



## LEGISLATIVE BUDGET BOARD

# **Summary of Legislative Budget Estimates 2016–17 Biennium**

## **SENATE**

SUBMITTED TO THE 84TH TEXAS LEGISLATURE

JANUARY 2015

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## INTRODUCTION

This Summary of the General Appropriations Bill publication provides an overview of the appropriations included in the General Appropriations Bill, otherwise known as the state budget. The version of the General Appropriations Bill that becomes law, after being passed by the Legislature and signed by the Governor, is referred to as the General Appropriations Act (GAA). This enacted legislation is the state's budget for a two-year period (biennium). The Legislative Budget Board staff provides a Summary of the General Appropriations Bill for each version of the bill as the budget deliberations unfold during the legislative session. The summary is not a reconciliation of each change in the General Appropriations Bill, but rather a high-level overview of major changes between the biennia and between iterations of the bill. It is a reference for legislators and other stakeholders as they work through budget deliberations.

The General Appropriations Bill is categorized into Articles that cover certain areas of state government. For example, Article I is General Government. Article II covers Health and Human Services, and Article III is Public and Higher Education. Six additional articles cover the other areas of government.

There are four methods of finance the Legislature uses to appropriate funds to state agencies and public institutions of higher education: General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds. **All Funds** is the summation of the methods of finance.

- **General Revenue Funds** constitute the non-dedicated portion of the General Revenue Fund, which is the state's primary operating fund. General Revenue Funds also include the Available School Fund, the State Instructional Materials Fund, and the Foundation School Fund.
- **General Revenue–Dedicated Funds** include more than 200 accounts within the General Revenue Fund that are dedicated for specific purposes by statute or the funds-consolidation process. For example, Trauma Facility and EMS Account Number 5111 is funded through deposits collected in the Driver Responsibility Program or state traffic fines related to traffic offense convictions. The revenues are statutorily dedicated to the Department of State Health Services to provide funding for designated trauma facilities, county and regional emergency medical services, trauma-care systems, and for qualified provider and hospital payments in Medicaid, and to the Higher Education Coordinating Board for graduate medical education and nursing education programs.
- **Federal Funds** include grants, allocations, payments or reimbursements received from the federal government by state agencies and institutions. The largest portion of Federal Funding appropriations are for the Medicaid program in Article II. Other examples of Federal Funds appropriations include the Title I Grants to Local Educational Agencies, National School Lunch Program, Transportation Grants and National Highway System Funding, Special Education Basic State Grants, and the Children's Health Insurance Program.
- **Other Funds** consist of any funds not included in the General Revenue Fund (dedicated or not) or Federal Funds. Examples of Other Funds include the State Highway Fund, the Texas Mobility Fund, the Property Tax Relief Fund, the Economic Stabilization Fund, trust funds, bond proceeds, and interagency contracts.

The Introduction chapter of the Summary provides an overview of the General Appropriations Bill. **Figures 1 through 10** provide the total appropriations for the 2016–17 biennium by each method of finance for each article in the bill compared to the 2014–15 biennium expenditure/budgeted level of funding. The chapter includes highlights of major funding items or significant policy or fiscal issues across the state; examples of factors affecting the state budget, including budget drivers such as correctional population or public school daily attendance; and a reconciliation of the base that explains how the previous biennium's appropriations have been adjusted over the course of the 2014–15 biennium.

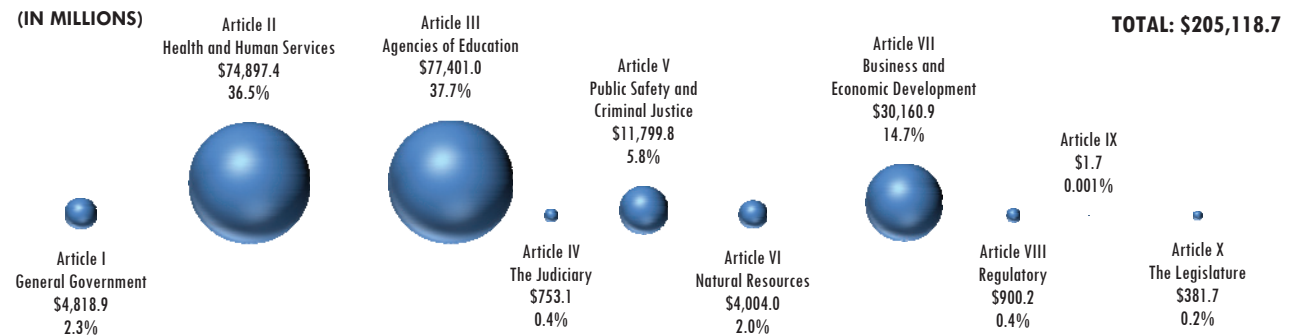
The Introduction chapter also provides additional context for understanding the General Appropriations Bill, including trends in state government expenditures, an explanation of constitutional spending limits, a description of restricted versus unrestricted appropriations, insights into the Economic Stabilization Fund (i.e., Rainy Day Fund), and the Texas Economic Outlook.

Following the Introduction chapter are article-specific chapters. Each article chapter provides an overview of the total article appropriations by agency or institution, including estimated and budgeted expenditures for the current biennium (2014–15), the recommended appropriation levels for the biennium in the 2016–17 General Appropriations Bill, full-time-equivalent positions for the article, and other significant fiscal issues. Some chapters will also include additional detail at the agency level.

Finally, the Summary includes two appendices. Appendix A provides a reader's guide to the General Appropriations Bill so that first time users can better understand how to make sense of the budget structure, performance measures, and riders. Appendix B provides a comparison point between versions of the General Appropriations Bill as the Legislature progresses through the budget deliberations. This comparison allows readers to identify differences between chamber bills, or a specific chamber's changes.

## RECOMMENDATIONS BY ARTICLE

**FIGURE 1**  
**RECOMMENDATIONS BY ARTICLE, ALL FUNDS**



NOTE: Object size is proportional to the percentage of recommended All Funds appropriations for all articles.

SOURCE: Legislative Budget Board.

**FIGURE 2**  
**RECOMMENDATIONS BY ARTICLE, ALL FUNDS**

(IN MILLIONS)

| ALL FUNCTIONS                                   | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                  | \$5,218.8                     | \$4,818.9              | (\$399.9)          | (7.7%)               |
| Article II – Health and Human Services          | \$74,513.4                    | \$74,897.4             | \$384.1            | 0.5%                 |
| Article III – Agencies of Education             | \$73,941.8                    | \$77,401.0             | \$3,459.2          | 4.7%                 |
| <i>Public Education</i>                         | \$55,403.8                    | \$58,590.2             | \$3,186.4          | 5.8%                 |
| <i>Higher Education</i>                         | \$18,538.1                    | \$18,810.8             | \$272.8            | 1.5%                 |
| Article IV – The Judiciary                      | \$764.0                       | \$753.1                | (\$10.9)           | (1.4%)               |
| Article V – Public Safety and Criminal Justice  | \$11,765.2                    | \$11,799.8             | \$34.6             | 0.3%                 |
| Article VI – Natural Resources                  | \$6,931.1                     | \$4,004.0              | (\$2,927.1)        | (42.2%)              |
| Article VII – Business and Economic Development | \$27,447.6                    | \$30,160.9             | \$2,713.3          | 9.9%                 |
| Article VIII – Regulatory                       | \$1,127.3                     | \$900.2                | (\$227.1)          | (20.1%)              |
| Article IX – General Provisions                 | \$0.0                         | \$1.7                  | \$1.7              | N/A                  |
| Article X – The Legislature                     | \$374.0                       | \$381.7                | \$7.7              | 2.1%                 |
| <b>Total, All Articles</b>                      | <b>\$202,083.1</b>            | <b>\$205,118.7</b>     | <b>\$3,035.7</b>   | <b>1.5%</b>          |

NOTES:

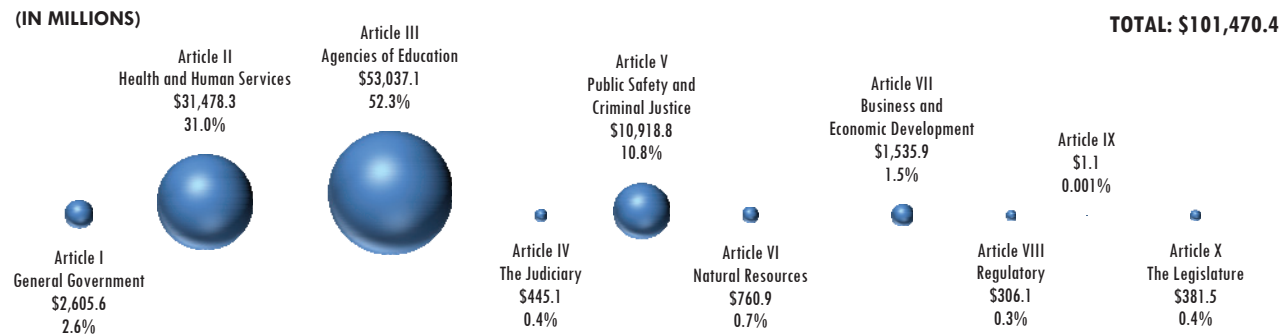
(1) Includes anticipated supplemental spending adjustments if applicable.

(2) Excludes Interagency Contracts.

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

SOURCE: Legislative Budget Board.

**FIGURE 3**  
**RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS**



NOTE: Object size is proportional to the percentage of recommended General Revenue Funds appropriations for all articles.  
SOURCE: Legislative Budget Board.

**FIGURE 4**  
**RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS**

(IN MILLIONS)

| ALL FUNCTIONS                                   | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                  | \$2,731.6                     | \$2,605.6              | (\$126.1)          | (4.6%)               |
| Article II – Health and Human Services          | \$29,789.9                    | \$31,478.3             | \$1,688.5          | 5.7%                 |
| Article III – Agencies of Education             | \$50,674.6                    | \$53,037.1             | \$2,362.4          | 4.7%                 |
| <i>Public Education</i>                         | \$37,421.7                    | \$39,423.0             | \$2,001.3          | 5.3%                 |
| <i>Higher Education</i>                         | \$13,253.0                    | \$13,614.1             | \$361.2            | 2.7%                 |
| Article IV – The Judiciary                      | \$446.8                       | \$445.1                | (\$1.7)            | (0.4%)               |
| Article V – Public Safety and Criminal Justice  | \$9,226.3                     | \$10,918.8             | \$1,692.6          | 18.3%                |
| Article VI – Natural Resources                  | \$714.8                       | \$760.9                | \$46.0             | 6.4%                 |
| Article VII – Business and Economic Development | \$932.9                       | \$1,535.9              | \$603.0            | 64.6%                |
| Article VIII – Regulatory                       | \$279.2                       | \$306.1                | \$27.0             | 9.7%                 |
| Article IX – General Provisions                 | \$0.0                         | \$1.1                  | \$1.1              | N/A                  |
| Article X – The Legislature                     | \$373.9                       | \$381.5                | \$7.6              | 2.0%                 |
| <b>Total, All Articles</b>                      | <b>\$95,170.0</b>             | <b>\$101,470.4</b>     | <b>\$6,300.4</b>   | <b>6.6%</b>          |

NOTES:

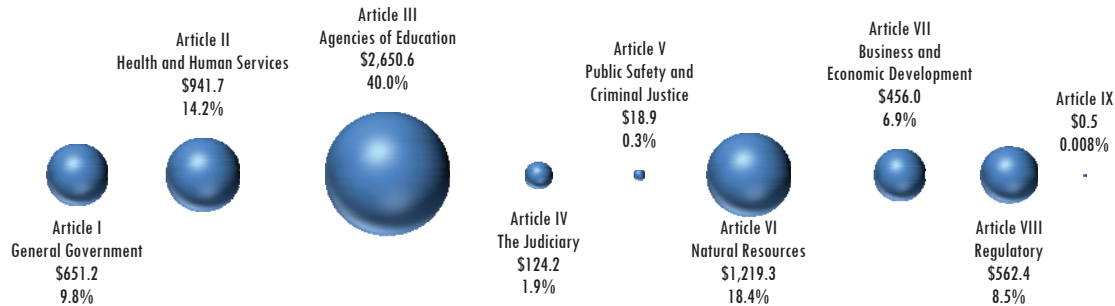
(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

**FIGURE 5**  
**RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS**

(IN MILLIONS)

**TOTAL: \$6,624.7**

NOTE: Object size is proportional to the percentage of recommended General Revenue–Dedicated Funds appropriations for all articles.  
SOURCE: Legislative Budget Board.

**FIGURE 6**  
**RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS**

(IN MILLIONS)

| ALL FUNCTIONS                                   | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                  | \$865.7                       | \$651.2                | (\$214.5)          | (24.8%)              |
| Article II – Health and Human Services          | \$1,191.5                     | \$941.7                | (\$249.8)          | (21.0%)              |
| Article III – Agencies of Education             | \$2,676.1                     | \$2,650.6              | (\$25.6)           | (1.0%)               |
| <i>Public Education</i>                         | \$0.1                         | \$0.1                  | \$0.0              | 0.0%                 |
| <i>Higher Education</i>                         | \$2,676.1                     | \$2,650.5              | (\$25.6)           | (1.0%)               |
| Article IV – The Judiciary                      | \$133.5                       | \$124.2                | (\$9.3)            | (7.0%)               |
| Article V – Public Safety and Criminal Justice  | \$18.5                        | \$18.9                 | \$0.4              | 1.9%                 |
| Article VI – Natural Resources                  | \$1,210.1                     | \$1,219.3              | \$9.2              | 0.8%                 |
| Article VII – Business and Economic Development | \$463.4                       | \$456.0                | (\$7.4)            | (1.6%)               |
| Article VIII – Regulatory                       | \$789.2                       | \$562.4                | (\$226.9)          | (28.7%)              |
| Article IX – General Provisions                 | \$0.0                         | \$0.5                  | \$0.5              | N/A                  |
| Article X – The Legislature                     | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| <b>Total, All Articles</b>                      | <b>\$7,348.0</b>              | <b>\$6,624.7</b>       | <b>(\$723.3)</b>   | <b>(9.8%)</b>        |

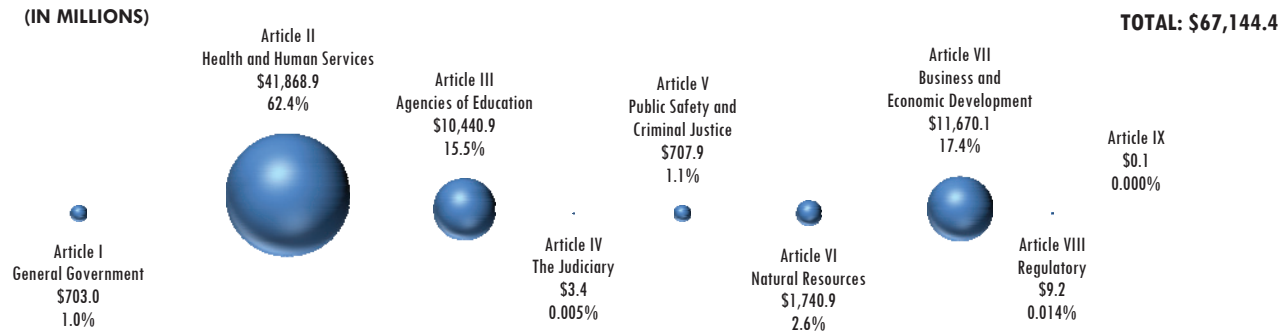
NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

**FIGURE 7**  
**RECOMMENDATIONS BY ARTICLE, FEDERAL FUNDS**



NOTE: Object size is proportional to the percentage of recommended Federal Funds appropriations for all articles.  
 SOURCE: Legislative Budget Board.

**FIGURE 8**  
**RECOMMENDATIONS BY ARTICLE, FEDERAL FUNDS**

(IN MILLIONS)

| ALL FUNCTIONS                                   | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                  | \$662.8                       | \$703.0                | \$40.2             | 6.1%                 |
| Article II – Health and Human Services          | \$42,858.4                    | \$41,868.9             | (\$989.6)          | (2.3%)               |
| Article III – Agencies of Education             | \$10,034.1                    | \$10,440.9             | \$406.8            | 4.1%                 |
| <i>Public Education</i>                         | \$9,759.1                     | \$10,170.9             | \$411.8            | 4.2%                 |
| <i>Higher Education</i>                         | \$275.0                       | \$270.0                | (\$5.0)            | (1.8%)               |
| Article IV – The Judiciary                      | \$3.8                         | \$3.4                  | (\$0.3)            | (9.0%)               |
| Article V – Public Safety and Criminal Justice  | \$1,120.7                     | \$707.9                | (\$412.8)          | (36.8%)              |
| Article VI – Natural Resources                  | \$2,656.2                     | \$1,740.9              | (\$915.3)          | (34.5%)              |
| Article VII – Business and Economic Development | \$11,102.3                    | \$11,670.1             | \$567.8            | 5.1%                 |
| Article VIII – Regulatory                       | \$13.2                        | \$9.2                  | (\$3.9)            | (29.8%)              |
| Article IX – General Provisions                 | \$0.0                         | \$0.1                  | \$0.1              | N/A                  |
| Article X – The Legislature                     | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| <b>Total, All Articles</b>                      | <b>\$68,451.4</b>             | <b>\$67,144.4</b>      | <b>(\$1,307.0)</b> | <b>(1.9%)</b>        |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

**FIGURE 9**  
**RECOMMENDATIONS BY ARTICLE, OTHER FUNDS**

(IN MILLIONS)



NOTE: Object size is proportional to the percentage of recommended Other Funds appropriations for all articles.  
SOURCE: Legislative Budget Board.

**FIGURE 10**  
**RECOMMENDATIONS BY ARTICLE, OTHER FUNDS**

(IN MILLIONS)

| ALL FUNCTIONS                                   | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                  | \$958.7                       | \$859.1                | (\$99.5)           | (10.4%)              |
| Article II – Health and Human Services          | \$673.6                       | \$608.6                | (\$65.1)           | (9.7%)               |
| Article III – Agencies of Education             | \$10,556.9                    | \$11,272.5             | \$715.5            | 6.8%                 |
| <i>Public Education</i>                         | \$8,222.9                     | \$8,996.3              | \$773.4            | 9.4%                 |
| <i>Higher Education</i>                         | \$2,334.0                     | \$2,276.2              | (\$57.9)           | (2.5%)               |
| Article IV – The Judiciary                      | \$179.9                       | \$180.3                | \$0.4              | 0.2%                 |
| Article V – Public Safety and Criminal Justice  | \$1,399.7                     | \$154.2                | (\$1,245.5)        | (89.0%)              |
| Article VI – Natural Resources                  | \$2,350.0                     | \$282.9                | (\$2,067.1)        | (88.0%)              |
| Article VII – Business and Economic Development | \$14,949.1                    | \$16,498.9             | \$1,549.9          | 10.4%                |
| Article VIII – Regulatory                       | \$45.7                        | \$22.5                 | (\$23.2)           | (50.8%)              |
| Article IX – General Provisions                 | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Article X – The Legislature                     | \$0.1                         | \$0.2                  | \$0.1              | 64.4%                |
| <b>Total, All Articles</b>                      | <b>\$31,113.8</b>             | <b>\$29,879.3</b>      | <b>(\$1,234.5)</b> | <b>(4.0%)</b>        |

## NOTES:

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

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## HIGHLIGHTS OF THE RECOMMENDATIONS

For the 2016–17 biennium, funding includes the following key budget items:

### FOUNDATION SCHOOL PROGRAM

- \$33.6 billion in General Revenue Funds and \$42.4 billion in All Funds is provided for state aid to school districts and charter schools through the Foundation School Program (FSP) system. This represents a net General Revenue increase of \$2.0 billion, which reflects the addition of \$4.0 billion contingent on tax relief provisions (described below), partially offset by a decrease of \$2.2 billion in the state cost of funding current law obligations due to property value growth. Additionally, General Revenue funding for the FSP is increased by \$200 million over what is estimated to be required to fund the current law FSP entitlement, contingent on legislation that equalizes within the school finance formulas the treatment of similar tax effort across school districts.
- Major FSP cost drivers include the following: (1) projected enrollment growth of 83,000 to 85,000 students in average daily attendance annually (1.7 percent) at an estimated cost of \$2.5 billion for the biennium; (2) approximately \$4.5 billion in reductions to state obligations resulting from projections of strong growth in property values; and (3) approximately \$1.4 billion in increased formula costs, largely offset by recapture payments and other revenue.

### TAX RELIEF PROVISIONS

- As noted above in the Foundation School Program discussion, General Revenue funding for the FSP is increased by \$4.0 billion in the 2016–17 biennium, contingent on two separate tax relief provisions: (1) \$3.0 billion is contingent on the enactment of legislation that would provide an equivalent amount of school district property tax relief; and (2) \$1.0 billion is contingent on franchise tax reform resulting in equivalent savings and a corresponding reduction to the Property Tax Relief Fund. These amounts would be provided to school districts to hold them harmless for the lost tax revenue resulting from such legislation.

### MEDICAID

- \$60.1 billion in All Funds, including \$24.8 billion in General Revenue Funds and \$0.1 billion in General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. This is an increase of \$1.2 billion in All Funds, including \$1.8 billion in General Revenue Funds and General Revenue–Dedicated Funds. Approximately \$1.3 billion in General Revenue Funds is provided for items including projected caseload growth, including the transition of certain children from CHIP to Medicaid; maintaining fiscal year 2015 average costs for most programs, including fiscal year 2015 rate increases; replacing \$300.0 million in Interagency Contracts with General Revenue Funds; and full biennial funding of the Community First Choice program.
- Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included. A less favorable Federal Medical Assistance Percentage (FMAP) results in a higher proportion of the program being funded with General Revenue Funds (an estimated increase of \$747.2 million) with the net loss of specific enhanced federal funds matching rates further increasing the proportion of the program funded with General Revenue Funds (an increase of \$107.6 million). These increases are offset by a reduction to the proportion of the program funded with General Revenue Funds (a decrease of \$319.9 million) related to a 23 percentage point increase to the Enhanced Federal Medical Assistance Percentage (EFMAP), which applies to certain children in Medicaid previously receiving services through CHIP.
- There is an anticipated net supplemental need estimated at \$171.2 million in General Revenue Funds to complete fiscal year 2015 Medicaid expenditures.

### TRANSPORTATION

- \$24.9 billion in All Funds is provided for all functions of the Department of Transportation; this includes an increase in State Highway Funds (Other Funds) made available from the discontinuation of \$1.2 billion in State Highway Fund

appropriations to agencies other than the Department of Transportation, the inclusion of \$2.6 billion in funding from oil and natural gas tax-related transfers to the State Highway Fund as approved by voters in November 2014 (Proposition 1, 2014), and an additional \$1.2 billion to address transportation needs contingent upon the enactment of legislation making a one-time allocation of motor vehicle sales tax revenue to the State Highway Fund. The net agency increase of \$1.8 billion is the result of the increases referenced above and of declines in bond proceeds as well as in other revenue sources.

- \$21.3 billion in All Funds is provided for transportation planning and design, right-of-way acquisition, construction, and maintenance and preservation (an increase of \$1.4 billion in All Funds), including \$2.6 billion from estimated oil and natural gas tax-related transfers to the State Highway Fund (Proposition 1, 2014) that is included in the following program allocations. The All Funds amount includes \$10.8 billion for maintenance and preservation of the existing transportation system (an increase of \$1.4 billion); \$6.3 billion for construction and highway improvements (a decrease of \$1.4 billion); \$1.9 billion for transportation system planning, design, and management (an increase of \$247.1 million); \$1.1 billion for right-of-way acquisition (a decrease of \$80.9 million); and an additional \$1.2 billion to address the state's transportation needs, contingent upon the enactment of legislation making a one-time allocation of a portion of motor vehicle sales tax revenue to the State Highway Fund.
- \$2.4 billion in All Funds is provided for debt service payments and other financing costs, including \$1,596.8 million in Other Funds from the State Highway Fund and Texas Mobility Fund, \$700.9 million in General Revenue Funds (an increase of \$386.5 million), and \$125.7 million in Federal Funds from Build America Bond interest payment subsidies.

## MENTAL HEALTH

- Recommendations related to behavioral health and substance abuse services in the 2016–17 biennium are \$3.4 billion in All Funds, including \$2.6 billion in General Revenue Funds and General Revenue–Dedicated Funds, which is equal to 2014–15 Budgeted/Estimated General Revenue Funds and General Revenue–Dedicated Funds. These appropriations are distributed across 16 agencies in five articles, and include funding for inpatient client services at the state hospitals and the community hospitals, outpatient services provided through the local mental health authorities and NorthSTAR, serving adults who are on existing and projected waiting lists, mental health care services and substance abuse treatment for incarcerated offenders, mental health care services for veterans and infrastructure for the state hospitals.

## HIGHER EDUCATION FORMULA FUNDING

- Higher Education formulas are supported by \$6.9 billion in General Revenue Funds and \$1.3 billion in General Revenue–Dedicated Funds. Included in this amount are an increase of \$151.1 million in General Revenue Funds and an increase of \$43.4 million in General Revenue–Dedicated Funds. These increases are the result of funding enrollment growth and maintaining the formula rates for the Instructions and Operations and Infrastructure formulas for the General Academic Institutions, Lamar State Colleges, and the Health-Related Institutions (HRIs), as well as maintaining the rates for the Research Enhancement and Graduate Medical Education formulas for the HRIs. Additionally, General Revenue funding for the mission specific formulas at The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler was increased to align with the average General Revenue increase in the HRIs' Instruction and Operations formula. Public community and junior college funding amounts also maintain the rates for core operations and contact hour funding and maintain the percentage split for formula funding at 90 percent for contact hour funding and 10 percent for success point funding. Formula funding amounts also maintain the Texas State Technical College's Returned Value formula.

## ADULT INCARCERATION

- \$6.3 billion in All Funds, including \$6.1 billion in General Revenue Funds and General Revenue–Dedicated Funds, is provided for the incarceration of adult offenders in the Texas Department of Criminal Justice which includes housing, security, classification, food and necessities, healthcare, and treatment services. General Revenue Funds are increased by \$4.3 million for the 2016–17 biennium and include an \$18.1 million increase for Contract Prisons and Private State

Jails for contract per diem increases as well as offsetting reductions primarily for video surveillance equipment and a one-time electronic document management system (\$12.6 million). Funding for the Correctional Managed Health Care for the 2016–17 biennium totals \$963.1 million, a reduction of \$7.0 million from the 2014–15 biennium.

## **JUVENILE JUSTICE**

- \$638.9 million in All Funds and \$590.6 million in General Revenue Funds is provided to the Juvenile Justice Department for juvenile justice services. In lieu of appropriations across the current goals, objectives, and strategies of the agency, recommendations provide a block funding rider appropriation for the administration and operations of TJJD. The rider highlights significant juvenile justice issues for consideration by the Eighty-fourth Legislature. Funding levels represent an All Funds reduction of \$10.4 million from the 2014–15 biennium, primarily the result of an agency estimated Federal Funds reduction of \$1.2 million and an Other Funds reduction of \$9.5 million attributed primarily to a reduction in General Obligation bond proceeds. Juvenile populations are expected to continue to decline, but at a slower rate than in the previous two biennia.

## **BORDER SECURITY**

- \$815.2 million in All Funds is provided for border security purposes at the Department of Public Safety (DPS), the Trusted Programs within the Office of the Governor, the Texas Parks and Wildlife Department and the Department of Criminal Justice. DPS is provided the majority of this funding (\$612.3 million) in the agency's Goal B, Secure Border Region; other strategies in the DPS budget contain additional funding for border security-related functions and activities. The statewide biennial increase of \$347.3 million is primarily comprised of a \$396.8 million net increase in border security funding in the Department of Public Safety offset by decreases of \$50.0 million at the Military Department and \$4.4 million for the Texas Parks and Wildlife Department. Funding for the continued involvement of the Texas National Guard in border security is provided in Rider 49 of the DPS bill pattern. The rider directs DPS and TMD to establish a memorandum of understanding and subsequent interagency contract to transfer funds as needed from DPS to TMD for continued Guard deployment until such time as DPS' new Border Security Division is fully operational.

## **TEACHER RETIREMENT AND HEALTH BENEFITS**

- \$3.6 billion in All Funds is provided for the state contribution to retirement benefits of the Teacher Retirement System (TRS), including \$3.5 billion in General Revenue Funds, \$94.2 million in General Revenue–Dedicated Funds, and \$6.8 million in Other Funds (Teacher Retirement System Pension Trust Fund Account No. 960). Funding reflects a state contribution rate of 6.8 percent of employee payroll in each year of the 2016–17 biennium. Based on payroll trend data, an assumed annual payroll growth is included in each year of the biennium at a rate of 2.0 percent for public education and 4.0 percent for higher education.
- Retiree health insurance funding includes \$562.2 million in General Revenue Funds, which provides a statutorily required state contribution to TRS-Care of 1.0 percent of public education payroll.

## **STATE EMPLOYEE RETIREMENT, HEALTH BENEFITS, SOCIAL SECURITY, AND FULL-TIME EQUIVALENTS**

- Funding for state contributions to the Employees Retirement System retirement program reflects an increase of \$25.5 million in All Funds (\$52.2 million in General Revenue Funds and General Revenue–Dedicated Funds) for state employees' retirement benefits. Funding provides for a 7.5 percent state contribution rate each fiscal year of the 2016–17 biennium. Funding also provides for biennialization of the fiscal year 2015 statewide salary increase, as well as 0.5 percent annual payroll growth for state employees and 4.0 percent annual payroll growth for higher education employees. Recommendations also continue the additional retirement contribution from all general state agencies of 0.5 percent of the total base wages and salaries for each eligible employee for a total combined state contribution rate of 8.0 percent.

- \$3.7 billion in All Funds (\$2.6 billion in General Revenue Funds and General Revenue–Dedicated Funds) is provided for the state contribution for group insurance benefits for general state employees, retirees, and their dependents. The funding reflects an increase of \$605.4 million in All Funds (\$622.8 million in General Revenue Funds and General Revenue–Dedicated Funds), which provides for a 7.19 percent increase in the state contribution for fiscal year 2016 and a 7.17 percent increase in the state contribution for fiscal year 2017. These increases fund an annual benefit cost trend of 7.0 percent, when combined with spend down of approximately \$231.0 million from the contingency reserve fund, leaving an estimated \$100.0 million in the fund for the 2016–17 biennium. Amounts also reflect an annual state employee retirement rate of 5.0 percent and full-time-equivalent (FTE) changes at certain state agencies.
- \$1.6 billion in All Funds (\$1.3 billion in General Revenue Funds and General Revenue Funds) is provided for the state contribution for Social Security payroll taxes. Funding is sufficient to provide the 6.2 percent Social Security employer contribution and the 1.45 percent Medicare employer contribution. Funding also provides for biennialization of the fiscal year 2015 statewide salary increase, as well as 0.5 percent annual payroll growth for state employees and 4.0 percent annual payroll growth for higher education employees.
- Funding provides for 214,515.4 FTE positions in fiscal year 2016, and 214,649.1 in fiscal year 2017. The number of FTE positions in fiscal year 2017 is a decrease of 3,640.8 FTEs from fiscal year 2015 budgeted levels. The decrease is primarily related to a reduction of FTE caps for institutions of higher education to align with the lower of fiscal year 2014 actual FTE levels or institutions' requested caps.
- Article IX, General Provisions, of General Appropriations Bill includes \$1.7 million in All Funds to provide pay increases and related benefits to certain positions in Salary Schedule C to address salary compression. Funding provides \$1.5 million in All Funds for salary increases at the Alcoholic Beverage Commission, the Department of Criminal Justice, the Department of Public Safety, and the Parks and Wildlife Department. Funding also provides \$0.2 million in All Funds for related benefits at the Employees Retirement System and the Comptroller of Public Accounts.
- The Schedule C funding allows for salary increases for approximately 135 captains, game wardens, and related positions at the respective agencies for individuals who have at least eight years of service. Salary increases range from \$1,367 to \$7,223 annually, or 2.5 percent to 7.4 percent, corresponding with the employee's length of service.

## DEBT SERVICE

- The 2016–17 biennium fully funds debt service and totals \$3.9 billion in All Funds. This increase of \$330.4 million, or 9.1 percent from the 2014–15 biennium, consists of \$2.0 billion for fiscal year 2016 and \$2.0 billion for fiscal year 2017. Funding provides for debt service for General Obligation and revenue debt issued or expected to be issued by the Texas Public Finance Authority, the Water Development Board, and the Department of Transportation. Funding also provides for reimbursement of debt service payments for tuition revenue bonds issued by various institutions.

## GENERAL REVENUE–DEDICATED FUNDS

- A total of \$6.6 billion is provided in General Revenue–Dedicated Funds, a decrease of \$0.7 billion, or 9.8 percent, from the 2014–15 biennial level.
- Since 1991, unappropriated General Revenue–Dedicated account balances have been counted as available for certification of General Revenue Funds appropriations. In the 2012–13 biennium the amount of General Revenue–Dedicated counted as available for certification reached \$4.9 billion. In the Eighty-third Session, 2013, the Legislature took actions to reduce the reliance on General Revenue–Dedicated accounts counted for certification, reducing the amount available for certification of General Revenue Funds appropriations in the 2014–15 biennium to \$4.2 billion. Absent legislative action, the amount of General Revenue–Dedicated available for certification would have increased to \$5.4 billion.
- In the 2015 Biennial Revenue Estimate, the Comptroller of Public Accounts (CPA) estimates that the 2015 ending balance in General Revenue–Dedicated accounts is \$4.4 billion. Based on the CPA's Biennial Revenue Estimate of additional revenue collections in the General Revenue–Dedicated accounts for the 2016–17 biennium and appropriations in this

bill, the amount of General Revenue–Dedicated account balances would increase to an estimated \$4.8 billion pending final review by the Comptroller. The increase from \$4.4 billion to \$4.8 billion is attributable primarily to a projected increase in the Texas Emissions Reduction Plan account balance.

- Pursuant to the process set out in House Bill 7, the Legislative Budget Board identified \$1.5 billion in options to further reduce reliance on General Revenue–Dedicated account balances for certification. These options will be included in a special report to the Eighty-fourth Legislature.

## **ECONOMIC STABILIZATION FUND**

- No appropriations from the Economic Stabilization Fund (ESF) are included in the 2016–17 biennium. The balance of the fund is estimated to be \$11.1 billion at the end of fiscal year 2017.

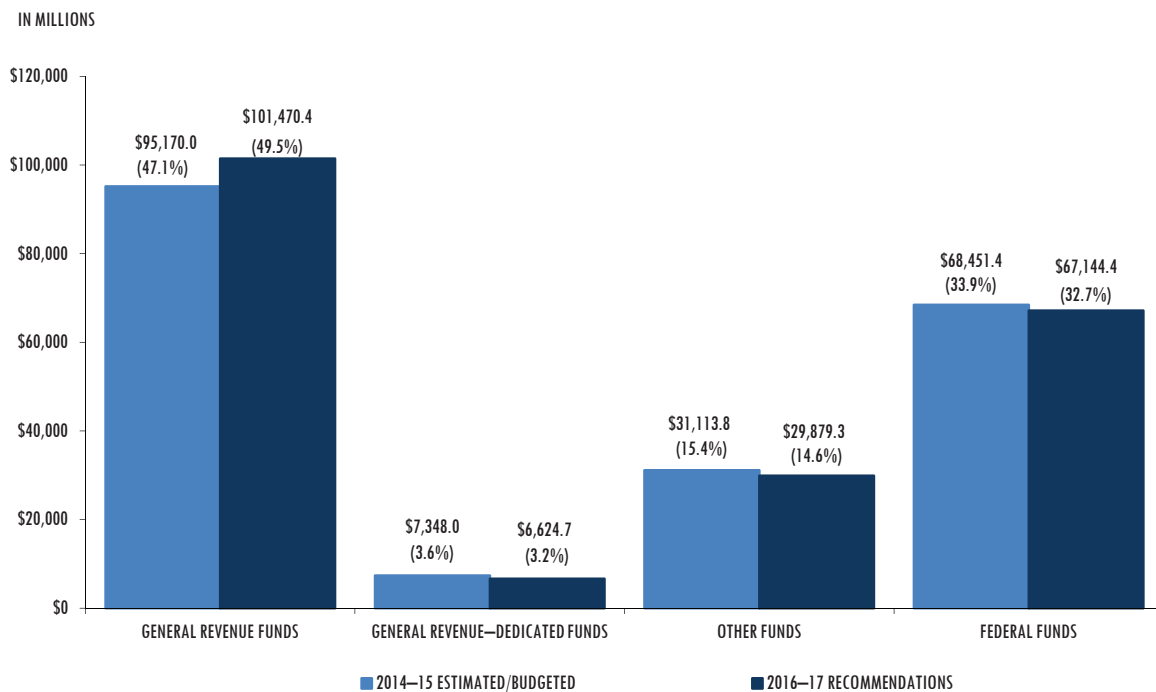
## **STRATEGIC FISCAL REVIEW**

- Seventeen state entities are subject to the Strategic Fiscal Review (SFR) in preparation for the Eighty-fourth Legislature. Agencies subject to the review are noted as such in this summary. The SFR provides an in-depth analysis of the selected state agency programs as well as their relationship to the agency’s mission and statutes. Analysis that is the result of this review by the staff of the Legislative Budget Board will be made available to the members of the Eighty-fourth Legislature to aid in their budget and policy deliberations.

## BIENNIAL COMPARISON BY FUND SOURCE

**Figure 11** compares biennial amounts for each of the four fund sources, or Methods of Finance, in the state budget. Estimated/budgeted amounts for the 2014–15 biennium refer to agency estimated expenditures in 2014 and agency budgeted amounts in 2015. Recommendations refer to biennial amounts contained in this summary’s version of the 2016–17 General Appropriations Bill. Percentage amounts in each column reflect the percentage of the entire biennial budget represented by that fund source.

**FIGURE 11**  
**BIENNIAL COMPARISON BY FUND SOURCE BETWEEN 2014–15 ESTIMATED/BUDGETED AND 2016–17 RECOMMENDED**



SOURCE: Legislative Budget Board.

## APPROPRIATED, ESTIMATED, AND BUDGETED FUNDS COMPARISON

Each biennium there are circumstances which result in variances to state agency expenditures (i.e., expended and budgeted amounts) from the amounts appropriated by the Legislature. Typically these result from shifts in population, client demands, or unforeseen events such as natural disasters, changes to federal formulas, grant requirements, and/or additional or reduced available revenue or balances supporting legislative appropriations. Often, these incremental changes to the current biennial budget are authorized by existing law, either through the Texas Constitution or the General Appropriations Act, and do not require legislative action. However some expenditure changes require further action by the Legislature in the form of a supplemental appropriations bill.

Projected expended and budgeted amounts for the 2014–15 biennium increased by approximately \$1.7 billion in All Funds. This consists of an increase of \$193.0 million in General Revenue Funds, and a net increase of \$1.5 billion in other funding sources (i.e., General Revenue–Dedicated Funds, Federal Funds and Other Funds). The most significant non-General Revenue increase occurs in Other Funds (\$1.7 billion) and mainly consists of increases for the Texas Department of Transportation (net \$1.1 billion in additional funding of \$861.4 million for Proposition 1 and \$402 million for energy sector projects and roadways, offset by various reductions) and the Available University Fund (\$381.7 million associated with transfers due to increased value of the Permanent University Fund). **Figure 12** shows most significant General Revenue Fund changes.

