

**Department of Insurance
Summary of Recommendations - House**

Section 1

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David Mattax, Commissioner of Insurance

Ryan Brannan, Commissioner of Workers' Compensation

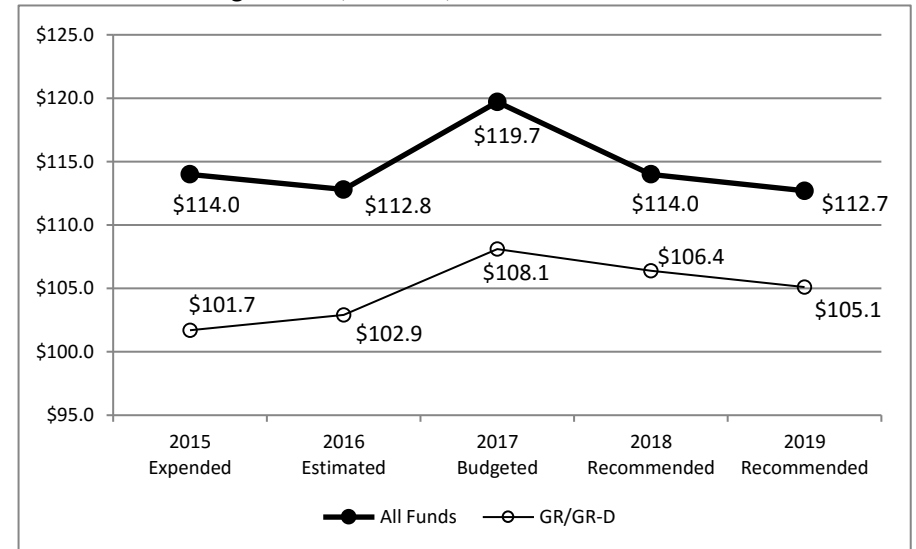
Caitlin Perdue, LBB Analyst

Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$82,876,039	\$84,781,447	\$1,905,408	2.3%
GR Dedicated Funds	\$128,150,866	\$126,774,615	(\$1,376,251)	(1.1%)
<i>Total GR-Related Funds</i>	<i>\$211,026,905</i>	<i>\$211,556,062</i>	<i>\$529,157</i>	<i>0.3%</i>
Federal Funds	\$6,729,258	\$4,380,518	(\$2,348,740)	(34.9%)
Other	\$14,806,399	\$10,833,565	(\$3,972,834)	(26.8%)
All Funds	\$232,562,562	\$226,770,145	(\$5,792,417)	(2.5%)

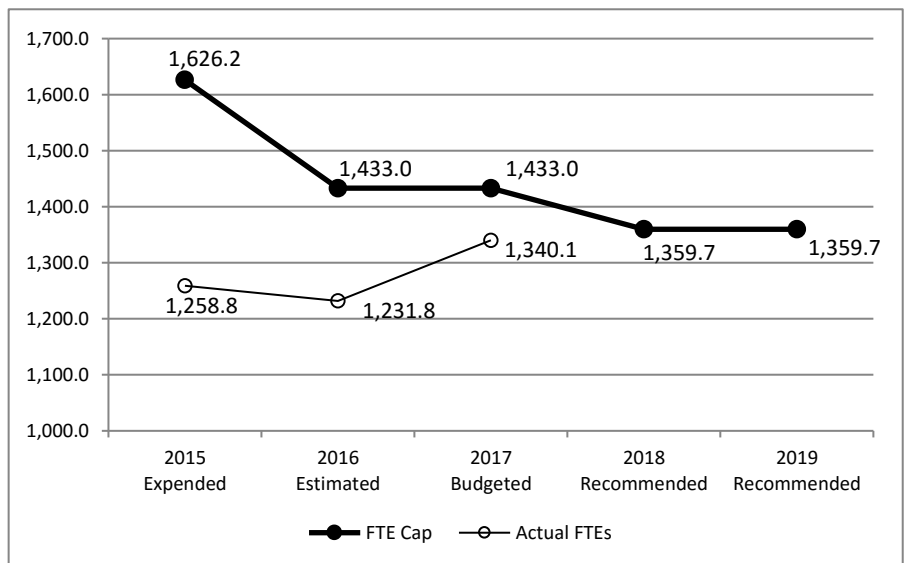
	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	1,340.1	1,359.7	19.6	1.5%

The bill pattern for this agency (2018-19 Recommended) represents an estimated 18.3% of the agency's estimated total available funds for the 2018-19 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



Department of Insurance
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Reductions for Administrative Support and the Regulatory Policy Program.	(\$1.0)	(\$0.4)	\$0.0	\$0.0	(\$1.4)	A.3.1, E.1.1
B)	Reductions for the Three-Share Premium Assistance Program, including 1) \$0.8 million in GR and GR-D in regular grant appropriations; and 2) \$3.3 million in Appropriated Receipts for grants anticipated to be awarded in the 2016-17 biennium not included in the 2018-19 funding level.	(\$0.6)	(\$0.2)	\$0.0	(\$3.3)	(\$4.1)	A.4.1
C)	Contingency appropriation for State Regulatory Response to significant changes in the insurance regulatory environment.	\$4.4	\$0.0	\$0.0	\$0.0	\$4.4	F.1.1

OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

D)	Salary increase adjustment to align with actual amounts expended pursuant to Article IX, §18.02, Appropriation for a Salary Increase for General State Employees, 2016-17 GAA.	(\$0.1)	(\$0.1)	\$0.0	\$0.0	(\$0.2)	A.3.1, D.1.2
E)	One-time expenses for Gartner IT security in the 2016-17 biennium.	(\$0.3)	\$0.0	\$0.0	\$0.0	(\$0.3)	E.1.2
F)	Reduction for Data Center Services to align with Department of Information Resources' estimates of ongoing costs.	(\$0.5)	(\$0.7)	\$0.0	\$0.0	(\$1.2)	E.1.2
G)	Appropriated Receipts reduction for various publications, conferences, and fee collections not anticipated in the 2018-19 biennium, and an Interagency Contract reduction of \$7,000 for administrative support provided to Board of Chiropractic Examiners.	\$0.0	\$0.0	\$0.0	(\$0.7)	(\$0.7)	9 strategies
H)	Federal Funds reduction due to the elimination of the Affordable Care Act Health Insurance Premium Review Grant.	\$0.0	\$0.0	(\$2.3)	\$0.0	(\$2.3)	A.1.1

TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$1.9	(\$1.4)	(\$2.3)	(\$4.0)	(\$5.8)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$4.4	\$0.0	\$0.0	\$0.0	\$4.4	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	(\$2.5)	(\$1.4)	(\$2.3)	(\$4.0)	(\$10.2)	As Listed

**Department of Insurance
Selected Fiscal and Policy Issues - House**

1. **Self-Leveling Funding.** Statute requires the Texas Department of Insurance (TDI) to adjust taxes and fees to generate revenue equivalent to its appropriations and the appropriations made to the Office of Injured Employee Counsel (OIEC) and certain programs in five other agencies.

