



LEGISLATIVE BUDGET BOARD

Summary of Committee Substitute for Senate Bill 1 2014–15 Biennium

SUBMITTED TO THE SENATE COMMITTEE ON FINANCE

PREPARED BY LEGISLATIVE BUDGET BOARD STAFF

MARCH 2013

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Summary of Committee Substitute for Senate Bill 1

**for the 2014–15 Biennium
March 2013**

Submitted to the 83rd Texas Legislature

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INTRODUCTION

The Senate Committee Substitute for Senate Bill 1 (CSSB 1) recommended appropriations for state government operations for the 2014–15 biennium total \$195.5 billion from all fund sources. The funding provides a

\$5.6 billion, or 2.9 percent, increase from the 2012–13 biennial level.

General Revenue Funds, including funds dedicated within the General Revenue Fund,

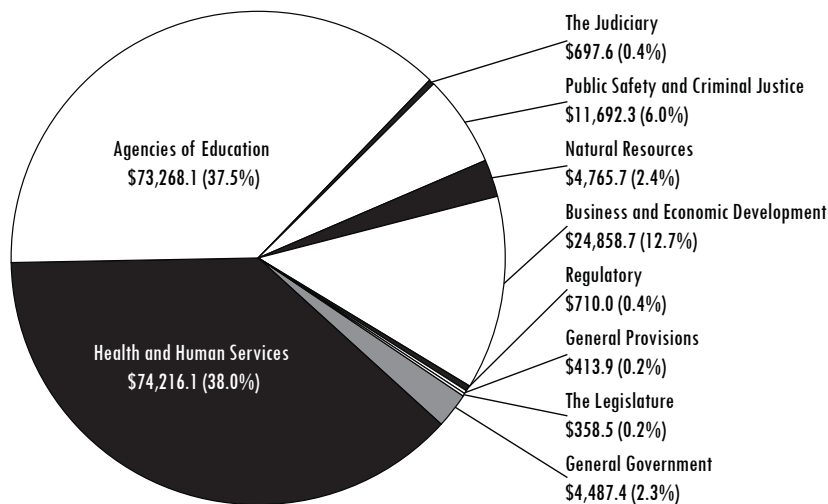
total \$100.5 billion for the 2014–15 biennium, an increase of \$6.7 billion, or 7.2 percent, from the anticipated 2012–13 biennial spending level. Figures 1 and 2 show the 2014–15 funding by government function.

2014–15 BIENNIAL RECOMMENDATIONS

**FIGURE 1
ALL FUNDS**

IN MILLIONS

TOTAL = \$195,468.3

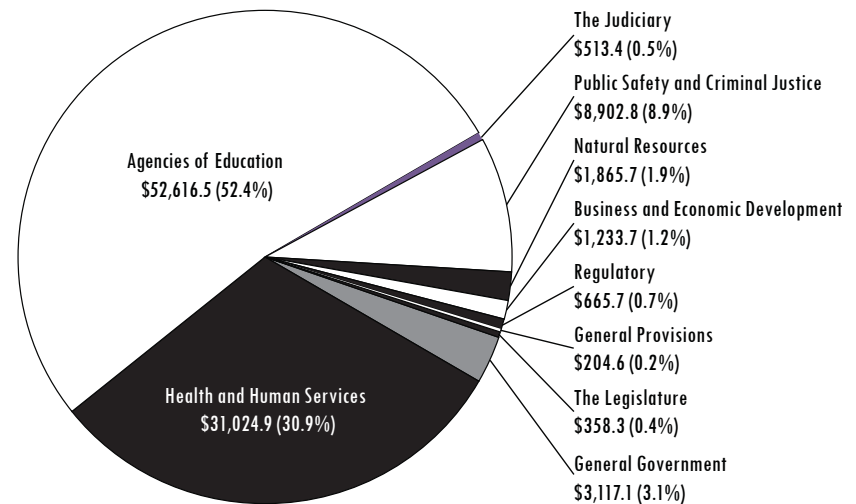


NOTES: Excludes Interagency Contracts.
Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

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

IN MILLIONS

TOTAL = \$100,502.7



HIGHLIGHTS OF THE RECOMMENDATIONS

For the 2014–15 biennium, the funding includes the following key budget items:

HEALTH AND HUMAN SERVICES

- \$58.7 billion in All Funds, including \$23.6 billion in General Revenue Funds and General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. Projected caseload growth in Medicaid is funded at \$874.8 million in General Revenue Funds. Funding levels assume a slightly less favorable Federal Medical Assistance Percentage (FMAP) that results in a higher proportion of General Revenue Funds. Funding (\$974.5 million in General Revenue Funds) is included for projected growth in costs, such as higher patient acuity, service utilization and medical inflation. Funding levels include a reduction of \$400.0 million in General Revenue Funds and \$963.2 million in All Funds for cost containment initiatives to be carried out in the 2014–15 biennium. Additionally, an increase of \$244.7 million in General Revenue Funds is included to expand statewide mental health services for children and adults.

PUBLIC EDUCATION

- \$39.6 billion in All Funds and \$31.8 billion in General Revenue Funds and General Revenue–Dedicated Funds is provided for the Foundation School Program (FSP). This represents an increase of \$1.5 billion in General Revenue Funds and \$1.7 billion in All Funds. The total funding level for the FSP provides for an increase in the

Basic Allotment from \$4,765 in both fiscal years to \$4,799 in fiscal year 2014 and \$4,874 in fiscal year 2015 and assumes that the Regular Program Adjustment Factor (RPAF) at 1.00, effectively eliminating this mechanism for reducing entitlement enacted in Senate Bill 1, Eighty-second Legislature, First Called Session. In continuation of the process begun by the Eighty-second Legislature, the FSP funding level provides for further reduction to amounts flowing to school districts through the Additional State Aid for Tax Reduction hold harmless by about \$575 million for the 2014–15 biennium. This hold harmless reduction is offset by the increases provided through the RPAF restoration and the Basic Allotment increases such that no district experiences a net loss of revenue per student. FSP funding also includes \$34.0 million contingent on enactment of legislation extending the weight applied for purposes of calculating the Career and Technology Education allotment in the FSP formula to students in the middle grades.

- The Committee Substitute for Senate Bill 1 assumes a statutory change reversing the deferral of the August 2013 FSP payment enacted by the Eighty-second Legislature.
- Outside the FSP, General Revenue Funds are increased by \$323.8 million. This amount includes \$230.6 million in

increased funding for the Instructional Materials Allotment, for which statute directs 50 percent of the distribution from the Permanent School Fund to the Available School Fund each year. Other increases include supplemental funding for prekindergarten programs (\$40 million) and additional funding for Project Share (\$20 million), the Student Success Initiative (\$14 million), Communities in Schools (\$10.4 million), and other programs.

HIGHER EDUCATION

- Higher Education is supported by \$16.8 billion in All Funds and \$14.6 billion in General Revenue Funds and General Revenue–Dedicated Funds. Included in this amount is an increase of \$571.9 million in General Revenue Funds for formula funding. Institutional enhancement funding for higher education is increased by \$31 million in General Revenue Funds. General Revenue Funds for tuition revenue bond debt service are included at requested levels for previously authorized debt. Funding of \$200 million for tuition revenue bond debt service for new projects is contingent upon legislation. Funding for residency at the Texas Higher Education Coordinating Board and the health-related institutions is increased by \$28 million. Patient income is not appropriated to health-related institutions, resulting in a decrease of \$6.1 billion in Other Funds. This funding is included in informational riders and health-related institutions will

HIGHLIGHTS OF THE RECOMMENDATIONS (CONTINUED)

continue to receive this funding. General Revenue Funds for TEXAS Grants at the Texas Higher Education Coordinating Board is increased by \$120 million. General Revenue–Dedicated Funds for the Physician Education Loan Repayment Program is increased by \$28.2 million. Higher Education Group Insurance contributions are increased \$229 million.

CRIMINAL JUSTICE

- \$5.1 billion in All Funds and \$4.9 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. Funding includes a \$102.3 million net increase in All Funds for the incarceration and treatment of adult offenders. General Revenue increases include: \$105.2 million for correctional officers' salary increases of 5 percent, \$61.7 million for correctional managed health care (CMHC), \$20.1 million for contract correctional facilities' per diem increases, \$11.7 million for vehicle replacements and \$8.2 million for 100 reentry transitional coordinators. Funding levels also include reductions of \$15.0 million for contracted temporary capacity, \$97.3 million for contract terminations of the Dawson State Jail and Mineral Wells Pre-parole Transfer Facility, and \$0.9 million for correctional managed health care (CMHC) committee staff.

The Legislative Budget Board projected average number of offenders incarcerated is 152,289 in fiscal year 2014 and 153,474 in fiscal year 2015.

JUVENILE JUSTICE

- \$647.6 million in All Funds and \$590.0 million in General Revenue Funds is provided to the Juvenile Justice Department for juvenile justice services. General Revenue Funds are decreased by \$14.2 million from the 2012–13 biennial level primarily as the result of declining juvenile supervision and incarceration populations. Funding includes \$287.8 million for local juvenile probation services, which includes \$15.2 million for mental health services grants, and \$261.5 million for state services and facilities, including \$4.3 million and 50 FTEs for aggressive youth programs. Funding also includes \$5.2 million for a juvenile correctional officer pay increase of 5 percent.

BORDER SECURITY

- \$93.8 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 the Texas Parks and Wildlife Department. This function includes funding provided explicitly for state and local border security initiatives.

TRANSPORTATION

- \$17.1 billion in All Funds is provided for transportation planning and design, right-of-way acquisition, construction,

and maintenance and preservation. The All Funds amount includes \$8.2 billion for maintenance and preservation of the existing transportation system (an increase of \$1.5 billion); \$6.6 billion for construction and highway improvements (an increase of \$1.2 billion); \$1.5 billion for transportation system planning, design, and management; and \$0.8 billion for right-of-way acquisition (a decrease of \$1.1 billion). \$2.5 billion in All Funds (an increase of \$813 million) is provided for debt service payments and other financing costs for the Texas Department of Transportation's borrowing programs, including \$1.9 billion in Other Funds from the State Highway Fund and the Texas Mobility Fund, \$425.9 million in General Revenue Funds, and \$125.7 million in Federal Funds from Build America Bond interest payment subsidies.

STATE EMPLOYEE SALARY INCREASES

- \$302.0 million in All Funds and \$181.4 million in General Revenue Funds and General Revenue–Dedicated Funds is provided for an across-the-board pay raise for state employees of three percent with a \$75 per month minimum, starting in fiscal year 2014. Exempt employees, those who received a targeted pay increase, and higher education employees, except employees working for a Texas A&M service agency, are excluded.
- \$118.3 million in All Funds and \$22.1 million in General Revenue Funds and

HIGHLIGHTS OF THE RECOMMENDATIONS (CONTINUED)

General Revenue–Dedicated Funds is provided for an equity adjustment plus a 10 percent salary increase for Schedule C law enforcement officers at the Department of Public Safety, Texas Department of Criminal Justice, Texas Alcoholic Beverage Commission, and game wardens at Texas Parks and Wildlife Department. The increase would start in fiscal year 2014, and officers are projected to receive raises ranging from 10 percent to 23 percent.

STATE EMPLOYEE RETIREMENT AND HEALTH BENEFITS

- \$816.4 million in All Funds is provided for state contributions to the Employees Retirement System (ERS) retirement program for general state employees. The funding for state contributions to the ERS retirement program reflects an increase of \$105.0 million in All Funds (\$73.1 million in General Revenue Funds and General Revenue–Dedicated Funds) for state employee retirement benefits. Factors used to develop these recommendations include a 6.5 percent state contribution rate in fiscal year 2014; a 7.65 percent state contribution rate in fiscal year 2015; and FTE and career ladder pay increases at specific state agencies.
- \$3,103.9 million in All Funds and \$2,032.2 million in General Revenue Funds and General Revenue–Dedicated Funds is provided for state contributions for group insurance benefits for general state

employees, retirees, and their dependents. The funding reflects increases of \$502.8 million in All Funds, which includes an increase of \$339.3 million in General Revenue Funds and General Revenue–Dedicated Funds. The funding reflects a 7 percent premium growth rate increase for both fiscal years. In addition, state agencies also contribute 1 percent of payroll to cover a total 8 percent projected annual growth in healthcare claims. The funding also reflects 1.5 percent annual growth in overall program population due to a 5 percent annual growth in retirees.

TEACHER RETIREMENT AND HEALTH BENEFITS

- \$3,239.7 million in All Funds and \$3,011.6 million in General Revenue Funds is provided for the state contribution for retirement benefits through the Teacher Retirement System. Funding is sufficient for a state retirement contribution rate of 6.4 percent of payroll in fiscal year 2014 and 6.7 percent of payroll in fiscal year 2015. Based on historical data payroll trends, funding assumes no annual payroll growth for public education and 2.0 percent annual payroll growth for higher education. Funding limits the General Revenue Funds and General Revenue–Dedicated Funds appropriated for retirement contributions to 50 percent of the state contribution of 6.4 percent of total covered payroll for community colleges in fiscal year 2014 and 6.7 percent of total covered payroll for community colleges in fiscal year 2015.

- For retiree health insurance, funding is \$123.8 million, or 33.3 percent above the 2012–13 biennium and provides for a statutorily-required state contribution to TRS-Care of 1.0 percent of public education payroll.

RAINY DAY FUND

- The Economic Stabilization Fund (i.e., Rainy Day Fund), the balance of which is projected to be \$11.8 billion at the end of fiscal year 2015, is not included in the bill.

GENERAL REVENUE–DEDICATED FUNDS

- A total of \$6.4 billion is provided in General Revenue–Dedicated Funds, an increase of \$22.9 million, or 0.4 percent, from the 2012–13 biennial level. Included in this amount are a number of funding increases totaling \$290.4 million, including: \$51.2 million in additional Texas Emissions Reduction Plan (TERP) funding at the Texas Commission on Environmental Quality; \$41.7 million for 9-1-1 system equipment and technology at the Commission on State Emergency Communications; \$21.5 million for fish and wildlife funding at the Texas Parks and Wildlife Department; \$28.8 million for state employee salary increases; \$20.7 million for technology modernization at the Railroad Commission; \$12 million at the Fiscal Programs at the Comptroller of Public Accounts for law enforcement grants; \$28.2 million at the Higher Education Coordinating Board for the Physician Education Loan Repayment

HIGHLIGHTS OF THE RECOMMENDATIONS (CONTINUED)

program; and \$86.3 million for General Obligation bond debt service, including \$73.9 million for bond issuances for grants awarded by the Cancer Prevention and Research Institute of Texas during the 2012–13 biennium.

- These increases are offset by decreases in General Revenue–Dedicated funding that largely reflect the expenditure of remaining fund balances in the 2012–13 biennium, some of which are replaced with General Revenue Funds. The largest decreases include: \$144.6 million at the Trusteed Programs within the Office of the Governor, as Texas Enterprise Fund and Emerging Technology Fund balances are expected to be awarded by the end of fiscal year 2013; \$49.8 million at Fiscal Programs – Comptroller of Public Accounts as balances are exhausted for new LoanSTAR energy efficiency loans in fiscal year 2013; and \$136.9 million at the Department of Public Safety (DPS) in Operator’s and Chauffeur’s License Account funds, the revenue source for which will instead fund the Law Enforcement and Custodial Officer Supplemental (LECOS) Retirement Fund beginning in fiscal year 2014. DPS is provided an equal amount of General Revenue Funds in lieu of the expired General Revenue–Dedicated Funds.

RECOMMENDATIONS BY METHOD OF FINANCING

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 3
ALL FUNDS:

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13*	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Article I – General Government	\$4,881.1	\$4,487.4	(\$393.7)	(8.1)
Article II – Health and Human Services	68,632.3	74,216.1	5,583.8	8.1
Article III – Agencies of Education	75,677.9	73,268.1	(2,409.8)	(3.2)
<i>Public Education</i>	52,389.5	55,229.5	2,840.0	5.4
<i>Higher Education</i>	23,288.4	18,038.6	(5,249.8)	(22.5)
Article IV – The Judiciary	648.2	697.6	49.4	7.6
Article V – Public Safety and Criminal Justice	11,742.8	11,692.3	(50.5)	(0.4)
Article VI – Natural Resources	4,934.2	4,765.7	(168.5)	(3.4)
Article VII – Business and Economic Development	22,315.8	24,858.7	2,542.9	11.4
Article VIII – Regulatory	707.0	710.0	3.1	0.4
Article IX – General Provisions	0.0	413.9	413.9	N/A
Article X – The Legislature	348.9	358.5	9.6	2.8
Total, All Functions	\$189,888.2	\$195,468.3	\$5,580.2	2.9

*Includes anticipated supplemental spending adjustments.

NOTES: Excludes Interagency Contracts.

Recommended 2014–15 All Funds and Other Funds amounts exclude an estimated \$6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.

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

RECOMMENDATIONS BY METHOD OF FINANCING

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 4
GENERAL REVENUE FUNDS:

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13*	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Article I – General Government	\$2,195.1	\$2,414.5	\$219.3	10.0
Article II – Health and Human Services	27,621.8	30,160.3	2,538.5	9.2
Article III – Agencies of Education	47,188.4	49,917.4	2,729.0	5.8
<i>Public Education</i>	34,728.5	36,711.4	1,982.9	5.7
<i>Higher Education</i>	12,459.9	13,206.0	746.1	6.0
Article IV – The Judiciary	378.1	413.8	35.7	9.4
Article V – Public Safety and Criminal Justice	8,273.4	8,878.4	605.0	7.3
Article VI – Natural Resources	610.6	694.0	83.4	13.7
Article VII – Business and Economic Development	517.0	791.6	274.6	53.1
Article VIII – Regulatory	261.7	278.7	17.0	6.5
Article IX – General Provisions	0.0	175.5	175.5	N/A
Article X – The Legislature	348.5	358.3	9.7	2.8
Total, All Functions	\$87,394.7	\$94,082.4	\$6,687.7	7.7

*Includes anticipated supplemental spending adjustments.

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

RECOMMENDATIONS BY METHOD OF FINANCING

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 5
GENERAL REVENUE–DEDICATED FUNDS:

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13*	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Article I – General Government	\$798.6	\$702.7	(\$95.9)	(12.0)
Article II – Health and Human Services	868.7	864.5	(4.2)	(0.5)
Article III – Agencies of Education	2,617.6	2,699.1	81.5	3.1
<i>Public Education</i>	0.7	0.7	0.1	10.0
<i>Higher Education</i>	2,616.9	2,698.4	81.5	3.1
Article IV – The Judiciary	81.4	99.6	18.2	22.3
Article V – Public Safety and Criminal Justice	160.4	24.5	(136.0)	(84.8)
Article VI – Natural Resources	1,048.8	1,171.7	122.9	11.7
Article VII – Business and Economic Development	444.8	442.1	(2.7)	(0.6)
Article VIII – Regulatory	377.2	387.0	9.9	2.6
Article IX – General Provisions	0.0	29.2	29.2	N/A
Article X – The Legislature	0.0	0.0	0.0	N/A
Total, All Functions	\$6,397.5	\$6,420.4	\$22.9	0.4

*Includes anticipated supplemental spending adjustments.

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

RECOMMENDATIONS BY METHOD OF FINANCING

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 6
GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS:

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13*	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Article I – General Government	\$2,993.7	\$3,117.1	\$123.4	4.1
Article II – Health and Human Services	28,490.5	31,024.9	2,534.4	8.9
Article III – Agencies of Education	49,806.0	52,616.5	2,810.5	5.6
<i>Public Education</i>	34,729.2	36,712.1	1,982.9	5.7
<i>Higher Education</i>	15,076.8	15,904.4	827.6	5.5
Article IV – The Judiciary	459.5	513.4	53.8	11.7
Article V – Public Safety and Criminal Justice	8,433.8	8,902.8	469.0	5.6
Article VI – Natural Resources	1,659.4	1,865.7	206.3	12.4
Article VII – Business and Economic Development	961.8	1,233.7	271.9	28.3
Article VIII – Regulatory	638.9	665.7	26.8	4.2
Article IX – General Provisions	0.0	204.6	204.6	N/A
Article X – The Legislature	348.5	358.3	9.7	2.8
Total, All Functions	\$93,792.1	\$100,502.7	\$6,710.4	7.2

*Includes anticipated supplemental spending adjustments.

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

RECOMMENDATIONS BY METHOD OF FINANCING

2014–15 BIENNIAL RECOMMENDATIONS

**FIGURE 7
FEDERAL FUNDS:**

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13*	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Article I – General Government	\$866.0	\$648.3	(\$217.7)	(25.1)
Article II – Health and Human Services	39,504.0	42,578.8	3,074.8	7.8
Article III – Agencies of Education	10,206.8	10,751.0	544.1	5.3
<i>Public Education</i>	<i>9,884.8</i>	<i>10,482.1</i>	<i>597.2</i>	<i>6.0</i>
<i>Higher Education</i>	<i>322.0</i>	<i>268.9</i>	<i>(53.1)</i>	<i>(16.5)</i>
Article IV – The Judiciary	4.4	3.6	(0.8)	(18.9)
Article V – Public Safety and Criminal Justice	1,778.4	1,329.2	(449.2)	(25.3)
Article VI – Natural Resources	2,935.8	2,563.1	(372.6)	(12.7)
Article VII – Business and Economic Development	9,379.1	10,738.0	1,358.9	14.5
Article VIII – Regulatory	8.5	6.1	(2.4)	(28.2)
Article IX – General Provisions	0.0	4.2	4.2	N/A
Article X – The Legislature	0.0	0.0	0.0	N/A
Total, All Functions	\$64,683.0	\$68,622.3	\$3,939.3	6.1

*Includes anticipated supplemental spending adjustments.

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

RECOMMENDATIONS BY METHOD OF FINANCING

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 8
OTHER FUNDS:

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13*	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Article I – General Government	\$1,021.4	\$722.0	(\$299.4)	(29.3)
Article II – Health and Human Services	637.8	612.4	(25.4)	(4.0)
Article III – Agencies of Education	15,665.0	9,900.6	(5,764.4)	(36.8)
<i>Public Education</i>	7,775.5	8,035.3	259.9	3.3
<i>Higher Education</i>	7,889.5	1,865.3	(6,024.2)	(76.4)
Article IV – The Judiciary	184.2	180.6	(3.6)	(2.0)
Article V – Public Safety and Criminal Justice	1,530.6	1,460.2	(70.3)	(4.6)
Article VI – Natural Resources	339.0	336.9	(2.1)	(0.6)
Article VII – Business and Economic Development	11,974.9	12,887.0	912.1	7.6
Article VIII – Regulatory	59.6	38.2	(21.4)	(35.9)
Article IX – General Provisions	0.0	205.1	205.1	N/A
Article X – The Legislature	0.4	0.2	(0.1)	(42.2)
Total, All Functions	\$31,412.8	\$26,343.1	(\$5,069.5)	(16.1)

*Includes anticipated supplemental spending adjustments.

NOTES: Excludes Interagency Contracts.

Recommended 2014–15 All Funds and Other Funds amounts exclude an estimated \$6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.

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

RECOMMENDATIONS BY FUND SOURCE

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 9
ESTIMATED/BUDGETED FOR 2012–13
BY FUND SOURCE

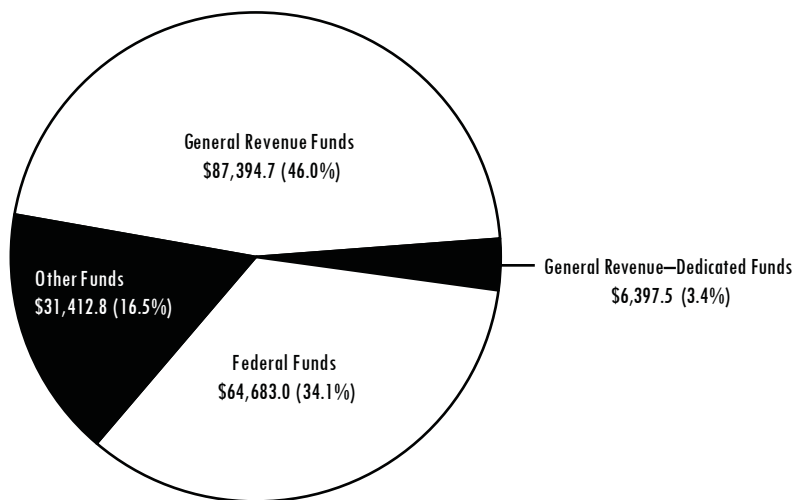
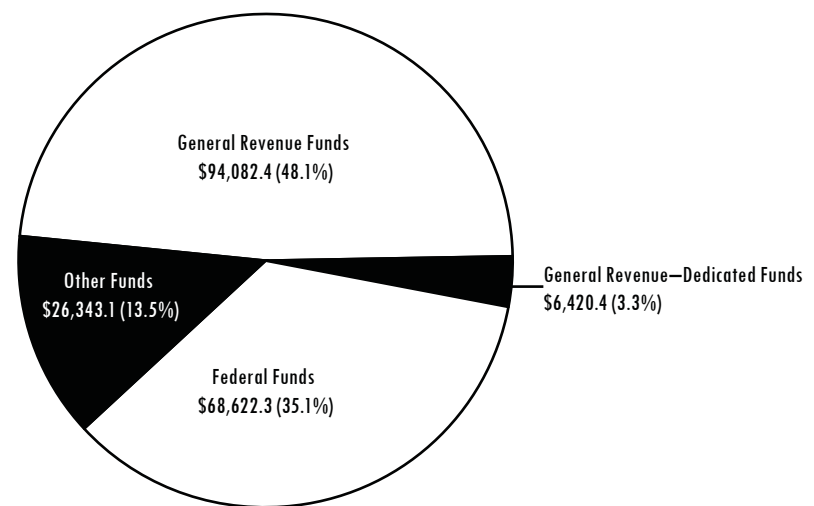


FIGURE 10
BIENNIAL RECOMMENDATIONS FOR 2014–15
BY FUND SOURCE



NOTES: Excludes Interagency Contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, 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 (e.g., Education, Public Safety and Criminal Justice, etc.) to reflect the total cost of each function.

DEBT SERVICE

Funding for debt service totals \$4,275.7 million in All Funds for the 2014–15 biennium and consists of \$2,200.9 million in fiscal year 2014 and \$2,074.8 million in fiscal year 2015. Figure 11 shows estimated/budgeted and recommended General Obligation and revenue bond debt service costs by agency and methods of finance for the 2012–13 and 2014–15 biennia. Funding includes a biennial increase of \$500.6 million in General Revenue Funds or 34.2 percent, mainly due to an increase in appropriations of General Revenue Funds for debt service related to Highway Construction Bonds, General Obligation Bonds at the Texas Public Finance Authority, and contingent reimbursement of debt service for Tuition Revenue Bonds. Funding includes a biennial increase of \$80.0 million in General Revenue–Dedicated Funds, or 107.0 percent, primarily related to debt service for cancer prevention and research bonds. In addition, the funding includes a biennial increase of \$538.8 million in Other Funds, or 36.4 percent, for debt service from the 2012–13 biennial level. This increase is primarily due

FIGURE 11

DEBT SERVICE PAYMENTS BY AGENCY AND FUND SOURCE, ALL FUNDS

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY/FUND SOURCE				
Facilities Commission - Lease Payments	\$76.3	\$63.4	(\$12.9)	(17.0)
Texas Public Finance Authority - Master Lease Purchase Program	18.7	17.5	(1.3)	(6.8)
Texas Public Finance Authority - General Obligation (GO) Bonds	551.9	699.5	147.5	26.7
Governor's Office - Economic Growth and Tourism	10.8	9.9	(0.9)	(8.3)
Historical Commission/National Museum of the Pacific War - Lease Payments	1.7	1.6	(0.1)	(8.0)
Preservation Board/History Museum - Lease Payments	11.8	11.8	0.0	0.0
Department of State Health Services - Lease Payments	6.5	5.7	(0.7)	(11.0)
Tuition Revenue Bonds*	583.3	787.8	204.5	35.1
Adjutant General/Military Facilities Commission	4.0	3.6	(0.3)	(8.1)
Department of Criminal Justice - Private Prison Lease/Purchase	14.0	5.0	(9.0)	(64.2)
Parks and Wildlife - Lease Payments	14.5	6.8	(7.7)	(52.9)
Water Development Board - Water Bonds	224.0	211.8	(12.2)	(5.4)
Department of Transportation - State Highway Fund	748.7	1,267.4	518.8	69.3
Department of Transportation - Texas Mobility Fund	698.6	734.3	35.7	5.1
Department of Transportation - Highway Improvement GO	191.6	449.6	258.0	134.6
Total, Debt Service Payments	\$3,156.3	\$4,275.7	\$1,119.4	35.5
Method of Financing:				
General Revenue Funds	\$1,465.3	\$1,965.9	\$500.6	34.2
General Revenue–Dedicated Funds	74.7	154.7	80.0	107.0
Federal Funds	137.8	137.8	0.0	0.0
Other Funds	1,478.5	2,017.3	538.8	36.4
Total, All Funds	\$3,156.3	\$4,275.7	\$1,119.4	35.5

*Included in amounts reflected in the table above, is approximately \$200.0 million in General Revenue Funds for reimbursement of debt service on Tuition Revenue Bond (TRB) proceeds, contingent on passage of legislation authorizing additional TRB authority.

NOTE: Totals may not add due to rounding.

SIGNIFICANT FUNDING ELEMENTS AND COSTS (CONTINUED)

to increases in debt service requirements out of the State Highway Fund and the Texas Mobility Fund, including \$400 million in State Highway Funds for the repayment of short-term obligations expected to be borrowed in fiscal year 2013 by the Texas Department of Transportation.

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. Figure 12 shows a comparison between the estimated/budgeted benefits costs for the 2012–13 biennium and the recommendations for the 2014–15 biennium by method-of-finance. Funding for state contributions reflects increased funding of \$105.0 million in All Funds (\$73.1 million in General Revenue Funds and General Revenue–Dedicated Funds) for employee retirement benefits. Factors used to develop these recommendations include: a 6.5 percent state contribution rate in fiscal year 2014; a 7.65 percent state contribution rate in fiscal year 2015; and FTE and career ladder pay increases at specific state agencies.

These recommendations reflect a combined contribution rate of 13.0 percent (6.5 percent state contribution and 6.5 percent member contribution) in fiscal year 2014 and 14.15 (6.5 percent state contribution and 7.65

percent member contribution) percent in fiscal year 2015.

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 an increase in funding of \$8.1 million

in All Funds to the LECOS Retirement Fund, which reflects the recommendation to maintain the fiscal year 2013 contribution rate of 0.5 percent and takes into account career ladder pay increases at specific state agencies. The state contribution was suspended in fiscal year 2012.

The third pre-funded retirement program administered by ERS is the Judicial

FIGURE 12
SELECTED EMPLOYEE BENEFITS, ALL FUNDS

IN MILLIONS	ESTIMATED/ BUDGETED	RECOMMENDED	BIENNIAL	PERCENT- AGE
AGENCY/FUND SOURCE	2012–13*	2014–15	CHANGE	CHANGE
Benefit Replacement Pay	\$62.8	\$54.9	(\$7.9)	(12.6)
Social Security	1,428.3	1,461.0	32.7	2.3
ERS Retirement	711.4	816.4	105.0	14.8
ERS Health	2,601.0	3,103.9	502.8	19.3
TRS Retirement	3,089.7	3,239.7	150.0	4.9
TRS Retiree Insurance	371.3	495.1	123.8	33.3
ORP	261.0	255.5	(5.5)	(2.1)
HEGI	969.0	1,198.1	229.1	23.6
Total	\$9,494.5	\$10,624.5	\$1,130.0	11.9
METHOD OF FINANCING:				
General Revenue Funds	\$7,411.6	\$8,301.8	\$890.2	12.0
General Revenue–Dedicated Funds	530.8	582.4	51.6	9.7
Federal Funds	829.8	902.2	72.5	8.7
Other Funds	722.4	838.1	115.7	16.0
Total, All Funds	\$9,494.5	\$10,624.5	\$1,130.0	11.9

*Includes anticipated supplemental spending adjustments.

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

SIGNIFICANT FUNDING ELEMENTS AND COSTS (CONTINUED)

Retirement System Plan Two (JRS-II), which is the retirement program for judges who became judiciary members on or after September 1, 1985. Funding includes an increase in funding of \$12.4 million in All Funds, which reflects an increase in the state contribution rate to 15.52 percent. This meets the actuarially sound contribution rate of 21.52 percent when combined with the average member contribution rate of 6.0 percent.

RETIREMENT BENEFITS: TRS – ORP

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 are 6.4 percent of payroll in fiscal year 2014 and 6.7 percent of payroll in fiscal year 2015. TRS contributions represent an All Funds increase of \$150 million and reflect no annual payroll growth for public education and 2.0 percent annual payroll growth for higher education. Funding limits the General Revenue Funds and General Revenue–Dedicated Funds appropriated for retirement contributions for community colleges to 50 percent of

the state contribution of 6.4 percent of total covered payroll for community colleges in fiscal year 2014 and 6.7 percent of total covered payroll for community colleges in fiscal year 2015. For the Optional Retirement Program, funding is \$5.5 million below the 2012–13 biennial level, representing a state contribution rate of 6.4 percent for each year of the 2014–15 biennium and assumes a 2.0 percent annual payroll growth. Funding limits the General Revenue Funds and General Revenue–Dedicated Funds appropriated for retirement contributions for community colleges to 50 percent of the state contribution of 6.4 percent of total covered payroll for community colleges for each year of the 2014–15 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. Funding for state contributions for group insurance benefits reflects increased funding of \$502.8 million in All Funds and an increase of \$339.3 million in General Revenue Funds and General Revenue–Dedicated Funds. The increase funds a projected increase of 7 percent growth in premiums for both fiscal years. Further, the recommendations assume the spending down between \$157.6 million and \$177.6 million of the ERS-projected insurance fund balance as of August 31, 2013.

In addition, the recommendations reflect 1.5 percent annual growth in overall program population due to a 5 percent annual growth in retirees.

HIGHER EDUCATION GROUP INSURANCE

Higher Education Employees Group Insurance (HEGI) provides health benefits coverage to higher education employees belonging to one of three systems: The University of Texas System (UT), the Texas A&M University System (TAMU), and the Employee Retirement System (ERS). The ERS Group Benefits Program (GBP) serves all higher education institutions that are not a part of either UT or TAMU. Funding for state contributions to HEGI results in an All Funds increase of \$229.1 million due to a projected increase of 7 percent in premiums for both fiscal years. Further, recommendations fund premium contribution rates at a percentage of ERS general state employee premium rates for all institutions. For institutions of higher education covered under the UT or TAMU systems, the state pays 87.7 percent of full ERS premiums and for institutions of higher education covered under the ERS GBP, the state pays 90.2 percent of full ERS premiums. For community colleges, the state pays 50 percent of full ERS premiums.

TRS-CARE GROUP INSURANCE

The Teacher Retirement System of Texas (TRS) administers the Texas Public School Retired Employee Group Insurance Program, which is referred to as TRS-Care.

SIGNIFICANT FUNDING ELEMENTS AND COSTS (CONTINUED)

This program provides health insurance coverage for public education TRS retirees who are not eligible to participate in the Texas Employees Retirement System (ERS), University of Texas (UT), or Texas A&M system health benefit coverage. In addition to state contributions, the benefits of TRS-Care are financed through other funding sources including retiree premiums, a percentage of payroll contributions from active employees and local school districts, retiree drug subsidy payments, and investment income. According to the August 31, 2012 actuarial valuation of the TRS-Care retiree insurance trust fund, the asset balance of the trust fund is \$741.0 million. Funding assumes a statutorily-required state contribution rate of 1.0 percent of active public education employee payroll in each year for the 2014–15 biennium. Recommendations for state contributions for TRS-Care retiree insurance reflect a \$123.8 million increase above the 2012–13 biennium and assume no annual payroll growth.

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 to ensure that take-home pay was not reduced.

Funding for state contributions for Social Security reflects increased funding of \$32.7 million in All Funds (\$36.9 million in General Revenue and General Revenue–Dedicated Funds). These recommendations for Social Security reflect 2.0 percent annual payroll growth for higher education employees and FTE and career ladder pay increases at certain state agencies. Funding for BRP decreased by \$7.9 million in All Funds (\$4.3 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 218,391 full-time-equivalent positions (FTEs) in fiscal year 2014, and 218,394 in fiscal year 2015. As shown in Figure 14, the fiscal year 2015 amount represents a decrease of 14,401 FTEs from fiscal year 2013 budgeted levels. The decrease is associated with the removal of patient income as a method-of-finance in the appropriations bill. Health-related higher education institutions will continue to receive this funding outside of the appropriations process.

FIGURE 13
FULL-TIME-EQUIVALENT POSITIONS

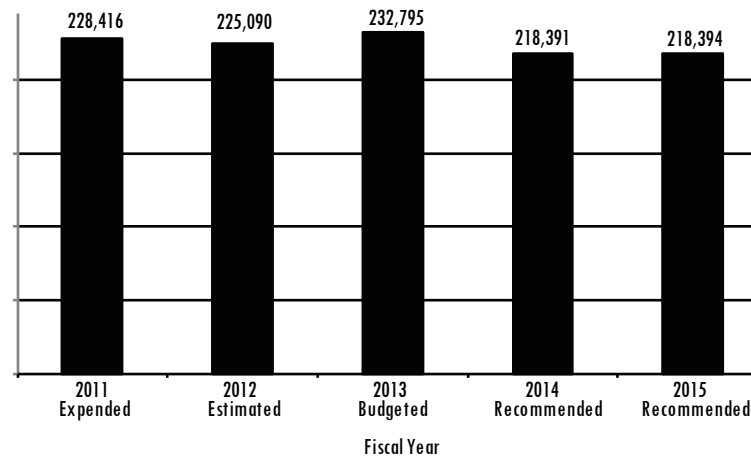


FIGURE 14
FULL-TIME-EQUIVALENT POSITIONS

IN MILLIONS

FUNCTION	EXPENDED 2011	ESTIMATED 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
Article I - General Government	9,044	8,702	9,104	9,112	9,114
Article II - Health and Human Services	55,690	53,962	56,554	57,823	57,891
Article III - Agencies of Education	81,744	83,633	83,775	67,690	67,690
Article IV - The Judiciary	1,384	1,383	1,405	1,461	1,463
Article V - Public Safety and Criminal Justice	52,383	50,186	53,377	53,808	53,873
Article VI - Natural Resources	8,516	7,818	8,495	8,586	8,586
Article VII - Business and Economic Development	16,702	16,532	17,059	16,642	16,506
Article VIII - Regulatory	2,954	2,875	3,026	3,271	3,271
Grand Total	228,416	225,090	232,795	218,391	218,394

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 Figure 15, the recommended appropriations for the 2014–15 biennium contain 1,955 key performance measures, which represents a less than 1 percent decrease in the total number of key performance measures from the 2012–13 biennial level and a 10 percent decrease from the 2004–05 biennial level.

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

FIGURE 15
PERFORMANCE MEASURES, BY TYPE

TYPE OF MEASURE	NUMBER OF MEASURES					
	APPROPRIATED 2004–05	APPROPRIATED 2006–07	APPROPRIATED 2008–09	APPROPRIATED 2010–11	APPROPRIATED 2012–13	RECOMMENDED 2014–15
KEY						
Outcome (results/impact)	901	906	879	940	879	953
Output (volume)	824	734	669	652	669	625
Efficiency	295	323	287	235	287	230
Explanatory	135	124	126	147	126	147
Total	2,155	2,087	1,961	1,974	1,961	1,955
NON-KEY						
Outcome (results/impact)	1,414	1,495	1,499	1,391	1,499	1,382
Output (volume)	1,455	1,340	1,331	1,243	1,331	1,275
Efficiency	831	743	714	631	714	545
Explanatory	1,084	996	984	886	984	806
Total	4,784	4,574	4,528	4,151	4,528	4,008

APPROPRIATED AND ESTIMATED/BUDGETED FUNDS COMPARISON

In each biennium, there are circumstances resulting in state agency actual expenditures varying from the amount they were originally appropriated. This happens for a variety of reasons: some appropriations are estimated; appropriations may lapse; interim legislative direction may yield an increase or reduction to appropriations; federal appropriations or formulas change; and other spending demands shift. Some changes to appropriation authority are automatic and do not require legislative action. Others require action via a supplemental appropriations bill, which makes appropriations adjustments to the current biennial budget. Overall, the change from appropriated amounts to estimated/budgeted amounts, known as “budget creep,” generally reflects both increases and decreases in spending relative to appropriations.

