



# LEGISLATIVE BUDGET BOARD

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

**SUBMITTED TO THE HOUSE COMMITTEE ON APPROPRIATIONS**

**PREPARED BY LEGISLATIVE BUDGET BOARD STAFF**

**MARCH 2013**



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**for the 2014–15 Biennium**

**March 2013**

**Submitted to the 83rd Texas Legislature**



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## INTRODUCTION

The House Committee Substitute for Senate Bill 1 (HCSSB 1) recommended appropriations for state government operations for the 2014–15 biennium total \$193.8 billion from all fund sources. The funding provides a

\$3.9 billion, or 2.1 percent, increase from the 2012–13 biennial level.

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

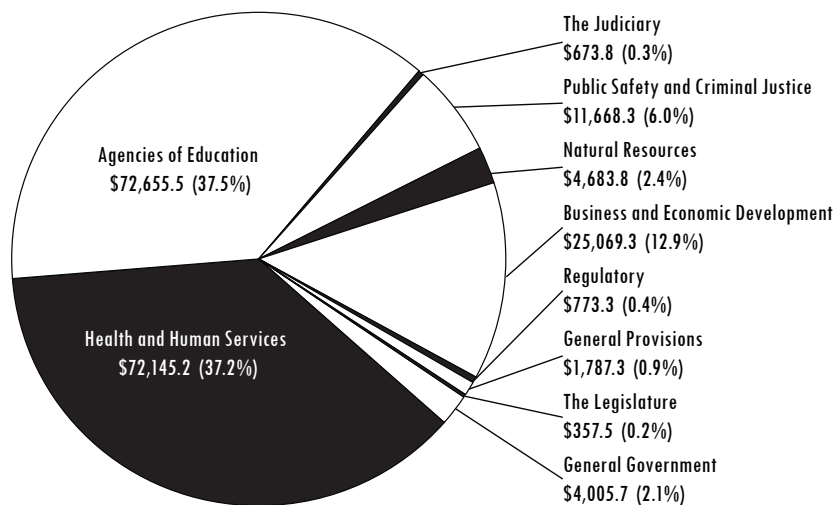
total \$99.9 billion for the 2014–15 biennium, an increase of \$6.1 billion, or 6.5 percent, from the anticipated 2012–13 biennial spending level. Figures 1 and 2 show the 2014–15 funding by government function.

### 2014–15 BIENNIAL RECOMMENDATIONS

**FIGURE 1  
ALL FUNDS**

IN MILLIONS

TOTAL = \$193,820.0

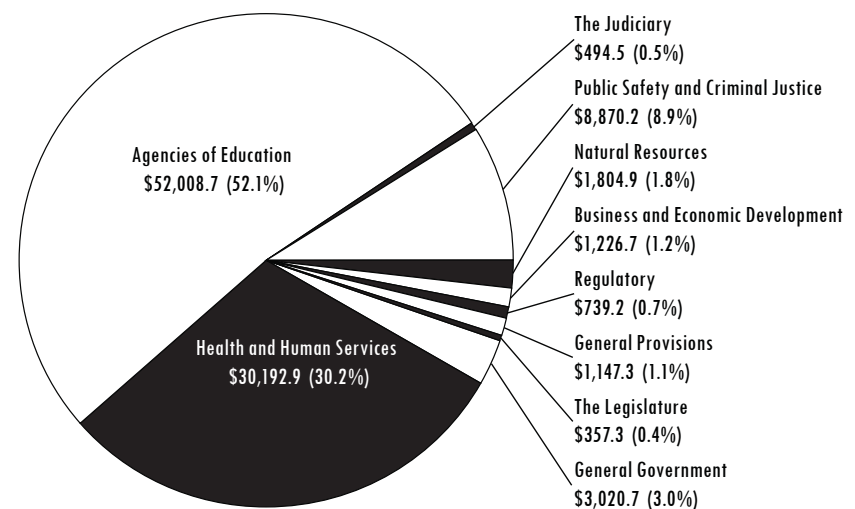


NOTES: Excludes Interagency Contracts.  
Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

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

IN MILLIONS

TOTAL = \$99,862.5



## HIGHLIGHTS OF THE RECOMMENDATIONS

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

### HEALTH AND HUMAN SERVICES

- \$56.7 billion in All Funds, including \$22.8 billion in General Revenue Funds and General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. Recommended funding levels assume projected caseload growth (an increase of \$876 million in General Revenue Funds) and a slightly less favorable Federal Medical Assistance Percentage (FMAP) that results in a higher proportion of General Revenue Funds. Funding is not included for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity. Funding levels include a reduction of \$348.9 million in General Revenue Funds and \$840.2 million in All Funds for cost containment initiatives to be carried out in the 2014–15 biennium. A supplemental appropriation of \$4.4 billion in General Revenue Funds is assumed to complete fiscal year 2013 Medicaid expenditures. General Revenue Funds are increased by \$239.3 million to expand mental health and substance abuse services. An increase of \$100.0 million in General Revenue Funds is provided to expand primary health care services.

### PUBLIC EDUCATION

- \$40.7 billion in All Funds and \$32.8 billion in General Revenue Funds and General Revenue–Dedicated Funds is provided for the Foundation School Program (FSP).

This represents an increase of \$2.5 billion in General Revenue Funds and \$2.8 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 \$4,890 in fiscal year 2014 and \$4,975 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, 2011. 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 Additional State Aid for Tax Reduction hold harmless by about \$926 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.

- The House 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, First Called Session, 2011.
- Outside the FSP, General Revenue Funds are increased by \$192.3 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 additional funding for Communities in Schools (\$12.6 million), the Windham School District (\$8.0 million), Adult Basic Education (\$5.0 million), Texas Advanced Placement Incentives (\$5.0 million), and Teach for America (\$4.0 million). The General Revenue increase is partially offset by a decrease in funds for state assessments of \$73.4 million compared to the 2012–13 biennial funding level.

### HIGHER EDUCATION

- Higher Education is supported by \$16.2 billion in All Funds and \$14 billion in General Revenue Funds and General Revenue–Dedicated Funds. This includes funding for public institutions, state agencies of higher education, and higher education group insurance. Included in this amount is an increase of \$266.7 million in General Revenue Funds for formula funding. General Revenue Funds for tuition revenue bond debt service are included at requested levels for previously authorized debt. General Revenue Funds for the Texas Competitive Knowledge Fund (TCKF) is increased by \$65.7 million and special items for institutions receiving TCKF appropriations for the first time are decreased by \$15 million. Other special item funding for higher education is maintained at current levels. Patient income is not appropriated to



## HIGHLIGHTS OF THE RECOMMENDATIONS (CONTINUED)

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 continue to receive this funding. General Revenue Funds for Texas Grants at the Texas Higher Education Coordinating Board is increased by \$150.0 million in General Revenue Funds. General Revenue Funds for other financial aid programs is increased by \$25.0 million. General Revenue Funds for residency programs at the Texas Higher Education Coordinating Board is increased by \$18.5 million. General Revenue–Dedicated Fund for the Physician Education Loan Repayment Program is increased by \$28.2 million. Higher Education Group Insurance contributions are increased by \$139.0 million. General Revenue Funds for wildfire and other emergency response, prevention, and training is increased by \$26.5 million.

### CRIMINAL JUSTICE

- \$5.1 billion in All Funds and \$5.0 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, health care, and treatment services. Funding includes a \$173.6 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, \$47.4 million for correctional managed health care, \$20.1 million for contract correctional facilities' per diem increases, \$11.7 million for vehicle replacements, and \$6.1 million for 75 reentry transitional coordinators. Funding levels also include reductions of \$15.0 million in General Revenue Funds for contracted temporary capacity and \$1.6 million in Federal Funds for combating criminal narcotics activity. The Legislative Budget Board staff projected average number of offenders incarcerated is 152,289 in fiscal year 2014 and 153,474 in fiscal year 2015.

### JUVENILE JUSTICE

- \$644.8 million in All Funds and \$581.7 million in General Revenue Funds is provided to the Juvenile Justice Department for juvenile justice services. General Revenue Funds are decreased by \$22.5 million from the 2012–13 biennial level primarily as the result of declining juvenile supervision and incarceration populations. Funding includes \$293.7 million for local juvenile probation services, which includes \$25.6 million for mental health services grants, and \$246.1 million for state services and facilities, including \$5.2 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

- \$92.3 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

- \$17.3 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); \$6.7 billion for construction and highway improvements (an increase of \$1.3 billion); \$1.6 billion for transportation system planning, design, and management; and \$0.9 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.

## HIGHLIGHTS OF THE RECOMMENDATIONS (CONTINUED)

### STATE EMPLOYEE SALARY INCREASES

- \$131.5 million in All Funds (\$78.0 million in General Revenue Funds and General Revenue–Dedicated Funds) is provided to state agencies in each year of the 2014–15 biennium for merit increases equal to 1 percent of total salaries, to allow agencies the flexibility to determine the amount of the salary increase for selected employees. Employees of institutions of higher education or those that received targeted salary increases at the Department of Aging and Disability Services, the Department of State Health Services, the Department of Family and Protective Services, the Department of Criminal Justice, the Juvenile Justice Department, and the Railroad Commission (see below), are excluded from the 1 percent merit increases.
- \$59.1 million in All Funds, all from General Revenue Funds and General Revenue–Dedicated Funds, is provided for an annual pay raise and related benefits for Schedule C employees, which includes law enforcement officers at the Department of Public Safety, the Department of Criminal Justice, the Texas Alcoholic Beverage Commission, and game wardens at the Texas Parks and Wildlife Department. The increase applies to officers with at least four years of service and varies by classification, with most of the included officers getting over a ten percent increase.

- \$162.9 million in General Revenue and General Revenue–Dedicated Funds, and \$213.6 million in All Funds is provided for salary increases for certain employees at the following agencies:

- \$21.6 million in General Revenue Funds and \$51.5 million in All Funds for direct care staff at State Supported Living Centers at the Department of Aging and Disability Services;
- \$10.8 million in General Revenue Funds for direct care staff at State Hospitals at the Department of State Health Services;
- \$20.7 million in federal Temporary Assistance for Needy Families Funds for direct delivery staff at the Department of Family and Protective Services;
- \$120.6 million in General Revenue Funds for a five percent salary increase for correctional officers at the Department of Criminal Justice;
- \$6.4 million in General Revenue Funds for a five percent salary increase for correctional officers at the Juvenile Justice Department;
- \$3.6 million in General Revenue–Dedicated Funds to address salary parity for certain oil and gas staff at the Railroad Commission.
- \$3.0 million in General Revenue Funds is appropriated for salary increases to certain counsels, attorneys and clerks

of the Supreme Court, Court of Criminal Appeals and the 14 Courts of Appeals.

### STATE EMPLOYEE RETIREMENT AND HEALTH BENEFITS

- \$762.2 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 \$50.9 million in All Funds (\$36.1 million in General Revenue Funds and General Revenue–Dedicated Funds) for state employee retirement benefits. Factors used to develop these include a state contribution rate of 6.6 percent of payroll for the 2014–15 biennium and full-time-equivalent (FTE) changes and career ladder pay increases at certain state agencies. The funding reflects a combined contribution rate of 13.1 percent due to the employee contribution rate of 6.5 percent.
- \$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

## HIGHLIGHTS OF THE RECOMMENDATIONS (CONTINUED)

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

- \$3,273.4 million in All Funds and \$3,268.2 million in General Revenue and General Revenue–Dedicated Funds is provided for the state contribution for retirement benefits through the Teacher Retirement System. Funding is sufficient for a 6.6 percent state retirement contribution rate for the 2014–15 biennium. 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.
- 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 (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

- \$6.4 billion in General Revenue–Dedicated Funds are provided for the 2014–15 biennium. Increases in appropriations

from certain General Revenue–Dedicated Funds total \$286.3 over the 2012–13 biennial level. Specific increases include: \$14.0 million for 9-1-1 system equipment and technology at the Commission on State Emergency Communications; \$86.3 million in General Obligation bond debt service; \$8.1 million for the Rural Volunteer Firefighter Assistance program; \$28.2 million for the Physician's Education Loan Repayment program; \$16.7 million for the Indigent Defense program at the Office of Court Administration; \$16.1 for oil and gas programs at the Railroad Commission; \$24.7 for fish and wildlife programs at the Texas Parks and Wildlife; \$78.2 million for the Low-Income Discount program at the Public Utility Commission; and \$14.0 million for state employee salary increases.

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: a \$145.0 million decrease for 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; a \$49.3 million decrease for Fiscal Programs at the Comptroller of Public Accounts as balances are exhausted for new LoanSTAR energy efficiency loans

in fiscal year 2013; and a \$139.0 million decrease in Operator's and Chauffeur's License Account funds at the Department of Public Safety (DPS). The Operator's and Chauffeur's License Account funds will be used in support of the Law Enforcement and Custodial Officer Supplemental (LECOS) Retirement Fund beginning in fiscal year 2014. The 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	\$4,005.7	(\$875.4)	(17.9)
Article II – Health and Human Services	68,632.3	72,145.2	3,513.0	5.1
Article III – Agencies of Education	75,677.9	72,655.5	(3,022.3)	(4.0)
<i>Public Education</i>	52,389.5	55,218.9	2,829.4	5.4
<i>Higher Education</i>	23,288.4	17,436.6	(5,851.8)	(25.1)
Article IV – The Judiciary	648.2	673.8	25.7	4.0
Article V – Public Safety and Criminal Justice	11,742.8	11,668.3	(74.5)	(0.6)
Article VI – Natural Resources	4,934.2	4,683.8	(250.4)	(5.1)
Article VII – Business and Economic Development	22,315.8	25,069.3	2,753.6	12.3
Article VIII – Regulatory	707.0	773.3	66.3	9.4
Article IX – General Provisions	0.0	1,787.3	1,787.3	N/A
Article X – The Legislature	348.9	357.5	8.7	2.5
<b>Total, All Functions</b>	<b>\$189,888.0</b>	<b>\$193,820.0</b>	<b>\$3,932.0</b>	<b>2.1</b>

\*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	\$2,352.0	\$156.9	7.1
Article II – Health and Human Services	27,621.8	29,328.5	1,706.7	6.2
Article III – Agencies of Education	47,188.4	49,307.0	2,118.6	4.5
<i>Public Education</i>	34,728.5	36,702.3	1,973.8	5.7
<i>Higher Education</i>	12,459.9	12,604.7	144.8	1.2
Article IV – The Judiciary	378.1	395.0	16.9	4.5
Article V – Public Safety and Criminal Justice	8,273.4	8,846.3	572.9	6.9
Article VI – Natural Resources	610.6	701.1	90.5	14.8
Article VII – Business and Economic Development	517.0	784.7	267.8	51.8
Article VIII – Regulatory	261.7	276.8	15.1	5.8
Article IX – General Provisions	0.0	1,133.0	1,133.0	N/A
Article X – The Legislature	348.5	357.3	8.8	2.5
<b>Total, All Functions</b>	<b>\$87,394.7</b>	<b>\$93,481.7</b>	<b>\$6,087.0</b>	<b>7.0</b>

\*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	\$668.7	(\$129.9)	(16.3)
Article II – Health and Human Services	868.7	864.3	(4.4)	(0.5)
Article III – Agencies of Education	2,617.6	2,701.7	84.2	3.2
<i>Public Education</i>	0.7	0.7	0.1	10.0
<i>Higher Education</i>	2,616.9	2,701.0	84.1	3.2
Article IV – The Judiciary	81.4	99.5	18.1	22.3
Article V – Public Safety and Criminal Justice	160.4	23.9	(136.5)	(85.1)
Article VI – Natural Resources	1,048.8	1,103.9	55.0	5.2
Article VII – Business and Economic Development	444.8	442.0	(2.9)	(0.6)
Article VIII – Regulatory	377.2	462.4	85.2	22.6
Article IX – General Provisions	0.0	14.3	14.3	N/A
Article X – The Legislature	0.0	0.0	0.0	N/A
<b>Total, All Functions</b>	<b>\$6,397.5</b>	<b>\$6,380.8</b>	<b>(\$16.7)</b>	<b>(0.3)</b>

\*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	\$3,020.7	\$27.0	0.9
Article II – Health and Human Services	28,490.5	30,192.9	1,702.4	6.0
Article III – Agencies of Education	49,806.0	52,008.7	2,202.7	4.4
<i>Public Education</i>	34,729.2	36,703.0	1,973.8	5.7
<i>Higher Education</i>	15,076.8	15,305.7	228.9	1.5
Article IV – The Judiciary	459.5	494.5	35.0	7.6
Article V – Public Safety and Criminal Justice	8,433.8	8,870.2	436.4	5.2
Article VI – Natural Resources	1,659.4	1,804.9	145.5	8.8
Article VII – Business and Economic Development	961.8	1,226.7	264.9	27.5
Article VIII – Regulatory	638.9	739.2	100.3	15.7
Article IX – General Provisions	0.0	1,147.3	1,147.3	N/A
Article X – The Legislature	348.5	357.3	8.8	2.5
<b>Total, All Functions</b>	<b>\$93,792.2</b>	<b>\$99,862.5</b>	<b>\$6,070.4</b>	<b>6.5</b>

\*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	\$647.6	(\$218.4)	(25.2)
Article II – Health and Human Services	39,504.0	41,313.0	1,809.0	4.6
Article III – Agencies of Education	10,206.8	10,749.8	542.9	5.3
<i>Public Education</i>	9,884.8	10,480.9	596.1	6.0
<i>Higher Education</i>	322.0	268.9	(53.1)	(16.5)
Article IV – The Judiciary	4.4	3.6	(0.8)	(18.9)
Article V – Public Safety and Criminal Justice	1,778.4	1,334.8	(443.6)	(24.9)
Article VI – Natural Resources	2,935.8	2,562.9	(372.9)	(12.7)
Article VII – Business and Economic Development	9,379.1	10,938.9	1,559.8	16.6
Article VIII – Regulatory	8.5	6.1	(2.4)	(28.5)
Article IX – General Provisions	0.0	29.4	29.4	N/A
Article X – The Legislature	0.0	0.0	0.0	N/A
<b>Total, All Functions</b>	<b>\$64,683.0</b>	<b>\$67,586.0</b>	<b>\$2,903.0</b>	<b>4.5</b>

\*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	\$337.3	(\$684.0)	(67.0)
Article II – Health and Human Services	637.8	639.3	1.6	0.2
Article III – Agencies of Education	15,665.0	9,897.0	(5,768.0)	(36.8)
<i>Public Education</i>	7,775.5	8,035.0	259.5	3.3
<i>Higher Education</i>	7,889.5	1,862.0	(6,027.5)	(76.4)
Article IV – The Judiciary	184.2	175.7	(8.5)	(4.6)
Article V – Public Safety and Criminal Justice	1,530.6	1,463.3	(67.2)	(4.4)
Article VI – Natural Resources	339.0	316.0	(23.0)	(6.8)
Article VII – Business and Economic Development	11,974.9	12,903.8	928.9	7.8
Article VIII – Regulatory	59.6	28.0	(31.5)	(52.9)
Article IX – General Provisions	0.0	610.6	610.6	N/A
Article X – The Legislature	0.4	0.2	(0.1)	(42.2)
<b>Total, All Functions</b>	<b>\$31,412.8</b>	<b>\$26,371.4</b>	<b>(\$5,041.4)</b>	<b>(16.0)</b>

\*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.

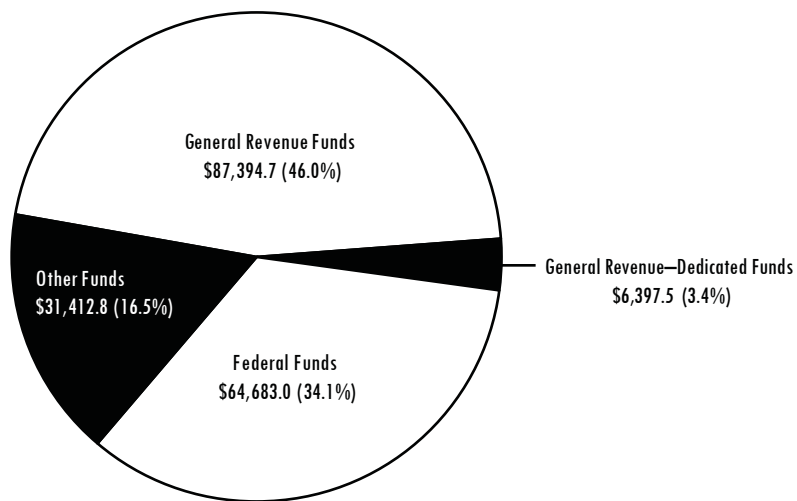
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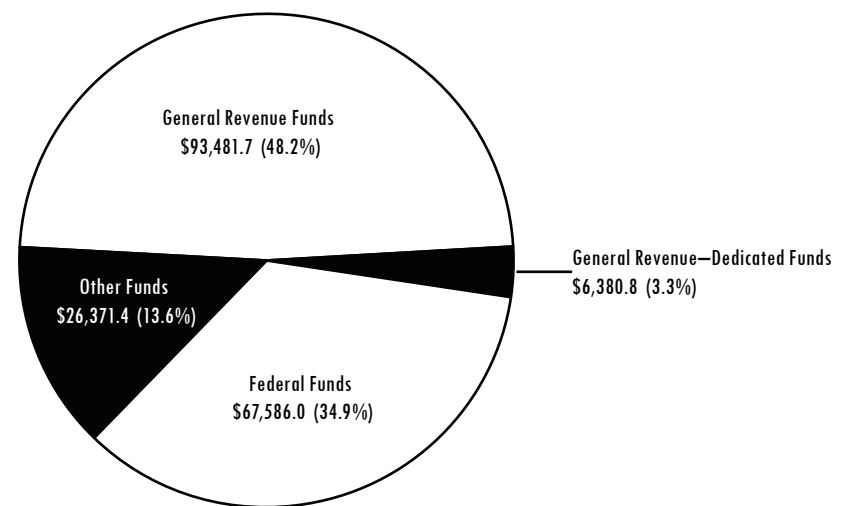
## RECOMMENDATIONS BY FUND SOURCE

### 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 \$4,080.6 million in All Funds for the 2014–15 biennium and consists of \$2,207.9 million in fiscal year 2014 and \$1,872.7 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 \$305.5 million in General Revenue Funds, or 20.9 percent, mainly due to an increase in appropriations of General Revenue Funds for debt service related to Highway Construction Bonds and General Obligation bonds at the Texas Public Finance Authority. This amount includes \$9.1 million in General Revenue Funds for debt service for Cancer Prevention and Research bonds, contingent on the passage of Senate Bill 149, or similar legislation, related to the administration of the Cancer Prevention and Research Institute of Texas. 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

**FIGURE 11**

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

IN MILLIONS				
AGENCY/FUND SOURCE	ESTIMATED/ BUDGETED 2012–13	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
Facilities Commission - Lease Payments	\$76.3	\$58.2	(\$18.1)	(23.8)
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	707.6	155.7	28.2
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	587.8	4.5	0.8
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	213.8	(10.2)	(4.6)
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
<b>Total, Debt Service Payments</b>	<b>\$3,156.3</b>	<b>\$4,080.6</b>	<b>\$924.3</b>	<b>29.3</b>
<b>Method of Financing:</b>				
General Revenue Fund	\$1,465.3	\$1,770.8	\$305.5	20.9
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
<b>Total, All Funds</b>	<b>\$3,156.3</b>	<b>\$4,080.6</b>	<b>\$924.3</b>	<b>29.3</b>

NOTE: Totals may not add due to rounding.