Methods of finance subject to this requirement include the Insurance Companies Maintenance Tax and Insurance Department Fees (GR Fund 8042) deposited in the General Revenue Fund and the Texas Department of Insurance Operating Fund Account No. 36 (GR-D Fund 36). (See Section 3a: Insurance Tax Revenue & Spending Infographic)

2. **Reductions.** Recommendations include a reduction of \$2,184,928 in GR Fund 8042 and GR-D Fund 36 for the following items.
 - **Three-Share Premium Assistance Programs.** The agency administers and awards grants for Three-Share Premium Assistance Programs, which provide health care insurance for lower income employees and the employee and employer share the cost of premiums with the state. Recommendations include \$124,702 in GR Fund 8042 and GR-D Fund 36 for the administration of the grant program, and eliminate direct appropriations of \$772,762 in grant funding from 2016-17 levels. Recommendations continue Rider 13, Three-Share Premium Assistance Programs, which allows the authority to fund grants through \$1.5 million each year of the biennium in fines collected from regulated entities and any available unexpended balances. There is a reduction of \$3.3 million in Appropriated Receipts for grants anticipated to be awarded in the 2016-17 biennium not included in the 2018-19 funding level.
 - **Administrative Support.** Recommendations include a decrease of \$1,295,076 in GR Fund 8042 and GR-D Fund 36 for administrative support in technology, rulemaking, open records, stakeholder inquiries, procurement, Historically Underutilized Business outreach, payment processing, and hiring. (See Items Not Included in Recommendations #1)
 - **Regulatory Policy.** Recommendations include a decrease of \$117,090 in GR Fund 8042 and GR-D Fund 36 for the production of various reports and data calls in the Regulatory Policy program. (See Items Not Included in Recommendations #1)
3. **OIEC Administrative Attachment and Lease Payments.** Pursuant to Texas Labor Code, Chapter 404, OIEC is administratively attached to TDI, which provides administrative assistance and services, personnel services, and computer equipment and support. The TDI-Division of Workers' Compensation and OIEC share field offices across the state to assist injured employees. The majority of the TDI/OIEC field office leases will be up for renewal by the end of 2019 and TDI anticipates the cost of rent will increase. The Rider 17, Medical Fee Disputes, allocation amount has been reduced from \$2.1 million to \$1.5 million to reflect current projections for the cost of medical dispute appeals and medical quality review cases in the 2018-19 biennium. Recommendations reallocate the savings of \$0.6 million to supplement the cost of increased rent at the field offices. (See Rider Highlights #17 & 18)
4. **TexasSure Program.** TDI is currently procuring a new contract for the TexasSure program. The agency anticipates that a contract will be in place in February 2017 and has noted that it may request a funding adjustment for the new contract. The agency did not request an increase in this program over the 2016-17 base and recommendations include \$10,147,505 in the 2018-19 biennium for the TexasSure program. A \$1 fee collected when applying for registration or renewal of a motor vehicle funds the program. Out of these fees collected, the Comptroller of Public Accounts (CPA) transfers from the State Highway Fund 6 to the TexasSure Fund the amount needed to cover appropriations.

5. **Contingency Appropriation: State Regulatory Response Rider.** Recommendations continue the agency's Contingency Regulatory Response Rider and include an associated increase of \$4.4 million in GR Fund 8042 in the 2018-19 biennium and 40.0 FTE positions each year. The rider can be activated for a significant change in the insurance regulatory environment, demands of federal healthcare reform implementation, a weather related disaster in Texas, a public health crisis, a fire that has been declared as a disaster situation, and non-weather related disasters. (See Rider Highlights #16)
6. **Four Percent Reduction.** Pursuant to HB 6 (84R), GR-D Fund 36 was not subject to the CPA certification of the GAA. GR Fund 8042 was similarly affected as 8042 funds are expended out of GR-D Fund 36. As a result, the agency was not required to submit a four percent reduction in its base request besides the remaining GR/GR-D funding at the agency, which consists of GR for Texas.gov and Earned Federal Funds (EFF), and GR-D Subsequent Injury Fund (GR-D SIF).

Recommendations retain the full four percent reduction of \$18,474 in GR and \$617,325 in GR-D SIF for the 2018-19 biennium for the following items identified in the agency's four percent reduction.

- **Texas.gov.** Recommendations retain \$522 in GR for the 2018-19 biennium for specialty agent license fees collected under Art. IX, Sec. 9.05, Texas.gov Project: Occupational Licenses. This provision appropriates license fees for the payment of the Texas.gov contractor subscription fees.
- **Earned Federal Funds.** Recommendations retain \$17,952 in GR for the 2018-19 biennium for EFF collected under Art. IX, Sec. 13.11, Definition, Appropriation, Reporting and Audit of Earned Federal Funds. This provision appropriates any collections received as reimbursements related to a federally funded grant.
- **Subsequent Injury Fund.** Recommendations retain \$617,325 in GR-D SIF for the payment of liabilities pursuant to the Texas Labor Code, Chapter 403. Rider 13, Subsequent Injury Fund, in the agency's bill pattern, provides the agency an additional appropriation from GR-D SIF if actual liabilities exceed the appropriation amount and the CPA finds sufficient balances in GR-D SIF. GR-D SIF collects death benefit payments from insurance carriers when there is no eligible beneficiary, and these funds are used for several purposes, including the overpayment of claims and lifetime income benefits. The estimated ending fund balance for fiscal year 2017 is approximately \$81 million based on the CPA Biennial Revenue Estimate.



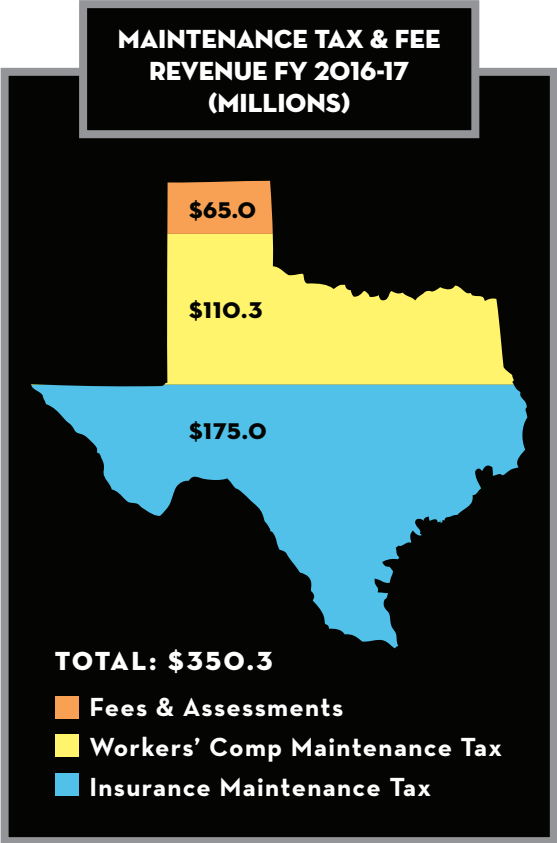
LEGISLATIVE BUDGET BOARD Insurance Tax Revenue & Spending for the 2016-17 Biennium

REVENUE

MAINTENANCE TAXES & FEES

Texas collects insurance taxes and related fees and assessments to regulate the insurance industry and to decrease insurance claims. Maintenance taxes and fees are estimated to generate **\$350.3 million** in the 2016-17 biennium. Insurance companies pay maintenance taxes based on the total amount of gross premiums received. The Commissioner of Insurance for the Texas Department of Insurance (TDI) sets the maintenance tax rates each year.¹ Funding is self-leveling, collecting only the revenue needed for appropriations and other indirect costs. In addition, TDI is statutorily authorized to collect user fees, such as insurance company filing fees and agent licensing fees.