**FIGURE 12**
**RECONCILIATION OF THE 2014–15 APPROPRIATIONS TO 2014–15 ESTIMATED/BUDGETED AMOUNTS**

| (IN MILLIONS)                                                                                                                                                                                                                                                                                                                                                   | GENERAL REVENUE FUNDS |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 2014–15 Appropriations as Published in Fiscal Size-Up                                                                                                                                                                                                                                                                                                           | <b>\$94,977.0</b>     |
| <b>BUDGET ADJUSTMENTS</b>                                                                                                                                                                                                                                                                                                                                       |                       |
| <b>General Government</b>                                                                                                                                                                                                                                                                                                                                       |                       |
| Comptroller Fiscal Programs estimated appropriations for mixed beverage tax disbursements to locals (\$58.4 million) and unclaimed property payments (\$39.7 million)                                                                                                                                                                                           | \$98.1                |
| Governor Trusteed unexpended balances from fiscal year 2013                                                                                                                                                                                                                                                                                                     | \$83.2                |
| <b>Health and Human Services</b>                                                                                                                                                                                                                                                                                                                                |                       |
| Projected net supplemental needs at the Health and Human Services Commission and Department of Family and Protective Services, specifically increases for Medicaid (net \$171.2 million) and certain Family and Protective Services program demands (\$20.9 million), offset by a decrease for the Children's Health Insurance Program surplus (\$15.3 million) | \$176.8               |
| Health and Human Services agencies program-revenue related to reductions in drug rebates, program income, experience rebates and cost-sharing                                                                                                                                                                                                                   | (\$172.2)             |
| Department of Aging and Disability Services and Department of State Health Services unexpended balances from fiscal year 2013 for repair and renovation of state supported living centers and state hospitals, respectively                                                                                                                                     | \$43.0                |
| <b>Public and Higher Education</b>                                                                                                                                                                                                                                                                                                                              |                       |
| Teacher Retirement System estimated appropriations for public education retirement contributions (\$283.3 million), higher education retirement contributions (\$47.6 million), and retiree health care (\$45.3 million)                                                                                                                                        | \$376.2               |
| Optional Retirement Program estimated appropriations for higher education retirement contributions                                                                                                                                                                                                                                                              | \$62.2                |
| Texas Education Agency unexpended balances from fiscal year 2013 of instructional material allotments                                                                                                                                                                                                                                                           | \$113.3               |
| Texas Education Agency reductions to the Foundation School Program due to higher than anticipated property value growth and lower than expected enrollment growth                                                                                                                                                                                               | (\$682.9)             |
| Higher Education Coordinating Board unexpended balances from fiscal year 2013 for the Family Practice Residency Program (\$7.8 million); Graduate Medical Education Expansion (\$9.2 million); and, Hazlewood Exemption (\$30.0 million)                                                                                                                        | \$47.0                |

**FIGURE 12 (CONTINUED)**  
**RECONCILIATION OF THE 2014–15 APPROPRIATIONS TO 2014–15 ESTIMATED/BUDGETED AMOUNTS**

| (IN MILLIONS)                                                                                                                                                                                                                  | GENERAL REVENUE FUNDS |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <b>State Contributions for Employee Benefits</b>                                                                                                                                                                               |                       |
| State contributions for employee health insurance (decrease of \$58.9 million); retirement (increase of \$57.6 million); social security (increase of \$61.3 million); and benefit replacement pay (decrease of \$3.4 million) | \$56.6                |
| <b>Various Other Adjustments</b>                                                                                                                                                                                               |                       |
| Estimated/Revised Appropriations                                                                                                                                                                                               | \$4.1                 |
| Unexpended Balances                                                                                                                                                                                                            | \$83.6                |
| Lapses                                                                                                                                                                                                                         | (\$39.0)              |
| Other Adjustments                                                                                                                                                                                                              | (\$57.0)              |
| <b>Subtotal, Adjustments</b>                                                                                                                                                                                                   | <b>\$193.0</b>        |
| <b>Total, Estimated/Budgeted Funds for the 2014–15 Biennium</b>                                                                                                                                                                | <b>\$95,170.0</b>     |

NOTE: Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

## EXCEPTIONS TO THE 2016–17 BASELINE FUNDING

In June 2014, the Governor’s Office of Budget Planning and Policy and the Legislative Budget Board provided guidance to state agencies and institutions of higher education on the preparation of their legislative appropriations requests. As a starting point, agencies and institutions were directed to restrict their baseline requests for General Revenue Funds and General Revenue–Dedicated Funds to the amounts expended in fiscal year 2014 and budgeted for fiscal year 2015. Authorized exceptions to this restriction include amounts necessary to fund certain entitlement programs, debt service, and employee benefits. **Figure 13** shows the total 2016–17 recommended amounts for those program exceptions identified in the June correspondence and subsequent Legislative Appropriation Request Instructions. The \$33.7 billion in the 2016–17 biennium for the Foundation School Program shown below includes \$4.2 billion in General Revenue Funds that are contingent on legislation, \$4.0 billion of which is for tax relief.

**FIGURE 13**  
**PROGRAMMATIC EXCEPTIONS TO THE 2016–17 BASELINE FUNDING**  
**GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS ONLY**

| BUDGET ADJUSTMENTS (IN MILLIONS)                                                 | 2014–15<br>EXPENDED/<br>BUDGETED | 2016–17<br>RECOMMENDED | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|----------------------------------------------------------------------------------|----------------------------------|------------------------|--------------------|----------------------|
| <b>Health and Human Services</b>                                                 |                                  |                        |                    |                      |
| Medicaid                                                                         | \$23,123.5                       | \$24,973.0             | \$1,849.5          | 8.0%                 |
| Children’s Health Insurance Program                                              | \$572.7                          | \$141.0                | (\$431.7)          | (75.4%)              |
| Foster Care                                                                      | \$400.0                          | \$335.6                | (\$64.4)           | (16.1%)              |
| Adoption Subsidies                                                               | \$231.8                          | \$256.3                | \$24.5             | 10.6%                |
| Permanency Care Assistance                                                       | \$9.3                            | \$15.5                 | \$6.2              | 66.9%                |
| <b>Public Education</b>                                                          |                                  |                        |                    |                      |
| Foundation School Program                                                        | \$31,684.5                       | \$33,668.3             | \$1,983.8          | 6.3%                 |
| Employer Contributions for State Pension Systems (TRS pension only)              | \$3,429.6                        | \$3,581.4              | \$151.8            | 4.4%                 |
| Employer Contributions for State Pension Systems (TRS health care benefits only) | \$540.3                          | \$562.2                | \$21.8             | 4.0%                 |
| <b>State Employee Benefits</b>                                                   |                                  |                        |                    |                      |
| Employer Contributions for State Pension Systems (ERS only)                      | \$678.0                          | \$731.1                | \$53.0             | 7.8%                 |
| Employer Contributions to Employee Health Insurance (ERS only)                   | \$2,010.2                        | \$2,633.1              | \$622.8            | 31.0%                |
| Employer Contributions to Social Security                                        | \$1,171.9                        | \$1,295.7              | \$123.8            | 10.6%                |
| Benefit Replacement Pay                                                          | \$29.2                           | \$26.5                 | (\$2.8)            | (9.5%)               |
| State Employee and Public Safety Death Benefits                                  | \$33.2                           | \$30.5                 | (\$2.7)            | (8.1%)               |
| <b>Debt Service Payments</b>                                                     |                                  |                        |                    |                      |
| Debt Service Requirements for General Obligation and Revenue Bond Authorizations | \$1,808.6                        | \$2,118.1              | \$309.5            | 17.1%                |
| <b>Total, Programmatic Exceptions to the Baseline Funding</b>                    | <b>\$65,722.8</b>                | <b>\$70,368.1</b>      | <b>\$4,645.3</b>   | <b>7.1%</b>          |

## NOTES:

(1) Totals may not sum due to rounding.

(2) Amounts only include General Revenue Funds and General Revenue–Dedicated Funds amounts and exclude funds not subject to the baseline limitations.

SOURCE: Legislative Budget Board.

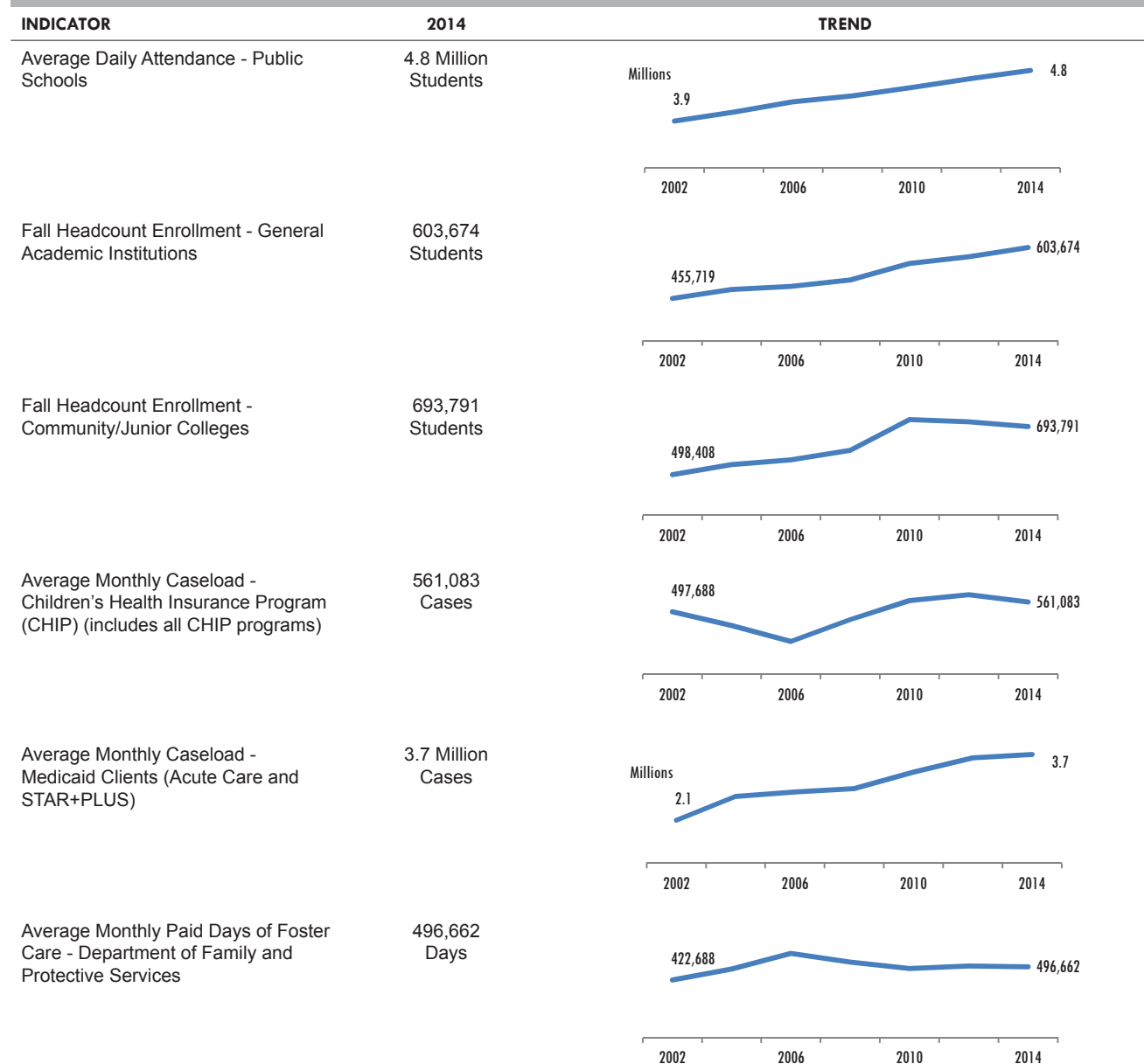
## FACTORS AFFECTING THE STATE BUDGET

Significant factors affecting the state budget can be divided into two categories: changes in the population served, and the cost of that service. Population based budget drivers include Medicaid, Children's Health Insurance Program (CHIP), and nursing home clients, public and higher education enrollment, adult and juvenile institutional and probation populations, and retirement system enrollment.

Population change is one element that helps explain the growth in the budget. Cost-related factors can have an equal or greater effect on growth. For example, medical inflation impacts not only Medicaid, CHIP and nursing facility costs, but also inmate health care costs and state employee and teacher health care costs. Statutory requirements also may affect cost.

**Figure 14** shows the population-based indicators that affect a large portion of the state budget.

**FIGURE 14**  
**POPULATION-BASED INDICATORS, FISCAL YEARS 2002 TO 2014**



**FIGURE 14 (CONTINUED)**  
**POPULATION-BASED INDICATORS, FISCAL YEARS 2002 TO 2014**



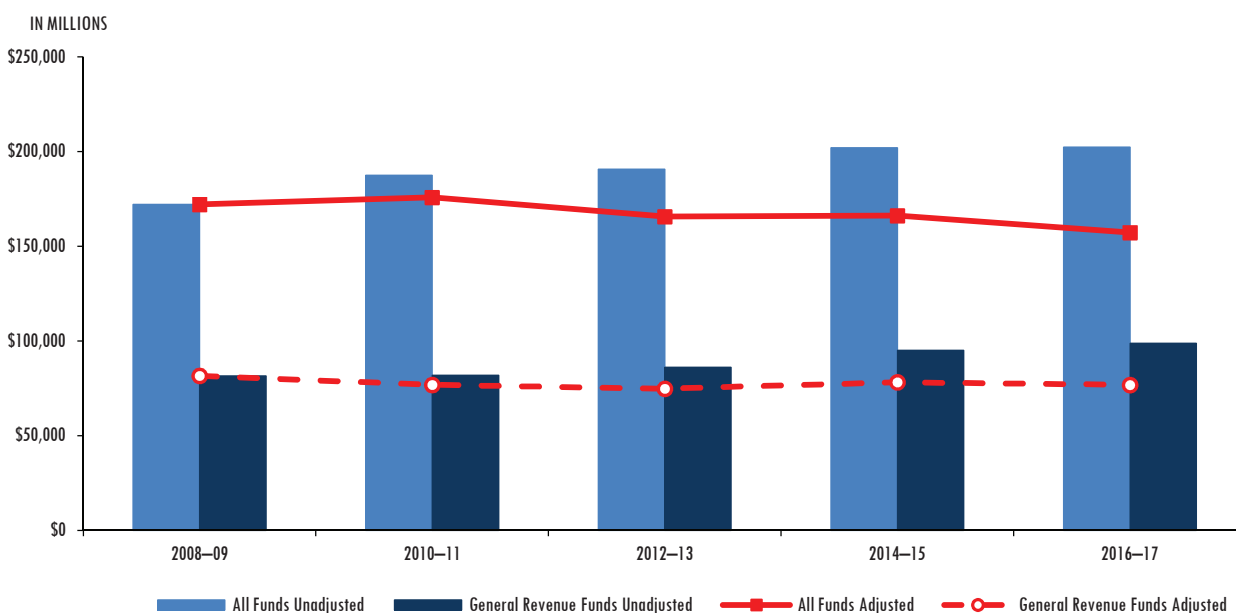
SOURCE: Legislative Budget Board.

## TRENDS IN STATE GOVERNMENT EXPENDITURES

**Figures 15 and 16** show biennial All Funds and General Revenue Fund expenditures/appropriations since the 2008–09 biennium. The figures also adjust current and historical expenditure/appropriation totals into 2008–09 dollars based on compounded population and inflation growth. All Funds expenditures increased by 19.2 percent from 2008–09 to 2016–17 biennia, but decreased 7.4 percent after adjusting for population and inflation. General Revenue Funds appropriations increased by 24.3 percent during the same period, but decreased by 3.4 percent when adjusted.

**FIGURE 15**  
**TRENDS IN STATE GOVERNMENT EXPENDITURES, 2016–17 BIENNIAL RECOMMENDATIONS**

| FISCAL BIENNIUM | ALL FUNDS  |                   |                                       |                   | GENERAL REVENUE FUNDS |                   |                                       |                   |
|-----------------|------------|-------------------|---------------------------------------|-------------------|-----------------------|-------------------|---------------------------------------|-------------------|
|                 | UNADJUSTED |                   | ADJUSTED FOR POPULATION AND INFLATION |                   | UNADJUSTED            |                   | ADJUSTED FOR POPULATION AND INFLATION |                   |
|                 | AMOUNT     | PERCENTAGE CHANGE | AMOUNT                                | PERCENTAGE CHANGE | AMOUNT                | PERCENTAGE CHANGE | AMOUNT                                | PERCENTAGE CHANGE |
| 2008–09         | \$172,131  | N/A               | \$172,131                             | N/A               | \$81,639              | N/A               | \$81,639                              | N/A               |
| 2010–11         | \$187,517  | 8.9               | \$175,830                             | 2.1               | \$81,931              | 0.4               | \$76,825                              | (5.9)             |
| 2012–13         | \$190,755  | 1.7               | \$165,695                             | (5.8)             | \$86,016              | 5.0               | \$74,716                              | (2.7)             |
| 2014–15         | \$202,083  | 5.9               | \$166,154                             | 0.3               | \$95,170              | 10.6              | \$78,249                              | 4.7               |
| 2016–17         | \$205,119  | 1.5               | \$159,347                             | (4.1)             | \$101,470             | 6.6               | \$78,827                              | 0.7               |



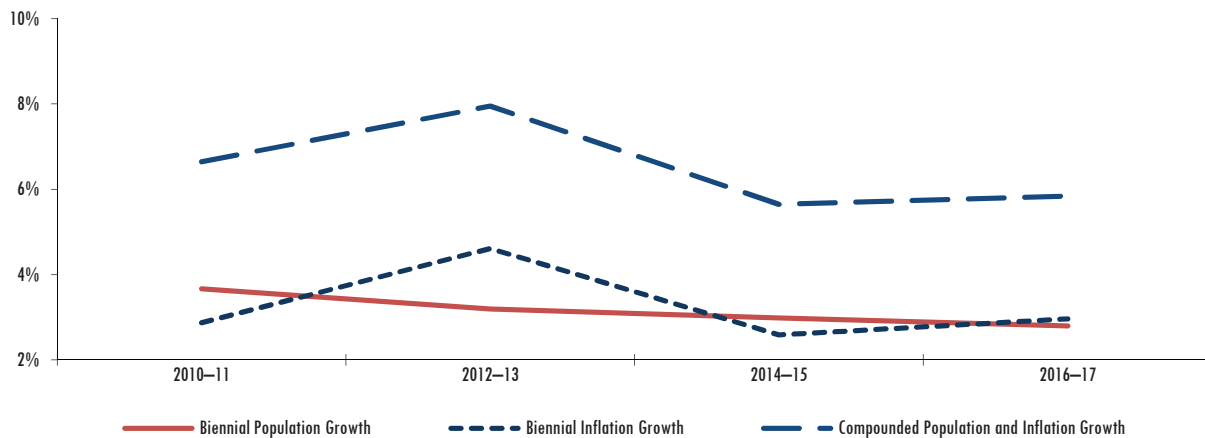
SOURCE: Legislative Budget Board.

Population and inflation is one tool used to compare budget growth, however it does not tie directly to government budget drivers. For example, inflation tracks the increased price of consumer goods such as groceries. Inflation of governmental services, such as education and healthcare, tend to grow faster than the price of consumer goods.

The compounded population and inflation growth in this table is based on data in the Comptroller's Fall 2014 Economic Forecast as published in the *2015 Biennial Revenue Estimate*, which included a biennial growth rate of 5.84 percent from 2014–15 to 2016–17. Population and inflation growth estimates submitted to the LBB in anticipation of the November 2014 LBB meeting ranged from 6.19 percent to 8.62 percent.

The 2014–15 and 2016–17 biennial expenditure/appropriation totals in the figures include the net effect of the 2016–17 recommendations and 2014–15 supplemental budget adjustments identified in **Figure 12**. Two major factors influence the All Funds budget growth over the 2008–09 to 2016–17 biennia. First, 2008–09 to 2012–13 All Fund totals include expenditures for patient income at health-related institutions of higher education; 2012–13 biennial expenditures of patient income totaled \$6.1 billion. The receipt of patient income at these institutions is not limited by the Legislature and is not deposited into the state treasury. Because appropriation authority is not required to spend this revenue, the Eighty-third Legislature removed the appropriation authority from the budget, but still identified the patient income totals in informational riders. Additionally, the 2014–15 biennial All Funds total includes the one time appropriation of \$2.0 billion for the State Water Plan.

**FIGURE 16**  
**BIENNIAL POPULATION AND INFLATION GROWTH FROM 2010–11 TO 2016–17 BIENNIA**

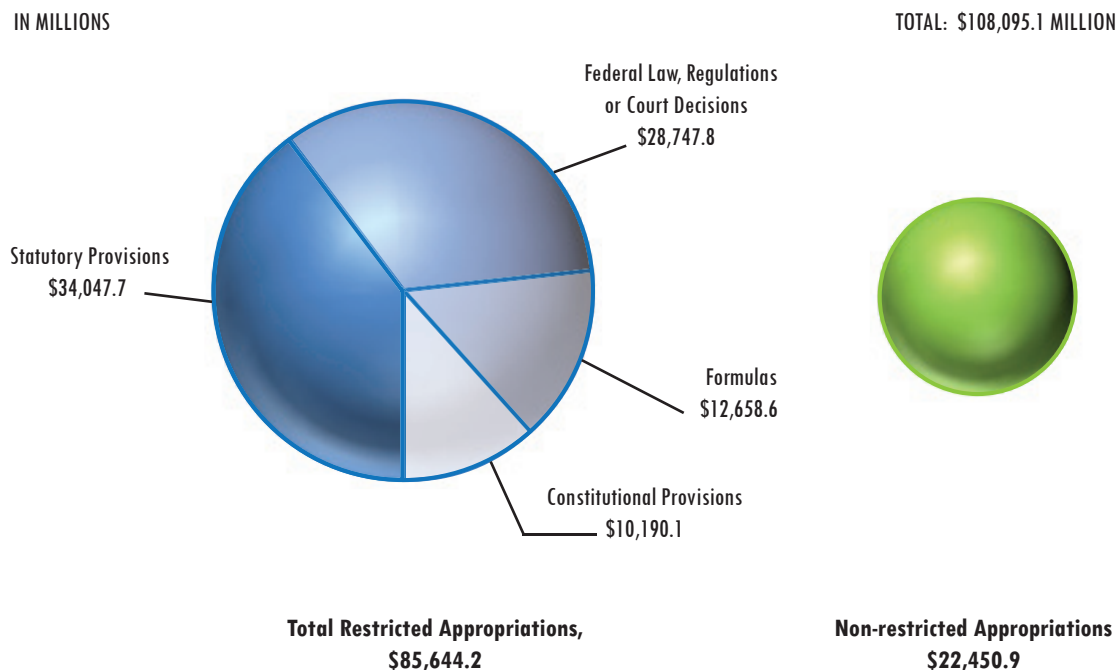


SOURCE: Texas Comptroller of Public Accounts.

## RESTRICTED APPROPRIATIONS

The 2016–17 biennial appropriations from General Revenue Funds and General Revenue–Dedicated Funds total \$108.1 billion. **Figure 17** shows that only \$22.5 billion of that total, 20.8 percent, is appropriated by the Legislature without restriction. The remaining \$85.6 billion is restricted by pre-existing constitutional provisions, statutory provisions, federal law, federal regulations, court decisions, and funding formulas. The Legislature maintains some discretion over a portion of the restricted budget, but would need to revise statutes outside of the appropriations process to change the restrictions. **Figure 17** includes examples of the largest restrictions by category. The non-restricted portion of the budget is slightly larger than the 2014–15 biennial level of 17.2 percent. Over the previous five biennia, this percentage has remained relatively constant.

**FIGURE 17**  
**RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE AND GENERAL REVENUE–DEDICATED FUNDS**



### TOTAL RESTRICTED APPROPRIATIONS VERSUS TOTAL NON-RESTRICTED APPROPRIATIONS, 2016–17 BIENNIUM

| (IN MILLIONS)                                                            | 2016–17<br>APPROPRIATIONS | PERCENTAGE OF TOTAL |
|--------------------------------------------------------------------------|---------------------------|---------------------|
| Appropriations Restricted by Constitutional Provisions                   | \$10,190.1                | 9.4%                |
| Teacher Retirement System: \$3,581.4 million                             |                           |                     |
| Foundation School Program (Available School Fund): \$2,736.8 million     |                           |                     |
| Public Education (Textbooks): \$1,054.9 million                          |                           |                     |
| Appropriations Restricted by Statutory Provisions                        | \$34,047.7                | 31.5%               |
| Public Education (Foundation School Program): \$26,733.4 million         |                           |                     |
| Programs at Department of State Health Services: \$671.3 million         |                           |                     |
| Appropriations Restricted by Federal Law, Regulations or Court Decisions | \$28,747.8                | 26.6%               |
| Medicaid Programs: \$24,973.0 million                                    |                           |                     |
| Social Security Match: \$1,295.7 million                                 |                           |                     |

| TOTAL RESTRICTED APPROPRIATIONS VERSUS TOTAL NON-RESTRICTED APPROPRIATIONS, 2016–17 BIENNIUM       |                           |                     |
|----------------------------------------------------------------------------------------------------|---------------------------|---------------------|
| (IN MILLIONS)                                                                                      | 2016–17<br>APPROPRIATIONS | PERCENTAGE OF TOTAL |
| Appropriations Restricted by Formulas                                                              | \$12,658.6                | 11.7%               |
| Higher Education Formulas: \$8,650.3 million                                                       |                           |                     |
| Group Health Insurance (General State Employees): \$2,633.1 million                                |                           |                     |
| Group Health Insurance (Higher Education Employees): \$1,375.3 million                             |                           |                     |
| <b>Total Restricted Appropriations</b>                                                             | <b>\$85,644.2</b>         | <b>79.2%</b>        |
| Non-restricted Appropriations                                                                      | \$22,450.9                | 20.8%               |
| Department of Criminal Justice: \$6,138.0 million                                                  |                           |                     |
| Department of Public Safety: \$1,991.5 million                                                     |                           |                     |
| <b>Total, General Revenue Funds and General Revenue–Dedicated Appropriations</b>                   | <b>\$108,095.1</b>        | <b>100.0%</b>       |
| NOTES:                                                                                             |                           |                     |
| (1) Listed appropriations are examples—not intended to total to specific restricted appropriation. |                           |                     |
| (2) Totals may not sum due to rounding.                                                            |                           |                     |
| SOURCE: Legislative Budget Board.                                                                  |                           |                     |

## LIMITS ON APPROPRIATIONS

Texas has four Constitutional limits on spending: the balanced budget limit, which is commonly referred to as the “pay-as-you-go limit”; the limit on the rate of growth of appropriations from certain state taxes, commonly referred to as the “spending limit”; the limit on welfare spending; and the limit on tax-supported debt. The 2016–17 biennial recommended biennial budget is within all of these limits.

The pay-as-you-go limit and the spending limit both restrict appropriations, but in different ways. The pay-as-you-go limit prohibits the General Revenue Fund budget from exceeding available revenue. The spending limit prohibits appropriations funded with tax revenues not dedicated by the Constitution from growing faster than the state’s economy. The spending limit does not apply to appropriations funded with non-tax revenues or appropriations funded with tax revenues if the Constitution requires the tax revenue to be spent for a specific purpose.

The 2016–17 biennial General Revenue Funds recommendations total \$101.5 billion. The recommendations also presume a reduction to the pay-as-you-go limit identified in the *2015 Biennial Revenue Estimate* of \$1.2 billion, due to a transfer of a portion of motor vehicle sales tax revenue from the General Revenue Fund to the State Highway Fund, contingent on legislation. As a result, recommendations are \$10.3 billion below the pay-as-you-go limit, prior to funding anticipated supplemental needs, funding additional 2016–17 biennial appropriations, or providing tax relief in an amount greater than anticipated in the recommendations (**Figure 18**). Further, General Revenue Funds are \$5.4 billion below the General Revenue capacity under the spending limit. Final 2014–15 biennial appropriations will affect the 2016–17 biennial spending limit capacity. Because General Revenue spending authority pursuant to the spending limit is the lower of the two limits, the spending limit is the controlling limit.

**FIGURE 18**  
**REMAINING GENERAL REVENUE FUNDS SPENDING AUTHORITY, 2016–17 BIENNIUM**

| IN BILLIONS         | AMOUNT |
|---------------------|--------|
| Pay-as-you-go Limit | \$10.3 |
| Spending Limit      | \$5.4  |

SOURCE: Legislative Budget Board.

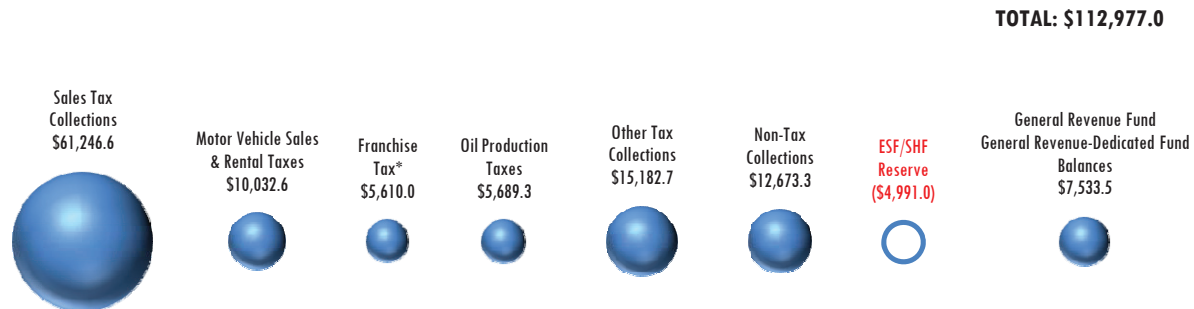
### ARTICLE III, §49A, “PAY-AS-YOU-GO” LIMIT

Article III, Section 49a, of the Texas Constitution sets out 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 estimates of available revenue.

The CPA identifies the pay-as-you-go limit for General Revenue Fund appropriations as \$113.0 billion in the *2015 Biennial Revenue Estimate* (BRE). This total includes estimated 2016–17 biennial General Revenue Fund revenue collections, \$110.4 billion, less the amount of \$5.0 billion in General Revenue Fund deposits reserved for transfer to the Economic Stabilization Fund and the State Highway Fund. This total also includes the beginning General Revenue Fund balance of \$7.5 billion (**Figure 19**). Legislative actions increasing or decreasing revenue collections will change the total amount of revenue available. For example, the recommendations transfer \$1.2 billion in motor vehicle sales tax revenue from the General Revenue Fund to the State Highway Fund, contingent on legislation. This transfer reduces revenue available for the pay-as-you limit by \$1.2 billion compared to the \$113.0 billion identified in the BRE. **Figure 18** accounts for this transfer.

**FIGURE 19**  
**COMPONENTS OF THE PAY-AS-YOU-GO LIMIT, 2016–17 BIENNIUM**

IN MILLIONS



NOTE: \*General Revenue Fund portion.

SOURCE: Legislative Budget Board.

The resulting \$111.8 billion in available revenue applies to 2016–17 biennial General Revenue Fund appropriations as well as fiscal year 2015 supplemental General Revenue Fund appropriations. Consequently, any supplemental General Revenue Fund appropriations in fiscal year 2015 will proportionately reduce General Revenue Fund spending capacity in the 2016–17 biennium. Fiscal year 2015 supplemental General Revenue Fund appropriations are estimated to be \$176.8 million as shown in **Figure 12**.

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

Article VIII, Section 22, of the Texas Constitution prohibits appropriations funded with state tax revenues not dedicated by the Constitution from growing faster than the estimated rate of growth of the state's economy. Consequently, the revenue source funding appropriations determines if the appropriations are subject to the spending limit. Appropriations funded with tax revenues are subject to the spending limit unless the Constitution dedicates the tax revenue for a specific purpose.

Most tax revenue not dedicated by the Constitution is deposited into the General Revenue Fund or the Property Tax Relief Fund. A portion of General Revenue Fund deposits, including deposits from tax revenues, are transferred to the Economic Stabilization Fund and the State Highway Fund. The revenue transferred to the Economic Stabilization Fund is not constitutionally dedicated because Article III, Section 49-g (m), allows the revenue to be appropriated “at any time and for any purpose” with a two-thirds vote of each house. Consequently, appropriations funded with tax revenues transferred to the Economic Stabilization Fund are restricted by the spending limit. Conversely, the transferred revenue to the State Highway Fund is constitutionally dedicated by Article III, Section 49-g (c), to transportation. Appropriations from the State Highway Fund funded with this transferred revenue are constitutionally dedicated and thus not restricted by the spending limit.

The 2016–17 biennial spending limit is currently estimated to be \$95.1 billion after adjusting for revenue estimates in the CPA's *2015 Biennial Revenue Estimate* and updating the 2014–15 base to include estimated supplemental appropriations. The 2016–17 biennial spending limit equals total 2014–15 appropriations funded with tax revenues not dedicated by the constitution, \$85.1 billion, increased by the adopted growth rate of 11.68 percent. The 2016–17 appropriations subject to the spending limit total \$90.5 billion, \$4.6 billion less than the spending limit (**Figure 20**).

**FIGURE 20**  
**SPENDING LIMIT COMPARED TO THE INTRODUCED GENERAL APPROPRIATIONS BILL**  
**2016–17 BIENNIUM**

| IN MILLIONS                                  | AMOUNT           |
|----------------------------------------------|------------------|
| Spending Limit                               | \$95,050.6       |
| Appropriations Subject to the Spending Limit | (\$90,491.6)     |
| <b>Total below the Spending Limit</b>        | <b>\$4,559.0</b> |

SOURCE: Legislative Budget Board.

Because revenue deposits to the General Revenue Fund also include revenue not subject to the spending limit, the maximum 2016–17 General Revenue Fund appropriations associated with the \$95.1 billion limit is \$106.9 billion, leaving \$5.4 billion in remaining General Revenue Fund spending capacity under the spending limit (**Figure 21**).

**FIGURE 21**  
**GENERAL REVENUE FUNDS PURSUANT TO THE SPENDING LIMIT COMPARED TO THE INTRODUCED GENERAL**  
**APPROPRIATIONS BILL, 2016–17 BIENNIUM**

| IN MILLIONS                                                                | AMOUNT           |
|----------------------------------------------------------------------------|------------------|
| Maximum General Revenue Fund appropriations pursuant to the Spending Limit | \$106,865.8      |
| Recommended General Revenue Fund Appropriations                            | (\$101,470.4)    |
| <b>Total below the Maximum General Revenue Fund Appropriations</b>         | <b>\$5,395.4</b> |

SOURCE: Legislative Budget Board.

### ARTICLE III, §49 (J), DEBT LIMIT

Article III, Section 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 5.0 percent of the average annual unrestricted General Revenue funding 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 2014, the BRB reported that the issued debt ratio is 1.20 percent. The second debt ratio is the debt service on outstanding debt plus estimated debt service for authorized but unissued bonds. For this ratio, the BRB has reported that the state is at 2.71 percent of unrestricted General Revenue Funds at the end of fiscal year 2014. The latter calculation represents a 10.9 percent decrease from the 3.04 percent calculated for outstanding and authorized but unissued debt for fiscal year 2013. The BRB expects the CDL ratio to continue to decrease with the issuance of authorized debt and as the state's unrestricted General Revenue Fund increases with the continued improvement in the state's economy. However, the CDL ratio could be impacted by changes to any of the following factors: the three-year average of unrestricted General Revenue Funds, the amount of debt outstanding and unissued debt authorizations, and actual and assumed interest rates.

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

The Texas Constitution, Article III, Section 51–a, requires that the amount 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.

The 2016–17 biennial budget defined in the Texas Human Resources Code, Section 31.053, is \$205,118.7 million. Therefore the welfare spending limit is \$2,051.2 million. The biennial amount included in the LBB's recommendations subject to the limit on state dollars paid out in Temporary Assistance for Needy Families (cash assistance) grants is \$132.2 million, \$1,919.0 million below the 1 percent limit.

## TEXAS ECONOMIC OUTLOOK

Economic conditions and demographic trends influence the level of state appropriations and the revenue used to support those appropriations. As the economy expands, more revenue is available for appropriation. Some spending demands are lessened by a growing economy, while others are increased. For example, a growing economy can reduce pressure on Medicaid enrollment, but also increase migration into Texas, increasing the demand for public education and other services. Further, health care and higher education inflation rates tend to outpace other types of inflation. This section provides a high-level look at the economic conditions expected to prevail during the upcoming biennia. Note, all economic forecasts are provided by the Comptroller of Public Accounts (CPA).

### INDUSTRIAL OUTLOOK

Texas Real Gross State Product (GSP) has experienced strong growth since the end of the recent recession, averaging 4.1 percent over the last five fiscal years. Texas GSP growth is currently forecast to slow to 3.0 percent in fiscal year 2015, coinciding with the slowdown in the oil and gas extraction industry, before picking up to 3.2 percent in fiscal year 2016 and 4.1 percent in fiscal year 2017.

### EMPLOYMENT

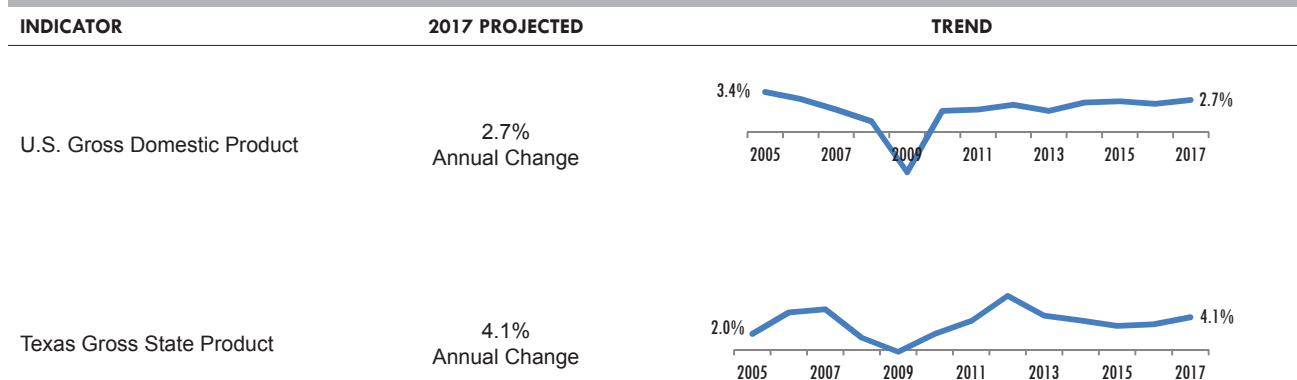
The Texas unemployment rate peaked at just over 8 percent during the 2010–11 biennium. Since exiting recession, the rate has steadily declined and fell below 5 percent at the end of calendar year 2014 for the first time since the middle of 2008. This decrease can be attributed to a mix of moderately declining labor participation rates and strong job growth in the state. Non-farm payroll jobs in Texas increased by 3.1 percent in both fiscal year 2013 and fiscal year 2014, adding 679,000 jobs over the two-year period. The Texas unemployment rate is forecast to remain constant at 5.0 percent, during the 2016–17 biennium. Job growth is also expected to continue, albeit at a slower pace, during the upcoming 2016–17 biennium, increasing by 1.9 percent in fiscal year 2015, 2.2 percent in fiscal year 2016, and 2.3 percent in fiscal year 2017.

### PERSONAL INCOME

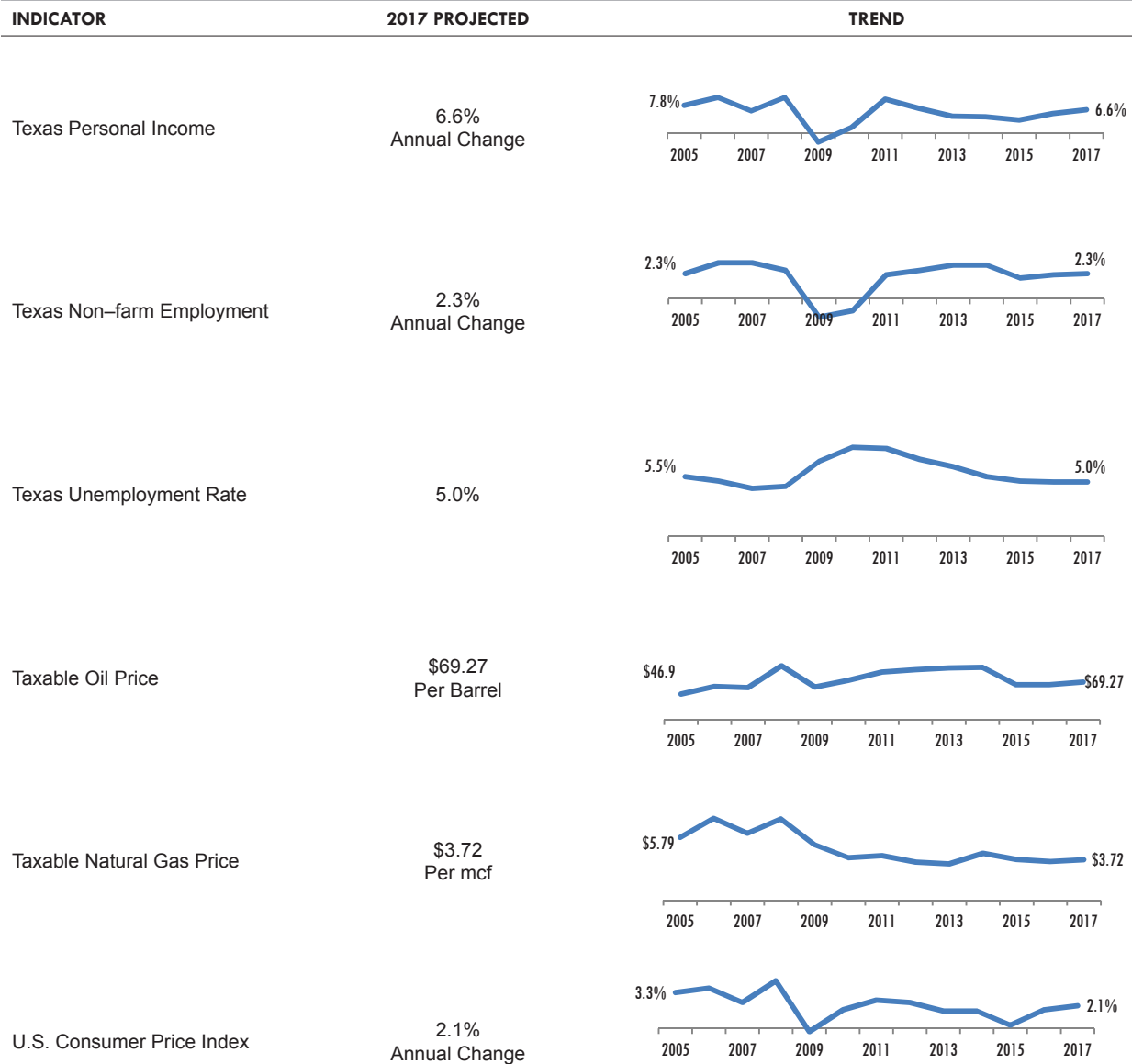
Fiscal year 2014 Personal Income increased by 4.6 percent in Texas to reach \$45,156 per Texas resident. In calendar year 2013, Texas Per Capita Personal Income was the 26th largest among the 50 states and increased at the 26th quickest pace during the year. Per Capita Personal Income is expected to increase 4.1 percent in fiscal year 2016 and 5.2 percent in fiscal year 2017.

