

# Fiscal Size-up

2008–09 BIENNIUM



LEGISLATIVE BUDGET BOARD

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# **LEGISLATIVE BUDGET BOARD FISCAL SIZE-UP**

**2008–09 BIENNIUM**

**SUBMITTED TO THE 80TH TEXAS LEGISLATURE  
MARCH 2008**

**PREPARED BY LEGISLATIVE BUDGET BOARD STAFF**

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## FISCAL SIZE-UP: 2008–09 BIENNIUM

*Five years ago a Legislative Budget Board looked up from the complex detail of appropriations and revenues and asked its staff for a “size up” of the total state government. The first size-up report back in 1952 led the Budget Board to instruct the staff to continue from time to time the effort to compute a total “score.”*

*That effort was given no deadline. The Board’s original instruction was to keep an eye on the problem, work on it when possible, and report back periodically.*

*This is one of those periodic reports. Unlike runs and hits in baseball, or first downs and touchdowns in football, governments have never devised an accurate and acceptable way of scoring its progress.*

*Instead of absolute standards, comparative data appear to be more indicative of how Texas State Government is doing. On a cloudy day in the western plains, a cowboy often turned in his saddle for a backward look. By knowing where he had come from, he got a clearer idea of where he was heading.*

*This report, then, is merely an effort to turn in the saddle and get a sense of direction in Texas State Government.*

*Legislative Budget Office, August 1957*

March 2008

*Fiscal Size-up* is a report produced biennially by the staff of the Legislative Budget Board. Production of this report involves thousands of staff hours. The 2008–09 edition, like previous editions, contains a wealth of information about the structure and operation of Texas state government. Through its comprehensive descriptions of state programs and services, including more than 330 figures, the 2008–09 *Fiscal Size-up* attempts to provide Texas taxpayers with a more complete understanding of how their tax dollars are being used.

The first three chapters of *Fiscal Size-up* include an overview of the 2008–09 state budget, a description of the major state revenue sources and funds, the economic outlook for Texas, and detailed information on population, income, taxes, governmental expenditures, and employment for Texas and other states. The remaining chapters of *Fiscal Size-up* provide an in-depth examination of each of the major functions of state government and discuss the significant budget issues, programs, and activities of the agencies and institutions that support each function.

Appendices A–C contain a listing of state agencies, institutions, and other budgetary units by function as well as a summary of their estimated expenditures for the 2006–07 biennium and legislative appropriations for the 2008–09 biennium. Appendices D–G list the members of the House Committee on Appropriations, the Senate Committee on Finance, the staff of the Legislative Budget Board, and abbreviations and acronyms used in the 2008–09 *Fiscal Size-up*.

Along with numerous other Legislative Budget Board publications and reports, 2008–09 *Fiscal Size-up* is available for viewing and download on the Legislative Budget Board’s website (<http://www.lbb.state.tx.us>).

I want to express my gratitude to the staff of the Legislative Budget Board and to the many state agency officials and staff who provided the information necessary to compile this report. The interpretation and presentation of this information is solely the responsibility of the staff of the Legislative Budget Board.

John O’Brien

Director

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# 1. STATE BUDGET OVERVIEW

## 2008–09 BIENNIAL BUDGET

The 2008–09 biennial budget includes appropriations for state government operations that total \$167.8 billion in All Funds. The 2008–09 biennial budget includes estimated appropriations of \$80.0 billion from General Revenue Funds, \$6.3 billion from General Revenue–Dedicated Funds, \$51.0 billion from Federal Funds, and \$30.6 billion from Other Funds.

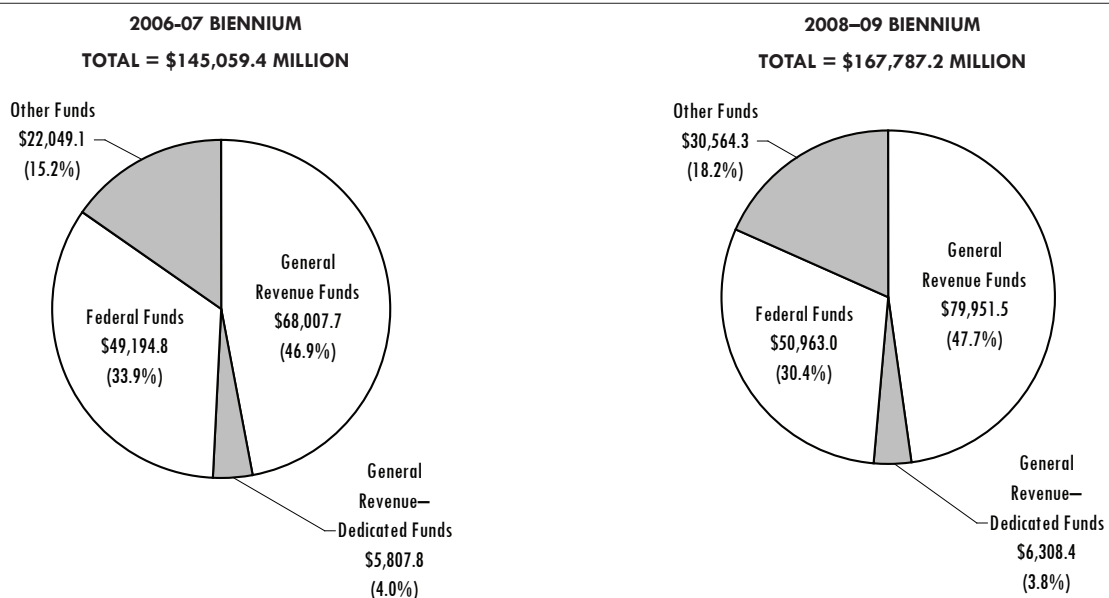
All amounts shown in the 2008–09 budget for All Funds, General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds are the amounts appropriated by the Eightieth Legislature in the 2008–09 General Appropriations Act, as adjusted for contingency appropriations, other bills making appropriations in fiscal years 2008 and 2009 and/or affecting fund type, and Governor’s vetoes. Budgeted amounts for fiscal year 2007 have been adjusted for the Supplemental Appropriations Bill, House Bill 15.

## ALL FUNDS BUDGET

The All Funds budget includes General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds. A description of each of these method-of-financing categories appears later in this chapter, prior to the discussion of the respective fund budget. Other Funds represent a larger slice of the state budget for the 2008–09 biennium than in the 2006–07 biennium, increasing by 3 percent, due largely to appropriations from the Property Tax Relief Fund (**Figure 1**).

The All Funds budget (**Figure 2** and **Figure 3**) shows an increase of \$22.7 billion, or 15.7 percent, from the 2006–07 biennium. The Natural Resources function accounts for the largest percentage increase, 38.8 percent, or \$901.5 million, primarily as a result of the transfer of nutrition programs from the Health and Human Services Commission to the Department of Agriculture, and funding increases for state park operations and infrastructure and local park grants. The Regulatory function has the second largest percentage increase, 35.4 percent, or \$199.4 million, from the 2006–07

**FIGURE 1**  
**ALL FUNDS BUDGET, BY FUND SOURCE, 2006–07 AND 2008–09 BIENNIA**



NOTE: Article totals exclude interagency contracts.  
SOURCE: Legislative Budget Board.

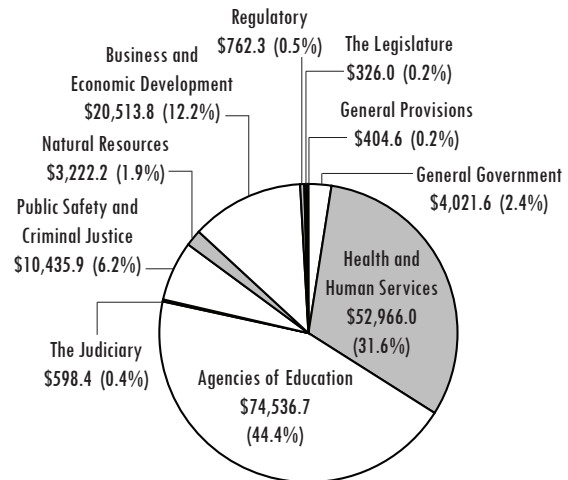
biennium, primarily because of increased funding for the Public Utility Commission's Low-Income Discount Program.

The three greatest dollar amount increases in the All Funds budget (**Figure 3**) occur in the Agencies of Education, Health and Human Services, and Business and Economic Development functions. The \$12.9 billion increase for public education is primarily due to an increase in the state's share of funding for local school districts. Appropriations for additional property tax reductions for school districts account for approximately \$12 billion of the increase for Public Education. The \$3.8 billion increase in Health and Human Services is primarily due to an increase in caseloads (number of clients) and costs, as well as rate restorations and increases in Medicaid and the Children's Health Insurance Program (CHIP). Most of the \$1.1 billion increase in funding for the Business and Economic Development function is due to increased funding for the Department of Transportation.

**Figure 3** also shows \$404.6 million in All Funds in Article IX General Provisions for 2008–09 for state employees and law enforcement personnel pay raises.

**FIGURE 2  
ALL FUNDS  
2008–09 BIENNIUM**

IN MILLIONS TOTAL = \$167,787.2 MILLION



SOURCE: Legislative Budget Board.

**FIGURE 3  
ALL FUNDS – STATEWIDE SUMMARY, 2006–07 AND 2008–09 BIENNIA**

[Click here to see property tax relief breakout.](#)

IN MILLIONS ALL FUNCTIONS	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Article I – General Government	\$3,622.1	\$4,021.6	\$399.4	11.0
Article II – Health and Human Services	49,116.9	52,966.0	3,849.0	7.8
Article III – Agencies of Education <sup>4</sup>	59,206.5	74,536.7	15,330.2	25.9
Public Education <sup>5</sup>	40,548.2	53,463.7	12,915.5	31.9
Higher Education	18,658.3	21,073.0	2,414.7	12.9
Article IV – The Judiciary	541.5	598.4	56.9	10.5
Article V – Public Safety and Criminal Justice <sup>6</sup>	9,940.9	10,435.9	494.9	5.0
Article VI – Natural Resources <sup>6</sup>	2,320.7	3,222.2	901.5	38.8
Article VII – Business and Economic Development	19,412.5	20,513.8	1,101.3	5.7
Article VIII – Regulatory	562.9	762.3	199.4	35.4
Article IX – General Provisions	0.0	404.6	404.6	NA
Article X – The Legislature	335.3	326.0	(9.3)	(2.8)
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$145,059.4</b>	<b>\$167,787.2</b>	<b>\$22,727.8</b>	<b>15.7</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>Public and Higher Education subcategories include an allocation of relevant employee benefits and debt service appropriations.

<sup>5</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

<sup>6</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTE: Article totals exclude interagency contracts.

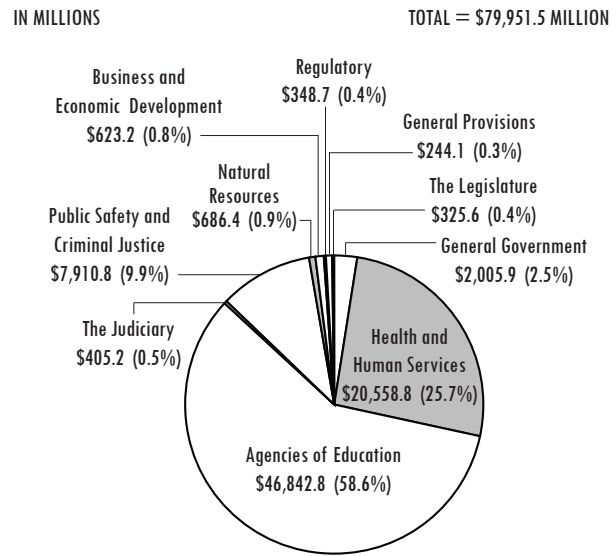
SOURCE: Legislative Budget Board.

## GENERAL REVENUE FUNDS BUDGET

The General Revenue Funds budget for the 2008–09 biennium is shown in **Figure 4** and **Figure 5**. For definition purposes, the method-of-financing category “General Revenue Funds” as used in *Fiscal Size-up* includes the nondedicated portion of the General Revenue Fund, as well as three education funds: the Available School Fund, the State Textbook Fund, and the Foundation School Fund.

The term “General Revenue Fund” appears throughout *Fiscal Size-up*. In 1991, the Legislature initiated a process of fund consolidation under which most statutory special funds were brought into the General Revenue Fund and many statutory dedications expired. As a result of the fund-consolidation process, the General Revenue Fund now consists of nondedicated and dedicated accounts. The nondedicated portion of the General Revenue Fund serves as the state’s primary operating fund. The dedicated portions are discussed in the next section; more detailed descriptions of the types of revenue deposited to the General Revenue Fund are included in Chapter 2.

**FIGURE 4  
GENERAL REVENUE FUNDS  
2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

**FIGURE 5  
GENERAL REVENUE FUNDS – STATEWIDE SUMMARY, 2006–07 AND 2008–09 BIENNIA**

[Click here to see property tax relief breakout.](#)

IN MILLIONS ALL FUNCTIONS	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Article I – General Government	\$1,872.5	\$2,005.9	\$133.4	7.1
Article II – Health and Human Services	17,218.7	20,558.8	3,340.2	19.4
Article III – Agencies of Education <sup>4</sup>	39,864.8	46,842.8	6,978.0	17.5
Public Education <sup>5</sup>	28,688.5	34,502.1	5,813.6	20.3
Higher Education	11,176.2	12,340.7	1,164.5	10.4
Article IV – The Judiciary	375.4	405.2	29.8	7.9
Article V – Public Safety and Criminal Justice <sup>6</sup>	7,277.2	7,910.8	633.5	8.7
Article VI – Natural Resources	498.7	686.4	187.7	37.6
Article VII – Business and Economic Development	276.3	623.2	346.9	125.6
Article VIII – Regulatory	289.5	348.7	59.2	20.5
Article IX – General Provisions	0.0	244.1	244.1	NA
Article X – The Legislature	334.7	325.6	(9.1)	(2.7)
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$68,007.7</b>	<b>\$79,951.5</b>	<b>\$11,943.8</b>	<b>17.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor’s vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>Public and Higher Education subcategories include an allocation of relevant employee benefits and debt service appropriations.

<sup>5</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

<sup>6</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

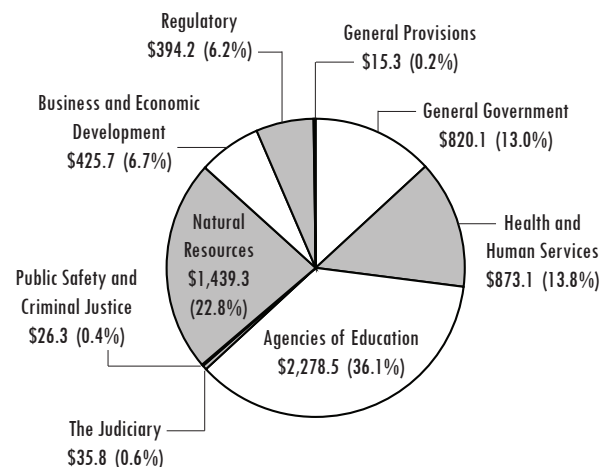
SOURCE: Legislative Budget Board.

## GENERAL REVENUE–DEDICATED FUNDS BUDGET

The General Revenue–Dedicated Funds budget for the 2008–09 biennium is shown in **Figure 6** and **Figure 7**. The term “General Revenue–Dedicated Funds” appears throughout *Fiscal Size-up* and describes a method of financing that includes accounts within the General Revenue Fund dedicated as a result of the fund-consolidation process or subsequent legislation affecting revenue dedication within the General Revenue Fund, such as House Bill 3050, Seventy-fourth Legislature, 1995; House Bill 2948, Seventy-fifth Legislature, 1997; House Bill 3084, Seventy-sixth Legislature, 1999; House Bill 3088, Seventy-seventh Legislature, 2001; House Bill 3318, Seventy-eighth Legislature, Regular Session, 2003; Senate Bill 1605, Seventy-ninth Legislature, Regular Session, 2005; and House Bill 3107, Eightieth Legislature, 2007.

**FIGURE 6**  
**GENERAL REVENUE–DEDICATED FUNDS**  
**2008–09 BIENNIUM**

IN MILLIONS TOTAL = \$6,308.4 MILLION



SOURCE: Legislative Budget Board.

**FIGURE 7**  
**GENERAL REVENUE–DEDICATED FUNDS – STATEWIDE SUMMARY, 2006–07 AND 2008–09 BIENNIA**

IN MILLIONS ALL FUNCTIONS	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2,3</sup>	BIENNIAL CHANGE	% CHANGE
Article I – General Government	\$537.5	\$820.1	\$282.6	52.6
Article II – Health and Human Services	851.2	873.1	21.9	2.6
Article III – Agencies of Education	2,376.9	2,278.5	(98.4)	(4.1)
Public Education	230.3	96.8	(133.5)	(58.0)
Higher Education	2,146.7	2,181.7	35.1	1.6
Article IV – The Judiciary	31.8	35.8	4.0	12.7
Article V – Public Safety and Criminal Justice	44.0	26.3	(17.7)	(40.3)
Article VI – Natural Resources <sup>4</sup>	1,284.1	1,439.3	155.3	12.1
Article VII – Business and Economic Development	430.7	425.7	(5.0)	(1.2)
Article VIII – Regulatory	251.6	394.2	142.6	56.7
Article IX – General Provisions	0.0	15.3	15.3	NA
Article X – The Legislature	0.0	0.0	0.0	NA
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$5,807.8</b>	<b>\$6,308.4</b>	<b>\$500.6</b>	<b>8.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

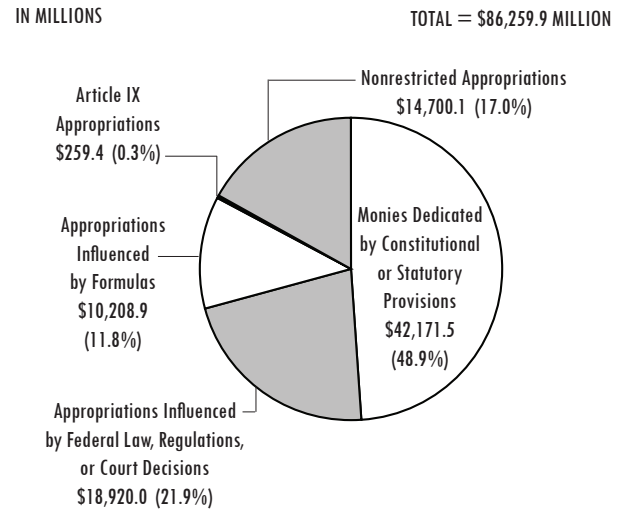
<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

As discussed earlier, the General Revenue Fund consists of nondedicated and dedicated accounts. Prior to the fund-consolidation process initiated in 1991, most of the accounts that are now dedicated accounts within the General Revenue Fund were separate special funds outside of the General Revenue Fund. During fund consolidation, some special funds were abolished, but most were brought into the General Revenue Fund as dedicated accounts. There are approximately 200 dedicated accounts maintained in the General Revenue Fund, including for example, the State Parks Account, college operating accounts (which receive tuition revenue), and the Department of Insurance Operating Account. Revenue that is dedicated for a particular purpose is deposited to these dedicated accounts, and in most cases, the Texas Legislature may appropriate revenue from these accounts only for the purpose to which the revenue is dedicated by law.

As **Figure 8** and **Figure 9** show, 17 percent of the total General Revenue Funds and General Revenue–Dedicated Funds budgets for the 2008–09 biennium consist of nonrestricted appropriations. This is slightly above the level of 16.5 percent for the 2006–07 biennium.

**FIGURE 8**  
**RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS BUDGET 2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

**FIGURE 9**  
**RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS BUDGETS 2008–09 BIENNIUM**

IN MILLIONS		
FUNCTION	APPROPRIATION	% OF TOTAL APPROPRIATION
Appropriations or allocations of revenue dedicated by constitutional or statutory provisions	\$42,171.5	48.9
Appropriations influenced by federal law, regulation, or court decisions	18,920.0	21.9
Appropriations influenced by formulas	10,208.9	11.8
<b>TOTAL RESTRICTED APPROPRIATIONS</b>	<b>\$71,300.3</b>	<b>82.7</b>
Article IX appropriations	\$259.4	0.3
Nonrestricted appropriations	14,700.1	17.0
<b>TOTAL, GENERAL REVENUE AND GENERAL REVENUE–DEDICATED APPROPRIATIONS</b>	<b>\$86,259.9</b>	<b>100.0</b>

NOTE: Numbers may not add due to rounding.

SOURCE: Legislative Budget Board.

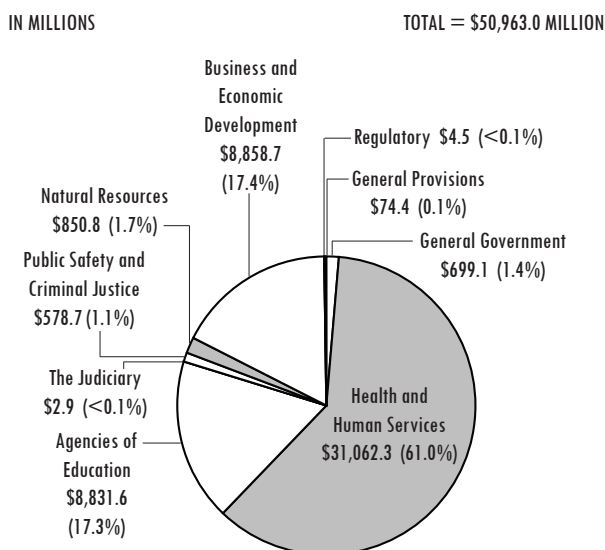


## FEDERAL FUNDS BUDGET

Federal Funds include grants, allocations, payments, or reimbursements received from the U.S. government by state agencies and institutions named in the General Appropriations Act. As a method of financing, “Federal Funds” also includes the cost of employee benefits associated with federal programs, but does not include “Earned Federal Funds.” Earned Federal Funds are funds the state receives through a federally funded program that are not required by the governing agreement to be expended on that program. Earned Federal Funds are categorized as General Revenue Funds.

The 2008–09 Federal Funds budget (**Figure 10** and **Figure 11**) shows an increase of \$1.8 billion, or 3.6 percent, from the 2006–07 biennial level. Funding for the Natural Resources function increased by 159.4 percent from the 2006–07 biennial level, a higher percentage increase in Federal Funds than in any other function. This increase is due primarily to the transfer of Federal Funds for nutrition programs from the Health and Human Services Commission (HHSC) to the Texas Department of Agriculture. Despite this decline at HHSC, funding for the Health and Human

**FIGURE 10  
FEDERAL FUNDS  
2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

**FIGURE 11  
FEDERAL FUNDS – STATEWIDE SUMMARY, 2006–07 AND 2008–09 BIENNA**

IN MILLIONS ALL FUNCTIONS	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Article I – General Government	\$881.5	\$699.1	(\$182.4)	(20.7)
Article II – Health and Human Services	29,197.6	31,062.3	1,864.8	6.4
Article III – Agencies of Education	8,651.0	8,831.6	180.6	2.1
Public Education	8,318.0	8,494.7	176.7	2.1
Higher Education	333.1	337.0	3.9	1.2
Article IV – The Judiciary	5.4	2.9	(2.5)	(46.6)
Article V – Public Safety and Criminal Justice <sup>4</sup>	1,327.4	578.7	(748.7)	(56.4)
Article VI – Natural Resources <sup>4</sup>	328.0	850.8	522.8	159.4
Article VII – Business and Economic Development	8,798.5	8,858.7	60.2	0.7
Article VIII – Regulatory	5.4	4.5	(0.9)	(17.2)
Article IX – General Provisions	0.0	74.4	74.4	NA
Article X – The Legislature	0.0	0.0	0.0	NA
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$49,194.8</b>	<b>\$50,963.0</b>	<b>\$1,768.3</b>	<b>3.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

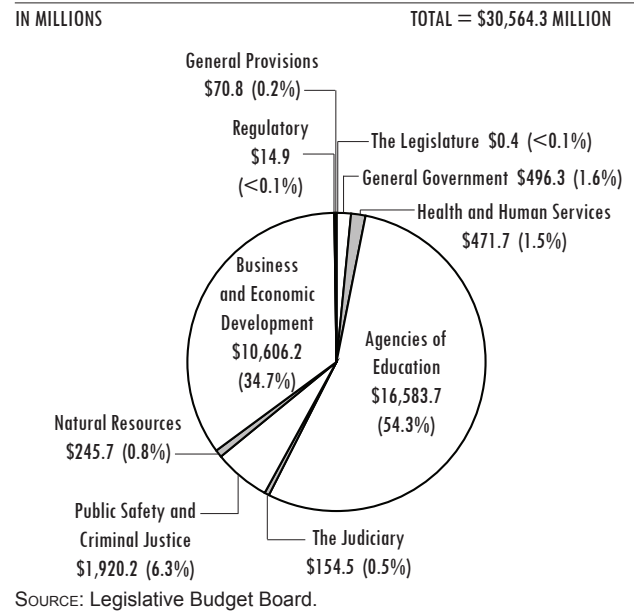
Services function still increased by 6.4 percent, or \$1.9 billion, primarily in response to issues affecting Medicaid and CHIP. Funding for the Public Safety and Criminal Justice function decreased by more than half of the 2006–07 level to \$578.7 million. This decrease of \$748.7 million is because Federal Funds provided in 2006–07 for Public Assistance Grants had been for rescue and rebuilding needs caused by hurricanes Katrina and Rita.

### OTHER FUNDS BUDGET

Other Funds consist of any funds not included in the other methods of financing. Other Funds include the State Highway Fund, the Texas Mobility Fund, trust funds, bond proceeds, interagency contracts, certain revenue held in higher education “local” accounts, and constitutional funds (except the Available School Fund).

**Figure 12** and **Figure 13** show an increase in the Other Funds budget of \$8.5 billion, or 38.6 percent, from the 2006–07 biennial level. This increase is primarily attributable to the cost of property tax relief pursuant to enactment of House Bill 1, Seventy-ninth Legislature, Third Called Session, 2006.

**FIGURE 12  
OTHER FUNDS  
2008–09 BIENNIUM**



**FIGURE 13  
OTHER FUNDS – STATEWIDE SUMMARY, 2006–07 AND 2008–09 BIENNIA**

IN MILLIONS ALL FUNCTIONS	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Article I – General Government	\$330.6	\$496.3	\$165.8	50.1
Article II – Health and Human Services <sup>4</sup>	1,849.5	471.7	(1,377.8)	(74.5)
Article III – Agencies of Education	8,313.7	16,583.7	8,270.0	99.5
Public Education <sup>5</sup>	3,311.4	10,370.1	7,058.7	213.2
Higher Education	5,002.3	6,213.6	1,211.3	24.2
Article IV – The Judiciary	128.9	154.5	25.6	19.8
Article V – Public Safety and Criminal Justice <sup>6</sup>	1,292.4	1,920.2	627.7	48.6
Article VI – Natural Resources	209.9	245.7	35.7	17.0
Article VII – Business and Economic Development	9,907.0	10,606.2	699.2	7.1
Article VIII – Regulatory	16.5	14.9	(1.5)	(9.3)
Article IX – General Provisions	0.0	70.8	70.8	NA
Article X – The Legislature	0.6	0.4	(0.2)	(26.4)
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$22,049.1</b>	<b>\$30,564.3</b>	<b>\$8,515.2</b>	<b>38.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>Declines in Other Funds are primarily due to moving Upper Payment Limit payments off budget and replacing Economic Stabilization Funds at the Department of Family and Protective Services with General Revenue Funds.

<sup>5</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

<sup>6</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

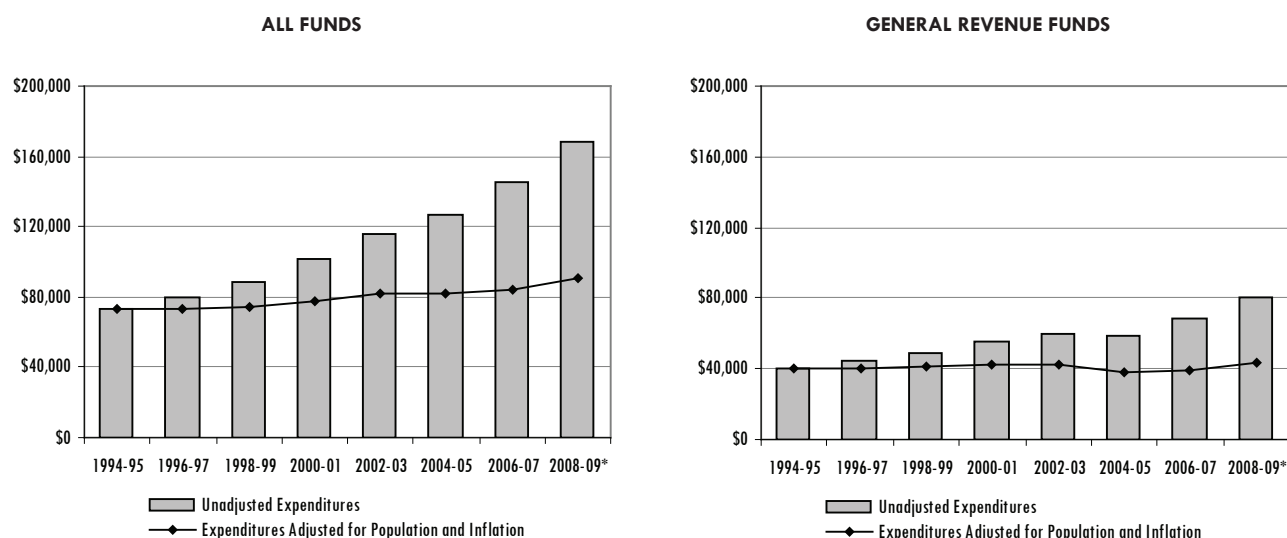
## TRENDS IN STATE GOVERNMENT EXPENDITURES

**Figure 14** and **Figure 15** show that state government All Funds spending in the 2008–09 biennium is projected to exceed spending in the 1994–95 biennium by 130.6 percent. When adjusted for population growth and inflation, expenditures for the 2008–09 biennium are 25.0 percent greater than expenditures for the 1994–95 biennium,

resulting in an average biennial increase of 3.6 percent. General Revenue Funds expenditures have increased more slowly than All Funds expenditures over the same 1994–95 to 2008–09 period by 100.1 percent in current dollars and by 8.5 percent after adjusting for population and inflation, resulting in an biennial rate of 1.2 percent. There is a 2.4 percent increase in adjusted expenditures of General Revenue Funds between the 2002–03 and 2008–09 biennia. After

**FIGURE 14**  
**TRENDS IN STATE GOVERNMENT EXPENDITURES**

IN MILLIONS



\*Estimated.

SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

**FIGURE 15**  
**TRENDS IN STATE GOVERNMENT EXPENDITURES, 1994–95 TO 2008–09 BIENNIA**

BIENNIUM	ALL FUNDS				GENERAL REVENUE FUNDS			
	UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION		UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION	
	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	% CHANGE
1994–95	\$72,769	NA	\$72,769	NA	\$39,959	NA	\$39,959	NA
1996–97	\$80,109	10.1	\$72,818	0.1	\$44,686	11.8	\$40,619	1.7
1998–99	\$88,293	10.2	\$74,098	1.8	\$48,890	9.4	\$41,030	1.0
2000–01	\$101,798	15.3	\$77,754	4.9	\$55,747	14.0	\$42,580	3.8
2002–03	\$115,916	13.9	\$81,880	5.3	\$59,918	7.5	\$42,324	(0.6)
2004–05	\$126,634	9.2	\$82,141	0.3	\$58,956	(1.6)	\$38,242	(9.6)
2006–07	\$145,059	14.5	\$84,610	3.0	\$68,008	15.4	\$39,667	3.7
2008–09*	\$167,787	15.7	\$90,950	7.5	\$79,952	17.6	\$43,338	9.3

\*Estimated.

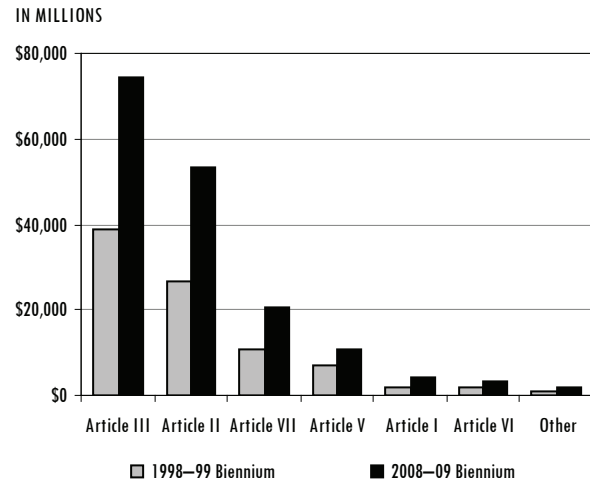
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

excluding property tax relief expenditures, the adjusted decrease in General Revenue Fund expenditures between the 2002–03 and 2008–09 biennia is 5.4 percent.

## BUDGET ALLOCATION

**Figure 16** and **Figure 17** show the distribution of the state budget by function between the 1998–99 and the 2008–09 biennia. Distribution percentages have remained fairly constant over the decade, with the articles retaining the same order in relative magnitude. The relative growth in Health and Human Services is driven by caseload (number of clients) and cost growth, primarily in the Medicaid Program. Education had the largest growth in terms of dollars due in large part to the \$14.2 billion appropriated for school district property tax rate reduction.

**FIGURE 16**  
**ALLOCATION OF STATE ALL FUNDS BUDGET**  
**2008-09 BIENNIUM**



NOTE: Other includes appropriations for Article IV, The Judiciary; Article VIII, Regulatory; and Article X, The Legislature.  
SOURCE: Legislative Budget Board.

**FIGURE 17**  
**BUDGET ALLOCATION PERCENTAGES**  
**1998–99 AND 2008–09 BIENNA**

FUNCTION	1998–99 BIENNIUM		2008–09 BIENNIUM	
	EXPENDED	% OF TOTAL	APPROPRIATED	% OF TOTAL
Article III - Agencies of Education	\$38,745.3	43.9	\$74,549.5	44.4
Article II - Health and Human Services	26,869.2	30.4	53,111.7	31.7
Article VII - Business and Economic Development	10,744.5	12.2	20,567.1	12.3
Article V - Public Safety and Criminal Justice	7,206.1	8.2	10,591.4	6.3
Article I - General Government	2,071.1	2.3	4,014.5	2.4
Article VI - Natural Resources	1,661.6	1.9	3,246.3	1.9
All Other (IV, VIII, and X)	994.8	1.1	1,706.6	1.0
<b>TOTAL, ALL ARTICLES</b>	<b>\$88,292.6</b>	<b>100.0</b>	<b>\$167,787.2</b>	<b>100.0</b>

NOTES: Article IX (2008–09) net appropriations of \$404.6 million for general state and Schedule C salary increases have been allocated to the other articles. In addition, appropriations in Article I, Employees Retirement System relating to employee death benefits (\$13.7 million) and post-retirement health benefits (\$20.2 million) have been allocated to all articles.

All Other includes appropriations for Article IV, The Judiciary; Article VIII, Regulatory; and Article X, The Legislature.

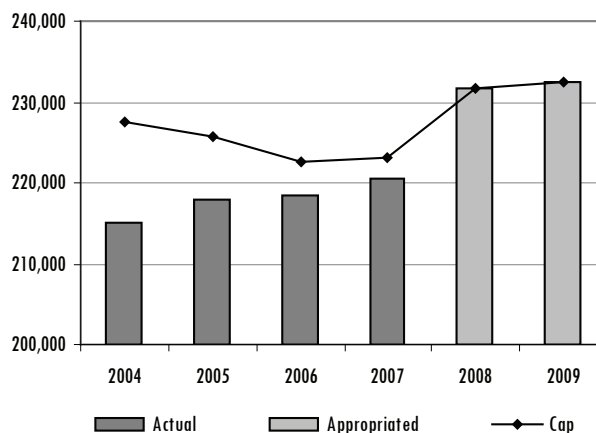
Numbers may not add due to rounding.

SOURCE: Legislative Budget Board.

## STATE GOVERNMENT EMPLOYMENT

**Figure 18** and **Figure 19** show the number of full-time-equivalent (FTE) state government employees (positions) for fiscal years 2004 to 2009. The state budget provides for 232,138 FTE positions in fiscal year 2008 and 233,066 FTE positions in fiscal year 2009 from appropriated funds. These totals are above the actual fiscal year 2006 amount of 218,342, and the actual amount of 220,419 for fiscal year 2007. Section 6.14 of Article IX (General Provisions) of the 2008–09 General Appropriations Act establishes a cap on the number of FTE positions for each state agency and institution of higher education and includes a requirement that agencies seek the approval of the Governor and the Legislative Budget Board prior to exceeding the cap. This cap includes certain positions filled by temporary or contract workers. The cap applies only to employees being paid with appropriated state and federal funds.

**FIGURE 18**  
**STATE GOVERNMENT EMPLOYEES**  
**FISCAL YEARS 2004 TO 2009**



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

**FIGURE 19**  
**STATE GOVERNMENT EMPLOYEES**  
**FISCAL YEARS 2004 TO 2009**

FUNCTION	FULL-TIME-EQUIVALENT POSITIONS					
	ACTUAL 2004	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	APPROPRIATED 2008	APPROPRIATED 2009
General Government	8,907	9,080	9,270	9,302	9,868	9,869
Health and Human Services	45,782	44,946	45,436	47,700	52,498	52,987
Agencies of Education	77,586	80,477	80,177	80,974	84,324	84,334
The Judiciary	1,288	1,297	1,317	1,319	1,397	1,399
Public Safety and Criminal Justice	51,994	51,947	52,206	51,537	53,058	53,458
Natural Resources	7,987	8,050	8,018	8,014	8,607	8,622
Business and Economic Development	18,140	18,542	18,563	18,269	18,549	18,546
Regulatory	3,388	3,464	3,353	3,304	3,839	3,851
General Provisions	NA	NA	NA	NA	NA	NA
<b>TOTAL EMPLOYEES (APPROPRIATED FUNDS)</b>	<b>215,072</b>	<b>217,803</b>	<b>218,342</b>	<b>220,419</b>	<b>232,138</b>	<b>233,066</b>

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

## EMPLOYEE BENEFITS/ PAYROLL EXPENSES

Employee benefit costs (shown in **Figure 20** and **Figure 21**) include contributions for state employee and judicial retirement programs, group insurance premiums, post retirement health benefits, Social Security matching (employer and a portion of employee payments), and death benefits for survivors of law enforcement and retired state employees. Combined, these expenditures total \$4.6 billion, or 2.7 percent of the 2008–09 state budget. Amounts in **Figure 20** exclude biennial appropriations for the Teacher Retirement System (\$3.6 billion), the Optional Retirement Program (\$0.3 billion), and Higher Education Group Insurance (\$0.9 billion).

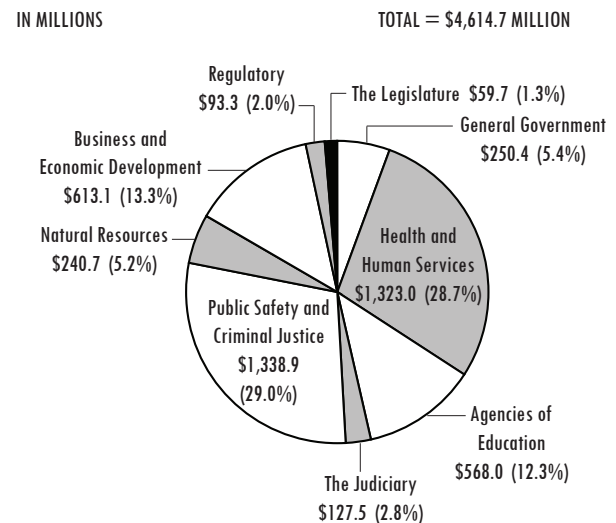
Benefit costs shown in **Figure 20** and **Figure 21** are projected to be 10.3 percent higher in the 2008–09 biennium than in the 2006–07 biennium. This increase is due primarily to the increase in health insurance costs caused by medical inflation.

As shown in **Figure 21**, two functions of state government—Health and Human Services and Public Safety and Criminal Justice—comprise 57.7 percent of the state's costs for employee benefits. Benefit costs for other government functions range from 1.3 percent (Legislature) to 13.3 percent (Business and Economic Development).

### EMPLOYEE PAY RAISE

Article IX of the 2008–09 General Appropriations Act includes appropriations of \$389.9 million in All Funds to

**FIGURE 21**  
**ALL FUNDS EMPLOYEE BENEFITS/PAYROLL EXPENSES**  
**2008–09 BIENNIUM**



NOTE: Numbers may not add due to rounding.

SOURCE: Legislative Budget Board.

provide an across-the-board 2 percent pay raise for certain state employees in Schedules A and B (with a \$50 a month minimum) in fiscal year 2008 and fiscal year 2009. An additional appropriation of \$14.6 million per year in All Funds was made to provide salary increases to Schedule C employees in each year of the 2008–09 biennium.

**FIGURE 20**  
**ALL FUNDS EMPLOYEE BENEFITS/PAYROLL EXPENSES, 2008–09 BIENNIUM**

IN MILLIONS				% OF TOTAL
FUNCTION	EMPLOYEES RETIREMENT SYSTEM	COMPTROLLER BENEFITS TOTAL	TOTAL EMPLOYEE BENEFITS	BENEFITS FOR ALL FUNCTIONS
Article I - General Government	\$175.9	\$74.6	\$250.4	5.4
Article II - Health and Human Services	994.6	328.4	1,323.0	28.7
Article III - Agencies of Education	52.0	516.0	568.0	12.3
Article IV - The Judiciary	107.6	19.9	127.5	2.8
Article V - Public Safety and Criminal Justice	1,012.0	326.9	1,338.9	29.0
Article VI - Natural Resources	174.3	66.5	240.7	5.2
Article VII - Business and Economic Development	472.4	140.7	613.1	13.3
Article VIII - Regulatory	66.5	26.8	93.3	2.0
Article X - The Legislature	43.7	16.0	59.7	1.3
<b>TOTAL, ALL ARTICLES</b>	<b>\$3,099.0</b>	<b>\$1,515.7</b>	<b>\$4,614.7</b>	<b>100.0</b>

NOTES: Includes allocations for pay raises in Article IX, 2008–09 General Appropriations Act, death benefits and post-retirement health benefits. Excludes Teacher Retirement System, Optional Retirement Program, and Higher Education Group Insurance.

Numbers may not add due to rounding.

SOURCE: Legislative Budget Board.



## EMPLOYEE GROUP HEALTH INSURANCE COSTS

During the past 12 years, state contributions to provide health insurance for state agency, higher education, and public school retirees have grown at a faster rate than the overall budget for the State of Texas. Appropriations of General Revenue Funds for employer contributions to employee and retiree group insurance between the 1998–99 and the 2008–09 biennia increased by \$1.4 billion, or 96.7 percent. This amount is an average biennial increase of 16.1 percent. In contrast, the biennial General Revenue Fund appropriations for all state government grew by nearly 63.5 percent during that same period, at a biennial average rate of 12.7 percent.

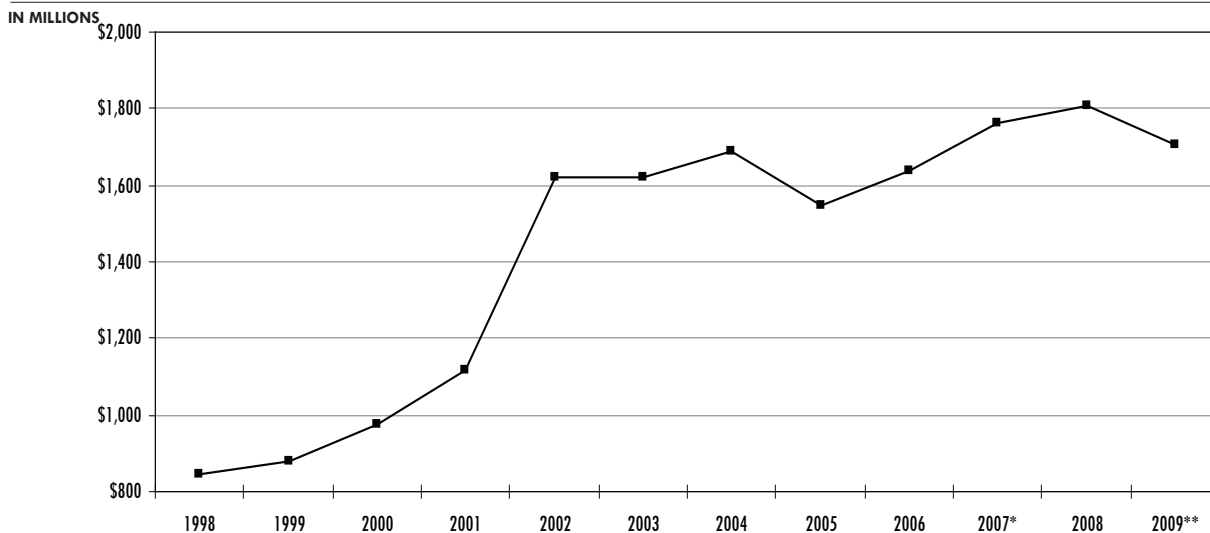
As a result, group insurance contributions account for 3.6 percent of total appropriations of General Revenue Funds for the 2008–09 biennium, compared to 2.8 percent of total appropriations of General Revenue Funds for the 1998–99 biennium. **Figure 22** shows recent trends in employee insurance program expenditures in All Funds.

These group insurance amounts do not take into account state funding associated with public education employee group insurance. A discussion of the funding structure for

the TRS-Active Care health insurance coverage for active public education employees that is administered by the Teacher Retirement System is in Chapter 6 Agencies of Education.

The primary cost-drivers affecting employee group insurance state contributions are the average cost of health insurance per participant, the degree of cost-sharing between employee and employer, and the number of participants covered. **Figure 23** and **Figure 24** show information on plan design and premiums for a sample of state-supported healthcare plans. The trend line for unadjusted contributions in **Figure 25** shows that after several years of moderate growth, average costs began to increase significantly in fiscal year 1999 in all of the programs. This trend mirrors healthcare cost increases experienced nationwide for large employers. The contribution has been adjusted for medical inflation as shown in the same **Figure 25**. The medical inflation measure used here reflects only consumer paid expenditures and premiums, and is the most readily available and reliable data factor for this measurement. Although attempts to control healthcare costs through “managed care” in the early to mid-1990s did contain cost growth, another round of medical cost inflation emerged that continues into the present.

**FIGURE 22**  
**TOTAL ALL FUNDS STATE CONTRIBUTIONS FOR EMPLOYEE AND RETIREE GROUP HEALTH INSURANCE**  
**FISCAL YEARS 1998 TO 2009**



\*Reflects supplemental appropriations in the amount of \$5.1 million pursuant to House Bill 15, Eightieth Legislature, 2007.

\*\*Amount reflects Governor's veto of community college health insurance funding in fiscal year 2009.

NOTE: Combines Teacher Retirement System (retiree insurance only), Employees Retirement System, and higher education contributions. Excludes group health insurance contributions made by institutions of higher education.

SOURCES: Employees Retirement System; Teacher Retirement System; The University of Texas System; Texas A&M University System.

**FIGURE 23**  
**TEXAS GROUP INSURANCE PROGRAMS FOR GENERAL STATE AND EDUCATION EMPLOYEES**  
**SUMMARY OF BENEFITS**  
**FISCAL YEAR 2008**

	ERS HEALTH SELECT IN-NETWORK	UT SELECT	A&M CARE PLAN 350	TRS-CARE 3 TRS PUBLIC SCHOOL RETIREES, IN-NETWORK
Deductible	None	\$250/person \$750/family	\$350/person \$1,050/family	\$300/person \$600/family
General Coinsurance	20%	20%	20%	20%
Office Visit Copay	\$20 PCP	\$25 FCP	\$25	Under 65: \$25 Over 65: 20% after Medicare portion
Specialist Visit Copay	\$30 with PCP referral	\$30	\$45	
Emergency Room Copay	20% + \$100/visit (applied to hospital copay if admitted)	\$100 (waived if admitted)	20% after deductible	20% after deductible
Hospital Care	\$100/day + 20%; \$1,500 annual cap	\$100/day (\$500 copay cap/person) + 20%;	20% after deductible	20% after deductible
Annual Out-of-Pocket Maximum	\$1,000/person	\$1,750/person; \$5,250/family	\$3,000/person \$9,000/family	\$3,000/person; \$6,000/family
Lifetime Maximum Coverage	Unlimited	Unlimited	Unlimited	Unlimited
Prescription Drugs	After \$50 deductible:	After \$50 deductible:	After \$50 deductible:	No deductible
Retail (≤30 day supply)	\$10/25/40	\$10/30/45	\$10/25/50	\$10/25/40
Mail Order (≤90-day supply)	\$30/75/120	\$20/75/112.50	\$20/50/100	\$20/50/80

NOTE: PCP= Primary Care Physician; FCP = Family Care Physician.

SOURCES: Legislative Budget Board; Teacher Retirement System; Employees Retirement System; The University of Texas System; Texas A&M University System.

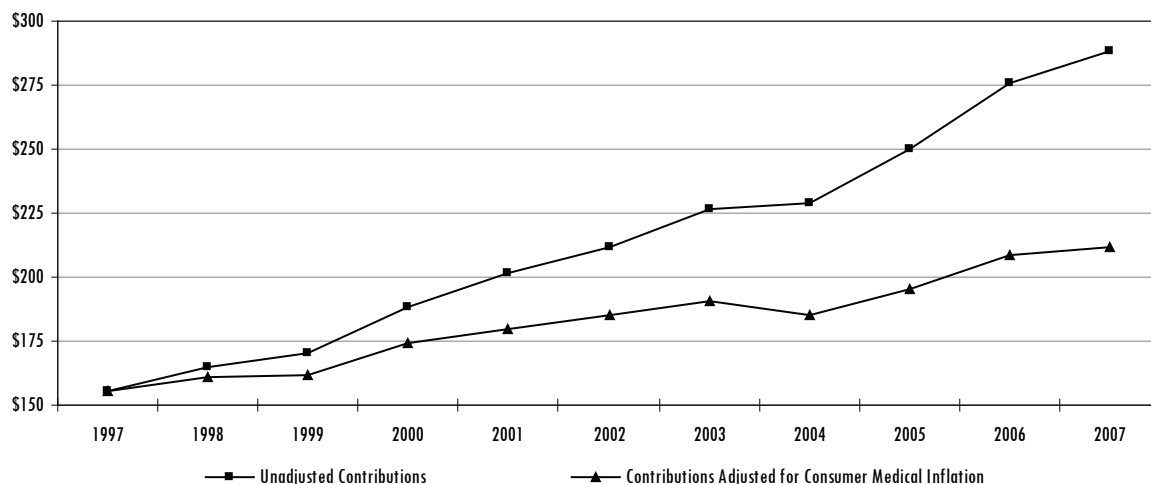
**FIGURE 24**  
**TEXAS GROUP INSURANCE PROGRAMS FOR GENERAL STATE AND EDUCATION EMPLOYEES**  
**SUMMARY OF PREMIUMS, FISCAL YEAR 2008**

	ERS HEALTH SELECT	UT SELECT	A&M CARE PLAN 350	
<b>FULL-TIME EMPLOYEE PREMIUM CONTRIBUTIONS</b>				
Employee Only	\$0.00	\$0.00	\$61.29	
Employee & Spouse	\$206.03	\$158.86	\$236.88	
Employee & Child(ren)	\$137.95	\$166.15	\$171.03	
Employee & Family	\$343.98	\$312.85	\$324.68	
<b>PART-TIME EMPLOYEE PREMIUM CONTRIBUTIONS</b>				
Employee Only	\$180.26	\$184.56	\$250.68	
Employee & Spouse	\$489.30	\$440.13	\$514.04	
Employee & Child(ren)	\$387.18	\$412.58	\$415.30	
Employee & Family	\$696.23	\$656.57	\$645.77	
<b>RETIREE PREMIUM CONTRIBUTIONS</b>				
Retiree Premium Contributions				<b>TRS PUBLIC SCHOOL RETIREES</b>
				Retiree Premiums*
Retiree w/ Medicare	\$0.00	\$0.00	\$61.29	\$100.00
Retiree/Spouse w/ Medicare	\$206.03	\$158.86	\$236.88	\$255.00
Retiree w/o Medicare	\$0.00	\$0.00	\$61.29	\$295.00
Retiree/Spouse w/o Medicare	\$206.03	\$158.86	\$236.88	\$635.00
Plus \$93.50/person monthly for Medicare Part B				

\* Under the TRS-Care program, retirees pay a monthly premium determined by plan choice, years of service, and Medicare Part A and Part B participation. Premium amounts shown above are for the TRS-Care 3 plan for a retiree with 20 to 29 years of service credit.

SOURCES: Legislative Budget Board; Teacher Retirement System; Employees Retirement System; The University of Texas System; Texas A&M University System.

**FIGURE 25**  
**AVERAGE MONTHLY STATE-PAID CONTRIBUTION PER ENROLLEE FOR ERS, THE UNIVERSITY OF TEXAS SYSTEM,**  
**AND THE TEXAS A&M UNIVERSITY SYSTEM**  
**FISCAL YEARS 1997 TO 2007**



SOURCES: Employees Retirement System; The University of Texas System; Texas A&M University System.

## CONSTITUTIONAL SPENDING LIMITS

Texas has four constitutional limits on spending: the “pay-as-you-go,” or balanced budget, limit; the limit on welfare spending; the limit on the rate of growth of appropriations from certain state taxes; and the limit on debt service. The 2008–09 budget is within all of these limits after appropriate legislative action.

### THE “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 for certification that appropriations are within available revenue. In fall 2007, the Comptroller certified that the 2008–09 General Appropriations Act and other appropriations bills were in compliance with the “pay-as-you-go” limit. The Comptroller estimates that revenue will exceed spending from General Revenue Funds and General Revenue–Dedicated Funds for the 2008–09 biennium by approximately \$2 billion, after a \$3 billion transfer to the Property Tax Relief Fund.

### LIMITATION ON THE GROWTH OF CERTAIN APPROPRIATIONS

Article VIII, Section 22 of the Texas Constitution limits the biennial rate of growth of appropriations from state tax revenue not dedicated by the Constitution to the estimated rate of growth of the state’s economy. On January 11, 2007, the Legislative Budget Board established the following elements of the Article VIII spending limit: the estimated rate of growth of the state’s economy, the level of 2006–07 appropriations from state tax revenue not dedicated by the Constitution, and the resulting 2008–09 limit. The board instructed staff to adjust the level of 2006–07 appropriations from state tax revenue not dedicated by the Constitution and the resulting 2008–09 spending limit calculation to reflect subsequent appropriations certified by the Comptroller and official revenue estimate revisions by the Comptroller.

Actions taken in 2007 by the Eightieth Legislature affected the 2006–07 level of appropriations from state tax revenue not dedicated by the Constitution. After adjusting for these actions and revenue estimate revisions by the Comptroller, the adjusted 2008–09 biennial limit on appropriations from state tax revenue not dedicated by the Constitution is \$62 billion. The Legislature also passed Senate Concurrent Resolution 20, which authorized appropriations of \$14.2

billion in excess of the 2008–09 limit to fund school district property tax rate reductions.

Consequently, the total amount of appropriations authorized by Article VIII, Section 22 of the Texas Constitution is \$76.2 billion. Appropriations for 2008–09 from state taxes not dedicated by the Constitution are estimated to be \$73.9 billion, \$2.3 billion below the amount of authorized appropriations. The remainder of the state’s \$167.8 billion budget is funded with nontax revenue and constitutionally dedicated tax revenue not subject to the Article VIII limit.

### WELFARE SPENDING LIMIT

Article III, Section 51-a of the Texas Constitution provides that the amount that may be paid out of state funds for assistance grants to or on behalf of needy dependent children and their caretakers (i.e., Temporary Assistance for Needy Families [TANF]) shall not exceed 1 percent of the state budget in any biennium. The total state budget as adopted in House Bill 1 (as modified by other legislation), by the Eightieth Legislature, 2007, is \$167.8 billion. Accordingly, the 1 percent welfare spending limit is \$1.7 billion. The total amount of state dollars appropriated for TANF grants is \$134.2 million, which is \$1,543.7 million below the 1 percent limit.

## STATE INDEBTEDNESS

Texas has a low state debt burden compared with other states, ranking last among the 15 most-populous states in state debt per capita in 2006. The Texas per capita debt burden was \$1,047 in 2006; the U.S. average was \$2,902.

Texas had \$26.4 billion in state bonds outstanding as of August 31, 2007. General Obligation (GO) bonds, which depend on the General Revenue Fund for debt service, account for 36.4 percent of the total bonds outstanding. Non-GO, or revenue, bonds comprise the remaining 63.6 percent. Approximately 76.7 percent of the outstanding GO bond indebtedness is designed to be self-supporting, although the full faith and credit of the state is pledged for its payment. **Figure 26** and **Figure 27** show, by issuing agency, GO bonds that have been authorized but unissued and outstanding GO bonds, respectively, as of August 2007.

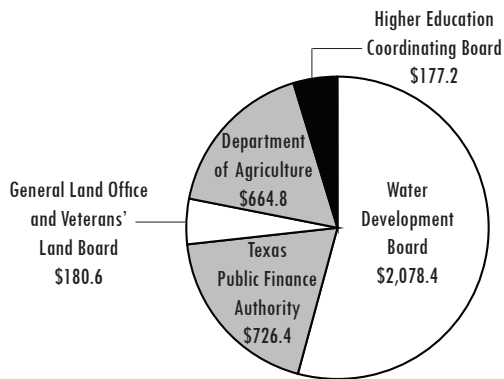
The Eightieth Legislature authorized approximately \$9.8 billion in additional GO bond debt that was approved by the voters at the November 2007 general election. Bond debt was approved in the following amounts:

- \$500 million for student loans (Proposition 2);

**FIGURE 26**  
**GENERAL OBLIGATION BONDS AUTHORIZED BUT UNISSUED,**  
**BY ISSUING AGENCY**  
**AUGUST 2007**

IN MILLIONS

TOTAL = \$3,827.4 MILLION



NOTE: Does not reflect bond authorizations that are only limited by debt service payments.

SOURCES: Legislative Budget Board; Bond Review Board.

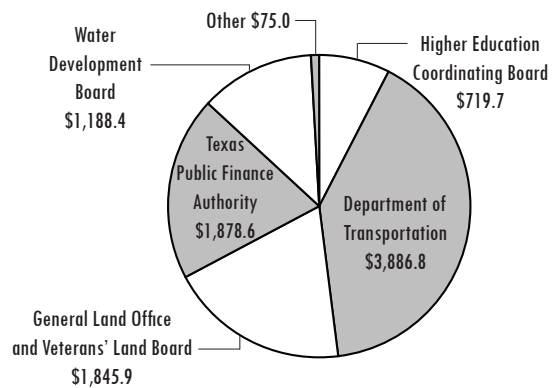
- \$1 billion for capital projects for certain state agencies (Proposition 4);
- \$5 billion for transportation projects (Proposition 12);
- \$3 billion for cancer research (Proposition 15); and
- \$250 million for water projects in economically distressed areas (Proposition 16).

In addition, Senate Bill 792, Eightieth Legislature, 2007, increased GO debt authority for the Texas Highway Fund from \$3 billion to \$6 billion.

**FIGURE 27**  
**GENERAL OBLIGATION BONDS OUTSTANDING,**  
**BY ISSUING AGENCY**  
**AUGUST 2007**

IN MILLIONS

TOTAL = \$9,594.4 MILLION



Other = Department of Agriculture \$30.0 million and Trusteed Programs within the Office of the Governor \$45.0 million.

NOTE: Numbers may not add due to rounding.

SOURCES: Legislative Budget Board; Bond Review Board; Texas Public Finance Authority.

Debt service costs included in the state budget for the 2008–09 biennium total \$2,482.5 million, or 1.5 percent of total appropriations. The increase in debt service costs from the 2006–07 biennial level is \$1,030.3 million, or 71 percent (**Figure 28**), and is primarily due to increases in debt service requirements out of the State Highway and Texas Mobility funds.

**FIGURE 28**  
**DEBT SERVICE PAYMENTS APPROPRIATIONS, 2006–07 AND 2008–09 BIENNIA**

IN MILLIONS	EXPENDED/ BUDGETED 2006–07	APPROPRIATED 2008–09	BIENNIAL CHANGE	% CHANGE
AGENCY/TYPE OF DEBT				
Texas Public Finance Authority	\$632.1	\$763.7	\$131.6	20.8
Historical Commission	0.4	2.0	1.6	450.2
Facilities Commission Lease Payments	98.7	95.1	(3.6)	(3.6)
Preservation Board/History Museum Lease Payments	12.7	12.5	(0.2)	(1.6)
Department of State Health Services Lease Payments	5.8	5.7	(0.0)	(0.4)
Tuition Revenue Bonds	378.8	685.4	306.6	80.9
Adjutant General/Military Facilities Commission	5.0	4.4	(0.6)	(12.6)
Department of Criminal Justice - Private Prison Lease/Purchase	30.3	22.8	(7.5)	(24.6)
Parks and Wildlife Lease Payments	11.9	15.3	3.4	28.8
Water Development Board Non-self-supporting GO Water Bonds	51.9	110.7	58.8	113.4
Department of Transportation - State Highway Fund	47.9	330.7	282.8	590.9
Department of Transportation - Texas Mobility Fund	176.8	434.2	257.4	145.6
<b>TOTAL</b>	<b>\$1,452.1</b>	<b>\$2,482.5</b>	<b>\$1,030.3</b>	<b>71.0</b>

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

SOURCES: Legislative Budget Board; Bond Review Board; Texas Public Finance Authority.

Chapter 1231 of the Texas Government Code provides that maximum annual debt service in any fiscal year on state debt payable from the General Revenue Fund may not exceed 5 percent of an amount equal to the average of the amount of General Revenue Fund revenues, excluding revenues constitutionally dedicated for purposes other than payment of state debt, for the three immediately preceding fiscal years. Bonds and agreements not initially required to be repaid from General Revenue Funds would be subject to the debt ceiling provision if General Revenue Funds were subsequently needed to repay the obligations. In November 1997, voters approved adding this debt service limitation to the Texas Constitution, now Article III, Section 49-j.

As of August 31, 2007, following the methodology for determining the constitutional debt limit ratio by the Bond Review Board, the debt service on outstanding debt as a percentage of unrestricted General Revenue Funds is 1.45 percent for fiscal year 2007. Similarly, debt service on outstanding and authorized but unissued debt as a percentage of General Revenue Funds after constitutional dedication is 2 percent. Accordingly, the 2008–09 budget is within the debt limit.

## HOUSE BILL 1 RECONCILIATION

Amounts included in the 2008–09 *Fiscal Size-up* have been adjusted to reflect all actions taken by the Eightieth Legislature, 2007, that affect appropriations and gubernatorial vetoes of certain line items of appropriation. **Figure 29** summarizes the major changes for All Funds and General Revenue Funds. The All Funds amount in the 2008–09 *Fiscal Size-up* is approximately \$15.3 billion more than the amount included in House Bill 1 (2008–09 General Appropriations Act), Eightieth Legislature, 2007. In both instances, the difference is primarily due to appropriations for property tax relief pursuant to House Bill 1, Seventy-ninth Legislature, Third Called Session, 2006, and appropriated in House Bill 2, Eightieth Legislature, 2007.

The General Revenue Funds amount is \$6.1 billion more than the amount included in House Bill 1.

**FIGURE 29**  
**2008–09 APPROPRIATIONS AMOUNTS**  
**RECONCILED TO SUMMARY OF CONFERENCE COMMITTEE REPORT ON HOUSE BILL 1**

IN MILLIONS			
FUND TYPE	HOUSE BILL 1 SUMMARY	ADJUSTED APPROPRIATIONS	CHANGE
All Funds	\$152,456.1	\$167,787.2	\$15,331.1
General Revenue Funds	\$73,852.4	\$79,951.5	\$6,099.1

SOURCE: Legislative Budget Board.





## 2. REVENUE SOURCES AND ECONOMIC OUTLOOK

*The Eightieth Texas Legislature, 2007, began with a significant budget surplus of \$8.8 billion in General Revenue Funds and General Revenue-Dedicated Funds. State revenue continued the previous biennium's trend of rebounding from the sluggish performance of the beginning of the decade and continued to grow above historical average growth since the late 1980s. The greater-than-expected revenue growth, coupled with unappropriated revenue from the 2006–07 biennium resulted in the surplus. However, this was countered by significant increases in state spending due to greater funding for public education and property tax reduction measures adopted in the Third Called Session of the Seventy-ninth Legislature, 2006. Forecasted growth in the existing state revenue system, as shown in Figure 30 and Figure 31, is expected to continue in the 2008–09 biennium, although moderating below the rate of the previous biennium.*

**FIGURE 30**  
**STATE REVENUE BIENNIAL COMPARISON, BY SOURCE**  
**2006–07 AND 2008–09 BIENNIA**

IN MILLIONS					
SOURCE	2006–07 BIENNIAL	2008–09 BIENNIAL	% CHANGE	% OF 2008–09 TOTAL REVENUE	% OF 2008–09 TOTAL TAXES
Tax collections	\$70,500.1	\$81,211.2	15.2	50.6	100.0
Federal receipts	49,102.5	51,642.4	5.2	32.2	NA
Fees, fines, licenses and penalties	12,913.4	12,557.5	(2.8)	7.8	NA
Interest and investment income	4,322.2	6,351.3	46.9	4.0	NA
Lottery	3,137.2	3,141.4	0.1	2.0	NA
Land income	1,612.1	1,148.6	(28.8)	0.7	NA
Other revenue sources	8,022.8	4,436.4	(44.7)	2.8	NA
<b>TOTAL, NET REVENUE</b>	<b>\$149,610.2</b>	<b>\$160,488.8</b>	<b>7.3</b>	<b>100.0</b>	<b>NA</b>
Sales tax	\$38,545.7	\$42,238.8	9.6	26.3	52.0
Oil production taxes	1,697.4	1,571.9	(7.4)	1.0	1.9
Natural gas production tax	4,234.6	3,550.3	(16.2)	2.2	4.4
Motor fuel taxes	6,047.4	6,241.7	3.2	3.9	7.7
Motor vehicle sales and rental taxes	6,400.8	6,816.1	6.5	4.2	8.4
Corporation franchise tax	5,749.5	11,915.8	107.2	7.4	14.7
Cigarette and tobacco taxes	1,879.9	2,536.7	34.9	1.6	3.1
Alcoholic beverage taxes	1,412.4	1,544.2	9.3	1.0	1.9
Insurance occupation taxes	2,580.1	2,667.1	3.4	1.7	3.3
Utility taxes	986.9	1,087.4	10.2	0.7	1.3
Inheritance tax	18.7	0.6	(96.9)	0.0	0.0
Hotel occupancy tax	648.7	732.5	12.9	0.5	0.9
Other taxes	298.2	308.1	3.3	0.2	0.4
<b>TOTAL, TAX COLLECTIONS</b>	<b>\$70,500.1</b>	<b>\$81,211.2</b>	<b>15.2</b>	<b>50.6</b>	<b>100.0</b>

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all tables and graphics in this chapter. Table and graphic totals may not add because of rounding.

SOURCE: Comptroller of Public Accounts.

**FIGURE 31**  
**STATE REVENUE BY SOURCE**  
**FISCAL YEARS 2005 TO 2009**

IN MILLIONS		REVENUE					% CHANGE				% OF TOTAL	
SOURCE	2005	2006	2007	2008	2009		2006	2007	2008	2009	2005	2009
<b>REVENUE</b>												
Tax collections	\$29,838.3	\$33,544.5	\$36,955.6	\$40,235.9	\$40,975.3		12.4	10.2	8.9	1.8	45.3	51.3
Federal receipts	22,809.8	24,726.5	24,376.1	26,638.5	25,003.9		8.4	(1.4)	9.3	(6.1)	34.7	31.3
Fees, fines, licenses, and penalties	6,155.0	5,999.1	6,914.3	6,368.5	6,189.0		(2.5)	15.3	(7.9)	(2.8)	9.4	7.8
Interest and investment income	1,529.4	1,949.5	2,372.7	3,040.5	3,310.8		27.5	21.7	28.1	8.9	2.3	4.1
Lottery	1,584.5	1,585.2	1,552.0	1,570.6	1,570.8		0.0	(2.1)	1.2	0.0	2.4	2.0
Land income	654.2	860.8	751.4	586.2	562.4		31.6	(12.7)	(22.0)	(4.1)	1.0	0.7
Other revenue sources	3,239.0	3,755.5	4,267.3	2,200.5	2,235.9		15.9	13.6	(48.4)	1.6	4.9	2.8
<b>TOTAL, NET REVENUE</b>	<b>\$65,810.1</b>	<b>\$72,421.0</b>	<b>\$77,189.3</b>	<b>\$80,640.7</b>	<b>\$79,848.1</b>		<b>10.0</b>	<b>6.6</b>	<b>4.5</b>	<b>(1.0)</b>	<b>100.0</b>	<b>100.0</b>
<b>TAX COLLECTIONS</b>												
Sales tax	\$16,312.8	\$18,275.2	\$20,270.5	\$20,890.3	\$21,348.4		12.0	10.9	3.1	2.2	54.7	52.1
Oil production taxes	681.9	862.4	835.0	793.4	778.5		26.5	(3.2)	(5.0)	(1.9)	2.3	1.9
Natural gas production tax	1,657.1	2,339.1	1,895.5	1,805.9	1,744.4		41.2	(19.0)	(4.7)	(3.4)	5.6	4.3
Motor fuel taxes	2,934.6	2,993.6	3,053.8	3,099.0	3,142.7		2.0	2.0	1.5	1.4	9.8	7.7
Motor vehicle sales and rental taxes	2,847.7	3,075.2	3,325.6	3,388.7	3,427.4		8.0	8.1	1.9	1.1	9.5	8.4
Corporation franchise tax	2,170.1	2,605.4	3,144.1	5,873.2	6,042.6		20.1	20.7	86.8	2.9	7.3	14.7
Cigarette and tobacco taxes	599.4	545.9	1,334.0	1,216.8	1,319.9		(8.9)	144.4	(8.8)	8.5	2.0	3.2
Alcoholic beverage taxes	626.3	680.7	731.7	760.1	784.2		8.7	7.5	3.9	3.2	2.1	1.9
Insurance occupation taxes	1,208.9	1,233.5	1,346.6	1,363.6	1,303.5		2.0	9.2	1.3	(4.4)	4.1	3.2
Utility taxes	380.0	480.8	506.1	532.5	554.8		26.5	5.3	5.2	4.2	1.3	1.4
Inheritance tax	101.7	13.4	5.3	0.3	0.3		(86.9)	(60.4)	(94.3)	0.0	0.3	0.0
Hotel occupancy tax	262.1	308.0	340.6	359.2	373.3		17.5	10.6	5.5	3.9	0.9	0.9
Other taxes	55.9	131.3	166.9	152.9	155.2		134.9	27.1	(8.4)	1.5	0.2	0.4
<b>TOTAL, TAX COLLECTIONS</b>	<b>\$29,838.3</b>	<b>\$33,544.5</b>	<b>\$36,955.6</b>	<b>\$40,235.9</b>	<b>\$40,975.3</b>		<b>12.4</b>	<b>10.2</b>	<b>8.9</b>	<b>1.8</b>	<b>100.0</b>	<b>100.0</b>

SOURCE: Comptroller of Public Accounts.

## STATE REVENUE

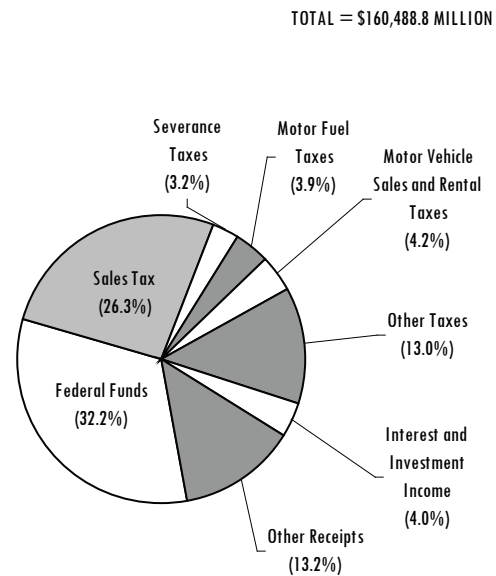
State revenue collections totaled \$149.6 billion during the 2006–07 biennium. Estimated revenue collections for fiscal years 2008–09 will total \$160.5 billion, a 7.3 percent increase from the 2006–07 biennium (**Figures 30, 31, and 32**).

## STATE TAXES

Taxes accounted for less than half of the state's estimated revenue in 2006–07 (**Figure 33**) as well as in the preceding two biennia, but are expected to account for just over 50 percent in 2008–09. Prior to the previous three biennia, the state's share of revenue from taxes had been fairly constant, with taxes contributing approximately half of all revenue since 1992. Tax revenue represented approximately 60 percent of state revenue in the 1980s.

State tax collections for 2008–09 are estimated to total \$81.2 billion, an increase of \$10.7 billion, or 15.2 percent, from the 2006–07 biennium due in large part to the revised franchise tax. This estimate is less than the actual growth rate of 22.1 percent in 2006–07, but more consistent with the average biennial growth rate since 1992 of 12.5 percent, excluding the 2002–03 biennium's negative growth rate of 0.2 percent. Receipts from the federal government are expected to increase by \$2.5 billion, or 5.2 percent, from the 2006–07 biennium.

**FIGURE 32**  
**ESTIMATED STATE REVENUE COLLECTIONS**  
**2008–09 BIENNIUM**

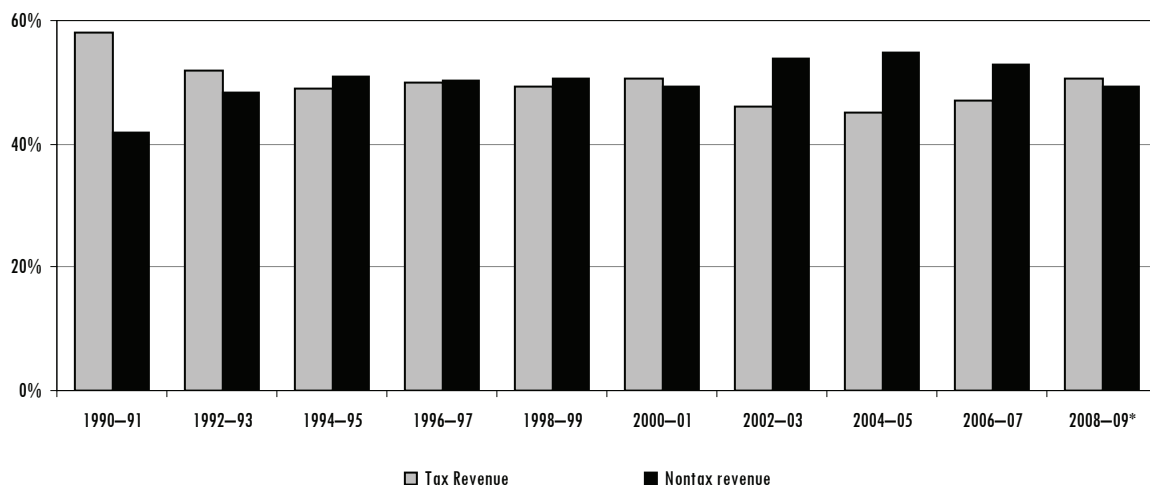


SOURCE: Comptroller of Public Accounts.

## SALES TAX

The sales tax continues to make up the majority of the state's tax revenue (**Figures 30, 31, and 32**). Sales tax revenue for the 2008–09 biennium is projected to be \$42.2 billion, a 9.6 percent increase from 2006–07 collections of \$38.5 billion.

**FIGURE 33**  
**TAX AND NONTAX REVENUE COMPOSITION**  
**1990–91 TO 2008–09 BIENNA**



SOURCE: Comptroller of Public Accounts.

Sales tax represents 52 percent of total estimated tax collections.

The current state tax rate is 6.25 percent. There has been no tax rate change or any major change in the tax base since 1990, except for sales tax provisions enacted during the Seventy-sixth Legislature, 1999. That change initiated the sales tax holiday, exempted nonprescription drugs, and removed the first \$25 in Internet access fees and 20 percent of the price of data processing and information services from the tax base.

### **OIL AND GAS PRODUCTION TAXES**

The state levies a tax of 4.6 percent on the value of oil production and a 7.5 percent tax on the value of natural gas production. During the 2006–07 biennium, annual oil production was approximately 321 million barrels, and oil was taxed at an average price of approximately \$60 per barrel. Annual natural gas production was almost 4 trillion cubic feet, taxable natural gas prices averaged \$6.96 per thousand cubic feet (mcf) in fiscal year 2006 and \$5.86 per mcf in fiscal year 2007.

The taxable price for oil should remain at the \$65 to \$75 per barrel range over the next biennia. Production is expected to continue to decline for the 2008–09 biennium. Whereas 2006–07 biennial revenues from oil taxes were \$1.7 billion, 2008–09 biennial revenues are estimated by the Comptroller to be \$1.6 billion.

For the 2006–07 biennium, natural gas tax collections totaled \$4.2 billion. The Comptroller estimates 2008–09 biennial revenues from natural gas will be about \$3.6 billion. Taxable natural gas market prices should remain stable, in the range of \$6.50 to \$7.50 mcf over the next two biennia as production slowly declines.

### **MOTOR FUELS TAXES**

Texas taxes the highway use of three major types of motor fuel: gasoline, diesel fuel, and liquefied petroleum gas (LPG—propane, butane, or compressed natural gas). Currently, gasoline and diesel fuel are taxed \$0.20 per gallon; LPG is taxed at a rate of \$0.15 per gallon. In the 2006–07 biennium, collections totaled \$6.0 billion. The Comptroller forecasts fuel tax collections growth to slow to 3.2 percent to nearly \$6.2 billion during the 2008–09 biennium as a result of sustained higher fuel prices. Historically, motor fuel taxes have accounted for about 10 percent to 12 percent of total state tax collections; however, in the 2006–07 biennium the

motor fuel taxes only accounted for 8.6 percent of total tax collections. This trend is expected to further decline to 7.7 percent in the 2008–09 biennium as other revenue sources continue to experience greater growth.

Approximately 75 percent of motor fuel tax revenues are dedicated for the construction, maintenance, and policing of public roads and are appropriated to the Texas Department of Transportation and the Department of Public Safety of the State of Texas for these purposes. Most of the remaining 25 percent of collections is dedicated to public education.

### **MOTOR VEHICLE SALES AND RENTAL TAX**

The motor vehicle sales tax is levied at a rate of 6.25 percent on the price of a vehicle, less the value of any trade-in. The rental tax rate is 10 percent for rentals of 30 days or fewer, and 6.25 percent for rentals over 30 days. Also included in motor vehicle sales and rental taxes is the tax on manufactured housing. This tax is levied at a rate of 5 percent of 65 percent of the manufacturer's selling price.

Motor vehicle sales and rental taxes continue to contribute a respectable share of total tax revenues. These taxes provided \$6.4 billion in revenue to the state during the 2006–07 biennium, or 9.1 percent of total estimated tax collections. Revenue income from motor vehicle sales and rental taxes is projected to grow 6.5 percent to \$6.8 billion during the 2008–09 biennium.

### **CORPORATION FRANCHISE TAX**

To pursue the goals of property tax relief and reform of the business tax (to stem the revenue loss of the then existing franchise tax by corporations converting to partnership form and to make its coverage more comprehensive), the Seventy-ninth Legislature, Third Called Session, 2006, enacted House Bill 3. House Bill 3 fundamentally changed the tax on business activity in Texas in three principal ways: (1) by expanding the type, and therefore number, of business entities subject to the new tax; (2) by redefining the taxable base and tax rate; and (3) by mandating combined reporting of affiliated entities engaged in a unitary business.

The new tax law expanded the type of entities subject to taxation to include partnerships, business trusts, professional and business associations, joint ventures, and holding companies, in addition to corporations and limited liability companies that were subject to the previous franchise tax. Remaining exempt under the new law are sole proprietorships and general partnerships composed solely of natural persons,

as are certain partnerships and trusts that can qualify as passive entities.

Though technically retaining the name franchise tax in the new statute, it is more commonly called the “margins tax.” This is due to redefining a business entities’ taxable base as the “taxable margin,” which is the lesser value of three methods of calculation: (1) 70 percent of total revenue; (2) total revenue minus costs of goods sold; or (3) total revenue minus total compensation and benefits. Then, most entities pay at a rate of one percent on their taxable margin. The exception is a lower tax rate of half of one percent applied to any taxable entity engaged primarily in retail or wholesale trade. Taxable entities with taxable revenues of \$300,000 or less will owe no tax.

The Eightieth Legislature, 2007, enacted House Bill 3928 to make technical corrections to the revised tax laws and to provide added relief for small businesses. The two main provisions for the latter are (1) a discounted tax rate tier for businesses with taxable revenues from \$300,000 to \$900,000 and (2) an alternative tax computation for businesses with total revenue of \$10 million or less.

The Comptroller estimated that the old franchise tax would have brought in \$5.8 billion in tax revenue for the upcoming 2008–09 biennium, whereas the new margins tax is estimated to yield slightly more than double that amount, \$11.9 billion in tax revenue, in the upcoming biennium. The difference is important because of legislation enacted by the Seventy-ninth Legislature, Third Called Session, 2006, through House Bill 2, which established the Property Tax Relief Fund. This legislation stipulates that the amount that would have been collected under the old franchise tax, \$5.8 billion, will go into the General Revenue Fund, while the revenue generated above this amount as a result of the new margins tax, \$6.1 billion, will be dedicated to the newly established Property Tax Relief Fund.

### **CIGARETTE AND TOBACCO TAXES**

Cigarette, cigar, and tobacco excise tax revenue totaled \$1.9 billion in the 2006–07 biennium. Revenue for the 2008–09 biennium is expected to total \$2.5 billion, an increase of \$656.7 million, or 34.9 percent, from the 2006–07 level. This increase is projected based on the tax rate increases in House Bill 5, Seventy-ninth Legislature, Third Called Session, 2006, which increased the tax rate by \$1.00 per pack for cigarettes and to 40 percent of the manufacturer’s list price for other tobacco products. House Bill 2, also enacted by the Seventy-ninth Legislature, Third Called Session, established

the Property Tax Relief Fund and stipulates that the amount that would have been collected under the previous tax rates, \$1.1 billion, will go into the General Revenue Fund, while the excess above this amount generated by the increased tax rates, \$1.4 billion, will be dedicated to the Property Tax Relief Fund.

The cigarette tax comprises approximately 91.1 percent of total tobacco tax revenue. Effective January 1, 2007, cigarettes are taxed at a rate of \$1.41 per pack of 20 and \$1.76 per pack of 25. The tax rate in Texas is higher than the U.S. median state cigarette tax rate of \$0.80 per pack.

The cigarette tax is levied on a shrinking tax base. During the 1992–2007 period, per capita taxable cigarette consumption in Texas declined by an average of approximately 2 percent per biennium. The Comptroller expects continued consumption declines in 2008–09. As a result of the tax increase, total revenue from the cigarette tax is expected to increase by approximately 88 percent in the 2008–09 biennium, \$941.1 million in General Revenue Funds and \$1.4 billion deposited in the Property Tax Relief Fund.

The tobacco products tax is levied on cigars, snuff, chewing tobacco, and smoking tobacco. As a result of the tax increase, total revenue from the tobacco products tax, which unlike the cigarette tax is levied on the price of the tobacco product, is expected to increase by approximately 13 percent in the 2008–09 biennium, \$160.2 million in General Revenue Funds and \$26.9 million deposited in the Property Tax Relief Fund.

### **ALCOHOLIC BEVERAGE TAXES**

Alcoholic beverage taxes consist of the mixed beverage gross receipts tax; volume-based taxes imposed on ale, beer, liquor, and wine; and a 5-cent per drink tax on beverages served on airlines and passenger trains. Alcoholic beverage tax revenue totaled \$1.4 billion in the 2006–07 biennium. Revenue for the 2008–09 biennium is expected to total \$1.5 billion, up \$131.8 million, or 9.3 percent, from 2006–07.

### **INSURANCE OCCUPATION TAXES**

Insurance occupation taxes are comprised of two types: insurance premium taxes and insurance maintenance taxes. Insurance-related entities must remit a percentage of their gross premiums to pay insurance premium taxes. Insurers pay 1.75 percent of accident, health, and life insurance gross premiums; 1.6 percent of property and casualty insurance gross premiums; 1.35 percent of title insurance premiums;



and 4.85 percent of independently procured insurance premiums. Insurance maintenance taxes are also based on premiums. Insurance maintenance taxes are levied on insurance-related entities to cover the state's cost of regulating the industry. These regulatory costs are incurred primarily by the Department of Insurance and the Workers' Compensation Commission. Maintenance tax rates are reviewed annually and are based on the funding needs of the regulatory agencies. In addition to these taxes, retaliatory taxes are imposed on insurers from outside Texas to assist Texas-based companies operating in other states. If a Texas-based company pays a higher proportion of taxes to another state than domestic companies pay to that state, the insurance companies from the other state who compete in Texas must pay a retaliatory tax.

Insurance taxes and fees are forecast to total \$2.7 billion in the 2008–09 biennium, an increase of 3.4 percent from the 2006–07 biennium level. The tax base for insurance taxes is expected to display modest growth throughout the biennium, bolstered by Texas' growth in population but countered by a continued tight insurance market and increased application of premium tax credits.

### **UTILITY TAXES**

Texas has three primary forms of utility gross receipts taxes: the gas, electric, and water tax; the public utility gross receipts tax; and the gas utility administration tax. The largest revenue generator is the gas, electric, and water tax, which has averaged almost \$340 million annually since 2002, representing approximately 85 percent of the state's total utility tax revenues. This tax is imposed on utility gross receipts at rates ranging from 0.581 percent to 1.997 percent, depending on city population. The public utility gross receipts tax is levied at a rate of 0.1667 percent of gross receipts. It has generated an average of \$48 million per year since 2002. The gas utility administration tax is a levy of 0.5 percent on gas utility gross receipts less the cost of gas sold. Since 2002, it has yielded approximately \$6.7 million annually; however in 2006–07 it averaged \$8.5 million.

During the 2006–07 biennium, utility taxes raised \$986.9 million. They are estimated to generate \$1.1 billion in the 2008–09 biennium, a 10.2 percent increase.

### **INHERITANCE TAX**

Inheritance tax collections are forecast by the Comptroller to total \$0.6 million in the 2008–09 biennium. This represents a decline of 96.9 percent from 2006–07 collections of \$18.7

million. Texas' inheritance tax liability equals the maximum federal credit for state death taxes paid. Under federal law, the federal credit that Texas "picks up" was reduced from 2001 levels by 25 percent in 2002, by 50 percent in 2003, and by 75 percent in 2004, with full repeal in 2005. As a result, Texas inheritance tax collections are dormant during the 2008–09 biennium. All 2008–09 collections will result from taxpayer liabilities incurred during previous biennia. However, the federal law will sunset in 2011, thereby reinstating the federal credit and, consequently, Texas' inheritance tax liability.

### **HOTEL OCCUPANCY TAX**

The hotel occupancy tax is projected to generate \$732.5 million in the 2008–09 biennium, 12.9 percent above 2006–07 collections of \$648.7 million. Hotel tax revenues increased an average of 5.5 percent per year during fiscal years 1992–2000, but then declined beginning in September 2001 due to the nationwide slump in tourism. Since 2004, collections have risen with an increase of tourism and business travel, and average a growth of 12 percent per year.

### **OTHER TAXES**

"Other taxes" are taxes levied on such varied items as cement, sulphur, attorneys, coin-operated machines, and bingo rental receipts. These taxes are forecast to generate \$308.1 million in 2008–09, up 3.3 percent from 2006–07 collections of \$298.2 million.

## **NONTAX REVENUES**

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In addition to tax revenues, the state receives revenue from a variety of other sources.

### **FEDERAL RECEIPTS**

Federal receipts constitute the state's largest source of nontax revenue. It is estimated that collections for 2008–09 will total \$51.6 billion, 32.2 percent of all revenue for the biennium, up 5.2 percent from 2006–07 receipts. (See "Federal Funds Appropriations" elsewhere in Chapter 2 for an explanation of the importance of federal receipts in the state budget.)

### **FEES, FINES, LICENSES, AND PENALTIES**

Fees, fines, licenses, and penalties comprise the state's second largest source of nontax revenue. The state is projected to receive \$12.6 billion from this revenue category in the

2008–09 biennium. This represents a decline of 2.8 percent over 2006–07 collections of \$12.9 billion. The decline is mainly due to lower federal payments, including the Disproportionate Share and the Upper Payment Limit programs, and the abolition of the telecommunication utility/commercial mobile service provider fees pursuant to House Bill 735, Eightieth Legislature, 2007. This revenue category is expected to contribute 7.8 percent of all state revenue during the biennium.

### INTEREST AND INVESTMENT INCOME

Most interest on fund balances and investment revenue in General Revenue Funds is comprised of income deposited to the Available School Fund from Permanent School Fund investments. Investment revenue to the Available School Fund decreased slightly to \$1.70 billion in the 2006–07 biennium compared to \$1.76 billion in the 2004–05 biennium. Available School Fund investment revenue is expected to decrease by 17.6 percent to \$1.4 billion in the 2008–09 biennium. The calculation for determining the amount transferred to the Available School Fund is based upon historical Permanent School Fund balances. The 2008–09 transfer calculation will include fewer of the historically high Permanent School Fund balances, resulting in a lower transfer rate of 3.5 percent compared to a 4.5 percent rate used in 2006–07.

Interest and investment income from General Revenue Funds is expected to total \$1.7 billion in the 2008–09 biennium, a decrease of 13.4 percent from the 2006–07 biennium. The majority of this decrease can be attributed to the reduction in the Permanent School Fund transfer percentage discussed above. All Funds total investment revenue in the 2008–09 biennium is expected to increase slightly over the 2006–07 biennium.

### LOTTERY REVENUE

Lottery ticket sales totaled \$3.8 billion in fiscal year 2007, which were the same as fiscal year 2006 sales. Of the fiscal year 2007 total sales, \$1.6 billion was deposited into the State Treasury, \$0.5 billion of which was used to pay for Lottery Commission administrative expenses and to pay out large prizes, and more than \$1.03 billion of which was transferred to the Foundation School Account. The remaining \$2.2 billion of the fiscal year 2007 sales was used to pay retailer commissions and for the retailers to pay out small prizes.

The Comptroller estimates that more than \$1.04 billion in each of fiscal years 2008 and 2009 will be available for transfer to the Foundation School Account. These transfer amounts to the Foundation School Account increase 0.3 percent in fiscal year 2008 and remain flat in fiscal year 2009.

### LAND INCOME

Land income is derived from mineral royalties and leases, land sales, and the sale of timber and sand. The Comptroller projects the state to receive \$1.1 billion in income from state lands in the 2008–09 biennium. This is a decrease of 28.8 percent from 2006–07 collections of \$1.6 billion, mainly due to lower estimates of oil and gas royalties from lands owned by educational institutions. This revenue category constitutes about 0.7 percent of all state revenue.

### TOBACCO SETTLEMENT REVENUE

In January 1998, the State of Texas entered into a settlement agreement with the defendants in the state's action against tobacco manufacturers. One result of the agreement was the establishment of a series of payments to the state and a number of political subdivisions to be made by the defendants named in the agreement. The schedule of these payments is outlined in the settlement agreement. Future payments are subject to price, sales volume, and tobacco company profitability adjustments. These adjustment factors may cause actual Tobacco Settlement revenue collections to deviate from the original payment schedule.

During the 2006–07 biennium, the state received \$1,040.5 million as a result of the Tobacco Settlement agreement. For the 2008–09 biennium, \$985 million is expected as the volume of domestic cigarette sales decline. Tobacco Settlement revenue is classified as other revenue sources in **Figure 30**.

### OTHER REVENUE

The remaining \$4.4 billion, or 2.8 percent, of state revenues comes from a variety of sources: sales of goods and services, child support collections, revenue from unclaimed property, settlement of claims, and various federal programs. Estimated collections of other revenue in 2008–09 are expected to be 50.6 percent lower than 2006–07 collections. Many factors contribute to this decrease, including the reduction of state vendor drug rebates from major pharmaceutical manufacturers participating in Medicaid's vendor drug program, the reduction of third-party payments from private vendors in the state–federal Medicaid program,

and the redirection of teacher retirement reimbursements away from General Revenue Funds to the Teacher Retirement System Trust Account, which is outside the Treasury.

## **SIGNIFICANT LEGISLATION**

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The Seventy-ninth Legislature, Third Called Session, 2006, and the Eightieth Legislature, 2007, enacted several bills that affect state revenues.

### **SEVENTY-NINTH LEGISLATURE, THIRD CALLED SESSION, 2006**

House Bill 1 provides state aid to school districts to reduce local property taxes. School districts' maintenance and operation (M&O) tax rates will be calculated according to a state compression percentage, reducing the M&O tax rates by 11.3 percent in tax year 2006 and 33.3 percent in tax year 2007 and beyond. Beginning in fiscal year 2009, the Texas Education Agency will determine the state compression percentage based on appropriations from the property tax relief fund or other funding for this purpose.

House Bill 2 creates the Property Tax Relief Fund. Beginning in fiscal year 2008, the revenue in this fund must be appropriated to reduce school district maintenance and operation tax rates. The revenue deposited in this fund will be generated from various sections of House Bills 3, 4 and 5 enacted by the Seventy-ninth Legislature, Third Called Session, 2006.

House Bill 3 replaces the current franchise tax base of taxable capital and taxable earned surplus with a new base "taxable margin." An entity arrives at its taxable margin by calculating its total margin as the lesser of three values: (1) 70 percent of total revenue; (2) total revenue minus costs of goods sold; or (3) total revenue minus total compensation and benefits. The entity makes an annual determination to deduct from its total revenue either its costs of goods sold or its total compensation. The legislation includes a two-tiered tax rate. A taxable entity engaged primarily in retail or wholesale trade pays, on its taxable margin, the franchise tax rate of 0.5 percent. All other taxable entities pay at a rate of 1.0 percent. The Comptroller estimates an increase in business tax revenues of \$3.0 billion in fiscal year 2008 and \$3.1 billion in fiscal year 2009 to be deposited to the Property Tax Relief Fund.

House Bill 4 revises the method used to assess the state's 6.25 percent sales-and-use tax on the "standard presumptive value"

of vehicles. It is estimated this adjustment will result in revenue gains of \$25.2 million in the 2008–09 biennium to be deposited to the Property Tax Relief Fund.

House Bill 5 increases tax rates for cigarettes and other tobacco products, excluding cigars, beginning January 1, 2007. The cigarette tax rate increases by \$1.00 per pack and the tax rate of other tobacco products increases to 40 percent of the manufacturer's list price. It is estimated this increase will result in revenue gains of \$1.4 billion in the 2008–09 biennium to be deposited to the Property Tax Relief Fund.

### **EIGHTIETH LEGISLATURE, 2007**

Senate Bill 1, the General Appropriations Act, includes numerous riders that generate revenue. The Comptroller certified at least \$12.2 million for Rider 23, Office of the Attorney General, which allows for the expansion of the Medicaid fraud program. Rider 14, Comptroller of Public Accounts, is expected to generate \$17.9 million and provides for the annualization of the 2007 state employee pay increase, the restructure of the salary rates of tax auditors, and the maintenance of administrative functions. Rider 50, Special Provisions Relating to State Agencies of Higher Education, is expected to generate \$22.1 million through an increase in activity by small business development centers of individual institutions.

House Bill 2 appropriates \$14.2 billion for the 2008–09 biennium to the Texas Education Agency. The funds will be deposited under the Foundation School Program to fund school district property tax rate reductions required by House Bill 1, Seventy-ninth Legislature, Third Called Session. The legislation calls for between \$2 billion and \$3 billion of unappropriated General Revenue Funds available for certification to be transferred to the Property Tax Relief Fund on August 31, 2008. The amount of money transferred is not available for appropriation during the 2008–09 biennium.

House Bill 1751 establishes an admission fee of \$5 to customers of sexually oriented businesses that provide live nude entertainment or performances. During a fiscal biennium, up to \$25 million of the fee revenue will be deposited in the Sexual Assault Program Fund. The excess revenue will be deposited in the Texas Health Opportunity Pool.

House Bill 2994 adds nuclear power and electric power generation using integrated gasification combined cycle technology to the list of projects eligible for limitations on the appraised value of property for school district maintenance

and operations property taxation under the Texas Economic Development Act. Districts negotiating their appraised values through such agreements will be held harmless by the state for purposes of state education aid.

House Bill 3315 amends various provisions of the Texas Insurance Code relating to the taxation of insurance premiums. The legislation increases the annual aggregate amount assessed against certain property and casualty insurers to fund the Volunteer Fire Department Assistance Fund, resulting in a revenue increase of \$30 million in the 2008–09 biennium. The legislation repeals the September 1, 2011 expiration date for the assessment, resulting in a revenue gain of \$30 million in fiscal year 2012 and beyond.

House Bill 3928, enacted by the Eightieth Legislature, 2007, makes various changes to the margins tax passed during the Seventy-ninth Legislature, Third Called Session, 2006. The legislation modifies the calculation of taxes for taxable entities by applying a sliding discount scale ranging from 80 percent to 20 percent, depending on the businesses' total revenue. The legislation provides an alternative method for calculating taxes for businesses with a total revenue of \$10 million or less. An additional compensation deduction for small employers, as defined in the Texas Insurance Code, for initiating health coverage for employees during certain years of coverage is also established.

House Bill 3693 amends various sections of current law relating to energy demand, energy load, energy efficiency incentives, and energy programs. The legislation exempts certain energy-efficient products from the sales and use tax if the sale takes place during a specified time period in May. Such items include clothes washers, ceiling fans, dehumidifiers, dishwashers, light bulbs, programmable thermostats, certain refrigerators, and air conditioners. The first Energy Star Sales Tax holiday will be Memorial Day weekend in May 2008.

Senate Bill 247 prohibits the Employees Retirement System of Texas (ERS) and the Teacher Retirement System of Texas (TRS) from investing pension funds in certain private business entities doing business in Sudan. In the 2008–09 biennium, ERS anticipates a revenue loss of \$13.6 million and TRS anticipates a revenue loss of \$55.1 million. Both agencies calculate the ongoing revenue loss based on an 8 percent annual return on investment assumption, less deductions for retirement benefits and agency administrative expenses. Future investment losses may be offset by TRS and ERS reinvestment strategies.

## MAJOR STATE FUNDS

Although there are more than 400 funds in the State Treasury, the General Revenue Fund and a few closely related special funds and accounts play key roles in state finance. These key funds and accounts are described in this section.

### GENERAL REVENUE FUND

The General Revenue Fund consists of nondedicated General Revenue and General Revenue–Dedicated accounts. The nondedicated portion of the General Revenue Fund serves as the state's primary operating fund. Most state tax revenue, many state fees, and various other sources of revenue are deposited as nondedicated General Revenue Funds. Among the taxes deposited initially to the nondedicated General Revenue Fund are the state sales tax, the franchise tax, motor vehicle sales taxes, alcohol and tobacco taxes, the oil production tax, the natural gas tax, and motor fuel taxes. Expenditures may be made directly from nondedicated General Revenue Funds, or in some cases, revenue may be transferred from nondedicated General Revenue Funds to special funds or accounts.

Prior to 1991, most of the accounts that now compose dedicated General Revenue Funds existed as separate special funds outside the General Revenue Fund. A fund consolidation process initiated in 1991 brought almost 200 special funds into the General Revenue Fund as General Revenue–Dedicated accounts. There is an important distinction between special funds and General Revenue–Dedicated accounts: cash balances in the General Revenue–Dedicated accounts are counted as part of the General Revenue Fund balance in determining the amount of cash available for certification of appropriations from the General Revenue Fund; special fund account balances do not affect the amount of cash available for certification for the General Revenue Fund.

### AVAILABLE SCHOOL FUND

The Available School Fund (ASF) receives interest and dividend income from the Permanent School Fund (PSF) and one-quarter of net motor fuel taxes. A portion of ASF revenue is transferred to the State Textbook Fund and provides free textbooks and technology to children attending Texas public schools. Remaining revenue in the ASF is allocated to school districts on a per-pupil basis.

In September 2003, voters approved an amendment to the state constitution that changes the methodology used to distribute funds to the ASF from the PSF. Previously, all



investment income earned by the PSF was distributed to the ASF. Now the distribution amount is based upon a total return methodology, or a percentage of the average market value of the PSF. The distribution rate cannot exceed 6 percent of the average market value. The distribution rate is established by the State Board of Education (SBOE), or the Legislature in biennia when SBOE does not establish a rate. For the 2008–09 biennium, SBOE established a distribution rate of 3.5 percent of the average market value.

### **FOUNDATION SCHOOL ACCOUNT**

One-quarter of occupation taxes, such as the oil production tax, the natural gas production tax, insurance premium tax, and the gas, water, and electric utility tax, are constitutionally dedicated to public education. The revenue from these taxes is initially deposited to the General Revenue Fund, and then transferred to the Foundation School Account. With the enactment of legislation by the Seventy-fifth Legislature, 1997, net lottery proceeds became statutorily dedicated to public education and are deposited to the Foundation School Account. The Foundation School Account also receives the revenue from attendance credits purchased by local school districts under the current public school finance system. Revenue from the account is distributed to school districts using Foundation School Program formulas.

### **TEACHER RETIREMENT SYSTEM TRUST FUND**

The Teacher Retirement System Trust Fund is used to pay retirement, disability, and death benefits to former employees of public schools, junior colleges, and universities, and to the beneficiaries of those former employees. The state's contribution to the fund comes in the form of an appropriation of General Revenue Funds. In addition, the fund receives member contributions and membership fees. Expenditures from the fund are made without legislative appropriation.

### **PARKS AND WILDLIFE ACCOUNTS**

The State Parks Account, the Local Parks Account, and the Parks and Wildlife Capital and Conservation Account share a portion of the sales tax collected on sporting goods.

### **COMPTROLLER ENFORCEMENT ALLOCATION**

One percent of gross motor fuel tax collections is allocated to the Comptroller of Public Accounts for enforcement of fuel tax laws.

### **COUNTY AND ROAD DISTRICT FUND**

A transfer of \$7.3 million in gasoline tax revenue is made to the County and Road District Fund each year. Revenue from the fund is allocated to counties for the construction and maintenance of lateral roads and debt service related to lateral roads.

### **STATE HIGHWAY FUND**

The State Highway Fund is used for highway construction and maintenance, acquisition of rights-of-way, and the policing of public roads. The major revenue sources deposited directly to the fund include motor vehicle registration fees, federal highway funds, and the sales tax on motor lubricants. Motor fuel tax revenue is deposited to the General Revenue Fund, and a portion of that is allocated to the State Highway Fund.

### **HOTEL OCCUPANCY TAX FOR ECONOMIC DEVELOPMENT ACCOUNT**

The Economic Development and Tourism office within the Office of the Governor receives one-twelfth of state hotel occupancy tax collections each year for advertising and other marketing activities. The hotel tax is deposited to the General Revenue Fund; all but the portion dedicated to the Economic Development and Tourism office is nondedicated General Revenue Funds.

### **TEXAS MOBILITY FUND**

Article 3, Section 49-k, of the Texas Constitution was added by amendment on November 6, 2001, establishing the Texas Mobility Fund (TMF). The fund is a revolving fund in the State Treasury and is administered by the Texas Transportation Commission and the Texas Department of Transportation for the design, construction, reconstruction, acquisition, and expansion of state highways. The TMF can also be used in the construction of publicly owned toll roads and other public transportation projects. Subject to Comptroller approval and the implementation of a strategic plan that outlines the use of TMF revenues, the Texas Transportation Commission is authorized to sell debt obligations of the state to construct highways, toll roads, or other transportation projects. These obligations are guaranteed with a pledge of the state's full faith and credit should the TMF balance prove insufficient to pay outstanding obligations. In that circumstance, the Legislature must appropriate funds from the State Treasury to pay any outstanding obligations. The proceeds of debt issuances are to be deposited in the TMF, and fund proceeds are pledged to the payment of any

outstanding obligations or credit agreements. The Texas Legislature may dedicate any taxes or other revenues to the TMF that otherwise are not dedicated by the Texas Constitution, namely, motor fuel taxes, lubricant sales taxes, and motor vehicle registration fees. Current deposits include portions of fees for the registration and inspection of motor vehicles, driver record information, and driver licenses, as well as fees for state traffic fines and penalties.

### PROPERTY TAX RELIEF FUND

The Property Tax Relief Fund was created by the Seventy-ninth Legislature, Third Called Session, 2006, as a special fund in the State Treasury outside the General Revenue Fund. Additional revenues generated as a result of enacting House Bills 3, 4, and 5 during that called session are deposited into the fund to be appropriated for property tax relief.

### ECONOMIC STABILIZATION FUND

The Economic Stabilization Fund (ESF), or “Rainy Day Fund,” is a constitutional fund created by the voters in 1988. Whenever collections are sufficient, the fund receives an amount of General Revenue Funds equal to 75 percent of the amount of oil production tax collections in excess of 1987 levels, and 75 percent of the amount of natural gas tax collections in excess of 1987 levels. The fund also receives one-half of any unencumbered General Revenue Funds balance at the end of each biennium. The Legislature may also appropriate revenue to the fund.

Appropriations may be made from the ESF with a three-fifths vote of the members present in each house under certain circumstances, such as when a budget deficit develops in a biennium or when the Comptroller estimates that revenue will decline from one biennium to the next. Appropriations may be made from the ESF for any purpose at any time with a two-thirds vote of the members present in each house of the Legislature.

The ESF ended fiscal year 2007 with a balance of \$1.3 billion. The Comptroller estimates that an additional \$1.2 billion in fall 2007 and \$1.1 billion in fall 2008 will be transferred to the ESF as a result of robust natural gas and oil production tax collections and estimates a \$1.8 billion unencumbered balance transfer in 2008. With projected interest earnings and no expected appropriations, the Comptroller estimates that the ESF balance will reach \$5.7 billion by the end of the 2008–09 biennium.

## FEDERAL FUNDS APPROPRIATIONS

Appropriated Federal Funds for the 2008–09 biennium total \$51.0 billion, a 3.6 percent increase from the 2006–07 total of \$49.2 billion (**Figure 34**). This \$1.8 billion increase constitutes 7.8 percent of the increase between the biennia in the All Funds budget. Federal Funds make up about 30.4 percent of the 2008–09 All Funds budget (**Figure 35**), less than the percentage share in the 2006–07 biennium.

Not all federal funding streams directed to Texas are included in these totals. For example, Earned Federal Funds are reimbursements to the state for expenditures already paid with state funds and are included in General Revenue Funds. Federal Funds received by higher education institutions and Medicaid Disproportionate Share Hospital payments are not included in the Federal Funds totals either. Food stamp benefits are not appropriated, nor are in-kind federal contributions such as the vaccines the federal government distributes to Texas. Expenditures for federal government salaries and wages, procurement, and direct payments to entities and individuals are not received by the state, therefore, also are not included in the Federal Funds total.

Most of the Federal Funds Texas receives (95.7 percent) are for services provided through the Health and Human Services, Business and Economic Development, and Education functions within the General Appropriations Act. **Figure 35** shows the amount of Federal Funds received by each of the functions as a percentage of all Federal Funds received by Texas. **Figure 36** breaks down each function's Federal Funds as a percentage of the function's All Funds budget.

### HEALTH AND HUMAN SERVICES

In the 2008–09 biennium, the Legislative Budget Board (LBB) estimates that Health and Human Services agencies will receive \$31.1 billion in Federal Funds, which is 61 percent of the state's total Federal Funds. Federal Funds for these agencies are expected to increase by \$1.9 billion above 2006–07 biennial levels, accounting for 94.8 percent of the total increase in Federal Funds to Texas in the 2008–09 biennium. This increase is primarily attributable to Medicaid and the Children's Health Insurance Program (CHIP) healthcare services. The Health and Human Services Commission, which administers the state's Medicaid and CHIP programs, receives more than 60.6 percent of the function's total Federal Funds.



**FIGURE 34**  
**FEDERAL FUNDS – STATEWIDE SUMMARY**  
**2006–07 AND 2008–09 BIENNIA**

IN MILLIONS FUNCTION	EXPENDED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2,3</sup>	BIENNIAL CHANGE	% CHANGE
ARTICLE I - General Government	\$881.5	\$699.1	(\$182.4)	(20.7)
ARTICLE II - Health and Human Services	29,197.6	31,062.3	1,864.8	6.4
ARTICLE III - Agencies of Education	8,651.0	8,831.6	180.6	2.1
Public Education	8,318.0	8,494.7	176.7	2.1
Higher Education	333.1	337.0	3.9	1.2
ARTICLE IV - The Judiciary	5.4	2.9	(2.5)	(46.6)
ARTICLE V - Public Safety and Criminal Justice <sup>4</sup>	1,327.4	578.7	(748.7)	(56.4)
ARTICLE VI - Natural Resources <sup>4</sup>	328.0	850.8	522.8	159.4
ARTICLE VII - Business and Economic Development	8,798.5	8,858.7	60.2	0.7
ARTICLE VIII - Regulatory	5.4	4.5	(0.9)	(17.2)
ARTICLE IX - General Provisions	0.0	74.4	74.4	NA
ARTICLE X - The Legislature	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>\$49,194.8</b>	<b>\$50,963.0</b>	<b>\$1,768.3</b>	<b>3.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and the Governor's vetoes.

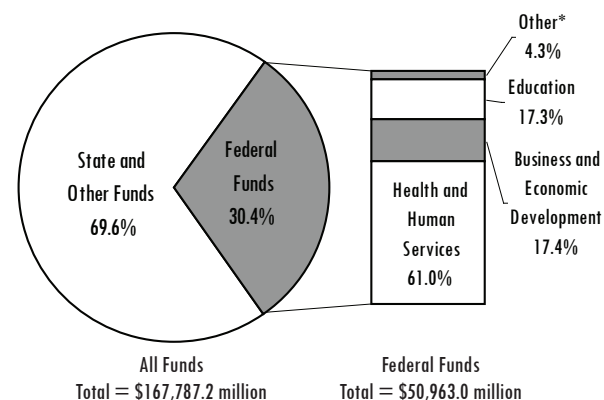
<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**FIGURE 35**  
**FEDERAL FUNDS PERCENTAGE**  
**ALL FUNDS BUDGET**  
**2008–09 BIENNIA**

IN MILLIONS



\*Other = General Government 1.4%; Public Safety and Criminal Justice 1.1%; Natural Resources 1.7%; General Provisions 0.1%; Regulatory <0.1%.

SOURCE: Legislative Budget Board.

## EDUCATION

The education agencies account for the third-largest portion of Federal Funds in the state budget. The LBB estimates education agencies to receive \$8.8 billion in Federal Funds during the 2008–09 biennium (17.3 percent of the state's total Federal Funds), an increase of \$180.6 million from 2006–07 levels. Increased grants for school nutrition programs account for most of the increase. One agency, the Texas Education Agency, receives 96 percent of the function's appropriated Federal Funds.

## BUSINESS AND ECONOMIC DEVELOPMENT

The LBB estimates that business and economic development agencies will receive \$8.9 billion, or 17.4 percent, of Texas' Federal Funds during the 2008–09 biennium. This is an increase of \$60.2 million, or 0.7 percent, above the 2006–07 biennial level. Approximately 43.2 percent of the total budget for the Business and Economic Development function is expected to come from federal sources. Two agencies, the Department of Transportation and the Texas Workforce Commission, receive 94.2 percent of the function's Federal Funds.

**FIGURE 36**  
**FEDERAL FUNDS AS PERCENTAGE OF**  
**ALL FUNDS BUDGET, BY FUNCTION**  
**2006–07 AND 2008–09 BIENNIA**

FUNCTION	% OF 2006–07 ALL FUNDS BUDGET THAT IS FEDERAL FUNDS	% OF 2008–09 ALL FUNDS BUDGET THAT IS FEDERAL FUNDS
ARTICLE I – General Government	24.3	17.4
ARTICLE II – Health and Human Services	59.4	58.6
ARTICLE III – Agencies of Education	14.6	11.8
ARTICLE IV – The Judiciary	1.0	0.5
ARTICLE V – Public Safety and Criminal Justice	13.4	5.5
ARTICLE VI – Natural Resources	14.1	26.4
ARTICLE VII – Business and Economic Development	45.3	43.2
ARTICLE VIII – Regulatory	1.0	0.6
ARTICLE IX – General Provisions	0.0	18.4
ARTICLE X – The Legislature	0.0	0.0
<b>TOTAL, ALL ARTICLES</b>	<b>33.9</b>	<b>30.4</b>

SOURCE: Legislative Budget Board.

### OTHER FUNCTIONS

Federal Funds for the remaining functions (General Government, Judiciary, Public Safety and Criminal Justice, Natural Resources, and Regulatory), including General Provisions, are estimated by the LBB to total \$2.2 billion (4.3 percent) of the state's receipts during the 2008–09 biennium.

## LOCAL REVENUE

### PROPERTY TAXES

Property taxes are levied by school districts, counties, cities, and special districts. Special districts consist of junior colleges, hospitals, rural fire-fighting, municipal utilities, flood control, navigation, and economic development reinvestment zones.

### TAXABLE VALUES

Gross taxable property values, adjusted for productivity valuation, totaled \$725.7 billion in 1986. (Productivity

valuation is a measure of land value based on the land's ability to produce income from agriculture or timber operations.) By fiscal year 2006, adjusted gross property values stood at \$1,547.5 billion, an increase of 113.2 percent from the 1986 level. In 2006, net taxable property values increased by \$153.2 billion, or 12.6 percent from the 2005 amount (Figure 37). This was the twelfth year in a row that net taxable property value increased (Figure 38). The increase would have been greater had the growth in the value of school district property tax exemptions not been significant and if appraisal value increases had not been limited.

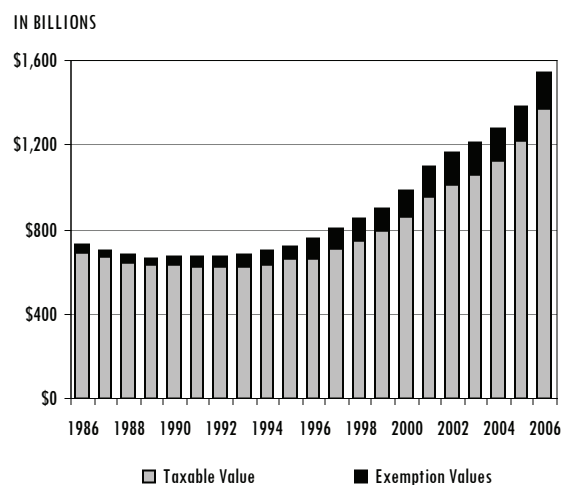
In fiscal year 1995, school district exemptions and abatements accounted for \$59.6 billion of reduced taxable value. By 2006, the amount had grown to \$177.1 billion, a \$117.5 billion increase from 1995 levels. The increase from 1995 to 2006 is attributable in large part to the \$10,000 increase in the residential homestead exemption amount adopted in 1997. In 2006, about 81.6 percent of the total exemption

**FIGURE 37**  
**SCHOOL DISTRICT NET TAXABLE PROPERTY VALUES**  
**FISCAL YEARS 2005 TO 2006**

IN BILLIONS		2005 FINAL	2006 FINAL	%
PROPERTY CATEGORY		VALUE	VALUE	CHANGE
A	Single-family Residences	\$688.2	\$759.6	10.4
B	Multi-family Residences	61.6	67.7	10.0
C	Vacant Platted Lots & Tracts	30.5	34.4	12.7
D	Rural Real (Taxable)	59.2	63.8	7.9
F1	Commercial Real	193.5	219.5	13.4
F2	Industrial Real	68.4	77.5	13.4
G	Oil, Gas, Minerals	67.4	93.0	37.9
J	Utilities	39.9	41.3	3.3
L1	Commercial Personal	95.9	101.9	6.2
L2	Industrial Personal	64.9	71.7	10.5
M.	Other Personal	5.6	5.6	1.3
N	Intangible Personal	0.0	0.0	(100.0)
O	Residential Inventory	6.2	7.3	17.6
S	Special Inventory	4.0	4.3	7.3
<b>TOTAL MARKET VALUE</b>		<b>\$1,385.2</b>	<b>\$1,547.5</b>	<b>11.7</b>
Less Exemptions		(\$168.1)	(\$177.1)	5.4
<b>Net Taxable Value</b>		<b>\$1,217.2</b>	<b>\$1,370.4</b>	<b>12.6</b>

SOURCE: Comptroller of Public Accounts.

**FIGURE 38**  
**SCHOOL DISTRICT PROPERTY VALUES**  
**FISCAL YEARS 1986 TO 2006**



SOURCE: Comptroller of Public Accounts.

amount was attributable to the state-mandated residential homestead exemption and the property tax freeze for qualified homeowners aged 65 or older (Figure 39). The maximum average annual increase in residential homestead appraisal valuations is limited to 10 percent per year and amounted to a loss of approximately \$14.2 billion in taxable value in 2006.

**FIGURE 39**  
**SCHOOL PROPERTY TAX EXEMPTION BREAKDOWN**  
**CALENDAR YEARS 2005 AND 2006**

IN MILLIONS				
EXEMPTION TYPE	2005 AMOUNT	% OF TOTAL	2006 AMOUNT	% OF TOTAL
State Homestead & Disabled Veterans	\$82,243	47.8	\$83,970	47.4
Homestead Cap Value Loss	10,003	5.8	14,210	8.0
Tax Limit on over-65 Homesteads	50,158	29.1	46,352	26.2
Subtotal, Homestead Exemption Value	\$142,404	82.7	\$144,532	81.6
Tax Abatements/Other	\$29,696	17.3	\$32,506	18.4
<b>TOTAL EXEMPTIONS</b>	<b>\$172,100</b>	<b>100.0</b>	<b>\$177,039</b>	<b>100.0</b>

SOURCE: Comptroller of Public Accounts, "2005 Property Value Study" and "2006 Property Value Study."

The tax freeze on homesteads of homeowners age 65 or older amounted to a loss of approximately \$46.4 billion in taxable value in 2006.

### PROPERTY TAX LEVIES

In 2005, the most recent year for which complete property tax data is available, 3,702 local taxing units levied \$33.5 billion in property taxes, an increase of \$2.5 billion, or 8.1 percent from the 2004 level. As depicted in Figure 40, in tax year 2005, school districts accounted for \$20.2 billion of the levies, followed by cities at \$4.9 billion, counties at \$4.8 billion, and special districts with \$3.6 billion. School districts accounted for 50.8 percent of the total increase from the 2004 level.

From calendar years 1985 to 2005, statewide property tax levies grew by \$24.5 billion, or 273.3 percent. School district levies increased by the largest amount, \$15.5 billion, accounting for almost 63.4 percent of the total increase. In 1985, a total of 1,062 school districts levied approximately \$4.7 billion in property taxes, 52 percent of all property taxes levied in the state. By 2005, there were 1,031 independent school districts and they levied \$20.2 billion in property taxes, for a 60.3 percent share of total property taxes. Between 1985 and 2005, school district levies grew at an average annual rate of 7.6 percent, which is higher than the 6.0 percent average annual increase in personal income in Texas. From calendar years 1994 to 1998, however, the annual increase in personal income in Texas outpaced the percentage increase in school district tax levies (Figure 41).

### SIGNIFICANT PROPERTY TAX LEGISLATION

The Eightieth Legislature, 2007, enacted 45 property tax and property tax-related bills. These bills address property tax administration, exemptions, the appraisal process, tax rate adoptions, and tax collections. The most significant of those 45 bills are discussed here.

House Bill 5 and Senate Joint Resolution 13 provide a proportional school property tax reduction for elderly and disabled homestead owners. House Bill 1, Seventy-ninth Legislature, Third Called Session, 2006, provided state aid to school districts to reduce school property taxes by 11.3 percent in tax year 2006 and one-third in tax year 2007 and beyond. However, because property taxes for some homestead owners were frozen when they turned age 65 or became disabled, they did not benefit from the property tax relief.

**FIGURE 40**  
**PROPERTY TAX LEVIES**  
**TAX YEARS 1985 TO 2005**

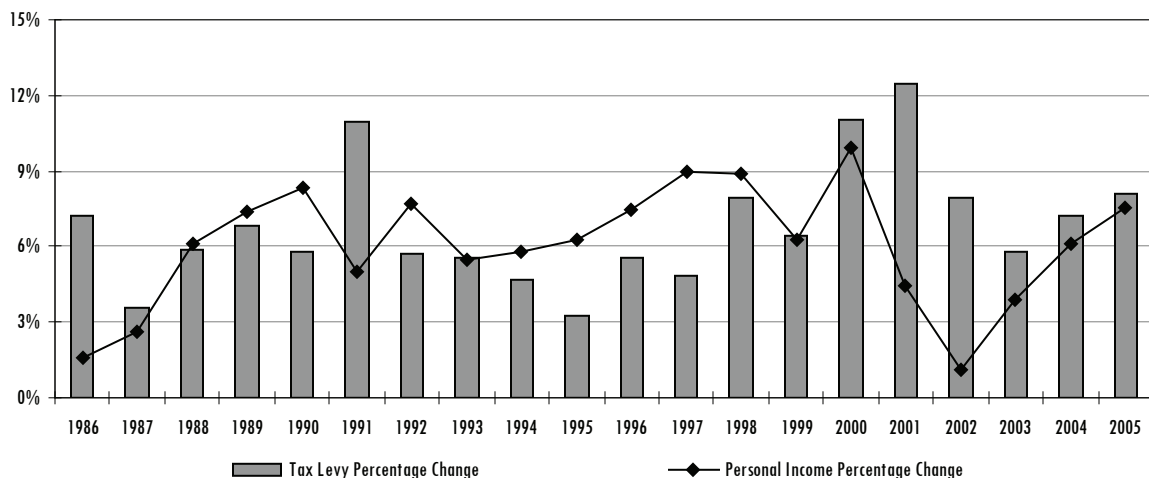
IN MILLIONS						
TAX YEAR	SCHOOL DISTRICT	CITY	COUNTY	SPECIAL DISTRICT	TOTAL PROPERTY TAXES	% CHANGE
1985	\$4,663.9	\$1,820.3	\$1,427.8	\$1,056.8	\$8,968.8	NA
1986	5,026.6	1,966.7	1,482.3	1,141.7	9,617.2	7.2
1987	5,218.8	2,028.7	1,540.0	1,176.7	9,964.2	3.6
1988	5,575.8	2,145.7	1,595.2	1,232.4	10,549.2	5.9
1989	6,072.2	2,200.4	1,715.7	1,284.2	11,272.5	6.9
1990	6,605.4	2,219.0	1,743.2	1,354.6	11,922.2	5.8
1991	7,566.0 <sup>1</sup>	2,303.6	1,894.0	1,459.6	13,223.3	10.9
1992	8,181.3 <sup>2</sup>	2,311.6	1,996.1	1,492.0	13,981.1	5.7
1993	8,681.9	2,362.4	2,177.0	1,535.8	14,757.0	5.5
1994	9,024.9	2,493.6	2,311.4	1,620.5	15,450.3	4.7
1995	9,341.0	2,596.7	2,392.0	1,628.2	15,957.9	3.3
1996	9,910.2	2,701.2	2,537.2	1,698.6	16,847.2	5.6
1997	10,394.5	2,847.1	2,658.3	1,759.6	17,659.5	4.8
1998	11,334.6	3,006.0	2,828.3	1,889.1	19,058.0	7.9
1999	12,009.9	3,248.0	2,979.3	2,041.0	20,278.2	6.4
2000	13,392.3	3,530.9	3,200.9	2,389.1	22,513.2	11.0
2001	15,155.2	3,884.8	3,566.9	2,703.5	25,310.4	12.4
2002	16,418.8	4,186.8	3,849.7	2,864.5	27,319.8	7.9
2003	17,264.2	4,415.2	4,121.8	3,092.3	28,893.4	5.8
2004	18,534.0	4,607.8	4,462.8	3,369.1	30,973.6	7.2
2005	20,194.9	4,901.8	4,772.7	3,609.6	33,479.0	8.1

<sup>1</sup>Of the total school district tax levy, 188 County Education Districts (CED) generated \$4,739.1 million, or 35.9 percent of the 1991 total school district tax levy. In 1992, the CEDs generated \$5,258.7 million, or 37.6 percent.

<sup>2</sup>Does not include New Braunfels Independent School District.

SOURCE: Comptroller of Public Accounts.

**FIGURE 41**  
**ANNUAL SCHOOL DISTRICT TAX LEVY**  
**AND ANNUAL PERSONAL INCOME**  
**PERCENTAGE CHANGES**  
**CALENDAR YEARS 1986 TO 2005**



SOURCE: Comptroller of Public Accounts.

House Bill 5 and Senate Joint Resolution 13 proposed a constitutional amendment to authorize the Legislature to provide a proportional school property tax reduction for these homeowners. The amendment was ratified by the voters on May 12, 2007. The cost to the state is approximately \$276 million in General Revenue Funds for the 2008–09 biennium.

House Bill 1010 requires the chief appraisers who appraise real property that is located partially inside the boundaries of more than one appraisal district to coordinate their appraisals of each portion of the property to the greatest extent practicable to ensure that the property is appraised at its market value.

House Bill 1210 authorizes the applicable governing body of a taxing unit to extend a property tax refund application deadline for a single period not to exceed two years on a showing of good cause by the taxpayer.

House Bill 3024 provides that when a property owner submits in an appraisal review board hearing a recently completed appraisal of property value performed by a certified appraiser, the appraisal district has the burden of establishing the value of the property by clear and convincing evidence presented at the hearing. If the appraisal district fails to meet that standard, the protest is required to be determined in favor of the property owner.

House Bill 3191 provides that a 100 percent exemption applies to property owned by an organization for the purpose of constructing or rehabilitating a housing project on the property and selling single-family dwellings to individuals or families whose income is below a certain amount.

House Bill 3195 requires a city council or county commissioners court to identify on the cover page of a proposed budget that the proposed budget anticipates raising more total property taxes than the previous year's budget,

including the dollar amount and percentage of increase and the amount of tax revenue to be raised from new property added to the tax roll. The bill also requires a separate ratification vote to adopt a budget that raises more total property taxes than in the previous year.

Senate Bill 426 provides that a property tax exemption granted under Section 11.182, Texas Tax Code (Community Housing Development Organizations Improving Property for Low-Income and Moderate-Income Housing Property Previously Exempt), does not expire upon a change in ownership when the property has been sold at a foreclosure sale and the purchasing organization shows the chief appraiser proof of its qualification for the exemption within 30 days of the sale.

### LOCAL SALES TAX

Local governmental entities, such as cities, counties, metropolitan transit authorities, and special districts, may impose local sales and use taxes. State law caps the combined rate set by local jurisdictions at 2 percent. The taxes are administered and collected by the Comptroller and then remitted back to the local jurisdiction. **Figure 42** shows the remittances for fiscal years 2005 to 2007. Sales tax remittances to local government entities for the 2006–07 biennium were up from the preceding biennium by 21.8 percent.

### ECONOMIC OUTLOOK

The strong economic growth of the Texas and U.S. economies during the 1990s slowed substantially after 2000 for a number of reasons. Overinvestment in the telecommunications industry, Internet system, and energy trading companies that occurred in the 1990s suddenly stopped, producing subsequent bankruptcies and unemployment in Texas and throughout the nation. The attacks of September 2001,

**FIGURE 42**  
**LOCAL SALES TAX REIMBURSEMENTS**  
**FISCAL YEARS 2005 TO 2007**

IN MILLIONS TAXING UNIT	2005 REMITTED	% OF TOTAL	2006 REMITTED	% OF TOTAL	% INCREASE	2007 REMITTED	% OF TOTAL	% INCREASE
Cities	\$3,046.3	68.1	\$3,453.0	68.2	13.3	\$3,744.7	68.4	8.4
Transit authorities	1,040.8	23.3	1,186.6	23.4	14.0	1,258.4	23.0	6.0
Counties	261.5	5.8	298.8	5.9	14.2	329.0	6.0	10.1
Special districts	125.1	2.8	125.8	2.5	0.6	146.0	2.7	16.0
<b>TOTAL</b>	<b>\$4,473.8</b>	<b>100.0</b>	<b>\$5,064.2</b>	<b>100.0</b>	<b>13.2</b>	<b>\$5,478.1</b>	<b>100.0</b>	<b>8.2</b>

SOURCE: Comptroller of Public Accounts.

resulting terrorist prevention measures, and the build-up to the 2003 Iraqi invasion shook consumer and investor confidence and acted as dampers on consumer spending, business investment, and general economic growth. From 1998 to 2000, U.S. gross domestic product increased by 5.7 percent and U.S. consumer spending increased 7.0 percent; from 2001 to 2003, the average annual percentage increase in gross domestic product was 3.7 percent and in U.S. consumer spending, 4.6 percent. From 2004 through 2007, U.S. gross domestic product annually increased 6 percent, while consumer spending also increased annually by 6 percent. In 2007, the U.S. economy again slowed because of the downturn of the home mortgage market in late summer. Economic forecasters anticipate U.S. gross domestic product will grow an annual average of 4.1 percent, and U.S. consumer spending will also grow an annual average of 4.1 percent during the period 2008 to 2009. (Note: All dollar amounts in this section are calendar year nominal amounts.)

From 1991 to 2000, the Texas economy grew at an annual average rate of 6.7 percent, while the overall U.S. economy grew about 5.4 percent per year. From 2001 to 2007, the Texas economy continued to grow faster than the overall U.S. economy, but both economies grew more slowly than the boom period of the 1990s. Texas' annual growth from 2001 to 2007 averaged 6.6 percent; U.S. growth during the same period averaged 5.0 percent. Also, Texas has thus far avoided the worst of the housing crisis that afflicted the U.S. in 2007 for two reasons: (1) the housing market in Texas did not experience the general over valuation that affected the housing market in most of the U.S., and (2) there was much less sub-prime mortgage lending activity in Texas to begin with.

Current economic forecasts for 2008 and 2009 indicate that the Texas economy and the U.S. economy are both expected to slow. The Texas economy is forecast to grow 5.4 percent each year, as the U.S. economy annually grows about 4.1 percent.

## THE U.S. ECONOMY

The U.S. economy is now reacting to the effects of the instability in the household mortgage market, especially the sub-prime sector of the market. The uncertainty about the extent of the mortgage market downturn is widespread. Also, there is no clear picture indicating possible effects upon current housing prices, future housing starts, and consumer spending. The Federal Reserve pumped in liquidity and cut the discount rate and the federal funds rate in fall 2007.

While there is currently no certainty of a nationwide recession, the probability of one has increased. The home mortgage and housing market problems will continue to be a drag on the U.S. economy through 2008 and 2009, affecting employment growth and consumer spending. New housing starts were 1.3 million units in 2007, an almost 500,000 unit decrease from the 2006 level. The 2008 level of new housing starts is estimated to be 1 million units, the lowest level of U.S. housing starts since 1992. Economic growth slowed in the last half of 2007 and is not expected to accelerate until the last half of 2008. New business investments will be restricted if the present instability of the financial market worsens.

After growing at a robust average annual rate of 6.2 percent from 2004 to 2006, U.S. consumer spending slowed to an annual rate of 5.5 percent in 2007. It is forecast to slow further, to an average annual rate of 4.1 percent in 2008 and 2009.

Investment in fixed equipment and software by U.S. businesses increased at a strong average annual rate of 7.5 percent from 2004 to 2006. Because of a slowdown in the growth of corporate profits, business investment grew only 1.5 percent in 2007, and is forecast to recover slowly, to an average annual rate of 5.1 percent in 2008 and 2009.

A number of risks to long-term U.S. economic growth exists, especially a projected decrease in worker productivity, the increasing burden of the national debt, a continuation of historically high energy prices, and the decline in the value of the dollar as compared to foreign currencies.

Output per worker hour, that is, productivity, has steadily decreased from 4.1 percent in 2002 to a low of 1 percent in 2006, but has been rising since then and is projected to reach 1.8 percent per year in 2009. Average productivity growth over the next 10 years is projected to be about 1.9 percent annually, below the 2.5 percent between 1997 and 2007.

The annual increase in the federal budget deficit is estimated to reach \$163 billion in 2007, increase to \$294 billion in 2008, and reach \$340 billion in 2009.

Crude oil market prices rose from an average of \$41 per barrel in 2004 to an average of \$72 in 2007, and natural gas market prices reached near \$7 per thousand cubic feet (mcf). Near the end of 2007, oil market prices approached the \$100 per barrel price. According to GlobalInsight, oil market prices are forecast to abate between 2008 and 2012 from the \$100 per barrel price, and natural gas market prices should be at the \$8 per mcf level.



The financing of the U.S. national debt by borrowing from foreign nations, a slowing of U.S. economic growth, and a reduction of U.S. interest rates have caused a decline of the value of the U.S. dollar as compared to foreign currencies. During 2007, the dollar dropped 5.5 percent against major foreign currencies.

The combination of declining worker productivity, an increasing federal deficit, historically high energy prices, and a decline in the value of the dollar are nascent factors that could result in a reacceleration of inflation, higher U.S. interest rates, and even slower economic growth.

### THE TEXAS ECONOMY

Since the 1950s, the Texas economy outpaced the national economy in most years. Over the next few years, Texas economic growth will be slower than the recent 2005 to 2007 period. However, the Texas growth rate will remain greater than the rate of growth for the U.S. economy as a whole. A highly competitive industrial base, low business costs, business-friendly governments, and the state's strategic location as a primary exporter to Latin America and elsewhere will continue to sustain and fuel Texas growth. From 2000 to 2007, high-tech growth industries (semiconductors, computer manufacturing, and telecommunications) laid off over 137,000 Texas employees. Yet, from 2000 to 2007, the Texas private sector workforce grew by 863,000 employees, entirely from the growth in service employment. Employment in services increased by 884,000 employees, as employment in the goods production sector fell by 21,000 employees. Service industries will be the drivers of the future Texas labor market, as manufacturing and energy production employment are projected to stagnate, based on data from GlobalInsight and other economic factors.

### GROSS STATE PRODUCT

Economic growth in Texas, as measured by the percentage change in gross state product (GSP), will continue to outpace growth at the national level, as measured by the percentage change in national gross domestic product (GDP). Texas has outperformed the nation since 1991. Between 1991 and 2000, the Texas economy grew at an average rate of 6.7 percent, while the U.S. economy grew at an average annual rate of 5.4 percent. From 2001 to 2007, the Texas economy grew at an average rate of 6.6 percent, while the U.S. economy grew at an average annual rate of 5.0 percent.

Current economic forecasts by the Comptroller and other forecasters for 2008 and 2009 indicate an average annual increase in the Texas gross state product of about 5.4 percent,

while the U.S. economy grows annually at an average of 4.1 percent.

### PERSONAL INCOME

From 1991 to 2001, Texas annual personal income growth averaged 6.9 percent each year, reaching a high annual growth rate of 9.9 percent in 2000, before falling the next three years to an annual average growth rate of 3.1 percent. This decrease was the result of the dot-com bust, declines in the stock markets, and aftermath from terrorist attacks as the new millennium began. Texas personal income growth rebounded after that, averaging 8.2 percent per year from 2004 through 2007.

Current economic forecasts that incorporate the effects of the national home mortgage crisis and possible declines in average home prices, project that Texas personal income growth in 2008 and 2009 will be less than growth in the recent past. Personal income should grow 6.2 percent in fiscal year 2008 and 5.6 percent in fiscal year 2009.

### EMPLOYMENT

As the Texas economy has become more diversified since the energy-related slowdowns of the 1980s, employment growth has been concentrated in the utility, trade, finance, professional, and government sectors, collectively known as the service sector. The share of service sector employment to total employment in Texas has been rising slowly, to 82.9 percent in 2007. This share is forecast to grow to 83.4 percent in 2009. **Figure 43** shows the distribution of employment growth among Texas industries.

Growth in service sector employment has outpaced that of the state as a whole. The strongest component of this growth is professional service employment: accounting, engineering, management, legal, and healthcare services, for example. This growth is indicative of a general increased demand for personal and professional support services.

Growth in the trade, transportation, and utility segments of the service sector has also been strong. The trade sector comprises wholesalers and retailers such as department stores, specialty shops, and eating and drinking establishments. The transportation and utility sectors include commercial and consumer freight, public and private utility services, and communications. As with the professional service sector, growth in the trade and utility sectors is a function of increased consumer and business demand.

In addition to strong service employment growth, goods sector employment has rebounded from the early 1990s.

**FIGURE 43**  
**NONAGRICULTURAL EMPLOYMENT BY SECTOR**  
**FISCAL YEARS 2002 TO 2009**

IN THOUSANDS		NUMBER OF EMPLOYEES							
SECTOR		2002	2003	2004	2005	2006	2007	2008*	2009*
<b>SERVICE</b>									
Professional Services		2,492.9	2,520.2	2,579.7	2,662.8	2,768.4	2,856.5	2,949.7	3,056.0
Percent Change		(0.2)	1.1	2.4	3.2	4.0	3.2	3.3	3.6
Trade, Transportation, and Public Utilities		1,957.1	1,920.1	1,937.1	1,980.0	2,037.4	2,061.5	2,088.3	2,127.8
Percent Change		(1.9)	(1.9)	0.9	2.2	2.9	1.2	1.3	1.9
Government		1,615.3	1,647.3	1,650.1	1,676.5	1,704.2	1,732.8	1,759.2	1,778.2
Percent Change		2.5	2.0	0.2	1.6	1.7	1.7	1.5	1.1
Information		254.6	237.3	226.7	223.3	222.8	221.3	221.8	222.0
Percent Change		(7.1)	(6.8)	(4.5)	(1.5)	(0.2)	(0.7)	0.2	0.1
Financial Activities		579.4	584.0	592.5	605.5	623.0	635.5	644.6	651.6
Percent Change		0.5	0.8	1.4	2.2	2.9	2.0	1.4	1.1
Leisure and Hospitality		842.6	856.0	878.9	903.1	930.9	972.0	999.4	1,020.7
Percent Change		1.0	1.6	2.7	2.8	3.1	4.4	2.8	2.1
<b>TOTAL, SERVICE SECTOR</b>		<b>7,741.9</b>	<b>7,764.8</b>	<b>7,864.9</b>	<b>8,051.1</b>	<b>8,286.7</b>	<b>8,479.7</b>	<b>8,663.0</b>	<b>8,856.3</b>
<b>PERCENT CHANGE</b>		<b>(0.2)</b>	<b>0.3</b>	<b>1.3</b>	<b>2.4</b>	<b>2.9</b>	<b>2.3</b>	<b>2.2</b>	<b>2.2</b>
<b>GOODS</b>									
Manufacturing		964.5	909.6	889.7	894.8	919.0	929.6	926.0	918.1
Percent Change		(7.8)	(5.7)	(2.2)	0.6	2.7	1.2	(0.4)	(0.9)
Construction		571.8	555.1	544.7	559.7	595.1	620.4	634.4	635.9
Percent Change		(1.3)	(2.9)	(1.9)	2.7	6.3	4.3	2.3	0.2
Natural Resources and Mining		148.0	145.6	151.0	162.1	179.8	199.0	209.3	209.7
Percent Change		(2.2)	(1.6)	3.7	7.3	10.9	10.6	5.2	0.2
<b>TOTAL, GOODS SECTOR</b>		<b>1,684.3</b>	<b>1,610.3</b>	<b>1,585.5</b>	<b>1,616.5</b>	<b>1,693.9</b>	<b>1,749.0</b>	<b>1,769.7</b>	<b>1,763.7</b>
<b>PERCENT CHANGE</b>		<b>(5.2)</b>	<b>(4.4)</b>	<b>(1.5)</b>	<b>2.0</b>	<b>4.8</b>	<b>3.2</b>	<b>1.2</b>	<b>(0.3)</b>
<b>TOTAL NONAGRICULTURAL EMPLOYMENT</b>		<b>9,426.6</b>	<b>9,375.2</b>	<b>9,450.4</b>	<b>9,667.7</b>	<b>9,980.6</b>	<b>10,228.7</b>	<b>10,432.7</b>	<b>10,620.0</b>
<b>PERCENT CHANGE</b>		<b>(1.1)</b>	<b>(0.5)</b>	<b>0.8</b>	<b>2.3</b>	<b>3.2</b>	<b>2.5</b>	<b>2.0</b>	<b>1.8</b>

\*Estimated.

SOURCE: Comptroller of Public Accounts.

Significant growth in manufacturing and construction employment occurred throughout the mid-1990s. Manufacturing employment in Texas began to decline in fiscal year 1999 and continued to do so through fiscal year 2004. In fiscal year 2005, this decline reversed with an increase of 0.6 percent in manufacturing employment, which was followed by increases of 2.7 percent in 2006 and 1.2 percent in 2007. Current projections indicate that manufacturing employment in fiscal years 2008 and 2009 will stagnate minimally, with annual decreases near one-half

percent, but remaining at over 900,000 employees. Construction-related employment is forecast to continue to increase 4.3 percent in fiscal year 2007, 2.3 percent in fiscal year 2008, and 0.2 percent in fiscal year 2009.

Employment in the mining industry, specifically, oil and gas, has stagnated as the Texas economy has reduced its reliance on the extraction industries. The decline in employment in these sectors was halted in fiscal year 2003 because of stable oil prices and historically high natural gas prices. Mining employment is forecast to decline to slower growth in fiscal

years 2008 and 2009, with annual growth rates of 5.2 percent and 0.2 percent, respectively.

### OIL AND GAS ACTIVITY

In fiscal years 2006 to 2007, taxable oil prices ranged between \$46 and \$70 per barrel, as production continued to decline. Current estimates of taxable oil prices for fiscal years 2008 and 2009 are in the range of \$65 to \$75 per barrel while production continues its slow, steady decline.

Since 2005, energy prices have increased for a number of reasons. Worldwide surpluses of crude oil and natural gas have disappeared, while worldwide demand for energy has increased, especially in China and the Pacific Rim countries. Locally, hurricanes Katrina and Rita created extensive damage to Gulf of Mexico production and refining facilities, reducing domestic energy supplies and forcing the U.S. to purchase oil and natural gas from foreign suppliers at world-level prices. Also, continued political and economic instability in the Middle East and Venezuela has created energy price and production uncertainties.

Natural gas production totaled 4.1 billion mcf in fiscal year 2007, which was 72 percent of the fiscal year 1985 total, when natural gas prices reached their one-year average high to that point. In 2001, natural gas prices surpassed the 1985 peak, rising to a fiscal year average taxable price of \$4.21 per mcf. More recently, fiscal year 2006 and 2007 average taxable prices were \$6.96 per mcf and \$5.86 per mcf, respectively.

Average taxable prices of natural gas are estimated by the Comptroller to be \$5.97 per mcf in fiscal year 2008 and \$6.12 per mcf in fiscal year 2009, while production will continue to decline.

### CONSTRUCTION

Rapid increases in demand pushed single-family starts to 178,000 units in fiscal year 2006, nearly five times the annual units built at the bottom of the 1980s real estate downturn. Multifamily construction remained stable during fiscal years 2004 to 2006 with the construction of about 35,000 units each year. Approximately 137,000 new single-family units were built in fiscal year 2007. During fiscal years 2008 and 2009, the construction of single-family units is forecast to decline to the range of 116,000 units per year.

Industrial, commercial, and non-building (i.e., road, pipeline, and cable) construction is also forecast to show continued growth over the next few years.

### TEXAS EXPORTS

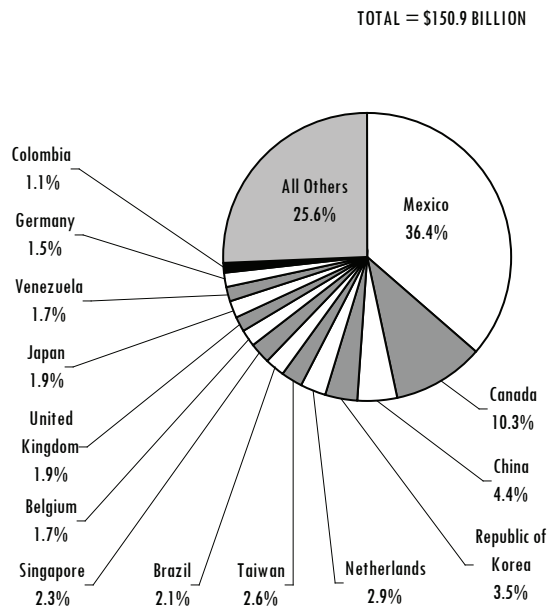
Texas exported \$128.8 billion worth of goods and services in 2005, followed by \$150.9 billion in 2006. Exports of these amounts constitute about 15 percent of Texas gross state product. Texas exports in 2006 were 17.2 percent above the level of 2005, while total U.S. exports in 2006 increased by 14.6 percent from the previous year. As shown in **Figure 44**, most states had an increase in exports from 2005 to 2006. In 2002, Texas surpassed California as the largest exporting state of the union; in each year since, Texas has continued to be the nation's greatest exporting state. Mexico and Canada remain as Texas' main trading partners, accounting for nearly 50 percent of all Texas exports in calendar years 2005 and 2006. **Figure 45** and **Figure 46** show the significance of Mexico and Canada to the Texas economy.

**FIGURE 44**  
**EXPORTS OF THE 15 MOST POPULOUS STATES**  
**CALENDAR YEARS 2005 AND 2006**

IN BILLIONS STATE	EXPORTS 2005	EXPORTS 2006	% CHANGE
<b>TEXAS</b>	<b>\$128.8</b>	<b>\$150.9</b>	<b>17.2</b>
California	116.8	127.7	9.3
New York	50.5	57.4	13.7
Florida	33.4	38.5	15.3
Illinois	35.9	42.1	17.3
Pennsylvania	22.3	26.3	17.9
Ohio	34.8	37.8	8.6
Michigan	37.6	40.4	7.4
Georgia	20.6	20.1	(2.4)
New Jersey	21.1	27.0	28.0
North Carolina	19.5	21.2	8.7
Virginia	12.2	14.1	15.6
Massachusetts	22.0	24.0	9.1
Indiana	21.5	22.6	5.1
Washington	37.9	53.1	40.1
<b>50-STATE AVERAGE</b>	<b>\$18.1</b>	<b>\$20.7</b>	<b>14.4</b>

SOURCE: World Institute for Strategic Economic Research.

**FIGURE 45**  
**TEXAS' EXPORT MARKET PERCENTAGES**  
**CALENDAR YEAR 2006**



SOURCE: World Institute for Strategic Economic Research.

**FIGURE 46**  
**TEXAS' EXPORT MARKETS**  
**CALENDAR YEARS 2005 AND 2006**

IN BILLIONS MARKET	EXPORTS 2005	EXPORTS 2006	% CHANGE
Mexico	\$50.1	\$54.9	9.6
Canada	14.7	15.6	6.1
China	4.9	6.6	34.7
Korea, Republic of	4.6	5.3	15.2
Netherlands	2.7	4.4	63.0
Taiwan	3.5	3.9	11.4
Singapore	3.3	3.5	6.1
Brazil	2.3	3.2	39.1
United Kingdom	2.5	2.9	16.0
Japan	2.7	2.8	3.7
Belgium	2.2	2.6	18.2
Venezuela	1.6	2.6	62.5
Germany	1.7	2.3	35.3
Colombia	1.4	1.7	21.4
All Others	30.6	38.6	26.1
<b>TOTAL</b>	<b>\$128.8</b>	<b>\$150.9</b>	<b>17.2</b>

SOURCE: World Institute for Strategic Economic Research.



### 3. POPULATION, INCOME, AND TAXES

Unless otherwise noted, in all figures, biennial change and percentage change have been calculated on actual amounts before rounding. Totals may not add because of rounding.

#### POPULATION

The population of the state of Texas continued to grow at a dramatic rate as the United States entered the twenty-first century. Second to California, Texas is the nation's most populous state. Its 2006 population totaled over 23 million. Between 1996 and 2006, Texas' population continued to grow steadily, increasing by 4.5 million, or 23.7 percent. In comparison, the population of the United States increased by 12.9 percent during the same period.

Changes in a state's population result from two factors: net migration and the number of births relative to deaths. In 2006, because of a large natural increase (births over deaths) and a positive migration into the state, Texas ranked second among the 50 states, trailing only California in total population growth (**Figure 47**). The total population growth in the state between 2005 and 2006 was 579,275. The U.S. Census Bureau estimates that net migration to Texas accounts for 59 percent of this increase; births relative to deaths account for 41 percent.

Nearly one-third of the increase in Texas' population since 1996 occurred in the over-45 age group, which grew by 37.3 percent during the decade (**Figure 48**). Because this age group is reaching or has reached retirement age, its large growth rate may affect state services.

**FIGURE 47**  
**RESIDENT POPULATION RANKINGS**

50-STATE RANKING	STATE	POPULATION		CHANGE	
		JULY 1, 1996	JULY 1, 2006	POPULATION	%
1	California	31,780,829	36,457,549	4,676,720	14.7
2	<b>TEXAS</b>	<b>19,006,240</b>	<b>23,507,783</b>	<b>4,501,543</b>	<b>23.7</b>
3	New York	18,143,805	19,306,183	1,162,378	6.4
4	Florida	14,426,911	18,089,888	3,662,977	25.4
5	Illinois	11,953,003	12,831,970	878,967	7.4
6	Pennsylvania	12,038,008	12,440,621	402,613	3.3
7	Ohio	11,187,032	11,478,006	290,974	2.6
8	Michigan	9,739,184	10,095,643	356,459	3.7
9	Georgia	7,332,225	9,363,941	2,031,716	27.7
10	New Jersey	7,307,658	8,856,505	1,548,847	21.2
11	North Carolina	8,009,624	8,724,560	714,936	8.9
12	Virginia	6,665,491	7,642,884	977,393	14.7
13	Massachusetts	6,085,393	6,437,193	351,800	5.8
14	Indiana	5,509,963	6,395,798	885,835	16.1
15	Washington	5,834,908	6,313,520	478,612	8.2
	<b>U.S. TOTAL</b>	<b>265,228,572</b>	<b>299,398,484</b>	<b>34,169,912</b>	<b>12.9</b>

SOURCE: U.S. Census Bureau.

**FIGURE 48**  
**TEXAS RESIDENT POPULATION**  
**BY AGE GROUP**  
**(IN THOUSANDS)**

AGE GROUP	POPULATION		CHANGE	% CHANGE
	JULY 1, 1996	JULY 1, 2006		
0-4	1,592	1,925	333	20.9
5-17	3,887	4,569	682	17.5
18-44	7,940	9,343	1,404	17.7
45-64	3,651	5,336	1,685	46.1
65 and over	1,936	2,334	398	20.6
<b>TOTAL</b>	<b>19,006</b>	<b>23,508</b>	<b>4,502</b>	<b>23.7</b>

SOURCE: U.S. Census Bureau.

Despite this aging trend, however, Texas continues to add residents on the younger end of the age scale. In 2005, Texas' rate of live births per 1,000 population was 16.9, second only to Utah's rate of 20.9. The national rate was 14.0 (Figure 49).

**FIGURE 49**  
**15 MOST-POPULOUS STATES**  
**BIRTHRATE PER 1,000**  
**CALENDAR YEAR 2005**

50-STATE RANKING	STATE	BIRTHRATE
2	TEXAS	16.9
6	Georgia	15.7
8	California	15.2
16	North Carolina	14.2
20	Illinois	14.0
21	Indiana	13.9
24	Virginia	13.8
34	Washington	13.2
35	New Jersey	13.0
36	Ohio	13.0
37	New York	12.8
39	Florida	12.7
40	Michigan	12.6
43	Massachusetts	12.0
46	Pennsylvania	11.7
1	Highest: Utah	20.9
50	Lowest: Vermont	10.4
	<b>UNITED STATES</b>	<b>14.0</b>

SOURCE: National Vital Statistics Report, "Births: Preliminary Data for 2005," Vol. 55, No. 11, December 28, 2006.

The annual growth rate of Texas' population remained relatively constant in the 1990s and into this decade. Then, as Figure 50 shows, the state's population grew at a rate of 2.5 percent from 2005 to 2006, compared with its average annual increase of 2.1 percent from 1996 to 2006.

The Comptroller of Public Accounts and GlobalInsight, a nationally known econometric forecasting firm, estimate that Texas' population will increase about 1.8 percent per year between 2007 and 2016. During the same period, the total U.S. population is forecast to grow at about half the Texas rate, or 0.9 percent per year.

**FIGURE 50**  
**15 MOST-POPULOUS STATES**  
**AVERAGE ANNUAL CHANGE**  
**IN RESIDENT POPULATION**

STATE	AVERAGE ANNUAL % INCREASE 1996-2006	STATE	POPULATION % GROWTH 2005-2006
Georgia	2.4	Georgia	2.5
Florida	2.3	<b>TEXAS</b>	<b>2.5</b>
<b>TEXAS</b>	<b>2.1</b>	Indiana	2.1
North Carolina	1.8	Florida	1.8
Washington	1.5	New Jersey	1.8
California	1.3	Virginia	1.0
Virginia	1.3	California	0.8
New Jersey	1.0	North Carolina	0.6
Indiana	0.9	Illinois	0.5
Massachusetts	0.8	Washington	0.3
Illinois	0.7	Pennsylvania	0.3
New York	0.6	Ohio	0.1
Michigan	0.4	Massachusetts	0.1
Pennsylvania	0.3	New York	0.0
Ohio	0.3	Michigan	(0.1)
<b>UNITED STATES</b>	<b>1.2</b>		<b>1.0</b>

NOTE: Percentage change calculated on actual amounts before rounding.