Maintenance taxes and fees are deposited into GR and then reallocated to General Revenue-Dedicated TDI Operating Fund Account No. 0036 (GR-D Fund 36). The Legislature appropriates funds from maintenance taxes and fees to TDI and other supporting agencies performing insurance-related activities.



OTHER TAXES & ASSESSMENTS

In addition to maintenance tax and fees, insurance companies also pay premium taxes and assessments for the Office of Public Insurance Counsel (OPIC). Insurance companies pay premium taxes based on the total amount of gross premiums received. Each line of insurance has an annual tax rate.² Premium taxes are deposited into the General Revenue Fund (GR) and are available for general appropriation purposes. Estimated premium tax collections in the 2016-17 biennium are **\$3,997.9 million**.

OPIC is funded by an annual assessment of 5.7 cents for each policy an insurer has in force at the end of the year. Assessments are estimated to be \$4.8 million in 2016-17. OPIC is directly appropriated \$1.7 million of the assessment and the remainder is deposited to GR.

SPENDING

Direct appropriations from maintenance tax & fee revenue total **\$286.5 million**. Appropriations include both GR-D Fund 36 and General Revenue-Insurance Companies Maintenance Tax and Insurance Department Fees (GR-Insurance Maintenance Tax). GR-Insurance Maintenance Tax is included in the General Appropriations Act to differentiate workers' compensation maintenance tax and fees from the other eight lines of insurance. While agencies are appropriated funds from GR-Insurance Maintenance Tax, all funds are expended from GR-D Fund 36.

In addition to direct appropriations, GR-D Fund 36 covers proportional shares of other indirect costs including benefits.

STATUTORY REQUIREMENTS

Water Development Board (TWDB) and Comptroller of Public Accounts (CPA) are allocated funds based on statutory requirements from the Texas Insurance Code.

\$6.1 million: TWDB

The CPA is required to allocate the first \$3.05 million of maintenance taxes each year to the floodplain management account administered by TWDB.³ These funds are used for floodplain planning and management.

\$2.1 million: CPA

TDI is required to reimburse the CPA for the administration of the insurance tax collection function.⁴ The CPA will certify the estimated expenses to perform these duties and TDI will transfer this amount to GR annually.

APPROPRIATIONS (TOTAL \$286.5 MILLION)

\$196.4 MILLION
Texas Department of Insurance (TDI)
TDI regulates the insurance industry and promotes a stable and competitive insurance market

\$49.4 MILLION
Texas A&M Forest Service (TFS)
TFS implements a wildfire protection plan and provides group insurance contributions for TFS employees

\$17.3 MILLION
Office of Injured Employee Counsel (OIEC)
OIEC advocates on behalf of injured workers

\$13.1 MILLION
Department of State Health Services (DSHS)
DSHS provides immunization services and implements regulatory programs for environmental health

\$6.7 MILLION
Office of the Attorney General (OAG)
OAG provides insurance-related legal services

\$2.1 MILLION
Texas Facilities Commission (TFC)
TFC pays for TDI utilities

\$1.5 MILLION
Texas Department of Transportation (TxDOT)
TxDOT conducts ongoing maintenance of the Crash Records Information System

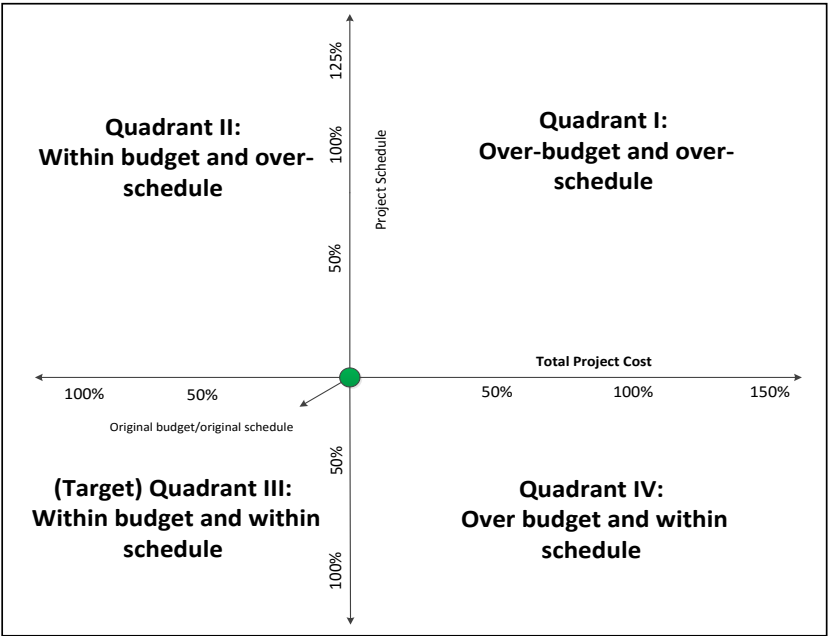
Department of Insurance
Quality Assurance Team Highlights - House

Section 3b

Summary of Total Costs (in millions) and Time Frames reported to the Quality Assurance Team

	Original Projected Costs	Current Projected Costs	Difference in Costs	Expenditures to Date	Original Timeline in Months	Current Timeline in Months	Difference in Time	% Complete	
Project Name									
1) Document Management System	\$4.0	\$4.0	\$0.0	\$0.1	32	32	0	4%	●
Project Totals (1)									
	\$4.0	\$4.0	\$0.0	\$0.1					

Major Information Resources Projects



- Legend**
- Project which is within budget and within schedule
 - Project which exceeds budget OR schedule
 - Project which is over budget and behind schedule

Notes:

a) These figures reflect all project costs (Capital and Informational) and timelines from self-reported monitoring reports that are sent to the Quality Assurance Team (QAT) for review. QAT includes representatives from the Legislative Budget Board, the State Auditor's Office, and the Department of Information Resources.

**Department of Insurance
Quality Assurance Team Highlights - House**

Section 3b

Significant Project Highlights

1) Document Management System

The agency used \$2.5 million in capital budget funding and authority under the Obsolescence Hardware and Software Replacement capital budget item for project development and began in fiscal year 2016 for a duration of 32 months. Approximately \$1.5 million in the agency's 2016-17 base was allocated for personnel costs. Recommendations for the 2018-19 biennium include approximately \$0.5 million in the Support for Document Management System capital budget item, which will be used for maintenance costs related to hardware and software after project implementation.

TDI has planned to procure a commercial-off-the-shelf (COTS) document management system with integrated modules, such as workflow, collaboration, and automatic document retention. The agency identified the enterprise solution for a document management system with the following benefits:

- Enhance the integrity of the information the agency is required to maintain through automated records management.
- Provide governance in managing agency documents, including naming conventions, indexing standards, and other associated processes.
- Improve data integrity.
- Improve access to documentation.
- Increase security of confidential information by providing security at the document level.
- Reduce the risk to TDI insurance operations as it remains at high risk of complying with records retention and open records legislation, as well as day-to-day response to public queries with the current VisiFlow system.

The software manufacturer identified TDI's current installed release of VisiFlow as a non-supported release; the product has reached end of life and the manufacturer will not provide software enhancements. The application and its associated images reside on a Windows 2003 server in the State Data Center; the server has been unsupported since July 2015.

In August 2016, TDI completed the bid review, contract negotiations, and entered into a contract with Vertafore as originally estimated in the project framework.