**Figure 22** shows key economic indicators from fiscal years 2005 to 2017. All forecasted data for fiscal years 2015 to 2017 is from the CPA's *2015 Biennial Revenue Estimate*.

**FIGURE 22**  
**ECONOMIC-BASED INDICATORS, FISCAL YEARS 2005 TO 2017**



**FIGURE 22 (CONTINUED)**  
**ECONOMIC-BASED INDICATORS, FISCAL YEARS 2005 TO 2017**



## NOTES:

(1) Trends for fiscal years 2015 to 2017 are based on projections from the Comptroller of Public Accounts' *2015 Biennial Revenue Estimate*.

(2) Amounts for the U.S. Gross Domestic Product and the Texas Gross State Product are based on 2009 dollars.

SOURCES: Legislative Budget Board; Texas Comptroller of Public Accounts.

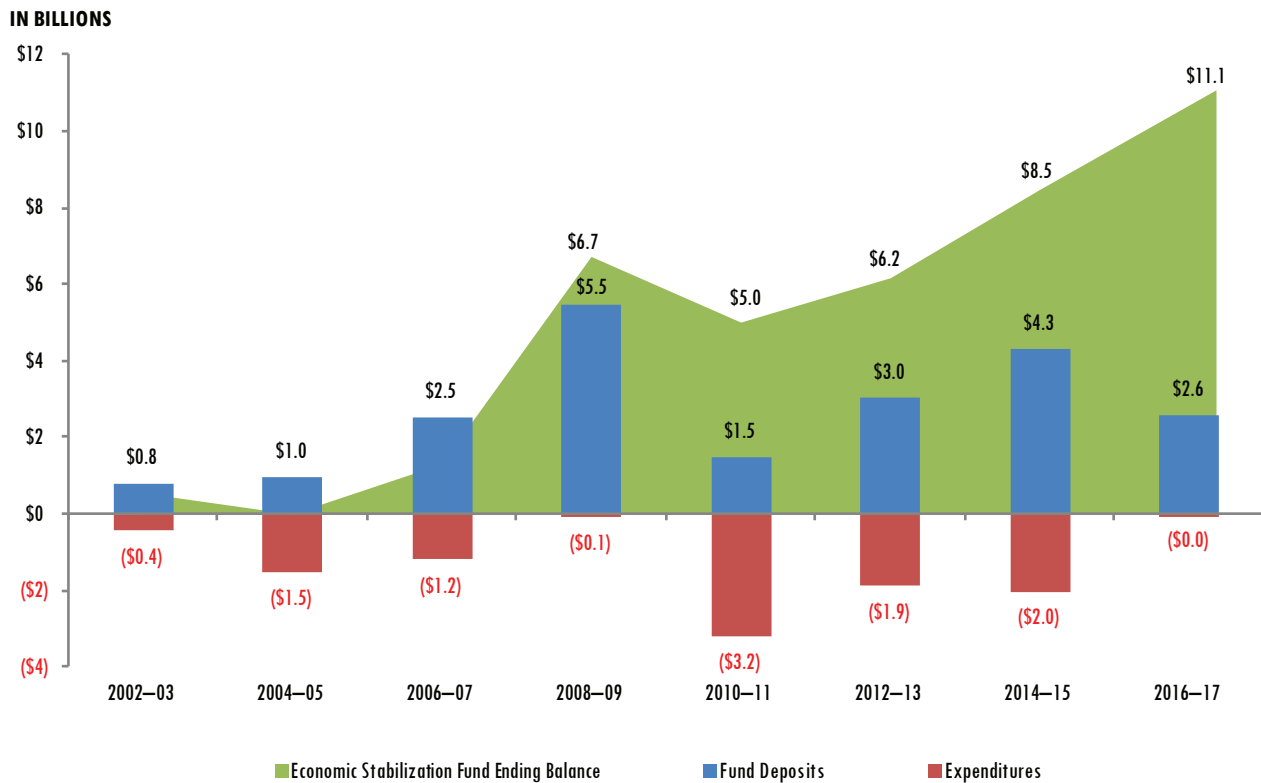
## ECONOMIC STABILIZATION FUND

Article III, Section 49-g of the Texas Constitution established the Economic Stabilization Fund (ESF). Appropriations can be made from the fund under certain fiscal conditions with a three-fifths vote of each legislative chamber. Appropriations can also be made for any purpose with a two-thirds vote of each legislative chamber.

The 2016–17 biennial ending balance of the ESF is forecast by the Comptroller of Public Accounts to be \$11.1 billion. The 2016–17 recommendations do not contain an appropriation from the fund.

**Figure 23** shows the history of ESF deposits, expenditures, and balances from the 2002–03 to 2016–17 biennia.

**FIGURE 23**  
**ECONOMIC STABILIZATION FUND BIENNIAL DEPOSITS, EXPENDITURES, AND FUND BALANCE**  
**2002–03 TO 2016–17 BIENNIA**



NOTE: Fiscal years 2015 to 2017 are projections based on the Comptroller of Public Accounts' 2015 Biennial Revenue Estimate.

SOURCES: Legislative Budget Board; Texas Comptroller of Public Accounts.

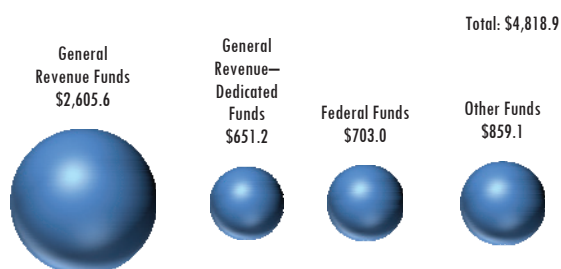
# ARTICLE I – GENERAL GOVERNMENT

**FIGURE 24**  
**ARTICLE I GENERAL GOVERNMENT, BY METHOD OF FINANCE**

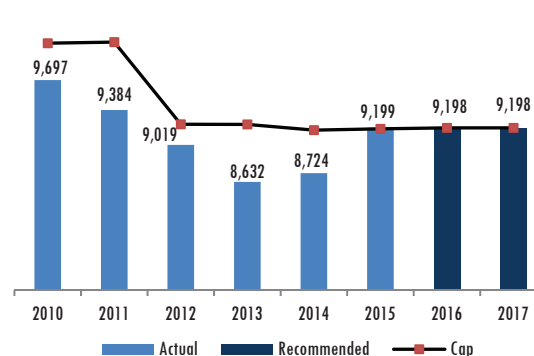
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$2,731.6                     | \$2,605.6              | (\$126.1)          | (4.6%)               |
| General Revenue–Dedicated Funds      | \$865.7                       | \$651.2                | (\$214.5)          | (24.8%)              |
| Federal Funds                        | \$662.8                       | \$703.0                | \$40.2             | 6.1%                 |
| Other Funds                          | \$958.7                       | \$859.1                | (\$99.5)           | (10.4%)              |
| <b>Total, All Methods of Finance</b> | <b>\$5,218.8</b>              | <b>\$4,818.9</b>       | <b>(\$399.9)</b>   | <b>(7.7%)</b>        |

**ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)**



**FULL-TIME-EQUIVALENT POSITIONS**



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

## MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE I

All Funds for General Government total \$4,818.9 million for the 2016–17 biennium, which is a decrease of \$399.9 million, or 7.7 percent, from the 2014–15 biennium. General Revenue Funds total \$2,605.6 million, a decrease of \$126.1 million, or 4.6 percent from the 2014–15 biennium.

### HIGHLIGHTS:

- Funding for the Trusteed Programs Within the Office of the Governor totals \$358.2 million in All Funds for the 2016–17 biennium, a decrease of \$519.8 million, or 59.2 percent, from the 2014–15 biennium; the agency's 2016–17 request was also lower than the base. Funding also reflects decreases in General Revenue funding for disaster funds, one-time expenditures (such as the Spaceport incentives), and contingency funding for economic development, tourism, and film and music marketing.
- Funding at the Fiscal Programs – Comptroller of Public Accounts includes an increase of \$29.6 million in General Revenue–Dedicated Texas Department of Insurance Operating Account No. 36 to reimburse the General Revenue Fund for the cost of insurance premium tax credits for examination fees and overhead assessments.
- Funding for the Facilities Commission reflects a decrease of \$48.7 million in General Obligation (GO) Bond Proceeds related to \$51.5 million in GO Bond Proceeds expended for health and safety and deferred maintenance capital projects in the 2014–15 biennium. The reduction is offset by an increase of \$2.8 million in GO Bond Proceeds for estimated unexpended balances carried forward from fiscal year 2015 to the 2016–17 biennium.

- Funding for the Historical Commission includes a decrease of \$28.8 million in All Funds, primarily related to decreases of \$22.2 million in GO bond proceeds for courthouse grants and historic sites; \$2.8 million in General Revenue Funds for several one-time capital expenditures for the National Museum of the Pacific War, San Felipe de Austin Historic Site, and maintenance projects at various historic sites; and \$4.9 million in Interagency Contracts with the Texas Department of Transportation for heritage tourism activities not expected to continue in the 2016–17 biennium.
- Funding for the Secretary of State totals \$56.1 million in All Funds, which is a decrease of \$13.5 million, or 19.4 percent from the 2014–15 biennium. The decrease is primarily related to a decrease of \$12.1 million in federal Help America Vote Act (HAVA) Funds. HAVA funds are used to improve administration of federal elections, provide grants to counties to comply with HAVA mandates, and create a centralized statewide voter registration list. The agency anticipates HAVA funds to be exhausted in fiscal year 2017.
- Funding for the Veterans Commission includes an increase of \$30.2 million in General Revenue Funds primarily to reimburse Institutions of Higher Education a proportionate share of the total cost to each institution for the Hazlewood Exemption Legacy Program.

**Figure 25** shows the All Funds recommended appropriation for each agency in Article I, and **Figure 26** shows the General Revenue Funds recommended appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for some of the agencies in Article I.

**FIGURE 25**  
**ARTICLE I – GENERAL GOVERNMENT, ALL FUNDS**

(IN MILLIONS)

| FUNCTION                                           | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|----------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Commission on the Arts                             | \$13.3                        | \$13.3                 | \$0.1              | 0.5%                 |
| Office of the Attorney General                     | \$1,128.1                     | \$1,111.9              | (\$16.2)           | (1.4%)               |
| Bond Review Board                                  | \$1.9                         | \$1.6                  | (\$0.3)            | (16.2%)              |
| Cancer Prevention and Research Institute of Texas  | \$596.2                       | \$600.1                | \$3.9              | 0.7%                 |
| Comptroller of Public Accounts                     | \$522.2                       | \$508.1                | (\$14.1)           | (2.7%)               |
| Fiscal Programs – Comptroller of Public Accounts   | \$922.1                       | \$981.7                | \$59.6             | 6.5%                 |
| Commission on State Emergency Communications       | \$145.9                       | 148.5                  | \$2.7              | 1.8%                 |
| Texas Emergency Services Retirement System         | \$4.4                         | \$4.7                  | \$0.3              | 6.9%                 |
| Employees Retirement System                        | \$19.5                        | \$19.5                 | \$0.0              | 0.0%                 |
| Texas Ethics Commission                            | \$7.5                         | \$4.8                  | (\$2.7)            | (36.5%)              |
| Facilities Commission                              | \$187.9                       | \$137.3                | (\$50.5)           | (26.9%)              |
| Public Finance Authority                           | \$2.5                         | \$2.0                  | (\$0.5)            | (19.5%)              |
| Office of the Governor                             | \$24.5                        | \$21.3                 | (\$3.2)            | (13.2%)              |
| Trusted Programs within the Office of the Governor | \$878.0                       | \$358.2                | (\$519.8)          | (59.2%)              |
| Historical Commission                              | \$62.8                        | \$34.0                 | (\$28.8)           | (45.8%)              |
| Department of Information Resources                | \$582.2                       | \$700.7                | \$118.5            | 20.4%                |
| Library and Archives Commission                    | \$54.4                        | \$55.2                 | \$0.8              | 1.4%                 |
| Pension Review Board                               | \$1.7                         | \$1.8                  | \$0.1              | 5.0%                 |
| Preservation Board                                 | \$32.3                        | \$23.7                 | (\$8.6)            | (26.5%)              |
| State Office of Risk Management                    | \$102.2                       | \$101.9                | (\$0.3)            | (0.3%)               |
| Secretary of State                                 | \$69.6                        | \$56.1                 | (\$13.5)           | (19.4%)              |
| Veterans Commission                                | 64.1                          | \$97.0                 | \$32.9             | 51.4%                |

**FIGURE 25**  
**ARTICLE I – GENERAL GOVERNMENT, ALL FUNDS**

(IN MILLIONS)

| FUNCTION                            | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| <b>Subtotal, General Government</b> | <b>\$5,423.2</b>              | <b>\$4,983.6</b>       | <b>(\$439.7)</b>   | <b>(8.1%)</b>        |
| Employee Benefits and Debt Service  | \$539.1                       | \$633.9                | \$94.8             | 17.6%                |
| Less Interagency Contracts          | \$743.5                       | \$798.6                | \$55.0             | 7.4%                 |
| <b>Total, All Functions</b>         | <b>\$5,218.8</b>              | <b>\$4,818.9</b>       | <b>(\$399.9)</b>   | <b>(7.7%)</b>        |

NOTES:

- (1) Includes anticipated supplemental spending adjustments if applicable.
  - (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
  - (3) 2016–17 amounts reflect the transfer of certain programs from Article I to Article II and from Article II to Article VII.
- SOURCE: Legislative Budget Board.

**FIGURE 26**  
**ARTICLE I – GENERAL GOVERNMENT, GENERAL REVENUE FUNDS**

(IN MILLIONS)

| FUNCTION                                           | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|----------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Commission on the Arts                             | \$10.7                        | \$9.8                  | (\$0.9)            | (8.3%)               |
| Office of the Attorney General                     | \$445.5                       | \$429.1                | (\$16.4)           | (3.7%)               |
| Bond Review Board                                  | \$1.9                         | \$1.6                  | (\$0.3)            | (16.2%)              |
| Cancer Prevention and Research Institute of Texas  | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Comptroller of Public Accounts                     | \$473.0                       | \$476.1                | \$3.2              | 0.7%                 |
| Fiscal Programs – Comptroller of Public Accounts   | \$826.8                       | \$864.8                | \$38.0             | 4.6%                 |
| Commission on State Emergency Communications       | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Texas Emergency Services Retirement System         | \$4.4                         | \$1.2                  | (\$3.2)            | (71.7%)              |
| Employees Retirement System                        | \$19.5                        | \$19.5                 | \$0.0              | 0.0%                 |
| Texas Ethics Commission                            | \$7.5                         | \$4.7                  | (\$2.7)            | (36.5%)              |
| Facilities Commission                              | \$89.6                        | \$90.1                 | \$0.5              | 0.5%                 |
| Public Finance Authority                           | \$2.5                         | \$2.0                  | (\$0.5)            | (19.3%)              |
| Office of the Governor                             | \$24.0                        | \$20.7                 | (\$3.2)            | (13.5%)              |
| Trusted Programs within the Office of the Governor | \$352.6                       | \$154.6                | (\$198.0)          | (56.2%)              |
| Historical Commission                              | \$32.4                        | \$29.7                 | (\$2.8)            | (8.5%)               |
| Department of Information Resources                | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Library and Archives Commission                    | \$23.7                        | \$23.9                 | \$0.1              | 0.6%                 |
| Pension Review Board                               | \$1.7                         | \$1.8                  | \$0.1              | 3.9%                 |
| Preservation Board                                 | \$31.9                        | \$23.7                 | (\$8.2)            | (25.8%)              |
| State Office of Risk Management                    | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Secretary of State                                 | \$39.4                        | \$38.8                 | (\$0.6)            | (1.6%)               |
| Veterans Commission                                | \$20.4                        | \$50.5                 | \$30.2             | 147.9%               |
| <b>Subtotal, General Government</b>                | <b>\$2,407.5</b>              | <b>\$2,242.7</b>       | <b>(\$164.8)</b>   | <b>(6.8%)</b>        |
| Employee Benefits and Debt Service                 | \$324.1                       | \$362.8                | \$38.7             | 12.0%                |
| <b>Total, All Functions</b>                        | <b>\$2,731.6</b>              | <b>\$2,605.6</b>       | <b>(\$126.1)</b>   | <b>(4.6%)</b>        |

NOTES:

- (1) Includes anticipated supplemental spending adjustments if applicable.
  - (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
  - (3) 2016–17 amounts reflect the transfer of certain programs from Article I to Article II and from Article II to Article VII.
- SOURCE: Legislative Budget Board.

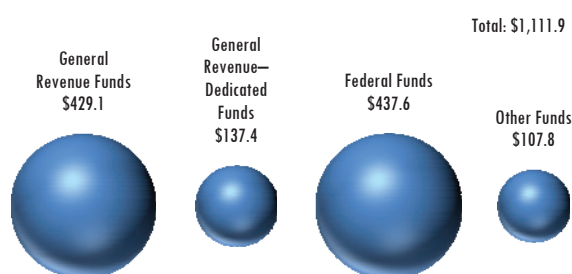
## OFFICE OF THE ATTORNEY GENERAL

**FIGURE 27**  
**OFFICE OF THE ATTORNEY GENERAL, BY METHOD OF FINANCE**

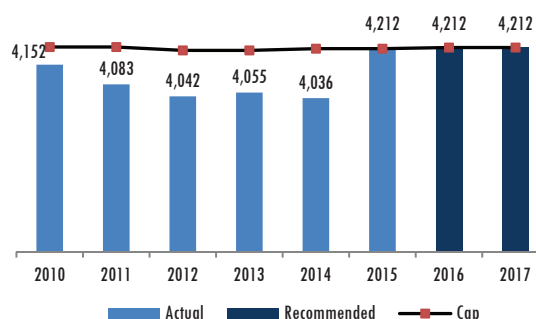
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$445.5                       | \$429.1                | (\$16.4)           | (3.7%)               |
| General Revenue–Dedicated Funds      | \$149.8                       | \$137.4                | (\$12.4)           | (8.3%)               |
| Federal Funds                        | \$406.5                       | \$437.6                | \$31.2             | 7.7%                 |
| Other Funds                          | \$126.3                       | \$107.8                | (\$18.6)           | (14.7%)              |
| <b>Total, All Methods of Finance</b> | <b>\$1,128.1</b>              | <b>\$1,111.9</b>       | <b>(\$16.2)</b>    | <b>(1.4%)</b>        |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Office of the Attorney General for the 2016–17 biennium totals \$1,111.9 million in All Funds, a decrease of \$16.2 million, or 1.4 percent, from the 2014–15 biennium. The decrease is primarily related the transfer of \$41.1 million in General Revenue Funds and General Revenue–Dedicated Funds for certain victim assistance grants to the Health and Human Services Commission. Funding also includes additional Federal Funds for reprocurement of the State Disbursement Unit contract and General Revenue Funds for biennialization of the fiscal year 2015 state wide salary increase.

### HIGHLIGHTS:

- Funding includes a method of finance swap of \$12.2 million from the State Highway Fund to Interagency Contracts with the Texas Department of Transportation for legal services provided by the Office of the Attorney General – Transportation Division.
- Funding provides \$56.0 million in All Funds for victim assistance services, which represents a decrease of \$41.1 million in All Funds (\$18.6 million in General Revenue and \$22.5 million in General Revenue–Dedicated) related to transferring funding for Court Appointed Special Advocates (CASA) and Children's Advocacy Centers of Texas (CAC) related grants to the Health and Human Services Commission.
- Funding provides \$48.6 million in All Funds for the State Disbursement Unit, including an increase of \$26.8 million in All Funds (\$9.1 million in General Revenue Funds and \$17.7 million in Federal Funds) for reprocurement of the State Disbursement Unit contract for child support collections and payments.

- Funding includes a method of finance swap in Child Support Enforcement, reflecting a \$100.1 million decrease from the Child Support Retained Collections Account (General Revenue) partially offset by an increase of \$87.7 million in General Revenue Funds due to declining balances in the account and a \$12.4 million decrease in development and deployment costs for the Texas Child Support Enforcement System 2.0 (TXCSES 2.0).

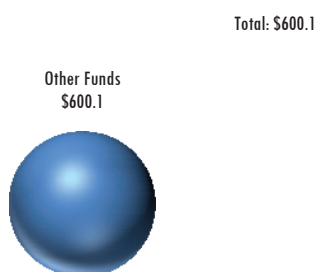
## CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS

**FIGURE 28**  
**CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS, BY METHOD OF FINANCE**

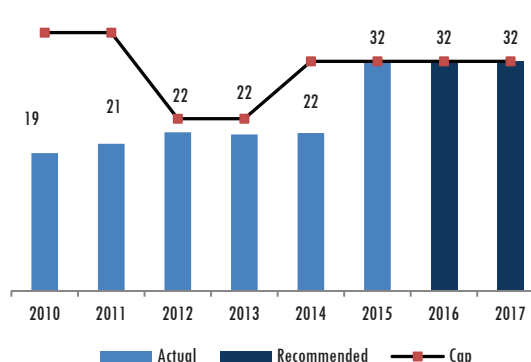
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| General Revenue–Dedicated Funds      | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Federal Funds                        | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Other Funds                          | \$596.2                       | \$600.1                | \$3.9              | 0.7%                 |
| <b>Total, All Methods of Finance</b> | <b>\$596.2</b>                | <b>\$600.1</b>         | <b>\$3.9</b>       | <b>0.7%</b>          |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Cancer Prevention and Research Institute of Texas for the 2016–17 biennium totals \$600.1 million in All Funds, an increase of \$3.9 million, or 0.7 percent from the 2014–15 biennium. The increase is primarily related to approximately \$5.9 million in General Obligation (GO) Bond Proceeds to be transferred to the Department of State Health Services to administer the Cancer Registry in the 2016–17 biennium. This increase is partially offset by unexpended balances that were issued for grants in prior biennia and were carried forward and encumbered or expended during the 2014–15 biennium.

### HIGHLIGHTS:

- Funding for the agency provides \$566.5 million in GO Bond Proceeds for prevention, research, and commercialization or product development grants for the 2016–17 biennium.
- \$189.3 million out of certain General Revenue–Dedicated Tobacco Settlement Accounts is appropriated to the Texas Public Finance Authority for debt service on cancer prevention and research GO Bonds for existing CPRIT debt and debt that is expected to be issued in the 2016–17 biennium.

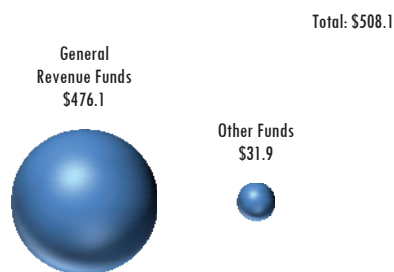
## COMPTROLLER OF PUBLIC ACCOUNTS

**FIGURE 29**  
**COMPTROLLER OF PUBLIC ACCOUNTS, BY METHOD OF FINANCE**

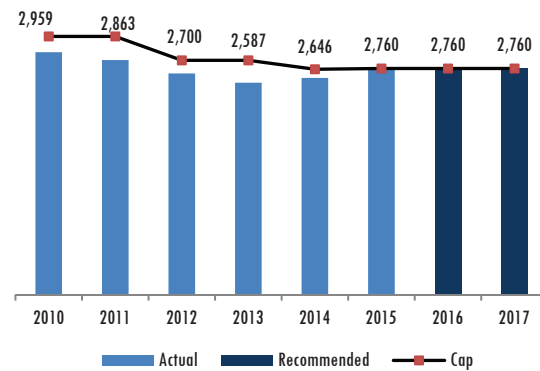
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$473.0                       | \$476.1                | \$3.2              | 0.7%                 |
| General Revenue–Dedicated Funds      | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Federal Funds                        | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Other Funds                          | \$49.2                        | \$31.9                 | (\$17.3)           | (35.1%)              |
| <b>Total, All Methods of Finance</b> | <b>\$522.2</b>                | <b>\$508.1</b>         | <b>(\$14.1)</b>    | <b>(2.7%)</b>        |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Comptroller of Public Accounts totals \$508.1 million in All Funds for the 2016–17 biennium, a decrease of \$14.1 million, or 2.7 percent, from the 2014–15 biennium. The decrease in funding is primarily related to reductions in Interagency Contracts for development of the statewide enterprise resource planning system or Centralized Accounting and Payroll/Personnel System (CAPPS).

### HIGHLIGHTS:

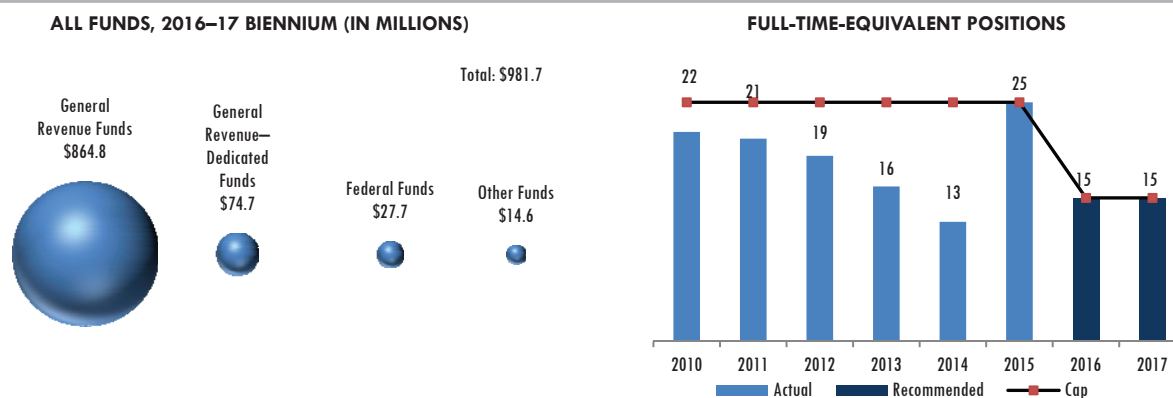
- Funding reflects an overall increase of \$3.2 million in General Revenue Funds for continuation of the fiscal year 2015 two percent general state employee salary increase.
- Funding for CAPPS includes \$56.2 million in All Funds and reflects a \$20.1 million decrease in Interagency Contracts from various state agencies for costs related to development, maintenance and transition of agencies to the CAPPS system. This decrease is offset by increases of \$6.0 million in Appropriated Receipts from vendor fees on the SmartBuy procurement system and \$1.0 million in General Revenue Funds reallocated from other agency programs.

## FISCAL PROGRAMS – COMPTROLLER OF PUBLIC ACCOUNTS

**FIGURE 30**  
**FISCAL PROGRAMS – COMPTROLLER OF PUBLIC ACCOUNTS, BY METHOD OF FINANCE**

(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$826.8                       | \$864.8                | \$38.0             | 4.6%                 |
| General Revenue–Dedicated Funds      | \$66.6                        | \$74.7                 | \$8.1              | 12.1%                |
| Federal Funds                        | \$13.7                        | \$27.7                 | \$14.0             | 102.8%               |
| Other Funds                          | \$15.1                        | \$14.6                 | (\$0.5)            | (3.5%)               |
| <b>Total, All Methods of Finance</b> | <b>\$922.1</b>                | <b>\$981.7</b>         | <b>\$59.6</b>      | <b>6.5%</b>          |



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for Fiscal Programs at the Comptroller of Public Accounts totals \$981.7 million in All Funds for the 2016–17 biennium, an increase of \$59.6 million, or 6.5 percent, from the 2014–15 biennium. The increase is primarily related to agency estimates for certain statutorily required disbursements and changes to funding levels to various programs, noted below.

### HIGHLIGHTS:

- Funding includes \$408.5 million in General Revenue Funds for mixed beverage taxes reimbursements to counties and incorporated municipalities, an increase of \$42.9 million from the 2014–15 biennium, to maintain statutorily set minimum disbursement levels of 10.7143 percent of the mixed beverage gross receipts and sales taxes based on anticipated growth in mixed beverage sales.
- Funding reflects an increase of \$29.6 million in General Revenue–Dedicated Texas Department of Insurance Operating Account No. 36 to continue reimbursements to General Revenue Funds for the cost of insurance premium tax credits for examination fees and overhead assessments.
- Funding provides \$380.0 million in General Revenue Funds for unclaimed property payments which is an increase of \$10.0 million for estimated growth in unclaimed property claims. This increase is offset by a \$9.0 million decrease in General Revenue Funds for disbursements to counties of gross weight and axle weight permit fees.
- Funding reflects elimination of \$10.0 million in General Revenue Funds for the Jobs and Education for Texans (JET) Program which provides grants to public junior and technical colleges for career and technical education courses or programs.

- Funding includes a reduction of \$5.0 million in General Revenue Funds for a one-time transfer to the Habitat Protection Fund outside the treasury. These funds allowed the agency to enter into interagency contracts with public universities to conduct research on certain candidate, threatened or endangered species.
- Funding reflects a decrease of 10.0 FTE positions related to the State Energy Conservation Office to align the FTE cap with historical staffing levels.

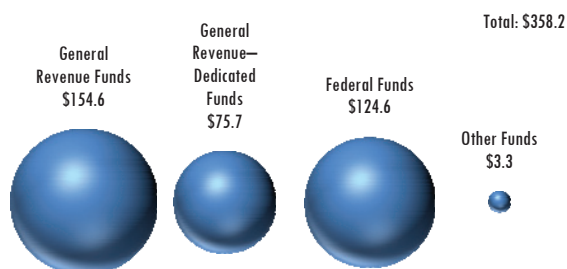
## TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

**FIGURE 31**  
**TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR, BY METHOD OF FINANCE**

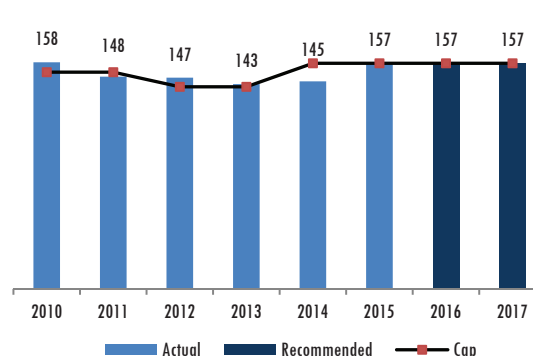
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$352.6                       | \$154.6                | (\$198.0)          | (56.2%)              |
| General Revenue–Dedicated Funds      | \$343.3                       | \$75.7                 | (\$267.6)          | (77.9%)              |
| Federal Funds                        | \$124.6                       | \$124.6                | \$0.0              | 0.0%                 |
| Other Funds                          | \$57.4                        | \$3.3                  | (\$54.1)           | (94.3%)              |
| <b>Total, All Methods of Finance</b> | <b>\$878.0</b>                | <b>\$358.2</b>         | <b>(\$519.8)</b>   | <b>(59.2%)</b>       |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

Funding for the Trusted Programs Within the Office of the Governor totals \$358.2 million in All Funds for the 2016–17 biennium, a decrease of \$519.8 million, or 59.2 percent, from the 2014–15 biennium. Funding levels align with the agency’s Legislative Appropriations Request at or below the 2014–15 appropriated levels across most strategies. Funding also reflects decreases in General Revenue for disaster funds, one-time expenditures (such as the Spaceport incentives), and contingency funding for economic development, tourism, and film and music marketing. Trusted Programs Within the Office of the Governor are under Strategic Fiscal Review.

### HIGHLIGHTS:

- The agency’s budget structure is revised to provide greater detail and transparency of the activities and funding available to the Trusted Programs. The 2016–17 budget structure groups common items of appropriation together in three separate goals: Goal A, Grant Assistance and Programs; Goal B, Criminal Justice Activities; and Goal C, Economic Development and Tourism.
- No new funding is provided to the Texas Enterprise Fund (a decrease from \$126.5 million in estimated available funding in the 2014–15 biennium), or for the Emerging Technology Fund (a decrease from \$88.7 million available in 2014–15); however, unexpended balance carry-forward authority from the 2014–15 biennium is continued for these funds, which currently have significant balances.
- Funding includes \$30.0 million in General Revenue Funds for disaster funding for the 2016–17 biennium. This is a decrease of \$56.9 million, based on actual expenditures over the last five fiscal years, and the reduction of one-time funding from the British Petroleum (BP) Oil Spill Grants and the Economic Stabilization Fund (Other Funds).

- Funding for Film and Music Marketing includes \$10.0 million in General Revenue Funds and reflects a reduction of \$85.1 million in General Revenue Funds and General Revenue–Dedicated Funds due to eliminating funding contingencies (\$63.1 million in Hotel Occupancy Tax Deposits Account (General Revenue Funds) and \$22.0 million in General Revenue Funds) for film incentives in the 2016–17 biennium.

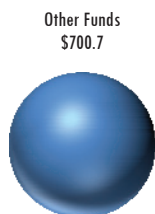
## DEPARTMENT OF INFORMATION RESOURCES

**FIGURE 32**  
**DEPARTMENT OF INFORMATION RESOURCES, BY METHOD OF FINANCE**

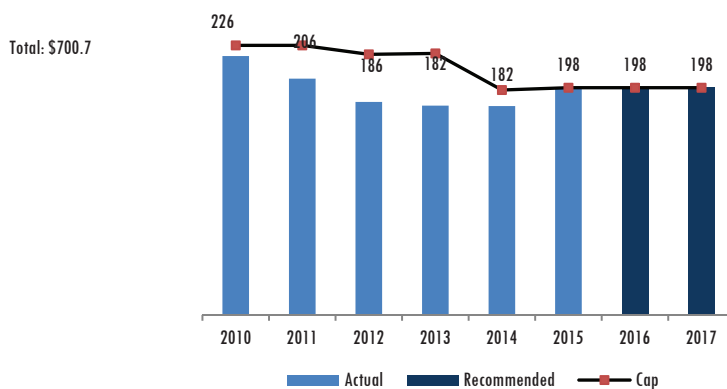
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| General Revenue–Dedicated Funds      | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Federal Funds                        | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Other Funds                          | \$582.2                       | \$700.7                | \$118.5            | 20.4%                |
| <b>Total, All Methods of Finance</b> | <b>\$582.2</b>                | <b>\$700.7</b>         | <b>\$118.5</b>     | <b>20.4%</b>         |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
  - (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
  - (3) Graphic has been revised from original publication to align with funding.
- SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Information Resources totals \$700.7 million in All Funds (Interagency Contracts and Appropriated Receipts) for the 2016–17 biennium, an increase of \$118.5 million, or 20.4 percent, from the 2014–15 biennium. The increase is primarily due to an estimated increase in consumption of telecommunications and data center services by customer agencies and local entities. The Department of Information Resources is under Strategic Fiscal Review.

### HIGHLIGHTS:

- Agency appropriations primarily provide payments to service providers of telecommunications and data center services for cost of services for which the agency directly bills customers (i.e. state agencies, institutions of higher education, and local entities). Funding includes \$631.5 million in All Funds for cost of services for the following programs:
  - Capitol Complex Telephone System: Funding provides \$5.1 million which reflects an increase of \$1.2 million due to the expansion of voice over internet protocol (VoIP) phone service for the Capitol Complex.
  - Texas Agency Network: Funding provides \$169.7 million which reflects an increase of \$25.3 million primarily related to increased consumption of data services by non-state customers (local entities).
  - Data Center Services: Funding provides \$456.7 million which reflects an increase of \$84.9 million. The increases are generally agency-driven and are related to an anticipated increase in service consumption primarily for servers and storage impacted by agencies' initiatives started in the 2014–15 biennium, as well as increases related to disaster recovery services and server software purchases.

- Funding provides \$2.0 million in All Funds for reprocurments of the Texas.gov contract which is set to expire on August 31, 2016, and the Data Center Services oversight and print/mail services contracts (both set to expire on August 31, 2018). The increase of \$1.5 million over the 2014–15 biennium provides for specialized legal services in the area of information technology and consulting services to consider alternative funding and service models.



## ARTICLE II – HEALTH AND HUMAN SERVICES

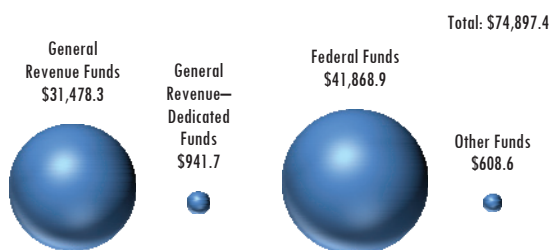
**FIGURE 33**

### ARTICLE II – HEALTH AND HUMAN SERVICES RECOMMENDATIONS BY METHOD OF FINANCE

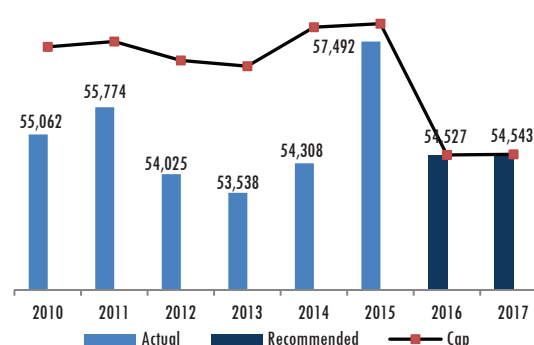
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$29,789.9                    | \$31,478.3             | \$1,688.5          | 5.7%                 |
| General Revenue–Dedicated Funds      | \$1,191.5                     | \$941.7                | (\$249.8)          | (21.0%)              |
| Federal Funds                        | \$42,858.4                    | \$41,868.9             | (\$989.6)          | (2.3%)               |
| Other Funds                          | \$673.6                       | \$608.6                | (\$65.1)           | (9.7%)               |
| <b>Total, All Methods of Finance</b> | <b>\$74,513.4</b>             | <b>\$74,897.4</b>      | <b>\$384.1</b>     | <b>0.5%</b>          |

**ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)**



**FULL-TIME-EQUIVALENT POSITIONS**



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

### MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE II

All Funds for Health and Human Services total \$74,897.4 million, an increase of \$384.1 million from the 2014–15 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$32,420.0 million, an increase of \$1,438.7 million from the 2014–15 biennium. Funding primarily reflects a \$1.2 billion All Funds increase for the Medicaid program offset by the contingent transfer of \$815.0 million in All Funds in certain programs to the Texas Workforce Commission (Article VII).

Appropriations for Health and Human Services encompass many different programs, but spending is driven primarily by forecasted caseloads for entitlement programs, such as Medicaid, Children's Health Insurance Program (CHIP), and foster care and related programs.

- \$60.1 billion in All Funds, including \$24.8 billion in General Revenue Funds and \$0.1 billion in General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. This is an increase of \$1.2 billion in All Funds, including \$1.8 billion in General Revenue Funds and General Revenue–Dedicated Funds. Approximately \$1.3 billion in General Revenue Funds is provided for items including projected caseload growth, including the transition of certain children from CHIP to Medicaid; maintaining fiscal year 2015 average costs for most programs, including fiscal year 2015 rate increases; replacing \$300 million in Interagency Contracts with General Revenue Funds; and full biennial funding of the Community First Choice program.
- Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not recommended. A less favorable Federal Medical Assistance Percentage (FMAP) results in a higher proportion of the program being funded with General Revenue Funds (an estimated increase of \$747.2 million) with the net loss of

specific enhanced federal funds matching rates further increasing the proportion of the program funded with General Revenue Funds (an increase of \$107.6 million). These increases are offset by a reduction to the proportion of the program funded with General Revenue Funds (a decrease of \$319.9 million) related to a 23 percentage point increase to the Enhanced Federal Medical Assistance Percentage (EFMAP), which applies to certain children in Medicaid previously receiving services through CHIP.

- There is an anticipated net supplemental need estimated at \$171.2 million in General Revenue Funds to complete fiscal year 2015 Medicaid expenditures.
- Funding includes \$1.7 billion in All Funds, \$141.0 million in General Revenue Funds for CHIP, which is a decrease of \$285.1 million in All Funds and \$431.7 million in General Revenue Funds from the 2014–15 biennium. The All Funds decrease is primarily due to a transition of certain children from CHIP to Medicaid per the Affordable Care Act. Recommended funding levels also include a reduction to the proportion of the program funded with General Revenue Funds related to a 23 percentage point increase to the Enhanced Federal Medical Assistance Percentage (EFMAP), the matching rate for the CHIP program.
- Funding reflects the transfer of the Vocational Rehabilitation, Business Enterprises of Texas, and Disability Determination Services programs from the Department of Assistive and Rehabilitative Services (DARS) to the Texas Workforce Commission. This results in a decrease of \$112.1 million in General Revenue and General Revenue-Dedicated Funds (\$814.7 million in All Funds) from the 2014–15 biennium. The number of full-time equivalents decreases by 2,667.4 due to these transfers. This transfer is contingent upon the passage of legislation.
- Funding includes \$1.3 billion in All Funds, including \$607.3 million in General Revenue Funds and General Revenue–Dedicated Funds, for foster care, adoption subsidies, and the permanency care assistance programs at the Department of Family and Protective Services (DFPS). This includes an increase of \$82.1 million in All Funds that will primarily support caseload growth in these entitlement programs.
- DFPS received approval to budget an additional \$44.2 million in Temporary Assistance for Needy Families (TANF) Federal Funds for fiscal year 2015 for non-entitlement programs and indirect administration. That level of TANF expenditures cannot be sustained. Recommendations for the 2016–17 biennium replace these TANF Federal Funds with a like amount of General Revenue Funds.
- Funding includes an increase of \$52.6 million in All Funds to transfer the Court Appointed Special Advocates grant program and the Child Advocacy Centers grant program from the Office of the Attorney General to the Health and Human Services Commission. The All Funds increase is primarily General Revenue and General Revenue-Dedicated Funds.
- An increase of \$50.0 million in General Revenue Funds is provided in Article II, Special Provisions, to implement the women’s health programs as designated in accordance with the recommendations of the Sunset Advisory Commission.
- Funding includes an increase of \$20.0 million in General Revenue Funds to implement a grant program to provide mental health services to veterans.
- Funding for mental health and substance abuse services and the expanded primary health care services at the Department of State Health Services is continued at approximately the same level as in the 2014–15 biennium.