SOURCE: U.S. Census Bureau.



## PERSONAL INCOME

Personal income is a widely used measure of economic well-being. It consists of wages and salaries, other labor income, proprietors' income, dividends, interest, rent, and transfer payments (e.g., Social Security and unemployment insurance benefits). Per capita personal income (total personal income divided by resident population) is commonly used to compare the relative well-being of residents in the states. It is affected by growth or decline in the wage-earning population (ages 18 to 64) relative to overall population.

Texas' per capita personal income calculated at \$35,058 in 2006 and ranked twenty-first among the states (**Figure 51**). The state ranked tenth among the 15 most-populous states, ahead of Michigan, Ohio, Indiana, North Carolina, and Georgia. Texas' cost of living is also low, at 88.9 percent of the national average in 2006 (**Figure 52**). The state ranked forty-seventh among the states and was fifteenth of the 15 most-populous states on this measure.

**FIGURE 51**  
**15 MOST-POPULOUS STATES**  
**PER CAPITA PERSONAL INCOME**  
**CALENDAR YEAR 2006**

50-STATE RANKING	STATE	PER CAPITA PERSONAL INCOME
2	New Jersey	\$46,328
3	Massachusetts	\$46,255
4	New York	\$43,962
9	Virginia	\$39,564
10	California	\$39,358
15	Illinois	\$38,297
16	Washington	\$38,067
19	Pennsylvania	\$36,689
20	Florida	\$36,665
<b>21</b>	<b>TEXAS</b>	<b>\$35,058</b>
26	Michigan	\$33,784
28	Ohio	\$33,217
34	North Carolina	\$32,338
36	Indiana	\$32,526
37	Georgia	\$32,025
1	Highest: Connecticut	\$50,787
50	Lowest: Mississippi	\$26,908
	<b>UNITED STATES</b>	<b>\$36,629</b>

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

**FIGURE 52**  
**15 MOST-POPULOUS STATES**  
**COST OF LIVING**  
**AS PERCENTAGE OF NATIONAL AVERAGE**  
**CALENDAR YEAR 2006**

50-STATE RANKING	STATE	% COST OF LIVING
2	California	134.7
3	New Jersey	131.7
4	New York	130.4
9	Massachusetts	122.7
14	Washington	104.4
16	Florida	103.6
17	Virginia	103.5
20	Michigan	101.3
21	Pennsylvania	100.9
27	Illinois	95.6
28	Ohio	95.4
35	North Carolina	94.0
38	Indiana	92.9
39	Georgia	92.1
<b>47</b>	<b>TEXAS</b>	<b>88.9</b>
1	Highest: Hawaii	161.3
49	Lowest: Oklahoma	88.5
	<b>UNITED STATES</b>	<b>100.0</b>

NOTE: Information not available for New Hampshire.

SOURCE: *Congressional Quarterly's State Fact Finder 2007*, CQ Press.

During the 1980s and the 1990s, personal income in Texas fluctuated around the U.S. average. After the economic downturn of the 1970s, personal income in Texas rebounded in 1981 and 1982; however, per capita income as a percentage of the national average fell between 1983 and 1989 (**Figure 53**). This drop reflected continued population growth as well as sluggish economic growth caused by the slowdown in the oil and gas industry. Not until 1990, when per capita personal income in Texas climbed to 89.4 percent of the national average, did this trend reverse. Texans' personal income was approximately 91 percent of the national average from 1992 to 1996. In 1999 and 2000, the state's average increased to 94.0 percent and 94.9 percent of the national average, respectively, and continued to rise, with the exception of a slight dip between 2002 and 2004, reaching 95.7 percent in 2006.

**FIGURE 53**  
**PER CAPITA PERSONAL INCOME**  
**TEXAS AND THE UNITED STATES**

CALENDAR YEAR	PER CAPITA		TEXAS AS % OF U.S. PER CAPITA INCOME
	TEXAS	U.S.	
1980	\$9,880	\$10,114	97.7
1981	\$11,344	\$11,246	100.9
1982	\$11,987	\$11,935	100.4
1983	\$12,372	\$12,618	98.1
1984	\$13,471	\$13,891	97.0
1985	\$14,272	\$14,758	96.7
1986	\$14,215	\$15,442	92.1
1987	\$14,479	\$16,240	89.2
1988	\$15,325	\$17,331	88.4
1989	\$16,312	\$18,520	88.1
1990	\$17,421	\$19,477	89.4
1991	\$17,929	\$19,892	90.1
1992	\$18,916	\$20,854	90.7
1993	\$19,503	\$21,346	91.4
1994	\$20,189	\$22,172	91.1
1995	\$21,003	\$23,076	91.0
1996	\$22,120	\$24,175	91.5
1997	\$23,616	\$25,334	93.2
1998	\$25,186	\$26,883	93.7
1999	\$26,250	\$27,939	94.0
2000	\$28,310	\$29,843	94.9
2001	\$29,012	\$30,562	94.9
2002	\$28,793	\$30,795	93.5
2003	\$29,340	\$31,466	93.2
2004	\$30,887	\$33,072	93.4
2005	\$33,160	\$34,685	95.6
2006	\$35,058	\$36,629	95.7

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

## STATE TAXES

Two measures are commonly used to compare tax burdens across state lines: state tax revenue per \$1,000 of personal income and per capita state tax revenues. Texas ranks low relative to other states on both measures. In 2005, Texans paid \$42.34 in state taxes for each \$1,000 of personal income, about 67 percent of the \$63.41 national average (Figure 54). The state ranked forty-ninth among the states in state tax

**FIGURE 54**  
**STATE TAX REVENUE PER \$1,000 OF PERSONAL INCOME**  
**CALENDAR YEAR 2005**

RANKING	STATE	TAX REVENUE PER \$1,000 PERSONAL INCOME
1	Vermont	\$110.15
2	Hawaii	\$100.98
3	Wyoming	\$91.65
4	West Virginia	\$89.75
5	Arkansas	\$88.48
6	New Mexico	\$83.25
7	Minnesota	\$83.07
8	Delaware	\$82.97
9	Alaska	\$78.78
10	Louisiana	\$77.71
11	Kentucky	\$77.06
12	Maine	\$75.62
13	Mississippi	\$74.55
14	California	\$73.71
15	Idaho	\$72.09
16	Wisconsin	\$71.50
17	Michigan	\$71.00
18	North Dakota	\$70.52
19	Connecticut	\$69.83
20	Rhode Island	\$69.32
21	North Carolina	\$69.24
22	Montana	\$69.15
23	Utah	\$68.88
24	Washington	\$66.48
25	Indiana	\$65.81
26	Nevada	\$65.76
27	Ohio	\$65.69
28	Nebraska	\$65.59
29	New York	\$65.01
30	Oklahoma	\$64.64
31	Massachusetts	\$64.37
32	Pennsylvania	\$62.90
33	Kansas	\$61.99
34	Arizona	\$61.60
35	Iowa	\$61.23
36	South Carolina	\$60.92
37	New Jersey	\$60.12
38	Alabama	\$57.89
39	Maryland	\$57.53
40	Illinois	\$57.05
41	Virginia	\$56.11
42	Florida	\$56.11
43	Georgia	\$55.52
44	Oregon	\$55.51
45	Tennessee	\$54.26
46	Missouri	\$52.71
47	South Dakota	\$44.05
48	Colorado	\$43.73
49	<b>TEXAS</b>	<b>\$42.34</b>
50	New Hampshire	\$40.97
	<b>UNITED STATES</b>	<b>\$63.41</b>

SOURCES: U.S. Census Bureau, *State Government Finances, 2005*; U.S. Bureau of Economic Analysis, "Survey of Current Business, 2007."

revenue per \$1,000 of personal income in 2005. That same year, Texas ranked fifteenth among the 15 most-populous states in per capita state tax revenue per \$1,000 (Figure 55).

### STATE TAX REVENUE

Figure 56 shows the percentage distribution of state tax revenue by source for the 15 most-populous states. In 2005, Texas received 49.9 percent of its state tax revenue from the general sales tax, ranking it third behind Washington and Florida. Selective sales taxes, such as those collected on motor vehicles, motor fuels, cigarettes, and alcoholic beverages, produced 29 percent of Texas' total state tax dollars during 2005, compared with the 50-state average of 15.2 percent. License taxes, which by U.S. Census Bureau definition includes the corporation franchise tax, accounted for 13.7 percent of the state's tax revenue. Texas received 7.5 percent of its 2005 state tax revenue from other taxes, which in Texas consists of taxes levied on such varied items as cement, sulphur, attorneys' fees, coin-operated machines, and bingo rental receipts.

The percentage of revenues collected from state taxes as opposed to local taxes varies from state to state. Some states have relatively low state tax burdens, in part because collections by state government account for a below-average portion of total state and local tax revenues raised. Among the 15 most-populous states, the per capita state tax revenue as a percentage of state and local tax dollars is second-lowest in the state of Texas (Figure 55).

Before 2006, Texas' reliance on local revenue relative to state revenue was increasing because, unlike in many states, Texas is restricted to assessing property taxes only at the local level. Property tax revenue relative to personal income between 1995 and 2005 increased in the state by 11.8 percent (Figure 57). However, this trend will be affected by legislation passed in 2006 to reduce local property taxes to fund public schools and increase the state's share of public education funding.

### PER CAPITA STATE TAX REVENUE

Given the differences among the states in taxes levied, the rate of taxation, and the calculation of the tax base, it is difficult to compare state tax burdens except in the broadest terms. For example, general sales tax revenues, either per capita or as a percentage of personal income, vary among the states because of differences in tax rates. Whether the tax base includes such major items as groceries, industrial machinery, or services also affects revenue, as does citizens' propensity for

**FIGURE 55**  
**15 MOST-POPULOUS STATES**  
**PER CAPITA STATE TAX REVENUE, FISCAL YEAR 2005**

STATE	PER \$1,000 PERSONAL INCOME	PER CAPITA	AS % OF STATE-LOCAL TAX 2005
California	\$73.71	\$2,722.64	67.1
Florida	\$56.11	\$1,907.62	56.6
Georgia	\$55.52	\$1,716.46	57.0
Illinois	\$57.05	\$2,069.00	53.7
Indiana	\$65.81	\$2,051.38	60.2
Massachusetts	\$64.37	\$2,800.19	62.6
Michigan	\$71.00	\$2,329.03	66.7
New Jersey	\$60.12	\$2,635.14	53.9
New York	\$65.01	\$2,598.42	45.2
North Carolina	\$69.24	\$2,149.29	68.3
Ohio	\$65.69	\$2,092.86	57.5
Pennsylvania	\$62.90	\$2,197.68	59.2
<b>TEXAS</b>	<b>\$42.34</b>	<b>\$1,429.88</b>	<b>47.4</b>
Virginia	\$56.11	\$2,104.46	57.6
Washington	\$66.48	\$2,358.53	64.6
<b>UNITED STATES</b>	<b>\$63.41</b>	<b>\$2,185.82</b>	<b>59.1</b>
Texas % of U.S.	66.8%	65.4%	80.2%

SOURCES: U.S. Census Bureau, *State Government Finances, 2005*; U.S. Bureau of Economic Analysis, "Survey of Current Business, 2007."

buying taxable items. A look at two other states helps illustrate this point.

New Jersey has the second-highest per capita personal income among all the states and a retail sales tax rate slightly higher than that of Texas (Figure 51 and Figure 58). New Jersey residents have a lower sales tax burden as a percentage of personal income than do Texans, yet New Jersey and Texas have very similar levels of sales tax revenue per capita (Figure 59).

Californians also earn a higher personal income per capita than do Texans (Figure 51). California's sales tax rate is 7.25 percent, 1.0 percent higher than Texas' (Figure 58). Despite California's higher per capita income, its state general sales tax revenue is similar to Texas' (Figure 59) because each state includes different items in its tax bases.

**FIGURE 56**  
**15 MOST-POPULOUS STATES**  
**PERCENTAGE DISTRIBUTION OF STATE TAX REVENUE BY MAJOR TAXES**  
**CALENDAR YEAR 2005**

STATE	TOTAL SALES TAX	GENERAL SALES TAX	SELECTIVE SALES TAX	LICENSE TAXES	INDIVIDUAL INCOME TAX	CORPORATION NET INCOME	OTHER TAXES
California	38.3	30.4	7.8	6.8	43.7	8.8	2.4
Florida	75.2	56.2	19.0	5.6	0.0	5.3	14.0
Georgia	44.4	33.9	10.6	3.4	46.7	4.5	0.9
Illinois	50.6	27.2	23.3	9.4	30.1	8.3	1.8
Indiana	56.0	38.9	17.1	3.6	32.8	6.4	1.2
Massachusetts	32.1	21.6	10.5	3.8	53.8	7.4	2.9
Michigan	49.0	34.3	14.7	5.7	26.0	8.1	11.2
New Jersey	44.4	28.6	15.8	5.6	35.9	9.7	4.5
New York	32.2	21.9	10.3	2.5	56.0	5.5	3.7
North Carolina	40.9	24.7	16.2	5.9	45.2	6.8	1.2
Ohio	46.4	34.1	12.3	8.3	39.3	5.5	0.4
Pennsylvania	48.5	29.6	18.9	10.0	30.4	6.2	4.9
<b>TEXAS</b>	<b>78.8</b>	<b>49.9</b>	<b>29.0</b>	<b>13.7</b>	<b>0.0</b>	<b>0.0</b>	<b>7.5</b>
Virginia	34.4	19.4	15.0	3.9	52.5	3.8	5.4
Washington	78.5	61.6	16.8	4.9	0.0	0.0	16.7
<b>UNITED STATES</b>	<b>48.1</b>	<b>32.9</b>	<b>15.2</b>	<b>6.6</b>	<b>34.0</b>	<b>6.0</b>	<b>5.4</b>

NOTE: Percentages may not add because of rounding.

SOURCE: U.S. Census Bureau, *State Government Finances*, 2005.

**FIGURE 57**  
**STATE AND LOCAL PROPERTY TAX REVENUE PER \$1,000 OF PERSONAL INCOME**  
**AND RANKING AMONG THE STATES**  
**CALENDAR YEARS 1995 AND 2005**

STATE	1995		2005		1995–2005	
	REVENUE	RANKING	REVENUE	RANKING	% CHANGE	RANKING
Alabama	\$11.00	50	\$13.47	50	22.5	4
Alaska	\$43.90	11	\$36.72	15	(16.4)	47
Arizona	\$32.11	25	\$28.34	31	(11.7)	42
Arkansas	\$14.19	48	\$15.66	48	10.4	9
California	\$29.44	28	\$25.27	38	(14.2)	46
Colorado	\$29.42	29	\$28.10	32	(4.5)	32
Connecticut	\$44.09	10	\$42.85	8	(2.8)	30
Delaware	\$15.88	46	\$15.57	49	(2.0)	28
Florida	\$34.69	20	\$33.06	20	(4.7)	33
Georgia	\$28.27	33	\$28.93	29	2.4	20
Hawaii	\$20.45	42	\$18.46	45	(9.8)	39
Idaho	\$27.71	35	\$28.55	30	3.1	18
Illinois	\$39.34	14	\$40.27	10	2.4	19
Indiana	\$33.83	22	\$39.47	12	16.7	6
Iowa	\$40.89	13	\$35.38	18	(13.5)	44
Kansas	\$34.48	21	\$34.42	19	(0.2)	23

**FIGURE 57 (CONTINUED)**  
**PROPERTY TAX REVENUE PER \$1,000 OF PERSONAL INCOME**  
**AND RANKING AMONG THE STATES**  
**CALENDAR YEARS 1995 AND 2005**

STATE	1995		2005		1995–2005	
	REVENUE	RANKING	REVENUE	RANKING	% CHANGE	RANKING
Kentucky	\$17.91	44	\$18.99	44	6.1	14
Louisiana	\$15.84	47	\$21.75	41	37.3	1
Maine	\$50.65	4	\$52.96	2	4.6	16
Maryland	\$27.93	34	\$24.07	40	(13.8)	45
Massachusetts	\$37.48	17	\$36.87	14	(1.6)	26
Michigan	\$28.85	31	\$39.09	13	35.5	2
Minnesota	\$38.23	16	\$27.56	33	(27.9)	50
Mississippi	\$24.38	38	\$26.58	34	9.0	10
Missouri	\$25.27	37	\$25.81	35	2.1	21
Montana	\$47.56	6	\$36.52	16	(23.2)	48
Nebraska	\$41.06	12	\$36.41	17	(11.3)	41
Nevada	\$20.67	41	\$25.71	36	24.4	3
New Hampshire	\$58.24	1	\$54.11	1	(7.1)	38
New Jersey	\$52.28	2	\$50.92	4	(2.6)	29
New Mexico	\$13.59	49	\$15.98	47	17.6	5
New York	\$45.41	8	\$43.21	7	(4.9)	34
North Carolina	\$22.24	39	\$24.16	39	8.6	11
North Dakota	\$32.43	24	\$30.48	25	(6.0)	36
Ohio	\$30.65	26	\$32.78	21	6.9	13
Oklahoma	\$16.84	45	\$16.14	46	(4.2)	31
Oregon	\$34.91	19	\$31.08	22	(11.0)	40
Pennsylvania	\$29.93	27	\$31.01	23	3.6	17
Rhode Island	\$48.16	5	\$47.39	5	(1.6)	25
South Carolina	\$28.78	32	\$30.97	24	7.6	12
South Dakota	\$39.21	15	\$29.62	26	(24.5)	49
Tennessee	\$18.99	43	\$21.09	42	11.1	8
<b>TEXAS</b>	<b>\$35.63</b>	<b>18</b>	<b>\$39.82</b>	<b>11</b>	<b>11.8</b>	<b>7</b>
Utah	\$26.87	36	\$25.55	37	(4.9)	35
Vermont	\$52.16	3	\$51.98	3	(0.4)	24
Virginia	\$29.07	30	\$29.21	28	0.5	22
Washington	\$33.67	23	\$29.52	27	(12.3)	43
West Virginia	\$21.43	40	\$21.03	43	(1.9)	27
Wisconsin	\$45.85	7	\$42.84	9	(6.6)	37
Wyoming	\$44.57	9	\$47.11	6	5.7	15
<b>UNITED STATES</b>	<b>\$33.11</b>		<b>\$32.64</b>		<b>(1.4)</b>	
Texas as % of U.S.	107.6		122.0			

SOURCE: U.S. Census Bureau, U.S. Bureau of Economic Analysis.

**FIGURE 58**  
**15 MOST-POPULOUS STATES**  
**SELECTED STATE TAX RATES AS OF JANUARY 1, 2007**

STATE	RETAIL SALES TAX (%)	CIGARETTE TAX RATE (PER PACK)	GASOLINE TAX (PER GALLON)
California	7.25	0.870	0.180
Florida	6.00	0.339	0.153
Georgia	4.00	0.370	0.152
Illinois	6.25	0.980	0.201
Indiana	6.00	0.555	0.180
Massachusetts	5.00	1.510	0.210
Michigan	6.00	2.000	0.190
New Jersey	7.00	2.575	0.145
New York	4.00	1.500	0.246
North Carolina	4.25	0.035	0.302
Ohio	5.50	1.250	0.280
Pennsylvania	6.00	1.350	0.312
<b>TEXAS</b>	<b>6.25</b>	<b>1.410</b>	<b>0.200</b>
Virginia	5.00	0.300	0.175
Washington	6.50	2.025	0.340

	RETAIL SALES TAX	CIGARETTE TAX RATE (PER PACK)	GASOLINE TAX (PER GALLON)
Number of states of the 15 most-populous:			
With higher rate than Texas'	3	5	7
With same rate as Texas'	1	0	0
With lower rate than Texas'	10	9	7
Number of all 50 States:			
Using the tax	45	50	50
With higher rate than Texas'	8	36	27
With same rate as Texas'	1	0	3
With lower rate than Texas'	35	13	19

SOURCE: Federation of Tax Administrators.

**FIGURE 59**  
**15 MOST-POPULOUS STATES**  
**GENERAL STATE SALES TAX REVENUES, FISCAL YEAR 2005**

50-STATE RANKING	STATE	SALES TAX REVENUE AS % OF PERSONAL INCOME
2	Washington	4.07
7	Florida	3.09
13	Indiana	2.58
16	Michigan	2.44
21	Ohio	2.24
22	California	2.22
<b>28</b>	<b>TEXAS</b>	<b>2.15</b>
31	Georgia	1.87
32	Pennsylvania	1.87
34	New Jersey	1.74
35	North Carolina	1.72
38	Illinois	1.55
41	New York	1.39
42	Massachusetts	1.39
45	Virginia	1.08
	<b>UNITED STATES</b>	<b>2.07</b>

50-STATE RANKING	STATE	SALES TAX PER CAPITA
2	Washington	\$1,453.82
4	Florida	\$1,072.49
12	California	\$828.87
16	Michigan	\$799.35
17	Indiana	\$798.12
20	New Jersey	\$752.85
23	Ohio	\$714.38
<b>24</b>	<b>TEXAS</b>	<b>\$713.36</b>
28	Pennsylvania	\$650.11
32	Massachusetts	\$604.81
34	Georgia	\$581.45
36	New York	\$569.67
37	Illinois	\$563.67
38	North Carolina	\$530.65
45	Virginia	\$408.99
	<b>UNITED STATES</b>	<b>\$718.05</b>

NOTE: Five states have no general sales tax: Alaska, Delaware, Montana, New Hampshire, and Oregon.

SOURCES: U.S. Census Bureau, *State Government Finances* (Washington, DC 2005); U.S. Department of Commerce, Bureau of Economic Analysis.



## TAX POLICY

A comparison of tax rates and amounts collected from the major taxes, shown in **Figure 58**, provides some insight into Texas' relative standing in terms of tax policy. Forty-five states currently collect a retail sales tax. As of 2007, eight states impose a levy that is higher than Texas' 6.25 percent; one state uses the same rate, and 35 states impose a lower sales tax. Among the 15 most-populous states, three states impose a levy higher than Texas' (California, New Jersey, and Washington), one state uses the same rate (Illinois), and ten states apply lower rates.

All 50 states collect a cigarette tax. House Bill 5, enacted by the Seventy-ninth Legislature, Third Called Session, 2006, increased the cigarette tax by \$1.00 per pack in Texas. The state followed in the footsteps of many other states that have recently raised cigarette taxes to discourage smoking and to generate additional tax revenue to balance state budgets. As of January 1, 2007, there were 36 states that imposed a higher cigarette tax than Texas' \$1.41 per pack; no other state imposed the same rate, and 13 states levied lower rates. Among the 15 most-populous states, five have a cigarette tax rate higher than Texas' (**Figure 58**).

Twenty-seven states impose a higher tax on gasoline than Texas' \$0.20 per gallon; three impose the same rate, and 19 states impose a lower rate. The average rate nationwide is \$0.244 per gallon. Additional detail on motor fuels tax rates is provided in **Figure 60**.

## STATE EXPENDITURES

Comparing state expenditures in Texas with spending in other states provides an overview of the Texas state government's relative expenditure level and of the distribution of expenditures among major services. The states vary in the proportion of expenditures on certain functions borne by local governments, in service delivery methods, in service needs, and in significant cost factors, such as salary levels.

## PER CAPITA EXPENDITURES

Expenditures per capita provide a basis for comparing major categories of state government spending. Texas spends significantly less per capita than most other states. In fact, in 2005, Texas' total per capita spending for all functions ranked fiftieth of all the states (**Figure 61**). Texas' total 2005 per capita state government expenditures equaled 71.6 percent of the 50-state average. Additionally, in 2005, Texas ranked forty-second out of 50 and thirteenth out of 15 in terms of

**FIGURE 60**  
**MOTOR FUELS TAX RATES BY STATE**  
**AS OF JANUARY 1, 2007**

STATE	TAX PER GALLON	
	GASOLINE	DIESEL
Alabama	0.1800	0.1900
Alaska	0.0800	0.0800
Arizona	0.1800	0.1800
Arkansas	0.2150	0.2250
California	0.1800	0.1800
Colorado	0.2200	0.2050
Connecticut	0.2500	0.2600
Delaware	0.2300	0.2200
Florida	0.1530	0.2840
Georgia	0.1520	0.1630
Hawaii	0.1600	0.1600
Idaho	0.2500	0.2500
Illinois	0.2010	0.2260
Indiana	0.1800	0.1600
Iowa	0.2100	0.2250
Kansas	0.2400	0.2600
Kentucky	0.1970	0.1670
Louisiana	0.2000	0.2000
Maine	0.2680	0.2790
Maryland	0.2350	0.2425
Massachusetts	0.2100	0.2100
Michigan	0.1900	0.1500
Minnesota	0.2000	0.2000
Mississippi	0.1840	0.1840
Missouri	0.1755	0.1755
Montana	0.2700	0.2775
Nebraska	0.2800	0.2740
Nevada	0.2481	0.2775
New Hampshire	0.1963	0.1963
New Jersey	0.1450	0.1750
New Mexico	0.1888	0.2288
New York	0.2460	0.2285
North Carolina	0.3015	0.3015
North Dakota	0.2300	0.2300
Ohio	0.2800	0.2800
Oklahoma	0.1700	0.1400
Oregon	0.2400	0.2400
Pennsylvania	0.1200	0.3810
Rhode Island	0.3100	0.3100
South Carolina	0.1600	0.1600
South Dakota	0.2200	0.2200
Tennessee	0.2140	0.1840
<b>TEXAS</b>	<b>0.2000</b>	<b>0.2000</b>
Utah	0.2450	0.2450
Vermont	0.2000	0.2600
Virginia	0.1750	0.1600
Washington	0.3400	0.3400
West Virginia	0.3150	0.3150
Wisconsin	0.3290	0.2990
Wyoming	0.1400	0.1400
<b>UNITED STATES</b>	<b>0.1840</b>	<b>0.2440</b>

SOURCE: Federation of Tax Administrators.

**FIGURE 61**  
**15 MOST-POPULOUS STATES**  
**PER CAPITA STATE GOVERNMENT EXPENDITURES, SELECTED FUNCTIONS, FISCAL YEAR 2005**

STATE	TOTAL EXPENDITURES	EDUCATION	HIGHWAYS	HOSPITALS	PUBLIC WELFARE	ALL OTHERS
California	\$5,802	\$1,792	\$247	\$149	\$1,454	\$2,160
Florida	\$3,963	\$1,092	\$317	\$14	\$915	\$1,625
Georgia	\$3,702	\$1,466	\$100	\$74	\$1,025	\$1,037
Illinois	\$4,361	\$1,186	\$277	\$71	\$1,138	\$1,689
Indiana	\$4,221	\$1,511	\$303	\$45	\$983	\$1,379
Massachusetts	\$5,911	\$1,346	\$276	\$66	\$1,719	\$2,504
Michigan	\$5,090	\$2,038	\$274	\$189	\$1,201	\$1,388
New Jersey	\$5,657	\$1,584	\$257	\$192	\$1,099	\$2,525
New York	\$7,082	\$2,117	\$208	\$211	\$2,209	\$2,337
North Carolina	\$4,553	\$1,650	\$378	\$134	\$1,113	\$1,278
Ohio	\$5,279	\$1,561	\$285	\$166	\$1,253	\$2,014
Pennsylvania	\$5,065	\$1,342	\$393	\$184	\$1,567	\$1,579
<b>TEXAS</b>	<b>\$3,549</b>	<b>\$1,280</b>	<b>\$319</b>	<b>\$128</b>	<b>\$860</b>	<b>\$962</b>
Virginia	\$4,335	\$1,536	\$353	\$296	\$806	\$1,344
Washington	\$5,254	\$1,824	\$351	\$229	\$1,068	\$1,782
<b>UNITED STATES</b>	<b>\$4,959</b>	<b>\$1,535</b>	<b>\$304</b>	<b>\$144</b>	<b>\$1,244</b>	<b>\$1,732</b>
Texas as % of U.S.	71.6%	83.4%	104.9%	88.9%	69.1%	55.5%

**50-STATE RANKING**

STATE	TOTAL EXPENDITURES	EDUCATION	HIGHWAYS	HOSPITALS	PUBLIC WELFARE	ALL OTHERS
California	11	11	46	22	12	13
Florida	47	50	28	48	44	26
Georgia	49	32	50	28	38	48
Illinois	36	48	37	31	23	23
Indiana	40	29	29	38	41	37
Massachusetts	9	39	38	33	6	8
Michigan	23	8	41	17	19	36
New Jersey	14	23	45	16	28	7
New York	4	18	49	13	1	5
North Carolina	32	19	16	23	25	41
Ohio	19	25	35	20	17	15
Pennsylvania	24	40	14	18	9	28
<b>TEXAS</b>	<b>50</b>	<b>44</b>	<b>27</b>	<b>24</b>	<b>46</b>	<b>49</b>
Virginia	37	26	18	5	48	39
Washington	20	10	19	11	32	22

SOURCE: U.S. Census Bureau, *State Government Finances* (Washington, DC, 2005).

per capita federal government expenditures (**Figure 62**). Total per capita federal government expenditures in 2005 were 86 percent of the 50-state average.

In 2005, Texas' expenditures per capita on hospitals were 88.9 percent of the 50-state average, a decrease from 2003 levels. Per capita expenditures for education and public welfare were 83.4 percent and 69.1 percent of the national average, respectively. However, highway expenditures increased to approximately 105 percent of the 50-state average. Texas ranked forty-ninth in per capita spending for all other items, spending approximately 56 percent of the 50-state average.

**Figure 63** shows per capita state government expenditures in three major categories in 2005. "Direct general expenditures" are payments to employees, suppliers, beneficiaries, and other final recipients of state government payments. This category includes capital outlay and interest on debt, but avoids double-counting by excluding principal payments on debt. Texas ranked forty-sixth in direct per capita expenditures.

"Intergovernmental expenditures" are payments by the state government to county or local governments (including public school districts) as fiscal aid in the form of shared revenues and grants-in-aid, as reimbursements for performance of general government activities, for specific services (e.g., care of prisoners or contractual research), or in lieu of taxes. Texas ranked forty-ninth in 2005 in expenditures per capita for aid to local governments (**Figure 63**).

"Trust fund expenditures" include payments of unemployment compensation, payments from state retirement systems, utility expenditures, and expenditures of state-operated liquor stores. Texas' state trust fund expenditures per capita among the states ranked thirty-ninth in 2005 (**Figure 63**).

**FIGURE 62**  
**15 MOST-POPULOUS STATES**  
**PER CAPITA FEDERAL GOVERNMENT EXPENDITURES**  
**FISCAL YEAR 2005**

50-STATE RANKING	STATE	PER CAPITA FEDERAL SPENDING
2	Virginia	\$12,572
14	Massachusetts	\$8,678
19	Pennsylvania	\$8,021
23	Florida	\$7,572
25	New York	\$7,500
29	Washington	\$7,365
33	North Carolina	\$6,822
34	Ohio	\$6,790
35	Indiana	\$6,758
36	New Jersey	\$6,735
38	California	\$6,694
40	Georgia	\$6,553
<b>42</b>	<b>TEXAS</b>	<b>\$6,485</b>
43	Michigan	\$6,414
45	Illinois	\$6,328
1	Highest: Alaska	\$13,916
50	Lowest: Nevada	\$5,840
<b>UNITED STATES</b>		<b>\$7,568</b>

SOURCE: U.S. Bureau of the Census, *Consolidated Federal Funds Report for Fiscal Year 2005*.

**FIGURE 63**  
**15 MOST-POPULOUS STATES**  
**PER CAPITA STATE GOVERNMENT EXPENDITURES, BY CATEGORY**  
**CALENDAR YEAR 2005**

STATE	TOTAL STATE EXPENDITURES	DIRECT GENERAL EXPENDITURES <sup>1</sup>	INTERGOVERNMENTAL EXPENDITURES <sup>2</sup>	TRUST FUND EXPENDITURES <sup>3</sup>
California	\$5,802	\$2,649	\$2,239	914
Florida	\$3,963	\$2,537	\$975	451
Georgia	\$3,702	\$2,296	\$1,043	363
Illinois	\$4,361	\$2,670	\$1,113	578
Indiana	\$4,221	\$2,650	\$1,276	295
Massachusetts	\$5,911	\$4,279	\$1,007	625
Michigan	\$5,090	\$2,672	\$1,849	569
New Jersey	\$5,657	\$3,316	\$1,309	1,032
New York	\$7,082	\$3,645	\$2,264	1,173
North Carolina	\$4,553	\$2,891	\$1,231	431
Ohio	\$5,279	\$2,888	\$1,427	964
Pennsylvania	\$5,065	\$3,270	\$1,073	722
<b>TEXAS</b>	<b>\$3,549</b>	<b>\$2,372</b>	<b>\$763</b>	<b>414</b>
Virginia	\$4,335	\$2,690	\$1,285	360
Washington	\$5,254	\$3,338	\$1,149	767
<b>UNITED STATES</b>	<b>\$4,959</b>	<b>\$2,958</b>	<b>\$1,361</b>	<b>640</b>
Texas as % of U.S.	71.6%	80.2%	56.1%	64.7%

#### 50-STATE RANKING

California	11	43	3	6
Florida	47	45	40	34
Georgia	49	47	32	44
Illinois	36	41	24	20
Indiana	40	42	18	48
Massachusetts	9	8	36	15
Michigan	23	40	7	23
New Jersey	14	17	16	3
New York	4	13	2	2
North Carolina	32	32	19	36
Ohio	19	34	10	5
Pennsylvania	24	20	29	12
<b>TEXAS</b>	<b>50</b>	<b>46</b>	<b>49</b>	<b>39</b>
Virginia	37	39	17	45
Washington	20	16	22	10

<sup>1</sup>Direct governmental expenditures include payments to employees, suppliers, beneficiaries, and other final recipients of governmental payments.

<sup>2</sup>Intergovernmental expenditures include amounts paid to local governments as grants-in-aid or for specific services.

<sup>3</sup>Trust fund expenditures include payments from unemployment compensation trust funds, state retirement systems, and state-owned utilities and liquor stores.

SOURCE: U.S. Census Bureau, *State Government Finances*, 2005.

## GOVERNMENT EMPLOYMENT

In 2005, there were 43 states that had more state government full-time-equivalent (FTE) employees in proportion to their populations than did Texas; six had fewer (**Figure 64**). Since more-populous states tend to have fewer state FTEs in proportion to population than do less-populous states, however, it is more meaningful to compare Texas with the 15 most-populous states. Among these, Texas ranks eleventh in

terms of state FTE positions per 10,000 population (**Figure 65**). Texas spends nearly 16 percent of its overall state budget on salaries and wages, which ranks it twenty-first among the 50 states and fifth among the 15 most-populous states (**Figure 66**).

According to U.S. Census Bureau classifications, approximately 78 percent of Texas' state government FTE employees work in five major functions: higher education,

**FIGURE 64**  
**STATE FULL-TIME-EQUIVALENT (FTE) POSITIONS PER 10,000 POPULATION**  
**FISCAL YEAR 2005**

RANKING	STATE	FTE POSITIONS PER 10,000 POPULATION		RANKING	STATE	FTE POSITIONS PER 10,000 POPULATION	
1	Hawaii	426		27	Maine	160	
2	Alaska	370		28	Idaho	160	
3	Delaware	292		29	Oregon	159	
4	North Dakota	286		30	Missouri	158	
5	New Mexico	261		31	Virginia	158	
6	Wyoming	231		32	North Carolina	156	
7	Vermont	231		33	New Hampshire	149	
8	Montana	209		34	Indiana	148	
9	West Virginia	208		35	Minnesota	145	
10	Louisiana	202		36	Colorado	142	
11	Utah	197		37	Tennessee	139	
12	Arkansas	195		38	Massachusetts	138	
13	Mississippi	194		39	Georgia	132	
14	Kentucky	190		40	Michigan	130	
15	Alabama	188		41	Pennsylvania	129	
16	Washington	186		42	New York	127	
17	Rhode Island	186		43	Wisconsin	127	
18	Nebraska	185		<b>44</b>	<b>TEXAS</b>	<b>120</b>	
19	Oklahoma	183		45	Ohio	119	
20	South Carolina	180		46	Arizona	116	
21	Iowa	179		47	California	107	
22	New Jersey	177		48	Nevada	107	
23	South Dakota	174		49	Florida	105	
24	Connecticut	171		50	Illinois	104	
25	Maryland	162			<b>UNITED STATES</b>	<b>142</b>	
26	Kansas	161					

SOURCE: U.S. Census Bureau, *State Government Employment and Payroll Data* (Washington DC, March 2006).

**FIGURE 65**  
**15 MOST-POPULOUS STATES**  
**STATE FULL-TIME-EQUIVALENT POSITIONS PER 10,000 POPULATION, SELECTED FUNCTIONS**  
**FISCAL YEAR 2005**

STATE	FULL-TIME-EQUIVALENT POSITIONS PER 10,000 POPULATION						
	TOTAL	HIGHER EDUCATION	HIGHWAYS	PUBLIC HOSPITALS	PUBLIC WELFARE	CORRECTIONS	ALL OTHERS
California	107	40	6	11	1	14	37
Florida	105	31	4	2	6	16	45
Georgia	132	53	6	9	9	21	34
Illinois	104	44	6	9	8	11	26
Indiana	148	87	7	6	9	14	25
Massachusetts	138	38	6	11	12	10	60
Michigan	130	62	3	13	10	17	25
New Jersey	177	36	8	21	9	12	91
New York	127	26	6	21	3	17	52
North Carolina	156	57	13	20	2	24	39
Ohio	119	58	6	10	3	14	28
Pennsylvania	129	47	11	10	10	14	37
<b>TEXAS</b>	<b>120</b>	<b>44</b>	<b>6</b>	<b>13</b>	<b>8</b>	<b>20</b>	<b>28</b>
Virginia	158	66	13	17	3	19	40
Washington	186	81	11	15	16	14	48
<b>UNITED STATES</b>	<b>142</b>	<b>52</b>	<b>8</b>	<b>13</b>	<b>8</b>	<b>16</b>	<b>45</b>
Texas as % of U.S.	84.3%	84.6%	80.9%	100.0%	100.0%	126.2%	61.5%

NOTE: Numbers may not add due to rounding.

SOURCE: U.S. Census Bureau, *State Government Employment and Payroll Data* (Washington, DC, March 2006).

**FIGURE 66**  
**15 MOST-POPULOUS STATES**  
**SALARIES AND WAGES AS PERCENTAGE**  
**OF STATE EXPENDITURES, CALENDAR YEAR 2005**

50-STATE RANKING	STATE	SALARIES AND WAGES AS % OF TOTAL
4	Virginia	22.2
12	North Carolina	16.4
13	New Jersey	16.3
16	Washington	15.9
<b>21</b>	<b>TEXAS</b>	<b>15.5</b>
33	Illinois	13.6
38	Pennsylvania	12.0
40	Georgia	11.6
42	Ohio	11.4
43	Indiana	11.2
44	Massachusetts	11.0
45	Michigan	10.8
46	Florida	10.5
48	New York	10.5
49	California	10.4

SOURCE: U.S. Census Bureau, *State Government Finances*, 2005.

highways, public hospitals, public welfare, and corrections. The state's FTE levels are below the 50-state average in higher education and highways, and the same as the 50-state average for public hospitals, and public welfare. Texas FTE levels are at 126 percent of the 50-state average for corrections. The state has 28 FTE positions per 10,000 population in all other state government positions, which is approximately 61.5 percent of the 50-state average.

### HIGHER EDUCATION

One of the factors affecting state employment levels in higher education is the number of students enrolled relative to the total population. Texas ranks fourteenth among the 15 most-populous states in the percentage of 18–24 year olds completing high school, with 73.5 percent of that age group receiving diplomas (**Figure 67**).

Another factor affecting higher education employment levels is the availability of and enrollment in private institutions in each state. Texas has the highest proportion of students enrolled in public universities and the lowest proportion in private universities of the 15 most populous states. The difference is most dramatic when comparing the percentage of students in public higher education in Texas (87.2 percent), Pennsylvania (54.9 percent), New York (54.4 percent), and Massachusetts (42.5 percent). **Figure 68** shows the percentage for this measure for the 15 most-populous states in 2005.

**FIGURE 67**  
**15 MOST-POPULOUS STATES**  
**18–24 YEAR OLDS COMPLETING HIGH SCHOOL**  
**CALENDAR YEAR 2006**

STATE	% COMPLETION RATE
Massachusetts	85.2
New Jersey	82.8
Virginia	82.4
Michigan	81.8
California	81.3
Pennsylvania	81.0
Washington	79.1
Ohio	79.0
Illinois	78.8
Florida	77.6
New York	75.8
Georgia	75.2
Indiana	74.0
<b>TEXAS</b>	<b>73.5</b>
North Carolina	72.6
<b>UNITED STATES</b>	<b>78.8</b>

SOURCE: U.S. Census Bureau, *Current Population Survey* (Washington, DC, March 2007).

**FIGURE 68**  
**15 MOST-POPULOUS STATES**  
**PUBLIC AND PRIVATE**  
**HIGHER EDUCATION ENROLLMENT, ACADEMIC YEAR 2005**

STATE	% OF TOTAL ENROLLMENT	
	PUBLIC	PRIVATE
<b>TEXAS</b>	<b>87.2</b>	<b>12.8</b>
Washington	85.2	14.8
California	83.7	16.3
North Carolina	81.9	18.1
Michigan	80.7	19.3
Georgia	80.2	19.8
New Jersey	80.1	19.9
Virginia	79.5	20.5
Florida	74.4	25.6
Indiana	74.0	26.0
Ohio	73.5	26.5
Illinois	66.6	33.4
Pennsylvania	54.9	45.1
New York	54.4	45.6
Massachusetts	42.5	57.5
<b>UNITED STATES</b>	<b>74.5</b>	<b>25.5</b>

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System, Spring 2006.



The way states allocate responsibility for higher education between state and local governments also influences the state employment level. **Figure 69** shows the percentages of public higher education FTE positions in state and local governments for the 15 most-populous states. In California, which ranks lowest, state higher education FTE positions account for 67.4 percent of the total number of FTE positions, whereas in Texas, which ranks eleventh, state FTE positions account for 71.9 percent of the total.

**FIGURE 69**  
**15 MOST-POPULOUS STATES**  
**STATE AND LOCAL PUBLIC**  
**HIGHER EDUCATION FTE POSITIONS, FISCAL YEAR 2005**

STATE	% OF TOTAL	
	STATE	LOCAL
Indiana	100.0	0.0
Washington	100.0	0.0
Massachusetts	99.8	0.2
Georgia	99.1	0.9
Virginia	97.4	2.6
Ohio	91.9	8.1
Pennsylvania	85.6	14.4
Michigan	83.1	16.9
New Jersey	74.6	25.4
North Carolina	72.9	27.1
<b>TEXAS</b>	<b>71.9</b>	<b>28.1</b>
Illinois	71.3	28.7
New York	69.2	30.8
Florida	67.4	32.6
California	67.4	32.6

SOURCE: U.S. Census Bureau, *State Government Employment and Payroll Data* (Washington, DC, March 2006); *State and Local Government Employment and Payroll Data* (Washington, DC, March 2006).

In 2006, Texas ranked thirtieth among the 50 states and thirteenth among the 15 most-populous states in the percentage of persons 25 years old or older with a bachelor's degree or greater (**Figure 70**). Texas' rate of 25.5 percent is better than only the states of Ohio and Indiana.

## HIGHWAYS

Factors affecting the number of state highway FTE positions per 10,000 population include the distribution of responsibilities between state and local governments, the amount and quality of services provided, and the amount of

**FIGURE 70**  
**15 MOST-POPULOUS STATES**  
**PERCENTAGE OF PERSONS 25 YEARS OLD OR OLDER**  
**WITH A BACHELOR'S DEGREE OR GREATER**  
**CALENDAR YEAR 2006**

50-STATE RANKING	STATE	% COMPLETION RATE
1	Massachusetts	40.4
5	New Jersey	35.6
9	New York	32.2
11	Virginia	32.1
13	Washington	31.4
14	Illinois	31.2
16	California	29.8
19	Georgia	28.1
21	Florida	27.2
26	Pennsylvania	26.6
28	Michigan	26.1
29	North Carolina	25.6
<b>30</b>	<b>TEXAS</b>	<b>25.5</b>
38	Ohio	23.3
42	Indiana	21.9
1	Highest: Massachusetts	40.4
50	Lowest: West Virginia	15.9
	<b>UNITED STATES</b>	<b>28.0</b>

SOURCE: U.S. Census Bureau, *Current Population Survey*, March 2007.

work the state contracts to the private sector. Texas ranked tenth among the 15 most-populous states in the number of state highway FTE positions per 10,000 population in 2005 (**Figure 71**).

The use of private contractors to perform construction and maintenance work affects the number of state highway FTE positions. Construction work on state highways in Texas traditionally has been performed by private contractors. In recent years, however, contractors have been more involved in maintenance work, partly because in 1991 the Seventy-second Legislature mandated increased levels of private contracting for maintenance. In fiscal year 2006, contractors performed 81 percent of highway maintenance work, up from 37 percent in fiscal year 1992 and 61 percent in fiscal year 1996, according to the Texas Department of Transportation.

**Figure 72** shows how Texas compares with the U.S. average in number of vehicle miles traveled per capita, number of

**FIGURE 71**  
**15 MOST-POPULOUS STATES**  
**HIGHWAY FTE POSITIONS PER 10,000 POPULATION**  
**FISCAL YEAR 2005**

STATE	FULL-TIME-EQUIVALENT POSITIONS		
	STATE	LOCAL	TOTAL
Washington	11	12	23
New Jersey	8	13	22
New York	6	15	21
Pennsylvania	11	9	20
Ohio	6	13	19
North Carolina	13	5	18
Virginia	13	5	18
Indiana	7	10	17
Massachusetts	6	11	17
<b>TEXAS</b>	<b>6</b>	<b>10</b>	<b>16</b>
Illinois	6	10	16
Georgia	6	9	15
Florida	4	9	13
Michigan	3	9	12
California	6	6	12
<b>UNITED STATES</b>	<b>8</b>	<b>10</b>	<b>18</b>

SOURCES: U.S. Census Bureau, *State Government Employment and Payroll Data* (Washington, DC, March 2006); *State and Local Government Employment and Payroll Data by State and by Function* (Washington, DC, March 2006).

registered vehicles, and number of road miles under state control. Texas ranks higher than the U.S. average on miles under state control; however, it ranks below the U.S. average on the number of highway FTE positions per 10,000, in the per capita number of registered vehicles, and in vehicle miles traveled.

## PUBLIC HOSPITALS

The U.S. Census Bureau's public hospital FTE category includes government-operated facilities that provide inpatient care; employees of private corporations that operate government-owned hospital facilities are excluded. In hospitals associated with government-operated medical schools, the instructional staff is included under higher education; all other hospital employees are included in the hospital category. In Texas, most healthcare providers in the state's correctional healthcare system are employees of one of two state-operated medical schools. **Figure 73** shows the number of state hospital FTE positions per 10,000 population

**FIGURE 72**  
**HIGHWAY STATISTICS, 2005**

STATISTIC	TEXAS	U.S.
Average number of state highway FTE positions per 10,000 population	6	8
Average number of local government highway FTE positions per 10,000 population	10	10
Average number of state and local government highway FTE positions per 10,000 population	16	18
Percentage of highway and road miles under state control	26.2%	19.5%
Highway and road miles under state control per 10,000 population	34.7	26.7
Vehicle miles traveled per capita	10,003	11,681
Registered motor vehicles per 1,000 population	762	813

SOURCES: U.S. Census Bureau; U.S. Department of Transportation, Federal Highway Administration.

**FIGURE 73**  
**15 MOST-POPULOUS STATES**  
**PUBLIC HOSPITAL FTE POSITIONS PER 10,000 POPULATION**  
**FISCAL YEAR 2005**

STATE	FULL-TIME-EQUIVALENT POSITIONS PER 10,000 POPULATION		
	STATE	LOCAL	TOTAL
North Carolina	20	29	49
New York	21	25	46
Indiana	6	37	43
Washington	15	20	35
<b>TEXAS</b>	<b>13</b>	<b>21</b>	<b>34</b>
Georgia	9	25	34
California	11	17	28
Florida	2	25	27
New Jersey	21	2	23
Michigan	13	9	22
Virginia	17	4	21
Ohio	10	10	20
Illinois	9	11	20
Massachusetts	11	0	11
Pennsylvania	10	0	10
<b>UNITED STATES</b>	<b>13</b>	<b>18</b>	<b>31</b>

SOURCES: U.S. Census Bureau, *State Government Employment and Payroll Data* (Washington, DC, March 2006); *State and Local Government Employment and Payroll Data by State and by Function* (Washington, DC, March 2006).

in the 15 most-populous states. Texas ranked fifth among these states in 2005.

The number of state hospital FTE positions is influenced by policies such as the distribution of responsibilities between state and local governments and hospitals and community-based services, the quality of service as reflected in staffing ratios and professional quality of the personnel, and the extent to which service is provided by the private sector.

### PUBLIC WELFARE

The distribution of responsibility between state and local governments in the administration of public welfare affects the number of state welfare FTE positions. Included in this category are various public assistance programs for the needy, homes for the elderly, indigent care institutions, and programs that provide payments for medical care and other services for the needy, excluding hospital services. In general, states that administer public welfare through state agencies employ fewer total welfare workers than do states that administer welfare locally. In Texas, state government administers most public welfare. Consequently, in 2005 Texas ranked fifteenth among the 15 most-populous states in the total number of welfare FTE positions per 10,000 population. Texas was eighth in the number of state welfare FTE positions (8.3 per 10,000 population) and fifteenth in the number of local welfare workers (1.4 per 10,000 population). In contrast, more than half the states with a higher total number of welfare FTE positions (New York, Pennsylvania, Ohio, New Jersey, North Carolina, California, and Virginia) administer welfare predominantly through local government (**Figure 74**).

**FIGURE 74**  
**15 MOST-POPULOUS STATES**  
**PUBLIC WELFARE FTE POSITIONS PER 10,000 POPULATION**  
**FISCAL YEAR 2005**

STATE	FULL-TIME-EQUIVALENT POSITIONS PER 10,000 POPULATION		
	STATE	LOCAL	TOTAL
New York	3	25	28
Ohio	3	21	24
California	1	18	19
North Carolina	2	17	19
Pennsylvania	10	17	27
New Jersey	9	12	21
Virginia	3	11	14
Illinois	8	5	13
Massachusetts	12	4	16
Florida	6	4	10
Washington	16	3	19
Michigan	10	3	13
Indiana	9	2	11
Georgia	9	2	11
<b>TEXAS</b>	<b>8</b>	<b>2</b>	<b>10</b>
<b>UNITED STATES</b>	<b>8</b>	<b>9</b>	<b>17</b>

SOURCE: U.S. Census Bureau, *State Government Employment and Payroll Data* (Washington, DC, March 2006); *State and Local Government Employment and Payroll Data by State and by Function* (Washington, DC, March 2006).

## CORRECTIONS

In 2005, Texas employed 20 state FTE positions per 10,000 population in corrections, the third-highest ratio among the 15 most-populous states. With 691 inmates per 100,000 population in 2005, Texas had the second-highest ratio of prisoners to population of all 50 states (**Figure 75**). (The highest was Louisiana, with 797.) This incarceration rate represents a 1.6 percent decrease from the 2003 rate of 702 per 100,000 population. Nationally, the incarceration rate decreased by 1.2 percent from 2003 to 2005.

In 2005, the crime rate in Texas ranked sixth among all states and was the second highest among the 15 most-populous states (**Figure 76**). The rate of 4,862 crimes per 100,000 population in 2005 represents a 5.6 percent decrease from the rate of 5,148 in 2003. Nationally, the crime rate decreased 4 percent, from 4,063 in 2003 to 3,899 in 2005. Texas' violent crime rate decreased, from 553 per 100,000 population in 2003 to 530 per 100,000 population in 2005. The state ranks twelfth among all states and fourth among the 15 most-populous states in violent crime. In Texas, this rate decreased by 4.2 percent from 2003 to 2005; the national rate decreased 1.3 percent.

## STATE AND LOCAL GOVERNMENT EMPLOYEES

Comparing state FTE positions per 10,000 population and excluding local employees is difficult because, as noted earlier, each state allocates responsibilities between state and local governments differently. Therefore, analysts often recommend that comparisons be based on the total number of state and local FTE positions, rather than on just the number of state FTE positions.

In 2005, Texas ranked eleventh highest among the 15 most-populous states with regard to the number of state FTE positions per 10,000 population (**Figure 65**). However, the state had the third-highest number of state and local FTE positions per 10,000 population of the 15 most-populous states (**Figure 77**). In addition, Texas had more state and local government FTE positions per 10,000 population in 2005 than the 50-state average in elementary and secondary schools and public hospitals. Even more significant is that among the 15 most-populous states, Texas had the highest number of state and local government FTE positions working in elementary and secondary schools in proportion to the state's total population.

**FIGURE 75**  
**PRISON INMATES PER 100,000 POPULATION**  
**15 MOST-POPULOUS STATES, CALENDAR YEAR 2005**

50-STATE RANKING	STATE	INMATES PER 100,000 POPULATION
2	TEXAS	691
6	Georgia	533
10	Florida	499
11	Michigan	489
16	California	466
17	Virginia	464
23	Ohio	400
26	Indiana	388
31	North Carolina	360
32	Illinois	351
33	Pennsylvania	340
36	New York	326
38	New Jersey	313
41	Washington	273
45	Massachusetts	239
1	Highest: Louisiana	797
50	Lowest: Maine	144
	<b>UNITED STATES:</b>	<b>435</b>

SOURCE: *Crime State Rankings 2007*, Morgan Quitno Press.

**FIGURE 76**  
**15 MOST-POPULOUS STATES**  
**CRIME RATES PER 100,000 POPULATION**  
**CALENDAR YEAR 2005**

STATE	ALL CRIME	50-STATE RANKING	VIOLENT CRIME	50-STATE RANKING	PROPERTY CRIME	50-STATE RANKING
California	3,848.9	24	526.3	14	3,322.6	26
Florida	4,715.9	9	708.0	3	4,007.9	15
Georgia	4,621.2	11	448.9	20	4,172.3	9
Illinois	3,631.8	29	551.5	11	3,080.3	33
Indiana	3,780.0	25	323.7	29	3,456.3	24
Massachusetts	2,820.5	42	456.9	19	2,363.6	44
Michigan	3,643.2	28	552.1	10	3,091.1	31
New Jersey	2,687.7	44	354.7	26	2,333.0	45
New York	2,554.3	45	445.8	21	2,108.5	47
North Carolina	4,543.2	14	468.1	18	4,075.1	11
Ohio	4,014.0	23	351.3	27	3,662.7	21
Pennsylvania	2,841.7	40	424.5	23	2,417.2	42
<b>TEXAS</b>	<b>4,861.7</b>	<b>6</b>	<b>529.7</b>	<b>12</b>	<b>4,332.0</b>	<b>6</b>
Virginia	2,921.0	37	282.8	34	2,638.2	38
Washington	5,238.8	2	345.8	28	4,893.0	1
<b>UNITED STATES</b>	<b>3,899.0</b>		<b>469.2</b>		<b>3,429.8</b>	

SOURCE: *Crime State Rankings 2007*, Morgan Quitno Press.

**FIGURE 77**  
**15 MOST-POPULOUS STATES**  
**STATE AND LOCAL GOVERNMENT FTE POSITIONS PER 10,000 POPULATION**  
**CALENDAR YEAR 2005**

STATE	FULL-TIME-EQUIVALENTS PER 10,000 POPULATION				TOTAL FTE POSITIONS
	ELEMENTARY AND SECONDARY SCHOOLS	HIGHER EDUCATION	PUBLIC HOSPITALS	ALL OTHER FUNCTIONS	
New York	242.4	38.2	46.2	286.4	613.1
New Jersey	255.2	47.7	23.4	250.0	576.4
<b>TEXAS</b>	<b>274.4</b>	<b>61.2</b>	<b>34.2</b>	<b>193.2</b>	<b>563.0</b>
North Carolina	211.1	78.6	49.5	218.3	557.5
Virginia	245.8	68.0	21.3	217.2	552.3
Georgia	249.6	53.0	33.6	209.9	546.2
Ohio	223.8	63.3	20.2	233.6	540.9
Indiana	216.1	87.1	43.3	184.6	531.1
Washington	156.2	81.2	35.2	251.7	524.3
Massachusetts	231.6	38.6	10.8	220.0	500.9
Illinois	210.5	62.2	19.9	206.6	499.2
Michigan	220.2	74.6	21.5	173.8	490.1
California	184.7	58.8	27.6	218.8	489.9
Florida	176.2	45.4	27.1	226.0	474.6
Pennsylvania	198.6	54.5	10.1	201.6	464.7
<b>UNITED STATES</b>	<b>220.6</b>	<b>62.9</b>	<b>31.0</b>	<b>222.6</b>	<b>537.0</b>

SOURCES: U.S. Census Bureau, *State Government Employment and Payroll Data* (Washington, DC, March 2006); *State and Local Government Employment and Payroll Data by State and by Function* (Washington, DC, March 2006).





## 4. GENERAL GOVERNMENT

As shown in **Figure 78**, appropriations for General Government for the 2008–09 biennium total approximately \$4 billion, or 2.4 percent of all state appropriations. This amount is an increase of \$399.4 million, or 11 percent, from the 2006–07 biennium. **Figure 79** shows 2008–09 appropriations by method of financing and full-time-equivalent positions from fiscal years 2004 to 2009 for all General Government agencies.

**FIGURE 78**  
**ALL FUNDS APPROPRIATIONS FOR GENERAL GOVERNMENT**  
**2008-09 BIENNIUM**

IN MILLIONS AGENCY	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Commission on the Arts	\$10.4	\$10.6	\$0.2	2.1
Office of the Attorney General	953.1	982.9	29.9	3.1
Bond Review Board	1.0	1.2	0.1	13.8
Cancer Council	7.1	6.6	(0.5)	(6.6)
Comptroller of Public Accounts	406.3	427.9	21.7	5.3
Fiscal Programs – Comptroller of Public Accounts	499.6	536.6	37.0	7.4
Commission on State Emergency Communications	121.9	152.1	30.2	24.8
Employees Retirement System	13.5	33.9	20.5	152.1
Texas Ethics Commission	3.7	3.8	0.1	2.8
Facilities Commission	189.1	179.8	(9.3)	(4.9)
Public Finance Authority	1.6	1.8	0.1	7.6
Fire Fighters' Pension Commissioner	2.5	9.9	7.4	298.4
Office of the Governor	19.0	19.8	0.8	4.2
Trusted Programs within the Office of the Governor	761.4	922.6	161.1	21.2
Historical Commission	31.5	135.7	104.2	330.9
Department of Information Systems	167.4	435.8	268.4	160.4
Library and Archives Commission	60.1	65.3	5.2	8.7
Pension Review Board	0.9	1.4	0.5	55.8
Preservation Board	22.7	25.3	2.6	11.6
State Office of Risk Management	16.0	16.7	0.7	4.1
Workers' Compensation Payments	91.8	91.8	0.0	0.0
Secretary of State	211.3	122.1	(89.2)	(42.2)
Office of State–Federal Relations	2.1	1.6	(0.6)	(26.2)
Veterans Commission	29.7	31.2	1.5	5.1
<b>SUBTOTAL, GENERAL GOVERNMENT</b>	<b>\$3,623.7</b>	<b>\$4,216.5</b>	<b>\$592.8</b>	<b>16.4</b>
Retirement and Group Insurance	\$163.6	\$172.3	\$8.7	5.3
Social Security and Benefit Replacement Pay	71.0	72.9	1.9	2.7
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$234.6</b>	<b>\$245.2</b>	<b>\$10.6</b>	<b>4.5</b>
Bond Debt Service Payments	\$15.0	\$82.9	\$68.0	453.6
Lease Payments	20.4	24.9	4.5	21.9
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$35.4</b>	<b>\$107.8</b>	<b>\$72.4</b>	<b>204.7</b>
Less Interagency Contracts	\$271.6	\$548.0	\$276.4	101.8
<b>TOTAL, ARTICLE I – GENERAL GOVERNMENT</b>	<b>\$3,622.1</b>	<b>\$4,021.6</b>	<b>\$399.4</b>	<b>11.0</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

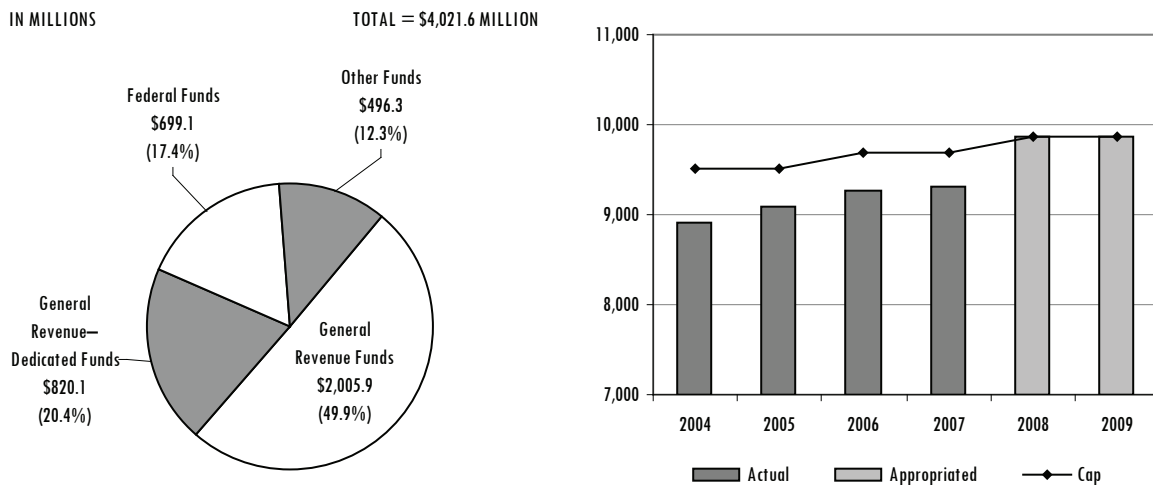
<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTES: Article totals exclude interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

SOURCE: Legislative Budget Board.

**FIGURE 79**  
**GENERAL GOVERNMENT APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS**  
**2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

General Government agencies provide a wide array of public and state administrative support services. Included in the General Government functional area are several executive branch offices established by the Texas Constitution. The Governor is the state's chief executive officer and has oversight responsibilities for state agencies within the executive branch of government, including the appointment of board and commission members. The Comptroller of Public Accounts collects and accounts for the state's revenue and expenditures, and the Attorney General serves as the state's legal counsel and oversees child support collections and disbursements. Each of these officers is elected to a four-year term. The Secretary of State, who is also a member of the executive branch, is appointed by the Governor and is responsible for ensuring that all elections are carried out in accordance with state and federal election laws.

In addition to the executive offices, the General Government functional area includes state agencies that provide services to other state agencies and state employees. For example, the Bond Review Board and Texas Public Finance Authority are the primary agencies responsible for approving, issuing, and paying state debt; the Employees Retirement System administers healthcare and retirement benefits for state employees; and the State Office of Risk Management administers the Workers' Compensation program for employees with job-related injuries. The Historical Commission, Library and Archives Commission, Preservation Board, and Commission on the Arts are responsible for preserving and promoting the state's cultural and historic

resources, while encouraging economic development. The Veterans Commission assists the state's veteran population by filing claims for federal benefits, and oversees veterans education and job training programs. The Department of Information Resources provides resource management and planning for information technology and telecommunications services, and the Facilities Commission oversees building construction and maintenance programs. Other General Government agencies include the Cancer Council, Commission on State Emergency Communications, Ethics Commission, Fire Fighters' Pension Commissioner, Pension Review Board, and the Office of State–Federal Relations.

## MAJOR FUNDING ISSUES

Several of the General Government agencies experienced significant changes in funding levels for the 2008–09 biennium.

### ACROSS ARTICLE APPROPRIATIONS

#### EMPLOYEE BENEFITS

State contributions for retirement total \$727.1 million in All Funds. State and employee retirement contribution rates remained at 6.45 percent and 6.0 percent, respectively. However, due to a projected 3.25 percent growth in salaries

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not add because of rounding.

from the 2007 levels and 1.5 percent growth in the annual payroll for general state employees, appropriations increased by \$58.0 million above the 2006–07 expenditure level to a total of \$703.8 million. In addition, approximately \$23.3 million is allocated for retirement contributions for the general state employee and Schedule C employee pay raises.

Appropriations for employee group insurance benefits total \$2.2 billion and increased by \$202.0 million because of a projected 1 percent annual growth in insurance costs and spending down the ERS-projected fund balance, which covers a 9 percent healthcare inflation rate. Increased funding also includes a 5.0 percent growth in the number of retirees, which equates to approximately 1.5 percent annual growth in the total number of employees per fiscal year. Likewise, appropriations for Social Security total \$1.4 billion and increased by \$106.8 million related to a projected 1.5 percent annual payroll growth for general state employees and a 3.5 percent payroll growth for higher education employees. In addition, approximately \$28.1 million is allocated for social security contributions for the general state employee and Schedule C employee pay raises.

#### **STATE DEBT SERVICE ON GENERAL OBLIGATION BONDS**

Debt service requirements for existing General Obligation bonds issued by the Texas Public Finance Authority total \$763.7 million and increased by \$47.5 million from the previous biennium. Appropriations include \$4 million for debt service on \$43 million in newly authorized Colonia Access Program bonds. Also included is \$87.1 million for debt service on new bond authorizations—Proposition 8 bonds (\$263.5 million in bond proceeds) and for Proposition 4 bonds (\$717.3 million in bond proceeds). The Proposition 4 bonds, authorizing \$1 billion, were approved by Texas voters in the November 2007 election.

The state will make a significant investment in deferred maintenance on state-owned buildings managed by the Facilities Commission (formerly the Building and Procurement Commission) by providing \$49.3 million in Proposition 8 bond proceeds and \$32.0 million in Proposition 4 bond proceeds.

#### **DATA CENTER CONSOLIDATION**

During the 2008–09 biennium, 27 agencies will complete the first full budget cycle under consolidated data center services as provided by House Bill 1516, Seventy-ninth Legislature, Regular Session, 2005. To reduce costs and

streamline operations, agencies identified by the Department of Information Resources were required to transition 31 in-house data center operations, including disaster recovery, mainframe and server data storage, and print and mail functions, to two data centers located in Austin and San Angelo. Based on amounts identified in the General Appropriations Act, Eightieth Legislature, 2008–09 biennium, it is projected that \$290.4 million will be spent on consolidated data center services during the 2008–09 biennium.

#### **CRIME VICTIMS COMPENSATION**

While total appropriations for services to victims of crime increased by \$22.9 million in All Funds as a result of a significant increase in General Revenue–Dedicated Funds and Federal Funds, appropriations from the Crime Victims Compensation Fund decreased by \$19.9 million for direct payments to victims, victims' services grants, administration, and related programs at multiple state agencies, including the Office of the Attorney General, the Texas Department of Criminal Justice, and the Employees Retirement System.

#### **GENERAL GOVERNMENT AGENCIES**

The Eightieth Legislature, 2007, enacted House Bill 3560, which transferred statewide procurement, fleet management, and support services duties from the Texas Facilities Commission (formerly the Building and Procurement Commission) to the Comptroller of Public Accounts. Total funding and staff transferred to the Comptroller of Public Accounts include \$6.5 million and 109.6 full-time-equivalent (FTE) positions in each fiscal year, which is offset by a reduction of \$0.5 million and 2.8 FTE positions for data center consolidation functions.

House Bill 12, Eightieth Legislature, 2007, transferred functions for the operation, repair, and renovation of 18 historic sites from the Texas Parks and Wildlife Department to the Historical Commission, resulting in increased funding of \$48.6 million, primarily from the Sporting Goods Sales Tax, gate fees, and bond proceeds.

The Eightieth Legislature appropriated \$22 million in General Revenue Funds for the 2008–09 biennium to the Trusteed Programs within the Office of the Governor for the Moving Image Industry Incentive Program. This funding will provide grants to production companies that produce films, television programs, or commercials for the purposes of promoting the film industry in Texas. The Comptroller of

Public Accounts has certified that revenue generated by the film industry in Texas will offset the cost of appropriation.

Several General Government agencies underwent Sunset review and are continued by legislation enacted by the Eightieth Legislature, 2007:

- House Bill 2460 continues the Commission on the Arts for 6 years;
- House Bill 12 continues the Historical Commission for 12 years;
- Senate Bill 913 continues the Library and Archives Commission for 12 years;
- Senate Bill 908 continues the State Office of Risk Management for 12 years;
- House Bill 3249 extends the Sunset date for the Office of State–Federal Relations to September 1, 2009; and
- House Bill 3426 continues the Veterans Commission for 6 years.

## COMMISSION ON THE ARTS

The Texas Commission on the Arts (TCA), established in 1965 and governed by 17 commission members, was created to promote a receptive climate for the arts and preserve Texas' rich and diverse heritage. To achieve these goals, the agency develops and monitors various arts programs to ensure that residents and visitors have access to arts programs, services, and exhibits. In addition, the agency provides financial and technical assistance to nonprofit arts organizations, schools, school districts, government entities, and individuals to support the arts, arts education, and cultural events.

Appropriations for the 2008–09 biennium total \$10.6 million and provide for 18 full-time-equivalent positions. Of this amount, \$5.9 million, or 55.7 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds.

### ARTS ORGANIZATION AND EDUCATION GRANTS

Providing financial assistance through grants is the primary mission for the agency and is achieved by providing two distinct types of grants: arts organization grants and arts education grants. Arts organization grants assist nonprofit arts organizations and provide financial support for administration, exhibits, performances, production, and touring exhibitions. Examples of arts organization grants include the County Arts Expansion Program, which increases the number of art exhibits for nonprofit organizations, government entities, and school districts in counties with a population of less than 50,000; the Cultural Connections program, which provides financial assistance to promote art performance for nonprofit organizations, schools and libraries; and Project Support, which provides financial assistance for administrative support and direct compensation to artists at nonprofit organizations and art festivals.

Arts education grants promote school curriculum development, student achievement, and teacher training. Examples of arts education grants include the Arts in Education Team Building program, which supports the establishment and continuation of a comprehensive plan to include arts education as a basic part of school curriculum; the Core Support program, which provides financial support to universities and other arts organizations for general operating expenses; and the Arts Education Project Support program, which provides teacher training and assessment in arts education.

Arts organization grants and arts education grants are distributed as mini-grants and panel grants. Mini-grants, available year-round, range from \$75 to \$3,000, while panel grants, which are the majority of the agency's grants for arts organizations and arts education, are awarded annually and range from \$3,000 to \$50,000. Individual award amounts vary depending on factors including the applying organization's location, budget size, and population service area. In fiscal year 2007, the agency received 1,175 grant applications requesting over \$12.0 million; of these amounts, the agency awarded \$3.3 million to 1,078 applicants. The agency estimates it will process 1,500 grant applications and distribute \$3.8 million in grant awards in fiscal year 2008.

To promote effective grant distribution, agency staff consults with grant recipients on grant-writing procedures and presents workshops and seminars on issues of particular relevance to applicants. Agency staff also conduct site visits of grant recipients to monitor and evaluate the use of grant funds. In July 1997, the agency initiated TCAnet, a website that links arts information and services throughout the state. In addition, TCAnet provides online technical assistance, an online grant application system, and online evaluation report forms.

### CULTURAL TOURISM

TCA also promotes cultural performance and art exhibitions to Texas residents and visitors. By doing this, the agency assists with economic development by increasing the number of visitors to various regions of the state. TCA works under a memorandum of understanding with the Texas Economic Development Tourism Office within the Office of the Governor, the Texas Department of Transportation, the Texas Parks and Wildlife Department, and the Texas Historical Commission to achieve this objective. Through grants, workshops, seminars, and promotional and marketing programs, the agency helps create and sustain arts venues and performances that are attractive tourist destinations. Examples of grants that assist with cultural tourism include the Special Opportunities Program grants, which target programs that advance cultural tourism by preserving and documenting Texas' unique art treasures; the Texas Craft Initiative, a grant aimed at showcasing local rural handcrafted items; and Festival and Tourism grants, which offer financial assistance for tourism-related festivals and projects.

The agency also supports cultural tourism through its website by providing access to an online calendar of arts and cultural events in Texas and allows users to search for arts and cultural

events throughout the state. The site includes links to other tourism partners of state agencies and contains a travel planner section with links to assist visitors as they plan a trip to a cultural site.

### **“STATE OF THE ARTS” LICENSE PLATE**

In 1993, the Seventy-third Legislature authorized the “State of the Arts” license plate, a specialty license plate promoting the arts in Texas and creating a revenue source for the agency. Revenue received from the sale of these license plates is deposited into TCA’s General Revenue–Dedicated Commission on the Arts Operating Account, which the agency uses for operations and grants. Since the license plate became available for purchase in 1995, it remains a top-selling state specialty plate. In fiscal year 2007, the “State of the Arts” license plate generated \$406,648 in revenue and is expected to generate approximately \$400,000 in fiscal year 2008. **Figure 80** compares revenue generated by the “State of the Arts” license plate to the average top sales of other plates from fiscal years 2004 to 2007.

### **CULTURAL ENDOWMENT FUND**

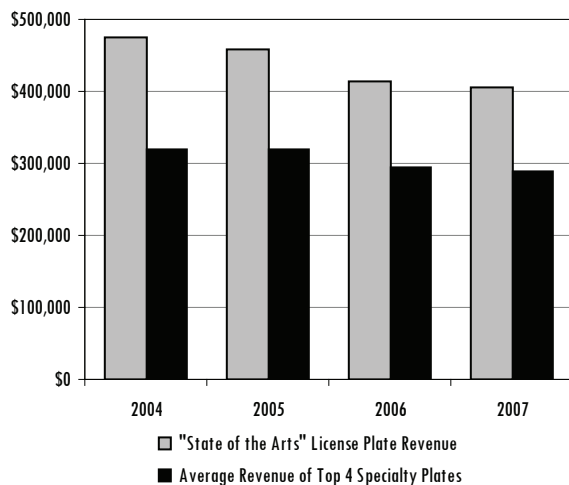
In 1993, the Seventy-third Legislature created the Texas Cultural Endowment Fund (CEF) as a permanent trust fund outside the State Treasury. The fund balance was intended to reach \$200 million by 2005, at which time interest earnings instead of General Revenue Funds would fund the agency. By the end of fiscal year 2007, contributions and revenue to

the CEF totaled approximately \$19.4 million. Of this amount, state contributions are approximately \$10.9 million in General Revenue Funds; private contributions are approximately \$2.6 million; and interest earnings are approximately \$5.9 million. State law requires interest earnings from the CEF to be deposited into the General Revenue–Dedicated Commission on the Arts Operating Account and used for agency operations and grants. The agency uses the corpus of the fund as leverage to secure private funds for the CEF.

### **SIGNIFICANT LEGISLATION**

The Sunset Advisory Commission reviewed TCA prior to the Eightieth Legislative Session. The Sunset legislation, House Bill 2460, enacted by the Eightieth Legislature, 2007, continues TCA for six years, requires the agency to adopt rules governing the acceptance of private funds to ensure those funds support the agency’s key functions, and requires TCA to adopt rules to ensure accountability of grants.

**FIGURE 80**  
**“STATE OF THE ARTS” LICENSE PLATE REVENUE**  
**FISCAL YEARS 2004 TO 2007**



SOURCES: Legislative Budget Board; Texas Commission on the Arts.



## OFFICE OF THE ATTORNEY GENERAL

The Office of the Attorney General (OAG), created in 1876 as an elective office by Article IV, Sec. 1, of the Texas Constitution, defends the Constitution and laws of the State of Texas and serves as the legal counsel to the Governor, the Legislature, and the more than 250 state agencies, commissions, and institutions of higher education. The OAG also represents the state in civil and criminal cases in federal appellate courts, issues advisory opinions in response to inquiries from certain state officials, and investigates and approves public bond issuances. The agency also may assist local jurisdictions with prosecution of criminal cases or pursue prosecution of certain cases with local prosecutors' consent.

The OAG is the agency responsible for the state's child support program, victims' compensation payment program, and investigation of Medicaid fraud. In its role as the state agency responsible for the child support program, the agency provides services to custodial parents in obtaining child support for their children, enforces state and federal child support laws and regulations, and collects and distributes child support payments. As the state agency responsible for the victim services payment program, the OAG administers the Compensation to Victims of Crime Fund and assists eligible victims in paying for medical and counseling bills incurred due to acts of violent crime. In its capacity as an investigatory agency related to Medicaid fraud, the OAG reviews allegations of fraud against Medicaid providers.

Appropriations for the 2008–09 biennium total \$982.9 million and provide for 4,213.6 full-time-equivalent (FTE) positions. Of the total appropriations, \$545.8 million, or approximately 56 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds.

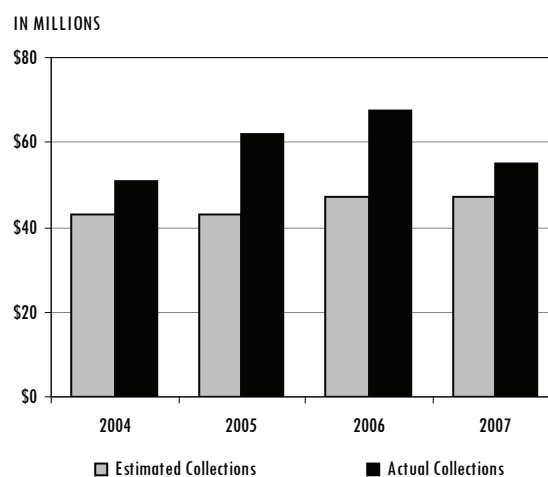
### LEGAL SERVICES

As the state's legal counsel, the OAG provides a wide array of legal and investigatory services. The agency defends state officials and agencies in lawsuits, provides general counsel upon request, issues opinions interpreting state law, rules on public information requests made to and disputed by governmental bodies, and approves bond issuances for state agencies and other political subdivisions of the state. The OAG also investigates and prosecutes violations of anti-trust activities; banking and securities activities; environmental protection activities; labor, agriculture, and housing activities; and health and safety codes. The agency operates seven regional legal offices, located in Austin, Dallas, El Paso,

Houston, Lubbock, McAllen, and San Antonio. Appropriations for the Legal Services Division total \$148.6 million for the biennium and provide for 1,056.6 FTE positions.

The OAG is responsible for collecting certain delinquent judgments and debts owed the state. The OAG receives a portion of the delinquent funds that it collects and utilizes those funds for financing administrative and legal operations. As in previous years, estimated collections for delinquent judgments and debts have been lower than actual collections from various bankruptcy cases. For fiscal years 2004 to 2007, the agency estimated collections of approximately \$180.0 million but collected \$235.5 million. For fiscal year 2008, the agency is estimating collection of approximately \$60 million. **Figure 81** shows the estimated and actual collections for fiscal years 2004 to 2007.

**FIGURE 81**  
**DEBT COLLECTIONS**  
**FISCAL YEARS 2004 TO 2007**



SOURCE: Office of the Attorney General.

### CHILD SUPPORT PROGRAM

The OAG is the state agency responsible for the Child Support Enforcement Program, as provided in Title IV-D of the federal Social Security Act, and provides services that locate delinquent parents, establish paternity and court-ordered support obligations, and enforce collection of established support obligations. These activities are supported by state funds, which are matched by federal funds. The Legislature appropriated \$471 million and 2,725.5 FTE positions for the 2008–09 biennium for child support enforcement activities.

From fiscal year 2000 to fiscal year 2007, the percentage of cases with court orders for child support increased from 55 percent to 83 percent and child support collections are projected to reach \$2.5 billion in fiscal year 2009. The ratio of child support collected as compared to each dollar spent by the agency also increased from \$5.80 collected for each dollar spent in fiscal year 2000 to \$9.70 collected for each dollar spent in fiscal year 2007. Eight regional child support offices operate in Austin, Dallas, El Paso, Houston, Lubbock, McAllen, San Antonio, and Tyler; each region is served by a call center to respond to inquiries from custodial parents and child support obligors. **Figure 82** shows the child-support enforcement expenditures, collections, and caseloads for fiscal years 1997 to 2009.

Another significant child support enforcement operation is the State Disbursement Unit (SDU). The SDU, which was required by federal welfare reform legislation passed in 1996, provides a central location for employers to send child support payments that are withheld from employees' paychecks. Since 2001, the SDU has operated in San Antonio through a contract with a private vendor. The appropriation for the 2008–09 biennium totals \$59.4 million. OAG projects that the SDU will process over 36 million payments during the biennium.

### CRIME VICTIMS' SERVICES

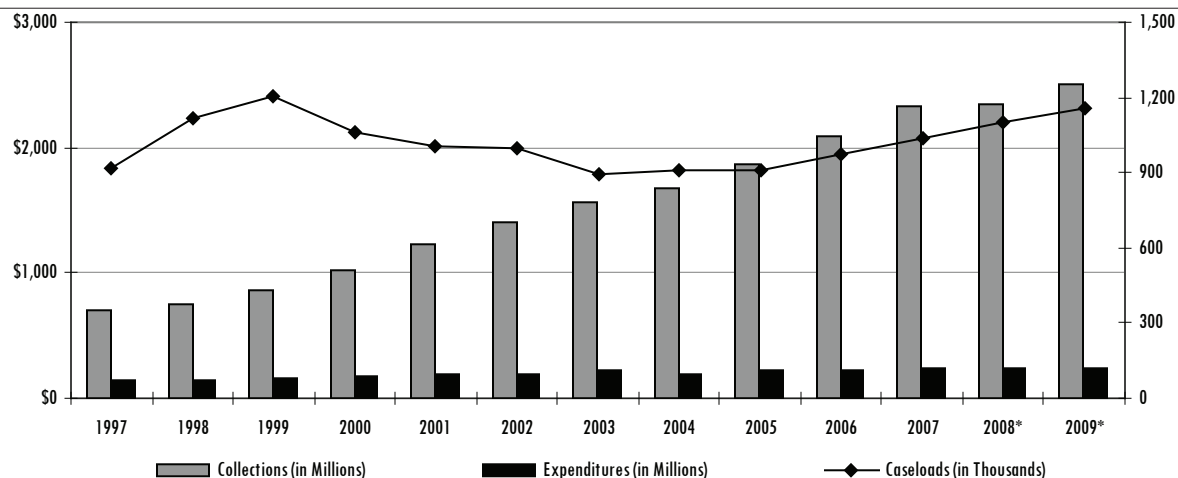
The OAG administers several programs designed to assist victims of crime. Much of the funding for these programs comes from the Compensation to Victims of Crime Fund,

which is constitutionally dedicated to provide payments and services to crime victims. Revenues, which come from court costs assessed against persons convicted of felonies and certain misdemeanors, are collected in municipal and county treasuries and deposited in the State Treasury.

The largest of the OAG victims' assistance programs is the Crime Victims' Compensation Program. The program pays for a variety of expenses ranging from medical expenses to loss of wages incurred by victims of violent crimes. Appropriations for the 2008–09 biennium for the Crime Victims' Compensation Program total \$199.6 million in All Funds and include 146.8 FTE positions. The program is expected to pay out more than \$140.1 million in compensation during the biennium. **Figure 83** shows the distribution of fiscal year 2007 awards among various categories. **Figure 84** shows the trend in compensation awarded and the trend in the number of victims receiving awards. **Figure 85** shows the distribution of the Compensation to Victims of Crime appropriations among agencies receiving an appropriation during the 2008–09 biennium.

The OAG is appropriated funds to make grants to local programs that assist sexual assault victims, train sexual assault nurse examiners, and help local governments cover the costs of victims' assistance coordinators. In addition, the OAG contracts with the Court Appointed Special Advocate (CASA) Program, which provides volunteer guardian assistance to abused and neglected children, and with Children's Advocacy Centers, which provide services to victims of child abuse. Grants are available to local

**FIGURE 82**  
**CHILD-SUPPORT ENFORCEMENT**  
**FISCAL YEARS 1997 TO 2009**

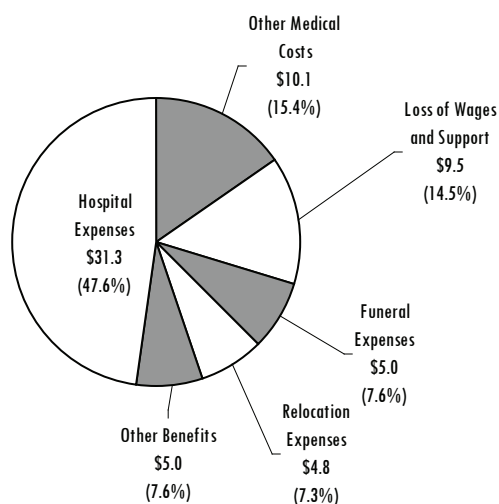


\*Projected.

SOURCE: Office of the Attorney General.

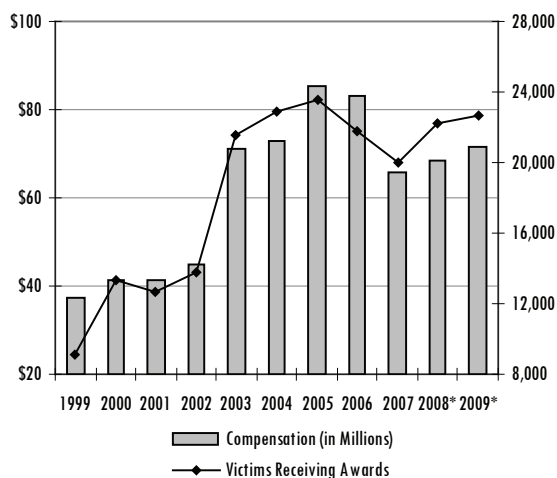
**FIGURE 83**  
**CRIME VICTIMS' FUND AWARDS BY CATEGORY**  
**FISCAL YEAR 2007**

IN MILLIONS TOTAL = \$65.7 MILLION



SOURCE: Legislative Budget Board.

**FIGURE 84**  
**CRIME VICTIMS' COMPENSATION PROGRAM**  
**FISCAL YEARS 1999 TO 2009**



\*Projected.

SOURCE: Office of the Attorney General.

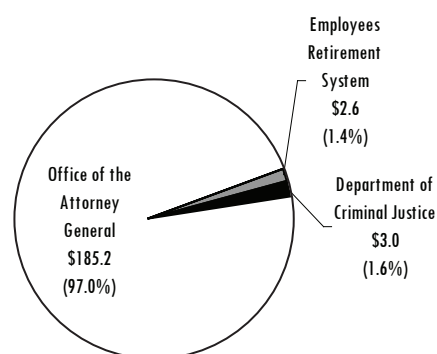
organizations that provide legal services to crime victims and to other organizations in the state that assist crime victims. Funding for these various grants and contracts totals \$87.3 million for the 2008–09 biennium.

### MEDICAID FRAUD INVESTIGATION

The OAG is the agency responsible for conducting a statewide program of Medicaid fraud investigation. This responsibility includes referring for prosecution all

**FIGURE 85**  
**COMPENSATION TO VICTIMS OF CRIME**  
**APPROPRIATIONS TO ALL STATE AGENCIES**  
**2008–09 BIENNIUM**

IN MILLIONS TOTAL = \$190.8 MILLION



SOURCE: Office of the Attorney General.

violations of laws pertaining to fraud or misconduct in the administration of the Texas Medicaid Program and identifying overpayments obtained through fraudulent provider activity. The OAG is appropriated \$28.9 million and 229.5 FTE positions for the 2008–09 biennium for Medicaid fraud investigation. The OAG anticipates identifying overpayments totaling \$60.9 million in fiscal year 2008 and \$62.9 million in fiscal year 2009.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted Senate Bill 74, which provides for an address confidentiality program, administered by the OAG. This program will assist victims of family violence in keeping their addresses confidential. Funding for the program is approximately \$0.5 million for the biennium and increased the number of FTE positions for the agency by 4 in fiscal year 2008 and by 50 in fiscal year 2009.

House Bill 1751, Eightieth Legislature, 2007, provides for an admission fee on sexually oriented businesses and dedicates approximately \$8.6 million in revenue to the OAG for various sexual assault and victim services programs throughout the state. Examples of entities or programs receiving funds include the Support for Sexual Assault Advisory Council, rape crisis centers, Sexual Assault Public Awareness Campaign, and continuing education and certification of nurse examiners.

## BOND REVIEW BOARD

The Bond Review Board (BRB) was created in 1987 to review and approve the issuance and refundings of all state debt and lease-purchase projects proposed by state agencies and universities with a principal amount greater than \$250,000 or a term longer than five years. The agency is governed by a board of directors composed of the Governor as Chairman, the Lieutenant Governor, the Speaker of the House of Representatives, and the Comptroller of Public Accounts, or their respective designees.

Appropriations for the 2008–09 biennium total \$1.2 million in General Revenue Funds, which includes increased funding to expand the agency's responsibilities (e.g., completion of an annual debt affordability study regarding the state's current debt burden). The appropriation provides for 9.5 full-time-equivalent positions.

BRB's mission is to ensure proper legal authorization and accurate and adequate disclosure on bond issues to ensure that debt financing is used prudently to meet Texas' infrastructure needs and other public purposes, and to support and enhance the debt issuance and debt management functions of state and local entities. The agency administers the state's Private Activity Bond Program to provide issuers and private enterprises a means to finance certain projects at a lower cost.

The agency's responsibilities are carried out through three major goals: (1) Protect Texas Bond Rating, (2) Local Bond Debt, and (3) Private Activity Bonds.

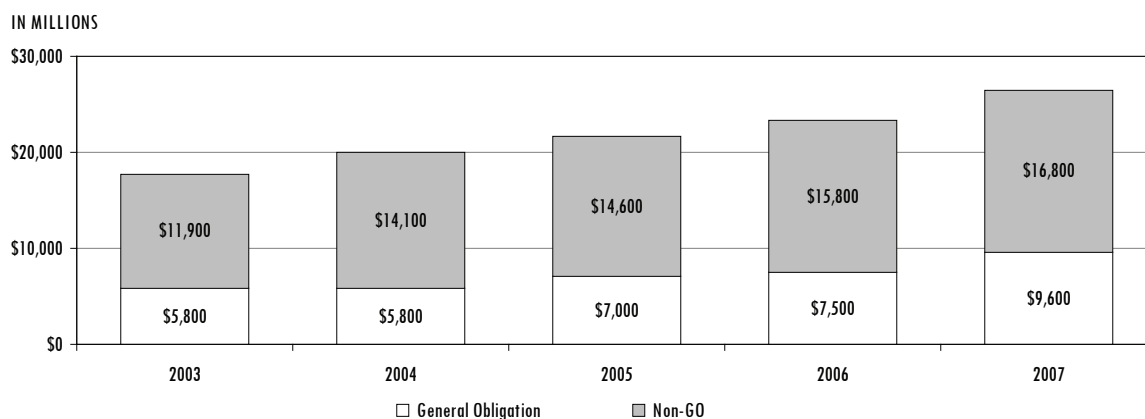
## BOND RATING PROTECTION

BRB's first goal is to ensure that Texas state bonds attain the highest possible rating and are issued in the most cost-effective manner. Agency initiatives to accomplish this include the creation of debt issuing guidelines, review of state debt issuance, and statewide capital planning. The agency verifies the legal authorization for all bond issues proposed by state agencies and educational institutions and evaluates the proposed use of the proceeds, investment provisions, debt-administration provisions, market conditions for timing the sale of the bonds, and issuance costs. In addition, the agency studies economic and financial conditions and trends, the outlook for the U.S. economy, and developments in national and world credit markets.

BRB staff produce reports for the Legislature, local public officials, investors, rating agencies, and other interested parties. These reports provide information on Texas' debt burden and credit worthiness and include recommendations to ensure cost-effective capital financing practices to raise the state's bond rating and lower its borrowing costs. During fiscal year 2007, the agency reviewed 62 proposed bond applications and 11 lease-purchase agreements.

BRB is required to submit a biennial report to the Legislature on state and local debt burdens and the aggregate impact of all recommended state debt issuance on the state's debt burden. **Figure 86** shows the state's total outstanding debt in bonds for fiscal years 2003 to 2007, including both General Obligation (GO) bonds, which are legally backed by the full faith and credit of the state, and non-GO bonds.

**FIGURE 86**  
**OUTSTANDING BOND DEBT FOR ALL STATE AGENCIES AND UNIVERSITIES**  
**FISCAL YEARS 2003 TO 2007**



SOURCE: Bond Review Board.

Beginning with fiscal year 2008, the agency is required to submit a debt affordability study (DAS) to state leadership. The DAS is a tool for helping policy makers better understand the state's debt burden, particularly for not self-supporting debt paid with General Revenue Funds. The DAS calculates five debt burden ratios, including "Debt Service as a Percent of Unrestricted Revenues." BRB estimates that Texas' "Debt Service as a Percent of Unrestricted Revenue" will be 1.33 percent by the end of fiscal year 2008 (estimated as of January 2008).

Based upon voter approval of four bond propositions in the November 2007 constitutional election, Texas' "Debt Service as a Percent of Unrestricted Revenue" will be 1.57 percent by the end of fiscal year 2009 if all debt authorized by those propositions is issued as planned (**Figure 87**). The approved propositions authorize bonds for the purposes listed:

- Proposition 4, construction and maintenance on state buildings;
- Proposition 12, finance transportation projects;
- Proposition 15, cancer research; and
- Proposition 16, water services to economically distressed areas.

The ratios above for fiscal years 2008 and 2009 assume a partial issuance of the authorized amounts for Propositions 4 and 16. The percentages in **Figure 87** assume issuance of \$300 million per year for cancer research bonds as approved

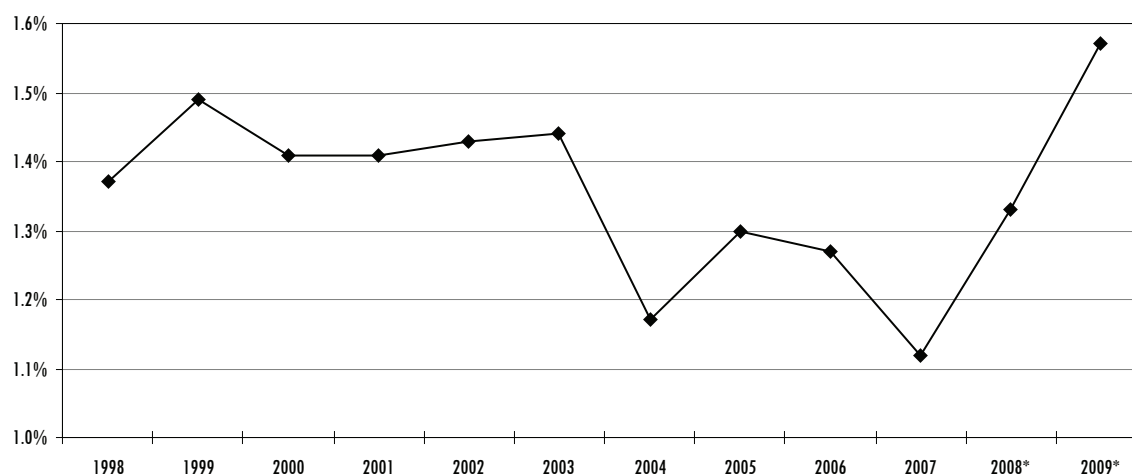
by voters in the November 2007 election for Proposition 15; however, the Eightieth Legislature did not authorize appropriations for debt service payments to be made in the 2008–09 biennium. Proposition 12 is not scheduled to be issued until fiscal year 2010. The debt ratios from the DAS should not be confused with the constitutional debt limit.

### LOCAL BOND DEBT

The agency's second goal ensures that local public officials have access to current information regarding debt issuance, finance, and debt management. Beginning in 1995, the Legislature authorized the Office of the Attorney General to collect information on more than 4,000 bond-issuing entities in the state and to forward the information to the BRB. The agency analyzes the information to ensure reporting accuracy, prepares detailed fiscal year-end reports on tax-supported and revenue debt outstanding that include debt trends and debt ratios (debt to assessed value, debt per capita, debt per student), and provides its findings to bond-issuing entities and state officials. During fiscal year 2007, the agency analyzed 613 local government financings.

The BRB is available to provide technical assistance to school districts entering into bonded indebtedness or lease-purchase agreements. Information related to the cost and structure of debt transactions is available on the agency's website as well as through agency staff to assist school districts that issue some form of debt. Additionally, agency staff is available in the exhibitor area at each year's annual conference of the

**FIGURE 87**  
**DEBT SERVICE AS A PERCENTAGE OF STATE UNRESTRICTED REVENUES**  
**DEBT AFFORDABILITY STUDY, RATIO 1**  
**FISCAL YEARS 1998 TO 2009**



\*Projected.

SOURCES: Legislative Budget Board; Bond Review Board.

Texas Association of School Business Officials to maintain visibility and availability of information. Out of 1,028 school districts with taxing authority, 223 districts issued debt in fiscal year 2006 and 349 districts issued debt in fiscal year 2007.

### PRIVATE ACTIVITY BONDS

The BRB's third goal focuses solely on the Private Activity Bond Program. This federal program, authorized by the Federal Tax Reform Act of 1986, regulates the amount of tax-exempt bonds that may be issued in the state and restricts the type of privately owned, public-use projects that may take advantage of this tax-exempt financing authority. The agency must ensure that issuance of tax-exempt bonds by public and private entities are consistent with federal law and are in the best interest of Texas citizens.

The Private Activity Bond Program regulates the "state ceiling" for issuance of tax-exempt bonds and monitors the amount of demand for and the use of private activity bonds each year. (The state ceiling is a per capita amount based upon the most recent census estimates of the resident population of the state published by the U.S. Bureau of the Census.) Federal law imposes a "volume ceiling" (an amount based on a state's annual population census) on the aggregate principal amount of tax-exempt private activity bonds that may be issued within each state during any calendar year. Total issuance authority for private activity bonds is derived from a federal formula that, for 2007, is set at a ceiling of \$85 per capita and indexed for inflation. Based on Texas' population, the state ceiling totaled \$2 billion.

Public and private entities in Texas are authorized to issue the following types of tax-exempt bonds: mortgage revenue bonds;

small-issue industrial development bonds; certain state-voted bond issues; student loan bonds; and bonds for various exempt facilities, such as residential rental projects, sewage facilities, solid waste disposal facilities, and hazardous waste disposal facilities. According to the U.S. Bureau of the Census, Texas has the second largest state ceiling in the nation, second only to California in population and volume cap.

Using the categories of bonds eligible under the program, the state divides its ceiling into several categories (or subceilings) that receive annual allocations, or set-asides, based on percentages established by state law. **Figure 88** shows the subceiling authorizations for the Private Activity Bond Program for calendar years 2005 to 2007 and the actual allocations made in each subceiling. Eligible entities may apply for private activity bonds and receive authorization (i.e., reservations) based on a lottery system beginning in October of each year. Demand continues to exceed authorization, with the highest demand occurring in the multi-family housing and student loan subceilings.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect the Bond Review Board.

Senate Bill 1332 requires the agency to complete an annual debt affordability study (DAS) regarding the state's current debt burden, to identify additional not self-supporting debt that the state can accommodate and to monitor how annual changes and new debt authorizations affect certain economic indicators. The enacted legislation modifies statute to require issuers to submit requests for proposals, final proposals, and executed contracts upon request. Among its provisions, the legislation adds a definition of interest rate management

**FIGURE 88**  
**PRIVATE ACTIVITY BOND SUBCEILING AUTHORIZATIONS AND ALLOCATIONS**  
**CALENDAR YEARS 2005 TO 2007**

STATUTORY SUBCEILING REQUIREMENT	2005 STATUTORY SET-ASIDE	2006 STATUTORY SET-ASIDE	2007 STATUTORY SET-ASIDE
Single-family housing	29.6%	28.0%	28.0%
State-voted constitutional amendments	8.0%	8.0%	8.0%
Small-issue industrial development bonds and empowerment zones	4.6%	2.0%	2.0%
Multi-family housing	23.0%	22.0%	22.0%
Student loan bonds	8.8%	10.5%	10.5%
All other issues	26.0%	29.5%	29.5%
<b>TOTAL AUTHORITY AVAILABLE FOR ALL SUBCEILINGS (IN MILLIONS)</b>	<b>\$1,799.2</b>	<b>\$1,828.8</b>	<b>\$1,998.2</b>

SOURCE: Bond Review Board.



agreements and expands the definition of state security to include obligations issued under Texas Education Code, Chapter 53. Additional changes from enactment of Senate Bill 1332 provide that any projects submitted by the Texas Economic Development Bank, managed by the Office of the Governor, have priority over issuers in other subceilings.

Senate Bill 968 expands and clarifies interest rate management agreements as defined in Texas Government Code, Chapter 1371. The enacted legislation requires issuers to have appropriate interest rate management agreement policies and oversight unless they are considered experienced issuers as defined within statute.

House Bill 3552 makes policy changes within the multi-family housing private activity bond subceiling. Multiple site multi-family projects may be allowed in a single application from issuers located in rural counties where the median income is less than the state median income. The enacted legislation also allows the Texas State Affordable Housing Corporation to issue single-family mortgage revenue bonds without the \$25 million limit on qualified mortgage bonds in connection with the Professional Educators Home Loan Program.



## CANCER COUNCIL

The Texas Cancer Council was created to develop and implement the Texas Cancer Plan. This plan was initially developed by the Legislative Task Force on Cancer and adopted by the Sixty-ninth Legislature in 1985. The fourth edition, and most recent version, of the Texas Cancer Plan was published in January 2005. The Cancer Council's mission is to reduce the human and economic impact of cancer on Texans through the promotion and support of collaborative, innovative, and effective programs and policies for cancer prevention and control. However, with the passage and ratification by voters of a constitutional amendment (House Joint Resolution 90, Eightieth Legislature, 2007), as discussed below under Significant Legislation, the Texas Cancer Council will be reorganized into the Cancer Prevention and Research Institute of Texas, with a primary focus of providing grants for research on cancer prevention.

All Funds appropriations for the 2008–09 biennium total \$6.6 million and provide for 7 full-time-equivalent positions. The agency receives 99.2 percent of its funding in General Revenue Funds, and the remaining 0.8 percent, or \$57,000, in General Revenue–Dedicated Funds from the sale of “Texans Conquer Cancer” license plates.

According to the most recent Texas Cancer Plan, cancer is the second-leading cause of death in Texas, on average causing 35,000 deaths annually. The goal of the Cancer Council is to ensure that all Texans have prompt access to quality cancer prevention and control information and services to increase the number of people surviving or never developing cancer. The agency works to attain its goal by building collaborative partnerships among the public, private, and volunteer sectors. It funds public and private entities that develop and implement projects that address targeted prevention education, professional education, and access to cancer-related services. Examples of specific agency-funded activities include training healthcare professionals in cancer screening and early detection, developing culturally relevant prevention and early-detection programs for underserved communities (e.g., outreach to increase prostate cancer awareness among African-American men), promoting collaborative planning of cancer prevention and control services, and providing access to information on cancer resources and statistics.

In fiscal year 2007, the agency funded 35 project contracts for a total of \$3.3 million. Of this amount, 24 percent funded public education and 30 percent funded professional

education. The remaining 46 percent funded various projects aimed at early detection, information and referral, and access to survivorship. In fiscal year 2007, nearly 1.3 million Texans benefited from prevention and awareness activities, and 813,534 healthcare and education professionals received cancer-control training and materials and other training.

During the 2006–07 biennium, grant recipients generated \$5.2 million in in-kind donations to expand or enhance their programs. These donations include items such as meeting space, printing and publishing services, wigs, prostheses, and transportation for cancer patients. In addition, recipients receiving grants from the Cancer Council applied for \$13.2 million in grants, and as of October 2007 were awarded \$2.0 million in grants from private and public foundations and organizations.

## SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted House Joint Resolution 90 and its enabling legislation, House Bill 14, which created the Cancer Prevention and Research Institute of Texas. The resolution authorized a constitutional amendment that voters passed and ratified on November 6, 2007. The amendment authorizes the issuance of up to \$3 billion in General Obligation bonds over a 10-year period to fund grants for research on cancer prevention, treatment, and cures.

## COMPTROLLER OF PUBLIC ACCOUNTS AND FISCAL PROGRAMS WITHIN THE OFFICE OF THE COMPTROLLER

### COMPTROLLER OF PUBLIC ACCOUNTS

The Comptroller of Public Accounts (CPA) was created as an elective office in 1850 by the Texas Constitution and serves as the state's chief fiscal officer responsible for regulating and collecting taxes and fees. The CPA serves as the chief revenue-forecasting officer and reports the state's financial condition to the Legislature at the end of each fiscal year and provides estimates of revenue for the coming year. The mission of the CPA is to serve the people of Texas by applying tax and fiscal laws fairly and consistently while improving services to taxpayers through innovative management and technology at the least cost to the taxpayer.

Appropriations to the Comptroller of Public Accounts for the 2008–09 biennium total \$427.9 million, which provides for 3,003.6 full-time-equivalent (FTE) positions each year. Of the total appropriation, \$423.2 million, or 98.9 percent, is in General Revenue Funds.

To carry out its primary functions, the agency has three goals: (1) Compliance with Tax Laws; (2) Manage Fiscal Affairs; and (3) Tax and Financial Information Technology. All of these goals are instrumental in obtaining fair tax collection, forecasting revenue, and providing assistance to governmental offices and the taxpayers of the state.

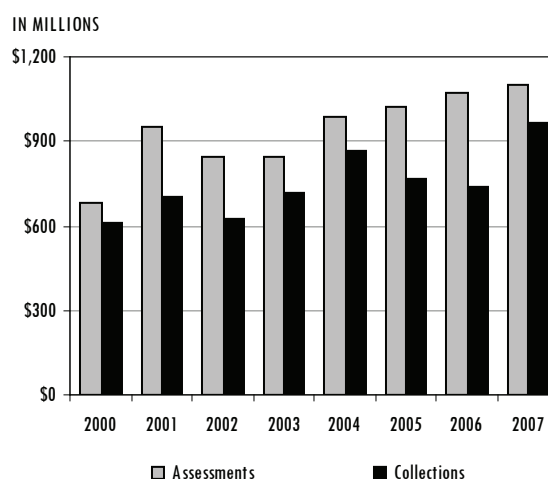
### COMPLIANCE WITH TAX LAWS

The Comptroller's principal duty is to administer, enforce, and collect the state's taxes that include the sales, franchise, minerals, fuels, and motor vehicle sales taxes. The Comptroller also collects and remits local sales taxes on behalf of 1,475 Texas cities and county governments, special districts, and metropolitan transit authorities. With the Texas population continuing to grow and expand, the CPA relies on field offices in 28 cities throughout the state that allow taxpayers to conduct business readily with the agency. In addition to the agency's field offices within the state, offices are located in New York, Los Angeles, Tulsa, and Chicago to assist in the audit and collection of taxes owed to the state by large national companies.

The agency's tax administration area includes audit, criminal investigation, tax policy, and enforcement functions. The Tax Audit and Enforcement divisions review taxpayer records to determine compliance with sales tax laws, educate taxpayers

about tax requirements, and track delinquent taxpayer accounts for collection. In conjunction with the Tax Audit Division, the Criminal Investigations Division detects, investigates, and prosecutes tax-related fraud. As a result of these combined efforts, the agency's delinquent tax collections increased from \$610.9 million in fiscal year 2000 to \$968.9 million in fiscal year 2007. **Figure 89** shows tax audit assessments (the difference between what the taxpayer owes and what is reported) as compared to delinquent tax collections for fiscal years 2000 to 2007. The agency projects more than \$2.3 billion in tax audit assessments and estimates collections of approximately \$2.0 billion, or approximately 84 percent, for the 2008–09 biennium.

**FIGURE 89**  
**DELINQUENT TAX COLLECTIONS**  
**FISCAL YEARS 2000 TO 2007**



SOURCE: Comptroller of Public Accounts.

All divisions in the tax administration area are involved in educating taxpayers, an important mission for the agency, which offers seminars throughout the state four times a year. All taxpayers are encouraged to attend these overviews of the tax responsibilities of buyers, sellers, and service providers. Seminars are also available for organizations by request. The agency responds to correspondence and telephone inquiries related to tax questions, and handled more than 630,000 calls from taxpayers and issued more than 33,000 responses by mail or email in fiscal year 2007.

### MANAGE FISCAL AFFAIRS

The agency's fiscal affairs function includes the Fund Accounting Division, the Claims Division, the Property Tax

Program, Treasury Operations, and Texas Procurement and Support Services. These areas assist the state with financial monitoring, management, reporting, and statewide procurement and support services.

#### FUND ACCOUNTING DIVISION

The Fund Accounting Division serves as the primary contact between the CPA and accounting and budget personnel at approximately 184 state agencies and institutions of higher education. Division personnel establish and monitor approximately 14,045 appropriations for more than 638 funds in the Uniform Statewide Accounting System each year. The division also analyzes appropriations bills to determine whether the funds appropriated are within the amount of revenue certified to be available. The Fund Accounting Division prepares the state's *Annual Cash Report* and the *Texas Comprehensive Annual Financial Report*.

#### CLAIMS DIVISION

The Claims Division processes payments for the State of Texas, establishes payment and claims policy, educates and assists state agencies, processes and issues payments, and monitors payments for compliance with the state's laws governing expenditures. The Claims Division estimates that it will audit approximately 1 percent of all purchase, payroll, and travel expenditures during the 2008–09 biennium. The division will also continue to monitor the statewide recovery audit program, which identifies and retrieves erroneous payments made by state agencies and institutions of higher education.

#### PROPERTY TAX PROGRAM

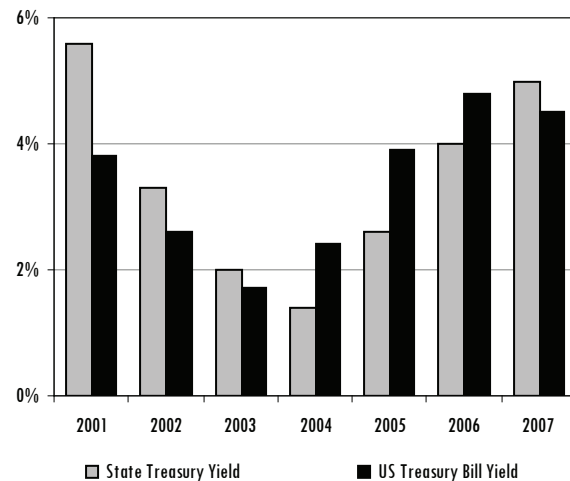
The Property Tax Program prepares the annual Property Value Study, which estimates the taxable value of all property in the state's 1,030 school districts to determine funding allocations. Field appraisers inspect and appraise properties; verify the condition, description, and terms of property that sold; obtain warranty deed information from county clerks; and collect sales data from multiple listing services, real estate brokers, and fee appraisers. In fiscal year 2007, the CPA reviewed 143,137 properties within the Property Value Study.

#### TREASURY OPERATIONS

By voter approval, the functions of the State Treasury were integrated into the Comptroller's office in 1996, giving the Comptroller authority to manage the Treasury, invest state cash and securities, pay state warrants, and enforce the state's

cigarette and tobacco product laws. A primary function of the Treasury Operations Division is to manage and ensure the safety of the state's cash and securities while maximizing the return on investments. In fiscal year 2007, the average balance of the State Treasury portfolio was \$17.9 billion. This amount includes an average of \$621.5 million in state funds deposited in financial institutions throughout the state. More than \$919.4 million in interest was earned for the state on the portfolio balance in fiscal year 2007. **Figure 90** shows the yields on annual State Treasury investments as compared to the United States Treasury Bill interest rate yield for fiscal years 2001 to 2007.

**FIGURE 90**  
**AVERAGE YIELD ON STATE FUNDS IN THE STATE TREASURY**  
**FISCAL YEARS 2001 TO 2007**



SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

The Treasury Operations Division is the custodian of securities owned by participating state agencies for investment or other purposes. Funds are also invested for over 2,000 local governments through TexPool and TexPool Prime, which are managed by the Comptroller. These programs allow local governments to pool investments and use a contracted vendor to manage those assets. TexPool strives to offer cities, counties, school districts, and other local government entities a safe, efficient, and liquid investment option for local dollars. In fiscal year 2007, TexPool assets averaged over \$16.1 billion and TexPool Prime assets averaged approximately \$1.2 million.

The banking and electronic processing function of the Treasury Operations Division ensures that all legitimate

warrants are paid timely and that all revenues are deposited within legally required timeframes to maximize interest earnings and minimize collection overhead. In fiscal year 2007, an average of 0.8 million warrants per month were presented for payment, a decrease of approximately 0.5 million from fiscal year 2006, resulting from a continuing shift to electronic payment methods as opposed to issuing traditional paper warrants. Total warrants presented for payment in fiscal year 2007 amounted to \$13.8 billion. Also, in fiscal year 2007, the State Treasury received approximately 8.3 million checks and electronic fund transfers, worth approximately \$68.9 billion.

### **STATEWIDE FINANCIAL SYSTEMS AND INFORMATION TECHNOLOGY**

All areas of the agency use and administer several statewide financial systems. The Uniform Statewide Accounting System integrates the state's accounting, budgeting, and financial reporting responsibilities. The Uniform Statewide Payroll/Personnel System, Human Resource Information System, and the Standardized Payroll/Personnel Reporting System allow agencies to process payroll and personnel information. The Texas Identification Number System provides a database of information about entities and individual payees who receive payment from the State of Texas. The State Property Accounting System provides a central repository of agency property records. Finally, the Integrated Statewide Administrative System (ISAS) supports the accounting, general ledger, asset management, purchasing, and accounts payable functions of state agencies. To date, nine of the larger state agencies use the ISAS system, which include the Health and Human Services Commission, the CPA, the Texas Workforce Commission, and the Texas Education Agency.

Information technology is used to improve service and voluntary compliance with tax laws through a variety of automated systems. Advanced document management systems help staff support a high-volume, paper-intensive, and time-sensitive operation. Instead of manually processing millions of tax returns, documents, and payments, processing occurs through a scanning and imaging system, which allows timely and accurate processing resulting in fewer taxpayer data errors. The Advanced Database System (ADS) enhances state tax collections by identifying entities that appear to have tax responsibility in Texas but do not have permits to operate in the state. By identifying patterns of noncompliance, such as underreporting of taxes, the system maximizes the recovery of tax revenues owed the state. The ADS generated a net revenue gain of \$158.9 million in

General Revenue Funds during the 2006–07 biennium. The agency estimates that the ADS will enable it to collect approximately \$160 million in additional tax revenue during the 2008–09 biennium.

### **TEXAS TOMORROW FUND**

The Comptroller of Public Accounts serves as the presiding officer of the Texas Prepaid Higher Education Tuition Board, which administers the state's two college savings programs, the Prepaid Higher Education Tuition Program and the Higher Education Savings Plan. The Prepaid Higher Education Tuition Program includes the Texas Guaranteed Tuition Plan ("plan"), which is the state's prepaid college tuition program. The plan allows families to lock in the cost of tuition and required fees at today's cost. The plan is flexible and offers a variety of college plans and payment options for public, private, and junior/community institutions.

The board invests funds and uses the principle and earnings to cover the costs of college tuition and required fees at eligible institutions of higher education. In 1997, voters approved a constitutional amendment for the plan, creating a constitutionally protected trust fund backed by the full faith and credit of the State of Texas. Future tuition and fee payments are guaranteed by the state. Since the plan opened for enrollment in January 1996, over 158,000 prepaid tuition contracts have been sold. Today, more than 13,000 students using plan benefits are attending public and private institutions of higher education in Texas and across the nation. The plan's current audited assets total more than \$1.7 billion.

The Higher Education Savings Plan includes the Tomorrow's College Investment Plan, which began in September 2002 and is commonly referred to as a Section 529 college savings plan, after the section of the federal Internal Revenue Code that governs these state-sponsored plans. The Texas 529 college savings plan provides a tax-advantaged investment vehicle to save for a broad range of college costs. The board holds in trust money contributed to a savings trust account and earnings on the account for the sole benefit of the account owner and beneficiary. The Texas 529 college savings plan includes a choice of 19 different investment portfolios and offers the opportunity for tax-free investment growth and tax-free withdrawals on earnings used for qualified education expenses like tuition and fees, room and board, books, supplies, and equipment. The plan currently has approximately 20,000 participants and approximately \$200 million in assets.

The Eightieth Legislature, 2007, enacted House Bill 3900, which established the Texas Tomorrow Fund II, a new prepaid tuition plan, which allows families to lock in today's rates for tuition and required fees for their children's future by purchasing "units," each of which is worth 1 percent of one year's tuition and required fees. Once a child enters an institution of higher education, the Texas Tomorrow Fund II uses the principle investment and any returns made on that investment to pay the tuition costs.

## FISCAL PROGRAMS WITHIN THE OFFICE OF THE COMPTROLLER

### FISCAL OPERATIONS

Additional spending authority totaling \$536.6 million for the 2008–09 biennium, \$534.2 million of which, or 99.5 percent, is General Revenue Funds and General Revenue–Dedicated Funds, is appropriated to the Comptroller's Fiscal Operations Division for the following statewide functions and state obligations:

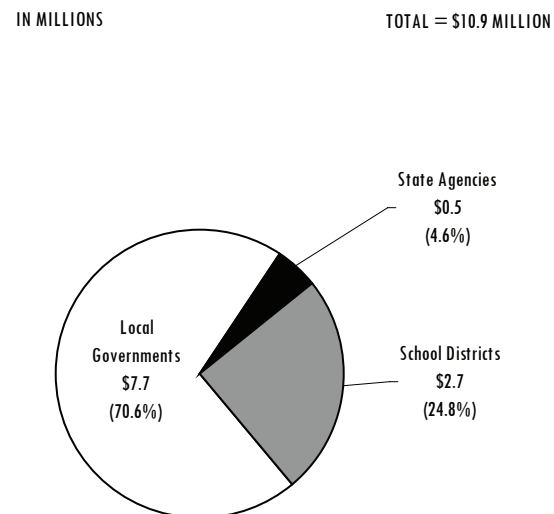
- payments to counties for voter registration costs;
- payment of claims against state agencies;
- reimbursement to counties for the cost of commitment hearings under the Mentally Retarded Persons Act;
- reimbursement of taxes received under the Texas Alcoholic Beverage Code;
- payment in lieu of county taxes to counties in which University of Texas endowment lands are located;
- payments for tort claims and federal court judgments against state agencies;
- allocations to the Lateral Road Fund;
- payment of claims for previously unclaimed property;
- allocation of grants to local law enforcement agencies for the Underage Tobacco Program;
- payments to widows of confederate soldiers through the Ranger Pension Program;
- allocation of grants to local law enforcement agencies to provide continuing education;
- expanding advanced database technology to modernize tax administration;

- payments to victims of crime who have not made a claim for restitution from local probation departments; and
- administration of the State Energy Conservation Office and distribution of Oil Overcharge Funds.

### OIL OVERCHARGE FUNDS

Oil Overcharge Funds became available to states as a result of federal court settlements dealing with violations of price controls in effect for crude oil and refined petroleum products between 1973 and 1981. In Texas, the State Energy Conservation Office administers the Oil Overcharge Funds, which are used to fund various energy-efficiency programs. The largest program is LoanSTAR (Loans to Save Taxes and Resources), a revolving loan program that finances energy-efficient retrofits for state agencies, public schools, hospitals, and other entities. The program's revolving loan mechanism allows borrowers to repay loans through cost savings generated by the funded projects. **Figure 91** shows the distribution of LoanSTAR financing by entity type for fiscal year 2007. For the 2008–09 biennium, all Oil Overcharge Funds total \$46.5 million, of which \$41.9 million is for the LoanSTAR program. Of the remaining Oil Overcharge Funds appropriated, \$3.5 million is allocated to six programs (schools/local governments, state agencies/higher education, renewable energy, housing partnerships, transportation energy, and alternative fuels) and \$1.1 million is allocated to existing program obligations.

**FIGURE 91**  
**LOANSTAR PROGRAM DISTRIBUTION OF APPROPRIATIONS**  
**FISCAL YEAR 2007**



SOURCE: Legislative Budget Board.



## **SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY**

### **SOCIAL SECURITY**

The Comptroller of Public Accounts is responsible for the payment of state and employee Social Security taxes to the federal government. Appropriations to cover the state's employer share of payments for Social Security total \$1.4 billion for the 2008–09 biennium, including \$28.1 million (All Funds) associated with the newly authorized employee pay raise. General Revenue Funds comprise \$898.2 million, or 64.7 percent, of total Social Security appropriations. Dedicated accounts in the General Revenue Fund account for \$138.8 million, or 10 percent of the total appropriation.

The Social Security appropriation covers the 6.2 percent employer payroll tax contribution for the Social Security program and the 1.45 percent tax for the Medicare program. As with Employees Retirement System contributions, the General Appropriations Act allocates the Social Security appropriation by functional area of state government.

### **BENEFIT REPLACEMENT PAY**

The Comptroller is also appropriated funds to provide Benefit Replacement Pay (BRP) to certain general state employees. (BRP funding for employees of higher education institutions is appropriated directly to the institutions.) Before fiscal year 1996, the state paid for a portion of the employees' Social Security obligations. The Seventy-fourth Legislature, Regular Session, 1995, repealed the additional state-paid contribution for the Social Security obligation for employees on the payroll as of August 31, 1995 and replaced it with a benefit supplement to ensure that take-home pay was not reduced. Employees retain BRP as long as they do not have a break in service from the state for 30 days. Employees hired after August 31, 1995 are not eligible to receive the benefit supplement or the additional state-paid Social Security.

Appropriations for the 2008–09 biennium for BRP total \$100.3 million for general state employees. General Revenue Funds comprise \$56.0 million, or 55.8 percent of the total BRP appropriation and dedicated accounts comprise \$6.5 million, or 6.5 percent of the total appropriation.

**Figure 92** shows a biennial comparison of the state's contribution for Social Security and Benefit Replacement Pay.

## **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted House Bill 3560, which transferred statewide procurement, fleet management, and support services duties of the Texas Facilities Commission, formerly the Texas Building and Procurement Commission, to the CPA. Total funding and staff transferred for these functions to the CPA is approximately \$6.5 million each fiscal year and an estimated 109.8 FTE positions each fiscal year.

Senate Bill 242 transferred the authority to hear contested tax cases from the CPA to the State Office of Administrative Hearings (SOAH). This legislation moves the administrative law judges who hear such cases from the CPA to the tax division within SOAH and requires SOAH to charge the CPA a fixed annual fee, negotiated biennially to coincide with the CPA's legislative appropriations request, for services rendered by the tax division.

**FIGURE 92**  
**SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY**  
**2006–07 AND 2008–09 BIENNIA**

IN MILLIONS				
FUNCTION	EXPENDED 2006–07 BIENNIUM	APPROPRIATED 2008–09 BIENNIUM	BIENNIAL CHANGE	% CHANGE
<b>Social Security -- Employer Match</b>				
General Government	\$63,216,038	\$65,830,605	\$2,614,567	4.1
Health and Human Services	243,760,149	287,815,345	44,055,196	18.1
Education	479,507,474	513,448,878	33,941,404	7.1
The Judiciary	17,559,203	18,377,003	817,800	4.7
Public Safety and Criminal Justice	270,448,913	284,299,134	13,850,221	5.1
Natural Resources	55,339,327	58,187,355	2,848,028	5.1
Business and Economic Development	114,437,176	121,151,042	6,713,866	5.9
Regulatory	22,723,284	23,627,838	904,554	4.0
The Legislature	13,904,949	14,552,556	647,607	4.7
<b>SUBTOTAL, SOCIAL SECURITY</b>	<b>\$1,280,896,513</b>	<b>\$1,387,289,756</b>	<b>\$106,393,243</b>	<b>8.3</b>
<b>Benefit Replacement Pay</b>				
General Government	\$7,838,278	\$7,074,046	(\$764,232)	(9.7)
Health and Human Services	35,568,018	32,100,137	(3,467,881)	(9.7)
Education	1,877,965	1,694,863	(183,102)	(9.8)
The Judiciary	1,327,616	1,198,174	(129,442)	(9.7)
Public Safety and Criminal Justice	35,139,618	31,713,505	(3,426,113)	(9.8)
Natural Resources	7,379,593	6,660,081	(719,512)	(9.8)
Business and Economic Development	18,022,290	16,265,116	(1,757,174)	(9.8)
Regulatory	2,864,535	2,585,242	(279,293)	(9.8)
The Legislature	1,125,064	1,015,370	(109,694)	(9.8)
<b>SUBTOTAL, BENEFIT REPLACEMENT PAY</b>	<b>\$111,142,977</b>	<b>\$100,306,534</b>	<b>(\$10,836,443)</b>	<b>(9.8)</b>
<b>TOTAL, SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY</b>	<b>\$1,392,039,490</b>	<b>\$1,487,596,290</b>	<b>\$95,556,800</b>	<b>6.9</b>

SOURCE: Legislative Budget Board.



## COMMISSION ON STATE EMERGENCY COMMUNICATIONS

The Commission on State Emergency Communications (CSEC) was created in 1987 to administer the implementation of statewide 9-1-1 service. At that time, the agency was not subject to the General Appropriations Act, and its funds were deposited in accounts outside the State Treasury. In 1993, the agency's statute was amended by the Seventy-third Legislature to require the deposit of the equalization surcharge revenues to a dedicated account in the General Revenue Fund and to include the agency's budget within the state appropriations process. Also in 1993, the agency received statutory responsibility, shared with the Department of State Health Services (formerly the Texas Department of Health), for implementing a statewide poison control program through six regional centers.

The agency's mission is to protect and enhance public safety and health by facilitating the local implementation and maintenance of enhanced 9-1-1 emergency communication and poison control center services statewide. The agency fulfills its mission by assisting local governments through Regional Planning Commissions (RPC) as they develop and implement regional plans and maintenance for 9-1-1 and poison control services. The agency currently serves eight million Texans, or about one-third of the state's population; it does not provide 9-1-1 service to emergency communications districts (most major metropolitan areas) and home-rule municipalities.

Appropriations for the 2008–09 biennium total \$152.1 million and provide for 24 full-time-equivalent positions. All appropriated amounts are from General Revenue–Dedicated Funds. Appropriations to the agency are derived from three telecommunications fees: the 9-1-1 equalization surcharge,

the emergency service fee, and the wireless service fee. Currently the commission has set the 9-1-1 equalization surcharge at 1.0 percent, with 0.5 percent of the surcharge funding poison control program activities and 0.5 percent funding 9-1-1 emergency communications activities. See **Figure 93** and **Figure 94** for an overview of each telecommunications fee for the 2008–09 biennium.

### STATEWIDE 9-1-1 SERVICES

Agency functions are organized to support two broad strategic policy goals. The first goal is to provide fiscally responsible, standardized, and high-quality 9-1-1 emergency communications statewide. The agency implements this goal primarily through grants to RPCs. The agency also undertakes public education efforts, reviews regional plans for compliance with statewide standards and funding allocations, coordinates 9-1-1 activities with national organizations, and participates in state and federal regulatory proceedings.

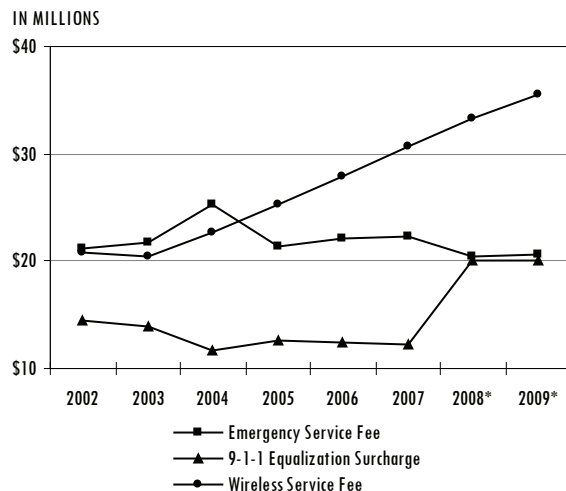
Appropriations for 9-1-1 activities total \$135.1 million in the 2008–09 biennium, which is an increase of \$29.8 million from the 2006–07 biennial level. This amount consists primarily of grants to the RPCs for 9-1-1 network operation costs (\$87.9 million), public safety answering point (PSAP) equipment (\$29.3 million), and costs associated with implementing wireless automatic location identification, or ALI (\$14.4 million). Of the appropriated amount, \$8.5 million is contingent upon the emergency service fee, the wireless service fee, and the equalization surcharge generating more revenue than the Comptroller's Biennial Revenue Estimate. The Eightieth Legislature, 2007, increased the \$15 million cap on the amount RPCs may spend on administration of the statewide 9-1-1 system to \$17 million in the 2008–09 biennium.

**FIGURE 93**  
**TELECOMMUNICATIONS FEES**  
**2008–09 BIENNIUM**

FEE CHARACTERISTIC	EMERGENCY SERVICE FEE	WIRELESS SERVICE FEE	9-1-1 EQUALIZATION SURCHARGE
Levied on	Standard telephone service	Wireless telephone service	Intrastate long-distance calls
Rate	Maximum of \$0.50 per telephone line per month; may vary by RPC, but currently at \$0.50 in all 24 RPCs	\$0.50 per wireless connection per month	Maximum of 1.3 percent of toll; currently set at 1.0 percent, 0.5 percent for 9-1-1 services and 0.5 percent for poison control services
Rate set by	Agency, with review and comment by PUC	Legislature	Agency, with review and comment by PUC

NOTES: RPC = Regional Planning Commission; PUC = Public Utility Commission.  
SOURCE: Commission on State Emergency Communications.

**FIGURE 94**  
**TELECOMMUNICATIONS FEE REVENUE**  
**2008–09 BIENNIUM**



\*Estimated.

SOURCE: Commission on State Emergency Communications.

### STATUS OF WIRELESS PHASE I AND PHASE II 9-1-1 IMPROVEMENTS

Citizens throughout most of Texas who use landline telephones in their homes or businesses to place 9-1-1 calls can be located immediately because their address appears on a computer screen at a 9-1-1 public safety answering point. Likewise, wireless carriers are required to provide the wireless telephone number from which the 9-1-1 call is made to the PSAP in addition to the location of the cell tower receiving the call; this service is referred to as Phase I Enhanced 9-1-1 Service.

Nationally, Texas is among the leaders for Phase I deployments in the country. According to a national survey conducted by the National Emergency Number Association in 2005, Texas is among the 27 states with 90 percent or more of their counties deployed with Phase I service. Currently, 253 of the 254 counties in Texas have Phase I service. Approximately 5 million wireless subscribers are in the statewide 9-1-1 program area. All of the 345 PSAPs in the 225 counties participating in the statewide 9-1-1 program have Phase I capability and have deployed Wireless Phase I Enhanced 9-1-1 Service with wireless carriers.

Wireless Phase II Enhanced 9-1-1 Service provides all of the information required in Phase I, with the addition of the approximate latitude and longitude of the wireless caller's actual location. While it is the wireless carrier's responsibility to deploy wireless Phase II service upon request, a public

safety entity must have implemented Phase I and have a 9-1-1 network capable of processing data from a wireless carrier and displaying the callers' location on a map at the 9-1-1 operators' workstation. The Federal Communications Commission requires that a public safety entity must be capable of receiving and using Phase II data prior to placing a request with a wireless carrier for that service.

Within the statewide 9-1-1 system at the end of fiscal year 2007, there were 224 PSAPs located in 136 counties that were capable of receiving and using the additional data provided with Phase II. The agency anticipates that by the end of fiscal year 2008, there will be 271 PSAPs that are Phase II-capable, and that Phase II capability will increase to 303 PSAPs by the end of fiscal year 2009. Currently, 119 Phase II-capable PSAPs in 57 counties have requested Phase II service from wireless carriers, tested the service, and have fully deployed Phase II service. By the end of fiscal year 2008, CSEC expects 40 Phase II-capable PSAPs to have Phase II service fully deployed. In nonstate program areas, Phase II has been completely deployed by 18 of the 25 emergency communication districts in Texas.

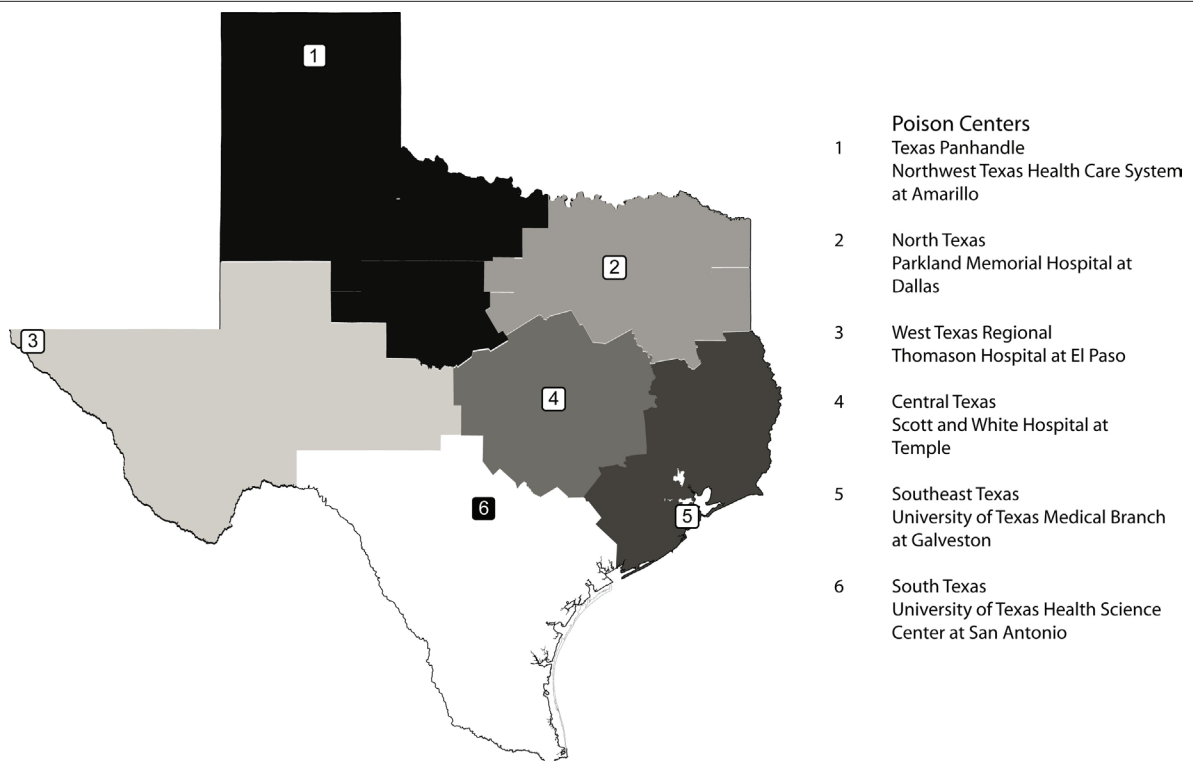
### POISON CONTROL SERVICES

The agency's second goal is to provide, in cooperation with the Department of State Health Services (DSHS), a statewide poison control center network that aids in the treatment and prevention of poisonings throughout the state. The Texas Poison Control Network provides information to citizens who suspect they have been exposed to toxic substances. The network is composed of six geographically diverse poison centers residing in host medical facilities, linked by a sophisticated telecommunications network. Individuals speak directly with a health care professional trained in various aspects of toxicology and poison control and prevention. During fiscal year 2006, the agency, in cooperation with the Department of Information Resources (DIR), expended approximately \$850,000 to complete the replacement of poison control center call taker equipment and transition the Texas Poison Control Network from a traditional analog telecommunication system to the statewide digital network provided by DIR. The aim is to provide sufficient information to treat a poison incident at home, precluding the dispatch of emergency medical services or a visit to a health care facility. According to CSEC, research shows that poison centers save \$7 in health care expense for every dollar spent.

CSEC and DSHS operate a program to award grants to the six regional poison control centers defined in the statute (see **Figure 95**). CSEC administers the telecommunications network operations, while DSHS is responsible for administering regional poison control center operations. The regional centers are located at The University of Texas Medical Branch at Galveston, the Parkland Memorial Hospital in Dallas, The University of Texas Health Science Center at San Antonio, R. E. Thomason General Hospital in El Paso, the Northwest Texas Health Care System in Amarillo, and the Scott and White Memorial Hospital at Temple.

Appropriations for the poison control center networks total \$15.9 million in General Revenue–Dedicated Funds for the 2008–09 biennium. These appropriations consist primarily of grants to the regional poison control centers, which are used to pay the salaries of the call takers and purchase call-taker equipment. The poison control centers anticipate approximately 364,000 calls will be processed in fiscal year 2008 and 369,000 calls in fiscal year 2009.

**FIGURE 95**  
**TEXAS POISON CONTROL NETWORK**



SOURCE: Commission on State Emergency Communications.

## EMPLOYEES RETIREMENT SYSTEM

The Employees Retirement System (ERS) was established in 1947 to provide retirement benefits for state employees. Agency operations are governed by a six-member Board of Trustees. Three members are elected by state employees participating in the system, one is appointed by the Governor, another is appointed by the Chief Justice of the Supreme Court, and one member is appointed by the Speaker of the House of Representatives.

ERS is responsible for the state employees' and elected officials' retirement program, two judicial retirement programs, and a supplemental retirement program for state commissioned peace officers and custodial officers. In addition to retirement benefits, ERS administers the Texas Employees Group Benefits Program (GBP), TexFlex and TexaSaver programs, and a death benefits program for state and local public safety employees. The GBP is the group insurance plan (health, dental, life, and disability); TexFlex is the federal program which allows employees to set aside pre-tax money for day-care and health expenses; and TexaSaver is a voluntary retirement savings program that allows employees to grow their own savings with pre-tax money in a 401(k) or 457 plan.

The total Employees Retirement System appropriation is \$3.1 billion for the 2008–09 biennium, a \$326.4 million increase in All Funds and \$201.4 million increase in General Revenue Funds compared to the 2006–07 estimated expenditure level. General Revenue Funds compose \$1.9 billion, or 60.5 percent, of total appropriations, and General Revenue–Dedicated Funds compose \$111.4 million, or 3.6 percent, of the total. ERS was appropriated \$13.7 million for retiree death benefits and \$20.2 million for Post Retirement Health Benefits. For the most part, ERS uses interest earnings from the various program funds to pay for administrative expenses, which are not included in state appropriations.

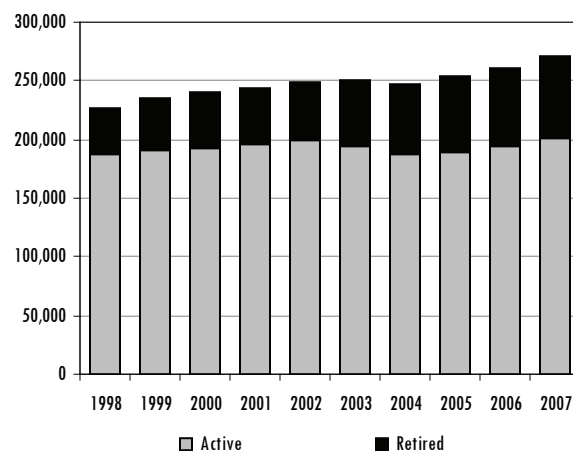
### EMPLOYEES RETIREMENT SYSTEM

Under the Texas Constitution, the state's contribution for employees' retirement may not exceed 10 percent of total payroll except in an emergency declared by the Governor, nor may it be less than 6 percent. The retirement contribution rate for the 2008–09 biennium established by the Eightieth Legislature, 2007, includes both the 6.45 percent contributed by the state and the 6 percent deducted from the employee's salary. The combined contribution rate of 12.45 percent is below the amount (13.1 percent) required to amortize the net liability balance over 31 years as reported in the August

31, 2007, ERS actuarial valuation report. There is a 90-day delay in retirement contributions for new hires. The 2008–09 biennial appropriation for retirement contributions is \$703.8 million, which is \$58.4 million, or 9 percent, above the 2006–07 estimated expenditure level. In addition to these amounts, \$23.3 million in All Funds is appropriated for retirement benefits related to the employee pay raise authorized by the Eightieth Legislature, 2007, during the 2008–9 biennium.

As of August 31, 2007, ERS had 132,497 contributing members and 67,803 noncontributing members (former state employees who have not withdrawn their retirement funds), for a total ERS membership of 200,300. At that time, 70,455 retirees and their beneficiaries were receiving annuities. **Figure 96** shows ERS membership for both active and retired employees, since 1998. Funds for the Employees Retirement System are deposited in a trust fund within the State Treasury. Monies received by the system are invested in accordance with constitutional and statutory guidelines in U.S. government securities, high-quality corporate stocks, bonds, and short-term notes. ERS investments are split between fixed-income and equities. As of August 31, 2007, fixed-income securities comprised 38 percent of the system's investments, and domestic and international equities comprised the remaining 62 percent. As of August 31, 2007, the market value of the ERS investment pool was \$23.4 billion, which was \$2.0 billion greater than at the end of fiscal year 2006. The one-year, time-weighted rate of return on the total portfolio was 13.9 percent for fiscal year 2007,

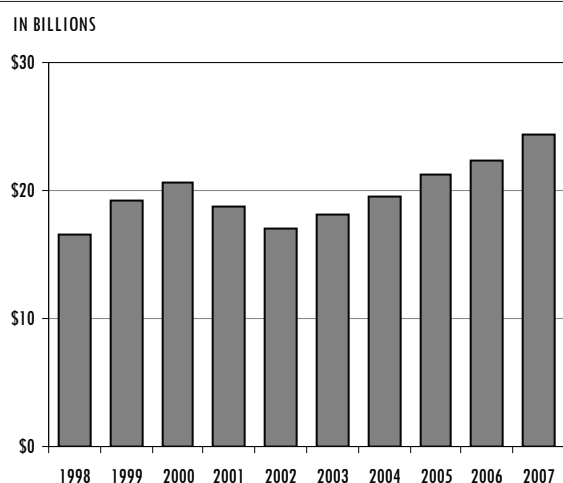
**FIGURE 96**  
**EMPLOYEES RETIREMENT SYSTEM MEMBERSHIP**  
**FISCAL YEARS 1998 TO 2007**



SOURCE: Employees Retirement System.

which is significantly greater than the 8.0 percent actuarial assumption as of August 31, 2007. **Figure 97** shows the fluctuating market value trend in the assets of the retirement fund since 1998. The August 31, 2007 actuarial valuation of the ERS retirement trust fund assesses the unfunded actuarial accrued liability at \$1.0 billion, a decrease of \$0.1 million from the prior year's valuation.

**FIGURE 97**  
**MARKET VALUE OF ERS CONSOLIDATED PENSION**  
**INVESTMENT FUND ASSETS**  
**FISCAL YEARS 1998 TO 2007**



SOURCE: Employees Retirement System.

### GROUP BENEFITS INSURANCE PROGRAM

The Texas Employees Group Benefits Act assigns the administration of the Group Benefits Program to the ERS Board of Trustees. This program provides group health insurance, life insurance, dental insurance, accident insurance, and short- and long-term disability income protection insurance to active employees and their dependents. It also provides these same programs to retired state employees and their dependents. State funds pay for the health insurance plan, which includes \$5,000 basic life insurance for active full-time members. Active employees who work part-time receive a state contribution which is 50 percent of the rate of full-time employees for health insurance, and will continue to receive the 50 percent contribution if they retire on or after January 31, 2006. There is a 90-day delay before new hires are eligible to receive health benefits. Employees are fully responsible for the costs of voluntary coverage, such as accidental death insurance, dental insurance, and disability plans.

The state will contribute an estimated \$2.2 billion for group insurance premiums for general state employees in the 2008–09 biennium, a \$202.8 million increase in All Funds and a \$112.6 million increase in General Revenue Funds compared to 2006–07 estimated expenditure levels. This increase is attributable to a 1.5 percent annual growth in the overall total covered population, which includes both active employees and retirees. The state contribution rate per member remains at the 2007 rate and includes spending down the ERS projected insurance fund balance, which was \$369.9 million at the end of fiscal year 2007. The fund balance is higher than projected because medical costs were more favorable due to lower than anticipated utilization, lower costs of services, and a continued residual effect on cost containment efforts implemented in 2003. In addition, investment income was greater than expected during 2007.

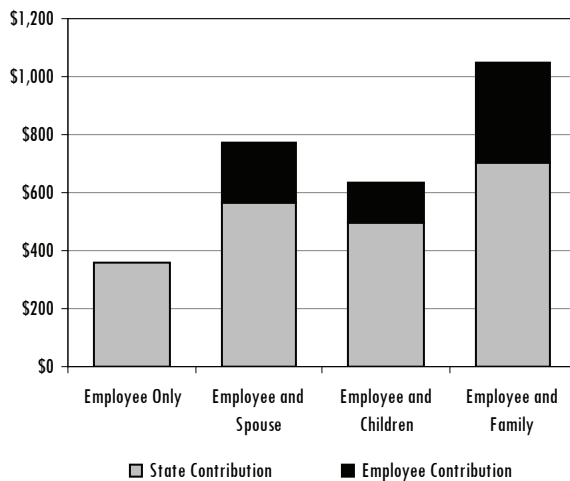
ERS offers a prescription drug plan and a managed healthcare plan, HealthSelect. Although ERS self-funds the programs, outside administrators are under contract with the state to administer the managed-care, point-of-service health plan and the prescription drug plan. The system also contracts with various health maintenance organizations (HMO) that serve primarily urban areas across Texas to provide state employees with healthcare alternatives to HealthSelect.

Through a separate appropriation, the Higher Education Group Insurance program, the state also contributes toward group insurance for higher education employees who are paid with state funds. The University of Texas and Texas A&M University Systems administer separate group health insurance programs for their employees and retirees. Employees and retirees of the other institutions of higher education, including community colleges, are part of the Group Benefits Program. In fiscal year 2007, the Group Benefits Program provided coverage to over 78,536 higher education employees and retirees, and over 139,084 higher education program participants (i.e., employees, retirees, and their dependents).

The state contribution for group insurance covers various levels of health coverage, depending on the category of coverage selected by the employee (employee only, employee and spouse, etc.). **Figure 98** shows the employee's contribution as a portion of the total cost in each of the various coverage categories for the HealthSelect plan for fiscal year 2008. The state contribution covers 100 percent of the employee-only monthly premium; in the dependent-coverage categories (employee and children, employee and spouse, and employee and family), the state contribution



**FIGURE 98**  
**HEALTHSELECT MONTHLY CONTRIBUTION LEVELS**  
**FISCAL YEAR 2008**



SOURCE: Employees Retirement System.

covers an amount equal to the employee-only contribution plus 50 percent of the cost of dependent coverage. Employees who participate in an HMO receive the state contribution in accordance with this formula. Additionally, under the State Kids Insurance Program (SKIP), employees who meet certain income-eligibility guidelines pay a reduced cost for dependent-child coverage (either \$15 per month or \$25 per

month) depending on income. During fiscal year 2007, there were monthly averages of 6,320 employees enrolled in SKIP, and 12,640 children covered by the program.

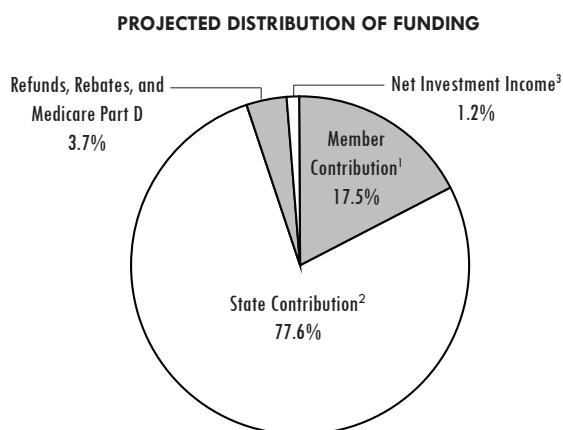
The combination of state contributions, employee premium payments, refunds, rebates, subsidies earned from the federal Medicare Part D prescription drug plan, and net investment income provides the funding for the expenses paid by the healthcare program. **Figure 99** shows the distribution of funding sources for the benefits and provides information on the major categories of expenditures projected for the 2008–09 biennium.

### COMMISSIONED LAW ENFORCEMENT AND CUSTODIAL OFFICER SUPPLEMENTAL RETIREMENT BENEFITS

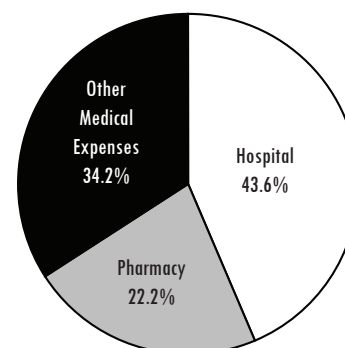
The Law Enforcement and Custodial Officer Supplement (LECOS) Retirement Fund was established in 1979 and provides an increased retirement benefit for certain employees who are Certified Peace Officers and Custodial Officers. The program funds a 0.5 percent supplement to the principal retirement formula, which increases the retirement formula to 2.8 percent per year of service for those who have completed 20 or more years of service or have become occupationally disabled while serving as commissioned law enforcement officers. In fiscal year 2007, the state provided

**FIGURE 99**  
**DISTRIBUTION OF HEALTHCARE FUNDING AND EXPENDITURES**  
**2008–09 BIENNIUM**

TOTAL = \$2,226.3 MILLION



**PROJECTED DISTRIBUTION OF EXPENSES**



<sup>1</sup>Includes all member contributions (employees, retirees, surviving spouses and COBRA participants).

<sup>2</sup>Includes employer contributions for all health plans for employees and retirees of state agencies, higher education institutions, and other employees.

<sup>3</sup>Net of ERS internal operating expenses related to the Group Benefits Program.

NOTE: Expenditure data does not include amounts paid directly by participants, such as co-payments for office visits, new deductibles for prescription drugs, and hospital stays. The projected distribution of expenditures reflects HealthSelect expenditures only.

SOURCE: Employees Retirement System.

\$43.1 million in supplemental retirement contributions to the LECOS Retirement Fund to offset an anticipated shortfall in the fund. This is the first time since 1993 that the state has made an increase to the LECOS fund. The 2008–09 state contribution rate is based on 1.59 percent of covered payroll for LECOS members, which will cover the normal cost requirement but will fall short of amortizing the unfunded accrued liability within 31 years.

As of August 31, 2007, the market value of the LECOS Retirement Fund was \$762.9 million. The rate of investment return was 13.9 percent, which is significantly greater than the 8.0 percent actuarial assumption as of August 31, 2007. The actuarial gain on investments was offset by salary and hazardous duty pay increases and the removal of the \$300 monthly cap on hazardous duty pay, which resulted in an unfunded actuarial accrued liability of \$14.9 million. At the end of fiscal year 2007, the funded ratio was 98.0 percent, down 3.7 percent from 2006.

Eligible employees include law enforcement officers with the Department of Public Safety of the State of Texas, the Texas Alcoholic Beverage Commission, the Texas Parks and Wildlife Department, custodial officers at the Texas Department of Criminal Justice (TDCJ), and parole officers and caseworkers at the Board of Pardons and Paroles, and TDCJ. Senate Bill 103, Eightieth Legislature, 2007, adds approximately 15 inspector generals as participants in the LECOS Retirement Fund, who are commissioned as officers by the Texas Youth Commission. As of August 31, 2007, there were 36,413 active members in the fund and 5,805 retired annuitants receiving supplemental benefits.

### JUDICIAL RETIREMENT PROGRAM

The ERS administers two retirement plans for judges: the Judicial Retirement System Plan One (JRS Plan One) and the Judicial Retirement System Plan Two (JRS Plan Two). Rather than being prefunded on an actuarial basis, JRS Plan One is financed on a pay-as-you-go basis. Funds required for monthly annuity payments and refunds of member contributions are appropriated for each fiscal year from the General Revenue Fund. Members contribute 6 percent of their annual compensation. Member contributions are deposited in the General Revenue Fund. At the end of fiscal year 2007, there were 24 contributing members and 15 non-contributing members, for a total JRS Plan One membership of 39 judges. At that time, 488 retirees and their beneficiaries were receiving annuities.

In 1985, the Sixty-ninth Legislature established an actuarially funded retirement plan, known as JRS Plan Two, for judges who became members of the system on or after September 1, 1985. (Judiciary members who were appointed or elected prior to September 1, 1985, continue to participate in JRS Plan One.) The state's contribution rate to the JRS Plan Two program is 16.83 percent of payroll for the 2008–09 biennium. The rate is established by an actuarial valuation submitted by ERS to the Legislative Budget Board and the Governor prior to the start of each legislative session. At the end of fiscal year 2007, there were 515 contributing members and 115 non-contributing members, for a total JRS Plan Two membership of 630. At that time, 116 retirees and their beneficiaries were receiving annuities.

The Eightieth Legislature, 2007, appropriated \$77 million for JRS Plan One and JRS Plan Two for the 2008–09 biennium, almost all from the General Revenue Fund. House Bill 2882, Eightieth Legislature, 2007, authorizes members who have more than 20 years of service credit and continue to contribute to the retirement system, to earn an additional multiplier of 2.3 percent for each of those excess years, up to a maximum total benefit of 90.0 percent of the state salary. The changes apply only to members who retire on or after September 1, 2007. Previously, members who continued to contribute would earn 2 percent per year, up to a maximum of 80 percent.

House Joint Resolution 36 (constitutional amendment No. 14), approved by Texas voters in the November 2007 election, permits state judges to complete their current term after reaching age 75, which is the constitutional mandatory retirement age. Previously, judges were required to leave the bench when reaching age 75 regardless of the status of their term.