## SIGNIFICANT FUNDING ELEMENTS AND COSTS (CONTINUED)

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 to increases in debt service requirements out of the State Highway Fund and the Texas Mobility Fund, including \$400.0 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 \$50.9 million in All Funds (\$36.1 million in General Revenue Funds and General Revenue–Dedicated Funds) for employee retirement benefits. Factors used to develop these recommendations include a state contribution rate of 6.6 percent of payroll for the 2014–15 biennium and FTE changes and career ladder pay increases at certain state agencies.

These recommendations reflect a combined contribution rate of 13.1 percent for the

2014–15 biennium (6.6 percent state contribution and 6.5 percent member contribution), which is a slight increase over the combined contribution rate of 13.0 percent for the 2012–13 biennium.

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 certain

**FIGURE 12**  
**SELECTED EMPLOYEE BENEFITS, ALL FUNDS**

IN MILLIONS	ESTIMATED/ BUDGETED 2012–13*	RECOMMENDED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
AGENCY/FUND SOURCE				
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	762.2	50.9	7.1
ERS Health	2,601.0	3,103.9	502.8	19.3
TRS Retirement	3,089.7	3,273.4	183.7	5.9
TRS Retiree Insurance	371.3	495.1	123.8	33.3
ORP	261.0	258.0	(3.0)	(1.1)
HEGI	969.0	1,107.9	139.0	14.3
<b>Total</b>	<b>\$9,494.5</b>	<b>\$10,516.5</b>	<b>\$1,022.0</b>	<b>10.8</b>

### METHOD OF FINANCING:

General Revenue Funds	\$7,411.6	\$8,211.7	\$800.1	10.8
General Revenue–Dedicated Funds	530.8	581.6	50.9	9.6
Federal Funds	829.8	894.5	64.8	7.8
Other Funds	722.4	828.6	106.2	14.7
<b>Total, All Funds</b>	<b>\$9,494.5</b>	<b>\$10,516.5</b>	<b>\$1,022.0</b>	<b>10.8</b>

\*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)

state agencies. The state contribution was suspended in fiscal year 2012.

The third pre-funded retirement program administered by ERS is the Judicial Retirement System Plan Two (JRS-II), which is the retirement program for judges who became judiciary members on or after September 1, 1985. Funding includes an increase in funding of \$0.2 million in All Funds, which reflects a biennialization of the fiscal year 2013 state contribution rate of 6.5 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 6.6 percent of active member payroll in each year of the 2014–15 biennium. TRS contributions represent an All Funds increase of \$183.7 million and reflect no annual payroll growth for public education and 2.0 percent annual payroll growth for higher education. For the Optional Retirement Program, funding is \$3.0 million below the 2012–13 biennial level, representing a state contribution rate

of 6.6 percent for each year of the 2014–15 biennium and assumes a 2.0 percent annual payroll growth. The decrease in funding is primarily attributable to a drop in membership of new employees who elect TRS in lieu of ORP membership.

### **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 \$139.0 million due to a projected increase of 7 percent in premiums for both fiscal years. Funding provides 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 83.4 percent of full ERS premiums and for institutions of higher education covered under the ERS GBP, the state pays 85.8 percent of full ERS premiums. For community colleges, the state pays 42.1 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. 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

## SIGNIFICANT FUNDING ELEMENTS AND COSTS (CONTINUED)

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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. Funding for state contributions for TRS-Care retiree insurance reflects a \$123.8 million increase above the 2012–13 biennium and assumes 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.

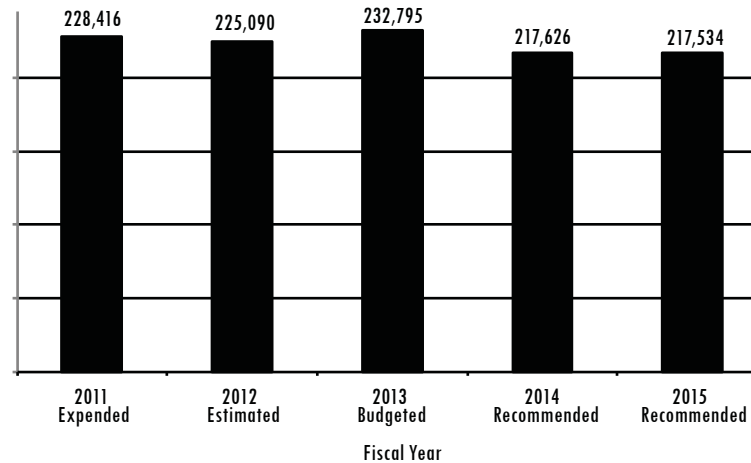
Funding for state contributions for Social Security reflects increased funding of \$32.7 million in All Funds (\$36.9 million in General Revenue and General Revenue–Dedicated Funds). These recommendations for Social Security reflect 2.0 percent annual payroll growth for higher education employees, as well as FTE changes and career ladder pay increases at certain state agencies. Funding for BRP is 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 217,626 full-time-equivalent positions (FTEs) in fiscal year 2014, and 217,534 in fiscal year 2015. As shown in Figure 14, the fiscal year 2015 amount represents a decrease of 15,261 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	9,071	9,063
Article II – Health and Human Services	55,690	53,962	56,554	57,633	57,697
Article III – Agencies of Education	81,744	83,633	83,775	67,597	67,597
Article IV – The Judiciary	1,384	1,383	1,405	1,439	1,441
Article V – Public Safety and Criminal Justice	52,383	50,186	53,377	53,406	53,451
Article VI – Natural Resources	8,516	7,818	8,495	8,564	8,564
Article VII – Business and Economic Development	16,702	16,532	17,059	16,642	16,448
Article VIII – Regulatory	2,954	2,875	3,026	3,266	3,266
Article IX – General Provisions	-	-	-	7	7
<b>Grand Total</b>	<b>228,416</b>	<b>225,090</b>	<b>232,795</b>	<b>217,626</b>	<b>217,534</b>

## 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 1,956 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
<b>KEY</b>						
Outcome (results/impact)	901	906	879	940	879	954
Output (volume)	824	734	669	652	669	624
Efficiency	295	323	287	235	287	231
Explanatory	135	124	126	147	126	147
<b>Total</b>	<b>2,155</b>	<b>2,087</b>	<b>1,961</b>	<b>1,974</b>	<b>1,961</b>	<b>1,956</b>
<b>NON-KEY</b>						
Outcome (results/impact)	1,414	1,495	1,499	1,391	1,499	1,381
Output (volume)	1,455	1,340	1,331	1,243	1,331	1,276
Efficiency	831	743	714	631	714	545
Explanatory	1,084	996	984	886	984	806
<b>Total</b>	<b>4,784</b>	<b>4,574</b>	<b>4,528</b>	<b>4,151</b>	<b>4,528</b>	<b>4,008</b>

## 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 \$260.0 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 \$860.0 million increase in higher education, nearly \$400.0 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
<b>GENERAL REVENUE BUDGET ADJUSTMENTS</b>		
<b>2012–13 GENERAL REVENUE FUNDS APPROPRIATIONS AS PUBLISHED IN <i>FISCAL SIZE-UP</i></b>		\$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	
<b>Total, Estimated/Budgeted General Revenue Funds for 2012–13</b>		<b>\$87,395</b>

## FACTORS AFFECTING THE STATE BUDGET

Medicaid and the Children's Health Insurance Program (CHIP) appropriations for the 2014–15 biennium total \$58.6 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 \$93.5 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 will depend on the contents of the CPA’s revenue estimate and supplemental appropriations that may be enacted by the Legislature.

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

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

In accordance with 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 \$193,819.7 million;
- The maximum biennial amount of 1 percent of the state budget is \$1,938.2 million; and

The biennial amount included in HCSSB 1 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 \$1,805.7 million less than the 1 percent limit.

#### ARTICLE III, §49 (J), DEBT LIMIT

Article III, §49(j) of the Texas Constitution provides that the Legislature may not authorize additional state debt if in any fiscal year the resulting maximum annual debt service payable from the General Revenue Fund, excluding revenues constitutionally dedicated for purposes other than payment of state debt, exceeds 5 percent of the average annual unrestricted General Revenue for the previous three years. To monitor where the state stands in relation to the constitutional debt limit, the Bond Review Board (BRB) calculates two debt ratios. The first ratio is the debt service on outstanding or issued debt as a percentage of unrestricted General Revenue Funds. At the end of fiscal year 2012, the BRB reported



## REVENUE OUTLOOK FOR THE 2014–15 BIENNIUM (CONTINUED)

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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 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.

### **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 \$4.0 billion for the 2014–15 biennium, which is a decrease of \$875.4 billion, or 17.9 percent, from the 2012–13 biennium (Figure 18).

General Revenue Funds and General Revenue–Dedicated Funds total \$3.0 billion, which is an increase of \$27.0 million, or 0.9 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	\$10.6	\$2.8	37.0
Office of the Attorney General	1,066.9	1,057.4	(9.5)	(0.9)
Bond Review Board	1.0	1.2	0.3	25.7
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	796.4	(155.1)	(16.3)
Commission on State Emergency Communications	109.8	118.1	8.3	7.5
Employees Retirement System	16.7	16.7	0.0	0.0
Texas Ethics Commission	3.9	7.5	3.6	92.9
Facilities Commission	178.8	138.2	(40.5)	(22.7)
Public Finance Authority	2.9	2.6	(0.3)	(11.6)
Fire Fighters' Pension Commissioner	1.7	17.4	15.7	943.2
Office of the Governor	21.0	20.8	(0.2)	(1.0)
Trusted Programs Within the Office of the Governor	831.5	654.8	(176.7)	(21.3)
Historical Commission	77.3	47.1	(30.2)	(39.1)

# 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	\$581.6	\$62.1	11.9
Library & Archives Commission	50.8	44.5	(6.4)	(12.5)
Pension Review Board	1.4	1.5	0.1	3.8
Preservation Board	31.9	24.2	(7.7)	(24.2)
State Office of Risk Management	103.0	103.0	(0.0)	0.0
Secretary of State	88.4	57.6	(30.7)	(34.8)
Veterans Commission	53.2	49.3	(3.9)	(7.4)
Subtotal, General Government	\$5,152.2	\$4,200.4	(\$951.8)	(18.5)
Retirement and Group Insurance	\$200.6	\$234.8	\$34.2	17.0
Social Security and Benefit Replacement Pay	72.2	73.0	0.8	1.1
Subtotal, Employee Benefits	\$272.8	\$307.8	\$35.0	12.8
Bond Debt Service Payments	\$98.9	\$208.0	\$109.1	110.3
Lease Payments	22.0	13.0	(9.0)	(40.8)
Subtotal, Debt Service	\$120.9	\$221.0	\$100.1	82.8
Less Interagency Contracts	\$664.8	\$723.5	\$58.6	8.8
<b>Total Article I – General Government</b>	<b>\$4,881.1</b>	<b>\$4,005.7</b>	<b>(\$875.4)</b>	<b>(17.9)</b>

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	\$8.4	\$3.0	55.6
Office of the Attorney General	568.0	560.1	(7.8)	(1.4)
Bond Review Board	1.0	1.2	0.3	25.7
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	758.5	(3.3)	(0.4)
Commission on State Emergency Communications	104.1	118.1	14.0	13.4
Employees Retirement System	16.7	16.7	0.0	0.0
Texas Ethics Commission	3.9	7.5	3.6	93.4
Facilities Commission	62.9	68.5	5.7	9.0
Public Finance Authority	1.6	2.6	1.0	63.4
Fire Fighters' Pension Commissioner	1.6	17.4	15.8	998.6
Office of the Governor	20.4	20.2	(0.2)	(1.0)
Trusted Programs Within the Office of the Governor	557.0	404.0	(153.0)	(27.5)
Historical Commission	26.7	40.8	14.1	52.8
Department of Information Resources	14.7	0.0	(14.7)	(100.0)
Library & Archives Commission	14.3	22.5	8.3	57.9
Pension Review Board	1.4	1.4	0.0	3.1
Preservation Board	29.3	24.1	(5.2)	(17.6)
Secretary of State	38.0	38.5	0.4	1.2
Veterans Commission	13.6	17.6	4.0	29.5
Subtotal, General Government	\$2,661.2	\$2,559.7	(\$101.5)	(3.8)

## 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	\$182.4	\$27.1	17.4
Social Security and Benefit Replacement Pay	57.4	58.5	1.1	2.0
Subtotal, Employee Benefits	\$212.7	\$240.9	\$28.2	13.3
Bond Debt Service Payments	\$97.9	\$207.1	\$109.2	111.6
Lease Payments	22.0	13.0	(9.0)	(40.8)
Subtotal, Debt Service	\$119.9	\$220.1	\$100.2	83.6
<b>Total Article I – General Government</b>	<b>\$2,993.7</b>	<b>\$3,020.7</b>	<b>\$27.0</b>	<b>0.9</b>

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
<b>OFFICE OF THE ATTORNEY GENERAL</b>				
Amount of Title IV-D Child Support Collected (in millions)	\$3,480	\$3,725	\$3,950	\$4,175
<b>COMMISSION ON STATE EMERGENCY COMMUNICATIONS</b>				
Total Number of Poison Control Calls Processed Statewide	359,552	334,255	358,297	358,297
<b>TEXAS FACILITIES COMMISSION</b>				
Percentage of Completed Construction Projects on Schedule and within Budget	88%	90%	90%	90%
<b>DEPARTMENT OF INFORMATION RESOURCES</b>				
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%	95%	95%	95%
<b>OFFICE OF RISK MANAGEMENT</b>				
Incident Rate of Injuries and Illnesses Per 100 Covered Full-time State Employees	3.80%	3.95%	3.95%	3.95%
<b>VETERANS COMMISSION</b>				
Amount of VA Monetary Awards (in millions) Paid Because of Commission Advocacy in Claims Representation of Veterans with Service-connected Disabilities	\$2,035	\$1,708	\$2,077	\$2,077

## 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
<b>MULTI-ARTICLE ISSUES</b>						
<b>EMPLOYEE BENEFITS</b>						
<b>Retirement</b>						
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 \$50.9 million in All Funds for an increase in the state contribution rate to 6.6 percent for the 2014–15 biennium. The recommendations reflect a combined contribution rate of 13.1 percent, due to the employee contribution rate of 6.5 percent of payroll for the 2014–15 biennium. Other factors used to develop the funding include no annual payroll growth for state employees, as well as FTE changes and career ladder pay increases at certain state agencies.  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.	EST/BUD 2012–13	\$425.6	\$30.9	\$133.7	\$121.2	\$711.4
	REC 2014–15	\$459.8	\$32.8	\$137.3	\$132.3	\$762.2
	BIENNIAL CHANGE	8.0%	6.1%	2.8%	9.1%	7.1%

# 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
<b>Law Enforcement and Custodial Officer Supplemental (LECOS) Fund</b>						
<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.</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%	100.0%	100.0%	107.4%
<b>Judicial Retirement System Plan (JRS-II)</b>						
<p>Funding maintains 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 a biennialization of the fiscal year 2013 state contribution rate of 6.5 percent. Amounts reflect a combined contribution rate of 12.48 percent, with the average member contribution being 5.98 percent.</p>	EST/BUD 2012–13	\$5.1	\$0.0	\$0.0	\$3.4	\$8.5
	REC 2014–15	\$5.3	\$0.0	\$0.0	\$3.5	\$8.8
	BIENNIAL CHANGE	3.9%	N/A	N/A	2.9%	3.5%

## 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
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According to the August 31, 2012 actuarial valuation, the total required contribution rate that would fund the normal cost is 20.25 percent. The total required contribution rate that would both fund the normal cost and amortize the unfunded accrued liability over 31 years is 21.52 percent. These percentages are subject to change once the results of the February 2013 valuation update are available.

#### **Group Insurance**

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.

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
<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>						
<b>Social Security</b>						
Funding provides for the payment of the state's share of Social Security taxes to the federal government. The amounts include an increase of \$32.7 million in All Funds for Social Security based on 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%	(5.2%)	3.1%	2.3%

## 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
<b>Benefit Replacement Pay</b>						
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%)
<b>DEBT SERVICE</b>						
<b>Lease Payments</b>						
The decrease of approximately \$18.2 million in General Revenue Funds and General Revenue–Dedicated Funds is due to reduced debt service requirements for revenue bonds that were issued to construct, renovate, or purchase state buildings.	EST/BUD 2012–13	\$75.6	\$0.8	\$0.0	\$0.0	\$76.4
	REC 2014–15	\$57.6	\$0.6	\$0.0	\$0.0	\$58.2
	BIENNIAL CHANGE	(23.8%)	(25.0%)	N/A	N/A	(23.8%)



# 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
<b>State General Obligation Debt Issued by the Texas Public Finance Authority</b>						
Funding provides an increase of \$146.6 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	\$542.3	\$138.8	\$12.0	\$5.4	\$698.5
Increase of \$46.4 million in General Revenue Funds for debt service for debt issued for various capital projects at several state agencies including the Facilities Commission, Texas Department of Criminal Justice, Department of Aging and Disability Service, Department of State Health Services, Department of Public Safety, and Adjutant General; and courthouse preservation grants and maintenance and preservation of historic sites projects at the Historical Commission. Amounts also reflect an increase of \$11.1 million in General Revenue Funds for new deferred maintenance projects at the Facilities Commission, Department of Aging and Disability Services, Department of State Health Services, Adjutant General's Department, Department of Criminal Justice, Texas Juvenile Justice Department, Department of Public Safety, and Texas Parks and Wildlife Department.		11.9%	164.2%	0.0%	113.6%	26.6%
An Article IX provision would increase the agency's appropriations (not shown in these amounts) contingent on the passage of Senate Bill 149, or similar legislation, relating to the administration of Cancer Prevention and Research Institute of Texas. The contingency would provide an additional \$594.1 million in General Obligation bond proceeds and 7 full-time equivalents, and would provide an additional \$9.1 million in General Revenue Funds to the Texas Public Finance Authority for the related debt service.						

# 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
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.					

### MULTI-AGENCY ISSUES

#### Crime Victims Assistance

Funding reflects \$97.0 million in All Funds to maintain grants for a broad range of victim-related services, which includes domestic violence shelter, rape crisis centers, hotlines, and victim advocacy. Amounts reflect an increase of approximately \$32.1 million in General Revenue Funds due to an increase of \$25.1 million in General Revenue Funds to maintain current services levels for victim service grants; an increase of \$3.0 million in General Revenue for the Court Appointed Special Advocate (CASA) program; and \$4.0 million for the Children's Advocacy Centers (CAC) program.

EST/BUD 2012–13	\$0.1	\$84.2	\$6.9	\$0.0	\$91.2
REC 2014–15	\$32.2	\$38.7	\$6.1	\$20.0	\$97.0
BIENNIAL CHANGE	52,520.8%	(54.0%)	(11.9%)	N/A	6.4%

# 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 for a decrease of \$45.5 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.						
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.						
<b>Data Center Consolidation Services</b>						
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 \$66.0 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 Railroad Commission and 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 of the Texas Department of Criminal Justice.	EST/BUD 2012–13	\$125.3	\$26.1	\$115.6	\$59.7	\$326.7
	REC 2014–15	\$155.3	\$31.1	\$127.0	\$79.3	\$392.7
	BIENNIAL CHANGE	24.0%	18.9%	9.9%	32.9%	20.2%

# 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
<p>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 these adjustments would increase General Revenue and General Revenue–Dedicated Funds by \$1.1 million and decrease All Funds by \$6.5 million.</p>						
<p><b>Centralized Accounting and Payroll/Personnel System (CAPPS) and Integrated Statewide Administrative System (ISAS)</b></p>						
<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. In addition, the Health and Human Services Commission (HHSC), along with the other four health and human services agencies, have transitioned to the human capital management (HCM) system under 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.					

### **AGENCY ISSUES**

#### **COMMISSION ON THE ARTS**

##### **Agency Operations**

Amounts reflect an overall increase of \$2.8 million in All Funds primarily due to an increase of \$4.2 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. The remaining increase of \$3.0 million in General Revenue Funds is provided for arts education grants. In addition, funding also reflects a \$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	\$7.8	\$0.6	\$1.9	\$0.3	\$10.6
BIENNIAL CHANGE	117.7%	(66.2%)	(3.0%)	(23.6%)	37.0%

# 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
<b>OFFICE OF THE ATTORNEY GENERAL</b>						
<b>Legal Services</b>						
<p>Funding provides for \$152.5 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.</p> <p>Amounts include an overall reduction in General Revenue Funds of \$9.1 million due to a decrease 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 for Medicaid fraud litigation. This amount is offset by an increase of \$1.1 million in General Revenue Funds for Internet Crimes Against Children (ICAC) grant funding which is contingent upon enactment of legislation authorizing the agency to provide state funded grants to qualifying ICAC Task Forces.</p> <p>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).</p> <p>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.</p>	EST/BUD 2012–13	\$111.6	\$0.4	\$2.4	\$68.8	\$183.3
	REC 2014–15	\$102.5	\$0.4	\$1.3	\$48.3	\$152.5
	BIENNIAL CHANGE	(8.2%)	(9.9%)	(45.1%)	(29.8%)	(16.8%)



# 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
<b>Child Support Services</b>						
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%
<b>Crime Victim Claim Payments</b>						
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.						
<b>CANCER PREVENTION AND RESEARCH INSTITUTE</b>						
<b>Grants and Agency Operations</b>						
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.  An Article IX provision would increase the agency's appropriations (not shown in these amounts) contingent on the passage of Senate Bill 149, or similar legislation, relating to the administration of CPRIT. The contingency would provide an additional \$594.1 million in General Obligation bond proceeds and 7 full-time equivalents, and would provide an additional \$9.1 million in General Revenue Funds to the Texas Public Finance Authority for the related debt service.	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%)

# 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
<b>FISCAL PROGRAMS - COMPTROLLER OF PUBLIC ACCOUNTS</b>						
<b>Payment of Miscellaneous Claims Against the State</b>						
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%)
<b>Mixed Beverage Tax Reimbursements</b>						
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%

# 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
<b>Unclaimed Property</b>						
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%)
<b>Local Continuing Education Grants</b>						
Funding provides \$6.0 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	\$6.0	\$0.0	\$0.0	\$6.0
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	N/A
<b>Distributions to Counties of Gross Weight/Axle Fee Receipts</b>						
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%

# 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
<b>Jobs and Education for Texans (JET)</b>						
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%)
<b>Major Events Trust Fund</b>						
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
<b>Obesity Program</b>						
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%)
<b>State Energy Conservation Office</b>						
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%)
In addition, amounts reflect expenditure of remaining Federal Funds from the American Recovery and Reinvestment Act (ARRA) for 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.						