**Figure 34** shows the All Funds recommended appropriation for each agency in Article II, and **Figure 35** shows the General Revenue Funds recommended appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for the agencies in Article II.

**FIGURE 34**  
**ARTICLE II – HEALTH AND HUMAN SERVICES, ALL FUNDS**

(IN MILLIONS)

| FUNCTION                                            | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-----------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Department of Aging and Disability Services         | \$11,613.9                    | \$8,328.2              | (\$3,285.7)        | (28.3%)              |
| Department of Assistive and Rehabilitative Services | \$1,232.5                     | \$432.1                | (\$800.4)          | (64.9%)              |
| Department of Family and Protective Services        | \$3,113.8                     | \$3,270.1              | \$156.3            | 5.0%                 |
| Department of State Health Services                 | \$6,504.5                     | \$6,100.0              | (\$404.4)          | (6.2%)               |
| Health and Human Services Commission                | \$51,448.4                    | \$55,751.1             | \$4,302.7          | 8.4%                 |
| Article II, Special Provisions                      | \$0.0                         | \$50.0                 | \$50.0             | N/A                  |
| <b>Subtotal, Health and Human Services</b>          | <b>\$73,913.1</b>             | <b>\$73,931.5</b>      | <b>\$18.4</b>      | <b>0.0%</b>          |
| Employee Benefits and Debt Service                  | <b>\$1,772.5</b>              | <b>\$1,883.4</b>       | <b>\$110.9</b>     | <b>6.3%</b>          |
| Less Interagency Contracts                          | \$1,172.2                     | \$917.4                | (\$254.8)          | (21.7%)              |
| <b>Total, All Functions</b>                         | <b>\$74,513.4</b>             | <b>\$74,897.4</b>      | <b>\$384.1</b>     | <b>0.5%</b>          |

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) 2016–17 amounts reflect the transfer of certain programs from Article I to Article II and from Article II to Article VII.

SOURCE: Legislative Budget Board.

**FIGURE 35**  
**ARTICLE II – HEALTH AND HUMAN SERVICES, GENERAL REVENUE FUNDS**

(IN MILLIONS)

| FUNCTION                                            | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-----------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Department of Aging and Disability Services         | \$4,592.9                     | \$3,366.4              | (\$1,226.5)        | (26.7%)              |
| Department of Assistive and Rehabilitative Services | \$218.9                       | \$90.8                 | (\$128.1)          | (58.5%)              |
| Department of Family and Protective Services        | \$1,515.8                     | \$1,687.4              | \$171.6            | 11.3%                |
| Department of State Health Services                 | \$2,593.6                     | \$2,600.6              | \$6.9              | 0.3%                 |
| Health and Human Services Commission                | \$19,758.3                    | \$22,416.4             | \$2,658.0          | 13.5%                |
| Article II, Special Provisions                      | \$0.0                         | \$50.0                 | \$50.0             | N/A                  |
| <b>Subtotal, Health and Human Services</b>          | <b>\$28,679.5</b>             | <b>\$30,211.6</b>      | <b>\$1,532.0</b>   | <b>5.3%</b>          |
| Employee Benefits and Debt Service                  | \$1,110.3                     | \$1,266.8              | \$156.5            | 14.1%                |
| <b>Total, All Functions</b>                         | <b>\$29,789.9</b>             | <b>\$31,478.3</b>      | <b>\$1,688.5</b>   | <b>5.7%</b>          |

NOTES:

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) 2016–17 amounts reflect the transfer of certain programs from Article I to Article II and from Article II to Article VII.

SOURCE: Legislative Budget Board.

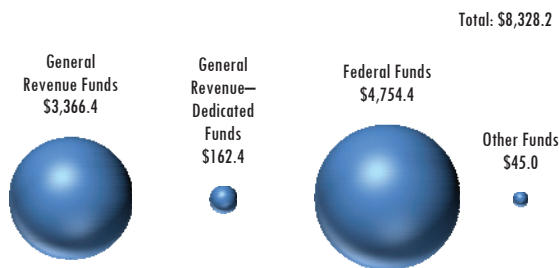
## DEPARTMENT OF AGING AND DISABILITY SERVICES

**FIGURE 36**  
**DEPARTMENT OF AGING AND DISABILITY SERVICES, BY METHOD OF FINANCE**

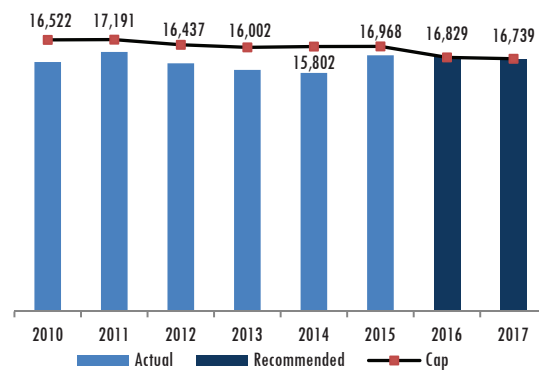
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$4,592.9                     | \$3,366.4              | (\$1,226.5)        | (26.7%)              |
| General Revenue–Dedicated Funds      | \$131.4                       | \$162.4                | \$31.0             | 23.6%                |
| Federal Funds                        | \$6,818.7                     | \$4,754.4              | (\$2,064.3)        | (30.3%)              |
| Other Funds                          | \$70.9                        | \$45.0                 | (\$25.9)           | (36.6%)              |
| <b>Total, All Methods of Finance</b> | <b>\$11,613.9</b>             | <b>\$8,328.2</b>       | <b>(\$3,285.7)</b> | <b>(28.3%)</b>       |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Aging and Disability Services (DADS) totals \$8.3 billion in All Funds, including \$3.5 billion in General Revenue Funds and General Revenue–Dedicated Funds. These recommendations are a decrease of \$3.3 billion in All Funds, including \$1.2 billion in General Revenue Funds and General Revenue–Dedicated Funds, from the 2014–15 base.

### HIGHLIGHTS:

- The September 2014 statewide expansion of the STAR+PLUS program and the expected March 2015 carve-in to STAR+PLUS of nursing facility services will result in certain long-term care services previously provided at DADS being provided by HHSC. The programs at DADS affected by the STAR+PLUS expansion or nursing facility carve-in include Primary Home Care, Day Activity & Health Services, Community-based Alternatives, Nursing Facility Payments, Medicaid Skilled Nursing Facility, and Promoting Independence Services. Though certain clients will continue to receive these services via DADS, the projected expenditures there will decline from 2014–15 levels by approximately \$3.7 billion in All Funds, including \$1.5 billion in General Revenue Funds and General Revenue–Dedicated Funds.
- In addition to the clients and services remaining at DADS in programs affected by managed care expansions, DADS will continue providing other Medicaid community care entitlement and waiver services and institutional services in their Community Attendant Services, Home and Community-based Services, Community Living and Support Services, Deaf-Blind Multiple Disabilities, Medically Dependent Children Program, Texas Home Living Waiver, All-inclusive Care – Elderly (PACE), Hospice, Intermediate Care Facilities-IID, and State Supported Living Center programs.

- Estimated expenditures for all Medicaid clients and services remaining at DADS are projected to increase by approximately \$458.2 million in All Funds, including \$341.3 million in General Revenue Funds and General Revenue–Dedicated Funds, over 2014–15 levels. The increase in General Revenue Funds and General Revenue–Dedicated Funds includes projected caseload growth, an increase resulting from a less favorable FMAP, the costs of maintaining fiscal year 2015 average costs (which include attendant care wage and nursing facility rate increases) and a net loss of enhanced federal matching rates. Cost growth projected for the 2016–17 biennium is not included in these recommendations.
- Recommendations decrease appropriations for State Supported Living Centers (SSLC) by \$8.1 million in All Funds. This includes an increase of \$11.7 million in General Revenue Funds and General Revenue–Dedicated Funds and a decrease of \$22.6 million in Federal Funds, related to a less favorable FMAP and an increase of \$3.0 million in General Revenue Funds for vehicle replacement. All Funds are reduced proportionately to reflect a projected census decline. Recommendations do not assume closure of any SSLCs in the 2016–17 biennium.

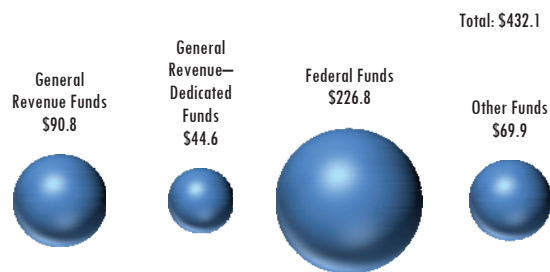
## DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES

**FIGURE 37**  
**DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES, BY METHOD OF FINANCE**

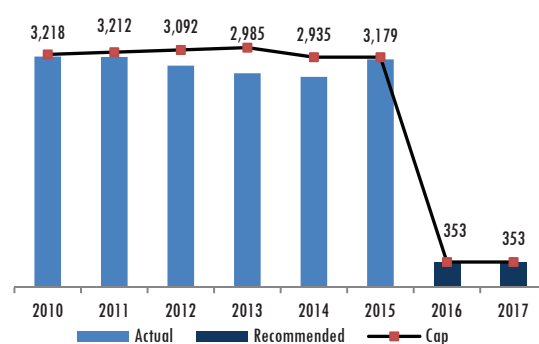
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$218.9                       | \$90.8                 | (\$128.1)          | (58.5%)              |
| General Revenue–Dedicated Funds      | \$34.9                        | \$44.6                 | \$9.7              | 27.7%                |
| Federal Funds                        | \$937.9                       | \$226.8                | (\$711.0)          | (75.8%)              |
| Other Funds                          | \$40.8                        | \$69.9                 | \$29.0             | 71.1%                |
| <b>Total, All Methods of Finance</b> | <b>\$1,232.5</b>              | <b>\$432.1</b>         | <b>(\$800.4)</b>   | <b>(64.9%)</b>       |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Assistive and Rehabilitative Services (DARS) for the 2016–17 biennium totals \$432.1 million in All Funds, which includes an All Funds decrease of \$800.4 million from the 2014–15 biennium due to program transfers to the Texas Workforce Commission. General Revenue Funds and General Revenue–Dedicated Funds total \$135.4 million, a decrease of \$118.4 million from the 2014–15 biennium. The Department of Assistive and Rehabilitative Services is under Strategic Fiscal Review.

### HIGHLIGHTS:

- Funding for the agency reflects the transfer of the Vocational Rehabilitation, Business Enterprises of Texas, and Disability Determination Services programs to the Texas Workforce Commission for the 2016–17 biennium. This results in a decrease of \$814.7 million in All Funds (\$112.1 million in General Revenue Funds and General Revenue–Dedicated Funds) from the 2014–15 biennium. The number of full-time equivalents decreases from 3,178.5 in fiscal year 2015 to 352.9 in fiscal year 2017 due to the transfer. The transfer is contingent upon passage of legislation.
- Funding for the Autism Program totals \$3.7 million in All Funds, including \$3.4 million in General Revenue Funds, for the biennium. This is a decrease of \$5.6 million in General Revenue Funds from the 2014–15 biennium and reflects a phase-out of the program; funding levels support services only for children enrolled as of August 31, 2015. Funding at the Texas Education Agency includes an increase of \$18.4 million in General Revenue Funds for widespread support for children with autism.
- Funding for Early Childhood Intervention services includes an increase of \$20.0 million in All Funds (all Federal Funds) over the 2014–15 biennium for anticipated caseload growth, for a total of \$303.6 million in All Funds.

- Funding for Comprehensive Rehabilitation Services totals \$50.1 million in All Funds for the biennium, including \$44.6 million in General Revenue–Dedicated (GR–D) Comprehensive Rehabilitation Fund Account No. 107. General Revenue Funds are reduced in relation to the GR–D amounts (method of financing swap).
- Funding for Information Technology Program Support includes an increase of \$1.8 million in All Funds (all General Revenue Funds) to maintain current obligations for Data Center Services.

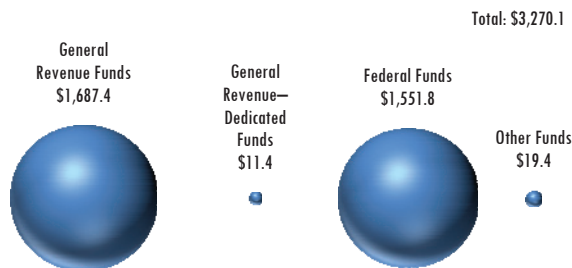
## DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

**FIGURE 38**  
**DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES RECOMMENDATIONS BY METHOD OF FINANCE**

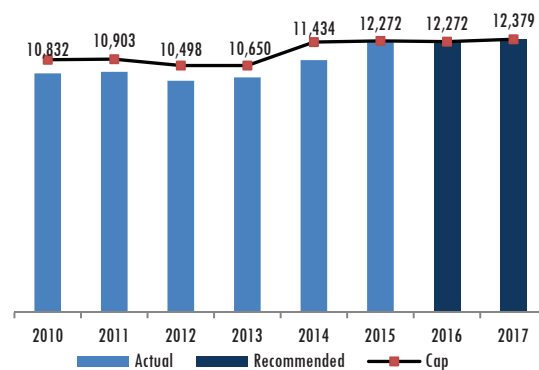
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$1,515.8                     | \$1,687.4              | \$171.6            | 11.3%                |
| General Revenue–Dedicated Funds      | \$11.4                        | \$11.4                 | \$0.0              | 0.0%                 |
| Federal Funds                        | \$1,568.0                     | \$1,551.8              | (\$16.2)           | (1.0%)               |
| Other Funds                          | \$18.6                        | \$19.4                 | \$0.8              | 4.5%                 |
| <b>Total, All Methods of Finance</b> | <b>\$3,113.8</b>              | <b>\$3,270.1</b>       | <b>\$156.3</b>     | <b>5.0%</b>          |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Family and Protective Services for the 2016–17 biennium totals \$3.3 billion in All Funds, including \$1.7 billion in General Revenue Funds and General Revenue–Dedicated Funds. This represents a \$171.6 million, or 11.3 percent, increase in General Revenue Funds and General Revenue–Dedicated Funds and a \$156.3 million, or 5.0 percent, increase in All Funds.

### HIGHLIGHTS:

- Funding for the 2016–17 biennium includes \$1.3 billion in All Funds, including \$607.3 million in General Revenue Funds and General Revenue–Dedicated Funds, for foster care, adoption subsidies, and the permanency care assistance programs. This includes an increase of \$82.1 million in All Funds that will support entitlement caseload growth, maintain the fiscal year 2015 average cost, and reflects a less favorable Federal Medical Assistance Percentage (FMAP).
- \$1.1 billion in All Funds, including \$676.4 million in General Revenue Funds and General Revenue–Dedicated Funds is provided for child protective services (CPS) direct delivery and support staff. An increase of \$51.9 million in All Funds will continue the legislative priorities of the Eighty-third Legislature by:
  - Maintaining the fiscal year 2015 staffing and cost in direct delivery programs, and
  - Maintaining the end-of-fiscal year 2015 average daily caseload per worker in CPS.
- Funding for prevention programs totals \$91.0 million in All Funds, including \$70.1 million in General Revenue Funds and General Revenue–Dedicated Funds. This includes an increase of \$10.2 million in All Funds to maintain the fiscal year 2015 spending level in the child abuse and neglect prevention programs.

- In June 2014, the agency requested and received approval from the Legislative Budget Board to budget an additional \$44.2 million in TANF Federal Funds for fiscal year 2015 for non-entitlement programs and indirect administration. That level of TANF expenditures cannot be sustained. Recommendations for the 2016–17 biennium replace these TANF Federal Funds with a like amount of General Revenue Funds.
- Funding also provides \$121.0 million in All Funds, including \$74.7 million in General Revenue Funds and General Revenue–Dedicated Funds, for the relative caregiver program and day care services. This includes an increase of \$4.6 million in All Funds to support caseload growth in the programs.
- The increase of 106.4 FTEs in fiscal year 2017 is to maintain the fiscal year 2015 average daily caseload per worker for CPS investigations, CPS family-based safety services, CPS kinship, CPS foster and adoption development, and APS facility investigations.

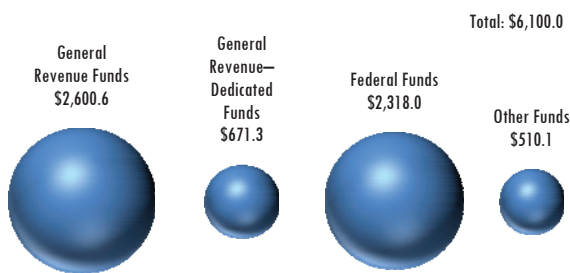
## DEPARTMENT OF STATE HEALTH SERVICES

**FIGURE 39**  
**DEPARTMENT OF STATE HEALTH SERVICES RECOMMENDATIONS BY METHOD OF FINANCE**

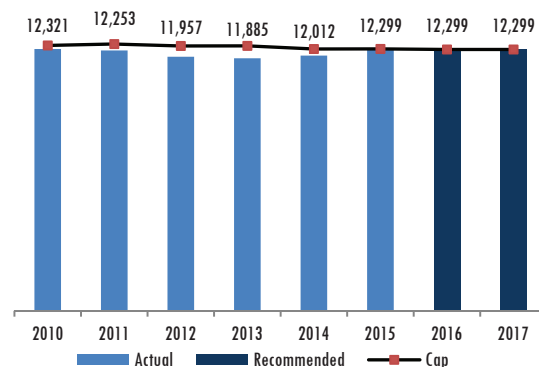
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$2,593.6                     | \$2,600.6              | \$6.9              | 0.3%                 |
| General Revenue–Dedicated Funds      | \$987.0                       | \$671.3                | (\$315.7)          | (32.0%)              |
| Federal Funds                        | \$2,372.2                     | \$2,318.0              | (\$54.2)           | (2.3%)               |
| Other Funds                          | \$551.6                       | \$510.1                | (\$41.5)           | (7.5%)               |
| <b>Total, All Methods of Finance</b> | <b>\$6,504.5</b>              | <b>\$6,100.0</b>       | <b>(\$404.4)</b>   | <b>(6.2%)</b>        |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of State Health Services for the 2016–17 biennium totals \$6.1 billion in All Funds, which reflects a decrease of \$404.4 million from the 2014–15 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$3.3 billion, a decrease of \$308.8 million in General Revenue Funds and General Revenue–Dedicated Funds from the 2014–15 biennium.

### HIGHLIGHTS:

- Funding for behavioral health and substance abuse includes \$2.6 billion in All Funds for the biennium, including \$1.8 billion in General Revenue Funds and General Revenue–Dedicated Funds, which is an All Funds decrease of 2.7 percent over the 2014–15 biennium, due to declines in Federal and Other Funds. General Revenue Funds and General Revenue–Dedicated Funds were maintained at approximate 2014–15 biennial levels. Funding is included for inpatient client services at the state hospitals and the community hospitals, outpatient services provided through the local mental health authorities and NorthSTAR, mental health crisis services, services for adults who are on existing and projected waiting lists, substance abuse prevention, intervention, and treatment, mental health services for veterans, and infrastructure for the state hospitals.
- Funding for EMS and Trauma Care Systems is \$133.2 million in All Funds for the biennium, which is a decrease in All Funds of \$300.6 million from the 2014–15 biennium, due to a one-time appropriation of \$300.0 million by the Eighty-third Legislature of General Revenue–Dedicated Trauma Facility and EMS Account Number 5111 which was transferred to the Health and Human Services Commission (HHSC) for Medicaid expenses.

- Funding for the Primary Health Care Program is \$126.8 million in All Funds for the biennium, including \$126.3 million in General Revenue Funds and General Revenue–Dedicated Funds, which is a decrease of 0.1 percent in All Funds from the 2014–15 biennium, due to an anticipated decline in Federal Funds. The \$100.0 million increase in General Revenue Funds from the Eighty-third Legislature are continued to provide primary health care services for women. These services include but are not limited to preventative health screenings such as breast and cervical cancer screenings, diabetes, cholesterol, hypertension, and STD-HIV screenings; family planning services including contraception; perinatal services; and dental services.
- Funding for the Women, Infants, and Children (WIC) program is \$1.6 billion in All Funds for the biennium, including \$440.3 million in General Revenue Funds and General Revenue–Dedicated Funds, which is a \$27.6 million increase in All Funds over the 2014–15 biennium, due to an anticipated increase in Federal Funds.
- Funding for the Office of Violent Sex Offender Management (OVSOM) is \$13.1 million in All Funds for the biennium, including \$13.0 million in General Revenue Funds and General Revenue–Dedicated Funds, which is consistent with All Funds in the 2014–15 biennium. The Eighty-second Legislature, 2011, created OVSOM as an independent, autonomous state agency administratively attached to DSHS. OVSOM is solely responsible for providing the treatment and supervision of civilly committed sexually violent predators.

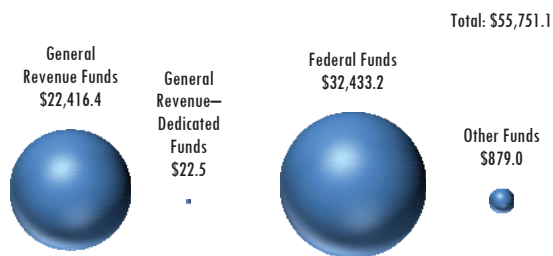
## HEALTH AND HUMAN SERVICES COMMISSION

**FIGURE 40**  
**HEALTH AND HUMAN SERVICES COMMISSION, BY METHOD OF FINANCE**

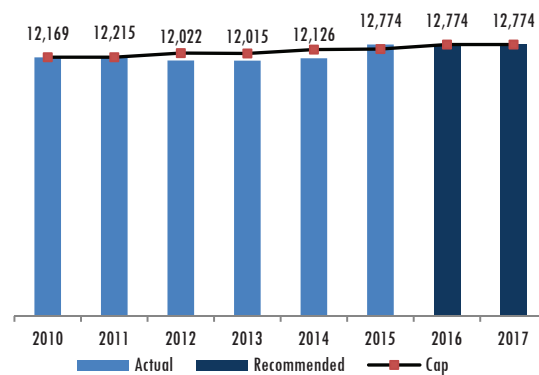
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$19,758.3                    | \$22,416.4             | \$2,658.0          | 13.5%                |
| General Revenue–Dedicated Funds      | \$0.0                         | \$22.5                 | \$22.5             | N/A                  |
| Federal Funds                        | \$30,531.2                    | \$32,433.2             | \$1,902.0          | 6.2%                 |
| Other Funds                          | \$1,158.9                     | \$879.0                | (\$279.9)          | (24.2%)              |
| <b>Total, All Methods of Finance</b> | <b>\$51,448.4</b>             | <b>\$55,751.1</b>      | <b>\$4,302.7</b>   | <b>8.4%</b>          |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Health and Human Services Commission (HHSC) for the 2016–17 biennium totals \$55.8 billion in All Funds, which includes an increase of \$4.3 billion from the 2014–15 biennium. General Revenue Funds total \$22.4 billion, an increase of \$2.6 billion from the 2014–15 biennium. The increase in funding is primarily related to the Medicaid program.

### HIGHLIGHTS:

- Funding for Medicaid at HHSC for the 2016–17 biennium includes \$51.2 billion in All Funds, \$21.1 billion in General Revenue Funds which is an increase of \$4.7 billion in All Funds and \$3.1 billion in General Revenue Funds from the 2014–15 biennium. The statewide expansion of the STAR+PLUS program (September 2014) and carving in of nursing facility services to STAR+PLUS (March 2015) result in long-term care services previously provided at the Department of Aging and Disability Services being provided at the Health and Human Services Commission. Funding for clients who will receive these long-term care services through HHSC increased by approximately \$3.9 billion in All Funds, including \$1.7 billion in General Revenue Funds, from the 2014–15 expenditure level. The net increase for Medicaid at HHSC includes \$1.3 billion in General Revenue Funds for projected caseload growth, a less favorable Federal Medical Assistance Percentage (FMAP), which results in a higher proportion of the program being funded with General Revenue Funds, and a reduction to the proportion of the program funded with General Revenue Funds related to a 23 percentage point increase to the Enhanced Federal Medical Assistance Percentage (EFMAP), which applies to certain children in Medicaid previously receiving services through the Children's Health Insurance Program (CHIP). Funding for Medicaid includes a decrease of \$300.0 million in Other Funds due to a one-time interagency contract in 2014–15 with the Department of State Health Services to provide additional funds for Medicaid expenses. Cost growth projected for Medicaid and CHIP for the 2016–17 biennium is not included.

- Funding includes \$1.7 billion in All Funds, \$141.0 million in General Revenue Funds for CHIP, which is a decrease of \$285.1 million in All Funds and \$431.7 million in General Revenue Funds from the 2014–15 biennium. The All Funds decrease is primarily due to a transition of certain children from CHIP to Medicaid pursuant to the Affordable Care Act. Recommended funding levels also include a reduction to the proportion of the program funded with General Revenue Funds related to a 23 percentage point increase to the Enhanced Federal Medical Assistance Percentage (EFMAP), the matching rate for the CHIP program.
- Funding includes \$116.1 million in All Funds, \$39.1 million in General Revenue Funds for the Office of the Inspector General, which is a decrease of \$10.9 million in All Funds from the 2014–15 biennium, primarily due to the ending of the fraud case management system contract.
- Funding includes \$69.3 million in All Funds for the Texas Women’s Health Program (TWHP) which maintains the same level of funding from the 2014–15 biennium. TWHP is 100 percent funded with General Revenue Funds.
- Funding includes an increase of \$52.6 million in All Funds to transfer the Court Appointed Special Advocates (CASA) grant program and the Children’s Advocacy Centers (CAC) grant program from the Office of the Attorney General to HHSC. This is a \$4.8 million increase for CAC and a \$6.7 million increase for CASA over 2014–15 biennial funding levels.
- Funding includes an increase of \$20.0 million in General Revenue Funds to implement a grant program to provide mental health services to veterans.

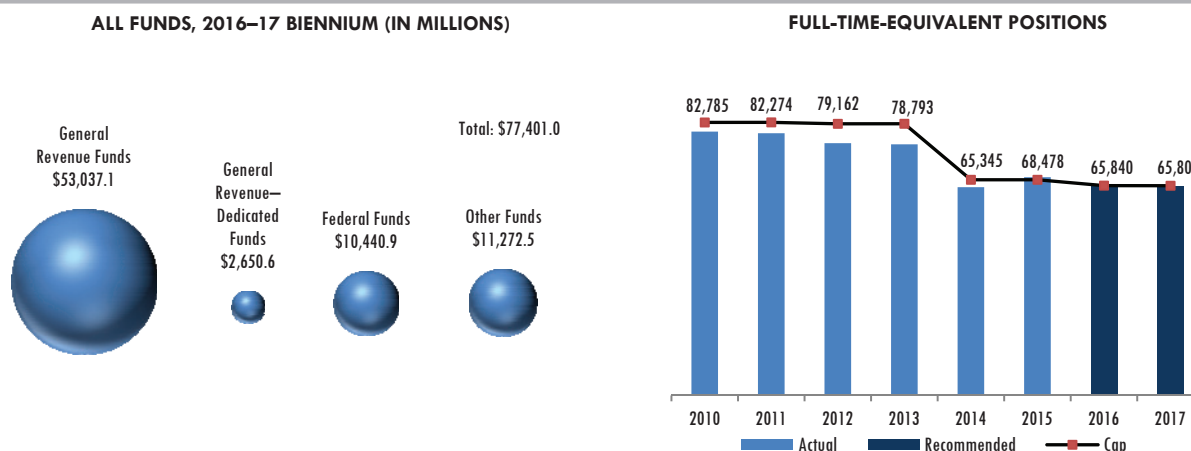


## ARTICLE III – EDUCATION

**FIGURE 41**  
**ARTICLE III – EDUCATION BY METHOD OF FINANCE**

(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$50,674.6                    | \$53,037.1             | \$2,362.4          | 4.7%                 |
| General Revenue–Dedicated Funds      | \$2,676.1                     | \$2,650.6              | (\$25.6)           | (1.0%)               |
| Federal Funds                        | \$10,034.1                    | \$10,440.9             | \$406.8            | 4.1%                 |
| Other Funds                          | \$10,556.9                    | \$11,272.5             | \$715.5            | 6.8%                 |
| <b>Total, All Methods of Finance</b> | <b>\$73,941.8</b>             | <b>\$77,401.0</b>      | <b>\$3,459.2</b>   | <b>4.7%</b>          |



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

### MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE III

Public Education All Funds appropriations, excluding the Teacher Retirement System and end-of-article benefits, total \$54,643.9 million for the 2016–17 biennium, an increase of \$3,029.1 million, or 5.9 percent from the 2014–15 biennium. General Revenue and General Revenue–Dedicated Funds total \$35,646.0 million, an increase of \$1,851.8 million, or 5.5 percent from the 2014–15 biennium. Other Funds total \$8,842.2 million for the 2016–17 biennium, a \$766.9 million or 9.5 percent increase. Federal Funds total \$10,155.7 million, a \$410.3 million or 4.2 percent increase primarily attributable to Child Nutrition.

The majority of Public Education funding consists of state aid for school districts and charter schools through the Foundation School Program (FSP) system. FSP funding is driven by statutory formulas, amounts specified in the General Appropriations Act, and projected enrollment and district property value amounts.

- FSP funding for the 2016–17 biennium includes \$33.6 billion in General Revenue Funds and \$42.4 billion in All Funds. This represents a General Revenue Funds increase of \$2.0 billion, or 6.3 percent, and an All Funds increase of \$2.7 billion, or 6.9 percent, compared to the 2014–15 biennium.
- General Revenue funding for the FSP is increased by \$4.0 billion contingent on two tax relief provisions: (1) \$3.0 billion is contingent on legislation providing an equivalent amount of school district property tax relief; and (2) \$1.0 billion is contingent on franchise tax reform resulting in equivalent savings and a corresponding reduction to the Property

Tax Relief Fund. These amounts would be provided to school districts to hold them harmless for the lost tax revenue resulting from such legislation. Additionally, General Revenue funding for the FSP is increased by \$200 million over what is needed to fully fund current law, contingent on legislation that equalizes within the school finance formulas the treatment of similar tax effort across school districts.

- Non-FSP program and administration funding at the Texas Education Agency for the 2016–17 biennium includes \$1.9 billion in General Revenue appropriations, a \$132.9 million decrease compared to the 2014–15 biennium. The decrease is due primarily to the exclusion of one-time \$330.0 million transition aid to school districts (Senate Bill 1458, Eighty-third Legislature, 2013). Instructional materials and technology funding is \$1,054.9 million, a \$102.9 million increase compared to the 2014–15 biennium.

Higher Education All Funds appropriations total \$17,491.2 million for the 2016–17 biennium, an increase of \$203.7 million, or 1.2 percent from the 2014–15 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$14,918.4 million, an increase of \$276.8 million, or 1.9 percent from the 2014–15 biennium. The majority of Higher Education funding consists of formula funding to the General Academic Institutions, Lamar State Colleges, Texas State Technical Colleges, Health-related Institutions, and the Public Community and Junior Colleges.

- Formula funding for the General Academic Institutions for the 2016–17 biennium totals \$4,553.1 million in All Funds, which includes \$3,347.6 million in General Revenue Funds. This represents an increase of \$205.8 million in All Funds, or 5.0 percent from the 2014–15 biennium. This includes an increase of \$181.4 million, or 5.7 percent, in General Revenue Funds from the 2014–15 biennium. Formula funding amounts maintain the rates for both the Instruction and Operations and Infrastructure formulas and fund enrollment growth at the institutions.
- Formula funding for the Lamar State Colleges for the 2016–17 biennium totals \$33.6 million in All Funds, which includes \$32.8 million in General Revenue. This represents a decrease of \$5.7 million, or 14.4 percent from the 2014–15 biennium in All Funds. This includes a decrease of \$5.3 million, or 13.8 percent, in General Revenue Funds from the 2014–15 biennium, and is due primarily to a decrease in contact hours from the 2014–15 biennium. Formula funding amounts maintain the rates for both the Instruction and Operations and Infrastructure formulas.
- Formula funding for the Texas State Technical Colleges for the 2016–17 biennium totals \$102.0 million in All Funds, which includes \$98.6 million in General Revenue Funds. This represents a decrease of \$3.7 million, or 3.6 percent from the 2014–15 biennium in All Funds. This includes a decrease of \$3.9 million, or 3.8 percent, in General Revenue Funds from the 2014–15 biennium, and maintains the returned value formula that began in 2014–15.
- Formula funding for the Health-Related Institutions for the 2016–17 biennium totals \$1,833.9 million in All Funds, which includes \$1,737.7 million in General Revenue Funds. This represents an increase of \$77.0 million, or 4.4 percent from the 2014–15 biennium in All Funds. This includes an increase of \$57.7 million in General Revenue Funds, or 3.4 percent, from the 2014–15 biennium. Formula funding generally maintains the 2014–15 All Funds rate for all formulas, except the mission specific formulas, which were increased by 3.9 percent, or the average General Revenue Funds increase in the Instruction and Operations formula.
- Formula funding for the Public Community and Junior Colleges for the 2016–17 biennium totals \$1,691.0 million in General Revenue Funds. This represents a decrease of \$78.9 million, or 4.5 percent from the 2014–15 biennium, and is due primarily to a 4.6 percent decrease in contact hours from 2014–15. Formula funding amounts maintain the rates for core operations and contact hour funding and maintain the percentage split for formula funding at 90 percent for contact hour funding and 10 percent for success point funding.
- Funding for the Higher Education Coordinating Board in 2016–17 includes a decrease of \$21.4 million in General Revenue Funds from the Top Ten Percent Scholarships Program and a decrease of \$12.2 million in General Revenue Funds from the B-On-Time Program for private institutions. Funding for these programs support renewal awards in 2016–17. Higher Education funding also includes a decrease of \$8.9 million in General Revenue Fund appropriations for the Texas Research Incentive Program.

- Funding for the Higher Education Coordinating Board in 2016–17 includes an increase of \$2.6 million in General Revenue Funds for the Teach for Texas Loan Repayment Program.
- Higher Education appropriations include an increase of \$60.0 million in General Revenue Funds for Graduate Medical Education Expansion.
- Teacher Retirement System funding consists of state contributions for retirement and health care benefits for employees of public schools and institutions of higher education and retirees. TRS funding totals \$4,346.8 million in the 2016–17 biennium, a \$180.7 million increase from 2014–15 expenditures. The funding level maintains the state contribution rate for retirement of 6.8 percent of active member payroll, and 1.0 percent for retiree health. The increase in appropriations is primarily due to the projected 2016–17 growth payroll growth rate of two percent for public education and four percent for higher education.

**Figure 42** shows the All Funds recommended appropriation for each agency in Article III, and **Figure 43** shows the General Revenue Funds recommended appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for some of the agencies in Article III; only those agencies with significant changes are highlighted on those pages.

**FIGURE 42**  
**ARTICLE III – EDUCATION, ALL FUNDS**

(IN MILLIONS)

| FUNCTION                                                   | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|------------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| <b>Public Education</b>                                    |                               |                        |                    |                      |
| Texas Education Agency                                     | \$51,508.5                    | \$54,539.0             | \$3,030.5          | 5.9%                 |
| School for the Blind and Visually Impaired                 | \$50.4                        | \$48.3                 | (\$2.1)            | (4.2%)               |
| School for the Deaf                                        | \$55.9                        | \$56.6                 | \$0.6              | 1.1%                 |
| <b>Subtotal, Public Education</b>                          | <b>\$51,614.9</b>             | <b>\$54,643.9</b>      | <b>\$3,029.1</b>   | <b>5.9%</b>          |
| <b>Public Higher Education</b>                             |                               |                        |                    |                      |
| General Academic Institutions                              | \$6,424.3                     | \$6,565.0              | \$140.6            | 2.2%                 |
| Health-related Institutions                                | \$2,857.9                     | \$2,883.1              | \$25.2             | 0.9%                 |
| Texas A&M Service Agencies                                 | \$938.9                       | \$933.5                | (\$5.3)            | (0.6%)               |
| Higher Education Coordinating Board                        | \$1,535.4                     | \$1,437.9              | (\$97.5)           | (6.3%)               |
| Higher Education Fund                                      | \$525.0                       | \$525.0                | \$0.0              | 0.0%                 |
| Available University Fund                                  | \$1,702.2                     | \$1,690.5              | (\$11.7)           | (0.7%)               |
| Available National Research University Fund                | \$55.8                        | \$61.1                 | \$5.2              | 9.4%                 |
| Permanent Fund Supporting Military and Veterans Exemptions | \$11.4                        | \$23.5                 | \$12.1             | 106.6%               |
| Article III, Special Provisions                            | \$0.0                         | \$60.0                 | \$60.0             | N/A                  |
| <b>Two-Year Institutions</b>                               |                               |                        |                    |                      |
| Public Community/Junior Colleges                           | \$1,790.0                     | \$1,710.0              | (\$80.1)           | (4.5%)               |
| Lamar Lower-level Institutions                             | \$66.9                        | \$59.1                 | (\$7.8)            | (11.7%)              |
| Texas State Technical Colleges                             | \$176.6                       | \$167.2                | (\$9.4)            | (5.3%)               |
| <b>Subtotal, Two-year Institutions</b>                     | <b>\$2,033.5</b>              | <b>\$1,936.3</b>       | <b>(\$97.3)</b>    | <b>(4.8%)</b>        |
| <b>Subtotal, Public Higher Education</b>                   | <b>\$16,084.5</b>             | <b>\$16,115.9</b>      | <b>\$31.4</b>      | <b>0.2%</b>          |

**FIGURE 42 (CONTINUED)**  
**ARTICLE III – EDUCATION, ALL FUNDS**

(IN MILLIONS)

| FUNCTION                                                 | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|----------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Teacher Retirement System                                | \$4,166.1                     | \$4,346.8              | \$180.7            | 4.3%                 |
| Optional Retirement Program                              | \$333.4                       | \$326.3                | (\$7.2)            | (2.1%)               |
| Higher Education Employees Group Insurance Contributions | \$1,190.8                     | \$1,375.3              | \$184.4            | 15.5%                |
| Retirement and Group Insurance                           | \$70.0                        | \$81.8                 | \$11.8             | 16.9%                |
| Social Security and Benefit Replacement Pay              | \$552.0                       | \$583.9                | \$31.9             | 5.8%                 |
| <b>Subtotal, Employee Benefits</b>                       | <b>\$6,312.3</b>              | <b>\$6,714.0</b>       | <b>\$401.7</b>     | <b>6.4%</b>          |
| Bond Debt Service Payments                               | \$22.7                        | \$23.1                 | \$0.4              | 1.8%                 |
| Lease Payments                                           | \$5.1                         | \$4.5                  | (\$0.5)            | (10.2%)              |
| <b>Subtotal, Debt Service</b>                            | <b>\$27.8</b>                 | <b>\$27.6</b>          | <b>(\$0.1)</b>     | <b>(0.4%)</b>        |
| Less Interagency Contracts                               | \$97.6                        | \$100.4                | \$2.8              | 2.9%                 |
| <b>Total, All Functions</b>                              | <b>\$73,941.8</b>             | <b>\$77,401.0</b>      | <b>\$3,459.2</b>   | <b>4.7%</b>          |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

**FIGURE 43**  
**ARTICLE III – EDUCATION, GENERAL REVENUE FUNDS**

(IN MILLIONS)

| FUNCTION                                   | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| <b>Public Education</b>                    |                               |                        |                    |                      |
| Texas Education Agency                     | \$33,729.0                    | \$35,579.8             | \$1,850.9          | 5.5%                 |
| School for the Blind and Visually Impaired | \$29.2                        | \$29.7                 | \$0.5              | 1.8%                 |
| School for the Deaf                        | \$36.0                        | \$36.4                 | \$0.4              | 1.2%                 |
| <b>Subtotal, Public Education</b>          | <b>\$33,794.1</b>             | <b>\$35,646.0</b>      | <b>\$1,851.8</b>   | <b>5.5%</b>          |
| <b>Public Higher Education</b>             |                               |                        |                    |                      |
| General Academic Institutions              | \$4,389.7                     | \$4,569.3              | \$179.6            | 4.1%                 |
| Health-related Institutions                | \$2,532.7                     | \$2,580.2              | \$47.5             | 1.9%                 |
| Texas A&M Service Agencies                 | \$331.6                       | \$343.2                | \$11.7             | 3.5%                 |
| Higher Education Coordinating Board        | \$1,269.9                     | \$1,196.6              | (\$73.3)           | (5.8%)               |
| Higher Education Fund                      | \$525.0                       | \$525.0                | \$0.0              | 0.0%                 |
| Article III, Special Provisions            | \$0.0                         | \$60.0                 | \$60.0             | N/A                  |
| <b>Two-Year Institutions</b>               |                               |                        |                    |                      |
| Public Community/Junior Colleges           | \$1,790.0                     | \$1,710.0              | (\$80.1)           | (4.5%)               |
| Lamar Lower-level Institutions             | \$51.9                        | \$46.7                 | (\$5.2)            | (10.1%)              |
| Texas State Technical Colleges             | \$124.0                       | \$117.8                | (\$6.2)            | (5.0%)               |
| <b>Subtotal, Two-Year Institutions</b>     | <b>\$1,966.0</b>              | <b>\$1,874.5</b>       | <b>(\$91.5)</b>    | <b>(4.7%)</b>        |
| <b>Subtotal, Higher Education</b>          | <b>\$11,014.9</b>             | <b>\$11,148.8</b>      | <b>\$133.9</b>     | <b>1.2%</b>          |

**FIGURE 43 (CONTINUED)**  
**ARTICLE III – EDUCATION, GENERAL REVENUE FUNDS**

(IN MILLIONS)

| FUNCTION                                                 | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|----------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Teacher Retirement System                                | \$3,882.9                     | \$4,049.4              | \$166.5            | 4.3%                 |
| Optional Retirement Program                              | \$271.0                       | \$258.8                | (\$12.3)           | (4.5%)               |
| Higher Education Employees Group Insurance Contributions | \$1,189.2                     | \$1,375.3              | \$186.0            | 15.6%                |
| Retirement and Group Insurance                           | \$57.2                        | \$67.3                 | \$10.1             | 17.7%                |
| Social Security and Benefit Replacement Pay              | \$437.8                       | \$464.2                | \$26.4             | 6.0%                 |
| <b>Subtotal, Employee Benefits</b>                       | <b>\$5,838.1</b>              | <b>\$6,214.9</b>       | <b>\$376.8</b>     | <b>6.5%</b>          |
| Bond Debt Service Payments                               | \$22.4                        | \$22.8                 | \$0.4              | 1.8%                 |
| Lease Payments                                           | \$5.1                         | \$4.5                  | (\$0.5)            | (10.2%)              |
| <b>Subtotal, Debt Service</b>                            | <b>\$27.4</b>                 | <b>\$27.3</b>          | <b>(\$0.1)</b>     | <b>(0.4%)</b>        |
| <b>Total, All Functions</b>                              | <b>\$50,674.6</b>             | <b>\$53,037.1</b>      | <b>\$2,362.4</b>   | <b>4.7%</b>          |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

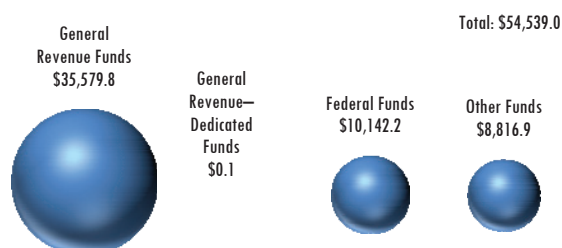
## TEXAS EDUCATION AGENCY

**FIGURE 44**  
**TEXAS EDUCATION AGENCY, BY METHOD OF FINANCE**

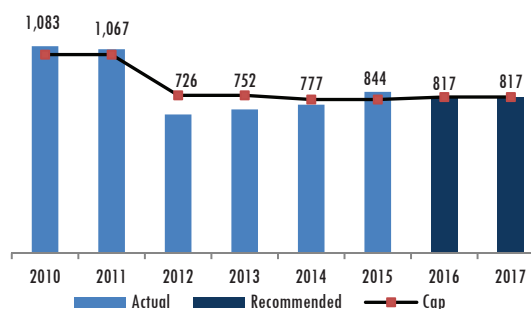
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$33,729.0                    | \$35,579.8             | \$1,850.9          | 5.5%                 |
| General Revenue–Dedicated Funds      | \$0.1                         | \$0.1                  | \$0.0              | 0.0%                 |
| Federal Funds                        | \$9,731.8                     | \$10,142.2             | \$410.5            | 4.2%                 |
| Other Funds                          | \$8,047.7                     | \$8,816.9              | \$769.2            | 9.6%                 |
| <b>Total, All Methods of Finance</b> | <b>\$51,508.5</b>             | <b>\$54,539.0</b>      | <b>\$3,030.5</b>   | <b>5.9%</b>          |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Education Agency for the 2016–17 biennium totals \$54.5 billion, a \$3.0 billion, or 5.9 percent increase compared to the 2014–15 biennium. The increase is primarily attributable to an additional \$3.0 billion in General Revenue funding for the FSP contingent on property tax relief providing an equivalent reduction in local property tax, an All Funds decrease of \$456.4 million in the amount of state aid necessary to fund current law Foundation School Program (FSP) obligations, \$200.0 million in additional General Revenue Funds for the FSP contingent on maintenance and operations tax rate conversion, a \$410.5 million Federal Funds increase, primarily in Child Nutrition, and a \$132.9 million decrease in General Revenue funding for one-time funding items, non-FSP programs and administration. Texas Education Agency programs outside of the FSP are under Strategic Fiscal Review.

