the Texas Military Forces when called to duty by the Governor for man-made and natural disasters. | EST/BUD 2010–11 | \$1.3 | \$0.0 | \$0.0 | \$0.0 | \$1.3 |
| | REC 2012–13 | \$1.3 | \$0.0 | \$0.0 | \$0.0 | \$1.3 |
| | BIENNIAL CHANGE | 0.0% | NA | NA | NA | 0.0% |
| Community Support | | | | | | |
| AGD's function currently relates to youth education programs, environmental clean-up, and State Military Tuition Assistance. The recommendations include funding reductions for less expected Federal Funds (\$3.1 million); eliminating funding for the State Military Tuition Assistance Program (\$3.9 million), and eliminating funding for the Challenge Youth Education Program (\$2.3 million). Reductions will result in the elimination of funding for 44.1 FTEs. | EST/BUD 2010–11 | \$6.3 | \$0.0 | \$9.0 | \$0.4 | \$15.6 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$5.9 | \$0.0 | \$6.0 |
| | BIENNIAL CHANGE | (99.2%) | NA | (34.4%) | (100.0%) | (61.9%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Indirect Administration | | | | | | |
| AGD's function relating to the central administration, information resources, and supporting costs of operating the agency. Funding reductions will result in 3.7 less FTEs. | EST/BUD 2010–11 | \$5.0 | \$0.0 | \$0.0 | \$0.0 | \$5.0 |
| | REC 2012–13 | \$4.7 | \$0.0 | \$0.0 | \$0.0 | \$4.7 |
| | BIENNIAL CHANGE | (6.6%) | NA | NA | NA | (6.6%) |
| State Missions and Training | | | | | | |
| AGD's function relating to training and preparedness for federal and state missions. The recommendations include funding reductions for less expected Federal Funds (\$6.8 million), less funds from a contract with the Department of Public Safety (DPS) (\$2.6 million), the elimination of funding for Operation Lone Star (\$0.8 million), and eliminating funding for DPS' Division of Emergency Management (\$0.1 million, and 1 FTE). | EST/BUD 2010–11 | \$1.3 | \$0.0 | \$7.2 | \$2.6 | \$11.1 |
| | REC 2012–13 | \$0.2 | \$0.0 | \$0.4 | \$0.0 | \$0.7 |
| | BIENNIAL CHANGE | (82.8%) | NA | (94.0%) | (100.0%) | (94.1%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| TEXAS ALCOHOLIC BEVERAGE COMMISSION | | | | | | |
| Funding provides \$78.6 million for statewide regulation and enforcement of regulations on the alcoholic beverage industry. General Revenue Funding provides \$77.5 million, including \$41 million for Enforcement, \$11.4 million for Compliance Monitoring, \$9.1 million for Indirect Administration, \$8.1 million for Ports of Entry, and \$7.9 million for Licensing and Investigation. Reductions for fiscal years 2012–13 include General Revenue Funds decreases of \$4.1 million in Enforcement, \$1.5 million in Licensing and Investigation, \$1 million in Ports of Entry, and \$1 million in Indirect Administration, with an increase of \$0.5 million in Compliance Monitoring. Reductions to Other Funds and Federal Funds in the amount of \$0.8 million for the discontinuation of federal grant programs and agency estimates. A reduction of 56.7 FTEs is anticipated as a result of the funding reduction. | EST/BUD 2010–11 | \$84.5 | \$0.0 | \$1.0 | \$1.0 | \$86.4 |
| | REC 2012–13 | \$77.5 | \$0.0 | \$0.8 | \$0.3 | \$78.6 |
| | BIENNIAL CHANGE | (8.3%) | NA | (15.7%) | (69.1%) | (9.1%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)

| IN MILLIONS | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| BUDGET RECOMMENDATION AND DESCRIPTION | | | | | | |
| DEPARTMENT OF CRIMINAL JUSTICE | | | | | | |
| Incarceration in State Institutions | | | | | | |
| Incarceration of offenders combines many functions including housing, security, classification, food and necessities, health care, treatment, and services for all incarcerated offenders. Funding is decreased by \$394.8 million in All Funds for the incarceration and treatment of adult offenders. The projected average number of offenders incarcerated with these funds is 153,484 in fiscal year 2012 and 153,299 in fiscal year 2013. General Revenue Fund reductions for fiscal years 2012–13 include \$223.3 million for Managed Health Care services and monitoring; \$68.1 million for Institutional Goods, Services, Support, and Maintenance; \$20.6 million for Contract Prisons, Private State Jails, and Residential Pre-parole Facilities; \$31.1 million for the closure of the Central Unit; \$18.1 million for treatment initiatives begun in the Eightieth Legislature; \$5.7 million for other treatment and transitional services; \$3.5 million for Texas Correctional Industries; \$1.5 million for academic and vocational programs; and \$2.3 million in other areas. A reduction of approximately 786.2 FTEs is anticipated as a result of the funding reduction. | EST/BUD 2010–11 | \$4,784.2 | \$1.0 | \$42.7 | \$124.9 | \$4,952.8 |
| | REC 2012–13 | \$4,410.0 | \$0.6 | \$36.5 | \$110.9 | \$4,558.0 |
| | BIENNIAL CHANGE | (7.8%) | (40.0%) | (14.5%) | (11.2%) | (8.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Community Supervision Funding | | | | | | |
| Community supervision provides programs and services, as well as supervision, to offenders who are on probation. Funding is decreased by \$65.9 million in All Funds for community supervision. General Revenue Fund reductions include \$24.2 million for treatment initiatives begun in the 80th Legislature; \$27 million for elimination of funding for misdemeanor supervision; \$4.5 million for the Treatment Alternatives to Incarceration Program; and \$4.7 million for other diversion and community corrections programs. General Revenue Funds were increased by \$1 million to maintain the 2010–11 per diem rate of \$1.52 at projected 2012–13 felony supervision populations. No agency FTE reduction is anticipated as a result of the funding reduction. | EST/BUD 2010–11 | \$540.1 | \$0.0 | \$0.0 | \$19.5 | \$559.6 |
| | REC 2012–13 | \$480.7 | \$0.0 | \$0.0 | \$13.0 | \$493.7 |
| | BIENNIAL CHANGE | (11.0%) | NA | NA | (33.3%) | (11.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Correctional Managed Health Care | | | | | | |
| Correctional Managed Health Care provides health and psychiatric care to incarcerated offenders. Funding reductions for Correctional Managed Health Care are included in the “Incarceration in State Institutions” summary section, as health care is an integral part of that function. Because the reductions to Correctional Managed Health Care are significant, they are highlighted here separately as well. Funding decreased by \$226.6 million in All Funds for managed health care for offenders. General Revenue Fund reductions reflect a 14 percent reduction for unit, psychiatric, and pharmacy care (\$83.2 million); a limitation of payment for health care services to health care providers to Medicaid rates in hospital care (\$123.4 million); and a reduction for indirect charges not specifically identified in the provider contract in unit care (\$16.2 million). Other Funds (General Obligation Bond Proceeds) reductions are for one-time construction costs for the Marlin Correctional Mental Health Facility. No agency FTE reduction is anticipated as a result of the funding reduction. | EST/BUD 2010–11 | \$929.8 | \$0.0 | \$0.0 | \$3.8 | \$933.6 |
| | REC 2012–13 | \$707.1 | \$0.0 | \$0.0 | \$0.0 | \$707.1 |
| | BIENNIAL CHANGE | (24.0%) | NA | NA | (100.0%) | (24.3%) |
| Construction and Repair of Facilities | | | | | | |
| The agency operates more than 100 correctional facilities across the state. This function provides funding, primarily in the form of bond proceeds, for the repair and rehabilitation of facilities. Funding is decreased by \$84.1 million in Other Funds (General Obligation Bond Proceeds) for the repair and rehabilitation of facilities. A \$17 million unexpended balance of General Obligation Bond Proceeds from fiscal years 2010–11 is included in the funding. A reduction of 90 FTEs is anticipated as a result of the funding reduction. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$101.1 | \$101.1 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$17.0 | \$17.0 |
| | BIENNIAL CHANGE | NA | NA | NA | (83.2%) | (83.2%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Parole Release Processing, Supervision, and Residential Facilities | | | | | | |
| Parole Processing and Supervision includes many functions focused on offenders who are in the release process, or who have been released and are receiving ongoing supervision and services. Funding is decreased by \$9.8 million in All Funds for Parole Release Processing, Supervision, and Residential Facilities. General Revenue Fund reductions include \$7.1 million for Intermediate Sanction Facilities; \$2.5 million for Halfway Houses; and \$0.6 million for Parole Release Processing. General Revenue Funds increased by \$0.5 million to partially fund projected increases in 2012–13 Parole Supervision populations. A reduction of approximately 3.2 FTEs is anticipated as a result of the funding decisions. | EST/BUD 2010–11 | \$309.2 | \$0.0 | \$0.1 | \$0.6 | \$309.9 |
| | REC 2012–13 | \$299.5 | \$0.0 | \$0.0 | \$0.6 | \$300.1 |
| | BIENNIAL CHANGE | (3.1%) | NA | (100.0%) | 0.0% | (3.2%) |
| Indirect Administration | | | | | | |
| Indirect Administration provides support and oversight for other divisions of the agency through Central Administration; training for Correctional Officers; investigation and enforcement through the Inspector General's Office; and systems programming and support through Information Resources. Funding is decreased by \$13.2 million in All Funds. General Revenue Funds and General Revenue–Dedicated funding reductions include \$5.5 million for Information Resources; \$3.7 million for Central Administration; \$0.8 million for the Victim's Services Division; \$1.3 million for the Inspector General's Office; and \$0.6 million for Correctional Training. A reduction of approximately 82.5 FTEs is anticipated as a result of the funding reduction. | EST/BUD 2010–11 | \$152.8 | \$3.7 | \$0.5 | \$2.0 | \$159.0 |
| | REC 2012–13 | \$144.1 | \$0.5 | \$0.0 | \$1.2 | \$145.8 |
| | BIENNIAL CHANGE | (5.7%) | (86.5%) | (100.0%) | (40.0%) | (8.3%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| TEXAS COMMISSION ON FIRE PROTECTION | | | | | | |
| Funding provides for \$2.7 million in General Revenue Funds to enforce safety and professional standards of paid fire protections personnel in Texas. Funding recommendations include reductions of \$1.4 million in Indirect Administration, \$0.2 million in Certification and Regulation of Fire Services, and \$0.1 million by eliminating Fire Safety Education Programs. Indirect Administration reductions are realized by administratively attaching the agency to the Texas Department of Insurance. A reduction of 14.0 FTEs is anticipated as a result of the funding reduction. | EST/BUD 2010–11 | \$4.4 | \$0.0 | \$0.0 | \$0.1 | \$4.5 |
| | REC 2012–13 | \$2.7 | \$0.0 | \$0.0 | \$0.0 | \$2.8 |
| | BIENNIAL CHANGE | (39.0%) | NA | NA | (100.0%) | (38.0%) |
| COMMISSION ON JAIL STANDARDS | | | | | | |
| The Commission on Jail Standards Includes a \$0.6 million decrease in General Revenue Funds and a \$0.6 million increase in Other Funds (Appropriated Receipts) to require the agency to fund a greater portion of operating expenses through fee collection. Also includes a \$0.2 million reduction in General Revenue Funds (includes 3 FTEs) for Inspection and Enforcement, Management Consultation, and Indirect Administration. | EST/BUD 2010–11 | \$2.0 | \$0.0 | \$0.0 | \$0.1 | \$2.1 |
| | REC 2012–13 | \$1.2 | \$0.0 | \$0.0 | \$0.6 | \$1.8 |
| | BIENNIAL CHANGE | (40.0%) | NA | NA | 900.0% | (12.6%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| TEXAS JUVENILE PROBATION COMMISSION | | | | | | |
| Grants to Local Probation Departments | | | | | | |
| Funding for Basic Probation and Community Corrections is distributed to 165 local probation departments around the state in the form of grants. Reduced General Revenue Funds of \$11.1 million in Basic Probation grants. Reduced General Revenue Funds of \$24.1 million in Community Corrections grants. Reduced General Revenue Funds of \$4.3 million and two FTEs in General Revenue Funds for a one-time expenditure for the Juvenile Justice Information System. \$7.3 million in General Revenue Funds associated with administration, inspections, monitoring, and training was transferred to Probation Assistance and Indirect Administration. Increased funding of \$14 million in Federal Funds, as Title IV-E grants to local probation departments for youth in foster care was transferred to Probation Assistance below. | EST/BUD 2010–11 | \$287.3 | \$0.0 | \$0.0 | \$2.5 | \$289.8 |
| | REC 2012–13 | \$240.5 | \$0.0 | \$14.0 | \$2.5 | \$257.0 |
| | BIENNIAL CHANGE | (16.3%) | NA | NA | 0.0% | (11.3%) |
| Probation Assistance | | | | | | |
| Reduced funding of \$11.9 million in All Funds (includes 1.9 FTEs) in Probation Assistance, as \$14 million in Federal Funds Title IV-E grants to local probation departments for youth in foster care was transferred from Basic Probation above. Increased funding of \$4.4 million in General Revenue Funds, which was transferred to Probation Assistance for the purpose of training, inspections, monitoring and technical assistance. | EST/BUD 2010–11 | \$0.1 | \$0.0 | \$16.1 | \$0.4 | \$16.6 |
| | REC 2012–13 | \$4.5 | \$0.0 | \$0.0 | \$0.2 | \$4.7 |
| | BIENNIAL CHANGE | 4,614.7% | NA | (100.0%) | (52.6%) | (71.9%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Juvenile Justice Alternative Education Programs | | | | | | |
| Reduced funding of \$6.6 million in All Funds, primarily due to a decrease in the rate of reimbursement per youth, as well as decreases in projected populations in Juvenile Justice Alternative Education Programs. | EST/BUD 2010–11 | \$0.8 | \$0.0 | \$0.0 | \$23.0 | \$23.8 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$17.2 | \$17.2 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | (25.3%) | (27.8%) |
| TEXAS COMMISSION ON LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION | | | | | | |
| Funding provides \$5.3 million for the testing, licensing, regulation, and enforcement of regulation of law enforcement officers and training institutions in Texas. Recommendations include charging a fee for the Distance Learning Program (\$0.6 million) and funding the program through Other Funds (Appropriated Receipts) instead of General Revenue–Dedicated Funds (GR–D). Recommendations also include a reduction of \$0.8 million in GR–D to Licensing, Course Development, Technical Assistance, Enforcement, and Indirect Administration. A reduction of 12.0 FTEs is anticipated as a result of the funding reduction. | EST/BUD 2010–11 | \$0.2 | \$5.5 | \$0.0 | \$0.8 | \$6.5 |
| | REC 2012–13 | \$0.0 | \$4.1 | \$0.0 | \$1.2 | \$5.3 |
| | BIENNIAL CHANGE | (100.0%) | (25.2%) | NA | 48.5% | (18.6%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| DEPARTMENT OF PUBLIC SAFETY | | | | | | |
| Emergency Management | | | | | | |
| DPS' Texas Division of Emergency Management administers a comprehensive emergency management program (\$1,375.7 million All Funds), including disaster prevention & preparedness, response coordination, disaster recovery & hazard mitigation, and the State Operations Center. The recommendations include funding reductions primarily for: less expected Federal Funds (\$155.4 million); 12.3 FTEs eliminated related to planning and coordination (\$0.9 million); and requested capital expenditure items (\$0.6 million). | EST/BUD 2010–11 | \$1.8 | \$3.8 | \$1,525.3 | \$0.3 | \$1,531.2 |
| | REC 2012–13 | \$1.0 | \$4.7 | \$1,369.9 | \$0.1 | \$1,375.7 |
| | BIENNIAL CHANGE | (44.4%) | 23.7% | (10.2%) | (66.7%) | (10.2%) |
| Highway Traffic and Commercial Vehicle Enforcement | | | | | | |
| DPS' functions related to highway patrol, commercial vehicle enforcement, and communications provide for enhanced public safety and traffic laws enforcement (\$410.6 million All Funds). The recommendations include funding reductions primarily for: less expected Federal Funds (\$11.9 million); 19 communications officer positions eliminated (\$2.8 million); and requested capital expenditure items (\$24.6 million). | EST/BUD 2010–11 | \$23.4 | \$3.4 | \$60.8 | \$357.4 | \$445.0 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$48.9 | \$361.7 | \$410.6 |
| | BIENNIAL CHANGE | (100.0%) | NA | (19.6%) | 1.2% | (7.7%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Combat Crime and Terrorism | | | | | | |
| DPS' functions related to organized crime, criminal interdiction, border security, counterterrorism, intelligence, security programs, and criminal investigations provide for the state's efforts to combat crime and terrorism (\$301.5 million All Funds). The recommendations include funding reductions primarily for: less expected Federal Funds (\$2.5 million) and requested capital expenditure items (\$7.9 million). Funding specifically related to border security is \$64.4 million which is at 2010–11 base levels. | EST/BUD 2010–11 | \$0.6 | \$42.6 | \$24.1 | \$240.5 | \$307.8 |
| | REC 2012–13 | \$0.0 | \$43.0 | \$21.6 | \$236.9 | \$301.5 |
| | BIENNIAL CHANGE | (100.0%) | 0.9% | (10.4%) | (1.5%) | (2.0%) |
| Regulatory, Licensing, and Other Services | | | | | | |
| DPS provides various regulatory, licensing, and service functions (\$347.3 million All Funds) related to crime laboratory analyses, crime records, training, victim services, driver license, driving & motor vehicle safety, concealed handguns, metals registration, narcotics, vehicle services, and private security. The recommendations include funding reductions primarily for: less expected Federal Funds (\$10.2 million); 5 training positions & funding for 22 trooper recruits eliminated (\$1.7 million); 15.5 customer service representatives eliminated (\$2.2 million); operating expenses for hiring temporary positions (\$2.4 million); and requested capital expenditure items (\$18.2 million). | EST/BUD 2010–11 | \$72.0 | \$2.7 | \$16.8 | \$292.1 | \$383.6 |
| | REC 2012–13 | \$37.1 | \$85.7 | \$6.6 | \$217.9 | \$347.3 |
| | BIENNIAL CHANGE | (48.5%) | 3,074.1% | (60.7%) | (25.4%) | (9.5%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32