### DEATH BENEFITS FOR STATE AND LOCAL PUBLIC SAFETY WORKERS

The Eightieth Legislature, 2007, appropriated an estimated \$11.3 million for the 2008–09 biennium for the death benefits of public safety personnel, which is an increase of \$0.2 million compared to 2006–07 estimated expenditures. Survivors of a law enforcement officer, firefighter, or other public safety employee killed in the line of duty receive a \$250,000 payment, along with other benefits such as funeral expenses and education benefits for surviving children. Funding for public safety death benefits for the 2008–09 biennium is funded with General Revenue Funds and the Compensation to Victims of Crime Account. It is anticipated



that approximately half of the claims received would qualify for funding by the Crime Victims' Compensation Fund.

**SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted several pieces of legislation that affect ERS.

House Bill 2365 exempts all Texas governmental entities from the Governmental Accounting Standards Board (GASB) reporting requirements in the GASB 45 standards for Other Post Employment Benefits. House Bill 2365 allows entities to report this type of information on an optional basis.

GASB 45 standards require government employers to account for retiree healthcare in a manner similar to methods used for retirement annuities (i.e., recognizing future liability). The state will continue to report retiree health expenditures on an annual basis as required by other GASB standards.

House Bill 957 provides for automatic enrollment in the TexasSaver's 401(k) plan for new state employees hired after January 1, 2008 at the rate of 1 percent of gross salary, with an opt-out provision.

Senate Bill 247 prohibits the investment of state funds in private companies doing business in Sudan. Based on a recent report, ERS responded that they have current holdings in one company on the list of scrutinized companies developed by the Comptroller of Public Accounts. ERS reports 16,500 shares valued at \$3.5 million out of their total portfolio of \$24.4 billion.

## TEXAS ETHICS COMMISSION

The Texas Ethics Commission (TEC), created in 1991, is governed by a commission of eight members: four appointed by the Governor, two appointed by the Lieutenant Governor, and two appointed by the Speaker of the House of Representatives. However, no more than four commission members may be appointed from the same political party. The TEC's primary responsibilities include administering and enforcing state laws related to political contributions and expenditures, political advertising, election of the Speaker of the House, lobbyist registration and activities, personal financial disclosure by state officers, and conduct of state officers and employees. In addition, the Texas Constitution provides that the TEC recommend the salary of members of the Legislature, the Lieutenant Governor, and the Speaker of the House of Representatives. These recommendations are subject to approval by the voters at the subsequent general election for state and county officials.

The agency's mission is to promote individual participation and confidence in electoral and governmental processes by enforcing and administering ethics laws and by providing information that enables the public to oversee the conduct of public officials and those attempting to influence public officials. The agency's appropriations for the 2008–09 biennium total \$3.8 million and provide for 35 full-time-equivalent positions. Of this amount, approximately 98.3 percent consists of General Revenue Funds. The remaining \$0.07 million, or approximately 1.7 percent, is Appropriated Receipts derived from filing fees, copying charges, and other revenues the agency collects from those who file or obtain records it maintains.

### FINANCIAL DISCLOSURE REPORTS AND CAMPAIGN REPORTS

Approximately 59.3 percent of all agency appropriations is for administering and enforcing deadlines related to financial and campaign reports submitted to the agency by elected officials, candidates for elected office, lobbyists, and certain state officials. State law requires that campaign finance reports and lobbyist reports be filed electronically with the agency, resulting in approximately 80 percent of all required reports being filed electronically. As a result, the agency developed and now maintains an electronic filing system for receiving and processing all reports filed with the agency electronically. In fiscal year 2007, over 20,000 reports were filed electronically with the agency by 2,883 public officials and approximately 1,700 registered lobbyists. Furthermore, the TEC received

approximately 400,000 requests and inquiries for information related to reports filed with the agency.

### ENFORCEMENT AND EDUCATION

The TEC is responsible for enforcing filing deadlines for individuals submitting reports to the agency and is authorized to impose civil enforcement actions through civil penalties. The agency may investigate complaints or initiate investigations, subpoena witnesses, and conduct other discovery as it pertains to violations of state law related to ethics. The TEC issues advisory opinions that help the public and those regulated by the agency understand the laws it enforces. In fiscal year 2007, the agency received approximately 150 sworn complaints and issued 6 advisory opinions.

The TEC provides ethics law training to state officials, officers, and employees. Information and publications are generated by the agency and provided to state employees for a better understanding of ethics laws and how they relate to public services. In addition, the TEC posts ethics information and related links on its website to assist the public in understanding ethics laws and thereby enhancing the potential for participation in state government.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted House Bill 3560, which transferred the duties associated with procurement from the Texas Facilities Commission, formerly the Texas Building and Procurement Commission, to the Comptroller of Public Accounts and requires the TEC to administer and enforce statutory conflict of interest requirements related to state procurement operations.

## FACILITIES COMMISSION

In 1919, the Texas Legislature mandated consolidation of the state's purchasing, printing, and property-management functions and created the Board of Control, which later became the General Services Commission (GSC). During the 2000–01 biennium, the agency's Sunset legislation, Seventy-seventh Legislature, 2001, abolished the GSC and replaced it with the Texas Building and Procurement Commission (TBPC). House Bill 3560, Eightieth Legislature, 2007, transferred the procurement, fleet management, and support services to the Comptroller of Public Accounts, abolished the TBPC, and created the Texas Facilities Commission (TFC).

The TFC consists of seven members who serve two-year, staggered terms. The Governor appoints five of those members, two of whom are selected from a list of nominees submitted by the Speaker of the House of Representatives. The remaining two members are appointed by the Lieutenant Governor.

The agency's primary functions are (1) to provide office space for state agencies through construction and leasing services; (2) to protect and cost-effectively manage and maintain state-owned facilities and (3) to provide support to state agencies, including surplus property and recycling and waste management needs.

Appropriations for the 2008–09 biennium total \$179.8 million in All Funds and provide for 473.8 full-time-equivalent (FTE) positions. Of the appropriated amount, \$60.2 million, or approximately 33.5 percent, is in General Revenue Funds and General Revenue–Dedicated Funds.

## FACILITIES CONSTRUCTION AND SPACE MANAGEMENT

The sections of the TFC's Facilities Construction and Space Management Division include Design and Construction, Facilities Planning and Space Management, and Leasing.

### DESIGN AND CONSTRUCTION

The Design and Construction section analyzes and determines the necessity of construction projects based on an agency's current and future capacity requirements. Cost estimates for construction projects include indirect costs and evaluation of energy alternatives. The section reviews qualifications of private design and construction professionals and, upon selection, contracts for design work to be performed. The agency oversees these contracts to ensure that the work is

performed in compliance with the contract requirements and that the state's interests are protected during actual construction. As of October 2007, the TFC is actively managing 57 projects throughout the state and reports that 90.4 percent of construction projects were completed on time and within budget during fiscal year 2007. **Figure 100** shows the planned construction project locations for the 2008–09 biennium as well as the dollar value of construction projects by location.

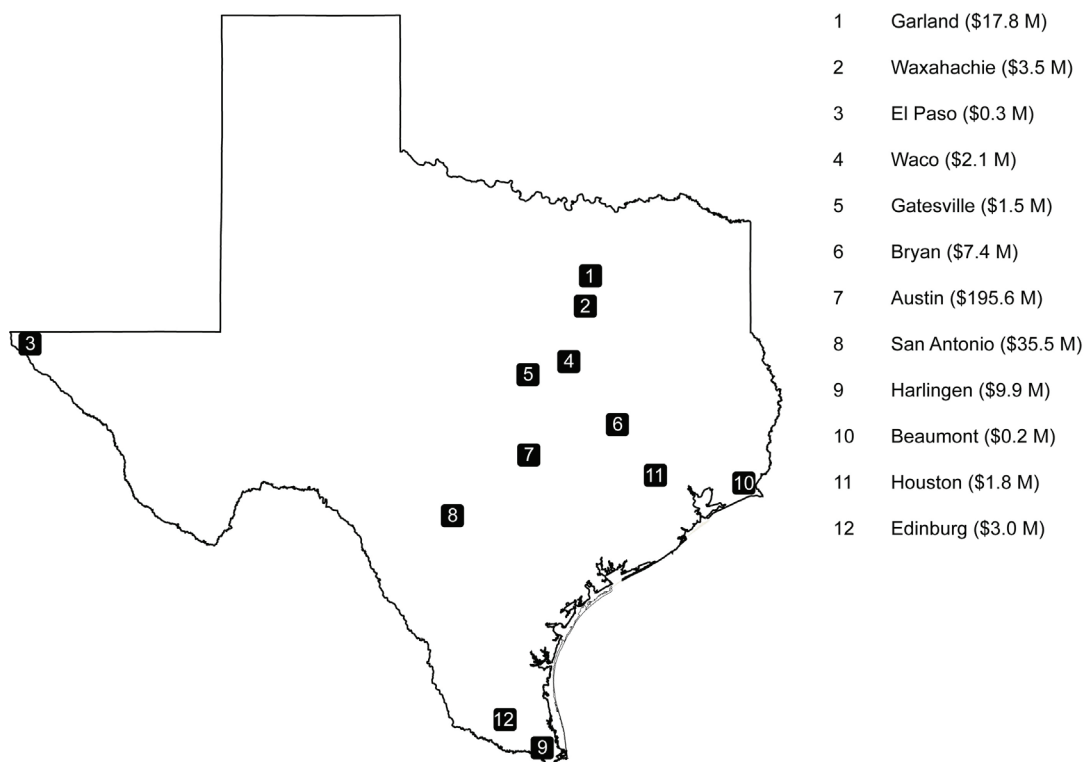
### FACILITIES PLANNING AND SPACE MANAGEMENT

The Facilities Planning and Space Management section is responsible for assigning and allocating office space to state agencies and providing information to the Legislature on future state facility needs. The TFC has an inventory of approximately 13 million square feet of office space (8.4 million square feet leased and 4.6 million square feet state-owned). As **Figure 101** shows, approximately 68 percent of all office space occupied by the State of Texas in Travis County consists of state-owned or state-built facilities. Statewide, the situation is markedly different, with state-owned space making up approximately 36 percent of the total statewide leased and owned office space inventory. In addition, Facilities and Space Management produces a statutorily required document, "State of Texas Facilities Master Plan," which provides information on agencies' current and future facility needs. The report contains information on statewide facility costs in contrast to those of commercial real estate markets, recommendations for new strategies to meet facility needs, and itemized requests for new building and capital improvement projects. The section also maintains information on the volume, utilization, and costs of state-owned and state-leased office space under its control. The staff evaluate and consider all requests for allocation to, relinquishment of, or modifications to facilities leased or owned by the state. Tenant agencies requiring interior modifications may use limited architectural design and cost-estimating services the section offers.

### LEASING

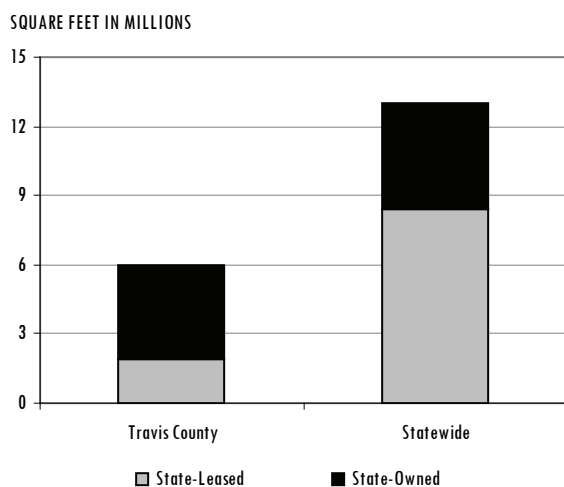
The Leasing section plans, manages, organizes, and directs leasing activities for approximately 42 state agencies, which occupy 9.7 million square feet of office, warehouse, and garage space that accounts for approximately 1,119 lease contracts. This section keeps track of rent and operating cost data for real estate markets, procures lease contracts, and studies state agency space needs. In fiscal year 2007, the program processed over 1,127 lease revisions. The section's

**FIGURE 100**  
**PLANNED CONSTRUCTION PROJECTS BY CITY**  
**2008–09 BIENNIUM**



SOURCE: Texas Facilities Commission.

**FIGURE 101**  
**STATE OFFICE SPACE**  
**FISCAL YEAR 2007**



SOURCE: Texas Facilities Commission.

staff communicates daily with various agency and private sector real estate professionals in fulfilling the state's leasing operations and responds to space needs in more than 340 cities and towns and in all 254 counties.

#### **LEASE PAYMENTS**

The TFC is responsible for repaying the Texas Public Finance Authority through lease payments for revenue bonds that are issued to construct, renovate, or purchase state buildings. For the 2008–09 biennium, the General Appropriations Act provides \$95.1 million in General Revenue Funds for lease payments.

#### **FACILITIES MANAGEMENT**

The TFC Facilities Management Division ensures that state office buildings within the agency's inventory are structurally and environmentally safe by providing building and grounds maintenance and energy management and asbestos abatement. The division maintains 71 buildings and 18 parking garages, totaling more than 15.5 million square feet. The agency's responsibility for facilities management is

carried out through its Facilities Operations and Maintenance, Minor Construction, Grounds Maintenance, Custodial Services, and Deferred Maintenance sections. The agency is appropriated \$155.3 million for facility management during the 2008–09 biennium.

#### **FACILITIES OPERATIONS AND MAINTENANCE**

The Facilities Operations and Maintenance section maintains and repairs building systems. The section is staffed on a 24-hour work schedule to monitor three central power plants that provide chilled water and steam to various buildings within the Capitol Complex and North Austin Complex. The section is also responsible for 21 stand-alone systems in buildings not receiving chilled water or steam from the central power plants. Equipment is periodically inspected to monitor conditions that might lead to breakdown or harmful depreciation.

The agency, through its Facilities Operations and Maintenance section, manages utilities for approximately 71 state-owned facilities totaling over 10 million square feet. The agency is appropriated approximately \$38 million for the utility bills of agencies under its purview for the 2008–09 biennium, and House Bill 15, Eightieth Legislature, 2007, appropriated an additional \$2.8 million for utilities for fiscal year 2007. The agency continues to explore ways to lower utilities costs and to conserve energy in state-owned facilities.

#### **MINOR CONSTRUCTION**

Minor renovations and rehabilitation for tenants of TFC buildings are performed by the Minor Construction section on a cost-recovery basis. TFC charges agencies \$60 an hour for minor construction services. If a private vendor performs the renovation on behalf of TFC, the agency oversees the contract to ensure compliance with the contract's terms. TFC provided these services to over 65 state agencies during the 2006–07 biennium at a total cost of \$4.6 million.

#### **GROUND'S MAINTENANCE**

The Grounds Maintenance section maintains and repairs the grounds, parking facilities, and surface lots in Travis County, which includes four million square feet of landscaped area and five million square feet of parking lots and garages. Section staff review landscape plans for new and remodeled buildings on the agency's inventory and oversee special events such as parades and movie production.

#### **CUSTODIAL SERVICES**

The Custodial Services section provides daily maintenance of restrooms and public areas, nightly waste disposal and recycling services, and weekly vacuuming and dusting for eight state-owned buildings with TFC staff and for 49 state-owned buildings through a private contractor. Additional related services for government seminars or conferences are provided at a minimal cost to requesting agencies. A quality-assurance coordinator inspects TFC state facilities and reports findings to the building supervisors and managers. Inspections are performed randomly on all phases of custodial services to ensure that quality service is provided. The TFC reports that during fiscal year 2007, it cost \$0.14 per square foot to provide custodial services by agency staff and \$0.06 per square foot to provide privatized custodial services.

#### **DEFERRED MAINTENANCE**

Meeting capital improvement needs for each state-owned facility is the responsibility of the Deferred Maintenance section. Routine projects include repairing or replacing broken critical building systems, upgrading building systems to increase current building capacities, and improving energy conservation by installing high-efficiency equipment to lower utility costs. During the 2008–09 biennium, the agency anticipates expenditures of \$81.3 million in deferred maintenance projects that were funded by General Obligation (GO) bonds from the Proposition 8 (\$49.3 million) and Proposition 4 (\$32 million) authorizations and represent full funding of the Facilities Commission's identified deferred maintenance needs for this period.

#### **TEXAS STATE CEMETERY**

The TFC provides support for the Texas State Cemetery. The cemetery, located in Austin, is the final resting place for governors, senators, legislators, congressmen, judges and other eligible persons who have made a significant contribution to Texas history. The grounds span 18 acres and include several monuments dedicated to honor different groups of Texans, such as those who died during the September 11 terrorist attacks and during Operation Enduring Freedom in Afghanistan, all World War II veterans, and veterans wounded in combat serving in the United States military. Appropriations for the Texas State Cemetery total \$993,550 for the 2008–09 biennium and include funding for daily operations and maintenance of cemetery facilities and development of a master plan for the Texas State Cemetery.

## **SUPPORT SERVICES**

The Support Services Division provides disposition of federal and state surplus property and recycling and waste management services to agencies.

### **SURPLUS PROPERTY DISPOSITION**

The TFC manages the disposition of surplus and salvage property donated to the state by federal programs on a cost recovery basis. Participation in the federal Surplus Property Program is open to nonprofit and tax-exempt organizations that are federally certified as eligible to receive and use the property. Many items are available, such as agricultural machinery, communications equipment, and fire-control devices. In fiscal year 2007, TFC reported approximately \$31.2 million in property was donated to eligible organizations.

The TFC also disposes of salvage and surplus personal property from state agencies, such as computer hardware and software, office furniture, printing equipment, and vehicles. State agencies, political subdivisions, and assistance organizations, including providers of services to the homeless or impoverished, may contact the state agency offering the property to arrange a transfer at a price set by the TFC. Property that is not transferred to an eligible entity is disposed of through storefront sales, sealed bids, and auctions. TFC imposes a fee to cover the cost of the sale, and agencies are authorized to expend 25 percent of the receipts from the sales of surplus property, less the TFC fee, for similar property, equipment, or commodities. The remaining proceeds are returned to the credit of the General Revenue Fund.

### **RECYCLING AND WASTE MANAGEMENT**

The TFC manages the state's recycling and waste program, which recycles paper, aluminum cans, plastic drink bottles, toner cartridges, wood pallets, scrap metal, and electronic "e" waste, such as used or out-dated computers or other electronic devices and associated peripherals, including keyboards, monitors, and batteries. The recycling program provides proper disposal of these items at no cost to tenants in TFC managed buildings. TFC reported that state agencies recycled 2,493 tons of paper in fiscal year 2007.

## **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted legislation affecting most TFC programs and functions.

House Bill 3560 transfers the procurement, fleet management, and support services responsibilities from the

Texas Building and Procurement Commission (TBPC) to the Comptroller of Public Accounts (CPA), abolishes the TBPC, and creates the TFC. This legislation also transfers \$6 million and 106.8 FTE positions to the CPA.

House Bill 15 appropriates TFC \$2.8 million in General Revenue Funds for utilities costs for fiscal year 2007. In addition, House Bill 15 appropriates \$41,000 for data center consolidation hardware upgrades and reduces appropriations by \$1.2 million in All Funds for reduced costs associated with data center consolidation for the 2008–09 biennium, resulting in a net decrease of \$1.1 million for data center operations.

House Bill 2621 transfers \$35,500 in Proposition 8 bond proceeds along with the responsibility of preserving, maintaining, and restoring the Gethsemane Church; Luther Hall; the El Rose Building; the Christianson-Leberman Building; and the Carrington-Covert House from TFC to the Texas Historical Commission. In addition, House Bill 2621 transfers all duties and responsibilities of the Governor's Mansion from TFC to the State Preservation Board, resulting in a transfer of \$520,000 and 4 FTE positions for the 2008–09 biennium to the State Preservation Board.

Senate Bill 2033 is the enabling legislation for Senate Joint Resolution (SJR) 65, which authorizes \$1 billion in GO bonds for the maintenance, improvement, repair, or construction of projects, and for the purchase of needed equipment, as authorized by the Legislature. On November 6, 2007, voters passed and ratified the constitutional amendment (SJR 65). Out of the \$1 billion in GO bonds, the TFC is appropriated \$32 million for critical deferred maintenance and asbestos abatement for facilities for the 2008–09 biennium.



# PUBLIC FINANCE AUTHORITY

The Texas Public Finance Authority (TPFA) was created by the Legislature in 1984 as a bond-issuing agency to provide the most cost-effective financing services available to fund capital projects and equipment acquisitions as designated and authorized by the Legislature and in some cases, approved by Texas voters. The TPFA is governed by a board of directors composed of seven members appointed by the Governor with the advice and consent of the Senate.

Appropriations to fund the TPFA for the 2008–09 biennium are divided into two components: agency operations and debt service on General Obligation (GO) bonds. Appropriations for the 2008–09 biennium for agency operations total \$1.8 million and provide for 15 full-time-equivalent positions. Of these appropriations, \$1 million, or approximately 62 percent are appropriated in General Revenue Funds, and the remaining amounts are from cost-recovery fees from the Master Lease Purchase Program. Appropriations also include \$763.7 million in All Funds to support debt service on existing and new GO bond debt.

## AGENCY OPERATIONS

TPFA issues general obligation and revenue bonds for designated state agencies (Figure 102) and administers the Master Lease Purchase Program, which is used primarily to finance capital equipment and acquisitions such as computers, telecommunications systems, software, vehicles, and energy performance contracts. TPFA provides financing for construction, repair and renovations, and acquisition of capital equipment through a variety of debt management tools and financing techniques including long-term fixed-rate bonds, short-term debt, and refinancing tools such as cash defeasances and advance refunding bonds. The agency monitors all debt obligations to ensure compliance with federal tax laws and bond covenants. The staff manages ongoing bond proceeds and ensures timely payments of principal and interest to the bond holders.

## GENERAL OBLIGATION (GO) BONDS

TPFA issues GO bonds on behalf of state agencies and institutions of higher education. General obligation debt requires a constitutional amendment, approval by two-thirds of the Legislature, and approval by a majority of voters in a statewide election. GO debt is backed by the full faith and credit of the State of Texas. Since 2001, the Legislature has approved several new GO debt programs including Proposition 8, authorized by Texas voters in November

**FIGURE 102**  
**PUBLIC FINANCE AUTHORITY CLIENT AGENCIES**  
**BY TYPE OF FINANCING**  
**2008–09 BIENNIUM**

### GENERAL OBLIGATION BONDS

Texas Facilities Commission  
Texas Historical Commission  
Texas Military Preparedness Commission (Texas Military Value Revolving Loan Fund)  
Department of Aging and Disability Services  
Department of State Health Services  
School for the Blind and Visually Impaired  
School for the Deaf  
Adjutant General's Department  
Juvenile Probation Commission  
Department of Public Safety  
Department of Criminal Justice  
Youth Commission  
Department of Agriculture  
Parks and Wildlife Department  
Department of Transportation

### REVENUE BONDS

Texas Facilities Commission  
Texas Historical Commission  
Preservation Board (State History Museum)  
Health and Human Services Commission  
(Texas Integrated Eligibility Redesign System)  
Department of State Health Services  
Texas Military Facilities Commission  
(now Adjutant General's Department)  
Department of Criminal Justice  
Parks and Wildlife Department  
Department of Transportation  
Texas Workforce Commission  
Texas State Technical College  
Midwestern State University  
Stephen F. Austin State University  
Texas Southern University

### MASTER LEASE PURCHASE PROGRAM

All state agencies and institutions of higher education

SOURCE: Texas Public Finance Authority.



2001, bonds for general state government construction projects on behalf of 13 state agencies; the Colonia Roadway Program; and The Texas Military Revolving Loan Fund for loans to defense communities.

The agency uses various types of debt instruments to fund GO debt programs, including long-term fixed-rate bonds and short-term variable rate notes, such as commercial paper. Commercial paper is an effective tool to provide interim financing for construction projects, as well as significant flexibility in managing the state's debt portfolio.

As of August 31, 2007, outstanding non-self-supporting GO bonds totaled \$1.9 billion. Of this amount, \$1.3 billion, or 68.9 percent is outstanding debt for bonds for construction, repair, and renovation of Texas Department of Criminal Justice facilities. **Figure 103** shows the amount of debt outstanding by agency.

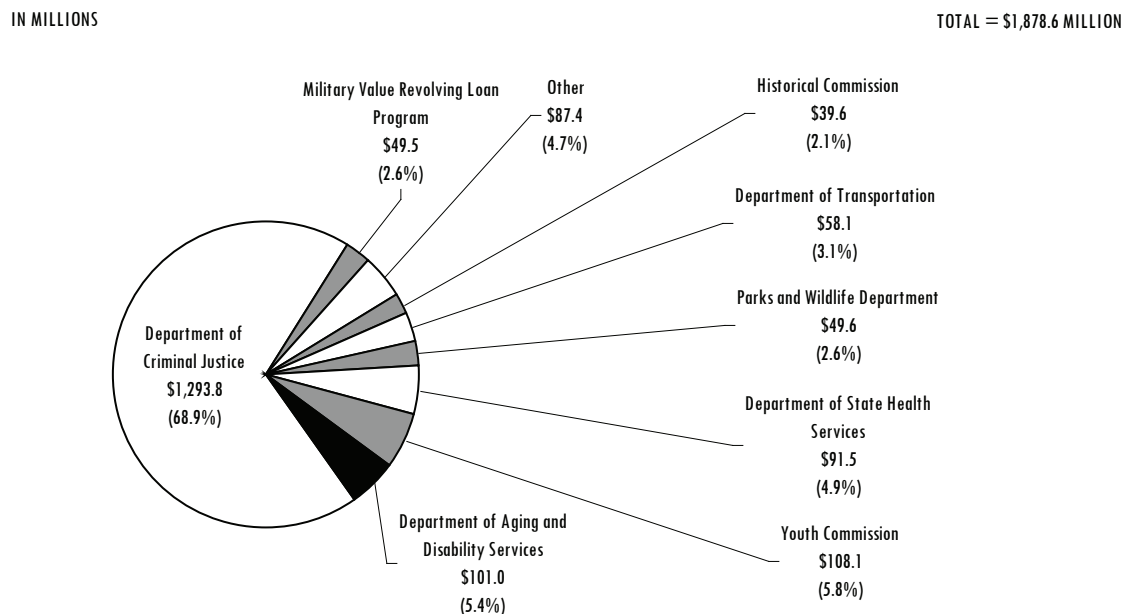
Appropriations for debt service payments for GO bonds total \$763.7 million for the 2008–09 biennium, an increase of \$138.6 million from the 2006–07 expenditure level. Included in the appropriations is \$56.7 million in debt service on \$717.3 million in GO bonds authorized by voters

November 6, 2007. **Figure 104** shows the appropriations for debt service on GO bonds for the 2008–09 biennium by agency.

## REVENUE BONDS

Unlike GO bonds, revenue bonds do not require voter approval. TPFA issues lease revenue bonds to fund a project on behalf of another state agency and leases the project to the agency. Funds for debt service payments on revenue bonds are appropriated to the applicable agency as lease payments to TPFA. These appropriations are typically General Revenue Funds. The Legislature appropriated revenue bond proceeds to a variety of agencies including the Texas Facilities Commission to construct, renovate, or purchase state office buildings; the Texas Historical Commission to make improvements to the National Museum of the Pacific War; the Parks and Wildlife Department to construct and equip a new freshwater fish hatchery in East Texas and for infrastructure maintenance of the state parks system; the State Preservation Board for construction of the Bob Bullock Texas State History Museum; the Department of State Health Services for construction of a public health laboratory; and the Texas Department of Criminal Justice to refinance

**FIGURE 103**  
**OUTSTANDING GENERAL OBLIGATION BOND DEBT**  
**AS OF AUGUST 31, 2007**



NOTES: Includes General Obligation bonds and commercial paper.

Other = Facilities Commission (\$25.6 million), School for the Blind and Visually Impaired (\$10.3 million), School for the Deaf (\$7.6 million), Adjutant General's Department (\$7.0 million), Juvenile Probation Commission (\$15.2 million), Department of Public Safety (\$21.4 million), and Department of Agriculture (\$0.3 million).

SOURCE: Texas Public Finance Authority.

**FIGURE 104**  
**GENERAL OBLIGATION BOND DEBT SERVICE APPROPRIATIONS, BY AGENCY**  
**2008–09 BIENNIUM**

IN MILLIONS	ALL FUNDS			
	2006–07 BIENNIUM	2008–09 BIENNIUM	BIENNIAL CHANGE	% CHANGE
<b>AGENCY</b>				
Texas Facilities Commission	\$4.8	\$17.9	\$13.1	276.0
Texas Historical Commission	3.9	21.2	17.3	440.6
Department of Aging and Disability Services	29.4	34.8	5.3	18.1
Department of State Health Services	26.8	31.9	5.1	19.0
School for the Blind and Visually Impaired	2.1	5.4	3.3	154.7
School for the Deaf	1.5	1.5	0.0	2.5
Adjutant General's Department	0.5	2.9	2.4	466.2
Juvenile Probation Commission	16.5	11.7	(4.8)	(29.2)
Department of Public Safety	4.1	32.3	28.2	694.2
Youth Commission	36.3	43.6	7.2	20.0
Department of Criminal Justice	475.5	474.9	(0.6)	(0.1)
Department of Agriculture	0.01	0.01	0.001	18.2
Parks and Wildlife Department	17.8	22.7	4.9	27.5
Department of Transportation	5.9	19.1	13.2	225.0
Texas Military Preparedness Commission		44.0	44.0	100.0
<b>TOTAL</b>	<b>\$625.1</b>	<b>\$763.7</b>	<b>\$138.6</b>	<b>22.2</b>

NOTE: Includes the debt service appropriated for issuance approved November 6, 2007.

SOURCE: Texas Public Finance Authority.

existing leases for additional bed capacity at local correctional facilities.

Appropriations for debt service payments on revenue bonds total \$193.6 million for the 2008–09 biennium, an increase of \$10.4 million, or 5.7 percent, from the 2006–07 expenditure level (**Figure 105**). Outstanding revenue bond debt totaled \$1.1 billion as of August 31, 2007. As **Figure 106** shows, debt issued for the Texas Facilities Commission is \$223.2 million, or 20.2 percent of total outstanding revenue bond debt.

### MASTER LEASE PURCHASE PROGRAM

The Master Lease Purchase Program (MLPP) is a lease revenue-financing program authorized by the Seventy-first Legislature, 1989, primarily to finance equipment acquisitions for state agencies. The program provides financing for computers, telecommunications, and other capital equipment on purchases in excess of \$10,000, and for equipment with a useful life of at least three years. MLPP acquisitions are funded with tax-exempt commercial paper, a short-term variable rate financing instrument. The agency charges a 0.5 percent administrative fee on the

outstanding principal balance of each lease. During the 2008–09 biennium this fee will fund approximately 38 percent of agency operations. At the end of fiscal year 2007, there was \$110.8 million in outstanding debt for the MLPP.

**Figure 107** shows the total amount of assets and type of projects financed since the program's inception in 1992.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several pieces of legislation that affect the TPFA, among them Senate Joint Resolution 65 and House Joint Resolution 90.

Senate Joint Resolution 65 (constitutional amendment No. 4), approved by Texas voters in the November 2007 election, authorizes TPFA to issue up to \$1 billion in GO bonds to finance maintenance, improvement, repair, and construction projects. The Eightieth Legislature appropriated \$717.3 million of these proceeds. The Texas Department of Criminal Justice is responsible for the greatest portion of this appropriation, including \$233.4 million for construction of three 1,330-bed facilities and \$40.0 million for repair and rehabilitation of criminal justice facilities. Other bond projects include \$200.0 million for Department of Public

**FIGURE 105**  
**REVENUE BOND DEBT SERVICE APPROPRIATIONS**  
**2008–09 BIENNIUM**

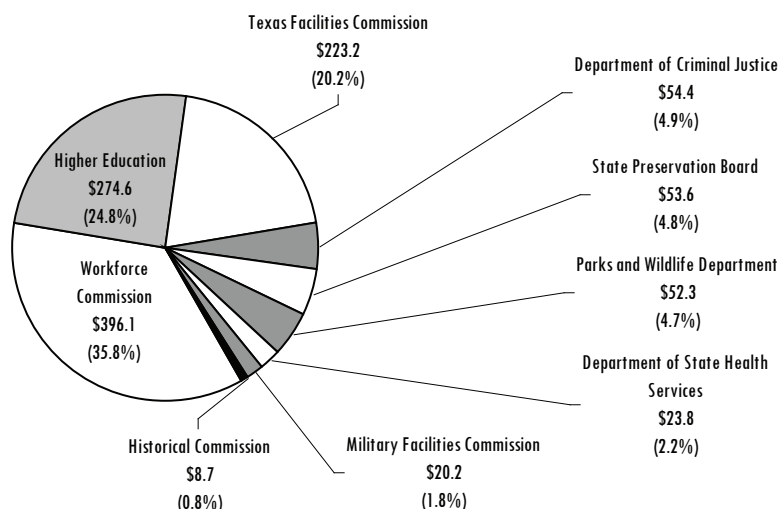
IN MILLIONS	ALL FUNDS			
	2006–07 BIENNIUM	2008–09 BIENNIUM	BIENNIAL CHANGE	% CHANGE
Texas Facilities Commission	\$92.7	\$92.0	(\$0.7)	(0.8)
Texas Historical Commission	0.3	2.0	1.7	474.9
State Preservation Board/History Museum	12.8	12.6	(0.2)	(1.6)
Department of State Health Services	5.8	5.7	(0.0)	(0.4)
Higher Education Institutions*	24.4	38.1	13.7	56.0
Adjutant General/Military Facilities Commission	5.0	5.0	(0.0)	(0.5)
Department of Criminal Justice—Private Prison Lease/Purchase	30.3	22.8	(7.5)	(24.6)
Parks and Wildlife Department	11.9	15.3	3.5	29.1
<b>TOTAL</b>	<b>\$183.2</b>	<b>\$193.6</b>	<b>\$10.4</b>	<b>5.7</b>

\*Includes Texas State Technical College, Stephen F. Austin State University, Midwestern State University, and Texas Southern University.  
 SOURCE: Texas Public Finance Authority.

**FIGURE 106**  
**OUTSTANDING REVENUE BOND DEBT (NON-GENERAL OBLIGATION)**  
**AUGUST 31, 2007**

IN MILLIONS

TOTAL = \$1,106.9 MILLION



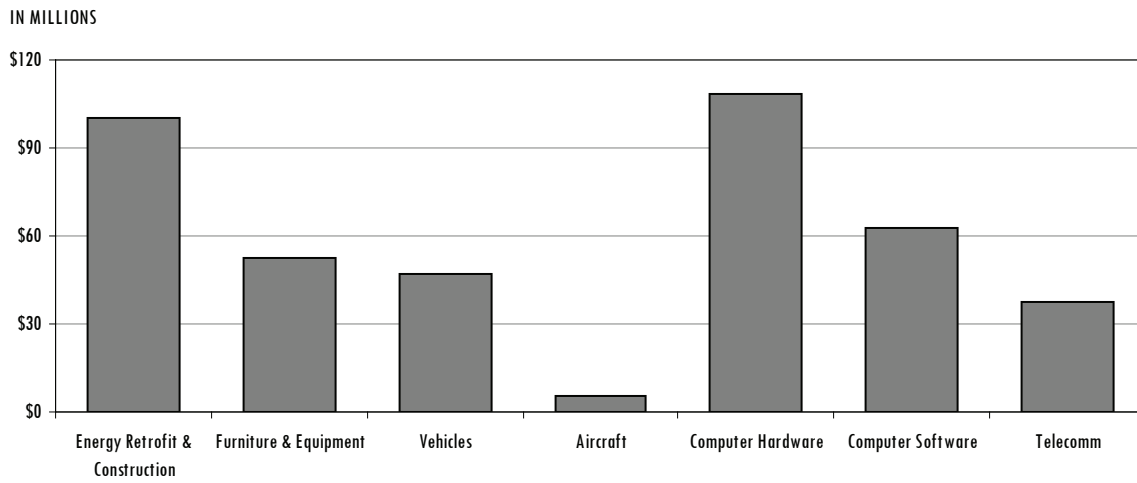
NOTE: Higher Education includes Texas State Technical College (\$2.3 million), Midwestern State University (\$46.6 million), Stephen F. Austin State University (\$120.2 million), and Texas Southern University (\$105.5 million).

SOURCE: Texas Public Finance Authority.

Safety offices, crime labs, and training facilities, \$48.0 million for courthouse renovations and historic sites, \$70.4 million for repair and renovation of mental health state schools and hospitals, and \$52.0 million for statewide park repairs. The remaining \$282.7 million will be appropriated in future biennia.

House Joint Resolution 90 (constitutional amendment No. 15), approved by Texas voters in the November 2007 election, authorizes TPFA to issue \$3 billion in GO bonds in \$300 million annual increments over the next 10 years to finance cancer research in Texas.

**FIGURE 107**  
**ASSETS FINANCED VIA MASTER LEASE PURCHASE PROGRAM**  
**FISCAL YEARS 1992 TO 2007**



SOURCE: Texas Public Finance Authority.

## **FIRE FIGHTERS' PENSION COMMISSIONER**

The Office of the Fire Fighters' Pension Commissioner (FFPC) was created in 1937. The agency's mission is to provide an actuarially sound and professionally managed and administered retirement system for the volunteer firefighters and emergency services personnel in the state. The agency administers two programs: the Texas Emergency Services Retirement System (TESRS), and the Texas Local Fire Fighters' Retirement Act (TLFFRA) program. The FFPC ensures that the pension funds for emergency services personnel are actuarially sound, and collects and distributes benefit payments to its members and their beneficiaries. The agency also provides technical assistance, education, and oversight to the locally administered firefighters' pension boards.

Appropriations for the 2008–09 biennium total \$9.9 million in General Revenue Funds and provide for 8.5 full-time-equivalent positions. Of these appropriations, \$8.8 million is appropriated in fiscal year 2008 to be transferred to the Texas Emergency Services Retirement Fund to obtain an actuarially sound plan contribution for a 30-year funding period.

The TESRS, established in 1977, is for volunteer firefighters, volunteer emergency medical services personnel, and members of part-paid/part-volunteer fire departments. The Fire Fighters' Pension Commissioner administers the day to day operations and provides a cost-effective means for volunteer departments to belong to a professionally managed fund. As administrator of the fund, the FFPC collects contributions of participating department members, invests the proceeds, calculates benefits, and issues payments to retirees and their beneficiaries. There are 180 fire departments participating in the fund, representing 4,409 active volunteer emergency services personnel. On average, the fund provides monthly annuity payments to 2,453 retirees and beneficiaries. Beginning in fiscal year 2003, the pension fund became actuarially unsound and contributions were not sufficient to cover normal costs and amortization of unfunded liabilities. The Seventy-ninth Legislature, Regular Session, 2005, appropriated General Revenue Funds to support administrative costs previously paid out of the pension fund and a one-time contribution of \$1.4 million to the pension fund. The Eightieth Legislature, 2007, continued to provide General Revenue Funds for administrative costs and appropriated a one-time contribution of \$8.8 million to

obtain an actuarially sound plan contribution for a 30-year funding period.

The Texas Local Fire Fighters' Retirement Act (TLFFRA) was established in 1937 and recodified in 1989. The agency provides investment and legal guidance for 120 departments that administer firefighters' pension funds, assists those administering the funds in determining benefits, and resolves benefit disputes through hearings. The combined market value of these funds exceeded \$1.2 billion with 5,830 active members and 3,454 beneficiaries as of December 31, 2006. Out of 119 departments participating in the TLFFRA program, there are 40 paid firefighter departments and 79 volunteer departments. Of the 40 paid firefighter departments, 26 departments have amortization periods under 30 years, six departments have amortization periods under 40 years, and eight departments are over the 40-year funded period. The agency continues to assist boards of trustees regarding pension funding issues by providing peer reviews and assisting departments in understanding the complexities of pension funds.

## OFFICE OF THE GOVERNOR AND TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

The Governor is the chief executive officer of the state and is elected for a four-year term. Duties and responsibilities include beginning each regular legislative session with a report on the fiscal condition of the state and an estimate of the amount of revenue required to be raised through taxation; convening special sessions of the Legislature; and approving or disapproving each bill enacted by the Legislature.

In addition to chief executive officer, the Governor has many constitutional and statutory roles and responsibilities in state government, including the following:

- serves as the state's chief budget officer;
- appoints members of state boards and commissions that provide policy direction to state agencies;
- serves as commander-in-chief of the state's military forces;
- fills vacancies in state or district elective offices, pending the next general election;
- issues writs of election to fill legislative or congressional vacancies; and
- grants reprieves and pardons, commutes pardons and punishments, and revokes conditional pardons.

Appropriations to the Office of the Governor for the 2008–09 biennium are divided into two areas: the Office of the Governor, and Trusted Programs within the Office of the Governor. Together, these appropriations total \$942.4 million. Of this amount, \$589.9 million, or 62.6 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds. This appropriation provides for 273.5 full-time-equivalent positions.

### OFFICE OF THE GOVERNOR

The formulation of state policy is implemented through operations of five entities within the Office of the Governor: the Governor's Office of Budget, Planning and Policy; the State Grants Team; the Communications Office; the Appointments Office; and the Office of General Counsel. These operations support and assist the Governor in carrying out constitutional and statutory responsibilities as the state's chief executive officer. Appropriations to the Office of the

Governor total \$19 million in General Revenue Funds for the 2008–09 biennium.

### OFFICE OF BUDGET, PLANNING AND POLICY

The Governor's Office of Budget, Planning and Policy advises the Governor on the state's fiscal condition, recommends fiscal policies to the Governor, prepares the Governor's biennial budget recommendation submission to the Legislature, and provides the Governor with information on and analysis of state policy issues. Its budget administration activities include processing agency requests for emergency funds, requests to enter into contracts with consultants, requests to hire staff for bona fide new positions that are not defined in the State Classification Plan, and other agency submissions required by law.

The office provides fiscal information and analysis in support of the Governor's statutory role as the state's chief budget officer. In conjunction with the Legislative Budget Board (LBB), the office coordinates the state agency strategic planning process, develops a long-range strategic plan for state government, issues budget instructions to state agencies, and conducts hearings on agency budget requests.

The Governor and the LBB have budget execution authority to actively manage the state's appropriations while the Legislature is not in session. Budget execution authority provides the state a means of reallocating existing appropriations to respond to fiscal emergencies that may arise between legislative sessions. Texas Government Code, § 317 authorizes either the Governor or the LBB to propose budget execution actions. In this process, the Governor's Office of Budget, Planning and Policy analyzes the identified budget emergency and prescribes remedies that may include the transfer of appropriations from one state agency to another, the use of agency appropriations for another purpose, or a change in the timing of an agency appropriation. For an item to be approved, the Governor and the LBB must concurrently approve the original or modified proposal.

Separate from budget execution, the Governor also has the authority to consider approval of emergency and deficiency grants for agencies with insufficient funds to operate or meet unanticipated circumstances. Amounts for these emergency and deficiency grants are appropriated to the Trusted Programs within the Office of the Governor and total \$1.6 million in General Revenue Funds for the 2008–09 biennium.



### **THE STATE GRANTS TEAM**

The State Grants Team provides both public and private grant funding opportunities to governmental and nonprofit entities throughout the state. Approximately twice a month, the team conducts a two-day workshop that provides grant proposal writing training to individuals from state agencies, political subdivisions, and nonprofit organizations. The Grants Team also administers the Texas Review and Comment System (TRACS), which provides state agencies and local governments an opportunity to review and comment on grant applications, state and federal development and environmental assessments, and impact statements before the grants are funded or approved. Through TRACS, grantees submit applications to the appropriate regional planning agency that conducts the grant review, and the Governor's Office serves as the single point of contact for all comments from other local and state governmental entities. TRACS serves as an information exchange system, a mechanism for improving grant applications, a method for determining consistency with regional plans, and as a check on unnecessary duplication.

### **COMMUNICATIONS OFFICE**

The Communications Office manages media relations for the Governor and the First Lady by providing information to print and broadcast media. The office prepares news releases and speeches for the Governor and handles media calls and requests for interviews. The Office of the Governor receives an average of 149,000 constituent contacts annually, and it is the Communications Office's responsibility to respond to these letters, calls, and email messages. The office receives calls from citizens with concerns or issues about state government through its information and referral hotline, refers callers to appropriate agencies for assistance, and reports constituent concerns to the Governor. In addition, the office makes travel arrangements and prepares detailed schedules for the Governor.

### **APPOINTMENTS OFFICE**

The Governor's Appointments Office recruits, screens, selects, and trains individuals appointed to boards, commissions, and advisory committees. This office also supports the processes of filling vacancies in state, district, legislative, and congressionally elected offices. During a four-year term, the Governor makes an average of 3,000 appointments.

### **TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR**

Trusted Programs within the Office of the Governor are statewide activities that fall under the oversight of the Chief Executive but that in some instances are not assigned by law or executive action to a specific state board or commission for administration. Some of the trusted programs administered by the Governor include the Agency Grant Assistance Program, the Disaster Assistance Program for state agencies and local governments, the Film and Music Marketing Program, the Criminal Justice Division, the Economic Development and Tourism Division, the Texas Military Preparedness Commission, the Homeland Security Division, the Committee on People with Disabilities, the Commission for Women, and County Essential Services. Appropriations to the Trusted Programs total \$922.6 million in All Funds for the 2008–09 biennium. This amount is a \$161.1 million increase in total funds from the 2006–07 biennial level.

### **GRANT ASSISTANCE**

There are three grant assistance programs within the Trusted Programs: Agency Grant Assistance, Disaster Assistance, and County Essential Services. The Agency Grant Assistance Program helps those state agencies that do not have sufficient funds either to operate, or to meet special needs caused by emergency or unforeseen circumstances. The Disaster Assistance Program provides funds to local governments and state agencies for dealing with disasters. These funds are available only after regularly appropriated funds for dealing with disasters are depleted. The County Essential Services Grant Program assists counties that have met, will soon meet, or have exceeded the constitutional limit on the property tax rate for counties, which is \$0.80 per \$100 of assessed valuation. These grants are limited to funding essential public services such as extraordinary prosecution costs for rural counties and law enforcement equipment. During the 2006–07 biennium, a total of \$0.7 million was awarded to Atascosa, El Paso, Houston, Howard, Lampasas, Lubbock, Morris, Nolan, and Polk counties.

### **FILM AND MUSIC MARKETING**

The Music Office serves as a clearinghouse for Texas music industry information by providing referrals to Texas music businesses, talent, and events to attract new business to Texas and to encourage in-state music businesses and individuals. The office publishes the annual *Texas Music Industry Directory*, which contains more than 7,600 Texas music businesses cross-referenced by 96 categories of music business.

The Film Commission provides information on film locations, crews, talent, laws, sales tax exemptions, and housing to filmmakers seeking to produce movies or television shows in Texas. Through its *Texas Production Manual*, the commission maintains a list of 1,100 qualified vendors, crew, and other film and video-related entities. To promote the film industry in Texas, the Moving Image Industry Incentive Program offers grants to production companies that produce films, television programs, or commercials in Texas. Enactment of House Bill 1634, Eightieth Legislature, 2007, provides that each grant award may not exceed the lesser of 5 percent of in-state spending by a production company or \$2.0 million for feature films; \$2.5 million for episodic television programs (per season); \$200,000 for commercials and music videos; and \$250,000 for video games. Grant applicants must also meet a minimum in-state spending of \$1 million for feature films and television programs and \$100,000 for commercials, music videos, and video games. In addition, at least 80 percent of the production must be completed in Texas and at least 70 percent of the total number of crew, cast, and extras must be Texas residents.

The Eightieth Legislature, 2007, appropriated \$11 million in General Revenue Funds per fiscal year for the Moving Image Industry Incentive Program, contingent on certification by the Comptroller of Public Accounts that revenue generated by the film industry in Texas would offset the cost of the appropriation. Appropriations for administering other Film and Music Marketing activities total \$1.8 million in All Funds for the 2008–09 biennium.

### CRIMINAL JUSTICE

The Criminal Justice Division administers state funds from the Criminal Justice Planning Fund as well as Federal Funds allocated under the Juvenile Justice and Delinquency Prevention Act, the Victims of Crime Act, the Anti-Drug Abuse Act, and the Violence Against Women Act. Eligible applicants for criminal justice-related Federal Funds include state agencies, regional councils of governments, cities, counties, independent school districts, higher education institutions, Native American tribes, and nonprofit organizations.

During the 2006–07 biennium, the Criminal Justice Division awarded \$202.8 million in grants to local, regional, and statewide projects intended to make Texas a safer state. All applications for local and regional grants are submitted to the appropriate regional council of governments, which reviews and prioritizes the requests and makes funding

recommendations to the Criminal Justice Division. Typically, grant awards fall into one of six service categories or program areas:

- Prevention—school or community-based projects that prevent gang activity, drug use, violence, or neighborhood crime; family violence and child abuse prevention projects;
- Juvenile Justice—juvenile boot camps; juvenile offender employment projects; juvenile probation casework;
- Law Enforcement—family violence and child abuse investigators; police officer training; law enforcement technology (e.g., DNA profiling, information systems, crime labs, and automated fingerprint systems);
- Courts and Prosecution—drug courts; teen courts; special narcotics and juvenile prosecutors;
- Victims' Services—victims' assistance; battered women's shelters; child abuse projects; rape crisis centers; Mothers Against Drunk Driving; Court Appointed Special Advocates; and
- Texas Crime Stoppers—24-hour toll-free hotline for information on unsolved crimes; state and local programs that accept anonymous tips and provide rewards.

Once grants are awarded, they are monitored, evaluated, and audited by the Criminal Justice Division. The state and federal funding sources for Criminal Justice Division grants, amounts estimated to be available during the 2008–09 biennium, and eligible uses for each funding source are summarized in **Figure 108**.

### ECONOMIC DEVELOPMENT AND TOURISM

The mission of the Economic Development and Tourism Division is to enhance the economic growth of Texas communities through marketing and development initiatives for business and tourism. The division administers the Texas Enterprise Fund grants, the Texas Emerging Technology Fund, the Economic Development Bank programs, and tourism programs. Appropriations for Economic Development and Tourism, the Texas Enterprise Fund, and the Texas Emerging Technology Fund for the 2008–09 biennium total \$456.7 million in All Funds.

In addition, the Governor's Office administers grants to regional planning commissions. These grants provide funding for state planning assistance to regional councils of

**FIGURE 108**  
**GOVERNOR'S CRIMINAL JUSTICE DIVISION FUNDING PROGRAMS**  
**2008–09 BIENNIUM**

IN MILLIONS PROGRAM/FUND	ESTIMATED FUNDING
Criminal Justice Planning Fund	\$65.5
Eligible Uses: Projects that reduce crime or improve criminal and juvenile justice systems	
Juvenile Justice & Delinquency Prevention Fund	9.2
Eligible Uses: Training, prevention, intervention, education, and alternatives for youths	
Crime Stoppers Assistance Fund	2.4
Eligible Uses: Certified Crime Stoppers programs that provide a partnership between the public, law enforcement agencies, and the media to speed identification and apprehension of criminals	
Victims of Crime Act Fund	49.7
Eligible Uses: Direct assistance and services for victims of crime	
Justice Research, Evaluation, and Development Projects Grants	1.4
Eligible Uses: Research, development, and evaluation programs that examine crime causes, crime prevention, and criminal justice system responsiveness to crime, violence, and delinquency	
Violence Against Women Act Fund	14.5
Eligible Uses: Projects that train law enforcement to respond to violent crimes against women; victims' services programs	
Bulletproof Vest Partnership Grant	0.07
Eligible Uses: Assistance to state, local, and tribal law enforcement agencies in providing officers with armored vests	
Safe and Drug-free Schools and Communities Act	10.1
Eligible Uses: Projects that create drug- and weapon-free neighborhoods and schools	
Juvenile Accountability Incentive Block Grant Program	5.5
Eligible Uses: Projects that promote greater accountability in juvenile justice system	
Sexual Assault Program Account	0.7
Eligible Uses: Grants to support sexual assault and human trafficking prosecution projects	
Edward Byrne Memorial Justice Assistance Grant	42.4
Eligible Uses: Supports a broad range of law enforcement, prosecution, prevention, corrections, drug treatment and planning activities to prevent and control crime and to improve the criminal justice system	
Paul Coverdell Forensic Sciences Improvement Grant Program	0.5
Eligible Uses: Assist state and local governments improve the quality and timeliness of forensic science and medical examiner services and laboratories	
Children's Justice Grants to States	2.7
Eligible Uses: Projects that improve the investigative, administrative, and judicial handling of cases of child abuse and neglect	
<b>TOTAL ESTIMATED FUNDING</b>	<b>\$204.7</b>

SOURCE: Legislative Budget Board.

government in Texas for the purposes of coordinating regional plans and programs with local governments, leveraging federal funding assistance, and assisting local governments. Eligibility requirements and the funding formula for regional grants are set forth in the Local Government Code and are primarily population-driven. The Eightieth Legislature,

2007, appropriated \$5 million in General Revenue Funds during the 2008–09 biennium for providing grants to regional councils of government.

**TEXAS ENTERPRISE FUND**

The Texas Enterprise Fund was established by legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003. The fund is for economic development, infrastructure development, community development, job training programs, and business incentives. Since the beginning of fiscal year 2004, \$360.2 million in Texas Enterprise Fund grants has been awarded to 40 entities. The Economic Development and Tourism Division estimates the creation of 49,362 direct jobs associated with Texas Enterprise Fund grants awarded since fiscal year 2004. The 2008–09 appropriation of \$225.3 million for the Texas Enterprise Fund consists of \$120.0 million in amounts transferred from the Employment and Training Investment Holding Fund and \$105.3 million in unspent appropriations from fiscal year 2007, account balances, and estimated interest earnings.

**Figure 109** shows the regions that have Texas Enterprise Fund grantees and the total grant amount in each region since fiscal year 2004, not including \$9.8 million allocated statewide for the Lonestar Education and Research Network (LEARN) and the Texas Internet Grid for Research and

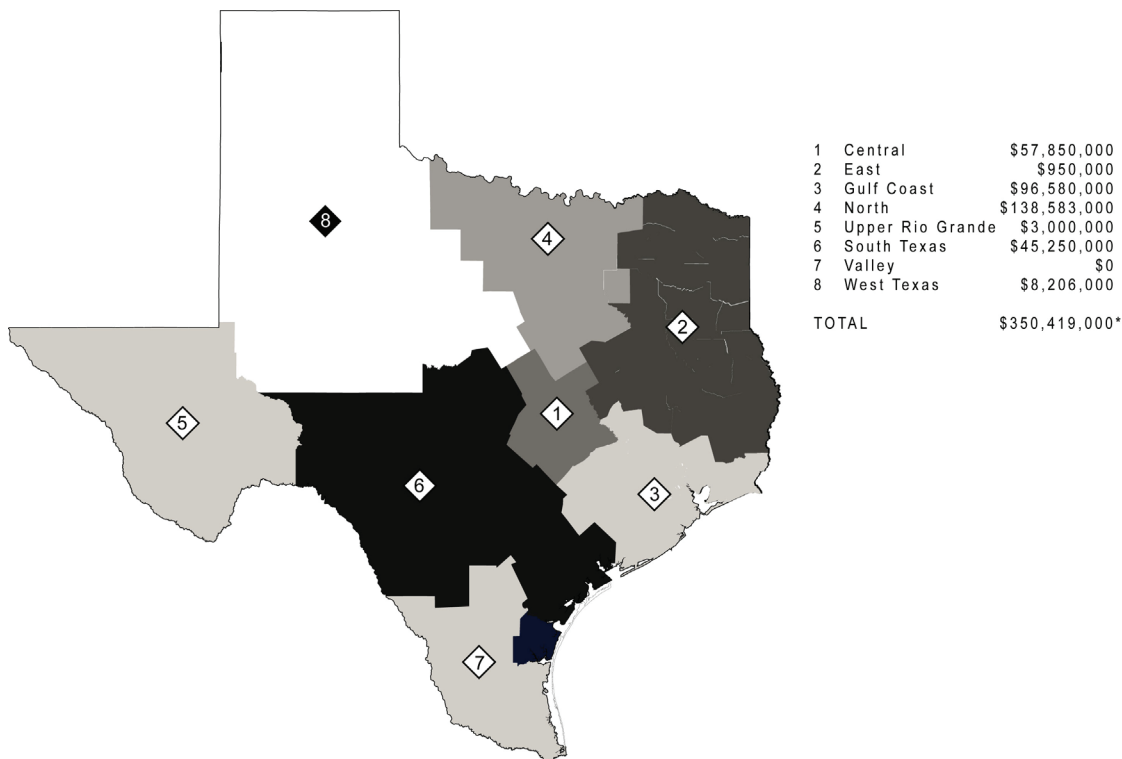
Education (TIGRE), which allow higher education institutions to access and share resources over a high-speed network.

**EMERGING TECHNOLOGY FUND**

The Seventy-ninth Legislature, Regular Session, 2005, created the Texas Emerging Technology Fund for the purpose of promoting research and development in emerging technological industries such as semiconductor, nanotechnology, biotechnology, or others that could lead to medical or scientific breakthroughs. Fifty percent of the fund amount is used for incentives for private or nonprofit entities to collaborate with public or private institutions of higher education on the commercialization of emerging technology projects. Twenty-five percent of the fund is used to match funding from research sponsors, while the remaining 25 percent is used to acquire new or enhance existing research resources at public institutions of higher education.

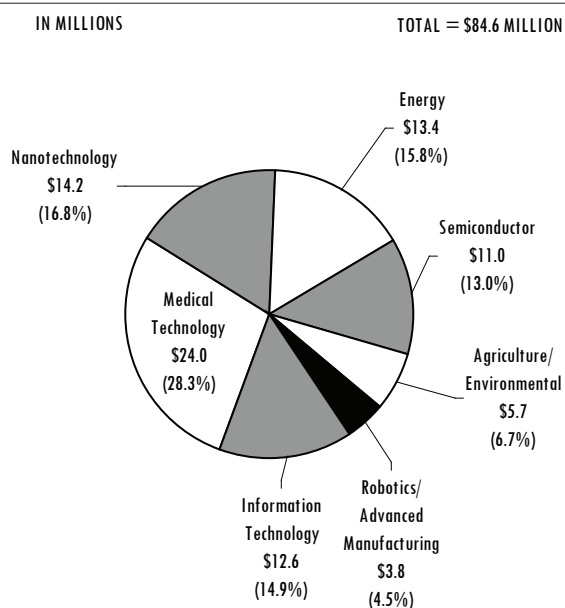
During the 2006–07 biennium, \$84.6 million in Emerging Technology grants were awarded to 41 entities. **Figure 110**

**FIGURE 109**  
**TEXAS ENTERPRISE FUNDS GRANTS BY REGION**  
**SINCE FISCAL YEAR 2004**



\*Total does not include Statewide LEARN and TIGRE Network Infrastructure project.  
SOURCE: Office of the Governor.

**FIGURE 110**  
**EMERGING TECHNOLOGY FUND**  
**GRANTS BY INDUSTRY TYPE**  
**2006–07 BIENNIUM**



SOURCE: Office of the Governor.

shows amounts granted during the 2006–07 biennium by type of technology industry. As of the first two months of fiscal year 2008, there were 26 grant applicants and \$42.4 million in grant amounts under contract or review by the Economic Development and Tourism Division but not yet awarded. The 2008–09 appropriation of \$117.3 million for the Emerging Technology Fund consists of \$75.0 million in General Revenue Funds and \$42.3 million in unspent appropriations from fiscal year 2007, account balances, and estimated interest earnings.

#### ECONOMIC DEVELOPMENT BANK

The Economic Development Bank consists of 11 separate programs that provide incentives to businesses wishing to relocate or expand in Texas, and assists local communities in accessing capital for economic development. Under one such program, the Leverage Fund, short-term debt is issued to make loans to communities for certain projects, and in turn communities use their economic development sales tax revenue as security on the loan and to pay back the loan. In the Linked Deposit Program, lending institutions offer lower rate loans to historically underutilized businesses, child-care providers, nonprofit corporations, and small or medium-sized businesses located in an enterprise zone. In exchange, the lender pays less than the market interest rate on state funds deposited with the lender. The Enterprise Zone

Program encourages job creation and capital investment in economically distressed areas by providing tax abatements on state sales, use, and franchise taxes for businesses that agree to invest in these areas. In addition, the division processes tax exempt and taxable industrial revenue bonds on behalf of local industrial development corporations that want to finance land and depreciable property for manufacturing facilities. A processing fee is charged to the industrial development corporations of one-tenth of 1 percent of the bond issuance, and this fee is deposited into the Economic Development Bank.

#### TOURISM

The Texas Tourism program markets Texas as a tourist destination in out-of-state domestic and international markets. The division promotes Texas as a premier travel destination through advertisements in consumer and trade magazines, national cable television, radio, newspaper, the TravelTex.com web site, and through its advertising campaign: Texas. It's Like A Whole Other Country®. Through trade shows, sales and media missions, educational seminars, and media tours, the division provides the travel trade industry and travel media with information regarding Texas travel. In addition, the division analyzes information about domestic and international travel behavior and the effectiveness of travel literature, the influence of Texas advertising, and consumers' images of Texas. Funding for the Texas Tourism program is provided by a dedicated amount of Hotel Occupancy Tax revenue equal to a rate of one-half of 1 percent of tax collections. Appropriations for tourism activities for the 2008–09 biennium total \$80.1 million in General Revenue Funds, an increase of \$43.4 million, or 118.2 percent, above 2006–07 appropriation levels.

#### MILITARY PREPAREDNESS AND HOMELAND SECURITY

The Texas Military Preparedness Commission consists of 13 members appointed by the Governor and is charged with two core missions. The first is to develop a statewide strategy to assist defense dependent communities to prepare for future federal Base Realignments and Closures (BRAC). The second is assisting defense dependent communities affected by BRAC through the Texas Military Value Revolving Loan Fund and the Defense Economic Adjustment Assistance Grants (DEAAG) program. Out of the \$250.0 million appropriated in Texas Military Value Revolving Loan Fund proceeds in the 2006–07 biennium, \$49.6 million has been issued and disbursed as loans. The commission approved loan amounts of \$38.8 million for the Port Authority of San



Antonio and \$10.8 million for the City of Corpus Christi. The commission also administers the DEAAG program that provides grants from \$50,000 to \$2 million for economic development in defense dependent communities. The Eightieth Legislature, 2007, appropriated \$5 million in General Revenue Funds to provide grants to defense dependent communities through the DEAAG program.

The Homeland Security Division assists the Governor in developing a statewide homeland security strategy and coordinating homeland security activities among local, state, and federal agencies. While the Homeland Security Division provides direction on homeland security policy, the Governor's Division of Emergency Management, housed at the Texas Department of Public Safety, is the designated state administrator for homeland security grants. The Division of Emergency Management coordinates the federal grant application and disbursement process with local councils of governments, urban areas, and port authorities. Appropriations to the Governor for Military Preparedness and Homeland Security administrative activities total \$1.5 million in All Funds for the 2008–09 biennium.

### **SIGNIFICANT LEGISLATION**

Several bills were enacted by the Eightieth Legislature, 2007, that affect the TruSTeed Programs within the Office of the Governor. The more significant are House Bill 1634 and House Bill 530.

House Bill 1634 renames the Film Industry Incentive Program the Moving Image Industry Incentive program and expands eligible grantees to include digital interactive media productions in addition to films, television programs, and commercials. Besides changes in grantee eligibility requirements as previously discussed under Film and Music Marketing, the legislation stipulates grant awards will be determined based on the amount of a production company's in-state spending rather than the amount of wages paid to Texas residents. The Governor's Music, Film, Television, and Multimedia Office is also authorized to create a moving image industry personnel training program and a film archive program.

House Bill 530 establishes a funding mechanism for grants awarded to county or municipal drug courts through the Governor's Criminal Justice Division. The legislation authorizes a new \$50 court cost on persons convicted of Driving While Intoxicated, which is deposited to the General Revenue Fund and can be appropriated only to the Governor's Criminal Justice Division for making grants to drug courts.



## HISTORICAL COMMISSION

The State Historical Survey Committee was established by the Legislature in 1953, with responsibility for overseeing the state's historic preservation programs. Its role in historic preservation steadily expanded, and in 1973 it was renamed the Texas Historical Commission (THC). The agency's mission is to protect and preserve the state's historic and prehistoric resources for the use, education, economic benefit, and enjoyment of present and future generations. Today, THC administers a comprehensive preservation program under a variety of state and federal laws, including Chapter 442 of the Texas Government Code, Chapter 191 of the Texas Natural Resources Code, and the federal National Historic Preservation Act of 1966, as amended.

Appropriations for the 2008–09 biennium total \$135.7 million and provide for 221 full-time-equivalent (FTE) positions. Of the appropriated amount, \$33.3 million, or 24.5 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds. Appropriations also include \$96 million in General Obligation (GO) bond proceeds for grants for county courthouse renovations and repairs to historic sites.

### HISTORIC PRESERVATION AND GRANT PROGRAMS

THC assists local communities in historic preservation by providing leadership and training to county historical commissions, heritage organizations, and museums in Texas' 254 counties. Through the state's historical marker program the agency reviews marker requests for three types of historical markers: (1) Recorded Texas Historic Landmarks, (2) educational subject markers; and (3) Historic Texas Cemetery markers. In coordination with the National Park Service, THC also reviews nominations for the federal National Register of Historic Places designations.

In addition to leadership and training services, the agency offers financial assistance for preservation activities through several grant programs. Under the Certified Local Government Program, at least 10 percent of the federal Historic Preservation Funds the agency receives must be used for matching grants to communities for the development of preservation programs and planning. Preservation Trust Fund grants, another matching grant program, can be used to pay up to one-half of project costs for the repair and rehabilitation of commercial buildings, public buildings, unique historic structures, archeological site surveys, and preservation training and planning. The Preservation Trust

Fund is an endowment of private and public funds THC administers. The ending fiscal 2007 Preservation Trust Fund balance was approximately \$13 million. Grants of up to \$1,000 are also available to history museums across the state through the Museum Grants Program, which distributes matching grants for the preservation and conservation of museum collections. **Figure 111** shows number of grantees and awarded amounts for each of THC's historic preservation grant programs.

### HISTORIC SITES AND STRUCTURES

In addition to assisting local communities in the protection of local historic sites and buildings, THC is also responsible for the preservation of several state historic structures and sites throughout the state. Since 1975, the agency has administered the Sam Rayburn House Museum in Bonham and beginning in fiscal year 2006, THC assumed responsibility for the operation of the National Museum of the Pacific War in Fredericksburg. Located on a nine-acre site, the National Museum of the Pacific War is dedicated to telling the story of Fleet Admiral Chester W. Nimitz and the Pacific Theater battles of World War II. The agency also oversees five buildings within the Capitol Complex: Carrington-Covert House; Gethsemane Lutheran Church; Luther Hall; the Elrose Apartment Building; and the Christianson-Leberman Building. During the 2008–09 biennium, the agency is appropriated \$698,000 in GO bond proceeds transferred from the Texas Facilities Commission for the repair and improvement of the five Capitol Complex buildings. In addition to these structures, the agency is responsible for the preservation and historical integrity of the Governor's Mansion.

The Eightieth Legislature, 2007, enacted House Bill 12, authorizing the transfer of 18 additional historic sites from the Texas Parks and Wildlife Department to THC. The legislation authorizes THC to receive up to 6 percent of Sporting Goods Sales Tax receipts to support the operations of the 18 historic sites. The agency was appropriated \$13.7 million in Sporting Goods Sales Tax receipts for the 2008–09 biennium and an additional 100 FTE positions per fiscal year. Appropriations for the 2008–09 biennium also include \$34 million in GO bond proceeds for repairs to the transferred historic sites and an estimated \$648,000, primarily in admission fees from the historic sites. **Figure 112** shows the 18 historic sites transferred by the enactment of House Bill 12.

**FIGURE 111**  
**HISTORIC PRESERVATION GRANTS**  
**FISCAL YEARS 2004 TO 2009**

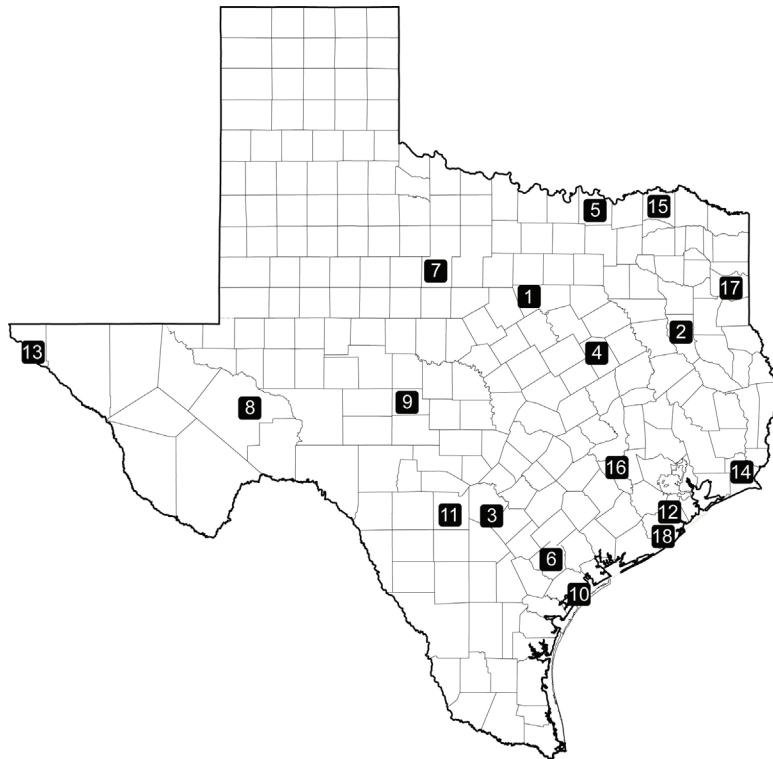
	2004	2005	2006	2007	2008*	2009*
Texas Preservation Trust Fund Grants						
<b>Total Amount</b>	\$460,097	\$321,513	\$401,144	\$421,201	\$405,697	\$405,698
Grants Awarded	35	25	28	24	31	31
Certified Local Government Grants						
<b>Total Amount</b>	\$87,965	\$91,396	\$92,194	\$97,722	\$97,722	\$97,722
Grants Awarded	21	20	19	18	18	18
Texas Historic Courthouse Preservation Program						
<b>Total Amount</b>	\$25.3**	\$19.3**	\$2.1**	\$31,000	\$31.0**	\$31.0**
Grants Awarded	33	19	5	1	14	14
Heritage Tourism Grants						
<b>Total Amount</b>	\$292,500	\$488,349	\$483,549	\$527,063	\$530,000	\$530,000
Grants Awarded	14	26	30	18	18	18
History Museum Grants						
<b>Total Amount</b>	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Grants Awarded	12	12	11	12	11	12

\*Budgeted Amounts.

\*\* In Millions.

SOURCE: Texas Historical Commission.

**FIGURE 112**  
**HISTORIC SITES TRANSFERRED TO THE TEXAS HISTORICAL COMMISSION**  
**2008–09 BIENNIUM**



- 1 Acton State Historic Site  
Cleburne, Hood County
- 2 Caddoan Mounds  
Alto, Cherokee County
- 3 Casa Navarro  
San Antonio, Bexar County
- 4 Confederate Reunion Grounds  
Mexia, Limestone County
- 5 Eisenhower Birthplace  
Denison, Grayson County
- 6 Fannin Battleground  
Goliad, Goliad County
- 7 Fort Griffin  
Albany, Shackelford County
- 8 Fort Lancaster  
Sheffield, Pecos County
- 9 Fort McKavett  
Fort McKavett, Menard County
- 10 Fulton Mansion  
Fulton, Aransas County
- 11 Landmark Inn  
Castroville, Medina County
- 12 Levi Jordan  
Brazoria County
- 13 Magoffin Home  
El Paso, El Paso County
- 14 Sabine Pass Battleground  
Sabine Pass, Jefferson County
- 15 Sam Bell Maxey House  
Paris, Lamar County
- 16 San Felipe  
San Felipe, Austin County
- 17 Starr Family Home  
Marshall, Harrison County
- 18 Varner-Hogg Plantation  
West Columbia, Brazoria County

SOURCE: Texas Historical Commission.

## ARCHEOLOGICAL PROJECTS

The agency's Archeology Division performs review and advisory activities to identify, protect, and preserve Texas' archeological heritage. In accordance with the federal National Historic Preservation Act of 1966, the division conducts reviews of public construction projects that may impact an archeological site and is also responsible for designating State Archeological Landmarks. Through the Regional Archeology Program, THC archeologists provide assistance, primarily to private landowners, in identifying, recording, and preserving archeological sites throughout Texas. The regional archeologists also administer the Texas Archeological Stewardship Network in which volunteer avocational archeologists assist in the preservation of archeological sites and artifacts.

THC is charged with ensuring the proper care and management of archeological collections within the public domain of the State of Texas. Due to the vastness of such collections, the agency transfers stewardship of them to various curatorial facilities in Texas. The agency's Curatorial Facility Certification Program ensures that these facilities meet current museum standards related to the care and management of collections.

The agency's Marine Archeology Program's most significant project has been the discovery of the shipwreck of French explorer René-Robert Cavelier, Sieur de La Salle's seventeenth-century ship *Belle*. In Victoria County, archeologists have uncovered eight cannons; skeletons of three French colonists; and ruins of French and Spanish buildings from what is believed to be La Salle's failed French colony, Fort St. Louis. The agency is appropriated \$250,000 in General Revenue Funds during the 2008–09 biennium, of which \$125,000 must be matched with private donations, to complete work related to the excavation, analysis, interpretation, and display of artifacts from Fort St. Louis and other La Salle-related sites.

## TEXAS HISTORIC SITES ATLAS

The Texas Historic Sites Atlas is a website THC maintains, which includes more than 300,000 historic and archeological site records documenting Texas history. Included in the website's database is detailed information about Official Texas Historical Markers, the National Register of Historic Places, historic courthouses, museums, and cemeteries. Although originally created to provide state and federal land-use planners with information on the location and condition of Texas' cultural resources, the Atlas provides the public

with detailed textual descriptions, historic photographs, and interactive maps of historic sites in Texas.

## COURTHOUSE PRESERVATION

After the National Trust for Historic Preservation added Texas courthouses to its list of America's 11 Most Endangered Historic Places in 1998, the Historic Courthouse Preservation Program was established in 1999 in Chapter 442 of the Texas Government Code. Through the program, THC provides matching grants of up to \$4 million to counties statewide for the preservation of their courthouses.

During the 2006–07 biennium, the Texas Department of Transportation (TxDOT) was directed to make \$80 million of its federal Transportation Enhancement appropriations available for the Courthouse Preservation Program, pending approval by the Federal Highway Administration (FHWA). However the FHWA did not approve funding for the courthouse projects submitted. Appropriations for 2008–09 include a total of \$62 million in GO bond proceeds, \$31 million of which was approved by Texas voters in November, 2007 and the remaining \$31 million consisting of existing bond proceed amounts. Appropriations to THC for the 2008–09 biennium also include \$1.7 million in General Revenue Funds for supporting 6 FTE positions that administer the program and other courthouse preservation grants. THC anticipates making 14 Courthouse Preservation grants per fiscal year during the 2008–09 biennium (**Figure 111**).

## COMMUNITY DEVELOPMENT AND TOURISM

Acting in partnership with communities and regions throughout Texas, the agency works to stimulate tourism and economic development. Through the Main Street Program, THC helps Texas cities revitalize their historic downtowns and commercial districts. Each year, the Main Street Interagency Council recommends to the agency up to five cities to receive services that include on-site evaluations by architects and other experts in historic preservation; marketing programs for heritage tourism; and training for Main Street managers and board members for three years.

Through its Heritage Tourism initiative, the agency works with communities to identify historic resources and develop heritage corridors that stimulate tourism within an area of the state. Although originally developed to stimulate tourism around 10 scenic driving trails developed by the Governor and TxDOT in 1968, the agency expanded the Heritage

Trails Program to include communities on and off of the trails. The agency provides training and grants to the 10 heritage regions in the state and supports regional volunteer heritage tourism boards. Recently, through the federal Preserve America Initiative, THC developed a new training program for community representatives on the successful development of heritage tourism utilizing a workshop series and published Heritage Tourism Guidebook.

The Texas Heritage Trails program is funded in part by \$1 million in Federal Funds (surface transportation funding) from TxDOT and \$300,000 from the Governor's Office, Economic Development and Tourism Division.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted House Bill 12, to require the transfer of 18 historic sites from the Parks and Wildlife Department to THC on January 1, 2008 as previously discussed. The legislation also amends Chapter 442 of the Texas Government Code to continue the commission until September 1, 2019.

## **TEXAS EMANCIPATION JUNETEENTH CULTURAL AND HISTORICAL COMMISSION**

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Juneteenth is a state holiday established to recognize the day slaves in Texas received notice of their emancipation—June 19, 1865. The Emancipation Juneteenth Cultural and Historical Commission was created by the Seventy-fifth Legislature, 1997. The commission's primary responsibilities encompass coordinating state and local activities relating to the cultural and historical celebration of Juneteenth and establishing a Juneteenth memorial monument on the grounds of the State Capitol as well as other Juneteenth memorial monuments at appropriate locations across Texas.

The commission consists of five members from the public appointed by the Governor and five ex-officio members, including two members of the Senate, two members of the House, and the executive director of the Texas Historical Commission. Members serve staggered six-year terms.

Administrative services to the Texas Emancipation Juneteenth Cultural and Historical Commission are provided by THC. For the 2008–09 biennium, THC is appropriated \$500,000 in General Revenue Funds for the completion and perpetual care of the Juneteenth Memorial Monument on the State Capitol grounds.

## DEPARTMENT OF INFORMATION RESOURCES

The Department of Information Resources (DIR) was created in 1989 by the Information Resources Management Act to address the major aspects of information-technology management. The agency's mission is to support the effective and efficient use of public funds by promoting and achieving a shared vision where the state maximizes the value of its technology investment by identifying common areas of interest, using technology to advance agency-specific missions, and preserving flexibility to innovate.

The agency is governed by a board composed of seven voting members and three ex-officio non-voting members. The Governor, with the advice and consent of the Senate, appoints the seven voting members. Voting members serve staggered six-year terms, with two or three members' terms expiring February 1 of each odd-numbered year. The board also includes two groups of ex officio members that serve two-year terms on a rotating basis. The first group includes the commissioner of the Worker's Compensation division of the Department of Insurance, the executive commissioner of the Health and Human Services Commission, and the executive director of the Texas Department of Transportation. The second group includes the commissioner of education, the executive director of the Texas Department of Criminal Justice, and the executive director of the Parks and Wildlife Department. Only one group of ex officio members serves at a time.

Appropriations to DIR for the 2008–09 biennium total \$435.8 million in All Funds and provide for 234.9 full-time-equivalent positions. These appropriations represent a \$268.4 million increase from the 2006–07 biennium primarily for consolidated data center services and include \$1.5 million in General Revenue Funds.

DIR is primarily responsible for the following: promoting a statewide environment that encourages efficient use and management of information resources and assists the state leadership in achieving its goals by offering advice on information resources issues; assisting state agencies and other governmental entities in the most cost-effective acquisition of their information resources; assisting governmental entities in cost-effective usage of telecommunications network services; and providing indirect administrative operations.

To accomplish these goals, the agency recently reorganized into four major areas of operations: (1) Statewide Technology

Service Delivery; (2) Operations and Statewide Technology Sourcing; (3) Office of the Executive First Assistant; and the (4) Chief Information Security Office.

### STATEWIDE TECHNOLOGY SERVICE DELIVERY

Statewide Technology Service Delivery is responsible for state communications technology services, the consolidated state data centers, TexasOnline, and other e-government and Web services.

### COMMUNICATIONS TECHNOLOGY SERVICES DIVISION

The Communications Technology Services Division provides voice, data, video, Internet, and network security services for the state through the Capitol Complex Telephone Services (CCTS), Network Services, and the Network and Telecommunications Security Services programs. The CCTS operations provide local telephone service for 40 state office buildings in the Capitol Complex and several satellite office buildings in Austin. The CCTS services include installation of new telephones or telephone services; moving and removal of existing telephones; and voice mail installation and training. Network Services operations provide maintenance of the TEX-AN system, which is the long distance system for state government. TEX-AN provides both voice and data communication throughout the state and offers enhanced Internet and video-teleconferencing capabilities. Through TEX-AN, the agency also offers telecommunication services to other political subdivisions such as cities, counties, councils of government, public school districts, and institutions of higher education. The Network and Telecommunications Security Services (NTSS) program supports critical security initiatives to better monitor and secure state networks. In accordance with legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005, the NTSS manages the day-to-day operation of the Network Security Operations Center and provides for monitoring and defending the state network against cyber attacks.

### TECHNOLOGY CENTER OPERATIONS DIVISION

The Technology Center Operations Division is responsible for implementing and managing the consolidated data center contract for agencies as authorized by legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005. The initial consolidation of data centers consists of moving 27 state agencies' data centers from 31 statewide locations to two sites in Austin and San Angelo. Consolidated data center services include mainframe, server, bulk print/mail operations; standardization of security and disaster recovery plans and



annual testing; and replacement of older technology, including a hardware/software refresh schedule. In fiscal year 2007, DIR was given the National Association of State Chief Information Officers Cross-Boundary Collaboration and Partnerships award for the Data Center Consolidation project.

### E-GOVERNMENT AND WEB SERVICES DIVISION

The E-Government and Web Services Division is responsible for managing the TexasOnline project and the agency's internal information resource operations. TexasOnline is the e-government web portal for the State of Texas through which the public can access via the Internet over 750 state agency and local government services in English and Spanish, such as driver, vehicle, and occupational license renewals, property and sale tax payments, and utility bill payments. The state receives a share of revenue generated from fees collected from driver and vehicle licenses, occupational and professional licenses, and other licenses and activities. In fiscal year 2007, the state's share of TexasOnline revenues was approximately \$12.0 million of \$1.7 billion total revenue from fees generated, an increase from 20 percent to 50 percent of net revenues. **Figure 113** shows the state's revenue share in contrast with total TexasOnline revenues generated from collected fees processed. The number of TexasOnline transactions has grown from 208,006 in fiscal year 2002 to a projected 18.5 million transactions in fiscal year 2009, the last full fiscal year of the current contract. In fiscal year 2006,

a Brown University study ranked TexasOnline the number one State E-Government site in the nation. The study included evaluation of all 50 states, including 1,503 individual sites for various electronic features including online publications, language translation, disability access, privacy policies, security, and the number of online services. The current TexasOnline contract term expires December 31, 2009, and DIR will begin the procurement process and release a Request for Proposal in the 2008–09 biennium.

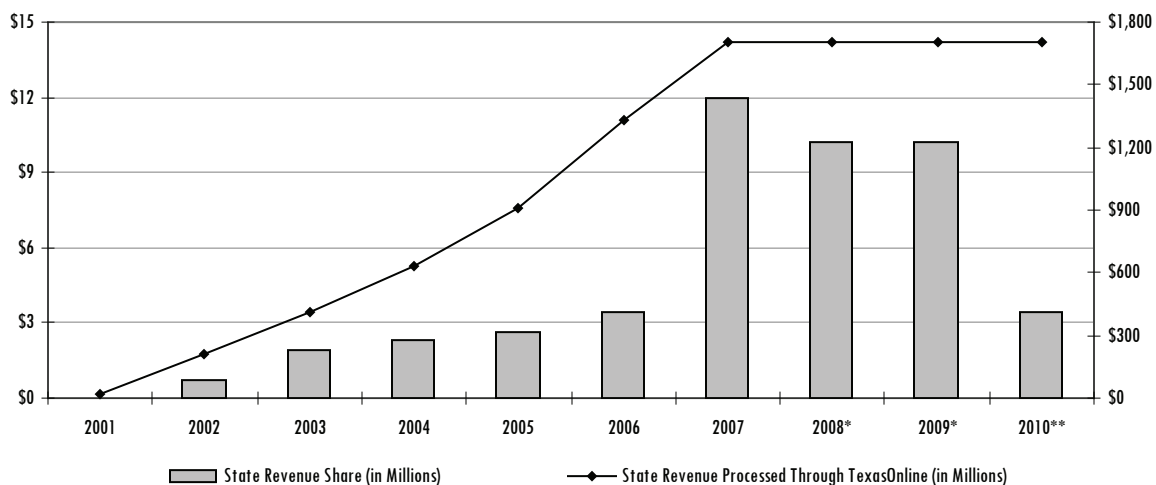
### OPERATIONS AND STATEWIDE TECHNOLOGY SOURCING

Operations and Statewide Technology Sourcing provides direction and oversight of technology supply-chain management services through the Contracting and Procurement Services Division and the Supply Chain Support Office.

### CONTRACTING AND PROCUREMENT SERVICES DIVISION

The Contracting and Procurement Services Division is responsible for the solicitation, negotiation, and management of the Information and Communication Technology Cooperative Contracting (ICTCC) program. The ICTCC leverages the state's buying power to provide cost-effective information technology commodities and services to state agencies and political subdivisions. All governmental entities in Texas are eligible customers, including state agencies, universities, cities, counties, and public schools. The division

**FIGURE 113**  
**STATE REVENUE SHARE FROM TEXASONLINE**  
**FISCAL YEARS 2001 TO 2010**



\*Estimated.

\*\*Estimated for September 1, 2009 through contract termination date of December 31, 2009.

SOURCE: Department of Information Resources.



provides favorable prices for commodity items such as personal computers, laptops, and associated desktop software, hardware and software maintenance; staffing services; disaster recovery planning; and other associated goods and services with high customer demand. According to DIR, savings and cost avoidance for eligible customers was approximately \$114.8 million in fiscal year 2007 through utilization of a variety of cooperative services. This was achieved by cooperative contracts, contract management, training offered by vendors, and direct sales. Also for fiscal year 2007, the division managed 381 ICTCC contracts with total sales of \$993 million. In addition, this division manages the agency's internal procurement services and the Historically Underutilized Business program for both internal and statewide information technology contracting activities.

#### **SUPPLY CHAIN SUPPORT**

The Supply Chain Support Division provides supply chain or vendor-to-customer management services such as analysis on the information technology market, business and procurement trends; identification of innovative procurement solutions; and benchmarking to support the agency's statewide contracting functions. This division is also responsible for customer and vendor relations, or channel management services, including customer and vendor outreach and education.

#### **OFFICE OF THE EXECUTIVE FIRST ASSISTANT**

The Executive First Assistant serves as the chief of staff for the executive director and is responsible for the Office of Communications and Strategic Partnerships and Policy, Planning and Measurement Office.

#### **OFFICE OF COMMUNICATIONS AND STRATEGIC PARTNERSHIPS**

The Office of Communications and Strategic Partnerships manages the agency's internal and external communications with the agency's customers and customer partnerships, including the Legislature and local government associations. The office builds and supports current relationships that further the agency's role in facilitating information technology solutions and providing best value goods and services contracts. This office also provides educational events to the state information resource managers, manages the agency's website, responds to all public information requests, and coordinates the agency's media contacts.

#### **POLICY, PLANNING AND MEASUREMENT OFFICE**

The Policy, Planning and Measurement Office provides strategic and policy direction for implementing and managing technology in the state. The office manages one of the agency's core activities in development of the State Strategic Plan for Information Resources Management. Through the State Strategic Plan, the DIR establishes a common direction for all state agencies and universities for implementing technology, thus promoting coordination and eliminating redundancy. In conjunction with the State Strategic Plan, the agency develops the Biennial Report for Information Resources Management, which evaluates the state's progress in information technology. In addition, the office activities develops the agency's internal performance management program, which includes tracking and reporting measures for both strategic and operational management of DIR initiatives and services.

One of the major initiatives of the office for the 2008–09 biennium is implementing provisions of House Bill 1788, Eightieth Legislature, 2007. Provisions include developing information resources strategic plan components for the Agency Strategic Plan instructions and assessing the current automated information systems of state agencies to determine how to more effectively synchronize strategic planning, budgeting, and reporting of technology expenditures, assets, and projects.

#### **CHIEF INFORMATION SECURITY OFFICE**

The Chief Information Security Office (CISO) develops and implements the State Enterprise Security Plan and provides statewide information technology security policies, procedures, standards, and guidelines to state agencies. The CISO monitors agencies' compliance with state security policies and recommends remedial actions for agencies out of compliance with state security policies. The CISO, in conjunction with the Network Security Operations Center, develops security training and awareness programs and provides guidance on effective management and implementation of privacy protections for electronic data and citizen information located on state networks.

**SIGNIFICANT LEGISLATION**

Several bills were enacted by the Eightieth Legislature, 2007, which affected the Department of Information Resources; among them are House Bill 1788, House Bill 2918, and House Bill 3249.

House Bill 1788 consolidates state agencies' information resources strategic plan into their agency strategic plan, and requires agencies to submit their strategic plans to DIR. The legislation also requires DIR, in coordination with the Legislative Budget Board and the Comptroller of Public Accounts (CPA), to prepare a biennial Automated Information Systems Report. The report must include analysis on agencies' ability to synchronize strategic planning, budgeting, reporting of technology expenditures, and data-sharing methods that improve the ability of oversight agencies to share relevant information. This report must be submitted to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and State Auditor by December 31 of each odd-numbered year.

House Bill 2918 eliminates the Catalog Information System Vendor register program and transfers the technology aspect of the Texas Multiple Award Schedule program from CPA to DIR. The legislation requires agencies to use the Project Delivery Framework, which provides guidelines for planning and implementing business process outsourcing valued over \$1 million.

House Bill 3249 changes the agency's Sunset review date from September 1, 2009 to September 1, 2011.

## **LIBRARY AND ARCHIVES COMMISSION**

Established in 1909, the Texas State Library and Archives Commission (TSLAC) is the governing body for the Texas State Library. The overall vision of the agency is to enrich individuals' capacity for achievement by creating opportunities for educational growth through access to and use of information, library materials, and archives. To accomplish this vision, the agency has a mission to improve library programs and services, meet the reading needs of people with disabilities, and preserve government and historically significant records for public access.

The 2008–09 biennial appropriations for the agency total \$65.3 million and provide for 192 full-time-equivalent (FTE) positions. These appropriations include \$34.7 million in General Revenue Funds, or 53.1 percent of its total appropriations. The Eightieth Legislature, 2007, also appropriated \$11.9 million in unspent General Obligation bond proceeds from fiscal year 2007 to the Texas Facilities Commission for the renovation of TSLAC's Lorenzo de Zavala State Archives and Library Building.

The agency provides programs and services within three goals: (1) improve the availability of library and information services; (2) provide public access to government and archival records; and (3) manage state and local government records cost-effectively.

### **DELIVERY OF SERVICES**

The agency achieves its first goal through resource sharing among libraries statewide, support of the development of local libraries, and to provide direct library services to Texans with disabilities. The agency's \$53.9 million appropriation for its goal to deliver library and information services includes \$26.1 million in General Revenue Funds, or 48.4 percent of the total appropriation.

#### **LIBRARY RESOURCE SHARING SERVICES**

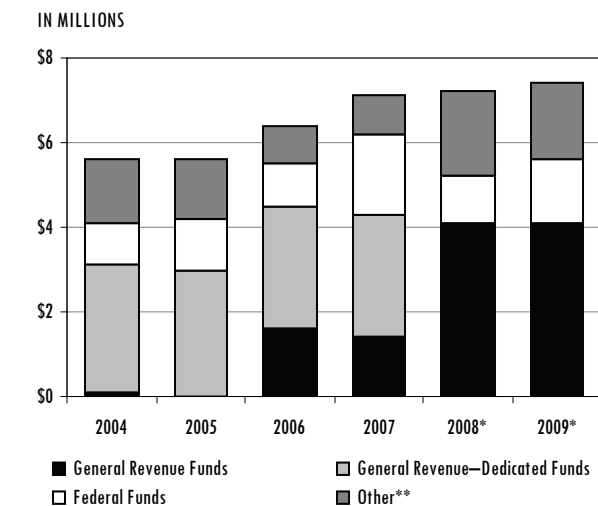
A principal charge of the agency is to expand the availability of library resources among public and private libraries statewide to help libraries provide a broader range of information than any single library can provide individually. The agency oversees programs and services through networks of libraries and the Internet to facilitate cooperation among Texas libraries to ensure that library materials and services are distributed equitably and cost-effectively to libraries of all funding levels, locations, and sizes.

One of the agency's resource-sharing programs is TexShare, a statewide consortium of over 700 member academic, public, and clinical medicine libraries. TexShare enhances library services by encouraging cooperative ventures among libraries, such as a statewide purchase of electronic databases and borrowing privileges between member libraries. The TexShare electronic databases are available 24 hours a day in the homes or offices of registered patrons of participating Texas libraries and provide full-text articles from books, journals, newspapers, and magazines on such topics as homework help for students, health information, business information, biography and genealogy, as well as literature and archival information. In addition to database services, there are several other components to the TexShare program: the TExpress courier service for library-to-library material delivery; the TexShare Card reciprocal borrowing card service for registered users to directly borrow materials from the libraries of other participating institutions; the TexTreasures grants for the digitization of special library collections; and development of standards for operating an interlibrary loan program. The majority of the funding appropriated to the TexShare program is for the TexShare database service. Appropriations for the database total \$10.8 million in the 2008–09 biennium, a decrease of \$0.9 million compared to the 2006–07 biennium. Of the \$10.8 million appropriation for access to the TexShare database program, \$8.2 million, or 75.8 percent, is in General Revenue Funds. Funding for TexShare database services for the 2008–09 biennium also includes \$3.8 million in fees paid by database subscribers and held outside the Treasury. **Figure 114** shows the amounts contributing to the TexShare database service by funding source from fiscal years 2004 to 2009, with estimated amounts in fiscal years 2008 and 2009.

TSLAC's other resource sharing programs include a statewide interlibrary loan network that enables libraries to borrow from each other when materials are unavailable locally (TexNet Interlibrary Loan); the State Publications Depository Program, a collection of state government publications for public access; and the Texas Records and Information Locator (TRAIL), a web-based index of and search tool for state agency and grant information.

Funding for the agency's library resource sharing services totals \$24.5 million, or 45.4 percent of its total appropriations for its Delivery of Services goal and supports 12.1 FTE positions.

**FIGURE 114**  
**TEXSHARE DATABASE FUNDING LEVELS BY SOURCE**  
**FISCAL YEARS 2004 TO 2009**



\*Estimated.

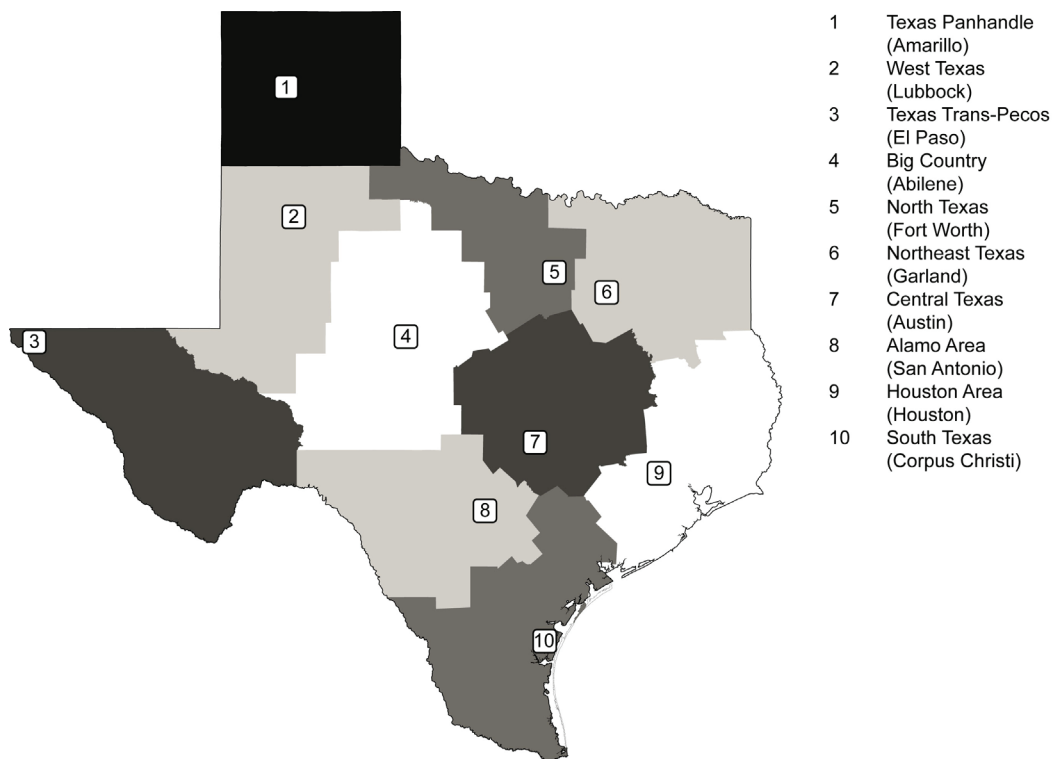
\*\*Includes collected fees held outside the Treasury.

SOURCE: Texas State Library and Archives Commission.

### AID TO LOCAL LIBRARIES

Under the authority of the Library Systems Act, the agency awards Texas Library Systems Grants to operate the 10 regional library systems located across Texas (**Figure 115**). Each library system has one public library designated as a major resource center and these grants support the development of member public libraries through the major resource centers. Each major resource center handles grant administration activities for its system and supports local libraries with continuing education opportunities, technical expertise, library materials, and funding for the purchase of goods and services directed to develop local library services. The enactment of Senate Bill 913, Eightieth Legislature, 2007, eliminates the statutory formula that required 75 percent of Texas Library Systems Grants be awarded based on population and authorizes TSLAC to develop a formula for the distribution of these grants. Beginning in fiscal year 2008, TSLAC will distribute 34 percent of the grants evenly to each library region, 33 percent of the grants based on the number of libraries in each region, and 33 percent of the grants based on population. Appropriations for Texas Library

**FIGURE 115**  
**TEXAS REGIONAL LIBRARY SYSTEMS**  
**SEPTEMBER 1, 2007**



SOURCE: Texas State Library and Archives Commission.

Systems Grants consist of \$9.8 million in Federal Funds during the 2008–09 biennium.

The agency provides guidance, consulting services, training, and grants to libraries statewide. Training and technical assistance are offered in the areas of grant writing and fund-raising; establishing libraries; literacy and adult education; and services to underserved populations, children, and youth. Through the Loan Star Libraries Program, TSLAC provides grants to assist libraries in improving or creating services such as expanding technology skills and the technological capacity of local libraries, increasing staffing and hours of operation, enlarging book and reference collections, and providing free library cards to any requesting customer. The 2008–09 biennial appropriation for the program is \$11.3 million in General Revenue Funds, an increase of \$6.0 million, or 113.2 percent, more than the 2006–07 funding level of \$5.3 million.

The agency awards competitive grants under the provision of the federal Library Services and Technology Act to libraries for promoting cooperative services for learning and access to information and expanding library services to all members of the library's community, particularly populations with special needs. During the 2008–09 biennium, the Legislature appropriated \$660,000 in Federal Funds for awarding these competitive grants. Another competitive grant program, the Texas Reads grant program, funds public libraries to promote reading and literacy within local communities. This program is supported by \$4,000 in Federal Funds and \$19,000 in proceeds from the sale of Texas Reads specialty license plates.

#### **SERVICES FOR THE DISABLED**

Through the Talking Book Program, TSLAC provides free library service by mail to individuals who cannot read standard print because of visual, physical, or reading disabilities. Items such as large print, recorded, or Braille books and magazines in English and in Spanish, as well as equipment such as cassette players, are provided by the federal government through the National Library Service for the Blind and Physically Handicapped. TSLAC also collaborates with eight other state programs in the U.S. and the National Library Service for the Blind and Physically Handicapped in providing a service that delivers narrated downloadable digital audio books directly to blind, low-vision, and otherwise print-impaired users. TSLAC loans and distributes the materials at no cost to qualified, registered persons across the state. In fiscal year 2007, the Talking Book

Program circulated 824,212 pieces of reading materials (books and magazines) to 19,177 individuals.

#### **INFORMATION SERVICES**

To accomplish its public access goal, TSLAC provides telephone and on-site reference and research assistance to the public and state agencies. These services include access to online resources and to several reference collections maintained by TSLAC, including general reference, genealogy, federal and state documents, and the State Archives. To ensure the preservation and public availability of permanently valuable state and historical records, the agency collects, appraises, and processes state records for the State Archives. Appropriations for Information Services total \$2.9 million, or 4.5 percent of the agency's overall budget for the 2008–09 biennium; \$2.7 million, or 94.1 percent of this appropriation, is in General Revenue Funds.

#### **RECORDS MANAGEMENT**

TSLAC accomplishes its third goal—to provide for the cost-effective management of state and local government records—by offering on a cost-recovery basis records management consulting and training, document imaging services, and records storage services. Approximately 9,700 state and local government offices use the agency's records management services. The agency also provides fee-based storage and retrieval services for state agencies' non-current records at the State Records Center. For fiscal year 2007, the cost per cubic foot of records stored and maintained totaled \$1.75 per cubic foot for 370,513 cubic feet of stored records. The Legislature appropriated \$4.3 million in All Funds for the 2008–09 biennium for records management services, of which \$2.6 million, or 62.8 percent, consists of fees from cost-recovery operations.

#### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted Senate Bill 913, which amends Chapter 441 of the Texas Government Code to continue the agency until September 1, 2019. This legislation requires TSLAC to adopt a formula for distributing library system operation grants and develop a competitive library grant program. Also, the legislation repeals the statutory requirement of TSLAC's certification of county librarians and requires TSLAC and the Texas Education Agency to conduct a joint study on the needs of public school libraries.

## PENSION REVIEW BOARD

The Texas State Pension Review Board (PRB) was created in 1979 as an independent state agency to oversee and review state and local government retirement systems in Texas. The PRB ensures that public retirement systems whose combined assets total over \$200 billion are financially sound, that benefits are equitable, and that systems are properly managed. The agency provides information and technical assistance to public retirement systems and recommends public pension policies and legislation. The agency also conducts educational seminars to expand the knowledge and education of administrators, trustees, and members of Texas public pension funds regarding pension law.

Appropriations for the 2008–09 biennium total \$1.4 million in All Funds and provide for 13 full-time-equivalent (FTE) positions, which includes 5 new FTE positions over 2006–07 biennial levels. Of these appropriations, \$1.3 million is in General Revenue Funds and \$0.4 million, or less than 4 percent, is appropriated as Other Funds from the State Pension Review Board Fund, a trust within the State Treasury.

All public retirement systems in the state are required to register and file certain reports with PRB. Using the newly developed online quarterly reporting system, the PRB staff reviews all public pension plans with assets over \$100,000 to detect pensions in need of corrective action and monitors public plans with amortization periods greater than 40 years. The agency also has a website for pension systems to register, report, update, and review pension information.

The PRB has oversight responsibility for 201 defined benefit plans and 190 defined contribution plans with assets totaling \$209.6 billion. (**Figure 116** shows a summary of the benefits provided by the 20 largest defined benefit Texas public pension plans monitored by the PRB.) For fiscal year 2007, the agency completed 367 reviews of public pension funds and produced 442 technical assistance reports. Based on the reviews conducted, the PRB determined that 364 of those public pension funds reviewed were actuarially sound.

The agency also is responsible for reviewing and commenting on all public pension legislation considered by the Legislature. In reviewing this legislation, the agency ensures that actuarial analyses and reviews are attached to the legislation and prepares impact statements commenting on the legislation's actuarial implications. During the Eightieth Legislature,

2007, the agency tracked over 200 bills and provided 115 actuarial impact statements on proposed legislation.

## SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted legislation that added certain responsibilities to governmental entities that sponsor a public pension system. House Bill 2664 requires public retirement systems with at least \$100 million in assets to have an actuarial audit conducted once every five years by a qualified independent actuary. Actuarial audits required under this legislation must be submitted no later than September 1, 2008.

House Bill 155 requires public retirement systems to issue notices to members in the event of an error in calculation of payments, limits the period during which recoveries of overpayments can be made, establishes a complaint process regarding errors in payment calculations, and sets out a correction schedule.



**FIGURE 116**  
**ASSETS OF THE 20 LARGEST DEFINED BENEFIT TEXAS PUBLIC PENSION PLANS**  
**AUGUST 31, 2007\***

PLAN NAME	TOTAL ASSETS (IN MILLIONS)	ACTIVE MEMBERS	RETIRED MEMBERS	% FUNDED
Teacher Retirement System of Texas	\$113,872.1	461,532	78,132	87.3
Employees Retirement System of Texas	\$26,623.2	130,971	18,814	95.2
Texas Municipal Retirement System	\$22,595.1	67,238	6,069	82.7
Texas County and District Retirement System	\$15,380.1	61,377	8,086	91.4
Dallas Employees' Retirement Fund	\$4,052.6	9,216	2,859	105.1
Houston Police Officers Pension System	\$3,490.3	4,166	922	73.9
Dallas Police and Fire Pension System - Combined Plan	\$3,281.8	4,034	2,221	82.3
Houston Firefighters' Relief and Retirement Fund	\$2,903.7	3,124	976	86.1
San Antonio Fire and Police Pension Fund	\$2,074.3	2,187	813	87.7
Austin Employees' Retirement Fund	\$1,795.8	6,274	911	78.0
Fort Worth Employees Retirement Fund	\$1,726.6	4,794	1,842	78.3
Houston Municipal Employees Pension System	\$1,486.3	11,432	3,691	64.5
City Public Service of San Antonio Pension Plan	\$1,100.5	3,005	210	105.6
Law Enforcement and Custodial Officer Supplemental	\$877.4	13,807	872	101.7
El Paso Firemen's Pension Fund	\$714.1	514	215	57.4
Austin Fire Fighters Relief and Retirement Fund	\$561.3	554	166	85.1
El Paso City Employees Pension Fund	\$497.5	3,903	153	83.8
Austin Police Officers' Retirement Fund	\$462.0	611	26	72.4
Harris County Hospital District Pension Plan	\$407.6	3,307	442	89.0
El Paso Police Pension Fund	\$400.5	649	229	71.0

\*Based on the most recent data received as of August 31, 2007.

SOURCE: Texas State Pension Review Board.

## **PRESERVATION BOARD**

The State Preservation Board (SPB), established in 1983 by the Sixty-eighth Legislature, is governed by a six-member board that consists of the Governor, who serves as the chair; the Lieutenant Governor; the Speaker of the House of Representatives; one senator appointed by the Lieutenant Governor; one representative appointed by the Speaker of the House of Representatives; and one member of the public appointed by the Governor. The agency was originally created to preserve, maintain, and restore the State Capitol and General Land Office Building. In 1989, the Seventy-first Legislature provided the agency with \$154.5 million to restore the State Capitol and to construct the underground Capitol extension. Following the restoration and construction, the Seventy-fifth Legislature, 1997, enacted legislation that authorized establishment of the Bob Bullock Texas State History Museum and charged the SPB with development and construction, then in 1999, provided the agency with the oversight and operation of the museum. The agency's primary focus is now directed toward education, preservation, maintenance, and operation of the Capitol buildings and grounds, the 1857 General Land Office Building, the Capitol Visitor's Parking Garage, the Capitol gift shops, parking meters within the Capitol grounds, and the Bob Bullock Texas State History Museum. The Eightieth Legislature, 2007, authorized the transfer of maintenance and operation of the Governor's Mansion from the Texas Facilities Commission (formerly the Texas Building and Procurement Commission) to the SPB.

Appropriations for the 2008–09 biennium total \$25.3 million and provide for approximately 97.5 full-time-equivalent (FTE) positions for operations. In addition, the agency employs approximately 120 FTE positions for its self-funded operations. These self-funded operations, which include the Bob Bullock Texas State History Museum, the Capitol gift shops, and the Capitol parking facilities, generate sufficient revenue to sustain the operation of these enterprises without significant funding from the state. In fiscal year 2007, these enterprises generated approximately \$7.0 million in revenue and are estimated to generate approximately \$13.3 million in the 2008–09 biennium.

### **MAINTENANCE AND PRESERVATION OF BUILDINGS**

A primary goal for the agency is to provide maintenance and preservation of historical artifacts and buildings within its purview. As a result, the agency is responsible for approving

all repairs and changes involving construction, restoration and repair to the Capitol, Capitol grounds, the Capitol Extension, the Capitol Visitors Center, and as of September 1, 2007, the Governor's Mansion. The SPB employs a Capitol curator who is an expert in historical artifacts to oversee repairs and renovation to these buildings. In fiscal year 2007, the agency repaired or restored approximately 475 historical items that had been damaged and completed approximately 15 building modifications.

In addition to providing maintenance and repair of items such as furniture, paintings, monuments, and decorative art, the agency is responsible for general housekeeping of buildings within its inventory. These housekeeping functions are contracted to a private vendor, which provides services such as floor cleaning, trash pick-up, and other general custodial services. In fiscal year 2007, the agency expended approximately \$2.00 per square foot for custodial care for buildings. In addition to general housekeeping functions, the agency contracts with a private vendor to provide grounds-keeping services for the Capitol grounds, which include mowing, hedge cutting, and other general grounds-keeping duties.

The SPB also administers the Capitol Fund, which is held outside the State Treasury and supports the costs of the enterprise functions. The Capitol Fund consists of private donations and revenue generated from the Capitol gift shops, Capitol complex parking meters and visitors' parking garage, and lessees of Capitol space (e.g., the cafeteria and the press area). Capitol Fund expenditures are limited by statute to the purpose specified by the donor and to educational programs, acquisition and preservation of historical artifacts, and to the overall benefit of the Capitol buildings and grounds.

Another fund that supports the agency is the Capital Renewal Fund, which is also held outside the State Treasury. The Capital Renewal Fund consists of funds transferred from the Capitol Fund and funds appropriated directly by the Legislature. The Capital Renewal Fund expenditures are for major repairs and replacements at the Capitol, Capitol grounds, and the Capitol Visitors Center.

### **EDUCATIONAL PROGRAMS**

The agency provides educational programs within the Capitol and Capitol Visitors Center, which focus on the unique history of Texas and the Capitol. Programs include interpretation and guided tours of the Capitol, Capitol Extension, and Capitol Visitors Center. Tours are provided in English and several foreign languages to better serve the

international visitors to the state. Other educational programs offered at the Capitol Visitors Center include interactive computer learning stations, multimedia presentations, and traditional exhibits to encourage interest in the diverse history of the state. In fiscal year 2007, over 900 tours for students were conducted at the Capitol Visitors Center and approximately 165,000 individuals participated in Capitol tours.

### **BOB BULLOCK TEXAS STATE HISTORY MUSEUM**

The Bob Bullock Texas State History Museum, which opened in Austin on April 21, 2001, was established for the purpose of engaging visitors in the exciting and unique story of Texas and displaying objects and information relating to the state's history. The Seventy-fifth Legislature, 1997, authorized \$80 million in bond proceeds to pay for the museum's construction, which began in November 1998. At the project's completion, approximately \$82.9 million had been expended, which included both private donations and bond proceeds.

Since opening in 2001, the four-story 175,000 square foot museum has engaged over three million visitors through a variety of educational programs and exhibits. A key objective for the museum is to create an environment that encourages learning and participation by a diverse audience of both residents of the state and visitors from abroad. In fiscal year 2007, approximately 75,000 school students visited the museum. To retain and build such audiences, the museum schedules at least five films per year at its IMAX Theatre and offers ongoing artifact loan rotations in addition to the three floors of permanent exhibit space. Furthermore, the museum presents professional development training for teachers and curriculum-based learning opportunities for students. Revenues generated by the museum from admission fees, parking, gift shop, concessions, and facility rentals are deposited into the Museum Fund, which is used to operate the museum and meet its future needs.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted House Bill 2621, which transferred authority and funding for maintenance and operation of the Governor's Mansion from the Texas Facilities Commission, formerly the Texas Building and Procurement Commission, to the State Preservation Board. Total funding and staff transferred for these functions to the SPB is approximately \$0.3 million each fiscal year and an estimated 4 FTE positions each fiscal year.

## STATE OFFICE OF RISK MANAGEMENT

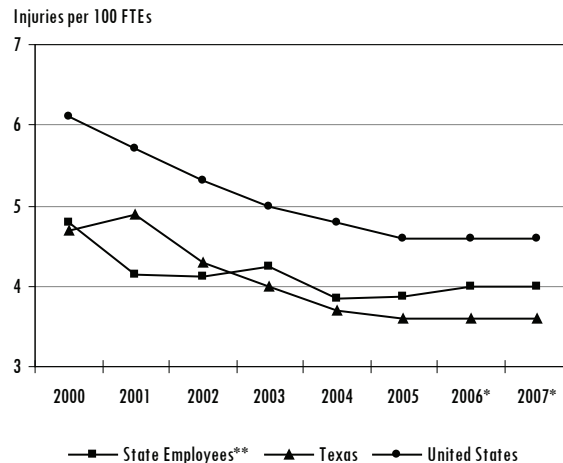
The State Office of Risk Management (SORM) was created in 1997 by the Seventy-fifth Legislature to combine the functions of risk management and workers' compensation claims administration for state employees within one agency. Previously, risk management services for state agencies were provided by the Workers' Compensation Commission, while the Office of the Attorney General (OAG) handled claims processing and payment. The purpose of SORM is to assist state agencies in developing risk management programs and to administer the state's self-insured workers' compensation program covering state employees.

Appropriations for the 2008–09 biennium for SORM total \$16.7 million in All Funds and provide for 122 full-time-equivalent (FTE) positions. Of the appropriated amount, \$9.5 million, or 57.1 percent, consists of interagency contract funds that SORM collects from state agencies through its assessments for workers' compensation, risk management, and medical cost containment services. The remaining appropriation of \$7.2 million, or 42.9 percent, is in General Revenue Funds. Certain administrative functions, such as processing payroll and paying vouchers, are performed by the OAG on behalf of SORM and are funded through a separate appropriation of \$1.9 million to the OAG.

### RISK MANAGEMENT PROGRAM

SORM's risk management specialists review existing state agency risk management programs and assist the agencies in establishing employee health and safety programs to provide a safe environment for state employees and the public served by state agencies. SORM develops and distributes risk management manuals, programs, and procedures for use by smaller agencies and prepares a biennial report to the Legislature on state agencies' risk exposure and related losses in the areas of workers' compensation, unemployment compensation, general liability, and property. The agency approves all purchases of property, casualty, or liability insurance coverage by state agencies and has the authority to require state agencies to purchase any line of insurance coverage, other than health or life insurance, through policies administered by SORM. Appropriations for the 2008–09 biennium for the risk management function total \$4 million in interagency contracts and provide for 35.5 FTE positions. These funds come from contracts with the agencies receiving risk management services. **Figure 117** shows a comparison of the number of injuries sustained per 100 FTE positions by

**FIGURE 117**  
INJURY FREQUENCY RATES PER 100  
FULL-TIME-EQUIVALENT POSITIONS  
FISCAL YEARS 2000 TO 2007



\*State Employees amounts are estimated. Texas and United States amounts are carried forward from 2005.

\*\*State Employees are only those employed by agencies under contract with SORM for risk management services.

SOURCES: State Office of Risk Management; Texas Department of Insurance.

employees at state agencies under contract with SORM for risk management services, by Texas private industry employees, and by employees in general throughout the United States since fiscal year 2000.

### WORKERS' COMPENSATION ADMINISTRATION

SORM administers the state workers' compensation system, which covers all state employees except those statutorily exempt at The University of Texas System, the Texas A&M University System, the Employees Retirement System, the Teacher Retirement System, and the Department of Transportation. Also covered under the state workers' compensation system are county employees at Community Supervision and Corrections Departments. The Claims Operation Division investigates reported injury claims and determines indemnity and medical benefits for each claim. The division also maintains a customer service call center to provide claims processing information to state employees. In addition, SORM oversees contracted medical cost containment services, including auditing medical bills, identifying duplicate bills, and ensuring compliance with Texas Department of Insurance, Division of Workers' Compensation requirements.

The Eightieth Legislature, 2007, appropriated \$7.2 million in General Revenue Funds, \$0.36 million in interagency contracts, and 86.5 FTE positions for the biennium to administer claims processing. In addition, \$4.8 million in interagency contracts was appropriated to pay for contracted medical cost containment services. The agency projects it will process an average of 149,000 medical bills and 45,000 indemnity (income) bills each year of the 2008–09 biennium.

### WORKERS' COMPENSATION PAYMENTS

A separate appropriation of \$91.8 million is provided for payments to approved workers' compensation claimants during the 2008–09 biennium. Of this amount, \$90.6 million, or 98.8 percent, is funded by assessments to client agencies for workers' compensation coverage. The annual assessments are based on a formula consisting of payroll size, number of FTE positions, claims costs, number of claims, and injury frequency rate (per 100 full-time employees). The formula determines a proportionate share for each agency of the total workers' compensation costs to the state. SORM anticipates that agencies that reduce injuries and losses will see a decrease in their proportionate share while those agencies whose loss performance worsens relative to all other client agencies will be responsible for a larger share of the total. **Figure 118** shows the amount paid in recent years for medical and indemnity benefits. In fiscal year 2007, SORM processed 7,725 claims with a total value of \$42.3 million, which is a 0.6 percent decrease in the number of claims

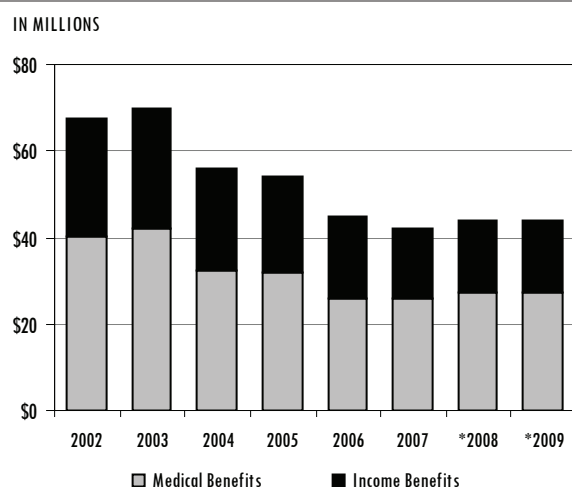
processed and a 5.6 percent decrease in the value of total claims from fiscal year 2006.

### SIGNIFICANT LEGISLATION

Several bills were enacted by the Eightieth Legislature, 2007, which affect SORM. These bills include Senate Bill 908, which amends Chapter 412 of the Texas Labor Code to continue the Commission until September 1, 2019. This legislation requires SORM to assist state agencies in the development of business continuity plans and provide state agencies return-to-work coordination services for injured employees. Also, SORM must pay most indemnity benefits by electronic funds transfer and study options to prepare state agencies in the event of catastrophic claims.

House Bill 724 authorizes healthcare insurers to seek reimbursement from SORM for payments made for an injury the insurer believes was a work-related injury. SORM anticipates a higher number of cases in which healthcare insurers dispute SORM's determination of compensability (eligibility for compensation) and denial of claim.

**FIGURE 118**  
**WORKERS' COMPENSATION BENEFITS PAID**  
**FISCAL YEARS 2002 TO 2009**



\*Estimated.

Source: State Office of Risk Management.

## SECRETARY OF STATE

The Office of the Secretary of State (SOS) was created in 1845 as a constitutional office of the Executive Department appointed by the Governor with the consent of the Senate. The agency serves three primary purposes. One role is to provide a secure and accessible repository for public, business, and commercial records as well as to receive, compile, and provide access to public information the SOS maintains. Additionally, the duties of the agency include ensuring proper conduct of elections; authorizing creation and registration of business entities; and publishing state government rules and notices. The Secretary of State serves as the Chief Elections Officer for Texas. The agency includes the state's international protocol office and serves as the state liaison to Mexico and to the border region of Texas.

All Funds appropriated for the 2008–09 biennium total \$122.1 million and provide for 245.9 full-time-equivalent (FTE) positions. The agency receives \$69.2 million, or 56.7 percent of their funding, in Federal Funds related to the Help America Vote Act. The agency's remaining appropriations include \$40.1 million, or 32.3 percent of its funding, in General Revenue Funds and General Revenue–Dedicated Funds.

All SOS operations are organized within three functions: (1) Information Management; (2) Administration of Election Laws; and (3) International Protocol.

### INFORMATION MANAGEMENT

The agency's responsibility with regard to information management is to provide accurate, reliable, and timely access to public information; to efficiently process documents; and to ensure compliance with laws and rules relating to filing documents and accessing documents filed with the agency.

The agency's databases contain information relating to corporate, limited-liability, limited-partnership, and assumed-name filings; voter registration information; driver license and voter registration merged jury lists; election data; Uniform Commercial Code (UCC) filings; and notaries public, among other important public records. Direct access to the agency's electronic data is provided to approximately 118,000 governmental and commercial entities. The agency's electronic filing system has a website, the *Secretary of State OnLine Access (SOSDirect)*, which lets external users file documents and obtain information on UCC and business-entity filings. The Information Management goal is organized

into two operating strategies: (1) Document Filing and (2) Document Publishing.

### DOCUMENT FILING

The Document Filing section accepts or rejects the following types of filings: business-entity documents (including corporations, limited partnerships, limited-liability companies, and registered limited-liability partnerships); UCC documents (including lien notices, financing statements, and utility security instruments); notary public, assumed names, and trademark documents; and other statutory filings, such as those required under various sections of the Texas Occupations Code and the Texas Business and Commerce Code.

The SOS is the official custodian of these records and responds to requests to inspect and produce copies of documents, issue certificates of fact, and disseminate information contained in the documents. The agency anticipates processing more than 11 million filings and related information requests in the 2008–09 biennium as compared to approximately 7.7 million during the 2006–07 biennium. The biennial appropriation for this strategy totals \$21.2 million and provides for 159.8 FTE positions.

### DOCUMENT PUBLISHING

The Document Publishing strategy provides for the filing, editing, compiling, and publishing of the Texas Administrative Code and the *Texas Register*. The Texas Administrative Code contains all rules adopted by state agencies along with relevant annotations. The *Texas Register* is a report of notices state agencies must file and includes proposed, emergency, and adopted rules; notices of open meetings; appointments by the Governor; Attorney General opinions; and requests for contract proposals. The *Texas Register* and Texas Administrative Code are updated each business day on the Secretary of State's website and are available online at no cost to the public. The agency offers value-added online subscription services, such as e-mail notification when a document is filed by a specified state agency; full-text search of all documents published in the *Texas Register* and Texas Administrative Code; access to documents before they are available in the weekly editions of the *Texas Register*; and access to archived versions of Texas Administrative Code rules. As part of its document publishing function, the agency compiles, indexes, prints, binds, and distributes the laws passed by the Legislature after each regular and special session. The appropriation for this strategy for the 2008–09



biennium is \$2 million and provides for 14.2 FTE positions.

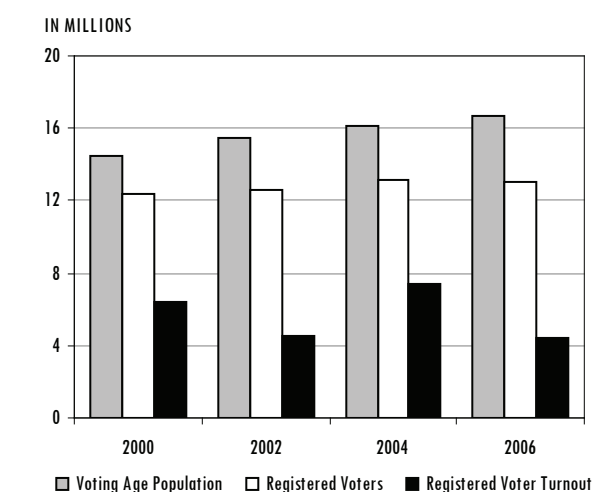
## ELECTION LAW ADMINISTRATION

The Election Law Administration function is divided into three operating strategies: (1) Elections Administration; (2) Election/Voter Registration Funds; and (3) Constitutional Amendments. As chief elections officer, the SOS is responsible for the interpretation and application of the Election Code.

### ELECTIONS ADMINISTRATION

The Elections Administration section provides rules, directives, opinions, instructions, and training to election officials; assists voter registrars as requested; and maintains a central database of all registered voters in the state. As of the 2006 General Election, 78.6 percent of the voting age population (VAP) in the State of Texas was registered to vote. VAP refers to the total number of persons in the state who are age 18 or older, regardless of citizenship, military status, felony conviction, or mental state. The turnout of registered voters for the 2006 General Election was 33.6 percent, which is 26.4 percent of the state's VAP. Historical data for turnout and the number of registered voters in the general elections of 2000 to 2006 are shown in **Figure 119**. The appropriation for the 2008–09 biennium for Elections Administration totals \$7.3 million and provides for 41.2 FTE positions.

**FIGURE 119**  
**TEXAS GENERAL ELECTION TURNOUT**  
**AND VOTER REGISTRATION**  
**CALENDAR YEARS 2000 TO 2006**



SOURCE: Office of the Secretary of State.

## ELECTION/VOTER REGISTRATION FUNDS

The Election Administration section manages funds for the primary election financing program and reimbursement to counties of postage for voter registration applications. Approximately \$12.3 million in state funding is anticipated to be disbursed to county precincts for payment of poll workers and operating costs associated with primary elections in fiscal year 2008. In addition, an estimated \$0.6 million will be paid to voter registrars for postage on return-mail voter registration applications during the biennium. The appropriation for the Election/Voter Registration Funds strategy totals \$14.7 million for the 2008–09 biennium and provides for 4.1 FTE positions.

## CONSTITUTIONAL AMENDMENTS

The SOS contracts with newspapers throughout the state to publish proposed constitutional amendments. It also translates the proposed amendments into Spanish for publication in Spanish-language newspapers and for direct mailing to Hispanic households. The Eightieth Legislature, 2007, passed 16 constitutional amendments that Texas voters approved and ratified in the November 2007 election. The agency received a \$1 million appropriation for the 2008–09 biennium to translate and publish the amendments prior to the elections and to provide for 1.4 FTE positions.

## ELECTIONS IMPROVEMENT

The agency provides for implementation of the Help America Vote Act (HAVA). Passed in fiscal year 2002 by the federal government, HAVA sets standards for election policy and provides funds to states for election improvements. HAVA requires the state to replace punch card voting systems, amend the voter registration application, create a statewide computerized voter registration system, establish a voter's bill of rights, launch a voter education program, and create a complaint procedure for voter grievances. In the 2006–07 biennium, funding for elections improvement totaled \$163.2 million, mostly consisting of Federal Funds, which provided for the implementation of the provisions of HAVA by January 2006. HAVA required modifications to the voter registration system and required each county to obtain at least one accessible voting machine for each election precinct. In the 2008–09 biennium, the appropriation and funding source for elections improvement is \$69.2 million out of Federal Funds and \$4.4 million in General Revenue–Dedicated Funds from the Elections Improvement Fund; the funding provides for 8 FTE positions.

**INTERNATIONAL PROTOCOL**

The International Protocol function includes two strategies: (1) Protocol/Border Affairs and (2) Colonias Initiatives.

**PROTOCOL/BORDER AFFAIRS**

The Secretary of State provides for protocol services and the representation of the Governor and the state at meetings with Mexican officials and at events and conferences involving the diplomatic corps, government officials, and business leaders. The Secretary of State also acts as liaison to foreign governments and business leaders by addressing concerns affecting Texas that have not been resolved through alternative channels. The agency is appropriated \$0.8 million for the 2008–09 biennium and 5.4 FTE positions for this strategy.

**COLONIAS INITIATIVES**

The English translation for the Spanish word colonia is “neighborhood” or “community.” In the Texas Colonias Initiative, “colonia” refers to an unincorporated settlement along the Texas–Mexico border that may lack basic water and sewer systems, electricity, paved roads, and safe and sanitary living conditions. According to the agency, there are currently more than 2,294 colonias in Texas, located primarily along the state’s 1,248-mile border with Mexico. In excess of 400,000 people live in colonias.

The aim of the Colonias Initiative strategy is to coordinate state activities; to secure funding to improve physical living conditions in colonias through the provision of basic services such as water, wastewater, and solid waste disposal; and to advocate the needs of colonia residents through the Colonia Ombudsman Program, instituted in 1999. Seven colonia coordinators work and serve as ombudsmen in the border counties with the highest colonia populations: Cameron, El Paso, Hidalgo, Maverick, Starr, and Webb. In addition, there is one ombudsman serving Nueces County. The agency is appropriated \$1.5 million for the 2008–09 biennium and 11.8 FTE positions for this strategy.

**SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted legislation affecting the uniformity and integrity of elections and the election process.

House Bill 15 appropriates \$5 million to the SOS for fiscal year 2007 for the partial reimbursement to counties for the expense they incurred holding the constitutional amendment special election on May 12, 2007, as authorized by House Bill 556.

House Bill 3105 requires the SOS to implement a pilot program to allow counties to eliminate precinct polling places and to establish countywide polling places for the November 2008 General Election and each “countywide” election held on the May 2008 uniform election date.

Senate Bill 90 requires that not later than July 1, 2008, the SOS must implement a pilot program to evaluate the use of electronic mail to provide balloting materials to military voters who are overseas and applied by Federal Post Card Application.

Senate Bill 493 creates a joint elections administrator program that is discretionary among the participating political subdivisions. The joint elections administrator may be created either for a single county (along with various political subdivisions in the county) or for multiple counties.

## OFFICE OF STATE–FEDERAL RELATIONS

The Office of State–Federal Relations (OSFR) was created in 1965 as a division of the Governor’s Office but has functioned as a separate state agency since 1971. The OSFR acts as primary liaison to the federal government for the Governor, the Legislature, and state agencies. The Advisory Policy Board consists of the Governor, Lieutenant Governor, and the Speaker of the House of Representatives. The Governor appoints the executive director of the OSFR and the Senate confirms the appointment.

OSFR appropriations for the 2008–09 biennium total \$1.6 million, of which \$1.2 million, or 76.9 percent, is in General Revenue Funds. The appropriations provide for 7 full-time-equivalent positions.

The mission of the OSFR is to advance the interests of the people of Texas by promoting communications and building relationships between the state and federal governments. The agency maintains offices in Austin and Washington, D.C. to maximize its effectiveness as a liaison and to provide the state’s leaders with accurate and timely information.

The agency’s goal is to increase influence of the Governor and Legislature over federal actions that have a direct or indirect economic, fiscal, or regulatory impact on the state and its citizens by maintaining an active role in the national decision-making process. In doing so, the agency works with the Governor’s Office, the Legislature, and state agencies to coordinate a federal agenda for the State of Texas; works with Congress, the federal administration, and federal agencies to pass and implement legislation and rules that are favorable to Texas; and provides information to Texas officials about federal initiatives and how to influence those initiatives. Currently, four state agencies have staff representatives at the OSFR Washington office; these agencies are (1) the Health and Human Services Commission, (2) the Texas Workforce Commission, (3) the Texas Education Agency, and (4) the Texas Department of Transportation.

As of September 2007, Texas’ share of Federal Funds for fiscal year 2005 was 6.5 percent, as reported in the *Consolidated Federal Funds Report for Fiscal Year 2005* by the United States Census Bureau. The distribution of Federal Funds is affected by many factors including, but not limited to, changes in population, population demographics, as well as man-made and natural disasters.

## SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted House Bill 3249, which continues the agency and establishes a sunset date of September 1, 2009.

## VETERANS COMMISSION

The Veterans State Service Office, created in 1927, was renamed the Texas Veterans Commission (TVC) in 1985. Its mission and principal function are to guarantee that Texas veterans and their families receive all rights and benefits provided for them by law and that their needs are considered in any proposed legislation. The Seventy-ninth Legislature, Regular Session, 2005, enacted legislation that authorized the transfer of the veterans' employment and training programs from the Texas Workforce Commission (TWC) to the Veterans Commission. In addition, through Governor's Proclamation the agency replaced TWC as the state approving agency for the Veterans Education program.

In working toward their mission, TVC provides veterans and their families with counseling, case development, representation, and outreach services regarding benefits claims, and facilitates employment and re-employment services. The agency also administers training on benefits available to veterans to Veterans County Service Officers; approves education and training programs; authorizes facilities to accept federal Montgomery GI Bill funds; and produces publications concerning veterans' benefits.

Appropriations for the 2008–09 biennium total approximately \$31.2 million, consisting of \$9.5 million in General Revenue Funds and \$21.8 million in Federal Funds, which provides for 329.7 full-time-equivalent (FTE) positions for the biennium. Of the agency's total estimated FTE positions, 30 percent provide direct claims assistance to veterans and their families, 60 percent are associated with the veterans' employment and training programs, and 4 percent are associated in evaluating veterans' education and training programs. Staff members at the agency's headquarters in Austin administer the agency's financial, legal, and investigative activities and process veterans' discharge and death certificates.

### BENEFITS TO VETERANS

The Veterans Commission's goal is to advocate for veterans, their dependents, and their survivors and to assist them in obtaining benefits. This goal is accomplished through outreach services and claims filing by agency personnel and Veterans County Service Officers.

The U.S. Department of Veterans Affairs (VA) implements federal laws regarding veterans' benefits. A U.S. veteran is defined as an individual who has served on active duty in the military under honorable conditions or better. The VA

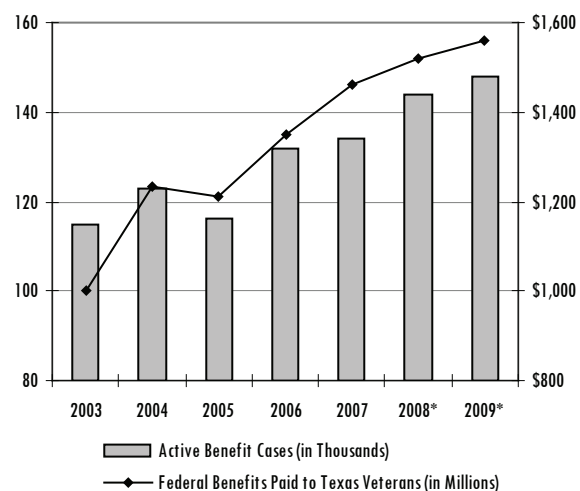
estimates that there were approximately 1.65 million veterans living in Texas in 2006.

During the 2006–07 biennium, federal compensation and pension benefits for veterans in Texas totaled an estimated \$6.2 billion, representing 9.1 percent of the total U.S. benefit payments made to veterans. Texas veterans represented by the agency received an estimated \$2.8 billion of the \$6.2 billion total. The agency managed 131,352 active benefit cases in fiscal year 2006 and 133,389 cases in fiscal year 2007. The TVC anticipates recovering approximately \$2.9 billion in federal benefits for the 2008–09 biennium and estimates that it will manage an average of 145,750 active veterans' benefit cases each fiscal year of the biennium. **Figure 120** shows the number of active veterans benefit cases the agency is handling, total federal benefits paid by the VA as a result of agency representation of veterans during fiscal year 2003 to 2007, and the projected amounts for the 2008–09 biennium.

### VETERANS ASSISTANCE

The federal government does not automatically grant veterans benefits; therefore, the TVC employs 67 veterans' assistance counselors to assist veterans or their survivors in applying for benefits. In addition to assisting veterans with applications for benefits, TVC counselors develop veterans' claims, assist in gathering evidence, and provide representation for veterans before the VA. Claims representation and counseling are

**FIGURE 120**  
**FEDERAL BENEFITS AND CASE REPRESENTATION**  
**BY THE VETERANS COMMISSION**  
**FISCAL YEARS 2003 TO 2009**



\*Projected.

SOURCE: Texas Veterans Commission.

available statewide in 33 agency offices (two regional offices and 31 field offices). The state regional offices are located within the two federal VA offices that serve Texas. Other field offices are located close to or within military installations, veterans' medical facilities, and state veterans' homes operated by the state Veterans Land Board. Veterans' assistance counselors are responsible for training the state's Veterans County Service Officers, and providing representation for veterans whose claims are filed at a county office.

In addition to the agency's field and regional offices, there are 228 county offices in which 250 Veterans County Service Officers provide veterans claims assistance. These county offices rely heavily on the agency for training, technical assistance, and representation of claims before the VA.

### **VETERANS EMPLOYMENT AND TRAINING**

TVC provides employment and training services to eligible veterans and certain eligible spouses. These are some of the services provided:

- job fairs;
- job training;
- apprenticeship opportunities for veterans through contacts with employers;
- outreach with community agencies and organizations;
- point of discharge transition assistance prior to entering civilian life;
- employability development;
- support services;
- vocational guidance;
- case management; and
- referrals to other agencies that assist veterans with veterans benefits and re-employment rights.

The agency contracts with 28 local workforce development areas for support services such as office space, supplies, and computer assistance.

### **VETERANS EDUCATION**

TVC is the state approving agency for the Veterans Education Program and for Montgomery GI Bill educational benefits. In this role, TVC reviews, evaluates, approves, and oversees quality education and training programs. As of

October 2007, there are 925 approved schools and training facilities to provide services to 43,000 eligible recipients. Most public post-secondary schools such as universities and community colleges, hospitals, police/fire academies, technical institutions, most nonpublic schools such as cosmetology and barber colleges, flight schools, and other vocational schools have approved programs. There are also several approved apprenticeship and on-the-job training programs that allow veterans to earn a wage while in the program.

### **SIGNIFICANT LEGISLATION**

The Texas Veterans Commission went through Sunset review prior to the Eightieth Legislative Session. The Sunset legislation, House Bill 3426, enacted by the Eightieth Legislature, 2007, continues the agency for six years and provides guidance to the agency to assist their efforts in meeting the demands of today's veterans returning from war.





## 5. HEALTH AND HUMAN SERVICES

*Health and Human Services (HHS) is the second-largest function of Texas state government. As shown in **Figure 121**, appropriations for this function for the 2008–09 biennium total \$53.0 billion in All Funds, or 31.6 percent of all state appropriations, including \$21.4 billion in General Revenue Funds and General Revenue–Dedicated Funds. Compared to the 2006–07 biennium, this is an increase of \$3.8 billion, or 7.8 percent, in All Funds and an increase of \$3.4 billion, or 18.6 percent, in General Revenue Funds and General Revenue–Dedicated Funds. The proportion of state appropriations for HHS decreased from the 2006–07 biennium level because of an increase in the percentage of public school funding provided by the state.*

***Figure 122** shows 2008–09 appropriations by method of financing and full-time-equivalent positions from fiscal years 2004 to 2009 for all HHS agencies. Federal Funds are the largest source of funding for the HHS function. Many federal funding streams require General Revenue Fund (or other state fund) expenditures to draw down Federal Funds. State contributions can be a match, wherein General Revenue Funds comprise a set percentage of total expenditures, or a maintenance of effort, wherein the state expends a set dollar amount that is tied to previous expenditures.*

*The 2008–09 General Appropriations Act (GAA) establishes the following average monthly service levels for fiscal year 2009:*

- *health insurance for approximately 2.9 million Medicaid recipients (including 2.0 million children);*
- *health insurance for nearly 500,000 Children’s Health Insurance Program (CHIP) enrollees;*
- *cash grants to approximately 140,000 Temporary Assistance for Needy Families (TANF) clients;*
- *adoption subsidies for over 25,000 children; and*
- *foster care payments for nearly 19,000 children per month.*

*Eligibility for many of these programs is based on income in relation to the federal poverty level (FPL) (**Figure 123**).*

**FIGURE 121**  
**ALL FUNDS APPROPRIATIONS FOR HEALTH AND HUMAN SERVICES**  
**2008–09 BIENNIUM**

IN MILLIONS AGENCY	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2,3</sup>	BIENNIAL CHANGE	% CHANGE
Department of Aging and Disability Services	\$10,588.4	\$11,643.6	\$1,055.2	10.0
Department of Assistive and Rehabilitative Services	1,042.1	1,161.6	119.5	11.5
Department of Family and Protective Services	2,166.7	2,560.3	393.6	18.2
Department of State Health Services	5,044.2	5,275.7	231.5	4.6
Health and Human Services Commission	29,586.3	31,507.7	1,921.5	6.5
<b>SUBTOTAL, HEALTH AND HUMAN SERVICES</b>	<b>\$48,427.6</b>	<b>\$52,148.9</b>	<b>\$3,721.3</b>	<b>7.7</b>
Retirement and Group Insurance	\$828.6	\$968.4	\$139.8	16.9
Social Security and Benefit Replacement Pay	279.2	319.9	40.8	14.6
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$1,107.8</b>	<b>\$1,288.3</b>	<b>\$180.5</b>	<b>16.3</b>
Bond Debt Service Payments	\$57.6	\$66.6	\$9.0	15.7
Lease Payments	15.0	13.3	(1.7)	(11.2)
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$72.6</b>	<b>\$79.9</b>	<b>\$7.4</b>	<b>10.1</b>
Less Interagency Contracts	\$491.1	\$551.2	\$60.1	12.2
<b>TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES</b>	<b>\$49,116.9</b>	<b>\$52,966.0</b>	<b>\$3,849.0</b>	<b>7.8</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor’s vetoes.

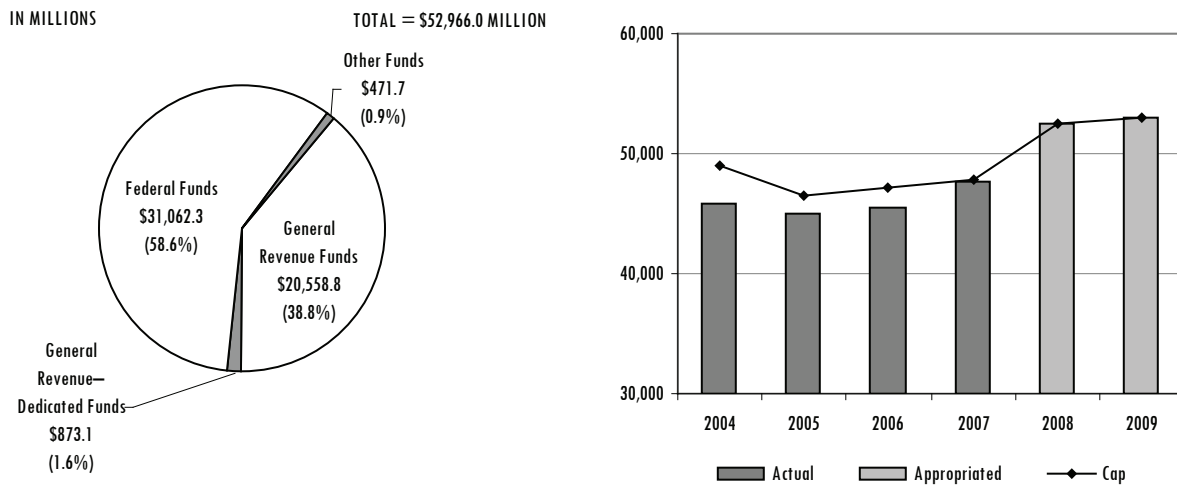
<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTES: Article totals exclude interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

SOURCE: Legislative Budget Board.

**FIGURE 122**  
**HEALTH AND HUMAN SERVICES APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS**  
**2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

**FIGURE 123**  
**2008 HEALTH AND HUMAN SERVICES POVERTY GUIDELINES (FEDERAL POVERTY LEVEL)**

SIZE OF FAMILY UNIT	100% FPL	14% FPL	21% FPL	74% FPL	133% FPL	185% FPL	200% FPL	218% FPL
1	\$10,400	\$1,456	\$2,184	\$7,696	\$13,832	\$19,240	\$20,800	\$22,672
2	\$14,000	\$1,960	\$2,940	\$10,360	\$18,620	\$25,900	\$28,000	\$30,520
3	\$17,600	\$2,464	\$3,696	\$13,024	\$23,408	\$32,560	\$35,200	\$38,368
4	\$21,200	\$2,968	\$4,452	\$15,688	\$28,196	\$39,220	\$42,400	\$46,216
5	\$24,800	\$3,472	\$5,208	\$18,352	\$32,984	\$45,880	\$49,600	\$54,064
6	\$28,400	\$3,976	\$5,964	\$21,016	\$37,772	\$52,540	\$56,800	\$61,912
7	\$32,000	\$4,480	\$6,720	\$23,680	\$42,560	\$59,200	\$64,000	\$69,760
8	\$35,600	\$4,984	\$7,476	\$26,344	\$47,348	\$65,860	\$71,200	\$77,608
For each additional person	\$3,600	\$504	\$756	\$2,664	\$4,788	\$6,660	\$7,200	\$7,848

NOTE: FPL = Federal Poverty Level.

SOURCES: Legislative Budget Board; U.S. Department of Health and Human Services.

## MAJOR FUNDING ISSUES

Major funding issues for the HHS function include Medicaid, CHIP, rate enhancements, waiting list reductions, child protective services reform, and mental health crisis services.

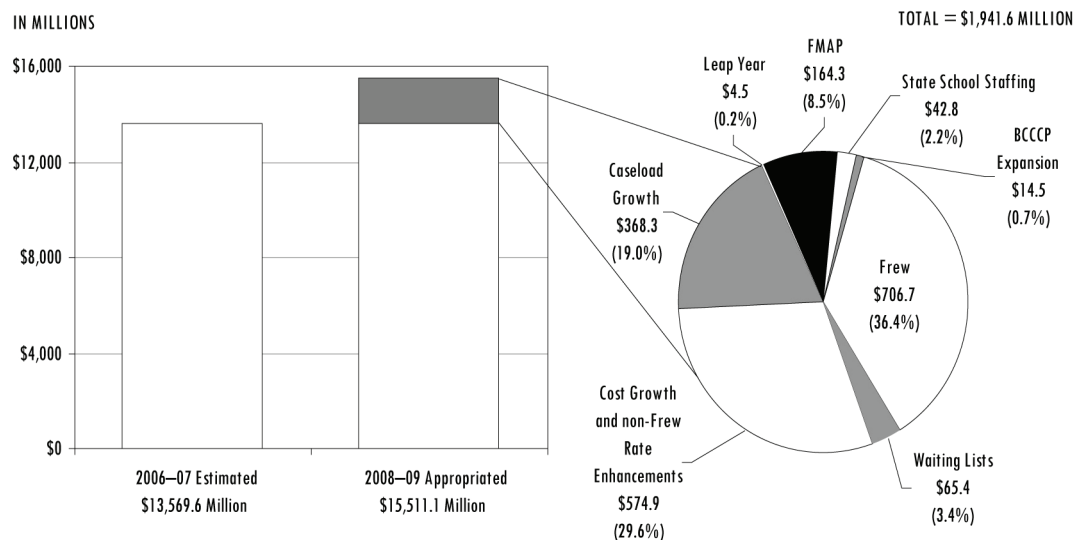
### MEDICAID

A total of \$39.6 billion in All Funds, including \$15.5 billion in General Revenue Funds (including Tobacco Settlement receipts) and General Revenue—Dedicated Funds, is appropriated for the 2008–09 biennium for the operation of the Texas Medicaid program. The appropriated amount

includes funding at all five HHS agencies, as well as funding for the Texas Department of Transportation and the Texas Education Agency. These appropriations are an increase of \$2.6 billion in All Funds, including an increase of \$1.9 billion in General Revenue Funds and General Revenue—Dedicated Funds, above the 2006–07 biennium levels (Figure 124). Funding for the 2006–07 and

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not add because of rounding.

**FIGURE 124**  
**BIENNIAL COMPARISON OF GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS FOR MEDICAID SERVICES**  
**2006–07 AND 2008–09 BIENNIA**



NOTES: BCCCP = Breast and Cervical Cancer Control Program.  
 FMAP = Federal Medical Assistance Percentage.  
 SOURCE: Legislative Budget Board.

2008–09 biennia includes supplemental appropriations made in House Bill 15, Eightieth Legislature, 2007. A total of \$283.9 million in All Funds, including \$113.4 million in General Revenue Funds, is appropriated to the Health and Human Services Commission (HHSC) and the Department of Aging and Disability Services (DADS) for fiscal year 2007 Medicaid expenses via House Bill 15, Eightieth Legislature, 2007.

The Medicaid program accounts for 68.2 percent of the All Funds growth in Article II (2008–09 GAA) and 57.7 percent of the growth in General Revenue Funds and General Revenue–Dedicated Funds. Funding increases are primarily related to the following issues (**Figure 124**):

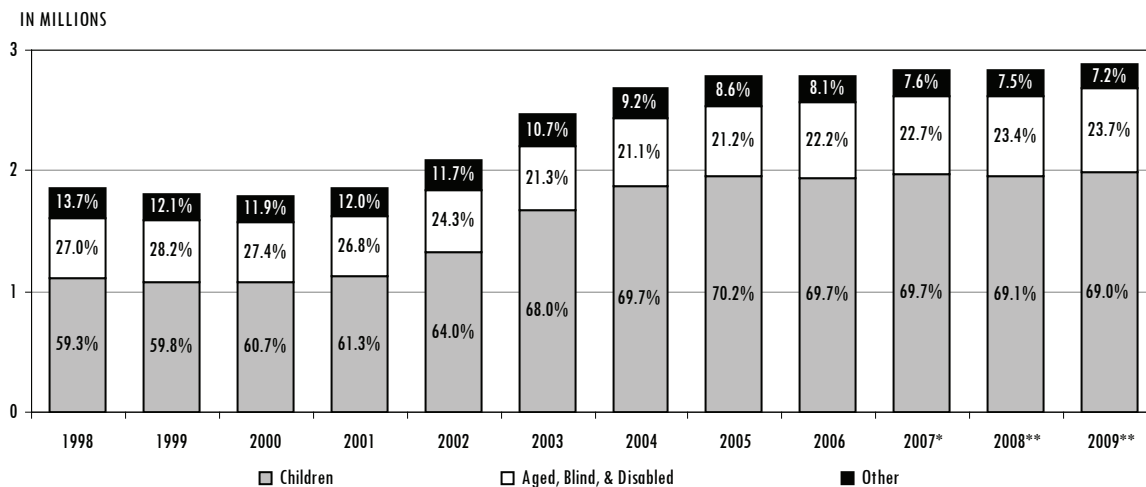
- funding the expenditure plan related to the *Frew v. Hawkins* lawsuit (children's Medicaid services);
- allowing for a projected increase in clients entitled to services under federal law;
- funding acute care cost growth at HHSC's projected fiscal year 2008 level;
- funding rate restorations and increases;
- rebasing of hospital rates;
- reducing community care waiting lists;
- increasing staffing ratios at state schools; and

- expanding services for the Breast and Cervical Cancer Control Program.

The increase for General Revenue Funds, from 36.4 percent to 38.9 percent of total program funding, is related to three factors. First, there was a decrease in Other Funds and Federal Funds from moving Upper Payment Limit (UPL) payments offbudget. Secondly, there is a projected less favorable Federal Medical Assistance Percentage (FMAP) in federal fiscal years 2008 and 2009 relative to federal fiscal years 2006 and 2007. Finally, certain intergovernmental transfers made in 2006–07 were replaced with General Revenue Funds in 2008–09.

Acute care caseloads at HHSC are projected to increase by 2.0 percent from an estimated average of 2,831,832 clients in fiscal year 2007 to a projected average of 2,889,115 clients in fiscal year 2009. The proportion of total Medicaid enrollees that are children, on the rise since fiscal year 1999, decreased in fiscal year 2006 and is projected to decrease further during the 2008–09 biennium, although children will continue to comprise more than two-thirds of enrollees (**Figure 125**). Part of the decrease is due to the transfer of certain infants from Medicaid to the CHIP Perinatal program and an assumed reduction in births related to the women's health waiver, which increased funding for family planning services. Although the absolute number of aged, blind, and/or disabled enrollees continued to increase, their proportion of total

**FIGURE 125**  
**ACUTE CARE MEDICAID AVERAGE MONTHLY CASELOAD**  
**FISCAL YEARS 1998 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

NOTE: Represents average monthly number of clients receiving Medicaid acute care health insurance services through the Health and Human Services Commission. Aged, Blind, and Disabled includes clients enrolled in STAR+PLUS. Other includes TANF Adults, Pregnant Women, and Medically Needy clients.

SOURCE: Health and Human Services Commission.

enrollment steadily decreased from fiscal year 1999 (28.2 percent of total enrollment) through fiscal year 2004 (21.1 percent of total enrollment). Their proportional enrollment began increasing in fiscal year 2005 and is projected to continue increasing through fiscal year 2009 when the population is anticipated to be 23.7 percent of total enrollment (**Figure 125**). This trend will likely amplify itself in future biennia as the “baby boomer” generation begins to turn age 65 in 2011, resulting in a rapid increase in the number of aged enrollees.

Long-term care caseloads at DADS are also projected to increase during the 2008–09 biennium. Nursing facility-related caseloads (includes Medicaid, Medicare co-pay, and hospice) are projected to increase by 2.1 percent from an estimated average of 69,154 clients in fiscal year 2007 to a projected average of 70,579 clients in fiscal year 2009. Medicaid community care entitlement (non-waiver) caseloads are projected to decrease by 3.7 percent from an estimated average of 118,463 clients in fiscal year 2007 to a projected average of 114,039 clients in fiscal year 2009. Medicaid community care waiver caseloads are projected to decrease from an estimated average of 49,388 clients in fiscal year 2007 to a projected average of 44,832 clients in fiscal year 2009 (**Figure 126**). Decreases in community care caseloads are mostly due to transfer of funding for clients from DADS to HHSC because of the expansion of the STAR+PLUS

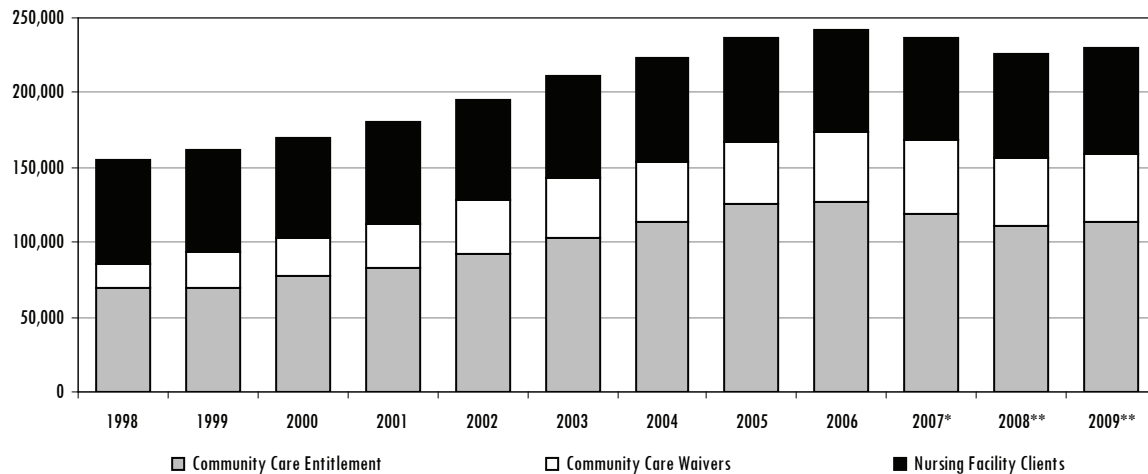
program into additional service areas and the transfer of funding for certain Primary Home Care clients from DADS to HHSC related to settlement of the *Alberto N. v. Hawkins* lawsuit.