### HIGHLIGHTS:

- FSP funding for the 2016–17 biennium includes \$33.6 billion in General Revenue Funds and \$42.4 billion in All Funds. This represents a General Revenue Funds increase of \$2.0 billion, reflecting the addition of \$4.0 billion in tax relief provisions and \$200.0 million for the formula adjustment described below, partially offset by a decrease of \$2.2 billion in the state cost of funding current law obligations due to property value growth.
- General Revenue funding for the FSP contains \$4.0 billion contingent on two tax relief provisions: (1) \$3.0 billion is contingent on an equivalent amount of school district property tax relief; and (2) \$1.0 billion is contingent on franchise tax reform resulting in equivalent savings and a corresponding reduction to the Property Tax Relief Fund. Additionally, General Revenue funding for the FSP is increased by \$200.0 million over current law funding obligations, contingent on legislation that equalizes within the school finance formulas the treatment of similar tax effort across school districts.

- Major cost drivers include: (1) projected enrollment growth of 83,000 to 85,000 students in average daily attendance annually (1.7 percent) at an estimated cost of \$2.5 billion for the biennium; (2) approximately \$4.5 billion in reductions to state obligations resulting from projections of strong growth in property values; and (3) approximately \$1.4 billion in increased formula costs, largely offset by increases in recapture payments.
- Non-FSP program and administration funding for the 2016–17 biennium includes \$1.9 billion in General Revenue appropriations, a \$132.9 million decrease compared to the 2014–15 biennium. The decrease is due primarily to the exclusion of one-time \$330.0 million transition aid to school districts (Senate Bill 1458, Eighty-third Legislature, 2013).
- Instructional materials and technology funding is \$1,054.9 million in General Revenue Funds, a \$102.9 million increase compared to the 2014–15 biennium.
- Funding for non-FSP programs increase General Revenue by \$100.0 million for new teacher reading and math academies; \$25.0 million for a new college or career readiness course for the middle grades; \$18.4 million for widespread support of children with autism; \$4.0 million for Early College High School and the Texas Science, Technology, Engineering, and Mathematics Initiative; \$4.0 million for the implementation of the Texas Principal Evaluation Support System and the Texas Teacher Evaluation Support System; and \$0.7 million for Campus Intervention Turnaround Assistance. Funding for non-FSP programs decrease General Revenue Funds for the Student Success Initiative by \$28.8 million, juvenile justice programs by \$5.7 million, and for FitnessGram by \$3.0 million. Funding is not included for Reasoning Mind, a computer-based math instruction program (\$9.0 million), autism training (\$1.5 million), Online College Preparation and Technical Assistance Program (\$1.0 million), and Steroid Testing (\$1.0 million).

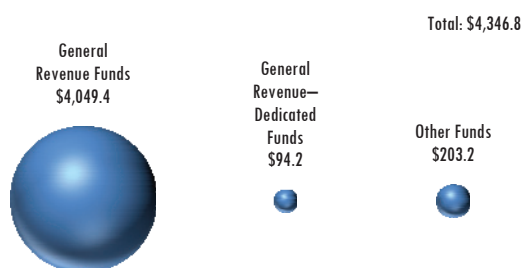
## TEACHER RETIREMENT SYSTEM

**FIGURE 45**  
**TEACHER RETIREMENT SYSTEM, BY METHOD OF FINANCE**

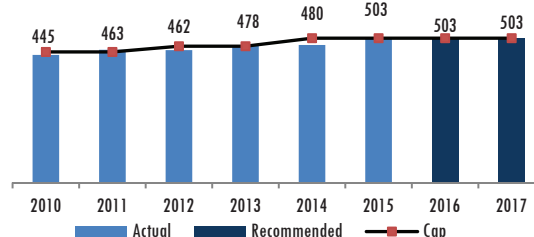
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$3,882.9                     | \$4,049.4              | \$166.5            | 4.3%                 |
| General Revenue–Dedicated Funds      | \$87.1                        | \$94.2                 | \$7.1              | 0.1                  |
| Federal Funds                        | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Other Funds                          | \$196.1                       | \$203.2                | \$7.0              | 0.0                  |
| <b>Total, All Methods of Finance</b> | <b>\$4,166.1</b>              | <b>\$4,346.8</b>       | <b>\$180.7</b>     | <b>4.3%</b>          |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Teacher Retirement System for the 2016–17 biennium totals \$4,346.8 million in All Funds. This represents an increase of \$180.7 million, or 4.3 percent, over the 2014–15 base. Funding consists of state contributions for retirement and health care benefits for employees of public schools and institutions of higher education and retirees, which are based on active member payroll amounts. The increase in appropriations is primarily due to the projected growth of payroll amounts in the 2016–17 biennium.

### HIGHLIGHTS:

- Funding for 2016–17 retirement benefits consists of \$3,487.2 million in General Revenue Funds and \$94.2 million in General Revenue–Dedicated Funds. Funding reflects a state contribution rate of 6.8 percent of active member payroll for retirement benefits. All Funds funding for public education retirement benefits totals \$3,133.6 million, a 4.0 percent increase over the base, which reflects a projected 2.0 percent payroll growth rate in each year of the 2016–17 biennium. All Funds funding for higher education retirement benefits totals \$454.7 million, a 7.3 percent increase over the base, which reflects a projected 4.0 percent payroll growth rate in both years of the 2016–17 biennium.
- Funding for 2016–17 TRS-Care funding totals \$562.2 million in General Revenue Funds, a 4.0 percent increase over the 2014–15 biennium, using the same payroll growth assumption as public education retirement. Recommendations include a state contribution rate of 1.0 percent of payroll for the retiree health care program.

- Funding for administrative operations, which are supported by the TRS Pension Trust Fund (Other Funds), include an increase of \$6.3 million, or 3.3 percent. The increase is primarily attributable to increased membership, changes in asset management, and the continued implementation of the major technology initiative, the TRS Enterprise Application Modernization (TEAM). Funding includes an additional 11.0 FTEs for continued implementation of the TEAM project, scheduled for conclusion in fiscal year 2018.

## HIGHER EDUCATION FUND

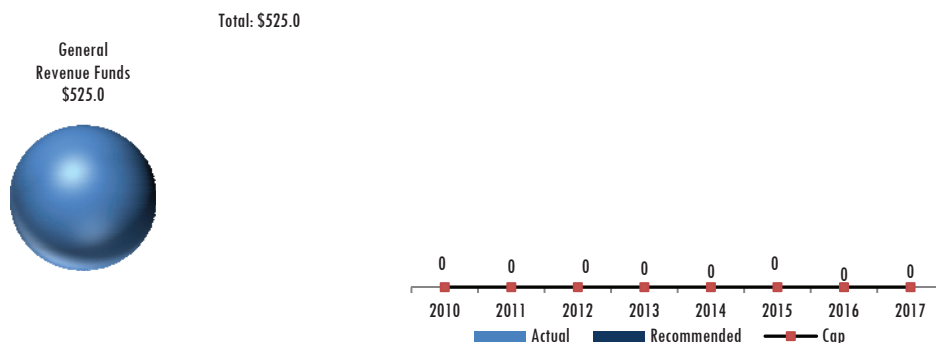
**FIGURE 46**  
**HIGHER EDUCATION FUND, BY METHOD OF FINANCE**

(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$525.0                       | \$525.0                | \$0.0              | 0.0%                 |
| General Revenue–Dedicated Funds      | 0.0                           | 0.0                    | 0.0                | N/A                  |
| Federal Funds                        | 0.0                           | 0.0                    | 0.0                | N/A                  |
| Other Funds                          | 0.0                           | 0.0                    | 0.0                | N/A                  |
| <b>Total, All Methods of Finance</b> | <b>\$525.0</b>                | <b>\$525.0</b>         | <b>\$0.0</b>       | <b>0.0%</b>          |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Higher Education Fund is maintained at \$525.0 million in General Revenue Funds.

### HIGHLIGHTS:

- The Higher Education Fund is an annual General Revenue Fund appropriation dedicated by the Texas Constitution to support certain capital costs at institutions of higher education that are not eligible to receive funding from the Available University Fund.
- The Texas Constitution requires the Legislature to review the Higher Education Fund formula allocation every ten years and may adjust the amount and allocation of the appropriation once every five years. The Eighty-fourth Legislature has the opportunity to both reallocate and increase the Higher Education Fund appropriation.

## AVAILABLE UNIVERSITY FUND

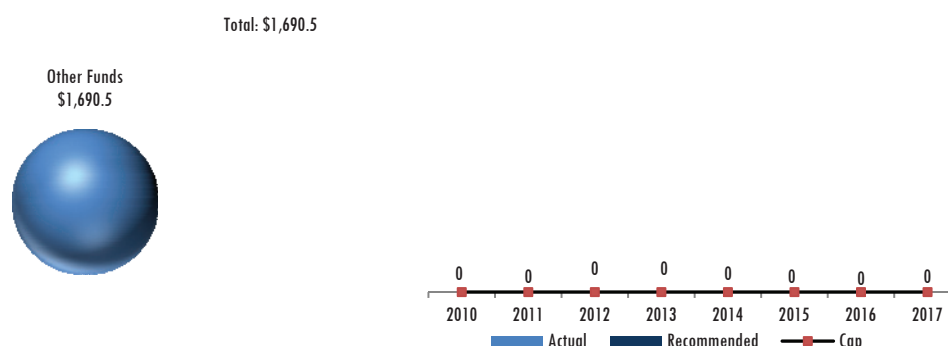
**FIGURE 47**  
**AVAILABLE UNIVERSITY FUND, BY METHOD OF FINANCE**

(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| General Revenue–Dedicated Funds      | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Federal Funds                        | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Other Funds                          | \$1,702.2                     | \$1,690.5              | (\$11.7)           | (0.7%)               |
| <b>Total, All Methods of Finance</b> | <b>\$1,702.2</b>              | <b>\$1,690.5</b>       | <b>(\$11.7)</b>    | <b>(0.7%)</b>        |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Available University Fund for the 2016–17 biennium totals \$1,690.5 million in All Funds, which includes an All Funds reduction of \$11.7 million. The reduction in funding is due to a special one-time distribution from the Permanent University Fund to the Available University Fund for fiscal year 2014. The Available University Fund is under Strategic Fiscal Review.

### HIGHLIGHTS:

- The bill pattern for the Available University fund does not include any full-time-equivalent (FTE) positions. FTEs whose salaries and wages are paid with Available University Fund appropriations are included in the bill patterns of The University of Texas System, The University of Texas at Austin, Texas A&M University System, Texas A&M University, and Prairie View A&M University, respectively.

## PERMANENT FUND SUPPORTING MILITARY VETERANS EXEMPTION

FIGURE 48

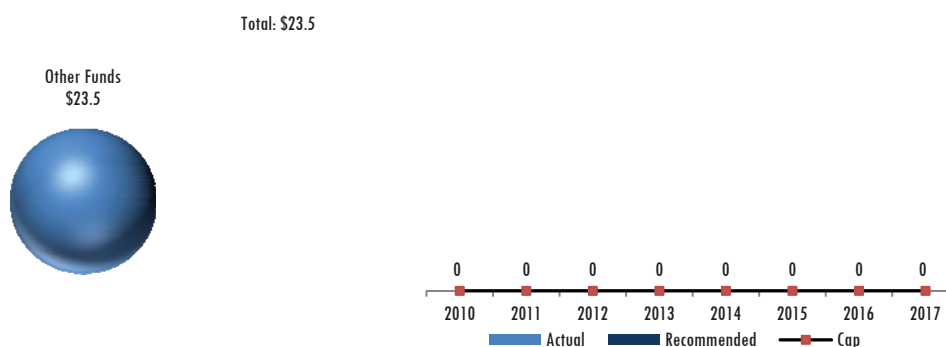
### PERMANENT FUND SUPPORTING MILITARY AND VETERANS EXEMPTIONS, BY METHOD OF FINANCE

(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| General Revenue–Dedicated Funds      | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Federal Funds                        | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Other Funds                          | \$11.4                        | \$23.5                 | \$12.1             | 106.6%               |
| <b>Total, All Methods of Finance</b> | <b>\$11.4</b>                 | <b>\$23.5</b>          | <b>\$12.1</b>      | <b>106.6%</b>        |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



## NOTES:

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Permanent Fund Supporting Military and Veterans Exemptions (MVE) for the 2016–17 biennium totals \$23.5 million, an increase of \$12.1 million from the 2014–15 biennium. The increase in funding is attributable to the expected growth of the MVE and annual distributions being made in each year of the 2016–17 biennium.

### HIGHLIGHTS:

- The Eighty-third Legislature, Regular Session, 2013, created the MVE to help public institutions of higher education offset the waived tuition and fee revenue from the Hazlewood Legacy Program. In fiscal year 2015, the first distribution from the fund totaled \$11.4 million and was released in October 2014. For fiscal year 2016, the distribution from the fund is estimated to be \$11.6 million and is anticipated to be released in October 2015.

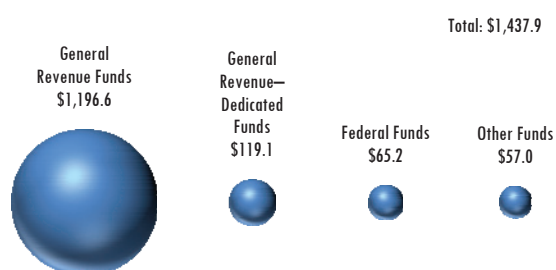
## TEXAS HIGHER EDUCATION COORDINATING BOARD

**FIGURE 49**  
**TEXAS HIGHER EDUCATION COORDINATING BOARD, BY METHOD OF FINANCE**

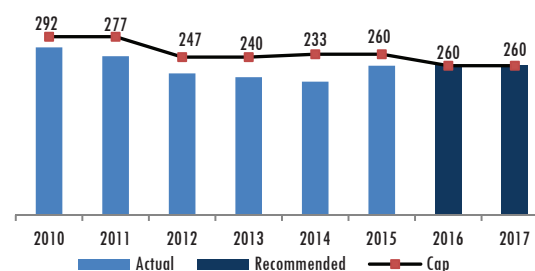
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$1,269.9                     | \$1,196.6              | (\$73.3)           | (5.8%)               |
| General Revenue–Dedicated Funds      | \$118.9                       | \$119.1                | \$0.2              | 0.2%                 |
| Federal Funds                        | \$63.1                        | \$65.2                 | \$2.1              | 3.4%                 |
| Other Funds                          | \$83.5                        | \$57.0                 | (\$26.5)           | (31.8%)              |
| <b>Total, All Methods of Finance</b> | <b>\$1,535.4</b>              | <b>\$1,437.9</b>       | <b>(\$97.5)</b>    | <b>(6.3%)</b>        |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Higher Education Coordinating Board for the 2016–17 biennium totals \$1,437.9 million, a \$97.5 million, or 6.3 percent, decrease compared to the 2014–15 biennial base. The Higher Education Coordinating Board is under Strategic Fiscal Review.

### HIGHLIGHTS:

- Appropriations increase General Revenue funding for Baylor College of Medicine's Undergraduate Medical Education (\$3.4 million) and Graduate Medical Education (\$0.8 million).
- Appropriations include an increase of \$2.6 million in General Revenue Funds for the Teach for Texas Loan Repayment Program.
- Funding reflects a decrease of \$8.9 million in General Revenue Funds for the Texas Research Incentive Program.
- Appropriations do not include funding for the Hazlewood Tuition Exemption (\$30.0 million). Funding for this program is now appropriated to the Texas Veteran's Commission.
- Appropriations reflect a decrease of \$21.4 million in General Revenue Funds from the Top Ten Percent Scholarships Program and \$12.2 million in General Revenue Funds from the B-On-Time Program for private institutions. Funding for these programs support renewal awards in 2016–17. Appropriations reflect a \$25.7 million decrease in anticipated donations primarily from the Texas Guaranteed Student Loan Corporation.
- Appropriations reflect a decrease of \$5.4 million in General Revenue Funds for the University of North Texas Pharmacy Program and a decrease of \$1.8 million in General Revenue Funds for the Texas Armed Services Scholarship Program.

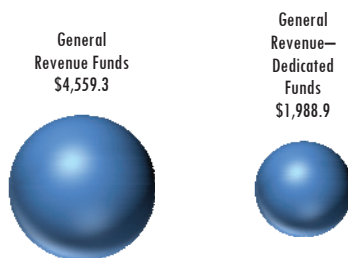
## GENERAL ACADEMIC INSTITUTIONS

**FIGURE 50**  
**GENERAL ACADEMIC INSTITUTIONS, BY METHOD OF FINANCE**

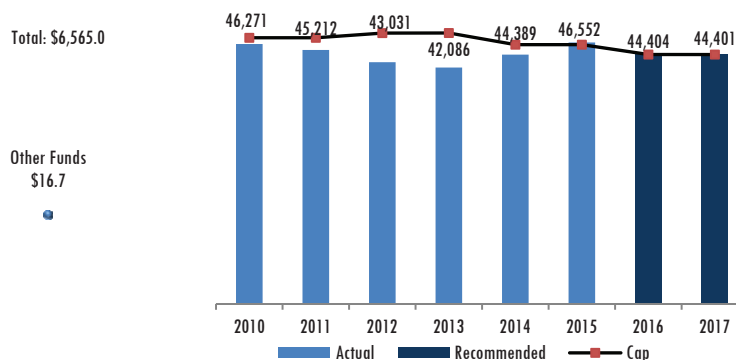
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$4,389.7                     | \$4,559.3              | \$169.6            | 3.9%                 |
| General Revenue–Dedicated Funds      | \$2,019.7                     | \$1,988.9              | (\$30.8)           | (1.5%)               |
| Federal Funds                        | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Other Funds                          | \$14.9                        | \$16.7                 | \$1.8              | 12.3%                |
| <b>Total, All Methods of Finance</b> | <b>\$6,424.3</b>              | <b>\$6,565.0</b>       | <b>\$140.6</b>     | <b>2.2%</b>          |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the General Academic Institutions (GAIs) and University System offices for the 2016–17 biennium totals \$6,565.0 million in All Funds, a \$140.6 million or 2.2 percent increase compared to the 2014–15 base. The University System offices are under the Strategic Fiscal Review.

### HIGHLIGHTS:

- Appropriations provide \$16.8 million in General Revenue Funds for System Office Operations, which equals 2014–15 funding levels. Appropriations provide \$3,347.6 million in General Revenue Funds for the Instruction and Operations and the Infrastructure Support formulas, an increase of \$181.4 million. Formula amounts for 2016–17 maintain formula rates from 2014–15 and fund the cost of enrollment growth.
- Funding for the Texas Competitive Knowledge Fund in 2016–17 maintains 2014–15 funding levels of \$159.2 million, providing approximately \$0.9 million per \$10.0 million in total research expenditures averaged over a three-year period to the eight institutions that received Texas Competitive Knowledge Fund appropriations in 2014–15. Funding in 2016–17 includes \$73.6 million in General Revenue Funds for the Research Development Fund. Funding includes an increase of \$0.6 million from 2014–15 funding levels to include Prairie View A&M University in the Research Development Fund.
- Appropriations include \$397.8 million in General Revenue Funds for tuition revenue bond debt service.
- The decrease in General Revenue–Dedicated funding in 2016–17 is primarily due to higher education institutions expending funds from their local fund balances in 2014–15.

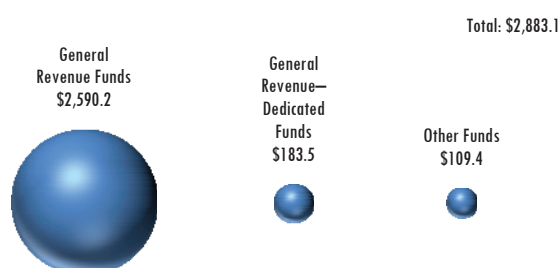
## HEALTH-RELATED INSTITUTIONS

**FIGURE 51**  
**HEALTH-RELATED INSTITUTIONS, BY METHOD OF FINANCE**

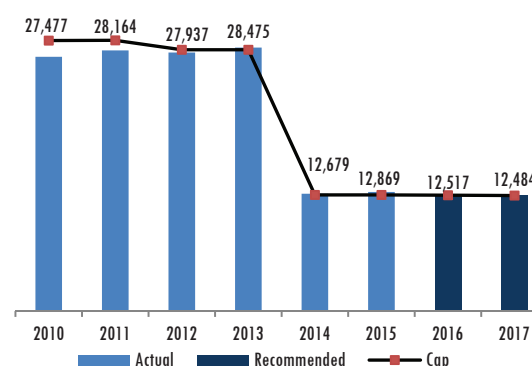
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$2,532.7                     | \$2,590.2              | \$57.5             | 2.3%                 |
| General Revenue–Dedicated Funds      | \$188.4                       | \$183.5                | (\$4.9)            | (2.6%)               |
| Federal Funds                        | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Other Funds                          | \$136.8                       | \$109.4                | (\$27.4)           | (20.0%)              |
| <b>Total, All Methods of Finance</b> | <b>\$2,857.9</b>              | <b>\$2,883.1</b>       | <b>\$25.2</b>      | <b>0.9%</b>          |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the health-related institutions for the 2016–17 biennium totals \$2,883.1 million in All Funds, an increase of \$25.2 million over the 2014–15 biennium. Of this funding, \$2,590.2 million is composed of General Revenue Funds, an increase of \$57.5 million over the 2014–15 biennium. The increase in General Revenue Funds is primarily tied to increased formula funding for the health-related institutions.

### HIGHLIGHTS:

- Funding for the health-related institutions include appropriations to eleven institutions. Included in these appropriations is funding through a new bill pattern for Texas Tech Health Sciences Center at El Paso, an institution authorized by the Eighty-third Legislature, Regular Session, 2013, as well as funding appropriated to The University of Texas Rio Grande Valley for the establishment of a school of medicine.
- Appropriations provide \$1,737.7 million in General Revenue Funds for the six funding formulas for the health-related institutions: the Instruction and Operations (I&O) Support formula, Infrastructure Support formula, Research Enhancement formula, Graduate Medical Education formula, and two mission specific formulas (The University of Texas M.D. Anderson's Cancer Center Operations formula and The University of Texas Health Science Center at Tyler's Chest Disease Center Operations formula). Formula funding levels are an increase of \$57.7 million in General Revenue Funds, or 3.4 percent, from the 2014–15 funding level.
- Formula funding maintains the 2014–15 All Funds rate for the I&O Support formula, the Infrastructure Support formula, the Research Enhancement formula, and the Graduate Medical Education formula. General Revenue funding

for the mission-specific formulas at The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler is increased by the average General Revenue Fund increase in the I&O formula.

- The I&O formula includes funding for a small class supplement. The supplement provides additional funding for instructional programs with enrollments of fewer than 200 students at remote locations and for instructional programs at The University of Texas Health Science Center at Tyler's main campus. Prior to the 2016–17 biennium, the small class supplement was provided for eligible programs at both remote locations and in the same city as the institution's main campus.
- General Revenue Fund appropriations of \$10.0 million were reallocated from The University of Texas Health Science Center at San Antonio to The University of Texas Rio Grande Valley to support the establishment of a school of medicine at the institution. This funding was previously appropriated through the Regional Academic Health Center special item at The University of Texas Health Science Center at San Antonio. Funding appropriated to The University of Texas Rio Grande Valley for the School of Medicine is included in the totals for health-related institutions in this document.
- Appropriations maintain the 2014–15 funding level of \$374.7 million for special items for the health-related institutions.
- Appropriations include \$168.4 million in General Revenue Funds for tuition revenue bond debt service.

## PUBLIC COMMUNITY/JUNIOR COLLEGES

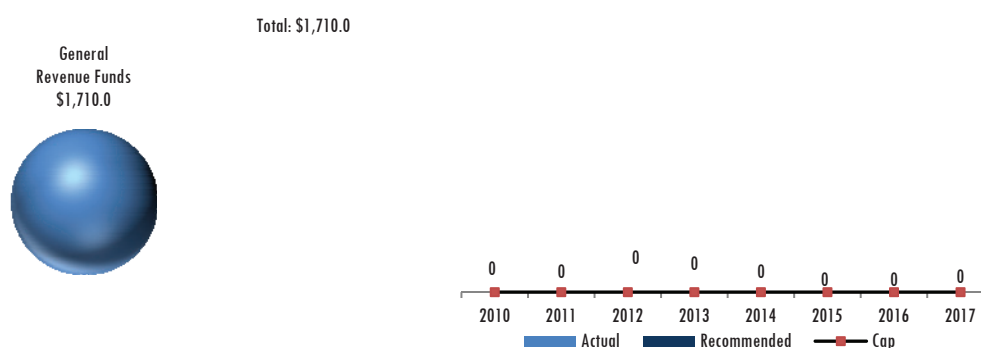
**FIGURE 52**  
**PUBLIC COMMUNITY/JUNIOR COLLEGES, BY METHOD OF FINANCE**

(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$1,790.0                     | \$1,710.0              | (\$80.1)           | (4.5%)               |
| General Revenue–Dedicated Funds      | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Federal Funds                        | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Other Funds                          | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| <b>Total, All Methods of Finance</b> | <b>\$1,790.0</b>              | <b>\$1,710.0</b>       | <b>(\$80.1)</b>    | <b>(4.5%)</b>        |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Public Community/Junior Colleges for the 2016–17 biennium totals \$1,710.0 in General Revenue, which includes a reduction of \$80.1 million. The reduction in funding is primarily due to a decrease in formula funding from the 2014–15 biennium.

### HIGHLIGHTS:

- Formula funding totals \$1,691.0 million for the 2016–17 biennium, a decrease of \$78.9 million from the 2014–15 biennium. Formula funding amounts maintain the rates for core operations and contact hour funding and maintain the percentage split for formula funding at 90 percent for contact hour funding and 10 percent for success point funding. The decrease in funding is primarily due to a 4.6 percent decrease in contact hours from the 2014–15 biennium.
- Funding for special items totals \$16.9 million for the 2016–17 biennium, a decrease of \$1.7 million from the 2014–15 biennium due to special item funding at Brazosport College and Midland College not being continued.
- Funding for Bachelor of Applied Technology programs totals \$2.1 million for the 2016–17 biennium, an increase of \$0.6 million from the 2014–15 biennium due to an increase in semester credit hours. Appropriations maintain funding at the same Instruction & Operations General Revenue rate used by General Academic Institutions.
- No information on full-time-equivalent (FTE) positions is included because FTEs are not appropriated in the Public Community/Junior Colleges bill pattern.

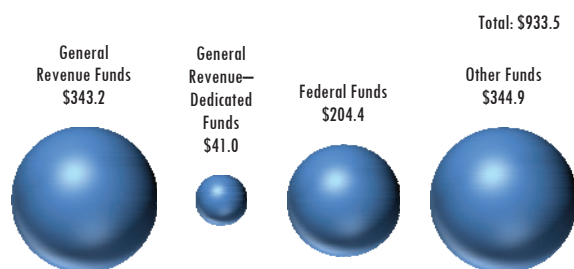
## TEXAS A&M SERVICE AGENCIES

**FIGURE 53**  
**TEXAS A&M SERVICE AGENCIES, BY METHOD OF FINANCE**

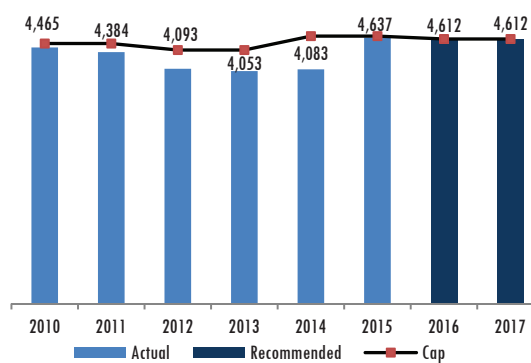
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$331.6                       | \$343.2                | \$11.7             | 3.5%                 |
| General Revenue–Dedicated Funds      | \$43.0                        | \$41.0                 | (\$2.0)            | (4.6%)               |
| Federal Funds                        | \$211.5                       | \$204.4                | (\$7.1)            | (3.3%)               |
| Other Funds                          | \$352.9                       | \$344.9                | (\$8.0)            | (2.3%)               |
| <b>Total, All Methods of Finance</b> | <b>\$938.9</b>                | <b>\$933.5</b>         | <b>(\$5.3)</b>     | <b>(0.6%)</b>        |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas A&M System Agencies for the 2016–17 biennium totals \$933.5 million in All Funds, a decrease of \$5.3 million over the 2014–15 biennium. Of this funding, \$343.2 million is composed of General Revenue Funds, an increase of \$11.7 million over the 2014–15 biennium due primarily to a method of finance swap of Fund 6 for General Revenue Funds at the Texas A&M Transportation Institute and biennialization of 2014–15 salary increases.

### HIGHLIGHTS:

- The Texas A&M System Agencies include: Texas A&M AgriLife Research, Texas A&M AgriLife Extension Service, Texas A&M Engineering Experiment Station, Texas A&M Engineering Extension Service, Texas A&M Forest Service, Texas A&M Transportation Institute, and Texas A&M Veterinary Medical Diagnostic Laboratory.
- Appropriations include a \$4.5 million decrease in All Funds associated with the Texas A&M Transportation Institute's legislative resource program.
- Funding also includes a \$5.3 million decrease in General Revenue Funds associated with one-time expenditures at the Texas A&M Forest Service and the Texas A&M Engineering Experiment Station during the 2014–15 biennium.
- The appropriations include a new methodology for infrastructure support outside Brazos County that is proportionally allocated to each agency by percentage of total actual square footage.

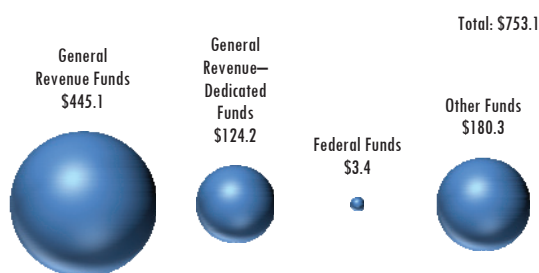
## ARTICLE IV – THE JUDICIARY

**FIGURE 54**  
**ARTICLE IV THE JUDICIARY RECOMMENDATIONS BY METHOD OF FINANCE**

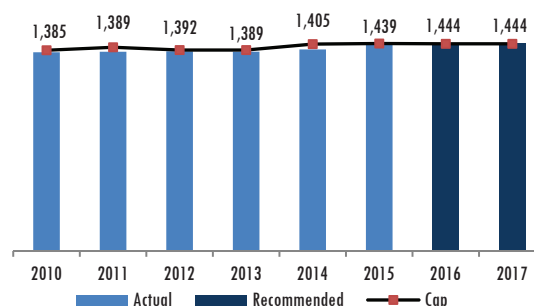
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$446.8                       | \$445.1                | (\$1.7)            | (0.4%)               |
| General Revenue–Dedicated Funds      | \$133.5                       | \$124.2                | (\$9.3)            | (7.0%)               |
| Federal Funds                        | \$3.8                         | \$3.4                  | (\$0.3)            | (9.0%)               |
| Other Funds                          | \$179.9                       | \$180.3                | \$0.4              | 0.2%                 |
| <b>Total, All Methods of Finance</b> | <b>\$764.0</b>                | <b>\$753.1</b>         | <b>(\$10.9)</b>    | <b>(1.4%)</b>        |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

### MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE IV

All Funds for the Judiciary total \$753.1 million for the 2016–17 biennium, which is a decrease of \$10.9 million, or 1.4 percent, from the 2014–15 biennium. General Revenue Funds total \$445.1 million, which is a decrease of \$1.7 million, or 0.4 percent from the 2014–15 biennium.

Appropriations for the Judiciary support administration of the Texas court system. This includes the operations of 16 appellate courts and 64 specialty courts, district judge salaries and county-level judge salary supplements, the judicial retirement system, prosecutor salaries and payments, judicial branch agencies, indigent defense, basic civil legal services, juror pay, and judicial education.

### HIGHLIGHTS:

- Funding provides \$209.6 million in All Funds, an increase of \$0.9 million, for judicial salaries. The increase is primarily due to annualizing funding for new statutory county courts and new district courts.
- Funding provides an estimated \$67.0 million in General Revenue–Dedicated Funds, a decrease of \$18.0 million, for the Texas Indigent Defense Commission to assist counties in establishing, developing, and maintaining cost-effective indigent defense services. Assistance includes reviewing annual plans on indigent defense services submitted by counties, educating stakeholders on how to administer effective services, awarding competitive discretionary grants, and distributing formula grants to counties. The decrease in funding is due to the one-time use of balances in the 2014–15 biennium no longer being available.

- Funding provides an estimated \$37.0 million in General Revenue–Dedicated Funds, an increase of \$8.5 million, for vendor payments to manage the eFiling system and assist courts in implementing the mandate requiring the electronic filing of cases by attorneys in appellate, district, county-level, and statutory probate courts. The mandate began January 1, 2014, and will continue with staggered implementation through July 2016.

**Figure 55** shows the All Funds recommended appropriation for each agency in Article IV, and **Figure 56** shows the General Revenue Funds recommended appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for some of the agencies in Article IV; only those agencies with significant changes are highlighted on those pages.