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

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Agency Administration | | | | | | |
| DPS' administrative functions (\$194.6 million All Funds) are related to fleet operations, regional & headquarters administration, information technology, financial management, human resources, and facilities management. The recommendations include funding reductions primarily for: less expected Federal Funds (\$7.2 million); less G.O. Bonds proceeds due to one-time expenses that occurred in fiscal years 2010 and 2011 (\$52.5 million); less one-time information technology capital expense items in fiscal years 2010 and 2011 (\$19.8 million); 36.5 FTEs eliminated related to fleet operations, headquarters administration, regional support personnel, financial record keeping, regional recruiters (\$5.7 million); and requested capital expenditure items (\$27.6 million). | EST/BUD 2010–11 | \$138.4 | \$0.2 | \$8.3 | \$172.3 | \$319.2 |
| | REC 2012–13 | \$1.9 | \$6.4 | \$1.1 | \$185.2 | \$194.6 |
| | BIENNIAL CHANGE | (98.6%) | 3,100.0% | (86.7%) | 7.5% | (39.0%) |
| YOUTH COMMISSION | | | | | | |
| Residential Services | | | | | | |
| Residential Services includes all strategies related to housing, treating, and educating youth in residential, contract, or halfway house services in TYC. Reduced funding of \$62.4 million in All Funds (\$54.3 million in General Revenue Funds and 503.3 FTEs) primarily caused by the proposed reduction in capacity in fiscal year 2012 in response to projected decreases in the TYC youth offender population. The projected average daily population in residential services is 1,807 in fiscal year 2012 and 1,832 in fiscal year 2013. | EST/BUD 2010–11 | \$347.3 | \$0.0 | \$17.2 | \$16.8 | \$381.3 |
| | REC 2012–13 | \$293.0 | \$0.0 | \$12.7 | \$13.2 | \$318.9 |
| | BIENNIAL CHANGE | (15.6%) | NA | (26.2%) | (21.5%) | (16.4%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 32
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Administration, Oversight, and Information Resources | | | | | | |
| Reduced funding of \$3.4 million in General Revenue Funds, primarily due to the reduction of 19 FTEs and capital budget projects relating to information resources that are not recommended for funding in the 2012–13 biennium. | EST/BUD 2010–11 | \$31.4 | \$0.0 | \$0.0 | \$0.0 | \$31.4 |
| | REC 2012–13 | \$28.0 | \$0.0 | \$0.0 | \$0.0 | \$28.0 |
| | BIENNIAL CHANGE | (10.9%) | NA | NA | NA | (10.9%) |
| Facilities Construction and Renovation | | | | | | |
| Reduced funding of \$21.7 million in All Funds (\$20.8 million in Other Funds and 2 FTEs) for the construction and renovation of facilities. The agency received a one-time appropriation of General Obligation Bonds Proceeds (Other Funds) for construction, renovation, and repair projects in fiscal years 2010–11, of which unexpended balances are estimated to be \$0. | EST/BUD 2010–12 | \$0.0 | \$0.0 | \$0.9 | \$20.8 | \$21.7 |
| | REC 2012–14 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | NA | NA | (100.0%) | (100.0%) | (100.0%) |
| Parole Services | | | | | | |
| Reduced funding of \$8.1 million in All Funds (\$5.2 million in General Revenue Funds and 28.9 FTEs) for the supervision of youth on parole. Reduced Federal Funds of \$2.9 million in a Department of Labor grant for education support, lifeskills training, and employment strategies for youth on parole. | EST/BUD 2010–12 | \$18.5 | \$0.0 | \$2.9 | \$0.0 | \$21.4 |
| | REC 2012–14 | \$13.3 | \$0.0 | \$0.0 | \$0.0 | \$13.3 |
| | BIENNIAL CHANGE | (27.9%) | NA | (100.0%) | NA | (37.7%) |

NATURAL RESOURCES

2012–13 BIENNIAL RECOMMENDATIONS

All Funds recommendations for Natural Resources total \$3.1 billion for 2012–13 biennium, which is a decrease of \$569.1 million, or 15.6 percent, from the 2010–11 biennium (Table 33).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$1.6 billion, which is a decrease of \$579.4 million, or 26.7 percent, from the 2010–11 biennium (Table 34).

Selected performance measures for agencies in the Natural Resources function are shown in Table 35.

TABLE 33
ALL FUNDS: NATURAL RESOURCES

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Department of Agriculture | \$915.6 | \$983.1 | \$67.5 | 7.4% |
| Animal Health Commission | 29.9 | 27.4 | (2.6) | (8.6) |
| Commission on Environmental Quality | 997.7 | 661.5 | (336.2) | (33.7) |
| General Land Office and Veterans' Land Board | 222.4 | 157.4 | (65.1) | (29.3) |
| Parks and Wildlife Department | 716.8 | 507.2 | (209.5) | (29.2) |
| Railroad Commission | 155.1 | 117.5 | (37.6) | (24.2) |
| Soil and Water Conservation Board | 55.6 | 36.1 | (19.5) | (35.1) |
| Water Development Board | 147.5 | 124.1 | (23.4) | (15.9) |
| Debt Service Payments - Non-Self Supporting G.O. Water Bonds | 182.9 | 220.3 | 37.4 | 20.5 |
| Subtotal, Natural Resources | \$3,423.5 | \$2,834.4 | (\$589.0) | (17.2%) |
| Retirement and Group Insurance | \$203.3 | \$191.5 | (\$11.8) | (5.8%) |
| Social Security and Benefit Replacement Pay | 72.1 | 68.5 | (3.7) | (5.1) |
| Subtotal, Employee Benefits | \$275.5 | \$260.0 | (\$15.5) | (5.6%) |

NATURAL RESOURCES

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 33
ALL FUNDS: NATURAL RESOURCES (CONTINUED)

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Bond Debt Service Payments | \$12.8 | \$19.5 | \$6.8 | 53.0% |
| Lease Payments | 7.8 | 7.0 | (0.9) | (10.9) |
| Subtotal, Debt Service | \$20.6 | \$26.5 | \$5.9 | 28.7% |
| Less Interagency Contracts | \$70.5 | \$41.0 | (\$29.5) | (41.8%) |
| Total Article VI – Natural Resources | \$3,649.0 | \$3,079.9 | (\$569.1) | (15.6%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

NATURAL RESOURCES

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 34
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: NATURAL RESOURCES

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Department of Agriculture | \$142.9 | \$94.9 | (\$48.0) | (33.6%) |
| Animal Health Commission | 20.5 | 19.6 | (1.0) | (4.8) |
| Commission on Environmental Quality | 862.4 | 564.8 | (297.7) | (34.5) |
| General Land Office and Veterans' Land Board | 41.8 | 22.8 | (19.0) | (45.4) |
| Parks and Wildlife Department | 504.6 | 382.5 | (122.1) | (24.2) |
| Railroad Commission | 113.8 | 95.7 | (18.1) | (15.9) |
| Soil and Water Conservation Board | 42.8 | 24.1 | (18.7) | (43.8) |
| Water Development Board | 55.8 | 38.8 | (17.0) | (30.4) |
| Debt Service Payments - Non-Self Supporting G.O. Water Bonds | 137.0 | 106.8 | (30.1) | (22.0) |
| Subtotal, Natural Resources | \$1,921.7 | \$1,350.0 | (\$571.6) | (29.7%) |
| Retirement and Group Insurance | \$171.9 | \$161.4 | (\$10.5) | (6.1%) |
| Social Security and Benefit Replacement Pay | 57.4 | 54.3 | (3.1) | (5.5) |
| Subtotal, Employee Benefits | \$229.3 | \$215.7 | (\$13.6) | (5.9%) |
| Bond Debt Service Payments | \$11.1 | \$17.8 | \$6.7 | 60.5% |
| Lease Payments | 7.8 | 7.0 | (0.9) | (10.9) |
| Subtotal, Debt Service | \$19.0 | \$24.8 | \$5.9 | 31.0% |
| Total Article VI – Natural Resources | \$2,169.9 | \$1,590.6 | (\$579.4) | (26.7%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 35
SELECTED PERFORMANCE MEASURES: NATURAL RESOURCES

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|---|----------------|------------------|---------------------|---------------------|
| DEPARTMENT OF AGRICULTURE | | | | |
| Percent of Rural Communities Assisted | 59 | 65 | 0 | 0 |
| Number of Research and Development Projects | 42 | 41 | 0 | 0 |
| COMMISSION ON ENVIRONMENTAL QUALITY | | | | |
| Nitrogen Oxides (Nox) Emissions Reduced through the Texas Emissions Reduction Plan (tons) | 6,740 | 17,425 | 6,174 | 6,174 |
| Number of Vehicles Repaired and/or Replaced through LIRAP Assistance | 19,981 | 17,000 | 0 | 0 |
| Number of Presentations and Workshops on Pollution Prevention and Minimization | 251 | 250 | 125 | 125 |
| Number of Dry Cleaner Remediation Program Site Cleanups Completed | 10 | 10 | 7 | 8 |
| GENERAL LAND OFFICE AND VETERANS' LAND BOARD | | | | |
| Number of Coastal Management Program Grants Awarded | 28 | 24 | 24 | 24 |
| PARKS AND WILDLIFE DEPARTMENT | | | | |
| Number of Commercial Fishing Licenses Bought Back | 74 | 52 | 0 | 0 |
| Number of State Parks in Operation | 91 | 92 | 86 | 86 |
| RAILROAD COMMISSION | | | | |
| Number of Rebate and Incentive Applications Handled | 2,473 | 3,174 | 1,574 | 1,574 |
| Number of Orphaned Wells Plugged with the Use of State Funds | 1,325 | 1,182 | 1,055 | 1,055 |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 35
SELECTED PERFORMANCE MEASURES: NATURAL RESOURCES (CONTINUED)