The adjustments to All Funds and General Revenue Funds for the 2012–13 biennium include:

- an All Funds appropriated amount of \$173.5 billion, an expended/budgeted amount of \$189.9 billion, which is an increase of \$16.4 billion; and
- a General Revenue Funds appropriated amount of \$81.3 billion, an expended/budgeted amount of \$87.4 billion, which is an increase of \$6.1 billion.

The All Funds shift of \$16.4 billion is particularly significant this biennium; in the 2010–11 biennium the budget creep amount

was \$5.3 billion. While there are a number of adjustments, just a few represent the bulk of the adjustment:

- \$10.9 billion in All Funds (\$4.4 billion in General Revenue Funds) to fund the state’s obligations under the Medicaid program for a full 24 months;
- \$1.8 billion in General Revenue Funds to reverse the one-month deferral in the Foundation School Program (FSP) enacted in the Eighty-second Legislature;
- \$630 million in All Funds (\$317 million in General Revenue Funds) to fully fund the FSP;
- \$3.6 billion in non-Medicaid Federal Funds, including \$2.0 billion in various health and human services agencies for grant and other programs and just under \$1.0 billion for the General Land Office and the Texas Department of Transportation, offset somewhat by reductions to various grant programs (largely representing final expenditure of American Recovery and Reinvestment Act-related appropriations) in various other state agencies; and
- A net increase of \$260 million in Other Funds, consisting of a \$2.2 billion reduction at the Texas Department of Transportation offset by a \$1.3 billion increase to the Property Tax Relief Fund and Appropriated Receipts in the FSP and a \$860 million increase in higher education, nearly \$400 million of which is

patient income at The University of Texas M.D. Anderson Cancer Center.

- Other adjustments to General Revenue Funds, as detailed in Figure 16.

APPROPRIATED AND ESTIMATED/BUDGETED FUNDS COMPARISON (CONTINUED)

FIGURE 16
RECONCILIATION OF 2012–13 APPROPRIATIONS
TO 2012–13 ESTIMATED/BUDGETED AMOUNTS
GENERAL REVENUE FUNDS

IN MILLIONS

	ADJUSTMENT AMOUNT	2012–13 BIENNIUM
GENERAL REVENUE BUDGET ADJUSTMENTS		
2012–13 GENERAL REVENUE FUNDS APPROPRIATIONS AS PUBLISHED IN <i>FISCAL SIZE-UP</i>		\$81,290
Major Budget Adjustments		
Health and Human Services Commission, Medicaid and CHIP	\$3,504	
Department of Aging and Disability Services, Medicaid	1,019	
Texas Education Agency, Reverse Foundation School Program payment deferral	1,750	
Texas Education Agency, General Revenue Funds reduction offset by increases to Other Funds	(967)	
Texas Education Agency, Foundation School Program	317	
Texas A&M Forest Service, Wildfire costs	155	
Department of Criminal Justice, Correctional Managed Health Care	39	
Texas Department of Transportation, Lapsed debt service	(54)	
Various estimated appropriations adjustments	148	
Various Unexpended Balances	294	
All other adjustments	(100)	
Subtotal, Adjustments	\$6,105	
Total, Estimated/Budgeted General Revenue Funds for 2012–13		\$87,395

FACTORS AFFECTING THE STATE BUDGET

Medicaid and the Children's Health Insurance Program (CHIP) appropriations for the 2014–15 biennium total \$59.3 billion in All Funds, representing 30.3 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 other health and human services programs.

As shown in Figure 17, the following are the major growth indicators from 2002 to 2012:

- Average daily attendance in public schools has increased by 20.2 percent.
- Higher education enrollment in general academic institutions has increased by 26.5 percent.
- Community college enrollment has grown by 63.9 percent.
- Average monthly caseload for the Children's Health Insurance Program has increased by 21.9 percent.
- Average monthly caseload for Medicaid waiver clients has increased by 24.1 percent.

- Average monthly caseload for Medicaid clients (Acute Care and STAR+PLUS) has increased by 75.4 percent.
- Average monthly caseload for nursing home clients has decreased by 1.7 percent.
- Average inmate population in the Department of Criminal Justice has increased by 7.1 percent.
- Average residential population at the Texas Juvenile Justice Department (formerly the Texas Youth Commission) has decreased by 360.4 percent.

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

FIGURE 17
MAJOR BUDGET INDICATORS, 2002 AND 2012

INDICATORS	ACTUAL 2002	ACTUAL 2012	PERCENTAGE CHANGE
Average Daily Attendance—Public Schools	3,854,707	4,632,351	20.2
Fall Headcount Enrollment—General Academic Institutions	455,719	576,711	26.5
Fall Headcount Enrollment—Community/Junior College	454,017	744,153	63.9
Average Monthly Caseload—Children's Health Insurance Program (CHIP)	497,688	606,669	21.9
Average Monthly Caseload—Medicaid Waiver Clients	36,578	45,400	24.1
Average Monthly Caseload—Medicaid Clients (Acute Care and STAR+PLUS)	2,082,697	3,653,103	75.4
Average Monthly Caseload—Nursing Home Clients (excludes Hospice)	64,202	63,097	(1.7)
Average Inmate Population—Department of Criminal Justice	144,561	154,877	7.1
Average Residential Population—Juvenile Justice Department	5,337	1,481	(360.4)

REVENUE OUTLOOK FOR THE 2014–15 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, §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.

Appropriations from the General Revenue Fund for the 2014–15 biennium total \$94.1 billion, which is below 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.” Pursuant to the Texas Government Code, Section 316, the LBB is required to adopt the items of information establishing the Article VIII limit. The Board met on November 15, 2012, and adopted the following items:

- The level of appropriations from state tax revenue not dedicated by the Texas Constitution for the 2012–13 biennium is \$70,362,366,836, subject to (1) further changes in 2012–13 appropriations including supplemental appropriations, and (2) final 2012–13 revenue collections;
- The estimated rate of growth of the Texas economy from the 2012–13 biennium to the 2014–15 biennium is 10.71 percent; and therefore,
- The 2014–15 biennial limit on appropriations from state tax revenue not dedicated by the Texas Constitution is \$77,898,176,324, subject to adjustments to 2012–13 biennial appropriations referenced above.

The 2014–15 biennial appropriations made in the Committee Substitute for Senate Bill 1 are within the Article VIII limit. The exact relationship between the final 2014–15 appropriations and the Article VIII limit depend on the contents of the CPA’s revenue estimate and supplemental appropriations, or other actions affecting fiscal year 2013, 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 the Texas Human Resources Code, §31.053, the following items of information pertaining to the limit are provided:

- The 2014–15 biennial budget defined in the Texas Human Resources Code, §31.053, is \$195,468.3 million;
- The maximum biennial amount of 1 percent of the state budget is \$1,954.7 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 \$132.5 million. This amount is \$1,822.2 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 Funds 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

REVENUE OUTLOOK FOR THE 2014–15 BIENNIUM (CONTINUED)

the end of fiscal year 2012, the BRB reported that the issued debt ratio is 1.34 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 3.48 percent of unrestricted General Revenue Funds for the end of fiscal year 2012. This latter calculation includes authorization of \$3.0 billion in bonds for cancer research initiatives and \$5.0 billion for transportation projects. As of the end of fiscal year 2012, approximately \$363.5 million of cancer-related debt and approximately \$999.3 million transportation-related debt has been issued.

The Senate CSSB 1 includes appropriations of \$5.2 million in General Revenue Funds for debt service on \$325.6 million in Revenue bond proceeds for the construction of two new state office buildings and a parking structure at the Facilities Commission and \$4.1 million in General Revenue Funds for debt service on \$25 million in General Obligation bond proceeds for the Economically Distressed Areas Program. It is estimated that the impact of this debt service appropriation would increase the constitutional debt limit ratio from 3.48 percent to 3.55 percent of the three-year average of unrestricted general revenue.

Note: The Bond Review Board considers certain self-supporting water general obligation bond debt and revenue bond debt to be not self-supporting when there is an

appropriation of General Revenue Funds for the related debt service. Therefore, these bonds may have an impact on the constitutional debt limit calculation.

ECONOMIC STABILIZATION FUND (RAINY DAY FUND)

The Economic Stabilization Fund, frequently referred to as the Rainy Day Fund, ended fiscal year 2012 with a balance of \$6.1 billion. As a result of natural gas tax and oil production tax collections in fiscal year 2012 exceeding 1987 levels, the fund received a transfer of \$1.9 billion from the General Revenue Fund in November 2012. The November transfer plus interest earnings brought the Economic Stabilization Fund balance to \$8.0 billion as of January 1, 2013. The CPA forecasts that by the end of fiscal year 2015, the balance in the Economic Stabilization Fund will be \$11.8 billion.

GENERAL GOVERNMENT

2014–15 BIENNIAL RECOMMENDATIONS

All Funds for General Government total \$4.5 billion for the 2014–15 biennium, which is a decrease of \$393.7 billion, or 8.1 percent, from the 2012–13 biennium (Figure 18).

General Revenue Funds and General Revenue–Dedicated Funds total \$3.1 billion, which is an increase of \$123.4 million, or 4.1 percent, from the 2012–13 biennium (Figure 19).

Selected performance measures for agencies in the General Government function are shown in Figure 20.

FIGURE 18
ALL FUNDS: GENERAL GOVERNMENT

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Commission on the Arts	\$7.7	\$13.4	\$5.7	74.0
Office of the Attorney General	1,066.9	1,049.4	(17.5)	(1.6)
Bond Review Board	1.0	1.0	0.0	0.0
Cancer Prevention and Research Institute of Texas	588.1	10.4	(577.7)	(98.2)
Comptroller of Public Accounts	445.3	439.8	(5.5)	(1.2)
Fiscal Programs - Comptroller of Public Accounts	951.5	802.4	(149.1)	(15.7)
Commission on State Emergency Communications	109.8	145.8	36.0	32.8
Employees Retirement System	16.7	16.7	0.0	0.0
Texas Ethics Commission	3.9	6.8	2.9	75.9
Facilities Commission	178.8	511.5	332.8	186.2
Public Finance Authority	2.9	2.7	(0.2)	(6.4)
Fire Fighters' Pension Commissioner	1.7	4.8	3.2	190.0
Office of the Governor	21.0	20.8	(0.2)	(1.0)
Trusted Programs Within the Office of the Governor	831.5	730.4	(101.0)	(12.2)
Historical Commission	77.3	37.2	(40.2)	(51.9)

GENERAL GOVERNMENT

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 18
ALL FUNDS: GENERAL GOVERNMENT (CONTINUED)

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Department of Information Resources	\$519.5	\$588.9	\$69.4	13.4
Library and Archives Commission	50.8	45.3	(5.5)	(10.9)
Pension Review Board	1.4	1.5	0.1	4.6
Preservation Board	31.9	24.2	(7.7)	(24.1)
State Office of Risk Management	103.0	104.3	1.2	1.2
Secretary of State	88.4	57.6	(30.7)	(34.8)
Veterans Commission	53.2	52.5	(0.6)	(1.2)
Subtotal, General Government	\$5,152.2	\$4,667.5	(\$484.7)	(9.4)
Retirement and Group Insurance	\$200.6	\$238.9	\$38.3	19.1
Social Security and Benefit Replacement Pay	72.2	73.0	0.8	1.1
Subtotal, Employee Benefits	\$272.8	\$311.9	\$39.1	14.3
Bond Debt Service Payments	\$98.9	\$212.9	\$114.0	115.2
Lease Payments	22.0	18.2	(3.8)	(17.2)
Subtotal, Debt Service	\$120.9	\$231.1	\$110.2	91.1
Less Interagency Contracts	\$664.8	\$723.1	\$58.3	8.8
Total Article I – General Government	\$4,881.1	\$4,487.4	(\$393.7)	(8.1)

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

GENERAL GOVERNMENT

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 19

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

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Commission on the Arts	\$5.4	\$11.2	\$5.9	108.6
Office of the Attorney General	568.0	552.1	(15.8)	(2.8)
Bond Review Board	1.0	1.0	0.0	0.0
Cancer Prevention and Research Institute of Texas	0.0	0.0	0.0	30.1
Comptroller of Public Accounts	419.0	431.5	12.6	3.0
Fiscal Programs - Comptroller of Public Accounts	761.7	764.5	2.7	0.4
Commission on State Emergency Communications	104.1	145.8	41.7	40.0
Employees Retirement System	16.7	16.7	0.0	0.0
Texas Ethics Commission	3.9	6.8	2.9	76.4
Facilities Commission	62.9	67.8	4.9	7.8
Public Finance Authority	1.6	2.7	1.2	73.0
Fire Fighters' Pension Commissioner	1.6	4.7	3.2	200.5
Office of the Governor	20.4	20.2	(0.2)	(1.0)
Trusted Programs Within the Office of the Governor	557.0	479.7	(77.3)	(13.9)
Historical Commission	26.7	30.9	4.2	15.6
Department of Information Resources	14.7	0.0	(14.7)	(100.0)
Library and Archives Commission	14.3	23.0	8.8	61.6
Pension Review Board	1.4	1.4	0.1	3.9
Preservation Board	29.3	24.2	(5.1)	(17.5)
Secretary of State	38.0	38.5	0.4	1.2
Veterans Commission	13.6	19.7	6.1	44.8
Subtotal, General Government	\$2,661.2	\$2,642.6	(\$18.6)	(0.7)

GENERAL GOVERNMENT

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 19

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

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Retirement and Group Insurance	\$155.3	\$185.8	\$30.5	19.6
Social Security and Benefit Replacement Pay	57.4	58.5	1.1	2.0
Subtotal, Employee Benefits	\$212.7	\$244.3	\$31.6	14.9
Bond Debt Service Payments	\$97.9	\$212.0	\$114.1	116.6
Lease Payments	22.0	18.2	(3.8)	(17.2)
Subtotal, Debt Service	\$119.9	\$230.2	\$110.3	92.0
Total Article I – General Government	\$2,993.7	\$3,117.1	\$123.4	4.1

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

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 20
SELECTED PERFORMANCE MEASURES: GENERAL GOVERNMENT

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
OFFICE OF THE ATTORNEY GENERAL				
Amount of Title IV-D Child Support Collected (in millions)	\$3,480	\$3,725	\$3,950	\$4,175
COMMISSION ON STATE EMERGENCY COMMUNICATIONS				
Total Number of Poison Control Calls Processed Statewide	359,552	334,255	358,297	358,297
TEXAS FACILITIES COMMISSION				
Percentage of Completed Construction Projects on Schedule and within Budget	88.0%	90.0%	90.0%	90.0%
DEPARTMENT OF INFORMATION RESOURCES				
Total Contract Savings and Cost Avoidance Provided through DIR Contracts (in Millions)	\$257.6	\$120.0	\$260.0	\$260.0
Percent of Monthly Minimum Service Level Targets Achieved for Data Center Services	85.6%	92.0%	92.0%	92.0%
Percent of Customers Satisfied with Data Center Services Contract Management	0.0%	95.0%	95.0%	95.0%
OFFICE OF RISK MANAGEMENT				
Incident Rate of Injuries and Illnesses Per 100 Covered Full-time State Employees	3.80%	3.95%	3.95%	3.95%
VETERANS COMMISSION				
Amount of VA Monetary Awards (in millions) Paid Because of Commission Advocacy in Claims Representation of Veterans with Service-connected Disabilities	\$2,035	\$1,708	\$2,110	\$2,110

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21
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						
Funding maintains 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. Amounts include an increase in funding of \$105.0 million in All Funds, for a state contribution rate of 6.5 percent in fiscal year 2014 and an increase in the state contribution rate to 7.65 percent of payroll in fiscal year 2015. The amounts reflect a combined contribution rate of 13.0 percent in fiscal year 2014 and 14.15 percent in fiscal year 2015, due to the employee contribution of 6.5 percent of payroll for each fiscal year. Other factors used to develop the funding include no annual payroll growth for state employees, and full-time-equivalent (FTE) position changes and career ladder pay increases at certain state agencies.	EST/BUD 2012–13	\$425.6	\$30.9	\$133.7	\$121.2	\$711.4
	REC 2014–15	\$494.4	\$35.2	\$145.0	\$141.8	\$816.4
	BIENNIAL CHANGE	16.2%	13.9%	8.5%	17.0%	14.8%
According to the August 31, 2012 actuarial valuation, the total required contribution rate that would fund the normal cost is 12.31 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 18.25 percent. These percentages are subject to change once the results of the February 2013 valuation update are available.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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						
<p>Amounts reflect an increase 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. Funding reflects a biennialization of the fiscal year 2013 contribution rate of 0.5 percent and career ladder pay increases at certain state agencies.</p> <p>According to the August 31, 2012 actuarial valuation of the LECOS fund, the total required contribution rate that would fund the normal cost is 2.02 percent. The total required contribution rate that would both fund the normal cost and amortize the unfunded accrued liability over 31 years is 2.86 percent. These percentages are subject to change once the results of the February 2013 valuation update are available.</p>	EST/BUD 2012–13	\$6.7	\$0.1	\$0.0	\$0.7	\$7.5
	REC 2014–15	\$13.9	\$0.2	\$0.1	\$1.4	\$15.6
	BIENNIAL CHANGE	108.3%	100.0%	N/A	100.0%	107.4%
Judicial Retirement System Plan (JRS-II)						
<p>Funding provides 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). Amounts reflect an increase in the state contribution rate from 6.5 percent to 15.52 percent in each fiscal year of the 2014–15 biennium. Amounts reflect a combined contribution rate of 21.52 percent, with the average member contribution being 5.98 percent, to fund the normal cost and unfunded accrued liability over 31 years as reported in the August 31, 2012 actuarial valuation. These percentages are subject to change once the results of the February 2013 valuation update is available.</p>	EST/BUD 2012–13	\$5.1	\$0.0	\$0.0	\$3.4	\$8.5
	REC 2014–15	\$12.6	\$0.0	\$0.0	\$8.4	\$21.0
	BIENNIAL CHANGE	145.5%	N/A	N/A	145.5%	145.5%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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						
<p>Amounts provide funding for group health insurance benefits for state employees and retirees, as well as their dependents. The funding reflects an increase of \$502.8 million in All Funds, which reflects a 7.36 percent increase in the state contribution for fiscal year 2014 and a 7.33 percent increase in the state contribution for fiscal year 2015. These increases directly fund, with state appropriations, an annual medical cost trend of 7.0 percent. Amounts also reflect an annual state employee retirement rate of 5.00 percent and FTE changes at certain state agencies.</p> <p>In addition, funding continues Article IX, Section 17.05, Payroll Contribution for Group Health Insurance, which provides for a contribution from all general state agencies and public institutions of higher education equal to 1.0 percent of the total base wages and salaries for each benefits eligible employee participating in the ERS Group Benefits Program to go toward group health insurance. Collections from this 1.0 percent contribution, estimated to be \$111.0 million for state agencies and \$65.2 million for public institutions of higher education for the 2014–15 biennium, are expected to provide funding to meet the annual medical cost trend of 8.0 percent, when combined with the funding for ERS group health insurance. These group insurance amounts do not take into account state funding associated with public education employee group insurance.</p>	EST/BUD 2012–13	\$1,599.7	\$93.3	\$501.3	\$406.7	\$2,601.0
	REC 2014–15	\$1,920.2	\$112.1	\$574.0	\$497.7	\$3,103.9
	BIENNIAL CHANGE	20.0%	20.2%	14.5%	22.4%	19.3%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
Social Security						
Funding provides for the payment of the state's share of Social Security taxes to the federal government. The amounts include an increase in funding of \$32.7 million in All Funds for Social Security based on 0.0 percent for general state employees and 2.0 percent annual payroll growth for higher education employees. Funding also incorporates FTE changes and career ladder pay increases at certain state agencies.	EST/BUD 2012–13	\$919.0	\$151.4	\$182.6	\$175.4	\$1,428.3
	REC 2014–15	\$952.1	\$155.2	\$173.0	\$180.8	\$1,461.0
	BIENNIAL CHANGE	3.6%	2.5%	(5.3%)	3.1%	2.3%
Benefit Replacement Pay						
Funding provides 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. Amounts include a decrease in funding of \$7.9 million in All Funds due to a projected 6.5 percent annual turnover rate in employees hired before September 1, 1995.	EST/BUD 2012–13	\$33.0	\$4.7	\$12.3	\$12.9	\$62.8
	REC 2014–15	\$29.3	\$4.1	\$10.2	\$11.3	\$54.9
	BIENNIAL CHANGE	(11.2%)	(12.8%)	(17.1%)	(12.4%)	(12.6%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
DEBT SERVICE						
State General Obligation Debt Issued by the Texas Public Finance Authority						
Funding provides an increase of \$147.5 million in All Funds for the payment of debt service for General Obligation bonds issued, or expected to be issued, through fiscal year 2013 as reflected below:	EST/BUD 2012–13	\$484.8	\$52.5	\$12.0	\$2.5	\$551.9
	REC 2014–15	\$543.3	\$138.8	\$12.0	\$5.4	\$699.5
Increase of \$58.5 million in General Revenue Funds for debt service for debt issued for various capital projects at several state agencies including the Texas Facilities Commission, Texas Department of Criminal Justice, Texas Department of Aging and Disability Service, Texas Department of State Health Services, Texas Department of Public Safety, Adjutant General's Department, and Texas Parks and Wildlife Department; and courthouse preservation grants and maintenance and preservation of historic sites projects at the Texas Historical Commission.	BIENNIAL CHANGE	12.1%	164.4%	0.0%	112.0%	26.7%
Increase of \$86.3 million in General Revenue–Dedicated Funds primarily for increased debt service requirements of issued debt for Cancer Prevention and Research grants and loans to local defense communities.						
Increase of \$2.8 million in Other Funds primarily for the availability of funds out of certain Mental Health Collections for Patient Support and Maintenance funds.						
Additionally, amounts 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.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
MULTI-AGENCY ISSUES						
LEASE PAYMENTS						
Funding reflects a decrease of approximately \$13.0 million in General Revenue Funds and General Revenue–Dedicated Funds due to reduced debt service requirements of approximately \$18.2 million for revenue bonds that were issued to construct, renovate, or purchase state buildings. This decrease is offset by an increase of \$5.2 million in General Revenue Funds for debt service for the expected issuance of new revenue bond proceed authority issued by the Texas Public Finance Authority on behalf of the Texas Facilities Commission for the construction of two office buildings and one parking garage.	EST/BUD 2012–13	\$75.6	\$0.8	\$0.0	\$0.0	\$76.4
	REC 2014–15	\$62.8	\$0.6	\$0.0	\$0.0	\$63.4
	BIENNIAL CHANGE	(16.9%)	(20.4%)	N/A	N/A	(17.0%)
Crime Victims Assistance						
Funding reflects \$90.2 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 2012–13	\$0.1	\$84.2	\$6.9	\$0.0	\$91.2
	REC 2014–15	\$25.2	\$38.9	\$6.1	\$20.0	\$90.2
Amounts include an increase of \$25.1 million in General Revenue Funds to maintain current services levels for victim service grants, which includes the Court Appointed Special Advocate program (CASA), Children's Advocacy Centers program (CAC), and sexual assault prevention and crisis service programs.	BIENNIAL CHANGE	41,082.9%	(53.8%)	11.9%	NA	(1.1%)
Funding also provides for a decrease of \$45.4 million in General Revenue–Dedicated Compensation to Victims of Crime Account No. 469 due to a decrease in projected revenue and expending account balances for victim service grants.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
Amounts reflect an increase of \$20.0 million in Appropriated Receipts from the Legal Services program to the Crime Victims Assistance program to partially fund victim service grants.						
Data Center Consolidation Services						
Amounts reflect funding at state agencies that receive Data Center Services (DCS) from the Department of Information Resources (DIR). DCS includes the consolidation of server, mainframe, network services, disaster recovery, data center facilities, print/mail operations and help desk functions related to data centers into the two state data centers. An increase of \$64.0 million in All Funds primarily reflects an increase in costs for current obligations related to increased rates for certain services under new service provider contracts and increase in consumption of certain services by agencies, such as application servers and tape storage. The increase also includes new initiatives at the Department of Insurance and other initiatives that are deemed critical for agency operations, such as additional server and storage growth for an electronic data management system related to a risk assessment initiative at the Texas Department of Criminal Justice.	EST/BUD 2012–13	\$125.3	\$26.1	\$115.6	\$59.7	\$326.7
	REC 2014–15	\$154.9	\$29.4	\$127.0	\$79.3	\$390.7
	BIENNIAL CHANGE	23.6%	12.6%	9.9%	32.9%	19.6%
An Article IX provision makes adjustments (increases and decreases, not shown in these amounts) to affected agencies' bill patterns based on DIR's revised forecast of DCS costs for the 2014–15 biennium. The overall impact of the adjustments would increase General Revenue Funds and General Revenue–Dedicated Funds by \$1.1 million and decrease All Funds by \$6.5 million.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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) and Integrated Statewide Administrative System (ISAS)						
<p>Funding includes \$32.5 million in All Funds to provide ongoing maintenance for the statewide enterprise resource planning (ERP) system known as the Centralized Accounting and Payroll/Personnel System (CAPPS) and the Integrated Statewide Administrative System (ISAS). CAPPS is the initiative of the Comptroller of Public Accounts to consolidate and replace current financial and payroll systems maintained by the agency. ISAS is a PeopleSoft software-based financial system which precedes CAPPS and is primarily funded out of Interagency Contracts from six agencies currently using the system.</p> <p>To date, the Department of Information Resources (DIR), the Department of Insurance (TDI), the Central Texas Turnpike System (CTTS) of the Texas Department of Transportation (TxDOT), and the Comptroller of Public Accounts' internal accounting functions have transitioned to the financial system under CAPPS. The Health and Human Services Commission (HHSC), along with the other four health and human services agencies, have also transitioned to the human capital management (HCM) system under CAPPS. In addition, funding is provided to the Department of Motor Vehicles in the 2014–15 biennium to transition to CAPPS.</p>	EST/BUD 2012–13	\$13.1	\$0.0	\$0.0	\$22.0	\$35.1
	REC 2014–15	\$27.9	\$0.0	\$0.0	\$4.6	\$32.5
	BIENNIAL CHANGE	112.6%	N/A	N/A	(79.1%)	(7.5%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
Amounts reflect an increase of \$14.8 million in General Revenue Funds due to a \$13.3 million method-of-finance (MOF) swap replacing Interagency Contracts from DIR to provide the Comptroller of Public Accounts a direct appropriation for CAPPs licenses and maintenance and an additional increase of \$1.5 million for CAPPs, including staff support costs, reallocated from various agency programs and functions. Amounts also reflect a decrease of \$17.4 million in Interagency Contracts due to a decrease of \$4.2 million from DIR, HHSC and TxDOT for project development and \$13.3 million for the previously mentioned MOF swap offset by an increase of \$0.1 million for ISAS from participating agencies.					