# 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
<b>COMMISSION ON STATE EMERGENCY COMMUNICATIONS</b>						
<b>Next Generation 9-1-1 (NG 9-1-1)</b>						
Funding reflects an increase of \$12.9 million from the General Revenue–Dedicated 9-1-1 Service Fees Account 2012–13 5050 for a Geospatial Database (\$5.8 million) and Phase 1 of a State-level Digital 9-1-1 Network (\$7.1 million), which is offset by a reduction of \$4.8 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.	EST/BUD 2012–13	\$0.0	\$0.0	\$4.8	\$0.0	\$4.8
	REC 2014–15	\$0.0	\$12.9	\$0.0	\$0.0	\$12.9
	BIENNIAL CHANGE	N/A	N/A	(100.0%)	N/A	170.3%
<b>TEXAS ETHICS COMMISSION</b>						
<b>Administer Ethics Laws</b>						
Funding provides \$7.5 million for the agency to enforce and administer ethics laws and provide public information regarding public officials and lobbyists. Amounts reflect an increase of \$3.5 million in General Revenue Funds in fiscal year 2014, for the purchase and development of electronic filing system software and \$0.1 million for several ethics training symposiums during the 2014–15 biennium.	EST/BUD 2012–13	\$3.8	\$0.0	\$0.0	\$0.0	\$3.9
	REC 2014–15	\$7.5	\$0.0	\$0.0	\$0.0	\$7.5
	BIENNIAL CHANGE	93.6%	N/A	N/A	(14.6%)	92.9%



## 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
<b>TEXAS FACILITIES COMMISSION</b>						
<b>Construction and Renovations</b>						
Funding provides \$61.4 million for capital improvement needs, such as repairing, replacing, and upgrading critical building systems. The amounts include, out of GO bond proceeds, \$1.2 million from unexpended balances carried forward for Health and Safety projects from the 2012–13 biennium; \$28.0 million for new Health and Safety projects; and \$3.0 million for Deferred Maintenance projects at several state-owned buildings. Funding reflects 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	\$45.7	\$61.4
	BIENNIAL CHANGE	(1.9%)	(100.0%)	N/A	(50.4%)	(43.7%)
<ul style="list-style-type: none"> <li>• \$44.9 million in GO bond proceeds for health and safety and deferred maintenance projects;</li> <li>• \$1.4 million in Interagency Contracts related to energy efficient capital projects and estimated expenditures on facility maintenance;</li> <li>• \$0.1 million in Appropriated Receipts due to fewer private tenants occupying state-owned property;</li> <li>• \$1.0 million in General Revenue–Dedicated Federal Surplus Property Service Charge Account 570 for deferred maintenance projects at Federal Surplus Property warehouses;</li> <li>• \$0.3 million in General Revenue Funds related to a one-time rental of a portable generator and waste management services.</li> </ul>						

## 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
<b>Texas State Cemetery</b>						
Funding includes \$1.8 million in All Funds to operate and maintain the State Cemetery and Grounds. These amounts include an increase of \$0.6 million in General Revenue for the following: salary and other operating expenses related to 2.0 full-time equivalents (grounds maintenance); supplies for grounds maintenance equipment; security system upgrades; construction of a retaining wall; monument cleaning and restoration; and agency administration including, website design and maintenance, and a new records management system.	EST/BUD 2012–13	\$1.1	\$0.0	\$0.0	\$0.0	\$1.1
	REC 2014–15	\$1.8	\$0.0	\$0.0	\$0.0	\$1.8
	BIENNIAL CHANGE	56.4%	N/A	N/A	100.0%	56.5%
<b>Utilities</b>						
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
<b>Surplus Property Programs</b>						
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%
<b>PUBLIC FINANCE AUTHORITY</b>						
<b>Finance Capital Projects</b>						
Funding maintains the agency's core function to manage bond proceeds and pay debt service timely and include an increase of \$1.3 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 \$0.5 million for costs related to the development of a debt management system.	EST/BUD 2012–13	\$0.5	\$1.1	\$0.0	\$1.3	\$2.9
	REC 2014–15	\$2.4	\$0.2	\$0.0	\$0.0	\$2.6
	BIENNIAL CHANGE	352.3%	(77.4%)	N/A	(100.0%)	(11.6%)
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
<b>FIRE FIGHTERS' PENSION COMMISSIONER</b>						
Funding provides \$17.2 million in General Revenue Funds to pay off the unfunded accrued liability as of the August 31, 2010 actuarial valuation for the Texas Emergency Services Retirement System (TESRS) and \$0.2 million in General Revenue Funds to close out the Fire Fighters' Pension Commissioner (FFPC) programs and operations by November 30, 2013.	EST/BUD 2012–13	\$1.6	\$0.0	\$0.0	\$0.1	\$1.7
	REC 2014–15	\$17.4	\$0.0	\$0.0	\$0.0	\$17.4
	BIENNIAL CHANGE	998.6%	N/A	N/A	(100.0%)	(943.2%)
<p>The funding assumes statute would be amended to make TESRS an independent entity and eliminate future contribution obligations by the state. The Pension Review Board would provide education and assistance to the Texas Local Firefighters' Retirement Act (TLFFRA) systems in lieu of the FFPC, as it currently provides for the public pensions statewide.</p> <p>Contingent on enactment of legislation to continue the agency and not included in these amounts, the bill would provide \$1.7 million in All Funds (\$1.6 million in General Revenue Funds) for agency operations and \$3.2 million General Revenue Funds for the statutory contribution to TESRS. This amount reflects the estimated statutory maximum of one-third of all contributions to the TESRS fund.</p>						

# 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
<b>TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR</b>						
<b>Disaster Funding</b>						
Funding provides \$64.2 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 \$5.0 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	\$64.2	\$0.0	\$0.0	\$0.0	\$64.2
	BIENNIAL CHANGE	8.4%	N/A	N/A	(100.0%)	7.9%
<b>Criminal Justice</b>						
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. The decrease 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	\$17.5	\$48.2	\$123.5	\$0.0	\$189.2
	BIENNIAL CHANGE	0.5%	0.0%	(19.8%)	N/A	(13.9%)

# 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
<b>Moving Image Industry Incentive Program</b>						
Funding provides \$26.3 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.	EST/BUD 2012–13	\$39.2	\$0.0	\$0.0	\$0.2	\$39.4
	REC 2014–15	\$26.2	\$0.0	\$0.0	\$0.0	\$26.3
	BIENNIAL CHANGE	(33.1%)	N/A	N/A	(93.6%)	(33.5%)
<b>Texas Enterprise Fund</b>						
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%)
<b>Economic Development and Tourism</b>						
Funding reflects 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.	EST/BUD 2012–13	\$79.9	\$24.3	\$1.1	\$41.2	\$146.5
	REC 2014–15	\$79.9	\$23.7	\$1.1	\$2.7	\$107.4
	BIENNIAL CHANGE	0.0%	(2.6%)	0.0%	(93.4%)	(26.7%)

## 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
<b>Military Preparedness</b>						
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%
<b>Texas Emerging Technology Fund</b>						
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%)



# 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
<b>HISTORICAL COMMISSION</b>						
<b>Agency Operation</b>						
<p>Amounts reflect an overall increase of \$1.0 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 \$1.1 million in General Revenue Funds for salaries and other operating costs for an additional 5.5 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; and an increase of \$0.5 million in General Revenue–Dedicated Texas Preservation Trust Fund Account No. 664 for local preservation grants.</p> <p>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).</p>	EST/BUD 2012–13	\$5.2	\$4.7	\$2.0	\$5.0	\$16.9
	REC 2014–15	\$11.3	\$0.5	\$2.0	\$4.1	\$17.9
	BIENNIAL CHANGE	117.2%	(88.8%)	0.0%	(17.5%)	6.2%

# 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
<b>Courthouse Preservation Program</b>						
Funding reflects a decrease of \$22.3 million in GO bond proceeds offset by an increase of \$10.0 million in General Revenue Funds for Courthouse Preservation grants which provide grants to counties for the renovation and rehabilitation of historic courthouses. Funding also reflects an 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 the administration of the courthouse grant program.	EST/BUD 2012–13	\$0.4	\$0.4	\$0.0	\$22.3	\$23.1
	REC 2014–15	\$10.9	\$0.0	\$0.0	\$0.0	\$10.9
	BIENNIAL CHANGE	2,459.2%	(98.5%)	N/A	(100.0%)	(52.7%)
<b>Historic Sites Program</b>						
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 \$0.6 million in General Revenue Funds primarily for 2.5 full-time equivalents to assist with the operation and maintenance of historic sites.	EST/BUD 2012–13	\$15.9	\$0.0	\$0.0	\$21.4	\$37.3
	REC 2014–15	\$18.0	\$0.0	\$0.0	\$0.2	\$18.2
	BIENNIAL CHANGE	13.1%	N/A	N/A	(99.1%)	(51.2%)

# 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
<b>DEPARTMENT OF INFORMATION RESOURCES</b>						
<b>Texas.gov</b>						
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%
<b>TEX-AN</b>						
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%

# 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
<b>LIBRARY AND ARCHIVES COMMISSION</b>						
<b>Library Resource Sharing Programs</b>						
Funding includes an All Funds increase of \$6.2 million which primarily reflects a \$7.2 million increase out of General Revenue Funds for the TexShare Database program. Included in the increase is \$2.4 million to maintain and provide additional online content for TexShare public and academic library members and \$4.9 million for K–12 online content not funded in the 2012–13 biennium.	EST/BUD 2012–13	\$3.1	\$0.0	\$10.0	\$4.3	\$17.4
Funding also reflects an increase of \$1.9 million in Other Funds from TexShare member fees, including \$0.9 million in unexpended balances carried forward from the 2012–13 biennium and \$1.0 million in fees from participating public K–12 schools.	REC 2014–15	\$10.3	\$0.0	\$7.1	\$6.2	\$23.6
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.	BIENNIAL CHANGE	233.3%	N/A	(29.0%)	43.9%	35.8%

# 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
<b>Aid to Local Libraries</b>						
<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> <p>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.</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%)	(75.8%)

## 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
<b>Archives Program</b>						
Funding provides an overall increase of \$0.4 million in All Funds, reflecting an increase of \$1.0 million in General Revenue Funds for safety and security related repairs, equipment replacements and improvements at the Sam Houston Regional Library and Research Center 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	\$4.2	\$0.0	\$0.3	\$0.0	\$4.6
	BIENNIAL CHANGE	31.4%	N/A	(62.1%)	18.2%	10.8%
<b>PRESERVATION BOARD</b>						
<b>Agency Operations</b>						
Funding reflects an overall decrease of \$5.2 million in General Revenue Funds due to 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; \$0.8 million to replace the lift mechanism of the Capitol perimeter bollards; \$0.1 million for transfer of the La Belle shipwreck to the Texas State History Museum; and \$0.3 million in unexpended balances for the African American Texans Monument carried forward from fiscal year 2013 to fiscal year 2014.	EST/BUD 2012–13	\$29.3	\$0.0	\$0.0	\$2.6	\$31.9
	REC 2014–15	\$24.1	\$0.0	\$0.0	\$0.0	\$24.2
	BIENNIAL CHANGE	(17.6%)	N/A	N/A	(98.6%)	(24.2%)
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.						

# 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
<b>SECRETARY OF STATE</b>						
<b>Elections Improvement</b>						
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%)
<b>VETERANS COMMISSION</b>						
<b>Claims Representation and Counseling</b>						
Amounts reflect an increase of \$2.5 million in General Revenue Funds 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. Amounts also include 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	\$11.7	\$0.0	\$0.0	\$0.3	\$12.1
	BIENNIAL CHANGE	27.5%	(7.3%)	N/A	(23.5%)	25.2%



## 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
<b>Veterans Assistance Grants</b>						
<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 provides for an increase of \$1.2 million in General Revenue Funds offset by a corresponding decrease of \$1.2 million in Interagency Contract to reflect direct funding of the veterans housing grant program in the 2014–15 biennium. During the 2012–13 biennium the program was funded through an Interagency Contract from the Texas Department of Housing and Community Affairs.</p>	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$19.5	\$19.5
	REC 2014–15	\$1.2	\$0.0	\$0.0	\$10.7	\$11.9
	BIENNIAL CHANGE	100.0%	0.0%	0.0%	(45.2%)	(39.2%)

## HEALTH AND HUMAN SERVICES

### 2014–15 BIENNIAL RECOMMENDATIONS

All Funds for Health and Human Services total \$72.1 billion for the 2014–15 biennium, an increase of \$3.5 billion, or 5.1 percent, from the 2012–13 biennium (Figure 22).

General Revenue Funds and General Revenue–Dedicated Funds total \$30.2 billion, an increase of \$1.7 billion, or 6.0 percent, from the 2012–13 biennium (Figure 23).

Sixty-two percent of the biennial General Revenue Funds increase (\$1.0 billion) is related to maintaining projected Medicaid caseload 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 \$348.9 million in General Revenue Funds.

Funding is included to expand mental health and substance abuse services (\$239.3 million in General Revenue Funds) and to expand primary health care services (\$100.0 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	\$13,562.8	\$724.1	5.6
Assistive and Rehabilitative Services, Department of	1,235.6	1,279.6	44.0	3.6
Family and Protective Services, Department of	2,690.1	3,016.0	325.9	12.1
State Health Services, Department of	5,796.4	6,252.0	455.6	7.9
Health and Human Services Commission	45,304.4	47,136.6	1,832.2	4.0
Subtotal, Health and Human Services	\$67,865.0	\$71,246.9	\$3,381.9	5.0
Retirement and Group Insurance	\$1,140.6	\$1,325.6	\$185.0	16.2
Social Security and Benefit Replacement Pay	329.4	326.9	(2.5)	(0.8)
Subtotal, Employee Benefits	\$1,470.1	\$1,652.6	\$182.5	12.4

## 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	\$56.7	\$0.9	1.6
Lease Payments	12.5	8.7	(3.8)	(30.6)
Subtotal, Debt Service	\$68.3	\$65.4	(\$2.9)	(4.3)
Less Interagency Contracts	\$771.2	\$819.6	\$48.5	6.3
<b>Total Article II – Health and Human Services</b>	<b>\$68,632.3</b>	<b>\$72,145.2</b>	<b>\$3,513.0</b>	<b>5.1</b>

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	\$5,475.8	\$196.2	3.7
Assistive and Rehabilitative Services, Department of	241.0	270.2	29.2	12.1
Family and Protective Services, Department of	1,262.6	1,447.6	185.1	14.7
State Health Services, Department of	2,797.9	3,208.6	410.7	14.7
Health and Human Services Commission	17,961.3	18,715.5	754.2	4.2
Subtotal, Health and Human Services	\$27,542.3	\$29,117.7	\$1,575.4	5.7
Retirement and Group Insurance	\$693.7	\$822.0	\$128.3	18.5
Social Security and Benefit Replacement Pay	193.7	198.5	4.8	2.5
Subtotal, Employee Benefits	\$887.5	\$1,020.5	\$133.0	15.0
Bond Debt Service Payments	\$48.2	\$46.0	(\$2.2)	(4.5)
Lease Payments	12.5	8.7	(3.8)	(30.6)
Subtotal, Debt Service	\$60.7	\$54.7	(\$6.0)	(9.9)
<b>Total Article II – Health and Human Services</b>	<b>\$28,490.5</b>	<b>\$30,192.9</b>	<b>\$1,702.4</b>	<b>6.0</b>

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
<b>DEPARTMENT OF AGING AND DISABILITY SERVICES</b>				
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	44,334	56,834
Number of Clients Served (End of Year): Waivers	41,221	42,311	45,093	57,532
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
<b>DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES</b>				
Average Monthly Number of Children Served in Comprehensive Services (Early Childhood Intervention)	25,039	25,094	26,498	27,981
Average Monthly Number of Children Receiving Autism Services	140	127	218	218
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	627	627

## 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
<b>DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES</b>				
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	17.70	17.70
CPS Daily Caseload Per Worker: Substitute Care Services	33.67	34.90	30.90	28.40
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	6,051	6,281
Number of Completed Adult Protective Services Investigations	87,506	89,547	92,624	95,868
<b>DEPARTMENT OF STATE HEALTH SERVICES</b>				
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	1,566	1,536
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	58,542	57,988
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	8,063	8,063

## 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
<b>HEALTH AND HUMAN SERVICES COMMISSION</b>				
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	80,686	80,686



# 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
<b>MULTI-AGENCY ISSUES</b>						
<b>MEDICAID</b>						
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 \$56,711.2 million in All Funds, including \$22,805.4 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	\$22,695.2	\$110.2	\$33,509.2	\$396.6	\$56,711.2
	BIENNIAL CHANGE	4.9%	(14.4%)	6.6%	17.2%	6.0%
Approximately 97 percent of General Revenue Funds and General Revenue–Dedicated Funds Medicaid appropriations (\$22,007.9 million) go towards direct client services and associated administrative functions: \$17,027.1 million for acute care services administered through the Health and Human Services Commission and \$4,980.8 million for long-term care services administered through the Department of Aging and Disability Services. Of the remaining \$797.5 million of General Revenue Medicaid appropriations, one-half (\$397.9 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.						
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.						

## 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 established for the 2014–15 biennium is 56,834 (includes new attendant care/habilitation program).</p> <p>A supplemental appropriation of \$4.4 billion in General Revenue Funds is assumed to complete fiscal year 2013 Medicaid expenditures.</p> <p>Funding levels for fiscal years 2014 and 2015 reflect a net increase of \$3,194.3 million in All Funds, including \$1,047.6 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>Acute Care Medicaid caseload growth is funded at \$843.7 million in General Revenue Funds for the 2014–15 biennium. Medicaid long-term care caseload growth is funded at \$32.1 million in General Revenue Funds.</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 is not included for projected growth in costs, such as higher patient acuity, service utilization and medical inflation for fiscal years 2014 and 2015.					
Funding assumes the continuation of cost containment efforts implemented in the 2012–13 biennium. Funding levels include an additional reduction of \$840.2 million in All Funds, including \$348.9 million in General Revenue Funds, for cost containment initiatives the agency is directed to carry out during fiscal years 2014 and 2015. Funding levels also assume a reduction of \$117.8 million in General Revenue Funds and \$284.4 million in All Funds related to the expansion of certain services at the Department of State Health Services and anticipated Medicaid fraud-related recoveries.					
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, resulting in an estimated \$205 million in freed-up General Revenue Funds at HHSC and DADS. 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
<b>DEPARTMENT OF AGING AND DISABILITY SERVICES</b>						
<b>Medicaid Services</b>						
<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 \$12.3 billion in All Funds, \$4.9 billion in General Revenue Funds, \$110.0 million in General Revenue–Dedicated Funds, \$7.3 billion in Federal Funds, and \$37.0 million in Other Funds.</p> <p>Medicaid funding for the 2014–15 biennium is anticipated to serve an average of 197,255 clients per month in fiscal year 2014 and 213,685 clients per month in fiscal year 2015. STAR+PLUS expansion at the Health and Human Services Commission resulted in lower caseloads in certain community care programs.</p> <p>Funding for waiver programs includes \$3.1 billion in All Funds, \$1.2 billion in General Revenue Funds and is anticipated to serve an average of 44,334 clients in fiscal year 2014 and 56,834 clients in fiscal year 2015. It is anticipated this would include 11,902 new attendant care/habilitation slots, 1,272 new community waiver slots, and 1,032 new promoting independence slots (average monthly) in fiscal year 2015. Funding included for this expansion totals \$530.5 million in All Funds, \$164.7 million in General Revenue Funds. Funding includes \$81.4 million in All Funds, \$33.8 million in General Revenue Funds for attendant care wage increases in community programs.</p>	EST/BUD 2012–13	\$4,700.0	\$128.6	\$6,799.7	\$37.4	\$11,665.6
	REC 2014–15	\$4,870.8	\$110.0	\$7,294.5	\$37.0	\$12,312.4
	BIENNIAL CHANGE	3.6%	(14.4%)	7.3%	(0.9%)	5.5%

# 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
Funding for Nursing Facility-related strategies is \$5.7 billion in All Funds, including \$2.4 billion in General Revenue Funds. Funding for Nursing Facility Payments assumes caseload growth and continuation of the August 2013 average daily rate. Funding for Medicare Skilled Nursing Facility assumes caseload growth and that costs are tied to changes in the Medicare inpatient hospital deductible. Funding for Hospice assumes caseload growth and continuation of the August 2013 cost per unit. 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 \$1.3 billion in All Funds, including \$557.4 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 \$58.1 million in All Funds, \$27.2 million 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.					

## 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
<b>Non-Medicaid Services</b>						
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 \$398.9 million in All Funds, \$125.2 million in General Revenue Funds, and \$273.7 million in Federal Funds.  The Average Number of Clients Served Per Month is estimated to be 43,111 in fiscal year 2014 and 43,620 in fiscal year 2015.  The slight All Funds increase reflects the agency's request, which includes a realignment of funding for intellectual disability services, offset by expansion of community services and the attendant wage increase.	EST/BUD 2012–13	\$121.2	\$0.0	\$277.3	\$0.2	\$398.7
	REC 2014–15	\$125.2	\$0.0	\$273.7	\$0.0	\$398.9
	BIENNIAL CHANGE	3.3%	N/A	(1.3%)	(100.0%)	0.1%
<b>Intake, Access, Eligibility and Guardianship</b>						
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	\$245.9	\$0.0	\$267.7	\$3.7	\$517.3
	BIENNIAL CHANGE	11.6%	N/A	11.4%	(0.6%)	11.4%

# 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
<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 \$517.3 million in All Funds, \$245.9 million in General Revenue Funds, \$267.7 million in Federal Funds, and \$3.7 million in Other Funds.</p> <p>An increase of \$52.9 million in All Funds, \$25.6 million in General Revenue Funds is provided primarily for service coordination, long-term care 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>						
<b>Administrative/Capital</b>						
<p>Administration and information technology functions provides technology products, services, and support to all DADS programs. Funding for Administrative/Capital strategies includes \$187.5 million in All Funds, including \$77.2 million in General Revenue Funds, \$0.6 million in General Revenue–Dedicated Funds, \$88.8 million in Federal Funds, and \$20.8 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) and an increase of \$2.2 million in new bonds in fiscal year 2014 for health and safety and deferred maintenance.</p>	EST/BUD 2012–13	\$64.4	\$0.6	\$82.8	\$18.7	\$166.4
	REC 2014–15	\$77.2	\$0.6	\$88.8	\$20.8	\$187.5
	BIENNIAL CHANGE	19.9%	0.0%	7.3%	11.6%	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>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> <p>Funding of \$26.1 million in All Funds, \$11.9 million in General Revenue Funds 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.</p>						
<b>Regulatory</b>						
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	\$25.3	\$20.8	\$97.9	\$2.7	\$146.7
	BIENNIAL CHANGE	(37.8%)	434.0%	1.6%	0.0%	2.2%
<p>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.</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>Funding for Regulatory strategies includes \$146.7 million in All Funds, including \$25.3 million in General Revenue Funds, \$20.8 million in General Revenue–Dedicated Funds, \$97.9 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>						
<b>DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES</b>						
<b>Rehabilitation Services-General</b>						
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"> <li>• Vocational Rehabilitation (VR);</li> <li>• Centers for Independent Living;</li> <li>• Independent Living Services;</li> <li>• Comprehensive Rehabilitation Services (CRS); and</li> <li>• Deaf and Hard of Hearing Services.</li> </ul>	REC 2014–15	\$120.7	\$36.4	\$362.0	\$4.4	\$523.5
(Services for the blind or visually impaired are addressed in the next section)	BIENNIAL CHANGE	11.6%	6.3%	(4.2%)	(9.8%)	(0.3%)

# 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>An increase of \$14.7 million in General Revenue Funds and General Revenue–Dedicated Funds is due to increases of \$11.8 million for comprehensive rehabilitation services, \$1.7 million for deaf and hard of hearing services, and \$1.2 million for Data Center Services current obligations. 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. In the Comprehensive Rehabilitation Services Program, it is anticipated that the average monthly number of people served will be 627 for the 2014–15 biennium.</p>						
<b>Rehabilitation Services-Blind</b>						
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.						
<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>						

# 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
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.						
<b>Children With Disabilities</b>						
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	\$81.4	\$0.0	\$223.9	\$33.0	\$338.3
• Habilitative Services for Children (Blind Children's Vocational Development and Discovery Program) from birth through age 22; and	BIENNIAL CHANGE	23.7%	N/A	17.0%	0.0%	16.6%
• Autism Services for children ages three to eight.						
An increase of \$15.6 million in General Revenue Funds is due to an increase of \$10.8 million for caseload and cost growth assumptions in the ECI program and a \$4.8 million increase for autism services. The \$48.2 million increase in All Funds includes \$32.6 million in Federal Funds for ECI.						
It is anticipated that the number of children served in the ECI program (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. In the Autism Program, the average monthly number of children served will increase from 127 in fiscal year 2013 to 218 in fiscal year 2015.						