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|--|----------------|------------------|---------------------|---------------------|
| SOIL AND WATER CONSERVATION BOARD | | | | |
| Number of Acres of Brush Treated | 21,347 | 46,276 | 23,138 | 23,138 |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| MULTI-AGENCY ISSUES | | | | | |
| Program delays/deferrals | | | | | |
| Recommendations assume 90-day, 6-month and annual delays in funding for programs. At the TPWD, one-year delays in certain construction projects in progress. At the Railroad Commission, 6-month delays in state managed clean-ups of oilfield sites and 90-day delays in oil and gas inspections. Actual impact will vary depending on agency implementation plans. | | | | | |
| Suspend/significantly reduce funding for selected grant programs | | | | | |
| The largest program reduction occurs in Texas Emission Reduction Plan (TERP) funding at the Texas Commission on Environmental Quality (TCEQ), which is reduced by 50 percent (\$114.3 million). Likewise, recommendations for TCEQ eliminate funding for the Low Income Vehicle Repair, Replacement and Retrofit Program (LIRAP). Grants for the development and acquisition of new local parks at the TPWD (TPWD) and flood control dam repair and maintenance grants at the Texas Soil and Water Conservation Board (TSSWCB) are zero-funded for the 2012–13 biennium. In addition, state contributions for two cost-share programs, pass-through funding for boll weevil eradication at TDA and water quantity enhancement (brush control) project funding at TSSWCB, are funded at approximately 50 percent of 2010–11 levels. | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| <p>Expand fee-based funding for regulatory and agricultural marketing programs</p> <p>Recommendations for the Animal Health Commission (TAHC) and the Texas Department of Agriculture (TDA) extend the use of fees, making funding for certain animal disease programs and all agricultural marketing programs subject to revenue generation, and expand the use of fees to cover a greater share of existing TDA regulatory programs. Based on these recommendations, funding for approximately 52.0 and 419.8 existing FTE positions at TAHC and TDA, respectively, and \$48.7 million (\$7.2 million at TAHC and \$41.5 million at TDA) in total funding would be subject to revenue generation.</p> | | | | | |
| <p>Funding for Coastal Erosion Program</p> <p>Recommendations for the General Land Office and Veterans' Land Board include a 6 percent reduction in Interagency Contracts funding from the TPWD derived from the Sporting Goods Sales Tax Allocation (General Revenue) for coastal management and erosion control projects. The reduction totals \$1.5 million as compared to the 2010–11 biennium, and although this reduction will not result in a General Revenue savings to the General Land Office (GLO), a savings of \$1.5 million in General Revenue will be realized by the TPWD.</p> | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| DEPARTMENT OF AGRICULTURE | | | | | | |
| Rural Economic Development | | | | | | |
| A \$22.1 million decrease in All Funds, including a decrease of \$21.5 million in General Revenue Funds, \$0.2 million in General Revenue–Dedicated Funds, and \$0.4 million in Other Funds, due to zero-funding rural economic development programs in fiscal years 2012–13. Note, of this decrease, \$14.0 million is related to one-time funding to pay off the bad debt of the Texas Agricultural Finance Authority. | EST/BUD 2010–11 | \$21.5 | \$0.2 | \$0.0 | \$2.0 | \$23.7 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$1.6 | \$1.6 |
| | BIENNIAL CHANGE | (100.0%) | (100.0%) | NA | (20.0%) | (93.2%) |
| Boll Weevil Eradication Program | | | | | | |
| A \$13.0 million decrease in General Revenue Funds related to state funding for the Boll Weevil Eradication Foundation. The Foundation receives federal funds as well as assessments from cotton growers. | EST/BUD 2010–11 | \$28.0 | \$0.0 | \$0.0 | \$0.0 | \$28.0 |
| | REC 2012–13 | \$15.0 | \$0.0 | \$0.0 | \$0.0 | \$15.0 |
| | BIENNIAL CHANGE | (46.4%) | NA | NA | NA | (46.4%) |
| Wine Research and Education | | | | | | |
| A \$4.3 million decrease in General Revenue Funds related to zero-funding the Wine Research and Education Program. | EST/BUD 2010–11 | \$4.3 | \$0.0 | \$0.0 | \$0.0 | \$4.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Zebra Chip Research | | | | | | |
| A \$1.8 million decrease in General Revenue Funds related to zero-funding the Zebra Chip Research Program. | EST/BUD 2010–11 | \$1.8 | \$0.0 | \$0.0 | \$0.0 | \$1.8 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| Go Texan Partner Program | | | | | | |
| A \$1.1 million decrease in General Revenue–Dedicated Funds related to zero-funding the GO Texan Partner Program. | EST/BUD 2010–11 | \$0.0 | \$1.1 | \$0.0 | \$1.0 | \$2.1 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$1.1 | \$1.1 |
| | BIENNIAL CHANGE | NA | (100.0%) | NA | 10.0% | (47.6%) |
| Marketing | | | | | | |
| A \$0.6 million decrease in General Revenue Funds related to TDA's marketing programs. A new rider (Rider 21, Marketing) in the agency's bill pattern makes all appropriations for marketing (\$4.6 million in General Revenue Funds in each fiscal year and 80.7 FTEs) subject to revenue generation. | EST/BUD 2010–11 | \$9.7 | \$0.0 | \$0.0 | \$0.3 | \$10.0 |
| | REC 2012–13 | \$9.2 | \$0.0 | \$0.0 | \$0.2 | \$9.4 |
| | BIENNIAL CHANGE | (5.2%) | NA | NA | (33.3%) | (6.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Regulatory | | | | | | |
| A \$3.6 million decrease in All Funds, including decreases of \$3.3 million in General Revenue Funds, \$0.2 million in Federal Funds, and \$0.1 million in Other Funds related to TDA's regulatory programs. A new rider (Rider 22, Appropriations Limited to Revenue Collections: Regulatory) in the agency's bill pattern makes all appropriations for regulatory programs (\$32.3 million in General Revenue Funds and 339.1 FTEs) subject to revenue generation. | EST/BUD 2010–11 | \$35.6 | \$0.0 | \$7.2 | \$1.8 | \$44.6 |
| | REC 2012–13 | \$32.3 | \$0.0 | \$7.0 | \$1.7 | \$41.0 |
| | BIENNIAL CHANGE | (9.3%) | NA | (2.8%) | (5.6%) | (8.1%) |
| ANIMAL HEALTH COMMISSION | | | | | | |
| Field Operations | | | | | | |
| Recommendations include a decrease of \$1.5 million in federal funds due to an anticipated decline in USDA cooperative agreement funding levels and one-time homeland security pass-through funds for TAMU in 2010–11. Consistent with the funding model for other state regulatory programs, \$6.7 million in General Revenue funding (including 48 FTEs) for disease control programs is appropriated contingent upon the Commission assessing and collecting fees equal to each program's direct and indirect costs. When reduced for those programs with funding contingent upon revenue collections, recommended General Revenue funding levels equal 54 percent of 2010–11 spending levels. | EST/BUD 2010–11 | \$13.5 | \$0.0 | \$8.3 | \$0.0 | \$21.8 |
| | REC 2012–13 | \$13.6 | \$0.0 | \$6.7 | \$0.0 | \$20.3 |
| | BIENNIAL CHANGE | 0.1% | NA | (18.3%) | NA | (6.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| TEXAS COMMISSION ON ENVIRONMENTAL QUALITY | | | | | |
| Cross-Agency Issues | | | | | |
| Method of Financing (MOF) Swap: Replacing General Revenue with General Revenue Dedicated Water Resource Management Account No. 153 | | | | | |
| Recommendations include the replacement of \$13.9 million in General Revenue with funding from the General Revenue–Dedicated Water Resource Management Account No. 153 funding for water programs using balances in the account and funds freed up by reductions to various agency programs. This recommendation is expected to result in a fund balance of \$5.7 million in the Water Resource Management Account No. 153 on August 31, 2013. | | | | | |
| Capital Budget Reductions | | | | | |
| Recommendations include reductions to the agency's Capital Budget resulting in a decrease of \$12.4 million in General Revenue–Related Funds. Recommendations eliminate funding for the following Capital Budget projects, which results in a total of \$10.3 million in savings: Personal Computer and Printer Replacement; Software; Data Network and Security; Permitting and Registration System; Emissions Banking and Trading Database, Replacement Vehicles; and Replacement Boats. In addition, recommendations provide for a 50 percent reduction in funding for two Capital Budget projects, Water Monitoring and Analysis Equipment and Air Monitoring and Analysis Equipment, which provides for \$2.1 million in savings. | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Strategy-Level Items | | | | | | |
| Air Quality Assessment and Planning | | | | | | |
| Recommendations include: | EST/BUD 2010–11 | \$0.2 | \$399.2 | \$32.5 | \$0.0 | \$431.9 |
| • a decrease of \$114.3 million out of the General Revenue–Dedicated Texas Emissions Reduction Plan (TERP) Account No. 5071 reflecting a 50 percent reduction in program funding; | REC 2012–13 | \$0.2 | \$171.9 | \$16.4 | \$0.0 | \$188.5 |
| | BIENNIAL CHANGE | 0.0% | (56.9%) | (49.5%) | NA | (56.4%) |
| • a \$111.5 million decrease out of the General Revenue–Dedicated Clean Air Account No. 151 reflecting the elimination of funding for the Low-Income Vehicle Repair, Replacement, and Retrofit (LIRAP) program (\$100.0 million), a 50 percent (\$3.5 million) decrease to air quality planning grants to local governments, a 10 percent administrative reduction (\$3.5 million) to the Air Monitoring, Air Quality Planning, and Eight-Hour Ozone programs, a \$2.4 million reduction in funding for Capital Budget items, a decrease of \$1.0 million due to one-time funding for the Mickey Leland National Air Toxics Research Center, a 50 percent reduction (\$0.8 million) in funding for refinement and enhancement of modeling for air quality, and a 5 percent reduction in funding for local air pollution grants to ensure businesses are in compliance with environmental regulations; | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|-----------------------------|---|------------------|----------------|--------------|
| <ul style="list-style-type: none">• a \$1.5 million decrease out of the General Revenue–Dedicated Operating Permits Account No. 5094 reflecting a recommended 10 percent administrative reduction (\$1.1 million) to the air monitoring and air quality planning programs and a \$0.4 million reduction resulting from the transfer of funding to Strategy C.1.1, Field Inspections and Complaint Response, for additional investigations of ozone monitoring stations required to implement new ozone standards; and• a \$16.1 million decrease in Federal Funds reflecting one-time funding for the American Recovery and Reinvestment Act (ARRA) funding in 2010–11 for the TERP program (decrease of \$13.2 million) and diesel grants for the Clean School Bus program (decrease of \$1.7 million), and one-time Performance Partnership Grant (PPG) funding for air monitoring in 2010–11 (decrease of \$1.2 million). Recommendations result in a reduction of 43.9 FTEs for Air Quality Assessment and Planning. | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Storage Tank Administration and Cleanup | | | | | | |
| Recommendations include: (1) a decrease of \$8.3 million out of the General Revenue–Dedicated Petroleum Storage Tank (PST) Remediation Account No. 655, which consists of a \$6.1 million decrease reflecting a 25 percent reduction in funding for the State Lead program, a \$1.3 million decrease reflecting a 10 percent administrative reduction to the PST Administration and Regulatory Program, and a \$0.8 million decrease reflecting the elimination of the Permitting and Registration Information System Capital Budget project; and (2) a decrease of \$10.3 million in Federal Funds, which consists of a \$10.8 million decrease reflecting a one-time ARRA grant in 2010–11 and an anticipated increase of \$0.5 million in Leaking Underground Storage Tank grant funding in 2012–13. Recommendations result in a reduction of 7.2 FTEs for Storage Tank Administration and Cleanup. | EST/BUD 2010–11 | \$0.0 | \$43.8 | \$14.1 | \$0.0 | \$57.9 |
| | REC 2012–13 | \$0.0 | \$35.5 | \$3.8 | \$0.0 | \$39.3 |
| | BIENNIAL CHANGE | NA | (19.0%) | (72.9%) | NA | (32.1%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Hazardous Materials Cleanup | | | | | | |
| Recommendations include: (1) a decrease of \$10.3 million out of the General Revenue–Dedicated Hazardous Waste Remediation Account No. 550 reflecting a 25 percent reduction in funding for Superfund cleanups; (2) a decrease of \$3.6 million out of the General Revenue–Dedicated Dry Cleaning Facility Release Account No. 5093 reflecting a 25 percent reduction in funding for dry cleaning site cleanups; (3) a decrease of \$1.0 million out of the General Revenue–Dedicated Waste Management Account No. 549 reflecting 25 percent reductions in funding to both the Corrective Action and Other Remediation programs; (4) a decrease of \$0.2 million in Federal Funds because of an anticipated decrease in funding from the U.S. Department of Defense for a State Memorandum of Agreement for Superfund cleanups; and (5) a decrease of \$2.6 million in Appropriated Receipts reflecting cleanups for which costs were recovered from responsible parties for Superfund sites in 2010–11. Recommendations result in a reduction of 16.7 FTEs for Hazardous Materials Cleanup. | EST/BUD 2010–11 | \$0.1 | \$61.5 | \$4.9 | \$2.6 | \$69.1 |
| | REC 2012–13 | \$0.1 | \$46.5 | \$4.7 | \$0.0 | \$51.4 |
| | BIENNIAL CHANGE | 0.0% | (24.3%) | (4.2%) | (98.6%) | (25.7%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Waste Assessment and Planning | | | | | | |
| Recommendations include: (1) an \$11.0 million decrease in funding out of the General Revenue–Dedicated Solid Waste Disposal Account No. 5000 reflecting a 50 percent reduction in grants to local governments for solid waste planning; (2) a decrease of \$0.7 million out of the General Revenue–Dedicated Waste Management Account No. 549 reflecting a 10 percent administrative reduction to the Waste Assessment and Planning program (\$0.3 million) and Capital Budget Reductions totaling \$0.4 million for the Data Network and Security, PC and Printer Replacement, and Software projects; and (3) a decrease of \$71,898 out of the General Revenue–Dedicated Hazardous and Solid Waste Remediation Account No. 550 and a decrease of \$64,168 out of the General Revenue–Dedicated Used Oil Recycling Account No. 146 reflecting the 10 percent administrative reduction to the Waste Assessment and Planning Program. Recommendations result in a reduction of 2.9 FTEs in Waste Assessment and Planning. | EST/BUD 2010–11 | \$0.2 | \$27.5 | \$0.0 | \$0.0 | \$27.7 |
| | REC 2012–13 | \$0.2 | \$15.6 | \$0.0 | \$0.0 | \$15.8 |
| | BIENNIAL CHANGE | 0.0% | (43.2%) | NA | NA | (42.9%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Water Assessment and Planning | | | | | | |
| Recommendations include: | EST/BUD 2010–11 | \$14.7 | \$30.0 | \$23.7 | \$0.0 | \$68.4 |
| <ul style="list-style-type: none"> A decrease of \$1.7 million out of the General Revenue Fund including a \$1.0 million decrease reflecting 10 percent administrative reductions in the Total Maximum Daily Load (TMDL), Bay and Estuary, and Water Assessment and Planning programs, a \$0.7 million decrease reflecting suspension of funding for on-site wastewater treatment demonstration grants, a \$0.5 million decrease resulting from the completion of the one-time Carrizo-Wilcox Aquifer Study in 2010–11, a \$0.5 million increase reflecting the shift of funds to this strategy from various other strategies to implement additional dam safety activities, a \$0.1 million increase reflecting the transfer of funding to this strategy from various others to support the creation of the Office of Water (which occurred in fiscal year 2010), and a \$0.1 million decrease in Capital Budget funding for Replacement Vehicles and PC and Printer Replacement; | REC 2012–13 | \$0.4 | \$39.4 | \$19.0 | \$0.0 | \$58.8 |
| <ul style="list-style-type: none"> A decrease of \$3.2 million out of the General Revenue–Dedicated Water Resource Management Account No. 153 reflecting a 10 percent administrative reduction to the Water Assessment and Planning (\$1.5 million) and Clean Rivers (\$1.0 million) programs and reductions in Capital Budget funding for Water Monitoring Analysis Equipment (\$0.6 million) and PC and Printer Replacement (\$0.2 million); | BIENNIAL CHANGE | (97.1%) | 31.4% | (20.0%) | NA | (14.2%) |
| <ul style="list-style-type: none"> A Method-of-Financing swap replacing \$12.6 million in General Revenue with General Revenue–Dedicated Water Resource Management Account No. 153 funding (see Cross Agency Issue); and | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|----------|-----------------------------|---|------------------|----------------|--------------|
| <ul style="list-style-type: none"> A decrease of \$4.8 million in Federal Funds reflecting one-time ARRA funding for water quality management (\$1.8 million) in 2010–11, a reduction of \$1.8 million in non-point source grant funding, a \$0.9 million decrease in water pollution control funding, a \$0.5 million decrease in water quality management funding, and an anticipated \$0.2 million increase in National Estuary Program funding. | | | | | | |
| Recommendations for programs in Water Assessment and Planning result in a reduction of 14.4 FTEs. | | | | | | |
| Field Inspections and Complaints | | | | | | |
| Recommendations include: | EST/BUD | | | | | |
| • a decrease of \$152,367 in General Revenue and | 2010–11 | \$3.2 | \$63.3 | \$18.6 | \$3.9 | \$89.0 |
| • a decrease of \$5.8 million from various General | | | | | | |
| Revenue–Dedicated accounts reflecting a 10 percent | REC | \$1.6 | \$56.7 | \$18.0 | \$3.9 | \$80.1 |
| administrative reduction in the Field Operations program; | 2012–13 | | | | | |
| • a \$0.1 million decrease out of the General Revenue | | | | | | |
| Fund reflecting a 10 percent administrative reduction to | BIENNIAL | (49.3%) | (10.5%) | (3.5%) | (0.8%) | (10.0%) |
| the Concentrated Animal Feeding Operations program; | CHANGE | | | | | |
| • a \$0.2 million decrease out of the General Revenue– | | | | | | |
| Dedicated Operating Permit Fees Account No. 5094 | | | | | | |
| reflecting a 10 percent administrative reduction to the | | | | | | |
| Eight-Hour Ozone program; | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|-----------------------------|---|------------------|----------------|--------------|
| <ul style="list-style-type: none"> • a \$1.9 million decrease out of various General Revenue–Dedicated accounts reflecting the elimination of funding for the PC and Printer Replacement, Software, Data Network and Security, Replacement Boats, and Replacement Vehicles Capital Budget projects; • a decrease of \$0.5 million out of General Revenue reflecting an agency-initiated shift of funds from this strategy to strategy A.1.2, Water Resource Management, to provide for additional Dam Safety program activities; • an increase of \$0.4 million out of the General Revenue–Dedicated Operating Permit Fees Account No. 5094 reflecting an agency-initiated shift of funding from Strategy A.1.1, Air Quality Assessment and Planning; • a decrease of \$0.7 million in Federal Funds resulting from an expected decrease in grant amounts for the Underground Storage Tank Compliance Assistance grant and the Performance Partnership Grant; and • a Method-of-Finance swap replacing \$0.9 million in General Revenue with General Revenue–Dedicated Water Resource Management Account No. 153 funding (see Cross-Agency Issue). | | | | | |

Recommendations for programs in Field Inspections and Complaints result in a reduction of 61.8 FTEs.