QAT Budget Highlights (in millions)

Project Name	2016-17 Base	2018-19 Requested	2018-19 Recommended
Document Mgmt System	\$2.5	\$0.5	\$0.5
Total	\$2.5	\$0.5	\$0.5

Notes:

a) Requested amount for 2018-19 includes only baseline funding requested by the agency. Recommended amount for 2018-19 include this baseline funding. Funding for 2018-19 includes maintenance costs related to hardware and software after project implementation.

**Department of Insurance
Rider Highlights - House**

Modification of Existing Riders

2. **Capital Budget.** Recommendations include a decrease of capital budget authority and funding totaling \$1,246,497 in GR Fund 8042 and GR-D Fund 36 to maintain current obligations for Data Center Services as identified by the Department of Information Resources. Recommendations also include a decrease of \$280,224 in GR Fund 8042 to the agency's capital budget authority and funding for the one-time expenses for Gartner IT security. (See Items Not Included in Recommendations #2)

The agency was appropriated \$2.5 million in the 2016-17 biennium for Obsolescence Hardware and Software Replacement capital budget, which was used for the document management system (See Section 3b). Recommendations for the 2018-19 biennium continue the \$2.5 million in capital budget authority and funding including 1) \$1.0 million for hardware and software replacement, 2) \$0.9 million for PC replacements with outdated operating systems, and 3) \$0.5 million for the maintenance of the document management system.

3. **Appropriation Source, Rehabilitation of Insurance Companies.** Rider 3 requires fees to be collected in amounts sufficient to cover, yet not exceed, the costs of rehabilitating insurance companies. The rider states any fees collected in excess of \$0 each year of the biennium are appropriated for this purpose. Recommendations assume no fees will be collected in the 2018-19 biennium and revise the rider allocation amount from \$125,000 to \$0 in Appropriated Receipts.
16. **Contingency Appropriation: State Regulatory Response.** Continue the rider providing the agency with a contingent appropriation of \$2.2 million in GR Fund 8042 and 40.0 FTE positions each fiscal year to be activated for a significant change in the insurance regulatory environment, demands of federal healthcare reform implementation, a weather related disaster in Texas, a public health crisis, a fire that has been declared as a disaster situation, and non-weather related disasters. Rider was not activated in the 2016-17 biennium. (See Selected Fiscal and Policy Issue #5)
17. **Medical Fee Disputes.** Revise rider allocation amount from \$2.1 million to \$1.5 million to reflect current projections for the cost of medical dispute appeals and medical quality review cases, including appeals and cases handled at the State Office of Administrative Hearings. (See Selected Fiscal and Policy Issue #3)
18. **Administrative Attachment Budget.** Revised to delete quarterly reporting requirement to the Legislative Budget Board (LBB) on actual expenditures, but continues the requirement that OIEC may not exceed projected expenditures by more than ten percent without prior written approval from the LBB. In December 2015, OIEC entered into a memorandum of understanding with TDI on the roles and responsibilities for administrative assistance and services. The amount allocated in the rider for OIEC administrative attachment costs increased from \$725,000 to \$875,000 each year in the 2018-19 biennium due to increasing rent costs. (See Selected Fiscal and Policy Issue #3)

Deleted Riders

7. **Limit on Estimated Appropriations.** Delete rider as it is duplicative of the appropriation limits contained in the agency's budget and the Rider 6, Appropriations Limited to Revenue Collections (ALRC) limitations. The rider defines the appropriation authority amounts that GR Fund 8042 and GR-D Fund 36 may not exceed, however, this limit is contained in the agency's Method of Finance and ALRC provisions.

16. **Self-Leveling Agency Fee Change Notification Requirements.** Delete rider as it is duplicative of the agency's self-leveling nature required in statute to adjust taxes and fees to generate revenue equivalent to its appropriations. The rider requires TDI to submit to the Comptroller fee revenue projections, such as an agent license fee, to cover an increase or decrease in appropriations. However, the agency sets the maintenance tax rates annually according to statute, collecting only the revenue needed for appropriations, and fees are collected but not used as the mechanism to self-level funding.
21. **Contingency for the Texas Department of Insurance TexasSure Fund.** Delete contingent rider as House Bill 6 (84R) passed, which created the TexasSure Fund.

Department of Insurance
Items Not Included in Recommendations - House

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items - In Agency Priority Order

1)	Funding for administrative support and the Regulatory Policy program. (See Selected Fiscal and Policy Issue #2)	\$1,412,166	\$1,412,166	15.3	No	No	\$1,412,166
2)	Capital budget authority and funding for cyber security software licenses based on the Gartner IT security assessment. (See Rider Highlights #2)	\$280,224	\$280,224	0.0	Yes	Yes	\$280,224

TOTAL Items Not Included in Recommendations		\$1,692,390	\$1,692,390	15.3			\$1,692,390
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**Department of Insurance
Appendices - House**

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* Appendix is not included - no significant information to report

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
<i>Unless otherwise specified, appropriation references below to General Revenue (GR) are related to General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees and General Revenue-Dedicated (GR-D) references are related to General Revenue-Dedicated Texas Department of Insurance Operating Fund Account No. 36.</i>					
CONSUMER EDUCATION AND OUTREACH A.1.1	\$21,483,957	\$19,786,517	(\$1,697,440)	(7.9%)	All Funds net decrease due to the following: -Decrease of \$2,348,740 in Federal Funds for the Affordable Care Act Health Insurance Premium Review Grant extended in the 2016-17 biennium not anticipated to continue in the 2018-19 biennium; -Decrease of \$42,103 in Appropriated Receipts collections for publication sales that are not anticipated in the 2018-19 biennium; and -Increase of \$693,403 in GR and GR-D to fill nine current vacancies from a department reorganization and reallocation of resources.
RESOLVE COMPLAINTS A.2.1	\$5,366,739	\$5,378,810	\$12,071	0.2%	
INVESTIGATION AND ENFORCEMENT A.2.2	\$6,048,555	\$5,994,822	(\$53,733)	(0.9%)	Reallocation in GR and GR-D for expert witness fees and retirement payments not anticipated in the 2018-19 biennium.
INSURANCE FRAUD A.2.3	\$6,887,103	\$6,785,276	(\$101,827)	(1.5%)	All Funds decrease due to the following: -Decrease of \$62,174 in Appropriated Receipts for a Fraud Unit conference in 2016 not anticipated in the next biennium; and -Decrease of \$39,653 in GR and GR-D for a new fraud case management system and other fraud equipment not anticipated in the next biennium.
WORKERS COMPENSATION FRAUD A.2.4	\$778,401	\$872,616	\$94,215	12.1%	Reallocation in GR-D to shift FTE positions to workers' compensation fraud and fill vacant workers' compensation fraud positions.
PROCESS RATES, FORMS & LICENSES A.3.1	\$22,231,469	\$22,005,016	(\$226,453)	(1.0%)	GR and GR-D decrease due to the following: -Decrease of \$117,090 for the Regulatory Policy program; -Decrease of \$95,516 for a salary increase adjustment to align with actual amounts expended pursuant to Article IX, §18.02, Appropriation for a Salary Increase for General State Employees, 2016-17 GAA; and -Decrease of \$13,847 related to operating expenses not anticipated in the 2018-19 biennium.
TEXAS.GOV A.3.2	\$760,000	\$760,000	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.3	\$1,243,649	\$1,238,902	(\$4,747)	(0.4%)	