## 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
<b>Disability Determination</b>						
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%)
<b>Program Support</b>						
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
<b>DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES</b>						
<b>Child Protective Services</b>						
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.  The 2014–15 biennial funding totals \$2,501.7 million in All Funds (\$1,162.8 million in General Revenue Funds). Increased funding of \$111.6 million in General Revenue Funds and \$236.2 million in All Funds provides for:	EST/BUD 2012–13	\$1,051.2	\$0.0	\$1,197.8	\$16.4	\$2,265.5
	REC 2014–15	\$1,162.8	\$0.2	\$1,322.0	\$16.7	\$2,501.7
	BIENNIAL CHANGE	10.6%	616.9%	10.4%	1.9%	10.4%
<ul style="list-style-type: none"> <li>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);</li> <li>caseload growth in foster day care (\$1.3 million in General Revenue Funds and \$2.3 million in All Funds);</li> <li>caseload growth in protective day care (\$1.8 million in General Revenue Funds and \$9.8 million in All Funds);</li> <li>caseload growth in CPS purchased client services (\$11.4 million in All Funds);</li> <li>caseload growth in the relative caregiver program (\$2.3 million in General Revenue Funds); and</li> <li>increasing the relative caregiver monetary assistance from \$1,000 per sibling group to \$1,000 per child (\$4.9 million in General Revenue Funds).</li> </ul>						

## 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 increase includes full-time-equivalent (FTE) positions to: <ul style="list-style-type: none"><li>maintain the projected fiscal year 2013 caseloads per worker for CPS investigations and conservatorship (\$8.4 million in General Revenue Funds and \$9.6 million in All Funds);</li><li>additional trainer FTEs and to purchase leadership development training (\$1.5 million in All Funds);</li><li>decrease the number of delinquent investigations (\$5.3 million in General Revenue Funds and \$39.7 million in All Funds);</li><li>reduce the CPS conservatorship caseload to the fiscal year 2009 level (\$18.3 million in General Revenue Funds and \$37.2 million in All Funds; and</li><li>strengthen CPS kinship services (\$13.5 million in General Revenue Funds and \$15.5 million in All Funds).</li></ul> A portion of the funding to adjust the career ladder program for caseworkers and to reclassify caseworkers and supervisors is also included.					

# 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
<b>Adult Protective Services</b>						
<p>DFPS investigates reports of abuse, neglect, and/or exploitation and provides emergency client services for certain adults who live in community settings and nursing homes. The agency also investigates reports of abuse, neglect, and/or exploitation of consumers receiving mental health and mental retardation services.</p> <p>Funding for Adult Protective Services totals \$136.6 million in All Funds (\$68.8 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.</p>	EST/BUD 2012–13	\$72.0	\$0.0	\$62.4	\$0.0	\$134.5
	REC 2014–15	\$68.8	\$0.0	\$67.8	\$0.0	\$136.6
	BIENNIAL CHANGE	(4.6%)	N/A	8.7%	N/A	1.6%
<b>Child Care Regulation</b>						
<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 (\$24.9 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	\$24.9	\$0.0	\$47.0	\$0.2	\$72.2
	BIENNIAL CHANGE	5.5%	N/A	10.4%	(2.2%)	8.6%

## 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
<b>Prevention and Early Intervention Services</b>						
DFPS provides prevention and early intervention services for children and youth.	EST/BUD 2012–13	\$29.5	\$11.4	\$25.9	\$0.0	\$66.8
Funding for Prevention and Early Intervention Services totals \$105.3 million in All Funds (\$70.7 million in General Revenue Funds) for the 2014–15 biennium. An increase of \$41.2 million in General Revenue Funds for child abuse and neglect prevention is partially offset by a \$2.7 million decrease in Federal Funds due to the loss of Community-based Child Abuse Prevention Federal Funds.	REC 2014–15  BIENNIAL CHANGE	\$70.7  139.7%	\$11.4  0.0%	\$23.2  (10.4%)	\$0.0  (13.0%)	\$105.3  57.7%
<b>Statewide Intake Services</b>						
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.	EST/BUD 2012–13  REC 2014–15  BIENNIAL CHANGE	\$12.4  \$13.3  6.9%	\$0.0  \$0.0  N/A	\$24.0  \$25.7  7.2%	\$0.0  \$0.0  N/A	\$36.4  \$39.0  7.1%
The 2014–15 biennial funding totals \$39.0 million in All Funds (\$13.3 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 ladder program for caseworkers and to reclassify caseworkers and supervisors.						



# 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
<b>Indirect Administration</b>						
Indirect Administration includes central administration, other support services, regional administration, information technology program support, and the capital budget for the acquisition of information resource technologies.	EST/BUD 2012–13	\$62.4	\$0.0	\$58.1	\$0.0	\$120.5
	REC 2014–15	\$95.6	\$0.0	\$65.6	\$0.0	\$161.3
Increased funding of \$40.8 million in All Funds (\$33.2 million in General Revenue Funds) includes:	BIENNIAL CHANGE	53.2%	0.0%	13.0%	0.0%	33.8%
<ul style="list-style-type: none"> <li>• updates to the agency's automated casework systems - IMPACT and CLASS (\$4.0 million in All Funds);</li> <li>• implementation of an alternative response model for CPS investigations (\$1.5 million in General Revenue Funds and \$1.7 million in All Funds);</li> <li>• development of a new APS Risk Assessment tool (\$1.2 million in General Revenue Funds and \$1.4 million in All Funds);</li> <li>• a re-engineering project to modernize the agency's automated casework system—IMPACT (\$19.4 million in General Revenue Funds and \$21.8 million in All Funds);</li> <li>• computer devices (\$7.9 million in General Revenue Funds) for the FTEs funded in CPS, child care licensing, and prevention;</li> <li>• \$0.1 million to maintain current data center services obligations; and</li> <li>• there also a method-of-finance swap that replaced Federal Funds with a like amount of General Revenue Funds; due to the availability of certain Federal Funds diminishing, such as Title IV-E.</li> </ul>						

# 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
<b>DEPARTMENT OF STATE HEALTH SERVICES</b>						
<b>Preparedness and Prevention</b>						
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.	EST/BUD 2012–13	\$385.3	\$44.6	\$564.7	\$153.0	\$1,147.6
	REC 2014–15	\$407.2	\$50.8	\$517.2	\$187.6	\$1,162.8
	BIENNIAL CHANGE	5.7%	13.9%	(8.4%)	22.6%	1.3%
Funding for Preparedness and Prevention Services totals \$1,162.8 million in All Funds (\$458.0 million in General Revenue Funds and General Revenue–Dedicated Funds).						
Funding increased by \$15.2 million in All Funds (\$28.1 million in General Revenue Funds and General Revenue–Dedicated Funds), including a reduction of 13 FTEs from the 2012–13 biennium, primarily due to:						
<ul style="list-style-type: none"> <li>• an increase of \$3.0 million in General Revenue Funds to fund the tuberculosis blood test, and \$0.3 million to replace 14 vehicles;</li> <li>• an increase of \$13.9 million in General Revenue Funds to fund additional immunizations for adults;</li> <li>• an increase of \$5.8 million in General Revenue Funds to increase responsiveness to disease outbreaks and disasters;</li> <li>• an increase of \$2 million in General Revenue Funds to increase education and training for hospitals on health care associated infections;</li> <li>• an increase of \$14 million in General Revenue Funds to fully fund the wait list for the Children with Special Health Care Needs program;</li> </ul>						

# 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"> <li>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;</li> <li>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;</li> <li>an increase of \$0.4 million in General Revenue—Dedicated Funds due to revenue from the assumed implementation of a health insurance exchange;</li> <li>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;</li> <li>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; and</li> <li>a decrease of \$4.3 million in Other Funds in Interagency Contracts and Medicaid reimbursements.</li> </ul>						
<b>Community Health Services</b>						
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.	EST/BUD 2012–13	\$855.3	\$574.0	\$1,843.6	\$121.5	\$3,394.4
	REC 2014–15	\$1,216.2	\$567.9	\$1,889.6	\$123.6	\$3,797.3
	BIENNIAL CHANGE	42.2%	(1.1%)	2.5%	1.7%	11.9%

# 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
Funding for Community Health Services totals \$3,797.3 million in All Funds (\$1,784.1 million in General Revenue Funds and General Revenue–Dedicated Funds).					
Funding increased by \$402.9 million in All Funds (\$354.8 million in General Revenue Funds and General Revenue–Dedicated Funds) from the 2012–13 biennium primarily due to:					
<ul style="list-style-type: none"><li>• an increase of \$100 million in General Revenue Funds to expand the Primary Health Care Program to serve additional women;</li><li>• 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;</li><li>• an increase of \$186.7 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;</li><li>• an increase of \$15.9 million in General Revenue Funds for substance abuse services;</li><li>• an increase of \$23.2 million in General Revenue Funds and \$4.8 million in Federal Funds for behavioral health services;</li><li>• an increase of \$32.1 million in General Revenue Funds for a contingency for the family planning program in the event that the state is not awarded the Title X federal funds;</li><li>• an increase of \$2.0 million in General Revenue Funds to expand the Tobacco Quit line services;</li></ul>					

# 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"> <li>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;</li> <li>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;</li> <li>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;</li> <li>a decrease of \$4.4 million in Federal Funds reflecting increases and decreases for various federal grants; and</li> <li>an increase of \$2.1 million in Other Funds primarily due to an increase in revenue from the assumed implementation of a health insurance exchange.</li> </ul>						
<b>Hospital Facilities and Services</b>						
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.	EST/BUD 2012–13	\$758.6	\$2.4	\$37.5	\$163.9	\$962.5
	REC 2014–15	\$770.6	\$2.8	\$38.0	\$194.9	\$1,006.2
	BIENNIAL CHANGE	1.6%	15.9%	1.3%	18.9%	4.5%

## 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
Funding for hospital facilities and services totals \$1,006.2 million in All Funds (\$773.4 million in General Revenue Funds and General Revenue–Dedicated Funds).					
Funding increased by \$43.7 million in All Funds (\$12.4 million in General Revenue Funds and General Revenue–Dedicated Funds) from the 2012–13 biennium primarily due to:					
<ul style="list-style-type: none"><li>• 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);</li><li>• an increase of \$10.7 million in General Revenue Funds for an increase in compensation for psychiatric nursing assistants;</li><li>• an increase of \$2.4 million in General Revenue Funds for six additional civil long-term beds in the Harris County Psychiatric Center;</li><li>• an increase of \$0.3 million in General Revenue Funds for repairs and equipment for state hospital facilities;</li><li>• an increase of \$0.4 million in General Revenue–Dedicated Funds due to an anticipated increase in earnings on permanent tobacco fund accounts to be used to fund the Texas Center for Infectious Disease;</li><li>• 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; and</li></ul>					

# 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"> <li>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.</li> </ul>						
<b>Consumer Protection Services</b>						
DSHS provides consumer protection services including public health efforts related to ensuring food and drug safety, minimizing environmental hazards, licensing healthcare professionals and facilities, and regulating activities related to radiation. Funding for these regulatory services is largely generated through fee revenue deposited to the General Revenue Fund or to specific General Revenue–Dedicated accounts.	EST/BUD 2012–13	\$63.7	\$32.5	\$29.8	\$1.9	\$127.9
	REC 2014–15	\$65.0	\$31.5	\$30.3	\$1.9	\$128.7
	BIENNIAL CHANGE	2.0%	(3.1%)	1.7%	0.0%	0.6%
Funding for Consumer Protection Services totals \$128.7 million in All Funds (\$96.5 million in General Revenue Funds and General Revenue–Dedicated Funds).						
Funding increased by \$0.8 million in All Funds (\$1.3 million in General Revenue Funds) including a reduction of 9 FTEs from the 2012–13 biennium primarily due to:						
<ul style="list-style-type: none"> <li>an increase of \$1.3 million for disease outbreak and disaster response initiatives;</li> <li>a decrease of \$1.0 million in appropriations from the Perpetual Care Account; and</li> <li>an increase of \$0.5 million in Medicare payments for surveys of CMS certified health facilities.</li> </ul>						

# 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
<b>Capital Items</b>						
Funding for the agency's capital items totals \$21.9 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 include GO bonds issued to repair and renovate the state hospitals.  Funding decreased by \$23.3 million in All Funds primarily due to one-time GO bonds for repairs to the Moreton Building expended in the 2012–13 biennium.	EST/BUD 2012–13	\$6.2	\$5.7	\$0.0	\$33.2	\$45.2
	REC 2014–15	\$6.2	\$5.7	\$0.0	\$10.0	\$21.9
	BIENNIAL CHANGE	0.0%	0.0%	N/A	(69.9%)	(51.6%)
<b>Indirect Administration</b>						
Funding for the agency's administrative budget totals \$123.3 million in All Funds for the 2014–15 biennium.  Funding increased by \$13.3 million in All Funds (\$12.2 million in General Revenue Funds) including a reduction of 9 FTEs from the 2012–13 biennium primarily due to: <ul style="list-style-type: none"> <li>an increase of \$13.5 million in General Revenue Funds and \$1.3 million in Federal Funds maintains current data center services obligations;</li> <li>a decrease of \$1.3 million in General Revenue Funds due to central administration savings; and</li> <li>a decrease of \$0.4 million in Federal Funds primarily due to a one-time Hazard Mitigation Grant and a reduction in ARRA funds.</li> </ul>	EST/BUD 2012–13	\$58.0	\$2.6	\$29.0	\$20.3	\$110.0
	REC 2014–15	\$70.2	\$2.6	\$29.9	\$20.5	\$123.3
	BIENNIAL CHANGE	21.1%	0.0%	3.0%	1.1%	12.1%



## 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
<b>Office of Violent Sex Offender Management</b>						
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 \$11.8 million in General Revenue Funds for the 2014–15 biennium, which is an increase of \$3.0 million for the projected increase in civil commitments. The FTE cap is increased by 2.0 FTEs in fiscal year 2014 and 5.0 FTEs in fiscal year 2015.	EST/BUD 2012–13	\$8.8	\$0.0	\$0.0	\$0.0	\$8.8
	REC 2014–15	\$11.8	\$0.0	\$0.0	\$0.0	\$11.8
	BIENNIAL CHANGE	34.1%	N/A	N/A	N/A	34.1%
<b>HEALTH AND HUMAN SERVICES COMMISSION</b>						
<b>Acute Care Medicaid and STAR+Plus</b>						
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.	EST/BUD 2012–13	\$16,232.8	\$0.0	\$23,618.3	\$292.9	\$40,144.1
	REC 2014–15	\$17,027.1	\$0.0	\$25,063.7	\$328.4	\$42,419.3
	BIENNIAL CHANGE	4.9%	N/A	6.1%	12.1%	5.7%
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.						

## 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 \$42,419.3 million in All Funds (\$17,027.1 million in General Revenue Funds). Funding levels assume caseload growth, including a transfer of children from the Children's Health Insurance Program (CHIP) pursuant to the federal Affordable Care Act (ACA). Appropriations do not assume cost growth, but do maintain increased rates for certain Primary Care Physician (PCP) services required by the ACA from January 2013 to December 2014. Funding levels also include \$44.0 million in General Revenue Funds to expand the PCP rate increase to Obstetrician/Gynecologist providers and to maintain a 2 percent rate enhancement for PCP services through August 2015. Funding levels also include \$63.7 million in General Revenue Funds to increase attendant care provider wages for certain STAR+PLUS and Texas HealthSteps services.</p> <p>The funding level for 2014–15 includes a reduction of \$348.9 million in General Revenue Funds and \$840.1 million in All Funds for cost containment initiatives. Funding levels also assume a reduction of \$117.8 million in General Revenue Funds and \$284.4 million in All Funds related to the expansion of certain services at the Department of State Health Services and anticipated Medicaid fraud-related recoveries.</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
<b>Children's Health Insurance Program</b>						
<p>The Children's Health Insurance Program (CHIP) is a federal-state program that insures children whose family income is above Medicaid standards, but is less than 200 percent of the federal poverty level (FPL). The federal government contributes to the cost of CHIP according to a match rate, or Enhanced Federal Medical Assistance Percentage (EFMAP). Services include inpatient and outpatient hospital services, prescription medications, lab and diagnostic tests, well-child exams and preventive health services, physician office visits, emergency care transportation, home and community health services, vision, dental, mental health, tobacco cessation, chiropractic, hospice and skilled nursing benefits, and durable medical equipment. The state requires an annual enrollment fee, which is based on the size of the applicant's family and monthly income.</p> <p>Appropriations for the 2014–15 biennium total \$1,846.4 million in All Funds (\$543.6 million in General Revenue Funds). The federal Affordable Care Act requires that all children with family incomes up to 138 percent of the FPL be covered in Medicaid. Previously, certain children below 138 percent of FPL were served by CHIP. Funding levels assume the transition of all children up to 138 percent of FPL from CHIP to Medicaid. This results in a decrease in appropriations for CHIP.</p>	EST/BUD 2012–13	\$685.1	\$0.0	\$1,666.2	\$0.0	\$2,351.3
	REC 2014–15	\$543.6	\$0.0	\$1,302.8	\$0.0	\$1,846.4
	BIENNIAL CHANGE	(20.6%)	N/A	(21.8%)	N/A	(21.5%)

## 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
<b>Integrated Eligibility and Enrollment</b>						
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.	EST/BUD 2012–13	\$689.9	\$0.0	\$815.5	\$21.2	\$1,526.6
	REC 2014–15	\$691.5	\$0.0	\$815.2	\$21.1	\$1,527.8
	BIENNIAL CHANGE	0.2%	N/A	(0.0%)	(0.4%)	0.1%
Appropriations for the 2014–15 biennium total \$1,527.8 million in All Funds (\$691.5 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. Funding levels assume an increase for eligibility determination related to additional waiver slots in STAR+PLUS.						
<b>Temporary Assistance for Needy Families</b>						
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%

# 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 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>						
<p><b>Texas Integrated Eligibility Redesign System and Eligibility Technologies</b></p>						
<p>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.</p> <p>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.</p>	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
<b>Office of the Inspector General</b>						
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 \$96.6 million in All Funds (\$30.9 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 FTEs to conduct utilization reviews of the STAR+PLUS program.	EST/BUD 2012–13	\$29.4	\$0.0	\$39.8	\$24.1	\$93.2
	REC 2014–15	\$30.9	\$0.0	\$41.3	\$24.4	\$96.6
	BIENNIAL CHANGE	5.2%	N/A	3.8%	1.0%	3.5%
<b>Program Support</b>						
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 \$73.7 billion for the 2014–15 biennium, which is a decrease of \$2.0 billion, or 2.7 percent, from the 2012–13 biennium (Figure 26).

This amount includes \$1.0 billion appropriated in Article IX for the Foundation School Program. 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 \$4.1 billion.

General Revenue Funds and General Revenue–Dedicated Funds total \$53.0

billion, which is an increase of \$3.2 billion, or 6.4 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				
<b>Public Education</b>				
Texas Education Agency*	\$49,058.5	\$52,647.2	\$3,588.7	7.3
School for the Blind and Visually Impaired	64.1	44.9	(19.2)	(29.9)
School for the Deaf	55.8	60.1	4.3	7.7
Subtotal, Public Education	\$49,178.4	\$52,752.2	\$3,573.8	7.3
<b>Public Higher Education</b>				
General Academic Institutions	\$5,960.9	\$6,155.0	\$194.0	3.3
Health-related Institutions	8,828.7	2,692.1	(6,136.6)	(69.5)
Texas A&M Service Agencies	1,124.7	882.7	(242.0)	(21.5)
Higher Education Coordinating Board	1,320.9	1,495.5	174.6	13.2
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

# 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				
<b>Two-Year Institutions</b>				
Public Community/Junior Colleges	\$1,749.4	\$1,698.9	(\$50.5)	(2.9)
Lamar Lower-level Institutions	68.5	64.1	(4.4)	(6.4)
Texas State Technical Colleges	172.4	164.8	(7.6)	(4.4)
Subtotal, Two-Year Institutions	\$1,990.3	\$1,927.8	(\$62.5)	(3.1)
Subtotal, Higher Education	\$21,063.3	\$15,054.4	(\$6,008.9)	(28.5)
Teacher Retirement System	\$3,707.4	\$3,938.4	\$231.1	6.2
Optional Retirement Program	261.0	258.0	(3.0)	(1.1)
Higher Education Employees Group Insurance Contributions	969.0	1,107.9	139.0	14.3
Retirement and Group Insurance	59.8	71.2	11.4	19.0
Social Security and Benefit Replacement Pay	515.7	536.3	20.6	4.0
Subtotal, Employee Benefits	\$5,512.9	\$5,911.9	\$399.1	7.2
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)
<b>Total Article III – Agencies of Education</b>	<b>\$75,677.9</b>	<b>\$73,655.5</b>	<b>(\$2,022.3)</b>	<b>(2.7)</b>

\*Includes \$1.0 billion appropriated in Article IX.

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				
<b>Public Education</b>				
Texas Education Agency*	\$31,577.3	\$34,304.8	\$2,727.6	8.6
School for the Blind and Visually Impaired	29.4	29.9	0.6	2.0
School for the Deaf	36.4	41.9	5.5	15.0
Subtotal, Public Education	\$31,643.0	\$34,376.6	\$2,733.6	8.6
<b>Public Higher Education</b>				
General Academic Institutions	\$5,947.9	\$6,140.1	\$192.2	3.2
Health-related Institutions	2,635.9	2,583.8	(52.2)	(2.0)
Texas A&M Service Agencies	583.8	341.8	(242.0)	(41.5)
Higher Education Coordinating Board	1,140.8	1,384.7	243.9	21.4
Higher Education Fund	525.0	525.0	0.0	N/A
<b>Two-Year Institutions</b>				
Public Community/Junior Colleges	\$1,749.4	\$1,698.9	(\$50.5)	(2.9)
Lamar Lower-level Institutions	68.5	64.1	(4.4)	(6.4)
Texas State Technical Colleges	172.4	164.8	(7.6)	(4.4)
Subtotal, Two-Year Institutions	1,990.3	1,927.8	(62.5)	(3.1)
Subtotal, Higher Education	\$12,823.7	\$12,903.1	\$79.4	0.6
Teacher Retirement System	\$3,547.3	\$3,763.3	\$215.9	6.1
Optional Retirement Program	261.0	258.0	(3.0)	(1.1)
Higher Education Employees Group Insurance Contributions	967.6	1,106.5	139.0	14.4
Retirement and Group Insurance	50.5	59.9	9.4	18.6

## 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				
Social Security and Benefit Replacement Pay	494.0	513.9	19.9	4.0
Subtotal, Employee Benefits	\$5,320.3	\$5,701.6	\$381.3	7.2
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
<b>Total Article III – Agencies of Education</b>	<b>\$49,806.0</b>	<b>\$53,008.7</b>	<b>\$3,202.7</b>	<b>6.4</b>

\*Includes \$1.0 billion appropriated in Article IX.