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Pollution Prevention and Recycling | | | | | | |
| Recommendations provide for 50 percent of 2010–11 funding levels for the Pollution Prevention and Recycling; Pollution Prevention—Technical; and the Voluntary Programs, Event Coordination, and Education programs, resulting in a decrease of \$23,075 in General Revenue and the following decreases for General Revenue—Dedicated Accounts: \$37,553 out of the Clean Air Account No. 151, \$2.2 million out of the Waste Management Account No. 549, and \$1.1 million out of the Hazardous Waste Remediation Account No. 550. In addition, recommendations include a \$1.2 million decrease out of the General Revenue—Dedicated Solid Waste Disposal Account No. 5000 because of the completion of a one-time grant for the Hawkins waste and scrap tire cleanup project in 2010–11; and a decrease of \$150,000 in Appropriated Receipts due to receipts from a one-time environmental trade fair in 2010. Recommendations for programs in Pollution Prevention and Recycling result in a reduction of 13.4 FTEs. | EST/BUD 2010–11 | \$0.5 | \$8.4 | \$0.5 | \$2.0 | \$11.4 |
| | REC 2012–13 | \$0.5 | \$3.8 | \$0.5 | \$1.9 | \$6.6 |
| | BIENNIAL CHANGE | 0.0% | (54.9%) | 0.0% | (7.4%) | (41.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|----------|-----------------------------|---|------------------|----------------|--------------|
| Enforcement and Compliance Support | | | | | | |
| Recommendations include: | EST/BUD | \$0.6 | \$21.3 | \$2.6 | \$0.2 | \$24.8 |
| • a decrease of \$45,356 in General Revenue and a decrease of \$1.9 million from various General Revenue–Dedicated accounts reflecting a 10 percent administrative reduction to the Enforcement program; | 2010–11 | | | | | |
| | REC | \$0.2 | \$19.0 | \$2.6 | \$0.2 | \$22.0 |
| | 2012–13 | | | | | |
| • a \$50,000 decrease out of the General Revenue–Dedicated Waste Management Account No. 549 reflecting a 10 percent reduction to the contract with the Parks and Wildlife Department for the Environmental Special Investigations Unit; | BIENNIAL | (69.0%) | (10.6%) | (1.0%) | 0.0% | (11.0%) |
| | CHANGE | | | | | |
| • a decrease of \$0.7 million from various General Revenue–Dedicated accounts reflecting the elimination of the PC Printer Replacement, Data Network and Security, and Replacement Vehicles Capital Budget projects; and | | | | | | |
| • a Method-of-Finance swap replacing \$0.3 million in General Revenue with General Revenue–Dedicated Water Resource Management Account No. 153 funding (see Cross-Agency Issue). Recommendations for programs in Enforcement and Compliance Support result in a reduction of 18.6 FTEs. | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Occupational Licensing | | | | | | |
| Recommendations include a \$2.1 million decrease in Federal Funds reflecting the expiration of a Public Drinking Water Operator Certification training grant received in 2010–11. | EST/BUD 2010–11 | \$0.0 | \$2.5 | \$2.1 | \$0.0 | \$4.6 |
| | REC 2012–13 | \$0.0 | \$2.5 | \$0.0 | \$0.0 | \$2.5 |
| | BIENNIAL CHANGE | NA | 0.0% | (100.0%) | NA | (45.9%) |
| Water Resource Permitting | | | | | | |
| Recommendations include: <ul style="list-style-type: none"> a decrease of \$0.2 million in General Revenue Funds, including a \$0.1 million decrease reflecting a 10 percent administrative reduction to the Technical Assistance to the Basin and Bay Expert Science Team program and a \$0.1 million decrease resulting from the transfer of funds from this strategy to Strategy A.1.2, Water Resource Assessment and Planning, to support increased Dam Safety activities; a decrease of \$1.3 million out of the General Revenue–Dedicated Water Resource Management Account No. 153 reflecting the elimination of funding for the Permitting and Registration Information System Capital Budget project; and a decrease of \$0.3 million out of the General Revenue–Dedicated Watermaster Administration Account No. 158 reflecting a 10 percent administrative reduction to the program (\$0.1 million) and the elimination of Capital Budget funding for Replacement Vehicles (\$0.2 million). | EST/BUD 2010–11 | \$1.1 | \$25.4 | \$2.8 | \$0.1 | \$29.4 |
| | REC 2012–13 | \$0.9 | \$23.9 | \$2.7 | \$0.0 | \$27.6 |
| | BIENNIAL CHANGE | (17.1%) | (6.0%) | (0.6%) | (100.0%) | (6.2%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Recommendations for programs in Water Resource Permitting result in a reduction of 1.3 FTEs. | | | | | | |
| Safe Drinking Water | | | | | | |
| Recommendations include: (1) a decrease of \$0.1 million out of the General Revenue–Dedicated Water Resource Management Account No. 153 reflecting a 5 percent administrative reduction to the Source Water Protection and Safe Drinking Water programs; (2) a decrease of \$0.5 million in Federal Funds reflecting the expiration of a Water Protection Coordination counter-terrorism grant received in 2010–11; and (3) a decrease of \$0.8 million in Appropriated Receipts (Other Funds) reflecting the one-time receipt of a grant from the Texas Water Development Board from the State Revolving Fund in 2010–11. Recommendations for programs in Safe Drinking Water result in a reduction of 1.3 FTEs. | EST/BUD 2010–11 | \$0.1 | \$5.6 | \$7.5 | \$9.6 | \$22.8 |
| | REC 2012–13 | \$0.1 | \$5.5 | \$7.0 | \$8.8 | \$21.4 |
| | BIENNIAL CHANGE | 0.0% | (2.3%) | (6.9%) | (7.9%) | (6.2%) |
| Waste Management and Permitting | | | | | | |
| Recommendations include: (1) a decrease of \$1.3 million out of the General Revenue–Dedicated Waste Management Account No. 549 reflecting the elimination of the Permitting and Registration Information System Capital Budget project; and (2) a decrease of \$0.1 million in Federal Funds reflecting decreases in expected amounts for Resource Conservation Recovery Act and Environmental Information Exchange Grants. | EST/BUD 2010–11 | \$0.2 | \$17.1 | \$3.9 | \$0.0 | \$21.2 |
| | REC 2012–13 | \$0.2 | \$15.8 | \$3.8 | \$0.0 | \$19.8 |
| | BIENNIAL CHANGE | 0.0% | (7.6%) | (2.5%) | NA | (6.6%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Indirect Administration | | | | | | |
| Recommendations include (1) a decrease of \$0.2 million out of the General Revenue Fund and a decrease of \$7.8 million in various General Revenue–Dedicated accounts reflecting a 10 percent administrative reduction to the agency’s Indirect Administration strategies; (2) a decrease of \$1.8 million out of various General Revenue–Dedicated accounts reflecting the elimination of the PC and Printer Replacement, Software, Data Network and Security, and Replacement Vehicles Capital Budget projects; (3) a decrease of \$0.3 million out of the General Revenue–Dedicated Hazardous Waste Remediation Account No. 550 reflecting an agency-initiated shift of funds to Strategy D.1.2, Hazardous Materials Cleanup; and (4) a decrease of \$0.1 million in Federal Funds reflecting a one-time Environmental Information Exchange Network grant in 2010–11. The recommended reductions in the Indirect Administration strategies result in a reduction of 50.7 FTEs. | EST/BUD 2010–11 | \$5.4 | \$88.8 | \$0.1 | \$0.4 | \$94.8 |
| | REC 2012–13 | \$5.2 | \$78.8 | \$0.0 | \$0.4 | \$84.4 |
| | BIENNIAL CHANGE | (2.8%) | (11.3%) | (100.0%) | 0.0% | (10.9%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|-----------------------------|---|------------------|----------------|--------------|
| GENERAL LAND OFFICE AND VETERANS' LAND BOARD | | | | | |
| Cross-Agency Issues | | | | | |
| Funding out of the Permanent School Fund No. 44 | | | | | |
| Recommendations include the replacement of General Revenue in all functional areas related to management of the Permanent School Fund (PSF) land and assets with PSF No. 44 funding (Other Funds). This recommendation results in a savings of \$2.4 million out of the General Revenue Fund as compared to 2010–11 expended levels; however, because of additional administrative reductions and reductions to Capital Budget Items, an increase of only \$1.9 million out of the PSF No. 44 is included to replace the \$2.4 million General Revenue reduction. In addition, recommendations provide for an agency-wide 5 percent administrative reduction for items paid out of the PSF No. 44, which totals \$1.4 million in savings, partially offsetting the increase resulting from the replacement of General Revenue with PSF No. 44 funds. It is expected that these reductions will not have a significant impact on agency operations. | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Coastal Management | | | | | | |
| Recommendations include a decrease of \$10.1 million out of the General Revenue Fund including a \$10.0 million decrease for one-time structure buyouts in hurricane-damaged areas, as authorized by House Bill 4586, Eighty-first Legislature; a decrease of \$2.5 million in Federal Funds reflecting a \$5.1 million decrease for one-time American Recovery and Reinvestment Act funding for a West Galveston Bay Estuarine project, a decrease of \$2.1 million in Gulf of Mexico Energy Security Act (GOMESA) funding which is not expected in 2012–13, and an expected increase in Coastal Impact Assistance Funding (CIAP) funding of \$4.7 million in 2012–13 as compared to 2010–11; and a decrease of \$9.5 million in Interagency Contracts funding (Other Funds) including a decrease of \$6.1 million because of a one-time grant for the restoration of the Bluewater Highway from the Texas Department of Emergency Management in 2010–11 and a decrease of \$3.4 million in funds derived from an Interagency Contract with TPWD, reflecting a shift of \$2.2 million in funds to Strategy B.1.2, Coastal Erosion Control Grants and a decrease of \$1.2 million in program funding, reflecting a 6 percent reduction in the contract with TPWD (see Natural Resources Multi-Agency Issues). | EST/BUD 2010–11 | \$10.8 | \$0.4 | \$22.5 | \$11.0 | \$44.7 |
| | REC 2012–13 | \$0.7 | \$0.2 | \$20.0 | \$1.7 | \$22.5 |
| | BIENNIAL CHANGE | (93.9%) | (62.8%) | (11.2%) | (84.8%) | (49.7%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Coastal Erosion Control Grants | | | | | | |
| Recommendations include a decrease of \$5.0 million in General Revenue Funds, reflecting the one-time appropriation of funding for the closure of Rollover Pass on the Bolivar Peninsula; a decrease of \$24.9 million in Federal Funds, including a decrease of \$20.8 million due to the one-time appropriation of reimbursements from the Federal Emergency Management Agency for debris removal in 2010–11 as authorized in House Bill 4586, Eighty-first Legislature; an increase of \$4.1 million in Other Funds, including an increase of \$2.2 million in Interagency Contracts, reflecting the shift of funding from Strategy B.1.1, Coastal Management for coastal erosion projects; and an increase of \$1.9 million in Appropriated Receipts, reflecting a projection that the agency will increase the number of coastal erosion projects in which it will share costs with local governments. | EST/BUD 2010–11 | \$5.7 | \$0.9 | \$28.9 | \$22.7 | \$58.1 |
| | REC 2012–13 | \$0.6 | \$0.9 | \$8.0 | \$26.8 | \$36.3 |
| | BIENNIAL CHANGE | (88.8%) | (2.8%) | (72.3%) | 18.1% | (37.5%) |
| Veterans' Cemeteries | | | | | | |
| Recommendations include a decrease of \$10.7 million in Federal Funds due to the completion of the State Cemetery in Corpus Christi expected to open in fiscal year 2012; an increase of \$0.4 million out of the Texas Veterans' Homes Administration Fund No. 374 (Other Funds), reflecting increased operating costs as the Corpus Christi cemetery begins operations in fiscal year 2012. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$12.7 | \$10.7 | \$23.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$2.0 | \$11.0 | \$13.0 |
| | BIENNIAL CHANGE | NA | NA | (83.9%) | 2.7% | (44.4%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Energy Marketing | | | | | | |
| Recommendations include a decrease of \$0.9 million in General Revenue reflecting the shift of Permanent School Fund (PSF)-related costs to the PSF No. 44 and a 5 percent administrative reduction (see Cross-Agency Issue); and a decrease of \$4.5 million in Other Funds including an increase of \$0.7 million out of the PSF No. 44 to reflect the shift of PSF-related costs and a decrease of \$5.0 million out of Interagency Contracts reflecting a one-time Texas Emissions Reduction Plan grant from the Texas Commission on Environmental Quality in 2010–11. | EST/BUD 2010–11 | \$0.9 | \$0.0 | \$0.0 | \$6.7 | \$7.5 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$2.2 | \$2.2 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | (67.0%) | (70.8%) |
| Asset Management | | | | | | |
| Recommendations include a \$1.2 million decrease out of the General Revenue Fund, reflecting a shift of \$0.9 million in PSF-related costs paid out of General Revenue to the PSF No. 44 (see Cross-Agency Issue) and the completion of information technology-related Capital Budget projects in 2010–11 (\$0.3 million decrease); and a decrease of \$1.8 million out of the PSF No. 44 reflecting a one-time grant to the University of Texas Bureau of Economic Geology in 2010–11 for carbon capture and storage (\$1.2 million decrease), one-time hurricane cleanup costs (\$0.6 million decrease), the shift of \$0.7 million in General Revenue costs to the PSF No. 44, and a 5 percent administrative reduction totaling \$0.6 million. | EST/BUD 2010–11 | \$1.2 | \$0.0 | \$0.0 | \$14.8 | \$16.0 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$13.0 | \$13.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | (12.0%) | (18.6%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Oil Spill Prevention | | | | | | |
| Recommendations include a decrease of \$0.6 million out of the General Revenue–Dedicated Coastal Protection Account No. 27, reflecting a 5 percent administrative reduction totaling \$0.4 million and the elimination of \$0.3 million in Capital Budget funding for the PC/Server Rotation and Resiliency Capital Budget project; and a decrease of \$0.4 million in Federal Funds, reflecting a one-time reimbursement from the Oil Liability Trust Fund for an oil spill for which a responsible party could not be found. | EST/BUD 2010–11 | \$0.0 | \$8.1 | \$0.4 | \$0.0 | \$8.5 |
| | REC 2012–13 | \$0.0 | \$7.5 | \$0.0 | \$0.0 | \$7.5 |
| | BIENNIAL CHANGE | NA | (7.4%) | (97.6%) | NA | (11.3%) |

TEXAS PARKS AND WILDLIFE DEPARTMENT

Cross-Agency Issues

License Plate Accounts

Consistent with a statewide reduction of 50 percent in appropriations from license plate accounts, Texas Parks and Wildlife Department (TPWD) funding from license plate receipts, both for agency operations and pass-through funds to non-profit organizations is reduced by \$0.8 million.