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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						
Agency Operations and Grants						
Amounts reflect an overall increase of \$5.7 million in All Funds primarily due to an increase of \$7.1 million in General Revenue Funds, a portion of which incorporates a method of finance swap of \$1.2 million from General Revenue–Dedicated Arts Operating Account No. 334 due to expenditure of remaining one-time funds transferred to the Arts Operating Account from outside the Treasury as a result of the dissolution of the Cultural Endowment Fund in fiscal year 2010. In addition, the remaining increase of \$5.9 million in General Revenue Funds includes operating and project support grants to arts and cultural organizations (\$3.8 million); grants for arts education (\$0.8 million); grants for cultural tourism efforts (\$1.0 million); and funding for 2.0 full-time equivalents including a director of communications and a grants program assistant (\$0.2 million). Funding also reflects an anticipated \$0.1 million decrease in Federal Funds and \$0.1 million decrease in Appropriated Receipts (Other Funds) from private donations.	EST/BUD 2012–13	\$3.6	\$1.8	\$1.9	\$0.4	\$7.7
	REC 2014–15	\$10.6	\$0.6	\$1.9	\$0.3	\$13.4
	BIENNIAL CHANGE	197.6%	(66.2%)	(3.0%)	(23.6%)	74.0%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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						
Funding provides for \$151.4 million to defend laws and the Texas Constitution, represent the state in litigation, approve public bond issuances, and provide assistance to the public regarding consumer protection.	EST/BUD 2012–13	\$111.6	\$0.4	\$2.4	\$68.8	\$183.3
	REC 2014–15	\$101.4	\$0.4	\$1.3	\$48.3	\$151.4
Amounts include a reduction of \$10.2 million in General Revenue Funds primarily related to a one-time appropriation in fiscal year 2012 for a outside legal counsel contingency fee payment related to Medicaid fraud litigation.	BIENNIAL CHANGE	(9.2%)	(9.9%)	(45.1%)	(29.8%)	(17.4%)
The funding also reflects a reduction of \$1.1 million in Federal Funds due to a decrease in Federal Funds (American Recovery and Reinvestment Act) related to Internet Crimes Against Children grant funding (\$0.6 million) and a decrease for several criminal justice related grants (\$0.5 million).						
In addition, the amounts include a decrease of \$20.5 million in Appropriated Receipts primarily due to a reallocation from the Legal Services program to the Victim Services grant program to partially fund victim service grants.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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						
Amounts include \$591.4 million to provide services to parents through the establishment, enforcement, and modification of child support orders.	EST/BUD 2012–13	\$264.4	\$0.0	\$282.6	\$27.5	\$574.5
Amounts include an increase of \$2.4 million in General Revenue Funds related to a transfer of \$1.3 million from the State Disbursement Unit due to a decrease in vendor processing rates and an increase of \$1.1 million related to the agency's revised federal indirect cost allocation plan.	REC 2014–15	\$266.8	\$0.0	\$292.2	\$32.4	\$591.4
The funding also reflects an increase of \$4.9 million in Interagency Contract funding primarily related to an existing contract with the Texas Health and Human Services Commission related to identifying non-custodial parents who can provide health insurance to children receiving child support services and are currently receiving Medicaid. The increase in Interagency Contract funding will also result in an additional \$9.6 million in matching Federal Funds.	BIENNIAL CHANGE	0.9%	N/A	3.4%	17.9%	2.9%
Crime Victim Claim Payments						
Amounts include \$165.5 million to provide claim payments to reimburse victims of violent crime for expenses such as medical and hospital bills, psychiatric care and counseling, and loss of wages.	EST/BUD 2012–13	\$0.5	\$85.3	\$78.4	\$0.0	\$164.3
Funding provides for an increase of \$15.0 million in General Revenue–Dedicated Compensation to Victims of Crime Account No. 469 to primarily offset a decrease of \$13.2 million in federal Crime Victims Compensation grant funding. These funds provide for victims claim payments to reimburse victims for expenses such as medical and hospital bills, psychiatric care and counseling, and loss of wages.	REC 2014–15	\$0.0	\$100.3	\$65.2	\$0.0	\$165.5
	BIENNIAL CHANGE	(100.0%)	17.6%	(16.9%)	N/A	0.7%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
Funding also reflects a decrease of \$13.2 million in Federal Funds related to grants for crime victim compensation due to the agency expending the balance of available federal grants prior to the expiration of those funds.						
CANCER PREVENTION AND RESEARCH INSTITUTE						
Grants and Agency Operations						
Amounts include \$10.3 million in General Obligation (GO) bond proceeds from balances remaining as of August 31, 2013 for cancer prevention and research grants and agency operations carried forward to the 2014–15 biennium to maintain the agency's function to monitor awarded cancer prevention and research grants. Amounts include no new GO bond proceeds for cancer prevention and research during the 2014–15 biennium reflecting a decrease of \$577.7 million in GO bond proceeds and a reduction of 7 FTEs related to the grant review process.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$588.0	\$588.1
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$10.3	\$10.3
	BIENNIAL CHANGE	N/A	N/A	N/A	(98.2%)	(98.2%)
FISCAL PROGRAMS - COMPTROLLER OF PUBLIC ACCOUNTS						
Payment of Miscellaneous Claims Against the State						
Funding provides an estimated \$29.7 million in General Revenue Funds 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 2012–13	\$35.0	\$0.1	\$0.0	\$0.2	\$35.3
	REC 2014–15	\$29.7	\$0.0	\$0.0	\$0.0	\$29.7
	BIENNIAL CHANGE	(15.1%)	(100.0%)	(100.0%)	(100.0%)	(15.9%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
Mixed Beverage Tax Reimbursements						
Funding reflects an increase of \$66.2 million in General Revenue Funds for reimbursements to counties and incorporated municipalities of mixed beverage tax receipts as a result of an increase in the rate of reimbursement from 8.3065 percent to the new statutory minimum rate of reimbursement of 10.7143 percent, effective September 1, 2013. Prior to enactment of Senate Bill 1, Article 58, Eighty-second Legislature, First Called Session, 2011, the statutory maximum rate of reimbursement was 10.7143 percent of receipts collected from permittees and remitted to counties and incorporated municipalities in which the permittees are located. The 2012–13 General Appropriations Act limits the rate of reimbursement to 8.3065 percent of receipts.	EST/BUD 2012–13	\$241.1	\$0.0	\$0.0	\$0.0	\$241.1
	REC 2014–15	\$307.3	\$0.0	\$0.0	\$0.0	\$307.3
	BIENNIAL CHANGE	27.5%	N/A	N/A	N/A	27.5%
Unclaimed Property						
Funding provides an estimated \$330.3 million in General Revenue Funds for payment of legitimate claims for unclaimed property previously abandoned or uncollected by owners, representing an anticipated decrease of \$3.6 million from the previous biennium.	EST/BUD 2012–13	\$333.9	\$0.0	\$0.0	\$0.0	\$333.9
	REC 2014–15	\$330.3	\$0.0	\$0.0	\$0.0	\$330.3
	BIENNIAL CHANGE	(1.1%)	N/A	N/A	N/A	(1.1%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
Local Continuing Education Grants						
Funding provides \$12.0 million in General Revenue—Dedicated Law Enforcement Officer Standards and Education Account No. 116 for grants to local law enforcement agencies for continuing education and training of peace officers. Grants are distributed according to the allocation provided by Texas Occupations Code, Section 1701.157 as follows: 20 percent is equally allocated to all agencies and 80 percent is allocated to agencies based on the number of licensed peace officers.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$0.0	\$12.0	\$0.0	\$0.0	\$12.0
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A
Distributions to Counties of Gross Weight/Axle Fee Receipts						
Funding reflects a method-of-finance swap from State Highway Fund 6 to General Revenue Funds for distributions to counties of a portion of amounts collected from gross weight and axle weight permit fees to align with the Texas Transportation Code, Section 621.353.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$15.0	\$15.0
	REC 2014–15	\$15.0	\$0.0	\$0.0	\$0.0	\$15.0
	BIENNIAL CHANGE	N/A	N/A	N/A	(100.0%)	0.0%
Jobs and Education for Texans (JET)						
Funding reflects expenditure of remaining balances out of the Jobs and Education for Texans Account No. 5143 in the 2012–13 biennium for grants for training programs to prepare students for high demand occupations. Revenue sources to the fund include legislative appropriations, gifts, grants, donations and depository interest.	EST/BUD 2012–13	\$0.0	\$5.0	\$0.0	\$0.0	\$5.0
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	BIENNIAL CHANGE	N/A	(100.0%)	N/A	N/A	(100.0%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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						
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.						
Funding reflects a decrease of \$25.0 million in General Revenue Funds for the assumed transfer of appropriations in fiscal year 2013 to the Major Events Trust Fund outside the Treasury due to anticipated fulfillment of the following contingencies set forth in Rider 15, Unexpended Balances: Major Events Trust Fund, in the 2012–13 General Appropriations Act (GAA) associated with the Formula 1 race in Austin in November 2012 or for another eligible event: (a) a written statement confirming the state's interest in the event that is signed by both the Governor and the Comptroller of Public Accounts; (b) certification by the Comptroller that sufficient revenues will be generated to offset the amounts appropriated; (c) an agreement with one or more endorsing municipalities or counties entered into pursuant to Article 5190.14, Section 5A(r), Vernon's Texas Civil Statutes; and (d) the receipt of local funds from the endorsing entity(ies) pursuant to Article 5190.14, Section 5A(r), Vernon's Texas Civil Statutes.	EST/BUD 2012–13	\$25.0	\$0.0	\$0.0	\$0.0	\$25.0
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	BIENNIAL CHANGE	(100.0%)	N/A	N/A	N/A	(100.0%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
Obesity Program						
Funding does not continue the obesity program.	EST/BUD	\$2.0	\$0.0	\$0.0	\$0.0	\$2.0
Appropriations for the 2012–13 biennium of \$2.0 million provided for the development and maintenance a web portal highlighting the economic impact of obesity.	2012–13					
	REC	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	2014–15					
	BIENNIAL CHANGE	(100.0%)	N/A	N/A	N/A	(100.0%)
State Energy Conservation Office						
Funding for the State Energy Conservation Office (SECO) reflect a decrease of \$0.2 million in General Revenue Funds in one-time costs for implementation of House Bill 51, Eighty-second Legislature, Regular Session, 2011, relating to setting energy efficiency standards for state facilities; a decrease of \$49.8 million in General Revenue–Dedicated Oil Overcharge Fund 5005 available for new LoanSTAR awards; and an increase of \$0.1 million in federal State Energy Program awards for administration of the State Energy and Conservation Office (SECO).	EST/BUD	\$1.3	\$84.3	\$159.9	\$0.0	\$245.6
	2012–13					
	REC	\$1.1	\$34.5	\$23.1	\$0.0	\$58.8
	2014–15					
	BIENNIAL CHANGE	(15.1%)	(59.1%)	(85.5%)	N/A	(76.1%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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 addition, amounts reflect expenditure of remaining Federal Funds from the American Recovery and Reinvestment Act (ARRA) for the State Energy Conservation Office (SECO) in fiscal year 2012 (\$148.8 million) offset by an increase in repayments of loans (\$11.9 million) from the Building Efficiency and Retrofit loan program, originally allocated from a portion of SECO's ARRA award. Loan repayments would be applied towards new loan awards for energy efficiency projects under the LoanSTAR revolving loan program, which provides loans to state agencies and local governments, including school districts, to retrofit buildings with new technology and equipment to reduce energy and water consumption.</p>						
COMMISSION ON STATE EMERGENCY COMMUNICATIONS						
Next Generation 9-1-1 (NG 9-1-1)						
Funding provides an overall increase of \$8.1 million in All Funds due to a decrease of \$5.2 million in Federal Funds related to the expiration of the Ensuring Needed Help Arrives Near Callers Employing 9-1-1 (ENHANCE 9-1-1) Grant, offset by an increase of \$13.3 million out of General Revenue–Dedicated 9-1-1 Service Fees Account No. 5050 related to funding for a 9-1-1 Geospatial Database and Phase 1 of a State-wide NG 9-1-1 Digital Network.	EST/BUD 2012–13	\$0.0	\$0.0	\$5.2	\$0.0	\$5.2
	REC 2014–15	\$0.0	\$13.3	\$0.0	\$0.0	\$13.3
	BIENNIAL CHANGE	N/A	N/A	(100.0%)	N/A	156.8%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
Equipment Replacement						
Funding provides an increase of \$21.2 million out of General Revenue–Dedicated 9-1-1 Service Fees Account No. 5050 to fund 9-1-1 Equipment Replacement at the Regional Planning Commissions.	EST/BUD 2012–13	\$0.0	\$3.9	\$0.0	\$0.0	\$3.9
	REC 2014–15	\$0.0	\$25.1	\$0.0	\$0.0	\$25.1
	BIENNIAL CHANGE	N/A	551.2%	N/A	N/A	551.2%
Regional Planning Commissions Strategic Plans						
Funding provides an increase of \$6.1 million out of General Revenue–Dedicated 9-1-1 Service Fees Account No. 5050, which includes \$2.6 million to fund Regional Planning Commissions Strategic Plans for 9-1-1 Network Operations, which includes: 9-1-1 equipment maintenance; preparation of public safety answering point (PSAP) locations in the event of a PSAP move or renovation; 9-1-1 call taker training; PSAP supplies; and public education at the local level.	EST/BUD 2012–13	\$0.0	\$84.3	\$0.0	\$0.0	\$84.3
	REC 2014–15	\$0.0	\$90.4	\$0.0	\$0.0	\$90.4
	BIENNIAL CHANGE	N/A	7.1%	N/A	N/A	7.1%
Regional Poison Control Centers						
Funding provides an increase of \$1.1 million out of General Revenue–Dedicated Commission on State Emergency Communications Account No. 5007 for the operation of Regional Poison Control Centers.	EST/BUD 2012–13	\$0.0	\$10.8	\$0.0	\$0.0	\$10.8
	REC 2014–15	\$0.0	\$11.9	\$0.0	\$0.0	\$11.9
	BIENNIAL CHANGE	N/A	10.2%	N/A	N/A	10.2%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
ETHICS COMMISSION						
Funding provides \$6.8 million for the agency to enforce and administer ethics laws and provide public information regarding public officials and lobbyists. Amounts include an increase of \$2.9 million in General Revenue Funds in fiscal year 2014 for the purchase and development of electronic filing software.	EST/BUD 2012–13	\$3.8	\$0.0	\$0.0	\$0.0	\$3.9
	REC 2014–15	\$6.8	\$0.0	\$0.0	\$0.0	\$6.8
	BIENNIAL CHANGE	76.5%	N/A	N/A	N/A	76.2%
TEXAS FACILITIES COMMISSION						
New Construction						
Funding provides an increase of \$325.3 million for new construction projects which includes \$325.6 million in Revenue bond proceeds, for the construction of two office buildings and a parking structure. This increase is offset by a decrease of \$0.3 million in Interagency Contracts related to reimbursements from state agencies for architects, engineers, construction contractors, and project managers, for various capital projects.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$9.3	\$9.3
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$334.6	\$334.6
	BIENNIAL CHANGE	N/A	N/A	N/A	3,507.0%	3,507.0%
Construction and Renovations						
Funding provides \$110.2 million for capital improvement needs, such as repairing, replacing, and upgrading critical building systems. The funding includes \$76.9 million in GO bond proceeds for Health and Safety Projects and \$3.0 million in GO bond proceeds for Deferred Maintenance projects at several state-owned buildings, which is an increase of \$3.9 million in GO bond proceeds for health and safety and deferred maintenance projects, offset by a reduction in the following:	EST/BUD 2012–13	\$16.0	\$1.0	\$0.0	\$92.1	\$109.1
	REC 2014–15	\$15.7	\$0.0	\$0.0	\$94.5	\$110.2
	BIENNIAL CHANGE	(1.9%)	(100.0%)	N/A	2.7%	1.1%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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>\$1.4 million in Interagency Contracts related to energy efficient capital projects and estimated expenditures on facility maintenance;</p> <p>\$0.1 million in Appropriated Receipts due to fewer private tenants occupying state-owned property;</p> <p>\$1.0 million in General Revenue–Dedicated Federal Surplus Property Service Charge Account 570 for deferred maintenance projects at Federal Surplus Property warehouses;</p> <p>\$0.3 million in General Revenue Funds related to a one-time rental of a portable generator and waste management services.</p>						
Utilities						
Funding reflects an increase of \$3.8 million in General Revenue Funds related to an increase in utility costs in the 2014–15 biennium. Utility cost estimates are based on monthly trends and City of Austin utility rate increases that took place in January and October of 2012. The Texas Facilities Commission provides for the payment of all utility costs for all state-owned facilities under the agency's purview and for the Capitol, the Capitol Extension, the Historic Capitol Grounds, the 1857 General Land Office, and the State History Museum.	EST/BUD 2012–13	\$26.5	\$2.1	\$0.0	\$7.4	\$36.0
	REC 2014–15	\$30.3	\$2.1	\$0.0	\$7.3	\$39.7
	BIENNIAL CHANGE	14.3%	0.0%	N/A	(1.4%)	10.3%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
Surplus Property Programs						
Funding provides \$6.4 million in All Funds for the Federal and State Surplus Property Programs. Funding reflects an increase of \$1.8 million out of General Revenue–Dedicated Federal Surplus Property Service Charge Account No. 570 for the carry forward of unexpended account balances from the 2012–13 biennium. Amounts also reflect an increase of \$0.3 million in Appropriated Receipts for the State Surplus Property Program for the 2.0 additional FTEs and an Inventory Information System.	EST/BUD 2012–13	\$0.0	\$3.0	\$0.0	\$1.3	\$4.3
	REC 2014–15	\$0.0	\$4.8	\$0.0	\$1.6	\$6.4
	BIENNIAL CHANGE	N/A	58.4%	N/A	27.3%	49.1%
PUBLIC FINANCE AUTHORITY						
Finance Capital Projects						
Funding maintains the agency's core functions to manage bond proceeds and pay debt service timely and includes an increase of \$1.4 million in General Revenue Funds for method-of-finance swap from Appropriated Receipts generated from the Master Lease Purchase Program (MLPP) due to an expected decline in MLPP participation and an increase of \$0.6 million for costs related to the development of a debt management system and funding for a full-time financial analyst.	EST/BUD 2012–13	\$0.5	\$1.1	\$0.0	\$1.3	\$2.9
	REC 2014–15	\$2.5	\$0.2	\$0.0	\$0.0	\$2.7
	BIENNIAL CHANGE	381.6%	(77.4%)	N/A	(100.0%)	(6.5%)
Amounts include 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 MLPP for the 2014–15 biennium.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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						
Funding includes an increase of \$3.2 million in General Revenue Funds to provide for a state contribution to the Texas Emergency Services Retirement System (TESRS). This amount reflects the estimated statutory maximum of one-third of all contributions to the TESRS fund.	EST/BUD 2012–13	\$1.6	\$0.0	\$0.0	\$0.1	\$1.7
	REC 2014–15	\$4.7	\$0.0	\$0.0	\$0.1	\$4.8
	BIENNIAL CHANGE	200.5%	N/A	N/A	(7.1%)	190.0%
TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR						
Disaster Funding						
Funding provides \$63.3 million in General Revenue Funds for disaster grants made to state and local agencies whose appropriated funds for disasters have been depleted and require additional resources to operate or meet the needs of an emergency situation. This reflects an increase of \$4.1 million in General Revenue Funds over the 2012–13 biennial level.	EST/BUD 2012–13	\$59.2	\$0.0	\$0.0	\$0.3	\$59.5
	REC 2014–15	\$63.3	\$0.0	\$0.0	\$0.0	\$63.3
	BIENNIAL CHANGE	6.9%	N/A	N/A	(100.0%)	6.4%
Criminal Justice						
Funding reflects a decrease of \$30.5 million in Federal Funds for criminal justice grants to state and local entities, non-profit organizations, and independent school districts for a variety of criminal justice related projects, offset by an increase of \$1.6 million in General Revenue Funds for Internet Crime Against Children Task Forces. The decrease in Federal funds is primarily due to federal stimulus funds not available in the 2014–15 biennium.	EST/BUD 2012–13	\$17.5	\$48.2	\$154.0	\$0.0	\$219.7
	REC 2014–15	\$19.1	\$48.2	\$123.5	\$0.0	\$190.8
	BIENNIAL CHANGE	9.0%	0.0%	(19.8%)	N/A	(13.2%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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						
Funding provides \$95.0 million for the agency's Film and Music Marketing Programs, which provide production incentives, production location research, crew referral, and information related to the development of video games and film. Of this amount, \$22.0 million in General Revenue Funds is for the Moving Image Industry Incentive Program for incentive grants to produce films, television programs, video games, and commercials in the state. This amount is contingent on certification by the Comptroller that sufficient revenue will be generated by the program to offset the appropriation. Out of the total amount for the operation of the Texas Music Office and the Texas Film Commission, \$68.7 million is contingent on certification by the Comptroller that excess Hotel Occupancy Taxes are collected in fiscal years 2013, 2014, and 2015.	EST/BUD 2012–13	\$39.2	\$0.0	\$0.0	\$0.2	\$39.4
	REC 2014–15	\$95.0	\$0.0	\$0.0	\$0.0	\$95.0
	BIENNIAL CHANGE	142.0%	N/A	N/A	(100.0%)	140.6%
Texas Enterprise Fund						
Amounts include \$120.0 million in unexpended balances and earned interest within the Texas Enterprise Fund program, created in 2003, to provide economic incentives for businesses to relocate to Texas and attract new jobs and investment within the state. Decreased funding is due to the estimated obligation of grant funding within the 2012–13 biennium.	EST/BUD 2012–13	\$0.0	\$181.2	\$0.0	\$0.0	\$181.2
	REC 2014–15	\$0.0	\$120.0	\$0.0	\$0.0	\$120.0
	BIENNIAL CHANGE	N/A	(33.8%)	N/A	N/A	(33.8%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
Economic Development and Tourism						
Amounts include a decrease of \$38.5 million in Other Funds, related to fewer loans being issued during the 2014–15 biennium through the Small Business Incubator Fund and the Texas Product Development Fund, which were created in 2005 through the issuance of General Obligation (GO) bonds, and an increase of \$6.3 million in General Revenue Funds for tourism related activities, which is contingent on certification by the Comptroller that excess Hotel Occupancy Taxes are collected in fiscal years 2013, 2014, and 2015.	EST/BUD 2012–13	\$79.9	\$24.3	\$1.1	\$41.2	\$146.5
	REC 2014–15	\$86.2	\$23.7	\$1.1	\$2.7	\$113.7
	BIENNIAL CHANGE	7.9%	(2.5%)	0.0%	(93.4%)	(22.4%)
Military Preparedness						
Funding reflects an increase of \$45.8 million in GO bond proceeds for the Texas Military Value Revolving Loan Program, which provides loans for economic development projects to defense-related communities.	EST/BUD 2012–13	\$1.5	\$0.0	\$0.0	\$77.3	\$78.8
	REC 2014–15	\$1.5	\$0.0	\$0.0	\$123.1	\$124.6
	BIENNIAL CHANGE	0.0%	N/A	N/A	59.2%	58.1%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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 Emerging Technology Fund						
Funding provides for \$7.2 million in General Revenue–Dedicated Funds 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. Amounts include unexpended balances carried forward from the 2012–13 biennium to the 2014–15 biennium, and estimated earned interest expected to accrue in the 2014–15 biennium. Decreased funding is due to the estimated obligation of grant funding within the 2012–13 biennium.	EST/BUD 2012–13	\$0.0	\$90.3	\$0.0	\$0.0	\$90.3
	REC 2014–15	\$0.0	\$7.2	\$0.0	\$0.0	\$7.2
	BIENNIAL CHANGE	N/A	(92.0%)	N/A	N/A	(92.0%)
HISTORICAL COMMISSION						
Agency Operations						
Amounts reflect an overall increase of \$1.3 million in All Funds primarily due to an increase of \$4.7 million in General Revenue Funds offset by a corresponding decrease in General Revenue–Dedicated Texas Preservation Trust Fund Account No. 664 for a method of finance (MOF) swap for agency operations; an increase of approximately \$1.2 million in General Revenue Funds for salaries and other operating costs for an additional 13 full-time-equivalent (FTE) positions across agency programs; \$0.3 million in General Revenue Funds for additional operating costs at the Holocaust and Genocide Commission which is administratively attached to the Historical Commission; an increase of \$0.2 million for three vehicles, desktop computer replacement, and grounds keeping equipment; and an increase of \$0.5 million in General Revenue–Dedicated Texas Preservation Trust Fund Account No. 664 for local preservation grants.	EST/BUD 2012–13	\$5.2	\$4.7	\$2.0	\$5.0	\$16.9
	REC 2014–15	\$11.5	\$0.5	\$2.0	\$4.1	\$18.2
	BIENNIAL CHANGE	121.4%	(88.8%)	0.0%	(17.5%)	7.5%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
Funding also provides a decrease of \$0.9 million in Other Funds primarily related to completion of the La Salle artifact restoration (\$0.2 million), completion of the Vietnam Veterans Memorial Monument (\$0.4 million), and completion of the historic Bankhead Highway survey project (\$0.3 million).						
Courthouse Preservation Program						
Funding reflects a decrease of \$22.3 million in GO bond proceeds for Courthouse Preservation grants which provide grants to counties for the renovation and rehabilitation of historic courthouses. Funding also reflects a increase of \$0.5 million in General Revenue Funds offset by a decrease of \$0.4 million in General Revenue–Dedicated - Texas Preservation Trust Fund Account No. 664 for a method of finance swap for administration of the courthouse grant program.	EST/BUD 2012–13	\$0.4	\$0.4	\$0.0	\$22.3	\$23.1
	REC 2014–15	\$0.9	\$0.0	\$0.0	\$0.0	\$0.9
	BIENNIAL CHANGE	114.8%	(98.5%)	N/A	(100.0%)	(96.0%)
Historic Sites Program						
Funding reflects a decrease of approximately \$21.2 million in GO bond proceeds primarily related to one-time construction projects in the 2012–13 biennium at several historic sites around the state, including restoration and maintenance at the National Museum of the Pacific War. Funding also includes \$1.5 million in General Revenue Funds for repairs and renovations to the National Museum of the Pacific War and \$0.5 million in General Revenue Funds for 5 full-time equivalents to assist with the operation and maintenance of certain historic sites.	EST/BUD 2012–13	\$15.9	\$0.0	\$0.0	\$21.4	\$37.3
	REC 2014–15	\$17.9	\$0.0	\$0.0	\$0.2	\$18.1
	BIENNIAL CHANGE	12.2%	N/A	N/A	(99.1%)	(51.6%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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 Cyber Security Services						
Funding provides \$9.8 million out of the Clearing Fund Account (Appropriated Receipts) and an increase of 2.0 full-time equivalents (FTEs) in fiscal year 2014 and 4.0 FTEs in fiscal year 2015 for statewide cyber security services to agencies and institutions of higher education. Services include upgrades and development of various security-related policies and standards; thirty state security assessments; full subscription access to agencies for security advisement and education services; expansion of technical security training and workforce awareness training offerings; and expansion of upgrades to legacy system risk tool capabilities and implementation of enhanced cyber incident reporting.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$9.8	\$9.8
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A
Texas.gov						
Funding incorporates a method-of-finance swap of \$1.4 million for funding of direct and indirect administration of Texas.gov from General Revenue Funds to the Clearing Fund Account (\$0.7 million) and the Telecommunications Revolving Account (\$0.7 million). Use of the Clearing Fund Account and Telecommunications Revolving Account for Texas.gov is authorized by Senate Bill 1, Eighty-second Legislature, First Called Session, 2011. Texas.gov is the state's Internet portal by which the public can access state agency and local government services and applications in a variety of languages. Services include driver license renewal, vehicle registration, occupational license renewals, property and sale tax payments, and utility bill payments.	EST/BUD 2012–13	\$1.4	\$0.0	\$0.0	\$0.0	\$1.4
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$1.4	\$1.4
	BIENNIAL CHANGE	(100.0%)	N/A	N/A	N/A	0.0%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
TEX-AN						
Funding out of the Telecommunications Revolving Account for the operation and maintenance of the TEX-AN system reflects a decrease in long distance service per unit (or per minute) rates (\$0.8 million) offset by reallocation of the agency's internal Data Center Services costs (\$0.3 million) and carry forward of unexpended balances of \$1.7 million out of the Telecommunications Revolving Account. TEX-AN is the long distance, voice and data communication system for state government.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$152.3	\$152.3
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$153.5	\$153.5
	BIENNIAL CHANGE	N/A	N/A	N/A	0.8%	0.8%
LIBRARY AND ARCHIVES COMMISSION						
Library Resource Sharing Programs						
Funding includes an All Funds increase of \$6.8 million which primarily reflects a \$7.5 million increase out of General Revenue Funds for the TexShare Database program. Included in the increase is \$3.1 million to maintain and provide additional online content for TexShare public and academic library members and \$4.4 million for K–12 online content not funded in the 2012–13 biennium. Funding also reflects an increase of \$2.2 million in Other Funds from TexShare member fees, including \$0.9 million in unexpended balances carried forward from the 2012–13 biennium, \$0.3 million in increased fees from academic and public libraries related to additional content, and \$1.0 million in fees from participating public K–12 schools.	EST/BUD 2012–13	\$3.1	\$0.0	\$10.0	\$4.3	\$17.4
	REC 2014–15	\$10.6	\$0.0	\$7.1	\$6.5	\$24.2
	BIENNIAL CHANGE	241.3%	N/A	(29.0%)	50.9%	38.9%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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>Funding also reflects a reduction of \$2.9 million in Federal Funds primarily as a result of failure to meet federal maintenance-of-effort (MOE) requirements for spending General Revenue Funds towards library services programs as a result of reductions implemented in the 2012–13 General Appropriations Act. The loss in Federal Funds would result in elimination of the Interlibrary Loan program in fiscal year 2015. The Interlibrary Loan program provides libraries access to an interlibrary loan network allowing patrons to borrow materials which are unavailable locally.</p>						
Aid to Local Libraries						
<p>Funding reflects a decrease of \$12.5 million in Federal Funds, including \$6.4 million from the American Recovery and Reinvestment Act (ARRA) for completion of the Broadband Technology Opportunities Program (BTOP) to expand computing capabilities at local libraries and a reduction of \$6.2 million from Federal Library Services and Technology Act (LSTA) Funds for library programs. The reduction in LSTA funds is anticipated as a result of failure to meet federal MOE requirements for spending General Revenue Funds towards library services programs as a result of reductions implemented in the 2012–13 General Appropriations Act. This reduction would impact the Continuing Education and Consulting Services program, which provides statewide training in library management and services, and eliminate in fiscal year 2015 consultation services to public libraries on issues related to operations and information technology and competitive grants to public libraries supporting local literacy, educational and other programs to meet needs of local communities.</p>	EST/BUD 2012–13	\$0.1	\$0.0	\$16.5	\$0.3	\$16.9
	REC 2014–15	\$0.1	\$0.0	\$4.0	\$0.0	\$4.1
	BIENNIAL CHANGE	18.0%	N/A	(76.0%)	(100.0%)	(75.6%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
Funding also includes a reduction of \$0.3 million in Other Funds which primarily reflects completion of a grant from the Bill and Melinda Gates Foundation in fiscal year 2013 providing training to public libraries on broadband technology and best practices related to public access to online resources at public libraries.						
Archives Program						
Funding provides an overall increase of \$0.7 million in All Funds, reflecting an increase of \$1.3 million in General Revenue Funds for development of an electronic state records program including 2.0 full-time equivalents (FTEs) (\$0.5 million); additional archivists to address the back log of state records to make available for public access (3.0 FTEs, \$0.6 million); and an additional 1.0 FTE to recover state documents (\$0.2 million) offset by a decrease of \$0.6 million in Federal Funds primarily due to completion of the Laura Bush 21st Century Librarian grant program.	EST/BUD 2012–13	\$3.2	\$0.0	\$0.9	\$0.0	\$4.1
	REC 2014–15	\$4.4	\$0.0	\$0.3	\$0.0	\$4.8
	BIENNIAL CHANGE	39.2%	N/A	(62.1%)	18.2%	16.9%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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
PRESERVATION BOARD						
Agency Operations						
Funding reflects an overall decrease of \$5.1 million in General Revenue Funds due to the completion of the restoration of the Governor's Mansion and other capital budget projects (\$10.3 million) offset by an increase of \$3.3 million for a method of finance swap from the Capitol Fund outside the Treasury to General Revenue Funds for salaries and other operating expenses for 26 FTEs including curatorial, housekeeping, groundskeeping, and maintenance staff. The increase also includes \$0.7 million for various equipment maintenance and repair contracts; \$0.1 million for curatorial services; \$0.8 million to replace the lift mechanism for the Capitol perimeter bollards; and \$0.3 million in unexpended balances for the African American Texans Monument carried forward from fiscal year 2013 to fiscal year 2014. In addition, funding reflects a decrease of \$2.6 million in Other Funds, primarily reflecting a decrease in donations due to completion of the restoration of the Governor's mansion.	EST/BUD 2012–13	\$29.3	\$0.0	\$0.0	\$2.6	\$31.9
	REC 2014–15	\$24.2	\$0.0	\$0.0	\$0.0	\$24.2
	BIENNIAL CHANGE	(17.5%)	N/A	N/A	(98.6%)	(24.1%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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 OFFICE OF RISK MANAGEMENT (SORM)						
Risk Management Monitoring and Claim Processing						
SORM administers the state workers' compensation program which covers all state employees except those exempt by statute. Workers' Compensation Payments pay for medical expenses and compensation indemnity payments to injured state workers.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$103.0	\$103.0
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$104.3	\$104.3
Funding includes \$104.3 million in Interagency Contracts with state agencies to monitor agencies risk management programs (\$6.7 million), to administer workers' compensation claims (\$14.1 million), and for Workers Compensation Payments (\$83.5 million).	BIENNIAL CHANGE	N/A	N/A	N/A	1.2%	1.2%
Amounts reflect an increase of \$1.3 million in Interagency Contracts to upgrade the Worker's Compensation Claims Management System (\$1.0 million), replace desktop computers (\$0.2 million), and to replace the current telephone system with a voice interactive response system (\$0.1 million).						
SECRETARY OF STATE						
Elections Improvement						
Funding reflects a decrease in available funds for Help America Vote Act (HAVA) activities, which includes a decrease of \$31.7 million in Federal Funds and \$0.3 million in General Revenue–Dedicated Election Improvement Fund Account 5095. The amounts include all revenue and balances available for HAVA, estimated to be \$4.4 million, to operate the program.	EST/BUD 2012–13	\$0.0	\$0.3	\$36.1	\$0.0	\$36.4
	REC 2014–15	\$0.0	\$0.0	\$4.4	\$0.0	\$4.4
	BIENNIAL CHANGE	N/A	(91.9%)	(87.8%)	N/A	(87.9%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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						
Claims Representation and Counseling						
Amounts reflect an increase of \$3.8 million in General Revenue for the Claims Representation and Counseling program primarily related to the continuation of the State Strike Force Teams (\$1.3 million) and the Fully Developed Claims Teams (\$1.5 million), two initiatives created in fiscal year 2012 by the agency to address the federal backlog of Texas veterans claims. In addition, funding includes an increase of \$0.8 million in General Revenue Funds due to an expansion of the State Strike Force Teams and an increase of \$0.4 million in General Revenue Funds for an expansion of the Fully Developed Claims Teams, and a decrease of approximately \$0.2 million related to reallocation of the Women's Veterans program from Strategy A.1.1, Claims Representation and Counseling, to Strategy A.1.5, Veterans Outreach, to reflect appropriate strategy expenditures.	EST/BUD 2012–13	\$9.2	\$0.0	\$0.0	\$0.4	\$9.6
	REC 2014–15	\$13.0	\$0.0	\$0.0	\$0.2	\$13.3
	BIENNIAL CHANGE	41.9%	N/A	N/A	(46.9%)	37.9%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 21

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 Assistance Grants						
<p>The funding reflects a decrease of approximately \$7.6 million in Veterans Assistance Fund No. 368 (Other Funds) primarily due to a decline in lottery ticket sales used for veterans service grants. Veterans Assistance Fund No. 368 is used for grants provided to veterans and their families for a broad range of services, including housing assistance, transportation services, and family and children services.</p> <p>The funding also includes \$1.2 million in Interagency Contracts with the Texas Department of Housing and Community Affairs and an increase of \$1.8 million in General Revenue Funds for the continuation of the veterans housing grant program.</p>	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$19.5	\$19.5
	REC 2014–15	\$1.8	\$0.0	\$0.0	\$11.9	\$13.8
	BIENNIAL CHANGE	N/A	N/A	N/A	(38.7%)	(29.1%)

HEALTH AND HUMAN SERVICES

2014–15 BIENNIAL RECOMMENDATIONS

All Funds for Health and Human Services total \$74.2 billion for the 2014–15 biennium, an increase of \$5.6 billion, or 8.1 percent, from the 2012–13 biennium (Figure 22).

General Revenue Funds and General Revenue–Dedicated Funds total \$31.0 billion, an increase of \$2.5 billion, or 8.9

percent, from the 2012–13 biennium (Figure 23).

Seventy-six percent of the biennial General Revenue Funds increase (\$1.9 billion) is related to maintaining projected Medicaid caseload and cost growth and expanding community-based long-term services and supports, including an increase in

attendant care wages. Cost containment initiatives in the Medicaid program are assumed to save \$400.0 million in General Revenue Funds.

Selected performance measures for agencies in the Health and Human Services function are shown in Figure 24.

FIGURE 22
ALL FUNDS: HEALTH AND HUMAN SERVICES

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Aging and Disability Services, Department of	\$12,838.6	\$13,867.8	\$1,029.2	8.0
Assistive and Rehabilitative Services, Department of	1,235.6	1,261.3	25.8	2.1
Family and Protective Services, Department of	2,690.1	2,989.0	298.9	11.1
State Health Services, Department of	5,796.4	6,200.3	403.9	7.0
Health and Human Services Commission	45,304.4	48,982.2	3,677.9	8.1
Subtotal, Health and Human Services	\$67,865.0	\$73,300.7	\$5,435.7	8.0
Retirement and Group Insurance	\$1,140.6	\$1,343.3	\$202.7	17.8
Social Security and Benefit Replacement Pay	329.4	326.9	(2.5)	(0.8)
Subtotal, Employee Benefits	\$1,470.1	\$1,670.2	\$200.2	13.6

HEALTH AND HUMAN SERVICES

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 22

ALL FUNDS: HEALTH AND HUMAN SERVICES (CONTINUED)

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Bond Debt Service Payments	\$55.8	\$56.1	\$0.2	0.4
Lease Payments	12.5	8.7	(3.8)	(30.6)
Subtotal, Debt Service	\$68.3	\$64.8	(\$3.6)	(5.2)
Less Interagency Contracts	\$771.2	\$819.6	\$48.5	6.3
Total Article II – Health and Human Services	\$68,632.3	\$74,216.1	\$5,583.8	8.1

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

HEALTH AND HUMAN SERVICES

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 23

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

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Aging and Disability Services, Department of	\$5,279.6	\$5,626.0	\$346.4	6.6
Assistive and Rehabilitative Services, Department of	241.0	251.9	10.9	4.5
Family and Protective Services, Department of	1,262.6	1,419.4	156.8	12.4
State Health Services, Department of	2,797.9	3,166.9	369.1	13.2
Health and Human Services Commission	17,961.3	19,473.7	1,512.4	8.4
Subtotal, Health and Human Services	\$27,542.3	\$29,937.9	\$2,395.6	8.7
Retirement and Group Insurance	\$693.7	\$834.4	\$140.7	20.3
Social Security and Benefit Replacement Pay	193.7	198.5	4.8	2.5
Subtotal, Employee Benefits	\$887.5	\$1,032.9	\$145.4	16.4
Bond Debt Service Payments	\$48.2	\$45.4	(\$2.8)	(5.9)
Lease Payments	12.5	8.7	(3.8)	(30.6)
Subtotal, Debt Service	\$60.7	\$54.1	(\$6.7)	(11.0)
Total Article II – Health and Human Services	\$28,490.5	\$31,024.9	\$2,534.4	8.9

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

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 24
SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
DEPARTMENT OF AGING AND DISABILITY SERVICES				
Average Number of Individuals Served Per Month: Medicaid Non-waiver Community Services and Supports	86,663	62,541	65,688	68,855
Average Number of Clients Served Per Month: Waivers	45,400	41,813	45,272	60,855
Number of Clients Served (End of Year): Waivers	41,221	42,311	46,924	61,898
Average Monthly Caseload, Nursing Facility Clients (Medicaid, Medicare Copaid, and Hospice)	69,915	70,861	71,770	72,679
Average Number of Persons in ICF/IID Medicaid Beds Per Month	5,616	5,616	5,616	5,616
Average Monthly Number of Intellectual Disability (ID) Campus Residents	3,882	3,674	3,465	3,256
DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES				
Average Monthly Number of Children Served in Comprehensive Services (Early Childhood Intervention)	25,039	25,094	26,498	27,981
Number of Consumers Served (Vocational Rehabilitation for Persons Who Are Blind or Visually Impaired)	10,486	10,400	10,353	10,121
Number of Consumers Served (Vocational Rehabilitation for Persons with Disabilities)	83,930	87,904	84,388	84,388
Average Monthly Number of People Receiving Comprehensive Rehabilitation Services	470	539	516	516

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 24

SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES (CONTINUED)

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES				
Number of Completed Child Protective Services Investigations	166,076	163,423	167,657	171,961
CPS Daily Caseload Per Worker: Investigations	24.59	25.05	17.7	17.7
CPS Daily Caseload Per Worker: Substitute Care Services	33.67	34.9	30.9	28.4
Average Number of Children Served in Family Protective Services-paid Foster Care per Month	16,358	15,843	16,321	17,037
Average Number of Children Provided Adoption Subsidy Per Month	35,934	38,519	41,085	43,753
Average Number of STAR Youth Served Per Month	5,886	5,801	5,633	5,468
Number of Completed Adult Protective Services Investigations	87,506	89,547	92,624	95,868
DEPARTMENT OF STATE HEALTH SERVICES				
Number of Vaccine Doses Administered to Children	12,891,362	14,000,000	14,493,923	14,725,692
Average Monthly Caseload of CSHCN Clients Receiving Health Care Benefits	1,126	1,100	1,090	1,060
Number of WIC Participants Provided Nutritious Food Supplements Per Month	971,184	958,644	958,644	958,644
Average Monthly Number of Adults Receiving Community Mental Health Services	51,140	52,484	58,483	57,529
Average Monthly Number of Children Receiving Community Mental Health Services	13,300	12,206	12,496	12,314
Average Monthly Number of Adults Served in Treatment Programs for Substance Abuse	7,405	7,200	8,006	8,006

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 24

SELECTED PERFORMANCE MEASURES: HEALTH AND HUMAN SERVICES (CONTINUED)

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
Average Monthly Number of Youth Served in Treatment Programs for Substance Abuse	1,236	1,250	1,392	1,392
Average Daily Census of State Mental Health Facilities	2,310	2,376	2,376	2,376
HEALTH AND HUMAN SERVICES COMMISSION				
Average Medicaid and CHIP Children Recipient Months Per Month	3,206,217	3,229,278	3,259,053	3,286,819
Average Medicaid Acute Care (Includes STAR+Plus) Recipient Months Per Month	3,653,103	3,689,607	3,810,861	4,058,167
Total Medicaid Prescriptions Incurred	35,096,145	36,615,315	38,657,575	40,828,388
Average CHIP Recipient Months Per Month	606,669	618,303	553,897	361,946
Average Number of TANF Recipients Per Month	103,738	95,436	96,391	97,355
Average Number of State Two-parent Cash Assistance Recipients Per Month	4,203	3,867	3,905	3,944
Number of Persons Served by Family Violence Programs/Shelters	79,053	79,000	79,000	79,000

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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						
Medicaid is a state and federally funded program that provides health insurance primarily to children, pregnant women, older adults, and adults with disabilities. Appropriations for the Texas Medicaid program total \$58,737.1 million in All Funds, including \$23,646.0 million in General Revenue Funds and General Revenue–Dedicated Funds, for the 2014–15 biennium.	EST/BUD 2012–13	\$21,629.0	\$128.8	\$31,420.8	\$338.4	\$53,516.9
	REC 2014–15	\$23,535.8	\$110.2	\$34,725.2	\$365.9	\$58,737.1
	BIENNIAL CHANGE	8.8%	(14.4%)	10.5%	8.1%	9.8%
<p>Approximately 97 percent of General Revenue Funds and General Revenue–Dedicated Funds Medicaid appropriations (\$22,892.0 million) go towards direct client services and associated administrative functions: \$17,752.5 million for acute care services administered through the Health and Human Services Commission and \$5,139.5 million for long-term care services administered through the Department of Aging and Disability Services. Of the remaining \$754.0 million of General Revenue Medicaid appropriations, more than half (\$396.3 million) are for eligibility determination-related expenditures. The remainder funds additional indirect administrative functions, such as information technology and program support, or client services provided through the Department of Assistive and Rehabilitative Services, the Department of Family and Protective Services, and the Department of State Health Services.</p> <p>Acute Care Medicaid caseloads are anticipated to increase from 3,689,607 in fiscal year 2013 to 4,058,167 in fiscal year 2015. Nearly three quarters of the clients are children. Part of this caseload growth is attributed to the transfer of a group of Children’s Health Insurance Program recipients into Medicaid, as a result of the federal Affordable Care Act.</p>						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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>Nursing facility caseloads (including Medicaid, Medicare Copay, and Hospice) are projected to increase slightly by 1,818 clients, from 70,861 in fiscal year 2013 to 72,679 in fiscal year 2015. STAR+PLUS expansion at the Health and Human Services Commission resulted in lower caseloads in certain community care programs at the Department of Aging and Disability Services. The number of community-based (Waiver) clients anticipated for the 2014–15 biennium is 60,855, an increase of 19,000 over the 2013 level.</p> <p>A supplemental appropriation of \$4.4 billion in General Revenue Funds (included in the method-of-finance amounts listed above) is assumed to complete fiscal year 2013 Medicaid expenditures.</p> <p>Funding levels for fiscal years 2014 and 2015 reflect a net increase of \$5,220.2 million in All Funds, including \$1,888.2 million in General Revenue Funds and General Revenue–Dedicated Funds, over the 2012–13 biennial levels. Policy and fiscal issues impacting funding include the following:</p> <p>The revised Federal Medical Assistance Percentage (FMAP) for fiscal years 2014 and 2015 is anticipated to result in a net decline in the federal share of Medicaid expenditures from fiscal years 2012 and 2013.</p> <p>Medicaid caseload growth for acute care and long-term care programs is funded at \$874.8 million in General Revenue Funds for the 2014–15 biennium.</p> <p>Funding for additional Acute Care Medicaid caseload growth, due to the transfer of a group of CHIP recipients to Medicaid, totals \$197.6 million in General Revenue Funds for fiscal years 2014 and 2015.</p>					

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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
Funding includes cost growth for the Medicaid program at HHSC totaling \$912.7 million in General Revenue Funds. Funding includes cost growth for Medicaid long-term services and support at DADS, totaling \$61.8 million in General Revenue Funds.					
Funding assumes the continuation of cost containment efforts implemented in the 2012–13 biennium and includes an additional reduction of \$963.2 million in All Funds, including \$400.0 million in General Revenue Funds, for cost containment initiatives the agency is directed to carry out during fiscal years 2014 and 2015. In addition, Medicaid funding is reduced by \$177.0 million in General Revenue Funds in anticipation of savings related to expansion of certain services at the DSHS, increases in Office of Inspector General staffing at HHSC, and Medicaid fraud-related recoveries.					
Funding is included to provide an increase in attendant care wages (\$99.5 million in All Funds and \$41.3 million in General Revenue Funds).					
Funding for Medicaid STAR+PLUS, community care entitlement, waiver, PACE services, and the disabled and blind Comprehensive Care Program assumes the availability of Balancing Incentive Program (BIP) enhanced federal funding and reduced General Revenue Funds need for fiscal years 2014 and 2015. These funds have been allocated across health and human services agencies for Medicaid community-based long-term services and supports.					

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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 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 and supports through various strategies.</p> <p>Funding for Medicaid strategies includes \$12.6 billion in All Funds, \$5.0 billion in General Revenue Funds, \$110.0 million in General Revenue–Dedicated Funds, \$7.5 billion in Federal Funds, and \$37.0 million in Other Funds.</p> <p>Funding in the community care, nursing-facility-related, and ICF/IID entitlement programs includes \$59.5 million in General Revenue Funds for caseload growth and \$61.8 million in General Revenue Funds for cost growth projected to occur over the 2014–15 biennium. STAR+PLUS expansion in fiscal year 2012 at the Health and Human Services Commission resulted in lower caseloads in certain community care programs.</p> <p>Funding for waiver programs includes \$3.2 billion in All Funds, \$1.2 billion in General Revenue Funds and is anticipated to serve 45,272 clients in fiscal year 2014 and 60,855 clients in fiscal year 2015. It is anticipated this would include 11,923 new attendant care/habilitation slots, 3,792 new community waiver slots, and 1,032 new promoting independence slots. Funding included for this expansion totals \$573.6 million in All Funds, \$181.3 million in General Revenue Funds. Funding includes \$36.4 million in All Funds, \$15.1 million in General Revenue Funds for attendant wage increases in community programs in fiscal year 2015.</p>	EST/BUD 2012–13	\$4,700.0	\$128.6	\$6,799.7	\$37.4	\$11,665.6
	REC 2014–15	\$5,029.5	\$110.0	\$7,452.9	\$37.0	\$12,629.5
	BIENNIAL CHANGE	7.0%	(14.4%)	9.6%	(0.9%)	8.3%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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
Funding for Nursing Facility-related strategies is \$5.8 billion in All Funds, including \$2.4 billion in General Revenue Funds. Funding assumes caseload and cost growth. An increase of \$23.8 million in All Funds, \$9.8 million in General Revenue Funds is provided for assessments and additional services due to changes in the Preadmission Screening and Resident Review Process.					
Funding for State Supported Living Centers includes \$1.4 billion in All Funds, including \$573.3 million in General Revenue Funds. This funding is anticipated to serve 3,465 clients in fiscal year 2014 and 3,256 clients in fiscal year 2015. It includes an increase of \$48.0 million in All Funds (\$29.6 million in General Revenue Funds), for professional staffing, vehicles, furniture and equipment and direct care staffing compensation increases of 10 percent.					
Funding assumes a decrease in use of the Quality Assurance Fee due to use of balances in fiscal years 2012 and 2013.					
Funding for Medicaid community care entitlement, waiver and PACE strategies assumes the availability of Balancing Incentive Program (BIP) enhanced federal funding and reduced General Revenue Funds need for fiscal years 2013 to 2015. These funds have been allocated across health and human services agencies for Medicaid community-based long-term services and supports. \$139.5 million in All Funds, \$71.5 million in General Revenue Funds is provided to implement federally-required and high priority rebalancing activities identified by DADS in the state's Balancing Incentive Program work plan.					