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
<b>PUBLIC EDUCATION</b>				
<b>TEXAS EDUCATION AGENCY</b>				
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%
<b>HIGHER EDUCATION</b>				
<b>HIGHER EDUCATION COORDINATING BOARD</b>				
Number of Students Receiving TEXAS Grants	76,003	82,000	94,951	105,451
Number of NHARP Research Projects Funded	12	0	36	0
Increase in Fall Student Headcount Enrollment	532,754	557,186	581,618	606,050
<b>TEXAS A&amp;M UNIVERSITY</b>				
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
<b>THE UNIVERSITY OF TEXAS</b>				
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%
<b>TEXAS TECH UNIVERSITY</b>				
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%
<b>UNIVERSITY OF HOUSTON</b>				
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
<b>THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER</b>				
Percent of Medical School Graduates Practicing Primary Care in Texas	15.3%	19.0%	19.0%	19.0%
<b>THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON</b>				
Percent of Medical School Graduates Practicing Primary Care in Texas	23.7%	30.0%	30.0%	30.0%
<b>THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO</b>				
Percent of Medical School Graduates Practicing Primary Care in Texas	25%	25%	25%	25%
<b>UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER AT FORT WORTH</b>				
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
<b>AGENCY ISSUES: PUBLIC EDUCATION</b>					
<b>TEXAS EDUCATION AGENCY</b>					
<b>Foundation School Program (FSP)</b>					
Funding for the FSP totals \$40.7 billion in All Funds and \$32.8 billion in General Revenue Funds for the 2014–15 biennium.					
General Revenue Funds for the FSP are \$2.5 billion above the 2012–13 biennial base. On an All Funds basis, FSP funding is increased by \$2.8 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-second 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
<b>FSP - Operations</b>						
The 2014–15 biennial funding levels supporting the daily operations of school districts and charter schools are increased by \$2.5 billion in General Revenue Funds and \$2.8 billion in All Funds. This funding level includes \$2.5 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.	EST/BUD 2012–13	\$28,983.7	\$0.0	\$0.0	\$7,551.7	\$36,535.4
	REC 2014–15	\$31,532.6	\$0.0	\$0.0	\$7,802.3	\$39,334.9
	BIENNIAL CHANGE	8.8%	N/A	N/A	3.3%	7.7%
<b>FSP - Facilities</b>						
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.	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
<b>Instructional Materials</b>						
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%
<b>Agency Administration</b>						
Funding reflects an increase of \$7.9 million in All Funds, including an increase of \$5.0 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 \$4.0 million in General Revenue Funds (\$8.0 million in All Funds) 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	\$119.3	\$0.0	\$79.0	\$59.3	\$257.6
	BIENNIAL CHANGE	4.4%	N/A	(15.0%)	39.5%	3.2%
Funding reflects a decrease of \$13.9 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 \$4.0 million for the Texas Student Data System capital project.						
Funding reflects an increase of \$16.8 million in Other Funds 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
<b>Federal Grants to School Districts</b>						
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%
<b>Funding to Entities Other than School Districts</b>						
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%)
<b>Assessments</b>						
Funding from General Revenue Funds is decreased by \$73.4 million for assessments.	EST/BUD 2012–13	\$98.4	\$0.0	\$67.3	\$0.0	\$165.7
	REC 2014–15	\$25.0	\$0.0	\$66.9	\$0.0	\$91.9
	BIENNIAL CHANGE	(74.6%)	N/A	(0.6%)	N/A	(44.5%)

## 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
<b>Statewide Programs Outside the Foundation School Program</b>						
Funding from General Revenue Funds is increased for the following programs:	EST/BUD 2012–13	\$390.3	\$0.7	\$0.0	\$25.7	\$416.7
• Texas Advanced Placement (by \$5.0 million, to a total of \$18.8 million);	REC 2014–15	\$421.1	\$0.7	\$0.0	\$25.4	\$447.2
• Communities in Schools (by \$12.6 million, to a total of \$32.1 million);	BIENNIAL CHANGE	7.9%	0.0%	N/A	(1.2%)	7.3%
• Adult Basic Education (by \$5.0 million, to a total of \$23.8 million);						
• the Windham School District (by \$8.0 million, to a total of \$103.0 million); and						
• Teach for America (by \$4.0 million, to a total of \$12.0 million).						
Funding is eliminated for the Steroid Testing Program (\$1.3 million).						
Funding is maintained at the 2012–13 biennial level for several programs including the Student Success Initiative (\$36.5 million) and District Awards for Teacher Excellence (\$32.0 million). Other programs that maintain funding include Regional Day Schools for the Deaf, Council on Early Childhood Intervention, and the Virtual School Network.						

# 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
<b>TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED (TSBVI)</b>						
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.						
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 increased 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 3 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%)
<b>TEXAS SCHOOL FOR THE DEAF (TSD)</b>						
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.						

## 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 \$60.1 million in All Funds, which includes \$41.9 million in General Revenue Funds. The bill provides an increase of \$1.1 million in General Revenue Funds for nine additional full-time-equivalent (FTE) specialized instructional staff positions and continuation of a one-time 3 percent professional educator salary increase in fiscal year 2014, contingent upon Austin Independent School District (AISD) reauthorizing the pay increase. An additional \$4.5 million in General Revenue Funds above 2012–13 funding levels is provided to fund life and safety-related campus repairs. Other funds reflect a decrease of \$1.0 million 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	\$41.9	\$0.0	\$3.6	\$14.6	\$60.1
	BIENNIAL CHANGE	15.1%	N/A	(5.3%)	(6.4%)	7.7%

#### 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.

# 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
<b>State Retirement Contribution Rate at 6.6 Percent</b>						
Funding provides for a state matching retirement contribution rate of 6.6 percent of total covered payroll in each fiscal year of the 2014–15 biennium. Based on historical data trends, the funding level assumes no annual payroll growth for public education and 2.0 percent annual payroll growth for higher education. Biennial funding includes an increase of \$183.7 million in All Funds, of which \$163.1 million is General Revenue Funds. The recommendation continues the policy that limits the General Revenue Funds appropriated for retirement contributions for community college employees to the state contribution rate applied to each community college's Unrestricted General Revenue appropriation.	EST/BUD 2012–13	\$2,882.2	\$202.8	\$0.0	\$4.7	\$3,089.7
	REC 2014–15	\$3,045.3	\$222.8	\$0.0	\$5.2	\$3,273.4
	BIENNIAL CHANGE	5.7%	9.9%	N/A	10.6%	5.9%
<b>State Contribution to TRS-Care</b>						
<b>Retired Employee Group Insurance Program - 1.0 Percent</b>						
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 bill reflects funding 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%

# 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
<b>OPTIONAL RETIREMENT PROGRAM (ORP)</b>						
ORP is a defined contribution retirement plan available to certain higher education professionals as an alternative to TRS participation.						
<b>State Retirement Contribution at 6.6 Percent</b>						
Funding provides for a state matching retirement contribution rate of 6.6 percent of payroll in each fiscal year of the 2014–15 biennium and assumes a 2.0 percent annual payroll growth in higher education. Biennial funding includes a decrease of \$3.0 million in All Funds below the 2012–13 biennial level and a net decrease of \$9.9 million in General Revenue Funds. The recommendation continues the policy that limits the General Revenue Funds appropriated for retirement contributions for community college employees to the state contribution rate applied to each community college's Unrestricted General Revenue Funds appropriation.	EST/BUD 2012–13	\$213.3	\$47.7	\$0.0	\$0.0	\$261.0
	REC 2014–15	\$203.4	\$54.6	\$0.0	\$0.0	\$258.0
	BIENNIAL CHANGE	(4.6%)	14.5%	N/A	N/A	(1.1%)
<b>MULTI-AGENCY ISSUES:</b>						
<b>HIGHER EDUCATION</b>						
<b>Higher Education Employees Group Insurance</b>						
The funding increase of \$139 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 7.00 percent per fiscal year.	EST/BUD 2012–13	\$967.6	\$0.0	\$0.0	\$1.4	\$969.0
	REC 2014–15	\$1,106.5	\$0.0	\$0.0	\$1.4	\$1,107.9
	BIENNIAL CHANGE	14.4%	N/A	N/A	0.0%	14.3%

# 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
<b>AGENCY ISSUES: HIGHER EDUCATION</b>						
<b>HIGHER EDUCATION COORDINATING BOARD</b>						
<b>General Revenue Funds</b>						
The increase of \$215.7 million in General Revenue Funds is primarily due to the following increases:						
• \$150.0 million for the Texas Grant Program;	EST/BUD 2012–13	\$1,053.5	\$87.3	\$102.5	\$77.6	\$1,320.9
• trusted formula funding of \$18.6 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);	REC 2014–15	\$1,269.2	\$115.5	\$54.5	\$56.2	\$1,495.5
• \$15.0 million for the Tuition Equalization Grant Program;	BIENNIAL CHANGE	20.5%	32.3%	(46.8%)	(27.6%)	13.2%
• \$10.0 million for graduate medical education residency expansion contingent upon passage of legislation;						
• \$8.5 million for the Family Practice Residency Program,;						
• \$5.0 million for the Texas Educational Opportunity Grant Program;						
• \$5.0 million for Texas College Work Study,;						
• \$5.0 million for the Professional Nursing Shortage Reduction Program;						
• \$2.0 million for the Teach for Texas Loan Repayment Program;						
• \$2.0 million for the Joint Admission Medical Program;						

## 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
<ul style="list-style-type: none"><li>• \$1.2 million for undergraduate and graduate medical education for Baylor College of Medicine;</li><li>• \$0.5 million for the Engineering Recruitment Program; and</li><li>• \$0.5 million for Data Center Services to maintain current obligations.</li></ul> <p>These increases are offset by the following decreases:</p> <ul style="list-style-type: none"><li>• \$5.2 million for the Alzheimer's Disease Center that has been transferred to the University of Texas System;</li><li>• \$4.0 million for undergraduate medical education at Baylor College of Medicine to conform with statutory requirements; and</li><li>• \$0.1 million for the African American Museum Internship Program that has been transferred to the University of Texas at Dallas.</li></ul>					

#### Financial Aid

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 \$709.6 million. General Revenue Funds for the B-On-Time Program, which supports primarily students at private institutions, is \$31.4 million. Funding for the Tuition Equalization Grant program is \$183.8 million. Funding for the Texas Educational Opportunity Grant program is \$29.0 million. Funding for the Texas College Work Study program is \$20.0 million. Funding for another financial aid program, Top Ten Percent Scholarships, is \$39.6 million.



## 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
<b>Research Programs</b>  The Research Goal includes two programs. Funding for the Advanced Research Program is \$3.0 million and funding for the Texas Research Incentive Program is \$35.6 million.					
<b>Health Programs</b>  General Revenue funding for the health programs include \$35.0 million for the Professional Nursing Shortage Reduction Program, \$14.1 million for the Family Practice Residency Program, and \$9.0 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.					
<b>Federal and Other Funds</b>  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>						
<b>HIGHER EDUCATION FUND</b>						
<p>Funding for the Higher Education Fund is sustained at the levels required by House Bill 3001, Seventy-ninth Legislature, Regular Session, 2005.</p>	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%	N/A	N/A	N/A	0.0%
<b>AVAILABLE UNIVERSITY FUND</b>						
<p>Estimated earnings on the Available University Fund increase by 4.6 percent, or \$58.6 million.</p>	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	N/A	N/A	N/A	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
<b>NATIONAL RESEARCH UNIVERSITY FUND</b>						
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	N/A	N/A	N/A	9.8%	9.8%
<b>GENERAL ACADEMIC INSTITUTIONS, SYSTEM OFFICES, LAMAR STATE COLLEGES, AND TEXAS STATE TECHNICAL COLLEGES</b>						
There is an All Funds increase of \$182 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	\$4,353.3	\$2,015.7	\$0.0	\$14.9	\$6,383.9
	BIENNIAL CHANGE	2.4%	4.1%	N/A	14.6%	2.9%
<b>GENERAL ACADEMIC INSTITUTIONS</b>						
The increase of \$109.9 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
<ul style="list-style-type: none"><li>• \$116.3 million in formula funding;</li><li>• \$65.7 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);</li><li>• \$5.2 million for the Alzheimer's Disease Center; and</li><li>• \$0.1 million in funding for the African American Museum Internship at The University of Texas at Dallas.</li></ul> <p>The total increase in formula funding results in an increase in the Instructions and Operations and Infrastructure rates of 3 percent.</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 African American Museum Internship was transferred from the Higher Education Coordinating Board and is now appropriated to The University of Texas at Dallas. In addition, there is a rider at the Higher Education Coordinating Board relating to Developmental Education directing the transfer of \$2.4 million from the Higher Education Coordinating Board to The University of Texas at Austin over the biennium for the New Mathways Project.</p> <p>General Revenue Fund decreases include:</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
<ul style="list-style-type: none"><li>• \$37.6 million in hold harmless funding provided in the 2012–13 biennium;</li><li>• \$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;</li><li>• \$8.6 million in one-time 2012–13 biennial appropriations;</li><li>• \$7.1 million in formula funds trustee to the Higher Education Coordinating Board;</li><li>• \$6.4 million in tuition revenue bond debt service; and</li><li>• \$2.7 million in appropriation adjustments.</li></ul> <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 \$7.1 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
<b>LAMAR STATE COLLEGES</b> <p>The decrease of \$4.4 million in General Revenue Funds is due to an increase of \$1.1 million in formula funds 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 the 2012–13 biennium. The total increase in formula funding results in an increase in the Instructions and Administration and Infrastructure rates of 3 percent.</p> <p>An increase of \$0.1 million in General Revenue–Dedicated Funds is due to an increase in estimated statutory tuition revenue.</p>					
<b>TEXAS STATE TECHNICAL COLLEGES</b> <p>The decrease of \$5.2 million in General Revenue Funds is due to an increase of \$3.1 million in formula funding offset by a decrease of \$6.3 million for hold harmless funding provided in the 2012–13 biennium, and \$2.0 million in one-time 2012–13 biennial appropriations. 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>					
<b>HEALTH-RELATED INSTITUTIONS</b> <p>Funding for the nine health-related institutions decreases by \$6.0 billion in All Funds for the 2014–15 biennium.</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 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.	EST/BUD 2012–13	\$2,415.8	\$220.1	\$0.0	\$6,192.7	\$8,828.6
	REC 2014–15	\$2,426.4	\$157.4	\$0.0	\$108.3	\$2,692.1
The General Revenue Fund increase of \$10.6 million is due to \$195.8 million in increases offset by \$185.2 million in decreases as follows:	BIENNIAL CHANGE	0.4%	(28.5%)	N/A	(98.3%)	(69.5%)
<ul style="list-style-type: none"> <li>• \$133.5 million for the Instruction and Support formula;</li> <li>• \$31.5 million for the Cancer Center Operations formula;</li> <li>• \$9.9 million for debt service for existing tuition revenue bonds;</li> <li>• \$8.8 million for the Infrastructure formula;</li> <li>• \$4.6 million for the Graduate Medical Education formula;</li> <li>• \$4.2 million for the Research Enhancement formula, and</li> <li>• \$3.3 million for the Chest Disease Center Operations formula,</li> </ul>						
These increases are offset by the following decreases:						
<ul style="list-style-type: none"> <li>• \$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</li> <li>• \$42.3 million for Institutional Operations appropriated by House Bill 4, Eighty-second Legislature, Regular Session, 2011.</li> </ul>						

# 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 funding is increased by 3 percent over House Bill 1, as Introduced, for the Instruction and Operations, Infrastructure, Research Enhancement, Graduate Medical Education, Cancer Center Operations, and Chest Disease Center Operations formulas. \$2.2 million in General Revenue Funds is also included in the Infrastructure formula for The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler to align their General Revenue rate with the average General Revenue rate of the other health related institutions.</p> <p>The decrease in General Revenue–Dedicated funding of \$62.7 million is due to a decrease in estimated statutory tuition revenue.</p>						
<b>PUBLIC COMMUNITY/JUNIOR COLLEGES</b>						
<p>The decrease of \$50.5 million in General Revenue Funds is due to a decreases of \$39.6 million in formula funding associated with contact hour decline and a decrease of \$11.6 million for formula funds trustee to the Higher Education Coordinating Board offset by an increase of \$0.5 million for the Bachelor of Applied Technology and \$0.2 million in special item funding.</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 \$11.6 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	\$1,698.9	\$0.0	\$0.0	\$0.0	\$1,698.9
	BIENNIAL CHANGE	(2.9%)	N/A	N/A	N/A	(2.9%)



# 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
<b>TEXAS A&amp;M SYSTEM AGENCIES</b>						
<p>The Texas A&amp;M System Agencies include: Texas A&amp;M AgriLife Research, Texas A&amp;M AgriLife Extension Service, Texas A&amp;M Engineering Experiment Station, Texas A&amp;M Engineering Extension Service, Texas A&amp;M Forest Service, Texas A&amp;M Transportation Institute, and Texas A&amp;M Veterinary Medical Diagnostic Laboratory.</p> <p>The decrease of \$250.1 million in General Revenue Funds includes a decrease of \$276.4 million for one-time reimbursements of wildfire costs offset by \$26.3 million in increased funding, including:</p> <ul style="list-style-type: none"> <li>• \$12.0 million for the Wildfire Protection Plan and grant programs at the Texas A&amp;M Forest Service;</li> <li>• \$4 million for a program at the Texas A&amp;M Engineering Experiment Station;</li> <li>• \$2.5 million for programs at Texas A&amp;M Engineering Extension Service;</li> <li>• \$6 million for a laboratory for Texas A&amp;M Veterinary Medical Diagnostic Laboratory;</li> <li>• \$1.0 million for a program at Texas A&amp;M AgriLife Extension;</li> <li>• \$0.6 million for infrastructure related funding; and</li> <li>• \$0.2 million at Texas A&amp;M AgriLife Research.</li> </ul>	EST/BUD 2012–13	\$551.0	\$32.8	\$219.5	\$321.4	\$1,124.7
	REC 2014–15	\$300.9	\$40.9	\$214.3	\$326.6	\$882.7
	BIENNIAL CHANGE	(45.4%)	24.7%	(2.4%)	1.6%	(21.5%)

## 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 \$8.1 million in General Revenue–Dedicated Funds is due an increase of \$10.1 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 \$673.8 million for the 2014–15 biennium, which is an increase of \$25.7 million, or 4.0 percent, from the 2012–13 biennium (Figure 30).

General Revenue Funds and General Revenue–Dedicated Funds total \$494.5 million, which is an increase of \$35.0 million, or 7.6 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	\$64.8	(\$9.1)	(12.3)
Court of Criminal Appeals	27.3	29.0	1.7	6.1
First Court of Appeals District, Houston	7.5	8.0	0.5	6.3
Second Court of Appeals District, Fort Worth	5.7	6.1	0.4	7.3
Third Court of Appeals District, Austin	5.0	5.3	0.3	5.8
Fourth Court of Appeals District, San Antonio	5.7	6.1	0.4	6.8
Fifth Court of Appeals District, Dallas	10.2	10.9	0.7	6.6
Sixth Court of Appeals District, Texarkana	2.7	2.9	0.2	5.8
Seventh Court of Appeals District, Amarillo	3.3	3.5	0.2	6.3
Eighth Court of Appeals District, El Paso	2.8	2.9	0.2	5.7
Ninth Court of Appeals District, Beaumont	3.3	3.5	0.2	6.4
Tenth Court of Appeals District, Waco	2.7	2.8	0.2	6.5
Eleventh Court of Appeals District, Eastland	2.7	2.9	0.2	6.2
Twelfth Court of Appeals District, Tyler	2.7	2.9	0.1	5.4
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	5.0	5.3	0.3	5.6
Fourteenth Court of Appeals District, Houston	7.5	8.0	0.5	6.2

# 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	\$113.5	\$19.7	21.0
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	1.7	0.0	0.0
State Commission on Judicial Conduct	1.9	1.9	0.0	0.0
Judiciary Section, Comptroller's Department	277.6	282.8	5.2	1.9
Subtotal, The Judiciary	\$545.5	\$567.5	\$22.0	4.0
Retirement and Group Insurance	\$96.9	\$103.0	\$6.1	6.3
Social Security and Benefit Replacement Pay	19.9	19.8	(0.1)	(0.5)
Subtotal, Employee Benefits	\$116.7	\$122.7	\$6.0	5.2
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	\$18.7	\$0.1	0.3
<b>Total Article IV – The Judiciary</b>	<b>\$648.2</b>	<b>\$673.8</b>	<b>\$25.7</b>	<b>4.0</b>

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	\$27.7	\$0.1	0.5
Court of Criminal Appeals	25.9	27.6	1.6	6.3
First Court of Appeals District, Houston	6.8	7.3	0.5	7.2
Second Court of Appeals District, Fort Worth	5.1	5.5	0.4	8.3
Third Court of Appeals District, Austin	4.5	4.8	0.3	6.4
Fourth Court of Appeals District, San Antonio	5.2	5.6	0.4	7.6
Fifth Court of Appeals District, Dallas	9.4	10.0	0.7	7.2
Sixth Court of Appeals District, Texarkana	2.5	2.7	0.2	6.5
Seventh Court of Appeals District, Amarillo	3.1	3.3	0.2	6.9
Eighth Court of Appeals District, El Paso	2.5	2.7	0.2	6.5
Ninth Court of Appeals District, Beaumont	3.1	3.3	0.2	7.1
Tenth Court of Appeals District, Waco	2.5	2.6	0.2	7.1
Eleventh Court of Appeals District, Eastland	2.5	2.7	0.2	6.7
Twelfth Court of Appeals District, Tyler	2.5	2.7	0.1	5.8
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	4.5	4.8	0.3	6.2
Fourteenth Court of Appeals District, Houston	6.9	7.3	0.5	7.1
Office of Court Administration, Texas Judicial Council	83.2	103.7	20.5	24.6
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	1.7	0.0	0.0
State Commission on Judicial Conduct	1.9	1.9	0.0	0.0
Judiciary Section, Comptroller's Department	142.3	146.8	4.5	3.2
Subtotal, The Judiciary	\$346.0	\$377.4	\$31.3	9.1

## 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	\$99.5	\$6.0	6.5
Social Security and Benefit Replacement Pay	15.5	15.4	(0.1)	(0.5)
Subtotal, Employee Benefits	\$108.9	\$114.9	\$6.0	5.5
Lease Payments	\$4.6	\$2.3	(\$2.3)	(49.8)
Subtotal, Debt Service	\$4.6	\$2.3	(\$2.3)	(49.8)
<b>Total Article IV – The Judiciary</b>	<b>\$459.5</b>	<b>\$494.5</b>	<b>\$35.0</b>	<b>7.6</b>