### CHIP

Total 2008–09 biennial appropriations for the operation of CHIP and related programs are \$2,023.0 million in All Funds, including \$622.1 million in General Revenue Funds (including Tobacco Settlement receipts). General Revenue Funds previously appropriated in Article II of the GAA for the School Employee Children’s Insurance Program are now appropriated to the Teacher Retirement System in Article III; however, HHSC will continue to operate the program. The 2008–09 funding is an increase of \$1,010.7 million, or 99.8 percent, above the previous biennium. This increase includes an increase of \$287.1 million, or 85.7 percent, in General Revenue Funds (including Tobacco Settlement receipts). Funding increases are primarily a result of the following issues (**Figure 127**):

- funding a full biennium of the CHIP Perinatal program;
- funding implementation of House Bill 109, Eightieth Legislature, 2007;
- allowing for a projected increase in clients;

**FIGURE 126**  
**COMMUNITY CARE AND NURSING FACILITY AVERAGE MONTHLY CASELOAD**  
**FISCAL YEARS 1998 TO 2009**



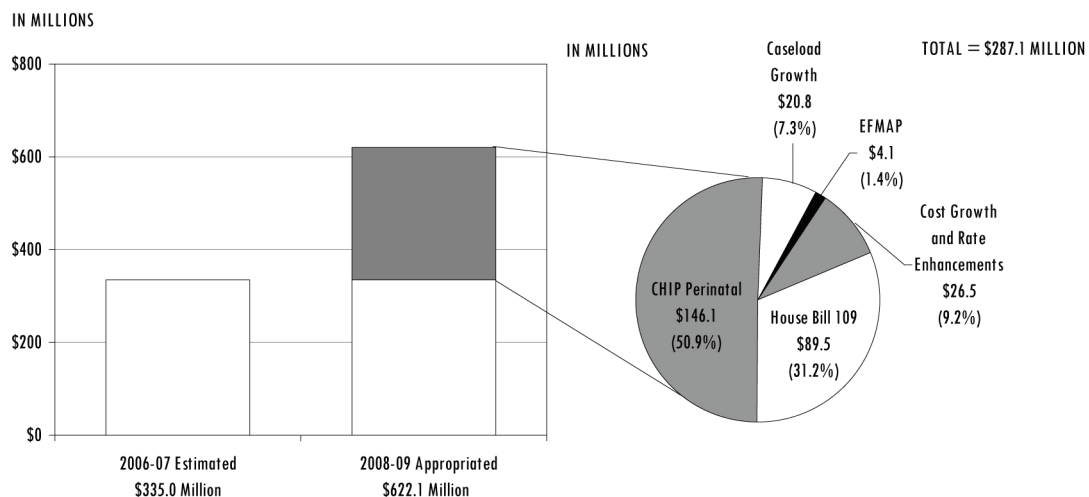
\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

NOTE: Community Care Entitlement includes Primary Home Care, Community Attendant Services, and Day Activity and Health Services; Community Care Waivers include Community-based Alternatives, Home and Community-based Services, Community Living and Support Services, Deaf-Blind Multiple Disabilities, Medically Dependent Children Program, Consolidated, Texas Home Living, and Promoting Independence; clients funded through 2008–09 appropriations for waiting lists are not included; Nursing Facility includes Medicaid co-payment for Medicare Skilled Nursing Facility Care and Hospice.

SOURCE: Department of Aging and Disability Services.

**FIGURE 127**  
**COMPARISON OF GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS FOR CHIP SERVICES**  
**2006–07 AND 2008–09 BIENNIA**



NOTE: EFMAP = Enhanced Federal Medical Assistance Percentage.

SOURCE: Legislative Budget Board.

- funding cost growth at HHSC's projected fiscal year 2008 level; and
- funding rate restorations and increases.

Caseloads, which decreased throughout the 2004–05 biennium and in fiscal year 2006, increased slightly in fiscal year 2007 and are projected to continue to increase during

the 2008–09 biennium. In addition to anticipated natural growth in caseloads, the number of clients is projected to increase due to a full biennium of the CHIP Perinatal program as well as implementation of House Bill 109, Eightieth Legislature, 2007. The CHIP Perinatal program, which began serving clients in January 2007, is projected to

serve a monthly average of 65,817 clients in fiscal year 2008 and 69,316 clients in fiscal year 2009, compared to 11,542 average monthly clients served in fiscal year 2007. The enactment of House Bill 109 is estimated to increase average monthly caseloads by 66,668 clients in fiscal year 2008 and 96,396 clients in fiscal year 2009. The total CHIP caseload (including School Employee Children, CHIP Perinatal clients, and additional caseload related to House Bill 109) is projected to increase by 53.9 percent from a monthly average of 323,642 clients in fiscal year 2007 to a projected 497,974 clients in fiscal year 2009 (**Figure 128**).

House Bill 109 amends certain eligibility standards for the CHIP program: (1) income disregards for child care expenses are restored; (2) a less restrictive assets test is mandated; (3) 12 months of continuous eligibility is restored, except for persons whose family income exceeds 185 percent FPL who will be subject to income verification after six months of eligibility; and (4) the 90-day waiting period is eliminated, except for those clients who were insured in the previous 90 days. Many of these changes to policy are a full or partial reversal of changes authorized in legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003.

### RATE ENHANCEMENTS

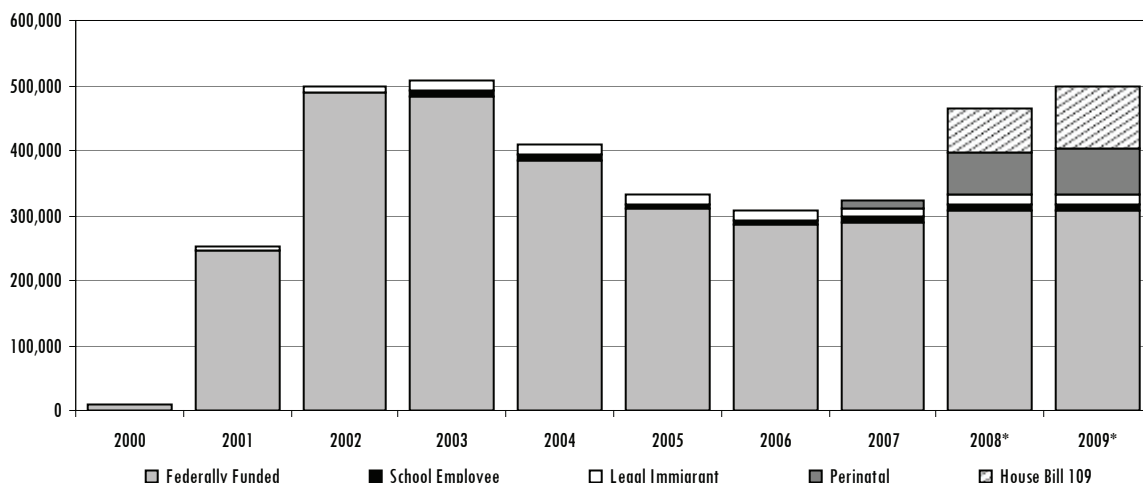
Appropriations to HHS agencies for rate restorations, rate increases, and hospital rebasing are \$3.1 billion in All Funds, including \$1.2 billion in General Revenue Funds. The appropriations include the following funding:

- \$529.7 million in All Funds, including \$216.2 million in General Revenue Funds, for community care rate restorations and rate increases for community care, Intermediate Care Facilities for the Mentally Retarded, and nursing facilities at DADS;
- \$39.0 million in All Funds, including \$13.4 million in General Revenue Funds, for foster care rate increases at the Department of Family and Protective Services (DFPS);
- \$3.1 million in General Revenue Funds for Children with Special Health Care Needs, Family Planning, and Women and Children's Health rate restorations at the Department of State Health Services (DSHS);
- \$1,251.4 million in All Funds, including \$493.4 million in General Revenue Funds, for Medicaid and CHIP rate restorations and increases and hospital rebasing at HHSC; and
- \$1,298.8 million in All Funds, including \$511.7 million in General Revenue Funds, for rate increases related to the *Frew* expenditure plan at HHSC.

### WAITING LIST REDUCTIONS

A total of \$237.5 million in All Funds, including \$107.0 million in General Revenue Funds, is appropriated for the 2008–09 biennium to DADS, the Department of Assistive and Rehabilitative Services (DARS), DSHS, and HHSC to reduce waiting lists. To address waiting lists, FTE positions at

**FIGURE 128**  
**AVERAGE MONTHLY CASELOAD FOR CHIP**  
**FISCAL YEARS 2000 TO 2009**



\*Target established in the 2008–09 General Appropriations Act.  
SOURCE: Health and Human Services Commission.



DADS are increased by 68.0 FTE positions in fiscal year 2008 and fiscal year 2009. Affected programs include certain community-based Medicaid waiver programs and non-Medicaid community care programs at DADS; Children with Special Health Care Needs and community mental health services for children and adolescents at DSHS; and Comprehensive Rehabilitation Services and Independent Living Services at DARS. Appropriations to HHSC address acute care Medicaid costs associated with clients newly eligible for Medicaid waiver services who would also be newly eligible for acute care services. By the end of the 2008–09 biennium, waiting lists for all affected programs are expected to be reduced by a total of 10,070 clients. Article II, Special Provisions, Section 54 of the 2008–09 GAA governs the expenditure and reporting of the funds allocated to the affected programs. The rider also establishes targeted client levels.

### CHILD PROTECTIVE SERVICES REFORM

A total of \$95.0 million in All Funds, including \$33.0 million in General Revenue Funds, is appropriated to DFPS for the 2008–09 biennium to address additional child protective services reforms beyond those authorized or required by Senate Bill 6, Seventy-ninth Legislature, Regular Session, 2005. Several of these additional reforms are authorized or required by the enactment of Senate Bill 758, Eightieth Legislature, 2007. An additional appropriation of \$5.3 million in All Funds, including \$2.0 million in General Revenue Funds, is authorized by House Bill 15, Eightieth Legislature, 2007 to initiate some reform activities in fiscal year 2007. Funding is for staffing increases, capital budget projects, and other initiatives.

FTE positions at the agency will increase each fiscal year of the biennium—specifically, 768.0 FTE positions (including 334.0 caseworkers) in fiscal year 2008, and an additional 324.0 FTE positions (including 203.0 caseworkers) in fiscal year 2009. Additional caseworker FTE positions are intended to reduce family-based-safety and substitute-care caseloads per worker, and to support the Kinship Care program. Most of the positions are scheduled to be phased in monthly.

### MENTAL HEALTH CRISIS SERVICES

A total of \$82.0 million in General Revenue Funds is appropriated for the 2008–09 biennium for additional community mental health crisis services. DSHS will contract with local mental health authorities and local communities to provide services, which may include crisis hotlines, mobile outreach, children's outpatient services, walk-in services,

extended observation, crisis stabilization units, crisis residential services, respite services, and transportation.

### SIGNIFICANT LEGISLATION

House Bill 109 changes certain CHIP eligibility standards. The GAA appropriates \$253.2 million in All Funds, including \$89.5 million in General Revenue Funds, to HHSC to implement the provisions of the legislation.

House Bill 15 authorizes supplemental appropriations and reductions to appropriations for a number of state government functions. It also provides direction, transfer authority, and other adjustment authority regarding appropriations. All HHS agencies are affected. The legislation appropriates \$293.2 million in All Funds, which includes \$119.4 million in General Revenue Funds, to HHS agencies for fiscal year 2007. It also appropriates \$1,811.7 million in All Funds, which includes \$735.6 million in General Revenue Funds, for the 2008–09 biennium.

Senate Bill 10 concerns the operation and financing of the Medicaid program and other programs providing health benefits and services. The legislation directs HHSC to undertake a number of initiatives including these:

- researching and developing a Medicaid waiver to reform Medicaid financing to promote preventive care, reduce hospital-based care, and reduce the number of uninsured Texans;
- transferring the Medical Transportation program from the Texas Department of Transportation to HHSC;
- developing Health Savings Accounts;
- implementing tailored benefit packages for certain groups;
- expanding breast and cervical cancer treatment;
- expanding Medicaid to certain former foster care children;
- expanding the Health Insurance Premium Payment program;
- adding cost-sharing provisions for Medicaid recipients who seek emergency room care when an alternative setting is available; and
- studying premium assistance programs for small employer health benefit plans.

## DEPARTMENT OF AGING AND DISABILITY SERVICES

The Department of Aging and Disability Services (DADS) was established in September 2004 as a result of enactment of House Bill 2292, Seventy-eighth Legislature, Regular Session, 2003, which reorganized all Health and Human Services agencies. This reorganization merged a majority of Department of Human Services (DHS) programs (including long-term care programs) with the mental retardation component from the Department of Mental Health and Mental Retardation and the Texas Department of Aging to form DADS.

The agency's mission is to provide a comprehensive array of aging and disability services, supports, and opportunities that are easily accessed in local communities.

Appropriations for the 2008–09 biennium total \$11.6 billion in All Funds and provide for 16,387.7 full-time-equivalent (FTE) positions in fiscal year 2008 and 16,433.0 FTE positions in fiscal year 2009. These amounts include \$127.8 million in General Revenue Funds and \$321.1 in All Funds for provider rate increases appropriated by the enactment of House Bill 1, Article IX, and House Bill 15 by the Eightieth Legislature, 2007. Of the appropriated amount, \$4.6 billion, or 39.6 percent, is from General Revenue Funds and General Revenue–Dedicated Funds. The appropriations include \$6.9 billion in Federal Funds, of which \$6.5 billion, or 94.0 percent, is from the federal Title XIX Medicaid program.

### SIGNIFICANT FUNDING ISSUES FOR THE 2008–09 BIENNIUM

The following significant funding issues affect the agency's 2008–09 biennium appropriations:

- Waiting/Interest List appropriations include \$173.2 million in All Funds, including \$71.5 million in General Revenue Funds and 68.0 FTE positions each fiscal year, for certain Medicaid waivers and certain non-Medicaid community-based services to reduce waiting/interest lists by 10 percent by the end of the biennium.
- State School funding was increased by \$107.7 million in All Funds, \$42.8 million in General Revenue Funds, and 1,690.0 FTE positions each fiscal year for increased staffing at state schools.
- Funding for DADS includes \$248.6 million in All Funds and \$99.0 million in General Revenue Funds

for the biennium for a nursing home provider rate increase.

- Funding is appropriated in House Bill 15 of \$72.5 million in All Funds and \$28.8 million in General Revenue Funds for the restoration of community care and Intermediate Care Facilities for Persons with Mental Retardation (ICF–MR) provider rates to fiscal year 2003 levels and an increase in home health provider rates in fiscal year 2009.

### GOALS

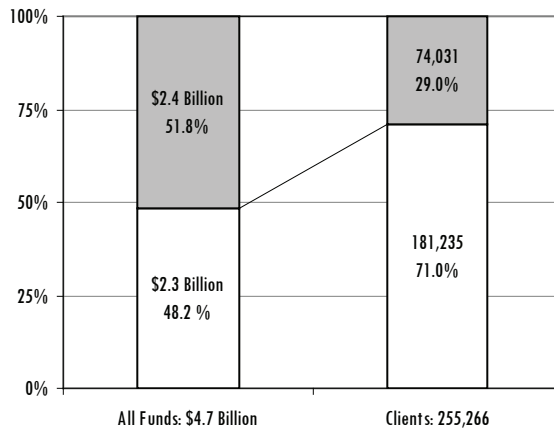
Agency functions are divided into three primary goals, one related to providing long-term services and supports for elderly persons and people with disabilities and a second related to regulation, certification, and outreach services. The third is the reduction of waiting and interest lists. Long-term care continuum services receive 96.2 percent of the agency's appropriated funds. Regulation, certification, and outreach receive 1.2 percent of the agency's appropriated funds. Waiting and interest lists reduction accounts for 1.5 percent of the agency's appropriated budget. Finally, Indirect administration makes up 1.1 percent of the agency's appropriated funds.

### LONG-TERM SERVICES AND SUPPORTS

The agency's long-term care continuum of services provides appropriate care based on the individual needs of elderly persons and persons with disabilities. The services include assisting clients with daily needs; providing employment services, skills training, and specialized therapies; paying for home improvements, special equipment, and related items; paying for nursing home and hospice care; and paying for state school services. These services are provided within institutional care settings such as nursing facilities or state schools for persons with mental retardation and in non-institutional or in-home settings such as community care programs and Intermediate Care Facilities–Mental Retardation (**Figure 129** and **Figure 130**).

Texas focuses on developing long-term services and supports that are provided in home and community settings. The availability of these services has significantly reduced the number of persons who otherwise would be cared for in a nursing home. **Figure 130** compares the number of clients served in community care services and nursing homes during fiscal years 1990 to 2007, with projections into fiscal year 2009. Similarly, the number of persons receiving community Mental Retardation (MR) services in home and community

**FIGURE 129**  
**DADS FUNDING AND CASELOAD FOR COMMUNITY-BASED**  
**AND INSTITUTIONAL SERVICES**  
**FISCAL YEAR 2006**



NOTE: Institutional includes nursing facility, skilled nursing facility, hospice, and mental retardation state school services. Community-based includes community care entitlement, community care waivers, Program of All-inclusive Care for the Elderly (PACE), and ICF-MR.  
 SOURCE: Legislative Budget Board.

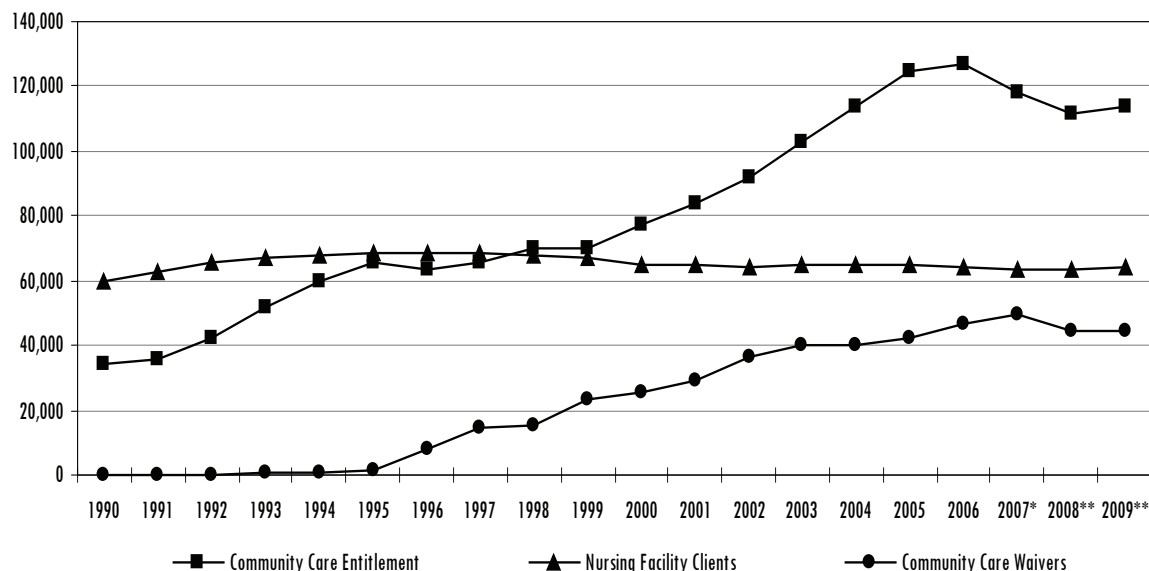
settings increased significantly between fiscal year 2005 and fiscal year 2007 (**Figure 131**).

Appropriations for long-term services and supports for the 2008–09 biennium total \$11.2 billion in All Funds and provide for 14,663.7 FTE positions in fiscal year 2008 and 14,704.3 in fiscal year 2009. Of the appropriated amount, \$4.4 billion, or 39.7 percent, is General Revenue Funds and General Revenue–Dedicated Funds. Costs and number of clients served are shown in **Figure 132** and **Figure 133** for select program measures for some long-term care services. Due to STAR+PLUS expansion and the *Alberto N.* settlement, client levels in 2008–09 at the Department of Aging and Disability Services in Primary Home Care, Community-based Alternatives and Day Activity and Health Services show a decline. Those clients are now served through the Health and Human Services Commission.

### INTAKE, ACCESS, AND ELIGIBILITY

Area Agencies on Aging (AAA) and Mental Retardation Authorities (MRA) provide information and access to services through Intake, Access, and Eligibility to Services and

**FIGURE 130**  
**COMMUNITY CARE AND NURSING FACILITY AVERAGE MONTHLY CASELOAD**  
**FISCAL YEARS 1990 TO 2009**



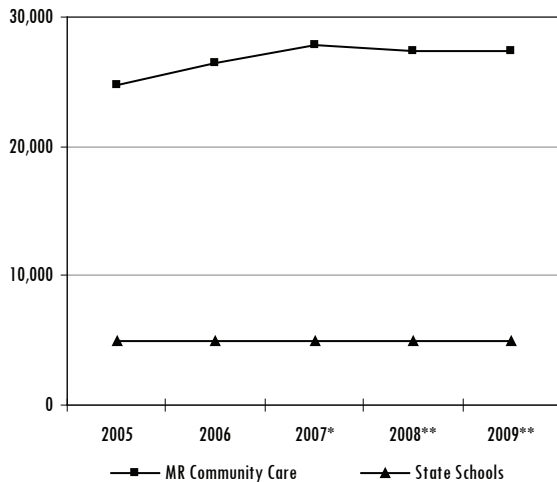
\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

NOTES: (1) Community Care Entitlement includes Primary Home Care, Community Attendant Services, and Day Activity and Health Services; Community Care Waivers include Community-based Alternatives, Home and Community-based Services, Community Living and Support Services, Deaf-Blind Multiple Disabilities, Medically Dependent Children Program, Consolidated, Texas Home Living, and Promoting Independence; (2) clients funded through 2008–09 appropriations for waiting lists are not included; (3) Nursing Facility includes Medicaid co-payment for Medicare Skilled Nursing Facility Care but excludes Hospice; and (4) movement of clients from the Department of Aging and Disability Services to the Health and Human Services Commission in 2006–07 for STAR+PLUS expansion and *Alberto N.* settlement reduced client numbers in Primary Home Care, Community-based Alternatives, and Day Activity and Health Services.

SOURCE: Department of Aging and Disability Services.

**FIGURE 131**  
**MENTAL RETARDATION COMMUNITY CARE AND STATE**  
**SCHOOLS AVERAGE MONTHLY CASELOAD**  
**FISCAL YEARS 2005 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

NOTE: MR Community Care includes Home and Community-based services, Texas Home Living Services, MR Community Services (residential and non-residential), and Intermediate Care Facilities for Persons with Mental Retardation. Intake and Access and MR In-Home Services are excluded. Clients funded through appropriations for waiting lists are not included.

SOURCE: Department of Aging and Disability Services.

Supports. The AAAs provide (1) assistance to older persons and family members regarding community support, (2) referrals to programs, and (3) coordination of care and legal assistance. The MRAs determine eligibility and coordinate mental retardation services for eligible persons.

Intake, Access, and Eligibility also focuses on assessing a client's needs and the client's ability to function in a community setting. Clients who are eligible for Medicaid-funded nursing facility care and request community-care waiver services are assessed by DADS staff on daily living skills (non-financial criteria) and are given an eligibility score. This score allows the DADS staff to tailor various levels of assistance available to the client. Most DADS programs also have income-eligibility requirements (**Figure 134**). DADS provides health or functional information about clients to the Health and Human Services Commission, which uses that information and a financial evaluation to determine eligibility for long-term care services. Most clients are eligible for Medicaid coverage that pays for acute care as well as long-term care services.

Funding totals \$274.5 million in All Funds and provides for 1,749.3 FTE positions in fiscal year 2008 and 1,784.9 FTE positions in fiscal year 2009.

## GUARDIANSHIP

Services provided by DADS for guardianship include but are not limited to providing services for adults with diminished capacity, arranging for placement in facilities (such as long-term care facilities, hospitals, or foster homes), managing estates, and making medical decisions. Adults with diminished capacity are defined as individuals who, because of a physical or mental condition, are substantially unable to provide food, clothing, or shelter for themselves, to care for their physical health, or to manage their financial affairs.

As part of the 2004 Adult Protective Services (APS) reform, guardianship services were transferred from the Department of Family and Protective Services to DADS. When APS validates abuse, neglect, or exploitation of an individual, they first seek less restrictive alternatives (LRA) to guardianship. If none is available, and indications are that the person may lack capacity and no family member is available to serve as guardian, APS makes a referral to DADS' guardianship program. If a child in Child Protective Services (CPS) conservatorship is about to be age 18 and will meet the definition of an incapacitated adult, a referral to DADS is made. DADS' staff has a responsibility to identify LRAs. They conduct a capacity assessment, and if guardianship is needed, the program can apply to a probate court to be appointed guardian or it may refer the case to a local contracted guardianship program. DADS authority to provide permanent guardianship services is limited to individuals referred by either APS or CPS, or that DADS otherwise agrees to serve. A court may not routinely or customarily appoint DADS as temporary guardian and may only do so as a last resort.

Funding totals \$13.4 million in All Funds and \$2.4 million in General Revenue Funds and provides for 94.8 FTE positions in fiscal year 2008 and 99.8 FTE positions in fiscal year 2009.

## COMMUNITY-CARE SERVICES AND SUPPORTS

Community-care programs support the delivery of long-term care services and supports that assist clients with daily needs. Most community-care services are provided in the home, enabling clients to maintain maximum independence. DADS estimates that the average number of clients receiving community-care services each month will reach 156,019 in fiscal year 2008 and 158,871 in fiscal year 2009.

**FIGURE 132**  
**DADS, LONG-TERM CARE PROGRAM COSTS, SELECTED PERFORMANCE MEASURES**  
**FISCAL YEARS 2002 TO 2009**

PERFORMANCE MEASURE	2002	2003	2004	2005	2006*	2007*	2008**	2009**
<b>Community Care Entitlement</b>								
Average Monthly Cost per Client Served: Primary Home Care	\$561	\$602	\$613	\$616	\$622	\$635	\$714	\$703
Average Monthly Cost per Client Served: Community Attendant Services	\$543	\$583	\$596	\$600	\$609	\$618	\$659	\$658
Average Monthly Cost per Client Served: Day Activity and Health Services	\$445	\$460	\$464	\$470	\$477	\$481	\$495	\$493
<b>Waivers</b>								
Average Monthly Cost per Client Served: Medicaid Community-based Alternatives (CBA) Waiver	\$1,189	\$1,255	\$1,287	\$1,302	\$1,294	\$1,286	\$1,401	\$1,400
Average Monthly Cost per Client Served: Home and Community-based Services (HCS)	\$3,439	\$3,351	\$3,227	\$3,229	\$3,230	\$3,225	\$3,395	\$3,499
Average Monthly Cost per Client Served: Medicaid Related Conditions Waiver (CLASS)	\$2,613	\$2,727	\$2,843	\$2,992	\$2,872	\$2,792	\$2,884	\$2,877
Average Monthly Cost per Client Served: Texas Home Living Waiver	NA	NA	\$262	\$408	\$447	\$455	\$383	\$390
<b>Nursing Facility</b>								
Net Nursing Facility Cost per Medicaid Resident per Month	\$2,373	\$2,375	\$2,311	\$2,265	\$2,474	\$2,567	\$2,578	\$2,560
Net Payment per Client for Co-paid Medicaid/Medicare Nursing Facility Services per Month	\$1,398	\$1,462	\$1,476	\$1,539	\$1,614	\$1,703	\$1,742	\$1,726
Average Net Payment per Client per Month for Hospice	\$2,093	\$2,123	\$2,123	\$2,110	\$2,326	\$2,436	\$2,450	\$2,444
<b>Intermediate Care Facilities for Persons with Mental Retardation (ICF-MR) and State Schools</b>								
Monthly Cost per ICF-MR Medicaid Eligible Consumer	\$4,237	\$4,244	\$4,151	\$4,094	\$4,101	\$4,120	\$4,527	\$4,514
Average Monthly Cost per Mental Retardation (MR) Campus Resident	\$5,305	\$6,448	\$6,390	\$6,730	\$7,462	\$7,959	\$8,859	\$8,904

\* Estimated.

\*\* Target established in the 2008-09 General Appropriations Act.

SOURCE: Department of Aging and Disability Services.

### **MEDICAID COMMUNITY-CARE ENTITLEMENT**

The agency provides Medicaid community-care entitlement services through Primary Home Care (PHC), Community Attendant Services (CAS), and Day Activity and Health Services (DAHS). Federal and state governments are obligated to pay for any services covered under the Medicaid entitlement programs and cannot limit the number of eligible people who may enroll.

The PHC program provides non-technical, medically related personal care services. Services are provided by an attendant and do not need the supervision of a registered nurse. Services

may include personal care (assistance with activities related to physical health, including bathing, dressing, preparing meals, feeding, exercising, grooming, routine hair and skin care, helping with self-administered medication, toileting, and transferring/ambulating); home management (assistance with housekeeping activities supporting health and safety, such as changing bed linens, laundering, shopping, storing purchased items, and dishwashing); and accompanying clients on trips to obtain medical diagnosis or treatment, or both. To meet PHC eligibility requirements, a client must establish Medicaid eligibility and have a practitioner's statement that the client has a current medical need. Clients



**FIGURE 133**  
**DADS LONG-TERM CARE PROGRAM CLIENTS SERVED, SELECTED PERFORMANCE MEASURES**  
**FISCAL YEARS 2002 TO 2009**

PERFORMANCE MEASURE	2002	2003	2004	2005	2006*	2007*	2008**	2009**
<b>Community Care Entitlement</b>								
Average Number of Clients Served per Month: Primary Home Care <sup>1</sup>	46,820	51,793	56,784	62,085	64,468	58,987	52,165	53,721
Average Number of Clients Served per Month: Community Attendant Services	29,903	34,853	40,256	44,905	43,815	42,100	43,008	43,825
Average Number of Clients Served per Month: Day Activity and Health Services <sup>1</sup>	14,953	15,967	16,937	18,032	18,689	17,377	16,082	16,493
<b>Total: Average Number of Clients Served per Month: Entitlement</b>	<b>91,676</b>	<b>102,613</b>	<b>113,977</b>	<b>125,022</b>	<b>126,972</b>	<b>118,464</b>	<b>111,255</b>	<b>114,039</b>
<b>Waivers</b>								
Average Number of Clients Served per Month: Medicaid Community-based Alternatives (CBA) Waiver <sup>1</sup>	27,805	30,277	28,870	28,885	31,407	31,068	25,351	25,419
Average Number of Clients Served per Month: Home and Community-based Services (HCS)	6,234	7,133	8,176	8,911	10,149	11,795	12,233	12,233
Average Number of Clients Served per Month: Medicaid Related Conditions Waiver (CLASS)	1,449	1,701	1,822	1,790	2,111	3,092	3,696	3,696
Average Number of Clients Served per Month: Texas Home Living Waiver	NA	NA	66	1,202	1,417	1,404	1,436	1,436
Average Number of Clients Served per Month: All Other Waiver Clients <sup>2</sup>	1,102	1,286	1,295	1,303	1,401	2,030	2,048	2,048
<b>Total: Average Number of Clients Served per Month: Waivers</b>	<b>36,590</b>	<b>40,397</b>	<b>40,229</b>	<b>42,091</b>	<b>46,485</b>	<b>49,389</b>	<b>44,764</b>	<b>44,832</b>
<b>Nursing Facility</b>								
Average Number of Clients Receiving Medicaid-funded Nursing Facility Services per Month	60,277	60,083	59,491	58,941	57,743	56,959	56,832	56,816
Average Number of Clients Receiving Co-paid Medicaid/Medicare Nursing Facility Services per Month	3,925	4,633	5,563	5,754	6,095	6,372	6,772	7,092
Hospice Clients (Monthly Average)	3,056	3,576	4,199	4,667	5,268	5,823	6,180	6,671
<b>Total: Average Number of Clients Served per Month: Nursing Facility</b>	<b>67,258</b>	<b>68,292</b>	<b>69,254</b>	<b>69,363</b>	<b>69,106</b>	<b>69,154</b>	<b>69,784</b>	<b>70,579</b>
<b>Intermediate Care Facilities for Persons with Mental Retardation (ICF-MR) and State Schools</b>								
Average Number of Persons in ICF-MR Medicaid Beds per Month	7,485	7,415	7,374	7,148	6,872	6,660	6,472	6,472
Average Monthly Number of Mental Retardation (MR) Campus Residents	5,133	5,006	4,985	4,980	4,932	4,909	4,881	4,881

\* Estimated.

\*\* Target established in the 2008–09 General Appropriations Act.

<sup>1</sup>Movement of clients from the Department of Aging and Disability Services to the Health and Human Services Commission in 2006–07 for STAR+PLUS expansion and *Alberto N.* settlement reduced client numbers in Primary Home Care, Community-based Alternatives, and Day Activity and Health Services.

<sup>2</sup>Includes Medicaid Deaf-Blind with Multiple Disabilities Waiver, Medically Dependent Children Program, and Consolidated Waiver Program.

SOURCE: Department of Aging and Disability Services.



**FIGURE 134**  
**DADS, SELECTED INCOME-ELIGIBILITY REQUIREMENTS**  
**FISCAL YEARS 2008 AND 2009**

PROGRAM/ELIGIBLE PERSON	2008		2009	
	MAXIMUM ANNUAL INCOME <sup>1</sup>	% OF FEDERAL POVERTY GUIDELINES	MAXIMUM ANNUAL INCOME <sup>1</sup>	% OF FEDERAL POVERTY GUIDELINES
Federal poverty level (family of 1)	\$10,400	100	\$10,620	100
Federal poverty level (family of 2)	\$14,000	100	\$14,280	100
Federal poverty level (family of 3)	\$17,600	100	\$17,940	100
Nursing facility (NF) care <sup>2</sup> , ICF–MR, Community Attendant Services (CAS), Community Care–Waivers, and Community Care–Title XX				
Individual	\$22,932	221	\$23,436	221
Couple	\$45,864	328	\$46,872	328
Supplemental Security Income (SSI) <sup>3</sup>				
Individual	\$7,696	74	\$7,812	74
Couple	\$11,472	82	\$11,724	82
<b>STATE-FUNDED</b>				
In-home and family support <sup>4</sup>				
Individual: no co-pay (100% of State Median Income)	\$29,906	288	\$30,539	288
Individual: full co-pay (150% of State Median Income)	\$44,859	431	\$45,808	431
Mental Retardation In-home Services <sup>4</sup>				
Individual: no co-pay (100% of State Median Income)	\$29,906	288	\$30,539	288
Individual: full co-pay (150% of State Median Income)	\$44,859	431	\$45,808	431

<sup>1</sup> Estimated.

<sup>2</sup> Requires client to contribute all variable income toward cost of care except (a) \$60 personal income allowance, or \$90 if person receives Veterans Administration pension; (b) expenditures for dental and specialized medical services not covered by Medicaid; (c) health insurance premiums; and (d) allowances for spouse remaining at home. Nursing Facility includes nursing facility, skilled nursing facility, and hospice services.

<sup>3</sup> Income level for Primary Home Care and Day Activity and Health Services (Title XIX).

<sup>4</sup> Requires co-payment between 105 percent to 150 percent of state median income.

NOTES: Poverty levels and data shown for SSI and NF are calendar year amounts, because income levels are adjusted on a calendar year basis. In-home and Family Support amounts are fiscal year amounts.

SOURCE: Department of Aging and Disability Services.

may receive up to three prescriptions per month and have a choice of client directed attendant personal care services. Starting in January 2006, clients eligible for both Medicaid and Medicare received prescription drugs through the Medicare program.

CAS clients receive the same services as PHC clients; however, clients in the CAS program are not eligible for Medicaid acute care and do not receive any prescriptions through Medicaid.

The DAHS program provides daytime licensed adult day-care facilities services Monday through Friday. The program addresses the physical, mental, medical, and social needs of clients as an alternative to placement in nursing facilities or other institutions.

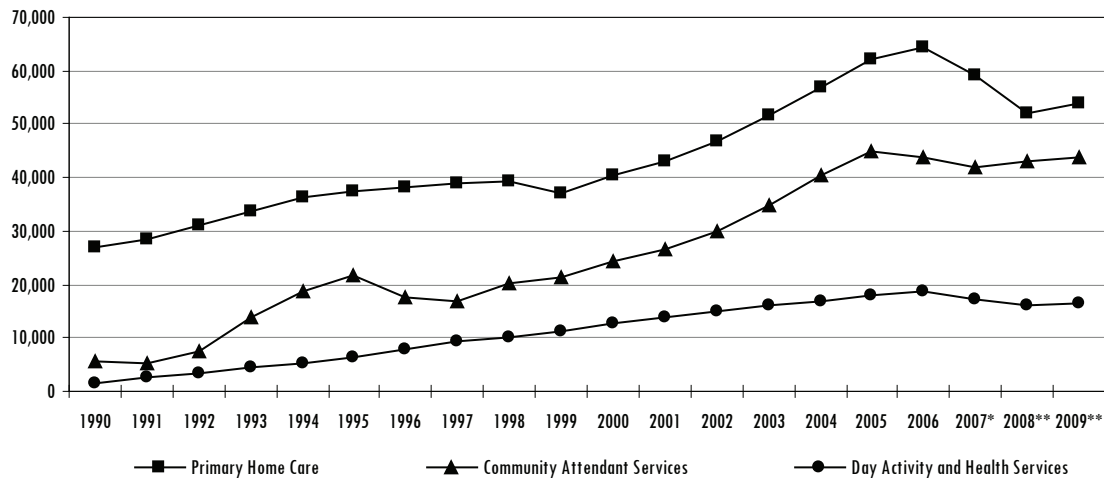
DADS estimates that the average number of clients receiving Medicaid community-care entitlement services each month will reach 111,255 in fiscal year 2008 and 114,039 in fiscal year 2009. Changes in caseloads for the community-care entitlement are shown in **Figure 130** and **Figure 135**.

Funding for PHC, CAS, and DAHS totals \$1.8 billion in All Funds and \$710.4 million in General Revenue Funds and General Revenue–Dedicated Funds. Included in the appropriations for PHC and CAS is funding for an increase in home health provider rates in fiscal year 2009.

#### **MEDICAID COMMUNITY-CARE WAIVERS**

Home and community-based waivers are used by states to obtain federal Medicaid matching funds to provide long-term care to patients in settings other than institutions.

**FIGURE 135**  
**COMMUNITY CARE ENTITLEMENT, AVERAGE MONTHLY CASELOAD**  
**FISCAL YEARS 1990 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

NOTE: Movement of clients from the Department of Aging and Disability Services to the Health and Human Services Commission in 2006–07 for STAR+PLUS expansion and *Alberto N.* settlement reduced client numbers in Primary Home Care, Community-based Alternatives, and Day Activity and Health Services.

SOURCE: Department of Aging and Disability Services.

(Unlike for institutional care, there is no federal or state entitlement to waiver services. States can establish waiting lists for waiver programs.) Waivers must be approved by the Centers for Medicare and Medicaid Services and are good for three years, after which they may be renewed every five years. The agency uses the following to provide intensive services for eligible clients through Medicaid community-care waiver services:

- The Community-based Alternatives (CBA) Waiver Program offers case management, personal assistance, nursing services, adaptive aids, medical supplies, and other services for adults age 21 and older.
- The Home and Community-based Services (HCS) Waiver Program enables persons with mental retardation to remain in a community setting by providing in-home and residential assistance, case management, supported employment, dental treatment, adaptive aids, and minor home modification.
- The Community Living Assistance and Support Services (CLASS) Waiver Program offers case management, habilitation, and other services for persons with severe disabilities, other than mental retardation, such as epilepsy or brain injury that originated before age 22.

- The Deaf Blind/Multiple Disability (DBMD) Waiver Program offers services for adults who are legally blind and have multiple disabilities.
- The Medically Dependent Children's Program (MDCP) offers in-home skilled nursing care for children under the age of 21 and respite services for caregivers.
- The Consolidated Waiver Program combines CBA, HCS, CLASS, DBMD, and MDCP to determine the feasibility of providing an array of services under one waiver program.
- The Texas Home Living Waiver Program provides individualized services to clients who live in their own home or in their family's home.

DADS estimates that the average number of clients participating in community-care waiver programs each month will reach 44,764 in fiscal year 2008 and 44,832 in fiscal year 2009. The Eightieth Legislature, 2007, increased funding for a community care rate increase and waiver services to serve additional clients in community-based settings.

Funding totals \$2.2 billion in All Funds and \$880.7 million in General Revenue Funds and General Revenue–Dedicated Funds. Appropriations for Home and Community-based

Services total \$16.6 million in All Funds, including \$6.6 million in General Revenue Funds, for Promoting Independence, moving 240 residents from large ICF–MR facilities and 120 children aging out of foster care at Department of Family and Protective Services. Appropriations for HCS, CLASS, and the Texas Home Living Waiver Program also include funding for restoration of rates to fiscal year 2003 levels.

### **NON-MEDICAID STRATEGIES**

The agency provides five non-Medicaid services: (1) Non-Medicaid Services; (2) Mental Retardation Community Services; (3) Promoting Independence Plan; (4) In-home and Family Support; and (5) Mental Retardation In-home Services.

Funding for the five totals \$492.6 million in All Funds and \$235.8 million in General Revenue Funds and General Revenue–Dedicated Funds. The first of the five is funded with Federal Funds (Title XX Social Services block grant and Federal Funds from the Older Americans Act) and General Revenue Funds. The last four of the five are funded with General Revenue Funds.

### **PROGRAM OF ALL-INCLUSIVE CARE FOR THE ELDERLY**

Program of All-inclusive Care for the Elderly (PACE) is a Medicaid-funded program that provides comprehensive community-based healthcare for frail, elderly persons. Services include inpatient and outpatient medical care and specialty care (e.g., dentistry, podiatry, and social services in-home care). Services are provided under a capitated rate. Applicants must be over age 55, qualify for nursing facility level of care under both Medicare and Medicaid, and choose to receive PACE services available in the area. There are currently two PACE sites in Texas: El Paso and Amarillo. Funding for the strategy totals \$51.0 million in All Funds and \$20.3 million in General Revenue Funds.

### **NURSING FACILITY SERVICES**

The four Nursing Facility Services programs (Nursing Facility Payments, Medicare Skilled Nursing Facility, Hospice, and Promoting Independence Services) provide funding for services to Medicaid-eligible clients living in more than 1,100 nursing facilities throughout Texas. Clients must meet three criteria to be certified for Medicaid coverage: financial need, medical necessity, and placement in an appropriate facility. The average number of clients receiving Medicaid-funded

nursing facility and Medicare-skilled nursing services each month is projected to increase slightly, reaching 63,604 in fiscal year 2008 and 63,908 in fiscal year 2009.

Medicare Skilled Nursing Facility provides funding for skilled nursing facility coinsurance payments for clients who are Medicare and Medicaid eligible. The funding can finance up to the first 120 days of a client's institutional care.

Hospice provides funding for palliative care services and helps clients and their families cope with terminal illness. DADS estimates that the average number of clients receiving Hospice services each month will reach 6,180 in fiscal year 2008 and 6,671 in fiscal year 2009. Hospice is provided in nursing homes as well as in the patient's own home. For fiscal year 2007, about 91.2 percent of Hospice clients and 80.5 percent of Hospice expenditures, were in nursing homes.

Promoting Independence Services provides transition funding for eligible clients changing from institutional care to a community-based setting. Included in the appropriation for Promoting Independence Services is funding for an increase in home health provider rates in fiscal year 2009.

Funding for the four services totals \$4.5 billion in All Funds and \$1.8 billion in General Revenue Funds and General Revenue–Dedicated Funds. Also included in the appropriation for nursing facility services is funding to implement a provider rate increase in fiscal years 2008 and 2009.

### **INTERMEDIATE CARE FACILITIES–MENTAL RETARDATION**

Appropriations for Intermediate Care Facilities–Mental Retardation (ICF–MR) total \$702.1 million in All Funds and \$275.6 million in General Revenue Funds and General Revenue–Dedicated Funds. Appropriations include \$49.5 million in General Revenue–Dedicated Funds, which includes Quality Assurance Fees on ICF–MR facilities and certain Medicaid waiver providers. Appropriations also include funding for restoration of rates to fiscal year 2003 levels. Funding provides for 28.5 FTE positions located at the Corpus Christi State School, which administers state-owned group homes in Nueces County.

The Medicaid ICF–MR program provides residential care and treatment for persons with mental retardation or severe developmental disabilities such as cerebral palsy and head or spinal injuries that occur before age 22. ICF–MR benefits include room, board, and specialized services to help residents function as independently as possible. Specialized services

include medical, dental, and habilitative interventions to prevent or slow loss of functional ability. The Medicaid ICF–MR program is expected to serve an average of 6,472 clients per month during the 2008–09 biennium at an expected average monthly cost of \$4,527 in fiscal year 2008 and \$4,514 in 2009.

### MENTAL RETARDATION STATE SCHOOLS AND CAPITAL REPAIRS

Appropriations for MR State Schools total approximately \$1.0 billion in All Funds and provide for 12,791.1 FTE positions. The appropriations include \$425.0 million in General Revenue Funds and General Revenue–Dedicated Funds (40.8 percent), of which \$58.7 million in General Revenue–Dedicated Funds is from the Quality Assurance Fee on ICF–MR facilities.

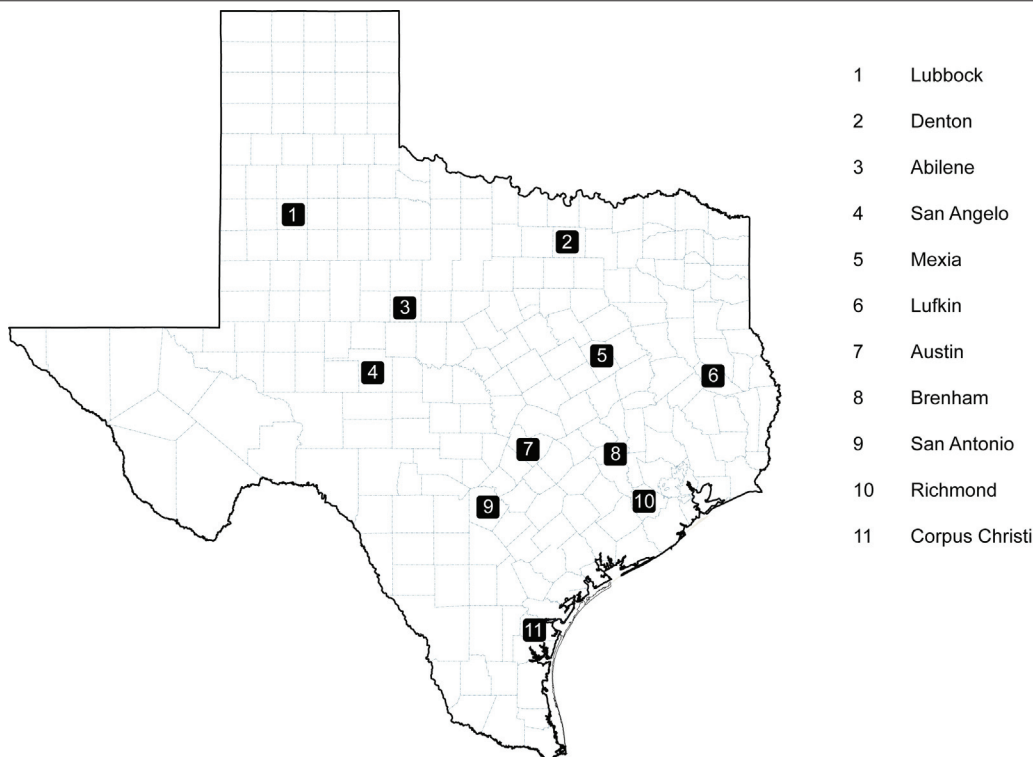
State schools are ICF–MR facilities operated by the state. Appropriations support 11 state schools across Texas, located in Abilene, Austin, Brenham, Corpus Christi, Denton, Lubbock, Lufkin, Mexia, Richmond, San Angelo, and San Antonio (**Figure 136**). The schools provide residential, behavioral treatment, healthcare, skills training, therapies,

and vocational services for residents, most of whom function in the severe to profound range of mental retardation and many of whom have special medical or behavioral conditions. Two state centers, in El Paso and Rio Grande, also provide mental retardation services. DADS contracts with the Department of State Health Services for mental retardation services provided at the Rio Grande State Center.

The average monthly number of state school residents is projected to decrease from 4,909 in fiscal year 2007 to 4,881 in fiscal years 2008 and 2009. The average monthly cost per state school resident is projected to increase from \$7,959 in fiscal year 2007 to \$8,859 in fiscal year 2008 and to \$8,904 in fiscal year 2009. Some of the projected cost increase is due to a change in the methodology for allocating indirect administrative costs to state schools and increased costs for utilities and patient drugs.

The 2008–09 GAA includes \$48.0 million in All Funds, including \$0.8 million from General Revenue Funds and General Revenue–Dedicated Funds and \$47.2 million from General Obligation (GO) bond proceeds, for capital repairs and renovations. The GO bond proceeds include \$39.8 million that received voter approval in the November 2007

**FIGURE 136**  
**LOCATION OF STATE SCHOOLS**  
**FISCAL YEAR 2007**



SOURCES: Legislative Budget Board; Department of Aging and Disability Services.

general election. Funding is for Life Safety Code and other critical repairs at state facilities, including updating sprinkler systems, replacing plumbing and electrical systems, and repairing roofs.

### REGULATION, CERTIFICATION, AND OUTREACH

DADS Regulation, Certification, and Outreach goal seeks to ensure health and safety for consumers of long-term care services. Appropriations for the 2008–09 biennium total \$137.3 million in All Funds and provide for 1,136.9 FTE positions in fiscal year 2008 and 1,141.6 FTE positions in fiscal year 2009. The appropriations include \$42.4 million in General Revenue Funds and General Revenue–Dedicated Funds (30.9 percent). DADS regulates long-term care in three ways: (1) Facility/Community-based Regulation; (2) Credentialing/Certification; and (3) Long-term Care Quality Outreach.

Facility/Community-based Regulation provides staff that license and/or certify nursing facilities, ICF–MR facilities, assisted-living facilities, and adult day-care facilities. The staff also investigate all allegations of abuse or neglect in long-term care facilities. Funding totals \$123.7 million in All Funds and \$40.0 million in General Revenue Funds and General Revenue–Dedicated Funds and provides for 1,031.9 FTE positions in fiscal year 2008 and 1,036.6 FTE positions in fiscal year 2009.

Credentialing/Certification provides staff that certify nurse aides, operate the employee misconduct registry, issue medication aide permits, and license nursing facility administrators. The number of nursing facility administrator two-year licenses issued or renewed is expected to be 927 licenses for fiscal year 2008 and 838 licenses in fiscal year 2009. Funding totals \$2.1 million and provides for 23.5 FTE positions.

Long-term Care Quality Outreach provides for quality monitoring in long-term care facilities, monitoring of the early warning system, and joint training of providers and regulatory staff. Funding totals \$11.5 million and provides for 81.5 FTE positions.

### REDUCTION OF WAITING/INTEREST LIST

Appropriations for DADS Waiting/Interest List total \$173.2 million in All Funds with \$71.5 million in General Revenue Funds and 68.0 FTE positions per fiscal year to reduce waiting lists in Medicaid Waiver and non-Medicaid programs. **Figure 137** shows the additional number of clients served by the end of fiscal year 2009.

**FIGURE 137**  
**TARGETED YEAR-END NUMBER OF CLIENTS BY PROGRAM**  
**FISCAL YEAR 2009**

PROGRAM	CLIENTS
Community-based Alternatives (CBA)	1,607
Home and Community-based Services (HCS)	2,676
Community Living Assistance (CLASS)	586
Deaf-Blind Multiple Disabilities	16
Medically Dependent Children Program	415
Non-Medicaid Community Services	2,228
In-home and Family Support	1,374
<b>TOTAL</b>	<b>8,902</b>

SOURCE: House Bill 1, Article II, Special Provisions, Section 54 of the 2008–09 General Appropriations Act.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect DADS. Among the more significant legislation are House Bill 15, Senate Bill 291, and House Bill 1168.

House Bill 15 included funding for the restoration of community care and ICF–MR provider rates to fiscal year 2003 levels, which increased funding for DADS by \$10.8 million in General Revenue Funds and \$16.4 million in Federal Funds for the 2008–09 biennium for Home and Community Based Services, Community Living Assistance and Support Services, Texas Home Living, and Intermediate Care Facilities–Mental Retardation. Also included was \$18.0 million in General Revenue Funds and \$27.3 million in Federal Funds for an increase in home health provider rates in fiscal year 2009 for Primary Home Care, Community Attendant Services, Community Based Alternatives, and Promoting Independence.

Senate Bill 291 requires DADS to perform all criminal background checks for each individual who is or will be providing guardianship services to a ward of or referred by the department and to submit the background checks to the Guardianship Certification Board and the county clerk, upon request from the court retaining jurisdiction.

House Bill 1168 requires the executive commissioner of the Health and Human Services Commission to develop and implement a pilot program to license boarding houses, subject to the appropriation of funds for the express purpose of implementing the pilot. Boarding house is defined as an establishment that provides services including community meals, light housework, meal preparation, transportation, grocery shopping, money management, or laundry services

to three or more elderly or disabled persons who are unrelated to the proprietor. The definition excludes entities that are currently licensed by the Department of Aging and Disability Services, entities that are exempted from licensure by DADS (Home and Community-based Services Program providers); child-care facilities; family violence centers; hotels; retirement communities; monasteries; convents; and sororities, fraternities, and dormitories affiliated with an institution of higher learning.

The pilot program must be implemented in each county or municipality that has adopted an order or ordinance regulating the operation of boarding houses. Rules to implement the pilot must address licensing, inspections, and enforcement. If the pilot program is implemented, the executive commissioner must report by January 1, 2009, the number of houses licensed, rule violations, and investigations related to alleged abuse, neglect, or exploitation of a resident; a description of any penalties imposed on a boarding house; and recommendations on the advisability of expanding the pilot statewide.

If the pilot program has not been implemented, the executive commissioner must study and make recommendations regarding the most effective method for regulating boarding houses, including whether clarifying and expanding county and municipal authority to establish health and safety standards for boarding houses is recommended.



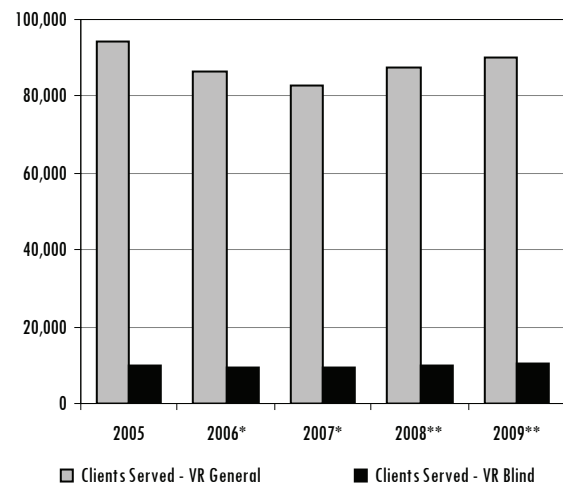
## DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES

The Department of Assistive and Rehabilitative Services (DARS) was created in 2003 by the Seventy-eighth Legislature by consolidating four legacy health and human services agencies: the Interagency Council on Early Childhood Intervention (ECI), the Commission for the Blind, the Commission for the Deaf and Hard of Hearing, and the Rehabilitation Commission. The agency is assisted by the Assistive and Rehabilitative Council, a nine-member council appointed by the Governor and confirmed by the Texas Senate, charged with helping the Executive Commissioner of the Health and Human Services Commission develop rules and policies for DARS. Three federally mandated advisory committees also provide input on policy in specific program areas. The agency's mission is to work in partnership with Texans with disabilities and families with children who have developmental delays to improve the quality of their lives and to enable their full participation in society.

Appropriations for the 2008–09 biennium total \$1.2 billion in All Funds and provide for 3,170.6 full-time-equivalent (FTE) positions in fiscal year 2008 and 3,210.8 FTE positions in fiscal year 2009. Of these appropriations, \$909 million, or 78.2 percent, are Federal Funds. The U.S. Department of Education provides most of the Federal Funds, which the state uses for vocational rehabilitation (VR) and ECI. VR Federal Funds, totaling \$411.4 million for the 2008–09 biennium, are split between the VR for the Blind program (\$73.9 million, or 18 percent), the VR for General Disabilities program (\$310.8 million, or 75.5 percent), program support (\$23.3 million, or 5.7 percent), Business Enterprises of Texas program (\$1.2 million, or 0.3 percent), and Contract Services for the Deaf (\$2.2 million, or 0.5 percent). **Figure 138** shows the number of clients served in both VR programs.

General Revenue Funds and General Revenue–Dedicated Funds provide \$214.9 million, or 18.5 percent of agency appropriations. More than 78 percent of the General Revenue Funds and General Revenue–Dedicated Funds contribute to matching or a maintenance-of-effort requirement for Federal Funds. Most of the \$26.7 million in General Revenue–Dedicated Funds comes from the Comprehensive Rehabilitation account, which funds services to individuals with traumatic brain or spinal cord injury. Other Funds account for \$37.7 million, or 3.3 percent of the agency's appropriation. Other Funds include \$33 million in Foundation School Funds transferred via interagency contract

**FIGURE 138**  
VOCATIONAL REHABILITATION PROGRAM CLIENTS SERVED  
FISCAL YEARS 2005 TO 2009



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.  
SOURCES: Legislative Budget Board; Department of Assistive and Rehabilitative Services.

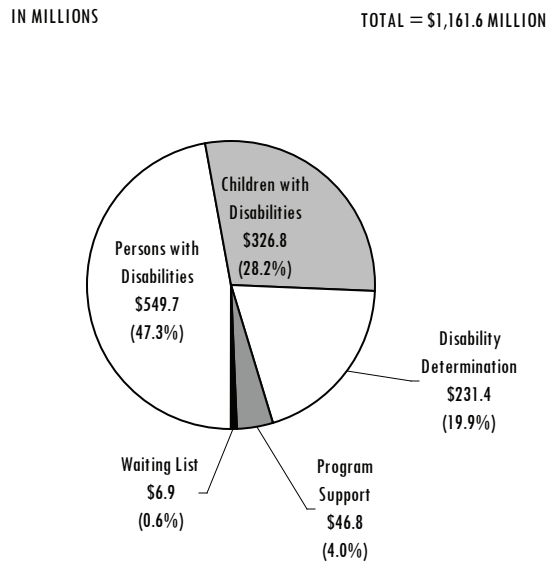
from the Texas Education Agency (TEA) to support ECI services.

The Eightieth Legislature, 2007, increased DARS appropriations by \$119.5 million in All Funds from the 2006–07 spending level. This increase allows the agency to add 67.8 FTE positions in the Disability Determination Services (DDS) division for an anticipated increase in workload. The appropriation also provides for these needs:

- two new independent living centers;
- additional General Revenue Funds to match the VR grant;
- elimination of the fiscal year 2007 end-of-year waiting list for Comprehensive Rehabilitation Services and Independent Living Services;
- assistive technologies, devices, and training for Texans with the most significant disabilities; and
- ECI regular caseload growth and anticipated caseload growth associated with the federal Child Abuse Prevention and Treatment Act.

The agency's functions are organized according to five goals (**Figure 139**). The first goal is to ensure that families with children with disabilities receive quality services enabling their children to reach their developmental goals, which accounts for 28.2 percent of the agency's appropriation. The

**FIGURE 139**  
**DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES**  
**APPROPRIATIONS BY GOAL**  
**2008-09 BIENNIUM**



SOURCE: Legislative Budget Board.

second goal of DARS, to which 47.3 percent of appropriations are allocated, is to provide persons with disabilities quality services leading to employment and living independently. The third goal is related to providing timely, accurate, and cost-effective services in determining eligibility for federal Social Security Administration benefits, and accounts for 19.9 percent of appropriations to the agency. The fourth goal of DARS is related to the agency's administration costs and accounts for 4 percent. The fifth goal addresses the agency's fiscal year 2007 end-of-year waiting list for Comprehensive Rehabilitation Services and Independent Living Services and is allocated 0.6 percent of appropriations to DARS.

### SERVICES TO CHILDREN WITH DISABILITIES

To achieve its first goal of ensuring that families with children with disabilities receive quality services, DARS offers Early Childhood Intervention Services and Habilitative Services for children. ECI services to address developmental needs are provided to eligible Texas children under age three and Habilitative Services are provided to all blind and visually impaired children.

#### EARLY CHILDHOOD INTERVENTION SERVICES

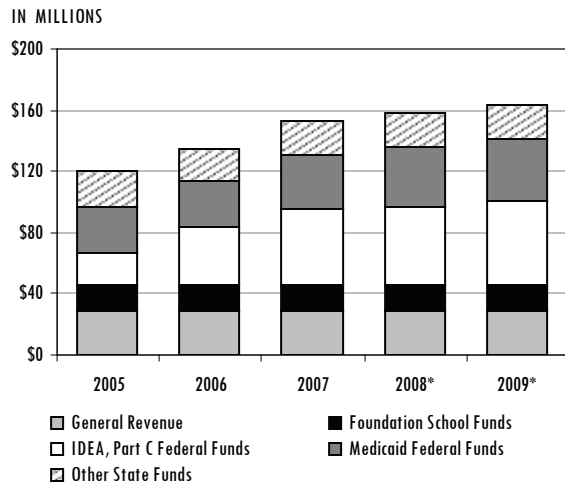
Early Childhood Intervention services provide comprehensive services to children in Texas under the age of three with developmental needs or at risk of developmental

delay. ECI services are provided through the following: ECI Eligibility Awareness, ECI Eligibility Determination, ECI Comprehensive Services, ECI Respite Services, and Ensure Quality ECI Services. Client services are provided through local intervention programs that determine eligibility, assess the child's needs, and coordinate the delivery of comprehensive services, including physical therapy, speech and language therapy, developmental training, occupational therapy, and training in self-help skills. Services are also provided for the family, including support groups, education, counseling, transportation, and training in skills to help the child. Children typically receive services in the places where they spend their day, such as at home or at a day-care center.

Appropriations for ECI services for the 2008–09 biennium total \$320.8 million, of which 18.3 percent are General Revenue Funds. DARS also receives appropriations of \$33 million in General Revenue Funds from the Foundation School Fund from the TEA through an interagency contract to support early childhood intervention eligibility determination, comprehensive services, and transition services. Most of the General Revenue Funds and all of the Foundation School Funds contribute to the maintenance of effort requirement for federal Special Education Grants for Infants and Families with Disabilities, also known as Individuals with Disabilities Education Act (IDEA) Part C funds (\$106.5 million in Federal Funds); the state must maintain, at a minimum, total expenditures equal to total expenditures from the previous fiscal year. General Revenue Funds are also used as matching funds for Medicaid (\$80.4 million in Federal Funds).

The increased funding of \$32.7 million in All Funds above the 2006–07 spending level addresses regular caseload growth and anticipated caseload growth associated with the recently amended and reauthorized federal Child Abuse Prevention and Treatment Act (CAPTA), as well as enabling the state to meet the maintenance of effort requirement. CAPTA requires state child protective services agencies to refer all children under age three in open protective services cases to DARS (or an equivalent agency) for screening and assessments. CAPTA provides limited funding for the costs of the new requirements. It is estimated that 52,952 children will receive comprehensive services in fiscal year 2008, increasing to 55,141 children in fiscal year 2009. **Figure 140** shows the appropriations of state and federal funding for ECI programs by method of financing from 2005 to 2009.

**FIGURE 140**  
**EARLY CHILDHOOD INTERVENTION FUNDING**  
**BY METHOD OF FINANCE**  
**FISCAL YEARS 2005 TO 2009**



\*Target established in the 2008–09 General Appropriations Act.  
 SOURCE: Legislative Budget Board.

A continuing provision in the 2008–09 General Appropriations Act, originally authorized by the Seventy-sixth Legislature, 1999, allows the Commissioner of Health and Human Services to transfer funds from other health and human services agencies to DARS during the 2008–09 biennium. The commissioner must determine whether a transfer of funding is needed to serve all eligible children. Such a transfer is subject to the prior approval of the Legislative Budget Board and the Governor.

#### **HABILITATIVE SERVICES FOR CHILDREN**

Habilitative Services for Children provides blind or visually impaired children and their families with services that build a foundation for future employment and independent living. Trained specialists consult with parents of infants with serious visual conditions to help families understand blindness and what to expect. Information is provided about resources and training that will aid in the child's development. When the child is school-age, specialists work with the child's parents, teachers, and school district to make sure the child gains the greatest possible benefit from school activities. Habilitative services may include diagnostic and evaluation services, adaptive aids and equipment, educational toys, educational support services, and counseling and guidance for parents. In response to reduced funding levels, the agency largely eliminated vision screening and restoration services during the 2004–05 biennium. The agency established new priority categories, which focus on more severe visual impairments.

Habilitative Services for Children is funded almost exclusively with General Revenue Funds, receiving an appropriation of approximately \$6 million for the 2008–09 biennium. It is estimated that approximately 3,100 children will be served in each year of the biennium. In 2005, there were 3,021 children served in the program at a cost of \$1,072 per child. The program will serve an estimated 3,100 children in 2009 at a cost of \$970 per child (**Figure 141**). Children receiving services in the modified program require more costly treatment, as compared to the cost of vision screening services that are no longer available.

**FIGURE 141**  
**HABILITATIVE SERVICES FOR CHILDREN**  
**FISCAL YEARS 2005 TO 2009**

	2005	2006	2007*	2008**	2009**
Total Children Served	3,021	3,078	3,221	3,100	3,100
Cost per Child	\$1,072	\$940	\$946	\$970	\$970

\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.  
 SOURCES: Legislative Budget Board; Department of Assistive and Rehabilitative Services.

#### **SERVICES TO PERSONS WITH DISABILITIES**

DARS offers a variety of services to individuals who are blind or visually impaired, deaf or hard of hearing, or who have general disabilities. These services include the following programs:

- Independent Living Services for the Blind;
- Comprehensive Rehabilitation Services Program;
- The Blindness Education Screening and Treatment Program;
- Vocational Rehabilitation for the Blind;
- Business Enterprises of Texas Program and Trust Fund;
- Deaf and Hard of Hearing Services;
- Independent Living Centers and Independent Living Services; and
- Vocation Rehabilitation for General Disabilities.

#### **INDEPENDENT LIVING FOR THE BLIND**

The Independent Living program provides services to individuals who are blind or seriously visually impaired whose disabilities or ages are such that they are not interested in or eligible for employment-related services. Consumers

learn how to live at home or in the community without having to rely on family members or friends. As consumers become more self-reliant, they may decrease their dependence on family members or friends, which then may enable family members to seek or maintain employment; the cost of in-home care may be reduced; and custodial or nursing home care may be avoided. In addition to one-on-one training, services provided include information packets, follow-up calls, group training, and peer support.

Appropriations for the 2008–09 biennium are \$4.8 million, including approximately \$0.4 million in General Revenue Funds for assistive technologies, devices, and training to assist Texans with the most significant disabilities so that they are able to stay in the community and out of institutional settings. During each year of the biennium, approximately 4,362 individuals are estimated to be served.

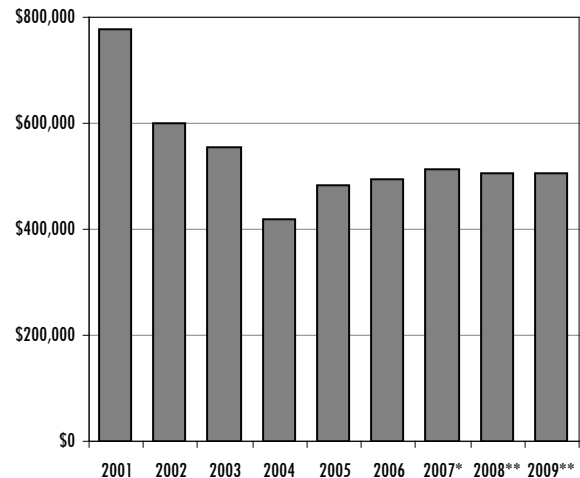
#### **BLINDNESS EDUCATION SCREENING AND TREATMENT**

The Blindness Education Screening and Treatment (BEST) Program was established by the Seventy-fifth Legislature, 1997, to allow a voluntary contribution of \$1.00 when a person renews a driver's license or identification card. The money is used for (1) public education about blindness and other eye conditions, (2) screenings, (3) eye examinations to identify conditions that may cause blindness, and (4) medical treatments to prevent blindness when an individual is uninsured. During periods when eye-treatment requests exceed donations, a waiting list is established. Approved applicants on the waiting list are served in order by the earliest referral date. Authorized appropriations total \$1 million for the 2008–09 biennium, and 7,644 individuals are estimated to be served in each year of the biennium. **Figure 142** shows the BEST donations from fiscal year 2001 to fiscal year 2009. The change from a four-year to a six-year license renewal cycle has reduced donation opportunities.

#### **VOCATIONAL REHABILITATION FOR THE BLIND**

Vocational Rehabilitation (VR) helps blind and severely visually impaired youths (age 13 to 21) and adults establish and achieve vocational goals by providing a wide range of personalized assistance. Once determined eligible, the consumer's needs determine the type of services provided. To become job-ready, a consumer may receive a wide range of services, including VR counseling and guidance, eye medical assistance (under defined circumstances), vocational and other training services, reader services, orientation and mobility services, job search and placement assistance, job retention services, and assistive technology training and

**FIGURE 142**  
**BLINDNESS EDUCATION SCREENING AND**  
**TREATMENT (BEST) DONATIONS**  
**FISCAL YEARS 2001 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

SOURCES: Legislative Budget Board; Department of Assistive and Rehabilitative Services.

equipment specifically designed for people who are blind. VR counselors work not only with consumers but also with employers to ensure that there is a good job match for both the employer and the employee. Specialized services are available to individuals who are blind and have multiple disabilities. Supported employment services place individuals with the most severe disabilities in competitive jobs with qualified job coaches/trainers to provide individualized, ongoing support.

As part of this function, the agency operates the Criss Cole Rehabilitation Center, a residential training program in Austin. The center provides a comprehensive array of specialized services and intensive training in vocational and independent living skills needed by blind and visually impaired consumers to live and work independently. Typical classes include Braille instruction, money skills, business writing, computer skills, diabetes life management, first aid training, nutrition, orientation and mobility, and housekeeping. The use of computers and adaptive technology is emphasized. The center trains staff and professionals to provide these services.

The Transition Services Program is a subset of the VR program that prepares blind students age 10 and older to make the transition from school to work or from secondary school to college or vocational school. Transition is based on

the individual needs, interests, and preferences of the student. Transition services strike a balance between independent living skills training and vocational skills training and involve the family, educational partners, community resources, and other networks of support. Transition services for youths typically include vocational awareness, career planning, coordination with academic counselors, and other age-appropriate VR services.

Appropriations for the VR for the Blind total \$92.2 million for the 2008–09 biennium; 83.2 percent are Federal Funds, and approximately 10,334 individuals are estimated to be served in fiscal year 2009. Appropriations for the 2008–09 biennium include additional General Revenue Funds to meet the state maintenance-of-effort requirement for the federal VR grant and to match an additional \$4.6 million in Federal Funds.

#### **BUSINESS ENTERPRISES OF TEXAS PROGRAM AND TRUST FUND**

The Business Enterprises of Texas (BET) Program develops and maintains business-management opportunities for legally blind persons, who are accorded priority under the federal Randolph–Sheppard Act and state law to operate food-service and vending facilities located on state and federal properties throughout Texas. Approximately 1,265 individuals (managers and employees) in fiscal year 2009 are estimated to benefit from employment opportunities created as a result of the BET program. This program generates more than \$1.5 million in General Revenue–Dedicated Funds annually from vending machines not assigned to BET managers and located on state property. The revenue is deposited into the Business Enterprise Program Account and used to fund program operations and to match VR Federal Funds. Appropriations for the 2008–09 biennium total \$4.3 million in General Revenue–Dedicated Funds and VR Federal Funds.

The Business Enterprises of Texas Trust Fund provides for the administration of funds for retirement and benefits authorized under the Randolph–Sheppard Act for active and retired individuals employed through the BET program. Appropriations for the 2008–09 biennium total approximately \$1 million in General Revenue–Dedicated Funds from the Business Enterprise Program Trust Fund Account, which generates revenue from vending machines located on federal property. Legislation enacted by the Seventy-seventh Legislature, 2001, authorizes the agency to contract with a professional management service to

administer the BET retirement and benefits plan for blind and visually impaired persons who are currently in or have retired from the BET program. The agency contracted with a consulting firm to explore options for management of the plan and to present the options to the BET managers for their consideration. The managers chose to terminate the current retirement and benefits plan and replace it with an arrangement providing for distribution of available revenue to eligible participants. Revenues will continue to be deposited into the Business Enterprise Program Trust Fund Account; however, there will be an annual payment to blind licensed managers for the purchase of health insurance, retirement, or vacation pay. Additionally, only 80 percent of the Business Enterprise Program Trust Fund Account funds will be paid out, in a formula agreed to by the blind licensed managers. The other 20 percent will remain in the Business Enterprise Program Trust Fund Account and accrue interest and will be distributed to the blind managers the following years.

#### **DEAF AND HARD OF HEARING SERVICES**

The agency provides Deaf and Hard of Hearing Services in three ways: (1) Contract Services for the Deaf; (2) Education, Training, and Certification for the Deaf; and (3) Telephone Access Assistance. The combined appropriation totals \$7.1 million in All Funds for the 2008–09 biennium.

A continuing provision in Article IX of the 2008–09 General Appropriations Act, originally authorized by the Seventy-eighth Legislature, 2003, generates approximately \$1 million during the biennium in funds for the Regional Specialist Program, a program within Contract Services. These funds, collected via interagency contract (Other Funds) with the 20 largest state agencies, are used to contract with specialists throughout the state to ensure that state services are provided and accessible to individuals who are deaf or hard of hearing. A small portion of the interagency contract revenues will be used in the 2008–09 biennium as matching funds for the federal VR program, for specific eligible services.

To promote and regulate an effective system of services for individuals who are deaf or hard of hearing, DARS holds contracts, administered through the Contract Services function, with community-based councils for the deaf and hard of hearing. These community-based councils provide interpreter services, information and referral services, and services to the elderly deaf and hard of hearing. Through this council network, the agency also facilitates the provision of interpreting services to other state agencies. Appropriations



for Contract Services, including the Regional Specialist Program, total \$4.5 million for the 2008–09 biennium.

The agency's Board for Evaluation of Interpreters evaluates and certifies interpreters according to skill level. The agency maintains lists of certified interpreters for courts, schools, service providers, and other interested entities. General Appropriations Act (2008–09 biennium), Rider 18, Appropriations Limited to Revenue Collections, requires the agency to collect revenue from fees or fines to cover appropriations of at least \$130,000 in General Revenue Funds in each fiscal year in the Education, Training, and Certification for the Deaf function. Over 1,900 interpreter certificates are expected to be issued in each year of the biennium.

DARS provides consumer education and interpreter training through the Office for Deaf and Hard of Hearing Services, including a week-long "Camp Sign" for deaf and hard of hearing children. Legislation enacted by the Seventy-eighth Legislature, 2003, authorized the sale of specialized "I Love Texas" license plates, which produces approximately \$11,000 in General Revenue–Dedicated Funds for each year of the biennium, which is expended within the Education, Training, and Certification for the Deaf function. Appropriations for this function total approximately \$1.3 million for the biennium, primarily in General Revenue Funds.

DARS administers the Specialized Telecommunication Assistance Program, authorized by legislation enacted by the Seventy-fifth Legislature, 1997. This voucher program provides telecommunication access equipment for persons that are deaf or hard of hearing, speech impaired, or have any other disability that interferes with telephone access. Vouchers are funded through the Texas Universal Service Fund, for which revenue is generated by the Universal Service Charge on telephone services. Appropriations for the 2008–09 biennium in the Telephone Access Assistance function total \$1.3 million in Other Funds, and approximately 16,530 vouchers are estimated to be provided in each year of the biennium.

#### **VOCATIONAL REHABILITATION FOR GENERAL DISABILITIES**

Vocational Rehabilitation for General Disabilities helps people with a wide variety of disabilities enter or return to gainful employment. Disabilities may include mental illness, mental retardation, neurological disorders, amputations and other orthopedic impairments, speech or hearing limitations, heart ailments, epilepsy, cerebral palsy, diabetes, tuberculosis, or behavioral problems associated with alcoholism or drug

addiction. As a part of the VR program, transition planning services are available to eligible students with disabilities to assist them in the transition from high school to the work world.

Eligibility for VR is based on the presence of a physical or mental disability that results in a substantial impediment to securing employment and the determination that VR services are required to allow the individual to prepare for, obtain, retain, or regain employment. In general, individuals are presumed to be capable of gaining employment. Recipients of Social Security disability benefits, either Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI), are presumed eligible for VR services.

The Eightieth Legislature, 2007, appropriated \$400.8 million in All Funds for VR services for the 2008–09 biennium. Funding for VR allows approximately 90,075 clients to receive services in fiscal year 2009, of which an estimated 13,692 will be successfully rehabilitated and employed.

Appropriations for the 2008–09 biennium include additional General Revenue Funds to meet the state maintenance-of-effort requirement for the federal VR grant and to match an additional \$15.7 million in Federal Funds. The VR program benefits from a favorable federal match, with each dollar of General Revenue Funds generating \$3.69 in Federal Funds. Consequently, the program receives approximately 78.7 percent of its funding from the federal government, with the remaining 21.3 percent in General Revenue Funds.

#### **INDEPENDENT LIVING**

Independent Living Centers and Independent Living Services provide nonresidential services to assist individuals in obtaining as much independence as possible within the family and the community. These services typically include peer counseling, advocacy, information and referral, and independent-living skills training. Grants are provided to 10 Centers for Independent Living (CIL) that serve various parts of the state. Case service funds for independent living services support rather than duplicate services provided by centers. Case service funds can provide assistive technology, therapy services, medical equipment, and adaptive modification of vehicles for people with severe disabilities who may not be able to secure competitive employment.

A total of approximately \$12.8 million was appropriated for the 2008–09 biennium for Independent Living Centers and services, including \$2.6 million in General Revenue Funds for two new CILs and to provide consumers with the most



significant disabilities with assistive technologies, devices, and training. Approximately 2,024 individuals per fiscal year are expected to receive DARS Independent Living Services; approximately 9,170 individuals per fiscal year are estimated to receive services from Independent Living Centers. Funding is predominantly Federal Funds, and a smaller share is General Revenue Funds. Historically, the Independent Living functions have been funded primarily with General Revenue Funds. A method of finance change moved General Revenue Funds to the VR functions to generate additional matching Federal Funds, and replaced the General Revenue Funds in the Independent Living functions with federal Social Security Vocational Rehabilitation Reimbursement Funds.

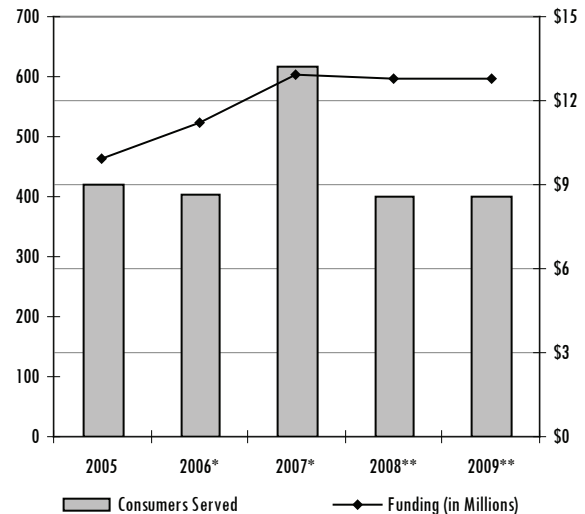
### COMPREHENSIVE REHABILITATION

The Comprehensive Rehabilitation Services Program provides rehabilitation services to persons with traumatic spinal cord and/or traumatic brain injuries. Services include inpatient comprehensive medical rehabilitation, outpatient rehabilitation services, and services for post-acute brain injury rehabilitation.

Comprehensive rehabilitation services are necessary to increase an individual's ability to function as independently as possible within the family and the community. These time-limited services assist the client with daily living skills and prevent secondary disabilities such as respiratory problems, pressure sores, and urinary tract infections, thereby increasing the client's ability to function independently.

Legislation enacted by the Seventy-second Legislature, Regular Session, 1991, required certain revenue collected from court costs assessed on misdemeanor and felony convictions to provide funding for Comprehensive Rehabilitation Services. The legislation also established the General Revenue–Dedicated Comprehensive Rehabilitation Fund in which to deposit the designated revenue. Appropriations for the 2008–09 biennium total \$25.6 million. In addition to \$22.5 million in General Revenue–Dedicated Funds, the Eightieth Legislature, 2007, appropriated \$3.0 million in General Revenue Funds. Subrogation receipts (Other Funds) collected through cost recovery legal action were added during the 2006–07 biennium. The agency is authorized to expend all subrogation receipts received; it is estimated that \$52,000 will be collected and expended during the biennium. It is estimated that DARS will serve 401 consumers in this program in each year of the biennium. **Figure 143** shows the appropriations and consumers served from fiscal year 2005 to fiscal year 2009.

**FIGURE 143**  
**COMPREHENSIVE REHABILITATION SERVICES**  
**FUNDING AND CONSUMERS SERVED**  
**FISCAL YEARS 2005 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.  
SOURCES: Legislative Budget Board; Department of Assistive and Rehabilitative Services.

Due to a policy change by the agency in fiscal year 2007, more consumers were served. Additionally, appropriations and the number of clients served in fiscal year 2008 and 2009 do not include appropriations for the elimination of the fiscal year 2007 waiting list.

### DISABILITY DETERMINATION

The third goal of DARS, achieving accuracy and timeliness within the Social Security Administration Disability Program guidelines and improving the cost-effectiveness of the decision-making process in the disability determination services, is implemented through Disability Determination services. The federal government contracts with DARS to evaluate and determine the eligibility of persons applying for federal Social Security disability benefits. Services are provided to Texans under age 65 who are unemployed because of severe physical or mental impairments and may be eligible for federal assistance from one of two programs administered by the Disability Determination Program: Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI). SSDI benefits are based on an individual's work experience and are funded by Social Security taxes, while SSI benefits are based on financial need.

In addition to processing SSDI and SSI claims, Disability Determination staff review cases to determine whether a disability, as defined by the Social Security Administration, still exists. Through this process, persons no longer qualified for benefits are removed from the disability rolls. Each applicant denied Social Security benefits and each person removed from the disability rolls must be notified in writing of the reason for denial or termination of benefits. Claimants may then appeal these decisions.

The Disability Determination Program processed 268,043 claims in fiscal year 2007. The program is 100 percent federally funded. The agency anticipates processing 323,692 claims in fiscal year 2008 and 336,640 claims in fiscal year 2009. Appropriations for the program total \$231.4 million in Federal Funds for the 2008–09 biennium. All Funds increased by \$37.2 million, or 19 percent, for DARS' projected caseload growth at a rate of 4 percent per fiscal year. This increase will also allow the agency to add 67.8 FTE positions in the Disability Determination Services Division for the anticipated increase in workload.

#### **WAITING LIST**

Appropriations include funding of \$6.9 million in General Revenue Funds to eliminate the fiscal year 2007 end-of-year waiting list for Comprehensive Rehabilitation Services (CRS) and Independent Living Services (ILS). The average number of clients served in the CRS program is anticipated to increase by 91 in fiscal year 2008 and 92 in fiscal year 2009. The average number of clients served in the ILS program is anticipated to increase by 71 in fiscal year 2008 and 102 in fiscal year 2009.

#### **SIGNIFICANT LEGISLATION**

Included in House Bill 1 (Article II, Special Provisions, Section 51, 2008–09 General Appropriations Act), are appropriated funds to evaluate the feasibility of serving individuals with traumatic brain injury or spinal cord injuries through the Medicaid program. If this service is determined to be feasible, the legislation requires the Health and Human Services Commission to request a waiver or submit a state plan amendment to the Centers for Medicare and Medicaid Services to implement the program.

Also enacted by the Eightieth Legislature, 2007, was House Bill 1230, which directs DARS to provide specialized training for employees who assist students transitioning out of high school to the workplace or college. The training must provide information on (1) supports and services available from other

health and human service agencies for youth with disabilities that are transitioning and adults with disabilities, (2) community resources available to improve the quality of life, and (3) other resources to remove barriers to transitioning students.

## DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

The Department of Protective and Regulatory Services was established in 1992 and renamed the Department of Family and Protective Services (DFPS) in 2004. Its mission is to protect children, the elderly, and people with disabilities from abuse, neglect, and exploitation by working with clients, families, and communities. The agency provides protective services, regulates child-care operations and child-placing agencies, and manages community-based prevention programs.

Appropriations for the 2008–09 biennium total \$2.6 billion and provide for 10,802.5 full-time-equivalent (FTE) positions in fiscal year 2008 and 11,152.5 FTE positions in fiscal year 2009. Of this amount, \$1.0 billion, or 40.7 percent, is from General Revenue Funds and General Revenue–Dedicated Funds. The appropriation includes a \$2.6 million reduction from the 2006–07 biennium for data center consolidation savings.

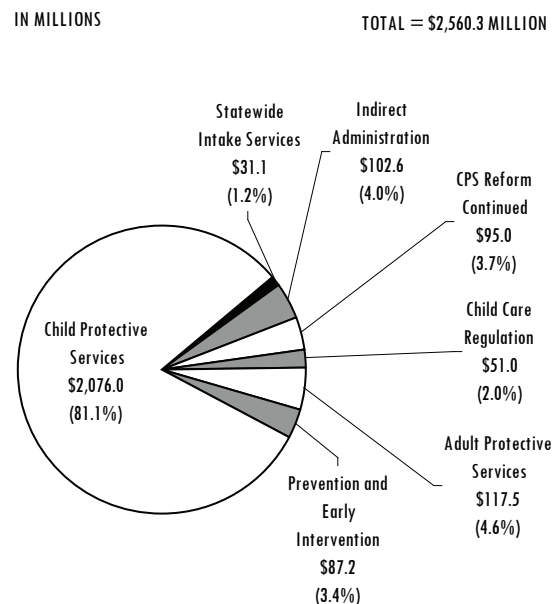
The agency's 2008–09 appropriation includes \$1.5 billion in Federal Funds. The following federal programs contribute the bulk of these funds: Title IV-A Temporary Assistance for Needy Families (TANF)—\$616.2 million; Title IV-E Foster Care and Adoption Assistance—\$562.5 million; Title IV-B Child Welfare and Promoting Safe and Stable Families—\$110.9 million; Medicaid—\$66.6 million; the Title XX Social Services Block Grant—\$62.5 million; and the Child Care Development Fund—\$60.0 million. All of these federal programs fall under the Social Security Act.

The agency's goal is (1) to protect vulnerable individuals by providing an integrated service-delivery system that results in quality outcomes and (2) to reduce the incidence of abuse, neglect, and exploitation by maximizing resources for prevention, early intervention, and aftercare. The agency accomplishes this through five major programs: Statewide Intake Services, which receives 1.2 percent of the agency's appropriated funds; Child Protective Services (CPS), which receives 81.1 percent; Prevention and Early Intervention, which receives 3.4 percent; Adult Protective Services, which receives 4.6 percent; and Child Care Regulation, which receives 2.0 percent. Furthermore, the continuation of the comprehensive reform of child protective services that began in 2005, accounts for 3.7 percent of the agency's appropriated funds, which will be used (1) to improve the delivery of services for children and their families by the child protective

services and child-care licensing programs and (2) to provide additional administrative support and oversight.

Indirect administration accounts for 4.0 percent of appropriated funds. **Figure 144** shows the appropriations by program.

**FIGURE 144**  
**FAMILY AND PROTECTIVE SERVICES**  
**APPROPRIATIONS BY PROGRAM**  
**2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

### STATEWIDE INTAKE SERVICES

Statewide Intake Services provides funding for the statewide centralized intake center, which is located in Austin. The center operates a toll-free telephone line that enables individuals to report suspected abuse, neglect, and exploitation of children, elder adults, and persons with disabilities at any time of the day or night, and also provides information and referral services.

Appropriations for statewide intake services for the 2008–09 biennium total \$31.1 million in All Funds and provide for 383.0 FTE positions in fiscal year 2008 and 409.0 FTE positions in fiscal year 2009. The appropriation includes \$5.2 million in General Revenue Funds (16.6 percent). The statewide intake program relies heavily on Federal Funds from the TANF block grant program, which provides 68.3 percent of the appropriation.

### CHILD PROTECTIVE SERVICES

The Child Protective Services (CPS) Program investigates reports of suspected abuse or neglect of children and takes action to protect abused and neglected children from further harm. Program staff also work with children and their families to help alleviate the effects of abuse.

Appropriations for child protective services for the 2008–09 biennium total \$2.1 billion in All Funds and provide for 7,777.5 FTE positions. The appropriation includes \$885.4 million in General Revenue Funds (42.6 percent). CPS relies heavily on Federal Funds from the TANF block grant program and the Title IV-E Foster Care and Adoption Assistance Program, which together provide 49.3 percent of the appropriation. CPS Reform Continued provides additional funding and FTE positions for child protective services.

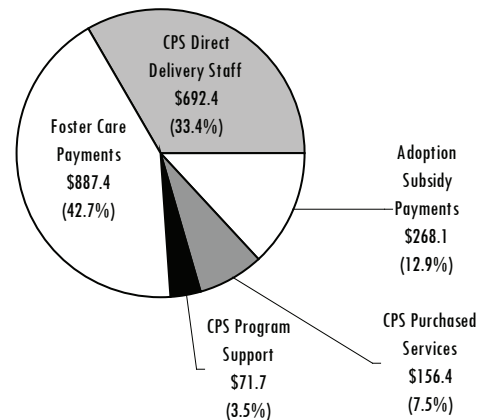
CPS provides protective services through five primary programs: CPS Direct Delivery Staff; CPS Program Support; CPS Purchased Services; Foster Care Payments; and Adoption Subsidy Payments. **Figure 145** shows the appropriations by program described above. **Figure 146** shows selected measures for child protective services from fiscal years 2004 to 2009.

#### CPS DIRECT DELIVERY STAFF

CPS Direct Delivery Staff provides most of the direct client services associated with the CPS program. These include investigating reports of suspected abuse or neglect; developing and implementing protective service plans; placing children in temporary care or permanent adoptive homes; providing long-term substitute care; and serving families in crisis to help prevent the out-of-home placement of children. The

**FIGURE 145**  
**CHILD PROTECTIVE SERVICES (CPS)**  
**APPROPRIATIONS BY PROGRAM**  
**2008–09 BIENNIUM**

IN MILLIONS TOTAL = \$2,076.0 MILLION



NOTES: Excludes CPS Reform Continued appropriations.  
CPS Purchased Services includes day care, adoption, post-adoption, adult living, substance abuse, and other purchased services.  
SOURCE: Legislative Budget Board.

number of completed investigations of child abuse and neglect is expected to increase from an estimated 164,919 investigations in fiscal year 2008 to an estimated 168,607 investigations in fiscal year 2009. The number of children who are adopted from DFPS conservatorship is also expected to increase from an estimated 3,664 adoptions in fiscal year 2008 to an estimated 3,908 adoptions in fiscal year 2009.

**FIGURE 146**  
**SELECTED PERFORMANCE MEASURES, CHILD PROTECTIVE SERVICES**  
**FISCAL YEARS 2004 TO 2009**

PERFORMANCE MEASURE	2004	2005	2006	2007*	2008**	2009**
Percentage of Children in DFPS Conservatorship for Whom Legal Resolution Was Achieved within 12 Months	61.7%	63.3%	61.4%	57.9%	63.3%	63.3%
Number of Completed Investigations of Child Abuse/Neglect	138,587	160,069	163,795	163,471	164,919	168,607
Number of Confirmed Cases of Child Abuse/Neglect	32,664	38,522	41,406	42,445	44,528	45,524
Number of Children in DFPS Conservatorship Who Are Adopted	2,512	3,173	3,376	4,023	3,664	3,908
Average Number of Children Provided Adoption Subsidy per Month	16,630	18,350	20,305	22,409	24,267	26,272
Average Number of DFPS-paid Days per Month of Foster Care for All Levels of Care	484,161	538,700	571,118	571,537	576,091	570,002

\* Estimated.

\*\* Target established in the 2008–09 General Appropriations Act.

SOURCES: Legislative Budget Board; Health and Human Services Commission; Department of Family and Protective Services.

These estimates include the effect of CPS Reform Continued activities. Biennial funding totals \$692.4 million and provides for 7,255.7 FTE positions.

### **CPS PROGRAM SUPPORT**

CPS Program Support provides support services, staff training, foster/adoptive parent recruitment and training, and administration of discretionary federal programs. Biennial funding totals \$71.7 million and provides for 521.8 FTE positions.

### **CPS PURCHASED SERVICES**

CPS Purchased Services provides day care, adoption, post-adoption, adult living, substance abuse, and other purchased services for children and families. Biennial funding totals \$156.4 million. Federal Funds provide 52.5 percent of the appropriation.

Texas Workforce Commission (TWC) Foster Day Care provides day-care services for children who live in foster care when both or the only foster parent works full time. The number of days of foster day care is expected to increase from an estimated 48,780 days in fiscal year 2008 to an estimated 50,882 days in fiscal year 2009. This estimate includes the effect of CPS Reform Continued activities. Biennial funding totals \$20.0 million.

TWC Protective Day Care provides day-care services to control the risk of abuse and neglect while children remain in their homes. The number of days of protective day care is estimated to be 52,999 days each year of the biennium. Biennial funding totals \$25.9 million.

Adoption Purchased Services provides contracted adoption services through child-placing agencies that recruit, train, and verify adoptive homes; handle adoptive placements; provide post-placement supervision; and facilitate consummation of adoptions. Biennial funding totals \$10.0 million.

Post-adoption Purchased Services provides services to help families that adopt children in the care of DFPS adjust to the adoption. Biennial funding totals \$7.3 million.

Preparation for Adult Living (PAL) Purchased Services provides services to help youth in CPS substitute care prepare for their eventual departure from DFPS care and support. It also provides funding for post-secondary education and training programs. Biennial funding totals \$14.4 million. Two federal programs provide most of the funding: the

Chafee Foster Care Independence Program and the Chafee Educational and Training Voucher Program.

Substance Abuse Purchased Services provides services to address the parenting impairment caused by substance abuse. The services help prevent children from being removed from their home or allow them to be reunited with their family more quickly. Biennial funding totals \$7.2 million.

Finally, Other CPS Purchased Services includes a wide range of therapeutic and supportive services for abused or neglected children and their families. The services include, but are not limited to, counseling, case management, skills training, and respite care. Biennial funding totals \$71.6 million.

### **FOSTER CARE PAYMENTS**

Foster Care Payments provides reimbursement for the care and treatment of children who have been placed in foster homes or residential treatment facilities as a result of abuse or neglect allegations. The average monthly number of days of DFPS-paid foster care rose by approximately 0.1 percent from fiscal years 2006 to 2007. This measure is expected to decrease by approximately 0.3 percent from fiscal years 2007 to 2009 due to the effect of CPS Reform Continued. The average monthly number of children in foster care is expected to reach 18,689 children during fiscal year 2009, when the average monthly payment per foster child is expected to be \$1,776. Federal Funds are also provided to counties that use their own matching funds to deliver foster care services, and monetary assistance is provided for relative and other designated caregivers. Additional funding for the monetary assistance program is provided from the CPS Reform Continued measure.

Biennial funding totals \$887.4 million. It relies heavily on Federal Funds from the Title IV-E foster care entitlement program, which provides 37.6 percent of the appropriation, and the TANF block grant program, which provides 25.8 percent.

Funding in the 2008–09 biennium includes \$39.0 million for a provider rate increase of slightly more than 4.0 percent compared to the 2006–07 biennium. This funding also includes \$11.8 million to establish a new rate for the care of foster children immediately following psychiatric hospitalization. A decrease in funding of \$41.5 million from the continuation of CPS Reform assumes there will be fewer children in foster care and shorter lengths of stay due to reform initiatives.



**ADOPTION SUBSIDY PAYMENTS**

Adoption Subsidy Payments provides adoption subsidy payments for families that adopt children with disabilities, school-age children, minority children, and children in sibling groups. The average monthly number of children receiving an adoption subsidy rose by approximately 10.4 percent between fiscal years 2006 and 2007. This measure is expected to increase by approximately 17.2 percent between fiscal years 2007 and 2009. The average number of children receiving an adoption subsidy is expected to reach 26,272 per month during fiscal year 2009, when the average monthly adoption subsidy payment is expected to be \$437. Funding is also provided for nonrecurring payments for families that incur certain expenses during the adoption process. Biennial funding totals \$268.1 million. It uses Federal Funds from the Title IV-E adoption assistance entitlement program, which provides 46.0 percent of the appropriation.

**PREVENTION AND EARLY INTERVENTION**

The Prevention and Early Intervention (PEI) Program provides at-risk prevention services for children, youth, and their families through five programs: Services to At-risk Youth, Community Youth Development, Texas Families, Child Abuse Prevention Grants, and Other At-risk Prevention Services. Contractual arrangements with community-based organizations deliver most of the services. Further, At-risk Prevention Program Support provides contract management and support services.

Appropriations for the 2008–09 biennium total \$87.2 million in All Funds and provide for 35.0 FTE positions. The appropriation includes \$22.7 million in General Revenue Funds and General Revenue–Dedicated Funds (26.0 percent). The General Revenue–Dedicated Funds are from the Child Abuse and Neglect Prevention Operating Account, which is financed by the Children's Trust Fund. The Children's Trust Fund receives a portion of each marriage license fee paid in the State of Texas. PEI relies heavily on Federal Funds from the TANF block grant program and the Title IV-B

Promoting Safe and Stable Families Program, which provide 61.0 percent of the appropriation.

**SERVICES TO AT-RISK YOUTH PROGRAM**

The Services to At-risk Youth (STAR) Program provides crisis intervention, temporary emergency shelter, and counseling services for young persons at-risk of delinquent or criminal behavior. Some funding is also provided for universal child abuse prevention services, such as parenting classes and media campaigns. The average monthly number of youth served is expected to be 6,275 in fiscal year 2008 and fiscal year 2009. Biennial funding totals \$42.0 million. The funding includes \$30.9 million in Federal Funds from the TANF block grant program.

**COMMUNITY YOUTH DEVELOPMENT PROGRAM**

The Community Youth Development (CYD) Program provides grant awards that help targeted communities alleviate conditions in the family and the community that lead to juvenile crime. The program emphasizes approaches that support families and enhance positive youth development, such as conflict resolution and mentoring. The average monthly number of youth served is expected to be 7,055 in fiscal years 2008 and 2009. Biennial funding totals \$15.7 million. The funding includes \$13.6 million in Federal Funds from the Title IV-B Child Welfare Services and Promoting Safe and Stable Families programs.

**Figure 147** shows selected measures for these prevention and early intervention services for fiscal years 2004 to 2009.

**TEXAS FAMILIES: TOGETHER AND SAFE PROGRAM**

The Texas Families: Together and Safe Program provides federal funding for community-based projects designed to alleviate stress, promote parental competency, and create supportive networks that enhance child-rearing abilities. Biennial funding totals \$8.2 million.

**CHILD ABUSE PREVENTION GRANTS**

Child Abuse Prevention Grants provide federal funding for local partnerships that strengthen and support families and

**FIGURE 147**  
**SELECTED PERFORMANCE MEASURES, PREVENTION AND EARLY INTERVENTION**  
**FISCAL YEARS 2004 TO 2009**

PERFORMANCE MEASURE	2004	2005	2006	2007*	2008**	2009**
Average Number of STAR Youth Served per Month	4,993	5,019	5,964	6,018	6,275	6,275
Average Number of CYD Youth Served per Month	7,569	8,051	6,031	3,353	7,055	7,055

\*Estimated.

\*\* Target established in the 2008–09 General Appropriations Act.

SOURCES: Legislative Budget Board; Texas Department of Family and Protective Services.



for community-based child-abuse prevention services. Biennial funding totals \$3.6 million and provides for 1.0 FTE position.

#### **OTHER AT-RISK PREVENTION SERVICES**

Other At-risk Prevention Services includes General Revenue and General Revenue—Dedicated funding for the competitive procurement of at-risk prevention and early intervention services. Biennial funding totals \$13.9 million. At least \$4.6 million must be used for competitively procured community-based prevention programs and services.

#### **AT-RISK PREVENTION PROGRAM SUPPORT**

At-risk Prevention Program Support provides staff services such as provider training, contract management, and the management of client data. Biennial funding totals \$3.7 million and provides for 34.0 FTE positions.

#### **ADULT PROTECTIVE SERVICES**

The Adult Protective Services (APS) Program provides protective services for adults with disabilities who are over age 17 and any adult over age 64. It also provides for the investigation of reports of abuse, neglect, and exploitation among persons of any age who receive mental health services through the Texas Department of State Health Services and mental retardation services through the Texas Department of Aging and Disability Services.

Appropriations for the 2008–09 biennium total \$117.5 million in All Funds and provide for 1,003.2 FTE positions. The appropriation includes \$46.0 million in General Revenue Funds (39.2 percent). APS relies heavily on Federal Funds from the Title XX Social Services block grant and Medicaid, which provide 60.4 percent of the appropriation.

APS provides protective services in three ways: APS Direct Delivery Staff, APS Program Support, and Mental Health (MH) and Mental Retardation (MR) Investigations. **Figure 148** shows selected measures for the APS program for fiscal years 2004 to 2009.

#### **APS DIRECT DELIVERY STAFF**

APS Direct Delivery Staff provides protective services for individuals living at home. The services include investigating reports of abuse, neglect, or exploitation; providing or arranging for services to remedy or prevent further abuse; and purchasing services to meet short-term client needs. The number of completed in-home investigations is expected to increase from an estimated 76,467 investigations in fiscal year 2008 to an estimated 79,985 investigations in fiscal year 2009. Biennial funding totals \$97.1 million and provides for 811.7 FTE positions.

#### **APS PROGRAM SUPPORT**

APS Program Support provides support services and oversight of field staff. Funding totals \$9.5 million and provides for 78.3 FTE positions.

#### **MH AND MR INVESTIGATIONS**

MH and MR Investigations provides for the investigation of reports of abuse, neglect, or exploitation of individuals receiving state mental health and mental retardation services through state facilities, community MH and MR centers, and home- and community-based services waiver programs. The number of completed investigations is expected to increase from an estimated 8,130 investigations in fiscal year 2008 to an estimated 8,409 investigations in fiscal year 2009. Biennial funding totals \$10.9 million and provides for 113.2 FTE positions.

#### **CHILD CARE REGULATION**

The Child Care Regulation (CCR) Program develops and enforces minimum standards for the delivery of child-care services throughout the state. Providers range in size from small family homes to large, 24-hour residential care facilities. The program licenses, registers, or lists providers; conducts monitoring inspections; investigates complaints; takes action when violations are confirmed; and provides technical assistance and training to help providers improve services.

**FIGURE 148**  
**SELECTED PERFORMANCE MEASURES, ADULT PROTECTIVE SERVICES**  
**FISCAL YEARS 2004 TO 2009**

PERFORMANCE MEASURE	2004	2005	2006	2007*	2008**	2009**
Completed APS Investigations	60,998	68,239	74,303	69,577	76,467	79,985
Confirmed APS Cases	44,034	46,248	50,871	46,071	56,203	58,789
Completed MH and MR Investigations	7,756	8,169	7,930	8,088	8,130	8,409

\* Estimated.

\*\* Target established in the 2008–09 General Appropriations Act.

SOURCES: Legislative Budget Board; Department of Family and Protective Services.

The program also obtains abuse/neglect and criminal history information on individuals who come into contact with children in regulated settings, and disseminates detailed information about child-care services that are available throughout the state.

Appropriations for the 2008–09 biennium total \$51.0 million in All Funds and provide for 518.6 FTE positions. The appropriations include \$8.3 million in General Revenue Funds (16.4 percent). The program relies heavily on Federal Funds from the Child Care and Development Fund, which provides 70.9 percent of the appropriation. The continuation of CPS Reform provides additional funding and FTE positions for child-care regulation. **Figure 149** shows selected performance measures for the CCR program for fiscal years 2004 to 2009.

### CPS REFORM CONTINUED

The continuation of CPS Reform (CPS Reform Continued) provides funding to sustain and enhance the comprehensive reform of child protective services that began in 2005. This funding supports initiatives to (1) keep families together, (2) reduce the length of time children remain in care, (3) improve the quality and accountability of residential child-care operations, and (4) reduce the rate of growth in foster care. These initiatives include hiring additional direct delivery, program support, and administrative staff; establishing an in-home and family support program; purchasing additional client services; improving technology; and strengthening oversight activities.

The 2008–09 biennial appropriation includes funding for 522.0 new caseworkers and related staff in fiscal year 2008, and 312.0 additional caseworkers and related staff in fiscal year 2009. Most of these positions are to be phased in monthly. **Figure 150** shows additional information on the initiatives. Appropriations for CPS Reform Continued for the 2008–09 biennium total \$95.0 million in All Funds and provide for 768.0 FTE positions in fiscal year 2008 and 1,092.0 FTE positions in fiscal year 2009 (including the

caseworkers and related staff). The appropriation includes \$33.0 million in General Revenue Funds (34.7 percent). CPS Reform Continued relies heavily on Federal Funds from the TANF block grant program, which provides 66.6 percent of the appropriation. The appropriation assumes that CPS Reform Continued will result in a foster care savings of \$41.5 million as a result of caseload reductions.

Five automation and indirect administration functions account for the remaining \$102.6 million in All Funds and 317.2 FTE positions. CPS Reform Continued provides additional funding and FTE positions for indirect administration.

### SIGNIFICANT LEGISLATION

Several bills enacted by the Eightieth Legislature, 2007, affect the delivery of services by DFPS. Among the more significant legislation are Senate Bill 758, Senate Bill 450, Senate Bill 322, House Bill 2702, and House Bill 662.

The enactment of Senate Bill 758 continues the reform of Child Protective Services. The legislation includes the following reforms:

- requires the agency to investigate serious incident reports and high-risk allegations that involve children under the age of six who live in an agency foster home or foster group home;
- requires day care centers to submit a complete set of fingerprints with every request for a background and criminal history check;
- allows residential child-care facilities providing emergency services to temporarily exceed their capacity for up to 48 hours to care for a child in an emergency;
- removes the option of using an independent contractor to provide substitute care and case management services, and lowers the requirement to privatize case management services from 100 percent to 5 percent of cases.

**FIGURE 149**  
**SELECTED PERFORMANCE MEASURES, CHILD CARE REGULATION**  
**FISCAL YEARS 2004 TO 2009**

PERFORMANCE MEASURE	2004	2005	2006	2007*	2008**	2009**
Percentage of Occurrences Where Children Are Placed at Serious Risk	36.1	41.9	51.4	58.0	41.9	41.9
Number of New Licenses, Certifications, Registrations, and Listings Issued	3,831	4,071	4,160	3,693	4,143	4,162

\* Estimated.

\*\* Target established in the 2008–09 General Appropriations Act.

SOURCES: Legislative Budget Board; Department of Family and Protective Services.

**FIGURE 150**  
**CPS REFORM CONTINUED INITIATIVES**  
**ALL FUNDS APPROPRIATIONS**  
**FISCAL YEARS 2008 AND 2009**

INITIATIVE	2008		2009	
	APPROPRIATION	FTE POSITIONS	APPROPRIATION	FTE POSITIONS
Substitute Care Services	\$10,144,254	321.0	\$22,535,611	501.0
Family Group Decision Making after Removal	2,996,117	53.0	2,996,117	53.0
Kinship Care Staff	2,482,961	69.0	4,388,662	89.0
Family Group Decision Making during Investigations	1,760,551	31.0	1,760,556*	31.0
Family Based Safety Services	1,445,841	48.0	7,541,917	160.0
<b>TOTAL, CPS DIRECT DELIVERY STAFF</b>	<b>\$18,829,724</b>	<b>522.0</b>	<b>\$39,222,863</b>	<b>834.0</b>
Kinship Placements Support	\$8,338,624	4.0	\$11,459,993	4.0
In-home Family Support Services	4,426,500		4,823,000	
Purchased Client Services (Family Reunification)	1,763,525		3,873,156	
Purchased Client Services (Family Preservation)	1,590,452		2,802,568	
Legal Staff	1,102,004*	23.0	1,102,004*	23.0
Disproportionality Sites	666,312	8.0	493,224	8.0
Records Redaction Staff	431,200	10.0	431,200	10.0
<b>TOTAL, CPS SERVICES AND PROGRAM STAFF</b>	<b>\$18,318,617</b>	<b>45.0</b>	<b>\$24,985,145</b>	<b>45.0</b>
Tablet PCs for Substitute Care and Licensing Staff	\$4,006,488		\$4,526,486	
<b>TOTAL, CPS TECHNOLOGY</b>	<b>\$4,006,488</b>		<b>\$4,526,486</b>	
Licensing Oversight	\$5,546,303	84.0	\$5,028,573	84.0
Contract Oversight	2,558,655	18.0	1,026,750	18.0
Program Support and Administration	2,518,525	51.0	2,902,906	63.0
Records Management	2,445,399	13.0	2,344,433	13.0
Criminal History Checks	814,904	31.0	965,620	31.0
Community Engagement/Provider Development	231,091	4.0	203,999	4.0
<b>TOTAL, MANAGEMENT, ADMINISTRATION, AND OVERSIGHT</b>	<b>\$14,114,877</b>	<b>201.0</b>	<b>\$12,472,281</b>	<b>213.0</b>
<b>Foster Care Caseload Reduction</b>	<b>(\$13,868,338)</b>		<b>(\$27,645,896)</b>	
<b>GRAND TOTAL</b>	<b>\$41,401,368</b>	<b>768.0</b>	<b>\$53,560,879</b>	<b>1,092.0</b>

\*Modified to correct typographical error in rider.

SOURCES: Legislative Budget Board; Department of Family and Protective Services.

Senate Bill 450 prohibits the person authorized to provide medical consent for a foster child from enrolling the child in a drug research program without a court order.

Senate Bill 322 authorizes DFPS to set minimum standards relating to safety and the proper storage of firearms in a foster home.

House Bill 2702 requires DFPS to pay a \$150 monthly subsidy for health benefits coverage for certain children

adopted from DFPS conservatorship who are ineligible for Medicaid.

House Bill 662 requires DFPS, in consultation with the Interagency Coordinating Council for Building Healthy Families, to develop a statewide, long-range strategic plan for child abuse and neglect prevention services.

## DEPARTMENT OF STATE HEALTH SERVICES

The Texas Department of State Health Services (DSHS) was established on September 1, 2004. As directed by legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003, DSHS results from the consolidation of all or part of four legacy agencies: (1) the Texas Department of Health, (2) the mental health programs of the Texas Department of Mental Health and Mental Retardation, (3) the Texas Commission on Alcohol and Drug Abuse, and (4) the Texas Health Care Information Council.

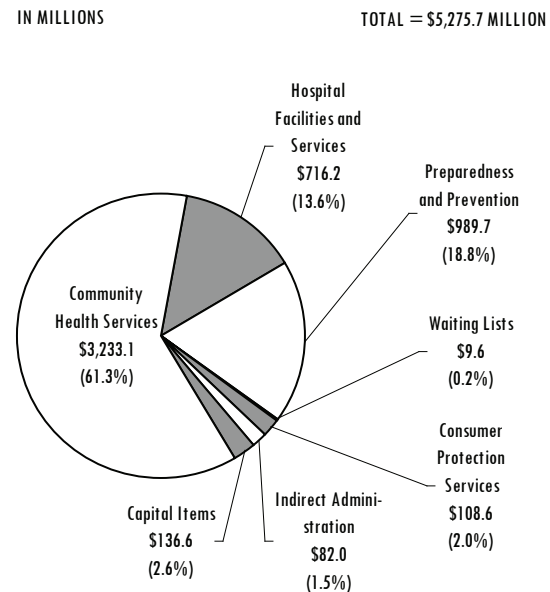
The agency's mission is to promote optimal health for individuals and communities while providing effective health, mental health, and substance abuse services to Texans. To carry out this mission, DSHS established the following service goals (**Figure 151**):

- **Community Health Services:** Improve the health of children, women, families, and individuals, and enhance the capacity of communities to deliver healthcare services.
- **Preparedness and Prevention:** Protect and promote the public's health by decreasing health threats and sources of disease.
- **Hospital Facilities and Services:** Promote the recovery and abilities of persons with infectious disease and mental illness who require specialized treatment.
- **Consumer Protection Services:** Achieve a maximum level of compliance by the regulated community to protect public health and safety.
- **Reduce Waiting and Interest Lists.**

Appropriations for the 2008–09 biennium total approximately \$5.3 billion and provide for approximately 12,200 full-time-equivalent (FTE) positions. Of these appropriations, \$2.6 billion, or 50.0 percent, is in General Revenue Funds and General Revenue–Dedicated Funds and \$2.4 billion, or 45.0 percent, is in Federal Funds. The primary sources of these Federal Funds include the following:

- \$1.0 billion from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC);
- \$270.3 million from the Substance Abuse Prevention and Treatment block grant;
- \$152.5 million from the HIV Care formula grant;

**FIGURE 151**  
**DEPARTMENT OF STATE HEALTH SERVICES**  
**APPROPRIATIONS BY GOAL**  
**2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

- \$145.5 million from the public health emergency preparedness grant;
- \$83.6 million from Title V Maternal and Child Health Services block grant;
- \$67.7 million from the Community Mental Health block grant;
- \$67.0 million from the hospital bioterrorism preparedness grant; and
- \$41.5 million in Temporary Assistance for Needy Families (TANF) to Title XX funding.

The Eightieth Legislature, 2007, increased appropriations to the agency by \$231.5 million in All Funds, which includes \$186.8 million in General Revenue Funds and General Revenue–Dedicated Funds. The increase in General Revenue Funds and General Revenue–Dedicated Funds is primarily for the following programs and services:

- \$82.0 million in General Revenue Funds for additional community mental health crisis services and \$6.1 million in General Revenue Funds for start-up costs for a public safety triage and detoxification unit in Bexar County;

- House Bill 15, Eightieth Legislature, 2007, appropriations of \$18.0 million in General Revenue Funds for antiviral drugs for use in the event of an influenza pandemic and for the operations of The University of Texas Harris County Psychiatric Center;
- \$17.0 million in additional General Revenue Funds to provide medications and services to clients with tuberculosis (TB) and human immunodeficiency virus (HIV) and for TB laboratory services;
- \$13.0 million in General Revenue Funds for state healthcare facility construction;
- \$9.6 million in General Revenue Funds to reduce the waiting lists for the Children with Special Health Care Needs (CSHCN) Program and community mental health services for children and adolescents;
- \$5.2 million in General Revenue Funds to expand the Breast and Cervical Cancer Control Program; and
- \$3.1 million in General Revenue Funds for provider rate increases for the CSHCN Program, Women and Children's Health Services, and Family Planning Services.

### COMMUNITY HEALTH SERVICES

DSHS provides Community Health Services to improve the health of children, women, families, and individuals, and to enhance the capacity of communities to deliver healthcare services. Services include primary care, nutrition services, and behavioral health services, including community mental health and substance abuse, prevention, intervention, and treatment services. The Community Health Services goal is appropriated a total of \$3.2 billion in All Funds, which includes \$1.4 billion in General Revenue Funds and General Revenue–Dedicated Funds, for the 2008–09 biennium.

### WIC/FARMER'S MARKET NUTRITION SERVICES

Nutrition services are delivered through the federally funded Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The WIC program is the largest public health program administered by DSHS and is appropriated \$1.5 billion in All Funds, which includes \$465.9 million in General Revenue Funds and General Revenue–Dedicated Funds, for the 2008–09 biennium, and 312.4 FTE positions. Appropriations include \$462.9 million in WIC rebates (General Revenue–Dedicated Funds) collected from manufactures of infant formula and cereal. This program provides food assistance for infants, young

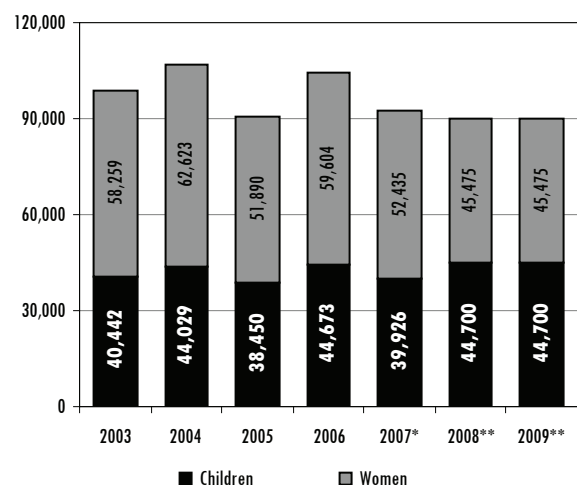
children, and low-income pregnant and postpartum women, as well as nutrition education to pregnant and postpartum women. The WIC program also issues coupons for fresh fruit and vegetables each summer through the Farmer's Market Nutrition Program.

The agency will continue the statewide rollout of the WIC Electronic Benefits Transfer (EBT) card during the 2008–09 biennium. Plans include combining the WIC EBT card with Health and Human Services Commission's (HHSC) Integrated Benefits Card to allow clients eligible for one or more programs to access benefits with only one card.

### WOMEN AND CHILDREN'S HEALTH

DSHS provides accessible, quality, and community-based maternal and child health services to low-income women, infants, children, and adolescents who are not eligible for Medicaid or CHIP. Services, provided through performance-based contracts with local providers, include prenatal care, family planning, breast and cervical cancer screening and diagnostic services, preventive and primary care for children and adolescents, genetics, case management, laboratory services, and dental care for children and adolescents. Biennial appropriations total \$147.6 million in All Funds, which includes \$29.0 million in General Revenue Funds, and 514.2 FTE positions. **Figure 152** shows the number of women and children provided services from fiscal years 2003 to 2009.

**FIGURE 152**  
**CLIENTS PROVIDED SERVICES IN WOMEN**  
**AND CHILDREN'S HEALTH PROGRAM**  
**FISCAL YEARS 2003 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

SOURCE: Department of State Health Services.



The Eightieth Legislature, 2007, appropriated funding to DSHS and HHSC to expand the Breast and Cervical Cancer Control Program. DSHS is appropriated \$5.2 million in General Revenue Funds to provide additional breast and cervical screenings. HHSC will provide treatment services to those women diagnosed with cancer. Article II, Special Provisions, Section 58, 2008–09 General Appropriations Act (GAA), provides direction to the agencies regarding the use of these appropriations. Strategy appropriations also include \$0.5 million in General Revenue Funds to restore provider rates.

### **FAMILY PLANNING**

In addition to family planning services provided under Women and Children's Health Services, the agency provides funding to community-based agencies to provide family planning services for women, men, and adolescents as authorized under Title X of the federal Public Health Services Act, and Title V and Title XX of the Social Security Act. Medicaid-funded family planning services are provided through HHSC. Biennial appropriations total \$102.5 million in All Funds, which includes \$16.0 million in General Revenue Funds and 24.6 FTE positions. This amount includes \$1.5 million in General Revenue Funds to increase provider rates in the 2008–09 biennium.

Rider 60, 2008–09 GAA, of the agency's bill pattern requires that up to \$10.0 million per year of this appropriation be set aside to fund family planning services provided by Federally Qualified Health Centers, to the extent the number of clients served by the program is not adversely affected. In addition, DSHS is required by Rider 70, 2008–09 GAA, to allocate a portion of funding for services not provided by the Women's Health Program at HHSC.

### **COMMUNITY PRIMARY CARE SERVICES**

Funding is provided to establish local capacity at over 130 clinics to deliver a range of preventive and primary healthcare services to the medically uninsured, underinsured, and indigent persons who are not eligible to receive the same services from other funding sources. This also supports activities to assess need, designate parts of the state as health professional shortage areas or as medically underserved, recruit and retain providers to work in these areas, and work with communities to improve access to primary medical, dental, and mental healthcare. Biennial appropriations total \$26.4 million in All Funds, which includes \$25.9 million in General Revenue Funds and General Revenue–Dedicated Funds, and 32.0 FTE positions.

### **COMMUNITY MENTAL HEALTH SERVICES**

DSHS provides community mental health services to adults and children through contracts with local mental health authorities. Services include screening and assessment, service coordination, medication-related services, and outpatient and inpatient services. In addition, certain services are available specifically for adults or children, such as employment and housing assistance for adults and respite services for children. DSHS funding targets priority populations that fit these definitions:

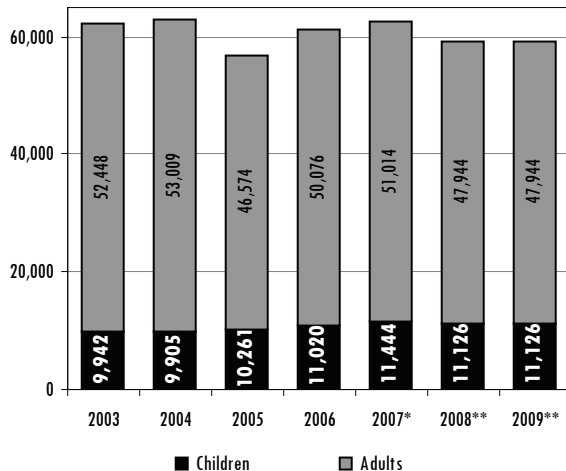
- adults with severe and persistent mental illness, such as schizophrenia, major depression, bipolar disorder, or another severely disabling mental disorder that requires crisis resolution or ongoing and long-term support and management; and
- children ages 3 to 17 with a diagnosis of mental illness who exhibit serious emotional, behavioral, or mental disorders and who have serious functional impairment; are at risk of disruption of living or child-care situations; or who are enrolled in a school's special education program due to emotional disturbance.

Biennial funding for services for adults totals \$586.9 million in All Funds, which includes \$412.9 million in General Revenue Funds and 41.9 FTE positions. This amount includes \$6.1 million in General Revenue Funds for start-up costs for a public safety triage and detoxification unit in Bexar County. Biennial funding for services for children totals \$131.2 million in All Funds, which includes \$85.3 million in General Revenue Funds and 7.9 FTE positions. Additional funding is included to remove children and adolescents from the waiting list for community mental health services in the 2008–09 biennium. **Figure 153** shows the monthly average of children and adults provided community mental health services from fiscal year 2003 to fiscal year 2009.

The Eightieth Legislature, 2007, also appropriated \$82.0 million in General Revenue Funds for the 2008–09 biennium for additional community mental health crisis services. DSHS will contract with local mental health authorities and local communities to provide services, which may include crisis hotlines, mobile outreach, children's outpatient services, walk-in services, extended observation, crisis stabilization units, crisis residential, respite services, and transportation. Rider 69, 2008–09 GAA, in the agency's bill pattern requires a plan for allocating funding to local mental health authorities and local communities, reporting on the implementation of



**FIGURE 153**  
**MONTHLY AVERAGE OF CHILDREN AND ADULTS RECEIVING**  
**COMMUNITY MENTAL HEALTH SERVICES**  
**FISCAL YEARS 2003 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

SOURCE: Department of State Health Services.

crisis services, and an independent evaluation of crisis services.

#### **NORTHSTAR BEHAVIORAL HEALTH WAIVER**

The NorthSTAR Behavioral Health Waiver supports the delivery of public mental health and chemical dependency services for Medicaid-eligible and medically indigent persons. NorthSTAR uses a managed-care approach to serve adults and children living in Dallas, Collin, Rockwall, Ellis, Navarro, Hunt, and Kaufman counties. Biennial funding for the strategy totals \$195.3 million in All Funds, which includes \$75.9 million in General Revenue Funds and 8.2 FTE positions.

#### **SUBSTANCE ABUSE PREVENTION, INTERVENTION, AND TREATMENT**

DSHS is the designated state agency for the federal Substance Abuse Prevention and Treatment (SAPT) block grant. The 2008–09 GAA assumes a SAPT block grant award of \$270.3 million for the biennium. Federal maintenance of effort requirements stipulate that the state must maintain spending for substance abuse services at a level equal to the average of expenditures for the prior two fiscal years. Funding for substance abuse prevention, intervention, and treatment and grant monitoring totals \$298.5 million in All Funds, which includes \$45.8 million in General Revenue Funds, and 78.1 FTE positions.

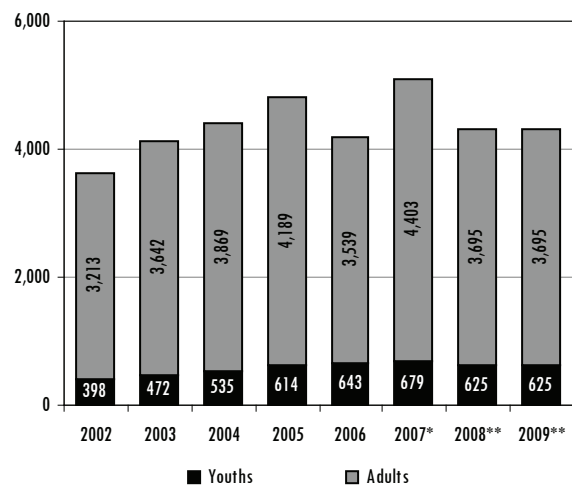
Prevention services are located in each of 11 health and human service regions. These prevention programs implement one or more of the SAPT block-grant-required prevention approaches and include prevention education and skills training for youth and families, problem identification and referral to appropriate services, information dissemination, alternative activities, community collaboration, and activities that affect alcohol and drug policies and regulations.

Early intervention services help break the cycle of addiction by identifying people at high risk of alcohol and drug abuse and providing them with services to prevent them from developing a substance abuse problem. DSHS focuses services on priority populations, including youths, at-risk pregnant women and mothers, people at risk of HIV infection, and parents with children in foster care. Intervention services include research-based education and skills training, outreach, HIV early-intervention services, family services, screening and assessment, referrals, and short-term crisis counseling.

Comprehensive and appropriate treatment services not only help individuals recover from addiction but also help prevent educational failure, crime, the spread of infectious disease, and family disintegration. DSHS gives priority status to the treatment needs of youths, pregnant women and mothers, substance-abusing parents with children in foster care, substance users at risk of contracting HIV, and people who have both substance abuse and mental health problems.

**Figure 154** shows the monthly average of youths and adults

**FIGURE 154**  
**MONTHLY AVERAGE OF YOUTHS AND ADULTS SERVED IN**  
**TREATMENT PROGRAMS FOR SUBSTANCE ABUSE**  
**FISCAL YEARS 2002 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

SOURCE: Department of State Health Services.

served in substance abuse treatment programs from fiscal years 2002 to 2009.

DSHS contracts with community-based providers and state and local government entities to provide a range of treatment options, including detoxification, outpatient, residential, and pharmacotherapy programs. In fiscal years 2008 and 2009, DSHS will contract with the Department of Criminal Justice for \$6.5 million to provide outpatient substance abuse treatment services. In addition, DSHS will provide up to \$2.1 million for the biennium in outpatient treatment services to DFPS-referred clients.

DSHS conducts compliance audits and desk reviews for funded providers, investigates complaints against providers or their employees, and levies sanctions against violators of state or federal laws. Performance management involves ongoing contract reviews, procurement, monitoring, and management. DSHS utilizes performance review and measurement to ensure the efficient use of state and federal substance abuse funds.

#### **REDUCE USE OF TOBACCO PRODUCTS**

The Seventy-sixth Legislature, 1999, established a permanent fund from Tobacco Settlement receipts to fund activities to reduce tobacco use. Appropriations for these activities total \$21.5 million in All Funds, which includes \$19.4 million in General Revenue Funds and General Revenue–Dedicated Funds from tobacco endowment earnings, and 26.9 FTE positions.

From fiscal year 2000 to fiscal year 2007, the department conducted a pilot study of tobacco prevention programs. Parts of the state received funding for comprehensive tobacco prevention programs, which include school and community interventions, surveillance and evaluation, law enforcement, media campaigns, and cessation programs, while other parts received funding for less intensive tobacco prevention programs. To expand the number of communities receiving tobacco prevention funding, DSHS will implement a competitive statewide grant program in the 2008–09 biennium to provide funding to local health departments and school districts for evidence-based interventions to prevent and reduce tobacco use. DSHS will also contract with the Texas Education Agency for \$6.0 million for the biennium to provide services to prevent and reduce tobacco use among school-aged children and will allocate \$2.0 million for the biennium to reduce smokeless tobacco use among youth in rural areas of the state.

#### **EMS AND TRAUMA CARE SYSTEMS**

DSHS strives to decrease morbidity and mortality due to emergency healthcare situations. Programs include regional EMS/trauma systems development, designation of four levels of trauma facilities, development and maintenance of a trauma reporting and analysis system, and assurance of coordination and cooperation with neighboring states. Biennial appropriations total \$120.9 million in General Revenue–Dedicated Funds and 17.9 FTE positions. This amount includes \$103.5 million in General Revenue–Dedicated Funds, or 85.6 percent, from the Designated Trauma Facility and EMS Account. This account is funded from state traffic fines and the Driver Responsibility Program. Article IX, Section 19.83, 2008–09 GAA, provides for the appropriation of any amounts in this account generated above amounts included in the Comptroller of Public Accounts' Biennial Revenue Estimate.

#### **FQHC INFRASTRUCTURE GRANTS**

DSHS provides grants to establish new or expand existing facilities that can be classified as federally qualified health centers (FQHC). Funding for FQHCs supports a large, national community health network emphasizing service to indigent, uninsured patients as well as Medicaid and Medicare patients. Biennial appropriations total \$10.0 million in General Revenue Funds.

#### **INDIGENT HEALTH CARE**

DSHS provides financial assistance to counties and the University of Texas Medical Branch for indigent healthcare services. For the 2008–09 biennium, \$14.7 million in All Funds, which includes \$11.1 million in General Revenue Funds, and 8.9 FTE positions is appropriated for the County Indigent Health Care Program. This funding is for assisting counties that are not served by a public hospital or hospital district in meeting their statutory indigent healthcare responsibilities. Rider 55, 2008–09 GAA, of the agency's bill pattern specifies that DSHS may not distribute more than 10 percent of total appropriated funds in the program strategy per year to any single county, unless no other counties qualify for assistance. In addition, the 2008–09 GAA includes \$20.0 million in General Revenue–Dedicated Funds (unclaimed lottery proceeds) for the biennium to reimburse the University of Texas Medical Branch for indigent healthcare.

#### **PREPAREDNESS AND PREVENTION**

The Preparedness and Prevention goal is appropriated a total of \$989.7 million in All Funds for the 2008–09 biennium,

which includes \$400.5 million in General Revenue Funds and General Revenue–Dedicated Funds. This includes funding for public health preparedness, vital records, immunizations, sexually transmitted diseases, and infectious and chronic diseases.

#### **PUBLIC HEALTH PREPAREDNESS AND COORDINATED SERVICES**

DSHS coordinates essential public health services across the state and implements public health emergency and hospital preparedness programs. Biennial appropriations total \$249.6 million in All Funds, which includes \$34.7 million in General Revenue Funds and General Revenue–Dedicated Funds, and 298.5 FTE positions. These amounts reflect the transfer of the Office for the Elimination of Health Disparities from DSHS to the Health and Human Services Commission in the 2008–09 biennium, due to the enactment of House Bill 1396, Eightieth Legislature, 2007.

The federal Centers for Disease Control and Prevention and the Office of the Assistant Secretary for Preparedness and Response provide Federal Funds, which comprise 83.3 percent of preparedness funding. The Legislature appropriates these funds to enhance the ability of the state and local public health jurisdictions and hospital and healthcare systems to prepare for and respond to bioterrorism and other public health emergencies. In addition to the Federal Funds available for preparedness, House Bill 15, Eightieth Legislature, 2007, appropriated \$11.0 million in General Revenue Funds (included in appropriations identified above) for the purchase of antiviral drugs for use in the event of an influenza pandemic. A portion of these funds may be used for seasonal flu surveillance.

Local public health authorities and DSHS regional offices, in areas where no local public health authority exists, also provide essential public health services across the state. Services include providing information to communities on disease prevention, monitoring and investigating health problems, developing policies and public health improvement plans, and enforcing regulations.

#### **REGISTRIES, INFORMATION, AND VITAL RECORDS**

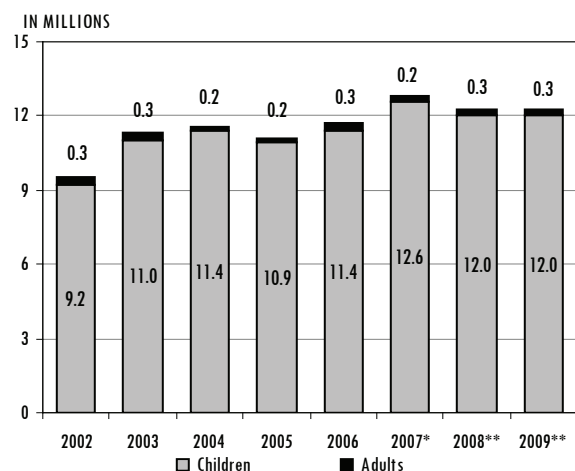
This includes programs that collect, analyze, and disseminate health data to improve the public health. The Bureau of Vital Statistics maintains, processes, and provides copies of all original birth and death records, applications for marriage licenses, and reports of divorces and annulments. The agency

also maintains birth defects, trauma, and cancer registries; coordinates the support of a statewide poison and drug information system, which operates 24 hours a day, 365 days a year; and investigates outbreaks and unusual patterns of communicable diseases, birth defects, occupational diseases, cancer, human illnesses associated with environmental exposure, and risk factors that lead to traumatic injury. Biennial appropriations total \$55.4 million in All Funds, which includes \$22.4 million in General Revenue Funds and General Revenue–Dedicated Funds, and 354.3 FTE positions.

#### **IMMUNIZE CHILDREN AND ADULTS**

The agency administers several programs to immunize Texas residents and thereby reduce the incidence of preventable diseases statewide. Biennial appropriations total \$98.6 million in All Funds, which includes \$62.7 million in General Revenue Funds and General Revenue–Dedicated Funds, and 282.1 FTE positions. Additionally, the federal government will contribute vaccines to the state with an estimated value of \$189.0 million for each year of the biennium, which is not reflected in the 2008–09 General Appropriations Act (GAA). **Figure 155** shows the number of vaccine antigens administered to children and adults in Texas since fiscal year 2002.

**FIGURE 155**  
**ANTIGENS ADMINISTERED IN IMMUNIZATIONS PROGRAMS**  
**FISCAL YEARS 2002 TO 2009**



\*Estimated.

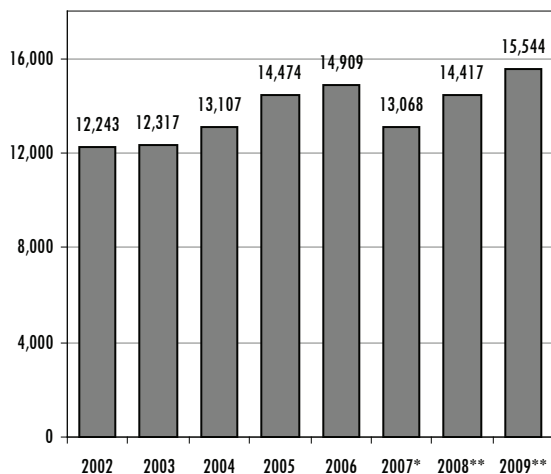
\*\*Target established in the 2008–09 General Appropriations Act.  
SOURCE: Department of State Health Services.

**HIV/STD PREVENTION**

HIV/STD Prevention includes interventions to prevent and reduce the spread of sexually transmitted diseases, which includes the human immunodeficiency virus (HIV), syphilis, chlamydia, and gonorrhea. Interventions include HIV and STD screening and testing; evidence-based prevention programs for individuals, groups, and communities; and partner services and referrals. Funding also supports local providers that offer outpatient medical services, medical case management, and other medical and supportive services to persons living with HIV/AIDS. In addition, DSHS operates the HIV Medication Program, which provides medications to low-income Texans living with HIV/AIDS. For individuals to be eligible for the HIV Medication Program, they must be HIV-positive, residents of Texas, have incomes at or below 200 percent of the federal poverty level, and be uninsured or underinsured for prescription drug coverage. **Figure 156** shows the number of clients served in the HIV Medication Program since fiscal year 2002.

The agency also collects and analyzes data to monitor HIV and STD trends, to allocate resources, and to evaluate HIV and STD prevention and services programs. Biennial appropriations for this strategy total \$306.6 million in All Funds, which includes \$109.2 million in General Revenue Funds, and 229.3 FTE positions. The Eightieth Legislature, 2007, increased funding for medications and services for

**FIGURE 156**  
**CLIENTS PROVIDED SERVICES IN**  
**HIV MEDICATION PROGRAM**  
**FISCAL YEARS 2002 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

SOURCE: Department of State Health Services.

clients with HIV by \$10.0 million in General Revenue Funds for the 2008–09 biennium.

Implementation of federal Medicare Part D prescription drug coverage affected the HIV Medication Program. Clients in the program who are Medicare-eligible receive prescription drug coverage through Medicare. Article II, Special Provisions, Section 49, 2008–09 GAA, directs the expenditure of savings resulting from the implementation of Medicare Part D.

**CHRONIC AND PREVENTABLE DISEASES**

DSHS implements programs to prevent, control, and/or treat infectious diseases, including Hepatitis C, tuberculosis (TB), and Hansen's disease (leprosy), and to minimize the incidence of diseases transmittable from animals to humans (zoonotic diseases). Zoonotic diseases include rabies, Lyme disease, Rocky Mountain spotted fever, plague, hantavirus, West Nile, anthrax, Tularemia, and Q fever. In addition, DSHS operates the Refugee Health Screening Program that brings newly arrived official refugees and other eligible immigrants into the public health system for health assessments and referrals. Biennial appropriations for infectious disease prevention, epidemiology, and surveillance total \$65.2 million in All Funds, which includes \$43.3 million in General Revenue Funds and General Revenue–Dedicated Funds, and 222.5 FTE positions. The Eightieth Legislature, 2007, increased funding for medications and services for clients with TB by \$5.6 million in General Revenue Funds for the 2008–09 biennium. In addition, strategy appropriations include \$2.4 million in General Revenue–Dedicated Funds generated from the sale of Animal Friendly License Plates. For the 2008–09 biennium, the agency is appropriated all revenue from the sale of these license plates to provide grants to organizations for low-cost spaying and neutering.

DSHS also implements population-based and community-based interventions to reduce the burden of the most common chronic diseases, including cardiovascular disease and stroke, diabetes, asthma, arthritis, and certain cancers. DSHS works with public and private partners to increase local capacity for chronic disease prevention programs, which support healthy behaviors such as maintaining a healthy weight, good nutrition, physical activity, avoidance of tobacco use, and preventive healthcare. DSHS also collaborates with school districts to implement coordinated school health programs and operates the Safe Rider program that promotes the correct use of child safety seats. Biennial

appropriations for health promotion and chronic disease prevention total \$14.3 million in All Funds, which includes \$8.9 million in General Revenue Funds, and 54.0 FTE positions. This amount includes \$1.0 million in General Revenue Funds for a statewide program to decrease the number of new End Stage Renal Disease cases.

### ABSTINENCE EDUCATION

Through the Abstinence Education Program, DSHS contracts with local providers to provide abstinence-only education and, where appropriate, mentoring, counseling, and adult-supervised activities with a focus on groups most likely to bear children out-of-wedlock. Biennial appropriations total \$11.3 million in All Funds, which includes \$1.1 million in General Revenue Funds, and 4.8 FTE positions.

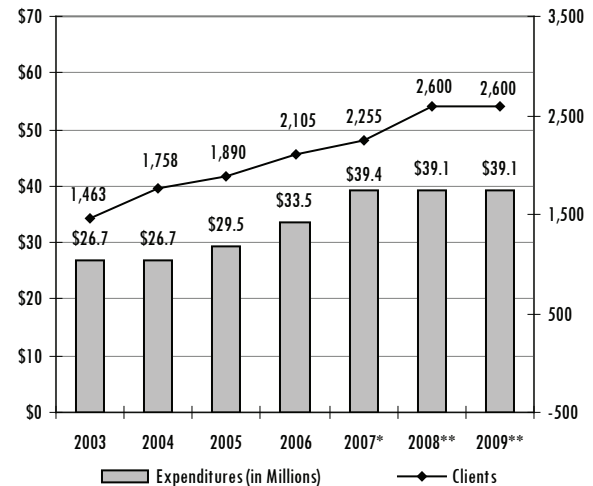
### KIDNEY HEALTH CARE

The Kidney Health Care Program provides treatment for end-stage renal disease (ESRD). Current services include medications, dialysis, and travel expenses related to medical care. For individuals to be eligible for the Kidney Health Care Program, they must be Texas residents, have ESRD, be receiving chronic renal dialysis or have a kidney transplant, have incomes less than \$60,000 per year, file for ESRD benefits through Medicare and meet the Medicare ESRD criteria, and not be eligible for Medicaid. Biennial appropriations total \$35.1 million in All Funds, which includes \$25.6 million in General Revenue Funds, and 36.9 FTE positions.

### CHILDREN WITH SPECIAL HEALTH CARE NEEDS

The Children with Special Health Care Needs (CSHCN) Program provides medical, dental, and case management services not covered by Medicaid, CHIP, or private insurance for children with special healthcare needs. The program also provides meals, transportation, and lodging to eligible clients. To be eligible for services, a child must be a Texas resident, under age 21, or an adult of any age with cystic fibrosis, have an income at or below 200 percent of the federal poverty level, and have a chronic physical or developmental condition that meets certain criteria. Biennial appropriations total \$78.1 million in All Funds, which includes \$53.0 million in General Revenue Funds, and 109.1 FTE positions. The Eightieth Legislature, 2007, increased agency appropriations to reduce the waiting list for the CSHCN Program and to restore provider rates. **Figure 157** shows the number of children with special healthcare needs provided services, and program expenditures for fiscal years 2003 to 2009.

**FIGURE 157**  
**CSHCN CLIENTS PROVIDED MEDICAL SERVICES**  
**AND PROGRAM EXPENDITURES**  
**FISCAL YEARS 2003 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

NOTE: Does not reflect additional funding to remove 646 clients from waiting list by end of fiscal year 2009.

SOURCE: Department of State Health Services.

### LABORATORY SERVICES

The state's reference laboratory serves as an important regional resource. The laboratory conducts tests for health-screening programs, rare diseases, and diseases requiring complex microbiology and environmental chemistry technology. Biennial appropriations total \$73.0 million in All Funds, which includes \$37.1 million in General Revenue Funds and General Revenue–Dedicated Funds and 407.2 FTE positions. This amount includes an increase of \$1.3 million in General Revenue Funds for TB laboratory services. In addition, \$5.7 million from laboratory fee revenue is appropriated for the 2008–09 biennium for debt service payments for the laboratory.

### HOSPITAL FACILITIES AND SERVICES

The Hospital Facilities and Services goal includes funding for healthcare facilities and mental health state hospitals operated by the agency and for grants to privately owned mental health community hospitals. A total of \$716.2 million in All Funds, which includes \$645.9 million in General Revenue Funds and General Revenue–Dedicated Funds, is appropriated for this goal for the 2008–09 biennium.

### STATE HEALTH CARE FACILITIES

The agency operates the Texas Center for Infectious Disease (TCID) in San Antonio, which serves individuals with



tuberculosis and other chronic respiratory diseases, and the South Texas Health Care System in Harlingen, which provides general outpatient care, primarily for indigent patients in the Lower Rio Grande Valley. The Eightieth Legislature, 2007, appropriated \$34.8 million in All Funds, which includes \$30.3 million in General Revenue Funds and General Revenue–Dedicated Funds, for operating costs for the facilities and 283.7 FTE positions. In addition, \$45.0 million in All Funds is allocated for repair and renovation and construction of new healthcare facilities. This amount includes \$32.1 million in General Obligation (GO) bonds for a new TCID facility in San Antonio and \$13.0 million in General Revenue Funds to renovate the existing South Texas Health Care System facility in Harlingen and to construct a new facility in Edinburg that will provide outpatient substance abuse and primary care services.

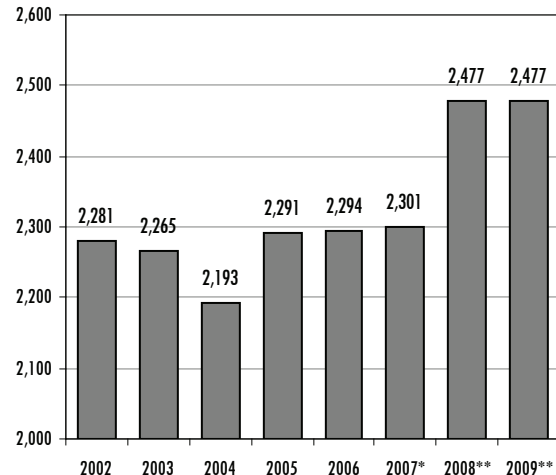
#### MENTAL HEALTH STATE HOSPITALS

Eight state-operated mental health hospitals (located in Austin, Big Spring, El Paso, Kerrville, Rusk, San Antonio, Terrell, and Vernon–Wichita Falls) provide inpatient hospitalization and general psychiatric services for persons with severe mental illness who require intensive treatment. Individuals needing specialized short-term or long-term care can receive services such as therapeutic programming and skills building to reduce acute symptoms and restore their ability to function in the community. Specialized services for older adults with dual diagnoses of mental illness and mental retardation are also available. One state-operated facility, Rio Grande State Center, provides both inpatient and community-based services.

Three specialized mental health programs have statewide service areas: (1) Austin State Hospital operates a program for persons who are both deaf and mentally ill; (2) the Vernon campus of the North Texas State Hospital provides maximum-security services for forensic patients; and (3) the Waco Center for Youth offers residential treatment services for persons ages 13 to 17.

Appropriations for the 2008–09 biennium total \$634.1 million in All Funds and 7,469.6 FTE positions. Of the appropriated amount, \$568.3 million, or 89.6 percent, is in General Revenue Funds. In addition, \$41.0 million is appropriated to fund the capital repair and renovation of the state mental health hospitals. Of this amount, \$38.1 million is funded with GO bonds. **Figure 158** shows the average daily census of state mental health facilities from fiscal years 2002 to 2009. Caseload increases are anticipated to stabilize

**FIGURE 158**  
**AVERAGE DAILY CENSUS OF STATE**  
**MENTAL HEALTH FACILITIES**  
**FISCAL YEARS 2002 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

SOURCE: Department of State Health Services.

in 2008–09. Policy changes to reduce the wait before services and increased funding contribute to the agency's ability to serve additional clients.

#### FUNDING FOR MENTAL HEALTH COMMUNITY HOSPITALS

The Mental Health Community Hospitals support inpatient services at three psychiatric hospitals located in Houston, Galveston, and Lubbock. These hospitals are generally operated in conjunction with a teaching hospital and major university medical school. Funds are allocated to the community hospitals through performance contracts with local mental health authorities. Biennial appropriations total \$47.3 million in General Revenue Funds, which includes an increase of \$7.0 million in General Revenue Funds (House Bill 15) for the operations of The University of Texas Harris County Psychiatric Center.

#### CONSUMER PROTECTION SERVICES

The Consumer Protection Services goal includes public health efforts related to ensuring food and drug safety, minimizing environmental hazards, licensing healthcare professionals and facilities, and regulating activities related to radiation. Funding for consumer protection is largely generated through fee revenue deposited to the General Revenue Fund or to specific General Revenue–Dedicated accounts. Appropriations for Consumer Protection Services for the 2008–09 biennium total \$108.6 million in All Funds,



which includes \$84.9 million in General Revenue Funds and General Revenue–Dedicated Funds.

Food, meat, and drug safety activities include inspecting and monitoring foods, drugs, medical devices, cosmetics, shellfish-growing areas and processing plants, and facilities that produce milk and milk products. In addition, the agency inspects retail food establishments in counties with no local health authority. DSHS is also responsible for ensuring that all meat and poultry processed in Texas for consumption is derived from healthy animals, is slaughtered and prepared in a sanitary manner, has no harmful ingredients added, and is truthfully packaged and labeled. Food, meat, and drug safety appropriations total \$41.4 million in All Funds for the 2008–09 biennium, which includes \$34.3 million in General Revenue Funds and General Revenue–Dedicated Funds, and 404.8 FTE positions. In the 2008–09 biennium, the agency will begin performing inspections of all public school cafeterias. The Eightieth Legislature, 2007, appropriated \$1.3 million in General Revenue Funds generated from inspection fees, which will be collected from school districts.

Environmental health includes investigating public health nuisances in counties with no local health authority and providing technical assistance to local health agencies. DSHS also regulates youth camps and public health pesticide applicators and responds to complaints and concerns regarding asbestos, lead, and mold in public buildings, chemical hazards, and indoor air quality. Environmental health appropriations for the 2008–09 biennium total \$15.2 million in All Funds, which includes \$14.1 million in General Revenue Funds and General Revenue–Dedicated Funds, and 130.7 FTE positions.

The agency is also involved in radiation control. However, Senate Bill 1604, Eightieth Legislature, 2007, transfers responsibility for the regulation of certain radioactive substances from DSHS to the Texas Commission on Environmental Quality (TCEQ). For the 2008–09 biennium, DSHS transferred \$1.9 million in General Revenue Funds and 11.0 FTE positions to TCEQ for this purpose. DSHS will continue to license radioactive materials, certify x-ray, mammography, and laser equipment and facilities, and provide emergency response for nuclear facilities. Radiation control appropriations for the 2008–09 biennium total \$16.0 million in All Funds, which includes \$14.4 million in General Revenue Funds and General Revenue–Dedicated Funds, and 138.4 FTE positions.

To ensure that healthcare standards are met, the agency issues registrations, certifications, and permits for healthcare professionals and facilities and maintains registries on various healthcare professionals. Appropriations for the 2008–09 biennium for Health Care Professionals and Facilities total \$28.0 million in All Funds, which includes \$19.9 million in General Revenue Funds and General Revenue–Dedicated Funds, and approximately 240.9 FTE positions.

Applications and renewals for licenses for certain healthcare professionals and facilities are processed through TexasOnline, the official website for the State of Texas that provides access to state and local government agencies. DSHS is appropriated an estimated \$2.1 million in General Revenue Funds and General Revenue–Dedicated Funds fees to pay for TexasOnline services in the 2008–09 biennium.

Funding for treatment and supervision of sexually violent predators was transferred to the Judiciary Section of the Comptroller's Department, which will contract with DSHS for \$5.9 million for these services in the 2008–09 biennium. DSHS projects the number of sex offenders provided services to increase to 158 recipients in fiscal year 2009.

### **WAITING LISTS**

In addition to the appropriation amounts identified above, the Eightieth Legislature, 2007, appropriated \$9.6 million in General Revenue Funds to remove clients from the waiting lists for the Children with Special Health Care Needs (CSHCN) Program and for community mental health services for children and adolescents. In fiscal year 2009, DSHS projects to provide 646 program slots for clients on the CSHCN waiting list and 288 program slots for children and adolescents on the waiting list for community mental health services.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted several bills that affect DSHS. Among the more significant legislation are the following, some of which were previously discussed.

### **SUPPLEMENTAL APPROPRIATIONS**

Appropriation amounts identified above include appropriations made in House Bill 15, which appropriates \$18.0 million in General Revenue Funds to DSHS for the 2008–09 biennium. The appropriations include \$11.0 million for the purchase of antiviral drugs for use in the event of an influenza pandemic and \$7.0 million for the operations

of The University of Texas Harris County Psychiatric Center.

**BEHAVIORAL HEALTH**

House Bill 654 and House Bill 2524 require DSHS to establish behavioral health pilot projects. House Bill 654 requires a 16-bed crisis stabilization unit on the grounds of the Kerrville State Hospital and House Bill 2524 requires a public safety triage and detoxification unit in Bexar County. DSHS is appropriated \$1.0 million in General Revenue Funds for the crisis stabilization unit and \$6.1 million in General Revenue Funds for the public safety triage and detoxification unit for the 2008–09 biennium.

House Bill 518 and Senate Bill 867 make changes related to the mental health state hospital system. House Bill 518 increases the amount of time an individual may be detained at a state mental health hospital for a preliminary examination and reduces the timeframe for performing a physician examination. DSHS is required to study and report on the effect of these changes on admissions to state mental health hospitals. In addition, Senate Bill 867 amends procedures for criminal defendants who are or may be persons with mental illness or mental retardation, which may also affect state mental health hospital admissions.