**FIGURE 55**  
**ARTICLE IV – THE JUDICIARY, ALL FUNDS**

(IN MILLIONS)

| FUNCTION                                                      | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---------------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Supreme Court of Texas                                        | \$69.7                        | \$65.1                 | (\$4.6)            | (6.6%)               |
| Court of Criminal Appeals                                     | \$29.0                        | \$28.4                 | (\$0.7)            | (2.3%)               |
| First Court of Appeals District, Houston                      | \$8.6                         | \$8.5                  | (\$0.0)            | (0.1%)               |
| Second Court of Appeals District, Fort Worth                  | \$6.6                         | \$6.5                  | (\$0.0)            | (0.1%)               |
| Third Court of Appeals District, Austin                       | \$5.6                         | \$5.6                  | \$0.0              | 0.1%                 |
| Fourth Court of Appeals District, San Antonio                 | \$6.6                         | \$6.6                  | (\$0.0)            | (0.1%)               |
| Fifth Court of Appeals District, Dallas                       | \$11.7                        | \$11.7                 | \$0.0              | 0.1%                 |
| Sixth Court of Appeals District, Texarkana                    | \$3.0                         | \$3.0                  | (\$0.0)            | (0.2%)               |
| Seventh Court of Appeals District, Amarillo                   | \$3.8                         | \$3.8                  | \$0.0              | 0.0%                 |
| Eighth Court of Appeals District, El Paso                     | \$3.1                         | \$3.1                  | (\$0.0)            | (0.1%)               |
| Ninth Court of Appeals District, Beaumont                     | \$3.8                         | \$3.8                  | \$0.0              | 0.0%                 |
| Tenth Court of Appeals District, Waco                         | \$3.0                         | \$3.0                  | \$0.0              | 0.2%                 |
| Eleventh Court of Appeals District, Eastland                  | \$3.0                         | \$3.0                  | \$0.0              | 0.0%                 |
| Twelfth Court of Appeals District, Tyler                      | \$3.1                         | \$3.1                  | \$0.0              | 0.1%                 |
| Thirteenth Court of Appeals District, Corpus Christi-Edinburg | \$5.6                         | \$5.6                  | \$0.0              | 0.0%                 |
| Fourteenth Court of Appeals District, Houston                 | \$8.8                         | \$8.8                  | \$0.0              | 0.0%                 |
| Office of Court Administration, Texas Judicial Council        | \$150.5                       | \$140.6                | (\$9.9)            | (6.6%)               |
| Office of Capital Writs                                       | \$2.1                         | \$2.2                  | \$0.1              | 5.0%                 |
| Office of the State Prosecuting Attorney                      | \$0.8                         | \$0.8                  | \$0.0              | 0.6%                 |
| State Law Library                                             | \$2.1                         | \$2.1                  | \$0.0              | 0.6%                 |
| State Commission on Judicial Conduct                          | \$1.9                         | \$1.9                  | \$0.0              | 0.4%                 |
| Judiciary Section, Comptroller's Department                   | \$304.2                       | \$305.3                | \$1.0              | 0.3%                 |
| <b>Subtotal, Judiciary</b>                                    | <b>\$636.5</b>                | <b>\$622.5</b>         | <b>(\$14.0)</b>    | <b>(2.2%)</b>        |
| Employee Benefits and Debt Service                            | \$147.0                       | \$149.8                | \$2.8              | 1.9%                 |
| Less Interagency Contracts                                    | \$19.5                        | \$19.2                 | (\$0.3)            | (1.5%)               |
| <b>Total, All Functions</b>                                   | <b>\$764.0</b>                | <b>\$753.1</b>         | <b>(\$10.9)</b>    | <b>(1.4%)</b>        |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

**FIGURE 56**  
**ARTICLE IV – THE JUDICIARY, GENERAL REVENUE FUNDS**

(IN MILLIONS)

| FUNCTION                                                      | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---------------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Supreme Court of Texas                                        | \$28.3                        | \$28.4                 | \$0.0              | 0.1%                 |
| Court of Criminal Appeals                                     | \$10.3                        | \$10.3                 | \$0.0              | 0.0%                 |
| First Court of Appeals District, Houston                      | \$7.9                         | \$7.9                  | \$0.0              | 0.0%                 |
| Second Court of Appeals District, Fort Worth                  | \$6.0                         | \$6.0                  | \$0.0              | 0.0%                 |
| Third Court of Appeals District, Austin                       | \$5.1                         | \$5.1                  | \$0.0              | 0.1%                 |
| Fourth Court of Appeals District, San Antonio                 | \$6.0                         | \$6.0                  | \$0.0              | 0.0%                 |
| Fifth Court of Appeals District, Dallas                       | \$10.8                        | \$10.8                 | \$0.0              | 0.0%                 |
| Sixth Court of Appeals District, Texarkana                    | \$2.8                         | \$2.8                  | \$0.0              | 0.0%                 |
| Seventh Court of Appeals District, Amarillo                   | \$3.5                         | \$3.5                  | \$0.0              | 0.0%                 |
| Eighth Court of Appeals District, El Paso                     | \$2.8                         | \$2.8                  | \$0.0              | 0.0%                 |
| Ninth Court of Appeals District, Beaumont                     | \$3.5                         | \$3.5                  | \$0.0              | 0.0%                 |
| Tenth Court of Appeals District, Waco                         | \$2.8                         | \$2.8                  | \$0.0              | 0.2%                 |
| Eleventh Court of Appeals District, Eastland                  | \$2.8                         | \$2.8                  | \$0.0              | 0.0%                 |
| Twelfth Court of Appeals District, Tyler                      | \$2.9                         | \$2.9                  | \$0.0              | 0.0%                 |
| Thirteenth Court of Appeals District, Corpus Christi-Edinburg | \$5.1                         | \$5.1                  | \$0.0              | 0.0%                 |
| Fourteenth Court of Appeals District, Houston                 | \$7.9                         | \$7.9                  | \$0.0              | 0.2%                 |
| Office of Court Administration, Texas Judicial Council        | \$26.2                        | \$26.5                 | \$0.3              | 1.0%                 |
| Office of Capital Writs                                       | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Office of the State Prosecuting Attorney                      | \$0.8                         | \$0.8                  | \$0.0              | 0.6%                 |
| State Law Library                                             | \$2.0                         | \$2.0                  | \$0.0              | 0.6%                 |
| State Commission on Judicial Conduct                          | \$1.9                         | \$1.9                  | \$0.0              | 0.4%                 |
| Judiciary Section, Comptroller's Department                   | \$173.8                       | \$169.0                | (\$4.8)            | (2.8%)               |
| <b>Subtotal, The Judiciary</b>                                | <b>\$313.4</b>                | <b>\$309.0</b>         | <b>(\$4.5)</b>     | <b>(1.4%)</b>        |
| Employee Benefits and Debt Service                            | \$133.4                       | \$136.1                | \$2.7              | 2.0%                 |
| <b>Total, All Functions</b>                                   | <b>\$446.9</b>                | <b>\$445.1</b>         | <b>(\$1.8)</b>     | <b>(0.4%)</b>        |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

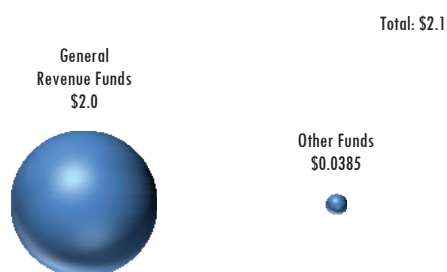
## STATE LAW LIBRARY

**FIGURE 57**  
**STATE LAW LIBRARY RECOMMENDATIONS BY METHOD OF FINANCE**

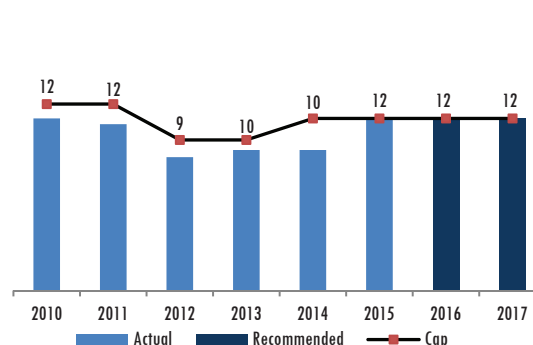
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$2.0                         | \$2.0                  | \$0.0              | 0.6%                 |
| General Revenue–Dedicated Funds      | 0.0                           | 0.0                    | 0.0                | N/A                  |
| Federal Funds                        | 0.0                           | 0.0                    | 0.0                | N/A                  |
| Other Funds                          | 0.0                           | 0.0                    | 0.0                | 0.0%                 |
| <b>Total, All Methods of Finance</b> | <b>\$2.1</b>                  | <b>\$2.1</b>           | <b>\$0.0</b>       | <b>0.6%</b>          |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the State Law Library for the 2016–17 biennium totals \$2.1 million in All Funds, which is an increase of \$11,640, or 0.6 percent, from the 2014–15 biennium. This increase in funding is primarily tied to biennialization of salary increases provided in the 2014–15 biennium. The State Law Library is under Strategic Fiscal Review.

### HIGHLIGHTS:

- Funding provides \$1.7 million in General Revenue Funds for the Administrations and Operations Program. This program is responsible for a majority of the agency's operations and services. It contains five separate activities including: Collection Management, Judicial Collection, Reference Services, Inmate Copy Services, and Remote Access Services. Reference Services funding provides \$1.1 million for the purchase and maintenance of library print materials and funding for agency staff to assist State Law Library users requiring access to legal information.
- Funding provides \$0.4 million in General Revenue Funds for the Indirect Administration Program, which includes central agency operations and oversight of the Administration and Operations Program.

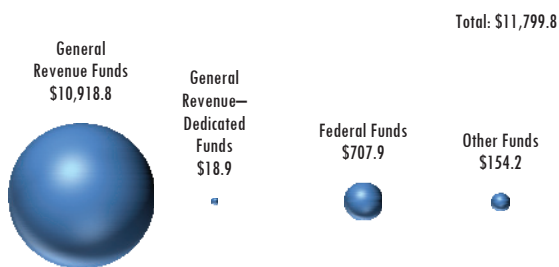
## ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE

**FIGURE 58**  
**ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, BY METHOD OF FINANCE**

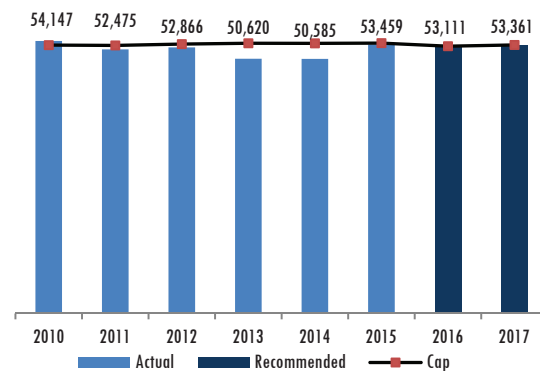
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$9,226.3                     | \$10,918.8             | \$1,692.6          | 18.3%                |
| General Revenue–Dedicated Funds      | \$18.5                        | \$18.9                 | \$0.4              | 1.9%                 |
| Federal Funds                        | \$1,120.7                     | \$707.9                | (\$412.8)          | (36.8%)              |
| Other Funds                          | \$1,399.7                     | \$154.2                | (\$1,245.5)        | (89.0%)              |
| <b>Total, All Methods of Finance</b> | <b>\$11,765.2</b>             | <b>\$11,799.8</b>      | <b>\$34.6</b>      | <b>0.3%</b>          |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

### MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE V

All Funds for Public Safety and Criminal Justice agencies for the 2016–17 biennium total \$11,799.8 million, which represents an increase of \$34.6 million or 0.3 percent from the 2014–15 biennium. All Funds increases are primarily the result of significantly increased border security funding in the Department of Public Safety, largely offset by decreases in Federal Funds.

General Revenue Funds for the 2016–17 biennium total \$10,918.8 million, which represents a \$1,692.6 million increase, or 18.3 percent from the 2014–15 biennium. General Revenue Fund increases are driven primarily by a method-of-finance swap and increased border security funding in the Department of Public Safety.

### HIGHLIGHTS:

- Funding discontinues the use of State Highway Funds to support operations at the Department of Public Safety by replacing all State Highway Funds (\$910.3 million) with an equal amount of General Revenue Funds and General Revenue–Dedicated Funds.
- An appropriation of \$612.3 million for border security is provided at the Department of Public Safety in Goal B, Secure Border Region, and represents an increase of \$396.8 million from the 2014–15 biennium. An additional \$191.8 million in border security related funding is included in other goals bringing the border security-related funding total at the agency to \$804.0 million for the 2016–17 biennium.

- Funding for the Department of Criminal Justice totals \$6,291.3 million in All Funds, which represents an All Funds decrease of \$74.0 million, or 1.2 percent. The reduction in funding is the net result of several increases and decreases to various budget items. The largest funding decrease is related to General Obligation Bond Proceeds (\$63.9 million) used for major repair of facilities in the 2014–15 biennium.
- Funding for the Texas Juvenile Justice Department (TJJD) totals \$638.9 million in All Funds, which represents an All Funds reduction of \$10.4 million, or 1.6 percent. In lieu of appropriations across the current goals, objectives, and strategies of the agency, the bill provides a block funding rider appropriation for the administration and operations of TJJD. The rider highlights significant juvenile justice issues for consideration by the Eighty-fourth Legislature. Reductions are primarily the result of an agency estimated Federal Funds reduction of \$1.2 million and an Other Funds reduction of \$9.5 million attributed primarily to a reduction in General Obligation bond proceeds. A net General Revenue increase of \$0.3 million includes lease costs for agency headquarters and reductions related to declining projected juvenile populations.
- Funding for the Texas Military Department (TMD) totals \$138.9 million in All Funds, which represents an All Funds reduction of \$20.4 million, or 12.8 percent. The reduction in funding is primarily related to a budget execution decision made by the Legislative Budget Board and the Governor in December 2014 for an additional \$17.5 million in General Revenue funding in fiscal year 2015. The purpose of the Budget Execution was to fund the agency's continued participation in Operation Strong Safety II through March 2015. Funding for the continued involvement of the Texas National Guard in border security is provided in Rider 49 of the DPS bill pattern. The rider directs DPS and TMD to establish a memorandum of understanding and subsequent interagency contract to transfer funds as needed from DPS to TMD for continued Guard deployment until such time as DPS' new Border Security Division is fully operational.

**Figure 59** shows the All Funds recommended appropriation for each agency in Article V, and **Figure 60** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for selected agencies in Article V.

**FIGURE 59**  
**ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, ALL FUNDS**

(IN MILLIONS)

| FUNCTION                                            | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-----------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Alcoholic Beverage Commission                       | \$93.2                        | \$94.5                 | \$1.3              | 1.4%                 |
| Department of Criminal Justice                      | \$6,365.3                     | \$6,291.3              | (\$74.0)           | (1.2%)               |
| Commission on Fire Protection                       | \$4.0                         | \$4.0                  | \$0.0              | 1.1%                 |
| Commission on Jail Standards                        | \$1.8                         | \$1.9                  | \$0.1              | 3.8%                 |
| Juvenile Justice Department                         | \$649.2                       | \$638.9                | (\$10.4)           | (1.6%)               |
| Commission on Law Enforcement                       | \$6.7                         | \$6.3                  | (\$0.4)            | (6.0%)               |
| Military Department                                 | \$159.3                       | \$138.9                | (\$20.4)           | (12.8%)              |
| Department of Public Safety                         | \$2,643.3                     | 2,646.5                | \$3.2              | 0.1%                 |
| <b>Subtotal, Public Safety and Criminal Justice</b> | <b>\$9,922.9</b>              | <b>\$9,822.3</b>       | <b>(\$100.6)</b>   | <b>(1.0%)</b>        |
| Employee Benefits and Debt Service                  | \$1,986.8                     | \$2,111.2              | \$124.4            | 6.3%                 |
| Less Interagency Contracts                          | \$144.4                       | \$133.7                | (\$10.8)           | (7.5%)               |
| <b>Total, All Functions</b>                         | <b>\$11,765.2</b>             | <b>\$11,799.8</b>      | <b>\$34.6</b>      | <b>0.3%</b>          |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

**FIGURE 60**  
**ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, GENERAL REVENUE FUNDS**

(IN MILLIONS)

| FUNCTION                                            | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-----------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Alcoholic Beverage Commission                       | \$92.6                        | \$93.9                 | \$1.2              | 1.3%                 |
| Department of Criminal Justice                      | \$6,137.7                     | \$6,142.0              | \$4.3              | 0.1%                 |
| Commission on Fire Protection                       | \$3.8                         | \$3.9                  | \$0.0              | 0.8%                 |
| Commission on Jail Standards                        | \$1.8                         | \$1.9                  | \$0.1              | 3.8%                 |
| Juvenile Justice Department                         | \$590.2                       | \$590.6                | \$0.3              | 0.1%                 |
| Commission on Law Enforcement                       | \$0.1                         | \$0.0                  | (\$0.1)            | (100.0%)             |
| Military Department                                 | \$49.6                        | \$29.8                 | (\$19.8)           | (40.0%)              |
| Department of Public Safety                         | \$653.7                       | \$1,984.1              | \$1,330.4          | 203.5%               |
| <b>Subtotal, Public Safety and Criminal Justice</b> | <b>\$7,529.8</b>              | <b>\$8,846.1</b>       | <b>\$1,316.4</b>   | <b>17.5%</b>         |
| Employee Benefits and Debt Service                  | \$1,696.5                     | \$2,072.7              | \$376.2            | 22.2%                |
| <b>Total, All Functions</b>                         | <b>\$9,226.3</b>              | <b>\$10,918.8</b>      | <b>\$1,692.6</b>   | <b>18.3%</b>         |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

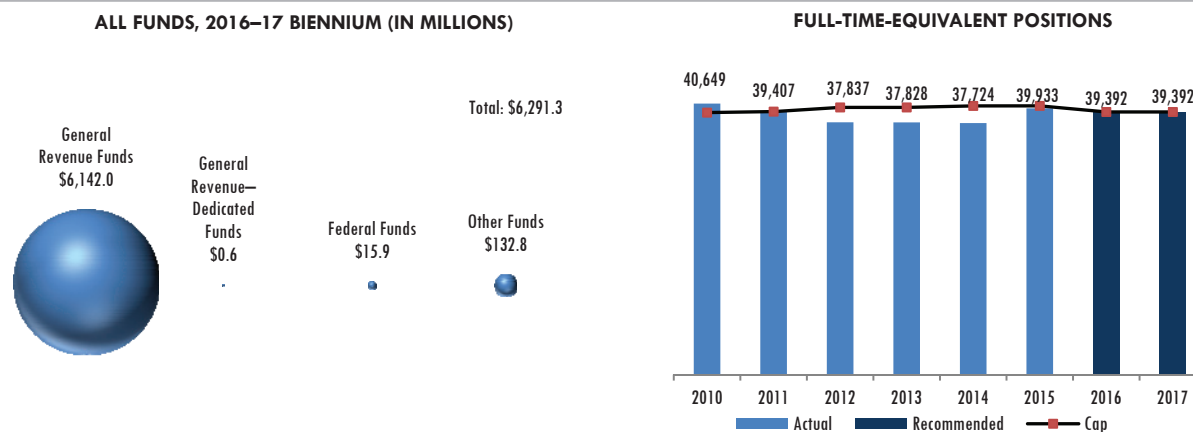
SOURCE: Legislative Budget Board.

## DEPARTMENT OF CRIMINAL JUSTICE

**FIGURE 61**  
**DEPARTMENT OF CRIMINAL JUSTICE, BY METHOD OF FINANCE**

(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$6,137.7                     | \$6,142.0              | \$4.3              | 0.1%                 |
| General Revenue–Dedicated Funds      | \$0.6                         | \$0.6                  | \$0.0              | 0.0%                 |
| Federal Funds                        | \$23.7                        | \$15.9                 | (\$7.8)            | (33.0%)              |
| Other Funds                          | \$203.2                       | \$132.8                | (\$70.5)           | (34.7%)              |
| <b>Total, All Methods of Finance</b> | <b>\$6,365.3</b>              | <b>\$6,291.3</b>       | <b>(\$74.0)</b>    | <b>(1.2%)</b>        |



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Criminal Justice for the 2016–17 biennium totals \$6,291.3 million in All Funds, which includes an All Funds decrease of \$74.0 million. The reduction in funding is the net result of several increases and decreases to various budget items. The largest funding decrease is related to General Obligation Bond Proceeds (\$63.9 million) used for major repair of facilities in the 2014–15 biennium. Appropriations for the 2016–17 biennium do not include funding for major repairs of correctional facilities. Funding for the Board of Pardons and Paroles (\$53.0 million in All Funds) is included within the appropriations for the Department of Criminal Justice.

### HIGHLIGHTS:

- Funding for the 2016–17 biennium includes \$5,099.2 million in All Funds for the incarceration and treatment of adult offenders in state correctional institutions, representing a \$0.6 million All Funds decrease from the 2014–15 biennium. Projected incarceration populations are 151,817 in fiscal year 2016 and 152,374 in fiscal year 2017.
- Significant funding shifts within the net decrease include:
  - an increase of \$18.1 million in General Revenue Funds to address contract per diem increases for contract prisons, privately operated state jails, and residential pre-parole facilities, and to replace reduced federal funding;
  - a decrease of \$12.6 million in General Revenue Funds for capital budget projects related to video surveillance systems and a one-time expenditure for an electronic document management system;

- Funding for the 2016–17 biennium includes \$604.4 million in All Funds for the supervision and treatment of adult offenders on community supervision (also known as adult probation), representing an All Funds increase of \$5.6 million from the 2014–15 biennium. Projected felony community supervision populations are 160,948 in fiscal year 2016 and 160,895 in fiscal year 2017. The funding level includes:
  - an increase of \$8.4 million in General Revenue Funds for statutorily required state health insurance funding for employees of local Community Supervision and Corrections Departments; and
  - a decrease of \$2.7 million in General Revenue Funds for basic supervision of adult probationers based on the projected offender population.
- Funding for the 2016–17 biennium includes \$351.4 million in All Funds for the Department of Criminal Justice’s parole functions (parole processing, supervision, and residential facilities), representing an All Funds decrease of \$0.5 million from the 2014–15 biennium. The decrease is primarily due to a decrease of \$1.2 million in General Revenue Funds for parole supervision based on the projected offender population. Projected parole populations are 87,802 in fiscal year 2016 and 87,617 in fiscal year 2017.
- Funding for the 2016–17 biennium includes \$963.1 million in All Funds for correctional managed health care (CMHC), which represents a decrease of \$7.0 million from the 2014–15 biennium. The decrease is the result of a fiscal year 2014 transfer of \$7.0 million in General Revenue Funds from incarceration strategies to address a CMHC shortfall. CMHC for incarcerated offenders includes:
  - \* \$514.9 million for unit and psychiatric care;
  - \* \$335.2 million for hospital and clinical care; and
  - \* \$113.0 million for pharmacy costs.
- Recommendations include a reduction of 914.0 full-time-equivalent (FTE) positions from the fiscal year 2015 FTE cap. This represents an adjustment to the Department of Criminal Justice’s FTE cap primarily as the result of the agency’s difficulty in hiring and retaining correctional officers. Employment opportunities in the oil and gas industry have contributed to the agency’s inability to employ the number of correctional officers appropriated in the 2014–15 biennium.

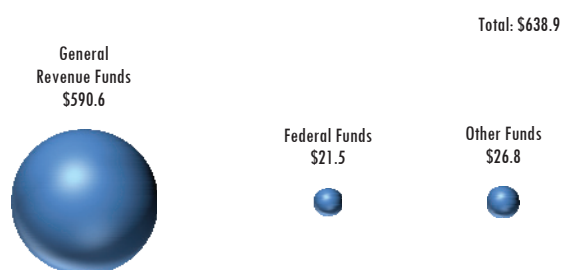
## JUVENILE JUSTICE DEPARTMENT

**FIGURE 62**  
**JUVENILE JUSTICE DEPARTMENT, BY METHOD OF FINANCE**

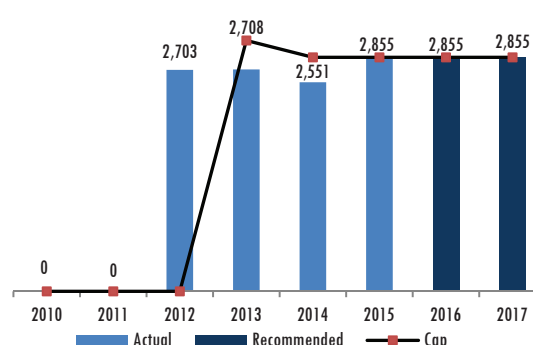
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$590.2                       | \$590.6                | \$0.3              | 0.1%                 |
| General Revenue–Dedicated Funds      | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Federal Funds                        | \$22.7                        | \$21.5                 | (\$1.2)            | (5.5%)               |
| Other Funds                          | \$36.3                        | \$26.8                 | (\$9.5)            | (26.1%)              |
| <b>Total, All Methods of Finance</b> | <b>\$649.2</b>                | <b>\$638.9</b>         | <b>(\$10.4)</b>    | <b>(1.6%)</b>        |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Juvenile Justice Department (TJJD) for the 2016–17 biennium totals \$638.9 million in All Funds which includes an All Funds reduction of \$10.4 million, or 1.6 percent. Reductions are primarily the result of an agency estimated Federal Funds reduction of \$1.2 million and an Other Funds reduction of \$9.5 million attributed primarily to a reduction in General Obligation bond proceeds. A net General Revenue Fund increase of \$0.3 million includes lease costs for agency headquarters and reductions related to declining projected juvenile populations. The Juvenile Justice Department is under Strategic Fiscal Review.

### HIGHLIGHTS:

- In lieu of appropriations across the current goals, objectives, and strategies of the agency, recommendations provide a block funding rider appropriation for the administration and operations of TJJD. The rider highlights significant juvenile justice issues for consideration by the Eighty-fourth Legislature.
  - **Number, size, and geographic locations of state-operated facilities.** Current and projected populations do not support the existing capacity and the excess capacity creates operational inefficiencies, including fixed costs. The rapidly declining served population presents challenges to state policy which seeks efficiencies and cost effectiveness while also maintaining statutory goals of juvenile justice facilities that are of a size that support effective youth rehabilitation and are geographically close to services and families.
  - **Use of contractor-operated facilities.** TJJD's current vision includes increasing the use of contract beds in the 2016–17 biennium to provide specialized services for youth. The Eighty-fourth Legislature may address whether and to what extent it wants to use contractor-operated facilities to address the state's current juvenile justice needs.

- **Agency authority to transfer appropriations between residential settings.** The Eighty-fourth Legislature may choose to address the degree to which the agency is granted authority to deviate, in terms of the utilization of different types of facilities, including contracted facilities, from the legislative allocations contained in the General Appropriations Act.
- **Safety and security of youth and staff.** The agency has a need for a clear, stabilized vision of practices and policies related to the safety and security of youth and staff.
- **Ensuring an agency administration that is transparent, responsive, and adaptable.** The agency has suffered significant administrative turnover in recent years, creating a lack of historical and administrative knowledge. Agency administration must be adaptable to changes in population and the operations those populations serve, and must be responsive to, and communicate effectively with the Legislature.
- Projections for juvenile populations for the 2016–17 biennium are as follows:
  - Projected state residential populations are 1,304 in fiscal year 2016 and 1,288 in fiscal year 2017. This population includes juveniles housed in state secure facilities, halfway houses, and contracted capacity.
  - Projected juvenile probation supervision populations are 23,572 in fiscal year 2016 and 23,471 in fiscal year 2017. This population includes juveniles supervised on adjudicated probation, deferred prosecution, and conditional release.
  - Projected parole supervision populations are 444 in fiscal year 2016 and 433 in fiscal year 2017.

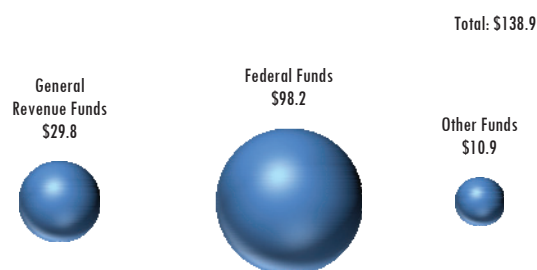
## MILITARY DEPARTMENT

**FIGURE 63**  
**MILITARY DEPARTMENT, BY METHOD OF FINANCE**

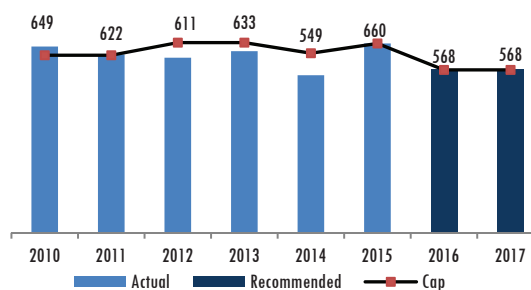
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$49.6                        | \$29.8                 | (\$19.8)           | (40.0%)              |
| General Revenue–Dedicated Funds      | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Federal Funds                        | \$99.4                        | \$98.2                 | (\$1.2)            | (1.3%)               |
| Other Funds                          | \$10.2                        | \$10.9                 | \$0.7              | 6.5%                 |
| <b>Total, All Methods of Finance</b> | <b>\$159.3</b>                | <b>\$138.9</b>         | <b>(\$20.4)</b>    | <b>(12.8%)</b>       |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Military Department (TMD) for the 2016–17 biennium totals \$138.9 million in All Funds, which includes an All Funds reduction of \$20.4 million, or 12.8 percent. The reduction is primarily related to a budget execution decision made by the Legislative Budget Board and Governor in December 2014 to provide an additional \$17.5 million in General Revenue funding in fiscal year 2015. The purpose of the budget execution was to fund the agency's continued participation in Operation Strong Safety II (OSS II) through March 2015. This budget execution included a transfer of \$10.0 million from Trusted Programs Within the Office of the Governor, and a transfer of \$7.5 million from the Texas Public Finance Authority.

### HIGHLIGHTS:

- In late fiscal year 2014, the Texas National Guard deployed to the Rio Grande Valley to conduct border security activities in conjunction with the Texas Department of Public Safety (DPS). TMD received \$32.5 million from DPS in the Emergency Radio Infrastructure Fund (General Revenue) before deploying. TMD has received \$50 million total to participate in OSS II. Funding for the continued involvement of the Texas National Guard in border security is provided in Rider 49 of the DPS bill pattern. The rider directs DPS and TMD to establish a memorandum of understanding and subsequent interagency contract to transfer funds as needed from DPS to TMD for continued Guard deployment until such time as DPS' new Border Security Division is fully operational.
- Funding includes \$98.2 million in agency-estimated Federal Funds, a reduction of \$1.2 million. The decrease in estimated funding is primarily related to federal reimbursements for previous disaster response expenditures which will not continue into the 2016–17 biennium.

- Funding includes a reduction of 92.1 full-time-equivalent (FTE) positions from the fiscal year 2015 FTE cap, primarily the result of a decrease in federal funding to the Truck Rebuild Program.

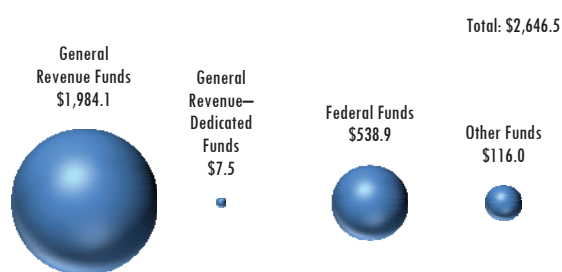
## DEPARTMENT OF PUBLIC SAFETY

**FIGURE 64**  
**DEPARTMENT OF PUBLIC SAFETY, BY METHOD OF FINANCE**

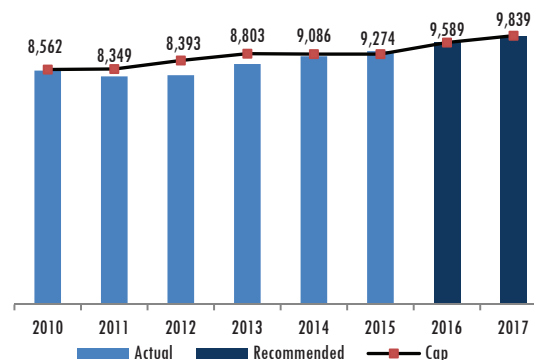
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$653.7                       | \$1,984.1              | \$1,330.4          | 203.5%               |
| General Revenue–Dedicated Funds      | \$7.0                         | \$7.5                  | \$0.5              | 6.4%                 |
| Federal Funds                        | \$943.7                       | \$538.9                | (\$404.8)          | (42.9%)              |
| Other Funds                          | \$1,038.9                     | \$116.0                | (\$922.8)          | (88.8%)              |
| <b>Total, All Methods of Finance</b> | <b>\$2,643.3</b>              | <b>\$2,646.5</b>       | <b>\$3.2</b>       | <b>0.1%</b>          |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Public Safety for the 2016–17 biennium totals \$2,646.5 million in All Funds, which represents an All Funds increase from the 2014–15 biennium of \$3.2 million, or 0.1 percent. The majority of this All Funds variance is attributable to estimated reductions in federal funding for Public Assistance Grants (a decrease of \$223.8 million) and Hazard Mitigation Grants (a decrease of \$125.3 million) that are offset primarily by net increases in direct funding for border security (\$396.8 million). The Department of Public Safety is under Strategic Fiscal Review.

### HIGHLIGHTS:

- Funding discontinues the use of State Highway Funds to support agency operations by replacing all State Highway Funds (\$910.3 million) with an equal amount of General Revenue Funds and General Revenue–Dedicated Funds. While General Revenue accounts for almost all of this swap (\$903.2 million), the following two General Revenue–Dedicated Funds, both administered by DPS, are also used: Breath Alcohol Testing Account No. 5013 (\$3.0 million), and Motorcycle Safety Account No. 501 (\$4.1 million).
- \$612.3 million for border security is funded in Goal B, Secure Border Region, and represents a net increase of \$396.8 million from the 2014–15 biennium. The funding in Goal B, Secure Border Region, constitutes the state's direct appropriations for border security to the Department of Public Safety and is apportioned for the following purposes:
  - \$58.9 million for state grants to local entities;
  - \$15.3 million for networked intelligence;
  - \$10.0 million to purchase property for training in the South Texas region;

- \$10.0 million to acquire and equip a Pilatus aircraft as well as other technology enhancements;
  - \$19.7 million to establish a new Special Weapons and Tactics team in the South Texas region;
  - \$3.2 million to provide a \$500 per month stipend for agency staff participating in Operation Strong Safety II or another border security surge operation;
  - \$59.3 million for routine border security operations;
  - \$152.0 million for extraordinary border security operations, including Operation Strong Safety II; and
  - \$283.9 million to establish a Border Security Division within DPS and fund deployment of the Texas National Guard to the border region for border security operations.
- An additional \$191.8 million in border security-related funding is included in other goals, bringing the border security-related funding total to \$804.0 million for the 2016–17 biennium.
  - Funding is increased by \$1.9 million in General Revenue Funds and 9.0 FTEs to fund a Regional Recovery Coordination Program contained in the 2015 *Texas State Government Efficiency and Effectiveness Report* entitled “Increase Funding to Improve Long-Term Disaster Recovery.”
  - Funding is increased by \$5.3 million in General Revenue and General Revenue–Dedicated funding to provide grants to local law enforcement agencies contained in the 2015 *Texas State Government Efficiency and Effectiveness Report* entitled “Develop Plans to Adopt Incident-Based Crime Reporting in Texas.”
  - \$103.0 million in General Revenue Funds is included to fund the Driver License Improvement Program, reflecting the Legislature’s ongoing intent to realize more efficient processes and shorter waiting periods for driver license applicants. The Eighty-second Legislature, 2011, provided \$64.1 million for this purpose and the Eighty-third Legislature, 2013, provided an additional \$38.9 million, resulting in a total state investment of \$167.1 million appropriated to the Driver License Improvement Program by the end of the 2014–15 biennium.
  - \$5.0 million in unexpended balance authority in fiscal year 2016 is included to complete the remaining tests necessary to eliminate the backlog of approximately 10,500 untested sexual assault kits as required by the passage of Senate Bill 1636 in the Eighty-second Legislature.
  - Funding includes \$47.4 million in General Revenue Funds to replace 1,580 vehicles over the course of the 2016–17 biennium.



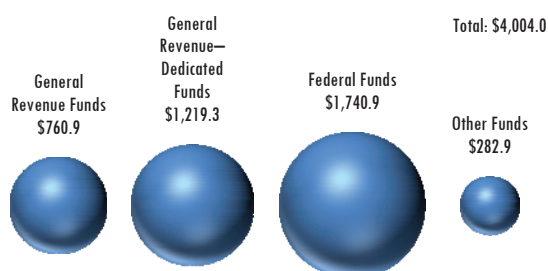
## ARTICLE VI – NATURAL RESOURCES

**FIGURE 65**  
**ARTICLE VI NATURAL RESOURCES, BY METHOD OF FINANCE**

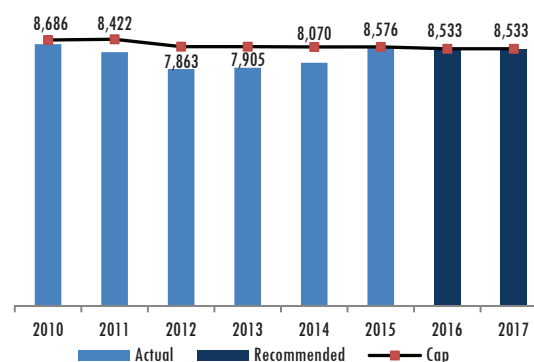
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$714.8                       | \$760.9                | \$46.0             | 6.4%                 |
| General Revenue–Dedicated Funds      | \$1,210.1                     | \$1,219.3              | \$9.2              | 0.8%                 |
| Federal Funds                        | \$2,656.2                     | \$1,740.9              | (\$915.3)          | (34.5%)              |
| Other Funds                          | \$2,350.0                     | \$282.9                | (\$2,067.1)        | (88.0%)              |
| <b>Total, All Methods of Finance</b> | <b>\$6,931.1</b>              | <b>\$4,004.0</b>       | <b>(\$2,927.1)</b> | <b>(42.2%)</b>       |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

### MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE VI

All Funds for Natural Resources total \$4,004.0 million for the 2016–17 biennium, which is a decrease of \$2,927.1 million, or 42.2 percent, from the 2014–15 biennium. General Revenue Funds total \$760.9 million, which is an increase of \$46.0 million, or 6.4 percent from the 2014–15 biennium. General Revenue–Dedicated Funds total \$1,219.3 million, which is an increase of \$9.2 million, or 0.8 percent from the 2014–15 biennium.

### HIGHLIGHTS:

- Funding for the Water Development Board includes a decrease of \$2.0 billion out of the Economic Stabilization Fund for a one-time appropriation to the State Water Implementation Fund for Texas (SWIFT) in fiscal year 2014. The Water Development Board intends to fund \$700.0 million in State Water Plan projects each fiscal year of the 2016–17 biennium using the financing mechanism created within SWIFT, called the State Water Implementation Revenue Fund for Texas (SWIRFT). The SWIRFT funding will provide leveraging, bond enhancement, interest rate discounts, loan payment deferrals to borrowers, and/or extended loan terms.
- Funding for the Parks and Wildlife Department includes 100 percent of the 2016–17 Sporting Goods Sales Tax (SGST) revenue estimated to be available to the agency in the Comptroller of Public Accounts' *2015 Biennial Revenue Estimate*. SGST appropriations to the agency total \$211.5 million in the 2016–17 biennium, an increase of \$89.6 million, or 73.5 percent, over the 2014–15 biennium, and primarily will fund local park grants. In addition to the amount in the

agency's bill pattern, an estimated \$18.0 million for benefits and \$31.6 million for debt service payments bring the total appropriated and estimated SGST amount for the agency to \$261.1 million. The SGST funding increase is partially offset by decreases from other sources, including unclaimed refunds of motorboat fuels taxes, due to method-of-finance substitutions and one-time expenditures in 2014–15.

- Funding for the General Land Office and Veteran's Land Board includes \$501.3 million in All Funds for disaster recovery programs to rebuild or repair damaged homes or infrastructure. This amount reflects a decrease of \$815.5 million in Federal Funds from 2014–15 spending levels, including a decrease in Community Development Block Grants for Hurricane Ike and wildfire-related housing grant awards (\$525.6 million), and a decrease in Hurricane Ike and Wildfire-related infrastructure rebuilding grant awards (\$289.9 million).
- Funding for the Commission on Environmental Quality provides \$155.3 million from the General Revenue–Dedicated TERP Account to fund the Texas Emissions Reductions Plan (TERP) for the 2016–17 biennium. This maintains funding at the 2014–15 level and includes 49.0 FTEs.

**Figure 66** shows the All Funds appropriations for each agency in Article VI, and **Figures 67** and **68** show the appropriations for each agency in General Revenue Funds and General Revenue–Dedicated Funds, respectively. On the subsequent pages in this chapter are more specific details about funding levels for selected agencies in Article VI.

**FIGURE 66**  
**ARTICLE VI – NATURAL RESOURCES, ALL FUNDS**

(IN MILLIONS)

| FUNCTION                                                | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Department of Agriculture                               | \$1,110.6                     | \$1,100.6              | (\$10.0)           | (0.9%)               |
| Animal Health Commission                                | \$21.6                        | \$21.5                 | (\$0.1)            | (0.3%)               |
| Commission on Environmental Quality                     | \$759.3                       | \$730.7                | (\$28.6)           | (3.8%)               |
| General Land Office and Veterans' Land Board            | \$1,503.5                     | \$662.5                | (\$841.0)          | (55.9%)              |
| Low-level Radioactive Waste Disposal Compact Commission | \$0.5                         | \$1.2                  | \$0.7              | 140.4%               |
| Parks and Wildlife Department                           | \$704.3                       | \$623.4                | (\$80.9)           | (11.5%)              |
| Railroad Commission                                     | \$178.2                       | \$169.5                | (\$8.6)            | (4.8%)               |
| Soil and Water Conservation Board                       | \$55.4                        | 63.8                   | \$8.4              | 15.1%                |
| Water Development Board                                 | \$2,298.4                     | \$277.5                | (\$2,020.9)        | (87.9%)              |
| <b>Subtotal, Natural Resources</b>                      | <b>\$6,631.8</b>              | <b>\$3,650.7</b>       | <b>(\$2,981.1)</b> | <b>(45.0%)</b>       |
| Employee Benefits and Debt Service                      | \$349.0                       | \$391.5                | \$42.5             | 12.2%                |
| Less Interagency Contracts                              | \$49.6                        | \$38.2                 | (\$11.4)           | (23.0%)              |
| <b>Total, All Functions</b>                             | <b>\$6,931.1</b>              | <b>\$4,004.0</b>       | <b>(\$2,927.1)</b> | <b>(42.2%)</b>       |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

**FIGURE 67**  
**ARTICLE VI – NATURAL RESOURCES, GENERAL REVENUE FUNDS**

(IN MILLIONS)

| FUNCTION                                                | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Department of Agriculture                               | \$95.1                        | \$93.7                 | (\$1.4)            | (1.5%)               |
| Animal Health Commission                                | \$17.2                        | \$17.0                 | (\$0.2)            | (1.1%)               |
| Commission on Environmental Quality                     | \$18.2                        | \$14.9                 | (\$3.3)            | (18.1%)              |
| General Land Office and Veterans' Land Board            | \$7.0                         | \$7.0                  | \$0.0              | 0.2%                 |
| Low-level Radioactive Waste Disposal Compact Commission | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Parks and Wildlife Department                           | \$185.3                       | \$232.7                | \$47.4             | 25.6%                |
| Railroad Commission                                     | \$26.5                        | \$23.9                 | (\$2.6)            | (9.8%)               |
| Soil and Water Conservation Board                       | \$40.7                        | \$40.7                 | \$0.1              | 0.2%                 |
| Water Development Board                                 | \$156.1                       | \$137.1                | (\$19.0)           | (12.2%)              |
| <b>Subtotal, Natural Resources</b>                      | <b>\$546.1</b>                | <b>\$567.0</b>         | <b>\$20.9</b>      | <b>3.8%</b>          |
| Employee Benefits and Debt Service                      | \$168.8                       | \$193.8                | \$25.1             | 14.9%                |
| <b>Total, All Functions</b>                             | <b>\$714.8</b>                | <b>\$760.9</b>         | <b>\$46.0</b>      | <b>6.4%</b>          |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

**FIGURE 68**  
**ARTICLE VI – NATURAL RESOURCES, GENERAL REVENUE—DEDICATED FUNDS**

(IN MILLIONS)

| FUNCTION                                                | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Department of Agriculture                               | \$5.7                         | \$4.7                  | (\$1.0)            | (17.1%)              |
| Animal Health Commission                                | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Commission on Environmental Quality                     | \$622.9                       | \$624.7                | \$1.8              | 0.3%                 |
| General Land Office and Veterans' Land Board            | \$30.7                        | \$30.5                 | (\$0.2)            | (0.7%)               |
| Low-level Radioactive Waste Disposal Compact Commission | \$0.5                         | \$1.2                  | \$0.7              | 140.4%               |
| Parks and Wildlife Department                           | \$291.0                       | \$291.4                | \$0.4              | 0.2%                 |
| Railroad Commission                                     | \$133.2                       | \$127.6                | (\$5.6)            | (4.2%)               |
| Soil and Water Conservation Board                       | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Water Development Board                                 | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| <b>Subtotal, Natural Resources</b>                      | <b>\$1,083.9</b>              | <b>\$1,080.0</b>       | <b>(\$3.8)</b>     | <b>(0.4%)</b>        |
| Employee Benefits and Debt Service                      | \$126.2                       | \$139.2                | \$13.0             | 10.3%                |
| <b>Total, All Functions</b>                             | <b>\$1,210.1</b>              | <b>\$1,219.3</b>       | <b>\$9.2</b>       | <b>0.8%</b>          |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

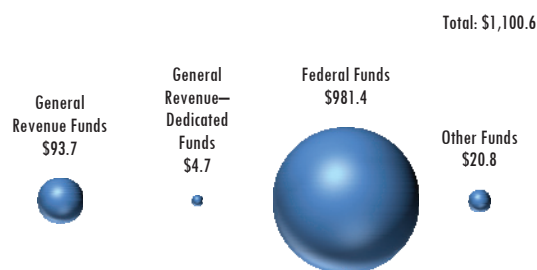
## TEXAS DEPARTMENT OF AGRICULTURE

**FIGURE 69**  
**TEXAS DEPARTMENT OF AGRICULTURE, BY METHOD OF FINANCE**

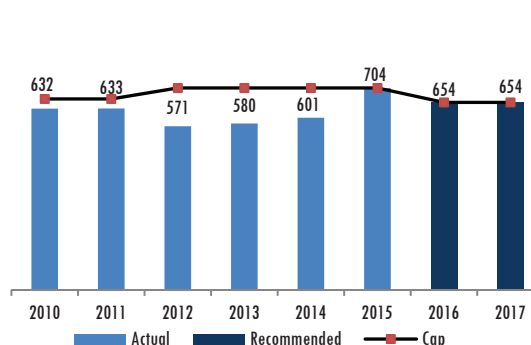
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$95.1                        | \$93.7                 | (\$1.4)            | (1.5%)               |
| General Revenue–Dedicated Funds      | \$5.7                         | \$4.7                  | (\$1.0)            | (17.1%)              |
| Federal Funds                        | \$990.0                       | \$981.4                | (\$8.5)            | (0.9%)               |
| Other Funds                          | \$19.8                        | \$20.8                 | \$1.0              | 5.1%                 |
| <b>Total, All Methods of Finance</b> | <b>\$1,110.6</b>              | <b>\$1,100.6</b>       | <b>(\$10.0)</b>    | <b>(0.9%)</b>        |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Department of Agriculture for the 2016–17 biennium totals \$1,100.6 million in All Funds, which is an All Funds reduction of \$10.0 million from the 2014–15 biennium. The reduction is due primarily to a reduction in nonrecurring Federal Funds to implement new nutrition standards established in the Healthy, Hunger-Free Kids Act of 2010.