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
<b>SUPREME COURT OF TEXAS</b>				
Disposition Rate	99.1%	102.0%	102.0%	102.0%
<b>COURT OF CRIMINAL APPEALS</b>				
Disposition Rate for Petitions for Discretionary Review Which are Granted	106%	125%	100%	100%
<b>14 COURTS OF APPEALS</b>				
Clearance Rate	98.2%	98.0%	100.0%	100.0%
<b>OFFICE OF COURT ADMINISTRATION: TEXAS INDIGENT DEFENSE COMMISSION</b>				
Percent of Counties Receiving State Funds for Indigent Defense	96.1%	94.0%	94.0%	94.0%
<b>OFFICE OF CAPITAL WRITS</b>				
Number of Writ Applications Filed	4	9	9	9
<b>STATE COMMISSION ON JUDICIAL CONDUCT</b>				
Percentage of Cases Disposed	87%	98%	100%	100%

# 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
<b>JUDICIARY FUNDING HIGHLIGHTS</b>						
<b>Targeted Pay Raises</b>						
Funding for the Judiciary includes \$3.1 million in General Revenue 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 Supreme Court, Court of Criminal Appeals, and the fourteen (14) Courts of Appeals. The majority of this funding (\$2.4 million in General Revenue Funds) is for staff pay raises at the 14 Courts of Appeals.						
<b>SUPREME COURT OF TEXAS</b>						
<b>Basic Civil Legal Services (BCLS)</b>						
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
<b>COURT OF CRIMINAL APPEALS</b>						
<b>Judicial Education</b>						
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. 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%	(100.0%)	74.5%	6.5%
<b>Court Operations</b>						
Funding includes a \$0.5 million increase in General Revenue Funds for targeted pay raises for court legal and non-legal staff.	EST/BUD 2012–13	\$9.3	\$0.0	\$0.0	\$0.7	\$10.0
	REC 2014–15	\$9.8	\$0.0	\$0.0	\$0.7	\$10.5
	BIENNIAL CHANGE	5.8%	N/A	N/A	0.0%	5.4%

# 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
<b>14 COURTS OF APPEALS</b>						
<b>Appellate Court Operations</b>						
Funding includes an increase of \$4.3 million in General Revenue Funds (including 30.1 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 staffing levels back to fiscal year 2011 levels. Targeted pay raises represent \$2.4 million or 56 percent of total block grant funds.	EST/BUD 2012–13	\$61.0	\$0.0	\$0.0	\$5.8	\$66.8
	REC 2014–15	\$65.3	\$0.0	\$0.0	\$5.7	\$71.0
	BIENNIAL CHANGE	7.0%	N/A	N/A	(1.2%)	6.3%
<b>OFFICE OF COURT ADMINISTRATION</b>						
<b>Indigent Defense Commission</b>						
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 \$100,000 per fiscal year.	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%

# 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
<b>Court Administration</b>						
Funding includes an increase of approximately \$1.6 million in General Revenue Funds for: (a) the establishment of a Sentencing Commission to study statewide sentencing laws, contingent on legislation (\$1.1 million for the biennium and 3 FTEs administratively attached to the Office of Court Administration); and (b) 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	\$0.6	\$0.0	\$0.7	\$6.3
	REC 2014–15	\$6.6	\$0.0	\$0.0	\$0.4	\$7.0
	BIENNIAL CHANGE	31.3%	(100.0%)	N/A	(37.4%)	11.6%
<b>Information Technology</b>						
Funding includes an increase of \$1.8 million in General Revenue Funds to replace 60 percent of the computers and other hardware for the appellate courts and judicial branch agencies.	EST/BUD 2012–13	\$5.5	\$0.0	\$0.0	\$0.7	\$6.1
	REC 2014–15	\$7.2	\$0.0	\$0.0	\$0.6	\$7.8
	BIENNIAL CHANGE	32.4%	N/A	N/A	(7.2%)	28.2%
<b>Guardians and Process Servers</b>						
An increase of \$0.4 million in General Revenue Funds, including 3 FTEs and estimated appropriation authority for all fees collected from process servers, to support the agency's regulatory programs for process servers, guardians, and court reporters.	EST/BUD 2012–13	\$0.3	\$0.0	\$0.0	\$0.0	\$0.3
	REC 2014–15	\$0.7	\$0.0	\$0.0	\$0.6	\$0.7
	BIENNIAL CHANGE	125.9%	N/A	N/A	(100.0%)	119.1%

## 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
<b>JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT</b>						
<b>Juror Pay</b>						
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%
<b>Public Integrity Unit, Travis County</b>						
Funding includes an increase of \$0.7 million in General Revenue Funds (including the General Revenue–Insurance Companies Maintenance Tax and Insurance Department Fees) to maintain current staffing levels (3 positions in 2014 and 4.5 positions in 2015) in the General State Investigations and Insurance Fraud divisions despite county-forecasted compensation and benefits increases. In addition, funding provides for a new part-time assistant district attorney in the General State Investigations Division to assist with state tax fraud cases. All Public Integrity Unit staff are county, rather than state employees.	EST/BUD 2012–13	\$4.9	\$0.0	\$0.0	\$2.0	\$6.9
	REC 2014–15	\$5.6	\$0.0	\$0.0	\$2.0	\$7.6
	BIENNIAL CHANGE	13.9%	N/A	N/A	0.0%	9.9%

# 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
<b>Special Prosecution Unit, Walker County</b>						
An increase of \$0.5 million in All Funds, including funding for county-paid compensation and benefits amounts for the Criminal, Civil and Juvenile Divisions (\$0.3 million from General Revenue Funds and \$0.1 million from Criminal Justice Grants – Other Funds); and \$0.1 million in General Revenue Funds to provide two expert witnesses in a projected 17 complex cases out of 50 civil commitments initiated each fiscal year, as well as three anticipated retrials. All Special Prosecution Unit staff are county, rather than state employees.	EST/BUD 2012–13	\$6.6	\$0.0	\$0.0	\$2.9	\$9.5
	REC 2014–15	\$7.0	\$0.0	\$0.0	\$2.9	\$10.0
	BIENNIAL CHANGE	6.0%	N/A	N/A	2.5%	5.0%
<b>Death Penalty Habeas Representation</b>						
Funding includes an estimated appropriation of \$25,000 each fiscal year from General Revenue Funds for the costs of compensating appointed counsel in death penalty habeas proceedings in the event the Office of Capital Writs declines more than two appointments. 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 \$74.5 million, or 0.6 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 \$436.4 million, or 5.2 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	\$143.4	\$7.5	5.5
Alcoholic Beverage Commission	85.0	87.5	2.5	3.0
Department of Criminal Justice	6,172.6	6,375.9	203.3	3.3
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	644.8	(29.5)	(4.4)
Commission on Law Enforcement Officer Standards and Education	5.4	6.3	0.9	15.8
Department of Public Safety	3,091.3	2,626.9	(464.3)	(15.0)
Subtotal, Public Safety and Criminal Justice	\$10,170.3	\$9,886.7	(\$283.6)	(2.8)
Retirement and Group Insurance	\$1,093.5	\$1,276.7	\$183.3	16.8
Social Security and Benefit Replacement Pay	322.2	328.2	6.0	1.9
Subtotal, Employee Benefits	\$1,415.7	\$1,605.0	\$189.3	13.4

## 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	\$352.6	\$11.5	3.4
Lease Payments	3.8	2.1	(1.7)	(44.3)
Subtotal, Debt Service	\$344.9	\$354.7	\$9.8	2.9
Less Interagency Contracts	\$188.0	\$178.1	(\$9.9)	(5.3)
<b>Total Article V – Public Safety and Criminal Justice</b>	<b>\$11,742.8</b>	<b>\$11,668.3</b>	<b>(\$74.5)</b>	<b>(0.6)</b>

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	\$29.2	\$2.7	10.1
Alcoholic Beverage Commission	83.2	87.5	4.3	5.2
Department of Criminal Justice	5,937.0	6,175.7	238.8	4.0
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	581.7	(22.5)	(3.7)
Commission on Law Enforcement Officer Standards and Education	4.5	5.1	0.7	15.2
Department of Public Safety	242.1	279.0	36.9	15.2
Subtotal, Public Safety and Criminal Justice	\$6,903.0	\$7,160.1	\$257.1	3.7
Retirement and Group Insurance	\$934.4	\$1,096.7	\$162.3	17.4
Social Security and Benefit Replacement Pay	254.8	261.9	7.1	2.8
Subtotal, Employee Benefits	\$1,189.2	\$1,358.6	\$169.4	14.2
Bond Debt Service Payments	\$337.8	\$349.4	\$11.6	3.4
Lease Payments	3.8	2.1	(1.7)	(44.3)
Subtotal, Debt Service	\$341.6	\$351.5	\$9.9	2.9
<b>Total Article V – Public Safety and Criminal Justice</b>	<b>\$8,433.8</b>	<b>\$8,870.2</b>	<b>\$436.4</b>	<b>5.2</b>

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
<b>ADJUTANT GENERAL'S DEPARTMENT</b>				
Number Texas National Guard Members	22,446	19,500	22,000	22,000
<b>ALCOHOLIC BEVERAGE COMMISSION</b>				
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
<b>DEPARTMENT OF CRIMINAL JUSTICE</b>				
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	137,622	138,807
Average Number of Offenders in Contract Prisons and Privately Operated State Jails	11,910	11,890	11,890	11,890
Three-year Recidivism Rate	23	24	23	23
<b>COMMISSION ON JAIL STANDARDS</b>				
Number of Annual Inspections Conducted	245	244	244	244
<b>JUVENILE JUSTICE DEPARTMENT</b>				
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	1,045
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
<b>COMMISSION ON LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION</b>				
Number of New Licenses Issued to Individuals	12,976	21,000	22,000	22,500
<b>DEPARTMENT OF PUBLIC SAFETY</b>				
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
<b>ADJUTANT GENERAL'S DEPARTMENT</b>						
<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 \$143.4 million in All Funds (\$29.2 million in General Revenue Funds). Funding includes an increase of \$2.7 million in General Revenue Funds, primarily for the addition of state tuition assistance (\$1.0 million) and the addition of a second Texas ChalleNGe Academy (\$2.0 million).</p> <p>Funding includes an agency anticipated net Federal Funds increase of \$8.0 million primarily for increases for the Truck Rebuild Program (\$1.5 million), the StarBase Program (\$0.9 million), the Texas ChalleNGe Academy (\$3.3 million), and Facilities Maintenance and Repair (\$2.5 million). Further, funding includes an agency estimated net Other Funds decrease of \$4.3 million which primarily includes a decrease in GO bond proceeds (\$4.3 million) and a decrease in Interagency Contracts (\$2.0 million), offset by the availability of a Current Fund Balance increase (\$4.1 million). Funding includes an increase of 10.0 full-time-equivalent (FTE) positions for fiscal year 2014 and 44.0 FTE positions for fiscal year 2015 as compared to fiscal year 2013 budgeted levels.</p>	EST/BUD 2012–13	\$26.5	\$0.0	\$92.8	\$16.5	\$135.9
	REC 2014–15	\$29.2	\$0.0	\$100.8	\$13.4	\$143.4
	BIENNIAL CHANGE	10.2%	N/A	8.6%	(18.8%)	5.5%

# 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
<b>ALCOHOLIC BEVERAGE COMMISSION</b>						
<p>The Alcoholic Beverage Commission provides statewide regulation and enforcement of regulations to the alcoholic beverage industry. Funding for the 2014–15 biennium includes \$87.5 million in All Funds (\$87.5 million in General Revenue Funds and \$10,000 in Other Funds - Appropriated Receipts). Funding includes a net increase of \$4.3 million in General Revenue Funds which includes an increase of \$0.5 million for increased operational costs, an increase of \$1.5 million for public safety equipment, an increase of \$1.6 million for staff and equipment at two new ports of entry, and an increase of \$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).</p> <p>An additional \$1.2 million in General Revenue Funds is provided in Article IX for a salary increase for law enforcement officers employed by the agency.</p>	EST/BUD 2012–13	\$83.2	\$0.0	\$0.9	\$0.9	\$85.0
	REC 2014–15	\$87.5	\$0.0	\$0.0	\$0.0	\$87.5
	BIENNIAL CHANGE	5.2%	N/A	(100.0%)	(98.9%)	2.9%

## 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
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**DEPARTMENT OF CRIMINAL JUSTICE**

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 \$203.3 million, primarily composed of the following: increases in General Revenue Funds (\$238.8 million) and Interagency Contracts (\$0.1 million), and reductions in General Obligation bond proceeds (\$31.2 million), Federal Funds (\$3.2 million), and Criminal Justice Grants (\$1.1 million). Funding includes full-time-equivalent (FTE) position increases totaling 224 in fiscal year 2014 and 235 in fiscal year 2015 as compared to 2012–13 appropriated levels. Funding related to specific agency functions is detailed in the following sections.

# 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
<b>Incarceration in State Institutions</b>						
<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 \$5,146.6 million in All Funds, which includes a \$173.6 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> <p>Funding includes a net increase of \$175.5 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, \$47.4 million for correctional managed health care, \$11.7 million for vehicle replacements, \$6.1 million for 75 reentry transitional coordinators, and a reduction of \$15.0 million for Contracted Temporary Capacity.</p> <p>Funding includes a \$1.6 million decrease in Federal Funds for combating criminal narcotics activity. An additional \$0.5 million in General Revenue Funds is provided in Article IX for a salary increase for law enforcement officers employed by the agency. The number of FTE positions for fiscal year 2015 is expected to be 136.4 higher than fiscal year 2013 appropriated FTEs.</p>	EST/BUD 2012–13	\$4,836.8	\$0.6	\$1.6	\$134.0	\$4,973.0
	REC 2014–15	\$5,012.3	\$0.6	\$0.0	\$133.7	\$5,146.6
	BIENNIAL CHANGE	3.6%	0.0%	(100.0%)	(0.2%)	3.5%

## 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
<b>Community Supervision Funding</b>						
Community supervision provides programs, services, and supervision to offenders who are on adult probation. Funding for the 2014–15 biennium includes increases of \$10.0 million for diversion program grants to local Community Supervision and Corrections Departments (CSCDs), \$20.0 million for community corrections grants to CSCDs, and \$17.6 million for CSCDs employees' health insurance cost increases. 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	\$585.2	\$0.0	\$0.0	\$14.0	\$599.1
	BIENNIAL CHANGE	7.7%	N/A	N/A	0.0%	7.5%
<b>Correctional Managed Health Care</b>						
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 and a General Revenue Funds increase of \$47.4 million.	EST/BUD 2012–13	\$902.3	\$0.0	\$0.0	\$0.0	\$902.3
	REC 2014–15	\$949.8	\$0.0	\$0.0	\$0.0	\$949.8
	BIENNIAL CHANGE	5.3%	N/A	N/A	N/A	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
<b>Facilities Repair, Rehabilitation, and Lease-purchase Payments</b>						
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 \$31.2 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	\$50.0	\$55.0
	BIENNIAL CHANGE	(64.3%)	N/A	N/A	(38.4%)	(42.2%)
<b>Parole Release Processing, Supervision, and Residential Facilities</b>						
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%

## 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
<b>Indirect Administration</b>						
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 \$4.5 million in All Funds, which includes a General Revenue Funds increase of \$6.9 million for Information Resources, and 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).	EST/BUD 2012–13	\$140.3	\$0.5	\$0.2	\$2.0	\$142.9
	REC 2014–15	\$145.0	\$0.5	\$0.0	\$2.0	\$147.4
	BIENNIAL CHANGE	3.3%	0.0%	(100.0%)	(1.4%)	3.1%
<b>Board of Pardons and Paroles</b>						
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 \$1.0 million in All Funds, which includes General Revenue Funds increases of \$0.9 million for hearing officers (7 FTEs), \$0.4 million for parole commissioners (2 FTEs), \$0.3 million for consulting fees to modify parole guidelines, and a reduction of \$0.6 million in Federal Funds.	EST/BUD 2012–13	\$50.8	\$0.0	\$0.6	\$0.0	\$51.4
	REC 2014–15	\$52.4	\$0.0	\$0.0	\$0.0	\$52.4
	BIENNIAL CHANGE	3.2%	N/A	(100.0%)	N/A	2.0%

# 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
<b>COMMISSION ON FIRE PROTECTION</b>						
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 (TDI). Funding provides for \$3.5 million in General Revenue Funds and includes a reduction of \$0.3 million in General Revenue Funds and 3.0 full-time-equivalent positions to reflect administrative savings resulting from the transfer to TDI.	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
<b>COMMISSION ON JAIL STANDARDS</b>						
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. General Revenue Funds increased by \$19,560 for agency travel costs for inspectors. Other Funds decreased by \$25,500 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	1.1%	N/A	N/A	(73.9%)	0.3%

# 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
<b>JUVENILE JUSTICE DEPARTMENT</b>						
<p>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 \$644.8 million in All Funds (\$581.7 million in General Revenue Funds). Funding includes a reduction of \$29.5 million in All Funds (\$22.5 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. Funding includes full-time-equivalent position (FTE) reductions totaling 205.8 as compared to the fiscal year 2013 appropriated level to reflect current operations.</p>						
<b>Community Juvenile Justice</b>						
<p>Community Juvenile Justice provides grants to local probation departments for supervision, programs, and services to juvenile offenders. Funding for the 2014–15 biennium includes \$327.3 million in All Funds (\$293.7 million in General Revenue Funds). Funding includes a net increase of \$10.4 million in General Revenue Funds, primarily 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 (\$4.7 million).</p>	EST/BUD 2012–13	\$283.3	\$0.0	\$14.0	\$19.5	\$316.8
	REC 2014–15	\$293.7	\$0.0	\$14.0	\$19.5	\$327.3
	BIENNIAL CHANGE	3.7%	N/A	0.0%	0.0%	3.3%

## 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
<b>State Services and Facilities</b>						
<p>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.</p> <p>Funding for the 2014–15 biennium includes \$275.4 million in All Funds (\$246.1 million in General Revenue Funds). Funding includes a net decrease of \$28.7 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 (\$5.2 million) for an additional 50 Juvenile Correctional Officers for aggressive youth programs to enhance safety and security at state facilities.</p> <p>Funding includes an agency anticipated 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.</p>	EST/BUD 2012–13	\$274.8	\$0.0	\$16.5	\$16.7	\$308.0
	REC 2014–15	\$246.1	\$0.0	\$13.8	\$15.5	\$275.4
	BIENNIAL CHANGE	(10.4%)	N/A	(16.4%)	(7.2%)	(10.6%)

## 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
<b>Parole</b>						
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 \$7.9 million in All Funds (\$7.9 million in General Revenue Funds). Funding includes a net decrease of \$2.2 million in General Revenue Funds, including a \$1.3 million increase for Re-entry Skills Development and a \$3.4 million decrease as the result of agency anticipated decreases in parole populations. Funding also includes a \$3.0 million decrease in Federal Funds as the result of an agency anticipated decrease in federal grants.	EST/BUD 2012–13	\$10.1	\$0.0	\$3.0	\$0.0	\$13.1
	REC 2014–15	\$7.9	\$0.0	\$0.0	\$0.0	\$7.9
	BIENNIAL CHANGE	(21.8%)	N/A	(100.0%)	0.0%	(39.7%)
<b>Administration</b>						
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
<b>COMMISSION ON LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION</b>						
Funding for the 2014–15 biennium provides \$6.3 million in All Funds and 43.6 full-time-equivalent (FTE) positions for the testing, licensing, regulation, and enforcement of standards for law enforcement officers and training institutions in Texas. Funding includes an increase of \$0.9 million in General Revenue–Dedicated Fund 116 to replace General Revenue Funds (\$0.3 million) and add two Field Service agents, two call center staff and one FTE position to oversee newly established law enforcement agencies (\$0.6 million). Funding also includes the appropriation of one FTE position 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	\$5.1	\$0.0	\$1.2	\$6.3
	BIENNIAL CHANGE	(100.0%)	24.3%	N/A	22.0%	16.5%
<b>DEPARTMENT OF PUBLIC SAFETY</b>						
The 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.						

## 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
Funding for the Department of Public Safety for the 2014–15 biennium includes an All Funds reduction of \$464.3 million, primarily composed of the following changes: increases in General Revenue Funds (\$175.8 million), State Highway Funds (\$6.1 million), Appropriated Receipts (\$2.0 million), and Criminal Justice Grants (\$0.2 million), and agency anticipated decreases in Federal Funds (\$442.6 million); reductions in General Revenue–Dedicated Funds (\$139.0 million), General Obligation bond proceeds (\$57.6 million), Interagency Contracts (\$4.6 million), and Governor’s Emergency and Deficiency Grants (\$4.6 million). An additional \$21.0 million in General Revenue Funds is provided in Article IX for a salary increase for law enforcement officers employed by the agency. 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. To better align the agency’s appropriated FTE levels with the agency’s actual FTE levels, funding includes a decrease of 253.5 FTEs in fiscal years 2014 and 2015 as compared to the fiscal year 2013 appropriated level.					



# 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
<b>Combat Crime and Terrorism</b>						
<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. Funding for the 2014–15 biennium includes \$302.3 million in All Funds. This decrease of \$46.5 million in All Funds primarily includes a decrease in Federal Funds (\$13.9 million), elimination of funding for Strategy A.2.2, Intelligence (\$15.0 million in All Funds), and repurposing funds to support deferred maintenance projects in the administration function (\$14.2 million in All Funds).</p> <p>Funding for the two strategies specifically related to border security, which is included in the totals described above, includes \$81.8 million in All Funds, representing a reduction of \$17.8 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.</p> <p>The General Revenue–Dedicated reduction reflects appropriation of those funds to support the LECOS Retirement Fund; DPS receives a like amount of General Revenue Funds.</p>	EST/BUD 2012–13	\$30.5	\$43.8	\$17.3	\$257.1	\$348.7
	REC 2014–15	\$71.9	\$0.0	\$3.4	\$227.0	\$302.3
	BIENNIAL CHANGE	135.7%	(100.0%)	(80.3%)	(11.7%)	(13.3%)

## 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
<b>Highway Traffic and Commercial Vehicle Enforcement</b>						
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 \$481.4 million in All Funds and includes General Revenue Fund increases for the Tactical Marine Unit's operations (\$2.4 million) and interoperability (\$1.0 million), and decreases in Federal Funds estimates (\$2.8 million), an agency estimated decrease in Interagency Contracts (\$2.1 million), and repurposing of Other Funds (\$3.5 million) to the administration function to fund deferred maintenance projects.	EST/BUD 2012–13	\$0.0	\$0.0	\$54.7	\$421.8	\$476.5
	REC 2014–15	\$3.3	\$0.0	\$51.9	\$426.2	\$481.4
	BIENNIAL CHANGE	100.0%	N/A	(5.1%)	1.0%	1.0%
Funding also includes an additional \$10.0 million in State Highway Fund 06 to fund the purchase and maintenance of 182 fully-equipped replacement patrol vehicles. Funding for border security includes a biennial amount of \$11.4 million in State Highway Fund 06 to purchase 326 new border security vehicles.						