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Fish, Wildlife and Natural Resources Conservation | | | | | | |
| An All Funds decrease of \$51.7 million, which includes: | EST/BUD 2010–11 | \$1.5 | \$56.6 | \$90.4 | \$8.2 | \$156.7 |
| • a \$35.7 million decrease in Federal Funds, primarily for small pass-through grants to universities, municipalities and non-profits for enhancement of endangered species habitat (\$21 million); grants to restore habitat and infrastructure affecting fishery access destroyed by Hurricane Ike (\$4.9 million); disaster grants to commercial oyster and shrimp fisherman (\$2.7 million); reductions to wildlife diversity and research programs (\$2 million); and pass-through funds from the General Land Office for artificial reef structures (\$1.4 million); and | REC 2012–13 | \$0.0 | \$48.5 | \$54.7 | \$1.8 | \$105.0 |
| | BIENNIAL CHANGE | (100.0%) | (14.3%) | (39.5%) | (78.0%) | (33.0%) |
| • a \$9.6 million decrease in General Revenue Funds and General Revenue–Dedicated funds (GR–related funds) primarily due to: | | | | | | |
| • a \$2.2 million decrease for statewide management of aquatic vegetation (\$1.5 million in General Revenue) and a 50 percent reduction in funding to contain Golden Algae (\$0.7 million in General Revenue–Dedicated funds); | | | | | | |
| • a \$2.1 million decrease in General Revenue–Dedicated funds to suspend crab, finfish, and shrimp commercial license buybacks in the 2012–13 biennium; | | | | | | |
| • a \$1.4 million reduction that suspends capital budget funding for vehicle and equipment replacement cycles in 2012–13; | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <ul style="list-style-type: none"> • a \$1.1 million decrease related to a recommended 15 percent reduction in agency administration for conservation programs (includes 16.8 FTEs); • a \$1 million decrease to wildlife diversity and research programs (includes 20 FTEs and a related reduction of \$2 million in Federal Funds); and • a \$0.9 million decrease related to a 50 percent reduction in license plate accounts (\$0.5 million) and suspending funding of mitigation efforts from escrow accounts (\$0.4 million). | | | | | | |
| <p>State Park Operations, Minor Repair, and Program Support</p> <p>An All Funds decrease of \$25.2 million (\$22.7 million from GR-related funds, \$1 million in Federal Funds, and \$1.5 million in Other Funds). GR-related reductions include: a \$7.8 million decrease for the transfer of 7 state parks to local governments and the closure of 2 regional offices (includes 76.3 FTE reductions); a \$6.8 million decrease to suspend capital budget funding for vehicle and equipment replacement cycles in 2012–13; a \$4 million decrease related to a 25 percent reduction in park programs for business development, cultural and natural resources, interpretation and exhibits (includes 15.4 FTE reductions); and, a \$2.3 million decrease to defer minor repair projects in the state park system for 6 months in 2012 (includes 8.6 FTE reductions). MOF Swap: Recommendations also include a Method-of-Financing swap of \$9 million each fiscal year from General Revenue (the Sporting Goods Sales Tax Transfer to the State Parks Account No. 64), which is replaced by a corresponding amount of General Revenue–Dedicated State Parks Account No. 64 funds.</p> | | | | | | |
| | EST/BUD 2010–11 | \$130.9 | \$26.0 | \$1.4 | \$2.0 | \$160.3 |
| | REC 2012–13 | \$94.5 | \$39.6 | \$0.5 | \$0.5 | \$135.1 |
| | BIENNIAL CHANGE | (27.8%) | 52.3% | (64.3%) | (75.0%) | (15.7%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Local Park, Boating Access and Other Grants | | | | | | |
| An All Funds decrease of \$46.7 million, which includes a decrease of \$30 million from GR-related funds and \$16.7 million in Federal Funds to suspend grants for new local parks, boating access, and trails for the 2012–13 biennium and reduce existing program administration costs by 50 percent (includes 8.5 FTE reductions). | EST/BUD 2010–11 | \$26.6 | \$4.9 | \$16.7 | \$0.0 | \$48.2 |
| | REC 2012–13 | \$1.4 | \$0.1 | \$0.0 | \$0.0 | \$1.5 |
| | BIENNIAL CHANGE | (94.7%) | (98.0%) | (100.0%) | NA | (96.9%) |
| Law Enforcement Programs and Game Warden Training | | | | | | |
| An All Funds decrease of \$7.0 million, which includes: <ul style="list-style-type: none"> a \$5.3 million decrease in Federal Funds due to the one-time purchase of nine safe boat patrol vessels through stimulus and port security grants (\$2.2 million), an expected decrease in formula grants for boating safety financial assistance (\$1.8 million), and completed environmental research laboratory grants (\$0.6 million); a net \$1.6 million decrease in General Revenue–Dedicated Game, Fish and Water Safety Account No. 9; which reflects a \$3.6 million decrease related to suspending capital budget funding for vehicle replacement cycles in 2012–13, offset by an agency-requested increase of \$2.0 million; Border Security: Recommendations continue funding for border security efforts, including 30 FTEs, at 100 percent of 2010–11 funding levels, or \$3.8 million in General Revenue Funds and General Revenue–Dedicated Funds. | EST/BUD 2010–11 | \$4.1 | \$84.8 | \$12.6 | \$0.8 | \$102.4 |
| | REC 2012–13 | \$4.1 | \$83.2 | \$7.3 | \$0.7 | \$95.4 |
| | BIENNIAL CHANGE | 0.0% | (1.9%) | (42.1%) | (12.5%) | (6.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Infrastructure Improvements, Major Repairs and Administration | | | | | | |
| An All Funds decrease of \$49.8 million, which includes a decrease of \$32.5 million in GR–related projects, including a decrease in pass-through funding to the General Land Office for coastal erosion projects (\$1.5 million), \$9.1 million in Federal Funds, and \$8.2 million in Other Funds, mostly General Obligation (GO) Bond proceeds for completed capital construction projects. (See Multi-Agency Issues, Funding for Coastal Erosion Programs for more on coastal erosion recommendations.) | EST/BUD 2010–11 | \$38.1 | \$25.8 | \$10.6 | \$58.0 | \$132.6 |
| | REC 2012–13 | \$22.5 | \$8.9 | \$1.5 | \$49.9 | \$82.7 |
| | BIENNIAL CHANGE | (40.9%) | (65.5%) | (85.8%) | (14.0%) | (37.6%) |
| <ul style="list-style-type: none"> Other GR–related fund decreases include reductions for completed Hurricane Ike–related repairs at Sea Rim and Galveston Island state parks, other parks and wildlife management areas, as well as the Sea Center fish hatchery (\$12.6 million); other completed wildlife and fishery infrastructure repairs (\$17.1 million); and \$1.3 million related to a 50 percent reduction in the infrastructure design program (including 11 FTE reductions) to reflect the suspension of new improvement and repair projects in 2012–13 (\$1 million) and capital budget funding for vehicle replacement cycles (\$0.3 million). | | | | | | |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| <ul style="list-style-type: none"> • Construction UBs: recommendations provide \$8.2 million in unexpended balances (UBs) for prior year issuances of GO Bonds carried forward from 2011 to fiscal year 2013. Project spending on weather-related repairs at Mother Neff State Park (\$5.7 million) and Palo Duro Canyon State Park (\$2.5 million) is deferred for one year, with \$35.9 million in UBs in GO bond proceeds for other projects carried forward from 2011 to 2012, including the Battleship TEXAS (\$24.7 million). Other UBs carried forward from 2011 to 2012 include \$749,951 from the Game, Fish and Water Safety Account No. 9 for wildlife and fishery construction projects, and \$5.7 million in Appropriated Receipts, primarily for the new Game Warden Training Center. Due to the recommended deferral of new and existing construction projects in the 2012–13 biennium, 11.1 construction-related FTEs are also reduced (\$340,614 from GR-related funds). | | | | | | |
| Land Acquisition | | | | | | |
| An All Funds decrease of \$15.1 million, which includes a decrease of \$13.9 million in GR-related funds (\$9.3 million in proceeds from the sale of Eagle Mountain Lake and \$4.6 million for future park land purchases); a decrease of \$1 million in federal funds; and a decrease of \$0.3 million in Appropriated Receipts. | EST/BUD 2010–11 | \$0.3 | \$14.1 | \$1.0 | \$0.3 | \$15.7 |
| | REC 2012–13 | \$0.0 | \$0.5 | \$0.0 | \$0.0 | \$0.5 |
| | BIENNIAL CHANGE | (100.0%) | (96.5%) | (100.0%) | (100.0%) | (96.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Indirect Administration | | | | | | |
| An All Funds decrease of \$8.5 million, which includes a decrease of \$7.6 million in GR-related funds for a 15 percent reduction in agency administration, including 38.2 FTEs (\$5.2 million), the suspension of capital budget funding for information technology replacement cycles (a net decrease of \$2.5 million); and a \$0.9 million reduction in Federal Funds. | EST/BUD 2010–11 | \$1.0 | \$48.1 | \$1.4 | \$0.1 | \$50.6 |
| | REC 2012–13 | \$3.7 | \$37.9 | \$0.5 | \$0.0 | \$42.0 |
| | BIENNIAL CHANGE | 270.0% | (21.2%) | (64.3%) | (100.0%) | (17.0%) |
| RAILROAD COMMISSION | | | | | | |
| Alternative Energy Marketing, Public Education, and Liquid Propane Gas Rebates | | | | | | |
| Recommendations provide for a 50 percent reduction in funding for Alternative Energy Resource Marketing and Public Education and for the Distribution of Liquid Propane (LP) Gas Rebates as compared to the 2010–11 biennium expended/budgeted amounts, including 4.8 FTEs. This is expected to result in approximately 50 percent fewer marketing and education activities as well as 50 percent fewer grants/rebates to promote the use of LP Gas. Also included is a decrease of \$3.7 million in Federal Funds for a one-time grant from the U.S. Department of Energy for the Texas Propane Fleet Pilot Program; and a decrease of \$14.8 million in Interagency Contracts (Other Funds) because of a one-time Texas Emissions Reduction Plan grant for propane equipment rebates in 2010–11 (\$11.7 million) and a Transportation Energy Efficiency grant from the State Energy Conservation Office (\$3.1 million), which provides for the purchase of propane vehicles for schools. | EST/BUD 2010–11 | \$1.0 | \$3.3 | \$7.2 | \$17.0 | \$28.6 |
| | REC 2012–13 | \$0.7 | \$1.7 | \$3.5 | \$2.3 | \$8.3 |
| | BIENNIAL CHANGE | (29.1%) | (47.1%) | (51.1%) | (86.6%) | (71.1%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Oil and Gas Well Pluggings | | | | | | |
| Recommendations provide for a 25 percent reduction for State-Managed Oil and Gas Well Pluggings, including 9.7 FTEs, which is expected to result in an average six month delay in well plugging projects. Also included is a decrease of \$0.4 million in Federal Funds reflecting a one-time grant from the National Parks Service in 2010 to plug wells in the Neches River. | EST/BUD 2010–11 | \$2.4 | \$39.0 | \$0.4 | \$0.0 | \$41.8 |
| | REC 2012–13 | \$1.9 | \$29.4 | \$0.0 | \$0.0 | \$31.2 |
| | BIENNIAL CHANGE | (23.3%) | (24.6%) | (100.0%) | N/A | (25.2%) |
| State-Managed Site Cleanups | | | | | | |
| Recommendations provide for a 25 percent reduction in the State-Managed Site Cleanup program (remediation), including 3.9 FTEs, which is expected to result in an average six month delay in cleanups. Also included is a 12.5 percent reduction to the Operator Cleanup Assistance program, including 0.9 FTE, which is expected to result in an average 90-day delay in projects. | EST/BUD 2010–11 | \$1.2 | \$9.9 | \$0.2 | \$0.0 | \$11.3 |
| | REC 2012–13 | \$0.9 | \$7.6 | \$0.2 | \$0.0 | \$8.7 |
| | BIENNIAL CHANGE | (20.2%) | (23.6%) | 0.0% | N/A | (22.8%) |
| Oil and Gas Monitoring and Inspections—Field Operations and Enforcement | | | | | | |
| Recommendations provide for a 12.5 percent reduction in Field Operations and Enforcement including 35.4 FTEs, resulting in an average 90-day delay in agency inspection activities. Recommendations also reflect an additional decrease of \$0.6 million in General Revenue resulting from the completion of the District Field Operations Reporting and Management System Capital Budget Project and the transfer of a portion of that funding to the Energy Resource Development program. | EST/BUD 2010–11 | \$24.3 | \$1.9 | \$0.4 | \$0.1 | \$26.6 |
| | REC 2012–13 | \$20.7 | \$1.7 | \$0.4 | \$0.1 | \$22.8 |
| | BIENNIAL CHANGE | (14.9%) | (8.6%) | 1.4% | 0.0% | (14.2%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Surface Mining Monitoring and Inspections | | | | | | |
| Recommendations reflect a 12.5 percent reduction to the Surface Mining Inspections and Applications and Permits programs (\$0.6 million in General Revenue), including 4.1 FTEs, which is expected to result in an average 90-day delay in permit processing and enforcement. Also included in recommendations is a decrease of \$0.4 million in Federal Funds, reflecting the associated loss in matching funds resulting from the General Revenue reductions. | EST/BUD 2010–11 | \$3.9 | \$0.0 | \$2.6 | \$0.0 | \$6.5 |
| | REC 2012–13 | \$3.4 | \$0.0 | \$2.1 | \$0.0 | \$5.5 |
| | BIENNIAL CHANGE | (13.7%) | NA | (17.3%) | NA | (15.1%) |
| SOIL AND WATER CONSERVATION BOARD | | | | | | |
| Water Supply Enhancement | | | | | | |
| A \$4.3 million decrease in General Revenue Funds related to a 50 percent reduction to the Water Supply Enhancement Program for the 2012–13 biennium. This program removes water-depleting brush and trees, such as juniper, mesquite, and salt cedar through cost-sharing agreements with landowners. | EST/BUD 2010–11 | \$8.5 | \$0.0 | \$0.0 | \$0.0 | \$8.5 |
| | REC 2012–13 | \$4.3 | \$0.0 | \$0.0 | \$0.0 | \$4.3 |
| | BIENNIAL CHANGE | (50.0%) | NA | NA | NA | (50.0%) |
| Flood Control Dam Operation, Maintenance, and Structural Repair | | | | | | |
| A \$13.4 million decrease in General Revenue related to pausing of the Flood Control Dam Grant Program. This program provides operations and maintenance, structural repair, and rehabilitation needs to flood control dams across the State. This is a new program added by the Eighty-first Legislature. According to the agency, 14 percent of the most critical repair needs and 42 percent of operations and maintenance costs for flood control dams will be addressed with 2010–11 funds. | EST/BUD 2010–11 | \$13.4 | \$0.0 | \$0.0 | \$0.0 | \$13.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| WATER DEVELOPMENT BOARD | | | | | | |
| Reduce Funding to 2008–09 Amounts | | | | | | |
| A \$7.9 million decrease in General Revenue Funds in the following programs related to reducing funding to 2008–09 levels: Bays and Estuaries; Instream Flows; Groundwater Monitoring; Strategic Mapping; Groundwater Availability Modeling; Groundwater Technical Assistance; Water Availability Monitoring; Regional Water Planning; and the administration of the Economically Distressed Areas Program. | EST/BUD 2010–11 | \$21.6 | \$0.0 | \$0.0 | \$0.0 | \$21.6 |
| | REC 2012–13 | \$13.7 | \$0.0 | \$0.0 | \$0.0 | \$13.7 |
| | BIENNIAL CHANGE | (36.6%) | NA | NA | NA | (36.6%) |
| Capital Budget | | | | | | |
| A \$3.8 million decrease in General Revenue Funds related to zero-funding the following capital budget items: PC and Server Replacement; Strategic Mapping Pool; TxWise; Water Information Integration and Dissemination Project; Purchase of Vehicle and Boats, and Gauging and Other Equipment. | EST/BUD 2010–11 | \$3.8 | \$0.0 | \$0.0 | \$0.0 | \$3.8 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| Brackish Seawater Desalination Grants | | | | | | |
| A \$1.1 million decrease in General Revenue Funds related to zero-funding brackish seawater desalination grants. | EST/BUD 2010–11 | \$1.1 | \$0.0 | \$0.0 | \$0.0 | \$1.1 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100%) | NA | NA | NA | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

| IN MILLIONS | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| BUDGET RECOMMENDATION AND DESCRIPTION | | | | | | |
| DEBT SERVICE PAYMENTS - NON-SELF SUPPORTING G.O. WATER BONDS | | | | | | |
| EDAP Debt Service | | | | | | |
| An All Funds increase of \$2.0 million, including an increase of \$2.1 million in General Revenue and a decrease of \$0.1 million in Other Funds, primarily to fund 2012–13 debt service requirements for \$84.4 million in new GO Bonds issued for the Economically Distressed Areas Program in 2010–11. | EST/BUD 2010–11 | \$39.4 | \$0.0 | \$0.0 | \$4.9 | \$44.3 |
| | REC 2012–13 | \$41.5 | \$0.0 | \$0.0 | \$4.8 | \$46.3 |
| | BIENNIAL CHANGE | 5.3% | NA | NA | (2.0%) | 4.5% |
| State Participation Program | | | | | | |
| An All Funds increase of \$6.7 million, including increases of \$3.2 million in General Revenue and \$3.5 million in Other Funds, primarily to fund 2012–13 debt service requirements for \$225.1 million in new GO Bonds issued for the State Participation Program in 2010–11. | EST/BUD 2010–11 | \$15.6 | \$0.0 | \$0.0 | \$17.5 | \$33.1 |
| | REC 2012–13 | \$18.8 | \$0.0 | \$0.0 | \$21.0 | \$39.8 |
| | BIENNIAL CHANGE | 20.5% | NA | NA | 20.0% | 20.2% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 36

SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Water Infrastructure Fund | | | | | | |
| An All Funds increase of \$28.7 million, including a decrease of \$35.5 million in General Revenue and an increase of \$64.2 million in Other Funds, primarily to fund 2012–13 debt service requirements for \$473.4 million in new GO Bonds issued for the Water Infrastructure Fund in 2010–11. There is an expected decrease in General Revenue required to pay the debt service on Water Infrastructure GO Bonds due to an anticipated increase in loan repayments in the Water Infrastructure Fund No. 302, primarily due to bonds that were issued during fiscal years 2010 and 2011, for which two full years of repayments will be received in the 2012–13 biennium. | EST/BUD 2010–11 | \$82.0 | \$0.0 | \$0.0 | \$23.5 | \$105.5 |
| | REC 2012–13 | \$46.5 | \$0.0 | \$0.0 | \$87.7 | \$134.2 |
| | BIENNIAL CHANGE | (43.3%) | NA | NA | 273.2% | 27.2% |

BUSINESS AND ECONOMIC DEVELOPMENT

2012–13 BIENNIAL RECOMMENDATIONS

All Funds recommendations for Business and Economic Development total \$19.9 billion for the 2012–13 biennium, which is a decrease of \$3.3 billion, or 14.3 percent, from the 2010–11 biennium (Table 37).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$822.5 million, which is a decrease of \$145.6 million, or 15.0 percent from the 2010–11 biennium (Table 38).

Selected performance measures for agencies in the Business and Economic Development function are shown in Table 39.

TABLE 37
ALL FUNDS: BUSINESS AND ECONOMIC DEVELOPMENT

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Department of Housing and Community Affairs | \$2,756.8 | \$379.5 | (\$2,377.3) | (86.2%) |
| Texas Lottery Commission | 450.8 | 375.0 | (75.8) | (16.8) |
| Department of Motor Vehicles | 281.9 | 249.4 | (32.6) | (11.6) |
| Texas Department of Rural Affairs | 839.0 | 675.2 | (163.8) | (19.5) |
| Department of Transportation | 15,924.9 | 15,416.4 | (508.5) | (3.2) |
| Texas Workforce Commission | 2,402.8 | 2,201.3 | (201.5) | (8.4) |
| Reimbursements to the Unemployment Compensation Benefit Account | 62.4 | 55.9 | (6.5) | (10.4) |
| Subtotal, Business And Economic Development | \$22,718.7 | \$19,352.7 | (\$3,366.0) | (14.8%) |
| Retirement and Group Insurance | \$472.3 | \$488.5 | \$16.2 | 3.4% |
| Social Security and Benefit Replacement Pay | 131.3 | 134.9 | 3.6 | 2.7 |
| Subtotal, Employee Benefits | \$603.6 | \$623.4 | \$19.8 | 3.3% |

BUSINESS AND ECONOMIC DEVELOPMENT

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 37
ALL FUNDS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Bond Debt Service Payments | \$17.4 | \$27.3 | \$9.9 | 57.1% |
| Lease Payments | 2.3 | 2.3 | 0.1 | 4.1 |
| Subtotal, Debt Service | \$19.6 | \$29.6 | \$10.0 | 51.0% |
| Less Interagency Contracts | \$139.2 | \$117.0 | (\$22.2) | (16.0%) |
| Total Article VII – Business And Economic Development | \$23,202.8 | \$19,888.7 | (\$3,314.0) | (14.3%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

BUSINESS AND ECONOMIC DEVELOPMENT

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 38
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: BUSINESS AND ECONOMIC DEVELOPMENT

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Department of Housing and Community Affairs | \$46.5 | \$16.3 | (\$30.3) | (65.0%) |
| Texas Lottery Commission | 450.8 | 375.0 | (75.8) | (16.8) |
| Department of Motor Vehicles | 31.4 | 0.0 | (31.4) | (100.0) |
| Texas Department of Rural Affairs | 23.0 | 10.1 | (12.9) | (56.2) |
| Department of Transportation | 55.7 | 117.1 | 61.4 | 110.3 |
| Texas Workforce Commission | 299.2 | 234.8 | (64.4) | (21.5) |
| Reimbursements to the Unemployment Compensation Benefit Account | 19.3 | 17.3 | (2.0) | (10.1) |
| Subtotal, Business And Economic Development | \$926.0 | \$770.6 | (\$155.3) | (16.8%) |
| Retirement and Group Insurance | \$17.0 | \$17.0 | (\$0.0) | (0.1%) |
| Social Security and Benefit Replacement Pay | 6.0 | 5.9 | (0.1) | (2.2) |
| Subtotal, Employee Benefits | \$23.1 | \$22.9 | (\$0.2) | (0.7%) |
| Bond Debt Service Payments | \$16.8 | \$26.6 | \$9.8 | 58.1% |
| Lease Payments | 2.3 | 2.3 | 0.1 | 4.1 |
| Subtotal, Debt Service | \$19.1 | \$28.9 | \$9.9 | 51.7% |
| Total Article VII – Business And Economic Development | \$968.1 | \$822.5 | (\$145.6) | (15.0%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27