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
THREE-SHARE PROGRAMS A.4.1	\$4,161,187	\$124,702	(\$4,036,485)	(97.0%)	All Funds net decrease due to the following: -Decrease of \$772,762 in GR and GR-D for the Three-Share Premium Assistance Program; -Decrease of \$3,283,980 in Appropriated Receipts for grants anticipated to be awarded in the 2016-17 biennium not included in the 2018-19 funding level; and -Increase of \$20,257 in GR and GR-D to fill vacant positions in the three-share program.
HEALTHY TEXAS A.4.2	\$0	\$0	\$0	0.0%	
LOSS CONTROL PROGRAMS A.5.1	\$6,131,607	\$6,207,794	\$76,187	1.2%	Reallocation in GR and GR-D to fill vacant positions in the loss control programs.
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$75,092,667	\$69,154,455	(\$5,938,212)	(7.9%)	
INSURERS FINANCIAL CONDITION B.1.1	\$16,030,373	\$15,888,648	(\$141,725)	(0.9%)	Reallocation in GR and GR-D for retirement payments not anticipated in the 2018-19 biennium.
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$16,030,373	\$15,888,648	(\$141,725)	(0.9%)	
FIRE MARSHAL C.1.1	\$10,519,721	\$10,274,090	(\$245,631)	(2.3%)	-The agency was appropriated \$80,000 in GR for the purchase of two vehicles in the 2016-17 biennium. Recommendations include this amount for this purchase in the 2018-19 biennium.
					All Funds decrease due to the following: -Decrease of \$13,193 in Appropriated Receipts for a State Fire Marshal's Office conference in 2016 not anticipated in the next biennium; and -Decrease of \$232,438 in GR and GR-D for equipment purchases and expenses to achieve accreditation of the forensic arson lab not anticipated in the next biennium.
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$10,519,721	\$10,274,090	(\$245,631)	(2.3%)	
OVERSIGHT AND ENFORCEMENT D.1.1	\$14,599,035	\$14,747,374	\$148,339	1.0%	All Funds increase due to the following: -Increase of \$23,150 in Appropriated Receipts for a projected baseline collections adjustment in the next biennium; and -Increase of \$125,189 in GR-D to fill vacant positions and fund rent increases projected in the 2018-19 biennium.

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
DISPUTE RESOLUTION D.1.2	\$28,798,651	\$27,920,352	(\$878,299)	(3.0%)	All Funds decrease due to the following: - Decrease of \$565,661 in Appropriated Receipts for designated doctor conferences and activities not anticipated in the next biennium; - Decrease of \$248,960 in GR-D to fill vacant positions in other strategies; and - Decrease of \$63,678 in GR-D for a salary increase adjustment to align with actual amounts expended pursuant to Article IX, §18.02, Appropriation for a Salary Increase for General State Employees, 2016-17 GAA.
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$15,687,422	\$15,816,734	\$129,312	0.8%	Increase of \$129,312 in GR-D for two positions needed to process and manage payments from the Subsequent Injury Fund.
HEALTH AND SAFETY SERVICES D.2.1	\$7,959,076	\$7,973,758	\$14,682	0.2%	All Funds net increase due to the following: - Decrease of \$48,930 in Appropriated Receipts for workplace safety conferences not anticipated in the next biennium; and - Increase of \$63,612 in GR-D to fill vacant positions for workplace safety outreach.
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$9,458,098	\$9,106,942	(\$351,156)	(3.7%)	All Funds net decrease due to the following: - Increase of \$28,951 in Appropriated Receipts for a projected decrease in collections in the next biennium; and - Decrease of \$380,107 in GR-D for a project to scan paper records and create electronic files completed in the 2016-17 biennium.
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$76,502,282	\$75,565,160	(\$937,122)	(1.2%)	
CENTRAL ADMINISTRATION E.1.1	\$20,266,844	\$19,101,364	(\$1,165,480)	(5.8%)	All Funds net decrease due to the following: - Increase of \$136,596 in GR and GR-D to fill vacant positions for administration personnel; - Decrease of \$1,295,076 in GR and GR-D for administrative support; and - Decrease of \$7,000 in Interagency Contracts for administrative support provided to Board of Chiropractic Examiners not anticipated in the 2018-19 biennium.
INFORMATION RESOURCES E.1.2	\$26,611,226	\$25,036,220	(\$1,575,006)	(5.9%)	GR and GR-D decrease due to the following: - Decrease of \$280,224 in GR for Gartner IT security one-time expenses; - Decrease of \$1,246,497 in GR and GR-D for Data Center Services to align with Department of Information Resources' cost estimates; and - Decrease of \$48,285 for IT software and equipment purchased in the 2016-17 biennium funded from other strategies not anticipated in the next biennium.

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
OTHER SUPPORT SERVICES E.1.3	\$7,539,449	\$7,350,208	(\$189,241)	(2.5%)	All Funds decrease due to the following: -Decrease of \$188,948 in GR and GR-D for facility improvements in the 2016-17 biennium funded from other strategies not anticipated in the next biennium; and -Decrease of \$293 in Appropriated Receipts for the sale of surplus property not anticipated in the next biennium.
Total, Goal E, INDIRECT ADMINISTRATION	\$54,417,519	\$51,487,792	(\$2,929,727)	(5.4%)	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$4,400,000	\$4,400,000	100.0%	Increase of \$2,200,000 each fiscal year in GR to continue the agency's State Regulatory Response rider to respond to unexpected changes in the insurance market, as well as natural and man-made disasters.
Total, Goal F, REGULATORY RESPONSE	\$0	\$4,400,000	\$4,400,000	100.0%	
Grand Total, All Strategies	\$232,562,562	\$226,770,145	(\$5,792,417)	(2.5%)	All Funds net decrease primarily due to the following: -Decrease of \$4,056,742 for the Three-Share Premium Assistance Program; -Decrease of \$2,348,740 in Federal Funds due to the elimination of the Affordable Care Act Health Insurance Premium Review Grant not anticipated in the 2018-19 biennium; -Decrease of \$1,295,076 in GR and GR-D for administrative support; -Decrease of \$1,246,497 in GR and GR-D for Data Center Services to align with Department of Information Resources' cost estimates; -Decrease of \$688,854 in Other Funds due to appropriated receipt collections not anticipated in the 2018-19 biennium; -Decrease of \$280,224 in GR for Gartner IT security one-time expenses; -Decrease of \$159,194 in GR and GR-D for a salary increase adjustment to align with actual amounts expended pursuant to Article IX, §18.02, Appropriation for a Salary Increase for General State Employees, 2016-17 GAA; -Decrease of \$117,090 in GR and GR-D for the Regulatory Policy program; and -Increase of \$4,400,000 in GR to continue the agency's State Regulatory Response rider.