**HEALTHCARE INFORMATION**

DSHS is required to make certain healthcare information available to the public in the 2008–09 biennium. Senate Bill 288 requires DSHS to establish a system for healthcare facilities and the public to report healthcare-associated infections and to make a summary of this information available to the public.

Senate Bill 1731 requires DSHS to make available a consumer guide to healthcare that includes information on healthcare facility pricing practices and links to quality of care data. Appropriations to DSHS include \$0.9 million in General Revenue Funds for the 2008–09 biennium for this purpose.

**EMPLOYEE WELLNESS**

House Bill 1297 requires DSHS to designate a statewide wellness coordinator to create a model statewide wellness program for use by state agencies. The legislation also establishes a worksite wellness advisory board, authorizes state agencies to facilitate the development of wellness councils, and authorizes state agencies to adopt certain wellness policies.

**PROGRAM TRANSFERS**

Senate Bill 1604 transfers responsibility for the regulation of certain radioactive substances from DSHS to the Texas Commission on Environmental Quality (TCEQ). For the 2008–09 biennium, DSHS transferred \$1.9 million in General Revenue Funds and 11.0 FTE positions to TCEQ for this purpose. DSHS will continue to license radioactive materials; certify x-ray, mammography, and laser equipment and facilities; and provide emergency response for nuclear facilities.

House Bill 1396 transfers the Office for the Elimination of Health Disparities from DSHS to the Health and Human Services Commission. For the 2008–09 biennium, DSHS transferred \$0.9 million in All Funds, which includes \$0.4 million in General Revenue Funds and 4.0 FTE positions for this purpose.

## HEALTH AND HUMAN SERVICES COMMISSION

The Health and Human Services Commission (HHSC) was created in 1991 by the Seventy-second Legislature to provide the leadership and innovation needed to achieve an efficient and effective health and human services system for Texans. By statute, the agency must ensure the delivery of health services, coordinate programs among the agencies under its jurisdiction, review agency-proposed rules, issue a six-year Strategic Plan with updates every two years, submit a consolidated budget recommendation to the Legislature for agency appropriations, coordinate caseload estimates, settle interagency disputes, and perform other duties as warranted. HHSC has oversight responsibilities for each of the four agencies listed below:

- Department of Aging and Disability Services (DADS);
- Department of State Health Services (DSHS);
- Department of Family and Protective Services (DFPS); and
- Department of Assistive and Rehabilitative Services (DARS).

The agency is governed by the Executive Commissioner of Health and Human Services, who is appointed by the Governor with the advice and consent of the Senate for a two-year term. The Executive Commissioner exercises broad powers, including final approval of rules for each agency, appointment of agency commissioners (with approval of the Governor), and authority to request funding and transfers of full-time-equivalent (FTE) positions between agencies. In some instances, these transfers are considered approved if not disapproved within a certain time specified in the General Appropriations Act (GAA).

The appropriations to HHSC are comprised of a number of different funding streams. These include funds associated with federal programs, such as Medicaid, Temporary Assistance for Needy Families (TANF), Children's Health Insurance Program (CHIP), Food Stamps, Family Violence Prevention, and others. State funds are required as a match or maintenance of effort for different federal funds. For example, the Medicaid program requires the state to fund approximately 40 percent of the expenditures for direct services, and the CHIP program requires approximately 28 percent state participation. The TANF grant requires the state to maintain state expenditures at \$235.7 million per year if the state meets federal work participation standards.

House Bill 15, Eightieth Legislature, 2007, appropriated \$279.3 million in All Funds to HHSC, including \$114.0 million in General Revenue Funds, for fiscal year 2007 to address a supplemental funding need in Medicaid (\$110 million) and to provide funds for an at-risk prevention project (\$4 million).

Appropriations to HHSC for the 2008–09 biennium total \$31.5 billion in All Funds and provide for 9,933.3 FTE positions in fiscal year 2008 and 9,984.8 FTE positions in fiscal year 2009. Federal Funds make up \$18.8 billion, or 59.8 percent of funding. General Revenue Funds make up \$12.1 billion, or 38.4 percent, of funding and include approximately \$1.0 billion from Tobacco Settlement receipts. Other Funds make up the remaining 1.8 percent of funding.

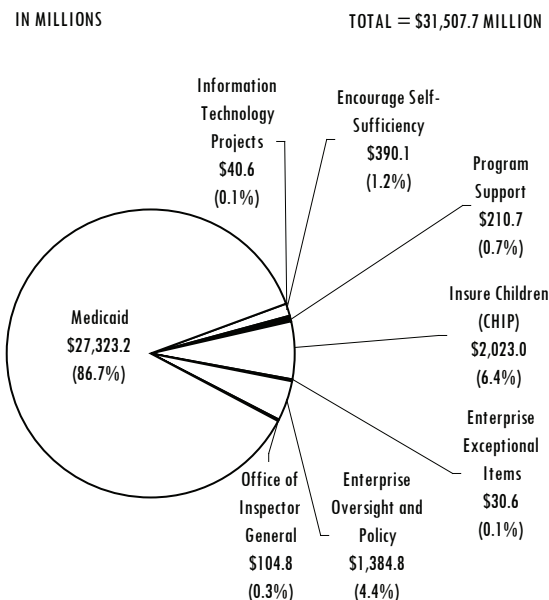
The Eightieth Legislature undertook several fiscal and policy changes for the 2008–09 biennium. The following lists the more significant changes:

- increase in Medicaid funding for children's services related to the *Frew v. Hawkins* expenditure plan;
- plan for reform of Medicaid service delivery and financing (Senate Bill 10);
- restoration to fiscal year 2003 levels and increases in provider rates for the Medicaid and CHIP programs;
- increase in funding to rebase hospital provider rates in fiscal year 2009;
- reduction of the waiting lists for community-based long-term care, mental health services, services for children with special healthcare needs, and assistive and rehabilitative services at DADS, DSHS, and DARS;
- expansion of the Medicaid breast and cervical cancer control program;
- expansion of family violence services;
- implementation of a nurse–family partnership program for low-income families;
- increase in funding for information technology needs across the health and human services enterprise; and
- transfer of the nutrition assistance program to the Texas Department of Agriculture.

HHSC's four primary goals are to (1) provide oversight of the health and human services enterprise to improve the delivery of health and human services; (2) improve the

efficiency and effectiveness of the state Medicaid program, in part by developing a comprehensive approach to the provision of Medicaid healthcare services to eligible clients; (3) insure children whose family income is above Medicaid standards, but not higher than 200 percent of the federal poverty level (FPL); and (4) encourage and promote self-sufficiency, safety, and long-term independence for families. A fifth goal relates to program support (indirect administration), a sixth goal includes information technology systems, a seventh goal relates to the health and human services Office of Inspector General, and the eighth goal is to provide funding for certain information technology projects across the health and human services (HHS) enterprise. **Figure 159** shows a breakout of funding by goal.

**FIGURE 159**  
**HEALTH AND HUMAN SERVICES COMMISSION**  
**APPROPRIATIONS BY GOAL**  
**2008–09 BIENNIUM**



SOURCES: Legislative Budget Board; Health and Human Services Commission.

### ENTERPRISE OVERSIGHT AND POLICY

HHSC seeks to accomplish its first goal by improving business operations of health and human service agencies to maximize Federal Funds, improving efficiency in system operations, improving accountability and coordination through the system, and ensuring the timely and accurate provision of eligibility determination services for all individuals in need of Health and Human Services System

programs. This goal has approximately 8,280 FTE positions per fiscal year. One function within this goal is Enterprise Oversight and Policy, and biennial funding totals \$68.7 million in All Funds, including \$27.1 million in General Revenue Funds.

HHSC has centralized financial policy for all the HHS agencies under Enterprise Oversight and Policy. The agency conducts all rate-setting activities for Medicaid, CHIP, and foster care and coordinates projects and initiatives to improve the delivery of health and human services through this strategy. For example, HHSC is leading efforts by health and human services agencies to comply with the federal Health Insurance Portability and Accountability Act (HIPAA). HIPAA requires changes in the way state agencies collect, store, and share healthcare data. HHSC's 2008–09 capital budget, as established in the agency's bill pattern, allocates \$8.6 million in All Funds for capital improvements related to HIPAA. Other programs include Guardianship, Community Resource Coordination Groups, Texas Integrated Funding Initiative, the Office for Prevention of Developmental Disabilities, Umbilical Cord Blood Bank grant program, and other projects.

Through the Guardianship Program, HHSC coordinates an alliance of state agencies, local service providers, and local courts to develop a plan to protect incapacitated persons in Texas. The program supports court-appointed guardians who make decisions concerning the incapacitated person's welfare and financial affairs. The HHSC program is distinct from the guardianship program at DADS; the DADS program uses state employees and volunteers to act as guardians for elderly or disabled persons referred by DFPS. Legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005, moved the guardianship program from DFPS to DADS.

The second function within this goal is Integrated Eligibility and Enrollment. Biennial funding totals \$1,075.1 million in All Funds, including \$469.5 million in General Revenue Funds. The function encompasses eligibility determination policy and support for various programs, including acute and long-term care Medicaid, TANF (cash assistance), Food Stamps, and CHIP. It also includes Healthy Marriage projects; outreach and application assistance for Food Stamps, Medicaid, and CHIP; nutrition education; the 2-1-1 Texas Information and Referral Network; maintenance of the Texas Integrated Eligibility Redesign System and legacy eligibility automation applications; managed care enrollment; issuance of Food Stamp and TANF benefits through electronic benefit cards; and other accountability efforts such as finger imaging.

HHSC is in the process of in-sourcing certain eligibility and enrollment activities. House Bill 15, Sec. 17, allows the agency to increase its FTE levels pursuant to this change. Similar authority is provided in the 2008–09 General Appropriations Act, HHSC rider 54, Staffing and Capital Authorization in Lieu of Contracted Responsibilities.

The third function in this goal is Consolidated System Support. Biennial funding totals \$240.9 million in All Funds, including \$42.8 million in General Revenue Funds. This includes functions that have been consolidated (pursuant to legislation enacted by the Seventy-eighth Legislature, 2003) at HHSC to obtain efficiencies in business support functions and eliminate overlap among HHS agencies. It includes information technology, human resources, civil rights office, procurement, ombudsman services, and others. The agency also maintains the Health and Human Services Administrative System (HHSAS), an integrated financial and human resources software package known as PeopleSoft, on behalf of all the health and human services agencies.

## MEDICAID

The commission's second goal addresses the Title XIX Medicaid program of the federal Social Security Act. Medicaid is a jointly funded federal–state program that provides health insurance and other services primarily to low-income families, non-disabled children, related caretakers of dependent children, pregnant women, the elderly, and people with disabilities. The federal government contributes to the cost of Medicaid according to a match rate, or Federal Medical Assistance Percentage (FMAP), which is based on a comparison of the state's three-year average per capita income to the national per capita income. The FMAP is higher in states with lower per capita incomes. The FMAP determines the proportion of expenditures that is paid by the federal government. The FMAP for client services in Texas is 60.55 percent for state fiscal year 2008. Different rates are applied for other types of expenditures, such as certain information technology projects (90 percent), family planning services (90 percent), skilled medical professional services (75 percent), and administrative functions (50 percent).

As the single state agency designated to administer federal medical assistance (Medicaid) funds, HHSC must plan and direct the Medicaid program in each agency that operates a portion of the program. In administering this function, the agency has the following responsibilities:

- serving as the primary point of contact with the federal government;

- establishing agreements with other state agencies to carry out technical operations and service delivery for the Medicaid program;
- overseeing Medicaid policies, rules, and operations carried out by the Medicaid operating agencies;
- overseeing and monitoring the Medicaid budget;
- evaluating and monitoring Medicaid programs;
- administering the Medicaid state plan;
- initiating and coordinating opportunities to maximize federal funding;
- facilitating the federally mandated Medical Care Advisory Committee;
- establishing Medicaid reimbursement rates; and
- designing Medicaid managed-care systems.

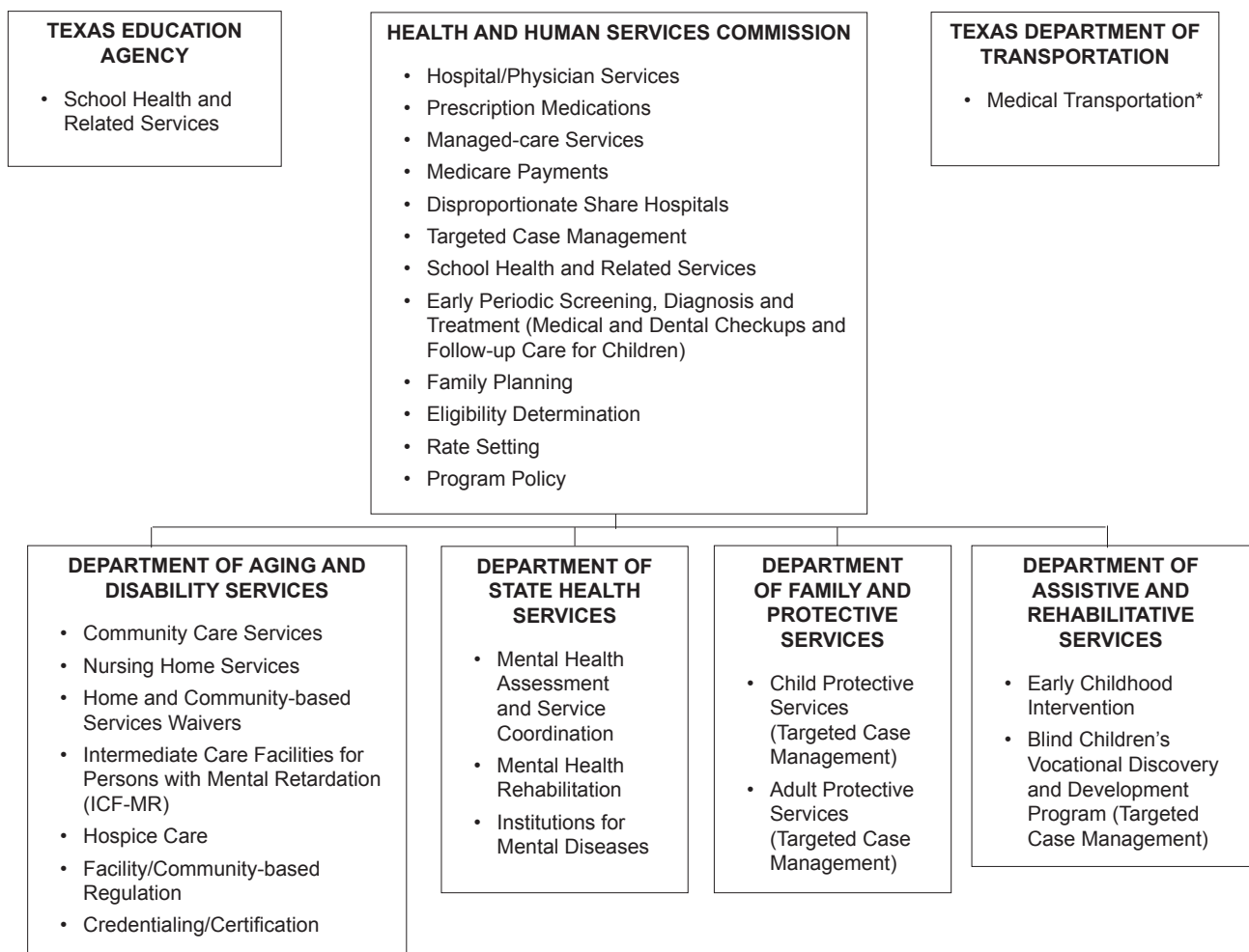
## MEDICAID PROGRAM STRUCTURE

Pursuant to implementation of legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003, five state agencies have primary responsibility for the delivery of services for the Texas Medicaid program (**Figure 160**):

- HHSC provides premium-based services, primarily hospital and physician services; outpatient prescription drugs; Medicare premiums, deductibles, and copayments for certain clients; targeted case-management for high-risk pregnancies; family planning; and managed care. The agency also provides medical and dental checkups with needed follow-up care through the Texas Health Steps Program, formerly known as the Early Periodic Screening Diagnosis and Treatment program.
- The Department of State Health Services provides mental health assessment and service coordination, rehabilitation services, and institutions for mental disease (mental health hospitals).
- The Department of Aging and Disability Services provides nursing home payments; community care services, including waivers from nursing home services; client functional eligibility determination; intermediate care facilities for persons with mental retardation; home and community-based waivers; hospice care; and regulation of long-term care facilities.
- The Department of Family and Protective Services provides targeted case-management.



**FIGURE 160**  
**MEDICAID ORGANIZATION IN TEXAS**  
**2008–09 BIENNIUM**



\*Pursuant to Senate Bill 10, Eightieth Legislature, 2007, the medical transportation program will transfer to HHSC during the 2008–09 biennium.  
 SOURCES: Legislative Budget Board; Health and Human Services Commission.

- The Department of Assistive and Rehabilitative Services provides targeted case management and early childhood intervention.
- Other state agencies that participate in the Medicaid program on a smaller scale include the Texas Education Agency, which coordinates the School Health and Related Services Program, and the Texas Department of Transportation, which operates the medical transportation program. Pursuant to Senate Bill 10, Eightieth Legislature, 2007, the medical transportation program transfers to HHSC during the 2008–09 biennium.

#### **MEDICAID ELIGIBILITY**

Healthcare services are provided for certain client groups under Medicaid. Eligibility is based primarily on income and age, and eligible persons include the following groups:

- the categorically eligible, that is, impoverished persons eligible for TANF and disabled persons eligible for Supplemental Security Income (SSI);
- persons receiving medical assistance only, that is, low-income persons residing in institutions who would qualify for SSI except for certain income requirements;
- children up to age 19 whose families would qualify for TANF;



- children ages 6 through 18 living in families with incomes below 100 percent of the FPL (\$17,600 for a family of three);
- children ages one through five whose families earn up to 133 percent of the FPL (\$23,408 for a family of three);
- pregnant women in families with incomes up to 185 percent of the FPL;
- newborns born to a mother eligible for and receiving Medicaid at the time of birth or subsequently eligible, through the month of the child's first birthday, with incomes up to 185 percent of the FPL;
- medically needy children and pregnant women who meet an existing category for services if their family's income is spent down because of medical expenses to no more than 133 percent of the limit for TANF participation;
- Medicare beneficiaries who are also eligible for Medicaid (dual eligibles); and
- foster care/adoption related groups such as:
  - children through age 17 who are in the conservatorship of DFPS or are the subject of an adoption assistance agreement;
  - youth through age 19 who live in paid foster care settings and are enrolled in an approved educational or vocational program; and
  - youth through age 20 who were in foster care on their eighteenth birthday or later, with incomes no more than 400 percent of the FPL.

**Figure 161** shows the 2008 FPL guidelines by size of family unit. Resource limits related to real and personal property also apply to certain client groups. **Figure 162** shows the percentage of the FPL at which various categories of clients receive Medicaid eligibility.

Individuals can also receive assistance under Supplemental Medical Insurance Benefits, which are payments for Title XVIII (Medicare) Part A and Part B premiums of eligible persons with disabilities and eligible persons age 65 and older. Additionally, the agency pays the deductibles and coinsurance liabilities for qualified Medicare beneficiaries who meet certain income limits and who have resources no more than twice the limits for the SSI program.

#### **MEDICAID ACUTE CARE OPERATIONS**

Appropriations for the Medicaid goal total \$27.3 billion for the 2008–09 biennium, which is 86.7 percent of total agency appropriations. Medicaid funding includes \$10.7 billion in General Revenue Funds, or 39 percent. This amount includes approximately \$483.1 million in General Revenue Funds from Tobacco Settlement receipts. FTE positions for the goal total 259.0 in fiscal year 2008 and 302.0 in fiscal year 2009. House Bill 15, Eightieth Legislature, 2007, provided \$1,779.9 million in All Funds, including \$706.7 million in General Revenue Funds, for Medicaid expenditures related

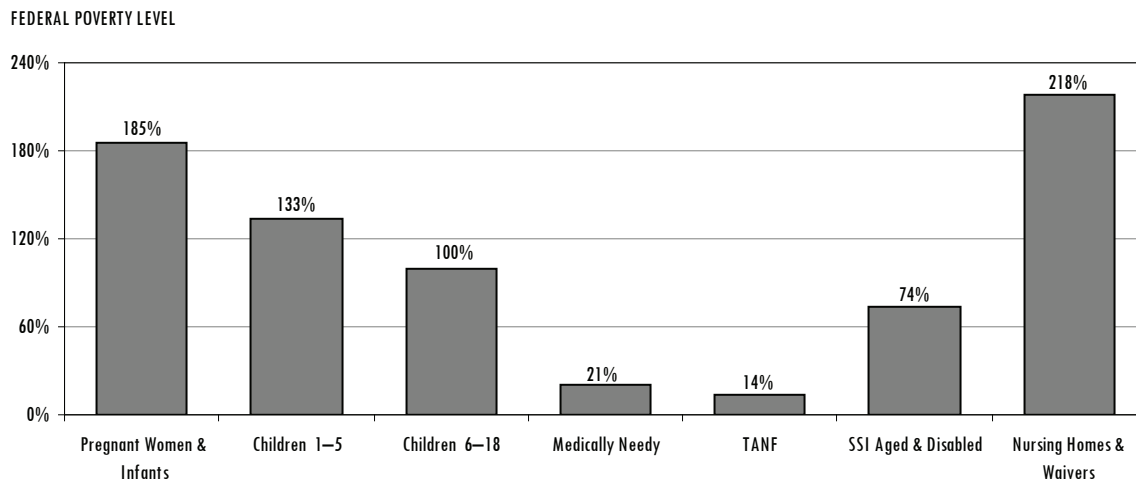
**FIGURE 161**  
**2008 HEALTH AND HUMAN SERVICES POVERTY GUIDELINES (FEDERAL POVERTY LEVEL)**

SIZE OF FAMILY UNIT	100% FPL	14% FPL	21% FPL	74% FPL	133% FPL	185% FPL	200% FPL	218% FPL
1	<b>\$10,400</b>	\$1,456	\$2,184	\$7,696	\$13,832	\$19,240	\$20,800	\$22,672
2	<b>\$14,000</b>	\$1,960	\$2,940	\$10,360	\$18,620	\$25,900	\$28,000	\$30,520
3	<b>\$17,600</b>	\$2,464	\$3,696	\$13,024	\$23,408	\$32,560	\$35,200	\$38,368
4	<b>\$21,200</b>	\$2,968	\$4,452	\$15,688	\$28,196	\$39,220	\$42,400	\$46,216
5	<b>\$24,800</b>	\$3,472	\$5,208	\$18,352	\$32,984	\$45,880	\$49,600	\$54,064
6	<b>\$28,400</b>	\$3,976	\$5,964	\$21,016	\$37,772	\$52,540	\$56,800	\$61,912
7	<b>\$32,000</b>	\$4,480	\$6,720	\$23,680	\$42,560	\$59,200	\$64,000	\$69,760
8	<b>\$35,600</b>	\$4,984	\$7,476	\$26,344	\$47,348	\$65,860	\$71,200	\$77,608
For each additional person	<b>\$3,600</b>	\$504	\$756	\$2,664	\$4,788	\$6,660	\$7,200	\$7,848

NOTE: FPL = Federal Poverty Level.

SOURCES: Legislative Budget Board; U.S. Department of Health and Human Services.

**FIGURE 162**  
**MEDICAID ELIGIBILITY LEVELS IN TEXAS**  
**FISCAL YEAR 2008**



NOTES: Federal poverty level for a family of three is \$17,600 for calendar year 2008. Nursing home clients must contribute all income, except a \$60 personal needs allowance, toward the cost of care. Represents net income after allowable deductions. Certain youth in foster care/adoption settings are covered through age 21.

SOURCE: Health and Human Services Commission.

to the *Frew* expenditure plan. These funds are included in the goal total described above.

HHSC provides a range of acute care services. Federally required healthcare services include inpatient and outpatient hospital services, physician services, laboratory and x-ray services, certified nurse-midwife services, certified family nurse-practitioners, rural health clinic services, and federally qualified health center services. HHSC also provides a number of services that are approved, but not required, by the federal government: medically necessary prescription drugs, birthing center services, and maternity clinic services. In addition, the Medicaid program pays for health services provided to undocumented persons receiving emergency care.

As shown in **Figure 163**, overall Medicaid acute care caseloads have increased since fiscal year 2002, with a significant increase in fiscal year 2003. Caseload growth slowed during the 2004–05 biennium, due in part to policy changes enacted by the Seventy-eighth Legislature, 2003, which included elimination of certain optional services. Although these services were restored, growth slowed further during the 2006–07 biennium. Reasons for this may include (1) a change in eligibility determination systems and associated delays and errors in processing applications and renewals; (2) fewer overall applications for benefits; and (3) less outreach provided to communities. A low rate of growth is

anticipated for the 2008–09 biennium; however, the impact of *Frew*-related activities and restructuring of the eligibility function could increase the rate of caseload growth.

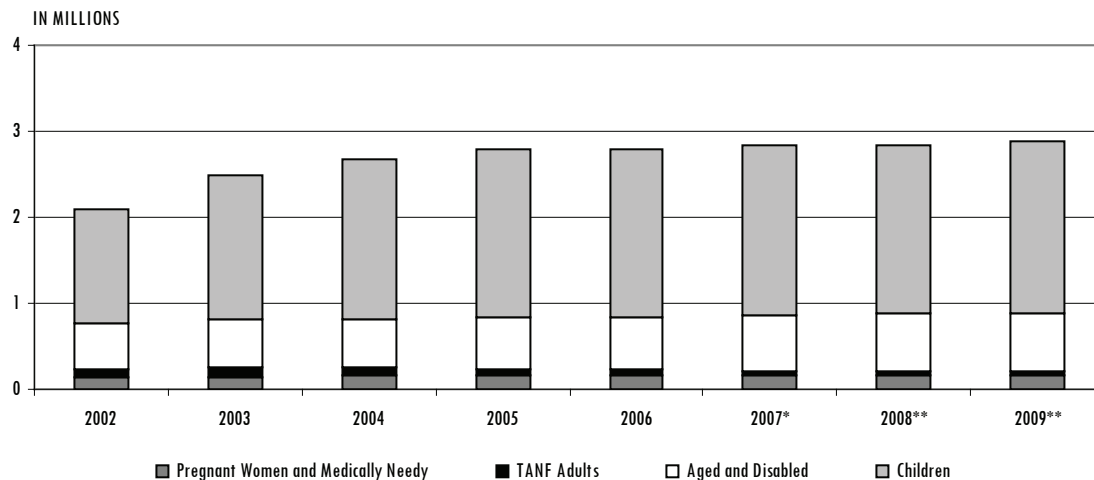
The Medicaid goal is divided into four objectives: (1) Medicaid Health Services; (2) Other Medicaid Services; (3) Special Services for Children; and (4) Medicaid Support. The first objective under the Medicaid goal addresses the delivery of Medicaid acute care health services.

The Medicaid Health Services objective includes the following:

- Medicare and SSI;
- TANF Adults and Children;
- Pregnant Women;
- Children and Medically Needy;
- Medicare Payments; and
- STAR+PLUS (Integrated Managed Care).

These provide payments to physicians, hospitals, and managed care entities for health services. The objective also includes payments for Medicare premiums and cost-sharing for eligible Medicaid recipients. Biennial funding for these six functions for the 2008–09 biennium totals \$18.9 billion, including \$7.3 billion in General Revenue Funds. FTE positions total 157.5 in each fiscal year.

**FIGURE 163**  
**ACUTE CARE CASELOADS**  
**FISCAL YEARS 2002 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

SOURCE: Health and Human Services Commission.

The Other Medicaid services objective includes the following:

- Cost-reimbursed Services;
- Medicaid Vendor Drug Program;
- Medicare Federal Give Back Provision;
- Medical Transportation;
- Medicaid Family Planning; and
- Upper Payment Limit.

These provide funding for Medicaid health services that are cost-reimbursed, for prescription drug expenditures, for transportation of certain clients to doctor appointments, for family planning services, and to make upper payment limit payments. The Texas Department of Transportation (TxDOT) has operated the Medical Transportation Program since 2005. HHSC and TxDOT have an interagency agreement under which HHSC draws federal Medicaid matching funds and sends them to TxDOT to match the State Highway Fund (Other Funds) expenditures for medical transportation. However, with enactment of Senate Bill 10, Eightieth Legislature, 2007, the program and funding transfer to HHSC during the 2008–09 biennium. The state's Vendor Drug Program contracts with pharmacies to provide prescription drugs to Medicaid recipients. The program collects rebates from drug manufacturers as negotiated by the federal government and began collecting supplemental

rebates in 2004 through manufacturers' participation in the preferred drug list initiative authorized by legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003.

The Governor's proclamation vetoed fiscal year 2009 funding for the Medicare Give Back Provision (also referred to as "clawback"). Hence, no funding is appropriated in fiscal year 2009 for the purpose of making phased-down state contributions to the federal government for prescription drug expenses of Medicaid clients who are dually eligible for Medicare. This prescription drug program is known as Part D of the 2003 Medicare Modernization Act.

Funding for these programs for the 2008–09 biennium totals \$5.6 billion, including \$2.3 billion in General Revenue Funds. FTE positions total 49.2 in each fiscal year.

The Special Services for Children objective includes the following:

- Health Steps Medical;
- Health Steps Dental; and
- Health Steps Comprehensive Care.

These provide funding for the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program, known in Texas as Texas Health Steps. These are medical, dental, and other services (i.e., case management, durable medical equipment, private nursing, and therapies) that are provided to poor children. The program provides any medically

necessary and appropriate healthcare service covered by Medicaid. Funding for these three functions for the 2008–09 biennium totals \$2.8 billion, which includes \$1.1 billion in General Revenue Funds. House Bill 15, Eightieth Legislature, 2007, provides \$1,095.8 million in All Funds, including \$435.1 million in General Revenue Funds, for the EPSDT program as it relates to the *Frew* expenditure plan. These funds are included in the biennial total above. FTE positions total 16.4 in each fiscal year.

#### **STATE MEDICAID OFFICE**

Many of the agency's Medicaid-related responsibilities are achieved through the State Medicaid Office, which resides in objective four, Medicaid Support. Biennial funding totals \$27.2 million, including \$1.9 million in General Revenue Funds, and provides for 35.9 FTE positions in fiscal year 2008 and 78.9 FTE positions for fiscal year 2009. Important areas overseen by the State Medicaid Office include eligibility policy, program structure and expenditures, and managed care.

#### **DISPROPORTIONATE SHARE HOSPITAL REIMBURSEMENT PROGRAM**

Another major component of the Medicaid program, the Disproportionate Share Hospital (DSH) Reimbursement Program, makes payments to university teaching hospitals and qualifying public, private, and nonprofit hospitals that serve disproportionately high numbers of medically needy indigent patients. Local government and hospital expenditures are used to draw down matching Federal Funds, up to the maximum established by the federal government. Texas' federal DSH allotments are projected to total approximately \$900 million each year of the 2008–09 biennium. DSH payments to local hospitals are not reflected in the 2008–09 GAA.

#### **UPPER PAYMENT LIMIT**

The Upper Payment Limit (UPL) program provides supplemental payments to hospitals for inpatient and outpatient services provided to Medicaid patients. The supplemental payments represent the approximate difference between Medicaid and Medicare reimbursement levels. Hospitals participating in the program include state-owned teaching hospitals and non-state-owned public, private, and nonprofit hospitals. The Children's Hospital UPL is funded with \$25 million in General Revenue Funds and \$63 million in All Funds for the biennium. All other UPL programs use intergovernmental transfers as the state match to draw down Federal Funds and are not included in the 2008–09 GAA.

#### **MANAGED CARE**

Managed care refers to a system of health care reimbursements in which a physician is paid by a health maintenance organization (HMO), or similar entity, for providing a package of services to a recipient. HHSC pays the HMO a monthly premium to finance and coordinate the services delivered. Fee-for-service reimbursement is the traditional health care payment system, under which providers receive a payment for each unit of service they provide. HHSC has administrative oversight of the following managed care programs.

#### **STATE OF TEXAS ACCESS REFORM (STAR) PROGRAM**

The State Medicaid Office coordinates implementation of Medicaid initiatives, such as managed care. Under a managed-care delivery system, the overall care of a patient is overseen by a single provider or organization (health maintenance organization, or HMO) to improve medical access and quality while holding down costs. In 1993, Texas began a managed-care pilot for acute care health services, known as the State of Texas Access Reform (STAR) Program. In subsequent years, Texas incrementally expanded the STAR Program to most urban areas. It serves primarily women and children who are eligible for Medicaid services due to their family income level. Two managed care models, HMO and Primary Care Case Management (PCCM), deliver the services.

PCCM is a network of providers and hospitals administered by HHSC that provide case management of the recipient's care in a non-managed care area for a flat monthly fee. A fee-for-service type of arrangement pays for medical services. PCCM was withdrawn from all major urban areas that implemented Medicaid HMOs in December 2006. It is available in over 200 mostly rural counties in the state.

#### **STAR+PLUS**

Health and human services agencies implemented the STAR+PLUS model in Houston in 1997. This program integrates acute care and long-term care (community care and nursing facility care) into one service-delivery system through managed care. The model once covered hospital and physician services plus community-based care and nursing home care under a single negotiated or capitated payment. In addition to the standard package of Medicaid benefits for the aged and those with disabilities, participants in the project have access to unlimited medically necessary prescriptions. (Currently, the state limits adult Medicaid recipients in community settings not participating in a waiver to a

maximum of three prescriptions per month). During the 2006–07 biennium, pursuant to legislative direction, HHSC and local officials agreed to carve out hospital payments from the capitated rates to preserve existing UPL funding. Further instructed by the Legislature, HHSC expanded the STAR+PLUS hospital carve-out model to Bexar, Nueces, Travis, and Harris-contiguous counties during fiscal year 2007.

### INTEGRATED CARE MANAGEMENT

The Integrated Care Management (ICM) model is intended to integrate acute and long-term care services while preserving hospitals' upper payment limit revenue. However, patient care is managed through a separate entity and claims are paid in a fee-for-service manner. The agency is implementing ICM in the Dallas and Tarrant service areas during fiscal year 2008.

### NORTHSTAR

HHSC oversees the integration of behavioral health and substance abuse services in an initiative known as the NorthSTAR project. It is operated by the Department of State Health Services and is intended to integrate publicly funded systems of mental health and chemical dependency services. NorthSTAR was implemented in the Dallas service area in July 1999 and currently operates in Dallas and contiguous counties. It uses Medicaid funding, state General Revenue Funds, and block grant Federal Funds to create a better coordinated, more efficient, and more flexible system of public behavioral healthcare.

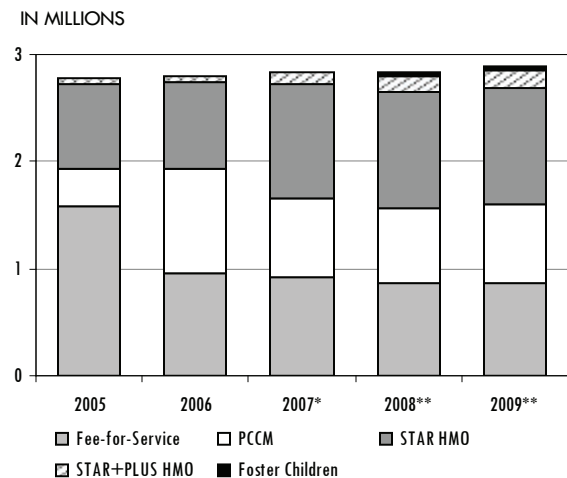
### COMPREHENSIVE CARE FOR FOSTER CARE CHILDREN

The Seventy-ninth Legislature, Regular Session, 2005, directed HHSC to develop a statewide healthcare delivery system for children in foster care. The model will allow coordination of medical, dental, and behavioral healthcare. Each child will have a medical home with a primary care physician who will coordinate care and referrals. Additionally, a web-based health passport will be developed for each child, containing medical history, providers, and drugs prescribed. The model is scheduled to go into effect in March 2008. **Figure 164** shows the recent expansion of managed care in Texas.

### INSURE CHILDREN

HHSC's third goal is to insure children whose family income is above Medicaid standards, but is not higher than 200 percent of the FPL. **Figure 165** shows CHIP and Medicaid income eligibility requirements for children and pregnant

**FIGURE 164**  
**ACUTE CARE MEDICAID ENROLLMENT BY PLAN TYPE**  
**AVERAGE MONTHLY RECIPIENT MONTHS**  
**FISCAL YEARS 2005 TO 2009**



\*Estimated.

\*\*Target established in the 2008–09 General Appropriations Act.

NOTE: Fee-for-Service includes foster children in fiscal years 2005 to 2007; PCCM includes STAR+PLUS PCCM in fiscal years 2005 to 2007.

SOURCE: Legislative Budget Board.

women. As of August 31, 2007, there were 335,147 children enrolled in CHIP. This amount includes 34,885 children/perinates resulting from the perinatal benefit implemented during the 2006–07 biennium. **Figure 166** shows average monthly CHIP enrollment. Implementation of House Bill 109, Eightieth Legislature, 2007, will alter eligibility and enrollment policies in CHIP and is expected to increase enrollment (see further detail below).

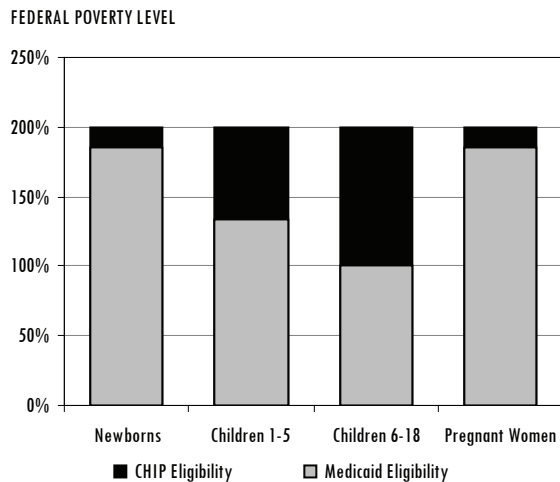
Biennial funding for this goal, including contingency funding for House Bill 109, totals \$2,023.0 million in All Funds, which includes \$622.1 million General Revenue Funds, or 31 percent, of the total. Tobacco Settlement receipts account for most of the General Revenue Funds, \$508.2 million. Client cost sharing, vendor drug rebates, and experience rebates contribute to the remaining General Revenue Funds. House Bill 15, Eightieth Legislature, 2007, contains an appropriation reduction of \$15.7 million in General Revenue Funds and \$56.1 million in All Funds.

The goal includes five strategies:

- Children's Health Insurance Program;
- Immigrant Health Insurance;
- School Employee Children Insurance;
- CHIP Perinatal Services; and
- CHIP Vendor Drug Program.



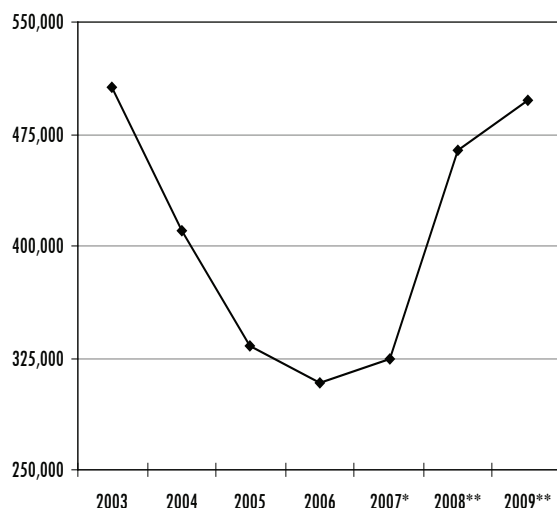
**FIGURE 165**  
**INCOME ELIGIBILITY FOR CHILDREN**  
**AND PREGNANT WOMEN**  
**FISCAL YEAR 2007**



NOTES: Medicaid covers pregnant women of all ages up to 185 percent of the federal poverty level (FPL). CHIP currently covers pregnant women up to age 18 who are ineligible for Medicaid up to 200 percent FPL. The CHIP Perinatal benefit covers pregnant women of all ages between 185 and 200 percent FPL. The "Children 1-5" category includes some newborns.

SOURCE: Health and Human Services Commission.

**FIGURE 166**  
**AVERAGE MONTHLY CHIP ENROLLMENT**  
**FISCAL YEARS 2003 TO 2009**



\*Estimated.

\*\*Target established in the 2008-09 General Appropriations Act.

NOTES: Fiscal years 2008 and 2009 targets include caseload expansion pursuant to House Bill 109: 66,668 clients in 2008 and 96,396 clients in 2009. Fiscal years 2007 and 2008 include perinatal clients.

SOURCE: Health and Human Services Commission.

### CHILDREN'S HEALTH INSURANCE PROGRAM

The Children's Health Insurance Program (CHIP) is a federal-state program that insures children (ages 0 to 18) whose family income is above Medicaid standards, but is not higher than 200 percent of the FPL. The income limit for a family of three is \$35,200 for fiscal year 2008. Funding for CHIP for the 2008-09 biennium totals \$753.2 million in All Funds, including \$220.2 million in General Revenue Funds, and provides for 18.8 FTE positions.

The federal government contributes to the cost of CHIP according to a match rate, or Enhanced Federal Medical Assistance Percentage (EFMAP). A state's EFMAP is a percentage of the state's match rate for Medicaid, or Federal Medical Assistance Percentage (FMAP), which is based on a comparison of the state's three-year average per capita income to the national per capita income. The FMAP is higher in states with lower per capita incomes. The EFMAP for state fiscal year 2008 is 72.39 percent compared with the Medicaid program's 60.55 percent.

CHIP coverage is offered statewide through either contracted health maintenance organizations (HMO) or an exclusive provider organization (EPO). HHSC is responsible for CHIP policy and contracting for administrative, marketing, and HMO/EPO services.

Services include the following benefits:

- inpatient and outpatient hospital services;
- prescription medications;
- laboratory and diagnostic tests;
- well-child exams and preventive health services, such as hearing screening and immunizations;
- physician's office visits and hospital care;
- vision, dental, mental health, tobacco cessation, chiropractic, hospice, and skilled nursing benefits;
- home and community health services, such as speech, physical and occupational therapy, and nursing care;
- emergency care transportation services; and
- durable medical equipment, prosthetic devices, and disposable medical supplies.

The state requires an annual enrollment fee, which is based on the size of the applicant's family and monthly income and ranges from \$0 to \$50 per year.



### **IMMIGRANT CHILDREN HEALTH INSURANCE**

Legislation enacted by the Seventy-sixth Legislature, 1999, established a health insurance program for certain legal immigrants (ages 0 to 18) who are income eligible for CHIP. Immigrant health insurance benefits are identical to CHIP benefits. However, the funding source is unmatched Tobacco Settlement receipts (General Revenue Funds) only. Legal immigrants who have resided in the United States for less than five years are ineligible for any means-tested, federally funded programs, including CHIP and Medicaid. Biennial funding for Immigrant Health Insurance totals \$41.2 million.

### **SCHOOL EMPLOYEE CHILDREN INSURANCE PROGRAM**

Funding is included for children of school employees who would otherwise qualify for CHIP. Under the federal legislation that created CHIP, children of school employees are not eligible for participation in CHIP. Therefore, the program is entirely state-funded. The funding source for School Employee Children Insurance is interagency contracts (Other Funds). General Revenue funding for the program was moved by the Eightieth Legislature to the Teachers Retirement System; however, it is anticipated that HHSC will continue to operate the program. Biennial funding for School Employee Children Insurance totals \$20.8 million in the 2008–09 biennium.

### **CHIP PERINATAL SERVICES**

In January 2007, HHSC implemented a new CHIP benefit that expands prenatal care to low-income women. Medicaid currently covers pregnant women with incomes up to 185 percent of the FPL. The new perinatal benefit expands perinatal coverage to women (ages 19 and older) with incomes between 185 percent and 200 percent of the FPL. This new benefit also expands perinatal coverage to immigrant women who would otherwise receive Medicaid emergency services only. Eligibility for the CHIP perinatal benefit is for the perinate, or unborn child. Medicaid also covers services to newborns. The CHIP perinatal benefit allows the state to receive the enhanced CHIP match rate for services for certain newborns, which would otherwise be provided at the Medicaid match rate. Thus, the state is expected to garner savings while encouraging prenatal care. Biennial funding for CHIP Perinatal Services totals \$673.2 million in All Funds, including \$187.1 million in General Revenue Funds. **Figure 165** shows CHIP and Medicaid income eligibility requirements for children and pregnant women.

### **CHIP VENDOR DRUG PROGRAM**

The CHIP Vendor Drug Program operates similarly to the Medicaid Vendor Drug Program. HHSC has operated a voluntary rebate program for preferred drugs in lieu of a preferred drug list required by legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003. Prior authorization is required for prescribed drugs not included on the preferred drug list. For the 2008–09 biennium, funding totals \$281.5 million in All Funds, including \$84.1 million in General Revenue Funds. Included in this amount is \$5.3 million from vendor drug rebates.

### **HOUSE BILL 109, RELATING TO ELIGIBILITY FOR AND INFORMATION REGARDING THE CHIP PROGRAM**

House Bill 109 authorizes the following significant changes to the CHIP program:

- reinstates 12-month continuous eligibility;
- reinstates income disregards for child care, so that eligibility is based on net family income;
- limits the 90-day waiting period to children who had health insurance during the 90 days prior to application; and
- increases the allowable family asset limit to \$10,000 (and exempts the value of certain vehicles up to specified limits).

These changes to the program are anticipated to increase enrollment in the program, estimated to be approximately 67,000 clients in fiscal year 2008 and 96,000 clients in fiscal year 2009. Biennial funding included for the legislation is \$253.2 million in All Funds, including \$89.5 million in General Revenue Funds. The General Revenue Funds include \$11.5 million in program-generated revenue, such as vendor drug rebates and enrollment fees.

### **ENCOURAGE SELF-SUFFICIENCY**

The agency's fourth goal is to encourage self-sufficiency and long-term independence from public assistance by providing comprehensive support and preventive services for low-income families. HHSC accomplishes this goal through the following: (1) TANF Grants; (2) Refugee Assistance; (3) Disaster Assistance; (4) Family Violence Services; and (5) Alternatives to Abortion. Appropriations for the 2008–09 biennium total \$390.1 million in All Funds and provide for 18.0 FTE positions. This amount includes \$156.5 million in General Revenue Funds, or 40 percent of the appropriations, and \$230.0 million in Federal Funds, or 59

percent. Other Funds comprise the remainder of appropriated funds.

### **TANF GRANTS**

TANF Federal Funds are distributed to states as block grants. To be eligible for TANF Federal Funds, states are required to maintain state spending at a percentage of fiscal year 1994 spending (maintenance of effort). Most General Revenue Funds for TANF Maintenance of Effort are appropriated to HHSC and the Texas Education Agency. States have broad flexibility to use TANF Federal Funds in any manner that meets the program's purposes. TANF Federal Funds are appropriated to health and human services agencies for TANF grants, eligibility determination, family planning services, Early Childhood Intervention services, Child Protective Services, and foster care payments. If additional TANF Federal Funds become available, the funds are appropriated in Article IX of the 2008–09 GAA.

TANF Grants provide time-limited cash assistance to families with children who have incomes below 14 percent of the FPL. Grants are provided to single-parent families and to two-parent families in which one or both parents are unemployed or have a disability. The monthly cash grant amount paid to a family is based on household size, income, and the family's basic needs. The maximum monthly cash grant for a family of three is set by the 2008–09 GAA at no less than 17 percent of the FPL, adjusted annually. For fiscal year 2008, the maximum monthly cash grant for a family of three is estimated to be \$249. Additionally, most TANF recipients are eligible to receive Food Stamp benefits and Medicaid services.

The Eightieth Legislature, 2007, maintained existing TANF policies, which provide for earned income disregards, one-time grants of \$1,000 for grandparents, one-time payments of \$1,000 to families opting out of regular cash assistance, a TANF grant level at 17 percent of poverty, once-a-year supplemental payments of \$30 per child, the exclusion of a new spouse's income for the first six months of marriage, an asset limit of \$1,000, and a vehicle exemption of \$4,650 for all families.

Biennial funding for TANF Grants totals \$282.4 million. This amount includes \$134.2 million in General Revenue Funds, or 48 percent, and \$144.6 million in Federal Funds, or 51 percent.

TANF Grants funding in 2008–09 is \$36.2 million in All Funds less than estimated expenditures for the 2006–07

biennium due to anticipated caseload declines. TANF caseloads declined from 2004 to 2007 due to the continuing impact of full family sanctions, which were established by legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003. Adult recipients are required to sign a Personal Responsibility Agreement (PRA) that includes requirements for participation in training, education, or work programs; child support collection efforts; school attendance; and child immunizations and health checkups. Under full family sanctions, the failure of a parent to cooperate with a requirement of the PRA can cause the entire family to lose its cash assistance.

Additionally, the length of time individuals may receive TANF assistance is limited by federal and state laws that emphasize helping clients make the transition into employment. The HHSC Texas Works Program encourages individuals to find employment instead of applying for benefits. Unless exempted, adults who receive cash assistance must actively seek work or participate in job-preparation activities. If individuals fail to comply with this or other requirements, there may be sanctions or their benefits may be denied. The Texas Workforce Commission provides employment and child-care services to help clients secure and maintain employment. A small decrease in the TANF Grants caseload from fiscal year 2007 to fiscal year 2009 is anticipated. **Figure 167** shows changes in the TANF caseload from 1990 to 2009.

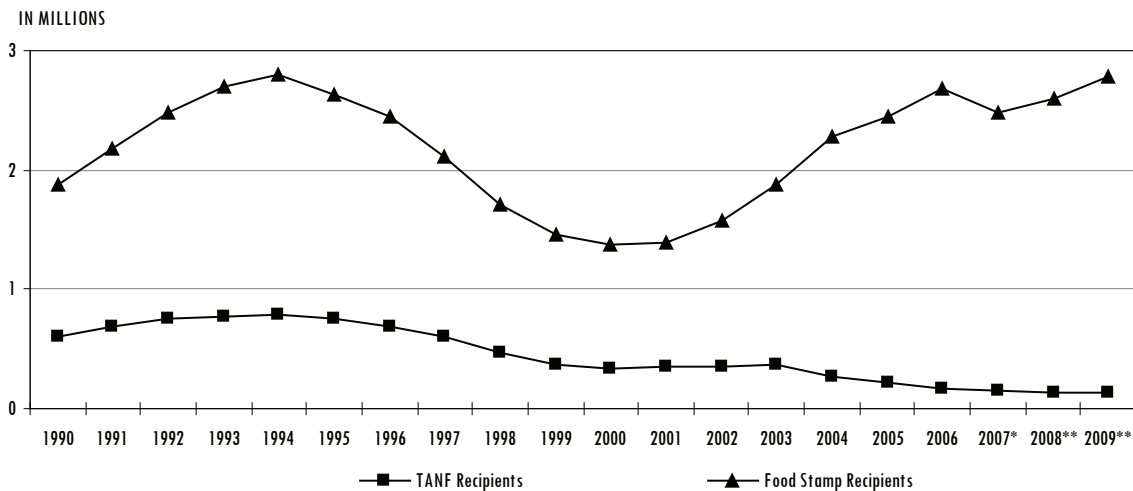
### **REFUGEE ASSISTANCE**

The Refugee Assistance program helps refugees become self-sufficient by providing temporary cash and medical assistance, employment services, and English-language instruction. These activities are funded almost entirely by Federal Funds. After September 11, 2001, refugee admissions into the United States were significantly reduced. This contributed to a decline in the number of refugees receiving services at that time. However, the number of refugees receiving services per month has increased from 1,446 in fiscal year 2005 to 6,426 refugees in fiscal year 2006 and 7,799 refugees in fiscal year 2007. Biennial funding for 2008–09 totals \$54.4 million, which is almost entirely Federal Funds, and provides for 6.0 FTE positions.

### **DISASTER ASSISTANCE**

HHSC administers the Other Needs Assistance provision of the Federal Assistance to Individuals and Households Program (IHP), formerly named the Individual and Family Grant Program, which provides financial assistance to victims

**FIGURE 167**  
**TANF AND FOOD STAMP CASELOADS**  
**FISCAL YEARS 1990 TO 2009**



\*Estimated.

\*\*TANF target established in the 2008–09 General Appropriations Act. Food stamp recipients are estimated.

SOURCE: Health and Human Services Commission.

of floods, hurricanes, tornadoes, and other disasters when insurance and other avenues of recovery are exhausted. Funding for disaster assistance is made available when a disaster is declared by the President of the United States. Typically, 75 percent of the funding is provided by the Federal Emergency Management Agency (FEMA) and the state funds the remaining 25 percent.

The maximum IHP grant is now \$28,800, to be adjusted annually by FEMA based on the Consumer Price Index. The maximum IHP grant covers housing assistance provided directly by FEMA and other needs assistance provided by HHSC. The grants do not have to be repaid. In addition to managing the grant program, HHSC is the state agency responsible for coordinating the purchase and delivery of water and ice during natural disasters. The provision of emergency commodities transfers from HHSC to the Texas Department of Agriculture in fiscal year 2008 as part of the transfer of the special nutrition program.

HHSC provided services in the 2006–07 biennium for the victims of two natural disasters: Hurricane Katrina and Hurricane Rita. HHSC coordinated Medicaid, CHIP, TANF, Food Stamps, and other services to evacuees in Texas. Time-limited healthcare coverage and one-time TANF grants for eligible Katrina evacuees were funded entirely with Federal Funds. Federal legislation enabled the state to provide other needs assistance grants for Rita victims with 100 percent Federal Funds instead of the usual 75 percent federal

participation rate. Texas also received an additional allotment under the federal Social Services Block Grant of \$88 million to provide services to people affected by Rita and Katrina. These funds are available through the end of federal fiscal year 2008. Additionally, the agency provided assistance after severe storms occurred and when wildfires broke out in parts of Texas.

While money is not explicitly appropriated for disasters, Article IX, Section 14.04 Disaster Related Transfer Authority in the 2008–09 GAA allows for the transfer of funding from one or more agencies to address funding needs in response to a disaster.

#### **FAMILY VIOLENCE**

HHSC provides emergency shelter and support services to victims of family violence and their children, educates the public, and provides training and prevention support to various agencies. The agency contracts with residential and nonresidential centers. Services include shelter, transportation, legal assistance, medical assistance, educational arrangements for children, and employment assistance. The Eightieth Legislature, 2007, appropriated funds to provide family violence services to approximately 90,102 victims and their dependents in fiscal year 2008 and fiscal year 2009. Biennial funding totals \$48.3 million in All Funds, including \$21.8 million in General Revenue Funds, and provides for 12.0 FTE positions.

**ALTERNATIVES TO ABORTION**

Alternatives to Abortion provides pregnancy support services, including information and referrals, which promote childbirth. Some material services, such as maternity clothes and car seats are also made available. HHSC provides grants or contracts with service providers to expand access to these types of services. Biennial funding totals \$5.0 million in Federal Funds (TANF).

**FOOD STAMPS**

HHSC administers the federal Food Stamp Program in Texas. The program helps low-income families who have net incomes below 100 percent of the FPL and countable resources of less than \$5,000 to purchase food. HHSC estimates that \$2.7 billion worth of Food Stamps will be issued in fiscal year 2008 and in fiscal year 2009. **Figure 167** shows changes in the Food Stamp caseload for fiscal years 1990 to 2009. Food Stamp benefits are federally funded and do not appear in the HHSC appropriation. Funding is appropriated to HHSC for administrative expenditures, including eligibility determination and information technology projects, related to the Food Stamp Program. Administrative expenditures are financed equally with state and federal funds.

**INFORMATION TECHNOLOGY PROJECTS**

The agency's sixth goal contains the capital components of the project known as the Texas Integrated Eligibility Redesign System (TIERS). TIERS is being implemented under the lead of the Health and Human Services Commission; the agency expects the continued transition to the use of call centers for eligibility determination to occur during the 2008–09 biennium. The call centers will use the TIERS application to process eligibility for services. The TIERS project is expected to improve the eligibility-determination process by replacing outmoded information systems and giving clients easier access to information and assistance. Biennial funding for the goal totals \$40.6 million in All Funds, including \$24.2 million in General Revenue Funds.

**OFFICE OF INSPECTOR GENERAL**

The Office of Inspector General (OIG) investigates fraud, waste, and abuse in the provision of all health and human services, enforces state law relating to the provision of those services, and provides utilization assessment and review of both clients and providers. The OIG works closely with the Office of the Attorney General to prosecute provider fraud and ensure no barriers exist between the two offices for fraud

referrals. The agency may impose payment holds on providers to compel the production of records and issue subpoenas with the approval of the HHSC commissioner. The Eightieth Legislature, 2007, provided additional funding to increase staffing by 85.0 FTE positions. Biennial funding for the Office of Inspector General totals \$104.8 million, including \$33.3 million in General Revenue Funds.

**ENTERPRISE INFORMATION TECHNOLOGY PROJECTS**

HHSC sought funding to improve telecommunications and for certain information technology projects on behalf of all five HHS agencies. The Eightieth Legislature, 2007, provided funding for Telecommunication Enhancements, Messaging and Collaboration, Application Tools, Identity Management, and Information Management. It is anticipated that funding will transfer from HHSC to the other agencies during the biennium. Biennial funding for the projects is \$30.6 million in All Funds, including \$16.0 million in General Revenue Funds.

**SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted several bills that affect HHSC.

House Bill 15 is a supplemental appropriations bill that provides funding for fiscal year 2007 as well as the 2008–09 biennium. Appropriations for fiscal year 2007 include a general supplemental appropriation of \$275.3 million in All Funds, including \$110.0 million in General Revenue Funds, for the acute care Medicaid program. Appropriations for fiscal year 2008 include \$1,779.9 million in All Funds, including \$706.7 million in General Revenue Funds, for the *Frew v. Hawkins* expenditure plan. These funds will provide rate enhancements and funds for strategic initiatives and corrective action plans to address claims by the plaintiff class.

Senate Bill 10 directs HHSC to undertake many initiatives with respect to the provision of healthcare services. Some of the larger issues include (1) research and development of a Medicaid waiver that would reform Medicaid financing to promote preventive care, reduce hospital-based care, and reduce the number of uninsured Texans; (2) transfer of the Medical Transportation program from the Department of Transportation to HHSC; (3) development of Health Savings Accounts; (4) implementation of tailored benefit packages for certain groups; (5) expansion of breast and cervical cancer treatment; (6) expansion of Medicaid to certain former foster

care children; (7) expansion of the Health Insurance Premium Payment program; (8) cost-sharing provisions for Medicaid recipients who seek emergency room care when alternative providers are available; and (9) study of premium assistance programs for small employer health benefit plans.

House Bill 109 relates to eligibility for and administration of the CHIP program. The legislation (1) reinstates 12-month continuous eligibility; (2) reinstates income disregards for child care, so that eligibility is based on net family income; (3) limits the 90-day waiting period to children who had health insurance during the 90 days prior to application; and (4) increases the allowable family asset limit to \$10,000 (and exempts the value of certain vehicles up to specified limits). These changes to the program are anticipated to increase enrollment in the program, estimated to be approximately 67,000 clients in fiscal year 2008 and 96,000 clients in fiscal year 2009. Biennial funding included for the legislation is \$253.2 million in All Funds, including \$89.5 million in General Revenue Funds. The General Revenue Funds include \$11.5 million in program-generated revenue, such as vendor drug rebates and enrollment fees.

House Bill 3575 relates to integrated eligibility determination for certain healthcare services. The legislation requires (1) performance measures related to any contracts for call center services; (2) development of a transition plan for the eligibility system to achieve certain goals; and (3) creation of a legislative oversight committee to support implementation of the enhanced eligibility system.

House Bill 4062 directs the transfer of the Special Nutrition Program from HHSC to the Texas Department of Agriculture (TDA). The program, which is almost entirely federally funded, is operated by TDA starting October 1, 2007.





## 6. AGENCIES OF EDUCATION

As shown in **Figure 168**, appropriations for education for the 2008–09 biennium total over \$74.5 billion, or 44.7 percent of all state appropriations. This amount is an increase of \$15.3 billion, or 25.9 percent, from the 2006–07 biennium. **Figure 169** shows 2008–09 appropriations by method of financing and full-time-equivalent positions from fiscal year 2004 to 2009.

**FIGURE 168**  
**ALL FUNDS APPROPRIATIONS FOR AGENCIES OF EDUCATION**  
**2008–09 BIENNIUM**

IN MILLIONS AGENCY	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
<b>PUBLIC EDUCATION</b>				
Texas Education Agency <sup>4</sup>	\$37,541.9	\$50,257.9	\$12,716.0	33.9
School for the Blind and Visually Impaired	68.6	105.9	37.3	54.4
School for the Deaf	42.5	45.4	2.8	6.6
<b>SUBTOTAL, PUBLIC EDUCATION</b>	<b>\$37,653.1</b>	<b>\$50,409.2</b>	<b>\$12,756.1</b>	<b>33.9</b>
<b>PUBLIC HIGHER EDUCATION</b>				
General Academic Institutions	\$5,536.4	\$6,006.3	\$469.9	8.5
Health-related Institutions	6,166.0	7,430.9	1,265.0	20.5
Texas A&M System Agencies	830.2	802.5	(27.7)	(3.3)
Higher Education Fund	350.0	525.0	175.0	50.0
Available University Fund	792.5	964.8	172.2	21.7
Other Higher Education	988.3	1,278.8	290.5	29.4
<b>TWO-YEAR INSTITUTIONS</b>				
Public Community/Junior Colleges	\$1,627.4	\$1,719.2	\$91.8	5.6
Lamar State Colleges	65.7	61.2	(4.5)	(6.9)
Texas State Technical Colleges	155.8	161.8	6.0	3.9
<b>SUBTOTAL, TWO-YEAR INSTITUTIONS</b>	<b>\$1,848.9</b>	<b>\$1,942.2</b>	<b>\$93.3</b>	<b>5.0</b>
<b>SUBTOTAL, HIGHER EDUCATION</b>	<b>\$16,512.4</b>	<b>\$18,950.5</b>	<b>\$2,438.1</b>	<b>14.8</b>
Teacher Retirement System	\$3,416.8	\$3,567.2	\$150.4	4.4
Optional Retirement Program	253.6	300.8	47.2	18.6
Higher Education Employees Group Insurance Contributions	943.0	853.0	(90.0)	(9.5)
Retirement and Group Insurance	47.0	51.2	4.3	9.1
Social Security and Benefits Replacement Pay	481.4	515.1	33.8	7.0
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$5,141.7</b>	<b>\$5,287.3</b>	<b>\$145.6</b>	<b>2.8</b>
Bond Debt Service Payments	\$2.9	\$6.9	\$4.0	137.6
Lease Payments	16.5	12.7	(3.8)	(23.3)
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$19.4</b>	<b>\$19.6</b>	<b>\$0.2</b>	<b>0.9</b>
Less Interagency Contracts	\$120.1	\$129.9	\$9.8	8.2
<b>TOTAL, ARTICLE III – AGENCIES OF EDUCATION</b>	<b>\$59,206.5</b>	<b>\$74,536.7</b>	<b>\$15,330.2</b>	<b>25.9</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

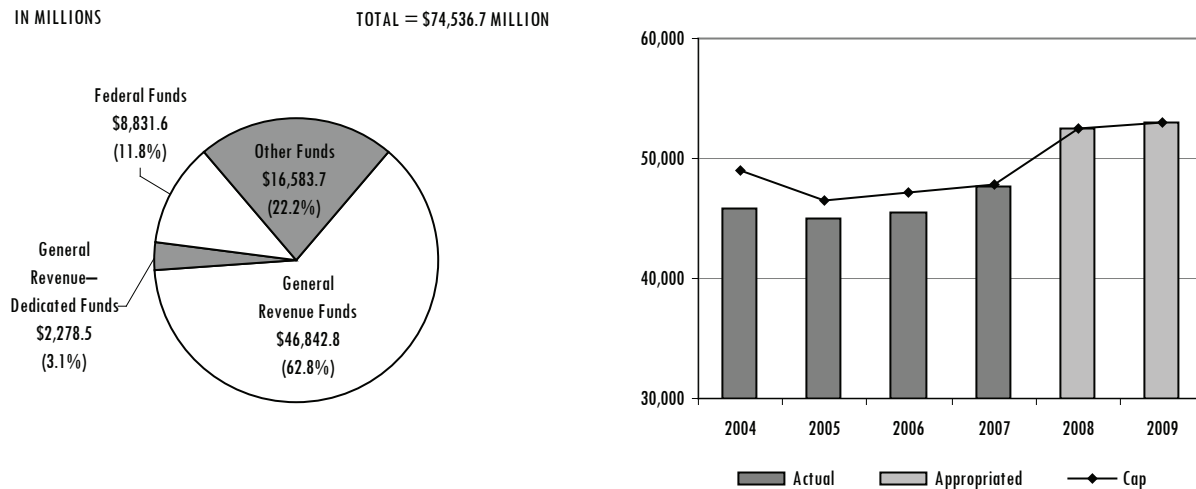
<sup>4</sup>Includes provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

NOTES: Article totals exclude interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

SOURCE: Legislative Budget Board.

**FIGURE 169**  
**AGENCIES OF EDUCATION APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS**  
**2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

Agencies in Article III of the 2008–09 General Appropriations Act include the Texas Education Agency and other public education agencies, all institutions of higher education, and the Teacher Retirement System.

## MAJOR FUNDING ISSUES

The Eightieth Legislature, 2007, appropriated \$74.5 billion to support education in the 2008–09 biennium, an increase of \$15.3 billion above the 2006–07 biennium level.

Agencies of public education are appropriated \$50.4 billion in All Funds for the 2008–09 biennium, an increase of \$12.8 billion, or 34 percent, from the 2006–07 biennium. This includes \$14.2 billion to fund school district property tax relief. General Revenue Fund appropriations increased by \$5.7 billion.

In addition, appropriations to agencies in Article III for employee benefits and payroll-related costs total \$5.3 billion, an increase of \$145.6 million from the previous biennium.

Appropriations to support higher education total \$19 billion in All Funds for the 2008–09 biennium. These appropriations include \$10.4 billion in General Revenue Funds, \$1.9 billion in General Revenue–Dedicated Funds, and \$6.6 billion in Federal Funds and Other Funds.

Education funding will support over 4.6 million students in public schools and more than 1.2 million students in public institutions of higher education during the 2008–09 biennium.

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not add because of rounding.

## TEXAS EDUCATION AGENCY

The Gilmer-Aikin Act of 1949 created the Texas Education Agency (TEA). In doing so, it abolished the elective office of State Superintendent created in 1884, and the appointed State Board of Education created in 1929, in favor of a central agency responsible for the provision of public education. As a result of legislation enacted by the Seventy-ninth Legislature, 2005, the agency now comprises an elected State Board of Education, an appointed State Board for Educator Certification, a Governor-appointed Commissioner of Education, and a staff of up to 999 full-time-equivalent (FTE) positions for the 2008–09 biennium.

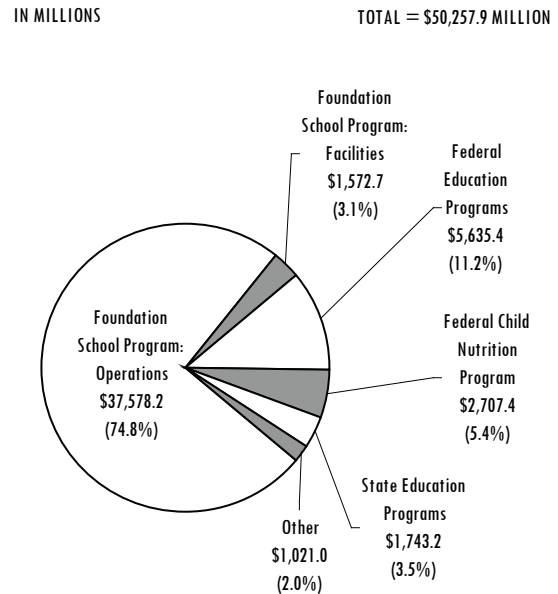
The Texas Education Agency's mission is to build the capacity of the Texas public education system to provide all students a quality education that enables them to achieve their potential and fully participate, now and in the future, in the social, economic, and educational opportunities of our state and nation. The statewide public education system serves approximately 4.4 million students in average daily attendance at 8,061 campuses located in 1,037 independent school districts and on 332 charter school campuses.

The Eightieth Legislature, 2007, appropriated \$50.3 billion in All Funds for public school programs and TEA administration for the 2008–09 biennium (**Figure 170**). This is an All Funds increase of \$12.7 billion, or 33.9 percent, above the 2006–07 biennium appropriation. Appropriations for additional property tax relief account for \$12.0 billion of the \$12.7 billion All Funds increase.

Of the total 2008–09 appropriations to the TEA, \$31.6 billion, or 62.8 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds. This funding is an increase of \$5.5 billion, or 21.2 percent, from the 2006–07 biennium level. Approximately \$3.9 billion of the \$5.5 billion is for additional property tax relief. Accompanying the increase of General Revenue Funds is \$175.8 million more in Federal Funds, driven largely by increases to federal Child Nutrition allocations, partially offset by the loss of one-time federal relief funds for hurricanes Katrina and Rita.

Appropriations from Other Funds increased by \$7 billion in the 2008–09 biennium compared to the 2006–07 biennium. This change is an appropriation of \$8.1 billion from the Property Tax Relief Fund for property tax relief, partially offset by an estimated decrease in redistributed local revenue or recapture from property-wealthy school districts, and a conversion of \$626 million in appropriations from the

**FIGURE 170**  
**TEXAS EDUCATION AGENCY APPROPRIATIONS**  
**BY FUNCTION, ALL FUNDS**  
**2008–09 BIENNIUM**



NOTE: Other = \$504.5 million for Textbooks; \$263.0 million for Technology Allotment; and \$253.5 million for Agency Administration and Educator Certification.

SOURCE: Legislative Budget Board.

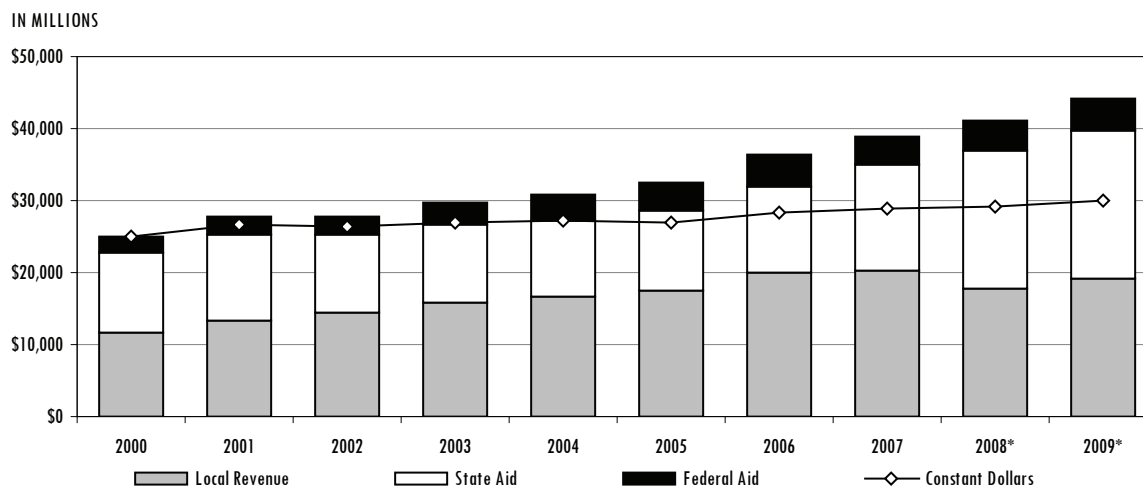
Economic Stabilization Fund method of finance to General Revenue Funds. **Figure 171** shows the increase in public education revenue since fiscal year 2000.

## AGENCY GOALS AND STRATEGIES

The Texas Education Agency functions under two goals. The first goal, Program Leadership, comprises the Foundation School Program (FSP) and major program initiatives that focus on student instruction. The second goal, Operational Excellence, provides supporting resources for technology, safe schools, child nutrition, educator certification, and other programs that enable student success. TEA administration is also supported by the second goal. **Figure 172** shows how the agency uses the funding for its goals, objectives, and strategies.

Funds appropriated to all strategies in Goal A and the first five strategies of Goal B are allocated entirely to local school districts, Regional Education Service Centers, or other education-related governmental entities. Funds appropriated to the last five strategies of Goal B—from Agency Operations to Certification Exam Administration—are direct appropriations for all administrative costs at the TEA,

**FIGURE 171**  
**K–12 PUBLIC EDUCATION REVENUE GROWTH**  
**FISCAL YEARS 2000 TO 2009**



SOURCES: Legislative Budget Board; Texas Education Agency; U.S. Department of Commerce.

including salary and personnel, professional services, and capital costs.

### SIGNIFICANT APPROPRIATIONS

The majority of appropriations TEA received for the 2008–09 biennium were from the General Appropriations Act (GAA): House Bill 1, Eightieth Legislature, 2007. However, appropriations of \$14.2 billion were from a separate bill, House Bill 2, to provide state aid to school districts to replace local revenue lost as a result of property tax relief mandated by enactment of House Bill 1, Seventy-ninth Legislature, Third Called Session, 2006. Additionally, TEA received appropriations in House Bill 15, Eightieth Legislature, 2007, for data center consolidation with the Department of Information Resources. The published version of the GAA, released in October 2007, includes appropriations to the TEA from all sources.

### FOUNDATION SCHOOL PROGRAM

The Foundation School Program (FSP) is the principal vehicle for distributing state aid to school districts, which use the funds with local property tax revenue (and federal funds) to provide educational services. The FSP represents the largest appropriation item for TEA, accounting for 78 percent of the agency's All Funds appropriation. In the published 2008–09 GAA, FSP appropriations are found in Strategy A.1.1, FSP–Equalized Operations, A.1.2–Equalized Facilities, and in “set-aside” appropriations—state programs statutorily funded from the FSP—made in other strategies.

All Funds appropriations to the FSP for the 2008–09 biennium are \$39.2 billion, \$29.0 billion in General Revenue Funds (74 percent). The bulk of the remaining appropriations is \$8.1 billion in Property Tax Relief Funds, comprising the new revenue streams created by the Seventy-ninth Legislature, Third Called Session, 2006. In addition to fully funding the estimated amount required to meet the state's current statutory obligations for the public school finance system, FSP appropriations contain nearly \$1.5 billion to eliminate the deferral of August FSP district payments to September of the following fiscal year.

The 2006 property tax relief legislation required school districts to lower their property tax rates by one-third over two years, and established a mechanism by which the lost local revenue would be replaced dollar-for-dollar by state aid through the FSP (**Figure 173**). The 2006 property tax relief legislation also restructured the FSP, maintaining the existing allotments of the system while adding an enrichment tier to provide for local discretion. The FSP now comprises three basic levels of funding: (1) the base FSP, which is formula funding and tax relief “hold harmless” funds designed to reach a total revenue target; (2) the enrichment tier, which provides an enhanced state guaranteed yield on additional pennies levied at a district's discretion; and (3) the facilities tier, which provides state aid for facilities construction and is unchanged by the 2006 property tax relief legislation.

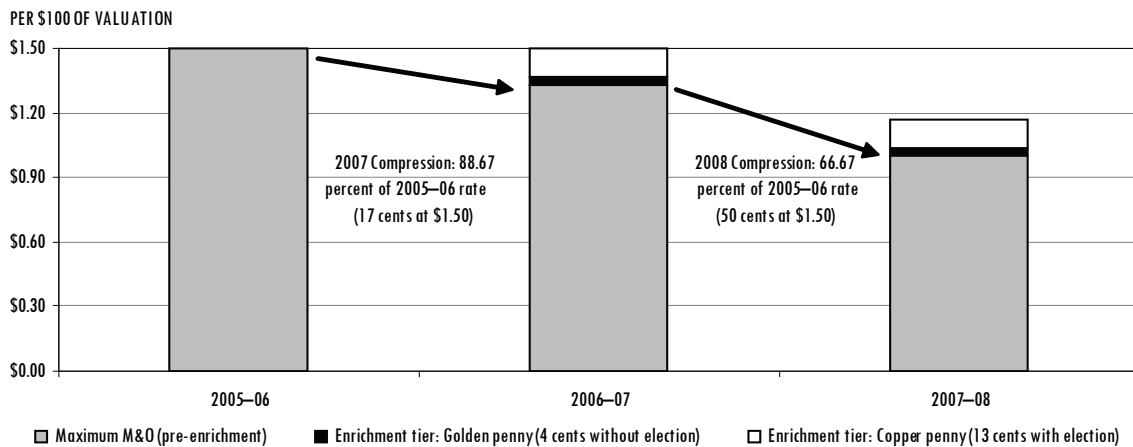
School districts are guaranteed an amount of combined state and local revenue per student in weighted average daily attendance (WADA) equal to either what the district received

**FIGURE 172**  
**TEXAS EDUCATION AGENCY GOALS, OBJECTIVES, AND STRATEGIES**  
**2008–09 BIENNIUM**

GOAL/STRATEGY	MAIN USE OF FUNDS	BIENNIAL APPROPRIATION (IN MILLIONS)
<b>Goal A: Program Leadership</b>		
<i>Objective 1: Public Education Excellence</i>		
FSP Equalized Operations	Foundation School Program state aid payments for school operations, including funds for property tax relief; also includes funds for instructional materials, technology allotment, and the educator salary increase	\$38,337.9
FSP Equalized Facilities	State aid for debt payments for facilities	1,572.7
<i>Objective 2: Student Success and Achievement</i>		
Student Success	Major state-funded programs: Student Success Initiative, Pre-Kindergarten grants, Texas High School Completion and Success Initiative, High School Improvement and Dropout Prevention, Advanced Placement, etc.	1,040.4
Achievement of Students at Risk	Federal formula aid for low-income students (Title I); federal English acquisition and migrant education grants	2,647.1
Students with Disabilities	Federally funded programs for mentally and physically disabled students	1,874.4
School Improvement and Support	Teacher incentive grant programs; grants for intervention programs targeting students at risk of dropping out	650.1
Adult Education and Family Literacy	Primarily federal grant dollars for adult and family literacy programs	125.9
<b>Goal B: Operational Excellence</b>		
<i>Objective 1: Accountability</i>		
Assessment and Accountability System	Statewide Texas Assessment of Knowledge and Skills (TAKS) development and administration	186.8
<i>Objective 2: Effective School Environments</i>		
Educational Technology	Federally funded technology grants	54.3
Safe Schools	School safety programs and education at the Texas Youth Commission and in Juvenile Justice Alternative Education Programs	106.3
Child Nutrition Programs	Federal Free and Reduced-Price Lunch and Breakfast Program (program administered by Texas Department of Agriculture)	2,736.2
Windham School District	State funding for the school district within the Texas Department of Criminal Justice	118.9
<i>Objective 3: Teacher Recruitment, Retention, and Support</i>		
Improving Teacher Quality	Federal funds for professional development and state funds for the mentoring program and Regional Education Service Centers	553.5
Agency Operations	Agency program administration	121.2
State Board for Educator Certification Operations	Administrative funds for educator preparation, certification, and standards of conduct	22.3
Central Administration	Agency internal day-to-day operations	26.8
Information Systems–Technology	Agency computer systems and information resources	61.0
Certification Exam Administration	Certification exam development and administration	22.2
<b>TOTAL</b>		<b>\$50,257.9</b>

SOURCE: Legislative Budget Board.

**FIGURE 173**  
**PROPERTY TAX RELIEF AND MAXIMUM MAINTENANCE AND OPERATIONS TAX RATES**  
**ACADEMIC YEARS 2006 TO 2008**



SOURCE: Legislative Budget Board.

in the 2005–06 or 2006–07 school year, whichever is higher. In addition, districts are entitled to funding to continue the \$2,500 annual salary increase to employees on the minimum salary schedule and \$275 for each high school student in average daily attendance, as initiated under the 2006 property tax relief legislation.

State aid was provided for the enrichment tier, which guarantees that districts generate the same amount per penny per WADA as the Austin Independent School District (ISD), up to four pennies in fiscal year 2008 and six pennies in fiscal year 2009; these are informally described as “golden” pennies. TEA estimates the Austin ISD yield to be \$46.94 in fiscal year 2008 and \$50.98 in fiscal year 2009, and revenue generated above these yields is not subject to recapture. The remaining 13 pennies (11 in 2009) of the 17-penny entitlement tier are equalized at \$31.95 per penny per WADA, and subject to recapture above this level; these are referred to as “copper” pennies.

#### FOUNDATION SCHOOL PROGRAM FACILITIES FUNDING

In response to the Texas Supreme Court’s 1995 ruling that the constitutionality of the school finance system depends on both public school operations and facilities, the Seventy-fourth Legislature, 1995, included \$170 million in General Revenue Funds in one-time grants for facilities (the Instructional Facilities Allotment, or IFA). Over the next three biennia, the Legislature increased funding and enhanced the facilities programs. For the 2000–01 biennium, funding for the IFA rose to \$344 million and a separate guaranteed yield for existing debt was created—the Existing Debt

Allotment (EDA)—which provided an additional \$900 million in state aid. The 2002–03, 2004–05, and 2006–07 biennia all saw the rolling-forward of the eligibility date for the EDA and an expansion of the IFA program funding to include new grants; for the 2006–07 biennium, new IFA grants were limited to \$50 million in fiscal year 2007, an increase from the \$20 million in new grants awarded in fiscal year 2005.

For the 2008–09 biennium, the Eightieth Legislature, 2007, appropriated nearly \$1.6 billion for state aid for facilities construction, an estimated \$237.5 million more than the state’s current statutory obligations. This amount includes \$150.0 million to roll forward by two years the eligibility date for the Existing Debt Allotment and \$87.5 million in fiscal year 2009 to fund new grants under the Instructional Facilities Allotment.

#### STATE AND LOCAL REVENUE CONTRIBUTION

Figure 174 shows a summary comparison of state and local revenue contributed to public schools from fiscal years 2000 to 2009, and a calculation of the state share of the Foundation School Program. During the 1990s, steadily rising property values increased local school district revenue and placed downward pressure on the state share of the FSP, requiring an active decision by the Legislature to raise funding formulas and increase state appropriations to maintain the state share. Between fiscal years 1995 and 2000, the Legislature was able to maintain a state share between 45 percent and 47 percent. However, beginning in fiscal year 2001 and over the next five years, the state share declined sharply from 43.5 percent



**FIGURE 174**  
**STATE AND LOCAL REVENUE FOR TEXAS PUBLIC SCHOOLS**  
**FISCAL YEARS 2000 TO 2009**

IN MILLIONS				
FISCAL YEAR	LOCAL	STATE	TOTAL	% STATE SHARE
2000	\$11,717.4	\$10,391.4	\$22,108.8	47.0
2001	\$13,336.6	\$10,247.6	\$23,584.2	43.5
2002	\$14,430.0	\$9,720.3	\$24,150.3	40.2
2003	\$15,777.4	\$10,381.6	\$26,159.0	39.7
2004	\$16,631.4	\$9,774.0	\$26,405.4	37.0
2005	\$17,548.7	\$10,454.0	\$28,002.7	37.3
2006	\$19,912.8	\$10,147.7	\$30,060.5	33.8
2007	\$20,322.7	\$13,338.2	\$33,711.0	39.7
2008*	\$17,706.3	\$17,656.9	\$35,363.2	49.9
2009*	\$19,219.6	\$17,657.6	\$36,877.2	47.9

\*Estimated.

SOURCE: Legislative Budget Board.

down to 33.8 percent. During those years, property value growth remained fairly strong while state aid did not keep pace.

The 2006 property tax relief legislation required districts to lower their maintenance and operations tax rates by 11.3 percent in 2007 and 33.3 percent in 2008, and replaced the lost local revenue with state aid. As **Figure 174** shows, this major reform increased the state share of school finance to just below 40 percent in fiscal year 2007 and to an estimated 49.9 percent in fiscal year 2008, the highest percentage of state aid for the FSP since fiscal year 1985. However, the Comptroller of Public Accounts projects property values to continue to rise for fiscal year 2009, which will overwhelm state aid provided in the enrichment and facilities tiers, reducing the state share to an estimated 47.9 percent.

It is important to note that the calculation of state aid in **Figure 174** refers to the Foundation School Program only, and does not include appropriations of other state funds for public education, such as textbooks, the technology allotment, or instructional grant programs like the Student Success Initiative. If all appropriated state funds that flow to districts were included in the state aid calculation, the state share for fiscal years 2008 and 2009 would increase by nearly 2 percent each year. Also, the amounts in **Figure 174** do not include approximately \$1.2 billion per year in state retirement contributions for the Teacher Retirement System.

#### OTHER APPROPRIATIONS

In addition to the funding increase provided through the Foundation School Program and the appropriation for school district property tax relief, the Eightieth Legislature, 2007, modified appropriations to other educational and administrative functions at the agency. These are some of the major changes:

- *Educator Salary Increase.* General Revenue Fund appropriations are increased by \$280 million to allow districts to provide an educator salary increase. Each school district and charter school will receive \$23.63 per student in weighted average daily attendance in each year of the 2008–09 biennium. Districts and charters must report to TEA the manner in which they expended these funds.
- *Teacher Incentive Programs.* Funding for the two teacher incentive programs authorized by the 2006 property tax relief legislation are increased to \$342.8 million, an increase of \$242.8 million from the 2006–07 biennial level. Funding for the Awards for Student Achievement program, providing teacher incentive funds to educationally disadvantaged campuses, continues from fiscal year 2007 at \$97.5 million annually. The new Educator Excellence Awards program for approved district-level teacher incentive plans is funded in fiscal year 2009 at \$147.8 million.
- *High School Improvement and Dropout Prevention Program.* The Eightieth Legislature, 2007, maintained

level funding at \$57.4 million for current programs to combat dropouts and improve high school instruction and support and added another \$50 million in General Revenue Funds for the biennium to implement the high school completion and success initiatives authorized by the enactment of House Bill 2237.

- *Technology Allotment.* All Funds appropriations for the Technology Allotment total \$263 million for the 2008–09 biennium, an increase of \$33 million above 2006–07 biennial levels. This allows the allotment, distributed to districts on a per student basis, to increase from the \$26 to \$27 per student level in the 2006–07 biennium to an estimated \$30 per student in the 2008–09 biennium.
- *Student Success Initiative.* Appropriations for TEA's primary instructional intervention program are \$309 million for the 2008–09 biennium, a slight decrease from 2006–07 biennial levels. TEA projects a decline in the number of students failing the Texas Assessment of Knowledge and Skills (TAKS) tests and thus requiring program services during the biennium; therefore, the Eightieth Legislature, 2007, authorized expanding the program to serve students in the eighth grade who are at risk of failing the reading and math TAKS tests. In addition, the Legislature set aside \$36.3 million to create teacher reading academies in grades six through eight; to provide training for middle school math,

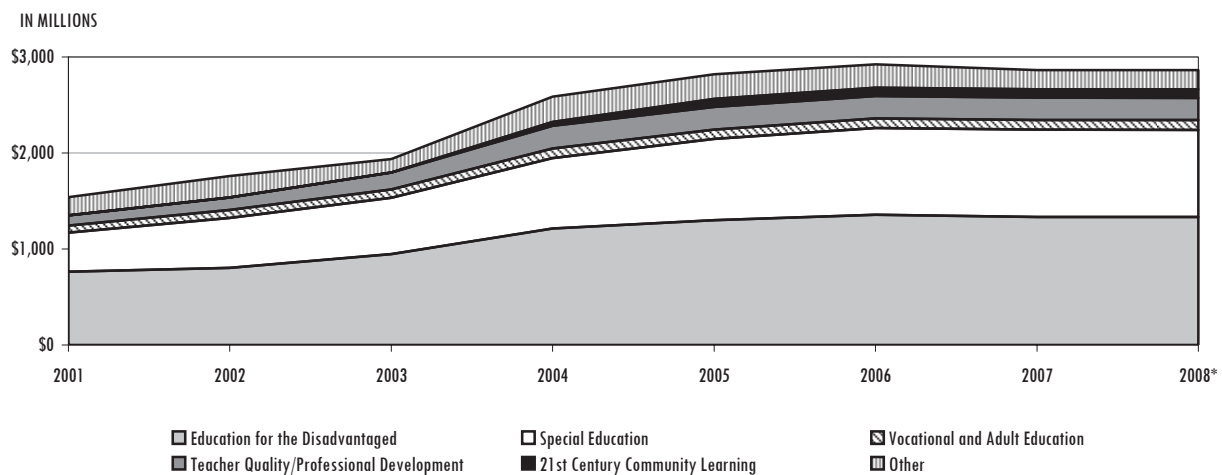
science, and social studies teachers in teaching reading in the content area; and to offer English Language Arts curriculum training across all grades.

#### FEDERAL FUNDS

After growing sharply over the four years following the passage of the No Child Left Behind Act (NCLB) of 2001, the growth rate of non-emergency federal education funding to Texas slowed significantly during the 2006–07 biennium. Federal funding peaked in fiscal year 2006 as a result of \$329 million provided in one-time federal impact aid for students displaced by Hurricane Katrina and school restart aid to assist recovery from Hurricane Rita. Excluding this emergency aid, Federal Funds appropriations for the 2008–09 biennium are estimated by TEA to be \$505 million higher than that of the preceding biennium, totaling \$8.5 billion. This net \$505 million estimated increase is a \$545 million increase for Child Nutrition programs and a \$23 million increase in Temporary Assistance for Needy Families funds, offset by approximately \$63 million in federal program reductions, including comprehensive school reform, technology funding, Even Start, and Safe and Drug-free Schools.

**Figure 175** shows the 8-year trend of Federal Funds appropriations to TEA. As the figure shows, federal funding for economically disadvantaged students and special education has grown dramatically over the past eight years, while funding for vocational and adult education and other programs, such as career and technology education and

**FIGURE 175**  
**FEDERAL EDUCATION FUNDING TO THE TEXAS EDUCATION AGENCY**  
**FISCAL YEARS 2001 TO 2008**



\*Estimated.

Notes: Excludes federal Child Nutrition Funding, and \$329 million in federal hurricane relief funding received in fiscal year 2005. Other includes Technology, Innovative Education, Immigrant Education, among others.

SOURCE: Legislative Budget Board.

technology grants, has remained relatively static. Federal teacher quality programs received a sharp boost in funding with the passage of NCLB, but funding has since remained flat. Not shown are appropriations for Child Nutrition (i.e., school lunch, breakfast, and snack programs), which total over \$2.7 billion for the 2008–09 biennium. The Texas Department of Agriculture administers the Child Nutrition program, but payments to school districts are sent through TEA.

### PERMANENT SCHOOL FUND

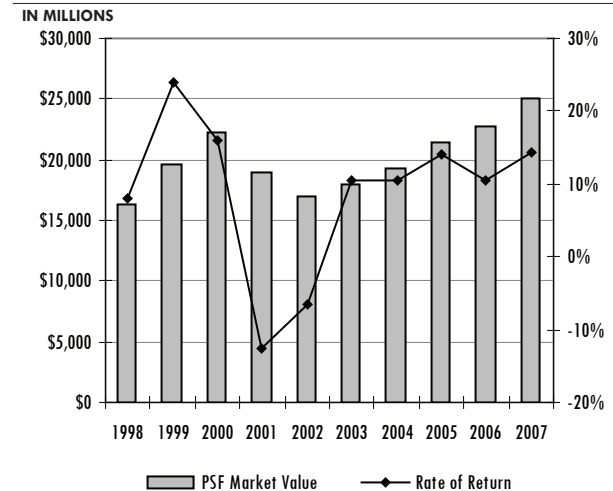
A unique aspect of public school funding in Texas is the provision of state funds from the Permanent School Fund (PSF), an endowment fund established by the Texas Constitution and consisting of fixed income and equity holdings, state lands, mineral rights, and royalty earnings. The PSF is managed to be a permanent, perpetual source of funding of public education for present and future generations of Texans. Additionally, since 1983 the fund has provided for the guarantee of school district bonds, allowing districts to earn high bond ratings, which translates into lower interest rates and substantial cost savings to taxpayers. However, at the start of the 2007–08 school year, the PSF guarantee program was reaching its limit, with voters across Texas approving nearly \$7.0 billion in new bonds, but with just \$5.4 billion in available capacity left in the program, as determined by Internal Revenue Service (IRS) arbitrage rules. In 2008, the TEA and other state officials are requesting a reconsideration of the IRS limits.

**Figure 176** shows the changes to the fair market value and rate of return of the PSF for fiscal years 1998 to 2007. The fund showed strong growth during the late 1990s, with its value surpassing \$22 billion in 2000. After 2000, the downturn in the financial markets took its toll on the fund, which lost \$5 billion over the next two years. By the end of fiscal year 2006, the fund had fully recovered, and 2007 saw the highest rate of return since 2000, raising the fund's value to just above the \$25 billion mark.

### AVAILABLE SCHOOL FUND

Prior to fiscal year 2004, all dividend and interest income produced by the PSF was deposited in the Available School Fund (ASF). The ASF, which also receives 25 percent of the state's motor fuel tax revenue, is used to fund the state's textbook purchases and an annual per capita distribution to school districts (**Figure 177**). In 2003, however, the Legislature and Texas voters made a change in the way funds are distributed from the PSF to the ASF.

**FIGURE 176**  
**PERMANENT SCHOOL FUND FAIR MARKET**  
**VALUE AND RATE OF RETURN**  
**FISCAL YEARS 1998 TO 2007**



SOURCE: Texas Education Agency.

The Seventy-eighth Legislature, Regular Session, 2003, passed House Joint Resolution 68, which having received voter approval in September 2003 redefined the PSF distribution to the ASF. Instead of being based solely on dividend and interest income, the distribution now equals a rate of total return, set biennially by the State Board of Education (SBOE), on all investment assets of the PSF. For the 2004–05 and 2006–07 biennia, the SBOE set the distribution rate at 4.5 percent of the average market value of the PSF for the preceding 16 fiscal quarters. For the 2008–09 biennium, the SBOE lowered the rate to 3.5 percent. As **Figure 177** shows, total return and positive market conditions have kept the PSF distribution to the ASF above \$800 million since fiscal year 2003; however, the 3.5 percent rate for the 2008–09 biennium will lower the distribution to an estimated \$714 million in each year.

### TEXAS AMONG THE STATES

A comparison of public school expenditures per student in the 2005–06 school year is shown in **Figure 178** for the 15 most-populous states. Texas spent an estimated \$7,547 per student in current public education expenditures in the 2005–06 school year, compared with a national average of \$9,100, ranking the state forty-third in the nation and fourteenth among the 15 most-populous states. In 1998, Texas ranked twenty-fourth in the nation. The state's spending level has fallen below two of its immediate neighbors: in the 2005–06 school year, Louisiana expended \$8,519 per student and New Mexico spent \$8,622. Texas remained ranked ahead

**FIGURE 177**  
**AVAILABLE SCHOOL FUND REVENUES AND EXPENDITURES**  
**FISCAL YEARS 1997 TO 2007**

IN MILLIONS		REVENUES			EXPENDITURES			
FISCAL YEAR	NET CASH BEGINNING BALANCE	FUELS TAX	INVESTMENT INCOME <sup>1</sup>	OTHER SOURCES	TEXTBOOK TRANSFERS	TOTAL PER CAPITA APPORTIONMENT	AGENCY ALLOCATION FOR ADMINISTRATION <sup>2</sup>	NET CASH ENDING BALANCE
1997	\$106.3	\$581.4	\$684.2	\$2.1	\$178.0	\$1,137.0	\$10.5	\$48.5
1998	\$48.5	\$575.2	\$697.0	\$2.2	\$337.4	\$955.9	\$13.8	\$14.3
1999	\$14.3	\$671.7	\$658.7	\$2.4	\$200.8	\$1,077.1	\$25.1	\$44.1
2000	\$44.1	\$658.3	\$695.2	\$2.4	\$303.9	\$1,065.8	\$26.6	\$3.7
2001	\$3.7	\$676.4	\$794.6	\$2.2	\$413.9	\$1,015.2	\$32.8	\$15.0
2002	\$15.0	\$695.1	\$764.6	\$2.8	\$540.0	\$880.6	\$39.1	\$18.1
2003	\$18.1	\$665.7	\$896.4	\$3.3	\$98.3	\$1,414.8	\$36.4	\$34.0
2004	\$34.0	\$744.8	\$883.1	\$1.6	\$352.0	\$1,299.5	\$8.5	\$3.4
2005	\$3.4	\$718.5	\$880.0	\$3.0	\$5.4	\$1,556.5	\$0.0	\$43.2
2006	\$43.2	\$733.8	\$841.9	\$11.3	\$19.9	\$1,558.5	\$0.0	\$51.8
2007	\$51.8	\$748.5	\$843.1	\$6.2	\$3.5	\$1,633.7	\$0.0	\$12.4

<sup>1</sup>Distributions from the Permanent School Fund (PSF) were changed to a total return formula starting in fiscal year 2004.

<sup>2</sup>Prior to fiscal year 2004, the Available School Fund was used for Texas Education Agency administrative costs and fees for external fund managers; in fiscal year 2004, legislation and a constitutional amendment directed these costs to be funded from corpus of the PSF.

SOURCE: Comptroller of Public Accounts.

of Oklahoma, which spent \$6,944 per student. The amounts shown in **Figure 178** are not adjusted for cost-of-education differences across states.

**FIGURE 178**  
**PUBLIC SCHOOL EXPENDITURES PER ENROLLED PUPIL**  
**15 MOST POPULOUS STATES**  
**2005–06 SCHOOL YEAR**

STATE	TOTAL PER PUPIL	NATIONAL RANKING
New Jersey	\$13,781	1
New York	\$13,551	2
Pennsylvania	\$10,711	10
Ohio	\$10,034	13
Michigan	\$9,880	16
Illinois	\$9,456	20
Virginia	\$9,275	21
<b>U.S. AVERAGE</b>	<b>\$9,100</b>	
Indiana	\$8,935	22
Georgia	\$8,534	26
California	\$8,486	28
Washington	\$7,958	34
Florida	\$7,762	40
North Carolina	\$7,675	42
<b>TEXAS</b>	<b>\$7,547</b>	<b>43</b>
Arizona	\$5,585	49

SOURCE: National Education Association.

## SCHOOL DISTRICT CHARACTERISTICS

There were 1,031 regular school districts operating in Texas in fiscal year 2007. In addition, there were six special statutory districts and 11 state-administered school districts (schools on military bases; state schools, homes, and hospitals; and schools within the corrections system). State-administered districts do not fall within the regular reporting system and are not funded in the same manner as other districts within the Foundation School Program. In fiscal year 2007, there were also 191 charter school holders operating 332 open-enrollment charter school campuses (charter schools operate with fewer restrictions than regular school districts). The total of 1,222 school districts and charter school operators in the state ranks Texas first among the 50 states in the number of operating school districts.

Texas is characterized by its large number of very small, primarily rural school districts and charter schools, counterposed by a handful of very large, urban and suburban districts. In the 2005–06 school year, there were 860 districts and charters with fewer than 1,600 enrolled students, representing about 70 percent of all districts but less than 11 percent of students. In contrast, the 14 districts with 50,000 or more enrolled students served 26 percent of all students. Houston Independent School District, the largest in Texas, enrolled nearly 210,292 students in the 2005–06 school year,

more than the combined total for the smallest 600 districts and charter schools. The remaining 63 percent of students enrolled in the 2005–06 school year were in the 355 districts with enrollments between 1,600 and 49,999 students.

### STUDENT CHARACTERISTICS

Texas ranked second behind only California among the 50 states in the number of students enrolled in public schools. **Figure 179** compares fall enrollment growth in fall 1996 to fall 2005. With a 17.7 percent, 9-year increase, an annual average of 2.0 percent, Texas ranked fourth among the 15 most-populous states for enrollment growth over the past growth decade. **Figure 179** also shows that Texas ranked twenty-eighth among the states in student–teacher ratio (ranked from lowest to highest), with 14.9 students enrolled per teacher in the 2005–06 school year. This ranking compares favorably with the U.S. average of 15.6 students per teacher.

### AVERAGE DAILY ATTENDANCE

Recent average daily attendance (ADA) trends for Texas and ADA projections for the 2008–09 biennium are shown in

**Figure 180.** The 2008–09 projections include a March 2007 update of estimates prepared by the Legislative Budget Board for the Eightieth Legislature, 2007. Charter school ADA is included in the counts shown in **Figure 180**. For the 2006–07 school year, charter school ADA was 71,107.

During most of the 1990s, the ADA growth rate averaged 2 percent. From fiscal years 1999 to 2001, Texas experienced a decrease in public school enrollment and saw its growth rate drop to 1.6 percent for each of these years. Although the causes of this decrease in ADA growth rate have not been determined fully, one contributing factor may have been strong economic conditions that rendered private and home schooling a viable option for more Texas families. By fiscal year 2002, the ADA growth rate increased to a rate of nearly 2.4 percent, but began decreasing steadily over the following 3 years. In 2005, Hurricane Katrina devastated coastal Louisiana; a few weeks after the hurricane, Texas school districts reported approximately 45,000 students displaced by the hurricane had enrolled in Texas public schools for the 2005–06 school year.

**FIGURE 179**  
**PUBLIC SCHOOL FALL ENROLLMENT**  
**15 MOST POPULOUS STATES**  
**1996–97 TO 2005–06 SCHOOL YEARS**

STATE	ENROLLMENT FALL 1996	ENROLLMENT FALL 2005	% 9-YEAR GROWTH	PUPILS ENROLLED PER TEACHER FALL 2005	NATIONAL RANKING PUPIL PER TEACHER RATIO*
Arizona	799,250	1,010,094	26.4	21.8	50
Florida	2,242,212	2,669,565	19.1	16.4	39
Georgia	1,346,761	1,598,461	18.7	14.8	24 (tie)
<b>TEXAS</b>	<b>3,828,975</b>	<b>4,505,572</b>	<b>17.7</b>	<b>14.9</b>	<b>28 (tie)</b>
North Carolina	1,210,108	1,376,530	13.8	14.6	21 (tie)
New Jersey	1,227,832	1,394,779	13.6	12.6	6 (tie)
California	5,686,198	6,309,689	11.0	21.0	48
Virginia	1,096,093	1,214,737	10.8	13.2	9
Illinois	1,973,040	2,111,312	7.0	16.0	37 (tie)
Washington	974,504	1,033,489	6.1	19.3	46
Indiana	982,876	1,034,399	5.2	17.1	43
Michigan	1,685,714	1,741,737	3.3	16.8	41
Pennsylvania	1,804,256	1,830,684	1.5	15.0	28
Ohio	1,844,698	1,862,880	1.0	15.6	34 (tie)
New York	2,843,131	2,815,504	(1.0)	12.3	3
<b>U.S. AVERAGE</b>	<b>45,592,213</b>	<b>48,727,536</b>	<b>6.9</b>	<b>15.6</b>	

\*A ranking of 1 indicates the lowest pupil-per-teacher ratio among the 50 states and the District of Columbia.

SOURCE: U.S. Department of Education.



**FIGURE 180**  
**TEXAS PUBLIC SCHOOL**  
**AVERAGE DAILY ATTENDANCE (ADA)**  
**FISCAL YEARS 2000 TO 2009**

FISCAL YEAR	SCHOOL YEAR	TOTAL ADA	% CHANGE
2000	1999–2000	3,702,396	1.6
2001	2000–01	3,762,729	1.6
2002	2001–02	3,854,707	2.4
2003	2002–03	3,935,932	2.1
2004	2003–04	4,008,528	1.8
2005	2004–05	4,078,747	1.8
2006	2005–06	4,182,348	2.5
2007	2006–07	4,248,334	1.6
2008*	2007–08	4,344,003	2.3
2009*	2008–09	4,431,310	2.0

\*Estimated.

NOTE: ADA counts include charter schools and exclude all state-administered schools except Moody.

SOURCES: Legislative Budget Board; Texas Education Agency.

For the 2008–09 biennium, TEA estimates the ADA growth rate at 2 percent annually over 2007 levels. However, the final ADA for the 2006–07 school year was lower than expected, possibly because a sizeable number of Katrina students returned to Louisiana. As a result, the projected fiscal year 2008 ADA growth rate increased to 2.3 percent.

#### ETHNIC COMPOSITION

The diverse ethnic composition of Texas' school-age population is shown in **Figure 181**. By fiscal year 2007, total enrollment had grown by nearly 20 percent above the fiscal

year 1998 level. The rate of increase among minority students was more than 41 percent over the 10-year period. Anglo enrollment in the 2006–07 school year was lower in raw numbers than it was 15 years earlier (1,631,680 students in 2007 compared to 1,695,351 students in 1992). Anglo students as a percentage of all students enrolled dropped from 46 percent in 1997 to 36 percent in 2007.

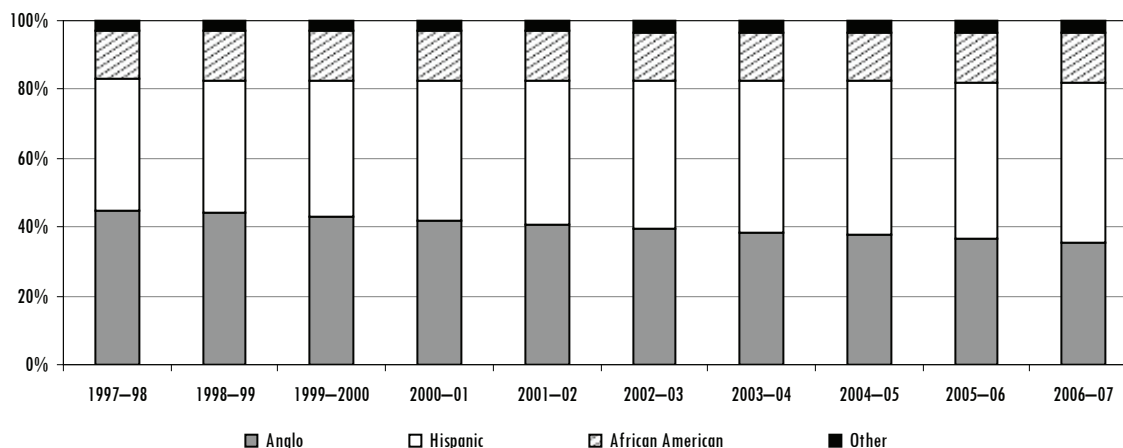
The most significant factor in the 10-year enrollment trend is the growth in the number of Hispanic students. Their number has increased by more than 47 percent over the 10-year period—to over 2.1 million students and a 46 percent share of the statewide student population in fiscal year 2007 (up from 37 percent of the total in 1997). In the 2001–02 school year, Hispanics surpassed Anglos as the largest ethnic group enrolled in Texas public schools. If current trends continue, by 2012, Hispanics will account for over half of all school enrollees.

Although African American student enrollment increased by 20 percent since fiscal year 1997, their percentage share of total students remained relatively constant over the period, at just above 14 percent. The Asian and Other category increased by 64 percent in the 10-year period, although these students currently account for just below 4 percent of total enrollment.

#### PUBLIC SCHOOL ACCOUNTABILITY FOR STUDENT PERFORMANCE

The Seventy-third Legislature, 1993, established a statewide accountability system for Texas public schools. TEA launched this system in the 1993–94 school year. In 1997, a separate

**FIGURE 181**  
**SCHOOL ENROLLMENT BY ETHNICITY**  
**ACADEMIC YEARS 1998 TO 2007**



SOURCE: Texas Education Agency.



alternative accountability system was created to assign ratings to campuses that serve unique populations and/or that provide alternative education programming to students who are at risk of dropping out. In 2004, the accountability system was overhauled to accommodate a new set of assessments and to align with new federal performance standards set forth in the federal No Child Left Behind Act of 2001. Most recently, the Eightieth Legislature, 2007, enacted Senate Bill 1031, which will replace high school TAKS assessments with end-of-course assessments by the 2011–12 school year.

### **ACCOUNTABILITY SYSTEM**

Prior to the 2003 school year, the regular accountability system was based on student performance on a set of assessments called the Texas Assessment of Academic Skills (TAAS), which included tests on reading, writing, math, and social studies, and on an annual student dropout rate. Each school district and campus was rated according to its ability to meet state passing standards on each test for all students and for each student group—African American, Hispanic, Anglo, or economically disadvantaged—as well as its ability to meet state dropout standards. Each district and campus was given a rating of exemplary, recognized, acceptable, or unacceptable/low-performing. Under this accountability system, the number of campuses rated “recognized” or “exemplary” rose dramatically from 583 campuses in 1994 to 4,308 in 2002, a seven-fold increase.

In the 2002–03 school year, TEA replaced the TAAS set of exams with a new assessment system called the Texas Assessment of Knowledge and Skills (TAKS). The new testing program was mandated by legislation enacted by the Seventy-sixth Legislature, 1999. TAKS is intended to be more closely aligned with new curriculum standards, to cover more subjects, and to be more rigorous than the 11-year-old TAAS. The 2004–05 school year was the first year in which seniors must pass the eleventh grade exit-level exams to graduate.

In 2004, TEA implemented a new accountability system based on TAKS exam results, incorporated performance on the alternative assessment for special education students, and utilized longitudinal completion/student status rates instead of annual dropout rates. Under the tougher standards of the new system, fewer districts and campuses have been able to achieve the “recognized” and “exemplary” ratings: for example, in 2007, there were 2,997 campuses that earned these ratings, about 70 percent of the number that earned them in 2002, the final year of the TAAS-based accountability era.

### **ASSESSMENT RESULTS**

The 2002–03 school year was the first year the TAKS exams were administered. It is the responsibility of the State Board of Education to establish the passing standards that students must meet to achieve acceptable performance. To ease the transition from TAAS to the more difficult TAKS, the State Board adopted a stair-step approach, setting the initial passing standards below the level recommended to them by an expert panel, and then increasing those standards to the recommended levels over the next two years.

As **Figure 182** shows, the introduction of TAKS in 2003 led to a decrease in the percentage of students passing all tests taken compared to the last TAAS assessment in 2002 by nearly 19 percentage points, from 85.3 percent to 66.5 percent. The achievement gap between Anglo students and African American and Hispanic students also widened significantly from 2002 to 2005, and only began to narrow slightly for Hispanic students in 2006 and for African American students in 2007. In 2007, the percentage of Anglo students passing all tests taken was 28.1 percent higher than that of African American students, nearly double the 15.3 percent gap in 2002. The gap between Anglo and Hispanic students was 21.3 percent in 2007, an increase from 11.1 percent in 2002.

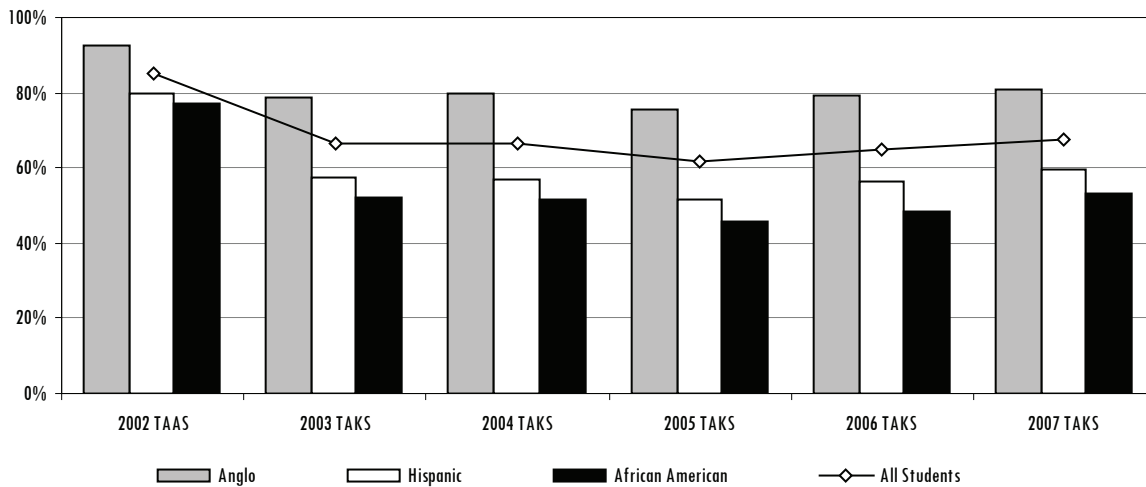
### **SOCIAL PROMOTION**

In 1999, the Seventy-sixth Legislature enacted legislation that provided a timeline by which the state would effect a ban on social promotion in schools. As of the 2006–07 school year, three of the four “high stakes” thresholds of that ban had been implemented. Since the 2002–03 school year, students in the third grade who failed to pass the TAKS reading exam have not been allowed to advance to fourth grade unless a grade-placement committee intervened. Since the 2004–05 school year, fifth-graders have been required to pass the reading and math TAKS tests to advance to the next grade, and seniors must pass all sections of the eleventh grade exit exam in order to graduate. The final threshold will be implemented in the 2007–08 school year, when students in the eighth grade will be required to pass both the reading and math exams to be promoted.

### **ADEQUATE YEARLY PROGRESS**

The federal No Child Left Behind Act (NCLB) of 2001 requires that all public school districts, campuses, charter schools, and the state be evaluated annually for Adequate Yearly Progress (AYP). Each set of student groups—African American, Hispanic, Anglo, economically disadvantaged,

**FIGURE 182**  
**STUDENTS PASSING ALL TESTS, BY ETHNICITY**  
**ACADEMIC YEARS 2002 TO 2007**



SOURCE: Texas Education Agency.

special education, and limited English-proficient—must meet the same performance and participation standards on the state reading and math exams as well as achieve certain attendance or graduation rates. If one or more student groups fail to meet one of these standards, the campus or district earns a Did Not Meet AYP rating.

Campuses and districts receiving Title I Federal Funds that earn this rating for two consecutive years are subject to interventions, including the requirement that students be offered the opportunity to transfer to another campus in the district that did meet AYP, with transportation costs coming from the district's Title I allotment. Title I campuses and districts not meeting AYP for three years also must offer students the opportunity to purchase supplemental education services, also to be paid from Title I funds.

NCLB requires that states steadily increase the performance standards for the reading and math exams over time so that they reach 100 percent by the 2013–14 school year. In the 2006–07 school year, 136 school districts (11.1 percent) and 664 campuses (8.2 percent) did not meet the AYP standard. Of these, 131 districts and 485 campuses are potentially subject to interventions during the 2007–08 school year for failing an AYP standard for two or more consecutive years.

### STATE BOARD FOR EDUCATOR CERTIFICATION

The State Board for Educator Certification (SBEC) was created as an independent state agency in the 1995 revision

of the Texas Education Code. The Seventy-ninth Legislature, Regular Session, 2005, consolidated the SBEC with TEA into one agency, moving the entire SBEC budget, its functions, and 53 full-time-equivalent positions to TEA, and retaining the SBEC board, effective September 1, 2005. SBEC functions currently are carried out under TEA's Educator Quality and Standards Division.

Appropriations for functions identified as exclusively under the purview of SBEC for the 2008–09 biennium total an estimated \$44.5 million, nearly all of which is derived from certification and assessment fee revenue deposited into the General Revenue Fund. These funds support a range of teacher credentialing, recruitment and retention, and professional conduct activities.

SBEC specifies the classes of educator certificates to be issued, the period for which a certificate is valid, and all requirements relating to both initial issuance and renewal. To ensure that educators are properly certified, the SBEC manages the development and oversees administration of numerous pedagogy (teaching skills), content-knowledge, and professional examinations. Beginning in fall 2002, the SBEC gradually introduced new examinations, the Texas Examinations of Educator Standards (TExES) replacing the Examination for the Certification of Educators in Texas (ExCET). The new examinations and their associated teaching certificates align educator certification standards with the Texas Essential Knowledge and Skills curriculum framework. In addition to the standard examinations, the

agency also requires examinations for specific certificates: the Texas Oral Proficiency Test (bilingual education) and the Texas Assessment of Sign Communication (educating deaf students).

**Figure 183** shows the number of individuals issued initial teaching certificates from fiscal year 2001 through fiscal year 2007. Until 2006, the most common way to obtain a basic teaching certificate was to complete an educator preparation program as part of a four-year undergraduate program and then pass the relevant TExES examinations. Certifications earned through Alternative Certification Programs (ACP) increased sharply in recent years and for the first time exceeded those earned through undergraduate certification programs in terms of the number of newly certified teachers produced. ACPs allow individuals who meet certain educational criteria to become certified as an educator in about a year through course work and fieldwork outside of a traditional undergraduate program. The proportion of initial teaching certificates granted to ACP participants grew to nearly 41 percent of the total number of new initial certificates for fiscal year 2007 compared with 36 percent granted to individuals pursuing certification through an undergraduate program. This trend may show a growing number of alternative-certification programs as well as increased interest in the teaching profession.

The number of new Texas teachers who were originally certified in another state has been between about 3,500 and 4,000 per year since fiscal year 1996. In response to legislation enacted by the Seventy-seventh Legislature, 2001, the SBEC has adopted and implemented provisions for waiving testing

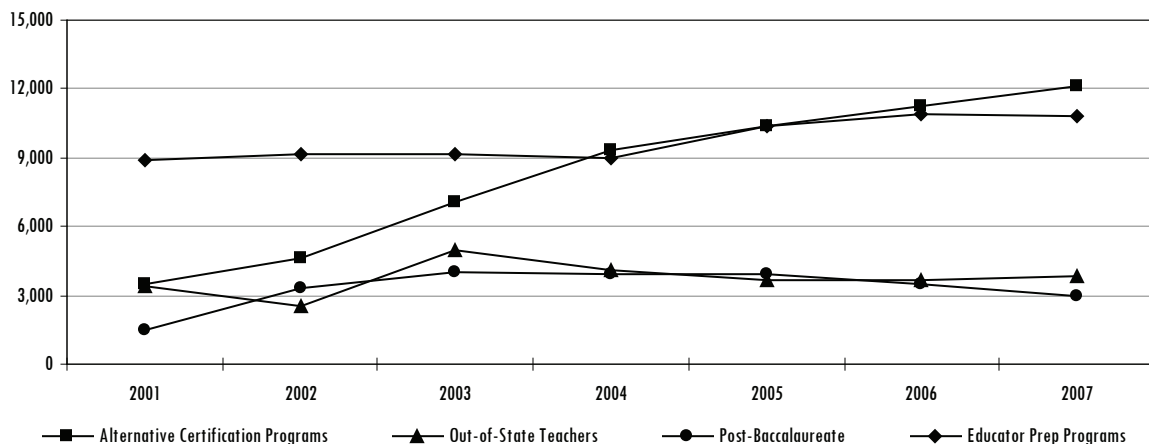
requirements if the applicant exceeds a certain score on a comparable certification exam. Among the states with comparable exams are Arizona, Colorado, Illinois, Massachusetts, Michigan, New Mexico, and Oklahoma. In addition, certain standard Praxis II and other exams administered by the Educational Testing Service that are used for certification in several states are considered comparable. Comparability studies of other state examinations are ongoing.

SBEC also operates the Accountability System for Educator Preparation (ASEP). ASEP's purpose is to accredit university and alternative-certification programs based on the candidates' performance on TExES tests. In 2007, accreditation ratings were issued for 137 educator preparation programs. Fifty-five standard programs, 67 alternative certification programs, and 15 dual (programs with both standard and alternative certification programs) were rated "accredited." No program was rated "not accredited."

#### RECRUITMENT AND RETENTION

To address teacher quality and teacher supply, SBEC seeks to open new avenues for teacher training and to retain those teachers who are in their first two years of classroom experience. By working with community colleges and school districts, as well as universities and Regional Education Service Centers, the agency seeks to create additional educator preparation programs. Since 1999, the agency has assisted in the development of 58 alternative certification programs, accounting for the issuance of over 67,000 initial certificates over the 9-year period.

**FIGURE 183**  
**INITIAL TEACHING CERTIFICATES ISSUED BY CERTIFICATION ROUTE**  
**FISCAL YEARS 2001 TO 2007**



SOURCE: Texas Education Agency.

**EDUCATOR PROFESSIONAL CONDUCT**

SBEC maintains and enforces a code of conduct for professional educators and ensures that applicants for educator certification pass criminal history background checks. Complaints against educators are reviewed and, if necessary, investigated. The agency contracts with the State Office of Administrative Hearings (SOAH) to conduct hearings arising from complaints. As of August 2007, the agency had 65 cases pending with SOAH, compared with 26 cases pending at the end of the previous fiscal year. An agency decision to focus resources on the most serious cases has contributed to this increase. In fiscal year 2007, there were 685 complaints resolved, compared with 598 in the previous fiscal year.

Pursuant to a recommendation by the Sunset Advisory Commission during the Seventy-eighth Legislature, Regular Session, 2003, that new applicants for educator certification be screened for criminal violations at both the national and state levels, the SBEC was given the authority in the General Appropriations Act to transfer funds to the Department of Public Safety (DPS) to conduct fingerprint-based background checks in conjunction with the Federal Bureau of Investigation (FBI). Since October 2003, first-time applicants are charged a \$45 fee for DPS and FBI analysis in addition to any fee applicants must pay a local law enforcement agency to capture fingerprints.

The Eightieth Legislature, 2007, enacted Senate Bill 9, which requires the TEA to approve applicants for employment as teachers, librarians, educational aides, administrators, or counselors for open-enrollment charter schools following a national criminal history record information (CHRI) review. The legislation requires that the following groups of employees be subject to a national CHRI review: applicants for or holders of educator certificates who are currently employed by a school district or charter school; teachers, librarians, educational aides, administrators, and counselors at open-enrollment charter schools; non-certified employees employed on or after January 1, 2008; employees of contracting entities offered contractual employment on or after January 1, 2008; and substitute teachers. The legislation requires the TEA to establish a schedule for completing the required CHRI review for certified personnel and substitute teachers not previously reviewed, to be completed no later than the end of fiscal year 2011.

**PUBLIC SCHOOL TEACHERS**

Since the 2001 school year, Texas' ranking for average public school teacher salary has declined from twenty-sixth to thirty-fourth place among the 50 states. The average salary for Texas teachers in the 2005–06 school year was \$41,744, up from \$39,974 in the 2002–03 school year (**Figure 184** and **Figure 185**). The national average salary is \$49,026. Texas has the tenth highest average salary of the 15 southern states (**Figure 185**). All neighboring states pay lower average salaries than Texas, with the exception of Arkansas, where average teacher salary moved past that of Texas in the 2005–06 school year. Between the 1994–95 and 2005–06 school years, Texas' average teacher salary increased by 31.3 percent (current dollars), placing it twenty-first among all states compared to a national average of 30.2 percent growth. These figures are prior to the \$2,500 annual teacher salary increase included in legislation enacted by the Seventy-ninth Legislature, Third Called Session, 2006, which took effect for the 2006–07 school year.

**FIGURE 184**  
**AVERAGE TEACHER SALARIES**  
**15 MOST POPULOUS STATES**  
**2005–06 SCHOOL YEAR**

50-STATE RANKING	STATE	AVERAGE SALARY
1	California	\$59,825
3	Illinois	\$58,686
4	New Jersey	\$58,156
5	New York	\$57,354
7	Michigan	\$54,739
11	Pennsylvania	\$54,027
13	Ohio	\$50,314
17	Georgia	\$48,300
18	Indiana	\$47,255
21	Washington	\$46,326
23	Arizona	\$44,672
26	North Carolina	\$43,922
27	Virginia	\$43,823
28	Florida	\$43,302
<b>34</b>	<b>TEXAS</b>	<b>\$41,744</b>

SOURCE: National Education Association.

**FIGURE 185**  
**AVERAGE TEACHER SALARIES**  
**SOUTHERN STATES**  
**2005–06 SCHOOL YEAR**

50-STATE RANKING	STATE	AVERAGE SALARY
9	Maryland	\$54,333
17	Georgia	\$48,300
26	North Carolina	\$43,922
27	Virginia	\$43,823
28	Florida	\$43,302
30	South Carolina	\$43,011
31	Arkansas	\$42,768
32	Kentucky	\$42,592
33	Tennessee	\$42,537
<b>34</b>	<b>TEXAS</b>	<b>\$41,744</b>
40	Mississippi	\$40,576
43	Alabama	\$40,347
44	Louisiana	\$40,029
47	Oklahoma	\$38,772
48	West Virginia	\$38,284

SOURCE: National Education Association.

### SIGNIFICANT LEGISLATION

Appropriations for TEA are contained in three bills enacted by the Eightieth Legislature, 2007: House Bill 1 (GAA, discussed under Significant Appropriations), House Bill 2, and House Bill 15 (discussed under Significant Appropriations). A more detailed summary of House Bill 2 is provided below. In addition, the Eightieth Legislature enacted a number of other bills affecting the agency and public education in Texas. The more significant bills are discussed here.

House Bill 2 provides \$14.2 billion in state aid to implement the school district property tax reductions contained in the 2006 property tax relief legislation. The biennial appropriation is the state cost (estimated by the Legislative Budget Board) to provide a one-third reduction in districts' property tax rates from the rates adopted for the 2005–06 school year. Appropriations of \$6.1 billion from the Property Tax Relief Fund are an estimate of revenue to be created by House Bills 3, 4, and 5, Seventy-ninth Legislature, Third Called Session, 2006. The remaining \$8.1 billion is appropriated from General Revenue Funds. The legislation also transfers, but does not appropriate, up to \$3 billion in unappropriated General Revenue Funds into the Property Tax Relief Fund,

based on certification of availability by the Comptroller at the end of fiscal year 2008.

House Bill 2237 creates a set of programs designed to prevent dropouts, encourage high school success, and promote college and workforce readiness in public schools. Initiatives include funding for student club activities, reading instruction academies for teachers of grades six to eight, intensive summer instruction for at-risk students, and a technology-based academic intervention pilot program. Also, the legislation creates a grant program for the construction or renovation of high school science laboratories.

Senate Bill 7 directs the State Board of Education to include cardiopulmonary resuscitation and the use of an automated external defibrillator (AED) as part of the state health curriculum. The legislation also directs the commissioner of education to establish a pilot program to administer cardiovascular screenings to sixth grade students at selected campuses. A contingency rider for this legislation appropriates \$9 million to a grant program to reimburse school districts for the purchase of AEDs and \$1 million for the early cardiovascular detection screening pilot program.

Senate Bill 8 requires the University Interscholastic League to establish and administer, beginning with the 2007–08 school year, a steroid testing program at approximately 30 percent of high schools in the state. The program must include random testing of a statistically significant number of high school student athletes at each selected school. The legislation requires TEA to pay the costs associated with the steroid testing program using funds appropriated for that purpose.

Senate Bill 9 requires the TEA to approve applicants for employment as teachers, librarians, educational aides, administrators, or counselors for open-enrollment charter schools following a national criminal history record information review.

Senate Bill 1031 ends the current high school assessments, including those at the exit level, and requires in their place the development of 12 end-of-course assessments for secondary-level courses in Algebra I, Algebra II, geometry, biology, chemistry, physics, English I, English II, English III, world geography, world history, and United States history. The administration of end-of-course exams will begin with students entering the ninth grade in the 2011–12 school year.



# **TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**

The Texas School for the Blind and Visually Impaired (TSBVI) was established by the Sixth Legislature in 1856 as the Texas Institution for the Blind. Renamed the Texas School for the Blind in 1915, the school operated under various boards of control until 1953, when oversight authority was given to the State Board of Education. In 1981, the Sixty-seventh Legislature established the school as a separate entity governed by a nine-member board appointed by the Governor. In 1989, the school was given its present name to better reflect the population it serves. The school is accredited by the Texas Education Agency and is located in Austin.

The school's mission is to provide opportunities for children and youth who are visually impaired (including those with additional disabilities) to develop the skills necessary to lead vocationally, personally, and socially satisfying and productive lives.

## **2008–09 APPROPRIATIONS**

Appropriations to TSBVI for the 2008–09 biennium total \$105.9 million in All Funds, a 54.4 percent increase from the 2006–07 biennial level, and provide for 343.8 full-time-equivalent positions. The significant funding increase is primarily associated with facility construction, discussed below. Of the 2008–09 biennial appropriation, \$27.2 million is appropriated from General Revenue Funds, a 6.4 percent increase from the 2006–07 biennium. Appropriations also include estimated funds to maintain TSBVI's statutorily required parity with teacher salaries in the Austin Independent School District (AISD) if AISD increases its salary schedule.

Local school districts placing students at TSBVI are required by the Texas Education Code to share the cost of educating those students. The local district's share equals the dollar amount of maintenance and debt service taxes imposed by the district for that year divided by the average daily attendance in the district for the preceding year. The Commissioner of Education deducts the amount owed from the payment of Foundation School Funds payable to the district. Districts not receiving Foundation School Funds remit payment to the commissioner, who forwards it to TSBVI. These funds are appropriated to the school under the Appropriated Receipts method of financing and are estimated

to be approximately \$799,000 for each fiscal year of the 2008–09 biennium.

The Eightieth Legislature, 2007, appropriated \$68.3 million in General Obligation bond proceeds for campus construction and renovation. Combined with the \$36.5 million appropriated by the Seventy-ninth Legislature, 2005, the \$104.8 million is for overhauling the school's instructional, vocational, and residential facilities, as well as providing new recreational, therapeutic, and administrative resources. TSBVI's campus was constructed in 1916, and several of the original buildings were previously renovated in the early 1970s. **Figure 186** shows the planned expenditure of these construction funds by type of facility.

**FIGURE 186**  
**TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**FACILITIES CONSTRUCTION AND RENOVATION**  
**2006–07 AND 2008–09 BIENNIA**

TYPE OF FACILITIES TO BE CONSTRUCTED/RENOVATED	BUDGETED COST (IN MILLIONS)
Instructional and Vocational	\$46.4
Residential	21.5
Grounds, Utilities, and Maintenance	19.6
Student Activities and Recreation	9.5
Health and Physical/Occupational Therapy	4.2
School Administration	3.5
<b>TOTAL, GO BOND PROCEEDS APPROPRIATIONS</b>	<b>\$104.8</b>

SOURCE: Texas School for the Blind and Visually Impaired.

## **STUDENT POPULATION**

A local (home) school district prepares an individual education plan for each student who is referred to TSBVI. The plan is a requirement for admission to the state school and is used by TSBVI in determining services for the child.

TSBVI serves approximately 10 percent of the total population of blind and visually impaired students in Texas. During the 2006–07 regular school term, the school served 151 students, 143 of which were residential program students. Of the students served in the 2006–07 regular school year program, 103 (69 percent) had multiple disabilities, including deaf-blindness, autism, and cerebral palsy. During the 2006–07 school year, 146 students were served by specialized short-term programs, and the 2007 summer program served 308 students.



## PROGRAMS

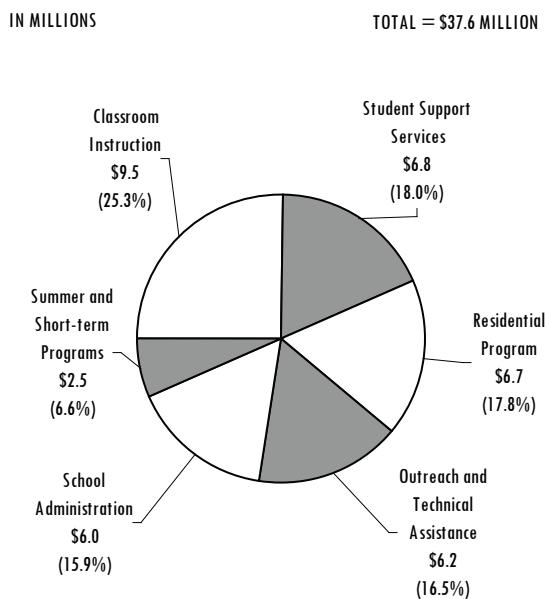
TSBVI staff members work with local school districts and the regional education service centers to provide a continuum of services to students with visual impairments. The school serves these students and their wide array of needs through four major program areas: comprehensive full-time educational programs at TSBVI, summer programs, short-term programs, and outreach to students' home communities.

The school provides full-time classroom and residential programs during the regular school year at its Austin campus to students between the ages of 6 and 21 who are unable to receive an appropriate public education from their local school districts. Programs include instructional and life skills components and are intended to provide students with the skills and education necessary to function productively on their own. The instructional and residential programs are accompanied by speech-language therapy, mobility training, health services, social work, and other support services. Persons who are over age 21 may receive services from the Department of Assistive and Rehabilitative Services. **Figure 187** shows TSBVI's 2008–09 biennial appropriation by functional area.

The school's summer programs, available to non-TSBVI students only, supplement instruction that students receive in their home district during the regular school year, and include instruction in independent living, personal care, home care, and interpersonal interactions. Short-term programs—brief, intensive training sessions of three to five days offered throughout the year—also are available to supplement local district instruction and include subjects like adaptive technology, Braille, and tactile mathematics.

Outreach services to students, parents, and professionals in Texas are a statutorily required component of the school's role as a statewide demonstration, training, and staff-development resource facility. Services are provided through teacher and parent workshops, on-site consultations, conferences, and instructional materials.

**FIGURE 187**  
**TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**APPROPRIATIONS BY FUNCTION**  
**2008–09 BIENNIUM**



NOTE: Does not include one-time General Obligation bond proceeds appropriation of \$68.3 million for facilities construction and renovation.  
SOURCE: Legislative Budget Board.

## TEXAS SCHOOL FOR THE DEAF

The Texas School for the Deaf (TSD), established by the Legislature in 1856 and located in Austin, is a residential independent school district for the education of deaf students, including those with multiple disabilities. The school's mission is to provide a positive learning and living environment that addresses the unique needs of a diverse population of deaf learners and that enables them to become productive members of society.

### 2008–09 BIENNIUM APPROPRIATIONS

Appropriations to TSD for the 2008–09 biennium total \$45.4 million in All Funds, a 6.6 percent increase from the 2006–07 biennial level, and provide for 454.8 full-time-equivalent positions. These appropriations include \$34.7 million in General Revenue Funds, or 76.5 percent; \$1.9 million in Federal Funds, or 4.3 percent; and \$8.7 million in Other Funds, or 19.2 percent.

Included in the appropriation of General Revenue Funds for the 2008–09 biennium is \$2.2 million for facilities rehabilitation. These funds cover five areas of building repair and renovation: Americans with Disabilities Act (ADA) compliance; safety code compliance; roof repair and replacement; heating, air conditioning, and ventilation projects; and miscellaneous repairs. Appropriations also include estimated funds to maintain TSD's statutorily required parity with teacher salaries in the Austin Independent School District (AISD) if AISD increases its salary schedule.

### STUDENT POPULATION

In the 2006–07 school year, TSD served 488 students in regular school-year programs and 348 students in summer and short-term programs, which include family weekend retreats, early childhood education, and driver education. Approximately 44 percent of TSD students attend classes as "day students," while the other 56 percent attend as "residential students" living on campus. TSD provides daily transportation to school and back home for most of the day students. During the 2006–07 regular school year, 274 of the 488 enrollees were residential students and 80 (16 percent) of the total number of students enrolled had multiple disabilities, such as emotional or behavioral difficulties or Attention Deficit Disorder. In fiscal year 2007, the average length of enrollment at TSD was 3.5 years.

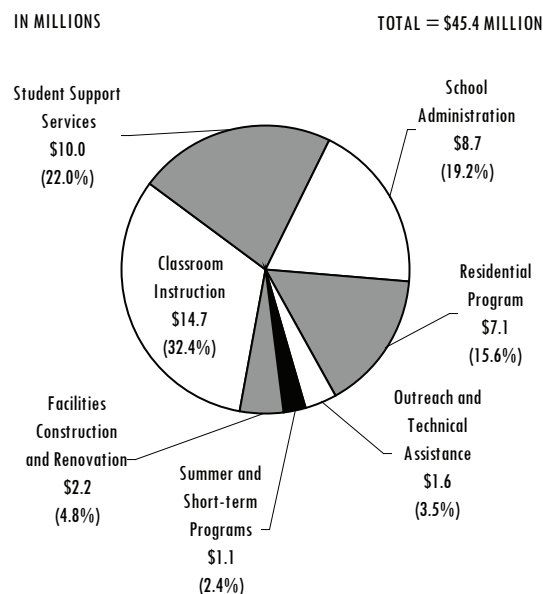
The school admits students referred by parents and those referred by local (home) school districts. Local school districts are required by the Texas Education Code to share in the cost

of educating students placed at TSD. The home district's cost equals the dollar amount of maintenance and debt service taxes imposed by the district for that year divided by the average daily attendance in the district for the preceding year. The Commissioner of Education deducts the amount owed from the payment of Foundation School Funds payable to the district. Districts not receiving Foundation School Funds remit payment to the commissioner, who forwards it to TSD.

### PROGRAMS

TSD provides academic, extracurricular, and co-curricular educational services to deaf students. The school's programs have academic and vocational components; both include specialized training for students with multiple disabilities. Independent living, social, and other life-skills training is provided to residential students in a "cottage curriculum," which complements the academic programs. Support services, including counseling, physical therapy, and audiological and speech therapy, are provided to all students as needed. **Figure 188** shows the school's 2008–09 biennial appropriations by program area and administration.

**FIGURE 188**  
**TEXAS SCHOOL FOR THE DEAF**  
**APPROPRIATIONS BY FUNCTION**  
**2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

In addition to residential and day educational programs, the school is required by statute to act as a primary statewide resource for promoting excellence in educational services for hearing-impaired students. TSD trained over 550 interpreters and teachers from across the state in communication skills workshops in fiscal year 2007. The school is also required to work in partnership with state and local agencies, including school districts, to serve the unmet and future needs of the deaf and hard of hearing. In fiscal year 2007, the school served more than 1,700 agencies and districts through its statewide distance learning network and provided technical assistance through seminars, workshops, conferences, and site visits to education professionals and families throughout Texas.

## TEACHER RETIREMENT SYSTEM

The Teacher Retirement System of Texas (TRS) was established in 1937 and provides retirement benefits, group insurance, and death, survivor, and disability benefits for employees of public school districts and institutions of higher education. The Eightieth Legislature, 2007, appropriated \$3.6 billion in All Funds for these programs for the 2008–09 biennium.

### RETIREMENT PROGRAM

The 2008–09 biennial appropriation for retirement contributions is \$3 billion, which is \$101 million more than the 2006–07 biennial estimated expenditures in All Funds, and corresponds to a 6.58 percent state contribution rate, which is an increase from the 6.0 percent state contribution rate in effect since fiscal year 1996. The Texas Constitution specifies that the state must contribute between 6 percent and 10 percent of total TRS-related payroll, except in an emergency declared by the Governor.

The increase in funding above the 2006–07 biennium level is attributable to anticipated growth in the number of public and higher education employees, an increase in total payroll, and the increase in the state's contribution rate. In addition to state contributions, active TRS members now contribute at a rate of 6.4 percent of annual compensation.

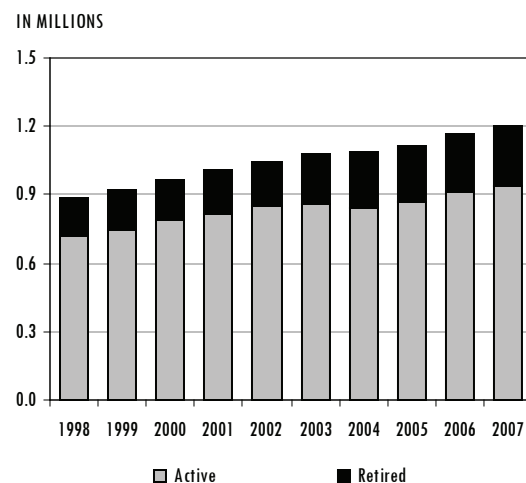
The TRS Board of Trustees is responsible for administering the retirement system and approving retirement fund investment decisions. Associated administrative costs for the 2008–09 biennium are funded by a direct appropriation of \$103.2 million, financed from the TRS Retirement Trust Fund, which provides for 435.3 full-time-equivalent (FTE) positions. The annual cost per member for TRS administration is projected at \$27.00 in each year of the 2008–09 biennium, compared to an actual cost per member of \$22.62 in fiscal year 2006 and \$23.94 in fiscal year 2007.

Amounts appropriated for administrative operations of the agency apply only to expenditures associated with management of the investments of the Retirement Trust Fund and payment of retirement benefits. Administrative expenses associated with other programs administered by the agency, such as TRS-Care (Retired Public Education Employee Group Insurance Program), TRS-ActiveCare (School Employee Group Insurance Program), and other functions are paid from trust funds or accounts associated with those programs and are not part of the appropriations process. The total administrative expenditure from non-

appropriated funds for the administration of these other programs projected for fiscal year 2008 is \$6.3 million, supporting 51 FTE positions, compared with actual expenditures from fiscal year 2007 of \$4.4 million supporting 40 FTE positions. According to TRS, the increase is attributable to an ongoing process of ensuring that the allocation of costs between administrative funding appropriated from the Retirement Trust Fund and administrative expenses covered by non-appropriated funds is proportionate. The FTE positions supported by non-appropriated funds are not counted against the FTE cap established for the agency by the Legislature.

As of August 31, 2007, there were 935,731 active members in the system, an increase of 24,026 members above fiscal year 2006. Public school employees constitute approximately 85 percent of the TRS-covered payroll; higher education and state agency employees make up the remaining 15 percent. The retirement system reports that 13,446 members retired in fiscal year 2007 and 13,331 members retired in fiscal year 2006 (service and disability retirements combined). Annuitants accounted for 265,307 or 22.1 percent of total TRS membership as of August 31, 2007. **Figure 189** shows the growth of TRS membership, both active and retired, since fiscal year 1998.

**FIGURE 189**  
**TEACHER RETIREMENT SYSTEM MEMBERSHIP**  
**FISCAL YEARS 1998 TO 2007**

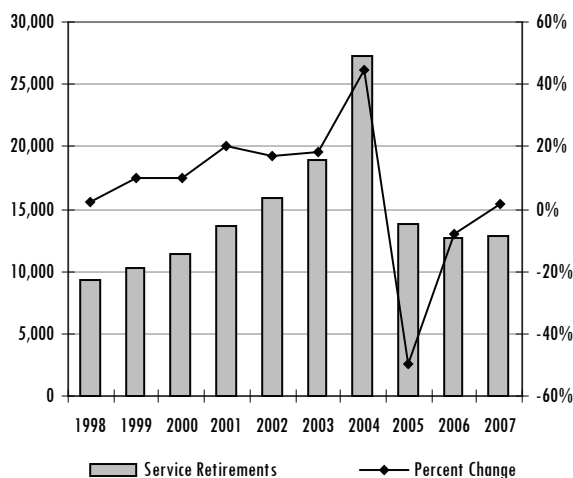


SOURCE: Teacher Retirement System.

**Figure 190** shows annual TRS service retirements since 1998. Although the percentage increase in the number of service retirements fluctuates from year to year, the data show a general upward trend in retirement rates until fiscal year 2005 and then a flattening or decrease in the trend in subsequent years. TRS experienced a higher than normal rate of retirement during fiscal year 2004, due in part to changes in federal rules governing Social Security benefits. Consequently, this likely contributed to the sharp decrease in the number of retirements in fiscal year 2005 and subsequent years. This trend also may be partly attributable to changes made by the Seventy-ninth Legislature, 2005, to retirement eligibility and other related policies. The average age at retirement increased between fiscal year 2006 and fiscal year 2007 from age 59.6 to age 60.1, compared to an average age at retirement of 61.7 in fiscal year 1998.

TRS invests system funds in equities, fixed-income securities, and other investment vehicles. At the end of fiscal year 2007, domestic and international equities comprised 63 percent of the system's investments, fixed-income securities comprised 28 percent, alternative assets (private equity, absolute return, and real estate) comprised 7 percent, and short-term investments comprised the remaining 2 percent. The TRS Board is in the process of expanding investments into other asset classes over several years as authorized by Senate Bill 1447, Eightieth Legislature, 2007.

**FIGURE 190**  
**ANNUAL SERVICE RETIREMENTS AND ANNUAL**  
**PERCENTAGE CHANGE IN NUMBER OF RETIREMENTS**  
**FISCAL YEARS 1998 TO 2007**

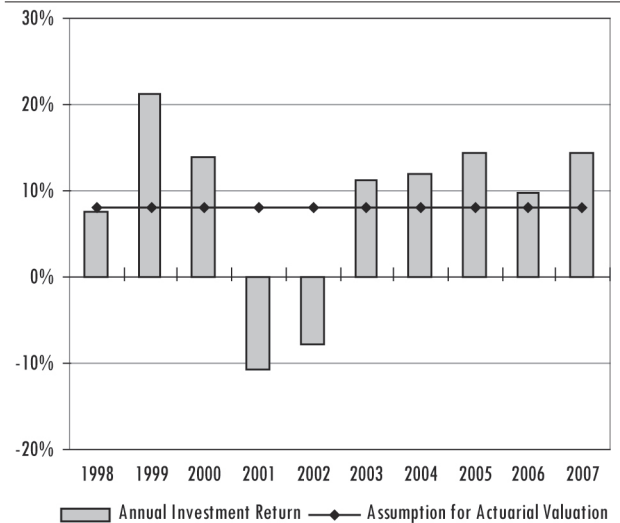


SOURCE: Teacher Retirement System.

As of August 31, 2007, the market value of the retirement fund was \$112.1 billion. **Figure 191** shows the annual rate of return on investment for the retirement trust fund's assets since fiscal year 1998. Total portfolio assets gained 14.4 percent in fiscal year 2007, compared to 9.7 percent in the prior year. Investment performance is a major factor in determining the actuarial condition of the retirement system and is assumed at 8 percent annually for purposes of assessing actuarial condition.

The August 31, 2007 actuarial valuation of the TRS retirement trust fund assesses the unfunded actuarial liability at \$12.5 billion, a decrease of \$1.2 billion from the prior year's valuation. The combined state rate (6 percent prior to fiscal year 2008; 6.58 percent starting in fiscal year 2008) and member contribution rate (6.4 percent) exceeds the normal cost of 10.4 percent, and the TRS actuary estimates the funding period at 27.4 years. This funding period is below the statutorily required 30-year funding period necessary for the system to be considered actuarially sound. Assuming the member contribution remains at 6.4 percent, the TRS actuary estimates the minimum rate at which the state would need to contribute to achieve the 30-year statutory funding period at 6.47 percent. Note that the actuarial valuation incorporates a smoothing methodology that realizes asset gains and losses over a five-year period.

**FIGURE 191**  
**TRS RETIREMENT TRUST FUND ACTUAL ANNUAL**  
**RETURN ON INVESTMENT COMPARED TO**  
**ASSUMED ANNUAL RETURN**  
**FISCAL YEARS 1998 TO 2007**



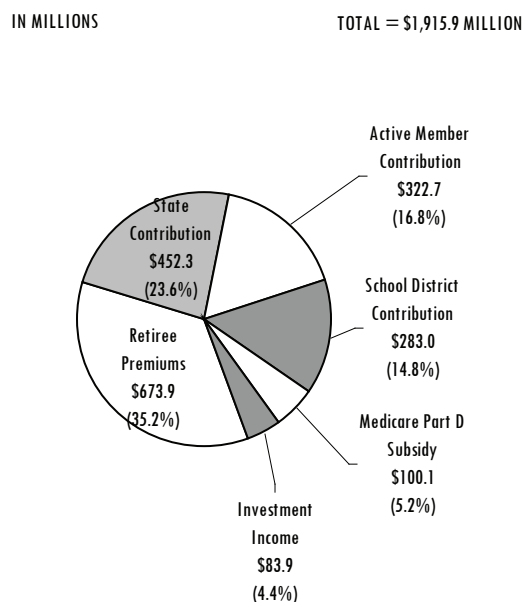
SOURCE: Teacher Retirement System.

## TEXAS PUBLIC SCHOOL RETIRED EMPLOYEE GROUP INSURANCE PROGRAM (TRS-CARE)

The Legislature authorized establishment of the Texas Public School Retired Employee Group Insurance Program in 1985 and designated the Teacher Retirement System as its administering agency. Referred to as TRS-Care, the program provides health insurance coverage for public education TRS retirees who are not eligible to participate in the state higher education or state employee plans. The program has six major revenue sources, which are identified in **Figure 192**.

Appropriations for the TRS-Care program total \$452.3 million for the 2008–09 biennium and meet the statutory requirement that the state contribute an amount equal to 1 percent of public education payroll. This funding level reflects an increase of \$7.6 million above the program's total state contributions for the 2006–07 biennium after accounting for a reduction of \$76.6 million appropriated for fiscal year 2007 by enactment of House Bill 15, Eightieth Legislature, 2007. The House Bill 15 reduction reflects the positive balance of \$623 million in the TRS-Care trust fund to close out fiscal year 2007 and the projection that the fund will maintain a positive balance into the 2012–13 biennium. As of August 31, 2007, the TRS-Care trust fund balance is projected to close out fiscal year 2009 at \$755 million. According to TRS, the fund balance is primarily attributable

**FIGURE 192**  
**TRS-CARE PROJECTED FUNDING SOURCES**  
**2008–09 BIENNIUM**



SOURCE: Teacher Retirement System.

to a lower than projected retirement rate and a corresponding lower than projected enrollment in the TRS-Care program, resulting in fewer claims. Other factors may include continued effects of legislative changes made by the Seventy-ninth Legislature, 2005, continued network savings resulting from changes made in recent prior years, and a decrease in overall cost trends for medical care and pharmaceuticals compared to projections in recent years.

As shown in **Figure 192**, retiree premiums for TRS-Care provide the largest share of revenue for the program, projected to be 35.2 percent for the 2008–09 biennium, followed by the state contribution at 23.6 percent, active employee contributions at 16.8 percent, school district contributions at 14.8 percent, investment income at 4.3 percent, and subsidies earned from the federal Medicare Part D prescription drug plan at 5.2 percent. This projection indicates that the statutory requirement that the state provide no more than 50 percent of funding and that retiree premiums (which also allow for dependent coverage) provide no less than 30 percent will be met in the 2008–09 biennium. As of August 2007, there were 187,307 retirees and their dependents participating in the TRS-Care program, compared to 184,181 in August 2006. See **Figure 23** in Chapter One for additional discussion of plan benefits.

## TEXAS PUBLIC SCHOOL ACTIVE EMPLOYEE GROUP INSURANCE PROGRAM (ACTIVECARE)

TRS-ActiveCare, authorized by the Seventy-seventh Legislature in 2001, is a statewide group health insurance program for public education employees. TRS administers ActiveCare under contract with Blue Cross and Blue Shield of Texas (medical) and Medco Health Solutions (pharmacy). With few exceptions, school districts with fewer than 500 employees are required to participate in the ActiveCare program, while districts with more than 500 employees may join the program with proper notification to the TRS trustees. As of August 2007, TRS serves 1,067 school districts, charter schools, and regional education service centers, and covers 197,433 employees and 130,364 dependents in the ActiveCare program. Insurance coverage and program administration are financed entirely with revenue from premiums paid by districts and participants, with TRS administrative costs budgeted at \$2.4 million and funding 21 FTE positions for fiscal year 2008.

Current law requires that school districts offer a health insurance plan that provides comparable benefits to the HealthSelect plan available to state employees. The



TRS-ActiveCare program offers three tiers of coverage (ActiveCare 1, ActiveCare 2, and ActiveCare 3) with progressively richer benefits, with the ActiveCare 3 plan being comparable to HealthSelect. A study conducted by TRS in fiscal year 2007 based on coverage available to employees of the 15 percent of school districts not participating in the TRS-ActiveCare program in the 2005–06 school year found that 75 percent of the non-participating districts offer a comparable plan. In the 2005–06 school year, 40 percent of employees in those districts were enrolled in a comparable plan, 46 percent were enrolled in a non-comparable plan, and 14 percent had waived coverage.

Three significant provisions of the original legislation that created TRS-ActiveCare include state funding for health insurance equivalent to \$75 per month per participating employee, funded through the Texas Education Agency's Foundation School Program; a requirement that school districts contribute at least \$150 per month toward each participating employee's health coverage; and a compensation supplement (also referred to as the "pass-through") that may be applied to healthcare costs or taken as salary at employees' discretion. State funding for insurance equivalent to \$75 per month per employee was provided through an increase in the Tier 2 guaranteed yield, one of the primary formula funding elements in the Foundation School Program, the system under which school districts receive state funding for operations and facilities. The Seventy-seventh Legislature, 2001, increased the guaranteed yield from \$25.81 to \$27.14 and provided that if the equivalent of 75 percent of a district's gain as a result of that yield increase is insufficient to fund the state allotment of \$75 per month per employee, the district receives additional funding, or is "held harmless," in the amount of the difference. That hold harmless is worth about \$40 million per year statewide.

House Bill 1, Seventy-ninth Legislature, Third Called Session, 2006, made comprehensive changes to school finance and public education programs, including converting the compensation supplement created by the Seventy-seventh Legislature to regular salary as part of House Bill 1 educator salary increase provisions. The amount of compensation supplement converted to salary corresponds with the level at which the compensation supplement had been funded by the state in fiscal year 2006: \$500 per year for full-time employees and \$250 per year for part-time employees, excluding administrators. A corresponding amount of state funding is

provided as part of school districts' and charter schools' Foundation School Program entitlement.

## SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect TRS. The four most significant include Senate Bill 1846, House Bill 2427, Senate Bill 1447, and House Bill 2358.