SELECTED PERFORMANCE MEASURES: BUSINESS AND ECONOMIC DEVELOPMENT

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|---|----------------|------------------|---------------------|---------------------|
| DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS | | | | |
| Percentage of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance | 0.4% | 0.4% | 0.4% | 0.4% |
| TEXAS LOTTERY COMMISSION | | | | |
| Number of Retail Business Locations Licensed | 16,758 | 16,800 | 16,900 | 17,000 |
| DEPARTMENT OF MOTOR VEHICLES | | | | |
| Total Number of Registered Vehicles | 21,570,282 | 21,893,836 | 22,222,244 | 22,555,577 |
| DEPARTMENT OF RURAL COMMUNITY AFFAIRS | | | | |
| Percentage of Small Communities' Population Benefiting from Public Facility, Economic Development, Housing Assistance, and Planning Projects | 70.0% | 75.0% | 74.0% | 31.0% |
| Number of New Community/Economic Development Contracts Awarded | 586 | 500 | 555 | 284 |
| DEPARTMENT OF TRANSPORTATION | | | | |
| Percent of Construction Projects Completed on Budget | 97.0% | 92.3% | 91.0% | 95.0% |
| Percent of Construction Projects Completed on Time | 74.0% | 81.0% | 70.0% | 70.0% |
| Percent of Bridges Rated in Good Condition or Higher | 80.3% | 81.1% | 81.8% | 82.5% |
| TEXAS WORKFORCE COMMISSION | | | | |
| Entered Employment Rate | 72.0% | 68.0% | 68.0% | 68.0% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SELECTED PERFORMANCE MEASURES: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|--|----------------|------------------|---------------------|---------------------|
| Average Temporary Assistance for Needy Families (TANF) Choices Participation Rate: Single -Parent Families | 40.0% | 40.0% | 40.0% | 40.0% |
| Average Number of Children Served Per Day, Transitional and At-Risk Services | 104,422 | 102,157 | 101,949 | 101,729 |
| Skills Development Customers Served | 31,504 | 27,049 | 20,609 | 20,607 |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS | | | | | | |
| Housing Trust Fund | | | | | | |
| Decreased General Revenue by \$10.3 million for Housing Trust Fund (HTF) grants which provides loans, grants, or other comparable forms of assistance to finance, acquire, rehabilitate, and develop affordable housing. | EST/BUD 2010–11 | \$22.0 | \$0.0 | \$0.0 | \$0.0 | \$22.0 |
| | REC 2012–13 | \$11.7 | \$0.0 | \$0.0 | \$0.0 | \$11.7 |
| | BIENNIAL CHANGE | (46.8%) | NA | NA | NA | (46.8%) |
| Homeless Housing and Services | | | | | | |
| Decreased General Revenue by \$20 million for homeless housing and services which provides case management and housing placement and retention services for homeless individuals and families. | EST/BUD 2010–11 | \$20.1 | \$0.0 | \$0.0 | \$0.0 | \$20.1 |
| | REC 2012–13 | \$0.1 | \$0.0 | \$0.0 | \$0.0 | \$0.1 |
| | BIENNIAL CHANGE | (99.5%) | NA | NA | NA | (99.5%) |
| Federal Funds Decrease | | | | | | |
| Decreased Federal Funds by \$1.2 billion due to a lower allotment of funds to Texas for Manufactured Housing Inspections, Community Development Block Grant Disaster Funds, National Foreclosure Mitigation Counseling Program, Low-Income Home Energy Assistance and Alternative Housing Pilot Funds. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$1,335.7 | \$0.0 | \$1,335.7 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$120.6 | \$0.0 | \$120.6 |
| | BIENNIAL CHANGE | NA | NA | (91.0%) | NA | (91.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Federal Funds Decreased for Federal American Recovery and Reinvestment Funds | | | | | | |
| Decreased Federal Funds by \$1.1 billion from the Federal American Recovery and Reinvestment Funds which will not be available in fiscal years 2012–13 for Homeless Prevention, Tax Credit Assistance Program, Housing Tax Credit Exchange Program, Weatherization Program and Community Service Block Grant funding. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$1,152.7 | \$0.0 | \$1,152.7 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$5.6 | \$0.0 | \$5.6 |
| | BIENNIAL CHANGE | NA | NA | (99.5%) | NA | (99.5%) |
| Federal Funds Increase | | | | | | |
| Increased Federal Funds by \$9.6 million due to a higher allotment of funds to Texas for Emergency Shelter Grants Program, HOME Investment Partnership Program, Weatherization Assistance for Low-Income and Community Services Block Grant funds. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$190.2 | \$0.0 | \$190.2 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$199.8 | \$0.0 | \$199.8 |
| | BIENNIAL CHANGE | NA | NA | 5.0% | NA | 5.0% |
| Increased Appropriated Receipts | | | | | | |
| Increased Appropriated Receipts funding from fee generated revenue by \$5.6 million, due to an anticipated increase in fees collected from housing related fees, Disaster Recovery Tax Credit Commitment fees and new Asset Management fees. Funds will be used to administer increased workload in the Tax Credit Assistance Program and the Tax Credit Exchange Program. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$31.4 | \$31.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$37.0 | \$37.0 |
| | BIENNIAL CHANGE | NA | NA | NA | 17.8% | 17.8% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| LOTTERY COMMISSION | | | | | | |
| Reduce Funding | | | | | | |
| Decrease General Revenue–Dedicated funding by \$37.5 million over the biennium for the Retailer Incentive Program. The rider authorizing the agency to spend these funds is retained in the bill pattern. | EST/BUD 2010–11 | \$0.0 | \$37.5 | \$0.0 | \$0.0 | \$37.5 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | NA | (100.0%) | NA | NA | (100.0%) |
| Reduce Capital Budget Funding | | | | | | |
| Decrease General Revenue–Dedicated funding by \$0.3 million for one time capital expenditures, including funding for a studio surveillance system and a telephone system upgrade. | EST/BUD 2010–11 | \$0.0 | \$0.6 | \$0.0 | \$0.0 | \$0.6 |
| | REC 2012–13 | \$0.0 | \$0.3 | \$0.0 | \$0.0 | \$0.3 |
| | BIENNIAL CHANGE | NA | (50.0%) | NA | NA | (50.0%) |
| Lottery Operator Contract | | | | | | |
| Decrease General Revenue–Dedicated funding by \$36.7 million to reflect estimated savings from the new Lottery Operator Contract. | EST/BUD 2010–11 | \$0.0 | \$202.5 | \$0.0 | \$0.0 | \$202.5 |
| | REC 2012–13 | \$0.0 | \$165.8 | \$0.0 | \$0.0 | \$165.8 |
| | BIENNIAL CHANGE | NA | (18.1%) | NA | NA | (18.1%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Bingo Operations | | | | | | |
| Decrease General Revenue by \$1.3 million for the reduction of 12.0 FTEs below the fiscal year 2011 level. | EST/BUD 2010–11 | \$30.8 | \$0.0 | \$0.0 | \$0.0 | \$30.8 |
| | REC 2012–13 | \$29.5 | \$0.0 | \$0.0 | \$0.0 | \$29.5 |
| | BIENNIAL CHANGE | (4.2%) | NA | NA | NA | (4.2%) |
| DEPARTMENT OF MOTOR VEHICLES | | | | | | |
| Vehicle Registration and Titling | | | | | | |
| Decreased State Highway Funds by \$18.7 million, including decreases of \$24.5 million for one-time expenditures in 2010-11, \$9.7 million for information technology enhancements and other operating costs, and \$15.1 million due to the transfer of funding to the Department of Insurance for ongoing maintenance of the motor vehicle financial responsibility verification system; offset by an increase of \$30.6 million for enhancements to the agency's vehicle titles and registration systems. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$216.6 | \$216.6 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$197.9 | \$197.9 |
| | BIENNIAL CHANGE | NA | NA | NA | (8.6%) | (8.6%) |
| Vehicle Dealer Regulation | | | | | | |
| Increased State Highway Funds by \$1.6 million to annualize salaries and operating expenses for the biennium at full staffing levels and provide funding for administrative hearings costs. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$15.0 | \$15.0 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$16.6 | \$16.6 |
| | BIENNIAL CHANGE | NA | NA | NA | 10.8% | 10.8% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Motor Carrier Registration | | | | | | |
| Increased All Funds by \$2.4 million, including an increase of \$2.8 million in State Highway Funds for motor carrier personnel and operating costs previously allocated to vehicle registration and titling; a decrease of \$2.3 million in General Revenue offset by an equal increase in State Highway Funds; and a decrease of \$0.4 million in Federal Funds. | EST/BUD 2010–11 | \$2.3 | \$0.0 | \$0.7 | \$2.4 | \$5.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.3 | \$7.5 | \$7.8 |
| | BIENNIAL CHANGE | (100.0%) | NA | (52.3%) | 216.2% | 45.0% |
| Automobile Theft Prevention | | | | | | |
| Reduced \$29.1 million in General Revenue Funds and \$2.2 million in State Highway Funds due to the elimination of funding for the Automobile Burglary and Theft Prevention Authority grants and administration. | EST/BUD 2010–11 | \$29.1 | \$0.0 | \$0.0 | \$2.2 | \$31.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | (100.0%) | (100.0%) |
| Indirect Administration | | | | | | |
| Increased State Highway Funds by \$13.4 million, including \$8.5 million for data center services costs previously funded by the Department of Transportation, \$3.2 million for information technology personnel previously allocated to vehicle registration and titling, and \$1.7 million to annualize salaries and operating expenses for the biennium at full staffing levels. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$13.6 | \$13.6 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$27.0 | \$27.0 |
| | BIENNIAL CHANGE | NA | NA | NA | 98.4% | 98.4% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| TEXAS DEPARTMENT OF RURAL AFFAIRS | | | | | | |
| Grants to Rural Communities | | | | | | |
| Decreased General Revenue by \$7.4 million and 4.0 FTEs over the biennium for a decrease in grants to rural communities. This program provided additional funds to supplement federal Community Development Block Grant funds to improve rural communities' public facilities and infrastructure. | EST/BUD 2010–11 | \$7.4 | \$0.0 | \$0.0 | \$0.0 | \$7.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| American Reinvestment and Recovery One-Time Funding | | | | | | |
| Decreased Federal Funds by \$0.3 for a reduction in one-time federal grant funds from the American Reinvestment and Recovery Act to fund additional community development grants. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.5 | \$0.0 | \$0.5 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.2 | \$0.0 | \$0.2 |
| | BIENNIAL CHANGE | NA | NA | (60.0%) | NA | (60.0%) |
| Disaster Recovery Federal Funds | | | | | | |
| Decreased Federal Funds by \$141.8 million due to the expenditure of one-time disaster recovery funds for the 2008 hurricane season. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$638.4 | \$0.0 | \$638.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$496.6 | \$0.0 | \$496.6 |
| | BIENNIAL CHANGE | NA | NA | (22.2%) | NA | (22.2%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Community Development Block Grants | | | | | | |
| Decreased Federal Funds by \$7.9 million due to an anticipated reduction in federal funds for non-disaster recovery Community Development Block Grants. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$171.8 | \$0.0 | \$171.8 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$163.9 | \$0.0 | \$163.9 |
| | BIENNIAL CHANGE | NA | NA | (4.6%) | NA | (4.6%) |
| Renewable Energy Program | | | | | | |
| Decreased General Revenue by \$3.1 million over the biennium for the elimination of the renewable energy program. This program provided grants to help rural communities use renewable energy to cut energy costs and develop new sources of drinking water through desalination. | EST/BUD 2010–11 | \$3.1 | \$0.0 | \$0.0 | \$0.0 | \$3.1 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| Outstanding Rural Scholar Loan Forgiveness Program | | | | | | |
| Decreased All Funds by \$1.6 million which includes decreased General Revenue and Appropriated Receipts by \$0.8 million each for the elimination of the Outstanding Rural Scholar Loan Forgiveness Program. This program used state funds to match local community funds to support a student in a health professional education program in exchange for future service in that rural community. | EST/BUD 2010–11 | \$0.8 | \$0.0 | \$0.0 | \$0.8 | \$1.6 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | (100.0%) | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Small Rural Hospital Health Information Technology Program | | | | | | |
| Decreased General Revenue by \$0.5 million over the biennium for the elimination of the Small Rural Hospital Health Information Technology Program. This program provided grants to clusters of small rural hospitals to connect their electronic health records. | EST/BUD 2010–11 | \$0.5 | \$0.0 | \$0.0 | \$0.0 | \$0.5 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| Medically Underserved State Match Incentive Program | | | | | | |
| Decreased General Revenue by \$0.3 million for the elimination of the Medically Underserved Community State Match Incentive Program. This program used state funds to match local funds to cover start-up costs for physicians to establish primary care practices in medically underserved areas. | EST/BUD 2010–11 | \$0.3 | \$0.0 | \$0.0 | \$0.0 | \$0.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| Physician Assistant Loan Repayment Program | | | | | | |
| Decreased General Revenue by \$0.2 million over the biennium to eliminate the Physician Assistant Loan Repayment Program which provided loan reimbursement to physician assistants who practiced in qualifying rural areas. | EST/BUD 2010–11 | \$0.2 | \$0.0 | \$0.0 | \$0.0 | \$0.2 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Texas Health Service Corps Program | | | | | | |
| Decreased General Revenue by \$0.2 million for the elimination of the Texas Health Service Corps Program, which provided incentives to primary care physicians in their residency to practice in medically underserved areas. | EST/BUD 2010–11 | \$0.2 | \$0.0 | \$0.0 | \$0.0 | \$0.2 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| Emergency Services District Assistance Program | | | | | | |
| Decreased All Funds by \$0.2 million which includes decreased General Revenue and Appropriated Receipts by \$0.1 million each for the elimination of the Emergency Services District Assistance Program, which provided technical assistance to rural volunteer fire departments and rural fire prevention districts converting to Emergency Service Districts. | EST/BUD 2010–11 | \$0.1 | \$0.0 | \$0.0 | \$0.1 | \$0.2 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | (100.0%) | (100.0%) |
| Rural Health Facility Capital Improvement | | | | | | |
| Decreased General Revenue–Dedicated by \$0.3 million due to the expenditure in fiscal year 2011 of previously deobligated funds for the Rural Health Facility Capital Improvement Program. | EST/BUD 2010–11 | \$0.0 | \$4.6 | \$0.0 | \$0.0 | \$4.6 |
| | REC 2012–13 | \$0.0 | \$4.3 | \$0.0 | \$0.0 | \$4.3 |
| | BIENNIAL CHANGE | NA | (6.5%) | NA | NA | (6.5%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| DEPARTMENT OF TRANSPORTATION | | | | | | |
| Transportation Planning, Design, and Management | | | | | | |
| Decreased All Funds by \$243.5 million for transportation planning, design, and management, which includes decreases of \$154.9 million in Proposition 12 (2007) General Obligation Bond Proceeds, \$90.6 million in State Highway Fund Bond Proceeds, and \$43.8 million in Texas Mobility Fund Bond Proceeds; and increases of \$30.2 million in State Highway Funds, \$7.5 million in State Highway Fund Toll Revenues, and \$8.1 million in Federal Funds. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$494.7 | \$746.8 | \$1,241.5 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$502.8 | \$495.2 | \$998.0 |
| | BIENNIAL CHANGE | NA | NA | 1.7% | (33.7%) | (19.6%) |
| Right-of-way Acquisition | | | | | | |
| Decreased \$354.7 million in All Funds for acquiring right-of-way, which includes decreases of \$133.2 million in State Highway Fund Bond Proceeds, \$89.5 million in Texas Mobility Fund Bond Proceeds, \$88.9 million in State Highway Fund Toll Revenues, \$39.5 million in Proposition 12 (2007) General Obligation Bond Proceeds, and \$38.8 million in State Highway Funds; and an increase of \$35.2 million in Federal Funds. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$147.2 | \$964.7 | \$1,111.9 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$182.4 | \$574.8 | \$757.2 |
| | BIENNIAL CHANGE | NA | NA | 23.9% | (40.4%) | (31.9%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Transportation Construction | | | | | | |
| Decreased All Funds by \$47.5 million, which includes decreases of \$515.7 million in Proposition 12 (2007) General Obligation Bond Proceeds, \$363.5 million in Texas Mobility Fund Bond Proceeds, \$396.9 million in Federal Funds from the American Recovery and Reinvestment Act, \$77.6 million in State Highway Fund Bond Proceeds, \$30.7 million General Obligation Bond Proceeds for border colonia projects, \$3.9 million in Appropriated Receipts, and \$1.7 million in State Highway Fund Concession Fees; and increases of \$519.9 million in State Highway Fund Toll Revenues, \$654.9 million in Federal Funds, and \$167.7 million in State Highway Funds. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$2,695.5 | \$2,461.9 | \$5,157.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$2,953.5 | \$2,156.3 | \$5,109.9 |
| | BIENNIAL CHANGE | NA | NA | 9.6% | (12.4%) | (0.9%) |
| Aviation Grants and Services | | | | | | |
| Decreased All Funds by \$2.4 million for general aviation grants and state flight services and maintenance operations, which includes decreases of \$20.5 million in Federal American Recovery and Reinvestment Act funds, \$18 million in Federal Funds, and \$3 million in Interagency Contracts; and an increase of \$39.1 million in State Highway Funds. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$138.5 | \$57.9 | \$196.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$100.0 | \$94.0 | \$194.0 |
| | BIENNIAL CHANGE | NA | NA | (27.8%) | 62.3% | (1.3%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Transportation System Maintenance and Preservation | | | | | | |
| Increased All Funds by \$122.1 million for maintaining and preserving the transportation system, which includes an increase of \$867.2 million in State Highway Funds offset by decreases of \$503.5 million in Federal American Recovery and Reinvestment Act funds, \$143.5 million in Federal Funds, \$94.9 million in State Highway Fund Bond Proceeds, \$2.4 million in General Revenue Funds (replaced with an equal amount of State Highway Funds), and \$0.8 million in Interagency Contracts. | EST/BUD 2010–11 | \$2.4 | \$1.3 | \$2,537.5 | \$3,128.8 | \$5,670.0 |
| | REC 2012–13 | \$0.0 | \$1.3 | \$1,890.5 | \$3,900.3 | \$5,792.1 |
| | BIENNIAL CHANGE | (100.0%) | 0.0% | (25.5%) | 24.7% | 2.2% |
| Ferry Operations and Maintenance | | | | | | |
| Increased All Funds by \$12.4 million for operating and maintaining two toll-free ferry systems, which includes an increase of \$17.7 million in State Highway Funds offset by a decrease of \$5.3 million in Federal Funds. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$5.3 | \$78.2 | \$83.5 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$95.9 | \$95.9 |
| | BIENNIAL CHANGE | NA | NA | (100.0%) | 22.7% | 14.9% |
| Public Transportation | | | | | | |
| Decreased All Funds by \$23.7 million to support and promote public transportation, which includes decreases of \$12.8 million in Federal American Recovery and Reinvestment Act funds and \$14.7 million in Federal Funds offset by an increase of \$3.8 million in State Highway Funds. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$148.2 | \$61.4 | \$209.6 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$120.7 | \$65.2 | \$185.9 |
| | BIENNIAL CHANGE | NA | NA | (18.6%) | 6.3% | (11.3%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Traffic Safety | | | | | | |
| Increased All Funds by \$30.1 million in All Funds for operating the statewide traffic safety program, which includes increases of \$19.5 million in Federal Funds, \$10 million in General Revenue Funds (contingent upon the enactment of legislation), and \$0.6 million in State Highway Funds. | EST/BUD 2010–11 | \$1.5 | \$0.0 | \$105.0 | \$17.3 | \$123.8 |
| | REC 2012–13 | \$11.5 | \$0.0 | \$124.5 | \$17.9 | \$153.9 |
| | BIENNIAL CHANGE | 666.7% | NA | 18.5% | 3.8% | 24.3% |
| Travel Information | | | | | | |
| Decreased State Highway Funds by \$2.2 million due to the discontinuation of funding for interagency agreements with the Commission on the Arts and Historical Commission. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$36.4 | \$36.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$34.2 | \$34.2 |
| | BIENNIAL CHANGE | NA | NA | NA | (6.0%) | (6.0%) |
| Rail Transportation | | | | | | |
| Increased All Funds by \$17.8 million for rail transportation planning and design, construction, and maintenance, which includes increases of \$33.4 million in Federal Funds and \$0.9 million in State Highway Funds; and decreases of \$11.7 million in General Revenue Funds and \$4.8 million in Federal American Recovery and Reinvestment Act funds. | EST/BUD 2010–11 | \$11.7 | \$0.0 | \$12.4 | \$11.1 | \$35.2 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$41.0 | \$12.0 | \$53.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | 230.7% | 8.6% | 50.6% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Indirect Administration | | | | | | |
| Reduced \$27.7 million in State Highway Funds for central administration, information resources support, and regional support services. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$434.0 | \$434.0 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$406.3 | \$406.3 |
| | BIENNIAL CHANGE | NA | NA | NA | (6.4%) | (6.4%) |
| Bond Debt Service Payments | | | | | | |
| Increased All Funds by \$9.8 million for bond debt service payments, which includes increases of \$65.2 million in General Revenue Funds, \$64.7 million in Federal Funds from Build America Bond interest payment subsidies, and \$33.9 million in Texas Mobility Funds; and a net decrease of \$154 million in State Highway Funds, which includes an increase of \$204.4 million for State Highway Fund Revenue Bond debt service offset by a decrease of \$358.4 million for the repayment of short term debt in 2010–11. | EST/BUD 2010–11 | \$36.8 | \$0.0 | \$61.1 | \$1,480.2 | \$1,578.1 |
| | REC 2012–13 | \$102.0 | \$0.0 | \$125.8 | \$1,360.1 | \$1,587.9 |
| | BIENNIAL CHANGE | 177.2% | NA | 105.9% | (8.1%) | 0.6% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| TEXAS WORKFORCE COMMISSION | | | | | | |
| Employment and Community Services | | | | | | |
| Decreased General Revenue by \$15 million for public-private partnerships with employers to move Texans off of public benefits in the workforce. | EST/BUD 2010–11 | \$15.0 | \$0.0 | \$0.0 | \$0.0 | \$15.0 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| Skills Development Program | | | | | | |
| Decreased General Revenue by \$30 million for customized job training programs administered by the agency in collaboration with businesses, community and technical colleges, Local Workforce Development Boards and economic development partners. | EST/BUD 2010–11 | \$78.5 | \$0.0 | \$0.0 | \$0.0 | \$78.5 |
| | REC 2012–13 | \$48.5 | \$0.0 | \$0.0 | \$0.0 | \$48.5 |
| | BIENNIAL CHANGE | (38.2%) | NA | NA | NA | (38.2%) |
| Project Reintegration of Offenders (RIO) | | | | | | |
| Decreased General Revenue by \$19.4 million to eliminate Project RIO which provides a link between education, training and employment for participants during incarceration and employment, training and education after release. | EST/BUD 2010–11 | \$19.4 | \$0.0 | \$0.0 | \$0.0 | \$19.4 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)
 IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Federal Funds Decrease | | | | | | |
| Decreased Federal Funds by \$40.7 million due to a lower allotment of funds to Texas beginning in fiscal years 2011 for State Administrative Matching Grants for Food Stamp Program, Labor Forces Statistics, Employment Service, Senior Community Service Employment Program, Workforce Investment Act - Adult, Youth and Dislocated Workers, Work Incentive Grants, Work Opportunity Tax Credit Programs and Temporary Assistance for Needy Families. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$572.9 | \$0.0 | \$572.9 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$532.2 | \$0.0 | \$532.2 |
| | BIENNIAL CHANGE | NA | NA | (7.1%) | NA | (7.1%) |
| Federal Funds Decrease for Federal American Recovery and Reinvestment Funds | | | | | | |
| Decreased Federal Funds by \$152.5 million from the Federal American Recovery and Reinvestment Funds which will not be available in fiscal years 2012-13. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$178.3 | \$0.0 | \$178.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$25.8 | \$0.0 | \$25.8 |
| | BIENNIAL CHANGE | NA | NA | (85.5%) | NA | (85.5%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Federal Funds Increase | | | | | | |
| Increased Federal Funds by \$69.4 million due to a higher allotment of funds to Texas for Fair Housing Assistance Program, Unemployment Insurance, Trade Adjustment Assistance Workers, Workforce Investment Act - Dislocated Workers, Temporary Labor Certification for Foreign Workers, Employment Discrimination, Child Care and Development Block Grant, and Child Care Mandatory and Matching Funds. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$1,262.3 | \$0.0 | \$1,262.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$1,331.7 | \$0.0 | \$1,331.7 |
| | BIENNIAL CHANGE | NA | NA | 5.5% | NA | 5.5% |
| Decreased Interagency Contracts for Noncustodial Parent (NCP) Choices Program and Decrease in Stimulus Funding for Child Care Services | | | | | | |
| Decreased Interagency Contracts by \$13.4 million. This includes a \$2.0 million decrease in funding from the Office of the Attorney General for Noncustodial Parent Choices Program and a \$12 million decrease in Stimulus funding which will not be available in fiscal years 2012–13 from the Texas Department of Family and Protective Services (DFPS) for child care services. The DFPS utilizes TWC's child care delivery system to provide child care for children in foster care and for children needing protective services. Amounts are offset by an anticipated increase of \$0.6 million in Third Party reimbursements from Local Workforce Development Boards. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$90.1 | \$90.1 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$76.7 | \$76.7 |
| | BIENNIAL CHANGE | NA | NA | NA | (14.8%) | (14.8%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 40
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| REIMBURSEMENTS TO THE UNEMPLOYMENT COMPENSATION BENEFIT ACCOUNT | | | | | | |
| Estimated Decrease in the States Unemployment Compensation Reimbursement to Former State Employees | | | | | | |
| Estimated decrease in All Funds by \$6.5 million for other personnel costs for an anticipated decrease in unemployment benefits paid to all former state employees based on the Comptroller of Public Accounts estimates of a decrease in unemployment. This includes \$2.0 million in General Revenue–Dedicated Funds and \$4.5 million in Interagency Transfers. | EST/BUD 2010–11 | \$0.0 | \$19.3 | \$0.0 | \$43.1 | \$62.4 |
| | REC 2012–13 | \$0.0 | \$17.3 | \$0.0 | \$38.6 | \$55.9 |
| | BIENNIAL CHANGE | 0.0% | (10.4%) | 0.0% | (10.4%) | (10.6%) |