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- GENERAL REVENUE FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
					<i>Unless otherwise specified, appropriation references below to General Revenue (GR) are related to General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees.</i>
CONSUMER EDUCATION AND OUTREACH A.1.1	\$6,736,999	\$7,257,326	\$520,327	7.7%	Reallocation from multiple strategies to fill nine current vacancies from a department reorganization and reallocation of resources.
RESOLVE COMPLAINTS A.2.1	\$3,969,622	\$3,981,412	\$11,790	0.3%	
INVESTIGATION AND ENFORCEMENT A.2.2	\$4,473,895	\$4,437,386	(\$36,509)	(0.8%)	Reallocation for expert witness fees and retirement payments not anticipated in the 2018-19 biennium.
INSURANCE FRAUD A.2.3	\$5,048,160	\$5,022,482	(\$25,678)	(0.5%)	Reallocation for a new fraud case management system and other fraud equipment not anticipated in the next biennium.
WORKERS COMPENSATION FRAUD A.2.4	\$0	\$0	\$0	0.0%	
PROCESS RATES, FORMS & LICENSES A.3.1	\$16,419,064	\$16,238,554	(\$180,510)	(1.1%)	GR net decrease due to the following: -Decrease of \$86,670 for the Regulatory Policy program; -Decrease of \$95,516 for a salary increase adjustment to align with actual amounts expended pursuant to Article IX, §18.02, Appropriation for a Salary Increase for General State Employees, 2016-17 GAA; and -Increase of \$1,676 to align operating expenses in the 2018-19 biennium.
TEXAS.GOV A.3.2	\$13,040	\$13,040	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.3	\$0	\$0	\$0	0.0%	
THREE-SHARE PROGRAMS A.4.1	\$648,834	\$92,306	(\$556,528)	(85.8%)	GR net decrease due to the following: -Decrease of \$572,000 for the Three-Share Premium Assistance Program; and -Increase of \$15,472 to fill vacant positions in the three-share program.
HEALTHY TEXAS A.4.2	\$0	\$0	\$0	0.0%	
LOSS CONTROL PROGRAMS A.5.1	\$4,535,375	\$4,595,028	\$59,653	1.3%	Reallocation to fill vacant positions in the loss control programs.
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$41,844,989	\$41,637,534	(\$207,455)	(0.5%)	
INSURERS FINANCIAL CONDITION B.1.1	\$11,857,080	\$11,760,828	(\$96,252)	(0.8%)	Reallocation for retirement payments not anticipated in the 2018-19 biennium.
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$11,857,080	\$11,760,828	(\$96,252)	(0.8%)	

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- GENERAL REVENUE FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
FIRE MARSHAL C.1.1	\$7,769,957	\$7,604,914	(\$165,043)	(2.1%)	-The agency was appropriated \$80,000 in GR for the purchase of two vehicles in the 2016-17 biennium. Recommendations include this amount for this purchase in the 2018-19 biennium. -Reallocation for equipment purchases and expenses to achieve accreditation of the forensic arson lab not anticipated in the next biennium.
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$7,769,957	\$7,604,914	(\$165,043)	(2.1%)	
OVERSIGHT AND ENFORCEMENT D.1.1	\$0	\$0	\$0	0.0%	
DISPUTE RESOLUTION D.1.2	\$0	\$0	\$0	0.0%	
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$0	\$0	\$0	0.0%	
HEALTH AND SAFETY SERVICES D.2.1	\$0	\$0	\$0	0.0%	
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$0	\$0	\$0	0.0%	
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION E.1.1	\$8,005,969	\$7,022,783	(\$983,186)	(12.3%)	GR decrease due to the following: -Decrease of \$958,620 for administrative support; and -Decrease of \$24,566 for operating expenses not anticipated in the 2018-19 biennium.
INFORMATION RESOURCES E.1.2	\$10,271,141	\$9,410,704	(\$860,437)	(8.4%)	GR decrease due to the following: -Decrease of \$280,224 for Gartner IT security one-time expenses; -Decrease of \$501,562 for Data Center Services to align with Department of Information Resources' cost estimates; and -Reallocation of \$78,651 for IT software and equipment purchased in the 2016-17 biennium funded from other strategies not anticipated in the next biennium.
OTHER SUPPORT SERVICES E.1.3	\$3,126,903	\$2,944,684	(\$182,219)	(5.8%)	Reallocation for facility improvements in the 2016-17 biennium funded from other strategies not anticipated in the next biennium.
Total, Goal E, INDIRECT ADMINISTRATION	\$21,404,013	\$19,378,171	(\$2,025,842)	(9.5%)	

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- GENERAL REVENUE FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$4,400,000	\$4,400,000	100.0%	Increase of \$2,200,000 each fiscal year in GR to continue the agency's State Regulatory Response rider to respond to unexpected changes in the insurance market, as well as natural and man-made disasters.
Total, Goal F, REGULATORY RESPONSE	\$0	\$4,400,000	\$4,400,000	100.0%	
Grand Total, All Strategies	\$82,876,039	\$84,781,447	\$1,905,408	2.3%	GR net increase primarily due to the following: -Decrease of \$958,620 for administrative support; -Decrease of \$572,000 for the Three-Share Premium Assistance Program; -Decrease of \$501,562 for Data Center Services to align with Department of Information Resources' cost estimates; -Decrease of \$280,224 for Gartner IT security one-time expenses; -Decrease of \$95,516 for a salary increase adjustment to align with actual amounts expended pursuant to Article IX, §18.02, Appropriation for a Salary Increase for General State Employees, 2016-17 GAA; -Decrease of \$86,670 for the Regulatory Policy program; and -Increase of \$4,400,000 to continue the agency's State Regulatory Response rider.

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- GR DEDICATED

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
					<i>Unless otherwise specified, appropriation references below to General Revenue-Dedicated (GR-D) references are related to General Revenue-Dedicated Texas Department of Insurance Operating Fund Account No. 36.</i>
CONSUMER EDUCATION AND OUTREACH A.1.1	\$1,992,550	\$2,165,626	\$173,076	8.7%	Reallocation from multiple strategies to fill nine current vacancies from a department reorganization and reallocation of resources.
RESOLVE COMPLAINTS A.2.1	\$1,397,117	\$1,397,398	\$281	0.0%	
INVESTIGATION AND ENFORCEMENT A.2.2	\$1,574,660	\$1,557,436	(\$17,224)	(1.1%)	
INSURANCE FRAUD A.2.3	\$1,776,769	\$1,762,794	(\$13,975)	(0.8%)	
WORKERS COMPENSATION FRAUD A.2.4	\$778,401	\$872,616	\$94,215	12.1%	Reallocation to shift FTE positions to workers' compensation fraud and fill vacant workers' compensation fraud positions.
PROCESS RATES, FORMS & LICENSES A.3.1	\$5,812,405	\$5,766,462	(\$45,943)	(0.8%)	GR-D decrease due to the following: -Decrease of \$30,420 for the Regulatory Policy program; and -Decrease of \$15,523 related to operating expenses not anticipated in the 2018-19 biennium.
TEXAS.GOV A.3.2	\$746,960	\$746,960	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.3	\$1,243,649	\$1,238,902	(\$4,747)	(0.4%)	
THREE-SHARE PROGRAMS A.4.1	\$228,373	\$32,396	(\$195,977)	(85.8%)	GR-D net decrease due to the following: -Decrease of \$200,762 for the Three-Share Premium Assistance Program; and -Increase of \$4,785 to fill vacant positions in the three-share program.
HEALTHY TEXAS A.4.2	\$0	\$0	\$0	0.0%	
LOSS CONTROL PROGRAMS A.5.1	\$1,596,232	\$1,612,766	\$16,534	1.0%	
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$17,147,116	\$17,153,356	\$6,240	0.0%	
INSURERS FINANCIAL CONDITION B.1.1	\$4,173,293	\$4,127,820	(\$45,473)	(1.1%)	Reallocation for retirement payments not anticipated in the 2018-19 biennium.
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$4,173,293	\$4,127,820	(\$45,473)	(1.1%)	
FIRE MARSHAL C.1.1	\$2,734,970	\$2,669,176	(\$65,794)	(2.4%)	Reallocation for equipment purchases and expenses to achieve accreditation of the forensic arson lab not anticipated in the next biennium.
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$2,734,970	\$2,669,176	(\$65,794)	(2.4%)	
OVERSIGHT AND ENFORCEMENT D.1.1	\$14,514,185	\$14,639,374	\$125,189	0.9%	Reallocation to fill vacant positions and fund rent increases projected in the 2018-19 biennium.