Enactment of Senate Bill 1846 authorizes the TRS board to provide a one-time benefit increase to annuitants equal to the amount of the monthly annuity payment to which an eligible annuitant is entitled in August 2007 (a "13th check"), not to exceed \$2,400, provided the Retirement Trust Fund is actuarially sound based on the August 31, 2007 actuarial valuation. In addition, the bill allows the TRS Board of Trustees limited authority to increase the active member contribution rate up to 6.58 percent (statute sets the active member contribution rate at 6.4 percent) if necessary to maintain the actuarial soundness of the Retirement Trust Fund after accounting for the impact of the 13th check payment authorized by the bill. The August 31, 2007 actuarial valuation found that no increase to the active member contribution rate would be required to maintain the actuarial soundness of the Retirement Trust Fund after accounting for the impact of the 13th check payment. TRS made the 13th check payment in January 2008.

Senate Bill 1846 also establishes a provision in statute that prohibits the state contribution rate for retirement from being less than that of active members. For the 2008–09 biennium, the state contribution rate is set in the General Appropriations Act at 6.58 percent.

Senate Bill 1846 expands the grandfather clause that exempts employers from surcharges for retirement contributions and TRS-Care contributions paid on behalf of TRS-retirees employed in TRS-covered positions to include retirees hired into TRS-covered positions between January 1, 2005 and September 1, 2005.

Enactment of House Bill 2427 authorizes implementation of recommendations made by the Sunset Advisory Commission pertaining to its review of TRS operations conducted during the 2006–07 biennium. Although TRS is not subject to discontinuation under the statutes governing the Sunset Advisory Commission review process, the agency undergoes regular reviews of its operations on a schedule similar to that of other state agencies.

Provisions of House Bill 2427 include several changes related to a variety of TRS programs and practices. Members taking a disability retirement on or after September 1, 2007 who earn supplemental income during the period of the disability retirement will be subject to a sliding scale reduction in annuity payments based on the amount of supplemental income earned and may be subject to an increased premium required for participation in TRS-Care. The bill requires that TRS provide individual counseling to members regarding system benefits in geographic locations outside of Austin. The bill also requires TRS to certify 403(b) investment products offered to public education employees as qualified investment products. Prior to enactment of House Bill 2427, TRS was required to certify vendors of 403(b) investment products, but not individual products offered by those vendors. Product registrations are valid for a five-year period, and TRS is permitted to charge a registration fee to offset administrative costs associated with maintaining the registry.

Senate Bill 1447 broadens the investment authority of the TRS Board of Trustees by allowing the system to invest with specified limitations in certain previously disallowed investment products such as futures contracts, options, hedge funds, and other investment tools. The legislation also allows the board limited authority to delegate management of a portion of the total portfolio to external managers.

House Bill 2358 allows TRS to retain retirement contributions made by local employers (school districts, charter schools, institutions of higher education) on behalf of employees paid from unappropriated local and federal funds in accordance with requirements that benefits be paid proportionally by fund. Under prior law, General Revenue Funds were appropriated for retirement contributions made in association with those salaries. Upon receipt of the associated unappropriated funds from employers, TRS deposited those funds to the State Treasury, essentially reimbursing the General Revenue Fund. The change in statute effected by House Bill 2358 allows TRS to retain the non-appropriated funds in the Retirement Trust Fund upon receipt from the local employer, bypassing the need to appropriate General Revenue Funds on the front end and then reimburse. The result is a reduction to the General Revenue Fund appropriation for retirement contributions and contributions to TRS-Care, but no net fiscal impact to the TRS Retirement Trust Fund or the TRS-Care trust fund (see 2008–09 General Appropriations Act, Article IX, § 19.45).

## OPTIONAL RETIREMENT PROGRAM

The Optional Retirement Program (ORP) is a defined contribution plan created in 1967 as an alternative to the defined benefit retirement plan provided by the Teacher Retirement System (TRS) for some higher education employees. A new employee in an eligible position makes a one-time choice between participation in ORP and TRS membership in the first 90 days of employment. The ORP features one-year vesting and is a portable benefit that allows participants to retain their contribution accounts after separation from employment in Texas public higher education. Program participants obtain retirement income by purchasing from insurance and investment companies individual investment contracts authorized under Internal Revenue Code Section 403(b).

The Optional Retirement Program was not placed under the administration of TRS or the Employees Retirement System of Texas, but instead exists as a separate retirement mechanism. The Texas Higher Education Coordinating Board (THECB) oversees the program's rules; the Comptroller of Public Accounts, along with the various institutions, is responsible for accounting duties; and each governing board selects qualified vendors of investment products for its eligible employees.

The 2008–09 biennial appropriation for ORP contributions, based on a 6.58 percent state contribution rate, is an estimated \$300.8 million, which is an increase of \$47.2 million above the 2006–07 biennium level. The state's contribution consists of General Revenue Funds and General Revenue–Dedicated Funds. Under the proportionality provision, employer contributions for ORP participants whose salaries are paid from funds other than General Revenue Funds or General Revenue–Dedicated Funds are paid from the same source of funds as that for salaries.

Participating institutions may also choose to use any funds to provide supplemental contributions for any ORP participant to bring the sum of the state contribution rate and any local supplementation up to a maximum contribution rate of 8.5 percent, the rate at which the state contributed to ORP in the 1990–91 biennium.

Participation in the program is limited to full-time faculty and certain administrators employed by Texas public institutions of higher education (including public community and technical colleges), the commissioners of education and higher education, and certain employees of THECB. As of August 2006, there were 29,143 university and health-related institution employees and 8,972 employees of two-year institutions participating in the program.

## HIGHER EDUCATION

Texas' system of public higher education encompasses 35 general academic teaching institutions; 3 state colleges; 50 community college districts; 1 technical college system with 4 main campuses; and 9 health-related institutions, including 7 state medical schools, 3 dental schools, and numerous other allied health and nursing units.

This system is governed by the nine-member Texas Higher Education Coordinating Board (THECB). The agency's mission is to ensure an effective and efficient system of higher education by controlling costly duplication of academic programs and unnecessary construction projects. The agency also works to ensure all Texans have access to high quality programs at different institutional levels and oversees the state's student financial aid programs. Additionally, there are seven Texas A&M University system agencies that provide research and other support and two constitutionally authorized funds to support new construction and excellence programs.

Based on preliminary 2007 figures reported by THECB, approximately 1.2 million students are enrolled in public institutions of higher education in Texas, an increase of about 24,000 students above fall 2006 enrollment. **Figure 193** compares enrollment for each type of higher education institution in fall 2005 and fall 2006.

The Eightieth Legislature, 2007, appropriated \$19.0 billion in All Funds to support higher education institutions for the 2008–09 biennium, which includes \$12.3 billion in General Revenue Funds. Appropriations for higher education provide funding for instruction, student services, and administration at general academic institutions, health-related institutions, community colleges, and technical colleges; special items that are an institution's area of expertise or special need; student financial aid such as Toward Excellence, Access and Success (TEXAS) grants, and the Texas B-on-Time Loan Program; and patient care at hospital or dental clinics operated by health-related institutions. Except for appropriations to THECB and the Texas A&M University system agencies, Federal Funds are not included in appropriations for higher education.

Funding for higher education employee benefits totals \$2.2 billion in All Funds, which includes \$1.9 billion in General Revenue Funds. An appropriation of \$1.4 million in General Revenue Funds is for bond debt service and lease payments.

General Revenue formula funding in the 2008–09 biennium for institutions of higher education (General Academics, Health-related Institutions, and Community Colleges) increased a total of \$307.7 million above the 2006–07 biennium due to student enrollment growth and the Legislature's enhancement of the formula funding.

**FIGURE 193**  
**HIGHER EDUCATION ENROLLMENT**  
**FALL 2005 AND FALL 2006**

INSTITUTION	FALL 2005 ENROLLMENT	FALL 2006 ENROLLMENT	% ENROLLMENT	CHANGE	% CHANGE
<b>PUBLIC</b>					
General Academics	484,999	491,140	41.2	6,141	1.3
Community Colleges	555,061	564,968	47.5	9,907	1.8
Health-related	15,536	16,103	1.3	567	3.6
<b>SUBTOTAL, PUBLIC INSTITUTIONS</b>	<b>1,055,596</b>	<b>1,072,211</b>	<b>90.0</b>	<b>16,615</b>	<b>1.6</b>
<b>INDEPENDENT</b>					
Senior Colleges	114,286	114,982	9.7	696	0.6
Junior Colleges	698	702	0.1	4	0.6
Health-related	2,783	2,757	0.2	(26)	(0.9)
<b>SUBTOTAL, INDEPENDENT INSTITUTIONS</b>	<b>117,767</b>	<b>118,441</b>	<b>10.0</b>	<b>674</b>	<b>0.6</b>
<b>TOTAL, ALL TEXAS INSTITUTIONS OF HIGHER EDUCATION</b>	<b>1,173,363</b>	<b>1,190,652</b>	<b>100.0</b>	<b>17,289</b>	<b>1.5</b>

SOURCES: Legislative Budget Board; Texas Higher Education Coordinating Board.

To provide more access to higher education, the Legislature increased student financial aid at THECB by \$145.5 million above the 2006–07 biennium and moved the tuition equalization grants program into the consolidated Student Financial Aid Programs Strategy.

Other major increases in funding from the 2006–07 biennium to the 2008–09 biennium include the Higher Education Fund (\$175 million), the Available University Fund (\$172 million), Tuition Revenue debt service (\$306.7 million), and special items (\$254.0 million).

A total of \$187.2 million was appropriated by the Legislature in the Higher Education Special Provisions. Included in this total is \$100 million in fiscal year 2009 to THECB for the Higher Education Performance Incentive Initiative. These funds are for an incentive program for the improvement of teaching and educational excellence at general academic teaching institutions and can also provide scholarships for undergraduate students who graduated in the top 10 percent of their high school class.

Not included in **Figure 168** at the beginning of this chapter is \$153 million in group insurance appropriations to community colleges for fiscal year 2009. These funds were vetoed by the Governor after the conclusion of the Eightieth Legislature, 2007. However, the legislative leadership and the Governor reached a tentative solution to restore these funds. The agreement will provide \$99 million in group health insurance to the community colleges for fiscal year 2009 and \$55 million in transitional funding as the state moves toward providing group health benefits only for individuals whose salaries are directly supported by state funds. As part of the agreement, the Governor, Lieutenant Governor, and the Speaker of the House will appoint a task force to make recommendations to the Eighty-first Legislature concerning incentive funding for higher education.

## HIGHER EDUCATION EMPLOYEES GROUP INSURANCE

Higher Education Employees Group Insurance (HEGI) encompasses specific, line-item appropriations of General Revenue Funds to individual institutions falling under one of three systems providing health benefits coverage to higher education employees: The University of Texas System (UT), the Texas A&M University System (TAMU), and the Employees Retirement System (ERS). The ERS Group Benefits Program serves all institutions of higher education except components of The University of Texas System and the Texas A&M University System. **Figure 194** shows the total number of each system's participants (actives, retirees, and dependents) from fiscal years 1998 to 2009.

Legislative appropriations for HEGI for the 2008–09 biennium total \$853.0 million, of which \$851.8 million is in General Revenue Funds and \$1.1 million is in Other Funds. The appropriation is \$90 million in All Funds less than the 2006–07 biennium level, which is partly attributable to the Governor's veto of \$154 million in the fiscal year 2009 group insurance line-item for public community colleges. Prior to this veto, the 2008–09 All Funds HEGI appropriation was \$1,007 million, or about \$64 million above the 2006–07 biennium level. However, the legislative leadership and the Governor reached a tentative agreement to restore the vetoed group health insurance funds to community colleges. Under this agreement, in fiscal year 2009, community colleges will receive \$99 million in group health insurance funding and

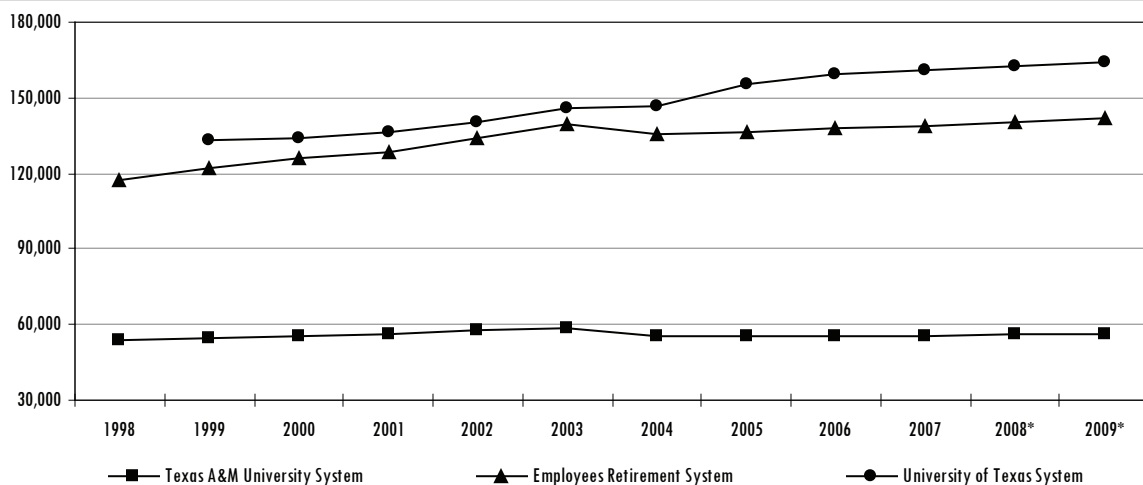
an additional \$55 million in transitional funding. The transitional funding is intended to ease the shift toward providing state contributions only for individuals whose salaries are directly supported by state funds.

The Legislature provided \$1.5 million in General Revenue Funds to continue funding the higher education portion of the state's contributions for the State Kids Insurance Program. The Legislature also provided \$1.1 million in State Highway Funds for the Texas Transportation Institute (TTI).

For the 2008–09 biennium, the allocation of General Revenue Funds is based on the relative number of employees at the institution enrolled in the health insurance program as of December 1, 2006. Funding is based on a sum-certain appropriations methodology in which state contributions are capped at the respective institution's line-item amount and where additional costs, if any, must be borne by individual institutions out of other appropriated or local funds.

Appropriations for HEGI are intended to provide state contributions to individual institutions' costs of health insurance premiums in a manner prescribed by proportional cost-sharing requirements. As such, institutions are required to pay all the health benefit costs for those employees having their salaries paid from sources other than the General Revenue Fund. Thus, as institutions continue to increase their share of funding from sources other than General Revenue Funds, the share of employees having their health benefits paid by the state decreases proportionately. **Figure**

**FIGURE 194**  
**HIGHER EDUCATION EMPLOYEE HEALTH INSURANCE PARTICIPATION**  
**FISCAL YEARS 1998 TO 2009**



\*Estimated.

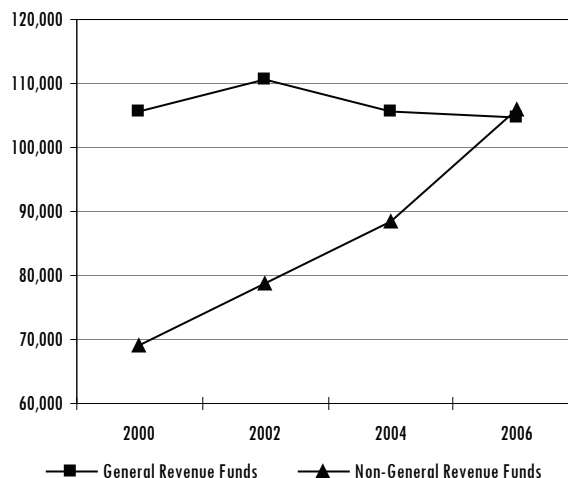
SOURCES: The University of Texas System; Texas A&M University System; Employees Retirement System.

195 shows this trend by charting the estimated number of active employees and retirees whose respective health benefits are paid by the state or institution.

The 2008–09 General Appropriations Act also allows the ERS and the UT and TAMU Systems to transfer HEGI appropriations among institutions within their respective group insurance programs to address needs related to General Revenue Fund group insurance premiums. **Figure 196** shows the results of this reallocation for higher education institutions participating in ERS' Group Benefits Program in fiscal years 2004 to 2006.

The insurance contribution policy for ERS-covered institutions is the same as for non-higher education general state employees. For full-time employees, the state pays the employee-only premium in full and half the difference between the employee-only premium and the premium for dependent coverage. For full-time employees of The University of Texas System, the state also pays the employee-only premium in full and half the difference between the employee-only premium and the premium for dependent coverage. For full-time employees of the Texas A&M University System, the state pays about 86 percent of the employee-only premium and half of the difference between the employee-only premium and the premium for dependent coverage. Employees of The University of Texas and Texas A&M University Systems receive an array of benefits similar to those offered by ERS.

**FIGURE 195**  
**GENERAL REVENUE FUNDS AND NON-GENERAL REVENUE FUNDS GROUP INSURANCE ENROLLMENT**  
**FISCAL YEARS 2000 TO 2006**



SOURCE: Legislative Budget Board.

**FIGURE 196**  
**ERS HIGHER EDUCATION GROUP INSURANCE REALLOCATION**  
**FISCAL YEARS 2004 TO 2006**

		ERS - HEGI APPROPRIATION (IN MILLIONS)	OVER-FUNDED AMOUNT (IN MILLIONS)	DOLLARS REALLOCATED (IN MILLIONS)	% DOLLARS PROVIDED	% DOLLARS RECEIVED
<b>Fiscal Year 2004</b>	ERS - Community Colleges	\$110.1	\$0.0	\$3.0	0.0	88.2
	ERS - Other Higher Education	95.6	3.4	0.4	100.0	11.8
	<b>TOTAL, FISCAL YEAR 2004</b>	<b>\$205.7</b>	<b>\$3.4</b>	<b>\$3.4</b>	<b>100.0</b>	<b>100.0</b>
<b>Fiscal Year 2005</b>	ERS - Community Colleges	\$110.1	\$0.0	\$3.4	0.0	87.2
	ERS - Other Higher Education	96.3	3.9	0.5	100.0	12.8
	<b>TOTAL, FISCAL YEAR 2005</b>	<b>\$206.4</b>	<b>\$3.9</b>	<b>\$3.9</b>	<b>100.0</b>	<b>100.0</b>
<b>Fiscal Year 2006</b>	ERS - Community Colleges	\$137.6	\$0.7	\$3.8	16.8	87.8
	ERS - Other Higher Education	107.0	3.6	0.5	83.2	12.2
	<b>TOTAL, FISCAL YEAR 2006</b>	<b>\$244.6</b>	<b>\$4.3</b>	<b>\$4.3</b>	<b>100.0</b>	<b>100.0</b>

SOURCE: Employees Retirement System of Texas.



## HIGHER EDUCATION COORDINATING BOARD

The Texas Higher Education Coordinating Board (THECB) was established in 1965 to provide leadership for and coordination of the public higher education system in Texas. The agency's mission is to provide the Legislature with advice and comprehensive planning capability for higher education, to coordinate the effective delivery of higher education, to administer programs efficiently, and to improve higher education for the people of Texas.

For the 2008–09 biennium, appropriations total \$1,278.8 million in All Funds and provide for 304.9 full-time-equivalent positions. **Figure 197** shows the breakout per goal. The two administrative goals are consolidated into Administrative Functions. The appropriations include \$1,077.8 million in General Revenue Funds and General Revenue–Dedicated Funds (84.3 percent). (The THECB appears in the category “Other Higher Education” in **Figure 168** at the beginning of this chapter.)

The agency's goals are to coordinate Texas higher education and to administer various student financial aid, federal grant, and state-funded trustee programs. The agency establishes a master plan for higher education in Texas; prescribes the role and mission of public higher education institutions; reviews

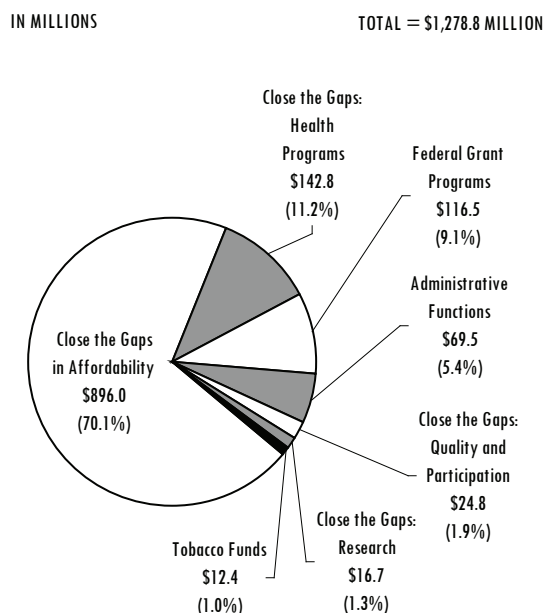
university academic programs, academic and vocational technical programs at the community and technical colleges, and health-related programs; approves certain construction projects and real estate purchases; and promotes access to and quality in higher education.

### CLOSE THE GAPS IN AFFORDABILITY

The Close the Gaps in Affordability goal constitutes more than 70 percent of the funding appropriated to the agency. This goal contains the Student Financial Aid Program Strategy, which includes funding for five financial aid programs: (1) TEXAS Grants, (2) Texas Educational Opportunity Grants (formerly TEXAS Grants II), (3) College Work Study, (4) the B-on-Time Program, and (5) the Tuition Equalization Grant Program that was consolidated into this strategy in the Eightieth Legislative Session, 2007. For the 2008–09 biennium, funding for the Student Financial Aid Program strategy is \$747.0 million, an increase of \$145.5 million from the previous biennium for these consolidated programs. Although the programs have been consolidated into one strategy, threshold funding levels for each program are established through rider.

The Tuition Equalization Grants programs help needy Texas residents pay the difference between the amount of tuition charged at an independent college and that at a comparable public institution. For the 2008–09 biennium, funding for this program totals \$211.8 million, which equals the funding in the 2006–07 biennium. For the B-on-Time Program, the threshold amount is \$77 million for the biennium, which includes \$37 million in General Revenue Funds and \$40 million in designated tuition set-asides. Funding increased approximately \$42 million from the previous biennium due to the addition of General Revenue Funds, which prior to the Eightieth Legislature was not used as a method of finance for the program, and an additional \$5 million in designated tuition set-asides. THECB has used savings from refinancing of Hinson-Hazlewood bonds to supplement the program. In the 2006–07 biennium, \$36.5 million in designated tuition set-asides and \$39.9 million in bonds were used to support the program. For TEXAS Grants, the threshold amount is \$427.9 million for the biennium, an increase of approximately \$93.0 million from the previous biennium. **Figure 198** shows a comparison of these three programs. Appropriations to the College Work Study program increased from \$10 million in the 2006–07 biennium to \$15 million for the 2008–09 biennium. Appropriations to the Texas Educational

**FIGURE 197**  
**THECB APPROPRIATIONS BY GOAL, ALL FUNDS**  
**2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

**FIGURE 198**  
**FINANCIAL AID PROGRAMS**  
**2008–09 BIENNIUM**

	TEXAS GRANTS	B-ON-TIME	TUITION EQUALIZATION GRANTS
<b>ELIGIBLE INSTITUTIONS</b>	Public institutions	Public, private, or independent institutions	Private or independent institutions
<b>TYPE OF FINANCIAL AID AND USE</b>	Grant can be used to pay any usual and customary cost of attendance.	Loan can be used to pay any usual and customary cost of attendance.	Grant can be used to pay any usual and customary cost of attendance.
<b>COURSE LOAD</b>	Three-fourths of a full course load	Full course load (12 semester hours)	Full course load (12 semester hours)
<b>FINANCIAL NEED</b>	Must show financial need	Must show financial need if funding is insufficient to meet demand	Must show financial need
<b>RESIDENCY</b>	Texas resident	Texas resident	Texas resident
<b>GRADE POINT AVERAGE</b>	GPA 2.5 on 4.0 scale	GPA 2.5 on 4.0 scale	GPA 2.5 on 4.0 scale
<b>LOAN FORGIVENESS</b>	N/A	Yes, if 3.0 GPA on 4.0 scale and graduate within 4 to 5 years depending on degree program or with no more than 6 credit hours over degree requirements.	N/A
<b>GRANT/LOAN AMOUNT</b>	Average statewide amount of tuition and required fees a resident student enrolled full-time in a baccalaureate degree program would be charged at a general-academic institution.	Average statewide amount of tuition and required fees a resident student enrolled full-time in an undergraduate degree program would be charged at a general-academic institution.	Based on financial need but not to exceed a grant amount specified in the legislative appropriation or more than the difference between the tuition at the private institution and the tuition at public colleges and universities.
<b>FUNDING</b>	General Revenue Funds, donations	General Revenue Funds, savings from refinancing of bonds, designated tuition set-asides	General Revenue Funds

SOURCE: Texas Higher Education Coordinating Board.

Opportunity Grant Program increased from \$9 million to \$14 million for the 2008–09 biennium.

THECB also received \$100 million for the Higher Education Performance Incentive Initiative. Under provisions of the initiative, the funds will be used to develop an incentive program for the improvement in teaching and educational excellence at Texas public general academic institutions as well as provide scholarships for undergraduate students who graduate in the top 10 percent of their class.

Other financial aid strategies include the Early High School Graduation Scholarship Program, which provides state credits for tuition and fees for qualified high school graduates, and the Educational Aide Program, which provides tuition exemptions for eligible educational aides. The Educational Aide Program is appropriated \$19.4 million for the 2008–09 biennium, while the Early High School Graduation Scholarship Program is appropriated \$13.6 million for the biennium. Funding for these programs is dependent on

transfers from the Texas Education Agency. Another strategy in the goal, the Teach for Texas Loan Repayment Grant Program is appropriated \$9 million for the biennium. The program provides loan repayment assistance for newly certified teachers who teach in a field having a critical shortage of teachers or in a community having a critical shortage of teachers. A new program, the Engineering Recruitment Program (see Significant Legislation) is appropriated \$2 million for the biennium.

#### **CLOSE THE GAPS—HEALTH PROGRAMS**

Appropriations for the health-related programs total \$142.8 million for the 2008–09 biennium. This is an increase of \$22.4 million from the previous biennium. Included in this appropriation is funding for the Baylor College of Medicine. In 1969, the Sixty-first Legislature authorized THECB to contract with the Baylor College of Medicine for the education of Texas resident undergraduate medical students. The amount provided to Baylor College of Medicine is based

on the average annual tax support per undergraduate medical student at The University of Texas Medical Branch at Galveston and The University of Texas Southwestern Medical Center at Dallas. For the 2008–09 biennium, the Eightieth Legislature provided \$77.6 million, an increase of \$4.0 million from the previous biennium. The Baylor College of Medicine also received funding for Graduate Medical Education (GME) totaling \$12.8 million for the biennium, which is an increase of \$7.6 million.

Legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005, authorized the Professional Nursing Shortage Reduction Program. Funding for the program is \$14.7 million for the 2008–09 biennium, which is an increase of \$9 million from the previous biennium. The funds are used to achieve the following outcomes: (1) increasing the number of graduates from professional nursing programs, (2) increasing the percentage of students in professional nursing programs that graduate within a reasonable time as determined by the board, and (3) increasing the number of graduates from master's and doctoral programs in nursing that join the faculty of a professional nursing program. Funds shall be used only to (1) create additional nurse faculty positions, (2) provide temporary salary supplements for professional nursing faculty, and (3) engage qualified preceptors to expand faculty capacity. The first distributions of funds for this program began in fiscal year 2006. A public or private institution that offers a professional nursing program for preparing students for initial licensure as registered nurses and commits to spend funds on its professional nursing program at least equal to the funds spent on the program in the prior fiscal year is eligible to apply for a pro rata share of these funds. Institutions that show an increase in nursing graduates between two base years (for fiscal year 2006 the two base years were fiscal years 2004 and 2005) and have otherwise timely completed the application process will receive a distribution of funds, not to exceed a maximum amount of \$7,500 per graduate. THECB is allowed a 5 percent fee for administering the program.

Residency programs in the goal include the Family Practice Residency Program and the Primary Care Residency Program, which were appropriated \$17.5 million and \$5.0 million respectively for the 2008–09 biennium. Most of the funding for the Graduate Medical Education strategy, \$3 million, was transferred to the Health-related GME formula. The funding that remained, \$600,000, is for independent primary care residency programs.

The Eightieth Legislature, 2007, increased funding to the Alzheimer's Disease Centers by \$1.9 million, for a total of \$3.9 million. Legislation enacted during the Seventy-sixth Legislative Session, 1999, directed the Texas Council on Alzheimer's Disease and Related Disorders to establish a Consortium of Alzheimer's Disease Centers in Texas. The consortium is composed of Alzheimer's Disease Centers at Baylor College of Medicine, Texas Tech University Health Sciences Center, the University of North Texas Health Science Center, and the University of Texas Southwestern Medical Center. The purpose of the consortium is to create a systematic approach to the provision of uniform clinical services and to the sharing of research data. Funding for the Joint Admission Medical Program (JAMP) increased \$2.3 million, bringing the 2008–09 funding level to \$5.6 million. The program provides assistance to select economically disadvantaged under-graduates enrolled in Texas general academic institutions. Such designated JAMP students are provided with ongoing educational support in preparation for medical school, including summer experiences on medical school campuses and medical college admissions test preparation. Successful students progress through the undergraduate curriculum and are guaranteed admission to a Texas medical school.

### **CLOSE THE GAPS—RESEARCH**

THECB also manages the Advanced Research Program, which provides support for basic research at all public institutions of higher education. Initially THECB establishes funding allocations for various research areas. After the institutions submit their proposals, THECB reviews the proposals and approves the final budgets for the projects. The Coordinating Board then transfers the funds to the institutions. Appropriations for the Advanced Research Program were \$16.7 million in General Revenue Funds for the 2008–09 biennium, an increase of \$8.3 million from the previous biennium.

### **CLOSE THE GAPS—QUALITY AND PARTICIPATION**

THECB received an appropriation of \$3.5 million in General Revenue Funds for the 2008–09 biennium to distribute to two-year institutions experiencing growth rates in excess of certain thresholds. Prior to the Seventy-ninth Legislative Session, 2005, the two-year enrollment growth strategy included funding for new campuses and funding for nursing programs at the community colleges. The Seventy-ninth Legislature, Regular Session, 2005, funded new campuses and nursing programs through two new strategies, New

Community College Campuses and the Professional Nursing Shortage Reduction Program. The funding for the Professional Nursing Shortage Reduction Program is included in Health Program Goal. The New Community College Campuses strategy included funding for five campuses totaling \$3.3 million, which was vetoed by the Governor. The Technology Workforce Development Strategy, which is a competitive grant program designed to increase baccalaureate graduates in engineering and computer science, increased \$4.0 million, to a total of \$14.8 million, as a result of growth in Federal Funds. Through THECB, the Eightieth Legislature, 2007, continued funding for improving teacher preparation in the 2008–09 biennium to support Centers for Teacher Education at independent institutions as part of the Texas Association of Developing Colleges. All Funds appropriations for Centers for Teacher Education total \$6.4 million for the 2008–09 biennium, an increase of \$1.2 million from the previous biennium.

### FEDERAL GRANT PROGRAMS

The total funding for federal grant programs in the 2008–09 biennium is \$116.5 million. There was a decrease of \$1.7 million in funding compared to the previous biennium funding levels because a grant to support first generation college students expired. The largest of the three strategies in this goal is the Technical–Vocational Education Programs, which account for \$91.5 million. These programs are funded under the Carl D. Perkins Vocational and Technical Education Act for the improvement of vocational and technical programs at postsecondary institutions. The funding is trusted to THECB from the State Board of Education through the U.S Department of Education.

### TOBACCO FUNDS

The Seventy-sixth Legislature, 1999, established the Permanent Health Fund for Higher Education, permanent endowments for each of the individual health-related institutions, the Permanent Fund for Higher Education Nursing, Allied Health, and Other Health-related Programs, and the Permanent Fund for Minority Health Research and Education. THECB is trusted with the Baylor College of Medicine's endowment fund as well as the Baylor College of Medicine's share of the Permanent Health Fund. THECB also provides grants from the Permanent Fund for Higher Education Nursing, Allied Health, and Other Health-related Programs and the Permanent Fund for Minority Health Research and Education. The total funding for the goal is \$12.4 million.

### ADMINISTRATIVE FUNCTIONS

THECB has two administrative goals, Close the Gaps in Higher Education and Indirect Administration, which are combined in **Figure 197** as Administrative Functions. The Close the Gaps in Higher Education goal includes funding for such activities as the College for Texans campaign, which provides financial aid information to students and parents; administration of the Advanced Research Program; tuition revenue bond reviews; and reviews of degree programs. The goal also includes funding for programs established in legislation enacted by the Seventy-ninth Legislature, Third Called Session, 2006. These programs include implementation of a college-readiness and success strategic plan, implementation of a course redesign project, creation of governor's schools (summer residential program for high-achieving high school students), and establishment of education research centers. The Indirect Administration goal includes the Commissioner's Office, accounting services, and network operations. The total funding for the 2008–09 biennium is \$69.5 million, with an increase of \$8.8 million primarily the result of legislation enacted by the Seventy-ninth Legislature, Third Called Session, 2006.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect THECB.

House Bill 2978 requires THECB to design and administer a one-week summer program to take place on campuses that offer engineering degree programs. The program will expose middle and high school students to math, science, and engineering concepts. Qualifying students must have achieved a grade point average (GPA) in high school placing them in the top 20 percent of their class, graduated from high school with no less than a 3.5 GPA on a 4-point scale (or the equivalent) in math and science classes, and maintained no less than a 3.0 on a 4-point GPA scale while attending an institution of higher education. THECB is authorized to adopt rules to administer the summer program, to include admissions standards. THECB is appropriated \$1 million per fiscal year for the program.

House Bill 3851 requires THECB to adopt rules establishing a standard method for computing a student's high school grade point average based on a four-point scale. The calculation must assign additional weight to honors, advanced placement, international baccalaureate, and dual credit courses. The new GPA calculations will be applied to the class entering general academic teaching institutions

beginning in fall 2009. Additionally, the legislation requires that the annual report each general academic teaching institution is required to submit to THECB include high school standing in the demographic breakdown describing the composition of the institution's entering class of students. The report must also include a description of any plans, policies, or programs developed or implemented by the institutions to recruit and retain students from underrepresented groups. The deadline for the report has been changed from July 1 to December 1. The legislation also requires each institution to adopt a written policy to promote the admission of undergraduate transfer students to the institution. This policy must include outreach and recruiting programs at junior colleges and may include incentives to increase transfers.

Senate Bill 1050 requires THECB to develop a work-study mentorship program under which eligible college students are authorized to mentor and counsel other students. The legislation also allows students to serve as mentors in GO Centers (higher education recruiting centers) and in high schools, and authorizes nonprofit organizations to partner with institutions of higher education to pursue the objectives of the program.

Senate Bill 1640 is the enabling legislation for Senate Joint Resolution 57, which is a constitutional amendment that authorizes THECB to issue up to \$500 million in General Obligation bonds for the purpose of providing low-interest student loans under the Hinson-Hazlewood College Student Loan Program. The legislation also provides for technical improvements for how THECB issues and handles bond proceeds, to include reducing the set asides for the Interest and Sinking Fund, and authorizing transfers of funds between the Auxiliary Fund and the Texas Opportunity Plan Fund.



## CONSTITUTIONAL CONSTRUCTION AND RESEARCH FUNDS

Two constitutionally authorized funds provide money for new construction and excellence enhancement for Texas public higher education institutions: the Permanent University Fund (PUF) and the Higher Education Fund (HEF). The HEF and income from the PUF may be used to acquire land; construct, equip, repair, or rehabilitate buildings; and acquire capital equipment, library books, and library materials. Institutions may use a portion of the funds for payment of debt service on bonds issued for authorized purposes. Income from the PUF may also be used for excellence programs at certain institutions.

All institutions, whether under the PUF or the HEF, remain eligible to receive General Revenue Funds for capital equipment and for library books and materials. However, pursuant to Section VII of the Texas Constitution, no institution may receive additional General Revenue Funds for land acquisition, new construction, or major repairs and rehabilitations, with two exceptions: (1) General Revenue Funds may be used to replace uninsured losses caused by fire or natural disaster, and (2) these funds may be used if adopted by a two-thirds vote of the Legislature for projects that have a demonstrated need.

To assure efficient use of construction funds and the orderly development of physical plants, the Texas Constitution also authorizes the Legislature to approve or disapprove all new construction projects undertaken by institutions except The University of Texas at Austin, Texas A&M University, and Prairie View A&M University.

### PERMANENT UNIVERSITY FUND

The Permanent University Fund is a public endowment contributing to the support of most institutions in The University of Texas System (UT System) and The Texas A&M University System (TAMU System). The Constitution of 1876 established the PUF by appropriating land grants previously given to The University of Texas plus one million acres. In 1883, the PUF received another land grant of an additional one million acres. The fund now contains approximately 2.1 million acres located in 19 West Texas counties.

The fund's 2.1 million acres produce two lines of income: surface and mineral. The Texas Constitution requires all surface lease income be deposited to the Available University Fund (AUF). Mineral income and income from the sale of

PUF lands remain in the PUF and are invested in equity, fixed-income, and derivative securities. Proposition 17, passed by the voters in 1999, amended the Texas Constitution to allow The University of Texas Board of Regents to use a total return on investment assets from the PUF to be distributed to the AUF. The distribution determination must provide the AUF with a stable annual income stream while maintaining the purchasing power of the PUF. The estimated value of the PUF corpus as of August 31, 2007 was \$11.7 billion, reflecting annual growth of approximately 14 percent. **Figure 199** shows the actual and projected growth of the PUF corpus over a 16-year period.

Surface and investment income from the PUF flows into the AUF for use by the TAMU and UT Systems. The Texas Constitution designates two-thirds of the AUF for the UT System and one-third for the TAMU System. The first obligation of any income earned by the PUF is to pay the debt service (both principal and interest) on extant PUF bonds. During fiscal year 2007, for example, the UT System and the TAMU System paid AUF debt service of \$135.2 million (**Figure 200**).

The residual income, after debt service, is dedicated to System Office operations and excellence programs at UT–Austin, Texas A&M University at College Station, and Prairie View A&M University. Excellence programs include special programs, such as library enhancement, specialized equipment purchases for science and engineering, student counseling services, graduate student fellowships, and scholarships. **Figure 201** shows excellence funding, including operating expenses for Texas A&M University and The University of Texas systems administration, in combination totaled \$261 million during fiscal year 2007.

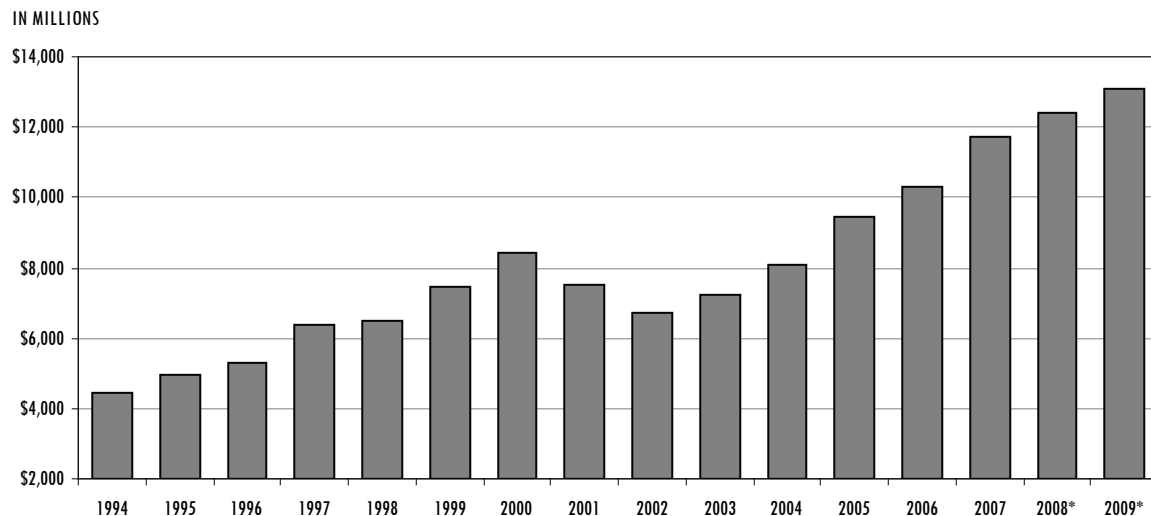
The two systems' respective governing boards allocate PUF bond proceeds and AUF funds among their component institutions. The UT System is authorized to issue PUF bonds up to a total amount not to exceed 20 percent of the book value of the PUF; the TAMU System is authorized to issue up to 10 percent of the book value of the fund.

### HIGHER EDUCATION FUND

The Higher Education Fund was created by constitutional amendment as a counterpart to the Permanent University Fund for those Texas public institutions of higher education constitutionally ineligible to receive proceeds from the Permanent University Fund.



**FIGURE 199**  
**MARKET VALUE OF THE PERMANENT UNIVERSITY FUND**  
**FISCAL YEARS 1994 TO 2009**



\*Estimated.

SOURCES: Legislative Budget Board; University of Texas Investment Management Company, The University of Texas System.

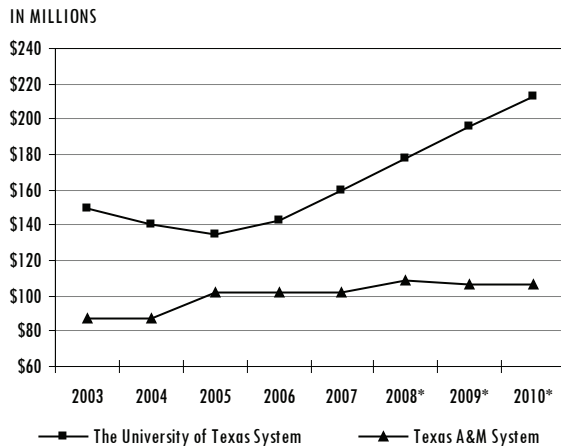
**FIGURE 200**  
**AVAILABLE UNIVERSITY FUND EXPENDITURES**  
**FISCAL YEAR 2007**

IN MILLIONS	
THE UNIVERSITY OF TEXAS SYSTEM (UT)	EXPENDITURES
<b>Debt Service Transfers (System and all components)</b>	<b>\$91.9</b>
<b>UT System Administration</b>	
Administration	29.9
Distance education	2.1
<b>UT Austin</b>	
Excellence	126.5
System-wide technology & telecommunications	1.1
<b>Other Transfers</b>	
Supercomputer Center	5.0
Dell Pediatric Research Institute	15.0
UT Elementary School	1.9
<b>Total Expenditures, The University of Texas System</b>	<b>\$273.4</b>
<b>Ending Cash Balance of AUF (as of 8/31/07)*</b>	<b>\$14.5</b>
<b>TEXAS A&amp;M UNIVERSITY SYSTEM</b>	
<b>Debt Service Transfers (System and all components)</b>	<b>\$43.3</b>
<b>Allocation for Operation and Enhancements</b>	
Texas A&M University	82.5
Prairie View A&M University	12.1
A&M University System Administration	6.8
<b>Total Expenditures, Texas A&amp;M University System</b>	<b>\$144.7</b>
<b>Ending Cash Balance of AUF (as of 8/31/07)*</b>	<b>\$77.8</b>

\*Adjusts for receivables and certain payables set aside for debt service and other funding obligations.

SOURCES: The University of Texas System; Texas A&M University System.

**FIGURE 201**  
**AVAILABLE UNIVERSITY FUND “EXCELLENCE”**  
**AND SYSTEM ALLOCATIONS**  
**FISCAL YEARS 2003 TO 2010**



\*Estimated.

SOURCES: Legislative Budget Board; The University of Texas System; Texas A&M University System.

The biennial appropriations to the HEF total \$525 million and can be found in the 2008–09 General Appropriations Act. While the Texas Constitution requires the Legislature to review the HEF’s formula allocation every 10 years, the Legislature may once every five years adjust the amount and the allocation of the constitutional appropriation for the next five years, provided there is a two-thirds majority vote, and provided the reallocation would not impair any debt service obligation created by the issuance of HEF bonds or notes.

From fiscal years 1986 to 1995, the Legislature appropriated \$100 million each year to the HEF for distribution to eligible institutions based on a formula allocation incorporating three elements: (1) space deficit, (2) facilities condition, and (3) institutional complexity. In 1993, the Seventy-third Legislature, Regular Session, increased the formula allocation to \$175 million each year starting in fiscal year 1996. A new allocation for the \$175 million distributed to universities was adopted in 1999 by the Seventy-sixth Legislature, Regular Session, as a result of recommendations from the Texas Higher Education Coordinating Board.

The Seventy-ninth Legislature, Regular Session, 2005, maintained the \$175 million annual appropriation level for fiscal years 2006 and 2007 and increased the annual appropriation level to \$262.5 million starting in fiscal year 2008. The Seventy-ninth Legislature, Regular Session, 2005, also reallocated the General Revenue Fund appropriations starting in fiscal year 2006 based on recommendations from

the Texas Higher Education Coordinating Board. **Figure 202** shows the fiscal year 2008 allocation to each eligible institution.

From fiscal year 1996 to fiscal year 2003, the Legislature provided \$49.4 million each year to be deposited in a permanent HEF. In fiscal years 2002 and 2003 this amount was reduced pursuant to appropriations to the Texas Excellence Fund. This dedicated funding is separate from the HEF allocation, which is distributed annually. The purpose of the dedicated fund is to build the corpus to \$2 billion. When the corpus of the fund reaches this amount, the annual allocation will cease. At that time, the Comptroller of Public Accounts will operate the fund and ultimately allocate proceeds from the fund. The estimated value of the corpus as of August 31, 2007 was \$617.4 million. **Figure 203** shows the growth of the corpus since 1997.

## RESEARCH DEVELOPMENT FUND

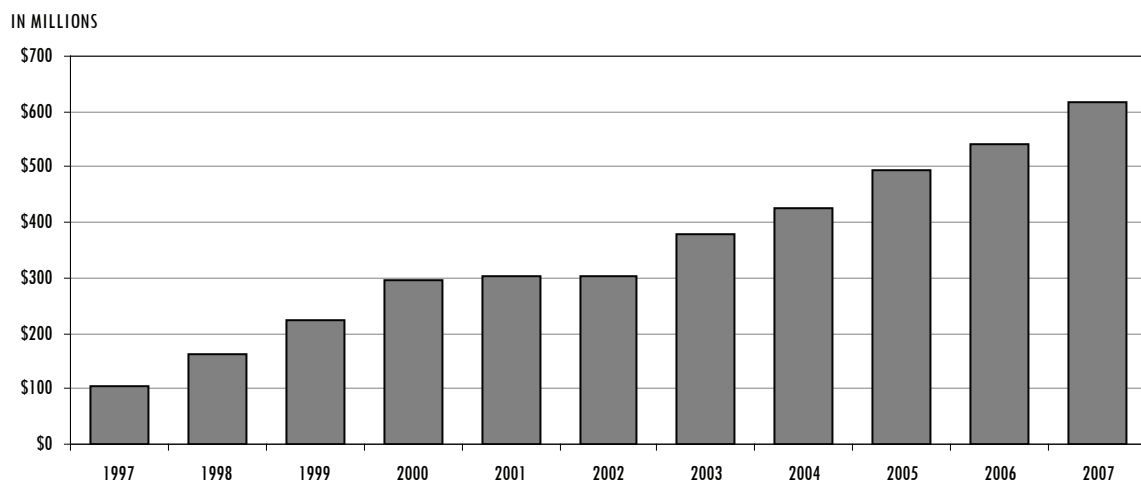
The Eightieth Legislature, 2007, appropriated \$80.9 million to the Research Development Fund (RDF), for an increase of \$38.1 million, or 89 percent, above the 2006–07 biennium level. Legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003, created the RDF effective September 1, 2005, to replace the University Research Fund and the Texas Excellence Fund, both of which expired at the end of fiscal year 2005. The RDF promotes increased research capacity at eligible general academic teaching institutions. Appropriations for the RDF are apportioned among eligible institutions according to a formula based on each institution’s three-year average of restricted research expenditures. **Figure 204** compares the 2006–07 allocation with the 2008–09 allocation for each eligible institution. Each eligible institution’s share of the RDF is appropriated directly in each eligible institution’s bill pattern.

**FIGURE 202**  
**ANNUAL HIGHER EDUCATION FUND ALLOCATIONS TO ELIGIBLE INSTITUTIONS**  
**FISCAL YEAR 2008**

IN MILLIONS		IN MILLIONS	
ELIGIBLE INSTITUTION (BY SYSTEM)	ALLOCATION	ELIGIBLE INSTITUTION (BY SYSTEM)	ALLOCATION
<b>Texas State University System</b>		<b>The University of Texas System</b>	
Lamar University	\$11.2	The University of Texas–Pan American	\$12.9
Lamar State College–Orange	1.1	The University of Texas at Brownsville	4.2
Lamar State College–Port Arthur	1.2	<b>TOTAL, THE UNIVERSITY OF TEXAS SYSTEM</b>	<b>\$17.1</b>
Sul Ross State University	2.0	<b>Texas State Technical College System</b>	<b>\$5.8</b>
Sul Ross State University Rio Grande College	0.4	<b>Independent Universities</b>	
Sam Houston State University	9.9	Midwestern State University	\$3.4
Texas State University–San Marcos	19.8	Stephen F. Austin State University	7.0
<b>TOTAL, TEXAS STATE UNIVERSITY SYSTEM</b>	<b>\$45.6</b>	Texas Southern University	11.2
<b>Texas A&amp;M University System</b>		Texas Woman's University	8.4
Texas A&M University–Corpus Christi	\$8.3	<b>TOTAL, INDEPENDENT UNIVERSITIES</b>	<b>\$30.0</b>
Texas A&M International University	3.1	<b>Texas Tech University System</b>	
Texas A&M University–Kingsville	5.1	Texas Tech University	\$26.8
Texas A&M University–Commerce	5.3	Texas Tech University Health Sciences Center	17.8
Texas A&M University–Texarkana	1.6	Angelo State University	3.6
West Texas A&M University	4.8	<b>TOTAL, TEXAS TECH UNIVERSITY SYSTEM</b>	<b>\$48.3</b>
<b>TOTAL, TEXAS A&amp;M UNIVERSITY SYSTEM</b>	<b>\$28.2</b>	<b>University of North Texas System</b>	
<b>University of Houston System</b>		University of North Texas	\$26.1
University of Houston	\$35.3	University of North Texas Health Sciences Center	8.1
University of Houston–Clear Lake	6.0	<b>TOTAL, UNIVERSITY OF NORTH TEXAS SYSTEM</b>	<b>\$34.3</b>
University of Houston–Downtown	9.6	<b>TOTAL, ALL ELIGIBLE INSTITUTIONS</b>	<b>\$262.5</b>
University of Houston–Victoria	2.3		
<b>TOTAL, UNIVERSITY OF HOUSTON SYSTEM</b>	<b>\$53.2</b>		

SOURCE: Legislative Budget Board.

**FIGURE 203**  
**PERMANENT HIGHER EDUCATION FUND CORPUS VALUE**  
**FISCAL YEARS 1997 TO 2007**



SOURCE: Texas Treasury Safekeeping Trust.

**FIGURE 204**  
**RESEARCH DEVELOPMENT FUND ALLOCATIONS**  
**2006–07 AND 2008–09 BIENNIA**

INSTITUTION	2006–07 BIENNium ALLOCATION	2008–09 BIENNium ALLOCATION
University of Texas at Arlington	\$3,528,401	\$6,364,184
University of Texas at Dallas	3,630,288	9,865,360
University of Texas at El Paso	3,648,308	8,414,430
University of Texas–Pan American	432,793	1,309,438
University of Texas at Brownsville	395,387	1,382,278
University of Texas of the Permian Basin	250,000	407,754
University of Texas at San Antonio	2,186,754	5,962,738
University of Texas at Tyler	250,000	239,260
Texas A&M University at Galveston	530,642	1,158,284
Tarleton State University	1,208,492	2,584,742
Texas A&M University–Corpus Christi	1,457,503	2,351,850
Texas A&M University–Kingsville	1,202,082	2,653,766
Texas A&M International University	25,504	43,640
West Texas A&M University	503,018	972,532
Texas A&M University–Commerce	48,062	236,302
University of Houston	10,275,257	14,989,858
University of Houston–Clear Lake	632,140	212,528
University of Houston–Downtown	128,169	173,850
University of Houston–Victoria	--	1,674
Midwestern State University	18,940	33,692
University of North Texas	2,242,743	3,714,460
Stephen F. Austin State University	543,182	988,296
Texas Southern University	919,580	1,310,588
Texas Tech University	5,997,938	10,958,746
Texas Woman's University	351,908	435,592
Angelo State University	75,363	126,088
Lamar University	452,854	466,478
Sam Houston State University	410,461	998,800
Texas State University–San Marcos	1,313,710	1,897,544
Sul Ross State University	110,011	608,076
<b>TOTAL</b>	<b>\$42,769,491</b>	<b>\$80,862,828</b>

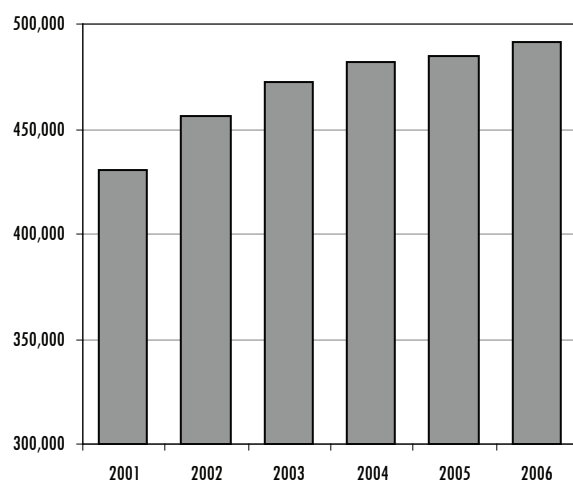
SOURCE: Legislative Budget Board.

## GENERAL ACADEMIC INSTITUTIONS

The general academic institutions consist of 35 schools that provide baccalaureate, masters, professional, and doctoral degree programs. While all general academic institutions have common goals (instruction, research, and public service), each has a unique set of academic offerings and a unique regional or statewide mission.

Enrollment at the general academic institutions in fall 2006 was 491,140 students, an increase of 1.25 percent from the previous year. Enrollment has been increasing since 1997 following a slight decline in the early 1990s. **Figure 205** shows the enrollment trend from academic years 2001 to 2006 at the general academic institutions. **Figure 206** shows the percentage change in enrollment from academic years 1996 to 2006 at each general academic institution.

**FIGURE 205**  
**GENERAL ACADEMICS HEADCOUNT**  
**ACADEMIC YEARS 2001 TO 2006**



SOURCE: Texas Higher Education Coordinating Board.

## APPROPRIATIONS FOR 2008–09 BIENNIUM

The 2008–09 biennium All Funds appropriation for the general academic institutions and system offices totals \$6 billion. This funding level is an increase of 8.5 percent above the 2006–07 expenditure level. Appropriations for the general academic teaching institutions and system offices include \$4.4 billion in General Revenue Funds for the 2008–09 biennium, an increase of 11.3 percent above the 2006–07 biennium. General Revenue Funds account for approximately 73.4 percent of total state funding for these 35 institutions and the six system offices; General Revenue–

**FIGURE 206**  
**GENERAL ACADEMIC PERCENTAGE HEADCOUNT CHANGE**  
**ACADEMIC YEARS 1996 TO 2006**

INSTITUTION	% CHANGE 1996 TO 2006
The University of Texas at Brownsville	87.5
Texas A&M International University	83.7
The University of Texas at Tyler	71.3
The University of Texas at San Antonio	61.7
The University of Texas of the Permian Basin	57.9
The University of Texas at Dallas	54.9
Texas A&M University–Corpus Christi	51.4
Tarleton State University	48.6
University of Houston–Victoria	47.7
University of Houston–Downtown	44.1
Texas A&M University–Texarkana	41.9
Texas Southern University	40.8
The University of Texas–Pan American	36.7
University of North Texas	34.0
Texas State University–San Marcos	32.3
Prairie View A&M University	29.8
Texas A&M University at Galveston	29.1
The University of Texas at El Paso	29.0
Sam Houston State University	26.5
The University of Texas at Arlington	20.8
Texas Woman's University	17.8
Texas A&M University	17.4
Lamar University	17.2
West Texas A&M University	14.4
Texas A&M University–Commerce	13.9
Texas Tech University	13.3
University of Houston	11.6
University of Houston–Clear Lake	10.6
Texas A&M University–Kingsville	9.6
Sul Ross State University Rio Grande College	9.5
Midwestern State University	5.4
The University of Texas at Austin	3.5
Angelo State University	0.3
Stephen F. Austin State University	(0.4)
Sul Ross State University	(27.4)

SOURCES: Legislative Budget Board; Texas Higher Education Coordinating Board.

Dedicated funding, which is primarily from tuition and fees, makes up most of the remaining 26.6 percent. **Figure 207** shows the All Funds appropriation level for each of the general academic systems. There are 48,936.9 full-time-equivalent (FTE) positions appropriated for all general academic institutions for each year of the biennium.

Formula funding totals \$3 billion in General Revenue Funds for the 2008–09 biennium. In addition, \$33.3 million in General Revenue Funds is provided for formula hold harmless, ensuring no school received less than 2006–07 levels. Texas A&M University at Galveston's formula appropriation was calculated based on a recommendation from the Texas Higher Education Coordinating Board

**FIGURE 207**  
**ALL FUNDS APPROPRIATIONS FOR GENERAL ACADEMIC SYSTEMS**  
**2008–09 BIENNIUM**

INSTITUTION	APPROPRIATION IN MILLIONS	INSTITUTION	APPROPRIATION IN MILLIONS
The University of Texas at Arlington	\$272.6	University of Houston System Office	5.2
The University of Texas at Austin	747.3	<b>Subtotal, University of Houston System</b>	<b>\$640.3</b>
The University of Texas at Dallas	198.0	Midwestern State University	\$53.7
The University of Texas at El Paso	201.8	Stephen F. Austin State University	120.7
The University of Texas–Pan American	166.0	Texas Southern University	174.7
The University of Texas at Brownsville	59.2	Texas Woman's University	151.2
The University of Texas of the Permian Basin	65.5	<b>Subtotal, Independents</b>	<b>\$500.3</b>
The University of Texas at San Antonio	268.3	University of North Texas	\$313.1
The University of Texas at Tyler	73.4	University of North Texas System Office	17.2
The University of Texas System Office	16.8	<b>Subtotal, University of North Texas System</b>	<b>\$330.3</b>
<b>Subtotal, The University of Texas System</b>	<b>\$2,068.9</b>	Texas Tech University	\$369.5
Texas A&M University (College Station)	\$657.3	Angelo State University	65.9
Texas A&M University at Galveston	38.5	Texas Tech University System Office	0.8
Prairie View A&M University	137.2	<b>Subtotal, Texas Tech University System</b>	<b>\$436.2</b>
Tarleton State University	105.6	Lamar University	\$93.7
Texas A&M University–Corpus Christi	119.5	Sam Houston State University	156.5
Texas A&M University–Kingsville	99.8	Texas State University–San Marcos	251.7
Texas A&M International University	91.2	Sul Ross State University	35.3
West Texas A&M University	79.8	Sul Ross State University Rio Grande College	12.7
Texas A&M University–Commerce	89.9	Lamar Institute of Technology	22.2
Texas A&M University–Texarkana	37.2	Lamar State College–Orange	18.1
Texas A&M University System Office	22.0	Lamar State College–Port Arthur	20.9
<b>Subtotal, Texas A&amp;M University System</b>	<b>\$1,477.9</b>	Texas State University System Office	2.4
University of Houston	\$431.9	<b>Subtotal, Texas State University System</b>	<b>\$613.5</b>
University of Houston–Clear Lake	81.1	<b>TOTAL, GENERAL ACADEMIC SYSTEMS</b>	<b>\$6,067.3</b>
University of Houston–Downtown	83.7		
University of Houston–Victoria	38.4		

NOTE: Complete information about the Lamar State Colleges can be found in the two-year institutions section of this publication.  
SOURCE: Legislative Budget Board.



(THECB). The Legislature adopted this recommendation to recognize the university's statutory mission to serve as the state's marine and maritime institution by increasing its Instruction and Operations funding by 50 percent, and by including its ship space in the Infrastructure formula. This funding replaced four special items that previously had funded its statutory mission: Marine and Maritime Instructional Enhancement, Dredging of Dock Area, Marine Terminal Operations, and Ship Operation and Maintenance. **Figure 208** shows the formula funding amounts, including hold harmless amounts, by institution.

The Eightieth Legislature, 2007, provides an increase of \$70.5 million in General Revenue Funds from the previous biennium for new special and existing special items, including institutional enhancement. These are some of the special items funded:

- McDonald Observatory and the Garner Museum at The University of Texas at Austin;
- Instructional Enhancement and Performing Arts Center at The University of Texas of the Permian Basin;
- System Center Operations for the Texas A&M University's Central Texas and San Antonio System Centers (appropriations made through Tarleton State University and Texas A&M University–Kingsville, respectively), and for the University of North Texas System Center at Dallas, funded through the University of North Texas System Office;
- Faculty Enhancement at Texas A&M International University;
- Community Development at the University of Houston–Downtown;
- Vietnam Museum at Texas Tech University;
- Online Nursing at Texas Woman's University;
- Forensic Science Commission at Sam Houston State University;
- Nursing Program Startup at Texas State University–San Marcos;
- Aerospace Scholars at the University of Houston System Office; and
- Federation of North Texas Area Universities consortium through the University of North Texas System Office.

**FIGURE 208**  
**GENERAL ACADEMIC INSTITUTIONS**  
**GENERAL REVENUE FORMULA FUNDING**  
**(INCLUDES HOLD HARMLESS AMOUNTS)**  
**2008–09 BIENNIUM**

INSTITUTION	2008–09 FUNDING IN MILLIONS
The University of Texas at Arlington	\$145.3
The University of Texas at Austin	433.3
The University of Texas at Dallas	109.5
The University of Texas at El Paso	97.8
The University of Texas–Pan American	84.1
The University of Texas at Brownsville	22.2
The University of Texas of the Permian Basin	16.3
The University of Texas at San Antonio	128.1
The University of Texas at Tyler	31.0
Texas A&M University	413.8
Texas A&M University at Galveston	16.6
Prairie View A&M University	49.3
Tarleton State University	46.8
Texas A&M University–Corpus Christi	45.8
Texas A&M University–Kingsville	40.4
Texas A&M International University	23.8
West Texas A&M University	36.9
Texas A&M University–Commerce	51.5
Texas A&M University–Texarkana	8.5
University of Houston	224.0
University of Houston–Clear Lake	45.6
University of Houston–Downtown	37.4
University of Houston–Victoria	17.0
Midwestern State University	28.3
University of North Texas	174.1
Stephen F. Austin State University	59.7
Texas Southern University	52.9
Texas Tech University	194.4
Texas Woman's University	87.3
Angelo State University	28.8
Lamar University	52.3
Sam Houston State University	71.3
Texas State University–San Marcos	131.9
Sul Ross State University	13.8
Sul Ross State University Rio Grande College	5.0
<b>TOTAL, GENERAL ACADEMIC SYSTEMS</b>	<b>\$3,024.8</b>

SOURCE: Legislative Budget Board.

Other special items were funded through the General Appropriations Act, (2008–09 Biennium), Article III, Special Provisions Relating Only to Institutions of Higher Education, Section 54. These are among the other special items:

- Institutional Enhancement at Texas Tech University;
- Institutional Enhancement at Angelo State University;
- Agriculture Match and Community Development at Prairie View A&M University;
- Summer School at Texas A&M University;
- Wildlife Research at Texas A&M University–Kingsville;
- Master's Degree in Nursing at University of Houston–Victoria;
- Marine Science Institute of The University of Texas at Austin;
- Science Engineering and Math at The University of Texas at Dallas;
- Institutional Enhancement at The University of Texas at Tyler;
- School Safety Center at Texas State University–San Marcos; and
- Wind Energy at University of Houston.

New Small Business Development Center strategies were added to Texas A&M International University and Tarleton State University, and are included in Article III, 2008–09 General Appropriations Act, Special Provisions Relating Only to State Agencies of Higher Education Section 50, Contingent Appropriations for Small Business Development Centers.

Tuition Revenue Bond (TRB) Debt Service of \$242.4 million is appropriated for the first time in 2008–09 for TRB authorizations made in legislation enacted by the Seventy-ninth Legislature, Third Called Session, 2006. In addition, The University of Texas (UT) System received continued debt service funding for the Natural Science and Engineering building at UT at Dallas in the amount of \$13.1 million. Stephen F. Austin State University received debt service of \$1.1 million for a nursing building, based on an authorization by the Eightieth Legislature, 2007.

Prairie View A&M University and Texas Southern University are each appropriated the remaining balance of the initial Office of Civil Rights Priority Plan funding for a total of \$75

million appropriated per school, and their respective unexpended 2006–07 biennium balance. Each school also received an appropriation of \$25 million for the 2008–09 biennium for the new Academic Development Initiative program. This funding is for proven academic success programs, proven graduate programs, undergraduate education, and initiatives to target enrollment growth. The \$25 million appropriation for Texas Southern University is contingent upon the development of a suitable plan of reorganization approved by the Legislative Budget Board and the Governor or being placed under conservatorship.

#### **FUNDING STRUCTURE**

General academic institutions receive direct appropriations through funding formulas and non-formula appropriations. Approximately \$4 billion in All Funds, or 66.7 percent of the total appropriations for general academic institutions in fiscal years 2008 and 2009, is appropriated for formula funding (including formula hold harmless funding). The formulas consist of three elements: (1) the Instruction and Operations Formula (\$3.4 billion or 80.6 percent), which provides funding for faculty salaries, administration, student services, and other support based on weighted semester-credit hours; (2) the Teaching Experience Supplement (\$104.3 million or 2.5 percent), which provides additional funding for undergraduate semester-credit hours taught by tenured and tenure-track faculty, with the supplement's weight remaining at 10 percent; and (3) Infrastructure Support (\$712.9 million or 16.9 percent), which provides funding for physical plant and utilities based on THECB's space projection model determination of predicted square feet needed for educational and general activities. Approximately 56 percent of infrastructure funding is allocated for utilities, and the remaining 44 percent is allocated for other maintenance and operations.

The Seventy-ninth Legislature, Regular Session, 2005, adopted a new cost-based (three years) Instruction and Operations discipline funding matrix based on a study and recommendation by THECB. The matrix used for the 2008–09 biennium represents implementation of three-quarters of the change between the old matrix and a new matrix.

The method of finance for formula-funded appropriations for general academic institutions is based on an "All Funds" approach. In this approach, the difference between the total formula allocation and the estimated Other Educational and General Income (primarily statutory tuition and fees

contributed by each institution) is funded with General Revenue Funds.

Approximately 32.3 percent of the 2008–09 direct funding for general academic institutions and system offices is non-formula funding, representing \$1.9 billion in All Funds. Non-formula funding includes Special Items, Institutional Enhancement, Capital Funds, Excellence Funding, Staff Benefits, Academic Development Initiative, Research Development Fund, and System Office Operations at the six system offices.

The Institutional Enhancement appropriation is \$327.7 million in General Revenue Funds for the 2008–09 biennium. Additional Special Items include appropriations of \$316.7 million in General Revenue Funds and General Revenue–Dedicated Funds for the 2008–09 biennium. These are direct appropriations to institutions for projects that are not funded by formula but are specifically identified by the Legislature for support.

The total 2008–09 biennium appropriation for tuition revenue bond debt service to the general academic institutions and system offices is \$517.4 million in General Revenue Funds. Tuition revenue bonds must be authorized in statute. Once an authorization is made, institutions can issue bonds (after approval by the Texas Bond Review Board) and make related debt payments. Legislative practice has been to use General Revenue Funds to reimburse institutions for the costs related to this debt service. Lease payments appropriations for 2008–09 total \$3.2 million.

Excellence funding (formerly called Capital Equity and Excellence funding) amounts to \$53 million in General Revenue Funds and is available to all general academic institutions except the two flagship institutions, The University of Texas at Austin and Texas A&M University, which receive funding for both capital expenditures and excellence programs from the Available University Fund.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect the general academic institutions. THECB identified the following legislation in its report, *Summary of Higher Education Legislation, 80th Texas Legislature*.

House Bill 3900 establishes the Texas Tomorrow Fund II, which allows families to lock in current rates for tuition and required fees for a student's future higher education costs. Currently, the original Texas Tomorrow Fund is no longer accepting new applications. Each participant in the program

will be able to purchase individual units that equal 1 percent of the cost of tuition and fees for one year at an institution of higher education. Participants will have an option to purchase three types of units that are based on the cost of tuition and fees:

- Type I: unit based on the cost of undergraduate resident tuition and mandatory fees at the general academic teaching institution with the highest rate for tuition and such fees;
- Type II: unit based on the weighted average cost of undergraduate resident tuition and mandatory fees at all general academic teaching institutions; and
- Type III: unit based on the weighted average cost of undergraduate resident tuition and mandatory fees at two-year institutions of higher education.

The Prepaid Higher Education Tuition Board will determine the cost per unit and will administer the program. This fund is designed so that the money paid into the fund will realize investment returns over time, which will help pay for any future increases in tuition and fees.

House Concurrent Resolution 159 requires the Governor, Lieutenant Governor, and Speaker of the House to appoint a Select Commission to study higher education issues in Texas to achieve the following goals:

- educate the population of Texas to levels comparable to the highest performing competitor states and nations;
- achieve global recognition for Texas public colleges and universities for excellence in their core missions and for innovations that strengthen the state's economy and improve the quality of life for its citizens; and
- serve different regions of Texas in ways that respond to each region's unique higher education needs.

The Select Commission is charged to study the following issues related to higher education:

- examine current trends in educational attainment in Texas and competitor states and nations and the potential impact of those trends on the state's long-term economic competitiveness and quality of life;
- identify objectives and accountability measures related to the state's educational attainment goals, including performance benchmarks comparing the best performing programs in Texas with the best performing programs in competitor states and nations;

- enhance regional support for higher education and strengthen the link between higher education and regional economic development goals;
- identify methods to improve the number of Texas adults attaining postsecondary credentials and strengthen the role and performance of Texas' community colleges;
- structure higher education funding to reward student and institutional outcomes that are aligned with state and regional priorities;
- increase the quantity, quality, and commercialization of university-based research;
- assess long-term higher education capacity needs and creative approaches to meeting those needs;
- create a policy research mechanism to track, analyze, and make recommendations to state policy makers based on the state's progress in achieving goals with respect to educational attainment and economic competitiveness; and
- study the effect of tuition deregulation and higher tuition rates on participation in higher education, and whether tuition deregulation and higher tuition rates have adversely affected participation in higher education by minority or rural students.

House Bill 1775 authorizes the issuance of tuition revenue bonds, not to exceed \$13 million, to fund an expansion of the Stephen F. Austin State University School of Nursing, to include the acquisition, purchase, construction, expansion, or renovation of buildings, infrastructure, or facilities for the school.

House Bill 3564 authorizes the transfer of management and control of Angelo State University from the board of regents of the Texas State University System to the board of regents of the Texas Tech University System. House Joint Resolution 103 received voter approval to amend the constitution to allow for the continuation of appropriations for facilities and other capital items at Angelo State University upon change in their governance as authorized under House Bill 3564.

Senate Bill 1231 limits the number of allowed dropped courses for each student to no more than six courses, including courses dropped at another institution of higher education.

The Eightieth Legislature, 2007, enacted nine bills that authorize new fees or permit fee increases. This legislation includes the following bills:

- House Bill 868 authorizes an increase in the recreational facility fee at the University of Texas at El Paso. The maximum fee per semester increased from \$12 to \$70.
- House Bill 903 authorizes a student fitness and recreational fee at Texas Woman's University. The maximum fee per semester is \$125.
- House Bill 1157 authorizes a student services building fee at the University of Texas of the Permian Basin. The maximum fee per semester is \$150.
- House Bill 1505 authorizes an intercollegiate athletics fee at the University of Texas at Brownsville. The maximum fee per semester is \$7 per credit hour.
- House Bill 3114 and Senate Bill 1495 are the omnibus student fee bills for the Texas A&M University System and component institutions. The legislation authorizes the imposition of intercollegiate athletics fees at Texas A&M International University, West Texas A&M University, and Texas A&M University not to exceed \$10 per semester.
- Senate Bill 161 authorizes an intercollegiate athletics fee at the components within the Texas State University System. The maximum fee would be \$8.75 per semester credit hour.
- Senate Bill 285 authorizes a transportation fee, student services fee, and intramural and intercollegiate athletics fee at the University of Texas at Dallas. The maximum fee per semester for the transportation fee, student services fee, and intramural and intercollegiate athletics fee is \$18 per semester, \$71 per semester, and \$45 per semester, respectively.
- Senate Bill 1417 authorizes a student endowment fund fee at Texas A&M University–Corpus Christi. The maximum fee is \$1 per semester credit hour.

## HEALTH-RELATED INSTITUTIONS

There are four university health science systems, and within those systems, a total of nine health-related institutions located across Texas. Each institution provides different services to its respective region of the state. All of the institutions, except the University of North Texas Health Science Center at Fort Worth, also have regional campuses. The other eight institutions are The University of Texas (UT) Southwestern Medical Center at Dallas, The UT Medical Branch at Galveston, The UT Health Science Center (HSC) at Houston, The UT HSC at San Antonio, The UT M.D. Anderson Cancer Center (Houston), The UT Health Center at Tyler, Texas A&M University System HSC (College Station), and Texas Tech University HSC (Lubbock). The maps in **Figure 209** through **Figure 212** show, by the four university health science systems, the locations of the nine institutions and their regional campuses. The institutions' mission is focused on four core functions: (1) to educate future health professionals and scientists; (2) to engage in basic and applied research; (3) to provide compassionate, scientifically based clinical care for the sick; and (4) to develop public and community health programs. These functions and their funding are linked to the following goals:

Instruction/Operations (which includes the Graduate Medical Education strategy); Provide Research Support; Provide Infrastructure Support; Provide Health Care Support; Provide Special Item Support; and Tobacco Funds. **Figure 213** shows appropriations for the health-related institutions by goal.

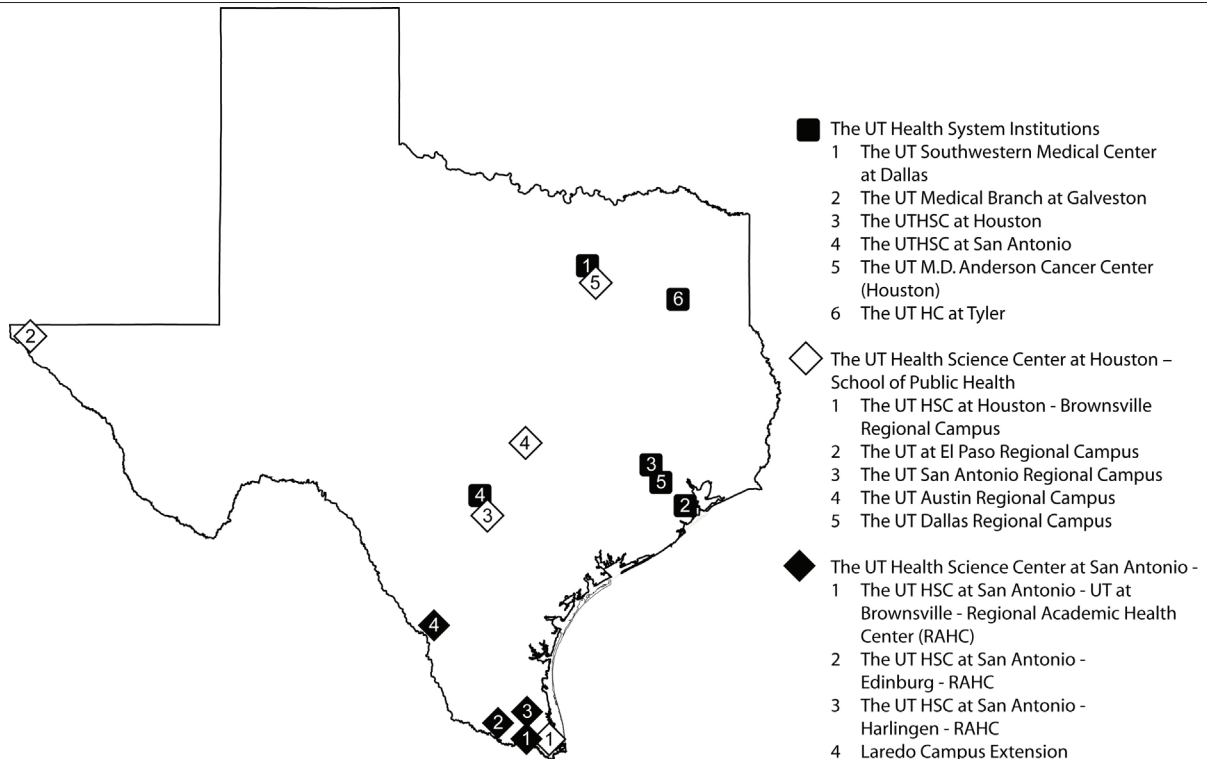
Enrollment at the nine health-related institutions was 16,113 students for fall 2006, which is a 2.7 percent decrease when compared with fall 2005 enrollment of 16,552 students. **Figure 214** shows the headcount enrollment at each institution and the percentage change from the previous year.

The Texas Higher Education Coordinating Board (THECB) contracts with the Baylor College of Medicine to support funding for its medical students. The Baylor College of Medicine receives funding based on the average cost per undergraduate medical student enrolled at The University of Texas Medical Branch at Galveston and The University of Texas Southwestern Medical School at Dallas.

### APPROPRIATIONS FOR 2008–09

Appropriations for the 2008–09 biennium to the nine public health-related institutions total \$7.4 billion in All Funds and

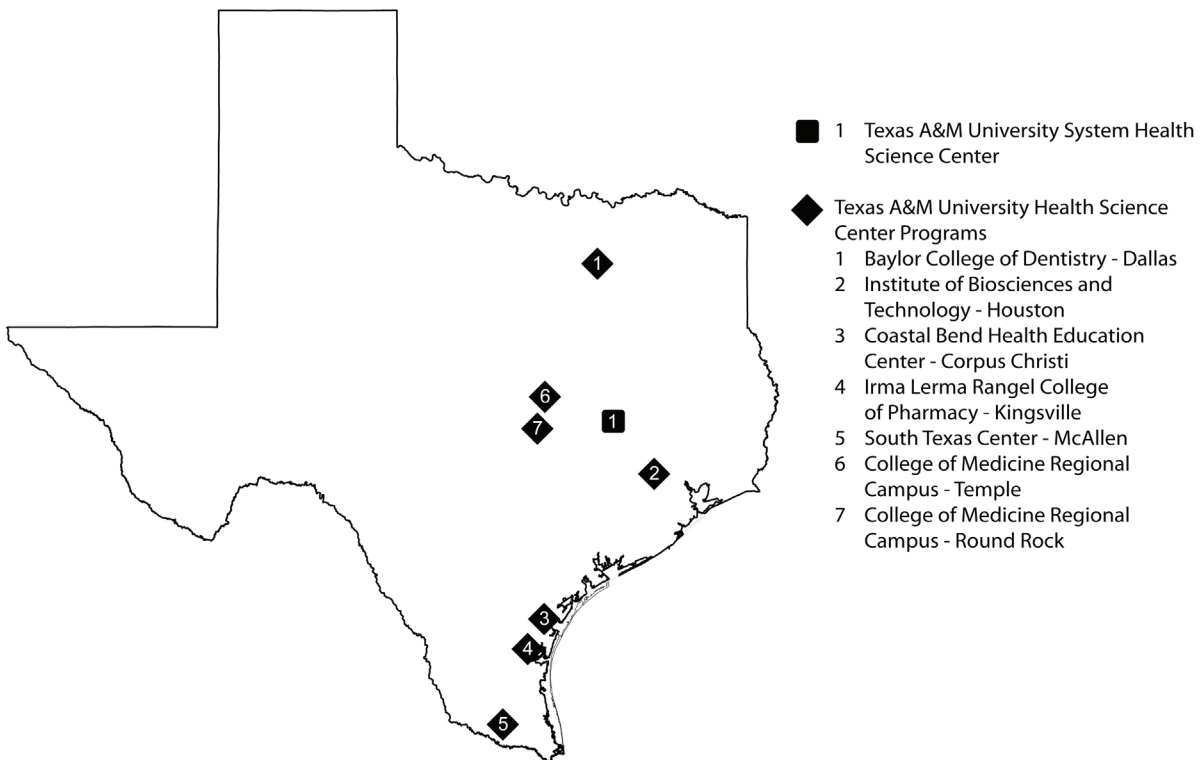
**FIGURE 209**  
**THE UNIVERSITY OF TEXAS SYSTEM HEALTH-RELATED INSTITUTIONS, 2008–09 BIENNIUM**



SOURCE: The University of Texas Health System.

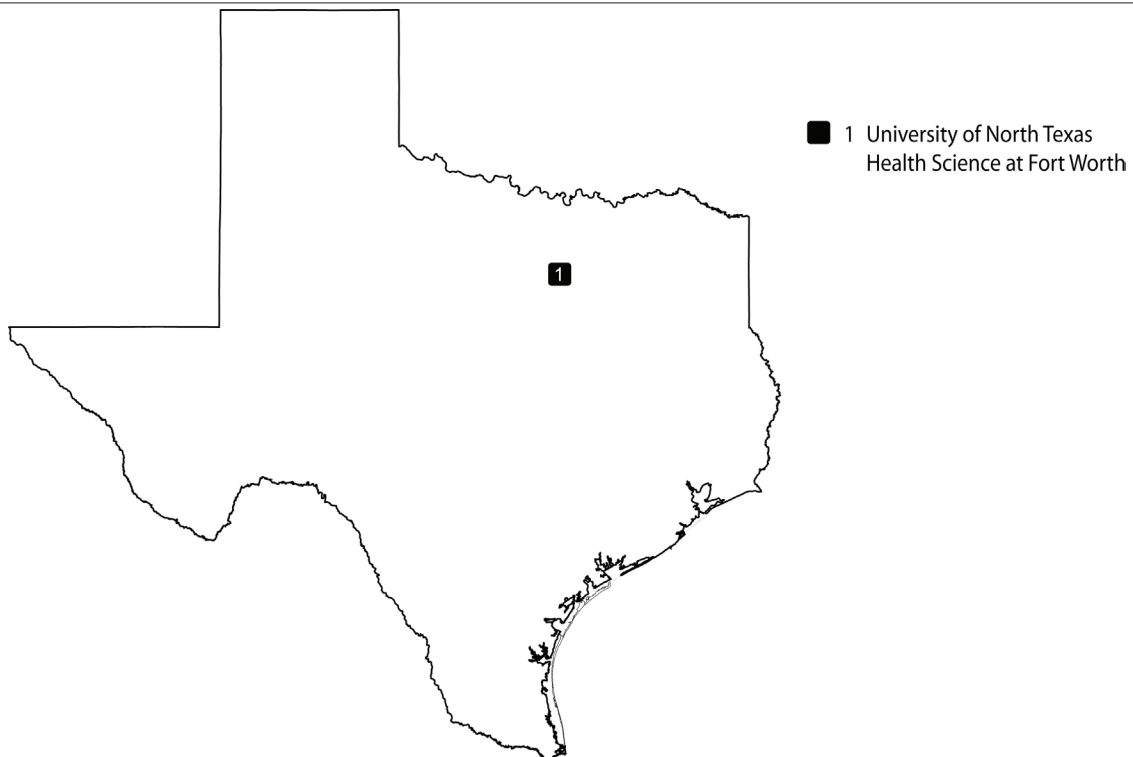


**FIGURE 210**  
**TEXAS A&M UNIVERSITY SYSTEM HEALTH SCIENCE CENTER PROGRAMS, 2008–09 BIENNIUM**



SOURCE: Texas A&M University System Health Science Center.

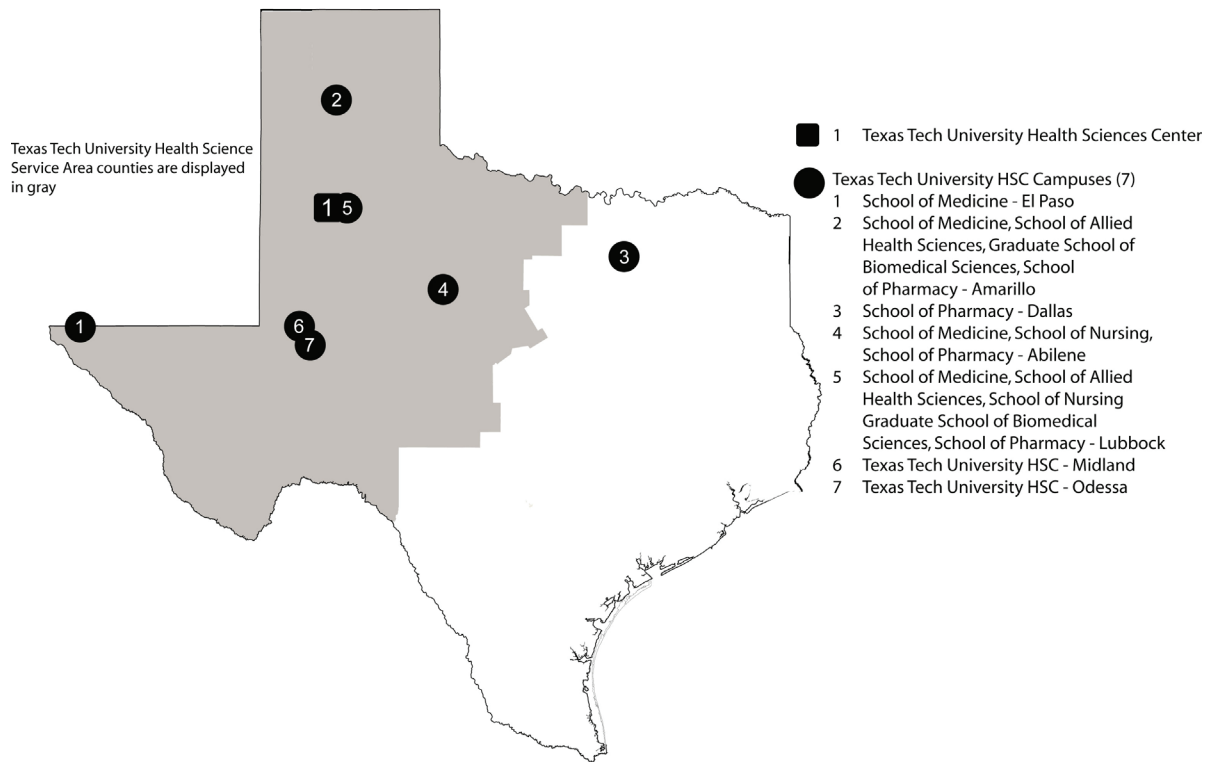
**FIGURE 211**  
**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER AT FORT WORTH, 2008–09 BIENNIUM**



SOURCE: University of North Texas Health Science Center at Fort Worth.

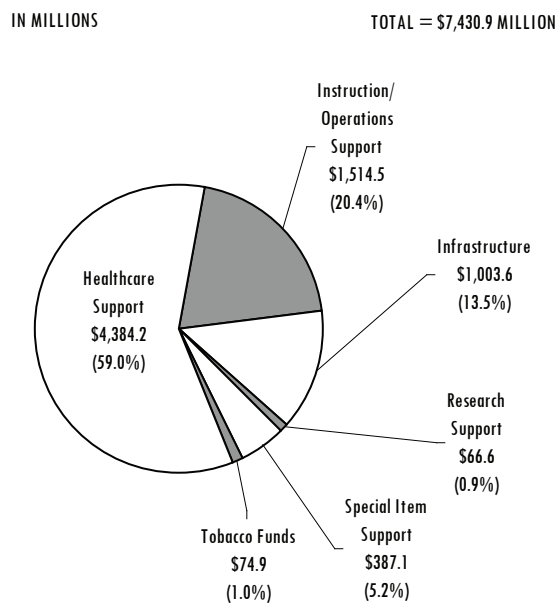


**FIGURE 212**  
**TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER, 2008–09 BIENNIUM**



SOURCE: Texas Tech University Health Sciences Center.

**FIGURE 213**  
**HEALTH-RELATED INSTITUTIONS BY GOAL AND FROM SPECIAL PROVISIONS, ALL FUNDS 2008–09 BIENNIUM**



NOTE: May not add due to rounding.  
SOURCE: Legislative Budget Board.

provide for 27,200 and 27,202 full-time-equivalent (FTE) positions in fiscal years 2008 and 2009, respectively. Of this amount, \$2.5 billion, or 33 percent, is in General Revenue Funds and General Revenue–Dedicated Funds. General Revenue–Dedicated Funds include income from tuition and student fees. The appropriations also include \$5 billion in Other Funds, of which \$4.9 billion, or 98 percent, is from Patient Income. Patient Income is revenue that an institution generates through the operation of a hospital or a dental clinic (inpatient and outpatient charges). **Figure 215** shows the distribution of funding among the nine health-related institutions.

Overall, the 2008–09 biennial appropriations for the health-related institutions increased by \$1.3 billion, or 20.5 percent, from amounts expended in the 2006–07 biennium. The primary source of the increase in appropriations is income the health-related institutions generate. The health-related institutions' appropriations for Patient Income increased by \$1.1 billion primarily because of an increase in patient care activities at The University of Texas M.D. Anderson Cancer Center. General Revenue–Dedicated Funds decreased by

**FIGURE 214**  
**FALL HEADCOUNT ENROLLMENT**  
**ACADEMIC YEARS 2005 AND 2006**

INSTITUTION	2005	2006	% CHANGE
UT Southwestern Medical Center at Dallas	2,350	2,396	1.9
UT Medical Branch at Galveston	2,172	2,255	3.7
UT Health Science Center at Houston	3,587	3,651	1.8
UT Health Science Center at San Antonio	3,775	2,825	33.6
UT M. D. Anderson Cancer Center	86	108	20.4
UT Health Center at Tyler*	NA	NA	NA
Texas A&M University System Health Science Center	1,170	1,312	10.8
University of North Texas Health Science Center at Fort Worth	1,026	1,108	7.4
Texas Tech University Health Sciences Center	2,386	2,458	2.7
<b>TOTAL</b>	<b>16,552</b>	<b>16,113</b>	<b>(2.7)</b>

\*The University of Texas Health Center at Tyler does not offer formal instruction for state formula funding purposes.

SOURCE: Texas Higher Education Coordinating Board.

\$35.3 million mainly because of the exclusion of indirect cost recovery associated with research grants.

### FORMULA FUNDING

Approximately \$1.8 billion, or 24.7 percent, of All Funds appropriations to the health-related institutions for 2008–09 consists of formula funding. The formulas are intended to provide for an equitable allocation of funds among the health-related institutions and to establish the level of funding to adequately support higher education. The formulas consist of the following six elements:

- Instruction and Operations Support Formula;
- Infrastructure Support Formula;
- Research Support Formula;
- Graduate Medical Education Formula;
- Mission-specific Support Formula; and
- Operations Formula.

The method of financing for the Instruction and Operations Support Formula and for the Infrastructure Support Formula is based on tuition income and General Revenue Funds. The difference between the total formula allocation and an institution's estimated tuition income is funded with General Revenue Funds. Patient Income Funds have been allocated to the formula strategies for institutions that generate this method of financing; however, Patient Income is allocated in addition to amounts generated by the formulas and does not affect an institution's General Revenue Fund formula

appropriation. Patient Income totaling \$324.5 million is appropriated to the formula strategies.

A formula study committee, appointed by THECB, will review and update the formulas. By June 1, 2008, the committee will make recommendations to the Legislature, the Legislative Budget Board, and the Office of the Governor regarding changes to the formulas.

### INSTRUCTION AND OPERATIONS SUPPORT FORMULA

The Instruction and Operations Support Formula provides support for the ongoing academic and administrative programs of the universities. Approximately \$928.9 million in funding is allocated on a per FTE student-based funding weight determined according to the student's instructional program. General Revenue Funds for the 2008–09 biennium account for 93.7 percent, or \$870.5 million of the formula, and General Revenue–Dedicated Funds (mostly tuition and fees) account for 6.3 percent, or \$58.4 million. In addition, instructional programs with enrollments of fewer than 200 students per campus receive supplemental formula funding, with programs with small enrollments receiving more funding per student. The instruction formula applies to all health-related institutions except The University of Texas Health Center at Tyler, which does not offer formal undergraduate instruction.

### INFRASTRUCTURE SUPPORT FORMULA

The Infrastructure Support Formula, which applies to all of the health-related institutions, provides support for the

**FIGURE 215**  
**COMPARISON OF HEALTH-RELATED INSTITUTIONS APPROPRIATIONS**  
**2006–07 AND 2008–09 BIENNIA**

INSTITUTION	GENERAL REVENUE FUNDS			ALL FUNDS*		
	BUDGETED/ EXPENDED 2006–07	APPROPRIATED 2008–09	% CHANGE	BUDGETED/ EXPENDED 2006–07	APPROPRIATED 2008–09	% CHANGE
UT Southwestern Medical Center at Dallas	\$258.3	\$297.6	15.1	\$321.4	\$325.7	1.4
UT Medical Branch at Galveston	451.3	457.7	1.4	1,131.8	1,147.0	1.3
UT Health Science Center at Houston	261.5	289.2	10.6	309.0	334.2	8.2
UT Health Science Center at San Antonio	257.9	282.7	9.6	304.6	323.1	6.1
UT M. D. Anderson Cancer Center	288.5	305.5	5.8	3,431.6	4,487.3	30.8
UT Health Center at Tyler	65.9	69.8	5.9	157.4	160.4	1.8
Texas A&M University System Health Science Center	125.0	185.6	48.4	156.1	213.9	37.0
University of North Texas Health Science Center at Fort Worth	96.9	112.8	16.4	111.6	126.2	13.1
Texas Tech University Health Sciences Center	215.3	287.4	33.4	242.4	313.0	29.1
<b>TOTAL</b>	<b>\$2,020.7</b>	<b>\$2,288.3</b>	<b>13.2</b>	<b>\$6,166.0</b>	<b>\$7,430.8</b>	<b>20.5</b>

\*The 2006–07 biennium Budgeted/Expended totals include a portion of indirect cost recovery.

SOURCE: Legislative Budget Board.

maintenance and operation, including utilities, of the institutions' physical plants. Approximately \$243.2 million in funding is distributed based on the estimated square feet at the institutions multiplied by a rate per square foot. General Revenue Funds for the 2008–09 biennium account for 94.6 percent, or \$230.2 million of the formula, and General Revenue–Dedicated Funds account for 5.4 percent, or \$13.0 million. Square feet are estimated by THECB's space projection model. The space projection model is based on the number and level of FTE students; number of faculty; single or multiple programs and campuses; actual clinical space; and research and current Educational and General expenditures.

Because the space projection model does not account for hospital space, separate infrastructure funding for hospital space is included in the total funding for hospital and patient care activities at The University of Texas Medical Branch at Galveston, The University of Texas M. D. Anderson Cancer Center, and The University of Texas Health Center at Tyler.

#### **RESEARCH SUPPORT FORMULA**

The Research Support Formula provides support for the medical and clinical research of the institutions. Approximately \$66.6 million in General Revenue Funds are allocated to the health-related institutions, which include a base amount of research enhancement funding,

currently \$1.4 million per year, plus additional funding based on a percentage of research expenditures.

#### **GRADUATE MEDICAL EDUCATION FORMULA**

The Graduate Medical Education (GME) Formula provides support for the health-related institutions' residency programs. The Seventy-ninth Legislature, Regular Session, 2005, established the GME formula and directed the institutions to use these funds to increase the total number of residency slots in Texas and to support faculty costs relating to GME. General Revenue Funds totaling \$62.8 million in 2008–09 are allocated based on the number of residents at each health-related institution as well as at the Baylor College of Medicine. This funding provides approximately \$5,634 per resident for each year of the 2008–09 biennium.

#### **MISSION-SPECIFIC SUPPORT FORMULA**

The Mission-specific Support Formula, which was implemented during the 2002–03 biennium, applies only to The University of Texas Health Center at Tyler. The formula is based on the statutory mission of the institution. The University of Texas Health Center at Tyler has a statutory mission to conduct research, develop diagnostic and treatment techniques, provide training and teaching programs, and provide diagnosis and treatment of inpatients and outpatients with respiratory diseases. Approximately

\$3.7 million in General Revenue Funds are appropriated for the 2008–09 biennium for medical education and research items based on the number of new primary chest disease diagnoses reported in Texas each year.

### **OPERATIONS FORMULA**

The Eightieth Legislature, 2007, established in the General Appropriations Act a pilot Operations Formula for funding The University of Texas M.D. Anderson Cancer Center. The University of Texas M.D. Anderson Cancer Center has a statutory mission to eliminate cancer through patient care, research, education, and prevention. The Operations Formula includes funding Cancer Center Operations with the reallocation of funds previously appropriated for Science Park operations and non-formula Patient Care Operations. The Operations Formula may not exceed the average growth in funding for health-related institutions in the Instruction and Operations Formula for the current biennium. THECB is to review this new method of funding and report the results of the validity of this new methodology by December 1, 2008. For the 2008–09 biennium, this funding formula provided \$219.9 million in General Revenue Funds.

### **INSTRUCTION AND OPERATIONS SUPPORT**

All of the health-related institutions, except for The University of Texas Health Center at Tyler, which is limited to residency and postdoctoral training, provide educational programs. These institutions provide instruction in the following educational programs:

- Medical Education;
- Dental Education;
- Dental Hygiene;
- Biomedical Sciences Training;
- Allied Health Professions Training;
- Physician Assistants Studies;
- Nursing Education;
- Public Health and Rural Public Health Training;
- Pharmacy; and
- Residency Training.

**Figure 216** shows the disciplines at each health-related institution. Within each discipline, a student may choose from a selection of majors, such as endodontics, oral and maxillofacial surgery, orthodontics, or pediatric dentistry within the College of Dentistry or choose a profession in

family medicine, internal medicine, or pediatrics within the College of Medicine. For fiscal year 2006, approximately 4,515 degrees were awarded in all educational programs.

### **MEDICAL EDUCATION**

The health-related institutions provide undergraduate medical education in the prevention, diagnosis, and treatment of diseases. The institutions offer students a four-year medical education experience that integrates hands-on clinical training, group discussion, and traditional classroom experience. The clinical years of the medical curriculum consist of individualized tutorials and apprenticeships in clinical practice, largely in hospital settings. The instruction is provided to students working alongside interns and residents. Students may choose from professions such as Family Medicine, Internal Medicine, Obstetrics and Gynecology, Pediatrics, Neurosurgery, Anesthesiology, and Radiology. For fiscal year 2006, medical school enrollment was approximately 4,935 students.

### **DENTAL EDUCATION**

The health-related institutions provide academic programs leading to a Doctor of Dental Surgery, dental hygiene programs, and advanced education programs. Institutions offer students both didactic instruction that uses primarily a lecture format supplemented with laboratory instruction, and clinical instruction designed to provide patient-centered comprehensive care. The curriculum of the Doctor of Dental Surgery program is primarily structured to present basic science courses during the first two years, with some clinical experience beginning in the first year and increasing each year until it predominates in the junior and senior years. In fiscal year 2006, enrollment for dental education programs was approximately 1,273 students.

The advanced education programs are only offered to students who have graduated from a dental school. These programs consist of residencies and specialty certificate and graduate degree programs such as Orthodontics, Pediatric Dentistry, Endodontics, and Oral and Maxillofacial Surgery.

### **DENTAL HYGIENE**

Institutions also offer certificates and bachelor degrees in dental hygiene. Dental hygienists, who provide patients with the instruction and treatment needed to improve and maintain their oral health, routinely provide the following patient care services:

- review of health history;
- oral inspection for disease;

**FIGURE 216**  
**DISCIPLINES AND RESIDENCY TRAINING AT THE HEALTH-RELATED INSTITUTIONS**  
**2008–09 BIENNIUM**

INSTITUTION	EDUCATIONAL PROGRAM								RESIDENCY TRAINING
	MEDICAL	DENTAL	DENTAL HYGIENE	BIOMEDICAL SCIENCES	ALLIED HEALTH	PHYSICIAN ASSISTANT	NURSING	PUBLIC HEALTH/ RURAL PUBLIC HEALTH	
UT Southwestern Medical Center at Dallas	X			X	X	X			X
UT Medical Branch at Galveston	X			X	X	X	X		X
UT Health Science Center at Houston	X	X	X	X	X		X	X	X
UT Health Science Center at San Antonio	X	X	X	X	X	X	X	X	X
UT M. D. Anderson Cancer Center					X				X
UT Health Center at Tyler									X
Texas A&M University System Health Science Center	X	X	X	X				X	X
University of North Texas Health Science Center at Fort Worth	X			X		X		X	X
Texas Tech University Health Sciences Center	X			X	X	X	X		X

NOTE: The University of Texas Health Science Center at San Antonio offers courses in Public/Rural Health through a joint effort with The University of Texas Health Science Center (UTHSC) at Houston; degrees are conferred at UTHSC–Houston.

SOURCE: Legislative Budget Board.

- nitrous oxide administration;
- dental charting;
- application of fluorides and sealants;
- exposure of x-rays;
- scaling and root planning; and
- polishing the teeth.

Approximately 106 students were enrolled in the dental hygiene programs in fiscal year 2006.

#### **GRADUATE TRAINING IN BIOMEDICAL SCIENCES**

The graduate program in biomedical sciences educates biomedical scientists for careers in basic and applied research

and clinical practice in the biomedical sciences and health-related fields. Institutions provide students with opportunities to investigate and solve problems creatively, develop and test new ideas in the classroom, and communicate their ideas to others within the research-oriented medical community. Areas of graduate studies offered by institutions include Biological Chemistry, Cell Regulation, Clinical Psychology, Genetics and Development, and Immunology. For fiscal year 2006, graduate school enrollment was approximately 2,847 students.

#### **ALLIED HEALTH PROFESSIONS TRAINING**

Health-related institutions educate allied health professionals who will be involved in the identification, evaluation, treatment, and prevention of diseases, injuries, and

conditions. In addition, allied health professionals educate the public on prevention, wellness, and self-management for healthy lifestyles. According to the American Medical Association, there are 52 verifiable disciplines in allied health, with the institutions offering programs in more than 50 percent of these disciplines. Some of the degree programs offered by the institutions include Audiology, Speech–Language Pathology, Occupational Therapy, Physical Therapy, Emergency Medical Services, and Physician Assistant Studies. During fiscal year 2006, enrollment for allied health programs was approximately 1,460 students.

#### **PHYSICIAN ASSISTANTS STUDIES**

The health-related institutions provide both undergraduate and graduate degrees and have aligned their programs with their medical education program to meet the expanding roles required of physician assistants. These programs combine both academic and clinical training to provide students with the necessary skills to practice medicine under the supervision of a licensed physician. The physician assistant is trained to take medical histories, perform physical examinations, interpret diagnostic tests, formulate a diagnosis, and implement a treatment plan for a variety of diseases or medical conditions. For fiscal year 2006, enrollment for the physician assistants program was more than 933 students.

#### **NURSING EDUCATION**

The health-related institutions provide both undergraduate educational programs for training nurse generalists and educational programs for advanced practice nurses. While in school, students may take elective nursing courses in specialized nursing roles such as emergency, operating room, intensive care, geriatrics, and teen pregnancy. In addition, health-related institutions provide continuing education programs for nursing professionals and the interested public. For fiscal year 2006, enrollment for the nursing program was approximately 2,702 students.

#### **PUBLIC HEALTH/RURAL PUBLIC HEALTH**

Public health education programs focus on promoting preventive care for public health needs, analyzing and solving rural public health problems, and developing alternative methods of delivering public health education. Through these educational programs, the health-related institutions prepare professionals for careers with state and local health departments, environmental and occupational health agencies, industry, and other organizations. Students may choose from degrees in fields such as Health Administration,

Epidemiology, Environmental Health, Behavioral Sciences, and Biostatistics. During fiscal year 2006, approximately 1,432 students were enrolled in a public health program.

#### **PHARMACY PROGRAMS**

Although several general academic institutions, such as The University of Texas at Austin, offer pharmacy programs, Texas Tech University Health Sciences Center and Texas A&M University System Health Science Center are the only health-related institutions to offer the traditional pharmacy programs. Texas Tech University Health Sciences Center's program is geared toward the practicing-level pharmacist. The first year of the program teaches patient communication skills, while the second year develops community pharmacy practice skills. The third year focuses on institutional pharmacy practice and beginning patient care, and the fourth year develops the students' abilities in advanced patient-care skills. To provide varied clinical experiences during the last two years of the curriculum, the institution assigns students to clinical rotations in various healthcare institutions such as hospitals, community pharmacies, nursing homes, and the Texas Department of Criminal Justice. In addition, the institution developed a graduate pharmacy education residency program that provides post-graduate training to pharmacists who want to focus their practice in a specialty area such as pediatrics, geriatrics, mental health pharmacy, and oncology. Approximately 394 students were enrolled in the pharmacy program for fiscal year 2006. The Texas A&M University System Health Science Center's pharmacy program admitted its first class of students in fiscal year 2006 at the Texas A&M University System Health Science Center Rangel School of Pharmacy Regional Campus in Kingsville. Its funding for the 2008–09 biennium is based on 114 students, but is anticipated to increase in class size through the biennium.

#### **RESIDENCY TRAINING**

In addition to providing undergraduate medical education, the health-related institutions provide residency training, also called Graduate Medical Education, in the form of residency positions and fellowships as well as continuing education for practicing physicians and medical scientists. Residency training is the final period of formal education and training that a physician is required to complete prior to receiving state licensure, beginning independent practice, and obtaining board certification in Texas. Training lasts between three to seven years depending on the medical specialty. Approximately 5,572 residents, or 80 percent of all



residents, were trained at health-related institutions and their affiliated hospitals and clinics for fiscal year 2006, with the remaining 20 percent trained at the Baylor College of Medicine related hospitals.

## RESEARCH SUPPORT

All of the health-related institutions share the goal of conducting research. Research is conducted both within the institution and in collaboration with other entities such as community organizations, academic institutions, health professions organizations, and healthcare and managed-care systems. The institutions facilitate research in four primary areas: (1) basic research, which creates a new understanding of normal mechanisms of health and the basis of disease; (2) clinical research, which includes the discovery of better methods of diagnosis, prevention, treatment, and cure of diseases, including all phases of clinical trials of new medical procedures; (3) outcomes research, which evaluates the consequences of treatments, procedures, and global issues of healthcare; and (4) applied and translational research, which takes new discoveries from other research areas and develops them into new products or procedures.

Combined research expenditures at all health-related institutions totaled \$1,344 million in fiscal year 2006. This represents an increase of 38 percent above fiscal year 2002 expenditures. **Figure 217** shows the rankings of the top 10 Texas public institutions in research expenditures and **Figure 218** shows the expenditures for research and development at each health-related institution for fiscal years 2003 to 2006.

## INFRASTRUCTURE SUPPORT

All of the health-related institutions are responsible for maintaining physical facilities and equipment, providing direct support of the institutional educational and research missions, and providing adequate utilities to operate the institutions' facilities. Services provided by institutions may include capital planning, construction, building maintenance, custodial, transportation systems, and minor repairs and remodeling of physical facilities.

The Legislature also authorized the health-related institutions to issue tuition revenue bonds, which are for developing facilities for education, research, and service. The health-related institutions are appropriated General Revenue Funds to pay for debt service associated with these bonds. For the 2008–09 biennium, the Eightieth Legislature, 2007, funded an additional \$69.6 million in General Revenue Funds for health-related institutions' new tuition revenue bonds that were authorized by the Seventy-ninth Legislature, Third Called Session, 2006.

## HOSPITAL OPERATIONS AND PATIENT CARE ACTIVITIES

Six of the health-related institutions provide patient care (inpatient and outpatient) at a hospital or dental clinic operated by the institution. The institutions that operate a hospital that receive General Revenue funding are The University of Texas Medical Branch at Galveston, The University of Texas M.D. Anderson Cancer Center, and The University of Texas Health Center at Tyler. Institutions that operate a dental clinic are The University of Texas Health

**FIGURE 217**  
**RESEARCH AND DEVELOPMENT EXPENDITURE RANKINGS**  
**FISCAL YEARS 2003 TO 2006**

INSTITUTION	2003	2004	2005	2006
University of Texas at Austin	2	2	3	1
Texas A&M University System	1	1	2	2
Baylor College of Medicine	0	0	1	3
UT M.D. Anderson Cancer Center	3	4	4	4
UT Southwestern Medical Center at Dallas	4	3	5	5
UT Health Science Center at Houston	5	5	6	6
UT Medical Branch at Galveston	6	6	7	7
UT Health Science Center at San Antonio	7	7	8	8
University of Houston	8	8	9	9
Texas A&M University System Health Science Center	10	9	10	10

NOTES: Includes A&M system agencies. Health Science Center amounts are shown separately. Baylor College of Medicine ranking was not available prior to 2005.

SOURCE: Texas Higher Education Coordinating Board.

**FIGURE 218**  
**HEALTH-RELATED INSTITUTIONS**  
**EXPENDITURE FOR RESEARCH AND DEVELOPMENT**  
**FISCAL YEARS 2003 TO 2006**

IN MILLIONS INSTITUTION	2003	2004	2005	2006	% CHANGE
UT Southwestern Medical Center at Dallas	\$278.0	\$314.4	\$320.8	\$333.3	19.9
UT Medical Branch at Galveston	129.9	132.8	150.0	155.0	19.3
UT Health Science Center at Houston	152.1	150.2	156.5	175.2	15.2
UT Health Science Center at San Antonio	119.3	124.9	134.1	139.8	17.2
UT M. D. Anderson Cancer Center	282.3	313.9	342.0	409.7	45.1
UT Health Center at Tyler	9.2	10.2	11.4	12.6	37.0
Texas A&M University System Health Science Center	50.4	58.5	70.7	72.3	43.5
University of North Texas Health Science Center at Fort Worth	14.9	18.5	22.3	23.9	60.4
Texas Tech University Health Sciences Center	19.8	19.8	18.2	21.7	9.6
<b>TOTAL</b>	<b>\$1,055.9</b>	<b>\$1,143.2</b>	<b>\$1,226.0</b>	<b>\$1,343.5</b>	<b>27.2</b>

NOTE: Percentage change reflects 2006 relative to 2003.

SOURCE: Higher Education Coordinating Board.

Science Center at Houston; The University of Texas Health Science Center at San Antonio; and Texas A&M University System Health Science Center, which operates the Baylor College of Dentistry in Dallas. In addition, The University of North Texas Health Science Center at Fort Worth and Texas Tech University Health Sciences Center also provide patient care through affiliated hospitals and clinics. During fiscal year 2006, these institutions had more than 10.6 million inpatient and outpatient admissions to state-owned hospitals and clinics and provided approximately \$1.8 billion in healthcare services.

The University of Texas Medical Branch at Galveston and Texas Tech University Health Sciences Center also provide healthcare for all the Texas Department of Criminal Justice (TDCJ) state-managed inmates. In 1993, the Seventy-third Legislature established a Correctional Managed Health Care Advisory Committee and charged it with developing a managed healthcare delivery system to provide healthcare to TDCJ offender patients. This committee established a contract with the institutions to provide a full range of healthcare services, including psychiatry support, pharmacy services, AIDS care, and hospice care. The institutions provide the healthcare services for inmates at the TDCJ facilities and at the TDCJ hospital, which is located on the campus of The University of Texas Medical Branch at Galveston. The cost per inmate is estimated to be \$6.65 and \$6.82 per day for fiscal years 2008 and 2009, respectively.

The Texas Youth Commission (TYC) contracts with The University of Texas Medical Branch to provide medical care

for youths in its care. The medical cost per youth is estimated to be \$17.30 and \$17.82 per day for fiscal years 2008 and 2009, respectively.

### SPECIAL ITEMS

Special items are intended to represent a particular institution's area of expertise or special need. These areas include public service, research, residency programs, instruction and operations, and healthcare. The following are examples of special items:

- support for indigent care at The University of Texas Medical Branch at Galveston (\$7.0 million) and The University of Texas Health Center at Tyler (\$2.6 million);
- support for heart disease and stroke research at The University of Texas Health Science Center at Houston (\$10.2 million);
- instruction and research programs for medical students in the Lower Rio Grande Valley provided by the Regional Academic Health Center at The University of Texas Health Science Center at San Antonio (\$24 million);
- research support for scientists at The University of Texas M.D. Anderson Cancer Center (\$6 million);
- a partnership between the South Texas Center for Rural Public Health at Texas A&M University System Health Science Center and the South Texas community to develop health professionals for the region, disseminate

health education, and research health problems (\$1.8 million); and

- paternity testing for the Child Enforcement Division of the Office of the Attorney General conducted by the DNA Laboratory at the University of North Texas Health Science Center at Fort Worth (\$5.9 million).

The Eightieth Legislature, 2007, funded the following new special items:

- The University of Texas Southwestern Medical Center at Dallas received \$18 million for Obesity, Diabetes, and Metabolism research.
- The University of Texas Southwestern Medical Center at Dallas received \$1 million for the Center for Treatment and Research on Sickle Cell Disease.
- The University of Texas Health Science Center at Houston received an additional \$5 million to fund the World's Greatest Scientist recruiting. This funding will allow the institution to recruit and retain research leaders, expand their research efforts, and win more national grants.
- The University of Texas Health Science Center at San Antonio received an additional \$3 million for the Laredo Campus Extension.
- The University of Texas Health Science Center at San Antonio received an additional \$5 million for the Regional Academic Health Center.
- The University of Texas M.D. Anderson Cancer Center received an additional \$4 million for a Breast Cancer Research program.
- Texas A&M University System Health Science Center received an additional \$10 million for its medical school expansion to add third- and fourth-year students in College Station.
- Texas A&M University System Health Science Center received an additional \$14 million for its medical school expansion in Temple to add first- and second-year students, of which, \$4 million is a one-time appropriation in fiscal year 2009 for leasing of facilities.
- Texas A&M University System Health Science Center received an additional \$9 million for its medical school expansion in Round Rock to add third-year students.
- The Texas Tech University Health Sciences Center received \$4.8 million for a pilot program for new

research opportunities for clinical trials in rural and underserved areas of Texas.

- The Texas Tech University Health Sciences Center received approximately \$1 million for a physician assistant program.

Also included in special items is institutional enhancement funding, which allows each institution to address its unique needs and to ease diseconomies of scale at smaller institutions. Each health-related institution receives a minimum of \$875,000 per fiscal year, except Texas A&M University System Health Science Center and Texas Tech University Health Sciences Center, which receive additional funding because these institutions operate multiple campuses.

### TOBACCO FUNDS

The health-related institutions receive appropriations from interest earnings from endowments established in legislation enacted by the Seventy-sixth Legislature, 1999. This legislation established the Permanent Health Fund for Higher Education and permanent endowments for each of the individual health-related institutions. **Figure 219** shows the tobacco settlement endowments and related appropriations for the health-related institutions. Estimated appropriations from the endowments total \$76.8 million for the 2008–09 biennium, based on estimated interest earnings of 4.5 percent each year.

The Permanent Health Fund for Higher Education is a \$350 million endowment from which distributions are appropriated for programs that benefit medical research, health education, or treatment programs at the nine public health-related institutions and at the Baylor College of Medicine. Appropriations from this fund are distributed to the nine public health-related institutions and at the Baylor College of Medicine: 70 percent in equal amounts to each institution and 30 percent based on each institution's proportional expenditures on instruction, research, and charity care in the 2006–07 biennium.

The nine individual health-related institution endowments total \$500 million, from which the estimated distributions are appropriated to the institutions based on the original endowment amount. Funds from the individual endowments may be used only for research and other programs that benefit public health conducted by the institution for which the fund was established.

**FIGURE 219**  
**TOBACCO SETTLEMENT ENDOWMENTS AND PERMANENT FUNDS FOR HEALTH-RELATED INSTITUTIONS**  
**2008–09 BIENNIUM**

IN MILLIONS INSTITUTION/PERMANENT FUND	ENDOWMENT AMOUNT	2008–09 APPROPRIATION
UT Southwestern Medical Center at Dallas	\$50.0	\$4.5
UT Medical Branch at Galveston	25.0	2.3
UT Health Science Center at Houston	25.0	2.3
UT Health Science Center at San Antonio	200.0	18.0
UT M.D. Anderson Cancer Center	100.0	9.0
UT Health Center at Tyler	25.0	2.3
Texas A&M University System Health Science Center	25.0	2.3
University of North Texas Health Science Center at Fort Worth	25.0	2.3
Texas Tech University Health Sciences Center	25.0	2.3
<b>SUBTOTAL, INDIVIDUAL ENDOWMENTS</b>	<b>\$500.0</b>	<b>\$45.3</b>
<b>PERMANENT HEALTH FUND FOR HIGHER EDUCATION</b>	<b>\$350.0</b>	<b>\$31.5</b>
<b>TOTAL ENDOWMENTS/PERMANENT FUNDS</b>	<b>\$850.0</b>	<b>\$76.8</b>

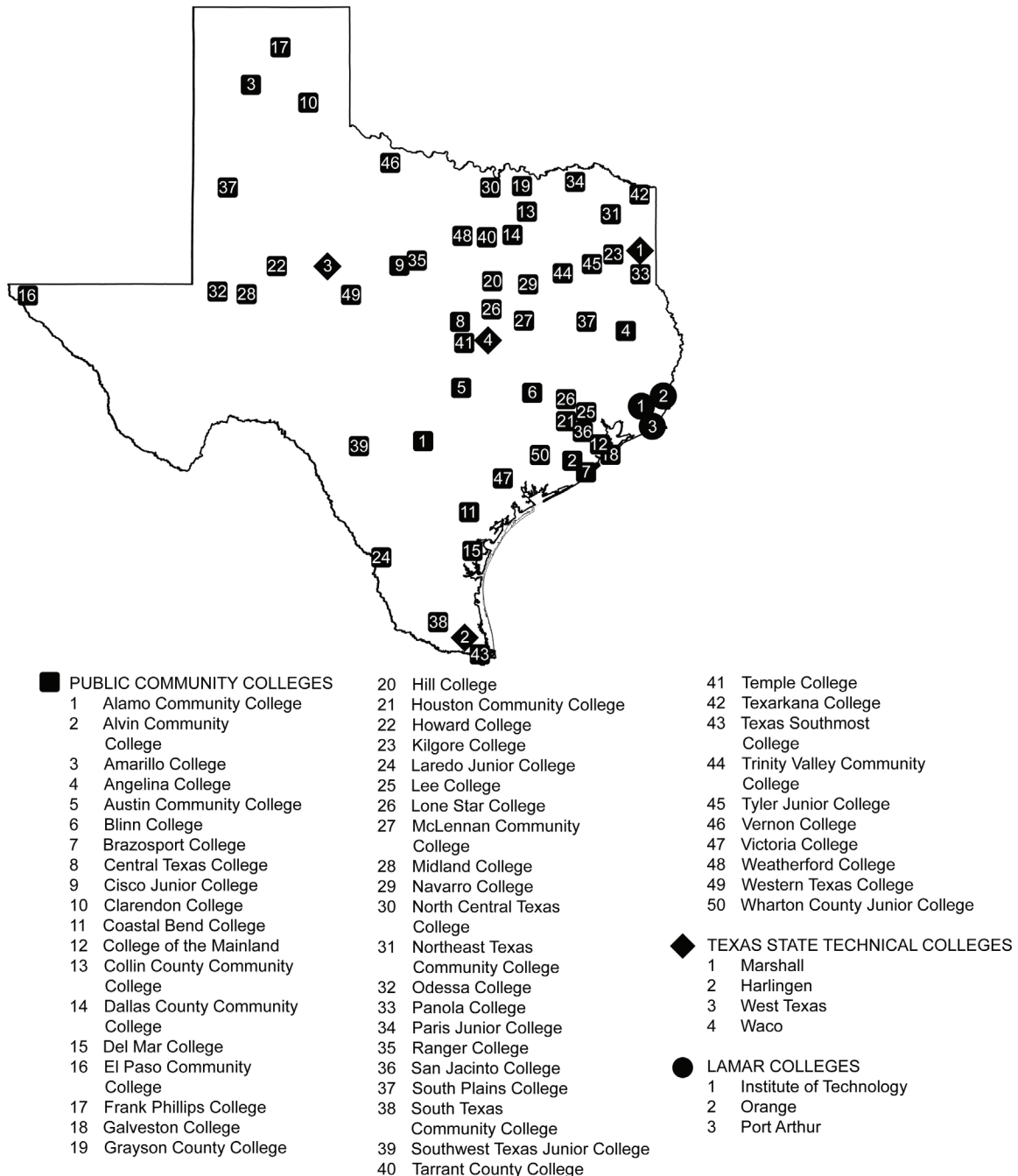
SOURCE: Legislative Budget Board.

## TWO-YEAR INSTITUTIONS

The two-year segment of public higher education comprises 50 community and junior college districts, four Texas State Technical College (TSTC) campuses, and three Lamar State Colleges (Figure 220). Community and junior colleges

account for 94.8 percent of the student academic and vocational/technical base period contact hours generated by this group. TSTC components generate approximately 3.7 percent, and the three Lamar State Colleges account for the remaining 1.5 percent of contact hours.

**FIGURE 220**  
**TWO-YEAR INSTITUTIONS, 2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

The 2008–09 appropriations for the two-year institutions total \$1.9 billion in All Funds, for an increase of 5 percent above the 2006–07 biennium level. General Revenue Funds account for 97.6 percent of the total. The Eightieth Legislature, 2007, provided \$4.6 million in additional General Revenue Funds to enrich the instruction and administration funding formulas at TSTC and the Lamar State Colleges, and \$93.2 million at the community colleges. **Figure 221** compares the two-year institutions' appropriations for the 2008–09 biennium with the 2006–07 biennium appropriations.

Various funding mechanisms are used within the category of two-year institutions. The community and junior colleges receive state funding for administration and instructional costs based on a contact-hour formula. Facility costs are borne by the institution and are usually funded by ad valorem taxes. TSTC and the Lamar State Colleges, which do not have local taxing authority, receive broader-based state funding based on a combination of the two-year contact-hour formula and a separate infrastructure formula. **Figure 222** shows the differences in these funding mechanisms.

**FIGURE 221**  
**TWO-YEAR INSTITUTIONS' APPROPRIATIONS**  
**2006–07 AND 2008–09 BIENNIA**

IN MILLIONS	GENERAL REVENUE FUNDS			ALL FUNDS		
	2006–07 BIENNium	2008–09 BIENNium	% CHANGE	2006–07 BIENNium	2008–09 BIENNium	% CHANGE
Public Community/Junior Colleges	\$1,627.2	\$1,719.2	5.7	\$1,627.4	\$1,719.2	5.6
<b>TEXAS STATE TECHNICAL COLLEGE (TSTC)</b>						
TSTC System Administration	\$9.0	\$7.1	(21.4)	\$10.0	\$7.7	(22.7)
TSTC Harlingen	33.0	36.0	9.0	45.0	48.7	8.2
TSTC West Texas	22.3	24.1	8.2	27.7	29.9	7.8
TSTC Marshall	8.4	8.1	(4.1)	10.3	9.8	(4.2)
TSTC Waco	47.9	50.8	6.2	62.8	65.6	4.6
<b>SUBTOTAL</b>	<b>\$120.5</b>	<b>\$126.0</b>	<b>4.6</b>	<b>\$155.8</b>	<b>\$161.8</b>	<b>3.9</b>
<b>LAMAR STATE COLLEGES</b>						
Lamar Institute of Technology*	\$18.8	\$17.7	(5.9)	\$23.1	\$22.2	(4.1)
Lamar State College–Orange*	14.4	13.7	(5.3)	18.5	18.1	(2.1)
Lamar State College–Port Arthur*	21.2	18.3	(13.6)	24.1	20.9	(13.2)
<b>SUBTOTAL</b>	<b>\$54.4</b>	<b>\$49.7</b>	<b>(8.7)</b>	<b>\$65.7</b>	<b>\$61.2</b>	<b>(6.9)</b>
<b>TOTAL, TWO-YEAR INSTITUTIONS</b>	<b>\$1,802.2</b>	<b>1,894.9</b>	<b>5.1</b>	<b>\$1,848.9</b>	<b>\$1,942.2</b>	<b>5.0</b>

\*2006–07 amounts for the Lamar State Colleges include one-time hurricane relief funding (House Bill 63, Seventy-ninth Legislature, Third Called Session, 2006) in the amount of approximately \$1.2 million at Lamar Institute of Technology, \$2.0 million at Lamar State College–Orange, and \$3.7 million at Lamar State College–Port Arthur.

SOURCE: Legislative Budget Board.



**FIGURE 222**  
**TWO-YEAR INSTITUTION FUNDING MECHANISMS**  
**2008–09 BIENNIUM**

COMMUNITY COLLEGES	TSTC/LAMAR COLLEGES
<p><b>INSTRUCTION AND ADMINISTRATION</b></p> <p>General Revenue Funds from the state are based on formulas for two-year institutions and are intended to supplement tuition, fee and local tax revenues raised by districts.</p> <p><b>ACADEMIC COURSES</b></p> <p>Approximately 69.6 percent of the total contact hours funded by General Revenue Funds are academic courses.</p> <p><b>TECHNICAL COURSES</b></p> <p>Approximately 23.4 percent of the total contact hours funded by General Revenue Funds are vocational/technical courses.</p> <p><b>DEVELOPMENTAL EDUCATION COURSES</b></p> <p>Approximately 7 percent of the total contact hours funded by General Revenue Funds are developmental education courses.</p> <p><b>PHYSICAL PLANT</b></p> <p>The state provides no funding for physical plant operations and maintenance. Local taxing districts are expected to provide support for physical plant needs. Community colleges are expected to receive approximately \$2.3 billion in tax income in the 2008-09 biennium.</p> <p><b>FACILITIES</b></p> <p>Local communities must provide facilities. Community colleges are not eligible to receive Higher Education Fund (HEF) allocations, Available University Fund allocations, or state Tuition Revenue Bonds.</p> <p><b>EMPLOYEE BENEFITS</b></p> <p>While community college employees are locally-employed, community colleges participate in the Employee Retirement System's Group Benefits Program for health benefits and the Teacher Retirement System and Optional Retirement Program for retirement benefits. The state makes General Revenue Fund contributions for the health and retirement benefits of those district employees having their salaries paid with General Revenue Funds.</p> <p><b>TUITION FEE REVENUES</b></p> <p>Tuition and fee revenues are considered institutional funds and are not appropriated by the state. Tuition rates vary by institution. In 2007, the tuition rates plus fees varied from \$22 per semester credit hour (at Houston Community College) to about \$139 per semester credit hour (at Texas Southmost College).</p>	<p><b>INSTRUCTION AND ADMINISTRATION</b></p> <p>General Revenue Funds from the state are based on formulas for two-year institutions. Tuition and fee revenues augment General Revenue Funds for these costs.</p> <p><b>ACADEMIC COURSES</b></p> <p>Approximately 36.1 percent at the Lamar Colleges and 23.1 percent at TSTC of total contact hours funded by General Revenue Funds are academic courses.</p> <p><b>TECHNICAL COURSES</b></p> <p>Approximately 50.6 percent at the Lamar Colleges and 68.1 percent at TSTC of total contact hours funded by General Revenue Funds are vocational/technical courses.</p> <p><b>DEVELOPMENTAL EDUCATION COURSES</b></p> <p>Approximately 13.3 percent at the Lamar Colleges and 8.8 percent at TSTC of the total contact hours funded by General Revenue Funds are developmental education courses.</p> <p><b>PHYSICAL PLANT</b></p> <p>State provides funding based on the formula for general academic institutions. The Lamar Colleges will receive approximately \$7.3 million and TSTC will receive \$15.5 million in General Revenue Funds for physical plant and utilities in the 2008-09 biennium.</p> <p><b>FACILITIES</b></p> <p>The Lamar Colleges receive approximately \$2.3 million annually from HEF allocations, and TSTC receives almost \$5.8 million annually. The HEF monies are used to acquire land, construct and equip buildings, provide major building repair or rehabilitation, and acquire capital equipment and library materials.</p> <p><b>EMPLOYEE BENEFITS</b></p> <p>Both the Lamar Colleges and TSTC institutions participate in ERS' Group Benefits Program for health benefits and TRS and ORP for retirement benefits. The state makes General Revenue Fund contributions for the health and retirement benefits of those employees having their salaries paid with General Revenue Funds.</p> <p><b>TUITION FEE REVENUES</b></p> <p>Tuition revenue is appropriated by the state. In 2007, average tuition was \$116 per semester credit hour at the Lamar Colleges and \$94 per semester credit hour at TSTC.</p>

SOURCES: Legislative Budget Board; Texas Higher Education Coordinating Board.

## PUBLIC COMMUNITY AND JUNIOR COLLEGES

The mission of the public community and junior colleges is to teach freshman and sophomore, and in a few cases upper division, courses in arts and sciences, vocational programs in skilled and semiskilled occupations, and technical courses up to two years in length leading to certifications and associate degrees. This mission also includes providing continuing education, developmental education consistent with open admission policies, counseling and guidance programs, workforce development training, and adult literacy and basic skills programs.

The public community and junior college districts serve the needs of specific service areas and are supported by a combination of General Revenue Funds, local property taxes, and tuition and fees. In fiscal year 2006, General Revenue Funds comprised approximately 31 percent of community colleges' total funding. State law limits appropriations of General Revenue Funds to the provision of administrative and instructional services in support of academic, technical, and vocational education.

State funding is distributed using a formula based on contact hours generated in a base period. Base periods are composed of the contact hours generated in the summer and fall semesters in each even-numbered year and the spring semester in each odd-numbered year. **Figure 223** shows the number of contact hours generated per year increased about 45 percent since 1990. Academic hours accounted for 69.6 percent of the total contact hours taught during the 2006–07

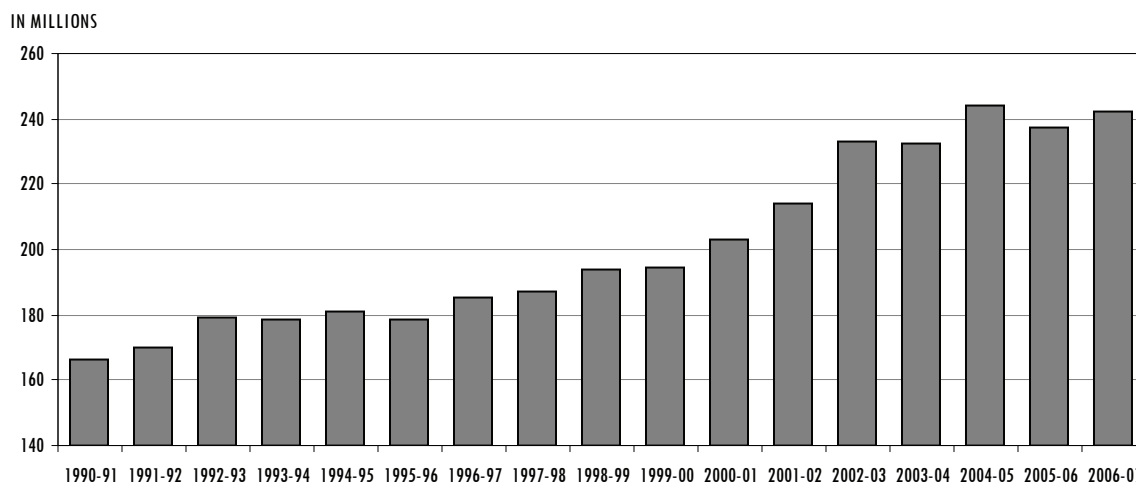
base period, and technical hours made up the remaining 30.4 percent.

However, compared to the previous base period, the 2006–07 base period (summer 2006, fall 2006, and spring 2007) saw a slight overall decrease of 1 percent in the generation of contact hours. While academic contact hours increased by 0.75 percent in the 2006–07 base period, technical contact hours decreased by 3.7 percent in the same period.

Appropriations for public community and junior colleges include \$1.72 billion in General Revenue Funds for the 2008–09 biennium. This increase of \$91.8 million, or 5.6 percent over the 2006–07 biennium expenditure level, is due mostly to increased formula funding. Formula funding accounts for over 99 percent of the state's community college appropriation, while the remaining appropriations of \$14.6 million in General Revenue Funds support eight special items.

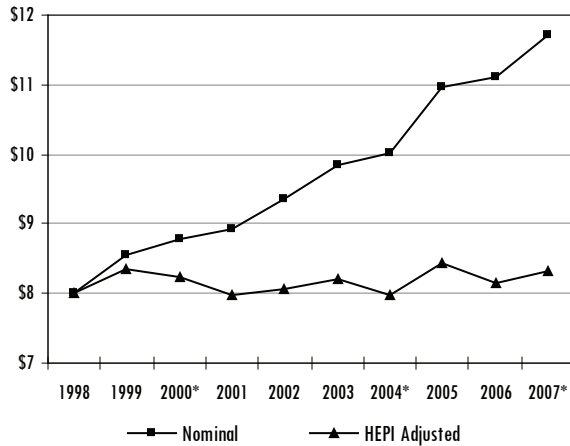
Administrative and instructional services are further supported by other institution revenues. The district's non-state revenues also fund physical plant maintenance, construction, and furnishings. **Figure 224** shows the nominal and inflation-adjusted state, local tax, and tuition revenues per contact hour since 1998. While nominal revenues per contact hour increased from \$8.00 to \$11.71 since 1998, the amounts when adjusted using the Higher Education Price Index (HEPI) show relatively flat revenues per contact hour during the same period.

**FIGURE 223**  
**TWO-YEAR INSTITUTION TOTAL CONTACT HOURS**  
**ACADEMIC YEARS 1990–91 TO 2006–07**



SOURCE: Texas Higher Education Coordinating Board.

**FIGURE 224**  
**NOMINAL AND HEPI ADJUSTED DOLLARS**  
**PER COMMUNITY COLLEGE CONTACT HOUR**  
**FISCAL YEARS 1998 TO 2007**



\*Estimated.

SOURCES: Legislative Budget Board; Texas Higher Education Coordinating Board.

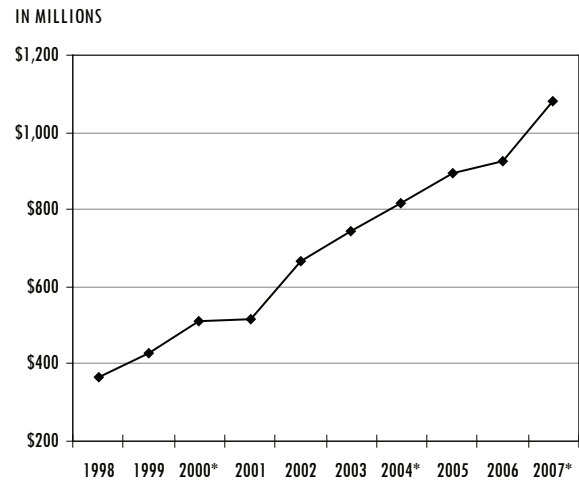
Local property tax income is the largest source of non-state support for community college districts. **Figure 225** and **Figure 226** show that community colleges experienced an estimated 195 percent increase in property tax income during the past nine years, while increasing their tax rates by approximately 12 percent during the same period. Overall tax rates have steadily fallen in the past four years.

In addition to the direct state appropriations to public community and junior colleges, the Eightieth Legislature, 2007, appropriated \$3.3 million in General Revenue Fund appropriations to the Texas Higher Education Coordinating Board (THECB) to provide new campus funding for instruction at several community college districts. The Governor vetoed all new campus funding for the 2008–09 biennium.

An additional appropriation of \$3.5 million to THECB funds enrollment growth at two-year institutions meeting specific growth criteria. These criteria require that in fiscal year 2008, the funding be allocated to those two-year institutions with contact hour growth in excess of 5 percent between the fall 2006 and fall 2007 semesters. In fiscal year 2009, the criteria require that the funding be allocated to those two-year institutions with contact hour growth in excess of 8 percent between the fall 2006 and fall 2008 semesters.

Other state contributions for public community and junior colleges include funding for health and retirement benefits.

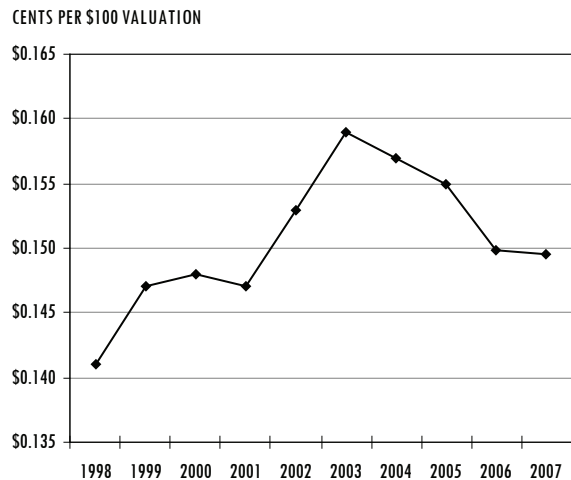
**FIGURE 225**  
**TEXAS COMMUNITY COLLEGES PROPERTY TAX INCOME**  
**FISCAL YEARS 1998 TO 2007**



\*Estimated.

SOURCE: Texas Higher Education Coordinating Board.

**FIGURE 226**  
**TEXAS COMMUNITY COLLEGES PROPERTY TAX RATES**  
**FISCAL YEARS 1998 TO 2007**



SOURCE: Texas Association of Community Colleges.

The Eightieth Legislature, 2007, provided \$313 million in General Revenue Funds to support public community and junior colleges' group health insurance costs in the 2008–09 biennium and also contributed approximately \$193 million in General Revenue Funds to support public community and junior colleges' retirement costs in the same biennium. These funds are not directly appropriated to the public community colleges. The Governor vetoed the fiscal year 2009 group health insurance contribution to community colleges, thereby reducing 2008–09 biennial appropriations to \$154 million.

A locally elected board governs each of the community and junior college districts, directing and controlling the institution and setting tuition and fees within the limits of state law. As such, governing board decisions on basic financial issues may result in considerable diversity of outcomes among the 50 community college districts. For example, governing boards decide what portion of a district's unobligated and unrestricted funds should be held in reserve in case of fiscal emergency or other unforeseen need. **Figure 227** shows a wide range of reserve fund balances as a percentage of total fiscal year 2007 unrestricted operating expenses, ranging from 1.4 percent for Texarkana College to more than 169 percent for Tarrant County College.

Unlike most other higher education entities, there is no statewide system agency to coordinate the various activities and interests of Texas' 50 community college districts.

However, statute does authorize THECB to adopt policies, enact regulations, approve new degree programs, and establish general rules necessary for carrying out the duties of public community and junior colleges.

Texas public community colleges have experienced a steady increase in enrollment over the past decade. Fall 2007 enrollment at two-year public institutions accounted for over half of the students in all public institutions of higher education. **Figure 228** shows the steady increase in enrollment in two-year institutions since 1992 in relation to enrollment growth over the same period experienced by general academic institutions.

**FIGURE 227**  
**AVAILABILITY OF RESERVE FUNDS**  
**FISCAL YEAR 2007**

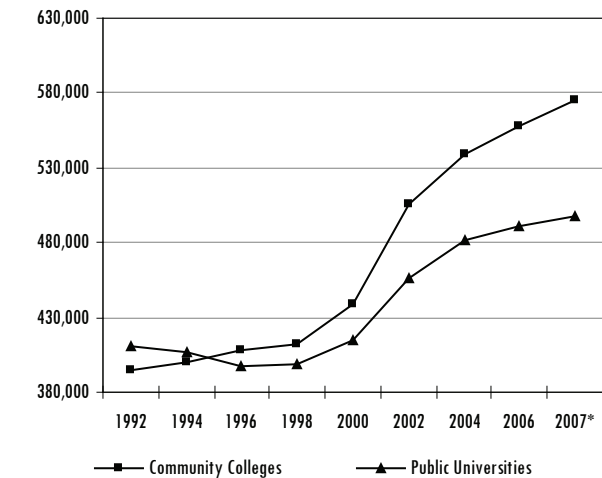
DISTRICT	FISCAL YEAR 2007 TOTAL UNRESTRICTED NET ASSETS ("RESERVE")	FISCAL YEAR 2007 TOTAL UNRESTRICTED OPERATING EXPENSES	RESERVE ASSETS AS % OF UNRESTRICTED OPERATING EXPENSES
Tarrant County	\$232,991,586	\$137,826,155	169.1
Odessa College	16,639,795	23,159,896	71.9
Paris Junior College	8,600,632	14,731,033	58.4
Clarendon College	2,288,307	4,199,930	54.5
Weatherford College	10,058,264	19,019,503	52.9
College of the Mainland	13,979,723	27,058,556	51.7
Dallas County Community College District	121,043,528	235,781,754	51.3
South Texas Community College	31,400,435	67,573,167	46.5
Lee College	13,947,545	32,533,744	42.9
Collin County Community College	26,701,338	67,915,859	39.3
Frank Phillips College	2,439,263	6,425,683	38.0
Panola College	3,757,929	9,905,566	37.9
North Central Texas College	5,987,099	16,365,782	36.6
Hill College	4,097,876	11,726,754	34.9
Grayson County College	5,106,073	15,336,493	33.3
Temple College	4,638,033	14,513,847	32.0
San Jacinto College	31,096,722	98,639,855	31.5
Galveston College	4,190,678	13,699,729	30.6
Amarillo College	12,184,080	40,651,911	30.0
Howard College	5,203,415	17,585,786	29.6
Trinity Valley Community College	5,898,783	20,120,895	29.3
Del Mar College	17,605,123	62,117,810	28.3

**FIGURE 227 (CONTINUED)**  
**AVAILABILITY OF RESERVE FUNDS**  
**FISCAL YEAR 2007**

<b>DISTRICT</b>	<b>FISCAL YEAR 2007 TOTAL UNRESTRICTED NET ASSETS ("RESERVE")</b>	<b>FISCAL YEAR 2007 TOTAL UNRESTRICTED OPERATING EXPENSES</b>	<b>RESERVE ASSETS AS % OF UNRESTRICTED OPERATING EXPENSES</b>
Midland College	\$8,088,393	\$28,945,443	27.9
Kilgore College	5,713,170	22,100,891	25.9
Vernon College	2,769,350	11,415,810	24.3
Alvin Community College	5,402,729	23,010,469	23.5
Lone Star College	38,799,592	168,514,972	23.0
Central Texas College	21,120,663	97,080,639	21.8
Victoria College	3,854,873	18,090,422	21.3
Laredo Junior College	7,210,672	36,049,643	20.0
Wharton County Junior College	4,498,485	22,579,632	19.9
Cisco Junior College	2,097,801	10,678,663	19.6
Houston Community College	34,542,956	185,372,180	18.6
McLennan Community College	6,012,036	32,851,877	18.3
El Paso Community College	15,778,630	89,322,867	17.7
Brazosport College	2,487,343	19,468,733	12.8
Ranger College	371,235	3,206,929	11.6
Navarro College	2,379,393	22,631,426	10.5
Tyler Junior College	3,207,663	30,982,874	10.4
Northeast Texas Community College	1,032,815	10,306,078	10.0
Alamo Community College	16,820,315	168,789,934	10.0
Blinn College	3,940,988	41,518,410	9.5
Austin Community College	13,416,671	142,851,089	9.4
Western Texas College	493,113	7,168,539	6.9
Angelina College	970,721	14,924,159	6.5
South Plains College	1,826,179	34,071,752	5.4
Texas Southmost College	2,060,449	47,146,849	4.4
Coastal Bend	531,886	14,965,232	3.6
Southwest Texas Junior College	357,749	19,112,471	1.9
Texarkana College	218,793	15,428,578	1.4
<b>TOTAL</b>	<b>\$785,860,890</b>	<b>\$2,295,476,269</b>	
<b>MEDIAN</b>	<b>\$5,303,072</b>	<b>\$22,605,529</b>	<b>23.9</b>

SOURCE: Public Community College Districts' Fiscal Year 2007 Annual Financial Reports, Schedules 'B' and 'D' (except Fiscal Year 2006 Annual Financial Report for Coastal Bend).

**FIGURE 228**  
**PUBLIC INSTITUTIONS OF HIGHER EDUCATION**  
**FALL HEADCOUNT ENROLLMENT**  
**FISCAL YEARS 1992 TO 2007**



\*Estimated.

SOURCE: Texas Higher Education Coordinating Board.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect public community and junior college districts. Among the more significant are House Bill 2198, House Bill 1374, and House Bill 3236.

House Bill 2198 eliminates the pilot status of the baccalaureate degree in applied science now being offered at Brazosport College, Midland College, and South Texas College and specifies any additional baccalaureate degree programs potentially offered by these districts must be approved by THECB.

House Bill 1374 and House Bill 3236 redefine the service areas for the following community college districts: Amarillo College, Frank Phillips (Borger Junior) College, Blinn College, and Austin Community College.

### TEXAS STATE TECHNICAL COLLEGE

The Texas State Technical College (TSTC) was established in 1965 to provide businesses and industry with a highly trained workforce to support and enhance economic development. Its mission is to provide specialized vocational and technical instruction focusing on advanced and emerging technologies and leading to certifications or associate degrees. The system includes four residential campuses located in Harlingen, Sweetwater (West Texas), Marshall, and Waco. The West Texas campus continues to operate extension centers in Brownwood, Breckenridge, and Abilene.

Appropriations for the 2008–09 biennium total \$161.8 million in All Funds and 1,413.8 full-time-equivalent positions. The appropriations include \$126 million in General Revenue Funds.

TSTC components are subject to the Educational and General Space Support Formula used for the general academic institutions. This formula provides appropriations of \$15.1 million in General Revenue Funds to support the institutions' physical plants. Academic and Vocational/Technical Education instruction funding is provided based on contact hours, like community colleges and the Lamar State Colleges. Appropriations of \$90.2 million in General Revenue Funds derived from this formula are for supporting instruction. Institutional Enhancement funding totals \$10.5 million for the 2008–09 biennium.

### LAMAR STATE COLLEGES

The two-year Lamar institutions at Orange, Port Arthur, and the Lamar Institute of Technology are two-year state colleges that provide postsecondary vocational, technical, and academic programs similar to public community and junior colleges. These institutions also offer a variety of artistic, cultural, scientific, and civic activities and resources, including noncredit continuing education courses. Unlike public community and junior colleges, the Lamar State Colleges are governed by the Texas State University System Board of Regents, a Governor-appointed board, and do not receive local tax funds to support operations.

The majority of appropriated funding for the Lamar State Colleges is formula-based. The public community and junior college formula is for calculating academic and vocational technical education appropriations. Funding for the physical plant is appropriated using the General Academic Infrastructure formula. **Figure 207** found in the General



Academic Institutions section of this report shows the total General Revenue Fund formula amounts.

Appropriations for the 2008–09 biennium for the three Lamar State Colleges total \$61.2 million in All Funds, which includes \$49.7 million in General Revenue Funds. **Figure 221** found in this section shows the General Revenue Funds and All Funds appropriations for the Lamar State Colleges. These appropriations include 559.8 full-time-equivalent positions for the 2008–09 biennium.

## TEXAS A&M UNIVERSITY SYSTEM AGENCIES

The Texas A&M University System includes seven system agencies. The agencies provide an array of services to the State of Texas, including research, teaching, and public service. In terms of mission, the system agencies differ from other institutions of higher education in that each system agency focuses on one or two of the three traditional missions of higher education institutions (research, teaching, and service).

In several ways, state funding for the system agencies is similar to how other higher education institutions are funded. The system agencies have considerable flexibility in their respective budgeting and financial operations because they receive “lump sum” appropriations, like other institutions of higher education. They are eligible to receive Permanent University Fund proceeds. Like health-related and general academic institutions, the system agencies keep 100 percent of their respective indirect cost recovery income. Finally, the system agencies are funded the same as other institutions of higher education for purposes of staff benefits, including employee group health insurance contributions.

There are two major funding differences between the system agencies and other higher education institutions. One difference is that the system agencies do not receive contact hour formula-based funding and while some system agencies may charge fees for their services, they do not generate tuition and fees in the same manner or quantity as other institutions

of higher education. However, the system agencies do generate fees in several ways, which range from providing apiary inspection services for Texas honey producers to conducting drug-testing procedures for the animal racing industry. This fee revenue is appropriated on an estimated basis to the system agencies.

Total appropriations for the Texas A&M University System agencies are \$802.5 million for the 2008–09 biennium. Appropriations of General Revenue Funds decreased \$29.7 million, or 9.3 percent, from the 2006–07 biennium (mostly due to a one-time supplemental appropriation to the Texas Forest Service for firefighting in 2007), and comprise 36.3 percent of the system agencies’ overall budget. Federal Funds account for \$213.4 million, or 26.6 percent of the system agencies’ budget, the majority of which, \$170.6 million, goes to the three engineering agencies (Texas Engineering Extension Service, Texas Engineering Experiment Station, and the Texas Transportation Institute).

For the 2008–09 biennium, the Eightieth Legislature used formula-based funding for the agencies’ infrastructure inside Brazos County under a Texas Higher Education Coordinating Board (THECB) approved formula based on the space projection model used by General Academic Institutions. The system agencies will receive funding commensurate with the rate per square foot that Texas A&M University receives for its infrastructure funding and their use of space. **Figure 229** shows a summary of the appropriations to the Texas A&M University system agencies.

**FIGURE 229**  
**TEXAS A&M UNIVERSITY SYSTEM AGENCY APPROPRIATIONS**  
**2006–07 AND 2008–09 BIENNIA**

IN MILLIONS	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS			ALL FUNDS		
	2006–07 BIENNium	2008–09 BIENNium	% CHANGE	2006–07 BIENNium	2008–09 BIENNium	% CHANGE
<b>INSTITUTION</b>						
Texas AgriLife Research	\$106.6	\$113.4	6.3	\$130.7	\$137.5	5.2
Texas AgriLife Extension	93.9	94.8	1.0	132.6	133.5	0.4
Texas Engineering Experiment Station	26.5	29.4	11.0	184.5	188.9	2.3
Texas Transportation Institute	0.0	0.0	0.0	80.8	82.2	1.8
Texas Engineering Extension Service	11.9	13.7	15.2	153.0	154.8	1.2
Texas Forest Service	106.9	62.2	(41.8)	119.1	75.2	(36.9)
Texas Veterinary Medical Diagnostic Laboratory	9.8	12.3	25.5	29.4	30.4	3.4
<b>TOTAL</b>	<b>\$355.6</b>	<b>\$325.8</b>	<b>(8.4)</b>	<b>\$830.2</b>	<b>\$802.5</b>	<b>(3.3)</b>

SOURCE: Legislative Budget Board.

## TEXAS AGRILIFE RESEARCH

The Texas Agricultural Experiment Station was renamed Texas AgriLife Research (AL-RSRCH) on January 1, 2008. The agency was established through state and federal legislation in 1887 as a result of the federal Hatch Act. The agency's mission is to conduct research and oversee regulatory programs for the benefit of the agricultural industry and consumers of agricultural products. The agency works to ensure environmental and natural resources are maintained and enhanced; a safe, wholesome, and affordable supply of agricultural products is available; and the state's economic vitality is upheld. The agency works closely with Texas A&M University and maintains ties to many other higher education institutions and federal and international agencies.

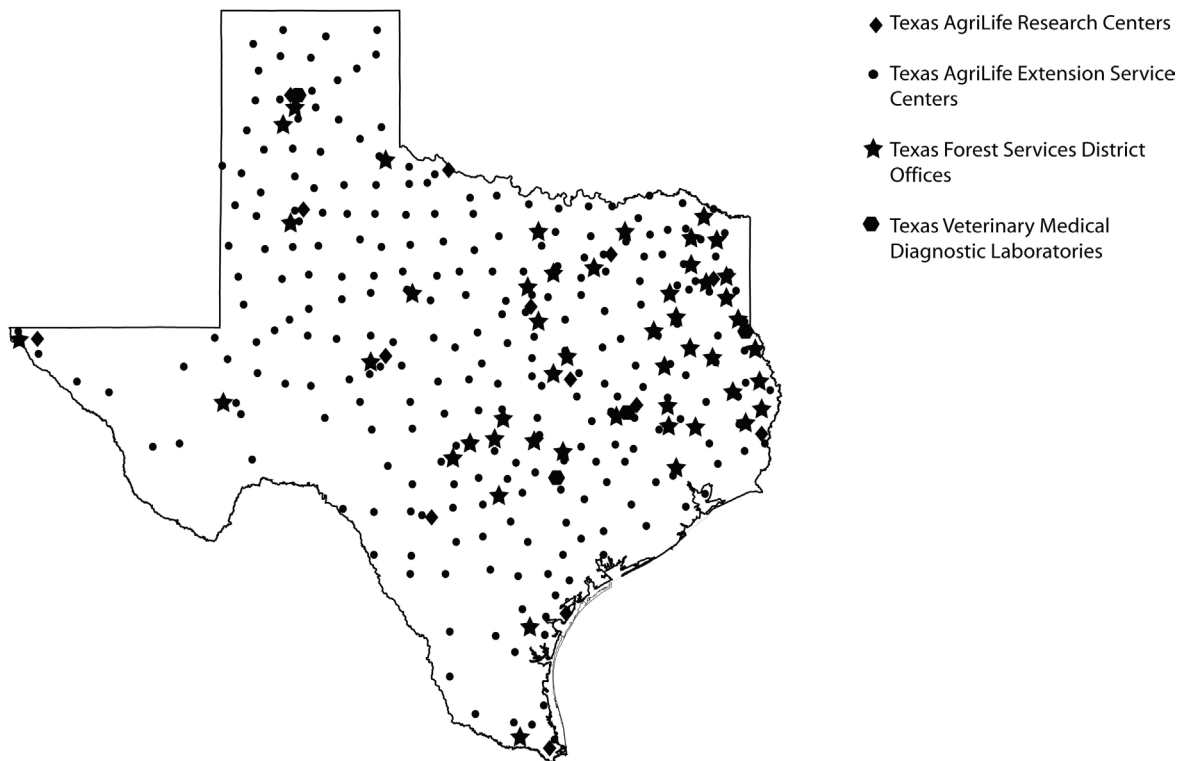
To address Texas' geographic diversity and corresponding plant and animal variety, AL-RSRCH conducts research activities at 13 major research and extension centers throughout the state (**Figure 230**). The agency integrates its programs with those of the Texas AgriLife Extension through collocation of staff at research and extension centers,

cooperative planning, joint appointments, field days, and copublications.