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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						
Non-Medicaid services for persons who are aging or have physical disabilities may 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. Examples of non-Medicaid services for individuals with intellectual disabilities include community supports, day habilitation, employment assistance, respite, and therapies. Funding for Non-Medicaid Services strategies includes \$392.2 million in All Funds, \$118.4 million in General Revenue Funds, and \$273.7 million in Federal Funds. The Average Number of Clients Served Per Month is estimated to be 42,856 in fiscal year 2014 with caseloads expected to remain at 42,856 for fiscal year 2015. All Funds reduction reflects the agency's request, which includes a realignment of funding for intellectual disability services, offset partially by increased funding for attendant wages.	EST/BUD 2012–13	\$121.2	\$0.0	\$277.3	\$0.2	\$398.7
	REC 2014–15	\$118.4	\$0.0	\$273.7	\$0.0	\$392.2
	BIENNIAL CHANGE	(2.3%)	N/A	(1.3%)	(100.0%)	(1.6%)
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 DADS regional staff, Area Agencies on Aging, and local authorities.	EST/BUD 2012–13	\$220.3	\$0.0	\$240.3	\$3.7	\$464.4
	REC 2014–15	\$248.0	\$0.0	\$271.1	\$3.7	\$522.7
	BIENNIAL CHANGE	12.5%	N/A	12.8%	(0.6%)	12.6%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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>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.</p> <p>Funding for Intake, Access, Eligibility and Guardianship strategies includes \$522.7 million in All Funds, \$248.0 million in General Revenue Funds, \$271.1 million in Federal Funds, and \$3.7 million in Other Funds. Funding includes \$52.2 million in All Funds, \$22.2 million in General Revenue Funds primarily for service coordination, long-term functional eligibility determination, and to increase full-time equivalents in the Guardianship program by 5.0 in fiscal year 2014 and 11.0 in fiscal year 2015.</p>						
Administrative/Capital						
<p>Administration and information technology functions provides technology products, services, and support to all DADS programs. Funding for Administrative/Capital strategies includes \$173.6 million in All Funds, including \$79.3 million in General Revenue Funds, \$0.6 million in General Revenue–Dedicated Funds, \$89.8 million in Federal Funds, and \$3.8 million in Other Funds.</p> <p>Capital repairs and renovations at SSLCs are funded with General Obligation (GO) bonds. Funding assumes the carry-forward of any unissued bonds appropriated in the 2010–11 biennium (estimated to be zero).</p>	EST/BUD 2012–13	\$64.4	\$0.6	\$82.8	\$18.7	\$166.4
	REC 2014–15	\$79.3	\$0.6	\$89.8	\$3.8	\$173.6
	BIENNIAL CHANGE	23.1%	0.0%	8.6%	(79.5%)	4.3%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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 of \$29.2 million in All Funds, \$14.0 million in General Revenue Funds is included for information technology projects including electronic health records, additional computers, and statewide videoconferencing (all related to SSLCs) and Regulatory Services system automation modernization. An increase of \$1.9 million in General Revenue funds is included for the assisted living long-term care ombudsman. Funding for Data Center Services maintains current obligations, with an increase of \$1.3 million in All Funds, including \$0.5 million in General Revenue Funds.</p>						
Regulatory						
Funding is provided for licensing, certification, contract enrollment, financial monitoring, and complaint investigation of facilities or home settings. These settings include nursing facilities, assisted living facilities, adult day care facilities, intermediate care facilities for individuals with intellectual disabilities or a related condition (ICF/IID), home and community support services agencies (HCSSAs), and providers of Home and Community-based Services (HCS) waiver and Texas Home Living (TxHmL) waiver services.	EST/BUD 2012-13	\$40.6	\$3.9	\$96.4	\$2.7	\$143.5
	REC 2014–15	\$27.2	\$20.8	\$99.1	\$2.7	\$149.8
Funding is provided for credentialing/certification of individuals employed in facilities and agencies regulated by DADS. The Quality Monitoring and Quality Reporting programs work to enhance the quality of services and supports.	BIENNIAL CHANGE	(32.9%)	434.0%	2.8%	0.0%	4.3%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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 for Regulatory strategies includes \$149.8 million in All Funds, including \$27.2 million in General Revenue Funds, \$20.8 million in General Revenue–Dedicated Funds, \$99.1 million in Federal Funds, and \$2.7 million in Other Funds. Funding assumes a method-of-finance swap (increased use of General Revenue–Dedicated Home Health Services Account No. 5018 and a like reduction in General Revenue Funds). An increase of \$2.8 million in All Funds, \$1.4 million in General Revenue funds is provided for 20.0 Waiver Survey and Certification Program reviewers.</p>						
DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES						
Rehabilitation Services-General						
The Department of Assistive and Rehabilitative Services (DARS) provides rehabilitative services for individuals with disabilities through a variety of programs:	EST/BUD 2012–13	\$108.1	\$34.2	\$377.8	\$4.9	\$525.1
<ul style="list-style-type: none"> • Vocational Rehabilitation (VR); • Centers for Independent Living; • Independent Living Services; • Comprehensive Rehabilitation Services (CRS); and • Deaf and Hard of Hearing Services. 	REC 2014–15	\$107.2	\$36.4	\$362.0	\$4.4	\$510.0
(Services for the blind or visually impaired are addressed in the next section)	BIENNIAL CHANGE	(0.9%)	6.4%	(4.2%)	(9.8%)	(2.9%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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>A decrease of \$1.0 million in General Revenue Funds is due to: (1) an increase of \$1.2 million for Data Center Services current obligations, and (2) a \$2.2 million decrease from a method of financing swap with General Revenue–Dedicated Funds. House Bill 442, Eighty-second Legislature, Regular Session, increased the amount of court fees allocated to General Revenue–Dedicated Comprehensive Rehabilitation Account No. 107, which funds DARS services in the CRS program. A decrease of \$15.8 million in Federal Funds is primarily due to a decrease in the VR Grants to States.</p> <p>The average monthly number of consumers served in the VR program is expected to decrease by 3,516 from fiscal year 2013 to 84,388 in fiscal year 2015.</p>						
Rehabilitation Services-Blind						
Rehabilitation services for persons who are blind or visually impaired include the following programs:	EST/BUD 2012–13	\$18.1	\$4.8	\$88.7	\$0.1	\$111.6
• Vocational Rehabilitation (VR);	REC 2014–15	\$18.4	\$3.0	\$87.4	\$1.9	\$110.6
• Independent Living Services;						
• Blindness, Education, Screening, and Treatment (BEST); and	BIENNIAL CHANGE	1.7%	(38.4%)	(1.5%)	3,110.9%	(0.9%)
• Business Enterprises of Texas (BET) and BET Trust Fund.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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>A decrease of \$1.8 million in General Revenue–Dedicated Funds and an increase of a like amount in Other Funds is due to a technical reclassification of revenue codes. A decrease of \$1.3 million in Federal Funds is primarily due to decreases in the VR Grants to States and Social Security Vocational Rehabilitation Reimbursement in the VR-Blind program.</p> <p>The average monthly number of consumers served in the VR program is expected to decline by 279 from fiscal year 2013 to 10,121 in fiscal year 2015.</p>						
Children With Disabilities						
DARS offers services to children with disabilities through three programs:	EST/BUD 2012–13	\$65.8	\$0.0	\$191.3	\$33.0	\$290.1
• Early Childhood Intervention (ECI) for children under the age of three;	REC 2014–15	\$76.6	\$0.0	\$223.9	\$33.0	\$333.5
• Habilitative Services for Children (Blind Children's Vocational Development and Discovery Program) from birth through age 22; and	BIENNIAL CHANGE	16.4%	N/A	17.0%	0.0%	15.0%
• Autism Services for children ages three to eight.						
<p>An increase of \$10.8 million in General Revenue Funds and \$32.6 million in Federal Funds (\$43.4 million in All Funds) is due to caseload and cost growth assumptions in the ECI program in the 2014–15 biennium. It is anticipated that the number of children served (average monthly number) will increase by 2,887 from 25,094 in fiscal year 2013 to 27,981 in fiscal year 2015. The average monthly cost per child is anticipated to increase to \$479.82.</p>						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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 makes disability determinations for individuals applying for federal Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) benefits. A \$1.5 million decrease in Federal Funds is due to a decrease in the Social Security Disability Insurance grant. It is anticipated that the number of disability determinations will decrease by 14,432 from 364,428 in fiscal year 2013 to 349,996 in fiscal year 2015.	EST/BUD 2012–13	\$0.0	\$0.0	\$262.6	\$0.0	\$262.6
	REC 2014–15	\$0.0	\$0.0	\$261.0	\$0.0	\$261.0
	BIENNIAL CHANGE	N/A	N/A	(0.6%)	N/A	(0.6%)
Program Support						
Program support includes central administration functions, regional field office support functions, and support of information technology programs. Funding for the agency's administrative budget totals \$46.1 million in All Funds for the 2014–15 biennium.	EST/BUD 2012–13	\$10.0	\$0.0	\$36.2	\$0.1	\$46.2
	REC 2014–15	\$10.4	\$0.0	\$35.7	\$0.1	\$46.1
	BIENNIAL CHANGE	4.2%	N/A	(1.3%)	(1.6%)	(0.1%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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 FAMILY AND PROTECTIVE SERVICES						
Child Protective Services						
<p>The 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.</p> <p>The 2014–15 biennial funding totals \$2,501.8 million in All Funds (\$1,166.8 million in General Revenue Funds). Increased funding of \$115.6 million in General Revenue Funds and \$236.3 million in All Funds provides for:</p> <ul style="list-style-type: none"> • Entitlement caseload growth in foster care, adoption subsidy, and permanency care assistance programs (\$43.7 million in General Revenue Funds and \$83.6 million in All Funds); • Caseload growth in foster daycare (\$1.3 million in General Revenue Funds and \$2.3 million in All Funds); • Caseload growth in protective day care (\$9.8 million in General Revenue Funds); • Caseload growth in CPS purchased client services (\$10.1 million in General Revenue Funds and \$11.4 million in All Funds); • Caseload growth in the relative caregiver program (\$1.1 million in General Revenue Funds and \$2.3 million in All Funds). <p>Funding includes full-time-equivalent (FTE) positions to:</p> <ul style="list-style-type: none"> • Maintain the projected fiscal year 2013 caseloads per worker for CPS investigations and conservatorship (\$3.2 million in General Revenue Funds and \$9.6 million in All Funds); 	EST/BUD 2012–13	\$1,051.2	\$0.0	\$1,197.8	\$16.4	\$2,265.5
	REC 2014–15	\$1,166.8	\$0.2	\$1,318.1	\$16.7	\$2,501.8
	BIENNIAL CHANGE	11.0%	616.9%	10.0%	1.9%	10.4%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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"> Decrease the number of delinquent investigations (\$16.7 million in General Revenue Funds and \$50.2 million in All Funds); Reduce the CPS conservatorship caseload to the fiscal year 2009 level (\$12.4 million in General Revenue Funds and \$37.2 million in All Funds; and Strengthen CPS kinship services (\$2.5 million in General Revenue Funds and \$12.5 million in All Funds). <p>A portion of the funding to adjust the career ladder program for caseworkers and to reclassify caseworkers and supervisors is also included.</p>						
Adult Protective Services						
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.						
Funding for Adult Protective Services totals \$136.6 million in All Funds (\$70.7 million in General Revenue Funds) for the 2014–15 biennium. Increased funding provides for the adjustment to the career ladder program for APS caseworkers and to reclassify APS caseworkers and supervisors.	EST/BUD 2012–13	\$72.0	\$0.0	\$62.4	\$0.0	\$134.5
	REC 2014–15	\$70.7	\$0.0	\$65.9	\$0.0	\$136.6
	BIENNIAL CHANGE	(1.9%)	N/A	5.6%	N/A	1.6%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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						
<p>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.</p> <p>The 2014–15 biennial funding totals \$72.2 million in All Funds (\$29.4 million in General Revenue Funds). Increased funding of \$5.7 million in All Funds provides for additional child care licensing staff to investigate illegal Day Care Operations.</p> <p>A portion of the funding to adjust the career ladder program for caseworkers and to reclassify caseworkers and supervisors is also included.</p>	EST/BUD 2012–13	\$23.6	\$0.0	\$42.6	\$0.2	\$66.4
	REC 2014–15	\$29.4	\$0.0	\$42.5	\$0.2	\$72.2
	BIENNIAL CHANGE	24.5%	N/A	(0.2%)	(2.2%)	8.6%
Prevention and Early Intervention Services						
<p>DFPS provides prevention and early intervention services for children and youth.</p> <p>Funding for Prevention and Early Intervention Services totals \$74.1 million in All Funds (\$39.5 million in General Revenue Funds) for the 2014–15 biennium. An increase of \$10.0 million in General Revenue Funds for child abuse and neglect prevention is partially offset by a \$2.7 million decrease in Federal Funds is due to the loss of Community-based Child Abuse Prevention Federal Funds.</p>	EST/BUD 2012–13	\$29.5	\$11.4	\$25.9	\$0.0	\$66.8
	REC 2014–15	\$39.5	\$11.4	\$23.2	\$0.0	\$74.1
	BIENNIAL CHANGE	33.8%	0.0%	(10.4%)	(13.0%)	(10.9%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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>The 2014–15 biennial funding totals \$39.0 million in All Funds (\$13.2 million in General Revenue Funds). Increased funding of \$2.6 million in All Funds is included to maintain the fiscal year 2013 hold times at the Statewide Intake call center and to adjust the career program for caseworkers and to reclassify caseworkers and supervisors.</p>	EST/BUD 2012–13	\$12.4	\$0.0	\$24.0	\$0.0	\$36.4
	REC 2014–15	\$13.2	\$0.0	\$25.8	\$0.0	\$39.0
	BIENNIAL CHANGE	(5.9%)	N/A	7.7%	0.0%	7.1%
Indirect Administration						
<p>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.</p> <p>Increased funding of \$44.9 million in All Funds (\$25.9 million in General Revenue Funds) includes:</p> <ul style="list-style-type: none"> updates to the agency's automated casework systems - IMPACT and CLASS (\$2.3 million General Revenue Funds and \$4.0 million in All Funds); a re-engineering project to modernize the agency's automated casework system—IMPACT (\$13.1 million in General Revenue Funds and \$25.5 million in All Funds); and 	EST/BUD 2012–13	\$62.4	\$0.0	\$58.1	\$0.0	\$120.5
	REC 2014–15	\$88.3	\$0.0	\$77.0	\$0.0	\$165.4
	BIENNIAL CHANGE	41.6%	N/A	32.6%	(100%)	37.2%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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"> computer devices (\$5.4 million in General Revenue Funds) for the FTEs funded in CPS, child care licensing, and prevention. 						
DEPARTMENT OF STATE HEALTH SERVICES						
Preparedness and Prevention						
<p>The Department of State Health Services (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.</p>						
Funding for Preparedness and Prevention Services totals \$1,149.4 million in All Funds (\$444.6 million in General Revenue Funds and General Revenue–Dedicated Funds).	EST/BUD 2012–13	\$385.3	\$44.6	\$564.7	\$153.0	\$1,147.6
	REC 2014–15	\$393.8	\$50.8	\$517.2	\$187.6	\$1,149.4
Funding increased by \$1.8 million in All Funds (\$14.7 million in General Revenue Funds and General Revenue–Dedicated Funds), including a reduction of 13 FTEs from the 2012–13 biennium, primarily due to:	BIENNIAL CHANGE	2.2%	13.9%	(8.4%)	22.6%	0.2%
<ul style="list-style-type: none"> an increase of \$3.0 million in General Revenue Funds to fund the tuberculosis blood test, and \$0.3 million to replace 14 vehicles; an increase of \$17.9 million in General Revenue Funds to fund additional immunizations for adults; an increase of \$2.2 million in General Revenue Funds to increase responsiveness to disease outbreaks and disasters; an increase of \$2 million in General Revenue Funds to increase education and training for hospitals on health care associated infections; 						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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">an increase of \$5.9 million in General Revenue–Dedicated Funds due to an anticipated increase in earnings on permanent tobacco fund accounts to be used to fund the public health preparedness program;a decrease of \$11 million in General Revenue Funds due to a decline in Kidney Health rebates, and \$6.1 million due to savings from the implementation of the health insurance exchange;an increase of \$0.4 million in General Revenue–Dedicated Funds due to revenue from the assumed implementation of a health insurance exchange;a decrease of \$47.5 million in Federal Funds primarily due to a method-of-finance swap in refugee funding and reductions for various federal grants;an increase of \$17.4 million in Other Funds for a method-of-finance swap for the refugee program and \$21.5 million in Medicaid laboratory reimbursements; anda decrease of \$4.3 million in Other Funds in interagency contracts and Medicaid reimbursements.					

Community Health Services

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 consist of primary care, nutrition services, and behavioral health services, including community mental health and substance abuse, prevention, intervention, and treatment services.

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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
Funding for Community Health Services totals \$3,763.7 million in All Funds (\$1,750.5 million in General Revenue Funds and General Revenue–Dedicated Funds).	EST/BUD 2012–13	\$855.3	\$574.0	\$1,843.6	\$121.5	\$3,394.4
	REC 2014–15	\$1,182.6	\$567.9	\$1,889.6	\$123.6	\$3,763.7
Funding increased by \$369.3 million in All Funds (\$321.2 million in General Revenue Funds and General Revenue–Dedicated Funds) from the 2012–13 biennium primarily due to:	BIENNIAL CHANGE	38.3%	(1.1%)	2.5%	1.7%	10.9%
<ul style="list-style-type: none"> • an increase of \$100 million in General Revenue Funds to expand the Primary Health Care Program to serve additional women; • a decrease of \$19.7 million in General Revenue–Dedicated Funds to the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) to adjust for an anticipated decline in WIC rebates; • an increase of \$172.7 million in General Revenue Funds and \$45.6 million in Federal Funds to expand mental health services, fund the mental health adults wait list and the mental health children wait list; • an increase of \$30.5 million in General Revenue Funds for substance abuse services; • an increase of \$23.2 million in General Revenue Funds and \$4.8 million in Federal Funds for behavioral health services; • an increase of \$15.2 million in General Revenue–Dedicated Funds due to an anticipated increase in earnings on permanent tobacco fund accounts to be used to fund the tobacco cessation programs and the trauma care program; 						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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">an increase of \$4.7 million in General Revenue Funds to maintain the 2012–13 biennial expenditure level for Family Planning and \$3.0 million due to a less favorable FMAP;a decrease of \$8.5 million in General Revenue Funds and General Revenue–Dedicated Funds due to savings from the assumed implementation of a health insurance exchange;a decrease of \$4.4 million in Federal Funds reflecting increases and decreases for various federal grants; andan increase of \$2.1 million in Other Funds primarily due to an increase in revenue from the assumed implementation of a health insurance exchange.					

Hospital Facilities and Services

DSHS operates the Texas Center for Infectious Disease, which serves individuals with tuberculosis and other chronic respiratory diseases; the Rio Grande State Center, which provides general outpatient care, primarily for indigent patients in the Lower Rio Grande Valley; and a system of 10 state 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.

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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
Funding for hospital facilities and services totals \$1,011.1 million in All Funds (\$778.3 million in General Revenue Funds and General Revenue–Dedicated Funds).	EST/BUD 2012–13	\$758.6	\$2.4	\$37.5	\$163.9	\$962.5
Funding increased by \$48.6 million in All Funds (an increase of \$16.9 million in General Revenue Funds) from the 2012–13 biennium primarily due to:	REC 2014–15	\$775.5	\$2.8	\$38.0	\$194.9	\$1,011.1
	BIENNIAL CHANGE	2.2%	16.7%	1.3%	18.9%	5.1%
<ul style="list-style-type: none"> • an increase of \$1.7 million in General Revenue Funds for 63 vehicles, and \$0.7 million due to a change in the Federal Medical Assistance Percentage (FMAP); • a decrease of \$3.0 million in General Revenue Funds due to savings from the assumed implementation of a health insurance exchange and a \$0.8 million reduction due to decreased Master Lease Purchase Program (MLPP) payments; • an increase of \$1.3 million in General Revenue Funds for a patient safety initiative in the state hospitals; • an increase of \$2.0 million in General Revenue for resident stipends; • an increase of \$14.8 million in General Revenue Funds for a 10 percent salary increase for psychiatric nursing assistants; and • an increase of \$0.5 million in Federal Funds, \$29.1 million in Public Health Medicaid reimbursements, and \$1.9 million in Other Funds due to revenue from the assumed implementation of a health insurance exchange. 						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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.						
Funding for Consumer Protection Services totals \$127.9 million in All Funds (\$95.8 million in General Revenue Funds and General Revenue–Dedicated Funds).	EST/BUD 2012–13	\$63.7	\$32.5	\$29.8	\$1.9	\$127.9
Funding changes include a reduction of 9 FTEs from the 2012–13 biennium due to:	REC 2014–15	\$64.3	\$31.5	\$30.3	\$1.9	\$127.9
<ul style="list-style-type: none"> a decrease of \$1.0 million in appropriations from the Perpetual Care Account; an increase of \$0.5 million in Medicare payments for surveys of CMS certified health facilities; and an increase of \$0.5 million for disease outbreak and disaster response initiatives. 	BIENNIAL CHANGE	0.9%	(3.1%)	1.7%	0.0%	0.0%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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 \$11.9 million in All Funds for the 2014–15 biennium. These items include appropriation authority to pay debt service on revenue bonds issued to build a laboratory and parking structure and on GO bonds issued to repair and renovate the state hospitals. Funding decreased by \$33.3 million in All Funds primarily due to one-time GO bonds for renovations at state hospitals.	EST/BUD 2012–13	\$6.2	\$5.7	\$0.0	\$33.2	\$45.2
	REC 2014–15	\$6.2	\$5.7	\$0.0	\$0.0	\$11.9
	BIENNIAL CHANGE	0.0%	0.0%	N/A	(100.0%)	(73.7%)
Office of Violent Sex Offender Management						
Office of Violent Sex Offender Management (OVSOM) provides treatment, intensive supervision, and 24/7 GPS tracking of civilly committed sexually violent predators. OVSOM is an autonomous state agency administratively attached to DSHS. Funding for OVSOM includes \$12.9 million in General Revenue Funds for the 2014–15 biennium, which is an increase of \$4.1 million for the projected increase in civil commitments.	EST/BUD 2012–13	\$8.8	\$0.0	\$0.0	\$0.0	\$8.8
	REC 2014–15	\$12.9	\$0.0	\$0.00	\$0.0	\$12.9
	BIENNIAL CHANGE	46.6%	N/A	N/A	N/A	46.6%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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
HEALTH AND HUMAN SERVICES COMMISSION						
Acute Care Medicaid and STAR+Plus						
<p>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 FMAP.</p> <p>The Health and Human Services Commission (HHSC) Medicaid program 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; and medical transportation. The agency also provides medical and dental checkups for children through the Texas HealthSteps Program.</p> <p>Appropriations for the 2014–15 biennium total \$44,208.7 million in All Funds (\$17,752.5 million in General Revenue Funds). This includes:</p> <ul style="list-style-type: none"> • \$843.7 million in General Revenue Funds for projected caseload growth in the 2014–15 biennium; • \$197.6 million in General Revenue Funds for growth related to a transfer of children from the Children's Health Insurance Program (CHIP) pursuant to the federal Affordable Care Act (ACA); • \$1,000.1 million in General Revenue Funds for cost growth and to maintain increased rates for certain Primary Care Physician (PCP) services required by the ACA from January 2013 to December 2014; 	EST/BUD 2012–13	\$16,232.8	\$0.0	\$23,618.3	\$292.9	\$40,144.1
	REC 2014–15	\$17,752.5	\$0.0	\$26,127.8	\$328.4	\$44,208.7
	BIENNIAL CHANGE	9.4%	N/A	10.6%	12.1%	10.1%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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"> a reduction of \$400 million in General Revenue Funds and \$563.2 million in Federal Funds for cost containment initiatives; and a reduction of \$177.0 million in General Revenue Funds and \$249.2 million in Federal Funds for budgeted savings related to expansion of certain services at DSHS, increases in Office of Inspector General staffing, and Medicaid fraud-related recoveries. 						
Children's Health Insurance Program						
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.	EST/BUD 2012–13	\$685.1	\$0.0	\$1,666.2	\$0.0	\$2,351.3
	REC 2014–15	\$564.0	\$0.0	\$1,352.4	\$0.0	\$1,916.4
	BIENNIAL CHANGE	(17.7%)	N/A	(18.8%)	N/A	(18.5%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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>Appropriations for the 2014–15 biennium total \$1,916.4 million in All Funds (\$564.0 million in General Revenue Funds). The federal Affordable Care Act requires that all children with family incomes up to 138% of the FPL be covered in Medicaid. Previously, certain children below 138% of FPL were served by CHIP. Funding levels assume the transition of all children up to 138% of FPL from CHIP to Medicaid beginning January 2014. This results in a decrease in appropriations for CHIP.</p> <p>However, funding levels provide for projected caseload and cost growth in the CHIP program, totaling \$24.1 million in General Revenue Funds and \$82.7 million in All Funds.</p>						
Integrated Eligibility and Enrollment						
<p>HHSC determines eligibility for the numerous programs it oversees including Medicaid, CHIP, 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.</p> <p>Appropriations for the 2014–15 biennium total \$1,525.3 million in All Funds (\$690.2 million in General Revenue Funds). There are reductions for costs related to an Information Technology division reorganization at HHSC that do not directly affect the eligibility determination process.</p>	EST/BUD 2012–13	\$689.9	\$0.0	\$815.5	\$21.2	\$1,526.6
	REC 2014–15	\$690.2	\$0.0	\$813.9	\$21.1	\$1,525.3
	BIENNIAL CHANGE	0.0%	N/A	(0.2%)	(0.4%)	(0.1%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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
Temporary Assistance for Needy Families						
Temporary Assistance for Needy Families (TANF) grants provide time-limited cash assistance to families with children who have incomes below approximately 12 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 2012–13	\$132.4	\$0.0	\$57.7	\$0.0	\$190.0
	REC 2014–15	\$132.5	\$0.0	\$60.7	\$0.0	\$193.2
	BIENNIAL CHANGE	0.1%	N/A	5.3%	N/A	1.7%
<p>Appropriations for the 2014–15 biennium of \$193.2 million in All Funds (\$132.5 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. The increase in funding levels for the 2014–15 biennium is due to maintaining the maximum grant level.</p>						
Texas Integrated Eligibility Redesign System and Eligibility Technologies						
Texas completed the transition from its legacy eligibility determination system, SAVERR, to the Texas Integrated Eligibility Redesign System (TIERS) in the 2012–13 biennium. TIERS enhances the eligibility determination process by increasing access to services, implementing efficient and simplified business processes, and reducing risk of fraud. TIERS replaced outmoded information systems.	EST/BUD 2012–13	\$66.1	\$0.0	\$70.7	\$4.4	\$141.2
	REC 2014–15	\$62.6	\$0.0	\$65.1	\$0.0	\$127.7
	BIENNIAL CHANGE	(5.3%)	N/A	(7.9%)	(100.0%)	(9.6%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 25

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
Appropriations for the 2014–15 biennium total \$127.7 million in All Funds (\$62.6 million in General Revenue Funds). Strategy F.1.1, TIERS, includes the capital costs for maintaining the TIERS systems 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. Appropriations for the 2014–15 biennium total \$120.9 million in All Funds (\$40.2 million in General Revenue Funds). Increases in funding are for vehicle replacement in fiscal year 2014, adjustments for the Information Technology division reorganization at HHSC, and for 114.7 additional FTEs to conduct utilization reviews of the STAR+PLUS program and to enhance fraud recoveries.	EST/BUD 2012–13	\$29.4	\$0.0	\$39.8	\$24.1	\$93.2
	REC 2014–15	\$40.2	\$0.0	\$56.3	\$24.4	\$120.9
	BIENNIAL CHANGE	37.0%	N/A	41.6%	1.0%	29.7%
Program Support						
Appropriations for the 2014–15 biennium for program support total \$309.1 million in All Funds (\$34.9 million in General Revenue Funds). HHSC provides regional, central, and IT program support. Reductions in program support are primarily related to the Information Technology Division reorganization at HHSC.	EST/BUD 2012–13	\$39.4	\$0.0	\$37.3	\$242.2	\$319.0
	REC 2014–15	\$34.9	\$0.0	\$32.1	\$242.1	\$309.1
	BIENNIAL CHANGE	(11.6%)	N/A	(14.0%)	0.0%	(3.1%)

EDUCATION

2014–15 BIENNIAL RECOMMENDATIONS

All Funds for Education total \$73.3 billion for the 2014–15 biennium, which is a decrease of \$2.4 billion, or 3.2 percent, from the 2012–13 biennium (Figure 26). Patient income at Health-related Institutions has been moved to an informational rider. This is reflected as a

decrease of \$6.1 billion. If patient income was not moved to a rider, All Funds recommendations for Education would have increased \$3.7 billion.

General Revenue Funds and General Revenue–Dedicated Funds total \$52.6 billion, which is an increase of \$2.8

million, or 5.6 percent, from the 2012–13 biennium (Figure 27).

Selected performance measures for agencies in the Education function are shown in Figure 28.

FIGURE 26
ALL FUNDS: EDUCATION

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Public Education				
Texas Education Agency	\$49,058.5	\$51,688.9	\$2,630.4	5.4
School for the Blind and Visually Impaired	64.1	44.9	(19.2)	(29.9)
School for the Deaf	55.8	55.6	(0.2)	(0.4)
Subtotal, Public Education	\$49,178.4	\$51,789.4	\$2,611.0	5.3
Public Higher Education				
General Academic Institutions	\$5,960.9	\$6,290.4	\$329.5	5.5
Health-related Institutions	8,828.7	2,790.5	(6,038.2)	(68.4)
Texas A&M Service Agencies	1,124.7	916.8	(207.9)	(18.5)
Higher Education Coordinating Board	1,320.9	1,455.2	134.3	10.2
Higher Education Fund	525.0	525.0	0.0	N/A
Available University Fund	1,261.9	1,320.5	58.6	4.6
Available National Research University Fund	50.9	55.9	5.0	9.8
Article III, Special Provisions	0.0	200.0	200.0	N/A

EDUCATION

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 26
ALL FUNDS: EDUCATION (CONTINUED)

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Two-Year Institutions				
Public Community/Junior Colleges	\$1,749.4	\$1,797.4	\$48.0	2.7
Lamar Lower-level Institutions	68.5	68.6	0.1	0.1
Texas State Technical Colleges	172.4	154.6	(17.8)	(10.3)
Subtotal, Two-Year Institutions	\$1,990.3	\$2,020.6	\$30.3	1.5
Subtotal, Higher Education	\$21,063.3	\$15,374.9	(\$5,688.4)	(27.0)
Teacher Retirement System	\$3,707.4	\$3,904.7	\$197.3	5.3
Optional Retirement Program	261.0	255.5	(5.5)	(2.1)
Higher Education Employees Group Insurance Contributions	969.0	1,198.1	229.1	23.6
Retirement and Group Insurance	59.8	72.2	12.4	20.7
Social Security and Benefit Replacement Pay	515.7	536.3	20.6	4.0
Subtotal, Employee Benefits	\$5,512.9	\$5,966.8	\$453.9	8.2
Bond Debt Service Payments	\$13.9	\$22.7	\$8.8	62.8
Lease Payments	5.3	5.1	(0.2)	(4.5)
Subtotal, Debt Service	\$19.2	\$27.8	\$8.5	44.3
Less Interagency Contracts	\$96.0	\$90.7	(\$5.2)	(5.5)
Total Article III – Agencies of Education	\$75,677.9	\$73,268.1	(\$2,409.8)	(3.2)

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

EDUCATION

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 27
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: EDUCATION

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Public Education				
Texas Education Agency	\$31,577.3	\$33,345.2	\$1,768.0	5.6
School for the Blind and Visually Impaired	29.4	29.9	0.6	2.0
School for the Deaf	36.4	37.4	0.9	2.6
Subtotal, Public Education	\$31,643.0	\$33,412.5	\$1,769.5	5.6
Public Higher Education				
General Academic Institutions	\$5,947.9	\$6,275.5	\$327.6	5.5
Health-related Institutions	2,635.9	2,682.2	46.2	1.8
Texas A&M Service Agencies	583.8	372.8	(211.1)	(36.2)
Higher Education Coordinating Board	1,140.8	1,344.4	203.6	17.8
Higher Education Fund	525.0	525.0	0.0	N/A
Article III, Special Provisions	0.0	200.0	200.0	N/A
Two-Year Institutions				
Public Community/Junior Colleges	\$1,749.4	\$1,797.4	\$48.0	2.7
Lamar Lower-level Institutions	68.5	68.6	0.1	0.1
Texas State Technical Colleges	172.4	154.6	(17.8)	(10.3)
Subtotal, Two-Year Institutions	\$1,990.3	\$2,020.6	\$30.3	1.5
Subtotal, Higher Education	\$12,823.7	\$13,420.4	\$596.7	4.7

EDUCATION

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 27

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

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Teacher Retirement System	\$3,547.3	\$3,729.6	\$182.2	5.1
Optional Retirement Program	261.0	255.5	(5.5)	(2.1)
Higher Education Employees Group Insurance Contributions	967.6	1,196.6	229.1	23.7
Retirement and Group Insurance	50.5	60.6	10.1	20.1
Social Security and Benefit Replacement Pay	494.0	513.9	19.9	4.0
Subtotal, Employee Benefits	\$5,320.3	\$5,756.1	\$435.8	8.2
Bond Debt Service Payments	\$13.6	\$22.4	\$8.8	64.3
Lease Payments	5.3	5.1	(0.2)	(4.5)
Subtotal, Debt Service	\$18.9	\$27.4	\$8.5	45.1
Total Article III – Agencies of Education	\$49,806.0	\$52,616.5	\$2,810.5	5.6

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

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 28
SELECTED PERFORMANCE MEASURES: EDUCATION

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
PUBLIC EDUCATION				
TEXAS EDUCATION AGENCY				
Total Average Daily Attendance	4,632,351	4,716,326	4,801,823	4,888,869
Four-year High School Graduation Rate	85.9%	86.0%	86.1%	86.2%
Five-year High School Graduation Rate	88.0%	88.1%	88.2%	88.3%
Four-year High School GED Rate	1.1%	1.1%	1.0%	1.0%
Five-year High School GED Rate	1.6%	1.6%	1.5%	1.5%
Four-year High School Dropout Rate	6.8%	6.7%	6.7%	6.6%
Five-year High School Dropout Rate	8.6%	8.5%	8.5%	8.4%
Percent of Students Exiting Bilingual/English as a Second Language Programs Successfully	75%	77%	79%	81%
HIGHER EDUCATION				
HIGHER EDUCATION COORDINATING BOARD				
Number of Students Receiving TEXAS Grants	76,003	82,000	78,165	85,965
Number of NHARP Research Projects Funded	12	0	24	0
Increase in Fall Student Headcount Enrollment	532,754	557,186	581,618	606,050
TEXAS A&M UNIVERSITY				
Percent of First-time, Full-time Freshmen Who Earn a Degree Within Six Years	0.8	0.8	0.8	0.8
Retention Rate of First-time, Full-time Freshmen After One Year	91.6%	92.0%	92.0%	92.0%
Percent of Lower-Division Courses Taught by Tenured or Tenure-track Faculty	40%	40%	40%	41%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 28
SELECTED PERFORMANCE MEASURES: EDUCATION (CONTINUED)

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
THE UNIVERSITY OF TEXAS				
Percent of First-time, Full-time Freshmen Who Earn a Degree Within Six Years	78.7%	83.2%	84.1%	85.1%
Retention Rate of First-time, Full-time Freshmen After One Year	93.2%	92.2%	93.5%	95.0%
Percent of Lower-Division Courses Taught by Tenured or Tenure-track Faculty	44.7%	45.0%	45.0%	45.0%
TEXAS TECH UNIVERSITY				
Percent of First-time, Full-time Freshmen Who Earn a Degree Within Six Years	62.1%	59.0%	62.1%	62.1%
Retention Rate of First-time, Full-time Freshmen After One Year	80.7%	83.0%	83.0%	83.0%
Percent of Lower-Division Courses Taught by Tenured or Tenure-track Faculty	32.6%	32.0%	32.6%	32.6%
UNIVERSITY OF HOUSTON				
Percent of First-time, Full-time Freshmen Who Earn a Degree Within Six Years	46.2%	48.0%	49.0%	50.0%
Retention Rate of First-time, Full-time Freshmen After One Year	83.2%	82.8%	84.0%	86.0%
Percent of Lower-Division Courses Taught by Tenured or Tenure-track Faculty	27.1%	29.0%	35.0%	35.0%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 28
SELECTED PERFORMANCE MEASURES: EDUCATION (CONTINUED)

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER				
Percent of Medical School Graduates Practicing Primary Care in Texas	15.3%	19.0%	19.0%	19.0%
THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON				
Percent of Medical School Graduates Practicing Primary Care in Texas	23.7%	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	25%	25%	25%	25%
UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER AT FORT WORTH				
Percent of Medical School Graduates Practicing Primary Care in Texas	34.4%	38.7%	38.7%	38.7%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29
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)					
Funding for the FSP totals \$39.6 billion in All Funds and \$31.8 billion in General Revenue Funds for the 2014–15 biennium.					
General Revenue Funds for the FSP are \$1.5 billion above the 2012–13 biennial base. On an All Funds basis, FSP funding is increased by \$1.7 billion. The difference between the General Revenue Funds and All Funds increases is attributable to projected increases in revenues from the Property Tax Relief Fund and from Recapture payments remitted by school districts, both of which are classified as Other Funds.					
The funding level corresponds with an increase in school district and charter school entitlement for maintenance and operations and continued decreases in the Additional State Aid for Tax Reduction. The entitlement increases, provided through the increased Basic Allotment and Regular Program Adjustment Factor (RPAF), are sufficient to offset any school district losses due to hold harmless reduction. The funding level assumes a statutory change reversing the deferral of the August FSP payment passed by the Eighty-third Legislature, beginning with the August 2013 payment.					

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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
FSP - Operations						
<p>The 2014–15 biennial funding levels supporting the daily operations of school districts and charter schools are increased by \$1.5 billion in General Revenue Funds, and \$1.7 billion in All Funds. This funding level includes \$1.4 billion corresponding with an entitlement increase achieved through an increase in the Basic Allotment and an RPAF of 1.00 and continued decreases in the Additional State Aid for Tax Reduction through the Hold Harmless Reduction Percentage, as described in TEA's Rider 3. The increases provided through the increased Basic Allotment and RPAF are sufficient to offset any school district losses due to hold harmless reduction.</p> <p>Funding for FSP-Operations also includes \$34 million contingent upon the enactment of legislation extending the formula weight for the Career and Technology Education allotment to students in the middle grades.</p>	EST/BUD 2012–13	\$28,983.7	\$0.0	\$0.0	\$7,551.7	\$36,535.4
	REC 2014–15	\$30,441.6	\$0.0	\$0.0	\$7,802.3	\$38,243.9
	BIENNIAL CHANGE	5.0%	N/A	N/A	3.3%	4.7%
FSP - Facilities						
<p>2014–15 biennial funding levels fully fund state obligations for the Existing Debt Allotment (EDA) and the Instructional Facilities Allotment (IFA). The decrease of \$13.7 million in General Revenue Funds is attributable to district property value growth reducing state cost for these programs.</p>	EST/BUD 2012–13	\$1,329.6	\$0.0	\$0.0	\$0.0	\$1,329.6
	REC 2014–15	\$1,315.9	\$0.0	\$0.0	\$0.0	\$1,315.9
	BIENNIAL CHANGE	(1.0%)	N/A	N/A	N/A	(1.0%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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 reflects an increase of \$230.6 million in General Revenue Funds for instructional materials to match 50 percent of the estimated transfer from the Permanent School Fund to the Available School Fund, which statute allocates to the Instructional Materials Allotment.	EST/BUD 2012–13	\$608.1	\$0.0	\$0.0	\$0.0	\$608.1
	REC 2014–15	\$838.7	\$0.0	\$0.0	\$0.0	\$838.7
	BIENNIAL CHANGE	37.9%	N/A	N/A	N/A	37.9%
Agency Administration						
Funding reflects an increase of \$10.6 million in All Funds, including an increase of \$6.4 million in General Revenue Funds as a result of an increase of \$1.4 million related to increased costs to maintain current obligations for the Data Center Services Project, an increase of \$5.3 million for the Texas Student Data System capital project, and a \$0.3 million reduction in private grants anticipated to be received.	EST/BUD 2012–13	\$114.3	\$0.0	\$92.9	\$42.5	\$249.7
	REC 2014–15	\$120.7	\$0.0	\$80.0	\$59.6	\$260.3
	BIENNIAL CHANGE	5.6%	N/A	(13.9%)	40.2%	4.2%
Funding reflects a decrease of \$12.9 million in Federal Funds, primarily due to a decrease of \$16.8 million in funding associated with the American Recovery and Reinvestment Act (ARRA) partially offset by an increase of \$5.0 million for the Texas Student Data System capital project.						
Funding reflects an increase of \$17.1 million in Other Funds, primarily related to the administration of the Permanent School Fund.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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 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 federal No Child Left Behind Act to serve economically disadvantaged students, under the Individuals with Disabilities Education Act (IDEA) to serve students with special needs, and for the Child Nutrition Program which provides free and reduced-price lunches, breakfasts, and snacks for income eligible students. Funding reflects increases of \$557.9 million in the School Lunch and Breakfast Programs, \$37.3 million in Title I funding, and \$8.1 million in IDEA funding.	EST/BUD 2012–13	\$0.0	\$0.0	\$9,701.1	\$0.0	\$9,701.1
	REC 2014–15	\$0.0	\$0.0	\$10,309.5	\$0.0	\$10,309.5
	BIENNIAL CHANGE	N/A	N/A	6.3%	N/A	6.3%
Funding to Entities Other than School Districts						
Funding reflects decreased funding for education programs at the Juvenile Justice Department (\$0.6 million) to correspond with population projections. Recommendation maintains funding for Regional Education Service Centers, which provide a variety of services to school districts, at 2012–13 biennial levels.	EST/BUD 2012–13	\$52.1	\$0.0	\$0.0	\$0.0	\$52.1
	REC 2014–15	\$51.5	\$0.0	\$0.0	\$0.0	\$51.5
	BIENNIAL CHANGE	(1.2%)	N/A	N/A	N/A	(1.2%)
Assessments						
General Revenue funding is maintained at the 2012–13 biennial level for the state assessments program.	EST/BUD 2012–13	\$98.4	\$0.0	\$67.3	\$0.0	\$165.7
	REC 2014–15	\$98.4	\$0.0	\$66.9	\$0.0	\$165.3
	BIENNIAL CHANGE	0.0%	N/A	(0.6%)	N/A	(0.2%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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
Statewide Programs Outside the Foundation School Program						
Funding from General Revenue Funds is increased for the following programs: the Student Success Initiative (by \$14.0 million, to a total of \$50.5 million), Pre-Kindergarten programs (by \$40.0 million, to a total of \$40.0 million), Communities in Schools (by \$10.4 million, to a total of \$30.0 million), Project Share (by \$20.0 million, to a total of \$28.0 million), Teach for America (by \$2.0 million, to a total of \$10.0 million), and professional development for educators serving students with autism (by \$1.5 million, to a total of \$1.5 million). Funding is maintained at the 2012–13 biennial level for several programs including the Windham School District (\$95.0 million) and District Awards for Teacher Excellence (\$32.0 million). Other programs that maintain funding include the Texas Advanced Placement Initiative, Regional Day Schools for the Deaf, Council on Early Childhood Intervention, steroid testing, and the Virtual School Network.	EST/BUD 2012–13	\$390.3	\$0.7	\$0.0	\$25.7	\$416.7
	REC 2014–15	\$477.8	\$0.7	\$0.0	\$25.4	\$503.9
	BIENNIAL CHANGE	22.4%	0.0%	N/A	(1.2%)	20.9%

TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED (TSBVI)

TSBVI is a public school established and funded by the state to provide specialized services focused on the unique learning needs of students with visual impairments, including students with additional disabilities. TSBVI currently serves approximately 165 students in day and residential programs.