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- GR DEDICATED

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
DISPUTE RESOLUTION D.1.2	\$28,138,990	\$27,826,352	(\$312,638)	(1.1%)	Reallocation to fill vacant positions in other strategies.
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$15,687,422	\$15,816,734	\$129,312	0.8%	Reallocation for two positions needed to process and manage payments from the Subsequent Injury Fund.
HEALTH AND SAFETY SERVICES D.2.1	\$3,529,628	\$3,593,240	\$63,612	1.8%	
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$9,219,049	\$8,838,942	(\$380,107)	(4.1%)	Reallocation for a project to scan paper records and create electronic files completed in the 2016-17 biennium.
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$71,089,274	\$70,714,642	(\$374,632)	(0.5%)	
CENTRAL ADMINISTRATION E.1.1	\$12,253,875	\$12,078,581	(\$175,294)	(1.4%)	GR-D net decrease due to the following: -Decrease of \$336,456 for administrative support; and -Increase of \$161,162 to fill vacant positions for administration personnel.
INFORMATION RESOURCES E.1.2	\$16,340,085	\$15,625,516	(\$714,569)	(4.4%)	GR-D net decrease due to the following: -Decrease of \$744,935 for Data Center Services to align with Department of Information Resources' cost estimates; and -Increase of \$30,366 for a reallocation from other strategies.
OTHER SUPPORT SERVICES E.1.3	\$4,412,253	\$4,405,524	(\$6,729)	(0.2%)	
Total, Goal E, INDIRECT ADMINISTRATION	\$33,006,213	\$32,109,621	(\$896,592)	(2.7%)	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$0	\$0	0.0%	
Total, Goal F, REGULATORY RESPONSE	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$128,150,866	\$126,774,615	(\$1,376,251)	(1.1%)	GR-D decrease due to the following: -Decrease of \$744,935 for Data Center Services to align with Department of Information Resources' cost estimates; -Decrease of \$336,456 for administrative support; -Decrease of \$200,762 for the Three-Share Premium Assistance Program; -Decrease of \$63,678 for a salary increase adjustment to align with actual amounts expended pursuant to Article IX, §18.02, Appropriation for a Salary Increase for General State Employees, 2016-17 GAA; and -Decrease of \$30,420 for the Regulatory Policy program.

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- FEDERAL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
CONSUMER EDUCATION AND OUTREACH A.1.1	\$2,348,740	\$0	(\$2,348,740)	(100.0%)	Decrease in Federal Funds for the Affordable Care Act Health Insurance Premium Review Grant extended in the 2016-17 biennium not anticipated to continue in the 2018-19 biennium.
RESOLVE COMPLAINTS A.2.1	\$0	\$0	\$0	0.0%	
INVESTIGATION AND ENFORCEMENT A.2.2	\$0	\$0	\$0	0.0%	
INSURANCE FRAUD A.2.3	\$0	\$0	\$0	0.0%	
WORKERS COMPENSATION FRAUD A.2.4	\$0	\$0	\$0	0.0%	
PROCESS RATES, FORMS & LICENSES A.3.1	\$0	\$0	\$0	0.0%	
TEXAS.GOV A.3.2	\$0	\$0	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.3	\$0	\$0	\$0	0.0%	
THREE-SHARE PROGRAMS A.4.1	\$0	\$0	\$0	0.0%	
HEALTHY TEXAS A.4.2	\$0	\$0	\$0	0.0%	
LOSS CONTROL PROGRAMS A.5.1	\$0	\$0	\$0	0.0%	
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$2,348,740	\$0	(\$2,348,740)	(100.0%)	
INSURERS FINANCIAL CONDITION B.1.1	\$0	\$0	\$0	0.0%	
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$0	\$0	\$0	0.0%	
FIRE MARSHAL C.1.1	\$0	\$0	\$0	0.0%	
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$0	\$0	\$0	0.0%	
OVERSIGHT AND ENFORCEMENT D.1.1	\$0	\$0	\$0	0.0%	
DISPUTE RESOLUTION D.1.2	\$0	\$0	\$0	0.0%	
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$0	\$0	\$0	0.0%	
HEALTH AND SAFETY SERVICES D.2.1	\$4,380,518	\$4,380,518	\$0	0.0%	Continuation of the Occupational Safety and Health Administration grant for workplace safety and the Bureau of Labor Statistics grant to gather data on workplace injuries and fatalities in the state.

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- FEDERAL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$0	\$0	\$0	0.0%	
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$4,380,518	\$4,380,518	\$0	0.0%	
CENTRAL ADMINISTRATION E.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES E.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES E.1.3	\$0	\$0	\$0	0.0%	
Total, Goal E, INDIRECT ADMINISTRATION	\$0	\$0	\$0	0.0%	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$0	\$0	0.0%	
Total, Goal F, REGULATORY RESPONSE	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$6,729,258	\$4,380,518	(\$2,348,740)	(34.9%)	

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- OTHER FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
CONSUMER EDUCATION AND OUTREACH A.1.1	\$10,405,668	\$10,363,565	(\$42,103)	(0.4%)	Decrease in Appropriated Receipts collections for publication sales not anticipated in the 2018-19 biennium.
RESOLVE COMPLAINTS A.2.1	\$0	\$0	\$0	0.0%	
INVESTIGATION AND ENFORCEMENT A.2.2	\$0	\$0	\$0	0.0%	
INSURANCE FRAUD A.2.3	\$62,174	\$0	(\$62,174)	(100.0%)	Decrease in Appropriated Receipts for a Fraud Unit conference in 2016 not anticipated in the next biennium.
WORKERS COMPENSATION FRAUD A.2.4	\$0	\$0	\$0	0.0%	
PROCESS RATES, FORMS & LICENSES A.3.1	\$0	\$0	\$0	0.0%	
TEXAS.GOV A.3.2	\$0	\$0	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.3	\$0	\$0	\$0	0.0%	
THREE-SHARE PROGRAMS A.4.1	\$3,283,980	\$0	(\$3,283,980)	(100.0%)	Decrease in Appropriated Receipts for grants anticipated to be awarded in the 2016-17 biennium not included in the 2018-19 funding level.
HEALTHY TEXAS A.4.2	\$0	\$0	\$0	0.0%	
LOSS CONTROL PROGRAMS A.5.1	\$0	\$0	\$0	0.0%	
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$13,751,822	\$10,363,565	(\$3,388,257)	(24.6%)	
INSURERS FINANCIAL CONDITION B.1.1	\$0	\$0	\$0	0.0%	
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$0	\$0	\$0	0.0%	
FIRE MARSHAL C.1.1	\$14,794	\$0	(\$14,794)	(100.0%)	
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$14,794	\$0	(\$14,794)	(100.0%)	
OVERSIGHT AND ENFORCEMENT D.1.1	\$84,850	\$108,000	\$23,150	27.3%	
DISPUTE RESOLUTION D.1.2	\$659,661	\$94,000	(\$565,661)	(85.8%)	Decrease in Appropriated Receipts for designated doctor conferences and activities not anticipated in the next biennium.
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$0	\$0	\$0	0.0%	