Appropriations for the 2008–09 biennium total \$137.5 million in All Funds and provide for 1,090.4 full-time-equivalent (FTE) positions. Of the appropriated amount, \$113.4 million, or 82.5 percent, is in General Revenue Funds and General Revenue–Dedicated Funds. Included in these totals are \$1.4 million for infrastructure support inside Brazos County, \$2 million for research into biological energy resources, and \$425,000 for research into feedyard and beef cattle production for each year of the 2008–09 biennium.

AL-RSRCH's goals are to promote agricultural competitiveness, environmental quality, agricultural product quality, and value-added/economic development. Agricultural competitiveness is addressed through livestock research and plant and crop research to strengthen agricultural products and improve their competitiveness. Environmental quality focuses on conserving natural resources through research into renewable resources and

**FIGURE 230**  
**TEXAS A&M UNIVERSITY SYSTEM SERVICE AGENCY LOCATIONS**  
**AUGUST 31, 2007**



SOURCE: Texas A&M System.

research that addresses air, soil, and water quality and biodiversity. Agricultural product quality focuses on enhancing the nutrition, quality, safety, and market efficiency of agricultural products and agricultural marketing research. Value-added/economic development is promoted through value-added research to enhance agricultural processing techniques and socioeconomic research to address economic, demographic, and social factors affecting Texas.

The agency also administers two regulatory services. The first is the Texas Apiary Inspection Service (TAIS), which is charged with regulating the honey bee industry in the state. TAIS regulates honey bees to maintain a healthy and viable population of bees, which benefits pollination needs, honey production, and Texas agriculture as a whole. To achieve this objective, TAIS issues permits and certifications, conducts inspection operations, and limits honey bee migration through quarantine procedures. AL-RSRCH expends approximately \$350,000 per year to fund the state entomologist and chief apiary inspector, one-and-one-half full-time inspectors, one lab technician, and one support staff. Fees generate approximately 11 percent of the TAIS budget. Texas A&M University's Department of Entomology provides the testing services for TAIS.

The second regulatory service administered by AL-RSRCH, involves the Office of the State Chemist (OTSC), which is comprised of the Feed and Fertilizer Control Service (FFCS) and Agriculture Analytical Service (AAS). FFCS regulates the distribution of approximately 15 million tons of feed and 3 million tons of fertilizer to ensure the products conform with Texas agriculture commercial feed and fertilizer codes. To achieve this objective, FFCS licenses distributors of feed and registers feed products in package sizes of 5 pounds or less, and registers all fertilizer distributors as well as manufacturers and distributors of ammonium nitrate materials. The OTSC supports 14 field investigators, who are commissioned by the federal Food and Drug Administration (FDA). These investigators conduct facility audits, investigate animal deaths associated with feed, review product labels, and collect investigatory samples for analysis by the AAS. These investigators conduct facility audits, animal death investigations associated with feed, and product label reviews, and collect investigatory samples for analysis by the AAS. The OTSC's 2008–09 biennial budget is approximately \$10 million, which supports 57 FTE positions. The entirety of the FFCS budget is generated by fee revenue, including contracts with the FDA and the United States Department of Agriculture (USDA).

## TEXAS AGRILIFE EXTENSION SERVICE

The Texas Agricultural Extension Service was created by legislative action and the acceptance of provisions of the federal Smith-Lever Act in 1915. In 2001, it was renamed Texas Cooperative Extension by the Texas A&M Board of Regents and changed its name to the Texas AgriLife Extension Service (AL-EXT) on January 1, 2008. The agency's mission is to educate Texans in agriculture, environmental stewardship, youth and adult life skills, leadership, and economic development. AL-EXT fulfills its mission through an educational process that draws from research focused on the needs and issues facing Texans.

Appropriations for the 2008–09 biennium total \$133.5 million in All Funds and provide for 1,137 FTE positions. These funds include \$94.8 million in General Revenue Funds, or 71 percent of the total. A shift in infrastructure funding resulted in a reduction of \$200,000 for infrastructure support outside Brazos County and is included in these totals.

AL-EXT's goal is to promote education in health and safety, environmental stewardship, economic competitiveness, and leadership development. The agency conveys scientific information to the public, developed through the Texas A&M University System, the USDA, and private and public research organizations. In addition, AL-EXT conducts demonstrations to illustrate the benefits of using practices derived from the latest scientific research. As the population of Texas moves from rural to urban areas, more programs are being developed to address urban concerns. Programs continue to address critical areas in agriculture and natural resources; youth, community, and leadership development; environmental quality; food safety; and health and well-being.

A statewide network of approximately 620 county extension agents, along with program specialists located in research and extension centers (**Figure 230**) deliver issue-based, interdisciplinary educational programs to all 254 Texas counties. District extension administrators, who supervise personnel and programs, are housed in 13 research and extension centers across the state. Various departments at Texas A&M University provide AL-EXT with specialists and direct program support for district and county activities.

Salaries for county extension agents are paid from county, state, and federal sources. The General Revenue Fund contributes a little more than half the cost of agent salaries, with the counties providing approximately 30 percent and

the federal government providing the remaining portion. AL-EXT policy obligates counties to contribute a basic minimum amount (\$8,000 yearly per agent) toward county extension agent salaries. Most counties, however, provide salary contributions in excess of the minimum amounts required to provide competitive pay for their respective agents.

### TEXAS ENGINEERING EXPERIMENT STATION

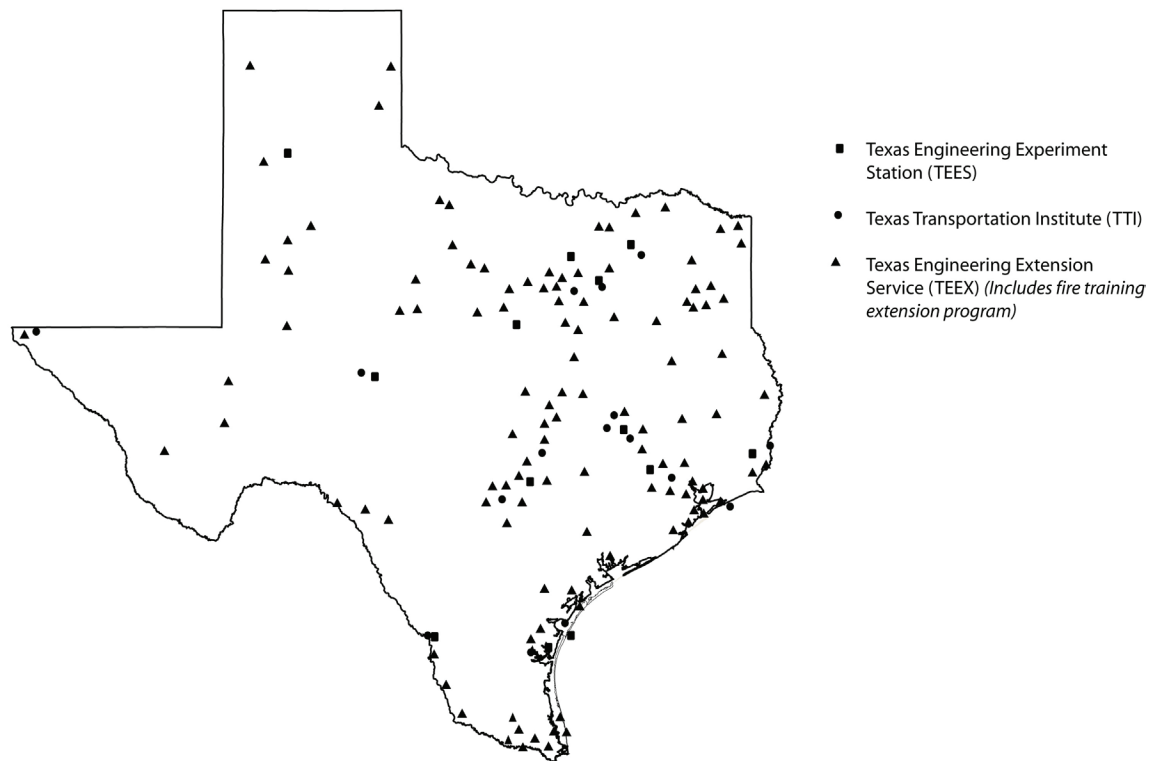
The Texas Engineering Experiment Station (TEES) was founded in 1914 and has been part of the Texas A&M University System since 1948. The agency's mission is to perform engineering and technology-oriented research and development to enhance the educational systems, economic development, and quality of life of the State of Texas and the nation. Eleven disciplinary divisions link TEES to academic departments in the College of Engineering at Texas A&M University, and sixteen regional divisions link TEES to other institutions of higher education with technology-oriented research programs. Twenty-one multidisciplinary research centers serve federal and state agencies, industrial distributors,

and other significant Texas engineering industries including aerospace, chemical processing, and energy (**Figure 231**).

Appropriations for the 2008–09 biennium total \$188.9 million in All Funds and provide for 797.6 FTE positions. These funds include \$29.4 million in General Revenue Funds and General Revenue–Dedicated Funds, or 15.6 percent of the agency's funding.

TEES uses its General Revenue Funds as seed money in the early stages of projects. This facilitates the acquisition of equipment and the hiring of researchers until projects can compete for external funds. As external sources begin supplying support, state funds are shifted to new research initiatives. TEES returns \$12 in external research awards for every dollar in General Revenue Funds provided by the state. Federal and private grants and contracts, interagency contracts, and fee income comprise the remainder of the agency's funding. TEES' largest source of funding is \$105.7 million in Federal Funds, which comprise 56 percent of the agency's budget. Other Funds, which include private sector contracts and interagency contracts, account for the

**FIGURE 231**  
**THE TEXAS A&M UNIVERSITY SYSTEM ENGINEERING AGENCY LOCATIONS**  
**AUGUST 31, 2007**



SOURCE: Texas A&M University System.

remaining 28.5 percent of funding. Included in TEES funding is \$1.3 million for each year of the 2008–09 biennium for infrastructure support inside Brazos County.

TEES' goal is to conduct basic and applied research in engineering and related fields that addresses critical issues, supports industrial and public systems, enhances higher education, and promotes economic development. TEES accomplishes this goal through the development of research divisions, multi-institutional outreach and collaboration, technology transfer, and educational programs. It supports research ranging from basic engineering sciences to applied industrial needs. Multi-institutional initiatives foster cooperation among the state's institutions of higher education and generate research partnerships that enhance the state's competitiveness for federal funds and strengthen its research capabilities. Through research commercialization, technology licensing, and technical-assistance efforts, TEES promotes entrepreneurship and economic development throughout the state. The agency also provides programs and opportunities that allow students to engage in engineering research and education at the secondary, undergraduate, and graduate levels.

TEES also provides technical expertise in calculating and verifying energy savings and emissions reductions from energy code and renewable energy programs for the Texas Emissions Reduction Plan administered by the Texas Commission on Environmental Quality. In addition, TEES provides training and technical assistance on Texas building energy codes to homebuilders, local building code officials, and the building industry.

### TEXAS TRANSPORTATION INSTITUTE

The Texas Transportation Institute (TTI), established in 1950 by the Texas A&M University System Board of Regents, conducts practical applied research that addresses a range of transportation challenges in Texas. The agency's mission is to solve transportation problems through research, to transfer technology, and to develop diverse human resources to meet the transportation challenges of tomorrow. In addition to its office in College Station and its research annex at Texas A&M University's Riverside Campus in Brazos County, TTI maintains field offices in Arlington, Austin, Dallas, El Paso, Houston, and San Antonio. The agency also has 10 regional divisions at various Texas universities (**Figure 231**). TTI conducts much of its research through its eight national centers, which include the Center for Transportation Safety,

the Center for Ports and Waterways, and the Translink® Research Center.

The agency researches all transportation modes, including air, marine, surface, rail, and pipeline. The agency also researches means to create effective and efficient multi-modal transportation systems. TTI's activities focus on the major transportation issues facing the state such as safety, mobility, financing, asset management, environmental quality, freight movement, security and infrastructure rehabilitation, and maintenance.

TTI conducts full-scale crash tests of safety designs at the agency's Proving Grounds Research Facility, where roadside devices, crash cushions, and barrier systems undergo the substantial testing that is required before installation. TTI also operates the state's full-scale evaluation facility for performance testing of erosion control materials used by the Texas Department of Transportation.

Appropriations for the 2008–09 biennium total \$82.2 million in All Funds, and provide for 423.7 FTE positions. Of the agency's total appropriated amount for the 2008–09 biennium, \$12.8 million, or 15.5 percent, is appropriated from the State Highway Fund. TTI uses its State Highway Funds as seed money to research new areas, purchase specialized capital equipment, and support professional development. The majority of agency funding comes from sponsored research grants and contracts with private and governmental entities. Approximately 54 percent of the agency's total funding comes from interagency contracts; the Texas Department of Transportation provides the majority of these contracts. Appropriated Receipts, Federal Funds, and Research-related Indirect Cost Recovery, respectively, constitute 17.2 percent, 9.7 percent, and 3.7 percent of the agency's total funding. Included in these totals is \$350,000 for each fiscal year of the 2008–09 biennium for infrastructure support inside Brazos County.

### TEXAS ENGINEERING EXTENSION SERVICE

The Texas Engineering Extension Service (TEEX) was established in 1948 to provide vocational and technical training services to the citizens of Texas. The agency's mission is to develop a highly skilled and educated workforce that enhances the state's public safety, health, and economic growth through training, continuing education, and technical assistance. TEEX provides hands-on customized training and homeland security exercises to meet state and federal occupational certification training requirements and improve the skills of workers.



Appropriations for the 2008–09 biennium total \$154.8 million in All Funds and provide for 616.8 FTE positions. Of the appropriated amount, \$13.7 million, or 8.9 percent, is in General Revenue Funds, down from 17 percent in 2006–07. Included in these totals is \$0.9 million for each year of the 2008–09 biennium for infrastructure support inside Brazos County.

The agency's goals are to provide training and technology-transfer assistance and emergency response services. Each year TEEX trains approximately 220,000 individuals through over 6,000 class offerings and technical assistance. To facilitate this training, TEEX coordinates with various state agencies, colleges, and universities to identify training needs, provide training programs, and make use of the latest technical information and instructional techniques. Public service programs fulfill mandated training requirements for certification in fire protection, law enforcement, and solid waste, water, and wastewater treatment. Industrial sector training includes programs in occupational safety, heavy equipment operation, power distribution, job safety, telecommunications, electronics, and economic development. TEEX training courses serve more than 5,900 companies and over 8,000 municipalities and public agencies from across the nation.

TEEX is headquartered in College Station, Texas and maintains regional training centers in Corpus Christi, Mesquite, Houston, Galveston, and San Antonio. The Mesquite office is the site of the Occupational Safety and Health Administration Southwest Education Center, which provides occupational, construction, youth, maritime, and industrial safety training (**Figure 231**). TEEX is the designated state fire training agency for Texas, ensuring that firefighters from the smallest towns to the largest cities receive in-depth, hands-on training to protect lives and infrastructure. The agency's Brayton Fire Training Field is the largest in the United States and includes full-scale buildings, towers, tanks, industrial plant structures, and a ship that are used during training simulations. TEEX also maintains an adjacent search and rescue training facility that includes full-scale, collapsible structures and rubble piles designed for emergency responder and canine training.

TEEX operates Texas Task Force 1 (TX-TF1), which functions as a federal urban search and rescue team under the Federal Emergency Management Administration's (FEMA) national urban search and rescue program and as Texas' only statewide search and rescue team under the direction of the Governor's Division of Emergency Management. TX-TF1 is

composed of more than 300 emergency response personnel from 60 organizations and departments across the state. TX-TF1 is able to respond to state and national disasters, including earthquakes, hurricanes, widespread tornadoes, and terrorist events. State and federal deployments of TX-TF1 have included emergency responder activities at the World Trade Center following the September 11, 2001, attacks and recovery efforts during the Columbia space shuttle disaster. More recently, TX-TF1 was deployed on rescue missions in New Orleans after Hurricane Katrina, in Eagle Pass after the 2007 tornado, and in North Texas following the 2007 floods.

TEEX also operates the National Emergency Response and Rescue Training Center (NERRTC) designed to provide proactive education on measures designed to reduce the potential damage inflicted by weapons of mass destruction and terrorist acts. Since its inception in 1998, NERRTC has offered hundreds of courses nationwide on issues related to weapons of mass destruction and responses to and prevention of terrorism. TEEX is appropriated \$44.6 million in federal funding for these emergency response and prevention training programs.

### TEXAS FOREST SERVICE

The Texas Forest Service (TFS) was created in 1915. The agency's mission is to provide statewide leadership and professional assistance to ensure that the state's forest, tree, and related natural resources are wisely used, nurtured, protected, and perpetuated for the benefit of all Texans.

Appropriations for the 2008–09 biennium total \$75.2 million in All Funds and provide for 372.4 FTE positions. Of the appropriated amount, \$62.2 million, or 82.7 percent, is in General Revenue Funds and General Revenue–Dedicated Funds. Included in these totals is a reduction of \$85,000 for infrastructure support outside Brazos County for the 2008–09 biennium due to the shift of formula funding.

The agency's primary goal is to develop forest resources while protecting human lives and the environment from damage caused by natural and human factors. This goal is accomplished through (1) the wildfire and emergency program for wildfire prevention, detection, suppression, and emergency response activities; (2) detection and control of forest insects and diseases; (3) leadership in forestry resource development and reforestation efforts; and (4) environmental enhancement through the management and conservation of forest resources.

The agency's largest strategy is its wildfire and emergency program, which is appropriated \$49.3 million, or 65.7 percent of the agency's funding, and 184.5 FTE positions for the 2008–09 biennium. Through this program the agency allocates approximately \$14.9 million per year in grants to local volunteer fire departments to provide fire protection across the state and help rural areas establish their own firefighting capabilities by sharing the cost of firefighting equipment, supplies, and communications. This grant funding is part of the agency's goal to develop a more proactive approach to wildfire fighting through the Texas Wildfire Protection Plan. This plan focuses on assessment and monitoring, planning and preparedness, fire prevention, and statewide capacity building. It shifts the focus on firefighting in Texas from disaster response to disaster prevention. The plan seeks to prevent major wildfire disasters in Texas by promoting firefighting infrastructure at the regional level. Although the assessment for this program was increased by House Bill 3315, Eightieth Legislature, 2007, the additional \$5 million per year provided in Article IX, Section 19.93 of the 2008–09 General Appropriations Act for this program was vetoed by the Governor.

As the state's coordinator in firefighting efforts, TFS expended a total of \$81.7 million in the 2006 fire season, the costliest in the state's history. FEMA reimbursed the agency \$28.7 million, or 35.1 percent, of the total, while \$8.2 million, or 10.1 percent, was covered by regular appropriations for TFS, the Texas Guard, and other state agencies/programs. The remainder of the cost for the 2006 fire season, \$44.7 million, was reimbursed to the state's volunteer fire departments and the United States Forest Service by enactment of House Bill 15, Eightieth Legislature, 2007.

In addition to wildfire mitigation, TFS provides a wide variety of emergency response management efforts, such as the agency's role in coordinating the February 2003 Columbia space shuttle recovery efforts. The agency also disseminates information to landowners who need help controlling forest insects and diseases, such as the southern pine beetle and oak wilt. The agency also dedicates time to reforestation efforts, resource development assistance, windbreak development, and community assistance. In addition, TFS maintains statistics on annual forest growth, harvest trends, and forest industry production levels. The agency operates nurseries and seed orchards for the production of tree seedlings and certified seed. Professional foresters and staff are located at 24 district offices (**Figure 230**) to provide fire control and other services, and TFS has two administrative regions in East

Texas. The agency has staging areas (which contain pre-positioned fire-fighting equipment) in all district offices and maintains fire equipment in many other locations across the state.

## TEXAS VETERINARY MEDICAL DIAGNOSTIC LABORATORY

The Texas Veterinary Medical Diagnostic Laboratory (TVMDL) was created in 1967. Its mission is to aid and educate people involved in the animal industries of Texas in identifying and preventing animal diseases, nutritional deficiencies, and intoxications. The agency enables productive use of the state's natural resources, protects the health of Texans by identifying diseases transmissible from animals to humans, and aids producers in bringing healthy animals and safe animal products to the market. It is also part of TVMDL's mission to facilitate the state's economic growth by providing necessary drug and residue tests for the Texas animal racing industry and health tests for national and international shipments of animals and animal products. The enactment of House Bill 2024 by the Eightieth Legislature, 2007, continued the Texas Veterinary Medical Diagnostic Laboratory and removed it from the Texas Sunset Act.

Appropriations for the 2008–09 biennium total \$30.4 million in All Funds, and provide for 155 FTE positions. Of the appropriated amount, \$12.3 million, or 40.4 percent, is in General Revenue Funds. Appropriations of Other Funds, which include fees charged for diagnostic and drug-testing services, total \$17.4 million for the biennium. The agency's drug-testing services are completely supported by fee income. These totals include \$50,000 each year of the 2008–09 biennium for infrastructure support outside Brazos County and \$2 million for improvements to the agency's bio-safety lab.

The majority of TVMDL's work focuses on helping animal owners and veterinarians diagnose and manage over 2,000 routine livestock diseases. The agency performs this function through veterinary diagnostic services, export testing, and disease surveillance. Agency staff frequently make presentations at seminars and publish monthly columns in magazines. The agency also has assumed the lead role in detecting and reporting high-consequence disease outbreaks among Texas' animal populations, including foot and mouth disease.

Agency personnel have no teaching responsibilities and are wholly engaged in diagnostic laboratory work. The agency cooperates with the Texas Animal Health Commission, the

USDA Veterinary Service, and the Texas Department of Health in performing laboratory tests. The College Station and Amarillo laboratories have been approved as full-service facilities and are fully accredited by the inspection team of the American Association of Veterinary Laboratory Diagnosticians. The College Station laboratory is one of five nationwide Hub Laboratories that monitor for outbreaks of high-consequence diseases (**Figure 230**). The Amarillo laboratory, established in 1975, is located in an intensive commercial cattle-feeding area. It serves primarily the cattle, swine, horse, sheep, and goat industries in the area.



## 7. THE JUDICIARY

As shown in **Figure 232**, appropriations for the Judiciary for the 2008–09 biennium total \$598.4 million, or less than 1 percent of all state appropriations. This amount is an increase of \$56.9 million, or 10.5 percent, from the 2006–07 biennium. **Figure 233** shows 2008–09 appropriations by method of financing and full-time-equivalent positions from fiscal year 2004 to 2009 for the Judiciary.

**FIGURE 232**  
**ALL FUNDS APPROPRIATIONS FOR THE JUDICIARY**  
**2008–09 BIENNIUM**  
IN MILLIONS

AGENCY	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Supreme Court of Texas	\$37.9	\$38.9	\$1.0	2.6
Court of Criminal Appeals	27.5	28.0	0.5	1.9
First Court of Appeals District, Houston	6.5	7.2	0.8	11.8
Second Court of Appeals District, Fort Worth	5.2	5.6	0.4	7.8
Third Court of Appeals District, Austin	4.5	4.8	0.3	6.8
Fourth Court of Appeals District, San Antonio	4.9	5.5	0.6	11.9
Fifth Court of Appeals District, Dallas	8.9	9.9	1.0	11.2
Sixth Court of Appeals District, Texarkana	2.4	2.6	0.2	7.0
Seventh Court of Appeals District, Amarillo	3.1	3.2	0.1	3.2
Eighth Court of Appeals District, El Paso	2.5	2.6	0.1	5.6
Ninth Court of Appeals District, Beaumont	3.1	3.2	0.2	4.9
Tenth Court of Appeals District, Waco	2.4	2.5	0.1	4.0
Eleventh Court of Appeals District, Eastland	2.5	2.6	0.1	5.3
Twelfth Court of Appeals District, Tyler	2.5	2.6	0.1	5.5
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	4.6	4.8	0.3	6.2
Fourteenth Court of Appeals District, Houston	6.6	7.3	0.7	10.8
Office of Court Administration, Texas Judicial Council	58.1	65.5	7.4	12.7
Office of the State Prosecuting Attorney	0.7	0.9	0.1	19.8
State Law Library	1.7	1.9	0.2	15.1
State Commission on Judicial Conduct	1.7	1.8	0.1	5.6
Judiciary Section, Comptroller's Department	244.6	279.0	34.5	14.1
<b>SUBTOTAL, THE JUDICIARY</b>	<b>\$431.7</b>	<b>\$480.4</b>	<b>\$48.8</b>	<b>11.3</b>
Retirement and Group Insurance	\$103.9	\$107.2	\$3.4	3.2
Social Security and Benefit Replacement Pay	18.9	19.6	0.7	3.6
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$122.8</b>	<b>\$126.8</b>	<b>\$4.0</b>	<b>3.3</b>
Lease Payments	\$5.0	\$4.9	(\$0.1)	(1.2)
Less Interagency Contracts	17.9	13.8	(4.1)	(22.9)
<b>TOTAL, ARTICLE IV – THE JUDICIARY</b>	<b>\$541.5</b>	<b>\$598.4</b>	<b>\$56.9</b>	<b>10.5</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

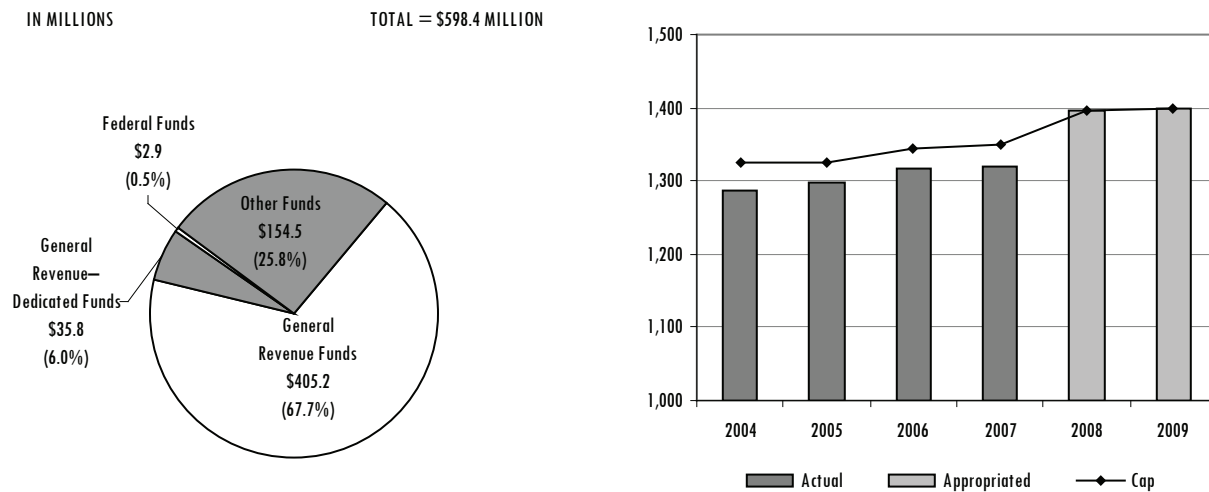
<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTES: Article totals exclude interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

SOURCE: Legislative Budget Board.

**FIGURE 233**  
**THE JUDICIARY APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS**  
**2008–09 BIENNIUM**



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

The Constitution of Texas lays the foundation for the state's court system. Judicial power is vested in one Supreme Court, one Court of Criminal Appeals, 14 Courts of Appeals, and more than 3,000 trial courts. The constitution establishes one "constitutional" county court in each of the state's 254 counties and authorizes the Texas Legislature to create and specify the jurisdictions of other courts as necessary. The constitution also provides that each county shall have at least one, but not more than eight justice precincts. In each precinct, one or two justices of the peace are to be elected.

The Legislature has established 240 statutory county and probate courts in 84 counties. The legal jurisdiction of a statutory county court or probate court varies according to the provisions of the statute that created it. By general statute, the Legislature has also established municipal courts in every incorporated city in the state.

The Legislature funds salaries and operating costs for the Supreme Court of Texas, the Court of Criminal Appeals, and the 14 Courts of Appeals. Four judicial agencies are also funded by the state: the Office of Court Administration, Texas Judicial Council, which includes the Court Reporters Certification, Process Server Review, and Guardianship Certification boards; the Office of the State Prosecuting Attorney; the State Commission on Judicial Conduct; and the State Law Library. Salaries of associate judges and court assistants for specialized courts handling child-support collections and child-protection cases are funded through the Office of Court Administration. Salaries of district judges,

visiting judges, and district attorneys, expenses of the district attorneys' offices, and witness fees and salary supplements for county court judges and county prosecutors are funded through the Judiciary Section of the Comptroller's Department.

## MAJOR FUNDING ISSUES

The Eightieth Legislature, 2007, appropriated \$84 million for court operations at the 16 appellate courts. The funding provides for core functions like a 2:1 or better ratio of attorneys per judge, court clerks, and other necessary staff, and operating expenses that should allow each court to attain or exceed court performance measures. The 2008–09 appropriations to the 16 appellate courts also include funding for the judicial pay raise authorized by legislation enacted by the Seventh-ninth Legislature, Second Called Session, 2005.

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not add because of rounding.



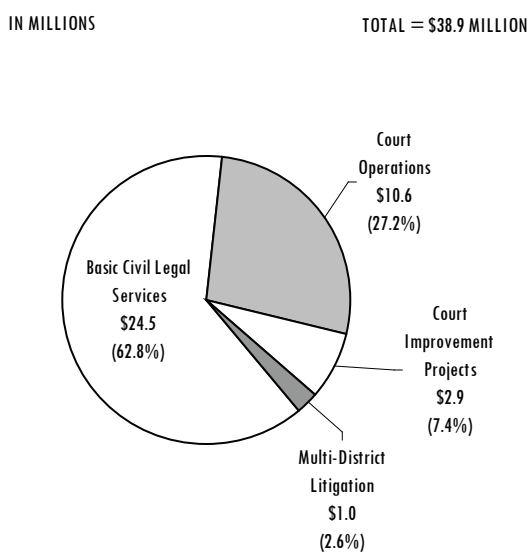
## SUPREME COURT OF TEXAS

Created in 1845, the Supreme Court of Texas is comprised of a Chief Justice and eight justices. The court has statewide final appellate jurisdiction in civil and juvenile cases. It is also charged with original jurisdiction to issue writs and has final jurisdiction over the involuntary retirement or removal of judges.

Other responsibilities of the court include (1) the promulgation and enforcement of rules of civil procedure and evidence, (2) the licensing and supervision of attorneys in Texas, (3) the appointment of members of the Board of Law Examiners, (4) the processing of declarations of intent to study law and applications for admission to the Bar, (5) the supervision of the Office of Court Administration and the Court Reporters Certification Board, (6) the supervision of funding for programs providing civil legal services for indigents, and (7) the equalization of the dockets of the 14 Courts of Appeals. The court disposed of 3,161 matters in fiscal year 2007.

Appropriations for the 2008–09 biennium total \$38.9 million in All Funds and provide for 67.5 full-time-equivalent (FTE) positions (**Figure 234**). Court operations totaling \$10.6 million are funded with General Revenue Funds and the Judicial Fund. Of this amount, \$1.1 million was provided above 2006–07 spending levels for two staff attorneys to

**FIGURE 234**  
**SUPREME COURT OF TEXAS APPROPRIATIONS**  
**BY FUNCTION**  
**2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

assist with case backlogs and children's justice issues, one accountant, and one deputy clerk (\$0.4 million and 4 FTE positions); a court web casting project (\$0.4 million); funding for out-of-Austin oral arguments and court security expenses (\$0.1 million); restored travel and court reporting expenses for the Supreme Court Rules Advisory Committee (\$60,000); and new funding for three court-initiated committees (\$0.2 million). These committees include: (1) Task Force on Jury Assembly and Administration, (2) Task Force on Judicial Readiness, and (3) Task Force on Child Protection Case Management and Reporting. Another \$0.4 million for court operations in 2008–09 is expected from a new \$50 fee from civil cases filed in the Supreme Court and the 14 Courts of Appeals (see Significant Legislation). The fee is estimated to generate as much as \$217,000 each fiscal year for court purposes, which may include facility renovations, equipment purchases and upgrades, professional development fees, and pay raises for court staff in the clerk's office.

Funding for the Basic Civil Legal Services (BCLS) Program totals \$24.5 million during the 2008–09 biennium. Of this amount, \$14.5 million is from fees deposited into the Judicial Fund, \$5.0 million is from an interagency contract with the Office of the Attorney General, \$3.0 million is from the General Revenue Fund, and \$2.0 million is from General Revenue–Dedicated Funds from the new Sexual Assault Program Fund. The new funding is generated by a \$5 admission fee to certain sexually oriented businesses (see Significant Legislation).

State BCLS funding is only one component of total spending for indigent civil services in Texas. The Supreme Court created the Texas Equal Access to Justice Foundation (TEAJF) in 1984 to manage grants to legal aid organizations. On behalf of the Supreme Court, TEAJF manages both state BCLS grants and additional funding collected through the Texas Interest on Lawyers' Trust Accounts (IOLTA) Program. The program generates revenue for legal aid by collecting interest earned on trust accounts. In March 2007, the Supreme Court amended IOLTA rules to require Texas attorneys to place their IOLTA accounts at banks that pay interest earnings comparable to earnings on non-IOLTA accounts. Prior to the rule, some IOLTA accounts in Texas were earning as little as 0.2 percent in interest. As a result of the rule change, TEAJF reports that the IOLTA program is estimated to generate \$20 million per year for indigent civil legal services, up from approximately \$6 million per year previously. From all sources of funding, Texas legal aid

organizations dispose of approximately 95,000 cases each year. To qualify for basic legal civil services aid, an individual cannot earn more than \$12,250 per year. However, certain victims of crime seeking civil legal services in relation to a specific injury suffered may earn up to \$18,375 per year.

Also in 2008–09, the court received increased funding for grants to trial courts and appellate courts for additional court staff and technology to handle multi-district litigation cases such as asbestosis- and silicosis-related cases (\$1 million). Additionally, for the first time Federal Funds awarded to the court for court improvement projects appear in the court's bill pattern of the General Appropriations Act for 2008–09 (\$2.9 million). In prior biennia, the Department of Family and Protective Services and then the nonprofit Texas Center for the Judiciary administered the funds on behalf of the court, but for the 2008–09 biennium the court will assume direct administration.

In 1999, the Seventy-sixth Legislature petitioned the Supreme Court to take a more active role in the equalization of dockets and the reduction of case backlogs among the 14 Courts of Appeals. The Legislature defined successful equalization as achieving a deviation of 10 percent or less in the rate of new cases filed each year per justice among all the Courts of Appeals. On a quarterly basis, the Supreme Court orders the transfer of cases from courts with high numbers of filings per justice to those courts with low numbers of filings per justice. In fiscal year 2007, the Supreme Court achieved equalization with an average deviation of 3.6 percent from the average 125 cases filed per justice.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted legislation relating to an additional \$50 fee on civil cases filed in the Supreme Court or the 14 Courts of Appeals. The fee is deposited to the new Supreme Court Support Account in the Judicial Fund, and the court may use the funds for any expenses related to court operations. The legislation also requires the court to report expenditures made from the new account to the Legislative Budget Board no later than November 1 of each fiscal year.

The Eightieth Legislature, 2007, enacted House Bill 1751 to impose a \$5 admission fee on certain sexually-oriented businesses. The first \$25 million collected by the state from this fee is deposited as General Revenue–Dedicated Funds to the Sexual Assault Program Fund. The court received a \$2 million appropriation from the fund in fiscal year 2009 for its Basic Civil Legal Services Program for victims with civil

legal problems resulting from sexual assault, such as protective orders, lease terminations, and victim compensation and benefits. The legislation establishes the Sexual Assault Advisory Council, composed of representatives from agencies receiving appropriations from the new account, to advise future legislatures on the status of sexual assault in the state, including the status of victims' services.

## COURT OF CRIMINAL APPEALS

The Court of Criminal Appeals was created in 1891 and is composed of a Presiding Judge and eight judges. The court has statewide final appellate jurisdiction in criminal cases. It also has exclusive jurisdiction over appeals in death penalty cases and the power to issue writs. Other responsibilities of the court include the promulgation of rules of evidence and rules of appellate procedure for criminal cases. During fiscal year 2007, the court disposed of 268 cases on direct appeal, 1,872 petitions for discretionary review, 6,511 writs of habeas corpus, 924 original proceedings, and 1,707 motions.

Appropriations for the 2008–09 biennium total \$28 million and provide for 71 full-time-equivalent positions. Court operations totaling \$9.3 million are funded with General Revenue Funds and the Judicial Fund. The court supervises grant programs for judicial and court personnel training, which is funded primarily through the collection of court costs in criminal case convictions. Appropriations from the Judicial and Court Personnel Training Fund total \$18.7 million for this purpose, or 67 percent of the 2008–09 appropriation. Of this amount, \$0.2 million is for funding a grant administrator and qualitative program audits for the Judicial Education Program. Regular grantees include the following organizations:

- the Texas Center for the Judiciary, providing training for judges and clerks serving in statutory county, district, and appellate courts;

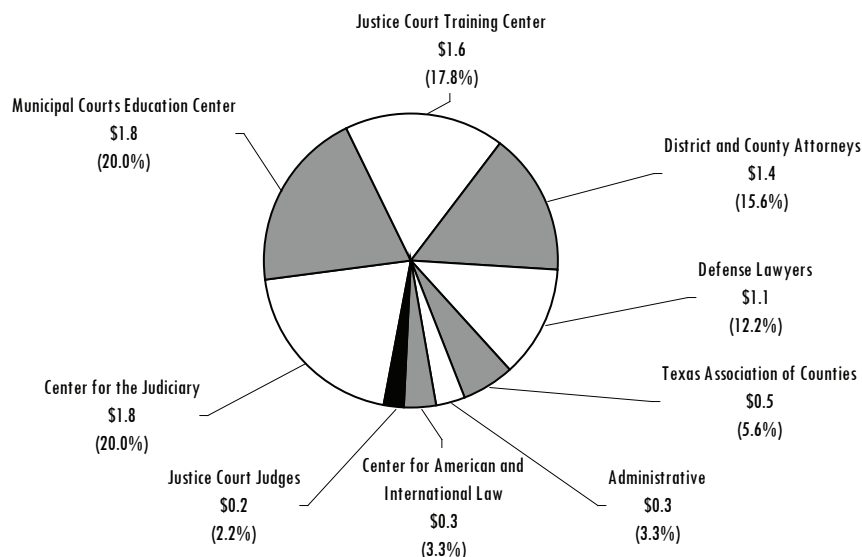
- the Texas Association of Counties, providing training for judges and clerks serving in constitutional county courts, wherein the functions performed by the judge are at least 40 percent judicial functions;
- the Texas Municipal Courts Education Center, providing training for judges and clerks serving municipal courts;
- the Texas Justice Court Training Center, providing training for justices of the peace and clerks and constables serving justice of the peace courts;
- the Texas District and County Attorneys Association, providing training for prosecutors, investigators, and other personnel representing the government in district- and county-level trial courts;
- the Texas Criminal Defense Lawyers Association, providing training for criminal defense attorneys regularly representing indigent defendants in criminal matters; and
- the Center for American and International Law, providing training for judges, prosecutors, and criminal defense attorneys.

During fiscal year 2007, the court provided grantees with a budget totaling \$8.9 million, and 12,205 persons attended training (**Figure 235**).

**FIGURE 235**  
**JUDICIAL AND COURT PERSONNEL TRAINING**  
**FISCAL YEAR 2007**

IN MILLIONS

TOTAL = \$8.9 MILLION



SOURCES: Legislative Budget Board; Court of Criminal Appeals.

**SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted Senate Bill 496 authorizing the court to use more than 3 percent of its annual appropriation from the Judicial and Court Personnel Training Fund to administer judicial education programs if the Legislature appropriates additional funding for that purpose. The legislation also authorizes the use of funds from the Judicial and Court Personnel Training Fund for programs that provide law enforcement officers, law students, and other participants with actual innocence training.

## COURTS OF APPEALS

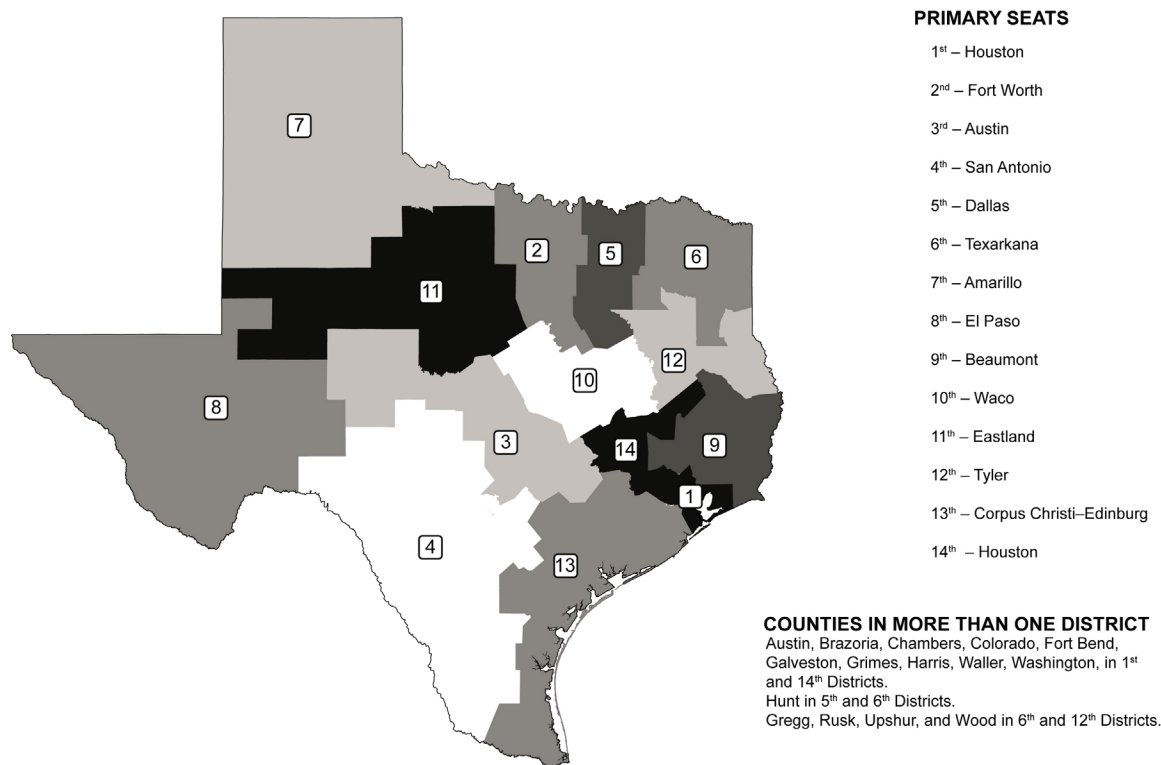
The Courts of Appeals have intermediate appellate jurisdiction in civil cases and in criminal cases other than those in which the death penalty has been assessed. The state is divided into 14 courts of appeals districts, with one court of appeals in each district, as shown in **Figure 236**. The Supreme Court of Texas is authorized to transfer cases between the courts of appeals to equalize the dockets and promote efficiency in the use of court resources. There are 80 justices distributed among the 14 courts of appeals; the number of justices at each court is set by statute and varies from 3 to 13.

During the 10-year period ending in fiscal year 2007, the total filings per year in the 14 courts of appeals decreased by 1,185, or 9.5 percent. During fiscal year 2007, there were 11,317 cases added to court dockets, and the courts disposed of 11,286 cases. Cases pending at the end of fiscal year 2007 decreased by 3,974, or 34.3 percent, from the end of fiscal year 1998, and fewer were pending than in the previous nine fiscal years (**Figure 237**).

Appropriations for the 14 courts of appeals for the 2008–09 biennium total \$64.5 million in All Funds, which provide for 429 full-time-equivalent positions. Of this amount, \$58.8 million is in General Revenue Funds and \$4.9 million is from the Judicial Fund, which finances the judicial pay raise instituted by legislation passed by the Seventy-ninth Legislature, Second Called Session, 2005.

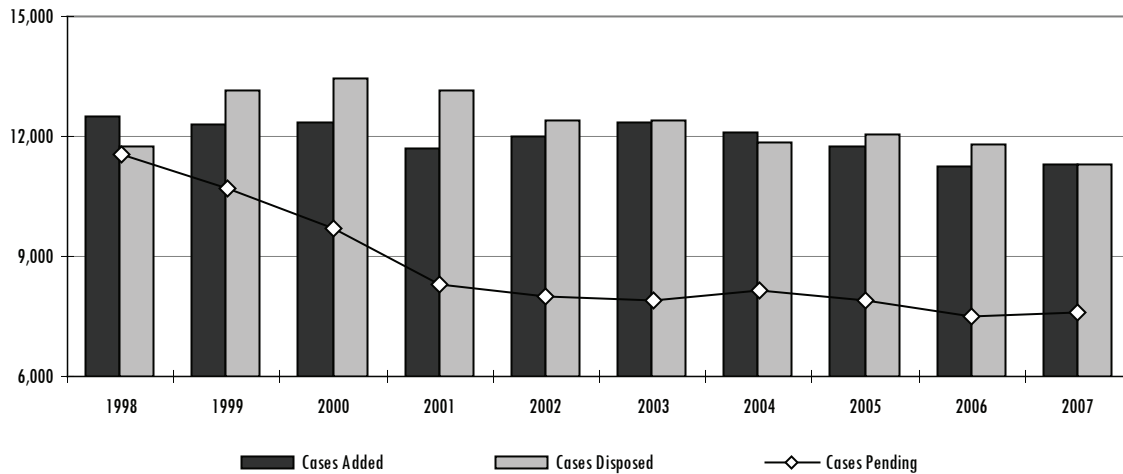
The 2008–09 appropriations represent an increase of \$4.4 million in General Revenue Funds above the 2006–07 spending level of \$54.3 million, or an increase of 8.2 percent. The courts also received \$4.3 million in a block grant for similar funding for same-sized courts. Staff attorneys, law clerks, and other designated court staff received targeted pay increases exceeding the general statewide employee pay increase. The block grant funding provided by the Eightieth Legislature, 2007, was used to reclassify law clerk positions to staff attorney positions. Additionally, the block grant funding was used to add attorney and non-attorney staff as well as provide pay raises to existing attorney and non-attorney staff.

**FIGURE 236**  
**COURTS OF APPEALS DISTRICTS, FISCAL YEAR 2007**



SOURCE: Office of Court Administration.

**FIGURE 237**  
**COURTS OF APPEALS CASELOAD**  
**FISCAL YEARS 1998 TO 2007**



SOURCE: Office of Court Administration.

**Figure 238** shows an analysis of the \$4.3 million similar funding for same sized courts block grant.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted Senate Bill 1519 entitling active judges and justices to longevity pay. Under the provisions of the legislation, judges enrolled under Judicial System Retirement Plan I or II accumulate \$20 per month for each year of service, calculated and payable only after 16 years of service. Eligible judges will receive \$3,840 annually in longevity pay once they reach 16 years of service and continue to collect the longevity pay each year thereafter. There are now 104 judges and justices statewide eligible for longevity pay, 12 of which sit on one of the 14 Courts of Appeals.

The Eightieth Legislature also enacted Senate Bill 325, which establishes an appellate judicial system for the Ninth Court of Appeals in Beaumont. Appellate judicial systems give the commissioners court of each of the counties within each district discretion to set a court cost fee to be collected for the benefit of the respective court. The legislation allows the commissioners court of each of the 10 counties within the district to set a court cost fee of not more than \$5 for each civil suit filed in the county courts, county courts at law, probate courts, or district court for the benefit of the Ninth Court of Appeals.



**FIGURE 238**  
**COURTS OF APPEALS**  
**ALLOCATION OF \$4.3 MILLION BLOCK GRANT**  
**2008–09 BIENNIUM**

COURTS OF APPEALS	JUSTICES	FTE POSITIONS REQUESTED	2008–09 APPROPRIATION (IN MILLIONS)	2008–09 BLOCK GRANT	RECLASSIFY LAW CLERKS TO STAFF ATTORNEYS	ATTORNEY STAFF	NON-ATTORNEY STAFF	INCREASE ATTORNEY SALARIES	INCREASE NON-ATTORNEY SALARIES	INCREASE OTHER OPERATING COSTS	TOTAL BLOCK GRANT
5 <sup>th</sup>	13	4	\$9.0	\$876,036		\$390,000	\$64,000	\$32,000	\$85,311	\$304,725	\$876,036
1 <sup>st</sup>	9	4	6.6	677,726		120,000	220,000	160,000	157,726	20,000	677,726
14 <sup>th</sup>	9	3	6.6	658,422	\$324,000		210,000	77,803	36,445	10,174	658,422
2 <sup>nd</sup>	7	1	5.0	334,693	239,952	50,000		44,741			334,693
4 <sup>th</sup>	7	3	5.0	521,191	124,324		264,134	124,234	8,499		521,191
3 <sup>rd</sup>	6	1	4.4	245,181	36,383	120,000		78,254		10,544	245,181
13 <sup>th</sup>	6	0	4.4	246,688	186,743				59,945		246,688
7 <sup>th</sup>	4	0	3.0	60,674				48,431		12,243	60,674
9 <sup>th</sup>	4	0	3.0	111,615				77,286	34,379		111,615
6 <sup>th</sup>	3	0	2.4	144,456				91,000	28,000	25,456	144,456
8 <sup>th</sup>	3	0	2.4	108,461	33,000			69,000		6,461	108,461
10 <sup>th</sup>	3	0	2.3	85,228	23,250			57,500		4,478	85,228
11 <sup>th</sup>	3	0	2.4	103,830				68,800	35,030		103,830
12 <sup>th</sup>	3	1	2.4	106,881		75,000			13,000	18,881	106,881
<b>TOTALS:</b>											
<b>(ACTUAL)</b>	<b>80</b>	<b>17</b>									
<b>TOTALS</b>											
<b>(IN MILLIONS):</b>			<b>\$58.8</b>	<b>\$4.3</b>	<b>\$1.0</b>	<b>\$0.8</b>	<b>\$0.8</b>	<b>\$0.9</b>	<b>\$0.6</b>	<b>\$0.4</b>	<b>\$4.3</b>

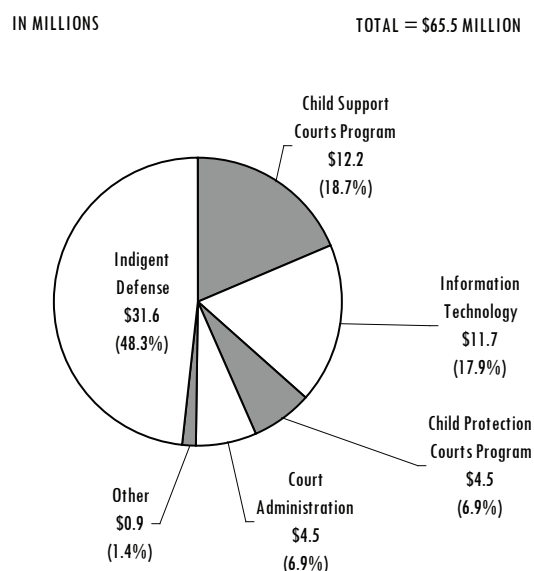
SOURCES: Legislative Budget Board; Office of Court Administration.

## OFFICE OF COURT ADMINISTRATION, TEXAS JUDICIAL COUNCIL

The Office of Court Administration (OCA), established in 1977, operates under the direction of the Supreme Court of Texas. The agency provides resources and information for the efficient administration of the Judicial Branch of Texas. OCA supports several regulatory and policy-making boards, including the Texas Judicial Council, compiles judicial statistics, provides research and court services, and supports the state Specialty Courts Program. The Texas Judicial Council conducts studies of the judicial system and makes policy recommendations to the Governor, the Legislature, and the Supreme Court of Texas for improving the administration of justice in Texas. The council includes members of the Judiciary, the public, the Legislature, and the State Bar.

Appropriations to OCA for the 2008–09 biennium total \$65.5 million and provide for up to 196 full-time-equivalent positions (**Figure 239**). Of total agency appropriations, \$56.1 million, or more than 85 percent, is from General Revenue Funds and General Revenue–Dedicated Funds. The majority of the remaining \$9.4 million is from an interagency contract with the Office of the Attorney General (OAG) in pass-through Federal Funds for child support courts.

**FIGURE 239**  
**OFFICE OF COURT ADMINISTRATION APPROPRIATIONS**  
**BY FUNCTION**  
**2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

The agency works to improve information technology at all judicial levels in Texas. In addition to providing information technology (IT) for its agency work and for the various boards it supports, OCA provides IT for the state's 16 appellate courts, the State Law Library, the Office of the State Prosecuting Attorney, and the State Commission on Judicial Conduct (SCJC). These bodies use computers, desktop software, line-of-business software applications, Internet access, wide area and local area networks, and websites provided and maintained by OCA. The line-of-business software applications OCA maintains includes certification management for OCA's regulatory boards, case management for the child-protection and child-support specialty courts, case management for SCJC, and court case management for appellate courts. Additionally, OCA supports the meetings and activities of the Judicial Committee on Information Technology.

Appropriations for the 2008–09 biennium for information technology total \$11.7 million. Of this amount, \$4.8 million is dedicated to providing information services to the trial courts. For the 2008–09 biennium, OCA received a combination of state and federal funding totaling \$6.4 million for three new information technology initiatives. Texas Data Enabled Courts for Kids (TexDECK) will integrate data from various sources to provide judges better data while serving abused and neglected children. The Texas Appeals Management and E-Filing System (TAMES) project will provide for electronic filing and document management in the appellate courts. The Automated Registry System will coordinate the sharing of information from various state agency databases and the judicial system.

OCA provides services to the Task Force on Indigent Defense (TFID), which sets standards and awards grants to counties for criminal defense services and is a standing committee of the Texas Judicial Council. The Eightieth Legislature, 2007, provided funding for the TFID for the 2008–09 biennium of \$31.6 million. Of this amount, an estimated \$29.4 million is available in grants to eligible counties for improving legal services for indigent criminal defendants. The Eightieth Legislature enacted House Bill 1267, which authorized a \$2 fee on criminal convictions (excluding pedestrian or parking related offenses) for indigent defense services. The fee is expected to generate about \$15.2 million in new revenue over the biennium for TFID grants in addition to TFID's regular appropriation of \$31.6 million. The Legislature also continued funding for innocence projects at the state's four public law schools. The funding is up to \$100,000 per year for each school. The projects involve students reviewing

criminal case convictions to exonerate the wrongfully convicted and to identify reforms to improve criminal defense practices. General Revenue–Dedicated Funds are appropriated to the TFID through the Fair Defense Account, which is funded by court costs, surety bond fees, and state bar membership fees.

Since 1993, OCA has been authorized to employ associate judges to hear child support enforcement cases under expedited timeframes set by federal requirements. The agency contracts with the OAG to obtain Federal Funds under Title IV-D of the Social Security Act to pay associate judge salaries and program operating expenses. In 2007, the Eightieth Legislature appropriated matching General Revenue Funds to OCA. (Previously, the matching General Revenue Funds were appropriated to the OAG.) Total state and federal appropriations for the Child Support Courts Program are \$12.2 million in the 2008–09 biennium. Approximately two-thirds of this amount (or \$8.1 million) is in Federal Funds.

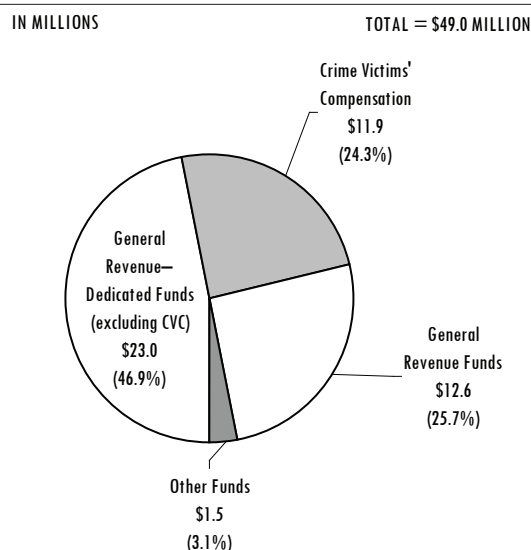
The agency maintains 15 Child Protection Courts whose primary expenses are the salaries of associate judges and assistants. The Child Protection Courts Program reduces the time children spend in temporary foster care by expediting the judicial administration of child abuse, neglect, and adoption cases. Total appropriations for the Child Protection Courts Program are \$4.5 million for the 2008–09 biennium, an increase of \$0.5 million. The increased funding is for an additional court to manage an increasing number of children and cases, and for salary parity for child protection courts staff to align them with the child support courts program staff, also administered by OCA.

OCA's Collection Improvement Program is a set of principles and processes for managing cases when defendants are not prepared to pay all court costs, fees, and fines, at the point of assessment and when they request time to pay. In 2005, the Texas Legislature enacted legislation that required cities with a population of 100,000 or more, and counties with a population of 50,000 or more, to implement collection improvement programs based on OCA's model Court Collection Improvement Program. During the 2006–07 biennium, this legislation affected 78 counties and cities, with 38 counties and cities required to implement programs by April 1, 2006, and the remaining 40 by April 1, 2007. Of the total 78 counties and cities required to implement a collection improvement program, 74 were either fully or partially implemented as of August 31, 2007.

For the 2006–07 biennium, the agency estimates that state revenues increased by \$26.4 million because of mandated jurisdictions either partially or fully implementing the program. Original projections estimated additional state revenues of approximately \$34.5 million for the biennium; however, several factors contributed to lower increases. Program requirements were diluted based on resistance to mandatory program components; there was a decrease in filings; there was a waiver granted to Harris County; and there were delays in implementing the program that appear related to anticipation of the passage of legislation during the Eightieth Legislature, 2007, that would have made the program voluntary. OCA estimates the mandated programs will generate at least \$49 million during the 2008–09 biennium (**Figure 240**).

During the 2008–09 biennium, program staff will continue to work with counties and cities, as well as audit staff at the Comptroller of Public Accounts, to ensure compliance with the critical components of the model collections program and gather data on pre-implementation and post-implementation collection rates. OCA collection staff will continue to provide training and consultation to improve the efficiency of the collection programs and train new county and city collections staff. In addition, OCA collection staff will establish at least five voluntary collections programs each fiscal year in smaller Texas counties and cities.

**FIGURE 240**  
**ESTIMATED STATE REVENUE GENERATED**  
**BY COLLECTION IMPROVEMENT PROGRAM**  
**2008–09 BIENNIUM**



SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

OCA supports three certification/regulatory entities within the Judicial Branch: the Court Reporters Certification Board, the Guardianship Certification Board, and the Process Server Review Board.

### **COURT REPORTERS CERTIFICATION BOARD**

The Court Reporters Certification Board (CRCB) was created in 1977 to certify and regulate court reporters. CRCB functions include, but are not limited to, certification of individual court reporters, registration of court reporting firms, assessment and collection of fees, and enforcement of the rules and regulations governing the court reporting profession. As of August 31, 2007, there were 2,720 active certified court reporters and 361 registered court-reporting firms in Texas.

The governing body consists of 13 members appointed by the Supreme Court of Texas. The Seventy-eighth Legislature, Regular Session, 2003, enacted legislation that approved recommendations of the Sunset Advisory Commission and, with the adoption of Senate Bill 273, the appropriations for CRCB were transferred into OCA's budget structure. OCA was directed to provide administrative support to CRCB in fulfilling its statutory responsibilities. Appropriations for the 2008–09 biennium total approximately \$0.3 million and provide for three full-time-equivalent positions. Funding for the CRCB comes from examination and certification fees collected by CRCB and deposited in the General Revenue Fund.

### **GUARDIANSHIP CERTIFICATION BOARD**

The Guardianship Certification Board (GCB) was created to establish a certification process for private professional guardians and those who provide guardianship services to a ward of a guardianship program or to wards of the Department of Aging and Disability Services (refer to Senate Bill 6, Seventy-ninth Legislature, Regular Session, 2005). GCB determines the qualifications for obtaining certification (with rules approved by the Supreme Court), issues certificates to those who meet the requirements, and adopts minimum standards for guardianship services or other similar but less restrictive types of assistance or services. As with CRCB, the Legislature administratively attached GCB to OCA. The Eightieth Legislature, 2007, continued funding of approximately \$76,000 per year for the Guardianship Review Board for the 2008–09 biennium.

### **PROCESS SERVER REVIEW BOARD**

The Process Server Review Board (PSRB) was appointed by the Supreme Court of Texas in 2005, when the Supreme

Court of Texas amended the Texas Rules of Civil Procedure to permit persons certified by order of the Supreme Court to serve process. The mission of PSRB is to improve the standards for persons authorized to serve process and to reduce the disparity among Texas civil courts for approving persons to serve process. The court ordered OCA to provide clerical assistance to PSRB.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted Senate Bill 702, which requires OCA to collect and publish an annual report regarding the jury charge and sentence in capital cases. Also, the Legislature enacted House Bill 1380, which requires a local administrative judge to submit a written report to OCA regarding any security incident involving court security that occurs in or around a building housing a court not later than the third business day after the date the incident occurred. The legislation also requires that local funds for court security, whether for municipal, justice, county, or district court buildings be used only for courthouse security purposes.

The Eightieth Legislature, 2007, enacted House Bill 3199, which created the Judicial Compensation Commission made up of nine gubernatorial appointees. The commission is charged with reporting to the Legislature, before each legislative session, on the proper salaries to be paid by the state for all justices and judges of the Supreme Court, the Court of Criminal Appeals, the courts of appeals, and the district courts. The legislation also directs OCA to provide the new commission with administrative support, including reimbursement of members for all actual and reasonable travel expenses.

The Eightieth Legislature, 2007, enacted Senate Bill 749, which authorizes additional compensation for a district judge presiding over multi-district proceedings involving asbestos- or silica-related injuries. Eligible judges are entitled to additional compensation up to the maximum additional state salary allowed presiding judges of administrative judicial regions, or \$33,000 per year, in addition to the regular state salary of \$125,000 per year. During the 2008–09 biennium, it is expected that two district judges in the state qualify for the additional compensation. OCA has the original appropriation for this purpose (\$126,500 for the biennium), and will contract with the Judiciary Section of the Comptroller's Department to include the monthly supplement of \$2,750 in the judges' regular monthly pay.

## OFFICE OF THE STATE PROSECUTING ATTORNEY

The Office of the State Prosecuting Attorney (OSPA) was created in 1923 and is charged with representing the state in all proceedings before the Court of Criminal Appeals. The State Prosecuting Attorney, appointed by the Court of Criminal Appeals, may also represent the state in criminal cases before the 14 Courts of Appeals. In addition, the State Prosecuting Attorney may assist a district or county attorney in representing the state before a court of appeals if the State Prosecuting Attorney considers it necessary for the interest of the state, or if asked by the local prosecutor to do so.

Given its statewide impact, OSPA thoroughly studies the opinions and decisions of the Court of Criminal Appeals thoroughly. In addition, the agency monitors all opinions issued by the 14 Courts of Appeals that reverse a criminal conviction or modify the trial court's judgment. The agency focuses on the effect an appellate opinion will have on the state's overall jurisprudence and becomes involved as necessary to advance the state's interests. OSPA is the only agency empowered to take a statewide perspective on important issues arising in Texas criminal law and it functions as the primary source of guidance and assistance for many local prosecutors.

Appropriations for OSPA for the 2008–09 biennium total \$0.9 million in General Revenue Funds and provide for 5 full-time-equivalent positions.

### SIGNIFICANT LEGISLATION

Legislation enacted by the Eightieth Legislature, 2007, affecting OSPA includes Senate Bill 497. This legislation amends the Texas Government Code to require the state prosecuting attorney to be subject to the same statutory provisions as professional prosecutors. These provisions specify the compensation, expenses, and limitations on practicing law and accepting fees for professional prosecuting attorneys.

## STATE LAW LIBRARY

The State Law Library was created in 1971 and is directed by statute to maintain a legal reference facility for use by the Supreme Court of Texas, the Court of Criminal Appeals, the Office of the Attorney General, other state agencies, and citizens. The library maintains approximately 119,000 items of primary and secondary source material on Texas law, information on Texas legal history, federal primary source materials, major law reviews, treatises and monographs on general law, and selected federal publications. It provides an online, computer-based legal research service for state agencies on an interagency contract basis. The library serves as an active disseminator of information and an active participant in cooperative efforts with other libraries, governmental agencies, and state and national organizations.

Appropriations for the 2008–09 biennium for the State Law Library total \$1.9 million and provide for 11 full-time-equivalent positions. Of the appropriated amount, \$1.8 million, or 95 percent, is in General Revenue Funds.

## STATE COMMISSION ON JUDICIAL CONDUCT

The State Commission on Judicial Conduct (SCJC) was created by constitutional amendment in 1965 and consists of 13 members appointed by the Supreme Court of Texas, the State Bar of Texas, and the Governor. The agency's constitutional mandate is to investigate, and when it finds judicial misconduct or judicial incapacity, to take appropriate action, including discipline, education, censure, or the filing of formal procedures that could result in removal from office. There are approximately 3,716 judges and judicial officers under the jurisdiction of SCJC.

The agency is governed by the Texas Constitution, the Texas Government Code, and the Procedural Rules for the Removal or Retirement of Judges promulgated by the Supreme Court of Texas. Under these governing provisions, the SCJC may dismiss a complaint against a judge, order additional education for a judge, privately or publicly sanction a judge, or after conducting public hearings, recommend to the Supreme Court to remove or retire a judge. A judge who SCJC publicly or privately sanctions is entitled to a review of the agency's decision by a special court of review.

Appropriations to SCJC for the 2008–09 biennium total \$1.8 million in General Revenue Funds and provide for 15 full-time-equivalent positions.



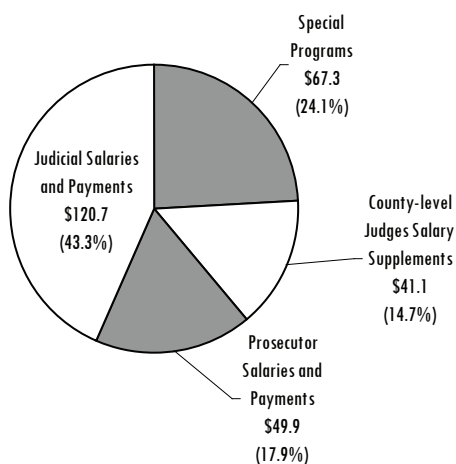
## JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT

The mission of the Judiciary Section of the Comptroller's Department (Comptroller of Public Accounts) is to manage judicial branch expenditures, claims, and salary supplements that are not captured within the appropriations of the appellate courts or the judicial branch agencies. The Judiciary Section's responsibilities include paying the salaries of visiting and district court judges; the salaries and certain expenses of felony prosecutors and district attorneys; salary supplements of constitutional, statutory, and probate county judges; and assistant district or county attorney longevity pay, county attorney supplements, and nonresident witness expenses. The section also funds the operation of the Public Integrity Unit in the Travis County District Attorney's Office and the Special Prosecution Unit headquartered in Walker County.

Appropriations for the Judiciary Section for the 2008–09 biennium total \$279 million. Of this amount, \$172 million, or 62 percent, is in General Revenue Funds and General Revenue–Dedicated Funds. Out of total agency appropriations, \$120.7 million, or 43 percent, is for judicial salaries and payments (**Figure 241** and **Figure 242**). Of this amount, \$9.3 million is available for visiting judge payments.

**FIGURE 241**  
**JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT**  
**APPROPRIATIONS BY FUNCTION**  
**2008–09 BIENNIUM**

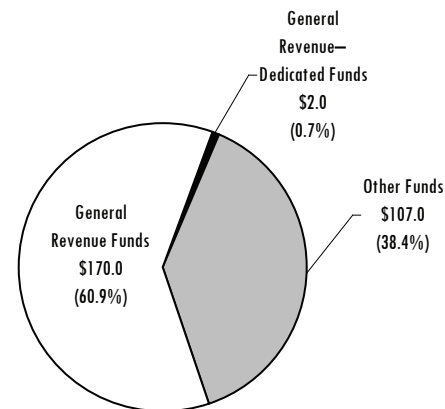
IN MILLIONS TOTAL = \$279.0 MILLION



SOURCE: Legislative Budget Board.

**FIGURE 242**  
**JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT**  
**APPROPRIATIONS BY METHOD OF FINANCING**  
**2008–09 BIENNIUM**

IN MILLIONS TOTAL = \$279.0 MILLION



SOURCE: Legislative Budget Board.

The Public Integrity Unit (PIU) was established in 1978 to investigate and prosecute white-collar crime in state government. In addition to handling general complaints involving criminal wrongdoing, PIU has two other purposes: to investigate allegations of fraud in the insurance industry, and to investigate and prosecute motor fuels tax fraud in a joint venture with the Comptroller of Public Accounts. PIU appropriations for the 2008–09 biennium total \$7.2 million in General Revenue Funds and other funds from the State Highway Fund.

In 1997, appropriations for the Special Prosecution Unit (SPU) were transferred from the Texas Department of Criminal Justice (TDCJ) to the Judiciary Section. The Criminal Division of SPU prosecutes crimes committed within the TDCJ prison system. The Seventy-sixth Legislature, 1999, enacted legislation that created a Civil Division in the SPU responsible for initiating civil commitment proceedings against sexually violent predators who completed prison terms. Additionally, the Eightieth Legislature, 2007, enacted Senate Bill 103, resulting in a new Juvenile Division to prosecute criminal offenses or delinquent conduct committed within Texas Youth Commission facilities (see Significant Legislation).

Appropriations for SPU total \$11.7 million in the 2008–09 biennium in All Funds. Of this amount, \$6.3 million is budgeted for the Civil Division, which includes a \$4.9 million



increase over 2006–07 spending levels to increase the number of civil commitments from 15 to 25 in fiscal year 2008 and from 25 to 60 in fiscal year 2009. This increase provides funding for 20 new full-time-equivalent (FTE) positions, for expert testimony and court reporters, and for staff salaries competitive with those offered by similarly situated district attorneys. In fiscal year 2009, \$2 million of the funding increase for the Civil Division is from the new Sexual Assault Program Account within General Revenue–Dedicated Funds. The new funding is generated by a \$5 admission fee to certain sexually oriented businesses (see Significant Legislation below).

The Eightieth Legislature, 2007, transferred funding for sex offender treatment and supervision from the Department of State Health Services (DSHS) to the Judiciary Section. Funds added to the Judiciary Section for this purpose total \$5.9 million in General Revenue Funds, an increase of \$4.2 million over 2006–07 biennium spending levels at DSHS. DSHS will continue to provide direct services for persons under civil commitment as sex offenders through an interagency contract with the Judiciary Section

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted several bills that expand the state's court system and existing salary supplements for prosecutors and judges.

Senate Bill 1951 creates 12 additional district courts in fiscal year 2009, an office of district attorney in certain counties (one additional FTE position), and changes the election and duties of district attorneys in certain counties. The new courts join 436 district courts in operation effective September 1, 2007. To implement the provisions of the legislation, the Judiciary Section was appropriated \$3.2 million in All Funds for district judge and prosecutor salaries, travel, and prosecutor office apportionments. Of this amount, \$1.8 million is in General Revenue Funds.

House Bill 622, House Bill 2288, and Senate Bill 1414 apply the professional prosecutors' law to certain district attorneys, resulting in pay increases from \$100,000 to \$125,000 annually for the three affected positions.

Senate Bill 600 requires the state to pay an annual salary supplement to all statutory county judges, to increase the annual supplement paid from \$35,000 to \$75,000 (an amount equal to 60 percent of a district judge's salary), and for all counties to collect the fees and court costs that support the salary supplement program. To fund the increase, the bill

increases court costs upon conviction and civil filing fees collected by trial courts from \$4 to \$6 and from \$37 to \$42, respectively. Elsewhere in statute, a statutory county judge's salary is capped at \$1,000 less than the maximum annual salary (from both state and local sources) of a district judge in the same county. Assuming a district judge is paid the maximum allowed under statute, or \$140,000, the maximum salary a statutory county judge could receive from both state and local sources equals \$139,000. The Judiciary Section received an appropriation of \$14.5 million from the Judicial Fund (within Other Funds) to implement provisions of the legislation. The legislation also saved \$1.6 million in General Revenue Funds for that portion of the former \$35,000 salary supplement (i.e., \$5,000) that had been paid with General Revenue Funds.

House Bill 2359 requires all statutory probate courts to participate in the state salary supplement program by collecting a \$40 filing fee in each probate, guardianship, mental health, or civil case filed in the respective court to pay for the program. There are 17 statutory probate courts in Texas, but previously four courts in Harris County did not participate in the state program, which provides a state supplement of \$40,000 per year for statutory probate judges. The legislation also provides the presiding judge of the probate courts an additional \$5,000 annual supplement. If the state collects amounts that exceed the funding needs of the salary supplement program, excess contributions are remitted to counties on a proportionate basis. The Judiciary Section received an appropriation of \$0.7 million from the Judicial Fund (Other Funds) to implement provisions of the legislation.

Senate Bill 844 expands the assistant district attorney longevity program to cover assistant county attorneys, who represent the state in misdemeanor criminal cases and welfare cases. The state provides longevity pay of \$20 per month for each year of lifetime service for assistant prosecutors up to \$5,000 annually. The Judiciary Section was provided \$1.2 million from the Felony Prosecutor Supplement Fund (Other Funds) to implement provisions of the legislation.

As previously noted, Senate Bill 103, relating to the Texas Youth Commission (TYC) and the juvenile justice system, requires the Special Prosecution Unit (SPU) to prosecute criminal offenses or delinquent conduct committed in TYC facilities. The SPU received \$2.3 million in General Revenue Funds for a new Juvenile Division for this purpose. During 2008–09 the amount will fund 12.5 new FTE positions and other expenses for new offices in Huntsville and Palestine.

House Bill 1751 authorizes a \$5 admission fee on certain sexually-oriented businesses. The first \$25 million collected by the state from this fee is deposited to the new Sexual Assault Program Account within General Revenue–Dedicated Funds. The Judiciary Section received a \$2 million appropriation from the new fund in fiscal year 2009 for the Sex Offender Civil Commitment Program. The bulk of this funding will be used by the SPU.

Senate Bill 1519 provides longevity pay of \$20 per month for each year of service for appellate judges, justices, and district judges who complete 16 years of state service. Amounts provided are also capped at 16 years of service, or \$3,840 per fiscal year. The Judiciary Section did not receive an appropriation in the 2008–09 General Appropriations Act for this purpose; however, the Judiciary Section, using its estimated appropriation authority for district judge salaries, is expected to pay \$380,160 in General Revenue Funds each fiscal year to approximately 99 eligible district judges.

## 8. PUBLIC SAFETY AND CRIMINAL JUSTICE

As shown in **Figure 243**, appropriations for Public Safety and Criminal Justice for the 2008–09 biennium total \$10.4 billion, which constitutes 6.2 percent of all state appropriations. This amount reflects an increase of \$494.9 million, or 5 percent, from the 2006–07 biennium. **Figure 244** shows 2008–09 appropriations by method of financing and full-time-equivalent positions from fiscal years 2004 to 2009 for all public safety and criminal justice agencies.

**FIGURE 243**  
**ALL FUNDS APPROPRIATIONS FOR PUBLIC SAFETY AND CRIMINAL JUSTICE**  
**2008–09 BIENNIUM**

IN MILLIONS AGENCY	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Adjutant General's Department	\$118.0	\$184.6	\$66.6	56.5
Alcoholic Beverage Commission <sup>4</sup>	76.2	80.0	3.8	5.0
Department of Criminal Justice <sup>4</sup>	5,298.3	5,887.5	589.2	11.1
Commission on Fire Protection	5.9	5.7	(0.1)	(2.2)
Commission on Jail Standards	1.8	1.8	0.1	3.5
Juvenile Probation Commission	271.0	328.3	57.3	21.1
Commission on Law Enforcement Officer Standards and Education	5.3	5.9	0.6	11.5
Texas Military Facilities Commission	12.7	0.0	(12.7)	(100.0)
Department of Public Safety <sup>4</sup>	2,027.6	1,642.5	(385.1)	(19.0)
Youth Commission	529.5	551.9	22.5	4.2
<b>SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$8,346.2</b>	<b>\$8,688.3</b>	<b>\$342.1</b>	<b>4.1</b>
Retirement and Group Insurance	\$900.1	\$996.9	\$96.8	10.8
Social Security and Benefit Replacement Pay	305.6	316.0	10.5	3.4
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$1,205.7</b>	<b>\$1,312.9</b>	<b>\$107.3</b>	<b>8.9</b>
Bond Debt Service Payments	\$529.2	\$565.3	\$36.1	6.8
Lease Payments	4.0	4.4	0.4	10.0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$533.2</b>	<b>\$569.7</b>	<b>\$36.5</b>	<b>6.8</b>
Less Interagency Contracts	\$144.1	\$135.1	(\$9.1)	(6.3)
<b>TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$9,940.9</b>	<b>\$10,435.9</b>	<b>\$494.9</b>	<b>5.0</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

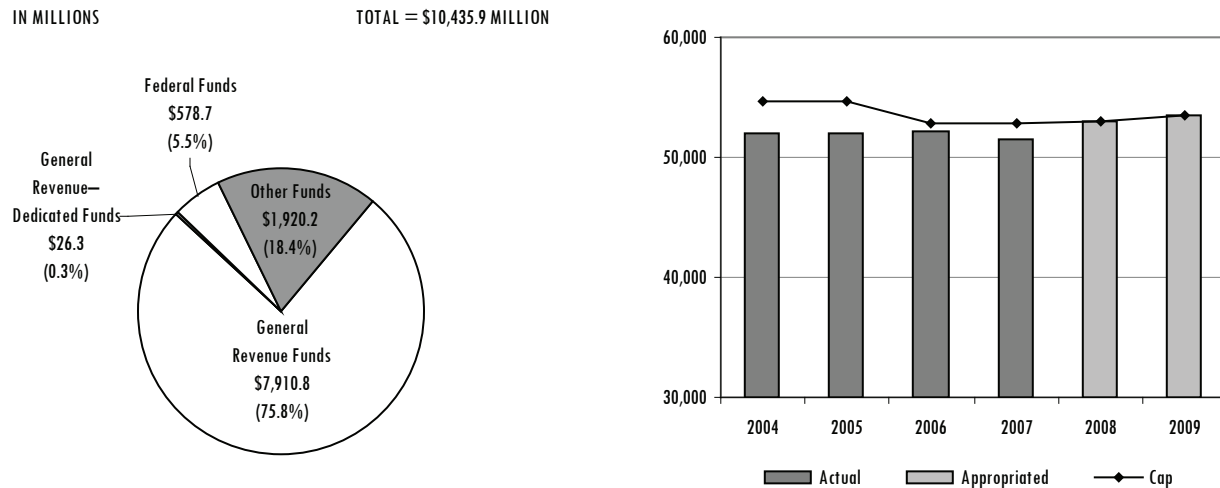
<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTES: Article totals exclude interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

SOURCE: Legislative Budget Board.

**FIGURE 244**  
**PUBLIC SAFETY AND CRIMINAL JUSTICE**  
**APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS**  
**2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

Nine state agencies and commissions provide public safety and criminal justice services: the Adjutant General's Department, the Alcoholic Beverage Commission, the Department of Criminal Justice, the Commission on Fire Protection, the Commission on Jail Standards, the Juvenile Probation Commission, the Commission on Law Enforcement Officer Standards and Education, the Department of Public Safety, and the Youth Commission.

## MAJOR FUNDING ISSUES

The Eightieth Legislature, 2007, appropriated \$22.5 million in All Funds for Salary Schedule C pay raises for commissioned peace officers with the Alcoholic Beverage Commission, the Department of Criminal Justice, and the Department of Public Safety: \$2.3 million in General Revenue Funds, \$1.0 million in Federal Funds, and \$19.2 million in Other Funds.

Enactment of Senate Bill 1724, Eightieth Legislature, 2007, abolished the Texas Military Facilities Commission and transferred its functions and responsibilities to the Adjutant General's Department. The Eightieth Legislature, 2007, provided an appropriation of \$13.5 million in General Obligation bond proceeds (Other Funds) to the Adjutant General's Department for major maintenance projects.

The Texas Department of Criminal Justice (TDCJ) is appropriated \$4.5 billion in All Funds for the incarceration and treatment of adult offenders in state institutions

(excludes contracted temporary capacity). The funding decision was based on a projected average number of incarcerated inmates of 154,276 inmates in fiscal year 2008 and 156,222 inmates in fiscal year 2009. Appropriations for fiscal years 2008–09 include increases of \$35.0 million for overtime pay; \$50.0 million for electricity, fuel, and natural gas; \$10.0 million for vehicle replacements; \$15.9 million and 250 additional staff for the conversion and operation of two Youth Commission facilities (600 beds each); \$63.1 million for additional Substance Abuse Felony Punishment Facilities (1,500 beds); \$21.7 million for additional In-Prison Therapeutic Community treatment slots (1,000 beds in existing capacity); \$22.2 million for additional treatment beds in contracted capacity for persons guilty of driving while intoxicated (500 beds); \$5.8 million for substance abuse treatment in state jails (1,200 treatment slots in existing capacity); \$81.9 million for rising inmate healthcare costs; \$10.3 million and 143 full-time-equivalent positions for the operations of the Marlin Correctional Mental Health Facility; and \$12.7 million to fund multi-year contract rate increases. Enactment of House Bill 15, Eightieth Legislature, 2007, reduced appropriations by \$27 million for institutional operations and maintenance during the 2008–09 biennium.

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not add because of rounding.

TDCJ is appropriated \$36.6 million in fiscal year 2008 for contracted temporary capacity. The projected average number of inmates in contracted temporary capacity during fiscal year 2008 is 2,513. The Governor vetoed \$29.2 million in General Revenue Funds for fiscal year 2009 intended to support an average of 2,000 beds in contracted temporary capacity.

Following the release of the January 2007 Adult and Juvenile Correctional Population Projections publication, approval rates for persons considered for parole release increased from a fiscal year 2006 average of 26 percent to an average of 30 percent for fiscal year 2007. The increase in approval rates has resulted in a suppressed growth in the inmate population. TDCJ maintained a contracted temporary capacity of 1,916 beds for most of fiscal year 2007 and for the first several months of fiscal year 2008.

The agency is appropriated \$50.4 million in General Obligation bond proceeds for the repair and rehabilitation of correctional facilities statewide and repair of the hospital facility in Galveston. TDCJ received an appropriation of \$273.4 million in General Obligation bond proceeds for the construction of three 1,330-bed facilities and the repair and rehabilitation of other facilities, subject to approval by the Legislative Budget Board.

TDCJ is appropriated \$551.6 million in All Funds for community supervision programs. Appropriations for fiscal years 2008 and 2009 include increases of \$10.0 million to hire and retain experienced specialized officers, \$32.3 million for residential treatment (800 beds), \$10.0 million for outpatient substance abuse treatment, \$17.1 million for additional probation intermediate sanction facilities (700 beds), and \$2.0 million for medically targeted substance abuse treatment.

TDCJ is appropriated \$302.7 million in All Funds to operate the parole system. The projected average number of offenders under active parole supervision is 78,681 during fiscal year 2008 and 80,050 during fiscal year 2009. These appropriations include increases of \$5.6 million for 300 additional beds in parole halfway house facilities, \$11.7 million for additional parole intermediate sanction facilities (700 beds), and \$4.1 million for multi-year contract rate increases.

Appropriations to the Juvenile Probation Commission for the 2008–09 biennium include increases of \$8.7 million for increased services for sex offender treatment, intensive supervision, and specialized supervision; \$35.4 million for

secure and non-secure residential placements; and \$13.8 million for enhanced community-based services for misdemeanants diverted from the Texas Youth Commission (TYC). Appropriations for the Juvenile Justice Alternative Education Program for fiscal years 2008 and 2009 include \$5.6 million for population projection adjustments and a daily rate increase from \$59 to \$79 per mandatory student attendance day.

The Department of Public Safety (DPS) is appropriated \$1.6 billion in All Funds for the 2008–09 biennium. Appropriations include increased funding of \$108.1 million in All Funds (\$63.7 million in General Revenue Funds and \$44.4 million in State Highway Funds) for border security operations including funding for local law enforcement surge operations, joint operation and intelligence centers, a border security operations center, additional DPS personnel, and additional aviation support. Appropriations also include State Highway Fund increases of \$32.5 million for operational shortfalls, \$29.0 million for additional personnel, \$15.1 million for an in-car computer project, \$8.4 million for crime record and regulatory enhancements, and \$16.1 million for crime laboratory operating costs and equipment. The agency also received an appropriation of \$200 million in General Obligation bond proceeds for the construction of a new regional office and crime laboratory in Lubbock, new offices in McAllen and Rio Grande City, crime laboratory expansions, and an emergency vehicle operations course.

TYC is appropriated \$551.9 million in All Funds for the 2008–09 biennium. Enactment of Senate Bill 103, Eightieth Legislature, 2007, makes significant changes to the operations of the agency. The legislation requires a 1:12 staff-to-youth supervision ratio; requires increased training for direct care staff; eliminates the commitment of misdemeanants to TYC; requires the agency to release, parole, or transfer to the Department of Criminal Justice youth who reach age 19 while in TYC custody; creates an Office of the Inspector General to investigate abuse, neglect, or exploitation of TYC youth; and creates the Office of Independent Ombudsman to enhance youth accessibility to services and grievance procedures. The agency is also required to develop a rehabilitation plan to aid in implementing the mandates of the legislation. The agency's rehabilitation plan includes reduced bed capacity in TYC facilities, improved safety and security measures, and a more centralized uniform method of managing facilities in remote areas. The projected average daily residential

population in agency institutional facilities, halfway houses, and contract care is 3,151 in each fiscal year of the 2008–09 biennium. The population estimate reflects implementation of the agency’s rehabilitation plan and statute changes that remove misdemeanants and offenders age 19 and older from the TYC population. The agency’s appropriation includes \$29.8 million in General Obligation bond proceeds for the repair and rehabilitation of existing facilities and to remodel existing dormitories in TYC facilities. The agency also received an appropriation of \$27.9 million in General Obligation bond proceeds for new construction at existing facilities and the construction of one new facility in a metropolitan area.



## ADJUTANT GENERAL'S DEPARTMENT

The Adjutant General's Department (AGD) was created in 1840, abolished in 1856, then reinstated in 1860. Its mission is to execute the Governor's constitutional and statutory responsibilities relating to the state's military forces, which consist of the Texas National Guard and the Texas State Guard. The Texas National Guard has two components: Texas Army National Guard and Texas Air National Guard. The agency provides mission-ready forces responsive to the community, the state, and the nation. AGD headquarters is located at Camp Mabry in Austin.

The U.S. Constitution provides the basic mandate for the maintenance of national and state military forces. It specifies that the President is commander-in-chief when the National Guard is called into service for the United States. The Texas Constitution names the Governor the commander-in-chief of the Texas National Guard, except when it is called into national service. The Governor appoints Texas' Adjutant General and two Assistant Adjutants General (one for the Texas Army National Guard and one for the Texas Air National Guard) to command the state's military forces.

AGD employs full-time state employees, full-time federal civil service employees, full-time active-duty military employees, and part-time citizen guard members as necessary to carry out its operations. Part-time National Guard members are paid to participate in military training one weekend a month, another 15 days annually, and additionally as needed. State Guard personnel train four days quarterly, another four days annually, and additionally as needed.

The Texas Military Facilities Commission, formerly the National Guard Armory Board, was created in 1935. Its mission of providing functional, modern, and well-designed facilities for the Texas National Guard included the construction, repair, and maintenance of military facilities owned by the state. Enactment of Senate Bill 1724, Eightieth Legislature, 2007, abolished the Texas Military Facilities Commission and transferred its functions to AGD.

AGD is responsible for the utilities, construction, repair, and maintenance of military facilities owned or licensed by the state that are located on state or federal property. These facilities are primarily utilized by the state's military forces for training personnel and for maintaining and storing equipment. During the 2008–09 biennium, the agency will maintain more than 400 facilities in 76 towns and cities throughout Texas. The agency receives state appropriations each biennium for maintaining these facilities. The federal

and state share of the maintenance costs is determined by a master cooperative agreement between the State of Texas and the federal National Guard Bureau.

Appropriations to AGD for the 2008–09 biennium total \$184.6 million in All Funds and provide for 628 full-time-equivalent (FTE) positions. These appropriations include \$12.6 million transferred from the Texas Military Facilities Commission. Of the total appropriations, \$28.8 million, or 15.6 percent, is appropriated from General Revenue Funds. Appropriations for the 2008–09 biennium include an increase of \$0.9 million in General Revenue Funds for the continued operation of two health-related programs, the Oral Rabies Vaccine Program and Operation Lone Star. Operation Lone Star is a program supplying medical and dental services to underserved populations in the Rio Grande Valley. Appropriations for the Texas State Guard include an increase of \$0.6 million in General Revenue Funds for costs related to increased training. The agency also received appropriations of \$13.5 million in General Obligation bond proceeds for major maintenance projects and \$4.4 million for debt service on revenue bonds from previous biennia for major maintenance and repairs of state military facilities.

During fiscal year 2007, the program administration and payment authorization for the State Military Tuition Assistance Program were moved from the Texas Higher Education Coordinating Board to AGD pursuant to legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005. Appropriations for this program for the 2008–09 biennium total \$2 million in General Revenue Funds. Enactment of House Bill 15, Eightieth Legislature, 2007, provided \$1.7 million in supplemental appropriations for fiscal year 2007 for salaries, wages, maintenance, and operations.

In addition to state appropriations, AGD manages Federal Funds that are paid directly by the federal government to Texas National Guard personnel or are designated for other agency operating expenses. These direct Federal Funds totaled \$569.2 million (unaudited) in fiscal year 2007 and supported approximately 3,700 federal FTE positions and 21,900 guard members associated with the AGD and the Texas National Guard.

AGD is appropriated \$5.3 million in All Funds for the 2008–09 biennium and is allocated 52 FTE positions for the Seaborne/ChalleNGe Program. The Seaborne/ChalleNGe Program is a five-month residential cooperative program between Texas and the National Guard Bureau that is

designed to improve the life skills and employment potential of 200 at-risk youth each year through military-style training. A one-year mentoring phase follows the residential phase for 16- to 18-year-olds who have dropped out of school and are drug free, unemployed, and not in trouble with the law.

### **TEXAS NATIONAL GUARD**

The Texas National Guard (TNG) has a dual mission: it may be ordered to active duty in the state by the Governor to provide trained and equipped military personnel to assist civil authorities in the protection of life and property and the preservation of law, order, and public safety in Texas; it is also a first-line reserve component of the U.S. Army and Air Force, and in that role may be called into active federal service by the President to provide military personnel for war, national emergencies, and at other times if national security requires augmentation of active forces. TNG's air component also has the peacetime mission of supporting U.S. Air Force operations and airlift missions around the world as required.

The U.S. Congress establishes the size and structure of the National Guard, while the Secretaries of the Army and the Air Force determine its composition and organization. The allocation of authorized military strength and Federal Funds are made to Texas by the federal National Guard Bureau.

In the 2006–07 biennium, TNG provided emergency response for wildfires, tropical storms, and hurricanes. Guard members also assisted local and state entities in various programs and activities statewide. For example, as Hurricane Dean threatened south Texas during August 2007, TNG participated in establishing potential emergency evacuation routes, refueling points, and rest areas.

In addition to local and state projects, TNG has an increasing role in active federal service. During the 2006–07 biennium, members of TNG served in foreign nations, including Iraq, where 1,575 members were stationed.

### **TEXAS STATE GUARD**

The Texas State Guard (TSG) is an all-volunteer state reserve military force, subject to active duty when called by the Governor to serve Texas in time of emergency. TSG provides trained and equipped individuals to supplement TNG and replaces TNG when that force is called into federal service. In fiscal year 2007, over 950 TSG volunteers provided services for a variety of state active-duty missions.

The Governor determines the size and structure of TSG, in conjunction with the Adjutant General. Personnel are volunteers between the ages of 17 and 60 and include retired personnel from all branches of the armed forces, as well as personnel with no prior military service. In 2007, TSG consisted of approximately 1,400 members, in military units typically collocated with TNG units. New TSG members purchase their own uniforms and are issued equipment and supplies as resources are available.

TSG actively participates in community programs statewide by providing a variety of services: security, traffic, and crowd control for local events; searches for missing children; color guards; honor guards; and training support. As part of meeting emergency needs, TSG manages and operates shelters; furnishes medical, legal support, and communications services; and conducts chaplaincy duties.

## ALCOHOLIC BEVERAGE COMMISSION

In 1935, after Prohibition had been repealed by an amendment to the State Constitution, the Texas Legislature enacted the Texas Liquor Control Act. This Act created the Texas Liquor Control Board to enforce state liquor laws. The name of the agency was changed in 1970 to the Texas Alcoholic Beverage Commission (TABC), and in 1977 the Liquor Control Act was codified as the Texas Alcoholic Beverage Code. The Alcoholic Beverage Code authorizes the agency to engage in the following activities:

- grant, refuse, suspend, or cancel permits and licenses in all phases of the alcoholic beverage industry;
- supervise, inspect, and regulate the manufacture, importation, exportation, transportation, sale, storage, distribution, and possession of alcoholic beverages;
- assess and collect taxes and fees on alcohol and cigarettes;
- investigate alleged violations of the Alcoholic Beverage Code and assist in the prosecution of violators;
- seize illicit alcoholic beverages; and
- adopt quality standards for and approve labeling and sizes of containers for all alcoholic beverages sold in Texas.

TABC's mission is to supervise and regulate all phases of the alcoholic beverage industry to ensure the protection of the welfare, health, peace, temperance, and safety of the people of Texas while facilitating fairness, balanced competition, and responsible behavior. The agency's goals are to (1) regulate the distribution of alcoholic beverages; (2) process applications and issue licenses and permits for the sale and distribution of alcoholic beverages; and (3) collect

fees and taxes. To accomplish these goals, the agency works to (1) deter and detect violations of the Alcoholic Beverage Code; (2) ensure compliance with laws regarding ownership of permits, licenses, tax security, and other licensing requirements; (3) monitor compliance with the Alcoholic Beverage Code; and (4) regulate the personal importation of alcoholic beverages and cigarettes through the state's port-of-entry locations with Mexico.

The agency is governed by a three-member commission appointed by the Governor, with the advice and consent of the Senate. The agency is funded through fees, fines, and other revenues paid by the alcoholic beverage industry. As shown in **Figure 245**, the agency collected \$234.4 million in fees, taxes, and other revenue in fiscal year 2007.

Appropriations for the 2008–09 biennium total \$80 million, primarily in General Revenue Funds, and provide for 699 full-time-equivalent (FTE) positions. Appropriations for the 2008–09 biennium include increases in General Revenue Funds of \$1.0 million for replacement of public safety equipment (e.g., pistols, body armor, and mobile radios), \$0.9 million for fee collections at the new Donna and Anzalduas ports-of-entry bridges at the Texas–Mexico border, \$0.5 million for the Wine Marketing Assistance Program, and \$0.4 million for agency computer hardware and software upgrades. In addition, the agency received appropriations of \$1.7 million in General Revenue Funds for salary increases for the agency's commissioned peace officers. This additional funding is contingent upon the agency increasing fees and surcharges to cover the increases in appropriations.

### ENFORCEMENT DIVISION

The Enforcement Division is responsible for regulating the distribution of alcoholic beverages by supervising and regulating licensees and permittees. The division employs approximately 296 commissioned law enforcement officers,

**FIGURE 245**  
**ALCOHOLIC BEVERAGE COMMISSION REVENUE COLLECTIONS**  
**FISCAL YEARS 1998 TO 2007**

IN MILLIONS										
REVENUE SOURCE	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Excise taxes	\$149.1	\$153.4	\$159.4	\$159.6	\$162.6	\$165.8	\$167.3	\$170.1	\$178.3	\$182.1
Alcoholic beverage permit and license fees	21.6	21.9	23.0	23.4	22.4	22.4	23.3	24.2	27.2	28.8
Surcharges	3.8	4.3	4.4	4.3	5.0	9.6	10.5	10.2	16.5	17.0
Other revenue	5.9	6.5	7.7	8.0	7.5	5.5	7.2	5.2	5.4	6.5
<b>TOTAL</b>	<b>\$180.4</b>	<b>\$186.1</b>	<b>\$194.5</b>	<b>\$195.3</b>	<b>\$197.5</b>	<b>\$203.3</b>	<b>\$208.3</b>	<b>\$209.7</b>	<b>\$227.4</b>	<b>\$234.4</b>

SOURCE: Alcoholic Beverage Commission.

located in 16 district offices and 37 outpost offices. Enforcement includes inspecting establishments engaged in the sale and distribution of alcoholic beverages to ensure they are properly licensed and conform to the administrative and criminal law enforcement provisions of the Alcoholic Beverage Code. In fiscal year 2007, the agency conducted 137,539 inspections. Appropriations for enforcement activities for the 2008–09 biennium total \$44.5 million (primarily General Revenue Funds) and provide for 335 FTE positions.

### **LICENSING DIVISION**

The Licensing Division processes applications for all phases of the alcoholic beverage industry, including manufacturing, sales, purchases, transportation, storage, and distribution. The division ensures that each applicant is qualified to hold the requested license or permit and is complying with all applicable regulatory requirements. The division also works in conjunction with local, state, and federal agencies on criminal investigations. In fiscal year 2007, the agency issued over 106,000 licenses and permits. Appropriations for the processing of license and permit applications for the 2008–09 biennium total \$5.7 million in General Revenue Funds and provide for 52 FTE positions.

### **COMPLIANCE DIVISION**

The Compliance Division has compliance officers in 23 locations throughout the state. These officers inspect new locations and seller training schools; monitor account record keeping; settle administrative cases related to finances; conduct inspections of licensed locations; conduct investigations; oversee field licensing functions; perform fee analysis of private club accounts; and audit excise taxpayers to ensure they are in compliance with the Alcoholic Beverage Code and have reported and paid the proper amount of excise taxes and fees. During fiscal year 2007, the division conducted 146,505 inspections, analyses, and other compliance activities, which resulted in 55,638 compliance and administrative actions. Appropriations for compliance monitoring for the 2008–09 biennium total \$12.1 million in General Revenue Funds and provide for 128 FTE positions.

### **PORTS-OF-ENTRY SECTION**

The Ports-of-Entry Section of the Compliance Division includes personnel who work at the international ports-of-entry between Texas and Mexico to enforce importation limits and to collect excise taxes on imported alcoholic beverages and cigarettes. The inspectors must place an excise tax stamp on each bottle and each package of cigarettes that

are imported and enforce limitations on imports by seizing any alcoholic beverages in excess of the limits. In fiscal year 2007, there were more than 3.6 million alcoholic beverage containers and cigarette packages stamped, 15,704 bottles and cigarette packages confiscated, and \$4.0 million in taxes and fees collected. Appropriations for operation of the ports-of-entry program for the 2008–09 biennium total \$8.1 million in General Revenue Funds and provide for 117 FTE positions.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted several bills that affect TABC. House Bill 2605, Senate Bill 904, and Senate Bill 1217 are among the most significant.

House Bill 2605 establishes procedures for the agency to deny original alcoholic beverage license applications or to suspend or cancel renewals on current alcoholic beverage licenses under common nuisance provisions. This new requirement in the Alcoholic Beverage Code applies to on-premises retailers who do not hold a food and beverage certificate.

Senate Bill 904 is the agency's Sunset legislation, which continues TABC for another 12 years and makes these notable amendments to the Alcoholic Beverage Code:

- requires the agency to expedite the processing of original and renewal alcoholic beverage applications for licenses and permits using electronic means;
- directs the agency to accept independent laboratory analyses to verify alcohol content of malt beverages instead of the agency conducting the testing;
- instructs the agency to accept the United States Tax and Trade Bureau certificate of label approval for wine and distilled spirits sold in Texas; and
- requires holders of on-premise alcoholic beverage licenses or permits to display warning signs that inform the public of the risks of drinking alcohol during pregnancy.

Senate Bill 1217 amends the license and permit period from a one-year to a two-year license and permit term and correspondingly authorizes doubling fees and surcharges collected for an original application or renewal application for an alcoholic beverage license or permit. However, the legislation also allows TABC to issue permits for less than two years to maintain reasonable workloads or in response to a permit holder's violation history.

## DEPARTMENT OF CRIMINAL JUSTICE

The Texas Department of Criminal Justice (TDCJ) and its policy-making body, the Texas Board of Criminal Justice, were created in 1989 to bring the state's adult probation (now known as community supervision), prison, and parole supervision functions under a single governing board and agency structure. The Texas Adult Probation Commission, the parole supervision function of the Texas Board of Pardons and Paroles, and the Texas Department of Corrections were consolidated into one state agency to create TDCJ.

TDCJ's appropriations for the 2008–09 biennium total \$5.9 billion in All Funds and provide for 39,030 full-time-equivalent (FTE) positions in fiscal year 2008 and 39,423 FTE positions in fiscal year 2009. Of this appropriation, \$5.4 billion, or 91.6 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds.

TDCJ's statutory mission is to provide public safety, promote positive change in offender behavior, reintegrate offenders into society, and assist victims of crime. To accomplish its mission, the agency has five goals: (1) divert offenders from prison; (2) care for offenders with special needs; (3) incarcerate felons; (4) maintain adequate incarceration capacity; and (5) operate a parole system.

### DIVERSION FROM TRADITIONAL INCARCERATION

TDCJ is appropriated \$551.6 million for the 2008–09 biennium to support community supervision and other community-based programs to divert offenders from traditional prison incarceration. Most of these funds will be distributed as state aid to 122 local community supervision and corrections departments statewide. The 2008–09 appropriation includes increases of \$32.3 million for residential treatment (800 beds); \$10.0 million for outpatient substance abuse treatment; \$17.1 million for additional probation intermediate sanction facilities (700 beds); \$2.0 million for medically targeted substance abuse treatment; and \$10.0 million for the hiring and retention of experienced specialized officers.

The 2008–09 General Appropriations Act contains several riders providing guidance for the monitoring and expenditure of TDCJ funding for community supervision. Rider 69, Probation Caseload Reduction, directs funding to caseloads consisting of medium and high risk offenders. Rider 70, Residential Treatment and Sanction Beds Funding, directs the Community Justice Assistance Division to give preference

to community supervision and corrections departments having access to existing unfunded residential treatment and sanction beds. The rider also specifies that preference be given to departments with higher community supervision technical revocation rates. Rider 74, Monitoring of Community Supervision Funds, instructs the agency to develop a specific accountability system for tracking community supervision funds. Rider 79, Progressive Sanctions Model, directs the agency to give grant preference to community supervision and corrections departments employing a progressive sanctions model. Rider 84, Diversion Initiatives, directs TDCJ to use appropriated funds for various diversion initiatives in specific strategies, including community supervision and diversionary programs.

### CARE FOR SPECIAL-NEEDS OFFENDERS

TDCJ is appropriated \$40.8 million for the 2008–09 biennium, an increase of \$10.0 million, to provide a comprehensive continuity-of-care system for special-needs offenders. Special-needs offenders include the elderly, those with physical disabilities, the terminally ill, the mentally ill, and the mentally retarded. These funds are administered by the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI, formerly the Texas Council on Offenders with Mental Impairments).

TCOOMMI was established by statute in 1987. It consists of representatives from 17 agencies and organizations providing advocacy and services for offenders with special needs. In addition, 10 non-salaried members, serving six-year terms, are appointed by the Governor. TCOOMMI provides an opportunity for collaboration between criminal justice, health and human service, and other affected organizations to provide continuity of care for offenders with special needs.

TCOOMMI contracts for offender programs in select communities across the state, targeting both parolees and offenders on community supervision. Programs for special-needs offenders provide immediate access to services, thereby reducing the likelihood of parole or community supervision violations due to an inability to access services required by the courts or the parole board.

### INCARCERATION OF FELONS

For the 2008–09 biennium, \$4.5 billion is appropriated to TDCJ for the purpose of confining, supervising, rehabilitating, and reintegrating adult felons incarcerated in TDCJ's correctional facilities (excludes contracted



temporary capacity). The funding decision was based on a projected average number of incarcerated inmates of 154,276 during fiscal year 2008 and 156,222 during fiscal year 2009. On September 1, 2007, the Legislative Budget Board adopted a change in the way TDCJ system capacity and population are reported. The average number of inmates incarcerated, indicated above, reflects this change and includes pre-parole transfer facilities. Appropriations for fiscal years 2008 and 2009 include increases of \$35.0 million for overtime pay; \$50.0 million for electricity, fuel, and natural gas; \$10.0 million for vehicle replacements; \$15.9 million and 250 additional staff for the conversion and operation of two Texas Youth Commission facilities (600 beds each); \$63.1 million for additional Substance Abuse Felony Punishment Facilities (1,500 beds); \$21.7 million for additional In-Prison Therapeutic Community treatment slots (1,000 beds in existing capacity); \$22.2 million for additional treatment beds in contracted capacity for driving while intoxicated (DWI) (500 beds); \$5.8 million for substance abuse treatment in state jails (1,200 treatment slots in existing capacity); \$10.3 million and 143 FTE positions for the operations of the Marlin Correctional Mental Health Facility; \$12.7 million to fund multi-year contract rate increases; and \$81.9 million for rising inmate healthcare costs.

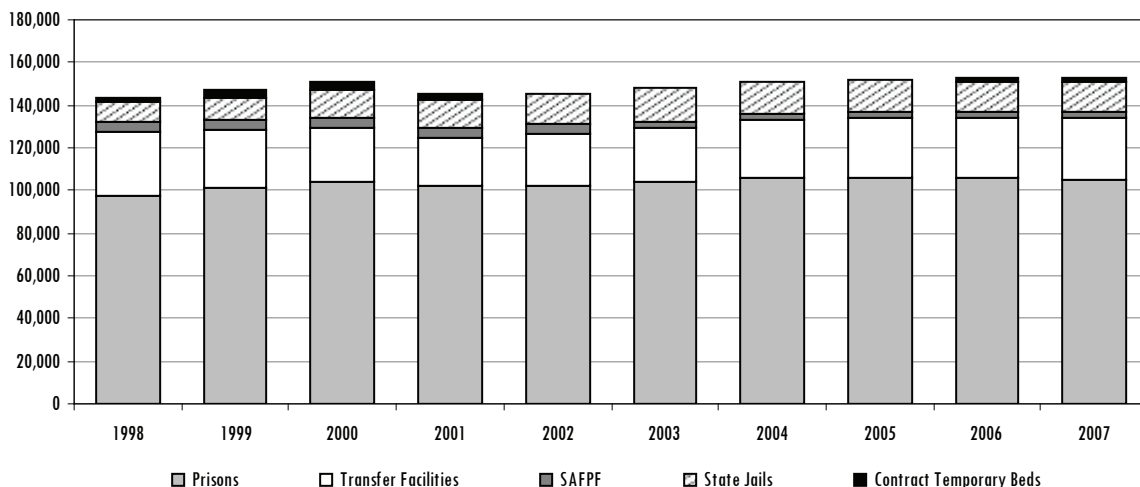
The total population in TDCJ correctional units increased from fiscal year 2001 to fiscal year 2006, as shown in **Figure 246**. In January 2007, the Legislative Budget Board projected

in its Adult and Juvenile Correctional Population Projections publication that TDCJ would exceed its operating capacity in fiscal year 2007 and continue to do so throughout the 2008–09 biennium. The Legislature appropriated the agency \$65.8 million to contract with counties to temporarily house state inmates. This funding was intended to support an average population of 2,513 inmates in contracted temporary capacity during fiscal year 2008 and 2,000 during fiscal year 2009; however, the Governor vetoed the 2009 appropriation for contracted temporary capacity (\$29.2 million in General Revenue Funds).

Following the release of the January 2007 Adult and Juvenile Correctional Population Projections publication, approval rates for persons considered for parole release increased from a fiscal year 2006 average of 26 percent to an average of 30 percent for fiscal year 2007. The increase in approval rates has resulted in a suppressed growth in the inmate population. TDCJ maintained a contracted temporary capacity of 1,916 beds for most of fiscal year 2007 and for the first several months of fiscal year 2008.

House Bill 15, Eightieth Legislature, 2007, provided \$27 million in General Revenue Funds to the agency for fiscal year 2007 salaries and wages, hazardous duty and longevity pay, overtime pay, contractual rate adjustments, utilities, and fuel. House Bill 15 also included a \$27 million reduction for institutional operations and maintenance during the 2008–09 biennium.

**FIGURE 246**  
**CORRECTIONAL POPULATIONS**  
**FISCAL YEARS 1998 TO 2007**



NOTES: SAFPF = Substance Abuse Felony Punishment Facilities.

Population counts are as of August 31 of each fiscal year.

SOURCE: Texas Department of Criminal Justice.



## **MAINTENANCE OF ADEQUATE INCARCERATION CAPACITY**

For the 2008–09 biennium, TDCJ is appropriated \$50.4 million in General Obligation bond proceeds for the repair and rehabilitation of correctional facilities and repair of the hospital facility in Galveston. TDCJ also received an appropriation of \$273.4 million in General Obligation bond proceeds for construction of three new 1,330-bed facilities and for repair and renovation of existing facilities, subject to approval by the Legislative Budget Board. The agency is also appropriated \$22.8 million in General Revenue Funds to provide continued lease-purchase payments on various correctional units.

## **PAROLE SYSTEM OPERATION**

TDCJ is appropriated \$302.7 million for the 2008–09 biennium to operate a parole system (excludes pre-parole transfer facilities). Included in this appropriation is funding for the Texas Board of Pardons and Paroles, which has been incorporated into TDCJ's budget structure since fiscal year 1992. Appropriations include increases of \$11.7 million for additional parole intermediate sanction facilities (700 beds), \$4.1 million for multi-year contract rate increases, and \$5.6 million for parole halfway house facilities (300 beds). The projected average number of offenders under active parole supervision is 78,681 during fiscal year 2008 and 80,050 offenders during fiscal year 2009.

## **INDIRECT ADMINISTRATION**

Appropriations for central administration, information resources, and other support services in the 2008–09 biennium total \$130.5 million (excludes vetoed funds). Activities funded include the agency's Inspector General, internal audit, legal services, executive services, public information and media services, victim services, budget and financial operations, administration, information resources, research, training, and human resources. The Governor vetoed the 2008 and 2009 appropriations for the Other Support Services strategy in the Indirect Administration goal, totaling \$10.9 million in All Funds. Other Support Services include the following activities: contracts and procurement; mediation/witness fees; media services; public information; research, evaluation, and development; aircraft operations; and archive/conference center. In addition to amounts specified above, the agency is appropriated \$0.6 million in General Revenue Funds for salary increases for the agency's commissioned peace officers in the Office of Inspector General.

## **AGENCY STRUCTURE**

TDCJ is governed by the Texas Board of Criminal Justice. The nine non-salaried members of the board are appointed by the Governor for six-year terms. The board appoints the executive director, who is responsible for day-to-day operation and management of the agency. Administrative offices are in Austin and Huntsville.

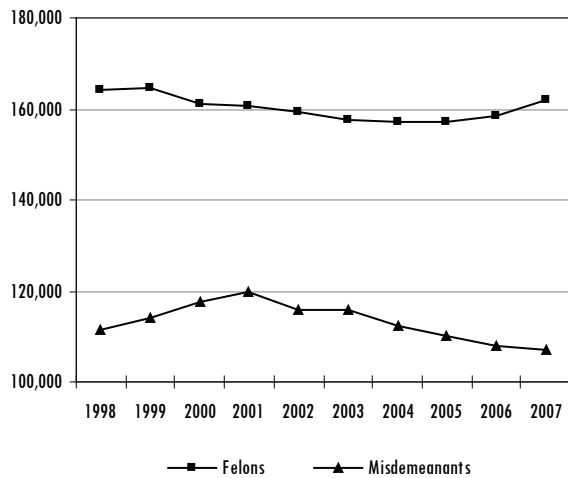
TDCJ is organized into multiple divisions and organizational units. Four of the agency's divisions carry out its major responsibilities regarding offenders: the Community Justice Assistance Division, the Correctional Institutions Division, the Parole Division, and the Rehabilitation and Reentry Programs Division.

## **COMMUNITY JUSTICE ASSISTANCE DIVISION**

The Community Justice Assistance Division (CJAD) supports the goal of diverting offenders from traditional prison incarceration through the use of community supervision and other community-based programs. The division is statutorily directed to propose rules for adoption by the Texas Board of Criminal Justice to establish (1) minimum standards for programs, facilities, equipment, and other operational components of community supervision and corrections departments (CSCDs, which are local entities established by district judges for supervising and rehabilitating felony and misdemeanor offenders who are placed on community supervision); (2) a list and description of core services that should be provided by each CSCD; (3) methods for measuring the success of CSCD programs; (4) a format for community justice plans; and (5) minimum standards for the operation of substance abuse facilities and programs funded through CJAD. By statute, CJAD and the Texas Board of Criminal Justice are advised on matters of interest to the judiciary by the Judicial Advisory Council, 12 non-salaried members appointed by the Chief Justice of the Supreme Court of Texas and the Presiding Judge of the Texas Court of Criminal Appeals. CJAD's major responsibilities include (1) distributing state funds to CSCDs; (2) inspecting and evaluating CSCDs' financial, program compliance, and performance records; and (3) training and certifying community supervision officers. Texas has 122 CSCDs serving the state's 254 counties.

During fiscal year 2007, CSCDs employed an average of 3,496 community supervision officers to directly supervise and to provide services to an average population of 269,087 felony and misdemeanor offenders. **Figure 247** shows end-of-year community supervision populations since 1998.

**FIGURE 247**  
**COMMUNITY SUPERVISION POPULATIONS**  
**FISCAL YEARS 1998 TO 2007**



NOTE: Population counts are as of August 31 of each fiscal year.  
 SOURCE: Texas Department of Criminal Justice.

TDCJ is appropriated \$213.1 million for the basic supervision of offenders on community supervision during the 2008–09 biennium.

In addition to basic supervision funding, TDCJ is appropriated a total of \$237.7 million in 2008–09 for awarding discretionary grants to CSCDs, counties, municipalities, and nonprofit organizations and for other purposes in accordance with Texas Government Code, Section 509.011. Discretionary grants allow CJAD to fund innovative community corrections proposals designed at the local level. Such programs increase diversions from traditional, more costly incarceration and improve the delivery of community supervision statewide. **Figure 248** shows the grant award categories funded for fiscal year 2007.

The agency is appropriated \$77.5 million for the 2008–09 biennium to continue statutory formula funding for community-based correctional programs that encourage the development of alternatives to incarceration. To be eligible for formula funding, CSCDs must submit an acceptable local community justice plan to CJAD. The state aid, which provides localities with increased resources for the control, management, and rehabilitation of offenders, is typically used for the same types of programs shown in **Figure 248**.

**FIGURE 248**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE**  
**DISCRETIONARY GRANT FUNDING**  
**FISCAL YEAR 2007**

PROGRAM TYPE	GRANT PROGRAMS	GRANT AMOUNT (IN MILLIONS)
Community corrections facilities	36	\$52.1
Drug courts	10	2.2
Day reporting centers	5	2.8
Sex offender caseloads	11	3.0
Intensive supervision/surveillance caseloads	8	1.0
High risk/gang/youth/culturally specific caseloads	14	1.7
Substance abuse treatment caseloads and aftercare caseloads	28	7.7
Substance abuse treatment programs	14	1.1
Battering intervention and prevention programs	31	1.2
Mental health initiative caseloads	34	4.1
Caseload reduction grants	25	12.1
<b>TOTALS</b>	<b>216</b>	<b>\$89.0</b>

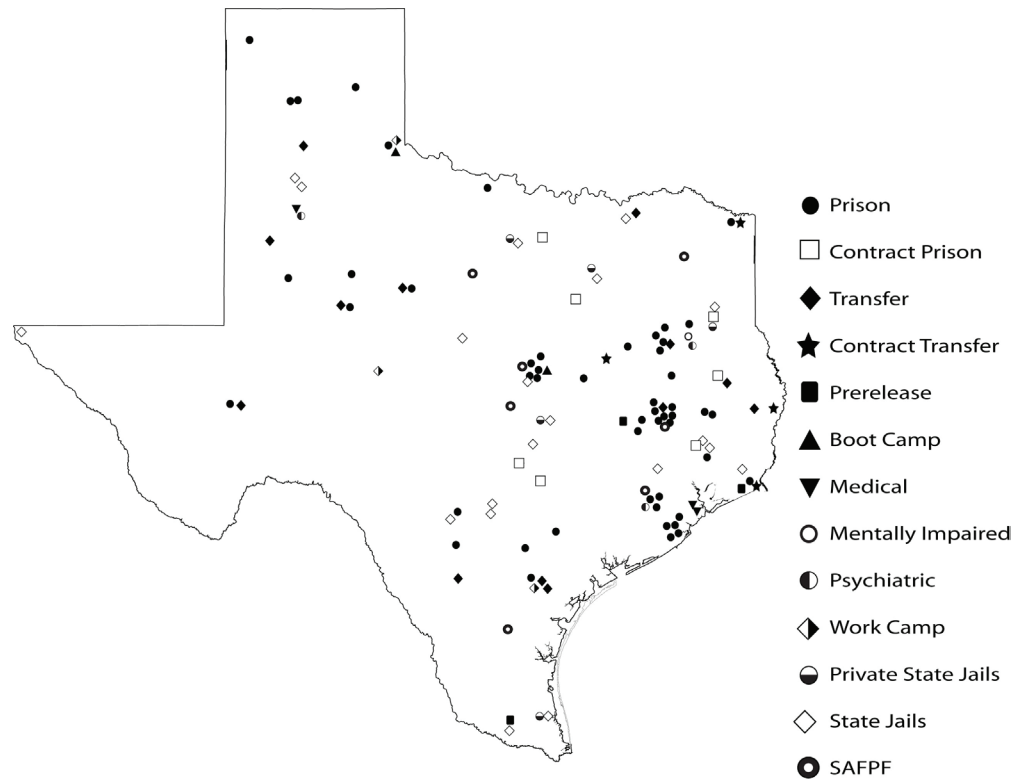
Source: Texas Department of Criminal Justice.

### **CORRECTIONAL INSTITUTIONS DIVISION**

The Correctional Institutions Division manages and operates the state jail and state prison systems. It provides for the healthcare, treatment, and management of adult offenders sentenced to state jail or prison. Inmates are confined at 51 prison units, 21 state jails, 13 transfer facilities, and other types of correctional units across the state. The location of these facilities is shown in **Figure 249**. TDCJ state jail and prison populations are shown in **Figure 246**. **Figure 250** provides the name, location, and bed capacity of each correctional unit.

Within the Correctional Institutions Division, TDCJ operates the state jail system. State jails were created by the Legislature in 1993 for the confinement of offenders committing state jail felonies, a class of nonviolent felony offenses. State jail felons are not eligible for good conduct time or for parole release. The state jail capacity is 27,929 beds, and state jails house both state jail and other convicted felons. TDCJ state jail populations are shown in **Figure 246**. The name, location, and bed capacity of the 21 state jails are provided in **Figure 251**.

**FIGURE 249**  
**DEPARTMENT OF CRIMINAL JUSTICE FACILITY LOCATIONS**  
**FISCAL YEAR 2007**



SOURCE: Texas Department of Criminal Justice.

**FIGURE 250**  
**PRISONS, TRANSFER FACILITIES, AND OTHER CORRECTIONAL UNITS**  
**FISCAL YEAR 2007**

FACILITY	LOCATION	TYPE	BEDS
Allred	Iowa Park	Prison	3,682
Beto	Tennessee Colony	Prison	3,471
Boyd	Teague	Prison	1,330
Briscoe	Dilley	Prison	1,342
Byrd	Huntsville	Prison	1,365
Central	Sugar Land	Prison	1,060
Clemens	Brazoria	Prison	1,215
Clements	Amarillo	Prison	3,714
Coffield	Tennessee Colony	Prison	4,139
Connally	Kenedy	Prison	2,848
Dalhart	Dalhart	Prison	1,356
Daniel	Snyder	Prison	1,342
Darrington	Rosharon	Prison	1,931
Eastham	Lovelady	Prison	2,474
Ellis	Huntsville	Prison	2,404
Estelle	Huntsville	Prison	3,085
Ferguson	Midway	Prison	2,421

**FIGURE 250 (CONTINUED)**  
**PRISONS, TRANSFER FACILITIES, AND OTHER CORRECTIONAL UNITS**  
**FISCAL YEAR 2007**

FACILITY	LOCATION	TYPE	BEDS
Gatesville	Gatesville	Prison	1,819
Goree	Huntsville	Prison	1,321
Hightower	Dayton	Prison	1,342
Hilltop	Gatesville	Prison	677
Hobby	Marlin	Prison	1,342
Hughes	Gatesville	Prison	2,900
Huntsville	Huntsville	Prison	1,705
Jester III	Richmond	Prison	1,131
Jordan	Pampa	Prison	1,008
Lewis	Woodville	Prison	2,190
Luther	Navasota	Prison	1,316
Lynaugh	Fort Stockton	Prison	1,374
McConnell	Beeville	Prison	2,900
Michael	Tennessee Colony	Prison	3,221
Mt. View	Gatesville	Prison	645
Murray	Gatesville	Prison	1,313
Neal	Amarillo	Prison	1,690
Pack	Navasota	Prison	1,478
Polunsky	Livingston	Prison	2,900
Powledge	Palestine	Prison	1,137
Ramsey	Rosharon	Prison	1,891
Roach	Childress	Prison	1,342
Robertson	Abilene	Prison	2,900
Scott	Angleton	Prison	1,130
Smith	Lamesa	Prison	2,125
Stevenson	Cuero	Prison	1,342
Stiles	Beaumont	Prison	2,897
Stringfellow	Rosharon	Prison	1,212
Telford	New Boston	Prison	2,832
Terrell, C.T.	Livingston	Prison	1,603
Torres	Hondo	Prison	1,342
Vance	Richmond	Prison	378
Wallace	Colorado City	Prison	1,342
Wynne	Huntsville	Prison	2,621
Bridgeport	Bridgeport	Contract prison	520
Cleveland	Cleveland	Contract prison	520
Diboll	Diboll	Contract prison	518
Estes	Venus	Contract prison	1,000
Kyle	Kyle	Contract prison	520

**FIGURE 250 (CONTINUED)**  
**PRISONS, TRANSFER FACILITIES, AND OTHER CORRECTIONAL UNITS**  
**FISCAL YEAR 2007**

<b>FACILITY</b>	<b>LOCATION</b>	<b>TYPE</b>	<b>BEDS</b>
Lockhart	Lockhart	Contract prison	500
Moore, B.	Overton	Contract prison	500
Cotulla	Cotulla	Transfer	606
Duncan	Diboll	Transfer	606
Fort Stockton	Fort Stockton	Transfer	606
Garza East	Beeville	Transfer	1,978
Garza West	Beeville	Transfer	2,278
Goodman	Jasper	Transfer	612
Gurney	Tennessee Colony	Transfer	2,128
Holliday	Huntsville	Transfer	2,128
Middleton	Abilene	Transfer	2,128
Moore, C.	Bonham	Transfer	1,224
Rudd	Brownfield	Transfer	612
Tulia	Tulia	Transfer	606
Ware	Colorado City	Transfer	916
Bowie Co.	Texarkana	Contract Transfer	384
Jefferson Co.	Beaumont	Contract Transfer	332
Limestone Co.	Groesbeck	Contract Transfer	352
Newton Co.	Newton	Contract Transfer	848
Hamilton	Bryan	Prerelease	1,166
LeBlanc	Beaumont	Prerelease	1,224
Segovia	Edinburg	Prerelease	1,224
Gatesville	Gatesville	Boot camp	8
Roach	Childress	Boot camp	400
Hospital Galveston	Galveston	Medical	365
Western Medical Facility	Lubbock	Medical	128
Young	Texas City	Medical	310
Hodge	Rusk	Mentally impaired	989
Jester IV	Richmond	Psychiatric	550
Montford	Lubbock	Psychiatric	950
Skyview	Rusk	Psychiatric	562
Chase Field	Beeville	Work camp	480
Roach	Childress	Work camp	100
Work Camp III	San Angelo	Work camp	160

SOURCE: Texas Department of Criminal Justice.

Substance Abuse Felony Punishment Facilities (SAFPF) are secure correctional facilities that use a therapeutic community approach to substance-abuse treatment that combines individual and group counseling. The Rehabilitation and Reentry Programs Division manages treatment within the facilities. Offenders may be sentenced to the program as a condition of community supervision, or an offender on parole may be sent to a SAFPF in lieu of revocation by the Board of Pardons and Paroles. The first phase of the SAFPF program takes place in a secure correctional facility and lasts six months. Following release from a SAFPF, offenders are placed in community residential facilities for three months, followed by outpatient treatment for 12 months. The name, location, and bed capacity of the seven SAFPFs are shown in **Figure 252** (two of these are collocated with a prison facility). Correctional populations in SAFPFs are shown in **Figure 246**.

The In-Prison Therapeutic Community Program (IPTC) is used for eligible offenders who are within six months of

**FIGURE 251  
STATE JAILS  
FISCAL YEAR 2007**

FACILITY	LOCATION	BEDS
Bartlett	Bartlett	1,001
Bradshaw	Henderson	1,980
Cole	Bonham	900
Dawson	Dallas	2,216
Dominguez	San Antonio	2,276
Formby	Plainview	1,100
Gist	Beaumont	2,276
Havins	Brownwood	596
Henley	Dayton	576
Hutchins	Hutchins	2,276
Kegans	Houston	667
Lindsey	Jacksboro	1,031
Lopez	Edinburg	1,100
Lychner	Atascosita	2,276
Ney	Hondo	576
Plane	Dayton	2,276
Sanchez	El Paso	1,100
Travis County	Austin	1,161
Wheeler	Plainview	576
Willacy County	Raymondville	1,069
Woodman	Gatesville	900

SOURCE: Texas Department of Criminal Justice.

**FIGURE 252  
SUBSTANCE ABUSE FELONY PUNISHMENT FACILITIES  
FISCAL YEAR 2007**

FACILITY	LOCATION	BEDS
Estelle Trusty Camp	Huntsville	188
Glossbrenner	San Diego	612
Hackberry (Gatesville Unit)	Gatesville	288
Halbert	Burnet	612
Jester I	Richmond	323
Johnston	Winnsboro	612
Sayle	Breckenridge	632

SOURCE: Texas Department of Criminal Justice.

parole release and have been identified by the Board of Pardons and Paroles as needing substance abuse treatment. Upon completing a six-month treatment program during incarceration (nine months for offenders with special needs), offenders are released on parole and must complete an aftercare phase of treatment. Aftercare treatment consists of residential care for 3 months followed by 9 to 12 months of outpatient counseling.

Upon entering the Correctional Institutions Division, an offender is classified and given a custody designation. Classifications in prisons range from General Population Level 5 (G5), or (J5) in State Jails, as the most serious risk, and General Population Level 1 (G1), or (J1) in State Jails, as the least serious risk. An additional classification of Administrative Segregation, or Special Management in State Jails, is used for offenders who must be separated from the general population because they pose a danger to themselves or others, or are in danger from other offenders.

An offender's classification depends on several factors, including current institutional behavior, previous institutional behavior, current offense, and sentence length. Classification determines where and with whom the offender will be housed, the amount of supervision needed, job assignments, and the amount of out-of-cell and recreational time permitted.

An offender is also given an Individualized Treatment Plan (ITP) upon entering the Correctional Institutions Division. The ITP outlines programs and services for the offender and prioritizes participation in the programs and services offered according to the offender's needs, program/service availability, and parole or discharge date. These programs and services are offered: counseling (includes substance abuse and sex offender treatment), adult basic education, special education,



vocational training (often in conjunction with Texas Correctional Industries), and job placement through Project Reintegration of Offenders (RIO), an interagency program with the Texas Workforce Commission that offers job training and placement programs.

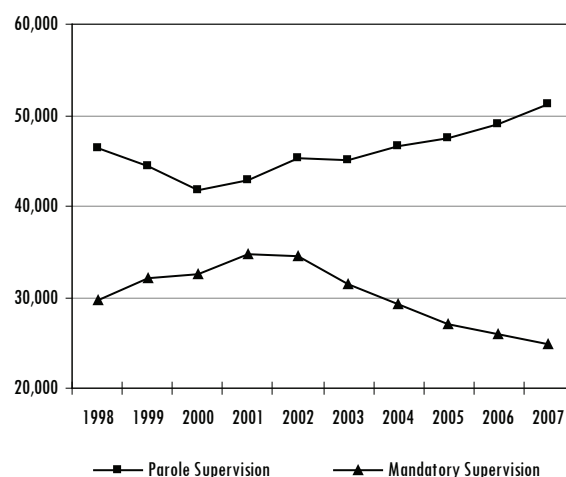
### BOARD OF PARDONS AND PAROLES AND THE TDCJ PAROLE DIVISION

Parole functions for Texas are carried out by two entities: the Board of Pardons and Paroles and the Texas Department of Criminal Justice's Parole Division. The Board of Pardons and Paroles (BPP) was created in 1936 by amendment to the Texas Constitution. The full-time salaried seven-member board is made up of members appointed for six-year terms by the Governor with the Senate's approval. Board members serve on parole panels to determine which prisoners are to be released on parole, determine conditions of parole and mandatory supervision, determine the revocation of parole and mandatory supervision, and perform duties placed on the board by the Texas Constitution. Also serving on parole panels are 12 parole commissioners who assist board members in reviewing and deciding parole cases. The primary distinction between a board member and a parole commissioner is that only board members are vested with the responsibility of promulgating policy relative to parole and mandatory supervision considerations, vote on cases requiring the full vote of the board, and vote on clemency matters.

TDCJ's Parole Division (PD) is responsible for processing offenders for release from prison onto parole or mandatory supervision and providing supervision and rehabilitative services to these offenders. During fiscal year 2007, the PD had an average of 1,224 parole officers throughout its 67 district parole offices statewide. At the close of fiscal year 2007, parole officers actively supervised a population of 77,814 releasees. **Figure 253** shows parole and mandatory supervision populations at the end of each fiscal year since 1998.

The parole review and release process includes identifying offenders eligible for parole or mandatory supervision. Texas Government Code, Chapter 508 and Title 37, Texas Administrative Code, Section 145.3, specify the eligibility requirements for the various classes of offenders. Code sections defining release eligibility have been amended, and offenders are required to meet parole eligibility based on the definition existing at the time of conviction. The BPP sets the offender review within six months of the calculated parole eligibility date. The BPP reviews the case summary, which

**FIGURE 253**  
**PAROLE AND MANDATORY SUPERVISION POPULATIONS**  
**FISCAL YEARS 1998 TO 2007**



NOTE: Population counts are as of August 31 of each fiscal year.  
SOURCE: Texas Department of Criminal Justice.

outlines criminal, social, medical, psychological, and institutional adjustment history, to make a decision and to determine conditions of parole. Cases are screened for many issues, including protests, victim information, disciplinary conduct, and Board-imposed special conditions. If approved for parole, the offender is released on the parole eligibility date or the date specified by the BPP. If parole is denied, the offender can be reviewed for parole again in six months after the previous review. Local law enforcement is notified of the pending release.

Appropriations for board and PD operations for the 2008–09 biennium total \$302.7 million. Of this total, \$176.0 million is designated to fund basic parole supervision, \$78.2 million is for ensuring adequate surveillance and control of parolees residing in residential facilities, and \$48.6 million is for supporting the board's operations and the parole selection process during the 2008–09 biennium.

### REHABILITATION AND REENTRY PROGRAMS DIVISION

The Rehabilitation and Reentry Programs Division (RRPD), formerly the Programs and Services Division, was created in fiscal year 1995 to effectively coordinate activities between TDCJ divisions. Treatment programs under the RRPD's authority include the Sex Offender Treatment Program, the Substance Abuse Treatment Program (includes SAFPF and IPTC), the Youthful Offender Program, and the Faith-based Pre-release Program. Other offender-related services within RRPD operations are Chaplaincy, Controlled Substance

Testing for Offenders, DNA Specimen Collection, and Volunteer Coordination. Agency administrative support functions within RRPD include county relations and capacity assessment and monitoring. Appropriations administered by the RRPD are contained in various strategies within the agency's budget structure.

### **OTHER OPERATIONS**

Included in the 2008–09 biennial appropriations for prison operations is \$223.4 million for TDCJ to continue contracting with seven contract prisons and five privately operated state jails. The contract prisons, located in Bridgeport, Cleveland, Diboll, Kyle, Lockhart, Overton, and Venus, house minimum-security inmates who are within two years of parole eligibility. Privately operated state jails are located in Bartlett, Dallas, Henderson, Jacksboro, and Raymondville.

In 1993, the Seventy-third Legislature established a correctional managed-healthcare system for the delivery of healthcare to inmates. In 1996, this system began managing the delivery of psychiatric services to inmates as well. Beginning in fiscal year 2004, the managed-healthcare system was expanded to include contract prisons and privately operated state jails. The Correctional Managed Health Care Committee, consisting of nine appointed members, develops a managed-healthcare plan for all persons confined by TDCJ and enters into contracts with the state's public medical schools to implement the plan. The University of Texas Medical Branch at Galveston provides the majority of care because they are responsible for offender care in the eastern part of the state where most facilities are located. Texas Tech University Health Sciences Center provides care for inmates in the western part of the state. The correctional managed-healthcare system operates one of the nation's largest telemedicine programs, which allows offender interaction with medical staff through a two-way videoconferencing device. This program allows offenders located in remote areas of the state to have access to medical specialists. TDCJ's appropriations include \$855.9 million for healthcare and psychiatric services for the 2008–09 biennium.

As part of the rehabilitative process, Texas Correctional Industries (TCI) provides meaningful training and work opportunities for incarcerated offenders to prepare them for employment. TCI operates 42 factories and plants at 35 prison units and produces goods and services for TDCJ's use and for sale. Sales are estimated to exceed \$46 million in fiscal year 2007.

The Agribusiness Division operates and manages over 145,000 acres in 47 counties in Texas. The division has operations on 50 prison units. Production ranges from 35 varieties of edible crops to a cow and heifer herd in excess of 10,000 head.

The Windham School District is allocated \$118.9 million for the 2008–09 biennium to provide accredited academic and vocational education to inmates. Funding for the Windham School District is appropriated to the Texas Education Agency, which allocates funds based on inmate student contact hours. Also, TDCJ appropriations include \$4.7 million for academic / vocational training programs and \$7.0 million for Project RIO.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted various bills that affect the agency. Senate Bill 909, the agency's Sunset legislation, continues the agency until 2011 and makes several changes to the laws governing the agency. The legislation establishes the Criminal Justice Legislative Oversight Committee to provide objective research, analysis, and recommendations to guide state criminal justice policies. The legislation authorizes judges to release from state jails certain state jail felons under the Medically Recommended Intensive Supervision program to a medically suitable placement. Senate Bill 909 continues the Correctional Managed Health Care Committee and removes the committee's Sunset date, but requires that it be reviewed during any review of TDCJ. Also, the legislation revises TDCJ's role in monitoring healthcare to include certain aspects of the quality of care delivered by providers. Furthermore, it amends laws governing the Board of Pardons and Paroles, requiring the board to review, update, and report on parole guidelines and to institute a formal process to identify and make recommendations about releasing some offenders early from parole supervision. The legislation further requires that TDCJ adopt a salary career ladder for parole officers.

House Bill 8 increases penalties for sex crimes committed against children by authorizing the death penalty for certain repeat offenders and creating a new offense for continuous sexual abuse. The legislation authorizes the death penalty or life without parole for second convictions of aggravated sexual assault. House Bill 8 also removes the statute of limitations for sexual assault of a child, aggravated sexual assault of a child, and indecency with a child.

House Bill 530 amends the statute relating to the operation and funding of drug court programs. The legislation requires that counties with a population of more than 200,000 establish a drug court program and apply for available federal and state funds to assist with the costs of the program. The legislation also authorizes that the commissioners' court of a county may establish a drug court program that would serve exclusively persons arrested for, charged with, or convicted of an offense involving the operation of a motor vehicle while intoxicated.

House Bill 3736 requires TDCJ to adopt a policy establishing guidelines for maximum caseloads for parole officers, not later than September 1, 2007. The legislation further requires TDCJ to submit a report to the Legislative Budget Board at the end of each fiscal year in which TDCJ fails to meet these guidelines, stating the amount of money needed by TDCJ to meet the guidelines.

## COMMISSION ON FIRE PROTECTION

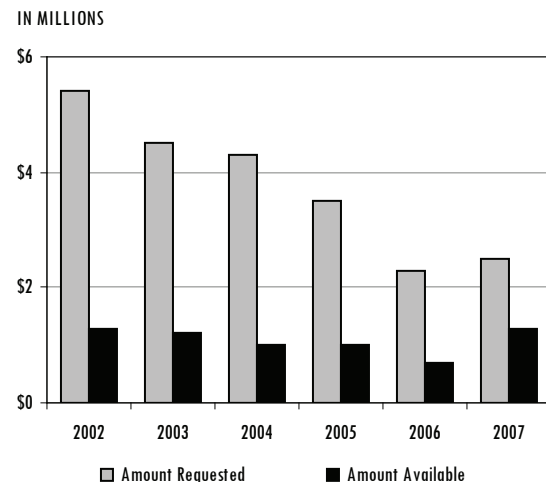
The Texas Commission on Fire Protection (TCFP) was created in 1991 to develop professional fire service standards and to enforce statewide fire laws to assist local governments in ensuring that the lives and property of the public and fire service providers are adequately protected from fires and related hazards. The agency was created by consolidating two agencies—the Commission on Fire Protection Personnel Standards and Education and the Fire Department Emergency Board—and two fire-related functions from the Department of Insurance—the State Fire Marshal's Office and the Key Rate Section. In 1997, the operations of the State Fire Marshal's Office were transferred back to the Department of Insurance.

Appropriations to TCFP for the 2008–09 biennium total \$5.7 million in All Funds and provide for 33 full-time-equivalent (FTE) positions. This reflects a reduction of \$0.1 million from the 2006–07 biennium expenditure level, primarily as a result of savings achieved by moving into state-owned office space in fiscal year 2006. The agency's FTE positions increased by one in the 2008–09 biennium, adding a staff member to the Standards and Certification Division. The agency's appropriations consist primarily of General Revenue Funds (Insurance Companies Maintenance Tax and Insurance Department Fees), with \$36,000 in Appropriated Receipts.

The agency's goals are to provide local governments and other entities with training resources and to enforce standards for fire service personnel education, facilities, and equipment. These goals are accomplished through strategies that include providing fire safety information and educational programs; administering a grant and loan program; and certifying and regulating fire departments and fire personnel.

TCFP's grant and loan program distributes funds and training scholarships to local fire departments, particularly those in rural areas, to assist in funding equipment, facility, and training needs. In fiscal year 2007, the agency received requests totaling \$2.5 million but could fund only \$1.3 million of those requests (Figure 254).

**FIGURE 254**  
**COMMISSION ON FIRE PROTECTION**  
**GRANT AND LOAN PROGRAM**  
**FISCAL YEARS 2002 TO 2007**



NOTE: Fiscal year 2007 includes an unexpended balance of \$0.3 million from fiscal year 2006.

SOURCE: Texas Commission on Fire Protection.

The agency's appropriation includes \$1.1 million in General Revenue Funds each fiscal year of the 2008–09 biennium for certifying and regulating fire departments and fire personnel. Certification and regulation activities include inspection and investigation of regulated entities; certification of full- and part-time paid fire service personnel and volunteers; certification of fire service training facilities (includes course approval, curriculum development, and administration of performance and written tests); and performance of criminal background checks.

## COMMISSION ON JAIL STANDARDS

The Texas Commission on Jail Standards (TCJS) was created in 1975 as the regulatory agency for all county jails and privately operated municipal jails in the state. Its mission is to empower local government to provide safe, secure, and suitable jail facilities by establishing proper rules and procedures while promoting innovative programs and ideas. The commission consists of nine members appointed by the Governor with the advice and consent of the Senate.

Appropriations to the agency for the 2008–09 biennium total \$1.8 million, with 99 percent from the General Revenue Fund. Appropriations provide for 17 full-time-equivalent positions.

The agency's goal is to establish and enforce minimum standards for the provision and operation of jails, and it provides consultation, training, and technical assistance to help local governments comply with those standards. To achieve its goal and to comply with statutory responsibilities, the agency has the following six key functions:

- Establish Effective Jail Standards;
- Inspect and Enforce Minimum Standards;
- Review Construction Plans;
- Provide Management Consultation;
- Audit Facility Populations and Costs; and
- Conduct the Juvenile Justice Survey.

### ESTABLISH EFFECTIVE JAIL STANDARDS

TCJS is responsible for researching, developing, and disseminating minimum standards for jail construction and operations. The minimum standards for jail construction include addressing requirements for facility maintenance and operations. The standards for jail operations include requirements for custody, care, and inmate treatment; inmate rehabilitation, education, and recreation programs; and the number of jail supervisory personnel, programs, and services to meet the needs of inmates.

### INSPECT AND ENFORCE MINIMUM STANDARDS

In accordance with state statute, TCJS is required to inspect and report on the conditions of each county jail and privately operated municipal jail annually. This requirement is to ensure the facilities comply with law, commission orders, and rules. Inspections include walk-throughs of the facilities and reviews of jail logs, records, data, documents, and accounts

pertaining to the operation of each facility and the inmates. The TCJS may conduct special inspections on facilities identified as high-risk or found to be in noncompliance. **Figure 255** shows a historical listing of the facilities the TCJS has regulatory authority to monitor. As of September 1, 2007, of the 254 counties in Texas 231 had county-operated jails.

**FIGURE 255**  
**FACILITIES TCJS HAS REGULATORY**  
**AUTHORITY FOR MONITORING**  
**FISCAL YEARS 2001 TO 2008**

FISCAL YEAR	COUNTY-OPERATED JAILS	PRIVATELY OPERATED FACILITIES	TOTAL
2001	237	17	254
2002	237	18	255
2003	235	19	254
2004	232	18	250
2005	230	18	248
2006	230	18	248
2007	230	26	256
2008	231	26	257

NOTE: The counts are at the beginning of each fiscal year.  
SOURCE: Texas Commission on Jail Standards.

### REVIEW CONSTRUCTION PLANS

State statute also requires TCJS to review and comment on plans for the construction, major modification, or renovation of county jails. The agency provides consultation and technical assistance to local governments for the most efficient, effective, and economic means of jail construction, while ensuring compliance with minimum standards.

### PROVIDE MANAGEMENT CONSULTATION

TCJS provides local government officials with consultation and technical assistance for county jails. The agency receives and approves jail operational plans related to the minimum standards. Consultations and technical assistance include developing and implementing plans for the classification of inmates, staffing, health services, sanitation, inmate discipline and grievance, recreation and exercise, education and rehabilitation, emergencies, and inmate privileges. The agency also provides management training for county staff.

### AUDIT FACILITY POPULATIONS AND COSTS

The agency collects monthly information on county jail populations and operational costs. This information is summarized and provided to state and local agencies to assist

in planning and predicting incarceration trends in the state. **Figure 256** shows a historical overview of the number of inmates in county jail and privately operated facilities. At the beginning of fiscal year 2008, there were 72,461 inmates in local facilities. The contract population consists of offenders housed in privately operated facilities or inmates in county jails who are from outside the local jurisdiction (e.g., state offenders, federal detainees). Overall, these facilities were at 85 percent of their total jail capacity.

### CONDUCT THE JUVENILE JUSTICE SURVEY

Another statutory requirement of the TCJS is to collect and process juvenile jail logs from municipal lockups and county jails on detained persons under age 17. The agency is also responsible for identifying and compiling a directory of all adult jails and municipal lockups with juvenile detention, correctional, or holdover centers collocated in the same building or on the same grounds. The federal Juvenile Justice and Delinquency Prevention Act provides that states receiving federal funds under the Act must comply with certain requirements concerning juvenile detention facilities, adult jails, and municipal lockups collocated within the same building or on the same grounds.

### OTHER AUTHORIZED FUNCTIONS

Under certain circumstances, TCJS has authorization to set and collect reasonable fees for (1) the review of and comment on construction documents for new facilities or expansion projects, (2) occupancy inspection, (3) annual inspections, and (4) re-inspections requested by the operator of a jail

before previously cited compliance issues have been corrected. The agency may also impose fees on a private vendor that operates a correctional facility housing inmates from another state to offset the cost of regulating and providing technical assistance to the facility. If a facility fails to remedy deficiencies promptly relative to law or agency orders, rules, and procedures, the agency may prohibit the facility from housing inmates and require the county in which the facility is located to transfer inmates to a compliant detention facility.

**FIGURE 256**  
**COUNTY JAIL POPULATION AND CAPACITY AT THE BEGINNING OF EACH FISCAL YEAR**  
**FISCAL YEARS 2001 TO 2008**

FISCAL YEAR	INMATES IN COUNTY FACILITIES		TOTAL POPULATION	TOTAL JAIL CAPACITY	% OF TOTAL CAPACITY
	LOCAL JURISDICTION POPULATION	CONTRACT POPULATION			
2001	47,876	13,641	61,517	72,794	84.51
2002	46,980	13,648	60,628	75,943	79.83
2003	51,738	13,006	64,744	80,302	80.63
2004	53,211	11,360	64,571	78,385	82.38
2005	54,967	10,927	65,894	79,599	82.78
2006	58,111	12,936	71,047	80,455	88.31
2007	59,668	14,599	74,267	82,763	89.73
2008	59,529	12,932	72,461	85,241	85.01

NOTE: The counts are at the beginning of each fiscal year.

SOURCE: Texas Commission on Jail Standards



## JUVENILE PROBATION COMMISSION

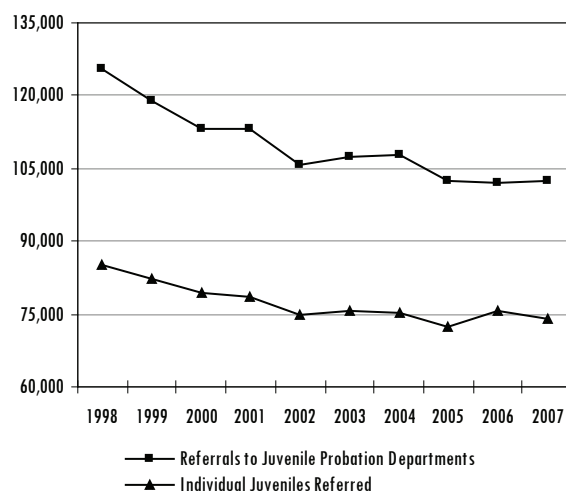
The Texas Juvenile Probation Commission (TJPC) was created in 1981. Its mission is to work in partnership with local juvenile boards and their juvenile probation departments to provide a comprehensive range of community-based probation services that ensure public safety, offender accountability, and assistance to offenders in becoming productive, responsible, law-abiding citizens. The agency provides alternatives to the commitment of juveniles to the Texas Youth Commission (TYC) by allocating financial aid to juvenile boards for maintaining and improving probation services; establishing and enforcing uniform probation standards; collecting, analyzing, and disseminating information; and improving communication between state and local entities within the juvenile justice system. The agency also establishes minimum standards for juvenile detention facilities. The agency's primary functions are (1) Basic Probation; (2) Community Corrections; (3) Probation Assistance; and (4) Juvenile Justice Alternative Education Programs. Appropriations for the 2008–09 biennium total \$328.3 million in All Funds and provide for 67 full-time-equivalent positions. Of this amount, \$246.7 million, or 75 percent, is General Revenue Funds. The Eightieth Legislature, 2007, funded additional community corrections programs and residential placements in its efforts to allow more youth offenders to be supervised in the community rather than committed to TYC.

### BASIC PROBATION

Under its Basic Probation function, the agency allocates funds for financial assistance to juvenile probation departments that provide basic probation services such as delinquency prevention, deferred prosecution, and court-ordered probation. The 2008–09 appropriation totals \$95.1 million for Basic Probation. The agency distributes these funds based on a county's juvenile population with a minimum level of funding provided to counties in which the juvenile population is insufficient to generate funds for basic probation services.

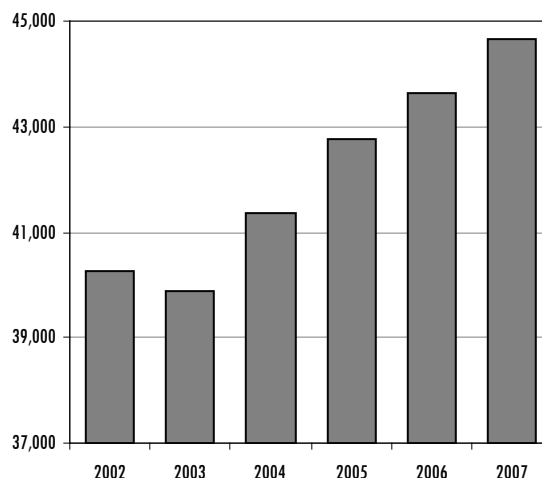
**Figure 257** shows the number of referrals to juvenile probation departments compared with the number of individual juveniles referred between fiscal years 1998 and 2007. The annual number of referrals (a youth may be referred more than once) and the number of juveniles referred to local juvenile probation departments remained relatively stable over the 2006–07 biennium. **Figure 258** shows the average daily population under supervision between fiscal

**FIGURE 257**  
**JUVENILE REFERRAL ACTIVITY**  
**FISCAL YEARS 1998 TO 2007**



SOURCE: Texas Juvenile Probation Commission.

**FIGURE 258**  
**AVERAGE DAILY POPULATION UNDER**  
**JUVENILE SUPERVISION**  
**FISCAL YEARS 2002 TO 2007**



SOURCE: Texas Juvenile Probation Commission.

years 2002 and 2007. The average daily population under supervision has increased each year since fiscal year 2003. Three categories determine the average daily population under supervision: (1) average daily population of youth supervised under deferred prosecution; (2) average daily population of youth supervised under court-ordered probation; and (3) average daily population of youth supervised prior to disposition.

Family Code, Chapter 59 establishes the Progressive Sanctions Model to ensure that juvenile offenders face uniform and

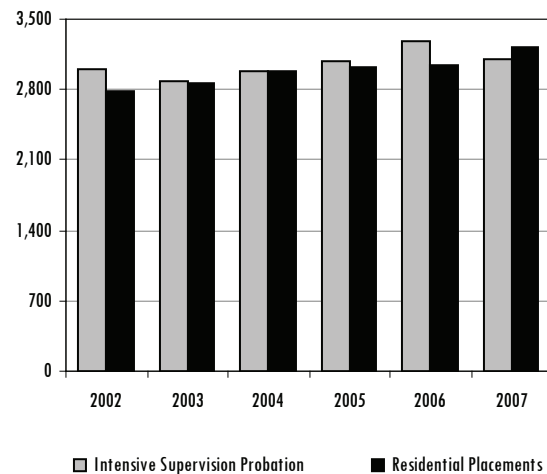
consistent consequences that correspond to the seriousness of each offender's current offense, prior delinquency history, special treatment or training needs, and effectiveness of prior interventions. The Progressive Sanctions Levels 1–3 grant program provides funds to local governments to reduce delinquency, increase youth accountability, and improve the rehabilitation of juveniles in the early stages of delinquency.

## COMMUNITY CORRECTIONS

The agency assists local juvenile probation departments in developing programs and services for high-risk youth in the community. Funding is provided for (1) Community Correction Services; (2) Harris County Boot Camp; (3) Level 5 Post-adjudication Facilities; (4) Local Post-adjudication Facilities; and (5) Special Needs Diversionary Programs. The 2008–09 appropriation totals \$147.2 million for these programs. Community Corrections includes (1) intensive supervision probation (ISP) and (2) residential placements. ISP (level four of the Progressive Sanctions Model) involves reducing caseloads and increasing probation officer contact with juveniles. Residential placements provide an alternative to incarceration at the state level for at-risk juveniles who have been sentenced to at least six months of placement. Both the ISP and residential placement programs provide increased monitoring of youth for whom traditional probation has failed. **Figure 259** shows the average daily population of juveniles in ISP and residential placements for fiscal years 2002–07.

Appropriations for the 2008–09 biennium for Community Corrections Services total \$124.2 million, including increases of \$8.7 million for enhanced community-based services such as sex offender treatment and intensive supervision, \$35.4 million for secure and non-secure residential placements, and \$13.8 million for programming for misdemeanants no longer eligible for commitment to TYC. Appropriations for other Community Corrections programs include \$2.0 million for the Harris County Boot Camp, \$8.8 million for Level 5 Post-adjudication Facilities, \$8.3 million for Local Post-adjudication Facilities, and \$3.9 million for Special Needs Diversionary Programs. Level 5 Post-adjudication facilities provide secure post-adjudication placements for juveniles who have a Progressive Sanctions guideline of level 5 or higher. Appropriations for local post-adjudication facilities provide grants for partial operating costs of 16 secure and non-secure post-adjudication facilities operated by local governments. These grants provide increased community placement alternatives for adjudicated youth. The special

**FIGURE 259**  
**AVERAGE DAILY POPULATION OF JUVENILES**  
**IN INTENSIVE SUPERVISION**  
**PROBATION AND RESIDENTIAL PLACEMENT**  
**FISCAL YEARS 2002 TO 2007**



SOURCE: Texas Juvenile Probation Commission.

needs diversionary programs support specialized caseloads addressing mentally impaired juveniles.