# 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
<b>Emergency Management</b>						
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 \$1,118.9 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. Funding also includes an increase of \$2.0 million in General Revenue Funds to support Texas Task Force II.	EST/BUD 2012–13	\$2.2	\$4.7	\$1,521.3	\$7.2	\$1,535.3
	REC 2014–15	\$9.3	\$0.0	\$1,108.0	\$1.6	\$1,118.9
	BIENNIAL CHANGE	322.7%	(100.0%)	(27.2%)	(77.8%)	(27.1%)
<b>Regulatory and Licensing Services</b>						
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 \$441.6 million in All Funds, which includes increases in General Revenue Funds to improve driver license services (\$10.3 million), enhance crime laboratory capacity (\$8.7 million), and increase testing capability for sexual assault kits (\$10.9 million). Funding also includes a swap of \$81.1 million for General Revenue–Dedicated Accounts to General Revenue Funds; the General Revenue–Dedicated funding is appropriated to support the LECOS Retirement Fund.	EST/BUD 2012–13	\$44.5	\$81.1	\$11.2	\$278.3	\$415.1
	REC 2014–15	\$168.9	\$0.0	\$7.2	\$265.5	\$441.6
	BIENNIAL CHANGE	279.6%	(100.0%)	(35.7%)	(4.6%)	6.4%

# 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
<b>Agency Administration</b>						
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 \$282.8 million in All Funds. Funding includes decreases in Federal Funds estimates (\$8.7 million) and General Obligation bond proceeds (\$57.6 million). Funding includes an increase of \$17.8 million in All Funds for agency-wide deferred maintenance projects. Funding also includes an additional \$9.0 million in State Highway Fund 06 to fund three additional recruit schools.	EST/BUD 2012–13	\$25.9	\$9.4	\$10.6	\$269.8	\$315.7
	REC 2014–15	\$25.6	\$0.0	\$1.9	\$255.3	\$282.8
	BIENNIAL CHANGE	(1.2%)	(100.0%)	(82.1%)	(5.4%)	(10.4%)

## NATURAL RESOURCES

### 2014–15 BIENNIAL RECOMMENDATIONS

All Funds for Natural Resources total \$4.7 billion for 2014–15 biennium, which is a decrease of \$250.4 million, or 5.1 percent, from the 2012–13 biennium (Figure 38).

General Revenue Funds and General Revenue–Dedicated Funds total \$1.8 billion, which is a decrease of \$145.5 million, or 8.8 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	\$1,115.6	(\$19.8)	(1.7)
Animal Health Commission	18.1	20.8	2.7	15.0
Commission on Environmental Quality	709.4	698.7	(10.7)	(1.5)
General Land Office and Veterans' Land Board	1,668.9	1,440.3	(228.6)	(13.7)
Low-level Radioactive Waste Disposal Compact Commission	0.8	1.2	0.4	52.2
Parks and Wildlife Department	571.5	554.3	(17.2)	(3.0)
Railroad Commission	160.0	149.6	(10.4)	(6.5)
Soil and Water Conservation Board	41.9	54.3	12.4	29.6
Water Development Board	160.0	114.5	(45.5)	(28.4)
Debt Service Payments - Non-Self Supporting GO Water Bonds	224.0	213.8	(10.2)	(4.6)
Subtotal, Natural Resources	\$4,689.9	\$4,363.1	(\$326.8)	(7.0)
Retirement and Group Insurance	\$200.5	\$232.3	\$31.8	15.9
Social Security and Benefit Replacement Pay	65.9	65.3	(0.6)	(0.9)
Subtotal, Employee Benefits	\$266.4	\$297.6	\$31.2	11.7

## 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	\$30.5	\$12.7	71.6
Lease Payments	7.1	6.0	(1.0)	(14.8)
Subtotal, Debt Service	\$24.8	\$36.5	\$11.7	47.1
Less Interagency Contracts	\$46.9	\$13.4	(\$33.5)	(71.4)
<b>Total Article VI – Natural Resources</b>	<b>\$4,934.2</b>	<b>\$4,683.8</b>	<b>(\$250.4)</b>	<b>(5.1)</b>

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	\$105.0	(\$1.1)	(1.0)
Animal Health Commission	12.9	16.9	4.0	31.1
Commission on Environmental Quality	594.9	608.6	13.6	2.3
General Land Office and Veterans' Land Board	36.9	61.5	24.6	66.6
Low-level Radioactive Waste Disposal Compact Commission	0.8	1.2	0.4	52.2
Parks and Wildlife Department	383.1	411.9	28.8	7.5
Railroad Commission	123.7	131.8	8.1	6.5
Soil and Water Conservation Board	28.1	42.3	14.2	50.6
Water Development Board	37.7	43.2	5.4	14.4
Debt Service Payments - Non-Self Supporting GO Water Bonds	96.4	103.9	7.5	7.7
Subtotal, Natural Resources	\$1,420.7	\$1,526.2	\$105.5	7.4
Retirement and Group Insurance	\$166.4	\$194.6	\$28.2	17.0
Social Security and Benefit Replacement Pay	49.2	49.3	0.1	0.2
Subtotal, Employee Benefits	\$215.6	\$243.9	\$28.4	13.2
Bond Debt Service Payments	\$16.1	\$28.8	\$12.7	79.2
Lease Payments	7.1	6.0	(1.0)	(14.8)
Subtotal, Debt Service	\$23.1	\$34.8	\$11.7	50.5
<b>Total Article VI – Natural Resources</b>	<b>\$1,659.4</b>	<b>\$1,804.9</b>	<b>\$145.5</b>	<b>8.8</b>

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
<b>DEPARTMENT OF AGRICULTURE</b>				
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
<b>ANIMAL HEALTH COMMISSION</b>				
Number of Livestock Shipments Inspected	4,586	4,500	5,000	5,000
<b>COMMISSION ON ENVIRONMENTAL QUALITY</b>				
Nitrogen Oxides (Nox) Emissions Reduced through the Texas Emissions Reduction Plan (tons)	0	7,421	4,980	4,980
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
<b>GENERAL LAND OFFICE AND VETERANS' LAND BOARD</b>				
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
<b>PARKS AND WILDLIFE DEPARTMENT</b>				
Number of Fingerlings Stocked - Inland Fisheries (in millions)	4.35	17.50	17.50	17.50
Number of State Parks in Operation	92	91	91	91
<b>RAILROAD COMMISSION</b>				
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
Average Number of Staff Days Required to Review and Process a Drilling Permit Application During the Reporting Period	N/A	N/A	3	3
<b>SOIL AND WATER CONSERVATION BOARD</b>				
Number of Flood Control Dam Repair Grants Awarded	1	1	4	4

## 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
<b>DEPARTMENT OF AGRICULTURE</b>						
<b>Economic Development</b>						
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.						
Funding includes a biennial decrease of \$30.9 million in All Funds consisting of:	EST/BUD 2012–13	\$5.0	\$2.8	\$47.0	\$4.4	\$59.2
• 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;	REC 2014–15	\$7.2	\$1.1	\$0.4	\$19.6	\$28.3
• 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;	BIENNIAL CHANGE	43.9%	(60.7%)	(99.2%)	347.2%	(52.2%)
• 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
<b>Community Development Block Grants</b>						
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	0.0%	N/A	(5.8%)	N/A	(5.6%)
<b>Nutrition Assistance</b>						
Funding for various non-public school nutrition programs includes an increase of \$26.6 million in All Funds, comprised of the following changes: <ul style="list-style-type: none"> <li>a decrease of \$1.4 million in General Revenue Funds which is partially offset by the addition of \$1.1 million in funding for the Texans Feeding Texans Surplus Agricultural Product Grant program; and</li> <li>an increase of \$26 million in Federal Funds based on an agency projected increase in individuals qualifying for nutrition assistance programs.</li> </ul>	EST/BUD 2012–13	\$28.3	\$0.0	\$768.4	\$0.0	\$796.7
	REC 2014–15	\$26.9	\$0.0	\$794.4	\$0.0	\$821.2
	BIENNIAL CHANGE	(4.9%)	N/A	3.4%	N/A	3.1%

# 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
<b>Support Nutrition Programs in Schools</b>						
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 \$3.1 million in All Funds, comprised of a \$4.3 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, 3 veterinarians, and 2 administration technicians for regional offices. Funding is also provided for various animal disease programs and to increase staffing levels in disaster/emergency management, compliance investigations and health certificate/interstate permitting to fiscal year 2011 levels, a total of 8 FTE positions.	EST/BUD 2012–13	\$7.0	\$0.0	\$4.5	\$0.0	\$11.4
	REC 2014–15	\$11.3	\$0.0	\$3.3	\$0.0	\$14.6
	BIENNIAL CHANGE	61.8%	N/A	(25.7%)	N/A	27.5%

# 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
<b>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>						
<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>						
<b>Air Quality Assessment and Planning</b>						
An increase of \$1.0 million in All Funds consisting of:	EST/BUD 2012–13	\$0.2	\$201.4	\$18.3	\$1.0	\$220.8
<ul style="list-style-type: none"> <li>an increase of \$4.4 million out of the General Revenue–Dedicated Clean Air Account, including \$2.8 million for additional Low-Income Vehicle Repair, Replacement, and Retrofit Program (LIRAP) funding and \$1.4 million for additional local air quality planning funding;</li> </ul>	REC 2014–15	\$0.2	\$204.3	\$17.4	\$0.0	\$221.8
<ul style="list-style-type: none"> <li>a decrease of \$1.5 million out of the General Revenue–Dedicated Texas Emissions Reduction Plan (TERP) Account, including a decrease of \$0.7 million for Emissions Reduction Incentive Grants and a decrease of \$0.7 million in Regional Air Quality Monitoring funding;</li> </ul>	BIENNIAL CHANGE	0.0%	1.4%	(4.9%)	(96.6%)	0.5%
<ul style="list-style-type: none"> <li>a decrease of \$0.9 million in Federal Funds because of a one-time Homeland Security Biowatch program grant received in fiscal year 2012; and</li> </ul>						

# 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"> <li>a decrease of \$0.9 million in Appropriated Receipts (Other Funds) because of one-time cost recovery receipts for the Clean School Bus Program.</li> </ul>						
<b>Water Assessment and Planning</b>						
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%)
<b>Water Resource Permitting</b>						
A decrease of \$1 million in All Funds, which includes:	EST/BUD 2012–13	\$0.8	\$23.4	\$3.3	\$0.1	\$27.7
<ul style="list-style-type: none"> <li>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</li> </ul>	REC 2014–15	\$0.8	\$23.3	\$2.6	\$0.0	\$26.7
<ul style="list-style-type: none"> <li>a decrease of \$0.1 million in Appropriated Receipts (Other Funds) because of a one-time cost-recovery contract with the Department of Transportation.</li> </ul>	BIENNIAL CHANGE	0.0%	(0.2%)	(23.7%)	(100.0%)	(3.5%)

# 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
<b>Safe Drinking Water Oversight</b>						
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
• 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	BIENNIAL CHANGE	N/A	16.7%	(21.3%)	(30.5%)	(13.4%)
• a decrease of \$1.6 million in Interagency Contracts (Other Funds), including a decrease of \$2.2 million due to reductions in pass-through Federal Funds provided by the Water Development Board from the Safe Drinking Water State Revolving Fund, and an increase of \$0.6 million in Interagency Contracts to reflect the shift of funding from Strategy B.1.2, Water Utilities Oversight, to more properly align expenditures with the strategies they support.						

# 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
<b>Water Utilities Oversight</b>						
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
• a decrease of \$0.9 million in General Revenue–Dedicated Water Resource Management Account No. 153 to reflect the 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
• 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 fund to Strategy B.1.1, Safe Drinking Water Oversight.	BIENNIAL CHANGE	N/A	(18.1%)	N/A	(48.6%)	(30.0%)
<b>Field Inspections and Complaints</b>						
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
• 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.	BIENNIAL CHANGE	0.0%	(0.8%)	(29.0%)	(0.3%)	(7.5%)



# 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
<b>Hazardous Materials Cleanup</b>						
A decrease of \$5.4 million in All Funds, including an increase of \$1.5 million in General Revenue Funds for a site remediation at a battery recycling facility; and 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	\$1.5	\$42.1	\$5.3	\$0.0	\$49.0
	BIENNIAL CHANGE	3,268.0%	1.2%	(10.4%)	(99.4%)	(10.0%)
<b>Rio Grande Compact Commission</b>						
An increase of \$5 million in General Revenue Funds to cover litigation costs relating to a lawsuit filed against the State of New Mexico concerning water releases along the Rio Grande.	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%
<b>Information Resources</b>						
An increase of \$4.2 million in All Funds to maintain current service levels for the Data Center Consolidation project consisting of: <ul style="list-style-type: none"> <li>an increase of \$1.4 million in General Revenue Funds; and</li> <li>an increase of \$2.9 million in General Revenue–Dedicated Funds.</li> </ul>	EST/BUD 2012–13	\$3.9	\$25.3	\$0.0	\$0.0	\$29.3
	REC 2014–15	\$5.3	\$28.2	\$0.0	\$0.0	\$33.5
	BIENNIAL CHANGE	35.3%	11.4%	(100.0%)	N/A	14.5%

## 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
<b>GENERAL LAND OFFICE AND VETERANS LAND BOARD</b>  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.					
<b>CROSS-AGENCY ISSUE</b>  <b>Direct Funding-Replace Interagency Contracts funds with General Revenue Funds for Coastal Programs</b>  2014–15 biennial funding provides for a direct appropriation from General Revenue Funds replacing \$22.5 million in Interagency Contract funds from the Texas Parks and Wildlife Department (TPWD) from the Sporting Goods Sales Tax Transfer (General Revenue Fund) to State Parks Account No. 64. The item is cost neutral because it results in a \$22.5 million reduction in appropriations to TPWD out of the Sporting Goods Sales Tax Transfer to the State Parks Account No. 64.					

# 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
<b>Asset Management</b>						
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%)
<b>Preserve and Maintain Alamo Complex</b>						
An increase of \$2.7 million in All Funds consisting of: <ul style="list-style-type: none"> <li>an increase of \$1.1 million in General Revenue Funds for construction, renovation, and information technology capital budget needs of the Alamo Complex for which the General Land Office assumed responsibility on January 1, 2012; and</li> <li>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.</li> </ul>	EST/BUD 2012–13	\$0.4	\$10.3	\$0.0	\$0.0	\$10.6
	REC 2014–15	\$1.5	\$11.9	\$0.0	\$0.0	\$13.4
	BIENNIAL CHANGE	287.6%	15.5%	N/A	N/A	25.5%

## 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
<b>Coastal Management</b>						
A decrease of \$18.9 million in All Funds consisting of:	EST/BUD 2012–13	\$0.8	\$0.7	\$50.5	\$5.3	\$57.3
• an increase of \$4.4 million out of the General Revenue Fund and a corresponding decrease in Interagency Contracts (Other Funds) reflecting direct funding from the General Revenue Fund in place of Interagency Contracts funding for coastal programs (see Cross-Agency Issue above);	REC 2014–15	\$5.2	\$0.3	\$32.5	\$0.4	\$38.4
	BIENNIAL CHANGE	550.1%	(65.1%)	(35.7%)	(91.8%)	(33.0%)
• 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 to the account—per statute only the interest earnings in this account may be expended on coastal erosion and management projects;						
• 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						
• 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
<b>Coastal Erosion Control Grants</b>						
An increase of \$3.3 million in All Funds consisting of:	EST/BUD 2012–13	\$0.2	\$0.5	\$2.7	\$19.9	\$23.3
• an increase of \$17.5 million out of the General Revenue Fund and a corresponding decrease in Interagency Contracts (Other Funds) reflecting direct funding from the General Revenue Fund in place of Interagency Contracts funding for coastal programs (see Cross-Agency Issue above);	REC 2014–15	\$17.7	\$0.3	\$2.9	\$5.8	\$26.8
• a decrease of \$0.2 million out of the General Revenue–Dedicated Coastal Protection Account No. 27 resulting from a decrease in interest earnings estimated to accrue to the account—per statute only the interest earnings in this account may be expended on coastal erosion and management projects;	BIENNIAL CHANGE	10,488.9%	(46.4%)	7.4%	(71.1%)	14.3%
• an increase of \$0.2 million in Federal Funds for anticipated Beach Program Development Grants; and						
• 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.						

# 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
<b>Oil Spill Prevention</b>						
A decrease of \$1 million in All Funds, which includes:	EST/BUD 2012–13	\$0.0	\$8.8	\$0.4	\$0.0	\$9.2
• 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	REC 2014–15	\$0.0	\$8.2	\$0.0	\$0.0	\$8.2
• 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.	BIENNIAL CHANGE	N/A	(6.8%)	(100.0%)	N/A	(10.8%)
<b>State Veterans' Cemeteries</b>						
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	(77.4%)	(1.0%)	(14.0%)
<b>Rebuild or Repair Damaged Homes</b>						
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	(0.5%)	N/A	20.7%	N/A	20.7%

# 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
<b>Rebuild Infrastructure</b>						
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	0.6%	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 (LLRWDC) 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 LLRWDC 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	52.2%	N/A	N/A	52.2%

#### 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 \$20.3 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 \$13.9 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) provide a contract to the Texas A&M AgriLife Extension Service for research and programs to reestablish growth of quail populations (\$2.0 million); (c) reinstate capital budget vehicle and equipment replacement cycles (\$1.7 million); and (d) 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	\$1.5	\$61.0	\$54.6	\$1.2	\$118.2
• an increase of \$1.5 million from General Revenue Funds to reinstate funding for the Aquatic Vegetation Program used for the purchase of herbicides for the treatment of noxious aquatic vegetation and to contract for licensed herbicide applicators for the spraying of the herbicides for the purpose of maintaining boat lanes, general access, and outdoor recreational activities.	BIENNIAL CHANGE	N/A	29.2%	(27.8%)	(92.4%)	(14.7%)
• 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 (\$3.0 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"> <li>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).</li> </ul>						
<b>State Park Operations, Minor Repair, and Program Support</b>						
An increase of \$17.2 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"> <li>an increase of \$20.8 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); maintenance to extend the life of facilities (\$4.2 million); reinstate vehicle and equipment replacement cycles (\$2.2 million); and fund wildfire suppression operations (\$0.8 million and 4 FTEs);</li> </ul>	REC 2014–15	\$117.0	\$36.6	\$0.4	\$0.5	\$154.5
<ul style="list-style-type: none"> <li>a method-of-financing shift between General Revenue funding sources for state parks, which replaces \$10.0 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</li> </ul>	BIENNIAL CHANGE	21.5%	0.5%	(69.2%)	(85.3%)	12.5%
<ul style="list-style-type: none"> <li>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.</li> </ul>						

# 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
<b>Local Park, Boating Access and Other Grants</b>						
A decrease of \$3.4 million consisting of:	EST/BUD 2012–13	\$1.8	\$0.1	\$15.5	\$0.0	\$17.4
• an increase of \$1.0 million in General Revenue Funds to establish a matching funds grant program for non-profit organizations that provide facility-based, after-school and summer programs for young people; and	REC 2014–15	\$2.8	\$0.1	\$11.2	\$0.0	\$14.1
• 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.	BIENNIAL CHANGE	54.9%	7.0%	(28.0%)	N/A	(19.3%)
<b>Law Enforcement Programs and Game Warden Training</b>						
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
• 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
• 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	BIENNIAL CHANGE	0.0%	7.2%	(35.5%)	(79.8%)	0.2%
• 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.						

# 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
Recommendations fund 532 game warden positions and one cadet class per fiscal year.						
<b>Infrastructure Improvements, Major Repairs and Administration</b>						
A decrease of \$1.7 million in All Funds, which includes:	EST/BUD 2012–13	\$22.5	\$10.5	\$3.6	\$45.7	\$82.3
• a decrease of \$18.9 million in the Sporting Goods Sales Tax (SGST) transfer to the State Parks Account No. 64 to reflect providing the General Land Office with a direct appropriation for coastal erosion projects (a \$22.5 million decrease) offset by funding increases for construction of a visitors center at Franklin Mountains State Park (\$3 million), a capital repair project at Fort Boggy State Park (\$0.5 million), and vehicle and equipment replacement cycles (\$0.1 million);	REC 2014–15	\$3.6	\$18.2	\$0.2	\$58.5	\$80.6
• an increase of \$7.7 million in the General Revenue–Dedicated Funds (Game, Fish and Water Safety Account No. 9) mainly due to funding for freshwater fish hatcheries (\$5 million), improvements or major repairs at wildlife facilities statewide (\$3 million), and funding for vehicle and equipment replacement cycles (\$0.3 million) offset by a decrease to reflect an agency-requested reallocation of funds to other strategies (\$0.6 million);	BIENNIAL CHANGE	(83.8%)	73.4%	(94.4%)	28.0%	(2.1%)
• an increase of \$12.8 million in Other Funds due primarily to \$11 million in new General Obligation (GO) bonds for repairs at state parks and Austin Headquarters, and unexpended balances in previously authorized and appropriated GO bonds carried forward from fiscal year 2013 to fiscal year 2014; 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"> <li>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.</li> </ul>						
<b>Land Acquisition</b>						
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%)	N/A	(100.0%)	(77.8%)
<b>Debt Service</b>						
A decrease of \$7.7 million in All Funds, which includes:						
<ul style="list-style-type: none"> <li>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</li> </ul>	EST/BUD 2012–13	\$9.3	\$5.3	\$0.0	\$0.0	\$14.6
	REC 2014–15	\$6.8	\$0.0	\$0.0	\$0.0	\$6.8
<ul style="list-style-type: none"> <li>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.</li> </ul>	BIENNIAL CHANGE	(26.2%)	(100.0%)	N/A	N/A	(53.1%)

# 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
<b>Information Resources</b>						
An increase of \$3.5 million in All Funds, which includes:	EST/BUD 2012–13	\$3.9	\$15.9	\$1.7	\$0.0	\$21.4
• a \$2.2 million increase in General Revenue Funds, including a \$0.6 million increase in the Sporting Goods Sales Tax (SGST) transfer to the State Parks Account No. 64 for upgrades to the parks reservation system, and a \$1.6 million increase in General Revenue Funds to fund Data Center Service cost increases for current service levels;	REC 2014–15	\$6.0	\$18.5	\$0.4	\$0.0	\$24.9
• a \$2.6 million increase in General Revenue–Dedicated Funds (Game, Fish and Water Safety Account No. 9) primarily to reflect an agency requested reallocation of \$1.6 million, an increase for information technology (IT) replacement cycles (\$0.8 million), and additional IT support for wildlife, fishery and law enforcement divisions (\$0.2 million, including 2 FTEs); and	BIENNIAL CHANGE	56.1%	16.4%	(74.5%)	(100.0%)	16.3%
• 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
<b>CROSS-AGENCY ISSUE</b>					
<b>Replace General Revenue Funds with General Revenue–Dedicated Funds for Oil and Gas Programs</b>					
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.					
<b>Pipeline Safety</b>					
An increase of \$2.6 million in All Funds (\$1.3 million in General Revenue Funds and \$1.3 million in Federal Funds) to provide 20.0 additional staff for the Pipeline Safety and Pipeline Damage Prevention programs. The additional General Revenue is limited to new revenues from a proposed increase in pipeline safety fees.					
<b>Salary Parity</b>					
An increase of \$3.6 million in General Revenue–Dedicated Funds (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
<b>Data Center Services (DCS)</b>						
2014-15 biennial funding provides an increase of \$3.1 million in All Funds (\$0.6 million in General Revenue Funds and \$2.5 million out of the General Revenue–Dedicated Oil and Gas Regulatory and Cleanup Account No. 5155) for the Data Center Services (DCS) contract with the Department of Information Resources (DIR) to meet contract obligations for existing services, as well as funding for growth and agency initiatives.						
<b>Energy Resource Development</b>						
An All Funds increase of \$1.3 million consisting of:	EST/BUD 2012–13	\$3.0	\$13.1	\$0.9	\$0.7	\$17.6
• a decrease of \$1.6 million out of General Revenue Funds reflecting the replacement of General Revenue funding for oil and gas-related programs with General Revenue–Dedicated Funds (OGCR Account No. 5155);	REC 2014–15	\$1.3	\$16.3	\$0.8	\$0.5	\$18.9
• an increase of \$3.2 million out of the General Revenue–Dedicated OGRC Account No. 5155, \$1.6 million of which reflects the replacement of General Revenue funding for oil- and gas-related programs with General Revenue–Dedicated Funds (OGCR Account No. 5155), \$0.6 million of which reflects additional DCS costs, and \$0.9 million for additional funding for oil and gas salary parity; and	BIENNIAL CHANGE	(55.7%)	24.6%	(4.3%)	(30.2%)	7.4%
• a \$0.2 million decrease in Interagency Contracts (Other Funds) because of a one-time American Recovery and Reinvestment Act (ARRA) grant the agency received during 2012–13.						