REGULATORY

2012–13 BIENNIAL RECOMMENDATIONS

All Funds recommendations for Regulatory total \$522.1 million for the 2012–13 biennium, which is a decrease of \$276.6 million, or 34.6 percent, from the 2010–11 biennium (Table 41).

For General Revenue Funds and General Revenue–Dedicated Funds, the recommendations total \$492.4 million, which is a decrease of \$246.8 million, or 33.4 percent, from the 2010–11 biennium (Table 42).

Selected performance measures for agencies in the Regulatory function are shown in Table 43.

**TABLE 41
ALL FUNDS: REGULATORY**

IN MILLIONS

| AGENCY | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|--|-----------------------------------|------------------------|--------------------|----------------------|
| State Office of Administrative Hearings | \$18.7 | \$20.5 | \$1.8 | 9.8% |
| Board of Chiropractic Examiners | 1.2 | 1.1 | (0.1) | (9.8) |
| Texas State Board of Dental Examiners | 4.9 | 4.4 | (0.5) | (10.3) |
| Funeral Service Commission | 1.5 | 1.5 | (0.1) | (3.8) |
| Board of Professional Geoscientists | 1.3 | 1.2 | (0.1) | (10.2) |
| Health Professions Council | 3.3 | 1.7 | (1.6) | (47.6) |
| Office of Injured Employee Counsel | 15.5 | 14.7 | (0.9) | (5.6) |
| Department of Insurance | 251.3 | 218.0 | (33.3) | (13.2) |
| Office of Public Insurance Counsel | 2.1 | 2.1 | (0.1) | (3.3) |
| Board of Professional Land Surveying | 0.9 | 0.9 | (0.0) | (0.4) |
| Department of Licensing and Regulation | 48.6 | 45.8 | (2.8) | (5.7) |
| Texas Medical Board | 22.3 | 21.7 | (0.6) | (2.9) |
| Texas Board of Nursing | 18.6 | 16.5 | (2.1) | (11.5) |
| Optometry Board | 1.0 | 0.9 | (0.1) | (8.2) |
| Board of Pharmacy | 10.8 | 9.7 | (1.2) | (10.9) |
| Executive Council of Physical Therapy & Occupational Therapy Examiners | 2.1 | 2.1 | 0.0 | 2.2 |

REGULATORY

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 41
ALL FUNDS: REGULATORY (CONTINUED)

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Board of Plumbing Examiners | \$4.6 | \$4.0 | (\$0.6) | (12.0%) |
| Board of Podiatric Medical Examiners | 0.5 | 0.5 | (0.0) | (0.5) |
| Board of Examiners of Psychologists | 1.8 | 1.6 | (0.2) | (9.9) |
| Racing Commission | 17.2 | 18.0 | 0.7 | 4.2 |
| Real Estate Commission | 15.5 | 14.5 | (0.9) | (5.9) |
| Residential Construction Commission | 3.1 | 0.0 | (3.1) | (100.0) |
| Securities Board | 13.1 | 12.9 | (0.2) | (1.4) |
| Public Utility Commission of Texas | 248.7 | 25.2 | (223.6) | (89.9) |
| Office of Public Utility Counsel | 3.3 | 3.0 | (0.3) | (10.0) |
| Board of Veterinary Medical Examiners | 1.9 | 1.7 | (0.2) | (10.0) |
| Subtotal, Regulatory | \$713.9 | \$444.0 | (\$269.8) | (37.8%) |
| Retirement and Group Insurance | \$71.5 | \$69.4 | (\$2.1) | (2.9%) |
| Social Security and Benefit Replacement Pay | 26.3 | 26.0 | (0.3) | (1.1) |
| Subtotal, Employee Benefits | \$97.8 | \$95.5 | (\$2.4) | (2.4%) |
| Lease Payments | \$3.8 | \$2.6 | (\$1.3) | (33.4%) |
| Subtotal, Debt Service | \$3.8 | \$2.6 | (\$1.3) | (33.4%) |
| Less Interagency Contracts | \$16.8 | \$19.9 | \$3.1 | 18.3% |
| Total Article VIII – Regulatory | \$798.7 | \$522.1 | (\$276.6) | (34.6%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

REGULATORY

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 42
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: REGULATORY

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| State Office of Administrative Hearings | \$6.6 | \$6.6 | (\$0.0) | (0.3%) |
| Board of Chiropractic Examiners | 1.1 | 1.0 | (0.1) | (10.0) |
| Texas State Board of Dental Examiners | 4.6 | 4.1 | (0.5) | (10.8) |
| Funeral Service Commission | 1.4 | 1.4 | (0.1) | (4.1) |
| Board of Professional Geoscientists | 1.3 | 1.2 | (0.1) | (10.2) |
| Health Professions Council | 0.0 | 0.0 | 0.0 | NA |
| Office of Injured Employee Counsel | 15.5 | 14.7 | (0.9) | (5.6) |
| Department of Insurance | 200.2 | 193.6 | (6.6) | (3.3) |
| Office of Public Insurance Counsel | 2.0 | 1.9 | (0.2) | (7.7) |
| Board of Professional Land Surveying | 0.9 | 0.9 | (0.0) | (0.4) |
| Department of Licensing and Regulation | 46.8 | 44.0 | (2.8) | (5.9) |
| Texas Medical Board | 22.2 | 21.6 | (0.6) | (2.9) |
| Texas Board of Nursing | 16.3 | 14.1 | (2.1) | (13.2) |
| Optometry Board | 0.9 | 0.8 | (0.1) | (9.7) |
| Board of Pharmacy | 10.8 | 9.7 | (1.2) | (10.9) |
| Executive Council of Physical Therapy & Occupational Therapy Examiners | 1.9 | 1.9 | 0.0 | 2.4 |
| Board of Plumbing Examiners | 4.5 | 4.0 | (0.5) | (12.1) |
| Board of Podiatric Medical Examiners | 0.5 | 0.5 | (0.0) | (0.1) |
| Board of Examiners of Psychologists | 1.6 | 1.4 | (0.2) | (10.7) |
| Racing Commission | 17.2 | 18.0 | 0.7 | 4.2 |
| Real Estate Commission | 15.1 | 14.2 | (0.9) | (6.1) |
| Residential Construction Commission | 3.1 | 0.0 | (3.1) | (100.0) |
| Securities Board | 13.1 | 12.9 | (0.2) | (1.4) |

REGULATORY

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 42
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: REGULATORY (CONTINUED)

| IN MILLIONS | ESTIMATED/ BUDGETED 2010–11 | RECOMMENDED 2012–13 | BIENNIAL CHANGE | PERCENTAGE CHANGE |
|---|-----------------------------------|------------------------|--------------------|----------------------|
| AGENCY | | | | |
| Public Utility Commission of Texas | \$246.1 | \$22.9 | (\$223.2) | (90.7%) |
| Office of Public Utility Counsel | 3.3 | 3.0 | (0.3) | (10.0) |
| Board of Veterinary Medical Examiners | 1.9 | 1.7 | (0.2) | (10.0) |
| Subtotal, Regulatory | \$639.1 | \$395.9 | (\$243.2) | (38.0%) |
| Retirement and Group Insurance | \$70.7 | \$68.6 | (\$2.1) | (2.9%) |
| Social Security and Benefit Replacement Pay | 25.6 | 25.3 | (0.3) | (1.1) |
| Subtotal, Employee Benefits | \$96.3 | \$94.0 | (\$2.3) | (2.4%) |
| Lease Payments | \$3.8 | \$2.6 | (\$1.3) | (33.4%) |
| Subtotal, Debt Service | \$3.8 | \$2.6 | (\$1.3) | (33.4%) |
| Total Article VIII – Regulatory | \$739.2 | \$492.4 | (\$246.8) | (33.4%) |

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum due to rounding.