### HIGHLIGHTS:

- Funding for the 2016–17 biennium provides \$870.1 million in All Funds for child and adult nutrition programs, including a decrease of \$9.9 million in nonrecurring Federal Funds to offer technical assistance and training to school districts for serving components and amounts that must be provided to students for reimbursable breakfasts, lunches, suppers or snacks.
- Funding includes \$30.4 million in General Revenue funding contingent on the agency generating sufficient revenue to cover both the direct and indirect costs (an additional \$9.3 million) for the agency's cost recovery programs. Agency cost recovery programs include inspection and certification of weights and measures (\$9.9 million); regulation of pesticides (\$7.8 million); and structural pest control (\$3.1 million).
- Funding includes a decrease of \$1.0 million in General Revenue funding for boll weevil eradication efforts from 2014–15 levels, resulting in \$14.0 million in the 2016–17 biennium for ongoing maintenance to control infestations. The agency anticipates this to be the last installment for eradication purposes barring a new outbreak that can occur as a result of natural disasters such as hurricanes or infestations from neighboring countries.
- Recommendations include a decrease of 50.3 FTE positions to better align the FTE cap with historical FTE levels.

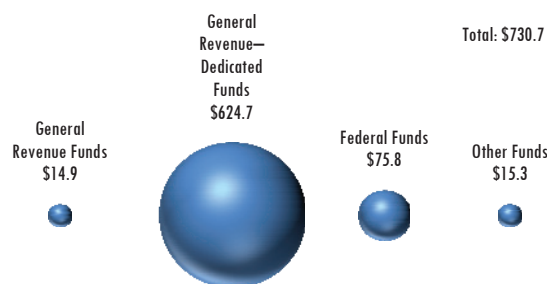
## COMMISSION ON ENVIRONMENTAL QUALITY

**FIGURE 70**  
**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY, BY METHOD OF FINANCE**

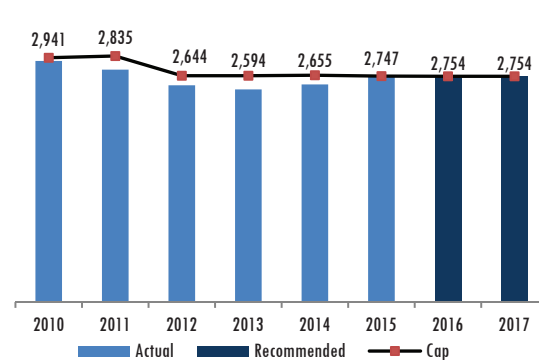
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$18.2                        | \$14.9                 | (\$3.3)            | (18.1%)              |
| General Revenue–Dedicated Funds      | \$622.9                       | \$624.7                | \$1.8              | 0.3%                 |
| Federal Funds                        | \$85.9                        | \$75.8                 | (\$10.1)           | (11.7%)              |
| Other Funds                          | \$32.3                        | \$15.3                 | (\$17.1)           | (52.8%)              |
| <b>Total, All Methods of Finance</b> | <b>\$759.3</b>                | <b>\$730.7</b>         | <b>(\$28.6)</b>    | <b>(3.8%)</b>        |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Commission on Environmental Quality for the 2016–17 biennium totals \$730.7 million in All Funds, which is a reduction of \$28.6 million from the 2014–15 biennium. The reduction is primarily attributable to less Federal Funds anticipated to be available in the 2016–17 biennium and Other Funds reductions from one-time project funding and Interagency Contracts that are no longer needed. The Emissions Reduction Plan (TERP) is under Strategic Fiscal Review.

### HIGHLIGHTS:

- Funding provides \$155.3 million from the General Revenue–Dedicated TERP Account No. 5071 to fund TERP, a set of programs that provide financial incentives to limit pollution from vehicles and equipment for the 2016–17 biennium. This maintains funding at the 2014–15 biennial level and includes 49.0 FTEs.
- Funding provides \$75.8 million in Federal Funds for environmental programs which includes \$44.0 million for Performance Partnership Grants, single grants combining funds from more than one of various U.S. Environmental Protection Agency environmental programs. This reflects an anticipated reduction of \$0.9 million for the program. Additional reductions totaling \$9.2 million are also anticipated for several other grant programs and one-time projects.
- Funding includes Interagency Contract and Appropriated Receipts of \$15.5 million, which is a reduction of \$17.1 million or 52.8 percent from the prior biennium. This includes a decrease of \$10.6 million in Appropriated Receipts for one-time Superfund cost recovery cleanups in 2014–15 and a decrease of \$6.5 million in Interagency Contracts (\$5.1 million decrease for a one-time Coastal Impact Assistance Grant from the General Land Office and \$1.4 million for a one-time funding from the Water Development Board's State Revolving Fund).
- General Revenue funding decreases by \$5.0 million due to one-time expenditures for the Rio Grande Compact Commission for litigation expenses relating to a water rights dispute with the State of New Mexico.

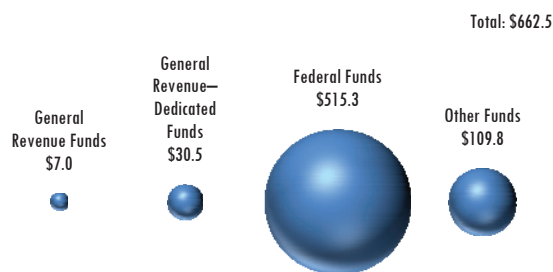
## GENERAL LAND OFFICE AND VETERANS' LAND BOARD

**FIGURE 71**  
**GENERAL LAND OFFICE AND VETERANS' LAND BOARD, BY METHOD OF FINANCE**

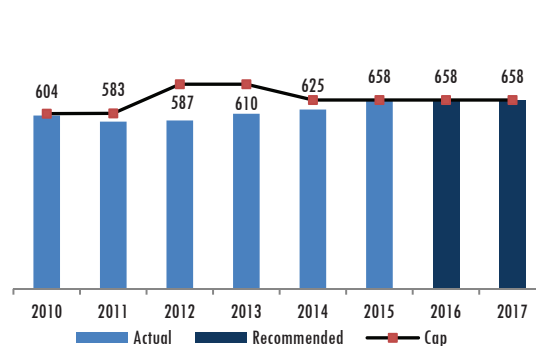
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$7.0                         | \$7.0                  | \$0.0              | 0.2%                 |
| General Revenue–Dedicated Funds      | \$30.7                        | \$30.5                 | (\$0.2)            | (0.7%)               |
| Federal Funds                        | \$1,353.0                     | \$515.3                | (\$837.8)          | (61.9%)              |
| Other Funds                          | \$112.8                       | \$109.8                | (\$3.0)            | (2.7%)               |
| <b>Total, All Methods of Finance</b> | <b>\$1,503.5</b>              | <b>\$662.5</b>         | <b>(\$841.0)</b>   | <b>(55.9%)</b>       |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the General Land Office and Veteran's Land Board for the 2016–17 biennium totals \$662.5 million in All Funds, a reduction of \$841.0 million from the 2014–15 biennial levels. The reduction primarily is in Federal Funds for Community Development Block Grants for recovery from hurricane and wildfire-related disasters.

### HIGHLIGHTS:

- Funding for the 2016–17 biennium includes \$501.3 million in All Funds for disaster recovery programs to rebuild or repair damaged homes or infrastructure. This amount reflects a decrease of \$815.5 million in Federal Funds from 2014–15 biennial spending levels, including:
  - a decrease in Community Development Block Grants for Hurricane Ike-related and wildfire-related housing grant awards (\$525.6 million); and
  - a decrease in Hurricane Ike-related and wildfire-related infrastructure rebuilding grant awards (\$289.9 million).
- Funding includes a decrease of \$20.6 million in Federal Funds for completed coastal erosion, beach and dune restoration, and recreational amenities projects.

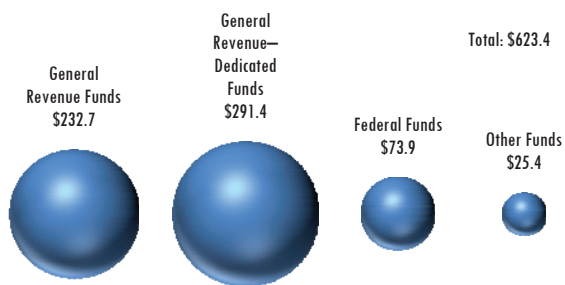
## PARKS AND WILDLIFE DEPARTMENT

**FIGURE 72**  
**TEXAS PARKS AND WILDLIFE DEPARTMENT, BY METHOD OF FINANCE**

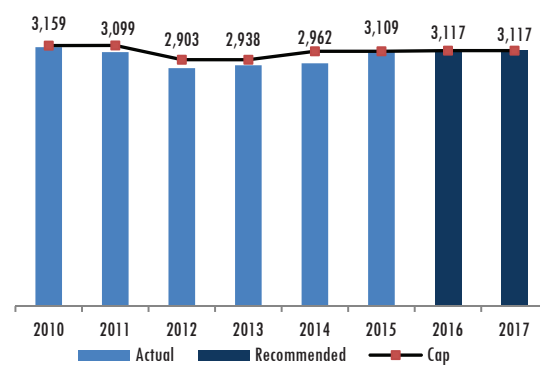
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$185.3                       | \$232.7                | \$47.4             | 25.6%                |
| General Revenue–Dedicated Funds      | \$291.0                       | \$291.4                | \$0.4              | 0.2%                 |
| Federal Funds                        | \$143.5                       | \$73.9                 | (\$69.7)           | (48.5%)              |
| Other Funds                          | \$84.5                        | \$25.4                 | (\$59.1)           | (69.9%)              |
| <b>Total, All Methods of Finance</b> | <b>\$704.3</b>                | <b>\$623.4</b>         | <b>(\$80.9)</b>    | <b>(11.5%)</b>       |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Parks and Wildlife Department for the 2016–17 biennium totals \$623.4 million in All Funds, which is a reduction of \$80.9 million, or 11.5 percent, from the 2014–15 biennium. The decrease is primarily due to reductions in Federal Funds and Other Funds, which constitute a decrease of \$128.8 million, partially offset by an increase of \$47.4 million in General Revenue funds. The reductions are due largely to less Federal Funds anticipated to be available in 2016–17 and Other Funds reductions in Bond Proceeds, one-time project funding, and donations.

### HIGHLIGHTS:

- Funding includes 100 percent of the 2016–17 Sporting Goods Sales Tax (SGST) revenue estimated to be available to the agency in the Comptroller of Public Accounts' *2015 Biennial Revenue Estimate*. SGST appropriations to the agency total \$211.5 million in the 2016–17 biennium, an increase of \$89.6 million, or 73.5 percent, over the 2014–15 biennium. In addition to the amount in the agency's bill pattern, an estimated \$18.0 million for benefits and \$31.6 million for debt service payments bring the total appropriated and estimated SGST amount for the agency to \$261.1 million. SGST appropriations to the agency are transferred to four General Revenue–Dedicated accounts:
  - State Parks Account No. 64: \$144.2 million is transferred to the State Parks Account No. 64, an increase of \$39.3 million, for State Parks operations and capital improvements;
  - Texas Recreation and Park Account No. 467: \$38.8 million, an increase of \$28.6 million, for local parks grants to municipalities and counties with populations under 500,000;

- Large County and Municipality Recreation and Parks Account No. 5150: \$25.9 million, an increase of \$19.1 million, for local parks grants to cities and counties with populations over 500,000; and
- Parks and Wildlife Conservation and Capital Account No. 5004: \$2.6 million to the Parks and Wildlife Conservation and Capital Account No. 5004, for capital improvements and other park needs.
- These increases were offset by decreases from the General Revenue Fund totaling \$24.7 million, or 76.2 percent, and from Unclaimed Refunds of Motorboat Fuel Tax (URMFT) totaling \$17.5 million, or 56.6 percent, due to method of finance substitutions to maximize the utilization of SGST and General Revenue–Dedicated Funds for their designated purposes and to make more General Revenue Funds and URMFT available for other eligible purposes.
- Funding provides \$73.9 million in Federal Funds, which is a decrease of \$69.7 million, or 48.5 percent. The largest portions of this decrease are from Wildlife Restoration, Sport Fish Restoration, Outdoor Recreation, and Recreational Trails Program funds. Many of these funding sources are drawn upon after specific projects are identified and may increase as projects are selected.
- Funding continues Other Funds appropriations of \$25.4 million from bond proceeds, donations, Appropriated Receipts, Interagency Contracts, and programs supported by certain specialty license plate revenue, which is an overall reduction of \$59.1 million from the 2014–15 biennium. Bond proceeds are continued at \$16.1 million, which reflects a \$25.4 million decrease due to fewer bond issuances occurring in 2016–17. Additional reductions include \$25.8 million in Appropriated Receipts, which is primarily attributed to an estimated reduction in donations for artificial reef creation and general State Park donations; and \$2.2 million in Interagency Contracts with the Department of Public Safety, General Land Office, and Department of Transportation that are not expected to continue.
- Funding includes Game Warden law enforcement activity totaling \$113.5 million in All Funds and supporting 634.5 FTEs, which is a decrease of \$5.2 million, or 4.4 percent. The decrease is predominately attributable to one-time funding in 2015 for Operation Strong Safety II totaling \$3.7 million, which was provided through Budget Execution. The recommendation includes border security funding of \$4.7 million in Unclaimed Refunds of Motorboat Fuel Tax, which supports 30.0 Game Warden FTEs dedicated to border-area law enforcement.

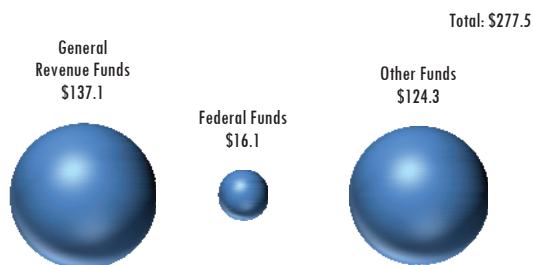
## WATER DEVELOPMENT BOARD

**FIGURE 73**  
**TEXAS WATER DEVELOPMENT BOARD, BY METHOD OF FINANCE**

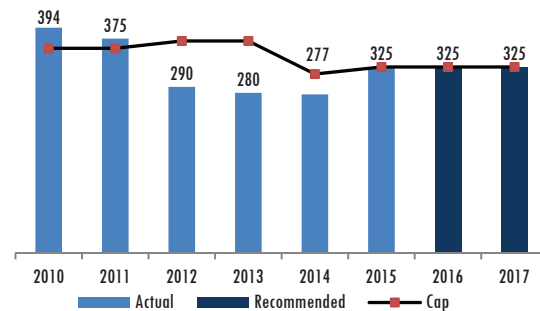
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$156.1                       | \$137.1                | (\$19.0)           | (12.2%)              |
| General Revenue–Dedicated Funds      | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Federal Funds                        | \$16.0                        | \$16.1                 | \$0.1              | 0.7%                 |
| Other Funds                          | \$2,126.3                     | \$124.3                | (\$2,002.0)        | (94.2%)              |
| <b>Total, All Methods of Finance</b> | <b>\$2,298.4</b>              | <b>\$277.5</b>         | <b>(\$2,020.9)</b> | <b>(87.9%)</b>       |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Water Development Board for the 2016–17 biennium totals \$277.5 million in All Funds, which is a reduction of \$2,020.9 million. The reduction is primarily attributable to an Other Funds reduction from a one-time appropriation to the State Water Implementation Fund for Texas (SWIFT) in fiscal year 2014.

### HIGHLIGHTS:

- Funding includes a decrease of \$2.0 billion out of the Economic Stabilization Fund (Other Funds) for a one-time appropriation to the newly created State Water Implementation Fund for Texas (SWIFT) in fiscal year 2014. The Water Development Board intends to fund \$700 million in State Water Plan projects each fiscal year of the 2016–17 biennium using the financing mechanism created within SWIFT, called the State Water implementation Revenue Fund for Texas (SWIRFT). The SWIRFT funding will provide leveraging, bond enhancement, interest rate discounts, loan payment deferrals to borrowers, and/or extended loan terms.
- Funding provides \$137.1 million in General Revenue funding which reflects a decrease of \$19.0 million from the 2014–15 biennium, primarily related to one-time grant funding for projects related to border security/levees and demonstration projects for near term water supplies; reductions in debt service payments for Water Infrastructure Fund (WIF) bonds because the bonds are becoming increasingly self-supporting; and lower overall debt service needs because of a lack of recent bond issuances.



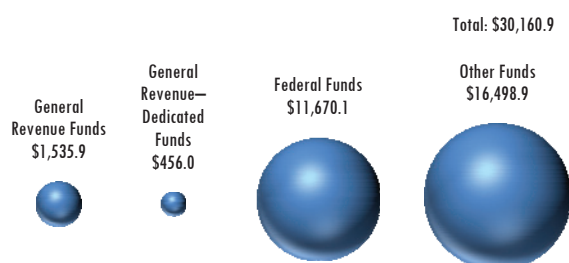
## ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT

**FIGURE 74**  
**ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, BY METHOD OF FINANCE**

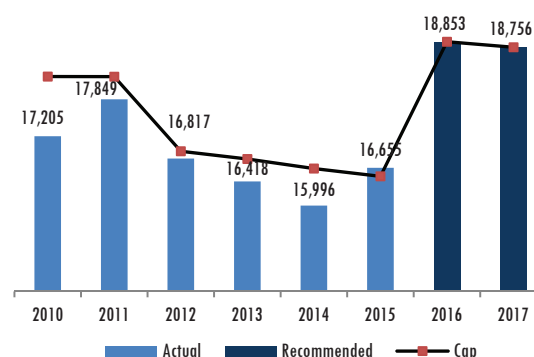
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$932.9                       | \$1,535.9              | \$603.0            | 64.6%                |
| General Revenue–Dedicated Funds      | \$463.4                       | \$456.0                | (\$7.4)            | (1.6%)               |
| Federal Funds                        | \$11,102.3                    | \$11,670.1             | \$567.8            | 5.1%                 |
| Other Funds                          | \$14,949.1                    | \$16,498.9             | \$1,549.9          | 10.4%                |
| <b>Total, All Methods of Finance</b> | <b>\$27,447.6</b>             | <b>\$30,160.9</b>      | <b>\$2,713.3</b>   | <b>9.9%</b>          |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

### MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE VII

All Funds for the Business and Economic Development agencies total \$30,160.9 million for the 2016–17 biennium, an increase of \$2,713.3 million, or 9.9 percent from the 2014–15 biennium. General Revenue Funds total \$1,535.9 million, an increase of \$603.0 million, or 64.6 percent from the 2014–15 biennium.

### HIGHLIGHTS:

- Funding for the Texas Department of Transportation for the 2016–17 biennium includes \$24,925.9 million in All Funds, an increase of \$1,768.8 million in All Funds which includes an increase of \$1,238.7 million in State Highway Funds made available from the discontinuation of State Highway Fund appropriations to agencies other than Texas Department of Transportation, an increase from oil and natural gas tax-related transfers to the State Highway Fund pursuant to Proposition 1, 2014, and \$1,186.0 million in additional transportation funding contingent on the enactment of legislation making a one-time allocation of motor vehicle sales tax revenue to the State Highway Fund, offset by decreases in bond proceeds.
- Funding for the Texas Workforce Commission includes an increase in All Funds of \$800.4 million due to the transfer of programs from the Department of Assistive and Rehabilitative Services. See the agency bill summary for additional details.
- Funding for the Department of Housing and Community Affairs includes a decrease in Federal Funds of \$24.1 million primarily due to American Recovery and Reinvestment Act funds (ARRA) expended in the 2014–15 biennium and a

decrease in administration costs related to Section 811 Project Rental Assistance Demonstration in fiscal years 2016–17. Decreases in Federal Funds are offset by increases in Appropriated Receipts of \$2.9 million.

- Funding for the Texas Lottery Commission includes a decrease in All Funds attributable to a decrease of \$2.5 million in General Revenue Funds related to one-time funding for the agency's Automated Charitable Bingo System redesign, which is the agency's primary database for all licensee information, including extensive financial and operational performance data, and a decrease of \$9.3 million in General Revenue–Dedicated Funds related to an anticipated decrease in gross lottery ticket sales.

**Figure 75** shows the All Funds appropriation for each agency in Article VII, and **Figure 76** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for some of the agencies in Article VII.

**FIGURE 75**  
**ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, ALL FUNDS**

(IN MILLIONS)

| FUNCTION                                                        | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-----------------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Department of Housing and Community Affairs                     | \$507.9                       | \$486.7                | (\$21.2)           | (4.2%)               |
| Texas Lottery Commission                                        | \$458.2                       | \$446.6                | (\$11.6)           | (2.5%)               |
| Department of Motor Vehicles                                    | \$332.2                       | \$300.7                | (\$31.5)           | (9.5%)               |
| Department of Transportation                                    | \$23,157.1                    | \$24,925.9             | \$1,768.8          | 7.6%                 |
| Texas Workforce Commission                                      | \$2,374.3                     | \$3,174.7              | \$800.4            | 33.7%                |
| Reimbursements to the Unemployment Compensation Benefit Account | \$47.4                        | \$38.8                 | (\$8.7)            | (18.3%)              |
| <b>Subtotal, Business and Economic Development</b>              | <b>\$26,877.2</b>             | <b>\$29,373.3</b>      | <b>\$2,496.1</b>   | <b>9.3%</b>          |
| Retirement and Group Insurance                                  | \$565.1                       | \$746.5                | \$181.4            | 32.1%                |
| Social Security and Benefits Replacement Pay                    | \$131.7                       | \$152.6                | \$20.9             | 15.8%                |
| Bond Debt Service Payments                                      | \$27.8                        | \$31.0                 | \$3.2              | 11.4%                |
| Lease Payments                                                  | \$1.7                         | 1.8                    | \$0.1              | 5.3%                 |
| Subtotal, Employee Benefits and Debt Service                    | <b>\$726.4</b>                | <b>\$931.9</b>         | <b>\$205.5</b>     | <b>28.3%</b>         |
| Less Interagency Contracts                                      | \$156.0                       | \$144.3                | (\$11.7)           | (7.5%)               |
| <b>Total, All Functions</b>                                     | <b>\$27,447.6</b>             | <b>\$30,160.9</b>      | <b>\$2,713.3</b>   | <b>9.9%</b>          |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

(3) 2016–17 amounts reflect the transfer of certain programs from Article I to Article II and from Article II to Article VII.

SOURCE: Legislative Budget Board.

**FIGURE 76**  
**ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, GENERAL REVENUE FUNDS**

(IN MILLIONS)

| FUNCTION                                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Department of Housing and Community Affairs | \$26.4                        | \$26.5                 | \$0.0              | 0.1%                 |
| Texas Lottery Commission                    | \$33.3                        | \$30.8                 | (\$2.5)            | (7.5%)               |
| Department of Motor Vehicles                | \$218.3                       | \$300.7                | \$82.4             | 37.8%                |
| Department of Transportation                | \$332.2                       | \$704.7                | \$372.6            | 112.1%               |

**FIGURE 76 (CONTINUED)**  
**ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, GENERAL REVENUE FUNDS**

(IN MILLIONS)

| FUNCTION                                                           | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Texas Workforce Commission                                         | \$263.1                       | \$377.6                | \$114.5            | 43.5%                |
| Reimbursements to the Unemployment Compensation<br>Benefit Account | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| <b>Subtotal, Business and Economic Development</b>                 | <b>\$873.3</b>                | <b>\$1,440.3</b>       | <b>\$567.0</b>     | <b>64.9%</b>         |
| Retirement and Group Insurance                                     | \$24.3                        | \$51.7                 | \$27.4             | 112.9%               |
| Social Security and Benefit Replacement Pay                        | \$6.4                         | \$11.7                 | \$5.3              | 83.1%                |
| Bond Debt Service Payments                                         | \$27.2                        | \$30.4                 | \$3.2              | 11.6%                |
| Lease Payments                                                     | \$1.7                         | \$1.8                  | \$0.1              | 5.3%                 |
| Subtotal, Employee Benefits and Debt Service                       | \$59.6                        | \$95.6                 | \$36.0             | 60.4%                |
| <b>Total, All Functions</b>                                        | <b>\$932.9</b>                | <b>\$1,535.9</b>       | <b>\$603.0</b>     | <b>64.6%</b>         |

NOTES:

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) 2016–17 amounts reflect the transfer of certain programs from Article I to Article II and from Article II to Article VII.

SOURCE: Legislative Budget Board.

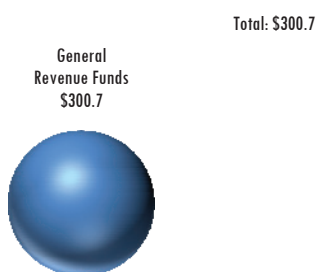
## DEPARTMENT OF MOTOR VEHICLES

**FIGURE 77**  
**DEPARTMENT OF MOTOR VEHICLES, BY METHOD OF FINANCE**

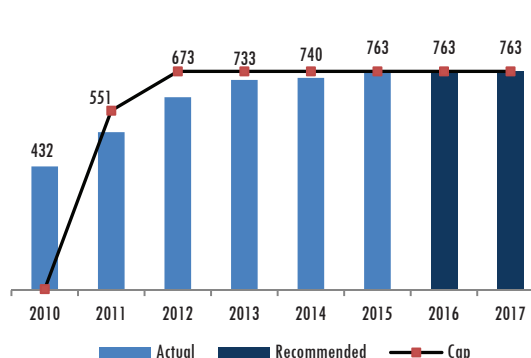
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$218.3                       | \$300.7                | \$82.4             | 37.8%                |
| General Revenue–Dedicated Funds      | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Federal Funds                        | \$1.4                         | \$0.0                  | (\$1.4)            | (100.0%)             |
| Other Funds                          | \$112.6                       | \$0.0                  | (\$112.6)          | (100.0%)             |
| <b>Total, All Methods of Finance</b> | <b>\$332.2</b>                | <b>\$300.7</b>         | <b>(\$31.5)</b>    | <b>(9.5%)</b>        |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Motor Vehicles for the 2016–17 biennium totals \$300.7 million in All Funds, which includes an All Funds decrease of \$31.5 million. The decrease in funding is primarily related to one-time appropriations in 2014–15 of State Highway Funds (Other Funds) for improvements to the agency's vehicle registration and titling system.

### HIGHLIGHTS:

- Recommendations provide \$300.7 million in General Revenue Funds for 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.
- Recommendations decrease State Highway Funds (Other Funds) by \$112.6 million which includes a decrease of \$30.5 million for one-time capital budget expenditures for the TxDMV Automation System project and a decrease of \$80.5 million for a Method of Finance swap to replace State Highway Funds with an equivalent increase in General Revenue Funds.

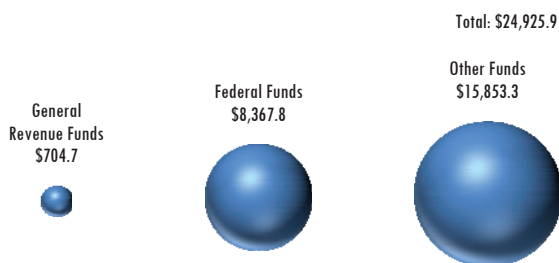
## DEPARTMENT OF TRANSPORTATION

**FIGURE 78**  
**DEPARTMENT OF TRANSPORTATION, BY METHOD OF FINANCE**

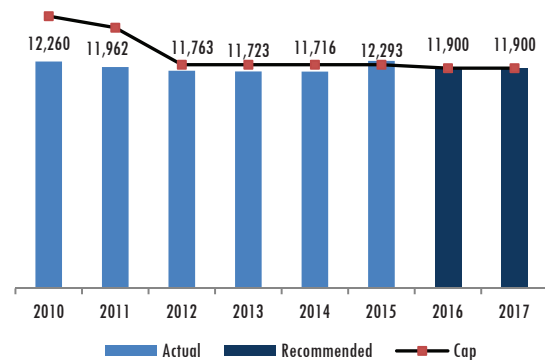
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$332.2                       | \$704.7                | \$372.6            | 112.1%               |
| General Revenue–Dedicated Funds      | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Federal Funds                        | \$8,562.7                     | \$8,367.8              | (\$194.9)          | (2.3%)               |
| Other Funds                          | \$14,262.2                    | \$15,853.3             | \$1,591.1          | 11.2%                |
| <b>Total, All Methods of Finance</b> | <b>\$23,157.1</b>             | <b>\$24,925.9</b>      | <b>\$1,768.8</b>   | <b>7.6%</b>          |

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Transportation for the 2016–17 biennium totals \$24,925.9 million in All Funds, which includes an All Funds increase of \$1,768.8 million. The increase in funding is primarily related to significant increases in State Highway Funds for highway planning and design, right-of-way acquisition, construction, and maintenance and increases in All Funds for bond debt service payments, offset by declines in bond proceeds and in non-recurring revenues. The Department of Transportation is under Strategic Fiscal Review.

### HIGHLIGHTS:

- Funding for the 2016–17 biennium includes \$15,853.3 million in Other Funds for an increase of \$1,591.1 million from the 2014–15 biennium. This increase includes:
  - an additional \$1,238.7 million made available from the discontinuation of State Highway Fund appropriations to agencies other than the Department of Transportation offset by an increase of \$402.0 million budgeted in fiscal year 2015 due to available fund balances remaining from the 2012–13 biennium, for a net increase of \$839.5 million in State Highway Funds from traditional tax and fee revenue;
  - \$2,575.0 million from oil and natural gas tax-related transfers to the State Highway Fund (Proposition 1, 2014), an increase of \$835.0 million from the 2014–15 biennium. These funds are to be used for constructing, maintaining, and acquiring rights-of-way for non-tolled public roadways;
  - a rider appropriation of \$1,186.0 million to address the state's transportation needs, contingent upon the enactment of legislation making a one-time allocation of a portion of motor vehicle sales tax revenue to the State Highway Fund;

- a net decrease of \$1,050.1 million in bond proceeds, including:
  - \* a decrease of \$758.0 million in Texas Mobility Fund bond proceeds;
  - \* a decrease of \$608.1 million in State Highway Fund Revenue (Proposition 14) bond proceeds;
  - \* a decrease of \$11.6 million in General Obligation Bond Proceeds for border colonia access roadway projects; and
  - \* an increase of \$327.6 million in Proposition 12 General Obligation Bond Proceeds;
- a decrease of \$81.5 million in Texas Mobility Funds for bond debt service; and
- a decrease of \$127.8 million in Other Funds from other one-time funding sources.
- General Revenue funding is increased by \$372.6 million, including an increase of \$386.5 million for General Obligation bond debt service payments offset by a decrease of \$13.9 million in one-time funding for aviation and rail transportation projects.
- \$21,285.4 million in All Funds is provided for transportation planning and design, right-of-way acquisition, construction, and maintenance and preservation, including:
  - \$7,848.9 million in Federal Funds;
  - \$6,915.1 million in State Highway Funds (Other Funds) from traditional tax and fee revenue sources;
  - \$2,575.0 million from oil and natural gas tax-related transfers to the State Highway Fund (Proposition 1, 2014);
  - \$2,021.6 million from bond proceeds (Other Funds); \$1,186.0 million in additional State Highway Funds (Other Funds), contingent on the enactment of legislation making a one-time allocation of motor vehicle sales tax revenue to the State Highway Fund; and
  - \$738.8 million in Other Funds from other one-time funding sources.
- \$2,423.4 million in All Funds is provided for debt service payments and other financing costs associated with the agency's debt financing programs, including:
  - \$700.9 million in General Revenue Funds related to Highway Improvement General Obligation bonds (Proposition 12);
  - \$798.1 million in State Highway Funds (Other Funds) for State Highway Fund Revenue Bonds (Proposition 14);
  - \$788.6 million in Texas Mobility Funds (Other Funds) for Texas Mobility Fund bonds;
  - \$125.7 million in Federal Funds from Build America Bond interest payment subsidies; and
  - \$10.0 million in State Highway Funds for credit agreements associated with the agency's short-term borrowing program.
- Funding includes a reduction of 187.0 full-time-equivalent (FTE) positions from the fiscal year 2015 FTE cap primarily related to the outsourcing of the agency's information technology functions.

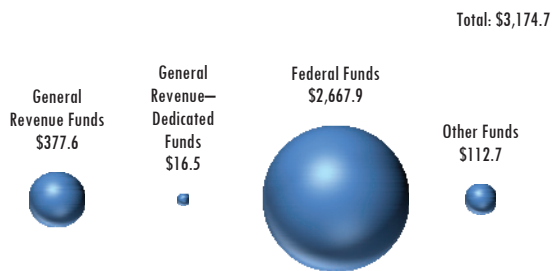
## TEXAS WORKFORCE COMMISSION

**FIGURE 79**  
**TEXAS WORKFORCE COMMISSION, BY METHOD OF FINANCE**

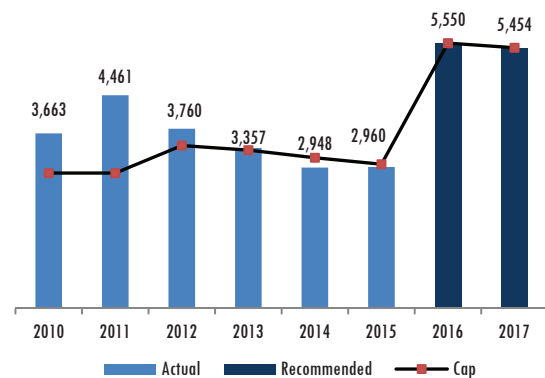
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$263.1                       | \$377.6                | \$114.5            | 43.5%                |
| General Revenue–Dedicated Funds      | \$14.3                        | \$16.5                 | \$2.2              | 15.6%                |
| Federal Funds                        | \$1,981.8                     | \$2,667.9              | \$686.0            | 34.6%                |
| Other Funds                          | \$115.1                       | \$112.7                | (\$2.3)            | (2.0%)               |
| <b>Total, All Methods of Finance</b> | <b>\$2,374.3</b>              | <b>\$3,174.7</b>       | <b>\$800.4</b>     | <b>33.7%</b>         |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Workforce Commission (TWC) for the 2016–17 biennium totals \$3,174.7 million in All Funds, which includes an All Funds increase of \$800.4 million. The increase in funding is primarily related to the transfer of programs from the Department of Assistive and Rehabilitative Services to TWC.

### HIGHLIGHTS:

- Funding includes an increase of \$855.6 million in All Funds for the transfer of Vocational Rehabilitation, Business Enterprises of Texas, and Disability Determination Services programs from the Department of Rehabilitative Services to the Texas Workforce Commission. The transfer includes \$112.4 million in General Revenue, \$2.2 million in General Revenue-Dedicated, \$737.8 million in Federal Funds, \$3.2 million in Other Funds, 2,667.4 FTEs, and all related performance measures and riders. The transfer is contingent upon passage of legislation.
- Funding includes a decrease of \$17.3 million in the Unemployment Insurance program to reflect an anticipated decline in unemployment claims, and a decrease of \$20.9 million in the Adult Basic Education program to account for a one-time transfer of an unexpended balance of federal grant funds from the Texas Education Agency in fiscal year 2014 with the enactment of Senate Bill 307, Eighty-third Legislature, Regular Session.
- The agency's full-time-equivalent (FTE) positions increase by 2,493.9 from fiscal year 2015 to fiscal year 2017. This includes an increase of 2,667.4 FTEs related to the transfer of programs from the Department of Assistive and Rehabilitative Services, offset by a decrease of 122.0 FTEs in the Unemployment Insurance program related to an anticipated decline in unemployment claims, and a decrease of 51.5 FTEs related to changes in federal grants.

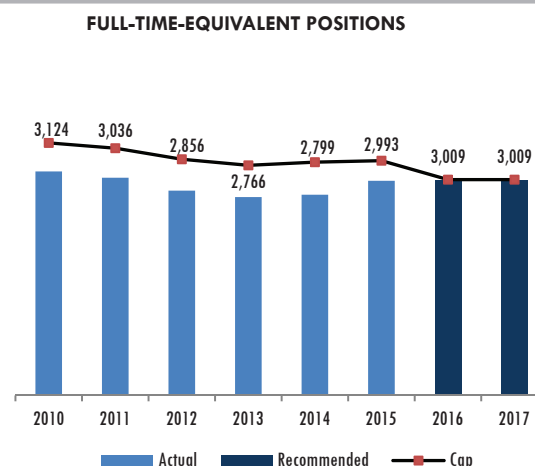
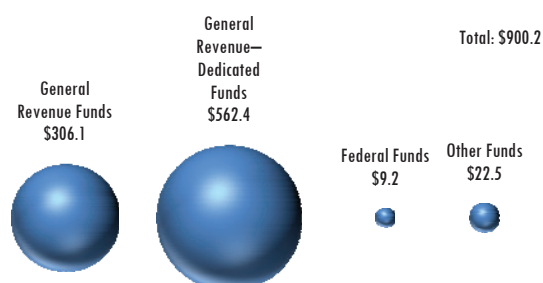


## ARTICLE VIII – REGULATORY

**FIGURE 80**  
**ARTICLE VIII REGULATORY, BY METHOD OF FINANCE**

(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$279.2                       | \$306.1                | \$27.0             | 9.7%                 |
| General Revenue–Dedicated Funds      | \$789.2                       | \$562.4                | (\$226.9)          | (28.7%)              |
| Federal Funds                        | \$13.2                        | \$9.2                  | (\$3.9)            | (29.8%)              |
| Other Funds                          | \$45.7                        | \$22.5                 | (\$23.2)           | (50.8%)              |
| <b>Total, All Methods of Finance</b> | <b>\$1,127.3</b>              | <b>\$900.2</b>         | <b>(\$227.1)</b>   | <b>(20.1%)</b>       |



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (4) Includes funding in contingent rider appropriations (PUC, TDI and TDLR).

SOURCES: Legislative Budget Board; State Auditor's Office.

### MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE VIII

All Funds for Regulatory agencies total \$900.2 million for the 2016–17 biennium, a decrease of \$227.1 million, or 20.1 percent from the 2014–15 biennium. General Revenue Funds total \$306.1 million, an increase of \$27.0 million, or 9.7 percent from the 2014–15 biennium.