Department of Insurance
Funding Changes and Recommendations - House, by Strategy -- OTHER FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
HEALTH AND SAFETY SERVICES D.2.1	\$48,930	\$0	(\$48,930)	(100.0%)	Decrease in Appropriated Receipts for workplace safety conferences not anticipated in the next biennium.
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$239,049	\$268,000	\$28,951	12.1%	
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$1,032,490	\$470,000	(\$562,490)	(54.5%)	
CENTRAL ADMINISTRATION E.1.1	\$7,000	\$0	(\$7,000)	(100.0%)	Decrease of \$7,000 in Interagency Contracts for administrative support provided to Board of Chiropractic Examiners not anticipated in the 2018-19 biennium.
INFORMATION RESOURCES E.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES E.1.3	\$293	\$0	(\$293)	(100.0%)	
Total, Goal E, INDIRECT ADMINISTRATION	\$7,293	\$0	(\$7,293)	(100.0%)	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$0	\$0	0.0%	
Total, Goal F, REGULATORY RESPONSE	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$14,806,399	\$10,833,565	(\$3,972,834)	(26.8%)	

Department of Insurance
Summary of Ten Percent Biennial Base Reduction Options - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
1)	Texas.Gov Fee Collections	TDI would collect revenues and pay fees as required, and rider appropriation authority for Texas.Gov in Article IX, Section 9.05 of the GAA may be used.	\$1,252	\$1,252	0.0	\$0	0.2%	N
2)	Earned Federal Funds (EFF)	EFF are collected for workplace safety grants. The activities supporting the federal grant funds received would be reviewed and either maintained with available funds or would no longer be funded. TDI would still collect the EFF in accordance with provisions of the grants and may request appropriation authority in Article IX, Section 13.11 of the GAA should enough funds be collected to warrant a rider appropriation for the agency.	\$43,086	\$43,086	0.0	\$0	9.6%	N
3)	Subsequent Injury Fund (SIF)	Payments from the SIF are statutorily required as Rider 12 allows TDI to request an increase in appropriations from SIF to pay for current liabilities that exceed appropriated amounts.	\$1,481,579	\$1,481,579	0.0	\$0	9.4%	N
4)	State Fire Marshal Office (SFMO) & Various Support Functions	Reduction of 11.1 FTEs at SFMO would affect service levels to local fire service, law enforcement agencies, and rural communities where the SFMO performs fire safety inspections, outreach, investigations, and enforcement. It would also impact the life and safety inspection cycle for state owned and leased buildings. SFMO performance measures would decrease due to the reduction in staff. It would also impact the agency's efforts in technology, rule making, open records, responding to stakeholder inquiries, procurement, HUB outreach, processing payments, and hiring.	\$1,486,252	\$1,486,252	11.1	\$1,486,252	14.5%	N
5)	Division of Workers' Compensation (DWC) Information Management Services & Various Support Functions	Reduction of 12.1 FTEs will delay the creation and processing of claim records and official actions. The reduction will delay injured employees' information requests and result in delayed treatment/actions.	\$1,077,610	\$1,077,610	12.1	\$1,077,610	1.3%	N
6)	Compliance & Various Support Functions	Reduction of 20.0 FTEs in compliance would impact enforcement efforts, including a decrease in case resolution, the ability to use outside actuarial services in rate hearings, and the assessment of administrative penalties. This reduction would also reduce staffing in the Consumer Help Line, complaints resolution, and education and outreach functions that provide direct assistance to Texas consumers.	\$2,882,490	\$2,882,490	20.0	\$2,882,490	14.4%	N

Department of Insurance
Summary of Ten Percent Biennial Base Reduction Options - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
7)	DWC Enforcement	Reduction of 2.0 FTEs will reduce the resolution of agency actions against workers' compensation carriers, health care providers, designated doctors, and other workers' compensation system participants. The market impact would be a reduced inability to monitor system participants for compliance with medical policies and fee guidelines.	\$269,816	\$269,816	2.0	\$269,816	0.3%	N
8)	Regulatory Policy & Various Support Functions	Reduction of 31.3 FTEs would impact the following functions, including 1) meeting research requirements and certain statutorily required reports, 2) reviewing policy rate/form filings and manual rules, responding to stakeholder inquiries, and resolving consumer complaints, 4) eliminating the Workers' Compensation Classification and Premium Team, and 5) eliminating positions in the Engineer Services, Amusement Ride Regulation, and Windstorm Inspection Programs.	\$3,472,348	\$3,472,348	31.3	\$3,472,348	15.7%	N
9)	DWC Claims and Customer Services & Various Support Functions	Reduction of 19.9 FTEs would have the following impacts, including 1) eliminating the conducting of benefit review conferences or contested case hearings within 75 miles from an injured employee's residence, 2) procuring alternative hearing sites in affected cities and increasing travel costs to cover staffing shortfalls in affected field offices, 3) extending customer wait times for walk-in and telephone customers, 4) eliminating on-site claims assistance and education sessions for injured employees, 5) decreasing the number of statewide injured employee education sessions, and 6) creating delays in dispute resolution and income benefits processes.	\$2,400,335	\$2,400,335	19.9	\$2,400,335	2.9%	N
10)	Financial Regulation & Various Support Functions	Reduction of 23.9 FTEs would impact the processing times for company, agent, and adjuster licensing functions. It would also impact the detection of financially troubled insurance companies. This may cause delays in implementing regulatory interventions.	\$2,835,494	\$2,835,494	23.9	\$2,835,494	15.4%	N
11)	DWC Health Care Management/System Monitoring & Various Support Functions	Reduction of 16.3 FTEs would require the elimination of expert consultation services on Medicare-related matters. It may also delay the processing of incoming fraud reports from public, law enforcement, and the insurance industry.	\$1,722,470	\$1,722,470	16.3	\$1,722,470	2.1%	N

Department of Insurance
Summary of Ten Percent Biennial Base Reduction Options - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
12)	DWC Legal Support	Reduction of 8.0 FTEs would decrease legal input for pending litigation and legal review of agency documents and programs. This reduction will increase staff time required to respond to inquiries, process applications, and perform official actions. It will also impact the accuracy verification of financial strength of certified self-insurers.	\$473,564	\$473,564	8.0	\$473,564	0.6%	N
13)	DWC Hearings & Various Support Functions	Reduction of 17.9 FTEs would delay workers' compensation indemnity and medical dispute resolution services and create a backlog of dispute resolution proceedings.	\$2,127,570	\$2,127,570	17.9	\$2,127,570	2.6%	N
TOTAL, 10% Reduction Options			\$20,273,866	\$20,273,866	162.5	\$18,747,949		

Notes:
a) Pursuant to HB 6 (84R), GR-D Fund 36 was not subject to the Comptroller of Public Accounts' certification of the GAA. GR Fund 8042 was similarly affected as 8042 funds are expended out of GR-D Fund 36. As a result, the agency was not required to submit a 10 percent reduction schedule in its base request besides the remaining GR/GR-D funding including Texas.gov, EFF, and GR-D SIF. Above is an alternative 10 percent reduction provided by TDI.