# 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
<b>Promote Alternative Energy Resources</b>						
A decrease of \$11.9 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	\$0.7	\$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	10.7%	1.8%	(99.4%)	(77.0%)	(78.6%)
<b>Ensure Pipeline Safety</b>						
An increase of \$1.8 million in All Funds consisting of:	EST/BUD 2012–13	\$4.5	\$0.0	\$4.4	\$0.1	\$9.1
• 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;	REC 2014–15	\$5.9	\$0.0	\$4.9	\$0.1	\$10.9
• a decrease of \$0.5 million in Federal Funds resulting from a one-time Pipeline Safety grant during the 2012–13 biennium; and	BIENNIAL CHANGE	29.6%	N/A	12.0%	1.3%	20.7%
• an increase of \$0.2 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
<b>Oil and Gas Monitoring and Inspections</b>						
An increase of \$3 million in All Funds which consists 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 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 Funds (OGCR Account No. 5155);	REC 2014–15	\$0.0	\$37.6	\$0.0	\$0.6	\$38.2
	BIENNIAL CHANGE	(100.0%)	39.7%	N/A	1.3%	8.4%
• an increase of \$1.7 million out of the General Revenue–Dedicated OGRC Account No. 5155 for additional funding to provide oil and gas salary parity; and						
• an increase of \$1.2 million out of the General Revenue–Dedicated OGRC Account No. 5155 for increased DCS costs.						
<b>Oil and Gas Remediation</b>						
2014–15 biennial funding includes an All Funds decrease of \$1.3 million consisting of:	EST/BUD 2012–13	\$0.3	\$10.4	\$2.1	\$0.1	\$12.9
• a decrease of \$0.3 million in General Revenue Funds 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 Funds (OGCR Account No. 5155);	REC 2014–15	\$0.0	\$11.2	\$0.2	\$0.1	\$11.5
	BIENNIAL CHANGE	(100.0%)	8.6%	(90.0%)	1.3%	(10.3%)
• an increase of \$0.3 million out of the OGCR Account No. 5155 to provide targeted pay raises for oil and gas salary parity; 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"> <li>an increase of \$0.2 million out of the OGCR Account No. 5155 to cover cost increases to maintain current services and provide for agency growth and initiatives for the DCS project; and</li> <li>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 (CIAP) in the 2012–13 biennium.</li> </ul>						
<b>Oil and Gas Well Plugging</b>						
A decrease of \$2.2 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"> <li>a decrease of \$0.5 million in General Revenue Funds an increase in General Revenue–Dedicated Funds (OGRC Account No. 5155) of an equal amount, reflecting the replacement of General Revenue Funds with General Revenue–Dedicated Funds;</li> </ul>	REC 2014–15	\$0.0	\$38.8	\$0.0	\$0.6	\$39.4
	BIENNIAL CHANGE	(100.0%)	2.4%	(100.0%)	(63.2%)	(5.3%)
<ul style="list-style-type: none"> <li>an increase of \$0.5 million out of the General Revenue–Dedicated OGRC Account No. 5155 to provide targeted pay raises for oil and gas salary parity;</li> <li>an increase of \$0.4 million out of the General Revenue–Dedicated OGRC Account No. 5155 to meet current services obligations and provide for agency growth and initiatives for the DCS contract with DIR;</li> <li>a decrease of \$1.6 million in Federal Funds reflecting a one-time CIAP grant for well pluggings in the 2012–13 biennium; and</li> </ul>						

## 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"> <li>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.</li> </ul>						
<b>Surface Mining Reclamation</b>						
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	\$4.5
	BIENNIAL CHANGE	10.7%	N/A	(35.6%)	1.3%	(34.2%)

#### **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.

# 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
<b>Flood Control Dam Maintenance and Structural Repair</b>						
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%
<b>Program Expertise, Financial &amp; Conservation Implementation Assistance</b>						
An increase of \$1.8 million in All Funds, comprised of a \$3.4 million increase in General Revenue Funds offset by an agency projected loss of \$1.6 million in Federal Funds for the Environmental Quality Incentives Program. The General Revenue Fund increase, which totals \$3.4 million, provides an additional \$1 million for the State Matching Fund Program to increase the salary supplement for the 216 local soil and water conservation districts by approximately \$2,315 each year and an additional \$2.4 million for conservation implementation assistance grants to local districts.	EST/BUD 2012–13	\$7.8	\$0.0	\$1.6	\$0.0	\$9.4
	REC 2014–15	\$11.2	\$0.0	\$0.0	\$0.0	\$11.2
	BIENNIAL CHANGE	43.3%	N/A	(100.0%)	N/A	19.2%

#### WATER DEVELOPMENT BOARD

The Board provides planning, financial assistance, and education for the conservation and development of state water resources.

## 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
<b>Technical Assistance and Modeling</b>						
A decrease of \$1.6 million in All Funds primarily due to 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%)
<b>Water Resources Planning</b>						
<p>An increase of \$0.7 million in All Funds which includes:</p> <ul style="list-style-type: none"> <li>an increase of \$3.4 million in General Revenue Funds for aquifer data collection, brackish aquifer modeling, and the preparation of technical briefings and public workshops (\$1 million, including 4 FTEs); Regional Water Planning Grants (\$1.7 million); and, consolidating water conservation reporting requirements and quantifying water conservation savings (\$0.7 million, including 4.8 FTEs);</li> <li>offset by a decrease of \$2.7 million in Other Funds due to use of one-time balances in Water Assistance Fund No. 480 (\$2 million) and \$0.7 million in Appropriated Receipts for regional planning grants to complete the 2012 State Water Plan in the 2012–13 biennium.</li> </ul>	EST/BUD 2012–13	\$5.9	\$0.0	\$0.0	\$9.1	\$15.0
	REC 2014–15	\$9.3	\$0.0	\$0.0	\$6.4	\$15.7
	BIENNIAL CHANGE	57.3%	N/A	N/A	(29.3%)	4.7%

# 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
<b>Water Conservation Education and Assistance</b>						
An increase of \$2 million in General Revenue Funds to provide water conservation education grants awarded through a competitive grant process, which may require applicants to provide matching funds.	EST/BUD 2012–13	\$0.8	\$0.0	\$0.0	\$2.0	\$2.8
	REC 2014–15	\$2.8	\$0.0	\$0.0	\$2.0	\$4.8
	BIENNIAL CHANGE	246.5%	N/A	N/A	(1.6%)	70.2%
<b>Perform Community Assistance Pursuant to the National Flood Insurance Program</b>						
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%)
<b>State and Federal Financial Assistance Programs</b>						
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
<b>DEBT SERVICE PAYMENTS - NON-SELF SUPPORTING GO WATER BONDS</b>						
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.						
<b>EDAP Debt Service</b>						
An increase of \$7.6 million in General Revenue Funds to fund 2014-15 biennial debt service requirements for an additional \$50 million Economically Distressed Areas Program (EDAP) GO bond issue in fiscal year 2014 (\$6.1 million) and 2014–15 biennial debt service requirements for \$50 million in EDAP bonds issued 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	\$50.6	\$0.0	\$0.0	\$4.3	\$54.9
	BIENNIAL CHANGE	17.7%	N/A	N/A	(1.2%)	16.0%
<b>State Participation Program</b>						
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
<b>Water Infrastructure Fund</b>						
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 \$25.1 billion for the 2014–15 biennium, which is an increase of \$2.8 billion, or 12.3 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 \$264.9 million, or 27.5 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	\$465.2	\$1.0	0.2
Texas Lottery Commission	431.9	440.6	8.7	2.0
Department of Motor Vehicles	308.3	328.4	20.1	6.5
Department of Transportation	18,300.1	20,993.5	2,693.4	14.7
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	\$24,456.7	\$2,646.8	12.1
Retirement and Group Insurance	\$483.9	\$575.9	\$92.0	19.0
Social Security and Benefit Replacement Pay	126.5	127.4	0.9	0.7
Subtotal, Employee Benefits	\$610.4	\$703.3	\$92.9	15.2

## 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)
<b>Total Article VII – Business and Economic Development</b>	<b>\$22,315.8</b>	<b>\$25,069.3</b>	<b>\$2,753.6</b>	<b>12.3</b>

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	\$25.7	\$10.5	68.9
Texas Lottery Commission	431.9	440.6	8.7	2.0
Department of Motor Vehicles	29.8	29.8	0.0	0.0
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	\$1,173.2	\$258.9	28.3
Retirement and Group Insurance	\$16.3	\$19.4	\$3.2	19.4
Social Security and Benefit Replacement Pay	5.1	5.0	(0.2)	(3.2)
Subtotal, Employee Benefits	\$21.4	\$24.4	\$3.0	14.0
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
<b>Total Article VII – Business and Economic Development</b>	<b>\$961.8</b>	<b>\$1,226.7</b>	<b>\$264.9</b>	<b>27.5</b>

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
<b>DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS</b>				
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%
<b>TEXAS LOTTERY COMMISSION</b>				
Number of Retail Business Locations Licensed	16,982	17,000	17,100	17,100
<b>DEPARTMENT OF MOTOR VEHICLES</b>				
Total Number of Registered Vehicles	22,618,153	22,602,916	22,941,960	23,286,089
<b>DEPARTMENT OF TRANSPORTATION</b>				
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%
<b>TEXAS WORKFORCE COMMISSION</b>				
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
<b>DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS</b>						
The department provides financial assistance, administrative resources and education for housing and community service matters.						
<b>Homeless Housing and Services</b>						
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%
<b>Federal Allotments</b>						
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%)

## 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
<b>Federal American Recovery and Reinvestment Act Funds</b>						
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%)
<b>Energy Assistance Programs</b>						
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%)
<b>Manufactured Housing Division</b>						
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%)



## 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
<b>Centers for Medicare/Medicaid Systems Real Choices</b>						
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%)
<b>Manufactured Housing Down Payment Grant Assistance</b>						
Increase General Revenue by \$0.5 million to provide down payment grant assistance to eligible low income households purchasing a manufactured home.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	REC 2014–15	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5
	BIENNIAL CHANGE	N/A	N/A	N/A	N/A	(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
<b>Lottery Administration</b>						
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%
<b>Lottery Operator Contracts</b>						
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%)
<b>Instant Ticket Product Contract</b>						
Funding is increased by \$3.8 million in General Revenue—Dedicated Funds due to increased costs for 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
<b>Mass Media Advertising</b>						
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%)
<b>Drawing and Broadcasts</b>						
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%
<b>Retailer Commissions</b>						
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
<b>Bingo Law Compliance Field Operations</b>						
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%
<b>Automated Charitable Bingo System</b>						
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

#### **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.

# 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
<b>Vehicle Titles, Registration, and License Plates</b>						
Funding is increased by \$8.9 million in State Highway Funds, including an increase of \$10.2 million for an interagency contract to fund ongoing maintenance of the TexasSure Motor Vehicle Financial Responsibility Verification program at the Department of Insurance; an increase of \$1.1 million for an increase in the production volume of license plates, registration stickers, and placards; and a decrease of \$2.4 million for information technology replacements and upgrades for County Tax Assessor-Collector support.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$133.0	\$133.0
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$141.9	\$141.9
	BIENNIAL CHANGE	N/A	N/A	N/A	6.7%	6.7%
<b>Technology Enhancement and Automation</b>						
Funding is decreased by \$1.6 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	\$46.9	\$46.9
	BIENNIAL CHANGE	N/A	N/A	N/A	(3.3%)	(3.3%)
<b>Agency-wide Information Resources Support</b>						
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%

## 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
<b>Other Agency Support Services</b>						
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%

#### **DEPARTMENT OF TRANSPORTATION**

The department provides planning, coordination, acquisition, construction, preservation and operation of the state's transportation systems and services.

All Funds are increased by \$2,693.4 million including a net increase of \$1,813.1 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.

# 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
<b>Transportation Planning, Design, and Management</b>						
Funding is increased by \$101.5 million in All Funds for transportation planning, design, and management, which includes increases of \$150.1 million in Federal Funds, \$86.6 million in State Highway Funds, and \$10.0 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	\$795.9	\$802.9	\$1,598.8
	BIENNIAL CHANGE	(100.0%)	N/A	23.2%	(4.8%)	6.8%
<b>Right-of-way Acquisition</b>						
Funding is decreased by \$1,096.1 million in All Funds for acquiring right-of-way, which includes decreases of \$422.2 million in Proposition 12 (2007) GO bond proceeds, \$198.9 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	\$244.5	\$616.9	\$861.3
	BIENNIAL CHANGE	N/A	N/A	(44.9%)	(59.3%)	(56.0%)

## 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
<b>Transportation Construction</b>						
Funding is increased by \$1,301.4 million in All Funds for transportation construction, which includes increases of \$738.9 million in Proposition 12 (2007) GO bond proceeds, \$454.3 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	\$3,000.7	\$3,676.1	\$6,676.8
	BIENNIAL CHANGE	N/A	N/A	17.8%	29.9%	24.2%
<b>Transportation System Maintenance and Preservation</b>						
Funding is increased by \$1,506.2 million in All Funds of for maintaining and preserving the transportation system, which includes increases of \$1,215 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	\$3,987.3	\$4,228.3	\$8,215.6
	BIENNIAL CHANGE	(100.0%)	N/A	43.8%	7.4%	22.4%
<b>Bond Debt Service</b>						
Funding is increased by \$813.0 million in All Funds for bond debt service payments and other financing costs, which includes increases of \$519.0 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%



# 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
<b>Indirect Administration</b>						
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%
<b>Aviation Grants and Services</b>						
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%
<b>Public Transportation</b>						
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%)

# 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
<b>Ferry Operations</b>						
Funding is increased by \$6.0 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%
<b>Rail Transportation</b>						
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%)
<b>Travel Information</b>						
Funding is decreased by \$7.2 million in State Highway Funds, which includes a reduction of \$7.0 million contingent upon the enactment of legislation that would replace appropriations of State Highway Funds for travel information center operations with an alternative method of financing.	EST/BUD 2012–13	\$0.0	\$0.0	\$0.0	\$33.9	\$33.9
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$26.7	\$26.7
	BIENNIAL CHANGE	N/A	N/A	N/A	(21.1%)	(21.1%)

# 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
<b>TEXAS WORKFORCE COMMISSION</b>						
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.						
<b>Reduction in Federal Allotments</b>						
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%)

## 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
<b>Increase in Federal Allotments</b>						
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%
<b>Federal American Recovery and Reinvestment Act Funds</b>						
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%)
<b>Child Care Services</b>						
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
<b>REIMBURSEMENTS TO THE UNEMPLOYMENT COMPENSATION BENEFIT ACCOUNT</b>						
<b>State Unemployment Compensation Reimbursement to Former State Employees</b>						
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 \$773.3 million for the 2014–15 biennium, which is an increase of \$66.3 million, or 9.4 percent, from the 2012–13 biennium (Figure 46).

General Revenue Funds and General Revenue–Dedicated Funds total \$739.2 million, which is an increase of \$100.3 million, or 15.7 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	230.0	(27.9)	(10.8)
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	48.5	0.4	0.7
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	13.4	3.0	28.5
Executive Council of Physical Therapy & Occupational Therapy Examiners	2.3	2.4	0.2	8.2

## 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	15.1
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	255.9	77.3	43.2
Office of Public Utility Counsel	3.0	3.0	0.0	0.0
Board of Veterinary Medical Examiners	1.9	2.1	0.2	8.7
Subtotal, Regulatory	\$631.7	\$687.7	\$56.0	8.9
Retirement and Group Insurance	\$68.2	\$78.8	\$10.5	15.4
Social Security and Benefit Replacement Pay	23.7	23.5	(0.2)	(0.8)
Subtotal, Employee Benefits	\$92.0	\$102.3	\$10.3	11.2
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	\$18.6	(\$0.7)	(3.7)
<b>Total Article VIII – Regulatory</b>	<b>\$707.0</b>	<b>\$773.3</b>	<b>\$66.3</b>	<b>9.4</b>

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	200.6	3.9	2.0
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	46.5	0.3	0.7
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	13.4	3.0	28.5
Executive Council of Physical Therapy & Occupational Therapy Examiners	2.1	2.3	0.2	8.8
Board of Plumbing Examiners	4.3	4.9	0.6	14.4
Board of Podiatric Medical Examiners	0.5	0.6	0.1	16.0
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	255.0	78.5	44.5
Office of Public Utility Counsel	3.0	3.0	0.0	0.0
Board of Veterinary Medical Examiners	1.9	2.1	0.2	8.7
Subtotal, Regulatory	\$546.5	\$636.9	\$90.4	16.5

## 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	\$77.6	\$10.6	15.9
Social Security and Benefit Replacement Pay	22.9	22.8	(0.1)	(0.4)
Subtotal, Employee Benefits	\$89.8	\$100.4	\$10.5	11.7
Lease Payments	\$2.6	\$1.9	(\$0.7)	(26.5)
Subtotal, Debt Service	\$2.6	\$1.9	(\$0.7)	(26.5)
<b>Total Article VIII – Regulatory</b>	<b>\$638.9</b>	<b>\$739.2</b>	<b>\$100.3</b>	<b>15.7</b>

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
<b>ALL AGENCIES</b>				
Total Number of Individuals Licensed	1,600,121	1,549,864	1,691,848	1,738,401
<b>OFFICE OF INJURED EMPLOYEE COUNSEL</b>				
Percentage of Texas Department of Insurance Administrative Dispute Resolution Proceedings in which an Ombudsman assisted an Unrepresented Injured Employee	49%	48%	50%	50%
<b>DEPARTMENT OF INSURANCE</b>				
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
<b>PUBLIC UTILITY COMMISSION</b>				
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
<b>STATE OFFICE OF ADMINISTRATIVE HEARINGS</b>						
<b>Budget Decrease</b>						
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%)
<b>BOARD OF CHIROPRACTIC EXAMINERS</b>						
<b>Licensing and Enforcement</b>						
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%
<b>BOARD OF DENTAL EXAMINERS</b>						
<b>Licensing and Enforcement</b>						
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
<b>HEALTH PROFESSIONS COUNCIL</b>						
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.						
<b>Information Technology Support</b>						
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%
<b>OFFICE OF INJURED EMPLOYEE COUNSEL</b>						
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.						
<b>Ombudsmen Program</b>						
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
<b>Language Line Translation Services</b>						
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
<b>Financial Examination and Actuarial Division</b>						
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%)
<b>Texas Commission on Fire Protection</b>						
Funding for fiscal years 2014 and 2015 reflects a transfer of the agency's funding, administration, and program functions to TDI. Funding provides for \$3.5 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 reduction of \$0.3 million in General Revenue Funds and 3.0 full-time-equivalent positions.	EST/BUD 2012–13	\$3.8	\$0.0	\$0.0	\$0.1	\$3.9
	REC 2014–15	\$3.5	\$0.0	\$0.0	\$0.1	\$3.6
	BIENNIAL CHANGE	(7.9%)	0.0%	N/A	0.0%	(7.7%)
<b>Healthy Texas Program</b>						
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
<b>Technology and Telecommunications</b>						
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 fund 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 Interagency Contract Funding 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%
<b>CompScope Benchmarking Program</b>						
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
<b>Federal Funds-Affordable Care Act</b>						
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
<b>Federal Funds-Fire Marshall's Office</b>						
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%)
<b>DEPARTMENT OF LICENSING AND REGULATIONS</b>						
<b>Water Well Drilling Program</b>						
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%
<b>TEXAS MEDICAL BOARD</b>						
<b>Texas.gov</b>						
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%)

## 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
<b>Texas Physician Health Program</b>						
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%
<b>Enforcement</b>						
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
<b>Information Technology Needs</b>						
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%

# 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
<b>BOARD OF NURSING</b>						
<b>Criminal History and Background Check</b>						
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%)
<b>Appropriated Receipts</b>						
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	\$0.0	\$0.0	\$0.0	\$3.8	\$3.8
	REC 2014–15	\$0.0	\$0.0	\$0.0	\$2.3	\$2.3
	BIENNIAL CHANGE	N/A	N/A	N/A	(39.5%)	(39.5%)
<b>Nursing Consultants</b>						
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

# 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
<b>Texas Peer Assistance Program for Nurses</b>						
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%
<b>BOARD OF PHARMACY</b>						
<b>Licensing and Enforcement</b>						
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	\$12.8	\$0.0	\$0.0	\$0.0	\$12.8
	BIENNIAL CHANGE	23.1%	N/A	N/A	N/A	23.1%
<b>Lease Payments</b>						
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

# 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
<b>EXECUTIVE COUNCIL OF PHYSICAL THERAPY AND OCCUPATIONAL THERAPY EXAMINERS</b>						
<b>Enforcement</b>						
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	\$2.3
	REC 2014–15	\$2.3	\$0.0	\$0.0	\$0.2	\$2.5
	BIENNIAL CHANGE	8.8%	N/A	N/A	0.0%	8.8%
<b>BOARD OF PLUMBING EXAMINERS</b>						
<b>Licensing and Enforcement</b>						
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%
<b>RACING COMMISSION</b>						
<b>New Horse Racetracks</b>						
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

# 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
<b>SECURITIES BOARD</b>						
<b>Enforcement</b>						
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%
<b>PUBLIC UTILITY COMMISSION</b>						
The commission regulates the state's electric and telecommunication industries, oversees competitive utility markets; and provides financial assistance and education to utility customers.						
<b>Low-Income Discount Program</b>						
Funding is increased by \$76.1 million in General Revenue–Dedicated Funds (System Benefit Account No. 5100) for the low-income discount program to increase the discount for qualified low-income individuals and households from 10 percent to 15 percent.	EST/BUD 2012–13	\$0.0	\$152.2	\$0.0	\$0.0	\$152.2
	REC 2014–15	\$0.0	\$228.3	\$0.0	\$0.0	\$228.3
	BIENNIAL CHANGE	N/A	50.0%	N/A	N/A	50.0%

# 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
<b>Retail Electric Market Oversight</b>						
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%
<b>Federal Funds</b>						
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%)
<b>Data Center Consolidation</b>						
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
<b>BOARD OF VETERINARY MEDICAL EXAMINERS</b>						
<b>Licensing and Enforcement</b>						
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%