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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
Funding for the 2014–15 biennium totals \$44.9 million in All Funds, which includes \$29.9 million in General Revenue Funds. The bill provides General Revenue funding of \$575,000 in fiscal year 2014 contingent on the failure of the United States Congress to reauthorize federal funds from the Individuals with Disabilities Education Act (IDEA) Part D. The funding level includes \$0.2 million for the continuation of a one-time three percent professional educator salary increase in fiscal year 2014, contingent upon the Austin Independent School District (AISD) reauthorizing the pay increase. Other Funds reflect a decrease of \$20.0 million primarily attributable to the completion of campus renovations funded by proceeds from General Obligation bonds.	EST/BUD 2012–13	\$29.4	\$0.0	\$8.3	\$26.4	\$64.1
	REC 2014–15	\$29.9	\$0.0	\$8.6	\$6.4	\$44.9
	BIENNIAL CHANGE	1.7%	N/A	3.6%	(75.8%)	(30.0%)

TEXAS SCHOOL FOR THE DEAF (TSD)

TSD is a public school established and funded by the state to provide specialized services focused on the unique learning needs of students with hearing impairment. TSD currently serves approximately 540 students in day and residential programs.

Funding for the 2014–15 biennium totals \$55.6 million in All Funds, which includes \$37.4 million in General Revenue Funds. The bill provides an increase of \$1.0 million in General Revenue Funds for nine additional full-time-equivalent (FTE) specialized instructional staff positions and continuation of a one-time three percent professional educator salary increase in fiscal year 2014, contingent upon Austin Independent School District (AISD) reauthorizing the pay increase. Other funds reflect a decrease of \$1.0 million decrease below the 2012–13 biennial funding levels primarily attributable to lower than anticipated payments from TEA for student enrollment.

EST/BUD 2012–13	\$36.4	\$0.0	\$3.8	\$15.6	\$55.8
REC 2014–15	\$37.4	\$0.0	\$3.6	\$14.6	\$55.6
BIENNIAL CHANGE	2.7%	N/A	(5.3%)	(6.4%)	(0.4%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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
TEACHER RETIREMENT SYSTEM (TRS)						
TRS manages and operates the state's defined benefit pension system for retired educators and operates both retiree and active member health insurance plans for educators.						
State Retirement Contribution Rate at 6.4 Percent in Fiscal Year 2014 and 6.7 Percent in Fiscal Year 2015						
Funding provides for a state matching retirement contribution rate of 6.4 percent in fiscal year 2014 and 6.7 percent of total covered payroll in fiscal year 2015. Based on historical data trends, funding level assumes no annual payroll growth in public education and 2.0 percent annual payroll growth in higher education. Biennial funding includes an increase of \$150.0 million in All Funds above the 2012–13 biennium, of which \$129.4 million is General Revenue Funds. The bill limits General Revenue Funds appropriated for retirement contributions for Public Community and Junior Colleges to 50 percent of the state contribution rate of 6.4 percent of the total covered payroll for community colleges in fiscal year 2014 and 6.7 percent of the total covered payroll for community colleges in fiscal year 2015. This funding level is contingent on the adoption of legislation restricting appropriations in the manner described. Should legislation not be adopted, retirement contributions to community colleges shall revert to the methodology applied for purposes of calculating appropriations for Senate Bill 1 as introduced for the same purpose.	EST/BUD 2012–13	\$2,882.2	\$202.8	\$0.0	\$4.7	\$3,089.7
	REC 2014–15	\$3,011.6	\$222.9	\$0.0	\$5.2	\$3,239.7
	BIENNIAL CHANGE	4.5%	9.9%	N/A	10.1%	4.9%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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 - 1.0 Percent						
Funding for the 2014–15 biennium totals \$495.1 million in General Revenue Funds, which is \$123.8 million, (33.3 percent) above the 2012–13 biennial levels. The funding level is sufficient to make the statutorily-required state contribution to TRS-Care of 1.0 percent of public education payroll.	EST/BUD 2012–13	\$371.3	\$0.0	\$0.0	\$0.0	\$371.3
	REC 2014–15	\$495.1	\$0.0	\$0.0	\$0.0	\$495.1
	BIENNIAL CHANGE	33.3%	N/A	N/A	N/A	33.3%
OPTIONAL RETIREMENT PROGRAM (ORP)						
ORP is a defined contribution retirement plan available to certain higher education professionals as an alternative to TRS participation.						
State Retirement Contribution at 6.4 Percent						
Funding provides for a state matching retirement contribution rate of 6.4 percent of payroll in each year of the 2014–15 biennium and assumes a 2.0 percent annual payroll growth in higher education. Biennial funding includes a decrease of \$5.5 million in All Funds below the 2012–13 biennial level and a net decrease of \$10.8 million in General Revenue Funds.	EST/BUD 2012–13	\$213.3	\$47.7	\$0.0	\$0.0	\$261.0
	REC 2014–15	\$202.5	\$52.9	\$0.0	\$0.0	\$255.5
	BIENNIAL CHANGE	(5.0%)	10.9%	N/A	N/A	(2.1%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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 bill limits General Revenue Funds appropriated for retirement contributions for Public Community and Junior Colleges to 50 percent of the state contribution of 6.4 percent of the total covered payroll for community colleges in each year of the 2014–15 biennium and is contingent on the adoption of legislation restricting appropriations to the methodology described. Should legislation not be adopted, retirement contributions to community colleges shall revert to the methodology applied for purposes of calculating appropriations for Senate Bill 1 as introduced for the same purpose.</p>						
<p>MULTI-AGENCY ISSUES: HIGHER EDUCATION</p>						
<p>HIGHER EDUCATION EMPLOYEES GROUP INSURANCE</p>						
<p>The funding increase of \$229.1 million in All Funds is the result of premium growth rates of 7.36 percent in 2014 and 7.33 percent in 2015, based on benefit cost growth of 7 percent per fiscal year and increases in the premium contribution rates from 83.4 percent to 87.8 percent for institutions of higher education covered by the University of Texas or Texas A&M University Systems, from 85.5 percent to 90.2 percent to institutions covered by Employees Retirement System, and from 42.1 percent to 50 percent for public community and junior colleges.</p>	EST/BUD 2012–13	\$967.6	\$0.0	\$0.0	\$1.4	\$969.0
	REC 2014–15	\$1,196.6	\$0.0	\$0.0	\$1.5	\$1,198.1
	BIENNIAL CHANGE	23.6%	N/A	N/A	0.1%	23.6%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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
Special Provisions Relating Only to State Agencies of Higher Education						
The increase of \$200 million is for tuition revenue bond debt service reimbursement in fiscal year 2015 contingent upon passage of legislation.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$200.0	\$0.0	\$0.0	\$0.0	\$200.0
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A

AGENCY ISSUES: HIGHER EDUCATION

HIGHER EDUCATION COORDINATING BOARD

General Revenue Funds

The increase of \$175.4 million in General Revenue Funds is primarily due to the following increases:

\$119.7 million for the Texas Grant Program, trustee formula funding of \$18 million for the University of Texas at Brownsville and Texas Southmost College (this funding will be allocated to the institutions based on updated semester credit and contact hour data), \$14.4 million for the Texas Research Incentive Program, \$11.5 million for graduate medical education residency expansion contingent upon passage of legislation, \$5.9 million for the Family Practice Residency Program, \$3.9 million for the Teach for Texas Loan Repayment Program, \$3.6 million for the Joint Admission Medical Program, \$3.5 million for the T-STEM Challenge Program, \$2.3 million for graduate medical education for Baylor College of Medicine, \$1 million for the Advanced Research Program, \$0.5 million for the Engineering Recruitment Program, and \$0.5 million for Data Center Services to maintain current obligations.

EST/BUD 2012–13	\$1,053.5	\$87.3	\$102.5	\$77.6	\$1,320.9
REC 2014–15	\$1,228.9	\$115.5	\$54.5	\$56.2	\$1,455.1
BIENNIAL CHANGE	16.6%	32.3%	(46.8%)	(27.6%)	10.2%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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>These increases are offset by the following decreases:</p> <p>\$5.2 million for the Alzheimer’s Disease Center that has been transferred to the University of Texas System, \$2.4 million in the Developmental Education Program that has been transferred to the University of Texas at Austin, and \$1.8 million for undergraduate medical education at Baylor College of Medicine to conform with statutory requirements.</p>					
<p>Financial Aid</p> <p>This includes five programs that were previously consolidated in the Student Financial Aid strategy, TEXAS Grants, the B-On-Time Program, Texas Educational Opportunity Grants, Tuition Equalization Grants and Texas College Work Study but now are stand alone strategies. Funding for the TEXAS Grant program is \$679.2 million which includes an estimated \$5 million in estimated balances from fiscal year 2013. General Revenue Funds for the B-On-Time Program, which supports students at private institutions, is \$31.4 million. Funding for the Tuition Equalization Grant program is \$168.8 million. Funding for the Texas Educational Opportunity Grant program is \$24.0 million. Funding for the Texas College Work Study program is \$15.0 million. Funding for another financial aid program, Top Ten Percent Scholarships, is \$39.6 million. Funding for the T-STEM Challenge Program includes \$3.5 million in General Revenue.</p>					

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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
Research Programs The Research Goal includes two programs. Funding for the Advanced Research Program is \$2 million and funding for the Texas Research Incentive Program is \$50.0 million.					
Health Programs General Revenue funding for the health programs include \$30 million for the Professional Nursing Shortage Reduction Program, \$11.5 million for the Family Practice Residency Program, and \$10.6 million for the Joint Admission Medical Program. Also included in the Health Programs Goal is the Physician Education Loan Repayment Program (PELRP). This program is supported by a smokeless tobacco tax and has an increase of \$28.2 million in General Revenue–Dedicated Funds. Total funding for the program is \$33.8 million and covers physicians already participating in the program and a cohort of 100 physicians who would receive their first loan repayment in fiscal year 2014 and a second cohort of 100 that would receive their first loan repayment in fiscal year 2015. The funding covers both cohorts for four years.					
Federal and Other Funds The decrease of \$48.0 million in Federal Funds is due to funding for the College Access Challenge Grant program not being included for 2014–15 and decreases tied to Vocational Education Basic Grants and Teacher Quality State Grants.					

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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 decrease of \$21.4 million in Other Funds is primarily due to an anticipated decrease of \$13.6 million in donations of which \$8.5 million was from the Texas Guaranteed Student Loan Corporation for the Texas Grant Program and the T-STEM Challenge Program. There is a decrease of \$4.5 million from an Interagency Contract with the Department of State Health Services for the Emergency and Trauma Care Education Partnership Program and a \$4.0 million decrease in Tobacco Funds. These decreases are offset by a \$0.8 million increase in Student Loan funds.</p>						
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 2012–13	\$525.0	\$0.0	\$0.0	\$0.0	\$525.0
	REC 2014–15	\$525.0	\$0.0	\$0.0	\$0.0	\$525.0
	BIENNIAL CHANGE	0.0%	0.0%	0.0%	0.0%	0.0%
AVAILABLE UNIVERSITY FUND						
Estimated earnings on the Available University Fund increase by 4.6 percent, or \$58.6 million.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$1,261.9	\$1,261.9
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$1,320.5	\$1,320.5
	BIENNIAL CHANGE	0.0%	0.0%	0.0%	4.6%	4.6%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29
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
NATIONAL RESEARCH UNIVERSITY FUND						
Estimated earnings on the National Research University Fund increase by 9.8 percent, or \$5 million.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$50.9	\$50.9
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$55.9	\$55.9
	BIENNIAL CHANGE	0.0%	0.0%	0.0%	9.8%	9.8%
GENERAL ACADEMIC INSTITUTIONS, SYSTEM OFFICES, LAMAR STATE COLLEGES, AND TEXAS STATE TECHNICAL COLLEGES						
There is an All Funds increase of \$311.7 million overall for the General Academics Institutions, System Offices, Lamar State Colleges and the Texas State Technical Colleges.	EST/BUD 2012–13	\$4,253.0	\$1,935.9	\$0.0	\$13.0	\$6,201.9
	REC 2014–15	\$4,483.0	\$2,015.7	\$0.0	\$14.9	\$6,513.6
	BIENNIAL CHANGE	5.4%	4.1%	0.0%	14.6%	5.0%
GENERAL ACADEMIC INSTITUTIONS						
The increase of \$245.4 in General Revenue Funds for the General Academic Institutions and system offices includes the following increases:						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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>\$234.3 million in formula funding, \$32.7 million for the Texas Competitive Knowledge Fund (provided to current institutions receiving Competitive Knowledge Fund appropriations in fiscal years 2012–13 and The University of Texas at Arlington, The University of Texas at El Paso, and The University of Texas at San Antonio), \$28.0 million for institutional enhancement at institutions not classified as a research or emerging research university, \$15.6 million for the Research Development Fund, \$5.2 million for the Alzheimer’s Disease Center, \$5.0 million for the Academic Development Initiative at Texas Southern University and Prairie View A&M University, and \$2.4 million in funding for the New Mathways Project at The University of Texas at Austin.</p> <p>The total increase in formula funding results in an increase in the Instructions and Operations and Infrastructure rates in fiscal year 2014 of 25 percent of the difference between fiscal years 2010–11 rates and the introduced Senate Bill 1 rates and of 29 percent of that difference in fiscal year 2015.</p> <p>The funding for the Alzheimer’s Disease Center was transferred from the Higher Education Coordinating Board and is now appropriated to The University of Texas System as the Darrell K Royal Alzheimer’s Initiative. The funding for the New Mathways Project was transferred from the Higher Education Coordinating Board for Developmental Education and is now appropriated to The University of Texas at Austin as the New Mathways Project.</p>					

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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>General Revenue Fund decreases include:</p> <p>\$37.6 million in hold harmless funding provided in 2012–13, \$15.0 million in special item funding from The University of Texas at Arlington, The University of Texas at El Paso, and The University of Texas at San Antonio to receive Texas Competitive Knowledge Fund appropriations, \$8.6 million in one-time 2012–13 biennial appropriations, \$7.3 million in formula funds trustee to the Higher Education Coordination Board, \$6.4 million in tuition revenue bond debt service, \$2.7 million in appropriation adjustments, and \$0.2 million in special items. Hold harmless funding was included in the formulas for fiscal years 2014–15.</p> <p>Formula funding trustee to the Higher Education Coordinating Board is related to the separation of The University of Texas at Brownsville and Texas Southmost College and \$7.3 million is The University of Texas at Brownsville's portion of formula funding that will be re-allocated back to the two institutions based on updated semester credit and contact hour data.</p> <p>An increase of \$82.2 million in General Revenue–Dedicated Funds is due primarily to an increase in estimated statutory tuition revenue.</p> <p>There is an increase of \$1.9 million in Other Funds, including Tobacco Funds, Real Estate Trust Account, and Interagency Contracts. Appropriated amounts are based on agency requested amounts.</p>					

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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
LAMAR STATE COLLEGES <p>There is no net change in General Revenue Funds due to an increase of \$2.5 million in formula funds and \$3.0 million for institutional enhancement offset by a decrease of \$5.0 million for one-time 2012–13 biennial appropriations and \$0.5 million in hold harmless funding provided in 2012–13. Hold harmless funding was included in the formulas for fiscal years 2014–15. The total increase in formula funding results in an increase in the Instructions and Administration and Infrastructure rates in fiscal year 2014 of 25 percent of the difference between fiscal years 2010–11 rates and the introduced Senate Bill 1 rates and of 29 percent of that difference in fiscal year 2015.</p> <p>An increase of \$0.1 million in General Revenue–Dedicated Funds is due to an increase in estimated statutory tuition revenue.</p>					
TEXAS STATE TECHNICAL COLLEGES <p>The decrease of \$15.3 million in General Revenue Funds is due to decreases of \$7.1 million in formula funding, \$2.0 million in one-time 2012–13 biennial appropriations, and \$6.3 million for hold harmless funding provided in 2012–13. Hold harmless funding was included in the formulas for fiscal years 2014–15. Funding for Instruction and Administration formula is allocated based on the returned value methodology.</p> <p>The decrease of \$2.5 million in General Revenue–Dedicated Funds is due to a decrease in estimated statutory tuition revenue.</p>					

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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 decreases by \$6.0 billion in All Funds for the 2014–15 biennium.	EST/BUD 2012–13	\$2,415.8	\$220.1	\$0.0	\$6,192.7	\$8,828.6
The funding decrease is due to a decrease of an estimated \$6.1 billion in Other Funds as a result of patient income being moved from the institutions' appropriated bill pattern totals to informational riders. Institutions will continue to receive this revenue.	REC 2014–15	\$2,524.8	\$157.4	\$0.0	\$108.3	\$2,790.5
	BIENNIAL CHANGE	4.5%	(28.5%)	0.0%	(98.3%)	(68.4%)

The General Revenue Fund increase of \$109.0 million is due to the following increases:

\$217.9 million for the Instruction and Support formula, \$24.4 million for the Cancer Center Operations formula, \$17.6 million for the Infrastructure formula, \$10.8 million for the Graduate Medical Education formula, \$9.9 million for debt service for existing tuition revenue bonds, \$7.4 million for the Chest Disease Center Operations formula, and \$6.2 million for the Research Enhancement formula.

These increases are offset by the following decreases:

\$142.9 million at The University of Texas Medical Branch at Galveston for the expiration of state matching funds related to Hurricane Ike damages appropriated from House Bill 4586, Eighty-first Legislature, Regular Session, 2009, and \$42.3 million for Institutional Operations appropriated by House Bill 4, Eighty-second Legislature, Regular Session, 2011.

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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 total increase in formula funding results in an increase in the Instructions and Operations, Infrastructure, and Research Enhancement rates in fiscal year 2014 of 25 percent of the difference between fiscal years 2010–11 rates and the introduced Senate Bill 1 rates and of 31 percent of that difference in fiscal year 2015. Additionally, the increase in formula funding results in an increase in the Graduation Medical Education formula rates in fiscal year 2014 of 25 percent of the difference between fiscal years 2010–11 rates and the introduced Senate Bill 1 rates and of 50 percent of that difference in fiscal year 2015. The increase in the Chest Disease Center Operations formula funding results in a rate increase from \$340 to \$378 per chest disease diagnosis.</p> <p>The decrease in General Revenue–Dedicated funding of \$62.7 million is due to a decrease in estimated statutory tuition revenue.</p>						
PUBLIC COMMUNITY/JUNIOR COLLEGES						
<p>The increase of \$48 million in General Revenue Funds is due to an increases of \$57.8 million in formula funding, \$0.6 million for the Bachelor of Applied Technology, and \$0.3 million in special item funding offset by a decrease of \$10.7 million for formula funds trustee to the Higher Education Coordinating Board.</p> <p>Formula funding trustee to the Higher Education Coordinating Board is related to the separation of The University of Texas at Brownsville and Texas Southmost College and \$10.7 million is Texas Southmost College's portion of formula funding that will be re-allocated back to the two institutions based on updated semester credit and contact hour data.</p>	EST/BUD 2012–13	\$1,749.4	\$0.0	\$0.0	\$0.0	\$1,749.4
	REC 2014–15	\$1,797.4	\$0.0	\$0.0	\$0.0	\$1,797.4
	BIENNIAL CHANGE	2.7%	0.0%	0.0%	0.0%	2.7%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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>Formula funding is allocated based on the outcomes based funding model and includes the following three components: (1) Core Operations (\$1 million per district), (2) Student Success (10 percent of formula allocation based on student success points), and (3) Contact Hour Funding (90 percent of formula allocation based on contact hours).</p>						
TEXAS A&M SYSTEM AGENCIES						
The Texas A&M System Agencies include: Texas A&M AgriLife Research, Texas A&M AgriLife Extension Service, Texas A&M Engineering Experiment Station, Texas A&M Engineering Extension Service, Texas A&M Forest Service, Texas A&M Transportation Institute, and Texas A&M Veterinary Medical Diagnostic Laboratory.	EST/BUD 2012–13	\$551.0	\$32.8	\$219.5	\$321.4	\$1,124.7
	REC 2014–15	\$332.9	\$39.9	\$214.3	\$329.7	\$916.8
	BIENNIAL CHANGE	(39.6%)	21.6%	(2.4%)	2.6%	(18.5%)
<p>The decrease of \$218.1 million in General Revenue Funds includes a decrease of \$276.4 million for one-time reimbursements of wildfire costs offset by \$58.3 million in increased funding, including:</p> <p>\$30.2 million for the Wildfire Protection Plan and grant programs at the Texas Forest Service, \$7.5 million for a joint Water Resource Management Program, \$6 million for the Texas A&M Transportation Institute, \$4 million for programs at the Texas Engineering Experiment Station, \$4.5 million for programs at Texas A&M AgriLife Extension Service, \$3.5 million for programs at Texas A&M Engineering Extension Service, \$1.4 million for infrastructure related funding, and \$1.2 million for programs at Texas A&M AgriLife Research.</p>						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 29

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
The increase of \$7.1 million in General Revenue–Dedicated Funds is due an increase of \$9.1 million for the grants at the Texas Forest Service offset by a decrease of \$2.0 million for a transfer to General Revenue Insurance Maintenance Tax Revenue for certain emergency grants for firefighter training.					

JUDICIARY

2014–15 BIENNIAL RECOMMENDATIONS

All Funds for the Judiciary total \$697.6 million for the 2014–15 biennium, which is an increase of \$49.4 million, or 7.6 percent, from the 2012–13 biennium (Figure 30).

General Revenue Funds and General Revenue–Dedicated Funds total \$513.4 million, which is an increase of \$53.8 million, or 11.7 percent, from the 2012–13 biennium (Figure 31).

Selected performance measure for agencies in the Judiciary function are shown in Figure 32.

**FIGURE 30
ALL FUNDS: JUDICIARY**

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Supreme Court of Texas	\$73.8	\$65.0	(\$8.8)	(11.9)
Court of Criminal Appeals	27.3	29.1	1.8	6.6
First Court of Appeals District, Houston	7.5	9.0	1.5	19.4
Second Court of Appeals District, Fort Worth	5.7	6.9	1.3	22.2
Third Court of Appeals District, Austin	5.0	5.8	0.9	17.3
Fourth Court of Appeals District, San Antonio	5.7	6.9	1.2	20.5
Fifth Court of Appeals District, Dallas	10.2	12.2	2.0	19.8
Sixth Court of Appeals District, Texarkana	2.7	3.2	0.5	17.9
Seventh Court of Appeals District, Amarillo	3.3	4.0	0.6	19.1
Eighth Court of Appeals District, El Paso	2.8	3.2	0.5	17.5
Ninth Court of Appeals District, Beaumont	3.3	4.0	0.6	19.4
Tenth Court of Appeals District, Waco	2.7	3.2	0.5	19.6
Eleventh Court of Appeals District, Eastland	2.7	3.2	0.5	18.5
Twelfth Court of Appeals District, Tyler	2.7	3.2	0.4	16.2
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	5.0	5.8	0.8	16.9
Fourteenth Court of Appeals District, Houston	7.5	9.0	1.4	19.0

JUDICIARY

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 30
ALL FUNDS: JUDICIARY (CONTINUED)

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Office of Court Administration, Texas Judicial Council	\$93.8	\$115.2	\$21.3	22.8
Office of Capital Writs	1.8	2.1	0.3	16.6
Office of the State Prosecuting Attorney	0.8	0.8	0.0	0.0
State Law Library	1.7	2.0	0.3	19.0
State Commission on Judicial Conduct	1.9	2.2	0.3	14.3
Judiciary Section, Comptroller's Department	277.6	282.9	5.3	1.9
Subtotal, The Judiciary	\$545.5	\$578.8	\$33.3	6.1
Retirement and Group Insurance	\$96.9	\$115.7	\$18.9	19.5
Social Security and Benefit Replacement Pay	19.9	19.8	(0.1)	(0.5)
Subtotal, Employee Benefits	\$116.7	\$135.5	\$18.8	16.1
Lease Payments	\$4.6	\$2.3	(\$2.3)	(49.8)
Subtotal, Debt Service	\$4.6	\$2.3	(\$2.3)	(49.8)
Less Interagency Contracts	\$18.7	\$19.1	\$0.4	2.2
Total Article IV – The Judiciary	\$648.2	\$697.6	\$49.4	7.6

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

JUDICIARY

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 31
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: JUDICIARY

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Supreme Court of Texas	\$27.5	\$27.9	\$0.4	1.5
Court of Criminal Appeals	25.9	27.7	1.8	6.8
First Court of Appeals District, Houston	6.8	8.3	1.5	21.7
Second Court of Appeals District, Fort Worth	5.1	6.4	1.3	24.8
Third Court of Appeals District, Austin	4.5	5.4	0.9	19.1
Fourth Court of Appeals District, San Antonio	5.2	6.4	1.2	22.8
Fifth Court of Appeals District, Dallas	9.4	11.4	2.0	21.6
Sixth Court of Appeals District, Texarkana	2.5	3.0	0.5	19.6
Seventh Court of Appeals District, Amarillo	3.1	3.7	0.6	20.8
Eighth Court of Appeals District, El Paso	2.5	3.0	0.5	19.5
Ninth Court of Appeals District, Beaumont	3.1	3.7	0.6	21.2
Tenth Court of Appeals District, Waco	2.5	3.0	0.5	21.3
Eleventh Court of Appeals District, Eastland	2.5	3.0	0.5	20.0
Twelfth Court of Appeals District, Tyler	2.5	3.0	0.4	17.4
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	4.5	5.4	0.8	18.7
Fourteenth Court of Appeals District, Houston	6.9	8.3	1.5	21.2
Office of Court Administration, Texas Judicial Council	83.2	105.0	21.8	26.2
Office of Capital Writs	1.8	2.1	0.3	16.6
Office of the State Prosecuting Attorney	0.7	0.7	0.0	0.0
State Law Library	1.7	2.0	0.3	19.4
State Commission on Judicial Conduct	1.9	2.2	0.3	14.3
Judiciary Section, Comptroller's Department	142.3	146.9	4.6	3.2
Subtotal, The Judiciary	346.0	388.3	42.3	12.2

JUDICIARY

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 31
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: JUDICIARY (CONTINUED)

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Retirement and Group Insurance	\$93.4	\$107.4	\$13.9	14.9
Social Security and Benefit Replacement Pay	15.5	15.4	(0.1)	(0.5)
Subtotal, Employee Benefits	\$108.9	\$122.8	\$13.8	12.7
Lease Payments	\$4.6	\$2.3	(\$2.3)	(49.8)
Subtotal, Debt Service	\$4.6	\$2.3	(\$2.3)	(49.8)
Total Article IV – The Judiciary	\$459.5	\$513.4	\$53.8	11.7

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

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 32
SELECTED PERFORMANCE MEASURES: JUDICIARY

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
SUPREME COURT OF TEXAS				
Disposition Rate	99.1%	102.0%	102.0%	102.0%
COURT OF CRIMINAL APPEALS				
Disposition Rate for Petitions for Discretionary Review Which are Granted	106%	125%	100%	100%
14 COURTS OF APPEALS				
Clearance Rate	98.2%	98.0%	98.0%	98.0%
OFFICE OF COURT ADMINISTRATION: TEXAS INDI- GENT DEFENSE COMMISSION				
Percent of Counties Receiving State Funds for Indigent Defense	96.1%	94.0%	94.0%	94.0%
OFFICE OF CAPITAL WRITS				
Number of Writ Applications Filed	4	9	9	9
STATE COMMISSION ON JUDICIAL CONDUCT				
Percentage of Cases Disposed	87%	98%	95%	95%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 33
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						
Targeted Pay Raises						
Funding for the Judiciary includes \$8 million in All Funds (\$7.9 million in General Revenue Funds and \$0.1 million in Other Funds) to provide targeted pay increases for attorneys, law clerks and non-legal staff in the Judiciary. Staff that would receive pay raises are employed at the following courts and judicial agencies: the Supreme Court; the Court of Criminal Appeals; the 14 Courts of Appeals; Court Coordinators at the Child Protection and Support Courts administered by the Office of Court Administration; and, attorneys at the State Commission on Judicial Conduct. The majority of this funding (\$6.9 million in General Revenue Funds) is for staff pay raises at the 14 Courts of Appeals.						
SUPREME COURT OF TEXAS						
Basic Civil Legal Services (BCLS)						
Funding includes a decrease of \$9.2 million in the Basic Civil Legal Services program, which provides legal services for income-eligible Texans. The decrease is due primarily to a one-time increase in civil penalties from the national mortgage settlement agreement in fiscal year 2012.	EST/BUD 2012–13	\$17.6	\$0.0	\$0.0	\$41.5	\$59.1
	REC 2014–15	\$17.6	\$0.0	\$0.0	\$32.3	\$49.9
	BIENNIAL CHANGE	0.0%	N/A	N/A	(22.2%)	(15.6%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 33
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
COURT OF CRIMINAL APPEALS						
Judicial Education						
Funding includes an overall increase of \$1.1 million in All Funds for the Judicial Education program, which provides grants for judicial and court personnel training. The majority of the funding increase occurs in General Revenue–Dedicated Funds (Judicial Court Personnel and Training Account No. 540) for additional actual innocence training grants; an increase in the administrative allocation for the program (including unexpended balances in administrative funds from prior biennia); and unexpended balances in training grants awarded in prior biennia. The remainder of the funding increase represents Appropriated Receipts (Other Funds) for anticipated refunds of grants awarded in the 2014–15 biennium. Finally, there is a \$0.2 million decrease in Federal Funds from 2012–13 levels due to one-time award of funds to support capital case training for criminal defense attorneys representing indigent defendants and prosecutors.	EST/BUD 2012–13	\$0.0	\$16.7	\$0.2	\$0.4	\$17.3
	REC 2014–15	\$0.0	\$17.8	\$0.0	\$0.7	\$18.4
	BIENNIAL CHANGE	N/A	6.5%	N/A	74.5%	6.5%
14 COURTS OF APPEALS						
Appellate Court Operations						
Funding includes an increase of \$12.8 million in General Revenue Funds which includes 34.1 positions for a similar funding for same-sized courts block grant for the appellate courts. The primary use of the funds is to provide targeted pay raises for existing legal and non-legal staff at the courts and to bring court staffing levels back to fiscal year 2011 levels. Targeted pay raises represent \$6.9 million or 54 percent of total block grant funds.	EST/BUD 2012–13	\$61.0	\$0.0	\$0.0	\$5.8	\$66.8
	REC 2014–15	\$73.8	\$0.0	\$0.0	\$5.7	\$79.6
	BIENNIAL CHANGE	21.0%	N/A	N/A	(1.2%)	19.1%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 33
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY

IN MILLIONS

BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE– DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
OFFICE OF COURT ADMINISTRATION						
Court Administration						
Funding includes an increase of approximately \$1 million in General Revenue Funds for: (a) judicial information services (\$290,700 for the biennium and 2 FTEs); (b) consulting and assistance for trial courts (\$142,850 for the biennium and 1 FTE); (c) internal administrative staff to handle increasing workload demands (\$94,110 for the biennium and 1 FTE); and (d) the creation of a language access program to provide direct interpreter assistance to the courts (\$389,395 for the biennium and 3 FTEs).	EST/BUD 2012–13	\$5.0	\$0.0	\$0.6	\$0.7	\$6.3
	REC 2014–15	\$6.0	\$0.0	\$0.0	\$0.4	\$6.4
	BIENNIAL CHANGE	19.8%	0.0%	(100.0%)	(37.4%)	2.4%
Information Technology						
Funding includes an increase of \$2.2 million in General Revenue Funds to replace 60 percent of the computers and other hardware for the appellate courts and judicial branch agencies (\$1.8 million); add programmers to support multiple software systems (\$0.3 million and 2 FTEs); and, offset the cost of an on-site network technician at the Fifth Court of Appeals in Dallas (\$0.1 million).	EST/BUD 2012–13	\$5.5	\$0.0	\$0.0	\$0.7	\$6.1
	REC 2014–15	\$7.7	\$0.0	\$0.0	\$0.6	\$8.3
	BIENNIAL CHANGE	40.6%	0.0%	N/A	(7.2%)	35.4%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 33
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY

IN MILLIONS

BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE– DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Specialty Court Program						
Funding includes an increase of \$1.9 million in All Funds comprised of a \$1.4 million increase in General Revenue Funds and a \$0.2 million increase in Interagency Contracts (Other Funds) to establish five new specialty courts—a child support court in El Paso; three child protection courts that serve rural counties; and one new child protection court in Harris County. Altogether 10 FTEs, all associate judges and court coordinators, are added to staff the five additional courts.	EST/BUD 2012–13	\$9.5	\$0.0	\$0.0	\$8.6	\$18.0
	REC 2014–15	\$11.0	\$0.0	\$0.0	\$9.0	\$20.0
	BIENNIAL CHANGE	15.7%	0.0%	N/A	5.2%	10.7%
At present, OCA employs 43 associate judges to hear Child Support enforcement cases under expedited time frames set by federal requirements. Through the Office of the Attorney General, OCA receives federal Title IV-D monies that fund judicial salaries and program costs. OCA also operates a Child Protection Courts program designed to reduce the time children spend in temporary foster care by expediting child abuse, neglect and adoption cases. There are 17 such courts throughout the state that serve mostly rural counties. The primary cost of these courts is judicial and court coordinator salaries.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 33
SIGNIFICANT BUDGET ISSUES/RECOMMENDATIONS: JUDICIARY

IN MILLIONS

BUDGET RECOMMENDATION AND DESCRIPTION		GENERAL REVENUE FUNDS	GENERAL REVENUE– DEDICATED FUNDS	FEDERAL FUNDS	OTHER FUNDS	ALL FUNDS
Indigent Defense Commission						
Funding for the Texas Indigent Defense Commission (TIDC) includes an increase of \$16.7 million to reflect estimated appropriation authority from the General Revenue–Dedicated Funds (Fair Defense Account No. 5073). In addition to increased indigent defense grants to counties that provide legal services for indigent criminal defendants, funding for law school Innocence Projects is increased from \$80,000 to \$150,000 per fiscal year. Of this amount \$100,000 is for contracts with four state law schools and \$50,000 is to add part-time case coordinators at the law schools.	EST/BUD 2012–13	\$0.0	\$62.3	\$0.0	\$0.0	\$62.3
	REC 2014–15	\$0.0	\$79.0	\$0.0	\$0.0	\$79.0
	BIENNIAL CHANGE	N/A	26.8%	N/A	N/A	26.8%
JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT						
Juror Pay						
Funding includes an increase of \$3.4 million in General Revenue Funds to reflect increased costs in the juror pay program due to expiring statutory provisions. The 2012–13 biennial reimbursements are sized to match appropriated amounts, or approximately \$28 per day after the first day of service. Effective September 1, 2013, payments revert to a cost of \$34 per day after the first day of service.	EST/BUD 2012–13	\$18.4	\$0.0	\$0.0	\$0.0	\$18.4
	REC 2014–15	\$21.8	\$0.0	\$0.0	\$0.0	\$21.8
	BIENNIAL CHANGE	18.5%	0.0%	0.0%	0.0%	18.5%
Indigent Inmate Defense						
Funding includes an estimated appropriation of \$25,000 each fiscal year from General Revenue Funds to reimburse counties for the costs of compensating appointed defense counsel for indigent inmates when the Texas Department of Criminal Justice cannot represent the inmate due to a conflict of interest. This appropriation was not estimated in the 2012–13 biennium.	EST/BUD 2012–13	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1
	REC 2014–15	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1
	BIENNIAL CHANGE	0.0%	N/A	N/A	N/A	0.0%

PUBLIC SAFETY AND CRIMINAL JUSTICE

2014–15 BIENNIAL RECOMMENDATIONS

All Funds for Public Safety and Criminal Justice total \$11.7 billion for the 2014–15 biennium, which is a decrease of \$50.5 million, or 0.4 percent, from the 2012–13 biennium (Figure 34).

General Revenue Funds and General Revenue–Dedicated Funds total \$8.9 billion, which is an increase of \$469.0 million, or 5.6 percent, from the 2012–13 biennium (Figure 35).

Selected performance measures for agencies in the Public Safety and Criminal Justice function are shown in Figure 36.