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SELECTED PERFORMANCE MEASURES: REGULATORY

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|---|----------------|------------------|---------------------|---------------------|
| ALL AGENCIES | | | | |
| Total Number of Individuals Licensed | 1,715,754 | 1,756,586 | 1,861,842 | 1,893,580 |
| OFFICE OF INJURED EMPLOYEE COUNSEL | | | | |
| Percentage of Texas Department of Insurance Administrative Dispute Resolution Proceedings in which an Ombudsman assisted an Unrepresented Injured Employee | 39% | 39% | 37% | 37% |
| DEPARTMENT OF INSURANCE | | | | |
| Number of Complaints Resolved | 24,484 | 23,350 | 21,800 | 21,800 |
| Percent of Companies Rehabilitated after TDI Solvency- Related Intervention | 29% | 18% | 16% | 16% |
| Average Number of Days to Resolve Indemnity Disputes through Resolution Proceedings | 115 | 112 | 85 | 85 |
| Number of Workplace Safety Consultations and Inspections Provided to Employers | 2,820 | 3,058 | 3,000 | 3,000 |
| PUBLIC UTILITY COMMISSION | | | | |
| Percentage of Texas Cities Served by Three or More Certified Telecommunications Providers | 78.7% | 80.0% | 80.0% | 80.0% |
| Average Annual Residential Telephone Bill in Texas as a Percentage of the National Average | 99.5% | 99.6% | 105.9% | 112.3% |
| Average Annual Residential Electric Bill from Competitive Suppliers as a Percentage of the National Average | 155.0% | 159.9% | 159.9% | 159.9% |
| Average Price of Electricity per kWh in Texas for Residential Customers from Competitive Suppliers as a Percentage of the National Residential Average | 116.2% | 127.6% | 127.6% | 127.6% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SELECTED PERFORMANCE MEASURES: REGULATORY (CONTINUED)

| MEASURE | ACTUAL 2010 | BUDGETED 2011 | RECOMMENDED 2012 | RECOMMENDED 2013 |
|---|----------------|------------------|---------------------|---------------------|
| Percentage of Eligible Low-Income Customers Provided a Discount for Electric Service | 95.3% | 95.0% | 0.0% | 0.0% |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| STATE OFFICE OF ADMINISTRATIVE HEARINGS | | | | | | |
| Budget Increase and Staffing Levels | | | | | | |
| Increase in Interagency Contract funding by \$1.8 million and FTEs by 12.0 for anticipated caseload increases from the Division of Workers Compensation at the Department of Insurance. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$5.3 | \$5.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$7.1 | \$7.1 |
| | BIENNIAL CHANGE | NA | NA | NA | 34.0% | 34.0% |
| HEALTH PROFESSIONS COUNCIL | | | | | | |
| Health Professions Council Shared Regulatory Database Implementation Reductions | | | | | | |
| Decrease Interagency Contract funding by \$1.6 million for implementation costs associated with the Health Professions Council Shared Regulatory Database. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$3.3 | \$3.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$1.7 | \$1.7 |
| | BIENNIAL CHANGE | NA | NA | NA | (48.5%) | (48.5%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| TEXAS DEPARTMENT OF INSURANCE | | | | | | |
| Program Reductions | | | | | | |
| Decreased All Funds by \$10.0 million which includes decreased General Revenue—Insurance Maintenance Tax in the amount of \$3.6 million and General Revenue—Dedicated Fund 36 in the amount of \$6.4 million over the biennium for 94.0 FTEs below the fiscal year 2011 level. | EST/BUD 2010–11 | \$72.0 | \$126.3 | \$0.0 | \$0.0 | \$198.3 |
| | REC 2012–13 | \$68.4 | \$119.9 | \$0.0 | \$0.0 | \$188.3 |
| | BIENNIAL CHANGE | (5.0%) | (5.1%) | NA | NA | (5.0%) |
| Capital Expenditures One-Time Funding | | | | | | |
| Decreased All Funds by \$1.9 million which includes decreased General Revenue—Insurance Maintenance Tax in the amount of \$0.6 million and General Revenue—Dedicated Fund 36 in the amount of \$1.3 million over the biennium for the reduction of capital budget funding and authority for the replacement of computers, software, and vehicles. | EST/BUD 2010–11 | \$0.6 | \$1.3 | \$0.0 | \$0.0 | \$1.9 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | (100.0%) | NA | NA | (100.0%) |
| Texas Mutual Insurance Company One-Time Grant Funding | | | | | | |
| Decreased Other Funds by \$0.9 million over the biennium due to the expenditure of a one-time grant from the Texas Mutual Insurance Company to the Texas Department of Insurance-Division of Workers Compensation. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$0.9 | \$0.9 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | NA | NA | NA | (100.0%) | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Collection of One-Time Insurance Fines | | | | | | |
| Decreased Other Funds by \$1.5 million over the biennium due to the one-time increase through rider appropriation in collections of insurance fines in excess of the amount listed in the Biennial Revenue Estimate. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$1.5 | \$1.5 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | NA | NA | NA | (100.0%) | (100.0%) |
| Federal Funds - One-time Assistance to Firefighters Grant | | | | | | |
| Decreased Federal Funds by \$0.6 million due to the expenditure of the one-time funding from the Assistance to Firefighters Grant. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.6 | \$0.0 | \$0.6 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | NA | NA | (100.0%) | NA | (100.0%) |
| Federal Funds - Office of Safety and Health Administration Grant | | | | | | |
| Decreased Federal Funds by \$0.2 million due to a decrease in federal grant funding from the Office of Safety and Health Administration. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$4.7 | \$0.0 | \$4.7 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$4.5 | \$0.0 | \$4.5 |
| | BIENNIAL CHANGE | NA | NA | (4.3%) | NA | (4.3%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Healthy Texas Program | | | | | | |
| Decreased funding from the Healthy Texas Small Employer Premium Stabilization Fund by \$34.8 million for the Healthy Texas Program. The agency has unexpended balance authority across bienniums for this fund. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$34.8 | \$34.8 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | NA | NA | NA | (100.0%) | (100.0%) |
| TexasSure | | | | | | |
| Increased funding from State Highway Fund No. 006 by \$8.5 million for the transfer of the TexasSure funding from the Department of Motor Vehicles to TDI. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$8.5 | \$8.5 |
| | BIENNIAL CHANGE | NA | NA | NA | NA | NA |
| Contingency Regulatory Response Rider | | | | | | |
| Increased All Funds by \$4.4 million which includes increased General Revenue—Insurance Maintenance Tax in the amount of \$2.9 million and General Revenue—Dedicated Fund 36 in the amount of \$1.5 million over the biennium for a contingency regulatory response rider to be activated for a significant change in the insurance regulatory environment, demands of federal healthcare reform implementation, a weather related disaster, a public health crisis, a fire that has been declared as a disaster situation, and non-weather related disasters. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | REC 2012–13 | \$2.9 | \$1.5 | \$0.0 | \$0.0 | \$4.4 |
| | BIENNIAL CHANGE | NA | NA | NA | NA | NA |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Payment and Delivery System Pilot Program | | | | | | |
| Increased General Revenue-Insurance Maintenance Tax by \$0.9 million over the biennium to develop a Payment and Delivery System Pilot Program contingent upon the enactment of legislation authorizing this function. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | REC 2012–13 | \$0.9 | \$0.0 | \$0.0 | \$0.0 | \$0.9 |
| | BIENNIAL CHANGE | NA | NA | NA | NA | NA |
| State Health Access Program | | | | | | |
| Increased the Interagency Contract funding by \$2.9 million for the contract with the Health and Human Services Commission as part of the State Health Access Program (SHAP). The funds are used in the Healthy Texas Program. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$6.9 | \$6.9 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$9.8 | \$9.8 |
| | BIENNIAL CHANGE | NA | NA | NA | 42.0% | 42.0% |
| DEPARTMENT OF LICENSING AND REGULATION | | | | | | |
| Capital Budget | | | | | | |
| Recommendations decrease capital budget authority and General Revenue funding by \$0.2 million for the replacement of two vehicles and for the scheduled replacement of desktops, laptops and monitors. | EST/BUD 2010–11 | \$1.1 | \$0.0 | \$0.0 | \$0.0 | \$1.1 |
| | REC 2012–13 | \$0.9 | \$0.0 | \$0.0 | \$0.0 | \$0.9 |
| | BIENNIAL CHANGE | (18.2%) | NA | NA | NA | (18.2%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Staffing Level Reductions | | | | | | |
| Decrease General Revenue by \$1.4 million and reduce the FTE cap by 11.0 FTEs for Central Administration, Customer Service and Licensing. | EST/BUD 2010–11 | \$35.3 | \$0.0 | \$0.0 | \$0.0 | \$35.3 |
| | REC 2012–13 | \$33.9 | \$0.0 | \$0.0 | \$0.0 | \$33.9 |
| | BIENNIAL CHANGE | (4.0%) | NA | NA | NA | (4.0%) |
| One-Time Implementation Costs | | | | | | |
| Decrease General Revenue by a net \$1.1 million for initial implementation costs for legislation enacted by the 81st Legislature. This includes decreases of \$956,000 for supplemental appropriations in House Bill 4586, \$100,000 to conduct a study on the drop fees on Tow Truck Companies in House Bill 2571 and \$73,440 for the regulation of Dog and Cat Breeders and Dealers in House Bill 2310. | EST/BUD 2010–11 | \$1.1 | \$0.0 | \$0.0 | \$0.0 | \$1.1 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| TEXAS BOARD OF NURSING | | | | | | |
| Program Reductions | | | | | | |
| Decrease General Revenue funding by \$1.8 million for agency anticipated reductions in criminal history background checks. | EST/BUD 2010–11 | \$3.6 | \$0.0 | \$0.0 | \$0.0 | \$3.6 |
| | REC 2012–13 | \$1.8 | \$0.0 | \$0.0 | \$0.0 | \$1.8 |
| | BIENNIAL CHANGE | (50.0%) | NA | NA | NA | (50.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| One-Time Merit Increase | | | | | | |
| Decrease General Revenue funding by \$0.2 million for one-time merit increases. | EST/BUD 2010–11 | \$0.2 | \$0.0 | \$0.0 | \$0.0 | \$0.2 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |
| BOARD OF PHARMACY | | | | | | |
| Health Professions Council Shared Regulatory Database One-Time Expenditures | | | | | | |
| Decrease General Revenue Funding by \$0.8 million over the biennium for one time expenditures associated with the Health Professions Council Shared Regulatory Database. | EST/BUD 2010–11 | \$0.9 | \$0.0 | \$0.0 | \$0.0 | \$0.9 |
| | REC 2012–13 | \$0.1 | \$0.0 | \$0.0 | \$0.0 | \$0.1 |
| | BIENNIAL CHANGE | (88.9%) | NA | NA | NA | (88.9%) |
| One-Time Expenditures | | | | | | |
| Decrease General Revenue funding by \$0.3 million over the biennium for one time expenditures, including purchase of computer equipment and vehicles, and funding received through the Controlled Substances Forfeiture Program. | EST/BUD 2010–11 | \$0.3 | \$0.0 | \$0.0 | \$0.0 | \$0.3 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE— DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|--|--------------------|-----------------------------|---|------------------|----------------|--------------|
| RACING COMMISSION | | | | | | |
| New Horse Racetracks | | | | | | |
| Increased General Revenue–Dedicated Fund 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 established in 1992. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | REC 2012–13 | \$0.0 | \$1.3 | \$0.0 | \$0.0 | \$1.3 |
| | BIENNIAL CHANGE | NA | NA | NA | NA | NA |
| Criminal History Background Checks | | | | | | |
| Increased General Revenue–Dedicated Fund 597 by \$0.6 over the biennium for the increasing cost of criminal history background checks. | EST/BUD 2010–11 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | REC 2012–13 | \$0.0 | \$0.6 | \$0.0 | \$0.0 | \$0.6 |
| | BIENNIAL CHANGE | NA | NA | NA | NA | NA |
| Program Reduction | | | | | | |
| Decreased General Revenue–Dedicated Fund 597 by \$0.9 million over the biennium for the reduction of 17.7 FTEs across all programs and a reduction in capital budget funding and authority to purchase computers and software upgrades. | EST/BUD 2010–11 | \$0.0 | \$7.2 | \$0.0 | \$0.0 | \$7.2 |
| | REC 2012–13 | \$0.0 | \$6.3 | \$0.0 | \$0.0 | \$6.3 |
| | BIENNIAL CHANGE | NA | (12.5%) | NA | NA | (12.5%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| Method of Finance Swap | | | | | | |
| Decreased General Revenue by \$1.5 million and increased General Revenue–Dedicated Fund 597 by \$1.5 million over the biennium to adjust for the method of finance swap in fiscal year 2010 due to the activation of rider 12, which allowed General Revenue to cover previous shortfalls in General Revenue–Dedicated revenue streams. | EST/BUD 2010–11 | \$1.5 | \$0.0 | \$0.0 | \$0.0 | \$1.5 |
| | REC 2012–13 | \$0.0 | \$1.5 | \$0.0 | \$0.0 | \$1.5 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | 0.0% |
| Texas Bred Incentive Program | | | | | | |
| Decreased General Revenue–Dedicated Fund 597 by \$0.2 million over the biennium for a reduction to the Texas Bred Incentive Program. The program provides additional purse money to horses and greyhounds bred in the state of Texas. | EST/BUD 2010–11 | \$0.0 | \$8.5 | \$0.0 | \$0.0 | \$8.5 |
| | REC 2012–13 | \$0.0 | \$8.3 | \$0.0 | \$0.0 | \$8.3 |
| | BIENNIAL CHANGE | NA | (2.4%) | NA | NA | (2.4%) |
| RESIDENTIAL CONSTRUCTION COMMISSION | | | | | | |
| The agency was not continued by the Eighty-first Legislature, 2009. | EST/BUD 2010–11 | \$3.1 | \$0.0 | \$0.0 | \$0.0 | \$3.1 |
| | REC 2012–13 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| | BIENNIAL CHANGE | (100.0%) | NA | NA | NA | (100.0%) |

BUDGET ISSUES AND RECOMMENDATIONS

2012–13 BIENNIAL RECOMMENDATIONS

TABLE 27
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: REGULATORY (CONTINUED)

IN MILLIONS

| BUDGET RECOMMENDATION AND DESCRIPTION | | GENERAL REVENUE FUNDS | GENERAL REVENUE– DEDICATED FUNDS | FEDERAL FUNDS | OTHER FUNDS | ALL FUNDS |
|---|--------------------|-----------------------------|---|------------------|----------------|--------------|
| PUBLIC UTILITY COMMISSION | | | | | | |
| Program Funding and Staffing | | | | | | |
| Decrease General Revenue Funding by \$2.1 million over the biennium for the reduction of 17.6 FTEs compared to the fiscal year 2011 level. Reductions are expected to delay the development of tools for companies to make filings via internet, result in longer wait times for customers who contact PUC by phone, result in delays in the development of rules, reduce staff participation in protocol development at the Electric Reliability Council of Texas, reduce staff participation in rate cases, and result in longer processing time for informal complaints. | EST/BUD 2010–11 | \$20.6 | \$0.0 | \$0.0 | \$0.0 | \$20.6 |
| | REC 2012–13 | \$18.5 | \$0.0 | \$0.0 | \$0.0 | \$18.5 |
| | BIENNIAL CHANGE | (10.2%) | NA | NA | NA | (10.2%) |
| System Benefit Fund | | | | | | |
| Decrease General Revenue–Dedicated Fund 5100 funding by \$221.1 million and 7.9 FTEs over the biennium. This includes a reduction of \$219.6 to the Low Income Discount Program (100 percent), and a \$1.5 million reduction to Customer Education. | EST/BUD 2010–11 | \$0.0 | \$225.5 | \$0.0 | \$0.0 | \$225.5 |
| | REC 2012–13 | \$0.0 | \$4.4 | \$0.0 | \$0.0 | \$4.4 |
| | BIENNIAL CHANGE | NA | (98.0%) | NA | NA | (98.0%) |