### HIGHLIGHTS:

- Funding for the Public Utility Commission includes a reduction due to declining balances of \$207.7 million from the General Revenue–Dedicated System Benefit Account No. 5100 and an increase in General Revenue Funds of \$8.8 million. See the agency bill summary for additional details.
- No funding is included for the Texas Racing Commission.
- Funding for the Office of Public Utility Counsel includes \$1.0 million from the General Revenue–Dedicated Water Resource Management Fund 153 for the regulation of water and wastewater services. This program was added to the agency in fiscal year 2014 with the enactment of House Bill 1600, Eighty-third Legislature, Regular Session.
- Funding for the Department of Insurance includes a decrease of \$4.1 million in Federal Funds due to the elimination of a federal Affordable Care Act Health Insurance Premium Review Grant that is not expected in fiscal years 2016 and

2017; a decrease of \$16.2 million in Other Funds resulting from the close out of the Healthy Texas Program in fiscal year 2015; and a decrease of \$1.5 million in Other Funds related to an anticipated decrease in revenue collections from regulated entities for fines, penalties, and sanctions collected as part of the Three Share Program, which allows the agency to award small grants to employers to help provide and subsidize low-cost small business health plans. Amounts are offset by an increase of \$4.4 million in General Revenue Funds to continue the agency's State Regulatory Response Rider which allows the agency to respond to unexpected changes in the insurance market, including emergencies and natural and man-made disasters.

- Funding for the State Office of Administrative Hearings includes a net increase in All Funds due to an increase of \$6.6 million in General Revenue Funds offset by a decrease of \$6.6 million in State Highway Fund 6 for a Method of Finance swap to replace State Highway Fund 6 appropriations and an increase of \$1.6 million in Other Funds related to higher interagency contract funding for anticipated increased workload in the 2016–17 biennium.
- Funding for all other regulatory agencies is maintained at levels to support current services. These agencies regulate a variety of industries including insurance, worker's compensation, health-related occupations, non-health-related occupations, telecommunications, electric utilities, and securities.

**Figure 81** shows the All Funds appropriation for each agency in Article VIII, and **Figure 82** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for the Public Utility Commission.

**FIGURE 81**  
**ARTICLE VIII – REGULATORY, ALL FUNDS**

(IN MILLIONS)

| FUNCTION                                   | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Public Utility Commission                  | \$584.3                       | \$376.7                | (\$207.6)          | (35.5%)              |
| Texas State Securities Board               | \$14.2                        | \$14.4                 | \$0.1              | 0.9%                 |
| Office of Public Insurance Counsel         | \$2.1                         | \$2.1                  | \$0.0              | 0.6%                 |
| State Office of Administrative Hearings    | \$18.8                        | \$20.8                 | \$1.9              | 10.2%                |
| Health Professions Council                 | \$2.0                         | \$2.0                  | \$0.1              | 3.5%                 |
| Office of Injured Employee Counsel         | \$16.7                        | \$16.9                 | \$0.1              | 0.9%                 |
| Department of Licensing and Regulation     | \$48.8                        | \$49.4                 | \$0.7              | 1.4%                 |
| Department of Insurance                    | \$237.0                       | \$221.1                | (\$16.0)           | (6.7%)               |
| Board of Plumbing Examiners                | \$5.0                         | \$5.0                  | \$0.0              | 0.9%                 |
| Board of Professional Land Surveyors       | \$0.9                         | \$0.9                  | (\$0.0)            | (2.7%)               |
| Office of Public Utility Counsel           | \$4.4                         | \$4.4                  | \$0.0              | 0.8%                 |
| Texas Racing Commission                    | \$15.4                        | \$0.0                  | (\$15.4)           | (100.0%)             |
| Board of Professional Geoscientists        | \$1.2                         | \$1.2                  | \$0.0              | 0.2%                 |
| Texas Medical Board                        | \$23.5                        | \$23.6                 | \$0.0              | 0.1%                 |
| State Board of Dental Examiners            | \$8.4                         | \$8.4                  | \$0.0              | 0.3%                 |
| Board of Nursing                           | \$20.4                        | \$22.2                 | \$1.8              | 8.6%                 |
| Board of Chiropractic Examiners            | \$1.6                         | \$1.6                  | \$0.0              | 0.4%                 |
| State Board of Podiatric Medical Examiners | \$0.6                         | \$0.6                  | (\$0.0)            | (0.8%)               |
| Texas Funeral Service Commission           | \$1.6                         | \$1.7                  | \$0.0              | 0.6%                 |
| Texas Optometry Board                      | \$0.9                         | \$0.9                  | \$0.0              | 0.2%                 |
| State Board of Pharmacy                    | \$13.4                        | \$13.1                 | (\$0.3)            | (2.4%)               |

**FIGURE 81 (CONTINUED)**  
**ARTICLE VIII – REGULATORY, ALL FUNDS**

(IN MILLIONS)

| FUNCTION                                                            | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---------------------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Board of Examiners of Psychologists                                 | \$1.7                         | \$1.8                  | \$0.1              | 2.9%                 |
| Executive Council of Physical and Occupational Therapy<br>Examiners | \$2.4                         | \$2.4                  | \$0.0              | 0.5%                 |
| Board of Veterinary Medical Examiners                               | \$2.3                         | \$2.3                  | \$0.0              | 0.6%                 |
| <b>Subtotal, Regulatory</b>                                         | <b>\$1,027.7</b>              | <b>\$793.3</b>         | <b>(\$234.4)</b>   | <b>(22.8%)</b>       |
| Retirement and Group Insurance                                      | \$82.0                        | \$92.1                 | \$10.1             | 12.3%                |
| Social Security and Benefits Replacement Pay                        | \$23.7                        | \$23.5                 | (\$0.3)            | (1.1%)               |
| Lease Payments                                                      | \$1.9                         | \$1.0                  | (\$0.9)            | (45.9%)              |
| <b>Subtotal, Employee Benefits and Debt Service</b>                 | <b>\$107.6</b>                | <b>\$116.6</b>         | <b>\$9.0</b>       | <b>8.3%</b>          |
| Less Interagency Contracts                                          | \$8.0                         | \$9.7                  | \$1.6              | 20.3%                |
| <b>Total, All Functions</b>                                         | <b>\$1,127.3</b>              | <b>\$900.2</b>         | <b>(\$227.1)</b>   | <b>(20.1%)</b>       |

NOTES:

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) Includes funding in contingent rider appropriations (PUC, TDI and TDLR).

SOURCE: Legislative Budget Board.

**FIGURE 82**  
**ARTICLE VIII – REGULATORY, GENERAL REVENUE FUNDS**

(IN MILLIONS)

| FUNCTION                                   | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Public Utility Commission                  | \$9.5                         | \$18.4                 | \$8.8              | 92.6%                |
| Texas State Securities Board               | \$14.2                        | \$14.4                 | \$0.1              | 0.9%                 |
| Office of Public Insurance Counsel         | \$1.7                         | \$1.7                  | \$0.0              | 0.7%                 |
| State Office of Administrative Hearings    | \$6.8                         | \$13.7                 | \$6.8              | 99.7%                |
| Health Professions Council                 | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Office of Injured Employee Counsel         | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Department of Licensing and Regulation     | \$46.8                        | \$47.4                 | \$0.7              | 1.4%                 |
| Department of Insurance                    | \$78.3                        | \$83.8                 | \$5.5              | 7.1%                 |
| Board of Plumbing Examiners                | \$4.9                         | \$5.0                  | \$0.0              | 0.8%                 |
| Board of Professional Land Surveyors       | \$0.9                         | \$0.9                  | \$0.0              | 0.3%                 |
| Office of Public Utility Counsel           | \$3.4                         | \$3.4                  | \$0.0              | 0.8%                 |
| Texas Racing Commission                    | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Board of Professional Geoscientists        | \$1.2                         | \$1.2                  | \$0.0              | 0.2%                 |
| Texas Medical Board                        | \$19.2                        | \$19.2                 | \$0.0              | 0.2%                 |
| State Board of Dental Examiners            | \$7.9                         | \$7.9                  | \$0.1              | 0.8%                 |
| Board of Nursing                           | \$15.9                        | \$15.5                 | (\$0.4)            | (2.4%)               |
| Board of Chiropractic Examiners            | \$1.5                         | \$1.5                  | \$0.0              | 0.4%                 |
| State Board of Podiatric Medical Examiners | \$0.6                         | \$0.6                  | \$0.0              | 0.1%                 |

**FIGURE 82 (CONTINUED)**  
**ARTICLE VIII – REGULATORY, GENERAL REVENUE FUNDS**

(IN MILLIONS)

| FUNCTION                                                            | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|---------------------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| Texas Funeral Service Commission                                    | \$1.5                         | \$1.5                  | \$0.0              | 0.7%                 |
| Texas Optometry Board                                               | \$0.8                         | \$0.8                  | \$0.0              | 0.2%                 |
| State Board of Pharmacy                                             | \$13.4                        | \$13.1                 | (\$0.3)            | (2.4%)               |
| Board of Examiners of Psychologists                                 | \$1.6                         | \$1.6                  | \$0.0              | 0.9%                 |
| Executive Council of Physical and Occupational Therapy<br>Examiners | \$2.3                         | \$2.3                  | \$0.0              | 0.6%                 |
| Board of Veterinary Medical Examiners                               | \$2.3                         | \$2.3                  | \$0.0              | 0.4%                 |
| <b>Subtotal, Regulatory</b>                                         | <b>\$234.6</b>                | <b>\$256.1</b>         | <b>\$21.5</b>      | <b>9.2%</b>          |
| Retirement and Group Insurance                                      | \$33.7                        | \$38.2                 | \$4.5              | 13.3%                |
| Social Security and Benefits Replacement Pay                        | \$9.6                         | \$11.2                 | \$1.6              | 16.3%                |
| Lease Payments                                                      | \$1.3                         | \$0.7                  | (\$0.6)            | (46.3%)              |
| <b>Subtotal, Employee Benefits and Debt Service</b>                 | <b>\$44.6</b>                 | <b>\$50.0</b>          | <b>\$5.4</b>       | <b>12.2%</b>         |
| <b>Total, All Functions</b>                                         | <b>\$279.2</b>                | <b>\$306.1</b>         | <b>\$27.0</b>      | <b>9.7%</b>          |

NOTES:

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) Includes funding in contingent rider appropriations (includes PUC, TDI and TDLR).

SOURCE: Legislative Budget Board.

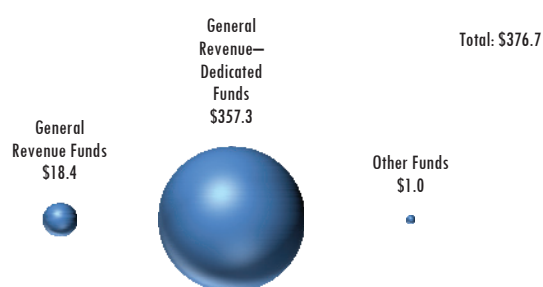
## PUBLIC UTILITY COMMISSION

**FIGURE 83**  
**PUBLIC UTILITY COMMISSION, BY METHOD OF FINANCE**

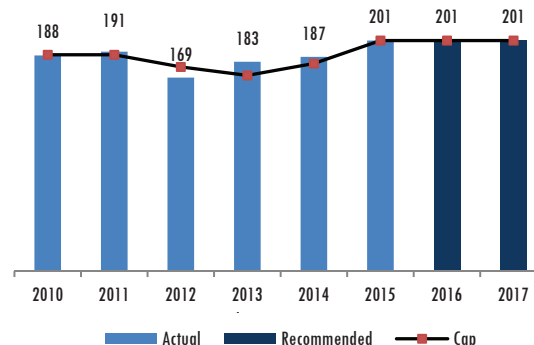
(IN MILLIONS)

| METHOD OF FINANCE                    | ESTIMATED/BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|--------------------------------------|-------------------------------|------------------------|--------------------|----------------------|
| General Revenue Funds                | \$9.5                         | \$18.4                 | \$8.8              | 92.6%                |
| General Revenue–Dedicated Funds      | \$573.8                       | \$357.3                | (\$216.5)          | (37.7%)              |
| Federal Funds                        | \$0.0                         | \$0.0                  | \$0.0              | N/A                  |
| Other Funds                          | \$1.0                         | \$1.0                  | \$0.0              | 0.0%                 |
| <b>Total, All Methods of Finance</b> | <b>\$584.3</b>                | <b>\$376.7</b>         | <b>(\$207.6)</b>   | <b>(35.5%)</b>       |

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



**NOTES:**

- (1) Includes anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) Includes funding in contingent rider appropriations.
- (4) Any FTEs transferred to an agency during the 2014–15 biennium will include historic FTEs through fiscal year 2013 in the full-time-equivalent position chart.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Public Utility Commission for the 2016–17 biennium totals \$376.7 million in All Funds, which includes an All Funds reduction of \$207.6 million. The reduction in funding is primarily related to the System Benefit Account No. 5100 (System Benefit Fund), which was established in 1999 to support the agency's Low Income Discount program. Due to a growing fund balance in the System Benefit Fund, the Eighty-third Legislature passed House Bill 7 in fiscal year 2013 to spend down the balance of the fund and to set the expiration of the fund at the end of fiscal year 2016. The Public Utility Commission is under Strategic Fiscal Review.

### HIGHLIGHTS:

- Funding from the General Revenue–Dedicated Account No. 5100 System Benefit Fund includes a decrease of \$207.7 million. Funding for the 2016–17 biennium includes a rider appropriation of \$247.0 million to allow the agency to expend the projected balance of the System Benefit Fund in the 2016–17 biennium, contingent upon the passage of legislation authorizing changes to the Low-Income Discount program.
- Funding includes \$8.7 million of General Revenue Funds in fiscal year 2017 to replace General Revenue–Dedicated Fund 5100 to account for the expiration of the System Benefit Fund at the end of fiscal year 2016. Administrative expenses funded by the System Benefit Fund through fiscal year 2016 and prior, are funded with General Revenue Funds in fiscal year 2017.

- Funding includes \$3.1 million in General Revenue–Dedicated Water Resource Management Fund 153 for the regulation of water and wastewater services. This program was transferred to the agency in fiscal year 2015 from the Texas Commission on Environmental Quality (TCEQ) with the enactment of House Bill 1600, Eighty-third Legislature, Regular Session. Historical FTEs associated with this program at TCEQ are included in PUC’s full-time-equivalent position chart in fiscal years 2013 and 2014.

# READER'S GUIDE TO GENERAL APPROPRIATIONS BILLS

This guide explains certain key elements of a General Appropriations Bill. The version of the General Appropriations Bill that becomes law is referred to as the General Appropriations Act (GAA). The GAA is the state's budget for a two-year period referred to as a biennium.

General Appropriations Bills are categorized by articles that cover a certain area of government. For example, Article I applies to areas of General Government, Article II covers Health and Human Services, and Article III applies to Public and Higher Education. Six additional articles cover other areas of government. Article IX, General Provisions, contains additional limitations, authority, and requirements applicable to other articles.

Articles contain agency bill patterns that all follow the same format. Article-specific summary information is included at the end of each article.

The following sample shows a bill pattern for the Office of Attorney General.

**A** Agency names are followed by their bill patterns, which consist of items of appropriations and riders.

**B** Methods of Finance (MOF) describe different fund types in an agency's appropriations. The four MOF categories are General Revenue (GR), General Revenue-Dedicated (GR-D), Federal Funds, and Other Funds. Each of these four contains subcategories.

**C** The left footer shows the version of the appropriations bill. This is the **Fiscal Size-up** version, which is the final enacted version of the appropriations bill from the Eighty-third Legislature, 2013.

**D** The center footer shows the article number followed by its page number. This is the third page of Article I, General Government.

| <b>A</b> OFFICE OF THE ATTORNEY GENERAL                                                           |                      |                    |
|---------------------------------------------------------------------------------------------------|----------------------|--------------------|
|                                                                                                   | For the Years Ending |                    |
|                                                                                                   | August 31,<br>2014   | August 31,<br>2015 |
| <b>B</b> Method of Financing:                                                                     |                      |                    |
| <u>General Revenue Fund</u>                                                                       |                      |                    |
| General Revenue Fund <sup>1</sup>                                                                 | \$ 96,751,357        | \$ 88,837,714      |
| Child Support Retained Collection Account No. 787                                                 | 106,807,098          | 106,807,097        |
| Attorney General Debt Collection Receipts Account No. 788                                         | 8,300,000            | 8,300,000          |
| General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees Fund No. 8042 | 3,236,560            | 3,236,560          |
| Subtotal, General Revenue Fund                                                                    | \$ 215,095,015       | \$ 207,181,371     |
| <u>General Revenue Fund - Dedicated</u>                                                           |                      |                    |
| AG Law Enforcement Account No. 5006                                                               | 200,000              | 200,000            |
| Sexual Assault Program Account No. 5010                                                           | 188,546              | 188,546            |
| Compensation to Victims of Crime Account No. 469 <sup>1</sup>                                     | 74,131,322           | 74,132,908         |
| Compensation to Victims of Crime Auxiliary Account No. 494                                        | 158,531              | 158,531            |
| Subtotal, General Revenue Fund - Dedicated                                                        | \$ 74,678,399        | \$ 74,679,985      |
| Federal Funds <sup>1</sup>                                                                        | 205,968,406          | 190,513,421        |
| <u>Other Funds</u>                                                                                |                      |                    |
| Interagency Contracts - Criminal Justice Grants                                                   | 628,565              | 628,565            |
| State Highway Fund No. 006                                                                        | 5,938,292            | 5,938,292          |
| Appropriated Receipts <sup>1</sup>                                                                | 24,094,209           | 24,131,779         |
| Interagency Contracts                                                                             | 20,871,069           | 20,871,069         |
| <b>C</b> A813-FSize-up-I-A                                                                        | <b>D</b> I-3         | August 26, 2013    |

**E** The **Number of Full-Time Equivalents (FTE)** shows the maximum number of FTEs, or FTE cap, for the agency.

**F** The **Schedule of Exempt Positions** indicates annual salary caps for certain agency executives.

**G** **Agency Items of Appropriation** consist of goals with multiple strategies. Each strategy has its own appropriation. Certain large agencies have sub-strategies.

**H** **Grand Total** amounts are the sum of all individual agency strategy appropriations. Note that Grand Total amounts exactly match the Total, Method of Financing line above, as well as the Total, Object-of-Expense Informational Listing at the top of the next page.

**I** **Object-of-Expense (OOE) Informational Listing** categorizes the use of the agency's appropriation made above. It is not a separate appropriation.

| OFFICE OF THE ATTORNEY GENERAL<br>(Continued)                                                                                                                         |                       |                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| License Plate Trust Fund Account No. 0802 <sup>2</sup>                                                                                                                | 186,310               | 61,000                |
| Subtotal, Other Funds                                                                                                                                                 | \$ 51,718,445         | \$ 51,630,705         |
| <b>Total, Method of Financing</b>                                                                                                                                     | <b>\$ 547,460,265</b> | <b>\$ 524,005,482</b> |
| This bill pattern represents an estimated 100% of this agency's estimated total available funds for the biennium.                                                     |                       |                       |
| <b>E</b> <b>Number of Full-Time-Equivalents (FTE):</b>                                                                                                                | 4,207.9               | 4,207.9               |
| <b>F</b> <b>Schedule of Exempt Positions:</b><br>Attorney General, Group 6                                                                                            | \$150,000             | \$150,000             |
| <b>G</b> <b>Items of Appropriation:</b><br><b>A. Goal: PROVIDE LEGAL SERVICES<sup>1</sup></b><br>Provide General Legal Services to the State and Authorized Entities. |                       |                       |
| <b>A.1.1. Strategy: LEGAL SERVICES</b><br>Provide Counseling/Litigation/Alternative Dispute Resolution Services.                                                      | \$ 80,888,219         | \$ 81,099,142         |
| <b>B. Goal: ENFORCE CHILD SUPPORT LAW</b><br>Enforce State/Federal Child Support Laws.                                                                                |                       |                       |
| <b>B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT<sup>1</sup></b><br>Establish Paternity/Obligations, Enforce Orders and Distribute Monies.                               | \$ 309,749,867        | \$ 285,059,999        |
| <b>B.1.2. Strategy: STATE DISBURSEMENT UNIT</b>                                                                                                                       | \$ 9,837,396          | \$ 9,963,619          |
| <b>Total, Goal B: ENFORCE CHILD SUPPORT LAW</b>                                                                                                                       | <b>\$ 319,587,263</b> | <b>\$ 295,023,618</b> |
| <b>C. Goal: CRIME VICTIMS' SERVICES</b><br>Investigate/Process Applications for Compensation to Crime Victims.                                                        |                       |                       |
| <b>C.1.1. Strategy: CRIME VICTIMS' COMPENSATION</b><br>Review Claims, Determine Eligibility/State Liability, Pay Correctly.                                           | \$ 82,230,234         | \$ 83,256,648         |
| <b>C.1.2. Strategy: VICTIMS ASSISTANCE</b><br>Provide Grants & Contracts for Victims Svcs/Sexual Asslt Vctms/Chld Adv.                                                | \$ 49,146,900         | \$ 49,018,425         |
| <b>Total, Goal C: CRIME VICTIMS' SERVICES</b>                                                                                                                         | <b>\$ 131,377,134</b> | <b>\$ 132,275,073</b> |
| <b>D. Goal: REFER MEDICAID CRIMES</b><br>Investigate/Refer for Prosecution Fraud/Misconduct Involving Medicaid.                                                       |                       |                       |
| <b>D.1.1. Strategy: MEDICAID INVESTIGATION</b><br>Conduct Investigation Supporting Prosecution of Alleged Medicaid Crime.                                             | \$ 14,453,626         | \$ 14,453,626         |
| <b>E. Goal: ADMINISTRATIVE SUPPORT FOR SORM</b><br>Provide Administrative Support for the State Office of Risk Management.                                            |                       |                       |
| <b>E.1.1. Strategy: ADMINISTRATIVE SUPPORT FOR SORM</b><br>Provide Administrative Support to the State Office of Risk Management.                                     | \$ 1,154,023          | \$ 1,154,023          |
| <b>H</b> <b>Grand Total, OFFICE OF THE ATTORNEY GENERAL</b>                                                                                                           | <b>\$ 547,460,265</b> | <b>\$ 524,005,482</b> |
| <b>I</b> <b>Object-of-Expense Informational Listing:</b>                                                                                                              |                       |                       |
| Salaries and Wages                                                                                                                                                    | \$ 198,208,434        | \$ 198,338,002        |
| Other Personnel Costs                                                                                                                                                 | 6,094,674             | 6,094,674             |
| Professional Fees and Services                                                                                                                                        | 77,319,093            | 57,058,836            |
| Fuels and Lubricants                                                                                                                                                  | 383,428               | 383,428               |
| Consumable Supplies                                                                                                                                                   | 2,475,371             | 2,465,371             |
| Utilities                                                                                                                                                             | 3,145,828             | 3,145,828             |
| Travel                                                                                                                                                                | 4,713,675             | 4,701,773             |
| Rent - Building                                                                                                                                                       | 13,286,753            | 13,286,753            |
| Rent - Machine and Other                                                                                                                                              | 3,885,702             | 3,213,455             |
| Other Operating Expense                                                                                                                                               | 176,663,341           | 173,903,670           |
| A302-1/Size-up-1-A                                                                                                                                                    | I-4                   | August 26, 2013       |

**J** Entries for **Employee Benefits and Debt Service** are not specific agency appropriations, but rather an estimate of the amounts needed for this agency.

**K** **Performance Measure Targets** instruct agencies on specific desired results within their strategies. There are four types of measures: outcome; output; efficiency; and explanatory/input.

The Performance Measure Targets section is also the beginning of the **Rider Section** of an agency bill pattern. Riders inform agencies on their use of items of appropriations. They may authorize, direct, or limit the use of items of appropriation.

### OFFICE OF THE ATTORNEY GENERAL (Continued)

|                      |            |            |
|----------------------|------------|------------|
| Grants               | 61,090,472 | 61,220,198 |
| Capital Expenditures | 193,494    | 193,494    |

|                                                       |                       |                       |
|-------------------------------------------------------|-----------------------|-----------------------|
| <b>Total, Object-of-Expense Informational Listing</b> | <b>\$ 547,460,265</b> | <b>\$ 524,005,482</b> |
|-------------------------------------------------------|-----------------------|-----------------------|

#### Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act:

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| <b>J</b> <u>Employee Benefits</u> |               |               |
| Retirement                        | \$ 12,919,407 | \$ 14,907,008 |
| Group Insurance                   | 35,132,870    | 38,098,620    |
| Social Security                   | 15,338,167    | 15,338,167    |
| Benefits Replacement              | 931,589       | 871,036       |

|                             |               |               |
|-----------------------------|---------------|---------------|
| Subtotal, Employee Benefits | \$ 64,322,033 | \$ 69,214,831 |
|-----------------------------|---------------|---------------|

|                              |              |            |
|------------------------------|--------------|------------|
| <b>J</b> <u>Debt Service</u> |              |            |
| Lease Payments               | \$ 5,278,720 | \$ 622,796 |

|                                                                                                                      |                      |                      |
|----------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>Total, Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act</b> | <b>\$ 69,600,753</b> | <b>\$ 69,837,627</b> |
|----------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|

- K** 1. **Performance Measure Targets.** The following is a listing of the key performance target levels for the Office of the Attorney General. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Office of the Attorney General. In order to achieve the objectives and service standards established by this Act, the Office of the Attorney General shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

|                                                                                         | 2014       | 2015       |
|-----------------------------------------------------------------------------------------|------------|------------|
| <b>A. Goal: PROVIDE LEGAL SERVICES</b>                                                  |            |            |
| <b>Outcome (Results/Impact):</b>                                                        |            |            |
| Delinquent State Revenue Collected                                                      | 45,000,000 | 45,000,000 |
| <b>A.1.1. Strategy: LEGAL SERVICES</b>                                                  |            |            |
| <b>Output (Volume):</b>                                                                 |            |            |
| Legal Hours Billed to Litigation and Counseling                                         | 1,062,146  | 1,066,481  |
| <b>Efficiencies:</b>                                                                    |            |            |
| Average Cost Per Legal Hour                                                             | 85.59      | 85.34      |
| <b>B. Goal: ENFORCE CHILD SUPPORT LAW</b>                                               |            |            |
| <b>Outcome (Results/Impact):</b>                                                        |            |            |
| Percent of Title IV-D Cases That Have Court Orders for Child Support                    | 82%        | 82%        |
| Percent of All Current Child Support Amounts Due That Are Collected                     | 65%        | 65%        |
| Percent of Title IV-D Cases with Arrears Due in Which Any Amount Is Paid Toward Arrears | 65%        | 65%        |
| Percent of Paternity Establishments for Out of Wedlock Births                           | 95%        | 95%        |
| <b>B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT</b>                                       |            |            |
| <b>Output (Volume):</b>                                                                 |            |            |
| Amount of Title IV-D Child Support Collected (in Millions)                              | 3,950      | 4,175      |
| <b>Efficiencies:</b>                                                                    |            |            |
| Ratio of Total Dollars Collected Per Dollar Spent                                       | 12.82      | 14.74      |
| <b>B.1.2. Strategy: STATE DISBURSEMENT UNIT</b>                                         |            |            |
| <b>Output (Volume):</b>                                                                 |            |            |
| Number of Payment Receipts Processed by the SDU Vendor                                  | 21,233,484 | 21,992,331 |
| <b>C. Goal: CRIME VICTIMS' SERVICES</b>                                                 |            |            |
| <b>Outcome (Results/Impact):</b>                                                        |            |            |
| Amount of Crime Victims' Compensation Awarded                                           | 75,849,632 | 76,876,045 |
| <b>C.1.1. Strategy: CRIME VICTIMS' COMPENSATION</b>                                     |            |            |
| <b>Efficiencies:</b>                                                                    |            |            |
| Average Number of Days to Analyze a Claim and Make an Award                             | 55         | 49         |
| <b>D. Goal: REFER MEDICAID CRIMES</b>                                                   |            |            |
| <b>Outcome (Results/Impact):</b>                                                        |            |            |
| Amount of Medicaid Over-payments Identified                                             | 56,600,000 | 56,600,000 |

**L** An agency's second rider is its **Capital Budget**. Capital Budgets do not make additional appropriations, but rather direct the use of items of appropriation made above for specific uses. Capital Budgets direct the agency purchase or lease of vehicles, information resources, real property, or certain road construction or building repair.

**M** The **Method of Financing (Capital Budget)** section directs agencies in the use of MOFs for Capital Budget expenses.

**N** Additional riders follow an agency's Performance Measure Targets (Rider 1) and Capital Budget (Rider 2). Riders may provide general direction on the use of agency appropriation or may provide direction relating to a specific strategy.

**OFFICE OF THE ATTORNEY GENERAL**  
(Continued)

**D.1.1. Strategy: MEDICAID INVESTIGATION**  
**Output (Volume):**

Number of Investigations Concluded 457 457

- L** 2. **Capital Budget.** Funds appropriated above may be expended for capital budget items listed below. The amounts identified for each item may be adjusted or may be expended on other non-capital expenditures within the strategy to which the funds were appropriated. However, any amounts spent on capital items are subject to the aggregate dollar restrictions on capital budget expenditures provided in the General Provisions of this Act.

|                                                                           | 2014                 | 2015                 |
|---------------------------------------------------------------------------|----------------------|----------------------|
| <b>a. Acquisition of Information Resource Technologies</b>                |                      |                      |
| (1) Child Support Hardware/Software Enhancements                          | \$ 50,000            | \$ 50,000            |
| (2) Child Support PC Refresh                                              | 2,203,665            | 1,531,418            |
| (3) Child Support TXCSES 2.0 Infrastructure Enhancements and Improvements | 11,714,010           | UB                   |
| (4) CS TXCSES 2.0 Enterprise Content Management                           | 1,379,253            | UB                   |
| (5) CS TXCSES 2.0 Enterprise Reporting System                             | 2,179,672            | UB                   |
| (6) CS TXCSES 2.0 RODEO Upgrade                                           | 1,304,153            | UB                   |
| (7) CS TXCSES 2.0 Security Management                                     | 724,433              | UB                   |
| (8) CS TXCSES 2.0 Establishment and Enforcement Renewal                   | 8,831,572            | 9,200,090            |
| (9) CS TXCSES 2.0 Financial Renewal                                       | 6,145,528            | 2,141,750            |
| <b>Total, Acquisition of Information Resource Technologies</b>            | <b>\$ 34,532,286</b> | <b>\$ 12,923,258</b> |
| <b>b. Data Center Consolidation</b>                                       |                      |                      |
| (1) Data Center Consolidation                                             | 31,064,809           | 31,750,487           |
| <b>c. Transportation Items</b>                                            |                      |                      |
| (1) Child Support Motor Vehicles                                          | 163,494              | 163,494              |
| <b>Total, Capital Budget</b>                                              | <b>\$ 65,760,589</b> | <b>\$ 44,837,239</b> |

**M** **Method of Financing (Capital Budget):**

|                                                                     |                      |                      |
|---------------------------------------------------------------------|----------------------|----------------------|
| <u>General Revenue Fund</u>                                         |                      |                      |
| General Revenue Fund                                                | \$ 3,517,633         | \$ 3,660,341         |
| Child Support Retained Collection Account No. 787                   | 20,523,700           | 13,285,600           |
| <b>Subtotal, General Revenue Fund</b>                               | <b>\$ 24,041,333</b> | <b>\$ 16,945,941</b> |
| <br>GR Dedicated - Compensation to Victims of Crime Account No. 469 | <br>143,884          | <br>145,469          |
| <br>Federal Funds                                                   | <br>40,849,227       | <br>27,011,682       |
| <u>Other Funds</u>                                                  |                      |                      |
| Appropriated Receipts                                               | 534,499              | 542,501              |
| Interagency Contracts                                               | 191,646              | 191,646              |
| <b>Subtotal, Other Funds</b>                                        | <b>\$ 726,145</b>    | <b>\$ 734,147</b>    |
| <b>Total, Method of Financing</b>                                   | <b>\$ 65,760,589</b> | <b>\$ 44,837,239</b> |

- N** 3. **Cost Allocation, Reporting Requirement.** The Office of the Attorney General is directed to continue an accounting and billing system by which the costs of legal services provided to each agency may be determined. This cost information shall be provided to the Legislative Budget Board and the Governor within 60 days after the close of the fiscal year.

4. **Child Support Collections.**

- a. The Office of the Attorney General shall deposit Child Support Retained Collections in a special account in the Comptroller's Office. The account shall be called the Child Support Retained Collection Account. Child Support Retained Collections shall include the state share of funds collected by the Office of the Attorney General which were previously paid

# COMPARISON OF RECOMMENDATIONS

**FIGURE B-1  
ALL FUNDS**

| IN MILLIONS                                     | ESTIMATED/ BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-------------------------------------------------|--------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                  | \$5,218.8                      | \$4,818.9              | (\$399.9)          | (7.7%)               |
| Article II – Health and Human Services          | \$74,513.4                     | \$74,897.4             | \$384.1            | 0.5%                 |
| Article III – Agencies of Education             | \$73,941.8                     | \$77,401.0             | \$3,459.2          | 4.7%                 |
| <i>Public Education</i>                         | \$55,403.8                     | \$58,590.2             | \$3,186.4          | 5.8%                 |
| <i>Higher Education</i>                         | \$18,538.0                     | \$18,810.8             | \$272.8            | 1.5%                 |
| Article IV – The Judiciary                      | \$764.0                        | \$753.1                | (\$10.9)           | (1.4%)               |
| Article V – Public Safety and Criminal Justice  | \$11,765.2                     | \$11,799.8             | \$34.6             | 0.3%                 |
| Article VI – Natural Resources                  | \$6,931.1                      | \$4,004.0              | (\$2,927.1)        | (42.2%)              |
| Article VII – Business and Economic Development | \$27,447.6                     | \$30,160.9             | \$2,713.3          | 9.9%                 |
| Article VIII – Regulatory                       | \$1,127.3                      | \$900.2                | (\$227.1)          | (20.1%)              |
| Article IX – General Provisions                 | -                              | \$1.7                  | \$1.7              | N/A                  |
| Article X – The Legislature                     | \$374.0                        | \$381.7                | \$7.7              | 2.1%                 |
| <b>Total, All Functions</b>                     | <b>\$202,083.1</b>             | <b>\$205,118.7</b>     | <b>\$3,035.7</b>   | <b>1.5%</b>          |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

(2) Excludes Interagency Contracts.

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

SOURCE: Legislative Budget Board.

**FIGURE B-2  
GENERAL REVENUE FUNDS**

| IN MILLIONS                                     | ESTIMATED/ BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-------------------------------------------------|--------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                  | \$2,731.6                      | \$2,605.6              | (\$126.1)          | (4.6)%               |
| Article II – Health and Human Services          | \$29,789.9                     | \$31,478.3             | \$1,688.5          | 5.7%                 |
| Article III – Agencies of Education             | \$50,674.6                     | \$53,037.1             | \$2,362.4          | 4.7%                 |
| <i>Public Education</i>                         | \$37,421.7                     | \$39,423.0             | \$2,001.3          | 5.3                  |
| <i>Higher Education</i>                         | \$13,252.9                     | \$13,614.1             | \$361.2            | 2.7%                 |
| Article IV – The Judiciary                      | \$446.8                        | \$445.1                | (\$1.7)            | (0.4)%               |
| Article V – Public Safety and Criminal Justice  | \$9,226.3                      | \$10,918.8             | \$1,692.6          | 18.3%                |
| Article VI – Natural Resources                  | \$714.8                        | \$760.9                | \$46.0             | 6.4%                 |
| Article VII – Business and Economic Development | \$932.9                        | \$1,535.9              | \$603.0            | 64.6%                |
| Article VIII – Regulatory                       | \$279.2                        | \$306.1                | \$27.0             | 9.7%                 |
| Article IX – General Provisions                 | \$0.0                          | \$1.1                  | \$1.1              | N/A                  |
| Article X – The Legislature                     | \$373.9                        | \$381.5                | \$7.6              | 2.0%                 |
| <b>Total, All Functions</b>                     | <b>\$95,170.0</b>              | <b>\$101,470.4</b>     | <b>\$6,300.4</b>   | <b>6.6%</b>          |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

**FIGURE B-3  
GENERAL REVENUE—DEDICATED FUNDS**

| IN MILLIONS                                     | ESTIMATED/ BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-------------------------------------------------|--------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                  | \$865.7                        | \$651.2                | (\$214.5)          | (24.8%)              |
| Article II – Health and Human Services          | \$1,191.5                      | \$941.7                | (\$249.8)          | (21.0%)              |
| Article III – Agencies of Education             | \$2,676.1                      | \$2,650.6              | (\$25.6)           | (1.0%)               |
| <i>Public Education</i>                         | \$0.1                          | \$0.1                  | \$0.0              | 0.0                  |
| <i>Higher Education</i>                         | \$2,676.0                      | \$2,650.5              | (\$25.5)           | (1.0%)               |
| Article IV – The Judiciary                      | \$133.5                        | \$124.2                | (\$9.3)            | (7.0%)               |
| Article V – Public Safety and Criminal Justice  | \$18.5                         | \$18.9                 | \$0.4              | 1.9%                 |
| Article VI – Natural Resources                  | \$1,210.1                      | \$1,219.3              | \$9.2              | 0.8%                 |
| Article VII – Business and Economic Development | \$463.4                        | \$456.0                | (\$7.4)            | (1.6%)               |
| Article VIII – Regulatory                       | \$789.2                        | \$562.4                | (\$226.9)          | (28.7%)              |
| Article IX – General Provisions                 | \$0.0                          | \$0.5                  | \$0.5              | N/A                  |
| Article X – The Legislature                     | \$0.0                          | \$0.0                  | \$0.0              | N/A                  |
| <b>Total, All Functions</b>                     | <b>\$7,348.0</b>               | <b>\$6,624.7</b>       | <b>(\$723.3)</b>   | <b>(9.8%)</b>        |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

**FIGURE B-4  
FEDERAL FUNDS**

| IN MILLIONS                                     | ESTIMATED/ BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-------------------------------------------------|--------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                  | \$662.8                        | \$703.0                | \$40.2             | 6.1%                 |
| Article II – Health and Human Services          | \$42,858.4                     | \$41,868.9             | (\$989.6)          | (2.3)%               |
| Article III – Agencies of Education             | \$10,034.1                     | \$10,440.9             | \$406.8            | 4.1%                 |
| <i>Public Education</i>                         | \$9,759.1                      | \$10,170.9             | \$411.8            | 4.2                  |
| <i>Higher Education</i>                         | \$275.0                        | \$270.0                | (\$5.0)            | (1.8%)               |
| Article IV – The Judiciary                      | \$3.8                          | \$3.4                  | (\$0.3)            | (9.0%)               |
| Article V – Public Safety and Criminal Justice  | \$1,120.7                      | \$707.9                | (\$412.8)          | (36.8%)              |
| Article VI – Natural Resources                  | \$2,656.2                      | \$1,740.9              | (\$915.3)          | (34.5)%              |
| Article VII – Business and Economic Development | \$11,102.3                     | \$11,670.1             | \$567.8            | 5.1%                 |
| Article VIII – Regulatory                       | \$13.2                         | \$9.2                  | (\$3.9)            | (29.8%)              |
| Article IX – General Provisions                 | \$0.0                          | \$0.1                  | \$0.1              | N/A                  |
| Article X – The Legislature                     | \$0.0                          | \$0.0                  | \$0.0              | N/A                  |
| <b>Total, All Functions</b>                     | <b>\$68,451.4</b>              | <b>\$67,144.4</b>      | <b>(\$1,307.0)</b> | <b>(1.9)%</b>        |

NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

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

SOURCE: Legislative Budget Board.

**FIGURE B-5  
OTHER FUNDS**

| IN MILLIONS                                     | ESTIMATED/ BUDGETED<br>2014–15 | RECOMMENDED<br>2016–17 | BIENNIAL<br>CHANGE | PERCENTAGE<br>CHANGE |
|-------------------------------------------------|--------------------------------|------------------------|--------------------|----------------------|
| Article I – General Government                  | \$958.7                        | \$859.1                | (\$99.5)           | (10.4)%              |
| Article II – Health and Human Services          | \$673.6                        | \$608.6                | (\$65.1)           | (9.7)%               |
| Article III – Agencies of Education             | \$10,556.9                     | \$11,272.5             | \$715.5            | 6.8%                 |
| <i>Public Education</i>                         | \$8,222.9                      | \$8,996.3              | \$773.4            | 9.4                  |
| <i>Higher Education</i>                         | \$2,334.0                      | \$2,276.2              | (\$57.8)           | (2.5)%               |
| Article IV – The Judiciary                      | \$179.9                        | \$180.3                | \$0.4              | 0.2%                 |
| Article V – Public Safety and Criminal Justice  | \$1,399.7                      | \$154.2                | (\$1,245.5)        | (89.0)%              |
| Article VI – Natural Resources                  | \$2,350.0                      | \$282.9                | (\$2,067.1)        | (88.0)%              |
| Article VII – Business and Economic Development | \$14,949.1                     | \$16,498.9             | \$1,549.9          | 10.4%                |
| Article VIII – Regulatory                       | \$45.7                         | \$22.5                 | (\$23.2)           | (50.8)%              |
| Article IX – General Provisions                 | \$0.0                          | \$0.0                  | \$0.0              | N/A                  |
| Article X –The Legislature                      | \$0.1                          | \$0.2                  | \$0.1              | 64.4%                |
| <b>Total, All Functions</b>                     | <b>\$31,113.8</b>              | <b>\$29,879.3</b>      | <b>(\$1,234.5)</b> | <b>(4.0)%</b>        |

## NOTES:

(1) Includes anticipated supplemental spending adjustments if applicable.

(2) Excludes Interagency Contracts.

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

SOURCE: Legislative Budget Board.