FIGURE 34
ALL FUNDS: PUBLIC SAFETY AND CRIMINAL JUSTICE

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Adjutant General's Department	\$135.9	\$134.6	(\$1.3)	(1.0)
Alcoholic Beverage Commission	85.0	86.9	1.9	2.3
Department of Criminal Justice	6,172.6	6,284.4	111.8	1.8
Commission on Fire Protection	3.9	0.0	(3.9)	(100.0)
Commission on Jail Standards	1.8	1.8	(0.0)	(0.3)
Texas Juvenile Justice Department	674.3	647.6	(26.7)	(4.0)
Commission on Law Enforcement Officer Standards and Education	5.4	6.6	1.2	22.0
Department of Public Safety	3,091.3	2,734.7	(356.6)	(11.5)
Subtotal, Public Safety and Criminal Justice	\$10,170.3	\$9,896.7	(\$273.6)	(2.7)
Retirement and Group Insurance	\$1,093.5	\$1,294.2	\$200.8	18.4
Social Security and Benefit Replacement Pay	322.2	328.2	6.0	1.9
Subtotal, Employee Benefits	\$1,415.7	\$1,622.5	\$206.8	14.6

PUBLIC SAFETY AND CRIMINAL JUSTICE

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 34

ALL FUNDS: PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Bond Debt Service Payments	\$341.0	\$349.1	\$8.0	2.4
Lease Payments	3.8	2.1	(1.7)	(44.3)
Subtotal, Debt Service	\$344.9	\$351.2	\$6.3	1.8
Less Interagency Contracts	\$188.0	\$178.1	(\$9.9)	(5.3)
Total Article V – Public Safety and Criminal Justice	\$11,742.8	\$11,692.3	(\$50.5)	(0.4)

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

PUBLIC SAFETY AND CRIMINAL JUSTICE

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 35

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

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Adjutant General's Department	\$26.5	\$28.6	\$2.1	8.0
Alcoholic Beverage Commission	83.2	86.9	3.7	4.5
Department of Criminal Justice	5,937.0	6,095.9	159.0	2.7
Commission on Fire Protection	3.8	0.0	(3.8)	(100.0)
Commission on Jail Standards	1.8	1.8	0.0	1.1
Texas Juvenile Justice Department	604.2	590.0	(14.2)	(2.3)
Commission on Law Enforcement Officer Standards and Education	4.5	5.5	1.0	22.8
Department of Public Safety	242.1	373.3	131.2	54.2
Subtotal, Public Safety and Criminal Justice	\$6,903.0	\$7,182.1	\$279.0	4.0
Retirement and Group Insurance	\$934.4	\$1,110.9	\$176.5	18.9
Social Security and Benefit Replacement Pay	254.8	261.9	7.1	2.8
Subtotal, Employee Benefits	\$1,189.2	\$1,372.7	\$183.6	15.4
Bond Debt Service Payments	\$337.8	\$345.9	\$8.1	2.4
Lease Payments	3.8	2.1	(1.7)	(44.3)
Subtotal, Debt Service	\$341.6	\$348.0	\$6.4	1.9
Total Article V – Public Safety and Criminal Justice	\$8,433.8	\$8,902.8	\$469.0	5.6

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

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 36

SELECTED PERFORMANCE MEASURES: PUBLIC SAFETY AND CRIMINAL JUSTICE

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
ADJUTANT GENERAL'S DEPARTMENT				
Number Texas National Guard Members	22,446	19,500	22,000	22,000
ALCOHOLIC BEVERAGE COMMISSION				
Number of Inspections Conducted by Enforcement Agents	71,766	75,200	75,200	75,200
Number of Licenses/Permits Issued	74,145	57,205	72,517	61,396
DEPARTMENT OF CRIMINAL JUSTICE				
Average Number of Felony Offenders Under Direct Supervision (Adult Probation)	168,543	171,107	165,378	165,225
Average Number of Offenders Incarcerated	140,268	140,891	141,915	143,100
Average Number of Offenders in Contract Prisons and Privately Operated State Jails	11,910	11,890	9,674	9,674
Three-year Recidivism Rate	23	24	23	23
COMMISSION ON JAIL STANDARDS				
Number of Annual Inspections Conducted	245	244	244	244
JUVENILE JUSTICE DEPARTMENT				
Average Daily Population of Juveniles Under Conditional Release	2,767	2,843	3,041	3,076
Average Daily Population of Juveniles Supervised Under Deferred Prosecution	8,724	8,553	6,983	6,758
Average Daily Population of Juveniles Supervised Under Court-ordered Probation	17,756	17,412	13,591	13,442

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 36

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

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
Average Daily Population of Juveniles in State Operated Secure Correctional Facilities	1,216	1,444	1,036	1,145
Average Daily Population of Juveniles in Halfway House Programs	177	218	196	196
Average Daily Population of Juveniles in Contract Programs	88	78	77	78
Reincarceration Rate Within Three Years	47	47	46	46
COMMISSION ON LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION				
Number of New Licenses Issued to Individuals	12,976	21,000	22,000	22,500
DEPARTMENT OF PUBLIC SAFETY				
Traffic Law Violator Contacts	3,366,506	3,400,000	3,400,000	3,400,000
Commercial Traffic Law Violator Contacts	1,406,878	1,500,000	1,500,000	1,500,000
Number of Examinations Administered (Driver License)	4,578,611	4,900,000	4,900,000	4,900,000
Annual Texas Index Crime Rate	4,040	3,880	3,880	3,880
Number of Arrests by Texas Rangers	1,743	1,800	1,800	1,800

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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
ADJUTANT GENERAL'S DEPARTMENT						
<p>The Adjutant General's Department oversees the Texas Army National Guard, Texas Air National Guard, and Texas State Guard. This includes facilities, operations, training, and resource allocation for both state and federal missions. Funding for the 2014–15 biennium includes \$134.6 million in All Funds (\$28.6 million in General Revenue Funds). Funding includes an increase of \$2.1 million in General Revenue Funds, primarily for the addition of Wildfire Suppression Training (\$1.6 million) and the addition of a Mental Health Initiative (\$0.9 million), offset by a \$0.3 million decrease due to one-time debt service in the 2012–13 biennium.</p> <p>Funding includes an agency anticipated net Federal Funds increase of \$2.3 million primarily for increases for the Truck Rebuild Program (\$1.5 million) and the StarBase Program (\$0.9 million). Further, funding includes an agency estimated net Other Funds increase of \$5.7 million which primarily includes a decrease in GO bond proceeds (\$6.8 million), offset by the availability of a Current Fund Balance increase (\$4.1 million). Funding includes an increase of four full-time-equivalent positions for fiscal years 2014 and 2015 as compared to 2012–13 appropriated levels.</p>	EST/BUD 2012–13	\$26.5	\$0.0	\$92.8	\$16.5	\$135.9
	REC 2014–15	\$28.6	\$0.0	\$95.1	\$10.9	\$134.6
	BIENNIAL CHANGE	7.9%	N/A	2.5%	(33.9%)	(1.0%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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
ALCOHOLIC BEVERAGE COMMISSION						
The Alcoholic Beverage Commission provides statewide regulation and enforcement of regulations to the alcoholic beverage industry. Funding for the 2014–15 biennium includes \$86.9 million in All Funds (\$86.9 million in General Revenue Funds and \$10,000 in Other Funds - Appropriated Receipts). Funding includes a net increase of \$3.7 million in General Revenue Funds which includes an increase of \$1.5 million for increased operational and insurance costs, \$1.7 million for public safety equipment, and \$0.5 million for a transfer to the Texas Department of Agriculture for the Texas Wine Marketing Assistance Program. Funding includes agency anticipated reductions of \$0.9 million in Federal Funds for Alcohol Traffic Safety, Combating Underage Drinking, and Drunk Driving grants, and reductions of \$0.9 million in Other Funds (Interagency Contracts - Criminal Justice Grants).	EST/BUD 2012–13	\$83.2	\$0.0	\$0.9	\$0.9	\$85.0
	REC 2014–15	\$86.9	\$0.0	\$0.0	\$0.0	\$86.9
	BIENNIAL CHANGE	4.4%	N/A	(100.0%)	(98.9%)	2.2%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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 CRIMINAL JUSTICE						
<p>The Texas Department of Criminal Justice (TDCJ) provides public safety, promotes positive change in adult offender behavior, reintegrates adult offenders into society, and assists victims of crime. TDCJ accomplishes this through diverting adult offenders from prison (funding to local community supervision and corrections departments), incarcerating adult offenders, and operating a parole system (includes funding for the operation of the Board of Pardons and Paroles). Funding for the Department of Criminal Justice for the 2014–15 biennium includes an All Funds increase of \$111.8 million, primarily composed of the following: reductions in General Obligation bond proceeds (\$42.9 million), Federal Funds (\$3.2 million), and Criminal Justice Grants (\$1.1 million) and increases in General Revenue Funds (\$159.0 million) and Interagency Contracts (\$0.1 million). Funding includes full-time-equivalent (FTE) position increases totaling 249 in fiscal year 2014 and 260 in fiscal year 2015 as compared to 2012–13 appropriated levels. Funding related to specific agency functions is detailed in the following sections.</p>						
Incarceration in State Institutions						
<p>Incarceration of offenders combines many functions including housing, security, classification, food and necessities, healthcare, treatment, and services for all incarcerated offenders. Funding for the 2014–15 biennium includes \$5,075.3 million in All Funds, which includes a \$102.3 million increase for the incarceration and treatment of adult offenders. The Legislative Budget Board (LBB) staff projected average number of offenders incarcerated is 152,289 in fiscal year 2014 and 153,474 in fiscal year 2015.</p>	EST/BUD 2012–13	\$4,836.8	\$0.6	\$1.6	\$134.0	\$4,973.0
	REC 2014–15	\$4,941.0	\$0.6	\$0.0	\$133.7	\$5,075.3
	BIENNIAL CHANGE	2.2%	0.0%	(100.0%)	(0.2%)	2.1%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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
<p>Funding includes a net increase of \$104.2 million in General Revenue Funds which includes increases of \$20.1 million for contract correctional facilities' per diem increases and replacement of related reduced federal funding, \$105.2 million for correctional officers salary increases of 5 percent, \$61.7 million for CMHC, \$11.7 million for vehicle replacements, \$8.2 million for 100 reentry transitional coordinators, \$8.0 million for surveillance/security equipment, and \$2.6 million for an electronic document management system. Funding also includes reductions of \$15.0 million for Contracted Temporary Capacity, \$97.3 million for contract terminations of the Dawson State Jail and Mineral Wells Pre-parole Transfer Facility, and \$0.9 million for correctional managed health care (CMHC) committee staff.</p> <p>Funding includes a \$1.6 million decrease in Federal Funds for combating criminal narcotics activity. The number of FTE positions for fiscal year 2015 is expected to be 161.4 higher than fiscal year 2013 appropriated FTEs.</p>						
Community Supervision Funding						
Community supervision provides programs, services, and supervision to offenders who are on adult probation. Funding for the 2014–15 biennium includes an increase of \$10.0 million for diversion program grants to local Community Supervision and Corrections Departments (CSCDs) and \$20.0 million for community corrections grants to CSCDs. Funding increases are offset by a decrease of \$5.8 million in General Revenue Funds for community supervision grants to CSCDs. The reduction is the result of LBB staff population projections for felony and misdemeanor offenders and is based on the 2012–13 biennial supervision funding rates.	EST/BUD 2012–13	\$543.5	\$0.0	\$0.0	\$14.0	\$557.4
	REC 2014–15	\$566.3	\$0.0	\$0.0	\$14.0	\$580.2
	BIENNIAL CHANGE	4.2%	N/A	N/A	0.0%	4.1%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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 (CMHC) provides health and psychiatric care to incarcerated offenders. While CMHC funding is included in the "Incarceration in State Institutions" summary section, it is also detailed here because it is an integral agency function that requires additional explanation. The 2012–13 biennial funding level includes an anticipated \$39 million supplemental appropriation in General Revenue Funds for a projected fiscal year 2013 CMHC funding shortfall. Funding for the 2014–15 biennium includes continuation of the anticipated fiscal year 2013 \$39 million supplemental appropriation, a General Revenue Funds increase of \$61.7 million, and a \$0.9 million decrease in General Revenue Funds for the CMHC committee staff's operating budget.	EST/BUD 2012–13	\$902.3	\$0.0	\$0.0	\$0.0	\$902.3
	REC 2014–15	\$963.1	\$0.0	\$0.0	\$0.0	\$963.1
	BIENNIAL CHANGE	6.7%	N/A	N/A	N/A	6.7%
Facilities Repair, Rehabilitation, and Lease-purchase Payments						
The agency operates more than 100 correctional facilities across the state. This function provides funding for the repair and rehabilitation of facilities and for debt service payments on various lease-purchased facilities. Funding for the 2014–15 biennium includes decreases of \$42.9 million in Other Funds (General Obligation bond proceeds) for the repair and rehabilitation of facilities and \$9.0 million in General Revenue Funds for reduced debt service payments on lease-purchased facilities. A reduction of 53.4 FTE positions is anticipated.	EST/BUD 2012–13	\$14.0	\$0.0	\$0.0	\$81.2	\$95.2
	REC 2014–15	\$5.0	\$0.0	\$0.0	\$38.3	\$43.3
	BIENNIAL CHANGE	(64.2%)	N/A	N/A	(52.8%)	(54.5%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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 functions focused on offenders who are in the release process, or who have been released and are receiving ongoing supervision and services. Funding for the 2014–15 biennium includes increases of \$15.8 million in General Revenue Funds for Parole Supervision (population growth based on LBB staff population projections and maintains caseload ratios) and \$2.5 million in General Revenue Funds for Intermediate Sanction Facilities (contract per diem increases). An increase of 151 FTE positions is anticipated.	EST/BUD 2012–13	\$312.7	\$0.0	\$0.0	\$1.3	\$314.0
	REC 2014–15	\$330.9	\$0.0	\$0.0	\$0.6	\$331.5
	BIENNIAL CHANGE	5.8%	N/A	N/A	(56.2%)	5.6%
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 for the 2014–15 biennium includes a net increase of \$14.7 million in All Funds, which includes a reduction of \$2.2 million in General Revenue Funds for data center services cost adjustments, (an additional reduction of \$4.2 million for data center services is in Article IX), and a General Revenue Funds increase of \$17.2 million for Information Resources.	EST/BUD 2012–13	\$140.3	\$0.5	\$0.2	\$2.0	\$142.9
	REC 2014–15	\$155.3	\$0.5	\$0.0	\$2.0	\$157.7
	BIENNIAL CHANGE	10.7%	0.0%	(100.0%)	0.0%	10.4%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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
Board of Pardons and Paroles						
The Board of Pardons and Paroles (BPP) determines which state prisoners are released on parole or mandatory supervision, supervision conditions, and revocations.						
Funding for the 2014–15 biennium includes a net increase of \$1.1 million in All Funds, which includes a reduction of \$0.6 million in Federal Funds and General Revenue Funds increases of \$0.9 million for hearing officers (7 FTEs), \$0.4 million for parole commissioners (2 FTEs), \$0.2 million for vehicle replacements, and \$0.2 million for information resources.	EST/BUD 2012–13	\$50.8	\$0.0	\$0.6	\$0.0	\$51.5
	REC 2014–15	\$52.5	\$0.0	\$0.0	\$0.0	\$52.5
	BIENNIAL CHANGE	3.4%	N/A	(100.0%)	N/A	2.1%
COMMISSION ON FIRE PROTECTION						
Funding for fiscal years 2014 and 2015 reflects a transfer of the agency's funding, administration, and program functions to the Texas Department of Insurance. Funding provides for \$4.2 million in General Revenue Funds and \$0.1 million in Appropriated Receipts to enforce safety and professional standards of paid fire protection personnel in Texas. Funding includes an increase of \$0.3 million in General Revenue Funds and 2.0 additional full-time equivalent positions.	EST/BUD 2012–13	\$3.8	\$0.0	\$0.0	\$0.1	\$3.9
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A
See Article VIII for a discussion of this agency.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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
COMMISSION ON JAIL STANDARDS						
The Commission on Jail Standards establishes and enforces standards for the provision and operations of all county jails and privately operated municipal jails in the state. The agency also provides training and technical assistance to promote compliance with state standards. Funding for the 2014–15 biennium includes \$1.8 million in General Revenue Funds and \$9,000 in Other Funds for agency operations. Other Funds decreased by \$25,000 in Interagency Contracts - Criminal Justice Grants related to a juvenile justice survey no longer required of the agency.	EST/BUD 2012–13	\$1.8	\$0.0	\$0.0	\$0.0	\$1.8
	REC 2014–15	\$1.8	\$0.0	\$0.0	\$0.0	\$1.8
	BIENNIAL CHANGE	0.0%	N/A	N/A	(73.9%)	0.0%

JUVENILE JUSTICE DEPARTMENT

The Juvenile Justice Department provides residential facilities for the rehabilitation, education, and medical treatment of juvenile offenders committed to state custody, and grant funding to local probation departments for programs for juvenile offenders not committed to state custody. Funding for the Juvenile Justice Department for the 2014–15 biennium includes a reduction of \$26.7 million in All Funds (\$14.2 million in General Revenue Funds). These reductions are primarily related to declining LBB staff projected populations of juvenile offenders in state facilities and under probation supervision, and declining juvenile parole populations. The reductions are partially offset by increases of \$15.2 million for mental health services grants and \$5.2 million for a 5 percent salary increase for juvenile correctional officers. Funding includes full-time equivalent position (FTE) reductions totaling 213.8 as compared to the fiscal year 2013 appropriated level to reflect current operations.

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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 Juvenile Justice						
Community Juvenile Justice provides grants to local probation departments for supervision, programs, and services to juvenile offenders. Funding for the 2014–15 biennium includes \$321.3 million in All Funds (\$287.8 million in General Revenue Funds). Funding includes a net increase of \$4.5 million in General Revenue Funds, as the result of an increase in Mental Health Services funding (\$15.2 million) and Prevention and Intervention Program funding (\$2.0 million), and a reduction in Basic Supervision funding (\$12.7 million) as the result of LBB staff population projections which reflect declining juvenile probation populations.	EST/BUD 2012–13	\$283.3	\$0.0	\$14.0	\$19.5	\$316.8
	REC 2014–15	\$287.8	\$0.0	\$14.0	\$19.5	\$321.3
	BIENNIAL CHANGE	1.6%	N/A	0.0%	0.0%	1.4%
State Services and Facilities						
State Services and Facilities provides housing, education, medical services, and treatment to juvenile offenders committed to state custody. This function includes state-operated secure facilities, halfway house programs, and contract programs for juveniles with special needs. Funding for the 2014–15 biennium includes \$285.4 million in All Funds (\$261.5 million in General Revenue Funds). Funding includes a net decrease of \$13.3 million in General Revenue Funds. This reduction is primarily related to declining LBB staff projected populations of juvenile offenders in state facilities. Funding also includes an increase in General Revenue Funds (\$4.3 million) for an additional 50 Juvenile Correctional Officers to enhance safety and security at state facilities. Funding includes a net decrease of \$2.7 million in Federal Funds, and a net decrease of \$6.6 million in Other Funds. Funding includes an overall increase of 50 FTE positions.	EST/BUD 2012–13	\$274.8	\$0.0	\$16.5	\$16.7	\$308.0
	REC 2014–15	\$261.5	\$0.0	\$13.8	\$10.1	\$285.4
	BIENNIAL CHANGE	(4.8%)	N/A	(16.4%)	(39.5%)	(7.3%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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						
This function includes supervision and services for juveniles placed on parole after release from state services and facilities. Funding for the 2014–15 biennium includes \$6.7 million in All Funds (\$6.7 million in General Revenue Funds). Funding includes a net decrease of \$3.4 million in General Revenue Funds as the result of LBB projected decreases in parole populations and an agency anticipated decrease of \$3.0 million in Federal Funds.	EST/BUD 2012–13	\$10.1	\$0.0	\$3.0	\$0.0	\$13.1
	REC 2014–15	\$6.7	\$0.0	\$0.0	\$0.0	\$6.7
	BIENNIAL CHANGE	(33.7%)	N/A	(100.0%)	N/A	(48.8%)
Administration						
The administration function includes services for both Community Juvenile Justice and State Services and Facilities. This function includes Central Administration, Information Resources, Interstate Agreement, training and certification of juvenile probation officers and juvenile correctional officers, and monitoring and inspection of state and local juvenile facilities. Funding for the 2014–15 biennium includes \$34.2 million in All Funds (\$34.0 million in General Revenue Funds). Funding includes a net decrease of \$2.1 million in General Revenue Funds, including a \$3.5 million decrease in Central Administration, a \$0.6 million increase for Data Center Services, and a \$0.3 million increase for the Office of the Independent Ombudsman.	EST/BUD 2012–13	\$36.1	\$0.0	\$0.0	\$0.4	\$36.5
	REC 2014–15	\$34.0	\$0.0	\$0.0	\$0.2	\$34.2
	BIENNIAL CHANGE	(5.8%)	N/A	N/A	(50.0%)	(6.3%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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
COMMISSION ON LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION						
Funding for the 2014–15 biennium provides \$6.6 million and 43.6 full-time equivalents positions (FTE) for the testing, licensing, regulation, and enforcement of standards for law enforcement officers and training institutions in Texas. Funding includes an increase of \$1.3 million in General Revenue–Dedicated Fund 116 to support the following: \$0.3 million to replace an equal decrease in General Revenue Funds; \$0.2 million to improve the agency's information technology network; \$0.2 million to fund post critical incident seminars at Sam Houston State University; and \$0.5 million to add two Field Service agents, two call center staff and one FTE to oversee newly established law enforcement agencies. Funding also includes the appropriation of one FTE and a new General Revenue–Dedicated method of finance (\$0.1 million) to administer the agency's Criminal Justice Data Repository. Other Funds increased by \$0.2 million to reflect an estimated \$0.4 million increase in fee revenues and a decrease of \$0.3 million in a one-time Interagency Contract - Criminal Justice Grant related to technical assistance to local law enforcement agencies.	EST/BUD 2012–13	\$0.3	\$4.1	\$0.0	\$1.0	\$5.4
	REC 2014–15	\$0.0	\$5.5	\$0.0	\$1.2	\$6.6
	BIENNIAL CHANGE	(100.0%)	34.1%	N/A	20.0%	22.2%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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					
The Texas Department of Public Safety enforces vehicle laws on Texas highways; conducts investigations of organized crime; offers support services (such as DNA testing) to law enforcement agencies; administers the Texas Ranger Division; maintains state and national crime records databases; provides certain regulatory services (such as concealed handgun permits); implements border security initiatives in collaboration with federal and local law enforcement agencies; assists federal counterterrorism initiatives; and integrates state responses to disasters through the State Operations Center.					
Funding for the Department of Public Safety for the 2014–15 biennium includes an All Funds reduction of \$356.6 million, primarily composed of the following changes: agency anticipated decreases in Federal Funds (\$442.6 million); reductions in General Revenue–Dedicated Funds (\$139.0 million), General Obligation bond proceeds (\$72.6 million), Interagency Contracts (\$4.6 million), and Governor’s Emergency and Deficiency Grants (\$4.6 million); and increases in General Revenue Funds (\$270.1 million), State Highway Funds (\$34.6 million), Appropriated Receipts (\$2.0 million), and Criminal Justice Grants (\$0.2 million). Funding also replaces all of the agency’s baseline Operators and Chauffeurs License General Revenue–Dedicated Fund 099 (\$139.0 million) with an equal amount in General Revenue Funds to reflect the enactment of Senate Bill 1664, Eighty-second Legislature, Regular Session, 2011, which redirected the revenues deposited to General Revenue–Dedicated Fund 099 to the Law Enforcement and Custodial Officer Supplement Retirement Trust Fund. Funding includes an increase of 400.9 full-time equivalent positions (FTE) in fiscal year 2014 and 206.4 FTEs in fiscal year 2015 as compared to the fiscal years 2012–13 appropriated levels.					

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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						
<p>The agency's functions to combat crime and terrorism center on organized crime, criminal interdiction, border security, counterterrorism, intelligence, security programs, and criminal investigations.</p> <p>Funding for the 2014–15 biennium includes \$328.1 million in All Funds. This decrease of \$20.6 million in All Funds primarily includes a \$13.9 million decrease in Federal Funds and the repurposing of \$14.2 million in All Funds to fund deferred maintenance projects in the administration function. Funding also includes a General Revenue increase of \$3.2 million to fund training and salary increases for the agency's professional staff.</p> <p>Funding for the two strategies specifically related to border security, which is included in the totals described above, includes \$83.3 million in All Funds, representing a reduction of \$16.3 million as compared to the 2012–13 biennial expenditure levels. The reduction is primarily composed of reductions of \$5.0 million in Federal Funds and the repurposing of \$12.2 million in All Funds for deferred maintenance projects in the administration function. Offsetting these decreases is a net biennial increase of \$1.0 million in State Highway Fund 06 to fund fuel costs.</p>	EST/BUD 2012–13	\$30.5	\$43.8	\$17.3	\$257.1	\$348.7
	REC 2014–15	\$91.6	\$0.0	\$3.4	\$233.0	\$328.1
	BIENNIAL CHANGE	200.3%	(100.0%)	(80.3%)	(9.4%)	(5.9%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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
Highway Traffic and Commercial Vehicle Enforcement						
<p>The agency's functions related to highway patrol, commercial vehicle enforcement, and communications provide for enhanced public safety and traffic laws enforcement. Funding for the 2014–15 biennium includes \$501.9 million in All Funds and includes decreases in Federal Funds estimates (\$2.8 million), an agency estimated decrease of \$2.1 million in Interagency Contracts, and repurposing of Other Funds (\$3.5 million) to the administration function to fund deferred maintenance projects. Funding also includes General Revenue Fund increases for the Tactical Marine Unit's operations (\$2.4 million), vehicle safety technology upgrades (\$8.6 million) and interoperability (\$1.0 million).</p> <p>Funding also includes an additional \$26.6 million in State Highway Fund 06 to fund the purchase and maintenance of 1,331 replacement patrol vehicles. Included in the funding for this goal is an additional seven FTEs as well as \$1.0 million in State Highway Fund 06 to fund fuel costs. Funding for border security includes a biennial amount of \$11.4 million in State Highway Fund 06 to purchase 326 new border security vehicles.</p>	EST/BUD 2012–13	\$0.0	\$0.0	\$54.7	\$421.8	\$476.5
	REC 2014–15	\$11.9	\$0.0	\$51.9	\$438.0	\$501.9
	BIENNIAL CHANGE	100%	N/A	(5.1%)	3.8%	5.3%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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
Emergency Management						
Texas Division of Emergency Management administers a comprehensive emergency management program including disaster prevention and preparedness, response coordination, disaster recovery and hazard mitigation, and the State Operations Center. Funding for the 2014–15 biennium includes \$1,117.4 million in All Funds which includes a reduction of \$413.3 million in Federal Funds estimates (primarily in Hazard Mitigation and Homeland Security grants) and a \$4.6 million reduction in Other Funds for a one-time Governor's Emergency and Deficiency Grant.	EST/BUD 2012–13	\$2.2	\$4.7	\$1,521.3	\$7.2	\$1,535.3
	REC 2014–15	\$7.2	\$0.0	\$1,108.0	\$2.1	\$1,117.4
	BIENNIAL CHANGE	227.3%	(100.0%)	(27.2%)	(70.8%)	(27.2%)
Regulatory and Licensing Services						
The agency provides various regulatory, licensing, and service functions related to crime laboratory analyses, crime records, training, victim services, driver license, driving and motor vehicle safety, concealed handguns, metals registration, narcotics, vehicle services, and private security. Funding for the 2014–15 biennium is \$466.0 million in All Funds, which includes an increase of 155.6 FTEs and General Revenue Funds to improve driver license services (\$30.8 million), enhance crime laboratory capacity, and increase testing capability for sexual assault kits (\$10.9 million). Funding also includes a swap of \$81 million for General Revenue–Dedicated Accounts to General Revenue Funds.	EST/BUD 2012–13	\$44.5	\$81.1	\$11.2	\$278.3	\$415.1
	REC 2014–15	\$192.2	\$0.0	\$7.2	\$266.5	\$466.0
	BIENNIAL CHANGE	331.9%	(100.0%)	(35.7%)	(4.2%)	12.3%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 37

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						
Administrative functions are related to fleet operations, regional and headquarters administration, information technology, financial management, human resources, and facilities management. Funding for the 2014–15 biennium includes \$321.4 million in All Funds. Funding includes decreases in Federal Funds estimates (\$8.7 million) and General Obligation bonds proceeds (\$72.6 million) for one-time expenditures that occurred in the 2012–13 biennium. Funding reflects an increase of \$17.8 million in All Funds from reductions to other functions for deferred maintenance projects in administration. Funding includes an additional 43.8 FTEs in General Revenue Funds to improve driver license services (\$19.2 million), to enhance the agency's information technology capacity (\$25.6 million), and \$15.0 million in State Highway Fund 06 to fund five additional recruit schools.	EST/BUD 2012–13	\$25.9	\$9.4	\$10.6	\$269.8	\$315.7
	REC 2014–15	\$70.2	\$0.0	\$1.9	\$249.2	\$321.4
	BIENNIAL CHANGE	172.2%	(100.0%)	(82.1%)	(7.6%)	1.8%

NATURAL RESOURCES

2014–15 BIENNIAL RECOMMENDATIONS

All Funds for Natural Resources total \$4.8 billion for 2014–15 biennium, which is a decrease of \$168.5 million, or 3.4 percent, from the 2012–13 biennium (Figure 38).

General Revenue Funds and General Revenue–Dedicated Funds total \$1.9 billion, which is an increase of \$206.3 million, or 12.4 percent, from the 2012–13 biennium (Figure 39).

Selected performance measures for agencies in the Natural Resources function are shown in Figure 40.

FIGURE 38
ALL FUNDS: NATURAL RESOURCES

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Department of Agriculture	\$1,135.3	\$1,117.7	(\$17.7)	(1.6)
Animal Health Commission	18.1	18.5	0.5	2.5
Commission on Environmental Quality	709.4	746.9	37.4	5.3
General Land Office and Veterans' Land Board	1,668.9	1,439.8	(229.1)	(13.7)
Low-level Radioactive Waste Disposal Compact Commission	0.8	1.2	0.4	52.2
Parks and Wildlife Department	571.5	588.5	17.1	3.0
Railroad Commission	160.0	169.9	9.9	6.2
Soil and Water Conservation Board	41.9	51.1	9.3	22.1
Water Development Board	160.0	118.0	(42.0)	(26.2)
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	224.0	211.8	(12.2)	(5.4)
Subtotal, Natural Resources	\$4,689.9	\$4,463.5	(\$226.4)	(4.8)
Retirement and Group Insurance	\$200.5	\$236.1	\$35.6	17.7
Social Security and Benefit Replacement Pay	65.9	65.3	(0.6)	(0.9)
Subtotal, Employee Benefits	\$266.4	\$301.4	\$35.0	13.1

NATURAL RESOURCES

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 38
ALL FUNDS: NATURAL RESOURCES (CONTINUED)

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Bond Debt Service Payments	\$17.8	\$30.7	\$12.9	72.8
Lease Payments	7.1	6.0	(1.0)	(14.8)
Subtotal, Debt Service	\$24.8	\$36.7	\$11.9	47.9
Less Interagency Contracts	\$46.9	\$35.9	(\$11.1)	(23.6)
Total Article VI – Natural Resources	\$4,934.2	\$4,765.7	(\$168.5)	(3.4)

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

NATURAL RESOURCES

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 39

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

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Department of Agriculture	\$106.1	\$107.1	\$1.0	0.9
Animal Health Commission	12.9	14.7	1.8	13.6
Commission on Environmental Quality	594.9	656.7	61.8	10.4
General Land Office and Veterans' Land Board	36.9	38.5	1.6	4.4
Low-level Radioactive Waste Disposal Compact Commission	0.8	1.2	0.4	52.2
Parks and Wildlife Department	383.1	429.1	46.0	12.0
Railroad Commission	123.7	152.0	28.3	22.9
Soil and Water Conservation Board	28.1	39.1	11.1	39.4
Water Development Board	37.7	43.1	5.4	14.2
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	96.4	101.9	5.5	5.7
Subtotal, Natural Resources	\$1,420.7	\$1,583.5	\$162.7	11.5
Retirement and Group Insurance	\$166.4	\$197.9	\$31.5	18.9
Social Security and Benefit Replacement Pay	49.2	49.3	0.1	0.2
Subtotal, Employee Benefits	\$215.6	\$247.2	\$31.6	14.7
Bond Debt Service Payments	\$16.1	\$29.0	\$12.9	80.5
Lease Payments	7.1	6.0	(1.0)	(14.8)
Subtotal, Debt Service	\$23.1	\$35.0	\$11.9	51.4
Total Article VI – Natural Resources	\$1,659.4	\$1,865.7	\$206.3	12.4

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

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 40
SELECTED PERFORMANCE MEASURES: NATURAL RESOURCES

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
DEPARTMENT OF AGRICULTURE				
Percentage of Total Weights and Measures Device Routine Inspections Found in Full Compliance with State and Federal Standards	94%	96%	96%	96%
Number of New Community/Economic Development Contracts Awarded	186	248	267	267
ANIMAL HEALTH COMMISSION				
Number of Livestock Shipments Inspected	4,586	4,500	4,500	4,500
COMMISSION ON ENVIRONMENTAL QUALITY				
Nitrogen Oxides (Nox) Emissions Reduced through the Texas Emissions Reduction Plan (tons)	0	7,421	7,334	7,334
Number of Vehicles Repaired and/or Replaced through LIRAP Assistance	7,834	2,189	2,189	2,189
Percentage of Texans Living Where Air Meets Federal Air Quality Standards	51	48	47	47
Number of Dam Safety Assessments	1,373	1,030	1,030	1,030
GENERAL LAND OFFICE AND VETERANS' LAND BOARD				
Number of Coastal Management Program Grants Awarded	20	24	24	24
Annual Rate of Return on Real Estate Special Fund Investments	9.5%	5.8%	6.0%	6.0%
Alamo Gift Shop Revenue Per Visitor	N/A	N/A	\$3.21	\$3.38
Number of Loans Originated by the Veterans' Land Board	852	876	1,017	1,200

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 40

SELECTED PERFORMANCE MEASURES: NATURAL RESOURCES (CONTINUED)

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
PARKS AND WILDLIFE DEPARTMENT				
Number of Fingerlings Stocked - Inland Fisheries (in millions)	4.35	17.5	17.5	17.5
Number of State Parks in Operation	92	91	91	91
RAILROAD COMMISSION				
Number of Rebate and Incentive Applications Handled	1,725	1,295	1,295	1,295
Number of Pipeline Safety Inspections Performed	3,202	2,500	2,300	3,900
Number of Orphaned Wells Plugged with the Use of State Funds	764	1,200	1,200	1,200
Number of Wells Monitored	397,967	399,000	401,000	403,000
SOIL AND WATER CONSERVATION BOARD				
Number of Flood Control Dam Repair Grants Awarded	1	1	3	3

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
DEPARTMENT OF AGRICULTURE						
Economic Development						
The Small Business Credit Initiative (SBCI) awards venture capital to small businesses headquartered in Texas that demonstrate the capacity to attract private investment and create future economic development opportunities.	EST/BUD 2012–13	\$5.0	\$2.8	\$47.0	\$4.4	\$59.2
	REC 2014–15	\$7.2	\$1.1	\$0.4	\$19.6	\$28.3
Funding includes a biennial decrease of \$30.9 million in All Funds consisting of:	BIENNIAL CHANGE	43.9%	(60.7%)	(99.1%)	347.2%	(52.2%)
<ul style="list-style-type: none"> • a decrease of \$46.6 million in Federal Funds due to one-time award of the State Small Business Credit Initiative in fiscal year 2012; • an increase of \$15.2 million in Other Funds due primarily to a \$14.7 million appropriation contingent on passage of legislation creating a new Jobs for Texas Fund that receives equity and interest earnings from businesses awarded SBCI venture capital; • an increase of \$2.2 million in General Revenue Funds due primarily to reallocations between agency strategies to reflect agency reorganization; and • a decrease of \$1.7 million in General Revenue–Dedicated Funds (GO TEXAN Partner Program Account No. 5051) to reduce spending to within the 2014–15 estimated biennial revenue levels. 						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
Community Development Block Grants						
Community Development Block Grant funds are allocated to the state by the U.S. Department of Housing and Urban Development, through which the agency provides grants for community and economic development projects. Funding provides for a decrease of \$7.3 million in All Funds due entirely to an agency anticipated reduction in Federal Funds for non-disaster recovery Community Development Block Grant funds.	EST/BUD 2012–13	\$3.6	\$0.0	\$125.9	\$0.0	\$129.5
	REC 2014–15	\$3.6	\$0.0	\$118.6	\$0.0	\$122.2
	BIENNIAL CHANGE	N/A	N/A	(5.8%)	N/A	(5.6%)
Nutrition Assistance						
Funding for various non-public school nutrition programs includes an increase of \$26.6 million in All Funds, comprised of the following changes:	EST/BUD 2012–13	\$28.3	\$0.0	\$768.4	\$0.0	\$796.7
	REC 2014–15	\$29.0	\$0.0	\$794.4	\$0.0	\$823.3
	BIENNIAL CHANGE	2.6%	N/A	3.4%	N/A	3.3%
<ul style="list-style-type: none"> an increase of \$0.7 million in General Revenue Funds due to the addition of \$3.2 million in funding for the Texans Feeding Texans Surplus Agricultural Product Grant program; and an increase of \$26 million in Federal Funds based on an agency projected increase in individuals qualifying for nutrition assistance programs. 						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
Support Nutrition Programs in Schools						
TDA administers Child Nutrition Programs through an Interagency Contract with the Texas Education Agency (TEA). Funding includes a biennial decrease of \$5.7 million in All Funds primarily due to an agency anticipated reduction in Federal Funds for State Administrative Expenses for Child Nutrition programs. Reimbursement payments to school districts for child nutrition programs are budgeted at the Texas Education Agency.	EST/BUD 2012–13	\$0.6	\$0.0	\$66.8	\$0.0	\$67.4
	REC 2014–15	\$0.5	\$0.0	\$61.2	\$0.0	\$61.7
	BIENNIAL CHANGE	(16.0%)	N/A	(8.4%)	N/A	(8.5%)
TEXAS ANIMAL HEALTH COMMISSION						
The Commission protects and enhances the health of Texas animal and livestock populations by preventing, controlling, and/or eliminating animal diseases and monitoring animal health and productivity.						
Field Operations						
An increase of \$0.9 million in All Funds, comprised of a \$2 million increase in General Revenue Funds offset by an agency projected loss of \$1.2 million in Federal Funds for Animal Disease and Homeland Security grant funds. The General Revenue Fund increase returns field staff that perform the agency's core function closer to fiscal year 2011 levels with the addition of 10 livestock inspectors, 3 fever tick inspectors and 3 veterinarians.	EST/BUD 2012–13	\$7.0	\$0.0	\$4.5	\$0.0	\$11.4
	REC 2014–15	\$9.0	\$0.0	\$3.3	\$0.0	\$12.3
	BIENNIAL CHANGE	29.3%	N/A	(25.7%)	N/A	7.8%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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						
<p>The Texas Commission on Environmental Quality (TCEQ) works to protect Texas' public health and natural resources consistent with sustainable economic development, with the goals of clean air, clean water, and the safe management of waste. These goals are accomplished chiefly through the assessment, planning and permitting for the state's air, water, and waste; ensuring safe drinking water and regulating drinking water utility rates; ensuring compliance with environmental regulations and permits; and cleanup of polluted sites.</p>						
Air Quality Assessment and Planning						
<p>An increase of \$49.4 million in All Funds consisting of a \$51.2 million increase in the General Revenue–Dedicated Texas Emissions Reduction Plan (TERP) Account No. 5071 for additional TERP grants during the 2014–15 biennium; a \$0.9 million decrease in Federal Funds because of a one-time Homeland Security Biowatch program grant received in fiscal year 2012; and a decrease of \$0.9 million in Appropriated Receipts (Other Funds) because of one-time cost recovery receipts for the Clean School Bus Program.</p>	EST/BUD 2012–13	\$0.2	\$201.4	\$18.3	\$1.0	\$220.8
	REC 2014–15	\$0.2	\$252.6	\$17.4	\$0.0	\$270.2
	BIENNIAL CHANGE	0.0%	25.5%	(4.9%)	(96.6%)	22.3%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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						
A decrease of \$2.1 million in All Funds due primarily to Federal Funds decreases. The federal receipts for the 2014–15 biennium reflect a decrease of \$2.2 million, \$1.5 million of which is due to an anticipated decrease in nonpoint source implementation grant funds by the U.S. Environmental Protection Agency beginning in fiscal year 2013, and \$0.5 million of which is attributable to one-time supplemental water pollution control funding received in fiscal year 2012, which is not expected in later years.	EST/BUD 2012–13	\$0.4	\$39.0	\$20.9	\$0.0	\$60.3
	REC 2014–15	\$0.4	\$39.1	\$18.7	\$0.0	\$58.2
	BIENNIAL CHANGE	0.0%	0.1%	(10.3%)	N/A	(3.5%)
Water Resource Permitting						
A decrease of \$1 million in All Funds, which includes:	EST/BUD 2012–13	\$0.8	\$23.4	\$3.3	\$0.1	\$27.7
• a decrease of \$0.8 million in Federal Funds resulting from a one-time discretionary grant for the Permit and Registration Information Data Flow System and the National Pollutant Discharge Elimination System; and	REC 2014–15	\$0.8	\$23.3	\$2.6	\$0.0	\$26.7
• a decrease of \$0.1 million in Appropriated Receipts (Other Funds) because of a one-time cost-recovery contract with the Department of Transportation.	BIENNIAL CHANGE	0.0%	(0.2%)	(23.7%)	(100.0%)	(3.5%)
Safe Drinking Water Oversight						
A decrease of \$2.6 million in All Funds, which includes:	EST/BUD 2012–13	\$0.0	\$5.3	\$8.8	\$5.4	\$19.5
• an increase of \$0.9 million out of the General Revenue–Dedicated Water Resource Management Account No. 153 to reflect the shift of funding from Strategy B.1.2, Water Utilities Oversight, to more properly align expenditures with the strategies they support;	REC 2014–15	\$0.0	\$6.2	\$6.9	\$3.7	\$16.9
	BIENNIAL CHANGE	N/A	16.7%	(21.3%)	(30.5%)	(13.4%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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 \$1.9 million in Federal Funds because supplemental grants received for the Public Water System Supervision and Performance Partnership Grants programs in the 2012–13 biennium are not expected in the 2014–15 biennium; and a decrease of \$1.6 million in Interagency Contracts (Other Funds) due to reductions in pass-through Federal Funds provided by the Water Development Board from the Safe Drinking Water State Revolving Fund. 						
Water Utilities Oversight						
Funding reflects a decrease of \$2.5 million in All Funds which includes:	EST/BUD 2012–13	\$0.0	\$5.0	\$0.0	\$3.2	\$8.3
<ul style="list-style-type: none"> a decrease of \$0.9 million in the General Revenue–Dedicated Water Resource Management Account No. 153, reflecting a shift of funds to Strategy B.1.1, Safe Drinking Water Oversight, to more properly align expenditures with the strategies they support; and 	REC 2014–15	\$0.0	\$4.1	\$0.0	\$1.7	\$5.8
<ul style="list-style-type: none"> a decrease of \$1.6 million in Other Funds (Interagency Contracts) due to a \$1 million reduction in pass-through Federal Funds provided by the Water Development Board from the Safe Drinking Water State Revolving Fund, and a decrease of \$0.6 million to reflect the shift of funds to Strategy B.1.1, Safe Drinking Water Oversight. 	BIENNIAL CHANGE	N/A	(18.1%)	N/A	(48.6%)	(30.0%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
Field Inspections and Complaints						
A decrease of \$6.7 million in All Funds, which includes:	EST/BUD 2012–13	\$1.7	\$63.3	\$21.6	\$4.1	\$90.6
• a decrease of \$0.4 million in General Revenue–Dedicated Funds (General Revenue–Dedicated Dry Cleaning Facility Release Account No. 5093) due to an agency reallocation between strategies to better reflect the Dry Cleaning Remediation program's cost share for field investigations; and	REC 2014–15	\$1.7	\$62.7	\$15.3	\$4.1	\$83.8
	BIENNIAL CHANGE	0.0%	(0.8%)	(29.0%)	(0.3%)	(7.5%)
• a decrease of \$6.3 million in Federal Funds due to one-time supplemental funding from the Federal Leaking Underground Storage Tank program during the 2012–13 biennium.						
Hazardous Materials Cleanup						
A decrease of \$6.9 million in All Funds mainly due to a decrease of \$6.8 million in Other Funds (Appropriated Receipts) related to one-time cost recovery funds received for Superfund cleanup costs in the 2012–13 biennium.	EST/BUD 2012–13	\$0.0	\$41.6	\$5.9	\$6.9	\$54.4
	REC 2014–15	\$0.0	\$42.1	\$5.3	\$0.0	\$47.5
	BIENNIAL CHANGE	0.0%	1.2%	(10.4%)	(99.4%)	(12.8%)
Rio Grande Compact Commission						
An increase of \$5.0 million in General Revenue Funds to cover litigation costs relating to a lawsuit filed against the State of New Mexico over water releases along the Rio Grande River.	EST/BUD 2012–13	\$0.3	\$0.0	\$0.0	\$0.0	\$0.3
	REC 2014–15	\$5.3	\$0.0	\$0.0	\$0.0	\$5.3
	BIENNIAL CHANGE	1,609.0%	N/A	N/A	N/A	1,609.0%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
Information Resources						
An increase of \$4.2 million in All Funds to maintain current service levels for the Data Center Consolidation project consisting of:	EST/BUD 2012–13	\$3.9	\$25.3	\$0.0	\$0.0	\$29.3
• an increase of \$1.4 million in General Revenue Funds; and	REC 2014–15	\$5.3	\$28.2	\$0.0	\$0.0	\$33.5
• an increase of \$2.9 million in General Revenue–Dedicated Funds.	BIENNIAL CHANGE	35.3%	11.4%	(100.0%)	N/A	14.5%
GENERAL LAND OFFICE AND VETERANS LAND BOARD						
The agency chiefly provides the following services: management of the Permanent School Fund portfolio; prevention and response to oil spills in coastal areas; beach maintenance and coastal erosion response; veterans' services, including loans for land and housing, long-term care facilities for veterans, and veterans' cemeteries; disaster recovery services for housing and infrastructure destroyed by natural disasters; and maintenance and operations of the Alamo Complex.						
Asset Management						
A \$1.0 million decrease in Other Funds (Permanent School Fund No. 44) because of one-time professional service costs associated with the closure of Rollover Pass, a man-made channel on the Bolivar Peninsula.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$12.7	\$12.7
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$11.7	\$11.7
	BIENNIAL CHANGE	N/A	N/A	N/A	(8.1%)	(8.1%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
Preserve and Maintain Alamo Complex						
An All Funds increase of \$2.2 million consisting of:	EST/BUD 2012–13	\$0.4	\$10.3	\$0.0	\$0.0	\$10.6
• an increase of \$0.6 million in General Revenue Funds for Alamo Complex renovations and information technology infrastructure; and	REC 2014–15	\$1.0	\$11.9	\$0.0	\$0.0	\$12.9
• an increase of \$1.6 million from the new General Revenue–Dedicated Funds (Alamo Complex Account No. 5152) due to the annualization of costs for the preservation, maintenance and restoration of the Alamo Complex for which the General Land Office (GLO) assumed responsibility on January 1, 2012.	BIENNIAL CHANGE	158.4%	15.6%	N/A	N/A	20.8%
Coastal Management						
A decrease of \$18.9 million in All Funds consisting of the following:	EST/BUD 2012–13	\$0.8	\$0.7	\$50.5	\$5.3	\$57.3
• a decrease of \$0.5 million out of the General Revenue–Dedicated Coastal Protection Account No. 27 resulting from a decrease in interest earnings estimated to accrue in the account—per statute only the interest earnings in this account may be expended on coastal erosion and management projects;	REC 2014–15	\$1.0	\$0.3	\$32.5	\$4.7	\$38.4
• a decrease of \$18 million in Federal Funds for the completion of Coastal Impact Assistance Program (CIAP) projects from prior years during the 2012–13 biennium; and	BIENNIAL CHANGE	23.4%	(65.1%)	(35.7%)	(11.2%)	(33.0%)
• a decrease of \$0.5 million in Other Funds (Appropriated Receipts) due to one-time local matching funds for the McFaddin National Wildlife Refuge project.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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						
An increase of \$3.5 million in All Funds due primarily to an increase of \$3.4 million in Other Funds (Appropriated Receipts) to reflect an anticipated increase in city and county matching funds for coastal erosion control grants.	EST/BUD 2012–13	\$0.2	\$0.5	\$2.7	\$19.9	\$23.3
	REC 2014–15	\$0.1	\$0.3	\$2.9	\$23.4	\$26.6
	BIENNIAL CHANGE	(58.5%)	(46.4%)	7.4%	17.4%	14.3%
Oil Spill Prevention						
A decrease of \$1 million in All Funds, which includes: <ul style="list-style-type: none"> a decrease of \$0.6 million in General Revenue—Dedicated Funds because of a shift in indirect costs from Oil Spill Prevention to Oil Spill Response to more accurately reflect each program's share of indirect expenditures; and a decrease of \$0.4 million in Federal Funds due to the one-time receipt of funding for oil spill violations during the 2012–13 biennium. 	EST/BUD 2012–13	\$0.0	\$8.8	\$0.4	\$0.0	\$9.2
	REC 2014–15	\$0.0	\$8.2	\$0.0	\$0.0	\$8.2
	BIENNIAL CHANGE	N/A	(6.8%)	(100.0%)	N/A	(10.9%)
State Veterans' Cemeteries						
A decrease of \$2 million in All Funds mainly due to a decrease of \$1.8 million in Federal Funds reflecting the completion of construction of the veterans' cemetery in Corpus Christi in December 2011.	EST/BUD 2012–13	\$0.0	\$0.0	\$2.4	\$11.6	\$14.0
	REC 2014–15	\$0.0	\$0.0	\$0.5	\$11.5	\$12.1
	BIENNIAL CHANGE	N/A	N/A	(79.2%)	(0.9%)	(13.6%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
Rebuild or Repair Damaged Homes						
Funding includes an increase of \$135.1 million in Federal Funds (Community Development Block Grant Disaster Recovery funds) because housing reconstruction projects in Houston and Galveston fell behind schedule during the 2012–13 biennium, but construction is expected to accelerate in the 2014–15 biennium.	EST/BUD 2012–13	\$1.9	\$0.0	\$651.8	\$0.0	\$653.7
	REC 2014–15	\$1.9	\$0.0	\$786.9	\$0.0	\$788.9
	BIENNIAL CHANGE	0.0%	N/A	20.7%	N/A	20.7%
Rebuild Infrastructure						
Funding includes a decrease of \$347.1 million in Federal Funds (Community Development Block Grant Disaster Recovery funds) to reflect the implementation of one-time infrastructure projects in fiscal year 2013.	EST/BUD 2012–13	\$1.6	\$0.0	\$819.7	\$0.0	\$821.2
	REC 2014–15	\$1.6	\$0.0	\$472.6	\$0.0	\$474.2
	BIENNIAL CHANGE	0.0%	N/A	(42.3%)	N/A	(42.3%)

LOW-LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION

The LLRWDC is an interstate compact commission with the primary function of ensuring that the terms of the compact, which is currently between the states of Texas and Vermont regarding a disposal site in Texas, are followed. The Commission makes estimates for the quantity of waste generated within the compact members' states for disposal during the period ending in 2045, and then ensures that annual volume limits and limits stated in the compact are met.

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
An increase of \$0.4 million in General Revenue–Dedicated Funds to provide the Compact Commission, a new state agency, with two years of funding at fiscal year 2013 spending levels. The Compact Commission's workload did not begin to reach normal levels until the low-level radioactive waste disposal facility in Andrews County opened in April 2012. Total funding for the Compact includes an increase of \$1 million from General Revenue–Dedicated Low-level Radioactive Waste Disposal Compact Commission (LLRWDCC) Account No. 5151, and a decrease of \$0.6 million from General Revenue–Dedicated Funds Low-level Waste Account No. 88. Funding provided by the Low-level Waste Account No. 88 in the 2012–13 biennium will be replaced by the LLRWDCC Account No. 5151 in the 2014–15 biennium. As more waste is disposed of at the site, an increase in fee revenues deposited to Account No. 5151 sufficient to fund commission operations is expected for the 2014–15 biennium.	EST/BUD 2012–13	\$0.0	\$0.8	\$0.0	\$0.0	\$0.8
	REC 2014–15	\$0.0	\$1.2	\$0.0	\$0.0	\$1.2
	BIENNIAL CHANGE	N/A	\$0.5	N/A	N/A	\$0.5

TEXAS PARKS AND WILDLIFE DEPARTMENT

Texas Parks and Wildlife Department manages and conserves the state's natural and cultural resources, and provides hunting, fishing and outdoor recreation opportunities for the benefit of present and future generations.

Fish, Wildlife and Natural Resources Conservation

Conserves fish, wildlife and other natural resources and enhances the quality of hunting and fishing and other recreational opportunities through sound management practices.

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
A decrease of \$16.3 million in All Funds consisting by method-of-finance of:	EST/BUD 2012–13	\$0.0	\$47.2	\$75.6	\$15.8	\$138.6
• an increase of \$19.1 million in General Revenue–Dedicated Funds (Game, Fish, and Water Safety Account No. 9) to: (a) fund wildlife and fishery operations reduced in the current biennium, license buyback programs and activities supported by freshwater, saltwater, migratory and upland game bird stamps (\$10.7 million, including 24 FTEs); (b) establish a wildlife diversity program designed with conservation strategies that prevent the need for a species to be listed as endangered by the U.S. Fish and Wildlife Service (\$4.5 million, including 9 FTEs); (c) appropriate revenue in excess of the Comptroller's Biennial Revenue Estimate (BRE) for fiscal year 2014 as well as any unexpended balances in certified revenue collections in excess of the BRE for fiscal year 2013 (an amount not to exceed \$2.7 million); (d) reinstate capital budget vehicle and equipment replacement cycles (\$1.7 million); and (e) provide estimated appropriation authority for the sale of oyster shell recovery tags (\$0.2 million); offset by a decrease of \$0.8 million for an agency-requested reallocation of funds to other strategies;	REC 2014–15	\$0.3	\$66.3	\$54.6	\$1.2	\$122.3
	BIENNIAL CHANGE	100.0%	40.5%	(27.8%)	(92.7%)	(11.7%)
• a decrease of \$21.1 million in Federal Funds mainly due to completed fish lake surveys, fish hatchery and stocking activity (\$5.8 million); pass-through grants to universities for endangered species research (\$4.5 million); wetland restoration grants for areas damaged by Hurricane Ike (\$3 million); and disaster grants to commercial oyster fisherman (\$1.4 million); and						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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 \$14.6 million in Other Funds due to one-time donations for artificial reef, wildlife and inland fishery programs (\$11.9 million) and one-time contracts and mitigation payments (\$1.5 million). 						
State Park Operations, Minor Repair, and Program Support						
An increase of \$20.3 million in All Funds, which includes the following by method-of-finance:	EST/BUD 2012–13	\$96.3	\$36.4	\$1.3	\$3.4	\$137.3
<ul style="list-style-type: none"> an increase of \$19 million in the Sporting Goods Sales Tax (SGST) transfer to the State Parks Account No. 64, a General Revenue Fund allocation, to maintain operations of an estimated 20 park sites and one regional office (\$13.6 million and 122.3 FTEs); reinstate vehicle and equipment replacement cycles (\$2.2 million); maintenance to extend the life of facilities (\$2 million); wildfire suppression operations (\$0.8 million and 4 FTEs); and equipment for state park law enforcement (\$0.4 million); 	REC 2014–15	\$115.2	\$41.5	\$0.4	\$0.5	\$157.6
<ul style="list-style-type: none"> a method-of-financing shift between General Revenue funding sources for state parks, which replaces \$10 million in Boat and Boat Motor Sales and Use Tax receipts, a non-statutory allocation of General Revenue Funds, with an equal amount of additional SGST transfer, the statutory allocation of General Revenue Funds the Legislature established to support state parks; and 	BIENNIAL CHANGE	19.7%	13.9%	(69.4%)	(85.3%)	14.8%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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"> an increase of \$4.9 million in General Revenue–Dedicated Funds (State Parks Account No. 64) to appropriate revenue collections in excess of the Comptroller's Biennial Revenue Estimate (BRE) for fiscal year 2014 as well as any unexpended balances in certified revenue collections in excess of the BRE for fiscal year 2013; a decrease of \$2.9 million in Other Funds due to a spike in donations received in response to the agency's public appeal to support state parks, including recovery efforts at Bastrop State Park, during the 2012–13 biennium, that are not anticipated to continue in the 2014–15 biennium. 						
Local Park, Boating Access and Other Grants						
A decrease of \$4.3 million in Federal Funds for completed local park acquisition and development, and completed local boat ramp and recreational trail grant projects.	EST/BUD 2012–13	\$1.8	\$0.1	\$15.5	\$0.0	\$17.4
	REC 2014–15	\$1.8	\$0.1	\$11.2	\$0.0	\$13.1
	BIENNIAL CHANGE	(0.7%)	7.0%	(28.0%)	N/A	(25.0%)
Law Enforcement Programs and Game Warden Training						
An increase of \$0.2 million in All Funds, which includes:	EST/BUD 2012–13	\$4.9	\$80.0	\$10.6	\$2.3	\$97.8
<ul style="list-style-type: none"> an increase of \$5.8 million in General Revenue–Dedicated Funds (Game, Fish and Water Safety Account No. 9) mainly to fund vehicle and equipment replacement cycles (\$5.3 million), and reflect an agency requested reallocation of funds from other strategies (\$0.5 million); 	REC 2014–15	\$4.9	\$85.8	\$6.9	\$0.5	\$98.0
	BIENNIAL CHANGE	0.0%	7.2%	(35.5%)	(79.8%)	0.2%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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 \$3.8 million in Federal Funds primarily for one-time water and boating safety grants (\$1.8 million), one-time purchases of smartphone, surveillance, and body armor equipment (\$1.1 million), FEMA disaster reimbursements (\$0.8 million), and completed aquatic, hunter, target range clay and archery education projects (\$0.7 million); and a decrease of \$1.8 million in Other Funds primarily for completed Interagency Contracts with the Department of Public Safety for border security (\$1.3 million), and a decrease of \$0.2 million in Appropriated Receipts for the game warden cadet meal plan. <p>Recommendations fund 532 game warden positions and one cadet class per fiscal year.</p>						
Infrastructure Improvements, Major Repairs and Administration						
An increase of \$26.5 million in All Funds, which includes:	EST/BUD 2012–13	\$22.5	\$10.5	\$3.6	\$45.7	\$82.3
<ul style="list-style-type: none"> an increase of \$0.3 million in the Sporting Goods Sales Tax (SGST) transfer to the State Parks Account No. 64 for a capital repair project at Big Springs State Park (\$0.2 million) and vehicle and equipment replacement cycles (\$0.1 million); 	REC 2014–15	\$22.8	\$10.2	\$0.2	\$75.6	\$108.8
<ul style="list-style-type: none"> an overall decrease of \$0.3 million in General Revenue–Dedicated Funds (Game, Fish and Water Safety Account No. 9) comprised of an increase for vehicle and equipment replacement cycles (\$0.3 million) offset by an agency-requested reallocation of funds to other strategies (\$0.6 million); 	BIENNIAL CHANGE	1.3%	(2.8%)	(94.4%)	65.4%	32.2%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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"> an increase of \$29.9 million in Other Funds due primarily to \$28.1 million in new General Obligation (GO) bonds for repairs at state parks and Austin Headquarters, and unexpended balances in previously authorized and appropriated General Obligation bonds carried forward from fiscal year 2013 to fiscal year 2014; and a decrease of \$3.4 million in Federal Funds primarily for marsh and coastal restoration efforts, and completed construction projects at parks, hatcheries, field offices, and wildlife management areas statewide. 						
Land Acquisition						
A decrease of \$2.6 million in land sale proceeds (Other Funds) for the sale of agency lands near Palo Duro Canyon State Park.	EST/BUD 2012–13	\$0.0	\$0.8	\$0.0	\$2.6	\$3.4
	REC 2014–15	\$0.0	\$0.7	\$0.0	\$0.0	\$0.7
	BIENNIAL CHANGE	N/A	(1.8%)	(100.0%)	(100.0%)	(77.9%)
Debt Service						
A decrease of \$7.7 million in All Funds, which includes:	EST/BUD 2012–13	\$9.3	\$5.3	\$0.0	\$0.0	\$14.5
<ul style="list-style-type: none"> a decrease of \$2.4 million in General Revenue Funds for declining debt service requirements for prior year issuances of revenue bonds for statewide park repairs; and 	REC 2014–15	\$6.8	\$0.0	\$0.0	\$0.0	\$6.8
<ul style="list-style-type: none"> a decrease of \$5.3 million in General Revenue–Dedicated Funds (Game, Fish and Water Safety Account) to reflect the completion of the East Texas Fish Hatchery. 	BIENNIAL CHANGE	(26.2%)	(100.0%)	N/A	N/A	(52.9%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
Information Resources						
An increase of \$3.4 million in All Funds, which includes:	EST/BUD 2012–13	\$3.9	\$15.9	\$1.7	\$0.0	\$21.4
• a \$2.5 million increase in General Revenue Funds, including a \$0.9 million increase in the Sporting Goods Sales Tax (SGST) transfer to the State Parks Account No. 64 for hosted cloud services and upgrades to the parks reservation system, and a \$1.6 million increase in General Revenue to fund Data Center Service cost increases for current service levels;	REC 2014–15	\$6.3	\$18.0	\$0.4	\$0.0	\$24.8
• a \$2.2 million increase in General Revenue–Dedicated Funds (Game, Fish and Water Safety Account No. 9) for hosted cloud services (\$0.4 million) and an agency-requested reallocation of funds (\$1.6 million); and	BIENNIAL CHANGE	64.0%	13.8%	(74.5%)	(100.0%)	15.8%
• a \$1.3 million decrease in Federal Funds for completed surveillance, ecological and vegetation mapping and Lesser Prairies Chicken research projects.						

RAILROAD COMMISSION

The Commission has primary regulatory jurisdiction over the oil and gas industry, pipeline transporters, natural gas and hazardous liquid pipeline industry, natural gas utilities, the liquefied petroleum gas (LPG)/liquefied natural gas (LNG)/compressed natural gas (CNG) industries, and coal and uranium surface mining operations.

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
CROSS-AGENCY ISSUE					
Replace General Revenue Funds with General Revenue–Dedicated Funds for Oil and Gas Programs					
2014–15 biennial funding provides for the replacement of \$10 million in General Revenue Funds expended during the 2012–13 biennium on oil and gas-related programs with funding from the General Revenue–Dedicated Oil and Gas Regulatory and Cleanup (OGRC) Account No. 5155.					
Information Technology (IT) Modernization					
An increase of \$21.8 million in All Funds (\$5.0 million out of the General Revenue Fund and \$16.7 million out of the General Revenue–Dedicated Oil and Gas Regulatory and Cleanup Account No. 5155) to modernize that agency's IT systems, while maintaining and extending the agency's web-based applications for on-line filing. Included are six new Capital Budget Projects: Operator Portal Project; Agency Enforcement and Compliance Project; Oil and Gas Permitting and Online Filing; Gas Services Online Filing Project; Pipeline Online Permitting Project; and Alternative Energy Division Online Filing Project.					
Salary Parity					
An increase of \$3.6 million in General Revenue–Dedicated (Oil and Gas Regulatory and Cleanup Account No. 5155) to provide salary increases to staff working in oil and gas programs throughout the agency in an attempt to attract and retain critical personnel and to be more competitive with salaries paid in the private sector and at other Natural Resource agencies.					

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
Promote Alternative Energy Resources						
A decrease of \$12 million in All Funds, which includes:	EST/BUD 2012–13	\$0.6	\$0.9	\$6.5	\$7.2	\$15.2
• a decrease of \$6.5 million in Federal Funds because of a one-time American Recovery and Reinvestment Act (ARRA) Conservation Research and Development Grant from the U.S. Department of Energy; and	REC 2014–15	\$0.6	\$0.9	\$0.0	\$1.6	\$3.2
• a decrease of \$5.5 million in Other Funds due to one-time Interagency Contract funding in the 2012–13 biennium, including a State Energy Conservation Office (SECO) school bus grant and a one-time grant from the TCEQ's Texas Emissions Reduction Plan (TERP) program.	BIENNIAL CHANGE	3.9%	1.8%	(99.4%)	(77.0%)	(78.9%)
Ensure Pipeline Safety						
An increase of \$4.4 million in All Funds consisting of:	EST/BUD 2012–13	\$4.5	\$0.0	\$4.4	\$0.1	\$9.1
• an increase of \$2.6 million in General Revenue Funds for Pipeline Safety-related components of IT Modernization;	REC 2014–15	\$8.4	\$0.0	\$4.9	\$0.1	\$13.5
• an increase of \$2.1 million (\$1.1 million in General Revenue Funds and \$1.1 million in matching Federal Funds) for an additional 16.0 FTEs to perform Pipeline Safety inspections to handle an increasing workload associated with more stringent federal standards;	BIENNIAL CHANGE	84.8%	N/A	12.0%	1.3%	48.4%
• a decrease of \$0.5 million in Federal Funds resulting from a one-time Pipeline Safety grant during the 2012–13 biennium; and						
• an increase of \$0.1 million in General Revenue Funds due to increased costs to maintain current services levels for Data Center Services (DCS).						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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 Monitoring and Inspections						
An increase of \$5.9 million in All Funds consisting of:	EST/BUD 2012–13	\$7.7	\$26.9	\$0.0	\$0.5	\$35.2
• a decrease of \$7.7 million in General Revenue Funds and an increase of the same amount in General Revenue–Dedicated Funds reflecting the replacement of General Revenue Funds with General Revenue–Dedicated Funds (OGRC Account No. 5155);	REC 2014–15	\$0.0	\$40.6	\$0.0	\$0.6	\$41.1
• an increase of \$3.3 million in General Revenue–Dedicated Funds (OGRC Account No. 5155) for the IT Modernization project;	BIENNIAL CHANGE	(100.0%)	50.6%	N/A	1.3%	16.7%
• an increase of \$1.6 million General Revenue–Dedicated Funds (OGRC Account No. 5155) for salary parity pay increases for agency oil and gas employees; and						
• an increase of \$0.4 million in General Revenue–Dedicated Funds (OGRC Account No. 5155) for 3.0 additional FTEs to handle additional expected enforcement workload in the General Counsel's office.						
Oil and Gas Remediation						
A decrease in All Funds of \$1.4 million consisting of the following:	EST/BUD 2012–13	\$0.3	\$10.4	\$2.1	\$0.1	\$12.9
• a decrease of \$0.3 million in General Revenue and an increase in General Revenue–Dedicated Funds of an equal amount, reflecting the replacement of General Revenue funding for oil and gas-related programs with General Revenue–Dedicated (OGRC Account No. 5155);	REC 2014–15	\$0.0	\$11.1	\$0.2	\$0.1	\$11.4
• an increase of \$0.5 million in OCRC Account No. 5155 to cover cost increases to maintain current services for the DCS contract;	BIENNIAL CHANGE	(100.0%)	7.5%	(90.0%)	1.3%	(11.2%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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"> an increase of \$0.3 million in General Revenue–Dedicated Funds (OGRC Account No. 5155) for salary parity pay increases for oil and gas employees; and a decrease of \$1.9 million in Federal Funds due to the receipt of one-time reimbursements for cleanups and site remediations for the Coastal Impact Assistance Program in the 2012–13 biennium. 						
Oil and Gas Well Plugging						
A decrease of \$2.5 million in All Funds consisting of the following changes:	EST/BUD 2012–13	\$0.5	\$37.9	\$1.6	\$1.6	\$41.7
<ul style="list-style-type: none"> a decrease of \$0.5 million in General Revenue Funds reflecting the replacement of \$0.3 million in General Revenue Funds with General Revenue–Dedicated Funds (OGRC Account No. 5155) and a \$0.2 million reallocation of funds to other strategies for Capital Budget costs; 	REC 2014–15	\$0.0	\$38.6	\$0.0	\$0.6	\$39.2
<ul style="list-style-type: none"> an increase of \$0.5 million in General Revenue–Dedicated Funds (OGRC Account No. 5155) for salary parity pay increases for oil and gas employees; an increase of \$0.2 million in General Revenue–Dedicated Funds (OGRC Account No. 5155) to meet current service obligations for the DCS contract; a decrease of \$1.6 million in Federal Funds reflecting a one-time CIAP grant for well pluggings in the 2012–13 biennium; and 	BIENNIAL CHANGE	(100.0%)	1.8%	(100.0%)	(63.2%)	(5.9%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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 \$1 million in Other Funds (Interagency Contracts) because of a one-time well plugging contract with the General Land Office in the 2012–13 biennium. 						
Surface Mining Reclamation						
Appropriations provide for a decrease of \$2.3 million in All Funds because of a one-time Abandoned Mine Land Reclamation grant (Federal Funds) in the 2012–13 biennium.	EST/BUD 2012–13	\$0.2	\$0.0	\$6.6	\$0.0	\$6.8
	REC 2014–15	\$0.2	\$0.0	\$4.2	\$0.0	\$4.4
	BIENNIAL CHANGE	3.9%	N/A	(35.6%)	1.3%	(34.4%)
SOIL AND WATER CONSERVATION BOARD						
The Board provides financial and technical assistance to the 216 soil and water conservation districts across the state; enhances the state's water supply; and abates nonpoint source pollution caused by agricultural and silvicultural (i.e., forest) uses of state soil and water resources.						
Flood Control Dam Maintenance and Structural Repair						
Provides an increase of \$10.8 million in General Revenue Funds for flood control dam maintenance and structural repair. Funding allows for structural repair of the 13 earthen flood control dams currently designated as high hazard dams.	EST/BUD 2012–13	\$4.0	\$0.0	\$0.0	\$0.0	\$4.0
	REC 2014–15	\$14.8	\$0.0	\$0.0	\$0.0	\$14.8
	BIENNIAL CHANGE	270.0%	N/A	N/A	N/A	270.0%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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						
The Board provides planning, financial assistance, and education for the conservation and development of state water resources.						
Technical Assistance and Modeling						
A decrease of \$1.7 million in All Funds primarily for new Groundwater Availability Modeling services (an increase of \$0.2 million in General Revenue Funds) and completed Groundwater Availability Modeling contracts that are not anticipated in the 2014–15 biennium (a decrease of \$1.9 million in Other Funds).	EST/BUD 2012–13	\$3.7	\$0.0	\$0.0	\$2.1	\$5.8
	REC 2014–15	\$3.9	\$0.0	\$0.0	\$0.2	\$4.1
	BIENNIAL CHANGE	6.6%	N/A	N/A	(90.9%)	(28.3%)
Water Resources Planning						
An increase of \$2.6 million in All Funds which includes funding for aquifer data collection, brackish aquifer modeling, and the preparation of technical briefings and public workshops (\$650,000 in General Revenue Funds, including 4 FTEs); grants for near-term alternative water supply demonstration projects (\$3.0 million in General Revenue Funds); and Regional Water Planning Grants (\$1.5 million in General Revenue Funds). These amounts were offset by a decrease of \$2 million in one-time balances from the Water Assistance Fund No. 480 (Other Funds) and \$0.7 million in Appropriated Receipts (Other Funds) for assistance to regional planning groups for completion of the 2012 State Water Plan.	EST/BUD 2012–13	\$5.9	\$0.0	\$0.0	\$9.1	\$15.0
	REC 2014–15	\$11.2	\$0.0	\$0.0	\$6.4	\$17.6
	BIENNIAL CHANGE	89.8%	N/A	N/A	(29.3%)	17.5%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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 Conservation Education and Assistance						
An increase of \$3.6 million from the Agricultural Water Conservation Fund No. 358 (Other Funds) to provide a grant to the Texas Alliance Water Conservation Demonstration Project.	EST/BUD 2012–13	\$0.8	\$0.0	\$0.0	\$2.0	\$2.8
	REC 2014–15	\$0.8	\$0.0	\$0.0	\$5.6	\$6.4
	BIENNIAL CHANGE	(0.6%)	N/A	N/A	179.5%	127.4%
Perform Community Assistance Pursuant to the National Flood Insurance Program						
A decrease of \$42.7 million in All Funds primarily to reflect a decrease of \$42.6 million in Federal Funds for one-time pass-through funds from the Federal Emergency Management Agency for flood mitigation grants to Harris, Jefferson and Galveston counties, as well as the cities of Arlington and Mansfield.	EST/BUD 2012–13	\$1.4	\$0.0	\$85.6	\$0.0	\$87.0
	REC 2014–15	\$1.3	\$0.0	\$43.1	\$0.0	\$44.3
	BIENNIAL CHANGE	(9.0%)	N/A	(49.7%)	(100.0%)	(49.1%)
State and Federal Financial Assistance Programs						
A decrease of \$1.5 million in All Funds primarily to reflect a \$1.7 million decrease in Federal Funds due to one-time stimulus funds—federal American Recovery and Reinvestment Act (ARRA) grants—for the Clean/Safe Drinking Water State Revolving Fund programs.	EST/BUD 2012–13	\$8.5	\$0.0	\$10.7	\$0.6	\$19.8
	REC 2014–15	\$9.1	\$0.0	\$9.0	\$0.3	\$18.4
	BIENNIAL CHANGE	6.0%	N/A	(15.7%)	(46.0%)	(7.3%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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
DEBT SERVICE PAYMENTS - NON-SELF SUPPORTING GO WATER BONDS						
Funding for debt service for non-self supporting General Obligation bonds issued to finance water and wastewater projects to implement the State Water Plan and to serve economically distressed areas.						
EDAP Debt Service						
An increase of \$5.6 million in General Revenue Funds for the issuance of \$25 million in bond proceeds and fiscal year 2014 (\$4.1 million) and for 2014–15 biennial debt service requirements for a \$50 million GO bond issue for the Economically Distressed Areas Program in the 2012–13 biennium (\$1.5 million).	EST/BUD 2012–13	\$43.0	\$0.0	\$0.0	\$4.3	\$47.3
	REC 2014–15	\$48.6	\$0.0	\$0.0	\$4.3	\$52.9
	BIENNIAL CHANGE	13.1%	N/A	N/A	(1.2%)	11.8%
State Participation Program						
A decrease of \$27.4 million in the Other Funds (State Participation Bond Payment Account No. 8432) primarily due to one-time prepayments received from the Lower Colorado River Authority (\$24.5 million), and the Upper Trinity River Authority (\$0.2 million) in fiscal year 2012, and related interest earnings (\$2.5 million).	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$46.4	\$46.4
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$19.0	\$19.0
	BIENNIAL CHANGE	N/A	N/A	N/A	(59.1%)	(59.1%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 41

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 increase of \$9.6 million in All Funds comprised of a decrease of \$0.1 million in General Revenue Funds and an increase of \$9.8 million in the Water Infrastructure Fund No. 302 (Other Funds) to fund 2014–15 biennial debt service requirements for \$52.1 million in GO bonds for the Water Infrastructure Fund issued in the 2012–13 biennium.	EST/BUD 2012–13	\$53.4	\$0.0	\$0.0	\$76.9	\$130.3
	REC 2014–15	\$53.3	\$0.0	\$0.0	\$86.7	\$139.9
	BIENNIAL CHANGE	(0.3%)	N/A	N/A	12.7%	7.4%

BUSINESS AND ECONOMIC DEVELOPMENT

2014–15 BIENNIAL RECOMMENDATIONS

All Funds for Business and Economic Development total \$24.9 billion for the 2014–15 biennium, which is an increase of \$2.5 billion, or 11.4 percent, from the 2012–13 biennium (Figure 42).

General Revenue Funds and General Revenue–Dedicated Funds total \$1.2 billion, which is an increase of \$271.9 million, or 28.3 percent from the 2012–13 biennium (Figure 43).

Selected performance measures for agencies in the Business and Economic Development function are shown in Figure 44.

FIGURE 42
ALL FUNDS: BUSINESS AND ECONOMIC DEVELOPMENT

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Department of Housing and Community Affairs	\$464.2	\$465.9	\$1.7	0.4
Texas Lottery Commission	431.9	443.7	11.9	2.7
Department of Motor Vehicles	308.3	301.7	(6.7)	(2.2)
Department of Transportation	18,300.1	20,798.5	2,498.4	13.7
Texas Workforce Commission	2,236.6	2,182.5	(54.1)	(2.4)
Reimbursements to the Unemployment Compensation Benefit Account	68.8	46.4	(22.4)	(32.5)
Subtotal, Business and Economic Development	\$21,809.9	\$24,238.8	\$2,428.9	11.1
Retirement and Group Insurance	\$483.9	\$583.2	\$99.3	20.5
Social Security and Benefit Replacement Pay	126.5	127.4	0.9	0.7
Subtotal, Employee Benefits	\$610.4	\$710.5	\$100.1	16.4

BUSINESS AND ECONOMIC DEVELOPMENT

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 42

ALL FUNDS: BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Bond Debt Service Payments	\$24.4	\$28.0	\$3.6	14.7
Lease Payments	2.3	1.7	(0.6)	(26.8)
Subtotal, Debt Service	\$26.7	\$29.7	\$3.0	11.2
Less Interagency Contracts	\$131.2	\$120.3	(\$10.9)	(8.3)
Total Article VII – Business and Economic Development	\$22,315.8	\$24,858.7	\$2,542.9	11.4

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

BUSINESS AND ECONOMIC DEVELOPMENT

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 43

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

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Department of Housing and Community Affairs	\$15.2	\$26.4	\$11.2	73.3
Texas Lottery Commission	431.9	443.7	11.9	2.7
Department of Motor Vehicles	29.8	32.8	3.0	10.0
Department of Transportation	181.3	429.8	248.5	137.0
Texas Workforce Commission	234.7	234.7	0.0	0.0
Reimbursements to the Unemployment Compensation Benefit Account	21.3	12.5	(8.8)	(41.2)
Subtotal, Business and Economic Development	\$914.3	\$1,180.0	\$265.7	29.1
Retirement and Group Insurance	\$16.3	\$19.7	\$3.4	20.8
Social Security and Benefit Replacement Pay	5.1	5.0	(0.2)	(3.2)
Subtotal, Employee Benefits	\$21.4	\$24.6	\$3.2	15.0
Bond Debt Service Payments	\$23.8	\$27.4	\$3.6	15.2
Lease Payments	2.3	1.7	(0.6)	(26.8)
Subtotal, Debt Service	\$26.1	\$29.1	\$3.0	11.5
Total Article VII – Business and Economic Development	\$961.8	\$1,233.7	\$271.9	28.3

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

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 44

SELECTED PERFORMANCE MEASURES: BUSINESS AND ECONOMIC DEVELOPMENT

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
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	0.82%	0.75%	0.71%	0.71%
TEXAS LOTTERY COMMISSION				
Number of Retail Business Locations Licensed	16,982	17,000	17,100	17,100
DEPARTMENT OF MOTOR VEHICLES				
Total Number of Registered Vehicles	22,618,153	22,602,916	22,941,960	23,286,089
DEPARTMENT OF TRANSPORTATION				
Percent of Construction Projects Completed on Budget	87.9%	91.0%	95.0%	95.0%
Percent of Construction Projects Completed on Time	76.6%	75.0%	70.0%	70.0%
Percent of Bridges Rated in Good Condition or Higher	81.2%	81.8%	82.4%	83.1%
TEXAS WORKFORCE COMMISSION				
Entered Employment Rate	69.09%	70.00%	71.50%	73.00%
Average Choices Federal Participation Rate: Single-Parent	30.73%	23.00%	25.00%	27.00%
Average Number of Children Served Per Day, Transitional and At-Risk Services	102,113	103,304	95,226	93,558
Contracted Number of Skills Development Trainees	16,946	15,550	15,750	15,750

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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						
The department provides financial assistance, administrative resources and education for housing and community service matters.						
Homeless Housing and Services						
Funding is increased by \$10 million in General Revenue Funds for homeless housing and services, which provides case management and housing placement and retention services for homeless individuals and families.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$10.0	\$0.0	\$0.0	\$0.0	\$10.0
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	100.0%
Veterans Housing Assistance Program						
Funding is increased by \$1.2 million in General Revenue Funds for an Interagency Contract with the Texas Veterans' Commission for the Veterans Housing Assistance Program to assist veterans and their families in obtaining, maintaining or improving housing.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$1.2	\$0.0	\$0.0	\$0.0	\$1.2
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	100.0%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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 Allotments						
Federal Funds are decreased by \$2.9 million including allotment reductions of \$5.9 million for the Community Development Block Grant, Emergency Solutions Grants Program, and the National Foreclosure Mitigation Counseling Program offset by increases of \$2.6 million for the HOME Investment Partnerships Program, Section 8 Housing Choice Vouchers, Weatherization Assistance for Low-income, and Low-income Home Energy Assistance.	EST/BUD 2012–13	\$0.0	\$0.0	\$314.0	\$0.0	\$341.0
	REC 2014–15	\$0.0	\$0.0	\$338.1	\$0.0	\$338.1
	BIENNIAL CHANGE	N/A	N/A	(0.9%)	N/A	(0.9%)
Federal American Recovery and Reinvestment Act Funds						
Federal Funds are decreased by \$4.1 million from the American Recovery and Reinvestment Act, which will not be available in the 2014–15 biennium for Homeless Prevention and Weatherization Program.	EST/BUD 2012–13	\$0.0	\$0.0	\$4.1	\$0.0	\$4.1
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	BIENNIAL CHANGE	N/A	N/A	(100.0%)	N/A	(100.0%)
Energy Assistance Programs						
Funding is decreased by \$3.4 million in All Funds, which includes a decrease of \$2.0 million in Federal Funds due to a lower allotment of funds for energy assistance programs and Appropriated Receipts of \$1.4 million due to the discontinuation of Investor Owned Utility contracts to provide energy efficiency services to low-income customers.	EST/BUD 2012–13	\$0.0	\$0.0	\$268.4	\$1.4	\$269.8
	REC 2014–15	\$0.0	\$0.0	\$266.4	\$0.0	\$266.4
	BIENNIAL CHANGE	N/A	N/A	(0.7%)	(100.0%)	(1.3%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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
Manufactured Housing Division						
Funding is decreased by \$1.2 million in Appropriated Receipts for staffing cost reductions for the Manufactured Housing Division.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.6	\$10.5	\$11.1
	REC 2014–15	\$0.0	\$0.0	\$0.6	\$9.4	\$10.0
	BIENNIAL CHANGE	0.0%	N/A	0.0%	(10.5%)	(9.9%)
Centers for Medicare/Medicaid Systems Real Choices						
Interagency Contract funding is decreased by \$0.3 million due to reductions in funding from the Department of Aging and Disability Services for the Centers for Medicare/Medicaid Systems Real Choices projects.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.3	\$0.3
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	BIENNIAL CHANGE	N/A	N/A	N/A	(100.0%)	(100.0%)
TEXAS LOTTERY COMMISSION						
The commission generates revenue through the management and sale of lottery products, and licenses and regulates the charitable bingo industry.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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 Administration						
Funding is increased by \$3.2 million in General Revenue—Dedicated Funds and 3.0 additional full-time-equivalent positions for professional fees and service expenses related to new and existing drawing games and the expansion and remodeling of the draw studio.	EST/BUD 2012–13	\$0.0	\$64.9	\$0.0	\$0.0	\$64.9
	REC 2014–15	\$0.0	\$68.1	\$0.0	\$0.0	\$68.1
	BIENNIAL CHANGE	N/A	5.0%	N/A	N/A	5.0%
Lottery Operator Contracts						
Funding is decreased by \$0.9 million in General Revenue—Dedicated Funds in alignment with the Comptroller of Public Accounts' Biennial Revenue Estimate for gross lottery sales for fiscal years 2014 and 2015, which will result in lower payouts to the lottery operator vendor.	EST/BUD 2012–13	\$0.0	\$176.2	\$0.0	\$0.0	\$176.2
	REC 2014–15	\$0.0	\$175.3	\$0.0	\$0.0	\$175.3
	BIENNIAL CHANGE	N/A	(0.5%)	N/A	N/A	(0.5%)
Instant Ticket Product Contract						
Funding is increased by \$3.8 million in General Revenue—Dedicated Funds due to increased costs for to the instant ticket production contract that took effect in fiscal year 2013.	EST/BUD 2012–13	\$0.0	\$41.2	\$0.0	\$0.0	\$41.2
	REC 2014–15	\$0.0	\$45.0	\$0.0	\$0.0	\$45.0
	BIENNIAL CHANGE	N/A	9.2%	N/A	N/A	9.2%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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
Mass Media Advertising						
Funding is decreased by \$1.6 million in General Revenue–Dedicated Funds for an anticipated decrease in advertising costs in fiscal years 2014 and 2015. Fiscal year 2012 included higher advertising costs related to the new All or Nothing drawing game, which are not anticipated to continue.	EST/BUD 2012–13	\$0.0	\$65.6	\$0.0	\$0.0	\$65.6
	REC 2014–15	\$0.0	\$64.0	\$0.0	\$0.0	\$64.0
	BIENNIAL CHANGE	N/A	(2.4%)	N/A	N/A	(2.4%)
Drawing and Broadcasts						
Funding is increased by \$2.1 million in General Revenue–Dedicated Funds due to an increase in the number or drawings and studio broadcast contract costs for multiple drawing games.	EST/BUD 2012–13	\$0.0	\$4.5	\$0.0	\$0.0	\$4.5
	REC 2014–15	\$0.0	\$6.6	\$0.0	\$0.0	\$6.6
	BIENNIAL CHANGE	N/A	46.7%	N/A	N/A	46.7%
Retailer Commissions						
Funding is decreased by \$1.3 million in General Revenue–Dedicated Funds due to an anticipated decrease in sales performance retailer commissions that will be paid in fiscal years 2014 and 2015 based on lower gross lottery sales estimates.	EST/BUD 2012–13	\$0.0	\$39.8	\$0.0	\$0.0	\$39.8
	REC 2014–15	\$0.0	\$38.5	\$0.0	\$0.0	\$38.5
	BIENNIAL CHANGE	N/A	(3.3%)	N/A	N/A	(3.3%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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 Law Compliance Field Operations						
Funding is increased by \$1.3 million in General Revenue Funds and an additional 14.0 full-time equivalent positions for increased support for Bingo law compliance field operations.	EST/BUD 2012–13	\$2.1	\$0.0	\$0.0	\$0.0	\$2.1
	REC 2014–15	\$3.5	\$0.0	\$0.0	\$0.0	\$3.5
	BIENNIAL CHANGE	63.5%	N/A	N/A	N/A	63.5%
Automated Charitable Bingo System						
Funding is increased by \$2.5 million in General Revenue Funds for the redesign of the Automated Charitable Bingo System (ACBS). The ACBS is the primary database for all licensee information, including financial and operational performance data for licensees.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$2.5	\$0.0	\$0.0	\$0.0	\$2.5
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A
Bingo Indirect Costs						
Funding is increased by \$3 million in General Revenue Funds to reimburse the General Revenue–Dedicated Lottery Account for the cost of indirect support provided to the Bingo program.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$3.0	\$0.0	\$0.0	\$0.0	\$3.0
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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 MOTOR VEHICLES						
The department provides registration and titling of vehicles and issuance of license plates; registration, permitting, and regulation of motor carriers; and other motor vehicle licensing and regulation functions.						
Vehicle Titles, Registration, and License Plates						
Funding is decreased by \$0.5 million in State Highway Funds, including a decrease of \$2.4 million for information technology replacements and upgrades for County Tax Assessor-Collector support offset by increases of \$1.1 million for an increase in the production volume of license plates, registration stickers, and placards and \$0.8 million for security systems and services at regional offices.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$133.0	\$133.0
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$132.5	\$132.5
	BIENNIAL CHANGE	N/A	N/A	N/A	(0.4%)	(0.4%)
Technology Enhancement and Automation						
Funding is decreased by \$21.9 million in State Highway Funds, but includes full funding of \$23.4 million for continuing enhancement of the agency's vehicle titles and registration systems through the Department of Motor Vehicles Automation System.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$48.5	\$48.5
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$26.6	\$26.6
	BIENNIAL CHANGE	N/A	N/A	N/A	(45.2%)	(45.2%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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
Agency-wide Information Resources Support						
Funding is increased by \$9.8 million in State Highway Funds, including increases of \$4.8 million for data center services and \$5.0 million for implementation of financial and human resources systems under the statewide Centralized Accounting and Personnel/Payroll System.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$33.2	\$33.2
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$43.0	\$43.0
	BIENNIAL CHANGE	N/A	N/A	N/A	29.7%	29.7%
Automobile Burglary and Theft Prevention						
Funding is increased by \$3 million in General Revenue Funds for Automobile Burglary and Theft Prevention Authority grants.	EST/BUD 2012–13	\$29.8	\$0.0	\$0.0	\$0.0	\$29.8
	REC 2014–15	\$32.8	\$0.0	\$0.0	\$0.0	\$32.8
	BIENNIAL CHANGE	10.1%	N/A	N/A	N/A	10.1%
Other Agency Support Services						
Funding is increased by \$1.9 million in State Highway Funds, including increases of \$1.6 million for utilities and maintenance costs at facilities shared with the Department of Transportation and \$0.3 million for other agency support costs including facilities, vehicle fleet, mail, and other services.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$6.4	\$6.4
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$8.3	\$8.3
	BIENNIAL CHANGE	N/A	N/A	N/A	29.9%	29.9%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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						
<p>The department provides planning, coordination, acquisition, construction, preservation and operation of the state's transportation systems and services.</p> <p>All Funds are increased by \$2,498.4 million including a net increase of \$1,611.1 million for highway planning and design, right-of-way acquisition, construction, and maintenance; and an increase of \$813 million for debt service and other financing costs for the agency's Proposition 12 General Obligation (GO) bond, State Highway Fund Revenue Bond, Texas Mobility Fund bond, and short-term borrowing programs. Funding for bond debt service includes increases of \$258 million in General Revenue Funds for Proposition 12 GO bond debt service and \$400 million in State Highway Funds for the repayment of short-term borrowing anticipated to occur in fiscal year 2013.</p>						
Transportation Planning, Design, and Management						
Funding is increased by \$41.5 million in All Funds for transportation planning, design, and management, which includes increases of \$90.1 million in Federal Funds, \$86.6 million in State Highway Funds, and \$10 million in State Highway Fund concession fees; and decreases of \$91.2 million in State Highway Fund bond proceeds, \$15.6 million in Texas Mobility Fund bond proceeds, \$15.2 million in State Highway Fund toll revenues, \$14.8 million in Proposition 12 (2007) General Obligation (GO) bond proceeds, and \$8.3 million in General Revenue Funds.	EST/BUD 2012–13	\$8.3	\$0.0	\$645.8	\$843.1	\$1,497.3
	REC 2014–15	\$0.0	\$0.0	\$735.9	\$802.9	\$1,538.8
	BIENNIAL CHANGE	(100.0%)	N/A	14.0%	(4.8%)	2.8%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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
Right-of-way Acquisition						
Funding is decreased by \$1,126.1 million in All Funds for acquiring right-of-way, which includes decreases of \$422.2 million in Proposition 12 (2007) GO bond proceeds, \$228.9 million in Federal Funds, \$175.4 million in State Highway Fund toll revenues, \$129.5 million in Texas Mobility Fund bond proceeds, \$122.3 million in State Highway Funds, and \$57.7 million in State Highway Fund bond proceeds; and an increase of \$10.0 million in State Highway Fund concession fees.	EST/BUD 2012–13	\$0.0	\$0.0	\$443.4	\$1,514.0	\$1,957.4
	REC 2014–15	\$0.0	\$0.0	\$214.5	\$616.9	\$831.3
	BIENNIAL CHANGE	N/A	N/A	(51.6%)	(59.3%)	(57.5%)
Transportation Construction						
Funding is increased by \$1,227.4 million in All Funds for transportation construction, which includes increases of \$738.9 million in Proposition 12 (2007) GO bond proceeds, \$380.3 million in Federal Funds, \$205.1 million in Texas Mobility Fund bond proceeds, \$147.5 million in State Highway Funds, and \$107.1 million in State Highway Fund concession fees; and decreases of \$244.2 million in State Highway Fund toll revenues, \$94.9 million in State Highway Fund bond proceeds, and \$12.4 million in GO bond proceeds for border colonia projects.	EST/BUD 2012–13	\$0.0	\$0.0	\$2,546.4	\$2,829.0	\$5,375.4
	REC 2014–15	\$0.0	\$0.0	\$2,926.7	\$3,676.1	\$6,602.8
	BIENNIAL CHANGE	N/A	N/A	14.9%	29.9%	22.8%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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						
Funding is increased by \$1,468.2 million in All Funds of for maintaining and preserving the transportation system, which includes increases of \$1,177 million in Federal Funds and \$359.7 million in State Highway Funds; and decreases of \$63.2 million in State Highway Fund bond proceeds, \$3.8 million in Proposition 12 (2007) GO bond proceeds, and \$1.5 million in General Revenue Funds.	EST/BUD 2012–13	\$1.5	\$0.0	\$2,772.3	\$3,935.6	\$6,709.4
	REC 2014–15	\$0.0	\$0.0	\$3,949.3	\$4,228.3	\$8,177.6
	BIENNIAL CHANGE	(100.0%)	N/A	42.5%	7.4%	21.9%
Bond Debt Service						
Funding is increased by \$813 million in All Funds for bond debt service payments and other financing costs, which includes increases of \$519 million in State Highway Funds, \$258.1 million in General Revenue Funds, and \$35.9 million in Texas Mobility Funds. Recommendation includes \$400.0 million in State Highway Funds for the repayment of short-term borrowing in fiscal year 2014.	EST/BUD 2012–13	\$167.8	\$0.0	\$125.7	\$1,359.3	\$1,652.8
	REC 2014–15	\$425.9	\$0.0	\$125.7	\$1,914.2	\$2,465.8
	BIENNIAL CHANGE	153.9%	N/A	0.0%	40.8%	49.2%
Indirect Administration						
Funding is increased by \$52.3 million in State Highway Funds for central administration, information resources support, regional administrative support, and other agency-wide support services.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$409.6	\$409.6
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$461.9	\$461.9
	BIENNIAL CHANGE	N/A	N/A	N/A	12.8%	12.8%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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
Aviation Grants and Services						
Funding is increased by \$20.4 million in All Funds for general aviation improvement grants and services, which includes an increase of \$20.8 million in State Highway Funds and a decrease of \$0.4 million in Federal Funds.	EST/BUD 2012–13	\$0.0	\$0.0	\$100.4	\$63.3	\$163.7
	REC 2014–15	\$0.0	\$0.0	\$100.0	\$84.1	\$184.1
	BIENNIAL CHANGE	N/A	N/A	(0.4%)	33.0%	12.5%
Public Transportation						
Funding is decreased by \$8.7 million in All Funds to support and promote public transportation, which includes an increase of \$1.6 million in State Highway Funds and a decrease of \$10.3 million in Federal Funds due to changes in the structure of federal transit programs and funding apportionments based on 2010 census data.	EST/BUD 2012–13	\$0.0	\$0.0	\$122.9	\$62.8	\$185.7
	REC 2014–15	\$0.0	\$0.0	\$112.6	\$64.4	\$177.0
	BIENNIAL CHANGE	N/A	N/A	(8.4%)	2.6%	(4.7%)
Ferry Operations						
Funding is increased by \$6 million in All Funds for operating two toll-free ferry systems, which includes an increase of \$7.2 million in State Highway Funds and a decrease of \$1.2 million in federal American Recovery and Reinvestment Act funds.	EST/BUD 2012–13	\$0.0	\$0.0	\$1.2	\$83.9	\$85.1
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$91.1	\$91.1
	BIENNIAL CHANGE	N/A	N/A	(100.0%)	8.6%	7.1%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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
Rail Transportation						
Funding is decreased by \$1.6 million in All Funds for rail transportation planning and design, construction, and maintenance, which includes decreases of \$7.5 million in State Highway Funds and \$1.0 million in Appropriated Receipts offset by an increase of \$6.9 million in Federal Funds for rail corridor studies and improvements.	EST/BUD 2012–13	\$0.0	\$0.0	\$37.2	\$17.6	\$54.8
	REC 2014–15	\$0.0	\$0.0	\$44.1	\$9.1	\$53.2
	BIENNIAL CHANGE	N/A	N/A	18.4%	(48.1%)	(3.0%)

TEXAS WORKFORCE COMMISSION

The agency assists individuals and employers through workforce training programs and supports current and emerging industries; administers child-care subsidies for qualifying families; markets the state as a destination for economic opportunity, job creation, capital investment, and business expansion; reduces employment and housing discrimination; and administers the state's unemployment insurance program by collecting payroll taxes from employers and providing unemployment compensation to qualified claimants.

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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
Reduction in Federal Allotments						
Funding is decreased by \$59.7 million in Federal Funds due to a lower allotment of funds beginning in fiscal year 2013 for State Administrative Matching Grants for the Food Stamp Program, Employment Service, Unemployment Insurance, Senior Community Service Employment Program, Employment and Training Administration Grants, Workforce Investment Act Incentive Grants, Work Opportunity Tax Credit Program, WIA National Emergency Grants, Temporary Assistance for Needy Families, Child Care Mandatory and Matching Funds of the Child Care and Development Fund and Disaster Unemployment Assistance.	EST/BUD 2012–13	\$0.0	\$0.0	\$1,073.5	\$0.0	\$1,073.5
	REC 2014–15	\$0.0	\$0.0	\$1,013.8	\$0.0	\$1,013.8
	BIENNIAL CHANGE	N/A	N/A	(5.6%)	N/A	(5.6%)
Increase in Federal Allotments						
Funding is increased by \$26.9 million in Federal Funds due to a higher allotment of funds for the Fair Housing Assistance Program, Labor Force Statistics, Trade Adjustment Assistance Workers, Workforce Investment Act - Adult, Youth and Dislocated Workers, Temporary Labor Certification for Foreign Workers, Workforce Investment Act Dislocated Worker Formula Grants and Employment Discrimination for State and Local Fair Employment Practices Agency Contracts.	EST/BUD 2012–13	\$0.0	\$0.0	\$822.2	\$0.0	\$822.2
	REC 2014–15	\$0.0	\$0.0	\$849.1	\$0.0	\$849.1
	BIENNIAL CHANGE	N/A	N/A	3.3%	N/A	3.3%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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 American Recovery and Reinvestment Act Funds						
Federal funding is decreased by \$23.6 million from the American Recovery and Reinvestment Act, which will not be available for the 2014–15 biennium.	EST/BUD 2012–13	\$0.0	\$0.0	\$23.6	\$0.0	\$23.6
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	BIENNIAL CHANGE	N/A	N/A	(100.0%)	N/A	(100.0%)
Child Care Services						
Interagency Contract funding is increased by \$2.9 million 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.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$72.6	\$72.6
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$75.5	\$75.5
	BIENNIAL CHANGE	N/A	N/A	N/A	4.0%	4.0%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 45

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						
State Unemployment Compensation Reimbursement to Former State Employees						
Funding is decreased by \$22.3 million in All Funds 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 a decrease of \$8.7 million in General Revenue–Dedicated Funds and \$13.6 million in Interagency Transfers.	EST/BUD 2012–13	\$0.0	\$21.3	\$0.0	\$47.5	\$68.8
	REC 2014–15	\$0.0	\$12.6	\$0.0	\$33.9	\$46.5
	BIENNIAL CHANGE	N/A	(40.8%)	N/A	(28.6%)	(32.4%)

REGULATORY

2014–15 BIENNIAL RECOMMENDATIONS

All Funds for Regulatory total \$710.0 million for the 2014–15 biennium, which is an increase of \$3.1 million, or 0.4 percent, from the 2012–13 biennium (Figure 46).

General Revenue Funds and General Revenue–Dedicated Funds total \$665.7 million, which is an increase of \$26.8 million, or 4.2 percent, from the 2012–13 biennium (Figure 47).

Selected performance measures for agencies in the Regulatory function are shown in Figure 48.

FIGURE 46
ALL FUNDS: REGULATORY

IN MILLIONS

AGENCY	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	\$19.2	\$19.1	(\$0.2)	(0.9)
Board of Chiropractic Examiners	1.2	1.5	0.3	24.7
Texas State Board of Dental Examiners	4.8	6.7	1.9	40.2
Funeral Service Commission	1.5	1.7	0.2	10.8
Board of Professional Geoscientists	1.2	1.2	(0.0)	(0.9)
Health Professions Council	1.7	1.9	0.2	12.5
Office of Injured Employee Counsel	15.5	16.4	0.9	5.5
Department of Insurance	257.9	230.6	(27.2)	(10.6)
Office of Public Insurance Counsel	2.1	2.1	0.0	0.0
Board of Professional Land Surveying	0.9	0.9	(0.0)	(3.6)
Department of Licensing and Regulation	48.1	48.7	0.6	1.2
Texas Medical Board	22.0	23.0	1.0	4.6
Texas Board of Nursing	21.5	17.8	(3.7)	(17.0)
Optometry Board	0.9	0.9	0.0	3.1
Board of Pharmacy	10.4	13.5	3.0	29.2
Executive Council of Physical Therapy and Occupational Therapy Examiners	2.3	2.5	0.2	8.9

REGULATORY

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 46
ALL FUNDS: REGULATORY (CONTINUED)

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Board of Plumbing Examiners	\$4.3	\$4.9	\$0.6	13.9
Board of Podiatric Medical Examiners	0.5	0.6	0.1	15.8
Board of Examiners of Psychologists	1.6	1.7	0.1	5.3
Racing Commission	16.6	17.9	1.3	7.6
Securities Board	13.7	14.0	0.3	2.0
Public Utility Commission of Texas	178.7	179.9	1.2	0.7
Office of Public Utility Counsel	3.0	3.3	0.3	10.0
Board of Veterinary Medical Examiners	1.9	2.1	0.2	8.7
Subtotal, Regulatory	\$631.7	\$612.9	(\$18.8)	(3.0)
Retirement and Group Insurance	\$68.2	\$80.1	\$11.9	17.4
Social Security and Benefit Replacement Pay	23.7	23.5	(0.2)	(0.8)
Subtotal, Employee Benefits	\$92.0	\$103.6	\$11.7	12.7
Lease Payments	\$2.6	\$1.9	(\$0.7)	(26.5)
Subtotal, Debt Service	\$2.6	\$1.9	(\$0.7)	(26.5)
Less Interagency Contracts	\$19.3	\$8.4	(\$10.9)	(56.3)
Total Article VIII – Regulatory	\$707.0	\$710.0	\$3.1	0.4

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

REGULATORY

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 47
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS: REGULATORY

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
State Office of Administrative Hearings	\$6.6	\$6.6	\$0.0	0.0
Board of Chiropractic Examiners	1.1	1.5	0.3	26.8
Texas State Board of Dental Examiners	4.3	6.2	1.9	45.1
Funeral Service Commission	1.4	1.5	0.2	12.0
Board of Professional Geoscientists	1.2	1.2	(0.0)	(0.9)
Office of Injured Employee Counsel	15.5	16.4	0.9	5.5
Department of Insurance	196.7	201.3	4.5	2.3
Office of Public Insurance Counsel	1.7	1.7	0.0	0.0
Board of Professional Land Surveying	0.9	0.9	0.0	0.1
Department of Licensing and Regulation	46.2	46.8	0.6	1.2
Texas Medical Board	21.9	22.9	1.0	4.6
Texas Board of Nursing	17.7	15.5	(2.2)	(12.4)
Optometry Board	0.8	0.9	0.0	3.5
Board of Pharmacy	10.4	13.5	3.0	29.3
Executive Council of Physical Therapy and Occupational Therapy Examiners	2.1	2.3	0.2	9.6
Board of Plumbing Examiners	4.3	4.9	0.6	14.4
Board of Podiatric Medical Examiners	0.5	0.6	0.1	16.8
Board of Examiners of Psychologists	1.5	1.5	0.1	5.9
Racing Commission	16.6	17.9	1.3	7.6
Securities Board	13.7	14.0	0.3	2.0
Public Utility Commission of Texas	176.5	178.9	2.4	1.4
Office of Public Utility Counsel	3.0	3.3	0.3	10.0
Board of Veterinary Medical Examiners	1.9	2.1	0.2	8.7
Subtotal, Regulatory	\$546.5	\$562.2	\$15.7	2.9

REGULATORY

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 47

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

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY				
Retirement and Group Insurance	\$66.9	\$78.9	\$12.0	17.9
Social Security and Benefit Replacement Pay	22.9	22.8	(0.1)	(0.4)
Subtotal, Employee Benefits	\$89.8	\$101.7	\$11.9	13.2
Lease Payments	\$2.6	\$1.9	(\$0.7)	(26.5)
Subtotal, Debt Service	\$2.6	\$1.9	(\$0.7)	(26.5)
Total Article VIII – Regulatory	\$638.9	\$665.7	\$26.8	4.2

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

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 48
SELECTED PERFORMANCE MEASURES: REGULATORY

MEASURE	ACTUAL 2012	BUDGETED 2013	RECOMMENDED 2014	RECOMMENDED 2015
ALL AGENCIES				
Total Number of Individuals Licensed	1,600,121	1,549,864	1,691,848	1,738,401
OFFICE OF INJURED EMPLOYEE COUNSEL				
Percentage of Texas Department of Insurance Administrative Dispute Resolution Proceedings in which an Ombudsman assisted an Unrepresented Injured Employee	49%	48%	50%	50%
DEPARTMENT OF INSURANCE				
Number of Complaints Resolved	17,606	21,500	21,500	21,500
Percent of Companies Rehabilitated after TDI Solvency- related Intervention	35%	18%	18%	18%
Average Number of Days to Resolve Indemnity Disputes through Resolution Proceedings	113	135	135	135
Number of Workplace Safety Consultations and Inspections Provided to Employers	3,287	3,000	3,000	3,000
PUBLIC UTILITY COMMISSION				
Percentage of Texas Cities Served by Three or More Certified Telecommunications Providers	75.68%	80.00%	80.00%	80.00%
Average Annual Residential Telephone Bill in Texas as a Percentage of the National Average	110.16%	101.70%	101.28%	100.85%
Average Annual Residential Electric Bill from Competitive Suppliers as a Percentage of the National Average	139.61%	125.51%	121.26%	117.71%
Average Price of Electricity per kWh in Texas for Residential Customers from Competitive Suppliers as a Percentage of the National Residential Average	98.51%	103.07%	102.31%	101.54%
Percentage of Eligible Low-Income Customers Provided a Discount for Electric Service	96.36%	96.00%	96.00%	96.00%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49
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 Decrease						
Funding is decreased by \$0.2 million in Interagency Contract funding for anticipated reductions in billable hours from work performed for the Division of Workers Compensation at the Department of Insurance, Commission of Environmental Quality, Comptroller of Public Accounts, Department of Motor Vehicles, Attorney General's Office, and Texas Education Agency.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$12.6	\$12.6
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$12.4	\$12.4
	BIENNIAL CHANGE	N/A	N/A	N/A	(1.6%)	(1.6%)
BOARD OF CHIROPRACTIC EXAMINERS						
Licensing and Enforcement						
Funding is increased by \$0.3 million in General Revenue Funds for an additional 3.0 full-time-equivalent positions for additional investigation and licensing workloads.	EST/BUD 2012–13	\$1.1	\$0.0	\$0.0	\$0.0	\$1.1
	REC 2014–15	\$1.4	\$0.0	\$0.0	\$0.0	\$1.4
	BIENNIAL CHANGE	27.3%	N/A	N/A	N/A	27.3%
BOARD OF DENTAL EXAMINERS						
Licensing and Enforcement						
Funding is increased by \$1.9 million in General Revenue Funds and 15.0 full-time-equivalent positions for the expansion and enhancement of the agency's licensing and enforcement functions.	EST/BUD 2012–13	\$4.3	\$0.0	\$0.0	\$0.0	\$4.3
	REC 2014–15	\$6.2	\$0.0	\$0.0	\$0.0	\$6.2
	BIENNIAL CHANGE	45.1%	N/A	N/A	N/A	45.1%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49

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
HEALTH PROFESSIONS COUNCIL						
The Council provides information technology and administrative services to its 14 member agencies and also serves as a means for health-related regulatory agencies to discuss issues of joint concern.						
Information Technology Support						
Funding is increased by \$0.2 million in Interagency Contract Funds and 1.0 full-time-equivalent position for improvements to the Health Professions Council Shared Regulatory Database and the addition of a website administrator.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$1.7	\$1.7
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$1.9	\$1.9
	BIENNIAL CHANGE	N/A	N/A	N/A	12.5%	12.5%
OFFICE OF INJURED EMPLOYEE COUNSEL						
The agency assists, educates, and advocates on behalf of the injured employees in Texas through an Ombudsman program at no cost to the injured employee.						
Ombudsmen Program						
Funding is increased by \$0.8 million in General Revenue–Dedicated Funds for an additional 10.0 full-time-equivalent positions (Ombudsmen) to augment current service levels in the five largest urban areas in Texas.	EST/BUD 2012–13	\$0.0	\$8.8	\$0.0	\$0.0	\$8.8
	REC 2014–15	\$0.0	\$9.6	\$0.0	\$0.0	\$9.6
	BIENNIAL CHANGE	N/A	9.1%	N/A	N/A	9.1%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49

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
Language Line Translation Services						
Funding is increased by \$0.1 million in General Revenue—Dedicated Funds for language line translation services through a Texas Department of Information Services contract.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	100.0%

TEXAS DEPARTMENT OF INSURANCE

The department regulates life, health, title, property and casualty insurance; health maintenance organizations; workers' compensation; oversees competitive insurance markets; and ensures solvency in the insurance industry.

Contingency Regulatory Response Rider

Funding is increased by \$4.4 million in All Funds, which includes increases of \$2.9 million in General Revenue Funds (Insurance Maintenance Tax) and \$1.5 million in General Revenue—Dedicated Funds (Fund 36) during the biennium for a contingency regulatory response rider. This rider may be activated if 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 a disaster, or a non-weather-related disaster occurs.

EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
REC 2014–15	\$2.9	\$1.5	\$0.0	\$0.0	\$4.4
BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49

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
Financial Examination and Actuarial Division						
Funding is decreased by \$5.4 million in All Funds due to the provisions of Senate Bill 1291, Eighty-second Legislature, 2011, which provides the Texas Department of Insurance (TDI) with a self-directed budget for the limited purpose of funding expenses incurred by TDI's Financial Examinations and Actuarial Divisions. This includes reductions of \$0.4 million in General Revenue Funds (Insurance Maintenance Tax) and \$5 million in General Revenue–Dedicated Funds (Fund 36) during the biennium. Funding for the program is maintained in accounts outside the Treasury due to the enactment of the legislation.	EST/BUD 2012–13	\$12.9	\$6.0	\$0.0	\$0.3	\$19.2
	REC 2014–15	\$12.5	\$1.0	\$0.0	\$0.3	\$13.8
	BIENNIAL CHANGE	(3.1%)	(83.3%)	N/A	0.0%	(28.1%)
Texas Commission on Fire Protection						
Funding for fiscal years 2014 and 2015 reflects a transfer of the agency's funding, administration, and program functions to TDI. Funding provides for \$4.1 million in General Revenue Funds and \$0.1 million in Appropriated Receipts to enforce safety and professional standards of paid fire protection personnel in Texas. Funding includes an increase of \$0.3 million in General Revenue Funds and 2.0 additional full-time-equivalent positions.	EST/BUD 2012–13	\$3.8	\$0.0	\$0.0	\$0.1	\$3.9
	REC 2014–15	\$4.1	\$0.0	\$0.0	\$0.1	\$4.2
	BIENNIAL CHANGE	7.9%	0.0%	N/A	0.0%	7.7%
Healthy Texas Program						
Funding is decreased by \$30.9 million in Other Funds due to the elimination of the Health and Human Services Commission's Interagency Contract for the Healthy Texas Program and the balances in the Healthy Texas Small Employer Premium Stabilization Fund no longer being available.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$43.9	\$43.9
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$13.0	\$13.0
	BIENNIAL CHANGE	N/A	N/A	N/A	(70.4%)	(70.4%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49

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
Technology and Telecommunications						
Funding is increased by \$6.8 million in All Funds for the following items: \$2.5 million in General Revenue Funds and General Revenue–Dedicated Funds to restore the agency’s technology obsolescence plan; \$1.2 million in General Revenue Funds for the maintenance and enhancement of Data Center Services; \$1.4 million in General Revenue Funds and General Revenue–Dedicated Funds for the replacement of the agency’s capitol complex telephone system; and \$1.7 million in State Highway Funds to maintain current service levels for the TexasSure Vehicle Insurance Verification Program.	EST/BUD 2012–13	\$6.5	\$0.0	\$0.0	\$8.5	\$15.0
	REC 2014–15	\$9.6	\$2.0	\$0.0	\$10.2	\$21.8
	BIENNIAL CHANGE	47.7%	N/A	N/A	20.0%	45.3%
CompScope Benchmarking Program						
Funding is increased by \$0.4 million in General Revenue–Dedicated Funds to allow the agency to participate in the Workers’ Compensation Research Institute’s annual CompScope multi-state benchmarking program. The program provides claim-level income benefit and medical cost and utilization analysis for Texas and 17 other states.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$0.0	\$0.4	\$0.0	\$0.0	\$0.4
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A
Federal Funds-Affordable Care Act						
Federal funding is decreased by \$1.4 million due to the elimination of the Affordable Care Act - Consumer Assistance Program Grant funding, which ended April 2012.	EST/BUD 2012–13	\$0.0	\$0.0	\$1.4	\$0.0	\$1.4
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	BIENNIAL CHANGE	N/A	N/A	(100.0%)	N/A	(100.0%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49
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
Federal Funds-Fire Marshall's Office						
Federal funding is decreased by \$0.4 million due to one-time Byrne Justice Assistance (Stimulus) and Assistance to Firefighters grant funding no longer being available.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.4	\$0.0	\$0.4
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	BIENNIAL CHANGE	N/A	N/A	(100.0%)	N/A	(100.0%)
DEPARTMENT OF LICENSING AND REGULATIONS						
Postage						
Funding is increased by \$0.2 million in General Revenue Funds for increased postage costs.	EST/BUD 2012–13	\$46.0	\$0.0	\$0.0	\$0.0	\$46.0
	REC 2014–15	\$46.2	\$0.0	\$0.0	\$0.0	\$46.2
	BIENNIAL CHANGE	0.4%	N/A	N/A	N/A	0.4%
Water Well Drilling Program						
Funding is increased by \$0.2 million in General Revenue Funds for 2.0 additional full-time-equivalent positions for enhanced groundwater protection.	EST/BUD 2012–13	\$13.5	\$0.0	\$0.0	\$0.0	\$13.5
	REC 2014–15	\$3.7	\$0.0	\$0.0	\$0.0	\$13.7
	BIENNIAL CHANGE	1.5%	N/A	N/A	N/A	1.5%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49

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 MEDICAL BOARD						
Texas.gov						
Funding is decreased by \$0.2 million in General Revenue Funds for Texas.gov online services, as the agency received an exemption from the Department of Information Resources on August 11, 2011. Beginning in fiscal year 2014, the agency will use an in-house licensing database for online licensing services.	EST/BUD 2012–13	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	BIENNIAL CHANGE	(100.0%)	N/A	N/A	N/A	(100.0%)
Texas Physician Health Program						
Funding is increased by \$0.3 million in General Revenue Funds for the Texas Physician Health Program for an additional 2.5 full-time-equivalent positions each fiscal year to address anticipated increased program participation.	EST/BUD 2012–13	\$0.8	\$0.0	\$0.0	\$0.0	\$0.8
	REC 2014–15	\$1.1	\$0.0	\$0.0	\$0.0	\$1.1
	BIENNIAL CHANGE	37.5%	N/A	N/A	N/A	37.5%
Enforcement						
Funding is increased by \$0.6 million in General Revenue Funds for an additional 5.0 full-time-equivalent positions each fiscal year for the inspection of pain management clinics and office based anesthesia settings.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$0.6	\$0.0	\$0.0	\$0.0	\$0.6
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49

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
Information Technology Needs						
Funding is increased by \$0.3 million in General Revenue Funds for capital expenditures for server, storage and network lifecycle, software replacement and upgrades and desktop, printer and scanner lifecycle replacement.	EST/BUD 2012–13	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2
	REC 2014–15	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5
	BIENNIAL CHANGE	150.0%	N/A	N/A	N/A	150.0%
BOARD OF NURSING						
Criminal History and Background Check						
Funding is decreased by \$3.0 million in General Revenue Funds due to anticipated reductions in criminal history background check revenues the agency will no longer collect. The agency will still require the same checks; however, beginning in fiscal year 2014, the agency will direct applicants to pay the fee directly to the Texas Department of Public Safety. No net impact to the General Revenue Fund will be realized with this change.	EST/BUD 2012–13	\$3.0	\$0.0	\$0.0	\$0.0	\$3.0
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	BIENNIAL CHANGE	(100.0%)	N/A	N/A	N/A	(100.0%)
Appropriated Receipts						
Funding is decreased by \$1.5 million in Other Funds for agency anticipated reductions in revenue collections from seminars, conferences, and the sale of publications and records.	EST/BUD 2012–13	\$3.8	\$0.0	\$0.0	\$0.0	\$3.8
	REC 2014–15	\$2.3	\$0.0	\$0.0	\$0.0	\$2.3
	BIENNIAL CHANGE	(39.5%)	N/A	N/A	N/A	(39.5%)

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49

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
Nursing Consultants						
Funding is increased by \$0.3 million in General Revenue Funds for an additional 2.0 full-time-equivalent positions to serve as nursing consultants to help educate and inform nurses about their role in patient safety and the prevention of nursing errors as well as to provide additional oversight over nursing education in the state.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$0.3	\$0.0	\$0.0	\$0.0	\$0.3
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A
Texas Peer Assistance Program for Nurses						
Funding is increased by \$0.4 million in General Revenue Funds to increase the length of participation in the Texas Peer Assistance for Nurses from 2 to 3 years.	EST/BUD 2012–13	\$1.3	\$0.0	\$0.0	\$0.0	\$1.3
	REC 2014–15	\$1.7	\$0.0	\$0.0	\$0.0	\$1.7
	BIENNIAL CHANGE	30.8%	N/A	N/A	N/A	30.8%
BOARD OF PHARMACY						
Licensing and Enforcement						
Funding is increased by \$2.5 million in General Revenue Funds for an additional 12.0 full-time-equivalent positions for the expansion and enhancement of the agency's licensing and enforcement functions.	EST/BUD 2012–13	\$10.4	\$0.0	\$0.0	\$0.0	\$10.4
	REC 2014–15	\$12.9	\$0.0	\$0.0	\$0.0	\$12.9
	BIENNIAL CHANGE	24.0%	N/A	N/A	N/A	24.0%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49

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
Lease Payments						
Funding is increased by \$0.6 million in General Revenue Funds for the rental of outside lease space to accommodate additional employees. The appropriations are contingent upon the agency providing a finding of fact regarding its inability to secure an additional 3,000 square feet in the Hobby Building.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$0.6	\$0.0	\$0.0	\$0.0	\$0.6
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A
EXECUTIVE COUNCIL OF PHYSICAL THERAPY AND OCCUPATIONAL THERAPY EXAMINERS						
Enforcement						
Funding is increased by \$0.2 million in General Revenue Funds for 1.0 full-time-equivalent position to increase the agency's enforcement functions.	EST/BUD 2012–13	\$2.1	\$0.0	\$0.0	\$0.2	\$2.4
	REC 2014–15	\$2.3	\$0.0	\$0.0	\$0.2	\$2.5
	BIENNIAL CHANGE	9.5%	N/A	N/A	0.0%	9.2%
BOARD OF PLUMBING EXAMINERS						
Licensing and Enforcement						
Funding is increased by \$0.6 million in General Revenue Funds for 4.0 full-time-equivalent positions for the expansion and enhancement of the agency's licensing and enforcement functions.	EST/BUD 2012–13	\$4.2	\$0.0	\$0.0	\$0.0	\$4.2
	REC 2014–15	\$4.8	\$0.0	\$0.0	\$0.0	\$4.8
	BIENNIAL CHANGE	14.3%	N/A	N/A	N/A	14.3%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49

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						
Funding is increased by \$1.3 million in General Revenue–Dedicated Funds (Fund 597) 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 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$0.0	\$1.3	\$0.0	\$0.0	\$1.3
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A
SECURITIES BOARD						
Enforcement						
Funding is increased by \$0.3 million in General Revenue Funds for 2.0 full-time-equivalent positions to increase enforcement for the federal Jumpstart Our Business Startups (JOBS) Act.	EST/BUD 2012–13	\$5.3	\$0.0	\$0.0	\$0.0	\$5.3
	REC 2014–15	\$5.6	\$0.0	\$0.0	\$0.0	\$5.6
	BIENNIAL CHANGE	5.7%	N/A	N/A	N/A	5.7%
PUBLIC UTILITY COMMISSION						
The commission regulates the state's electric and telecommunication industries, oversees competitive utility markets; and provides financial assistance and education to utility customers.						

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49
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
Low-Income Discount Program						
Funding is maintained at the 2012–13 biennial level in General Revenue–Dedicated Funds (System Benefit Account No. 5100) for the Low-Income Discount Program, providing an estimated 10 percent discount on program participants' electric bills from May to September.	EST/BUD 2012–13	\$0.0	\$152.2	\$0.0	\$0.0	\$152.2
	REC 2014–15	\$0.0	\$152.2	\$0.0	\$0.0	\$152.2
	BIENNIAL CHANGE	N/A	0.0%	N/A	N/A	0.0%
Federal Funds						
Funding is decreased by \$1.2 million in All Funds, which includes decreases in Federal Funds of \$0.5 million and Interagency Contracts of \$0.7 million due to the completion of two federal American Recovery and Reinvestment Act grants.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.5	\$0.7	\$1.2
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	BIENNIAL CHANGE	N/A	N/A	(100.0%)	(100.0%)	(100.0%)
Data Center Consolidation						
Funding is increased by \$0.4 million in General Revenue Funds for the Data Center Consolidation project due to cost increases for current service levels identified by the Department of Information Resources.	EST/BUD 2012–13	\$0.6	\$0.0	\$0.0	\$0.0	\$0.6
	REC 2014–15	\$1.0	\$0.0	\$0.0	\$0.0	\$1.0
	BIENNIAL CHANGE	66.7%	N/A	N/A	N/A	66.7%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49

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
Retail Electric Market Oversight						
Funding is increased by \$2.1 million in General Revenue–Dedicated Funds (System Benefit Account No. 5100) for 14.0 additional full-time-equivalent positions for increasing demands related to deregulated market issues such as resource adequacy; retail electric, wholesale electric and service quality oversight; customer protection and enforcement; and grid planning issues.	EST/BUD 2012–13	\$0.0	\$12.0	\$0.0	\$0.0	\$12.0
	REC 2014–15	\$0.0	\$14.1	\$0.0	\$0.0	\$14.1
	BIENNIAL CHANGE	N/A	17.5%	N/A	N/A	17.5%
OFFICE OF PUBLIC UTILITY COUNSEL						
The Counsel provides representation for residential and small business customers in electric and telecommunications proceedings.						
Rate Case Filings						
Funding is increased by \$0.3 million in General Revenue Funds for 2.0 full-time-equivalent positions to assist in the increasing number of rate case filings.	EST/BUD 2012–13	\$3.0	\$0.0	\$0.0	\$0.0	\$3.0
	REC 2014–15	\$3.3	\$0.0	\$0.0	\$0.0	\$3.3
	BIENNIAL CHANGE	10.0%	N/A	(100.0%)	(100.0%)	10.0%

BUDGET ISSUES AND RECOMMENDATIONS

2014–15 BIENNIAL RECOMMENDATIONS

FIGURE 49

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
BOARD OF VETERINARY MEDICAL EXAMINERS						
Licensing and Enforcement						
Funding is increased by \$0.2 million in General Revenue Funds for the expansion and enhancement of the agency's licensing and enforcement functions.	EST/BUD 2012–13	\$1.9	\$0.0	\$0.0	\$0.0	\$1.9
	REC 2014–15	\$2.1	\$0.0	\$0.0	\$0.0	\$2.1
	BIENNIAL CHANGE	8.7%	N/A	N/A	N/A	8.7%