## PROBATION ASSISTANCE

The 2008–09 appropriation for Probation Assistance totals \$60.8 million, including \$56.1 million in federal Title IV-E funds. Federal Title IV-E funds reimburse local probation departments for foster care for qualifying delinquent children. This strategy also funds the administrative costs of promulgating standards for juvenile boards, probation officers, programs, and facilities and for maintaining a comprehensive regional training program for juvenile probation officers, detention workers, and juvenile boards. TJPC provides statewide technical assistance and monitors juvenile probation departments to ensure compliance with fiscal and program rules.

## JUVENILE JUSTICE

### ALTERNATIVE EDUCATION PROGRAM

Following the revision of the Texas Education Code during the 1998–99 biennium, state funding to support the Juvenile Justice Alternative Education Program (JJAEP) was transferred from the Foundation School Program to TJPC. This program provides off-campus alternative education programs for students removed from the classroom for disciplinary reasons. The 2008–09 appropriation totals \$23 million for the JJAEP. This includes an increase of \$5.6

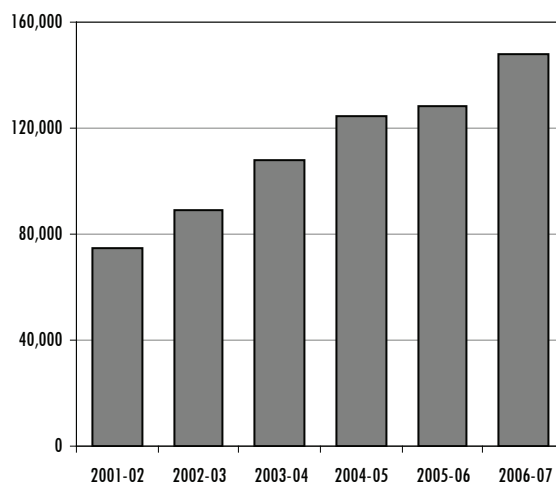
million to address the increased projection for mandatory expulsions from public schools and a rate increase from \$59 to \$79 per mandatory student attendance day. This funding level is based on estimates of the number of mandatory students to be served in the 2008–09 biennium. **Figure 260** shows the mandatory student attendance days in the JJAEP during the regular school year, increasing each year from the 2001–02 school year to the 2006–07 school year. All participating counties are reimbursed for students who must be expelled in accordance with § 37.011(a) of the Texas Education Code. TJPC is required to submit a performance assessment report concerning JJAEP student academic and behavioral success to the Legislative Budget Board and the Governor each biennium.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted Senate Bill 103, removing misdemeanants from eligibility for commitment to TYC. These youth will only be eligible for supervision in the community. The legislation also requires juvenile courts in counties with a population of at least 335,000 to provide a community-based program for youth found to have engaged in misdemeanor-level delinquent conduct. Furthermore, the legislation requires TJPC to inspect all pre-adjudication and post-adjudication residential facilities on an annual basis.

The Eightieth Legislature, 2007, enacted House Bill 2884, which provides various directives concerning TJPC and juvenile corrections. The legislation allows TJPC to hire peace officers to investigate abuse, neglect, and exploitation in juvenile justice programs and facilities. The legislation also gives TJPC the authority to subpoena witnesses to testify on evidence related to abuse, neglect, and exploitation allegations; complaints; financial and programmatic audits of juvenile programs and facilities; or any other matter under TJPC's authority. The statute expands the juvenile justice information system to include court orders and other court documents, and allows prosecutors and court clerks access to the system.

**FIGURE 260**  
**MANDATORY STUDENT ATTENDANCE DAYS IN THE**  
**JUVENILE JUSTICE ALTERNATIVE EDUCATION PROGRAM**  
**SCHOOL YEARS 2001–02 TO 2006–07**



SOURCE: Texas Juvenile Probation Commission.

## **COMMISSION ON LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION**

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The Texas Commission on Law Enforcement Officer Standards and Education (TCLEOSE) was created in 1965 by the Fifty-ninth Texas Legislature to develop standards for improving law enforcement in Texas. The commission is comprised of nine members appointed by the Governor with the advice and consent of the Senate. The agency's mission is to ensure that Texas citizens are served by highly trained and ethical law enforcement and corrections personnel through screening, developing, and monitoring resources for continuing education, and setting standards. The commission develops, maintains, and enforces minimum qualifications for the selection, training, and certification of law enforcement personnel and county correctional officers.

Appropriations for the 2008–09 biennium total \$5.9 million for TCLEOSE, primarily from General Revenue–Dedicated Funds, and provide for 46 full-time-equivalent (FTE) positions. The agency's appropriations include \$0.4 million in General Revenue–Dedicated Funds and 3 FTE positions for additional field service agents. Agency operations and its continuing education program are funded by a portion of the fee assessed against all persons convicted of a criminal offense.

The agency's goals are to license and approve law enforcement development courses and to regulate the standards and practices of its licensees. TCLEOSE accomplishes these goals by issuing licenses and certificates to individuals who demonstrate required proficiencies; managing the development, delivery, and quality of law enforcement training and education; and revoking licenses, suspending licenses, or reprimanding licensees for violations of statutes or TCLEOSE rules. The agency develops and maintains training courses, licenses and evaluates training academies and their instructors, and administers licensing tests. It conducts audits and investigations to enforce its rules and standards and to verify licensees' qualifications.

TCLEOSE administers professional programs for the licensing and continuing education of more than 93,000 active law enforcement and corrections personnel who hold more than 107,000 licenses and are employed by more than 2,500 state and local government agencies. Unlike peace officer standards and training commissions in most states, TCLEOSE does not operate a police academy. State and

local governments may establish training academies with a curriculum that must conform to basic standards. There are 102 licensed law enforcement academies in Texas plus 182 training contractors and providers who offer more than 58,000 law enforcement training courses per year. Seven public and private institutions of higher education and numerous secondary schools provide preparatory college-level law enforcement programs. TCLEOSE maintains a statewide network of 45 facilities for administering licensing examinations. During fiscal year 2007, there were 7,762 individuals who took the licensing exams and the agency issued 13,547 new licenses.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted two bills that affect TCLEOSE. House Bill 1955 allows honorably retired peace officers to hold an inactive license at retirement and provides procedures on how to reactivate inactive licenses. House Bill 2445 requires that TCLEOSE suspend a peace officer's license upon a licensee's second dishonorable discharge by a law enforcement agency.

## DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety (DPS) was created in 1935 by the Forty-fourth Legislature with the transfer of the State Highway Motor Patrol from the State Highway Department and the Texas Ranger Force from the Adjutant General's Department. Since that time, DPS has been assigned additional law enforcement and regulatory duties, and more responsibility for disaster emergency management. Oversight of DPS is vested in the Public Safety Commission, a five-member board appointed by the Governor and confirmed by the Senate. Its mission is to serve the people of Texas by enforcing the laws protecting the public safety, promoting the public safety, and providing for the prevention and detection of crime.

Appropriations for the 2008–09 biennium total \$1.6 billion in All Funds and provide for 8,264 full-time-equivalent (FTE) positions in fiscal year 2008 and 8,271 FTE positions in fiscal year 2009. This is a \$385.1 million decrease in All Funds relative to 2006–07 spending levels, primarily caused by disaster-related federal funding in fiscal year 2006. Appropriations for the 2008–09 biennium include \$97.5 million in General Revenue Funds and General Revenue–Dedicated Funds, or 6 percent of the agency's appropriations. Approximately 61 percent (\$1 billion) of the agency's appropriation is from the State Highway Fund (Other Funds).

The agency's 2008–09 appropriation includes \$200 million in new General Obligation bond proceeds (Other Funds) for the agency's building program, including a new regional office and crime lab in Lubbock, new offices in McAllen and Rio Grande City, crime laboratory expansions, and an emergency vehicle operations course. Appropriations include \$108.1 million in All Funds (\$63.7 million in General Revenue Funds and \$44.4 million in State Highway Funds) for border security operations, including funding for local law enforcement surge operations, joint operation and intelligence centers, a border security operations center, additional DPS personnel, and aviation support. Appropriations also include State Highway Fund increases of \$32.5 million for operational shortfalls, \$29.0 million for additional personnel, \$16.1 million for crime laboratory operating costs and equipment, \$15.1 million for an in-car computer project, and \$8.4 million for crime records and regulatory enhancements. In addition to these amounts, the agency received appropriations of \$20.2 million in All Funds for salary increases for the agency's commissioned peace officers.

The agency performs five primary functions: (1) Law Enforcement on Highways; (2) Driver Safety and Records; (3) Prevent and Detect Crime; (4) Emergency Management; and (5) Regulatory Programs.

### LAW ENFORCEMENT ON HIGHWAYS

The Law Enforcement on Highways function is accomplished through Highway Patrol, Commercial Vehicle Enforcement, Vehicle Inspection Program, Breath and Blood Alcohol Testing, and Capitol Complex Security. Appropriations for Law Enforcement on Highways for the 2008–09 biennium total \$455.5 million and provide for 3,477 FTE positions in fiscal year 2008 and 3,483 FTE positions in fiscal year 2009.

### DRIVER SAFETY AND RECORDS

The Driver Safety and Records function includes Driver License and Records, Driver License Reengineering, and Motorcycle Operator Training. Following the enactment of Senate Bill 766, Eightieth Legislature, 2007, appropriations for Traffic Accident Records and the Crash Records Information System were transferred to the Department of Transportation. Driver Safety and Records was appropriated \$176.1 million and provided with 1,696 FTE positions for the 2008–09 biennium.

### PREVENT AND DETECT CRIME

The Prevent and Detect Crime function includes Narcotics Enforcement, Vehicle Theft Enforcement, Special Crimes, the Texas Rangers, Unsolved Crimes Investigation, and Crime Labs. Appropriations for the 2008–09 biennium total \$221 million and provide for 1,385 FTE positions in both fiscal years.

### EMERGENCY MANAGEMENT

The Emergency Management function is addressed through Emergency Planning, Response Coordination, Disaster Recovery, and the Emergency Operations Center. Appropriations for Emergency Management for the 2008–09 biennium total \$316.5 million and provide for 43 FTE positions.

### REGULATORY PROGRAMS

The Regulatory Programs function includes Concealed Handgun Licensing, the Polygraph Examiners Board, and the Private Security Board. Appropriations for regulatory programs total \$18.1 million for the 2008–09 biennium and provide for 110 FTE positions in fiscal year 2008 and fiscal year 2009.



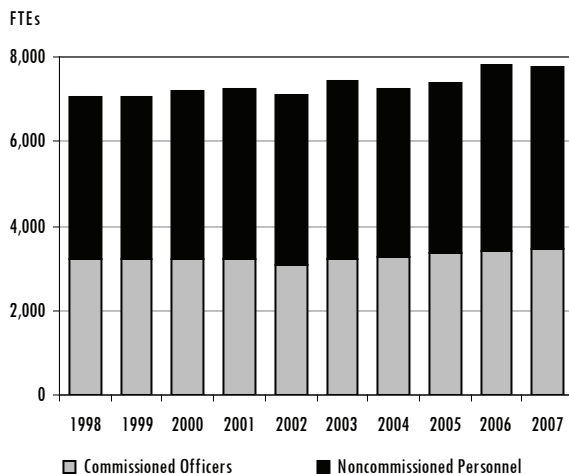
### INDIRECT ADMINISTRATION AND SUPPORT

The DPS budget also includes an Indirect Administration and Support function including Central Administration, Information Resources, Regional Administration, Communications Service, Crime Records, Physical Plant, Training Academy Education Courses, Recruit Schools, Fleet Operations, Aircraft Operations, and Other Support Services. Appropriations total \$455.3 million for the 2008–09 biennium including \$200 million in new General Obligation bond proceeds for the agency's building program. Activities include the agency's internal audit, legal services, executive services, public information and media services, budget and financial operations, administration, training academy, vehicle maintenance and outfitting, communications, facilities maintenance and construction, crime records, aircraft operations, recruit schools, and human resources.

### AGENCY STRUCTURE

The agency is organized into six major divisions: Texas Highway Patrol, Driver License, Criminal Law Enforcement, the Texas Rangers, the Governor's Division of Emergency Management, and Administration. As shown in **Figure 261**, the total number of DPS staff increased from approximately 7,000 in fiscal year 1998 to nearly 7,800 in fiscal year 2007. The number of commissioned peace officers increased from 3,207 to 3,458 during the same period.

**FIGURE 261**  
**COMMISSIONED AND NONCOMMISSIONED STAFF**  
**FISCAL YEARS 1998 TO 2007**



SOURCE: Department of Public Safety.

### TEXAS HIGHWAY PATROL DIVISION

The Texas Highway Patrol (THP) supervises traffic on Texas roadways and administers the Breath and Blood Alcohol Testing and Vehicle Emission programs. The division also assists in criminal law enforcement and provides security and law enforcement for the State Capitol and the Capitol complex. THP is the largest division in DPS, with 2,706 commissioned officers and 1,274 support personnel. Division operations include four specialized field services: Highway Patrol, Commercial Vehicle Enforcement, Vehicle Inspection, and Communications. The division also includes the Motor Carrier Bureau and the Breath Alcohol Testing Bureau.

#### HIGHWAY PATROL

Operating with 2,171 commissioned troopers and 429 noncommissioned personnel, the Highway Patrol Service works to ensure safe travel by patrolling traffic on Texas' public roadways, taking appropriate enforcement action against violators, investigating vehicle accidents, assisting motorists, directing traffic, performing criminal interdiction, conducting fraudulent document investigations, providing disaster-related assistance, and providing security for the State Capitol building and Capitol complex. Highway Patrol troopers provide educational programs for Texas citizens about traffic safety, crime prevention, and laws relating to illegal drugs. They provide security and patrol services for public roadways, buildings, and parking garages in the Capitol complex. Troopers conduct security audits for state-owned buildings and property, regulate parking facilities within the Capitol complex, and investigate all criminal incidents occurring on public property within the Capitol complex and at all other state facilities. The Highway Patrol Service is divided into 19 districts statewide. During fiscal year 2007, the service made over 3.4 million traffic law violator contacts.

#### COMMERCIAL VEHICLE ENFORCEMENT SERVICE

The Commercial Vehicle Enforcement Service, with 514 commissioned officers and 320 noncommissioned staff, supervises commercial vehicle traffic on Texas highways. Troopers enforce statutes regulating size, weight, equipment, and registration of commercial vehicles. The service also enforces the Texas Motor Carrier Safety statutes, which are the in-state equivalent of federal interstate regulations for commercial traffic. During fiscal year 2007, the Commercial Vehicle Enforcement Service made over 1.5 million contacts with motor carrier traffic law violators. The Motor Carrier Bureau supports the Commercial Vehicle Enforcement



Service by maintaining records, arrest files, and carrier profiles.

### **VEHICLE INSPECTION SERVICE**

The Vehicle Inspection Service certifies vehicle inspectors and inspection stations, monitors and ensures compliance with inspection standards, and supervises vehicle emission programs aimed at meeting federal clean air requirements. Appropriations for the 2008–09 biennium provide for 20 commissioned and 246 noncommissioned positions.

### **COMMUNICATIONS SERVICE**

The Communications Service operates 33 radio facilities statewide on a 24-hour basis, providing vital assistance to DPS and other law enforcement officers. Its network provides access to the Texas Crime Information Center (TCIC) and National Crime Information Center (NCIC), vehicle registration files at the Texas Department of Transportation, and DPS driver license issuance data. Appropriations for the 2008–09 biennium provide for 243 positions.

### **BREATH ALCOHOL TESTING BUREAU**

The Breath Alcohol Testing Bureau supervises and maintains a statewide breath-alcohol and blood-testing program. More than 42,000 breath-alcohol tests were supervised during fiscal year 2007. Appropriations for the bureau for the 2008–09 biennium provide for 31 noncommissioned positions.

### **DRIVER LICENSE DIVISION**

The Driver License Division, with a staff of 224 commissioned officers and 1,466 noncommissioned personnel, administers the state's driver license program. The division ensures the competency of Texas drivers by testing new drivers, determining the eligibility of renewal applicants, and suspending the licenses of problem drivers. The division administered more than 5.9 million examinations and issued more than 5.0 million driver licenses and identification cards during fiscal year 2007.

The Driver Licensing Headquarters Service, which is part of the Driver License Division, supports enforcement of the driver license, commercial driver, motor vehicle traffic, and safety responsibility laws of Texas. The Administrative License Revocation Service, also part of the Driver License Division, is responsible for preparing and presenting contested license-suspension cases before the State Office of Administrative Hearings.

The Driver License Division is implementing the Driver License Reengineering Project. The objectives of this project are to produce a more secure driver license and identification card system and to combat identity theft. During fiscal years 2004–05, funds for this project came from a \$1 fee increase on motor vehicle registrations. During fiscal years 2006–07, the agency received appropriations of \$15.9 million for 26 FTE positions to continue the project. The agency was also appropriated \$7.4 million for an image verification system. Image verification technology will allow the agency to prevent issuance of a license or identification card to an individual attempting to establish a fraudulent identity and will assist in locating multiple records belonging to the same individual.

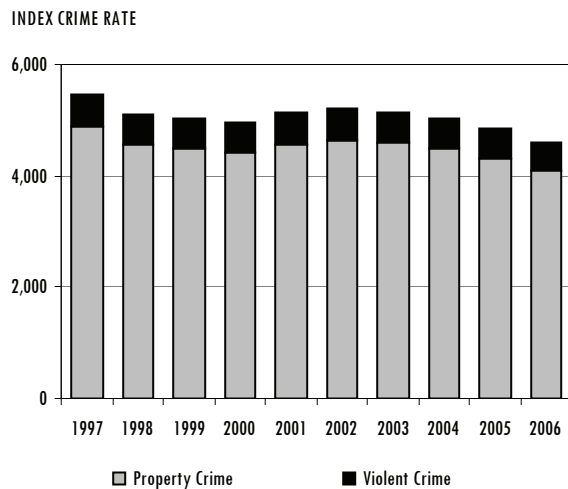
The division previously included the Accident Records Bureau, which is the state repository for motor vehicle traffic accident records. This bureau collected and maintained comprehensive data regarding motor vehicle accidents, including information about the accident and its contributing factors, the location, date, time, and people involved. Previously, DPS, the Department of Insurance, and the Texas Department of Transportation had a joint initiative to implement a new Crash Records Information System to provide enhanced abilities to capture, manage, and disseminate timely and accurate accident records. Following the enactment of Senate Bill 766, Eightieth Legislature, 2007, the Accident Records Bureau and the Crash Records Information System were transferred to the Department of Transportation, including \$6.2 million in All Funds and 86 FTE positions.

### **CRIMINAL LAW ENFORCEMENT DIVISION**

The Criminal Law Enforcement Division (CLE) provides statewide criminal law enforcement and works closely in many investigations with city, county and federal law enforcement and criminal justice agencies. The CLE Division consists of four services: Narcotics, Motor Vehicle Theft, Criminal Intelligence, and Crime Laboratory. The CLE Division includes 620 commissioned officers and 604 support personnel.

A nationally standardized measure of crime is the Index Crime Rate (**Figure 262**). The Index Crime Rate consists of certain offenses and is adjusted for population. The seven index offenses are murder, forcible rape, robbery, aggravated assault, burglary, larceny-theft, and motor vehicle theft. The Index Crime Rate has shown a marked decrease in Texas since 1988 when it reached a high of 8,020 crimes per 100,000 population. In 2006, the most recent year for which

**FIGURE 262**  
**INDEX CRIME RATE PER 100,000 POPULATION**  
**CALENDAR YEARS 1997 TO 2006**



SOURCE: Department of Public Safety.

data are available, the rate was 4,600 crimes per 100,000 population.

#### **NARCOTICS SERVICE**

The Narcotics Service, with a total of 327 commissioned officers and 165 noncommissioned personnel, seeks to deter narcotics trafficking and drug abuse in Texas by apprehending drug traffickers and seizing illegal drugs. Specifically, it attempts to prevent drug smuggling, eliminate clandestine drug laboratories, and eradicate the domestic production of marijuana. The Narcotics Service also administers programs regulating the distribution of legally controlled substances, precursor chemicals, and laboratory apparatuses in Texas. During fiscal year 2007, the Narcotics Service was involved in 37,685 instances of investigation, reporting, and assistance in the tracking and prevention of narcotics violations, which led to 1,289 arrests.

#### **MOTOR VEHICLE THEFT SERVICE**

The Motor Vehicle Theft Service, with a staff of 126 commissioned officers and 39 noncommissioned personnel, works to reduce the number of stolen vehicles crossing the border into Mexico and to stop the proliferation of “chop shops,” where stolen vehicles are disassembled and the parts sold. In addition to the automobile theft prevention program, the Motor Vehicle Theft Service has initiated a theft prevention program, entitled Texas Recovery and Identification Program (TRIP), that allows owners of

construction and farm equipment to register their property online to assist law enforcement in verifying ownership.

#### **CRIMINAL INTELLIGENCE SERVICE**

The Criminal Intelligence Service, previously the Special Crimes Service, provides criminal law enforcement support, conducts special criminal investigations, apprehends fugitives, manages the sex offender compliance program and the Missing Persons Clearinghouse, and shares information about criminals with other DPS officers and local law enforcement agencies. The Criminal Intelligence Service acts as the state’s focal point for intelligence gathering, threat assessment, and criminal investigations within the state. Computer Information Technology and Electronic Crime personnel pursue investigations in which computer systems and the Internet are used to facilitate criminal activity. The Criminal Intelligence Service operates a nationally recognized polygraph school to provide training to law enforcement personnel. Additionally, the Criminal Intelligence Service conducts polygraph examinations of suspects, victims, and witnesses in criminal cases. The Crime Analysis Section of the Criminal Intelligence Service assists in identifying criminal suspects and conducts background investigations on Texas Racing Commission license applicants and State Lottery vendors. The Criminal Intelligence Service participated in 56,676 investigations during fiscal year 2007 that led to 1,091 arrests. There are 167 commissioned officers and 97 noncommissioned personnel assigned to the Criminal Intelligence Service.

#### **CRIME LABORATORY SERVICE**

The Crime Laboratory Service, with a staff of 303 noncommissioned personnel in fiscal years 2008 and 2009, provides forensic laboratory services to requesting criminal justice agencies in the areas of firearms, drugs, toxicology, serology/DNA, trace evidence, documents, photography, and latent fingerprints. There is a headquarters laboratory in Austin, and 12 field laboratories are located throughout the state. The Crime Laboratory Service manages the Combined DNA Index System laboratory.

#### **TEXAS RANGER DIVISION**

The Texas Ranger Division consists of 134 commissioned Texas Ranger positions and 27 noncommissioned support personnel. The Texas Ranger Division’s primary responsibility is to investigate felony offenses such as murder, sexual assault, robbery, and burglary. Texas Rangers also help apprehend fugitives, suppress riots and civil disorders, transport

prisoners, and investigate official misconduct. The Texas Ranger Division also operates the Unsolved Crimes Investigation Team. This team investigates murder cases or linked criminal transactions that are no longer active within other law enforcement agencies. During fiscal year 2007, the Texas Rangers conducted 5,334 criminal investigations, resulting in 2,147 arrests.

### **GOVERNOR'S DIVISION OF EMERGENCY MANAGEMENT**

The Governor's Division of Emergency Management (GDEM), reviews and coordinates state emergency and disaster-response operations. The division has assisted many local jurisdictions in responding to natural and other disasters, including hurricanes, tornadoes, floods, agricultural losses, fires, and hazardous material spills. During fiscal year 2007, the service coordinated 10,154 responses to emergencies and disasters. GDEM also provides local jurisdictions with planning assistance, guidance, and instruction on disaster prevention and preparedness. Additionally, the division processes and monitors all applications for recovery and mitigation assistance.

Chapter 421, Texas Government Code, requires the Office of the Governor to allocate available federal and state grants and other funding related to homeland security to state and local agencies that perform homeland security activities. It also requires the Office of the Governor to designate a state administrative agency for funding to the state related to homeland security. Beginning in fiscal year 2005, GDEM has been designated as the state administrative agency. As part of this role, GDEM also performs compliance monitoring, auditing, and inspections related to state homeland security.

Appropriations during fiscal years 2008–09 include an additional \$108.1 million in All Funds (\$63.7 million in General Revenue Funds within the GDEM goal and \$44.4 million in State Highway Funds within DPS strategies outside the GDEM goal) for border security operations including funding for local law enforcement surge operations, joint operation and intelligence centers, a border security operations center, and additional trooper and aviation support. This is the first time that the State of Texas appropriated state funds specifically to address border security issues. Portions of these funds are for overtime, per diem, and travel expenses for the National Guard and law enforcement personnel from other jurisdictions cooperating in surge operations. In addition, funds are provided for local law

enforcement overtime, per diem, training, equipment, and technology acquisition. The state also has access to various federal grant funds to pay for homeland and border security related programs, including funding for DPS and pass-through funding to local and other state agencies.

### **ADMINISTRATIVE DIVISION**

Administrative programs support all divisions and services within the agency by providing the essential infrastructure, equipment, vehicles, supplies, and human resource mechanisms to accomplish the goals of the agency. These programs include training of all agency commissioned officers, services to minimize the effects of job stress on employees, and services to improve the lives of crime victims and communities affected by crime. One section under the Administrative Division is the Office of Audit and Inspection, which conducts detailed examinations and audits of DPS performance standards. The Information Management Service operates the agency's computer center, which provides essential law enforcement information to DPS and to federal and local law enforcement agencies.

### **CRIME RECORDS SERVICE**

The Crime Records Service maintains a centralized state repository for criminal arrest records and serves as the state control terminal for TCIC and NCIC. The service also operates the State Uniform Crime Reporting Program, the Automated Fingerprint Identification System, the Sex Offender Registry, and the Computerized Criminal History System.

### **REGULATORY LICENSING SERVICE**

The Regulatory Licensing Service includes two sections, the Concealed Handgun Licensing Bureau and the Private Security Bureau, and is responsible for concealed handgun and private security licensing and regulation.

The Concealed Handgun Licensing Bureau, formerly a unit within the Crime Records Service, administers the concealed handgun licensing program. The bureau licenses persons to carry concealed handguns, certifies instructors to train license applicants, performs background and criminal history checks on license applicants, and administers a renewal process for existing eligible license holders. The bureau issued 45,036 handgun licenses and processed 45,917 license renewals during fiscal year 2007.

The Board of Private Investigators and Private Security Agencies was created in 1969 to regulate private investigation

and security services through licensing, education, and enforcement. It was renamed the Texas Commission on Private Security (TCPS) in 1999. In 2003, the Seventy-eighth Legislature abolished TCPS, created the Texas Private Security Board (TPSB) in its place, and transferred all private security functions and activities to DPS effective February 1, 2004. Now known as the Private Security Bureau, this section of DPS is responsible for the licensing and enforcement of approximately 120,000 active and renewal licenses for private investigators and private security personnel and the companies for which they work. The bureau licenses such diverse occupations as security guard, alarm salesperson, guard dog trainer, private investigator, bodyguard, and locksmith.

The Private Security Bureau is appropriated \$8.8 million for the 2008–09 biennium with 31 commissioned personnel and 25 noncommissioned personnel. DPS received an additional \$8.4 million in State Highway Funds in fiscal years 2008 and 2009 for a document imaging system for the Concealed Handgun Licensing and the Private Security bureaus. The increased appropriation will support an additional 28 FTE positions in fiscal year 2008 and 29 FTE positions in fiscal year 2009 for the Private Security Bureau.

#### **POLYGRAPH EXAMINERS BOARD**

The Polygraph Examiners Board (PEB) was created as a distinct state agency in 1981 to regulate the polygraph industry through the establishment and enforcement of education and instrumentation standards. The Seventy-seventh Legislature, 2001, incorporated PEB appropriations into the DPS budget structure and directed DPS to provide administrative support to the PEB. Appropriations provide \$0.2 million for PEB and 2 FTE positions for the 2008–09 biennium.

#### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted various bills that affect the Department of Public Safety, eight of which are discussed here.

House Bill 76 requires local law enforcement agencies to provide more detailed reporting of sexual offenses to DPS' Crime Records Service to create a statistical breakdown of sexual assault and aggravated sexual assault offenses.

House Bill 84, also known as Katie's Law, requires that original or renewal driver licenses or commercial driver licenses issued to a person age 85 or older be renewed every two years. The legislation also limits renewals by mail or electronic means for people who are age 79 or older.

House Bill 1303 mandates DPS to provide notice of orders for expunction or nondisclosure of criminal history record information to every entity named in an order and to those entities that purchase criminal history background record information from the agency.

Senate Bill 9 requires fingerprint background checks on applicants for employment as public school teachers, librarians, educational aides, administrators, counselors, and certain contract employees who work in or around public schools.

Senate Bill 11 directs the Governor's Division of Emergency Management (GDEM) to administer the Texas Statewide Mutual Aid System which assists political subdivisions in planning and implementing comprehensive all-hazards emergency management programs. The bill also directs GDEM to administer all requests for reimbursement for costs associated with providing mutual aid assistance in response to a federal disaster declaration.

Senate Bill 766 transfers the powers and duties related to the collection, tabulation, and analysis of vehicle accidents in DPS' Accident Records and Crash Records Information Systems to the Department of Transportation.

Senate Bill 1154 establishes a registration program for state metal recycling entities and mandates registration, renewal processes, disciplinary actions, and reporting requirements.

Senate Bill 1315 establishes a statewide silver alert system for missing senior citizens.

## YOUTH COMMISSION

The Texas Youth Council was created in 1957, although the first state school, at Gatesville, opened in January 1889. In 1983, the Legislature renamed the Texas Youth Council the Texas Youth Commission (TYC). TYC's mission focuses on four areas:

- Protection—protect the public and control the commission of unlawful acts by youth committed to the agency by confining them under conditions that ensure their basic healthcare and emphasize their positive development, accountability for their conduct, and discipline training;
- Productivity—habilitate youth committed to the agency to become productive and responsible citizens who are prepared for honorable employment through ongoing education and workforce development programs;
- Rehabilitation—rehabilitate youth committed to the agency and re-establish them in society through a competency-based program; and
- Prevention—study problems of juvenile delinquency, focus public attention on special solutions for problems, and assist in developing, strengthening, and coordinating programs aimed at preventing delinquency.

The agency operates both institutional and community-based residential programs for juvenile offenders and supervises youth after their release from the programs. Additionally, the agency contracts with private sector providers for residential programs, group homes, vocational training programs, residential treatment centers, foster care, and nonresidential services. A TYC case manager is assigned to monitor compliance with TYC standards and the youth's progress while in a contract care program.

In March 2007, the Governor appointed a conservator over the agency in response to concerns about agency operations and the treatment of youth. Senate Bill 103, Eightieth Legislature, 2007, makes significant changes to TYC operations. Senate Bill 103 provides for the gubernatorial appointment of an executive commissioner until the agency returns to oversight by a governing board on September 1, 2009.

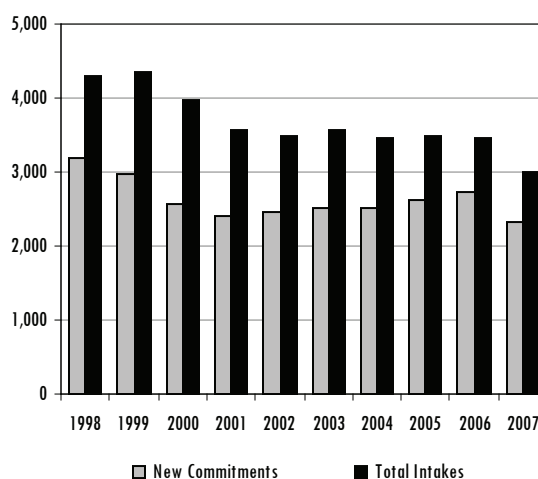
Senate Bill 103 also requires a 1:12 staff-to-youth supervision ratio; eliminates the commitment of misdemeanants to TYC; requires the agency to release, parole, or transfer to the Texas Department of Criminal Justice (TDCJ) youth who become 19 years of age in TYC custody; creates an Office of the

Inspector General to investigate abuse, neglect, or exploitation of TYC youth; and creates the Office of Independent Ombudsman to enhance youth accessibility to services and grievance procedures. The agency is required to develop a rehabilitation plan to aide in implementing these mandates. The agency's rehabilitation plan includes reduced bed capacity in TYC facilities, improved safety and security measures, and a more centralized, uniform method of managing facilities in remote areas.

**Figure 263** shows the total new commitments to TYC for fiscal years 1998 to 2007, and the total number of intakes to TYC facilities. New commitments include all youths sent to TYC for the first time. The total number of intakes includes new commitments, recommitments by the court system, parole revocations, and youths returned to residential programs by TYC. The agency estimates its average residential population will drop to 3,151 in fiscal years 2008 and 2009 as a result of implementing the rehabilitation plan and statute changes. Factors contributing to the reduced populations include an anticipated reduction in felony commitments, the elimination of misdemeanor commitments, and the release or transfer of youth at age 19.

Appropriations for the 2008–09 biennium total \$551.9 million and provide for 4,274 full-time-equivalent (FTE) positions. Of the total appropriation, \$452.7 million, or 82 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds. Enactment of House Bill 15, Eightieth Legislature, 2007, provides \$20 million in

**FIGURE 263**  
**TOTAL INTAKES AND NEW COMMITMENTS TO TYC**  
**FISCAL YEARS 1998 TO 2007**



SOURCE: Texas Youth Commission.



supplemental appropriations for fiscal year 2007 for video surveillance equipment, internal audit staff, the Office of Inspector General, and various other operational expenses.

Eight of the agency's primary functions include: (1) Assessment and Orientation; (2) Institutional Services; (3) Contracted Capacity; (4) Construct and Renovate Facilities; (5) Education and Workforce Programs; (6) Healthcare and Psychiatric Services; (7) Specialized Correctional Treatment; and (8) Parole Services.

### ASSESSMENT AND ORIENTATION

Youths committed to TYC were previously provided orientation and assessment services at the Marlin Orientation and Assessment Unit. TYC transferred this facility and the John Shero State Juvenile Correctional Facility to TDCJ in August 2007. Orientation and assessment operations are now performed at the McLennan County State Juvenile Correctional Facility in Mart for male offenders and at the Ron Jackson State Juvenile Correctional Complex in Brownwood for female offenders.

During the orientation and assessment process, staff conduct medical, educational, and psychological testing; produce complete social summaries; and recommend initial assignment. Psychiatric consultants also perform

comprehensive psychiatric evaluations for all youth who are prescribed psychotropic medication at the time of admission or within six months prior to admission, for all youth for whom a minimum length of stay is one year or longer, and for other youths referred by assessment staff. At the conclusion of a youth's stay at the orientation and assessment facilities, the youth is placed in one of TYC's residential programs. The Centralized Placement Unit staff decides where each youth will be placed. Appropriations for assessment and orientation total \$6.8 million for the 2008–09 biennium and provide for 84 FTE positions.

### INSTITUTIONAL SERVICES

The agency operates 11 institutional facilities. **Figure 264** shows TYC bed capacity at each of its facilities. Three of the facilities included in **Figure 264** have been transferred to TDCJ. The agency's rehabilitation plan and appropriations for the 2008–09 biennium include facility closures and reducing the size of existing facilities, thereby reducing the agency's institutional capacity to 2,351 beds. TYC also operates nine halfway houses. **Figure 265** shows the distribution of TYC facilities throughout the state.

There are two major categories of offenders at TYC. "Committed" juveniles are sent to TYC by the juvenile courts after adjudication. TYC is given custody of these juvenile

**FIGURE 264**  
**TYC FACILITY CAPACITY**  
**FISCAL YEARS 2000 TO 2007**

INSTITUTION	2000	2001	2002	2003	2004	2005	2006	2007
Al Price State Juvenile Correctional Facility	312	312	312	312	312	312	312	312
Corsicana Residential Treatment Center	150	150	150	198	198	198	198	198
Crockett State School	264	264	264	264	264	264	264	264
Evins Regional Juvenile Center	240	240	240	240	240	240	240	240
Gainesville State School	316	316	316	316	340	340	340	340
Giddings State School	376	376	376	376	376	376	376	376
Hamilton State School <sup>1</sup>	544	376	376	376	0	0	0	0
John Shero State Juvenile Correctional Facility <sup>2</sup>	356	356	356	356	356	356	356	356
Marlin Orientation and Assessment Unit <sup>3</sup>	436	436	436	436	436	436	436	436
McLennan County State Juvenile Correctional Facility	240	352	352	352	516	672	672	672
Ron Jackson State Juvenile Correctional Complex	460	460	460	460	460	460	460	460
Sheffield Boot Camp	64	64	64	64	128	128	128	128
Victory Field Correctional Academy	336	336	336	336	336	336	336	336
West Texas State School	240	240	240	240	240	240	240	240
<b>SUBTOTAL, INSTITUTIONS</b>	<b>4,334</b>	<b>4,278</b>	<b>4,278</b>	<b>4,326</b>	<b>4,202</b>	<b>4,358</b>	<b>4,358</b>	<b>4,358</b>
HALFWAY HOUSES	218	218	218	218	218	218	218	218
<b>TOTAL CAPACITY, STATE-OPERATED FACILITIES</b>	<b>4,552</b>	<b>4,496</b>	<b>4,496</b>	<b>4,544</b>	<b>4,420</b>	<b>4,576</b>	<b>4,576</b>	<b>4,576</b>

<sup>1</sup>Hamilton facility was transferred to the Department of Criminal Justice in June 2003.

<sup>2</sup>John Shero facility was transferred to the Department of Criminal Justice in August 2007.

<sup>3</sup>Marlin facility was transferred to the Department of Criminal Justice in August 2007.

SOURCE: Texas Youth Commission.

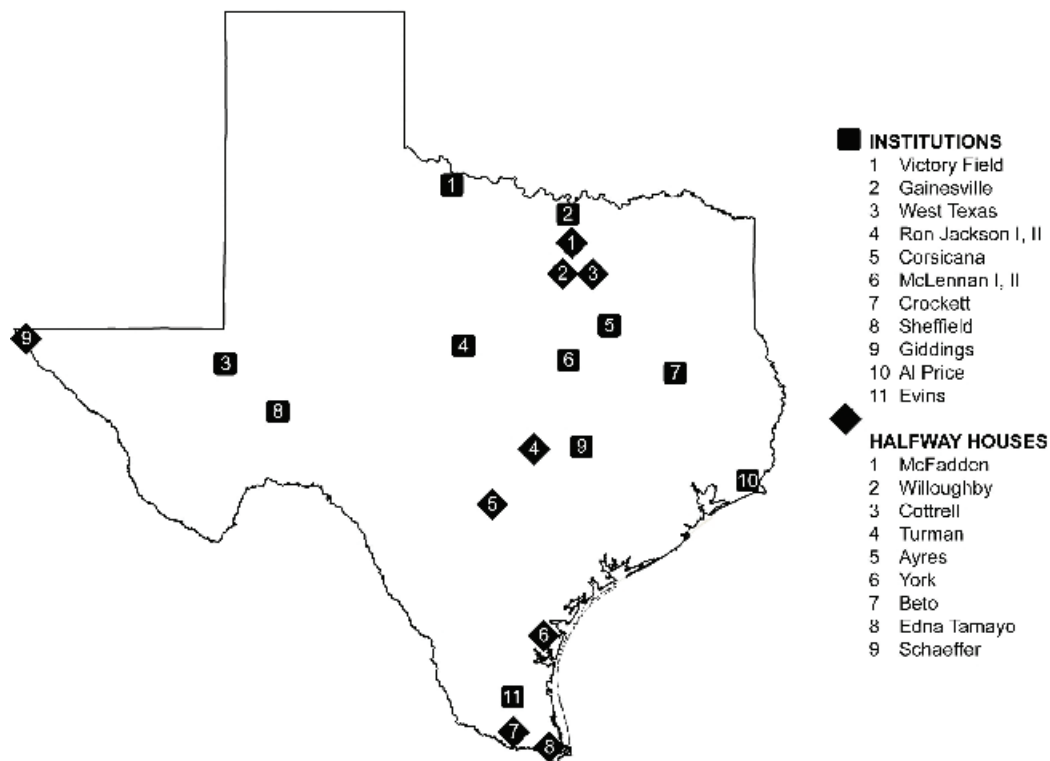


offenders and administratively determines how long they will stay, what type of services they will receive, and when they will be allowed to leave. "Sentenced" offenders are given a specific sentence to TYC under the determinate-sentencing statutes by the juvenile court. Juvenile courts use progressive-sanction-level assignment guidelines in making placement decisions. Progressive sanctions are different levels, or steps, that increase the level of supervision with the seriousness of the crime. Under the guidelines, a juvenile court may commit or sentence a youth to TYC for any felony offense or for violation of felony probation.

The determinate-sentencing law was adopted by the Seventieth Legislature in 1987, and the law's provisions were significantly modified effective January 1, 1996. Under the revised statute, youths ages 10 to 16 may be sentenced to not more than 40 years for a capital, first-degree, or aggravated controlled-substance felony; not more than 20 years for a second-degree felony; and not more than 10 years for a third-degree felony. There are 19 categories of offenses eligible for a juvenile determinate sentence:

- murder;
- capital murder;
- attempted capital murder;
- manslaughter;
- intoxication manslaughter;
- aggravated kidnapping;
- aggravated sexual assault;
- arson resulting in bodily injury or death;
- aggravated robbery;
- habitual felony conduct;
- felony deadly conduct involving discharging a firearm;
- certain offenses involving controlled substances;
- injury to a child, elderly individual, or person with a disability;

**FIGURE 265**  
**TYC FACILITY LOCATIONS**  
**2008–09 BIENNIUM**



SOURCE: Texas Youth Commission.

- aggravated assault;
- criminal solicitation;
- indecency with a child;
- criminal solicitation of a minor;
- certain attempted violent offenses; and
- criminal conspiracy in the commission of any determinate sentence offense.

Senate Bill 103 requires TYC to establish a minimum length-of-stay for each youth without a determinate sentence. The legislation also establishes a minimum length-of-stay review panel to determine if a youth who completed an original length-of-stay is in need of further rehabilitation.

Approximately 9.5 percent of all youths committed to TYC have received a determinate sentence. Offenders receiving a determinate sentence usually have a longer length-of-stay than those with an indeterminate sentence. All youths committing determinate-sentence offenses are governed by the provisions in effect at the time the offense was committed.

The agency may release a sentenced offender to TYC parole supervision without court approval after 10 years for a capital offense, three years for a first-degree felony, two years for a second-degree felony, and one year for a third-degree felony offense. Following a transfer hearing and depending on an offender's conduct while institutionalized or paroled, the court may transfer an offender who is between the ages of 17 and 19 to confinement in TDCJ. Determinate-sentenced youth are transferred to TDCJ custody at age 19, if they have not already been discharged or transferred.

Appropriations for institutional services total \$235.8 million for the 2008–09 biennium and provide for 2,791 FTE positions. The appropriations include \$28.9 million and 516 additional juvenile correctional officer positions to improve staffing ratios, \$2.7 million for the Incident Reporting Call Center, and \$1.6 million for the Office of Inspector General. The projected average daily population in institutional programs is 2,292 during fiscal years 2008 and 2009 (97.5 percent of institutional capacity).

All youths placed in TYC custody take part in treatment programs. The agency's treatment programs address basic behavior by requiring offenders to learn the skills necessary to understand the choices and thinking that lead to criminal acts, to develop empathy for victims, and to develop

appropriate values. Rewards and privileges are tied to a youth's compliance with specific rules.

### CONTRACTED CAPACITY

Contract care facilities are outside the TYC institutional system and provide specialized youth treatment. These facilities include 24-hour residential treatment and services for female offenders with infants (WINGS program), sex offenders, and individuals affected by chemical dependency. The number of contract care beds is dependent on the number of TYC institutional beds available. The Eightieth Legislature, 2007, appropriated \$47 million for contracted capacity for the 2008–09 biennium. This funding was intended to support an average population of 641 beds in residential contract care in fiscal years 2008 and 2009.

### CONSTRUCT AND RENOVATE FACILITIES

The Eightieth Legislature, 2007, appropriated \$29.8 million in General Obligation bond proceeds for the repair and rehabilitation of existing facilities and to remodel existing TYC dormitories. Remodeling the dormitories at six facilities will reduce the size from 24-bed open-bay areas to 16 single rooms. The agency also received an appropriation of \$27.9 million in General Obligation bond proceeds for new construction at existing facilities and the construction of one new facility in a metropolitan area.

### EDUCATION AND WORKFORCE PROGRAMS

TYC stresses improved educational levels and achievement of a high school diploma or General Equivalency Diploma as critical in reducing recidivism. **Figure 266** shows recidivism rates for TYC releasees by fiscal year. TYC's workforce development programs offer youth opportunities in vocational and skills development through Career and Technology Education programs, employment preparation and career exploration through the Project RIO-Y (Reintegration of Offenders–Youth) program, and employment experience through Campus Work Programs and the Prison Industry Enhancement Program. TYC employs certified teachers for its academic and vocational programs. The teachers are paid at the daily rate paid to local public school teachers. Because TYC teachers work twelve months, they work approximately 65 more days each year than public school teachers. Teacher salaries are funded from Foundation School Funds based on a per capita apportionment and General Revenue Funds. Limited additional funding is available from supplemental federal grants for teacher salaries and for educational diagnosticians who deliver services in

**FIGURE 266**  
**RECIDIVISM RATES BY TRACKING YEAR**  
**FISCAL YEARS 2000 TO 2006**

TRACKING YEAR	% REARRESTED			% REINCARCERATED		
	VIOLENT OFFENSE	FELONY OFFENSE	ANY OFFENSE	ANY OFFENSE	ANY OFFENSE	FELONY OFFENSE
	1 YEAR	1 YEAR	1 YEAR	1 YEAR	3 YEARS	3 YEARS
2000	7.6	32.8	53.7	29.9	50.7	31.2
2001	8.7	31.1	53.5	31.1	49.3	28.6
2002	7.8	32.2	53.7	26.6	51.0	28.9
2003	8.7	32.4	52.8	24.7	52.2	30.0
2004	7.4	33.3	54.9	26.9	47.6	30.7
2005	8.0	32.4	55.8	26.1	46.7	30.8
2006	8.6	33.0	56.1	26.2	50.1	33.5

SOURCE: Texas Youth Commission.

special areas such as special education and students with disabilities. Appropriations for education and workforce programs for the 2008–09 biennium total \$54.7 million and provide for 422 FTE positions. These appropriations include increases of \$1.6 million in General Revenue Funds for seven workforce development specialists, \$1.2 million for seven education counselors, and \$1.0 million for eight physical education teachers and eight teacher aides.

### HEALTHCARE SERVICES AND PSYCHIATRIC SERVICES

TYC contracts with the University of Texas Medical Branch at Galveston and private providers to provide medical and psychiatric care for youth in its care. The Eightieth Legislature, 2007, appropriated \$40.4 million in General Revenue Funds for healthcare services for the 2008–09 biennium. These appropriations include increases of \$13.6 million for healthcare rate increases, \$2.9 million for additional oversight and non-contract costs, and \$4.0 million for an electronic medical record system.

Appropriations for psychiatric services for the 2008–09 biennium total \$3.7 million. These appropriations include \$0.9 million for psychiatric rate increases. The Eightieth Legislature, 2007, required TYC to develop and manage a provider contract to deliver the most effective managed healthcare and psychiatric services for the best value, and denied potential service providers entitlement to pass-through funding from TYC appropriations.

### SPECIALIZED CORRECTIONAL TREATMENT

Intensive treatment is available for youths with identified special treatment needs. Specialized treatment for certain sex

offenders is provided at the Giddings State School and the McLennan County State Juvenile Correctional Facility. Chemical dependency treatment programs are operated at the Al Price State Juvenile Correctional Facility, the McLennan County State Juvenile Correctional Facility, the McFadden Ranch Halfway House, the Evins Regional Juvenile Center, the Ron Jackson State Juvenile Correctional Complex, and through contract care providers. In addition, the Corsicana Residential Treatment Center and the Crockett State School have programs for emotional disturbance. The Giddings State School operates a program for capital offenders, and the Corsicana Residential Treatment Center serves the mentally impaired population.

In addition to institutional programs, TYC operates nine halfway house programs in Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Harlingen, McAllen, Roanoke, and San Antonio. Several of these programs provide specialized services for independent-living preparedness and for substance abusers and female offenders. Appropriations for specialized correctional treatment for the 2008–09 biennium totals \$12.8 million.

### PAROLE SERVICES

TYC operates a parole system for supervision of youths released from residential programs. The agency employs parole officers and contracts with juvenile probation departments and a private contractor to provide a level of supervision determined by the risk posed by the youth. Other services, such as family intervention, education, and training, are also provided. A youth who violates the conditions of parole may have it revoked and be returned to a TYC institution. Sentenced offenders who are paroled after age 19

are supervised by adult parole authorities. The administration of TYC community residential facilities and the supervision of youths on parole or in contract care programs are organized on a regional basis. Appropriations for parole services for the 2008–09 biennium total \$18.7 million.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted Senate Bill 103, making significant changes to TYC's structure and operations, as highlighted below:

- Misdemeanor commitments to TYC are prohibited.
- TYC is required to discharge youth who become 19 years of age in TYC custody. Youth committed with determinate sentences are to be transferred to TDCJ custody at age 19.
- The agency is required to provide juvenile correctional officers with a minimum of 300 hours training, including on-the-job training.
- There must be no less than one juvenile correctional officer for every 12 juveniles in confinement.
- TYC is prohibited from housing a male younger than age 15 in the same dormitory as a male age 17 or older.
- An Office of Inspector General is established for the purpose of investigating crimes that occur in TYC and in contract facilities and crimes committed by TYC employees.
- The Office of Independent Ombudsman is created to investigate, evaluate, and secure the rights of youth in TYC facilities and on TYC parole.
- Youth committed to TYC on a determinate sentence must be credited for time served in a secure detention facility prior to and subsequent to disposition of their sentence.
- TYC must seek accreditation by the American Correctional Association for each correctional facility.
- All TYC employees and volunteers must undergo a background and criminal history check.
- The agency must establish a toll-free hotline for the reporting of abuse, neglect, or exploitation of youth in TYC custody.

- A minimum length-of-stay panel is created to determine when youth should be released.
- TYC must allow advocacy and support groups access to youth in TYC facilities.

## 9. NATURAL RESOURCES

As shown in **Figure 267**, appropriations for Natural Resources for the 2008–09 biennium total slightly more than \$3.2 billion, or 2 percent of all state appropriations. This amount is an increase of \$901.5 million, or 38.8 percent, from the 2006–07 biennium. **Figure 268** shows 2008–09 appropriations by method of financing and full-time-equivalent positions from fiscal year 2004 to 2009 for all natural resources agencies.

**FIGURE 267**  
**ALL FUNDS APPROPRIATIONS FOR NATURAL RESOURCES**  
**2008–09 BIENNIUM**

IN MILLIONS AGENCY	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Department of Agriculture	\$144.2	\$685.6	\$541.4	375.5
Animal Health Commission	29.4	28.6	(0.8)	(2.8)
Commission on Environmental Quality	985.9	1,069.9	84.0	8.5
General Land Office and Veterans' Land Board	142.7	175.4	32.7	22.9
Parks and Wildlife Department <sup>4</sup>	500.7	664.8	164.1	32.8
Railroad Commission	121.1	121.8	0.7	0.6
Soil and Water Conservation Board	27.7	32.5	4.8	17.2
Water Development Board	87.1	108.8	21.6	24.8
Debt Service Payments – Non-Self-supporting General Obligation Water Bonds	51.9	110.7	58.8	113.4
<b>SUBTOTAL, NATURAL RESOURCES</b>	<b>\$2,090.7</b>	<b>\$2,998.1</b>	<b>\$907.4</b>	<b>43.4</b>
Retirement and Group Insurance	\$160.6	\$171.5	\$10.8	6.7
Social Security and Benefit Replacement Pay	62.7	64.8	2.2	3.5
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$223.3</b>	<b>\$236.3</b>	<b>\$13.0</b>	<b>5.8</b>
Bond Debt Service Payments	\$17.6	\$22.9	\$5.2	29.7
Lease Payments	7.9	8.2	0.2	3.0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$25.6</b>	<b>\$31.1</b>	<b>\$5.5</b>	<b>21.4</b>
Less Interagency Contracts	\$18.9	\$43.3	\$24.4	129.5
<b>TOTAL, ARTICLE VI – NATURAL RESOURCES</b>	<b>\$2,320.7</b>	<b>\$3,222.2</b>	<b>\$901.5</b>	<b>38.8</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

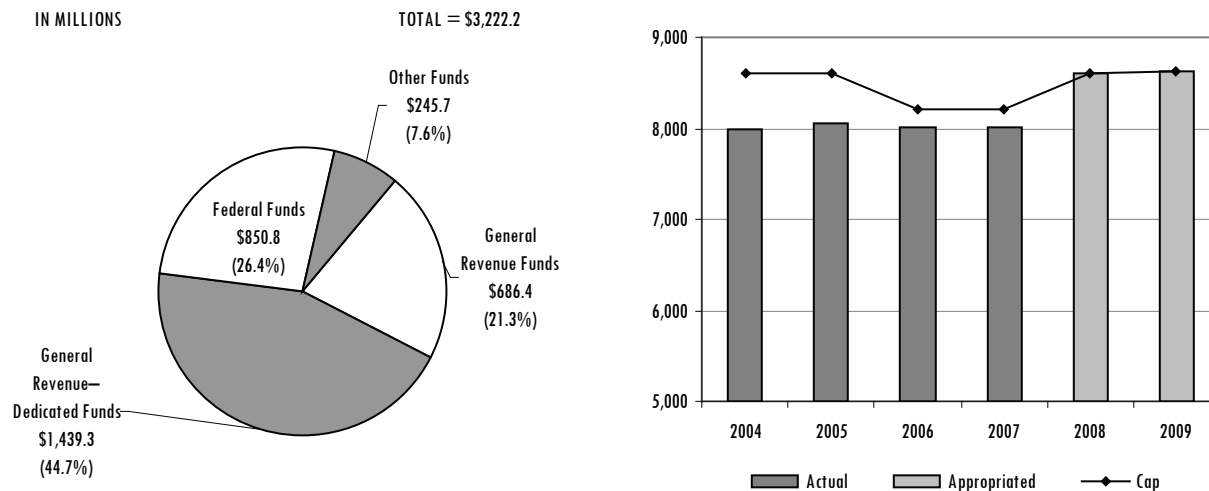
<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTES: Article totals exclude interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

SOURCE: Legislative Budget Board.

**FIGURE 268**  
**NATURAL RESOURCES APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS**  
**2008–09 BIENNIUM**



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

Natural resource agencies play a major role in the state's economy and in maintaining a healthy environment for Texans. State agencies in Texas charged with the responsibility of influencing the management and development of these resources do so through scientific research, education, preservation, regulation, and remediation. The largest agency in this function of state government is the Texas Commission on Environmental Quality, which protects the state's human and natural resources in a manner consistent with the goals of clean air, clean water, safe management of waste, and pollution prevention.

In recent years, Texas has ranked first among the states in crude oil production, farm income, and farmland acreage, and has ranked fourth in state park acreage. The Legislature has invested significant resources to assess and monitor air and water quality throughout the state and has allocated funds to develop and maintain state and local parks so outdoor recreation opportunities are available to all Texans. Funding has also been provided to ensure that agricultural products are safe to consume.

## MAJOR FUNDING ISSUES

The more significant changes in funding for natural resource program areas during the 2008–09 biennium, as compared to 2006–07 spending levels, are as follows:

- a net increase of \$164 million, in sporting goods sales tax receipts (General Revenue Funds), General Revenue–Dedicated Funds, and General Obligation bond

proceeds, appropriated to the Texas Parks and Wildlife Department to fund critical repairs, maintenance and operations at state parks, and grants to local governments for park acquisition and development;

- a net increase of \$84 million, mostly in General Revenue–Dedicated Funds appropriated to the Texas Commission on Environmental Quality, reflecting an increase in funding for the Texas Emissions Reduction Plan and for expanding eligibility for Low-Income Vehicle Repair Assistance, Retrofit and Accelerated Vehicle Retirement Program (LIRAP) grants, and a reduction in Petroleum Storage Tank (PST) remediation payments caused by the phasing out of the PST reimbursement program;
- an increase of \$59 million, mostly in General Revenue Funds, to finance projects associated with implementation of the State Water Plan and new bonds for the Economically Distressed Areas Program (see Water Development Board, Significant Legislation); and
- an increase of \$541 million, mostly in Federal Funds, associated with transferring the Special Nutrition Programs from the Health and Human Services Commission to the Texas Department of Agriculture.

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not add because of rounding.



## DEPARTMENT OF AGRICULTURE

The Texas Department of Agriculture (TDA) was created in 1907 pursuant to Chapters 11 and 12 of the Texas Agriculture Code. The agency is headed by the Commissioner of Agriculture, a statewide elected official who serves a four-year term. The agency's mission is to partner with all Texans to make Texas the nation's leader in agriculture; fortify the economy; empower rural communities; promote healthy lifestyles; and cultivate winning strategies for rural, suburban, and urban Texas. The agency's duties include promoting Texas products locally, nationally, and internationally; assisting in the development of the agribusiness industry in Texas; regulating the sale, use, and disposal of pesticides and herbicides; controlling destructive plant pests and diseases; ensuring the accuracy of all weighing or measuring devices (e.g., grocery scales or gas pumps) used in commercial transactions; administering child and special nutrition programs; and promoting the production, use, and quality of Texas natural fibers and food protein products.

TDA maintains five regional offices and four suboffices throughout the state. Regional offices are located in Dallas, Houston, Lubbock, San Antonio, and San Juan, with suboffices in Amarillo, Corpus Christi, El Paso, and Tyler. In addition, the agency operates six laboratory facilities, six livestock-export facilities, and two cooperative produce-inspection centers.

Appropriations for the 2008–09 biennium total \$685.6 million in All Funds and provide for 650.5 full-time-equivalent (FTE) positions. These appropriations include \$555.8 million in Federal Funds (81.1 percent), which are primarily associated with the Special Nutrition Programs the agency administers, and \$120.8 million in General Revenue Funds and General Revenue–Dedicated Funds (17.6 percent). Of the 650.5 FTE positions authorized for the agency, 100 positions were transferred to TDA as a result of the enactment of House Bill 4062, Eightieth Legislature, 2007, which transfers the Special Nutrition Programs from the Health and Human Services Commission to TDA. Additionally, 35 FTE positions were transferred to TDA from the Structural Pest Control Board as a result of the enactment of House Bill 2458, Eightieth Legislature, 2007, which transfers the functions of the Structural Pest Control Board to TDA.

The agency has five primary functions: (1) to enable Texas farmers, ranchers, and agribusinesses to expand profitable markets for their products while protecting the public health

and the state's natural resources; (2) to protect consumers by establishing and enforcing standards for agricultural commodities; (3) to ensure that goods offered to Texas' consumers are properly measured, priced, and marketed; (4) to provide funding and assistance on food and nutrition programs; and (5) to support and coordinate fibers and food protein research. The agency administers 11 programs that parallel these functions.

### MARKETS AND PUBLIC HEALTH

The Markets and Public Health function consists of four programs: (1) Generate Marketing Opportunities; (2) Regulate Pesticide Use; (3) Integrated Pest Management; and (4) Produce Certification.

#### GENERATE MARKETING OPPORTUNITIES

Generate Marketing Opportunities received \$49.4 million in appropriations for the 2008–09 biennium, which provides for 145.3 FTE positions. TDA seeks to generate markets for Texas products through the following programs:

- Marketing and Promotion;
- Rural Economic Development;
- Livestock Export Pens;
- Seed Certification; and
- Other Marketing Programs.

#### MARKETING AND PROMOTION

The Marketing and Promotion Program links buyers and sellers of Texas-produced and processed agricultural products. The program also works to expand markets by encouraging membership in agriculture programs, by sponsoring Texas Agricultural promotions, and by conducting events within the state and internationally. TDA works to develop national and international markets for Texas agricultural products through the GO TEXAN Partner Program (GOTEPP).

GOTEPP is a dollar-for-dollar, matching-fund promotion program. The purpose of the program is to increase consumer awareness and to expand the markets for Texas agricultural products by developing a general promotional and advertising campaign for specific Texas agricultural products based on requests submitted by eligible applicants. TDA, with the advice and consent of the GOTEPP Advisory Board, approves projects to be funded under this program. GO TEXAN membership or associate membership is required to participate in GOTEPP. For the 2006–07 biennium, the

agency was appropriated \$1 million in state funds to be matched by program participant funds. At the end of fiscal year 2007, \$1.5 million had been spent to fund 55 projects, including matching contributions made by grant applicants.

#### **RURAL ECONOMIC DEVELOPMENT**

The Rural Economic Development Division at TDA assists both agricultural and nonagricultural businesses with needs such as business planning, education, and financing. The division also works with communities to enhance their economic development efforts, including administering the Texas Capital Fund. The Texas Capital Fund, administered through an interagency contract with the Office of Rural Community Affairs, provides funding to small cities and counties to encourage job creation and/or retention for low- and moderate-income individuals.

TDA also offers financial assistance to eligible agribusinesses, rural businesses, and municipalities through several programs offered through the Texas Agricultural Finance Authority (TAF). TAF programs include the Young Farmer Loan Guarantee Program, the Linked Deposit Program, and the Rural Municipal Finance Program. The Young Farmer Loan Guarantee Program provides financial assistance through loan guarantees to eligible applicants who are between the ages of 18 and 39 to establish or enhance farms or ranches or to establish an agricultural-related business. During the 2006–07 biennium TDA made four loan guarantees through the Young Farmer Loan Guarantee Program totaling \$310,500.

The Linked Deposit Program facilitates low-interest commercial lending to qualified applicants for projects that include alternative crop production, processing and marketing of agricultural products, and the purchase of water conservation equipment. TDA made 44 loans through the Linked Deposit Program during the 2006–07 biennium totaling \$6.8 million.

The Rural Municipal Finance Program provides financial assistance through loans to rural cities, counties, and other rural political subdivisions for economic development projects such as the construction of buildings and site improvements. TDA did not make any loans through the Rural Municipal Finance Program during the 2006–07 biennium. TDA also maintains a technical assistance program staffed by economic development specialists located around the state. These specialists work with local communities and businesses to improve the economic well-being of rural Texans.

In fiscal year 2006, TDA's Texas Yes! Program received a \$1 million grant from the Governor's Office to market and promote tourism in rural Texas through statewide workshops, advertising, promotional materials, online services, and special promotional events. Texas Yes! members include businesses, organizations, and government entities residing in a non-metropolitan statistical area, an unincorporated area, or a city with a population under 20,000. Texas Yes! members can also apply for the Texas Yes! Hometown STARS (Supporting Tourism and Rural Success) program, a matching fund program that will reimburse communities half of their promotional costs up to \$15,000 to offset the cost of activities associated with marketing local tourism events. The Eightieth Legislature, 2007, appropriated \$1 million in state funds for Texas Yes! for the 2008–09 biennium.

Legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005, established the GO TEXAN Certified Retirement Community Program to help Texas communities encourage retirees and potential retirees to make their homes in Texas communities. As part of this program, TDA provides approved communities with services such as assistance in training local staff and volunteers, ongoing guidance in marketing, and inclusion in the state's national advertising and public relations campaigns.

#### **LIVESTOCK EXPORT PENS**

TDA has five facilities along the Texas–Mexico border where Mexican officials inspect livestock and poultry to expedite a safe and efficient transfer from sellers throughout the United States and Canada to international buyers. A sixth facility, located in Houston at the George Bush Intercontinental Airport, is available by appointment for exports by air and sea only. In fiscal year 2007, there were 135,672 head of livestock and poultry exported through Texas facilities.

#### **SEED CERTIFICATION**

The Seed Certification Program works to maintain genetic purity and identity standards through the inspection of producers' or registrants' fields, facilities, seed, and plants. **Figure 269** and **Figure 270** show Texas' ranking among other states in the production of certain agricultural crops and livestock.

#### **OTHER MARKETING**

TDA's other marketing programs relate to promoting agriculture, selling Texas' agricultural products, and assisting Texans engaged in agriculture to expand profitable markets for their products. Among these programs are the Family

**FIGURE 269**  
**TEXAS CROP RANKINGS**  
**CALENDAR YEAR 2006**

US RANKING	CROP	PRODUCTION (IN THOUSANDS)	UNITS
1	Upland Cotton	5,800	bales
1	All Cotton	5,845	bales
1	Sorghum for Silage	1,550	tons
1	Pecans	47,000	pounds
2	All Hay	8,675	tons
2	Sorghum for Grain	62,400	cwt*
2	Peanuts for Nuts	514,750	pounds
2	Amer-Pima Cotton	45	bales
2	Watermelons	7,232	cwt*
3	All Citrus	6,800	boxes
4	Sugarcane	1,677	tons
6	Rice (all lengths)	10,760	cwt*
14	Winter Wheat	33,600	bushels

\*CWT = hundredweight (unit of weight equal to 100 pounds).

SOURCE: Texas Department of Agriculture.

**FIGURE 270**  
**TEXAS LIVESTOCK RANKINGS**  
**CALENDAR YEAR 2006**

US RANKING	SPECIES OR CLASS	INVENTORY (IN THOUSANDS)
1	All Cattle	14,000
1	Beef Cows	5,455
1	Calf Crop	5,000
1	Cattle on Feed	2,870
1	All Sheep	1,070
1	All Goats	1,300
1	Angora Goats	180
2	Market Sheep and Lambs	250
6	Chicken - Broilers Raised	628,000
7	Chickens - Layers	18,683
8	Milk Cows	347
14	All Hogs	940

SOURCE: Texas Department of Agriculture.

Land Heritage Program, which began in 1974 to honor farms and ranches that have been owned and operated by the same family for 100 years or more. Mere ownership of the land does not qualify owners for the program. The program seeks farms and ranches with a history of continuous agricultural production in the same family for a century or

more. TDA has honored more than 4,200 farms and ranches in 232 counties for being maintained in continuous agricultural production for a century or longer. In addition, five ranches have been honored for 200 years of family agricultural operation and 80 farms and ranches have been recognized for 150 years of operation.

The Market News Program and the Texas Agricultural Statistics Service provide market information on prices, supplies, and harvested acreage and production of various crops and agricultural products.

The Texas-Israel Exchange Grant Program supports agricultural research and enhances trade and business relations between Texas and Israel. Through the grant program, each year TDA awards funding to projects that examine desert and water-scarcity-related research involving crop and animal production.

Beginning in fiscal year 2000, TDA entered into an interagency contract with the Department of State Health Services to allow TDA to administer the Oyster Industry Advertising and Promotion Program. The program provides information, education, and training for oyster wholesalers, retailers, and consumers on the safe and proper handling of oysters.

The Texas Shrimp Marketing Program promotes and markets Texas shrimp and educates the public about the Texas shrimp industry. The marketing efforts are funded by surcharges on shrimp boat licenses issued through the Texas Parks and Wildlife Department and aquaculture fees issued through TDA.

The Texas Wine Marketing Assistance Program educates the public about Texas wines and the Texas wine industry through print and broadcast advertising, promotional and educational materials, participation in Texas wine and food festivals, a Texas wine website, and a toll-free number with information about Texas wineries. Legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005, established a process by which sales tax revenue generated from the growth of state wine sales is directed into programs that stimulate the growth of the state wine industry. As a result of the new revenue generated, the Seventy-ninth Legislature appropriated \$3.7 million to TDA for the 2006–07 biennium for distribution to institutions of higher education for enology (winemaking) research and to public or private entities to conduct surveys, research, and other projects related to viticulture, enology, and the eradication of diseases that affect the wine industry negatively. The Eightieth Legislature,

2007, appropriated the same amount for this purpose for the 2008–09 biennium.

The Seventy-ninth Legislature, Regular Session, 2005, established the Feral Hog Abatement Program to address statewide damage to crops, fences, and small livestock estimated to be more than \$52 million. The Eightieth Legislature, 2007, appropriated \$1 million to TDA to extend the Feral Hog Abatement Program. The goal of the program is to implement feral hog abatement technologies.

The Eightieth Legislature, 2007, appropriated \$1.6 million to fund research on the pathogens causing Zebra Chip Disease that affects potatoes in Texas. This disease is responsible for numerous losses in the Texas potato industry and has a significant economic impact to those producers. TDA will contract with Texas AgriLife Research to conduct research on the disease.

#### **REGULATE PESTICIDE USE**

TDA is the lead agency responsible for the enforcement of state and federal laws relating to the purchase and use of pesticides in Texas. This program certifies, licenses, and trains agricultural pesticide applicators. To maintain their licenses, applicators must participate in approved continuing-education training programs that are administered by the agency. The program also issues pesticide dealer licenses, registers pesticide products for use in Texas, and investigates complaints regarding pesticide use in Texas. Through the Right-to-Know Program, farmers and farm workers are trained in the proper use of agricultural chemicals. This program is mandated by the state Agricultural Hazard Communication Act and the federal Worker Protection Standard.

The Pesticide Laboratory in College Station tests food, soil, and other samples for pesticide residue. Field inspectors, case preparation officers, and attorneys in the Enforcement Section investigate and process violations involving pesticides and herbicides to minimize the misuse of agricultural chemicals. For the 2008–09 biennium, the agency expects to investigate 450 pesticide complaints and issue 31,300 licenses and certificates to pesticide applicators.

TDA also maintains the Endangered Species Pesticide Protection Program, which obtains local input about pesticide use and other management practices near endangered-species habitats. TDA organizes regional teams to help identify where suitable habitats occur and to compile information

about land use, crops grown, and chemicals typically applied in the immediate vicinity.

The Regulate Pesticide Use program is appropriated \$12.4 million for the 2008–09 biennium, which provides for 96 FTE positions.

#### **INTEGRATED PEST MANAGEMENT**

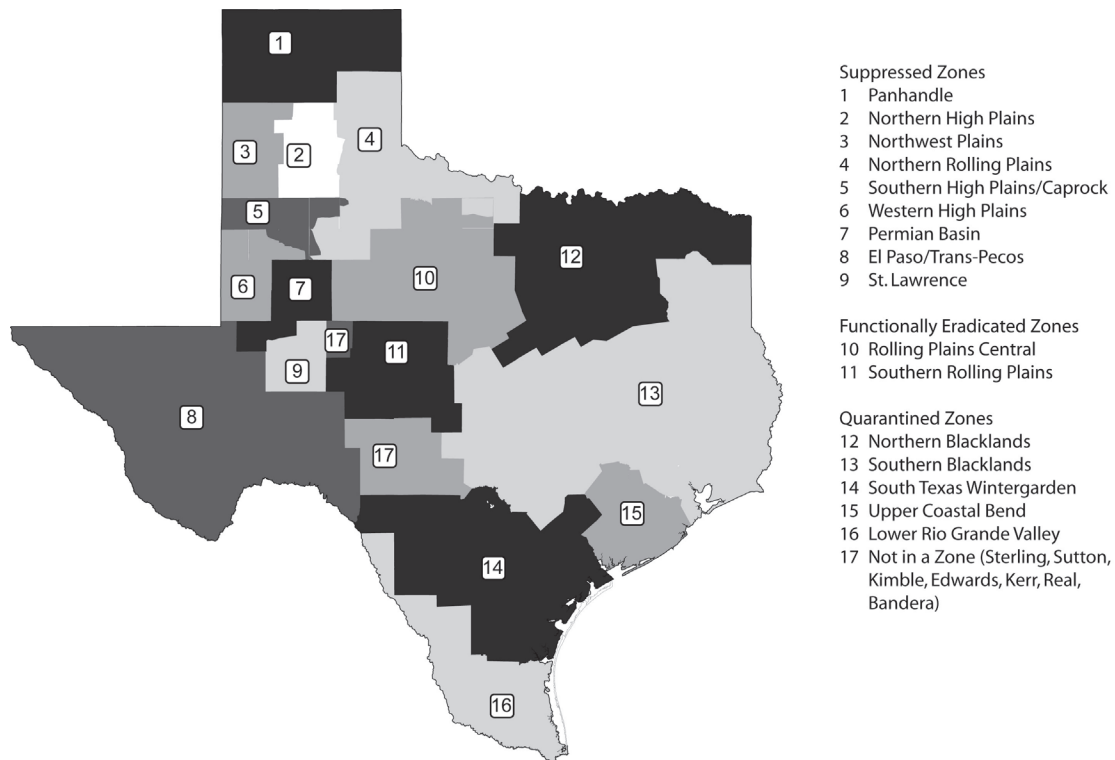
Integrated Pest Management is a farming system that curbs pest populations by using a variety of practices, including biological pest controls, pest-resistant crop plants, crop rotations, planting-date adjustments, crop residue destruction, and pesticides, when insects or weeds reach economically damaging levels. Programs in this area include the Mexican Fruit Fly Program, which monitors the levels of infestation of the Mexican fruit fly; the Cotton Stalk Destruction Program, which assists cotton producers in suppressing boll weevil and pink bollworm populations by establishing area-wide stalk destruction deadlines recommended by producer committees; and the Boll Weevil Eradication Program. TDA has oversight of the Texas Boll Weevil Eradication Foundation, which is responsible for administering the Boll Weevil Eradication Program. TDA approves budgets, posts agendas, receives annual reports, conducts referenda to determine new eradication zones, and provides general oversight of foundation activities. At the end of fiscal year 2007, there were approximately 30,998 growers in 16 eradication zones participating in the program; of the 16 zones, 11 achieved an eradication status. Two zones, the Southern Rolling Plains and the Rolling Plains Central zone, have been declared functionally eradicated. Nine zones, Panhandle, Southern High Plains/Caprock, Northern High Plains, Western High Plains, Permian Basin, Northern Rolling Plains, Northwest Plains, St. Lawrence, and El Paso/Trans-Pecos, have achieved the suppressed status of eradication. **Figure 271** shows the boll weevil eradication zones in the state. Appropriations total \$29 million for boll weevil eradication for the 2008–09 biennium.

#### **CERTIFY PRODUCE**

TDA entered into an agreement with the U.S. Department of Agriculture (USDA) in May 1992 to create the Texas Cooperative Inspection Program, which conducts grading and standardization inspections of citrus, vegetables, tree nuts, and peanuts in Texas. TDA administers the program, including furnishing all personnel and handling financial matters. The USDA ensures that program personnel are adequately trained and that inspections are conducted using the appropriate USDA grades and procedures. The agency



**FIGURE 271**  
**TEXAS BOLL WEEVIL ERADICATION ZONES**  
**OCTOBER 2007**



SOURCE: Department of Agriculture.

anticipates that it will inspect 2.5 billion pounds of fruits, vegetables, and nuts each year. The Certify Produce program is appropriated \$0.3 million for the 2008–09 biennium and 2.1 FTE positions.

#### **ETHANOL/BIODIESEL PROGRAM**

The Fuel Ethanol and Biodiesel Production Incentive Program was established by the Seventy-eighth Legislature, Regular Session, 2003, and funded by the Seventy-ninth Legislature, Regular Session, 2005, through Rider 25, Appropriation for Grants for Fuel Ethanol and Biodiesel Production, in the Governor's Office Trusted Programs bill pattern in the 2006–07 General Appropriations Act. In fiscal year 2006, the incentive program was transferred from the Governor's Office Trusted Programs to TDA through a memorandum of understanding. TDA was appropriated \$18.6 million (including \$3 million in producer fees) for the 2006–07 biennium to provide incentive grants to producers of biodiesel and fuel ethanol. The Eightieth Legislature, 2007, did not appropriate any funds for this program.

#### **STANDARDS ENFORCEMENT**

TDA ensures the quality of consumer products before they are sold to the public. Additionally, the agency protects producers and consumers through licensing and inspection. This is accomplished through four agency programs: (1) Surveillance/Biosecurity Efforts; (2) Verification of Seed Quality; (3) Agricultural Commodity Regulation; and (4) Structural Pest Control. Appropriations for these four programs total \$17.2 million for the 2008–09 biennium, which provide for 146.2 FTE positions.

#### **SURVEILLANCE/BIOSECURITY EFFORTS**

The Implement Surveillance and Biosecurity Efforts for Pests/Diseases program focuses on protecting consumers by licensing and inspecting retailers, wholesalers, and distributors of all types of plants throughout Texas. The agency enforces quarantine restrictions that prevent destructive pests and plant diseases on nursery and floral products from being shipped out of quarantined areas or into pest-free areas within the state. In addition, the agency prevents destructive pests and plant diseases from being shipped into the state by periodically establishing road stations at strategic points

along the Texas border to stop shipments of pest-infested plants into Texas. The Eightieth Legislature, 2007, provided an additional \$1.3 million and 12 FTE positions to enhance road station inspection efforts. Other regulatory activities include administering the Fire Ant, the Pest Quarantine, and the Nematode and Disease Detection programs. The agency expects to conduct 9,500 nursery and floral establishment inspections each year of the 2008–09 biennium.

#### **SEED-QUALITY VERIFICATION**

The Seed Quality Verification Program staff administers the state's seed laws by operating laboratories for germination and purity testing, and greenhouse and field-testing facilities for determining varietal purity. Seeds offered for sale must be correctly tagged and labeled, an important protection for people who use the seeds for agricultural production. Seed testing is conducted in laboratories in Giddings, Lubbock, and Stephenville. The agency expects to analyze approximately 20,500 seed samples each year of the 2008–09 biennium.

#### **AGRICULTURAL COMMODITY REGULATION**

TDA's regulation of agricultural commodities currently focuses on three primary areas: egg quality, perishable commodities, and grain warehouses. TDA ensures that the eggs sold to Texas consumers meet the standards of quality established by TDA through licensing of dealer-wholesalers, processors, and brokers and through the inspection of eggs at the state's packing plants, distribution centers, and retail outlets. Dealer-wholesalers, processors, and brokers not complying with these standards are subject to a stop-sale order, which prohibits the sale of a shipment in a retail outlet. The agency expects to conduct 2,000 egg inspections each year of the 2008–09 biennium.

The Handling and Marketing of Perishable Commodities Program helps the agency ensure that producers and dealers of Texas-grown perishable commodities receive timely compensation for commodities they sell. Under this program, a dealer or buyer must be licensed and must pay an annual license fee. If a licensed dealer fails to pay for produce delivered, the producer and/or seller is allowed to recover a portion of damages from the Produce Recovery Fund, a special account funded with a portion of the license fees paid. During the 2006–07 biennium, six reimbursements were made from the Produce Recovery Fund, for a total of \$87,888.

TDA also monitors commodity warehouses to ensure that the commodities are properly stored, shipped, and handled.

This allows producers to capitalize on favorable market conditions. The agency anticipates conducting 275 commodity-warehouse inspections/audits each year of the 2008–09 biennium.

#### **STRUCTURAL PEST CONTROL**

TDA, as a result of the enactment of House Bill 2458, Eightieth Legislature, 2007, is responsible for the licensing and regulation of structural pest control businesses. This regulation includes application of pesticides, use of pest control devices, pest inspections and related activities in or adjacent to structures including but not limited to homes, schools, nursing homes, child day-care operations, hospitals, food processors, hotels, apartments, and warehouses.

#### **ENSURE PROPER MEASUREMENT**

Through the Inspect Measuring Devices Program, TDA protects consumers and businesses by ensuring that weighing and measuring devices perform within acceptable tolerances and that packages are properly labeled prior to sale. A wide variety of devices are inspected by TDA, ranging from fuel pumps at service stations and bulk meters used at airports for fueling airplanes to scales at grocery stores. Liquefied petroleum gas meters used to fill small tanks for backyard grills and those used to fill storage tanks at businesses or homes are also inspected. In addition, packing ranging from cereal boxes to packaged polyethylene sheeting is weighed or measured to determine whether the contents meet or exceed the quantity stated on the label. The agency also assures that the prices displayed on the shelf for consumer products are the same price consumers pay at the checkout counter.

TDA operates two metrology labs. Metrology refers to the certification of weights and measures standards that are backed by national and international standards. The main metrology laboratory is located in Giddings; the second laboratory is in Lubbock at the TDA Regional Office. These laboratories calibrate all types of weights and weighing devices to meet the guidelines of the National Institute of Standards Technologies. During the 2002–03 biennium, the Giddings metrology lab was constructed to replace a laboratory in Austin.

The Seventy-eighth Legislature, Regular Session, 2003, enacted legislation that amended the weights and measures inspection cycle to a four-year rather than three-year rotation and specified that scanner inspections only be done in response to consumer complaints. The agency expects to



conduct approximately 85,000 weights and measures inspections each fiscal year of the 2008–09 biennium.

The Inspect Measuring Devices program received \$5.9 million in appropriations for the 2008–09 biennium, which provides for 68 FTE positions.

### CHILD NUTRITION PROGRAMS

The USDA issued a waiver allowing for the transfer of the child nutrition programs to TDA from the Texas Education Agency (TEA) at the end of fiscal year 2003. These programs include the School Lunch, Breakfast, and After School Snack programs in Texas public schools. As the administering state agency for the child nutrition programs, TDA is responsible for processing claims for reimbursement, providing special marketing and procurement assistance to promote nutritious eating habits, conducting on-site compliance monitoring, and coordinating training through the 20 regional education service centers. TDA administers the child nutrition programs through an interagency contract with TEA, in which reimbursement payments for the programs continue to be budgeted at TEA (**Figure 172** in the Agencies of Education chapter of this report). The Support Nutrition Programs in Schools program is appropriated \$23.5 million for the 2008–09 biennium, which provides for 47.1 FTE positions.

As a result of the enactment of House Bill 4062, Eightieth Legislature, 2007, and a permanent waiver from the USDA, eight federal child nutrition and commodity distribution programs administered by the Texas Health and Human Services Commission (HHSC) were transferred to TDA effective October 1, 2007. These programs, commonly referred to as the special nutrition programs, include the School Lunch, Breakfast, and After School Snack programs in private schools and residential child care institutions; the Child and Adult Care Food Program; the Summer Food Services Program; the Special Milk Program; the Food Distribution Program; the Texas Commodity Assistance Program; and the Commodity Supplemental Food Program. The nutrition programs are administered to eligible participants in a variety of settings including day-care centers, schools, and parks and recreational programs through enrollment contracts with non-profit groups, private non-profit groups, schools, and public organizations. The commodity programs are responsible for allocating, ordering, and overseeing distribution of USDA-donated commodities to schools, food banks, and other organizations for preparation of meals and distribution of food packages to eligible households. In fiscal year 2007, the programs provided more

than 191.6 million meals and snacks and distributed more than \$124.7 million worth of commodities donated by the USDA. Some administrative functions associated with these programs will continue to be provided by HHSC under an interagency contract with TDA through August 31, 2008. The Nutrition Assistance program received \$533.5 million in appropriations for the 2008–09 biennium and 100 FTE positions.

### FOOD AND FIBERS PROGRAMS

Legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005, transferred the functions and employees of the Texas Food and Fibers Commission (TFFC) to TDA effective January 1, 2006. The goal of the TFFC is to promote the production, use, and quality of Texas' natural fibers and food protein products by supporting and coordinating cooperative research at state supported universities such as Texas A&M University, Texas Tech University, and The University of Texas at Austin. Appropriations for the 2008–09 biennium for the Food and Fibers programs are \$9.2 million.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect TDA. These bills include House Bill 407, House Bill 1090, House Bill 2458, and House Bill 4062.

House Bill 407 establishes a grant program at TDA to help defray the costs of providing home-delivered meals to homebound elderly and disabled Texans. The Eightieth Legislature, 2007, appropriated \$20 million to TDA for the 2008–09 biennium to provide grants to organizations currently providing this service that have also received matching funds from the county where meals are served.

House Bill 1090 establishes a grant program at TDA to encourage the construction of facilities that generate electrical energy with certain types of agricultural residues, wastes, debris, or crops. The legislation directs TDA to develop and administer an agricultural biomass and landfill diversion incentive program to award grants to farmers, loggers, and diverters who provide qualified biomass to facilities located in the state that are to be placed in service after August 31, 2009, and that use biomass to generate electrical energy. The Eightieth Legislature, 2007, did not appropriate any funds to TDA for the 2008–09 biennium to administer this program.

House Bill 2458 abolishes the Texas Structural Pest Control Board and transfers the responsibility of licensing and regulating structural pest control businesses to TDA. The legislation also establishes a Structural Pest Control Advisory committee at TDA to advise agency staff and the Commissioner of Agriculture on technical issues related to structural pest control.

House Bill 4062 authorizes TDA to administer state and federal nutrition programs, including the National School Lunch Program and the School Breakfast Program, as well as the special nutrition programs, previously administered by the Texas Health and Human Services Commission. This legislation also requires TDA to report on its progress towards reducing trans-fatty acids in school meals and nutrition programs, and to conduct a study on methods to increase student participation in the School Breakfast Program, including a cost-benefit analysis assessing costs to school districts.

## ANIMAL HEALTH COMMISSION

The Texas Animal Health Commission (TAHC), created in 1949, is the successor to the Livestock Sanitary Commission of Texas, which was established by the Legislature in 1893. The agency's mission is to protect and enhance the health of Texas animal populations by preventing, controlling, and/or eliminating animal diseases and monitoring and promoting animal health and productivity.

Appropriations for the 2008–09 biennium total \$28.6 million in All Funds and provide for 209 full-time-equivalent (FTE) positions. These appropriations include \$19.6 million in General Revenue Funds, (68.5 percent), of which \$389,650 for capital budget acquisitions is contingent upon the collection of earned Federal Funds in excess of the amount specified in the General Appropriations Act (2008–09 Biennium) Article IX, Section 6.26. Additionally, TAHC receives Federal Funds from the Animal and Plant Health Inspection Service through the U.S. Department of Agriculture (USDA) and is part of cooperative agreements for the surveillance, control, and eradication of brucellosis; tuberculosis; Johne's disease; Texas fever ticks; classical swine fever in swine; transmissible spongiform encephalopathy disease such as scrapie in sheep and goats, chronic wasting disease in domestic cervidae, and bovine spongiform encephalopathy (mad cow disease) in cattle; and avian diseases such as low pathogenic avian influenza and high pathogenic avian influenza. Other federally funded cooperative agreements support swine health, Foreign Animal Disease Surveillance, and the National Animal Identification System programs.

The agency's goal is to protect and enhance the health of Texas animal populations and to facilitate productivity and marketability while minimizing risks to human health. To accomplish this, the TAHC performs three primary functions: (1) Field Operations, (2) Diagnostic and Epidemiological Support, and (3) Promote Compliance.

### FIELD OPERATIONS

Under the Field Operations strategy, TAHC uses several methods to prevent, monitor, diagnose, control, and eradicate diseases. These methods include conducting inspections at concentration points, such as livestock auctions and slaughterhouses; inspecting, testing, and quarantining herds and flocks; inspecting livestock shipments; issuing movement permits; maintaining federal and state databases containing animal, herd, and premises information; monitoring livestock movements; serving as a resource on disease and management

problems for the livestock and poultry industry; depopulating certain infected herds or flocks; and registering certain poultry sellers, distributors, and transporters. Approximately 71.4 percent of the agency's funding is allocated to Field Operations, along with 126 FTE positions.

### DIAGNOSTIC AND EPIDEMIOLOGICAL SUPPORT

To implement the Diagnostic and Epidemiological Support strategy, TAHC staff are involved in a variety of activities: (1) identifying parasite specimens submitted to the agency; (2) assisting and consulting with veterinarians to interpret tests and make disease diagnoses, develop disease control and eradication plans for herds, and advise agency management on disease trends, potential threats, and mitigation strategies; and (3) testing on blood, tissue, and milk samples submitted to the labs. During fiscal year 2007, more than 2.5 million samples were tested at laboratories located in Austin, Fort Worth, Lubbock, and Palestine. The agency operates its laboratories in conjunction with USDA.

### PROMOTE COMPLIANCE

TAHC promotes voluntary compliance with legal requirements by providing education and information to local producers of livestock, exotic livestock, exotic fowl, and domestic fowl; to animal associations and clubs; to veterinarians; and to schools and educators. The agency also pursues legal remedies when voluntary compliance is not forthcoming.

In recent years, the main objective of TAHC strategies has been to detect, control, and eradicate various livestock diseases including but not limited to the following diseases:

- brucellosis in cattle and swine;
- tuberculosis (TB) in cattle, goats, and cervidae (e.g., axis and sika deer);
- cattle fever ticks in cattle, deer, elk, and nilgai;
- pseudorabies in swine;
- scrapie in sheep and goats;
- equine infectious anemia in horses;
- high pathogenic avian influenza;
- low pathogenic avian influenza; and
- exotic Newcastle disease.

An additional objective is to continually conduct surveillance for early detection of foreign animal diseases, should they be

introduced into the state. Diseases of significant concern include, but are not limited to mad cow disease, chronic wasting disease, foot and mouth disease, classical swine fever, highly pathogenic avian influenza, and exotic Newcastle disease. According to TAHC, cases of mad cow disease, highly pathogenic avian influenza, and exotic Newcastle disease have been identified in the state and eradicated since 2003. **Figure 272** shows a distribution by particular species of the amount of TAHC staff hours expended detecting, eradicating, and controlling these diseases.

One of the agency's primary objectives is to eliminate brucellosis from Texas herds. Brucellosis is an infectious bacterial disease that primarily affects cattle, swine, and goats, but that can be transmitted to humans. Federal regulations place severe restrictions on states that do not have a brucellosis program. The State/Federal Brucellosis Eradication Program includes eight primary activities: (1) surveillance testing at livestock markets and at slaughter plants; (2) testing for change of ownership; (3) blood and tissue sampling for diagnostic purposes at slaughter; (4) testing of herds identified by surveillance as potentially infected; (5) area testing of high-risk herds; (6) epidemiological evaluating of infected herds to determine the source of infection; (7) retesting of previously quarantined and adjacent herds to assure freedom from disease; and (8) vaccination of sexually intact female animals in infected herds that are not being depopulated. A statewide field force of 96 animal health inspectors and

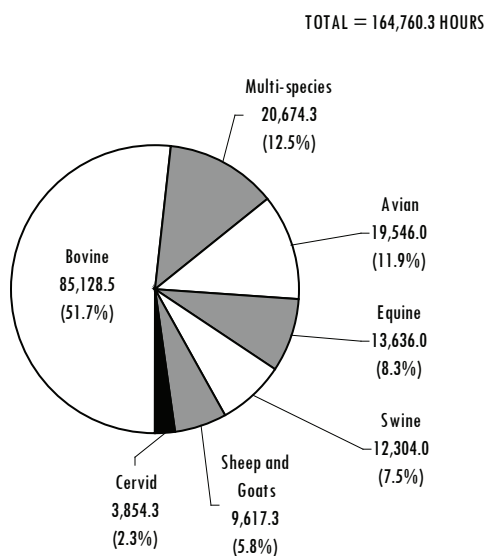
veterinarians working from eight offices strategically placed across the state is available to conduct inspections on-site at approximately 150 Texas livestock markets.

USDA set the goal for the United States to achieve "brucellosis-free" status by 1998. To be recognized as free of brucellosis, a state must have gone a minimum of 12 consecutive months since the release of quarantine on the last infected herd and have received a satisfactory review by USDA officials to assure that all of the other program standards have been met. Currently, USDA classifies all states in the United States as brucellosis-free except for Texas. The last cattle herd infected with brucellosis was released from quarantine in August 2006. Texas has gone more than 12 consecutive months without discovery of any new infected herds. The state underwent a brucellosis review in August and September 2007. The results of the review have not yet been published; however, unless additional brucellosis infection is discovered in the state, Texas should achieve brucellosis-free status by March 2008. Even after Texas achieves brucellosis-free status, surveillance for brucellosis in the form of first-point testing and slaughter testing will need to continue for a number of years.

In 2002, Texas lost its federal Tuberculosis (TB) Accredited-Free status as the result of the discovery of two tuberculosis-infected cattle herds in the state. TAHC, working with USDA and a Texas cattle industry task force, developed and implemented a strategy to increase surveillance significantly for TB in Texas cattle herds and to aid the state in regaining TB Accredited-Free status. This strategy includes targeted testing of dairy and seed stock herds, improved slaughter surveillance, enhanced requirements for imported cattle from high-risk states or countries, and an information campaign to improve producer knowledge about disease mitigation strategies. Under this strategy, all of the dairy herds in the state and approximately 2,200 seed stock herds were tested for TB. Because of all the efforts to eliminate TB, Texas regained TB Accredited-Free status in September 2006. The agency continues TB surveillance activities at a high level. Bovine TB has been found recently in dairy herds in New Mexico, a beef cattle herd in Oklahoma, a rodeo stock herd in Colorado, and in multiple cattle herds in both Minnesota and Michigan. All Texas dairy herds in the El Paso Milk Shed area have been depopulated as a part of a planned buyout because of recurrent and persistent TB infection in the area.

The importation and movement of exotic animals, including ratites (which include ostriches and emus) and cervidae (e.g., elk, reed deer, axis, and sika deer), are of concern because

**FIGURE 272**  
**STAFF HOURS EXPENDED ON EACH SPECIES**  
**FISCAL YEAR 2007**



SOURCE: Texas Animal Health Commission.

these animals may carry diseases that can be transmitted to domestic livestock and poultry. The agency maintains rules governing the entry of exotic livestock into Texas. For example, exotic hooved stock must test negative for both TB and brucellosis prior to entry into Texas, and importers must possess both TAHC entry permits and certificates of veterinary inspection prior to entry.

Texas' swine brucellosis and pseudorabies elimination programs began in July 1990. TAHC has used state funds and USDA-provided funding for swine inspections, laboratory analysis, epidemiological investigations, quarantine, and depopulation activities conducted in these programs. Both of these diseases have been eradicated from domestic swine populations. However, Texas has very large populations of feral swine, and both brucellosis and pseudorabies are present in the feral swine populations. Spillover of the disease from feral swine to domestic swine herds is occurring. The agency conducts surveillance through market testing, herd testing, targeted surveillance of feral swine herds, and slaughter testing to detect and eliminate infection when it spills over into domestic swine herds.

The disease that prompted the Legislature to create the Texas Livestock Sanitary Commission, the forerunner of the Texas Animal Health Commission, was bovine piroplasmiasis (Cattle Tick Fever), which fever ticks carry. The national effort to eradicate fever ticks and the associated disease from Texas and the United States began in 1906. While fever ticks were eradicated from the United States by 1943, a buffer zone, which is called the Cattle Fever Tick Eradication Quarantine Area, is maintained along the Rio Grande from Del Rio to the Gulf of Mexico in an effort to prevent re-establishment of fever ticks in Texas and other states. Fever ticks and bovine piroplasmiasis are prevalent in Mexico. Incursions of ticks from Mexico into Texas occur frequently on stray or smuggled livestock and on wildlife hosts. The end result is that fever tick infestations frequently occur in Texas both within the quarantine area and in the free area of the state. In 2004, the number of tick-infested premises rose to more than 90. By 2005, the number increased to almost 120 premises, dropped to more than 60 premises during 2006, then increased to more than 80 premises in 2007. During 2007, TAHC created three Temporary Preventive Quarantine Areas in the free area of the state to contain and eliminate fever tick outbreaks. At the end of October 2007, there were 74 tick-infested premises in Texas. Of these premises, 47 were in the Fever Tick Eradication Quarantine Area and 27

were in the Temporary Preventive Quarantine portions of the free area. The Eightieth Legislature, 2007, appropriated \$150,000 for each year of the 2008–09 biennium for fever tick efforts. Also, USDA has made additional funds available and has requested funding through the Commodity Credit Corporation to control the current outbreak and push the ticks back across the border.

TAHC is also responsible for the control of various other animal and poultry diseases, such as equine infectious anemia (EIA). Although EIA poses no threat to humans, this disease causes debility and death in horses and other equine species. There has been a decrease in the number of EIA cases since the inception of the program in 1977. Significant diseases of poultry such as avian influenza (AI) and exotic Newcastle disease (END) occur sporadically. Prompt diagnosis and effective control efforts are essential to the well-being of the Texas poultry industry. TAHC effectively managed outbreaks of low pathogenic AI and END in the 2002–03 biennium and an outbreak of highly pathogenic avian influenza in 2004. As a means to prevent further outbreaks, the Seventy-eighth Legislature, Regular Session, 2003, directed TAHC to develop a registration program for poultry and other fowl sellers, distributors, and transporters who do not participate in disease surveillance programs recognized by TAHC and provided that TAHC collect registration fees to administer the program. Additionally, TAHC collaborates with USDA, the poultry industry, and wildlife officials to conduct surveillance in both domestic and wild bird populations for the highly pathogenic avian influenza strain H5N1, which is present in many Asian and European countries, has caused illness and death in some humans, and is of great concern to public health.

A number of years ago, TAHC created a team, the Texas Emergency Response Team (TERT) to initiate response to a foreign or emerging disease outbreak in the state or to a natural or artificial disaster affecting livestock. The TERT is composed of members from the agency and from USDA's Animal and Plant Health Inspection Services—Veterinary Services in Texas. The Eightieth Legislature added three additional emergency management positions and the funding necessary to fully deploy them. TAHC is a member of the state's Emergency Management Council and continues to work with the Governor's Division of Emergency Management and other stakeholders to refine and implement an effective response plan for foreign animal and emerging diseases. As part of this effort, TAHC and USDA veterinarians routinely conduct Foreign Animal Disease investigations to



detect foreign or emerging diseases that may be introduced intentionally or unintentionally.

Since USDA began implementation of the National Animal Identification System (NAIS), TAHC, livestock producers, and members of producer organizations have worked with USDA to implement provisions of the animal identification system on a voluntary basis. The NAIS includes three components: (1) premises identification; (2) animal identification; and (3) movement reporting/animal tracking. Premises identification is accomplished by registration of locations where livestock are held, managed, or handled (e.g., farms and ranches, livestock markets, and slaughter facilities). Animal identification means the identification of animals with either an individual animal identification device, such as an ear tag, or identification of a group of animals with a group/lot identification number. Group/lot identification is used to identify a group of animals that stay together from birth to slaughter, such as pigs and poultry, and individual identification is used to identify cattle, sheep, goats and cervidae. Animal tracking involves reporting of animal movement(s) to a database to enable rapid (within 48 hours) tracing during a disease event.

USDA originally established timelines and benchmarks for implementation of NAIS, but subsequently declared NAIS to be voluntary. Nationally, only three states require participation in some aspects of NAIS. Wisconsin and Indiana have enacted laws requiring registration of premises, and Michigan requires identification of all cattle sold, moved, or tested in the state.

During the 2006–07 biennium, USDA awarded TAHC cooperative agreement funding to conduct premises registration and outreach and to help establish information collection systems at those livestock marketing facilities that participate in the program. Since inception of the program, 29,532 premises, or approximately 15.8 percent of the estimated 187,118 premises in Texas, have been registered. Texas ranks third in the nation relative to the number of premises registered; only Wisconsin and Indiana, the two states with mandatory premise registration programs, registered more premises. However, because Texas has more livestock and premises than any other state, nationally Texas ranks thirty-second in percentage of premises registered.

### **SIGNIFICANT LEGISLATION**

The Sunset Advisory Commission reviewed TAHC prior to the Eightieth Legislative Session. The Sunset Legislation, House Bill 2543, enacted by the Eightieth Legislature,

2007, continues TAHC for 12 years. The legislation also includes the following Sunset Advisory Commission recommendations: (1) clarifies the agency's role in preparing for and responding to natural or man-made emergencies, and includes a study of the State's capacity to perform disease testing during emergencies; (2) clarifies the agency's authority to address diseases in other species that threaten livestock and fowl; (3) clarifies the agency's authority to register feral swine holding facilities and to regulate the movement of feral swine for disease-control purposes; and, (4) establishes a compliance policy and improves public information regarding the compliance process.



## COMMISSION ON ENVIRONMENTAL QUALITY

The Texas Commission on Environmental Quality (TCEQ) was created on September 1, 1993 by consolidating the Texas Air Control Board and the Texas Water Commission pursuant to legislation enacted in 1991. Prior to legislation enacted by the Seventy-seventh Legislature, 2001, TCEQ was known as the Texas Natural Resource Conservation Commission.

TCEQ's three full-time commissioners are appointed by the Governor for six-year staggered terms. The Governor designates one member as the chair of the commission, and the commission employs an executive director to manage the agency.

TCEQ's mission is to protect the state's human and natural resources in a manner consistent with sustainable economic development and with the goals of clean air, clean water, and safe management of waste.

TCEQ's appropriations total \$1.1 billion in All Funds for the 2008–09 biennium and provide for 2,942.3 full-time-equivalent (FTE) positions in fiscal year 2008 and 2,935.3 FTE positions in fiscal year 2009. These appropriations include \$970.6 million in General Revenue Funds and General Revenue–Dedicated Funds (91 percent). As **Figure 273** shows, the majority of the funding is General Revenue–Dedicated Funds, which are generated from fees.

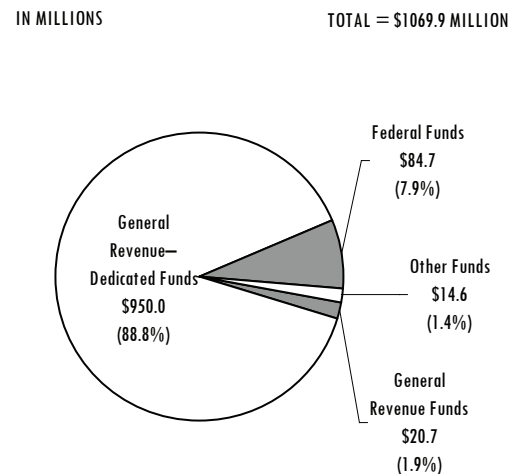
TCEQ's appropriations are allocated among several goals:

- Assessment, Planning, and Permitting;
- Drinking Water and Water Utilities;
- Enforcement and Compliance;
- Pollution Cleanup;
- River Compact Commissions; and
- Indirect Administration.

### ASSESSMENT, PLANNING, AND PERMITTING

One of the agency's functions is to protect public health and the environment by accurately assessing environmental conditions and preventing or minimizing the level of contaminants released into the environment. This is accomplished by regulating activities and issuing permits to facilities with the potential to contribute to pollution levels and to individuals performing pollution management-related work. TCEQ is appropriated \$684.4 million, or 64 percent

**FIGURE 273**  
**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**  
**SOURCES OF FUNDING**  
**2008–09 BIENNIUM**



SOURCE: Texas Commission on Environmental Quality.

of total agency All Funds appropriations, for the 2008–09 biennium for this purpose. About 40 percent of the agency's workforce, 1,166.3 FTE positions, is engaged in related activities.

### ASSESSMENT AND PLANNING

To reduce toxic releases in the state, TCEQ established an assessment and planning function to guide the state's regulatory framework. The agency performs assessment and planning in its three main areas: air, water, and waste. The three assessment and planning functions account for \$601.8 million, or 56 percent, of the agency's All Funds appropriations.

#### AIR QUALITY ASSESSMENT AND PLANNING

TCEQ assesses the affect of air emissions and develops solutions for regional air quality problems. The agency established an extensive statewide monitoring network that includes 583 air-monitoring stations. These stations contain specialized instrumentation that continuously measures air pollutant levels and meteorological conditions. The data from these stations is transmitted to the agency's headquarters in Austin and displayed in real time on the agency's website. TCEQ uses an air-sampling aircraft to gather upper air data

to supplement the data gathered by the ground-based monitoring network.

The agency develops and annually updates an inventory of all emissions, including point, area, and mobile air pollution sources. Using this inventory, it develops and maintains the Statewide Implementation Plan for each area in the state deemed to be in “nonattainment” status according to federal Clean Air Act standards. To bring such areas into compliance with federal standards, the agency develops control strategies, such as vehicle emissions and maintenance testing, caps on the amount of pollution a point source may emit, emissions-credit trading, and engine-idling restrictions to reduce pollution from mobile and stationary sources. TCEQ operates various air-quality testing sites throughout the state and uses computer models to test the effectiveness of the various pollution-control strategies.

The Dallas–Fort Worth, Houston–Galveston, and Beaumont–Port Arthur areas are currently designated as having nonattainment status for ozone levels. These areas do not comply with the Environmental Protection Agency’s (EPA) eight-hour ozone standard that is now being implemented. TCEQ is continuing its planning efforts to address compliance with these standards. In addition, 14 counties in the Austin, San Antonio, and Longview–Tyler near-nonattainment status areas have signed Early Action Compacts (EAC). These areas have exceeded the eight-hour standard in the past. The San Antonio area (Bexar, Comal, and Guadalupe counties only) was designated by EPA as not

meeting the eight-hour standard, but the effective date was delayed. EAC is a voluntary effort for communities at risk of violating the eight-hour ozone standard and helps them achieve and maintain the eight-hour ozone standard through the development and execution of early plans.

The EPA has designated the El Paso area as having nonattainment status for particulate matter and carbon monoxide; however, the most recently compiled data show the area now complies with federal standards for carbon monoxide. Additionally, El Paso has attainment status for the eight-hour ozone standard. TCEQ proposed a revision to the Statewide Implementation Plans to re-designate the El Paso area as having attainment status for carbon monoxide and has proposed a plan to maintain attainment status of the eight-hour ozone standard. TCEQ continues to work with the EPA to resolve monitoring issues associated with El Paso’s particulate-matter designation. The Corpus Christi and Victoria areas currently comply with the eight-hour ozone standard. TCEQ continues to work closely with Corpus Christi and Victoria on their voluntary initiatives to assure that they continue complying with these standards.

**Figure 274** shows the air quality as measured in nonattainment and near-nonattainment areas during calendar years 2000 to 2007, with a design value of 85 parts per billion exceeding the U.S. EPA standards. For the most recent period, only the Dallas–Fort Worth and the Houston–Galveston areas appear to be exceeding the values, thus in noncompliance with U.S. EPA air quality standards.

**FIGURE 274**  
**EIGHT-HOUR OZONE STANDARD VALUES**  
**CALENDAR YEARS 2000 TO 2007**

REGION	OZONE 8-HOUR DESIGN VALUE (PARTS PER BILLION)*					
	2000–02	2001–03	2002–04	2003–05	2004–06	2005–07**
Houston–Galveston	<b>107</b>	<b>102</b>	<b>101</b>	<b>103</b>	<b>103</b>	<b>96</b>
Dallas–Fort Worth	<b>99</b>	<b>100</b>	<b>98</b>	<b>95</b>	<b>96</b>	<b>95</b>
Tyler–Longview	<b>88</b>	82	83	84	<b>85</b>	84
Beaumont–Port Arthur	<b>90</b>	<b>91</b>	<b>92</b>	<b>88</b>	<b>85</b>	83
San Antonio	<b>86</b>	<b>89</b>	<b>91</b>	<b>86</b>	<b>87</b>	82
El Paso	81	79	78	76	78	79
Austin	<b>85</b>	84	<b>85</b>	82	82	79
Corpus Christi	81	80	80	76	72	69

\*Based on data from regulatory monitors only.

\*\*Based on data through October 3, 2007.

NOTE: A design value of 85 parts per billion or higher, which is based on the three-year average of the annual fourth highest daily maximum eight-hour ozone average, exceeds the ozone standard (bold).

SOURCE: Texas Commission on Environmental Quality.

The agency also assists the Department of Public Safety of the State of Texas in implementing the Vehicle Emissions Inspections and Maintenance Program (VEIMP). These inspections are required under the federal Clean Air Act because of the severity of each nonattainment city's status level. In addition, near-nonattainment status areas can participate in the VEIMP voluntarily through the EAC process. The VEIMP currently is implemented in 17 counties: Brazoria, Collin, Dallas, Denton, El Paso, Ellis, Fort Bend, Harris, Galveston, Johnson, Kaufman, Montgomery, Parker, Rockwall, Tarrant, Travis, and Williamson.

TCEQ also operates a Low-income Vehicle Repair, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP), which targets nonattainment status areas and near-nonattainment areas. The agency's appropriations in the Air Quality Assessment and Planning Strategy include \$100 million for the LIRAP in the 2008–09 biennium, or an increase of \$89 million above 2006–07 levels. Of the LIRAP funding, \$90 million is for incentive payments to eligible persons in participating counties for payments for replacing and/or repairing older, more polluting vehicles. The remaining \$10 million is available for various county initiative programs aimed at reducing vehicle emissions. All of the VEIMP counties participate in the LIRAP except for El Paso.

The agency, through the Texas Emissions Reduction Plan (TERP) created by the Seventy-seventh Legislature, 2001, implements a grant program targeting nonattainment and near-nonattainment status areas to promote reduced emissions from construction equipment, maintenance equipment, and on-road vehicles. TCEQ is appropriated \$347.6 million in General Revenue–Dedicated Funds for the 2008–09 biennium for TERP-related expenditures. This amount includes \$297.1 million for diesel emissions reductions grants, of which \$7.5 million is for implementing the Clean School Bus Initiative. Another \$36.2 million is for funding the New Technology Research Development Program, and the remaining \$5.0 million is for program administration.

The Eightieth Legislature, 2007, provided appropriations for several air-monitoring-related activities. Grants to local air pollution programs in nonattainment status areas total \$2.8 million in General Revenue–Dedicated Funds for the 2008–09 biennium. The Austin, Corpus Christi, Longview–Tyler, San Antonio, and Victoria areas combined will receive a total of \$5 million in General Revenue–Dedicated Funds for the 2008–09 biennium. In addition, the Legislature

provided \$1.5 million from the Clean Air Account for the 2008–09 biennium for refining and enhancing the models used to demonstrate attainment under federal Clean Air Act standards. Appropriations for air quality assessment and planning total \$514.7 million for the 2008–09 biennium and provide for 313.1 FTE positions.

#### WATER QUALITY PLANNING AND ASSESSMENT

TCEQ protects the state's water quality by monitoring and evaluating water quality in lakes, streams, and groundwater and by establishing water quality standards to protect aquatic life, drinking water, and recreation.

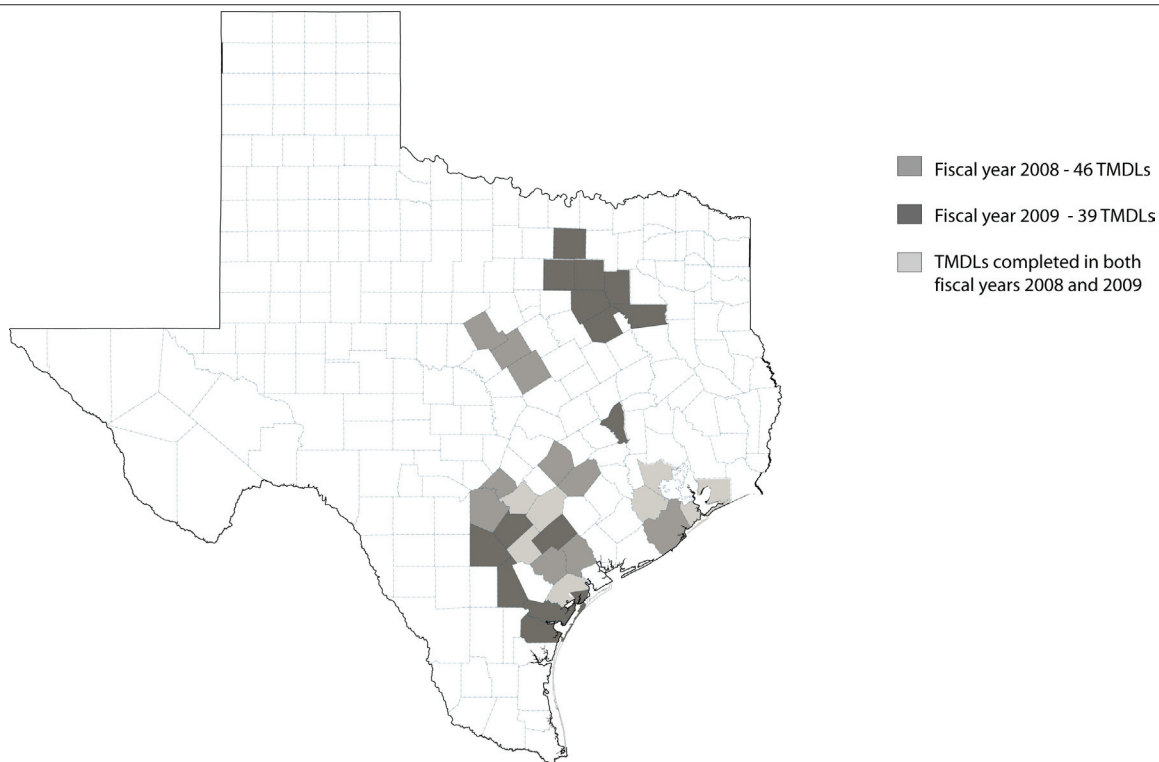
TCEQ recently developed the capability of continuously monitoring water quality and reporting its findings at several locations. As of fall 2007, the agency has 23 water monitoring sites and plans to add more sites as resources allow during the 2008–09 biennium. As with the air data sites, data from the water-monitoring sites is continuously transmitted to the agency's headquarters and is displayed in real time on the agency's website.

TCEQ is also responsible for developing plans to restore polluted bodies of water to acceptable water quality standards by developing total maximum daily loads (TMDL). TMDLs establish the maximum level of a pollutant that a body of water can assimilate and still meet water quality standards. The Soil and Water Conservation Board and other state agencies (e.g., Parks and Wildlife Department and institutions of higher education) assist the TCEQ in TMDL development. TCEQ is responsible for overall TMDL development; the Soil and Water Conservation Board's responsibilities focus on TMDLs specifically affected by agricultural and silvicultural practices.

TCEQ expects to complete 155 surface water assessments and 120 groundwater assessments during the 2008–09 biennium. Of the total number of surface water assessments, 85 are TMDL assessments. **Figure 275** shows the counties in which these TMDL implementation projects are located.

Other water assessment and planning programs include the Texas Clean Rivers Program, the EPA Nonpoint Source Pollution Grants Program, and the Galveston Bay National Estuary Program. Appropriations for water assessment total \$59.9 million for the 2008–09 biennium and provide for 197.7 FTE positions.

**FIGURE 275**  
**WATER QUALITY IMPROVEMENT PROJECTS**  
**TOTAL MAXIMUM DAILY LOAD (TMDL) IMPLEMENTATION COUNTIES**  
**FISCAL YEARS 2008 AND 2009**



NOTE: TCEQ expects to complete 155 surface water assessments and 120 groundwater assessments during the 2008–09 biennium. Of the total number of surface water assessments, 85 (46 in fiscal year 2008 and 39 in fiscal year 2009) are TMDL assessments and implementation plans. The counties in which these TMDL projects are located are shown above.

SOURCE: Texas Commission on Environmental Quality.

#### WASTE PLANNING AND ASSESSMENT

TCEQ assesses and plans for solid and hazardous waste issues. It seeks to ensure the safe disposal of pollutants by monitoring the generation, treatment, and storage of solid waste; by assessing the capacity of waste disposal facilities; and by providing technical assistance to municipal solid waste planning regions for the development and implementation of waste reduction plans. The Waste Planning and Assessment Division develops and implements statewide, regional, and local solid waste management plans; collects and analyzes data; assesses facility capacity; provides technical assistance to the regulated community; and provides financial assistance to local and regional solid waste projects. Each biennium, TCEQ also prepares the comprehensive Municipal Solid Waste Strategic Plan, which provides an overview of statewide existing and expected municipal solid waste management needs. Appropriations for waste planning and assessment total \$27.2 million for the 2008–09 biennium and provide for 31 FTE positions.

#### PERMITTING

TCEQ is responsible for regulating discharges to air and water and the disposal of solid and hazardous waste. In addition to planning and conducting assessments to reduce toxic releases, several divisions handle permitting duties, including air, water, and waste permitting, as well as occupational licensing. The four permitting functions together account for \$79.8 million in All Funds appropriations, or 7.5 percent of the agency's budget.

#### AIR QUALITY PERMITTING

The Air Permitting Division is charged with the responsibility of issuing permits to facilities that release pollutants into the air. TCEQ regulates air quality through the federally designated Operating Permit Program and the state's New Source Review Permitting Program.

The Operating Permit Program ensures that facilities comply with Title V of the federal Clean Air Act amendments of

1990. Title V requires all major sites to apply for an operating permit that codifies and consolidates all applicable regulations at that site into one permit. TCEQ expects to issue approximately 2,200 permits in the 2008–09 biennium under this program, or about the same number (2,285) issued during the 2006–07 biennium.

The New Source Review Program ensures that new or expanding air-pollution-emitting facilities use best achievable control technology to control and reduce emissions and that emissions do not have adverse health effects on surrounding areas. TCEQ expects to review 11,800 permits, amendments, renewals, and standard exemptions during the 2008–09 biennium, or about 800 more than issued during the 2006–07 biennium.

Appropriations for air quality permitting total \$26.7 million in All Funds for the 2008–09 biennium and provide for 233.5 FTE positions.

#### **WATER QUALITY PERMITTING**

The Water Quality Division reviews permits and other authorizations relating to the quality and uses of the state's water. TCEQ seeks to ensure that streams, lakes, bays, and estuaries meet federal and state water quality standards by issuing permits regulating wastewater and stormwater discharges. The agency anticipates reviewing more than 36,000 water quality permits during the 2008–09 biennium, or about 5,600 less than during the 2006–07 biennium. The agency attributes the decrease to the reissuance of the Multi-Sector General Permit for industrial stormwater, which required 10,000 facilities to renew their authorizations under the new permit during the 2006–07 biennium.

The Water Supply Division processes permits to divert, use, or store surface water or to transfer surface water between basins. TCEQ anticipates reviewing 1,200 water rights permits during the 2008–09 biennium, or about 100 fewer than during the 2006–07 biennium.

Through water resources permitting efforts, the agency oversees the Rio Grande, South Texas, and Concho River Watermaster programs. These programs are concerned specifically with the allocation and use of surface water within each respective river basin. Watermasters ensure compliance with water rights in their designated service areas, which is especially necessary during times of drought conditions and diminished stream flows.

Appropriations for water permitting total \$24.7 million for the 2008–09 biennium.

#### **WASTE PERMITTING**

TCEQ regulates all industries engaged in the generation, treatment, storage, and disposal of hazardous, industrial, municipal, and underground-injection-control wastes and the disposal of radioactive waste. The issuance of permits provides a mechanism for ensuring that waste management protects human health and the environment. During the 2008–09 biennium, TCEQ expects to review 320 hazardous waste permit applications, or about the same as during 2006–07. The agency also expects to review 472 nonhazardous waste permit applications, or about the same level as during the prior biennium.

#### **OCCUPATIONAL LICENSING**

The Compliance Support Division conducts occupational licensing programs for landscape irrigators and installers, municipal solid waste technicians, on-site sewage facility installers, visible-emission evaluators, water and wastewater treatment facility operators, water treatment specialists, underground storage tank installers, and liquid petroleum storage tank corrective action specialists. The division develops and holds training sessions, develops and administers proficiency examinations, approves basic and continuing education credits, issues occupational licenses, and monitors approximately 50,000 licensees. Appropriations for occupational licensing total \$7 million for the 2008–09 biennium.

#### **LOW-LEVEL RADIOACTIVE WASTE**

As a result of legislation enacted by the Seventy-sixth Legislature, 1999, TCEQ is responsible for administering a compact with the State of Vermont for the disposal of low-level radioactive waste. Legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003, expanded TCEQ's involvement in radioactive waste permitting, with the agency now also charged with issuing permits for a low-level waste facility to handle compact waste. TCEQ is responsible for the review and selection of an applicant, as well as an extensive technical review of the full application, which is eventually expected to lead to the issuance of a license. As of fall 2007, the agency is in the technical review process for one such application. The agency is appropriated \$2.9 million in General Revenue–Dedicated Funds for low-level waste regulation activities during the 2008–09 biennium; \$750,000 of that amount is contingent upon the agency assessing additional fees to cover costs associated with application review and evaluation.



## DRINKING WATER AND WATER UTILITIES

The agency also works to protect public health and the environment by assuring the delivery of safe drinking water, by providing regulation and oversight of water and sewer utilities, and by promoting regional water strategies. The agency's appropriations total \$27.1 million in All Funds for the 2008–09 biennium, or 2.5 percent of agency appropriations for this purpose. About 4 percent of the agency's workforce, 124.9 FTE positions, is engaged in activities related to these efforts.

### SAFE DRINKING WATER

The Safe Drinking Water Program ensures that public drinking water is safe. By definition, a public drinking water system serves at least 15 connections or at least 25 persons for a minimum of 60 days per year. Approximately 6,600 public water systems serve over 22 million Texas residents. During the 2008–09 biennium, TCEQ expects to collect and analyze over 72,000 water samples and evaluate over 500,000 chemical and microbiological laboratory results to monitor the safety and integrity of the state's public drinking water supply. Appropriations for the Safe Drinking Water Program total \$22.3 million for the 2008–09 biennium.

### WATER UTILITIES OVERSIGHT

The agency regulates water and sewer utility providers with exclusive service areas under its water utilities oversight function. To ensure that customers have adequate utility services available at reasonable rates, TCEQ provides regulatory oversight of these providers. Agency responsibilities include the review of water and sewer utility rate applications, the review of water district bond applications, the oversight of water districts, technical assistance to utilities and consumers, and certificates of convenience and necessity (i.e., the review of service area boundaries). Appropriations for water utilities oversight total \$4.8 million for the 2008–09 biennium.

## ENFORCEMENT AND COMPLIANCE

The agency protects public health and the environment by administering enforcement programs that promote voluntary compliance with environmental laws and regulations while providing strict, sure, and just enforcement when those laws are violated, and by encouraging pollution prevention and recycling. TCEQ received appropriations of \$105.6 million, or 10 percent of its budget, for the 2008–09 biennium for enforcement and compliance and pollution prevention and recycling activities. In addition, 831.8 FTE positions, or

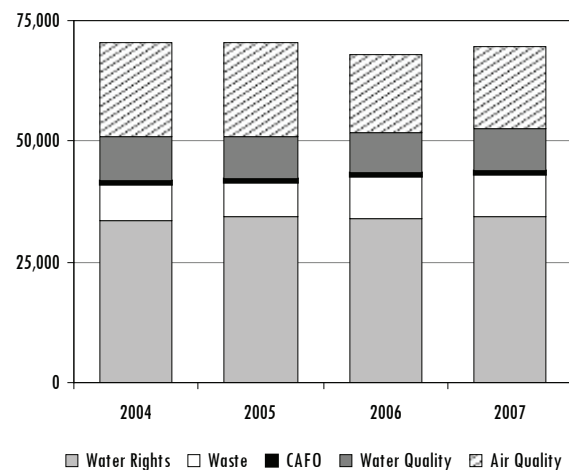
about 28 percent of the agency's workforce, perform enforcement and compliance duties.

### FIELD INSPECTIONS AND COMPLAINTS

TCEQ pursues compliance with environmental laws and regulations by conducting field investigations and responding to citizens' complaints. The agency maintains 16 regional offices and two satellite offices, as well as laboratories in Houston and Austin, to monitor and assess air and water quality, investigate facilities, respond to citizens' complaints, promote voluntary compliance through education and technical assistance, and respond to emergencies such as accidental releases of chemicals into the environment.

The Field Operations Division anticipates performing over 133,000 investigations and responding to over 13,000 complaints from citizens during the 2008–09 biennium. **Figure 276** shows the number and types of investigations performed by TCEQ from fiscal years 2004 to 2007. Appropriations for administering the field inspections and complaints activities total \$72.4 million for the 2008–09 biennium.

**FIGURE 276**  
**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**  
**FIELD INVESTIGATIONS BY TYPE**  
**FISCAL YEARS 2004 TO 2007**



NOTE: CAFO = Concentrated Animal Feeding Operation.  
SOURCE: Texas Commission on Environmental Quality.

### ENFORCEMENT AND COMPLIANCE SUPPORT

The Enforcement Division oversees all regulatory programs, responds to citizens' complaints, investigates incidents of environmental contamination, and prosecutes violators. The division determines penalties, tracks compliance orders



issued by TCEQ, coordinates multimedia inspections, and monitors the progress of supplemental environmental projects that are sponsored or undertaken by violators seeking to defer or mitigate their fines through TCEQ-specified environmental projects.

TCEQ has several programs offering specific assistance to certain regulated communities with special needs. The Small Business Assistance Program provides confidential assistance to small businesses without the threat of enforcement actions. It provides technical assistance in complying with state and federal environmental laws affecting small businesses, resolves small-business complaints, and ensures that small businesses are represented at the agency.

The Local Government Assistance Program coordinates assistance to cities, counties, and other governmental entities on matters such as technical support and assistance with permit applications and public meetings.

Appropriations for enforcement and compliance support total \$23.3 million for the 2008–09 biennium.

### **PREVENTION AND RECYCLING**

The Pollution Prevention and Recycling Program focuses on reducing the generation of pollutants by using public education to promote pollution prevention, recycling, and waste minimization. The agency operates recognition programs aimed at industry, cities, and private citizens; runs voluntary waste-reduction programs; and provides technical and financial assistance to the regulated community and private citizens. Recycling programs promote the use of recycled goods, encourage development of markets for recycled goods, and help cities establish collection programs for household and agricultural chemicals.

For the 2008–09 biennium, the agency received an appropriation of \$9.9 million for pollution prevention and recycling.

### **POLLUTION CLEANUP**

The agency also protects public health and the environment by identifying, assessing, and prioritizing contaminated sites. TCEQ's 2008–09 appropriation for pollution cleanup is \$160.9 million, or 15 percent of the agency's budget. Approximately 10 percent of the agency's workforce, 305.7 FTE positions in fiscal year 2008 and 298.7 FTE positions in fiscal year 2009, is engaged in activities related to pollution cleanup.

### **STORAGE TANK ADMINISTRATION AND CLEANUP**

The Permitting and Remediation Support Division regulates underground and aboveground petroleum storage tanks (PST), cleans up certain leaking tanks, and promotes prevention of pollution from PSTs. The division maintains a registry for PSTs, enforces regulations, oversees cleanup activities, and offers technical assistance to tank owners and operators. As of fall 2007, there are approximately 167,000 underground storage tanks and 28,000 aboveground storage tanks registered at more than 69,000 facilities in Texas.

The Remediation Division oversees the cleanup of leaks from storage tanks and administers the reimbursement program for tank owners and operators. Certain tank owners and operators are reimbursed for the cleanup of leaking storage tanks out of fees assessed on the bulk delivery of gasoline to retailers. To be eligible for the reimbursement program, which began in 1989, tank owners and operators must meet specific criteria and deadlines. The agency issued reimbursements totaling more than \$996.5 million for the investigation and cleanup of leaking petroleum storage tanks over the life of the program. More than 21,000 sites with leaking PSTs have been remediated to meet standards, and over 112,000 tanks have been removed from service. Approximately 30 new contaminated sites are reported each month.

As a result of enactment of House Bill 3554, Eightieth Legislature, 2007, the September 1, 2007 Sunset date of the petroleum products delivery fee and the corrective action reimbursement program is extended through fiscal year 2011, as discussed in the Significant Legislation section. Approximately 600 PST sites are expected to be cleaned up and eligible for reimbursement during the 2008–09 biennium. Appropriations for storage tank administration and cleanup total \$96.8 million for the 2008–09 biennium.

### **HAZARDOUS MATERIALS CLEANUP**

The Remediation Division administers the federal and state Superfund programs and the state's Voluntary Cleanup Program. The federal Superfund Program identifies the most serious hazardous waste sites in the country for cleanup. Currently, 54 Texas sites appear on the EPA's National Priority List for cleanup under the federal Superfund Program. TCEQ's State Superfund Registry, a list of hazardous sites not on the federal list but of significant danger to Texas residents, records 91 additional sites.

Since the inception of the Superfund Program in Texas, more than \$348 million in state and federal funds has gone toward the cleanup of Superfund sites throughout the state. TCEQ expects to complete eight cleanups of state and federal sites during the 2008–09 biennium.

The Voluntary Cleanup Program provides a process through which sites can be voluntarily cleaned up in a timely manner while ensuring protection of human health and the environment. Once TCEQ has given final approval to cleanup activities conducted at a site, future landowners and lenders may be freed from liability caused by past contamination. In addition, the property may be sold or redeveloped. During fiscal years 2006 and 2007, TCEQ issued 260 certificates of completion under the Voluntary Cleanup Program.

Numerous properties in Texas known as brownfields are not used or are underutilized because of the liability associated with pollutant contamination. TCEQ, in cooperation with local and federal partners, is attempting to facilitate cleanup, transferability, and revitalization of these Voluntary Cleanup Program properties through the development of regulatory, tax, and technical assistance tools. The objective is to return remediated property to productive use.

The Remediation Division also administers the Corrective Action Program. The Resource Conservation Recovery Act (RCRA)/Non-RCRA Industrial Corrective Action Program oversees soil and groundwater cleanup activities at industrial and hazardous waste facilities to ensure that the cleanups protect human health and the environment. Most facilities have multiple sites needing remediation. Cleanups were completed at 689 of these sites during fiscal year 2007. As of fall 2007, the agency reports that there are 1,186 active sites involved in the Industrial Corrective Action Program.

As part of the Remediation Division, the Natural Resource Trustee Program works cooperatively with responsible parties and other state and federal natural resource agencies to restore natural resources that have been affected by oil spills and releases of hazardous materials. To date, this program has negotiated final natural resource restoration settlements at 33 sites.

### **RIVER COMPACT COMMISSIONS**

Texas is a signatory to five interstate compacts that apportion river and stream waters flowing through Texas and other states. These compacts are the Canadian River Compact, the Pecos River Compact, the Red River Compact, the Rio Grande Compact, and the Sabine River Compact.

The shared mission of the Texas River Compact Commissions is to ensure that the people of Texas receive their share of river waters as allocated by the various compact agreements. Each river compact is administered by its own commission, which includes representatives of each signatory state and one presidential appointee. There are seven Texas River Compact Commissioners: six are appointed by the Governor and one, the Executive Director of the TCEQ, serves in an ex-officio capacity in accordance with statutory provisions. Commissioners engage in activities designed to protect Texas' water interests and to ensure that Texas receives its share of water from the various compacts. Those activities include (1) negotiating with signatory states to resolve disputes regarding compact interpretation; (2) investigating and monitoring water resource data collection; (3) conducting surveys to determine the effect of upstream water diversions on water deliveries; (4) working with state, federal, and local entities to address environmental and endangered species issues involving interstate waters; and (5) implementing programs to increase the quantity and improve the quality of water available to Texas.

Appropriations for the 2008–09 biennium for the River Compact Commissions total \$0.7 million in General Revenue Funds and provide for 7.5 FTE positions. In addition to these appropriations, TCEQ is required to allocate \$93,500 out of its other 2008–09 appropriations for the River Compact Commission's administrative and operating costs. Also, up to \$10.4 million in appropriations to the Office of the Attorney General has been earmarked for this agency to represent the state in the event of legal proceedings involving the compacts, including \$10.2 million designated for potential intervention in groundwater and surface water disputes with New Mexico regarding the Elephant Butte Reservoir.

### **OTHER AGENCY FUNCTIONS**

In addition to the activities and programs discussed above, TCEQ operates divisions that indirectly support the agency's three programmatic goals. These divisions include General Counsel, Alternative Dispute Resolution, Administrative Services, Chief Clerk, Internal Audit, Office of Public Assistance, and Office of Public Interest Counsel. The 2008–09 biennial appropriation for the indirect administration programs is \$91.3 million, or 8.5 percent of agency All Funds appropriations.

## SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect TCEQ.

House Bill 3 amends various sections of the Texas Water Code to set out a new regulatory approach to provide surface water to meet environmental flow needs. The legislation creates an Environmental Flows Advisory Group supported by an Environmental Flows Science Advisory Committee (SAC), to oversee regional consensus-based Bay and Basin Stakeholders Committees as they develop environmental flow standard recommendations for consideration by TCEQ. These stakeholder committees are also supported by Basin and Bay Expert Science Teams (BBEST). TCEQ, the Texas Water Development Board (TWDB), and the Texas Parks and Wildlife Department are responsible for coordinating with the advisory group and stakeholder committees, providing reports regarding the groups' recommendations, and providing technical assistance. The legislation also amends requirements for the administration and operation of the Edwards Aquifer Authority, including amending the calculation used for determining withdrawal limits from the Edwards Aquifer, and it amends requirements related to the number of acre/feet of groundwater rights to be retired.

Senate Bill 3 amends various surface water codes, creating a new regulatory approach to provide surface water to meet environmental flow needs. Like House Bill 3, this legislation creates the Environmental Flows Advisory Group supported by an Environmental Flows SAC. The legislation also creates a statewide program for water conservation awareness to educate residents of the state about water conservation, and it establishes a new Water Conservation Advisory Council. This council is composed of 23 members that will provide expertise in water conservation including monitoring trends and new technologies in water conservation implementation, developing and implementing a state water management resource library, and monitoring the implementation of water conservation strategies by water users included in regional water plans. The legislation authorizes a joint interim oversight committee, co-chaired by the Chairmen of the Senate and House Committees on Natural Resources, to review financing of water infrastructure projects and funding for water programs administered by state agencies. Also common to Senate Bill 3 and House Bill 3 are the amended requirements for the administration and operation of the Edwards Aquifer Authority. TCEQ received contingency appropriations of \$0.9 million in General Revenue Funds and 3 FTE positions to implement the provisions of Senate

Bill 3 relating to BBEST technical assistance and costs associated with water availability models.

House Bill 4 authorizes the same provisions in Senate Bill 3 relating to the Water Conservation Advisory Council.

House Bill 2714 establishes a recycling program for computer equipment that requires computer manufacturers to establish free and convenient programs to collect and recycle their own brand of computers sold to consumers. TCEQ is charged with maintaining a list of approved brands of computers with recovery programs and to educate the public regarding the recycling program. TCEQ is also required to maintain program information on a website, enforce requirements for recycling computer equipment, and compile and issue an annual electronic report to the Legislature. The Department of Information Resources and the Comptroller of Public Accounts are required to adopt rules to ensure compliance by state agencies. No specific appropriations were made for the computer equipment recycling program.

House Bill 3098 authorizes TCEQ to charge fees for processing plans or amendments to Edwards Aquifer Protection plans that are subject to review and approval. The legislation broadens the use of the existing fees charged for reviewing Edwards Aquifer Protection Program plans, expands the types of plan reviews for which fees can be charged, and increases the fee caps. Furthermore, the legislation provides for specific fee authority for contributing zone plans, increases all fee caps to account for inflation, and increases the fee caps for large/multiphase development projects to reflect complexity and resulting additional workload that these types of plans require. TCEQ received contingency appropriations of \$0.5 million in General Revenue–Dedicated Funds (Water Resource Management Account) from the proceeds of the fee increases in House Bill 3098 to implement the provisions of the legislation.

House Bill 3220 authorizes real property owners who may be responsible for remediation costs of contaminated sites related to dry-cleaning operations to participate in the Dry Cleaning Facility Release Fund if the property owner has registered and paid fees to that account. Owners are required to register by December 31, 2007, pay an annual registration fee, and if applicable, late fees. The legislation also increases the delivery fee for perchloroethylene from \$15 to \$20 per gallon and reduces the fee for other solvents from \$5 to \$3 per gallon. The legislation provides for annual registration fees to be divided into quarterly payments, and it requires TCEQ to refund registration fees to dry cleaners that elected

not to participate in the program to the extent that such registration fees exceed the amount due for a nonparticipating dry cleaning facility or drop station. Finally, the legislation authorizes TCEQ to impose a lien on real property if an applicant does not pay a registration fee while corrective action is occurring. The legislation is expected to contribute an estimated \$0.6 million in General Revenue–Dedicated Funds to the Water Resource Management Account during the 2008–09 biennium; however, no additional funds were appropriated for the implementation of House Bill 3220.

House Bill 3554 extends the operating period and funding for the Petroleum Storage Tank Remediation program as follows:

- the deadline for submission of site closure requests is extended from September 1, 2007 to September 1, 2011;
- the deadline for reimbursements for corrective actions is extended from August 31, 2007 to August 31, 2011;
- the deadline for placing sites in the state lead program is extended from July 1, 2007 to July 1, 2011;
- the deadline for submitting reimbursement claims is extended from March 1, 2008 to March 1, 2012; and
- the last day for the agency to make reimbursements is August 31, 2012.

In addition, the legislation extends the petroleum products delivery fee deposited to the credit of the PST Remediation Account (General Revenue–Dedicated Funds) through August 31, 2011 at a rate equal to one-third the rate assessed during the 2006–07 biennium. The legislation also eliminates tank registration fees deposited to the Waste Management Account (General Revenue–Dedicated Funds) beginning in fiscal year 2008, but it authorizes TCEQ to reinstate the registration fee if the petroleum products delivery fee is discontinued. TCEQ received contingent appropriations of \$1 million in General Revenue–Dedicated Funds (Waste Management Account) and 7 FTE positions to handle increased administrative responsibilities resulting from the enactment of this legislation for the 2008–09 biennium.

Senate Bill 12 makes significant changes to the Texas Emissions Reduction Plan (TERP) and the Low-income Vehicle Repair, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP). For the LIRAP, the legislation specifies guidelines for replacing vehicles and income levels to qualify for LIRAP assistance, and it allows any vehicle more than 10

years old to be replaced through the program. The legislation specifies a maximum replacement assistance level of \$3,000 for most vehicles and \$3,500 for hybrids, significantly higher than the \$1,000 maximum under previous law. The legislation also provides for up to \$10 million in LIRAP funding to be given to counties to implement various local initiatives to improve air quality.

Senate Bill 12 amends the TERP program by extending the program, including all TERP fees except the vehicle title fee, to August 31, 2013, as opposed to September 30, 2010 under previous law. The legislation maintains the state fee for a certificate of title deposited to the credit of the TERP Account (General Revenue–Dedicated Funds) at \$20 for all applicants in nonattainment areas. Under the previous law, the fee would have been reduced to \$15, and the portion of the fee going to the TERP Account would have been reduced to \$15 for all applicants regardless of county of residence. Provisions requiring proceeds of the certificate of title fee to be deposited to the Texas Mobility Fund on or after September 1, 2008, with the TERP Account receiving an equal reimbursement from the State Highway Fund, were extended through from September 1, 2010 to September 1, 2015. Senate Bill 12 also makes TCEQ, rather than the Comptroller of Public Accounts, the administering agency for the TERP Account. The legislation maintains the allocations in existence in the 2006–07 biennium for the distribution of TERP funds (87.5 percent for emissions incentive grants, 9.5 percent for new technology research and development, 3.0 percent for administration), which would have otherwise changed under previous law. TCEQ received \$337.8 million for the TERP program during the 2008–09 biennium.

Senate Bill 1436 transfers responsibility for state administration, coordination, and management of local participation in the National Flood Insurance Program (NFIP) from TCEQ to TWDB. The legislation also expands the agency's duties related to the management of the NFIP. The transfer resulted in a reduction of \$0.1 million in appropriations and 2 FTE positions at TCEQ for 2008–09 as compared to 2006–07 biennia levels.

Senate Bill 1604 transfers responsibilities for regulation and licensing of commercial processing and storage of radioactive substances from the Department of State Health Services (DSHS) to TCEQ, and it expands the agency's radioactive materials licensing program to include disposal of by-product material, recovery of source material (uranium), and commercial processing and storage of radioactive substances. The bill also establishes a deadline of October 1, 2007 for the

agency to finalize the technical review of the pending application for radioactive by-product disposal. The legislation authorizes a state fee paid by a holder of a license issued by TCEQ under the provisions of the legislation. The fee is equal to 10 percent of the license holder's gross receipts derived from disposal operations: one-half of the proceeds of the fee is deposited as General Revenue Funds and the other half is remitted to the host county of the disposal site. Enactment of the legislation resulted in the transfer of \$1.9 million in appropriations and 11 FTE positions from DSHS to TCEQ for the 2008–09 biennium and additional contingent appropriations to the TCEQ of \$0.9 million in General Revenue–Dedicated Funds from the Waste Management Account, including an additional 4 FTE positions for the 2008–09 biennium.

Senate Bill 2000 requires TCEQ to develop a grant program to help owners and operators of stationary gas-fired, rich-burn compressor engines pay for nonselective catalytic reduction systems or other approved control systems that reduce nitrogen oxides emissions from these types of engines. The legislation authorizes the use of surplus funds from the emissions reduction incentives subaccount within the Clean Air Account (General Revenue–Dedicated Funds) to finance such grants.



## GENERAL LAND OFFICE AND VETERANS' LAND BOARD

The Texas Constitution established the General Land Office (GLO) in 1836 as the management agency for lands and mineral rights for the Republic of Texas. After Texas became a state in 1845, GLO became the designated agency to oversee state lands and mineral rights. Lands subject to state oversight include beaches, bays and estuaries, other submerged state-owned lands, parcels of upland property, and plains and drylands. The agency's responsibilities include managing oil, gas, and other resources; granting land-use contracts for public, private, and commercial uses of submerged state-owned coastal public lands; ensuring protection of natural resources on state real property; and managing the Texas Veterans' Land Board (VLB), which was created in 1946. GLO is headed by the Land Commissioner, who is chosen by a statewide election.

The agency's mission is to serve Texas through prudent and innovative stewardship of historical records, natural resources, and state lands; to enhance revenue generation; and to provide benefit programs to veterans. GLO accomplishes its mission through the following: (1) enhancing the value of state assets and the revenue they generate through prudent management of state-owned land, minerals, and other assets; (2) improving and protecting the Texas environment and promoting wise use of resources while creating new markets and jobs through environmental initiatives in partnership with the public and private sectors; and (3) administering VLB, which provides Texas veterans with self-supporting benefit programs that offer low-interest loans for land, homes, and home improvements as well as the opportunity to secure long-term nursing home care and an honorable final resting place.

The Eightieth Legislature, 2007, appropriated \$175.4 million in All Funds and 605.6 full-time-equivalent (FTE) positions to GLO and VLB for the 2008–09 biennium. The appropriated amount includes \$26.8 million in General Revenue Funds and General Revenue–Dedicated Funds (15.2 percent).

Not included in the appropriations to GLO is \$1.7 billion in funds outside the treasury for the following: the sale and purchase of land, investments and associated expenses; loans to Texas veterans for the purchase of land, housing, and home improvements; and funds related to the construction of cemeteries and skilled nursing care centers for Texas veterans.

## ENHANCE STATE ASSETS

The agency generates revenue and improves the state asset holdings by managing state-owned lands. For the 2008–09 biennium, GLO is appropriated \$30 million for this function, which is about 17 percent of the agency's appropriated budget.

### ENERGY LEASE MANAGEMENT

GLO manages state lands and mineral-rights properties totaling 19.1 million acres, which include beaches, bays, estuaries, and other submerged lands out to 10.3 miles in the Gulf of Mexico; institutional acreage; grazing lands in West Texas; and timberlands in East Texas. In managing those properties, GLO leases drilling rights for oil and gas production on state lands, producing revenue and royalties. These proceeds are transferred to an escrow account and may be used for the acquisition of real property interests on behalf of the Permanent School Fund (PSF) for up to two years after deposit.

GLO manages the leasing and development of mineral interests through the following activities:

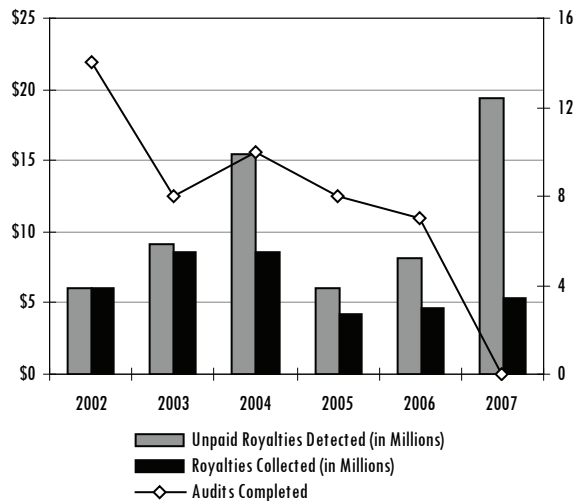
- evaluating the oil, gas, and hard mineral potential of state-owned mineral tracts;
- collecting, compiling, and distributing royalties and revenue from mineral leases;
- conducting mineral lease sales and evaluating proposed state Relinquishment Act leases; and
- inspecting active leases to verify production rates and to ensure that drilling operations comply with state environmental standards.

The agency also operates the Field Audit Program, which reviews oil, gas, and hard-mineral royalties on state leases to identify unpaid and underpaid royalties and penalties. **Figure 277** shows the number of royalty audits completed during fiscal years 2002 to 2007, the corresponding unpaid royalties detected, and amounts recovered by GLO staff.

Additionally, the agency allocates resources to prosecute claims for deficiencies in payments of mineral royalties and other revenue owed to the PSF for oil, gas, and hard-mineral leases, as well as for leases executed under the Relinquishment Act. Resources are also allocated for the prosecution of cases defending the title to PSF lands and mineral or royalty interests against claims filed by third parties.



**FIGURE 277**  
**ROYALTY AUDITS**  
**OIL, GAS, AND HARD-MINERAL**  
**FISCAL YEARS 2002 TO 2007**



SOURCES: General Land Office; Veterans' Land Board.

GLO also administers the State Power Program, an extension of the agency's in-kind oil and gas programs, which began in 1985. The State Power Program sells natural gas to state agencies at a price lower than that offered by local distribution companies and higher than cash royalties. In addition, GLO takes in-kind royalties and negotiates agreements with lessees to convert those royalties to other forms of energy, including electricity, for sale to public retail customers (PRC). PRCs include public school districts, state institutions of higher education, state agencies, and political subdivisions such as cities and counties. PRCs are able to save money on their utility bills while the state generates additional revenue for the Permanent School Fund.

Energy Lease Management and Revenue Audit received approximately \$5.4 million in appropriations for the 2008–09 biennium and 40 FTE positions, while Energy Marketing received approximately \$2 million in appropriations for the 2008–09 biennium and 16.5 FTE positions. Appropriations for the 2008–09 biennium for Defense and Prosecution are \$4.9 million and provide for 22 FTE positions.

#### UPLANDS AND COASTAL LEASING

GLO is responsible for promoting and conducting uplands and coastal leasing activities for the benefit of the PSF and state agency land, and for monitoring lease compliance. Uplands, or land located above the mean high tide line, are leased for agricultural purposes, grazing, hunting, recreational

use, and oil and gas platform sites. Coastal leases include grants of interest to the Texas Parks and Wildlife Department (TPWD) or an eligible city or county for public recreational purposes; to TPWD for estuarine preserves; to any nonprofit, tax-exempt environmental organization approved by the School Land Board for managing a wildlife refuge; or to any scientific or educational organization or institution for conducting scientific research. Before a land-use contract is issued, GLO evaluates the proposal for consistency with state leasing policy and determines compensation due the state. The agency's revenue from uplands leases was \$9.6 million in fiscal year 2006 and \$9.4 million in fiscal year 2007. The agency's revenue from coastal leases was \$2.5 million in fiscal year 2006 and \$3.6 million in fiscal year 2007.

Uplands Leasing received approximately \$1.1 million in appropriations for the 2008–09 biennium and 8 FTE positions. Coastal Leasing received \$4.8 million in appropriations for the 2008–09 biennium and 39.5 FTE positions.

#### ASSET MANAGEMENT

The purpose of the Asset Management Division is to evaluate PSF and state agency land and to dispose of selected tracts through sale or trade. The agency maintains an inventory of real property owned by state agencies and determines the properties' market value. Annually, the agency's Asset Management Division identifies unused or underused real property owned by state agencies and recommends to the Governor options for the use or disposition of such property. GLO, with the approval of the Governor, sells or leases the unused and underused real property. Proceeds from the sale of state agency and PSF lands are deposited to GLO's escrow account unless a state agency's statute or the Texas Constitution redirects the funds. Revenue from PSF land sales may be used for the acquisition of additional real property interests for the PSF. The agency may also sell land as the state's agent under specific legislative direction.

The School Land Board (SLB) is responsible for the management and development of all real property owned by the PSF. The SLB is composed of the Commissioner of GLO and two public members. GLO provides administrative support. The Seventy-seventh Legislature, 2001, enacted legislation authorizing SLB to use the funds it generates from the sale of PSF land and proceeds from mineral leases on PSF land for the acquisition of additional real property and mineral interests on behalf of the fund. Prior to this time, revenue generated from mineral leases was deposited directly

to the corpus of the PSF to be used by the State Board of Education (SBOE) for investment in equities. During the 2006–07 biennium, SLB bought 87,950 million acres of land for a total of \$162.0 million and sold 194 tracts of land totaling 57,121 acres, for a profit of \$60.9 million. Revenue from these land sales was deposited into an escrow account to be used by SLB to make further real estate investments. GLO also transferred \$253.6 million to the corpus of the PSF for equity investment by SBOE during the 2006–07 biennium. This transfer includes revenue generated by upland, coastal, and miscellaneous leases, which previously had been deposited into the Available School Fund. **Figure 278** shows GLO contributions to the PSF for equity investment excluding the revenue generated by upland, coastal, and miscellaneous leases and the revenue remaining in the agency's escrow account for fiscal years 2002–07. **Figure 279** shows how revenue flows through the PSF to school districts.

#### SURVEYING AND APPRAISAL

The Appraisal and Surveying divisions carry out real estate appraisal and surveying activities for GLO, including identifying the location of state-owned land and minerals. The staff of the Surveying Division is instrumental in the resolution of boundary questions regarding state lands, Veterans' Land Board tracts, and other boundary determinations. The Appraisal Division staff provides information on market conditions and market values to ensure the best use of PSF land; the staff provides similar services for other state agencies to ensure that state properties are being used in the most economical way. Surveying and Appraisal received \$1.8 million in appropriations for the 2008–09 biennium and 11.5 FTE positions.

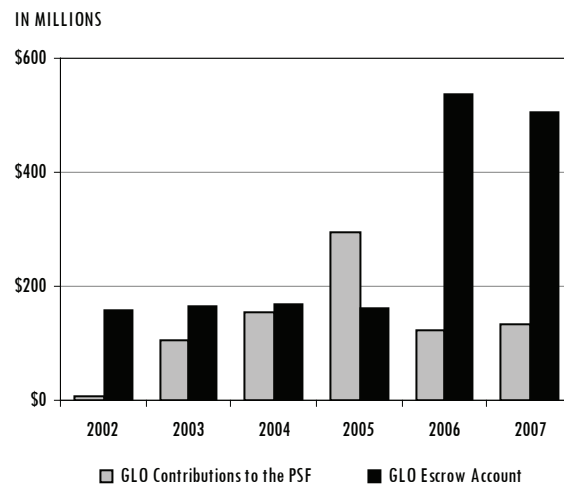
#### PROTECT THE ENVIRONMENT

The agency aims to preserve environmental resources of the state and promote wise use of these resources, while creating jobs in Texas. Appropriations for this function total \$96.9 million for the 2008–09 biennium, which represents 55 percent of the agency's appropriated budget.

#### COASTAL MANAGEMENT AND EROSION CONTROL

GLO is the lead agency for coastal management in Texas and is charged with developing a long-term strategy for the protection and enhancement of the coastal environment and economy. The agency is responsible for 367 miles of Texas coastline and 3,300 miles of bay shoreline. As the lead agency for coastal issues, GLO developed the Coastal Management

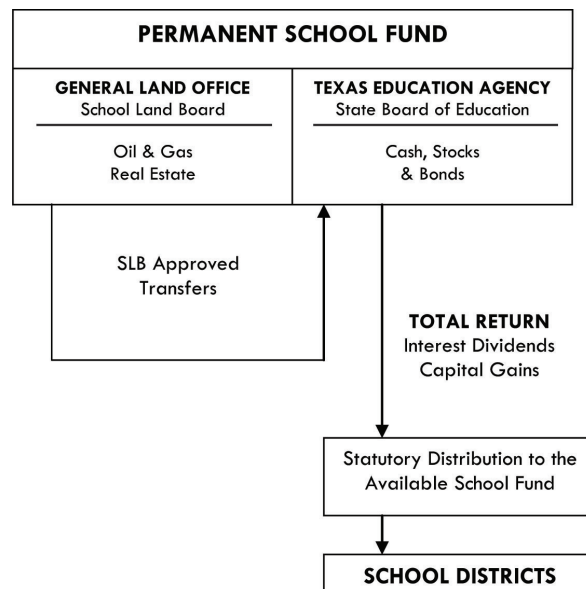
**FIGURE 278**  
**GENERAL LAND OFFICE CONTRIBUTIONS**  
**TO THE PERMANENT SCHOOL FUND**  
**AND ESCROW ACCOUNT RECEIPTS**  
**FISCAL YEARS 2002 TO 2007**



Note: General Land Office Escrow Account amounts include mineral lease royalty revenues.

SOURCE: General Land Office.

**FIGURE 279**  
**PERMANENT SCHOOL FUND REVENUE FLOW CHART**  
**OCTOBER 2007**



SOURCE: Legislative Budget Board.

Program (CMP) in 1991 to meet federal coastal zone management guidelines, which the federal government approved in January 1997. The CMP identifies effective measures to address wetlands protection, coastal erosion response, dune protection, permit streamlining, shoreline access, water resource management, and dredging-related issues. The Seventy-second Legislature, 1991, created the Coastal Coordination Council (CCC) to administer the CMP. The CCC, chaired by the Land Commissioner and made up of representatives from eight state agencies and four gubernatorial appointees, has rule-making and grant-making authority. CCC awards 90 percent of the Federal Funds granted to the CMP and coastal communities. GLO retains approximately 10 percent for program administration.

GLO is also responsible for the recruitment and coordination of volunteers for beach cleanups along the Texas coast through its Adopt-a-Beach Program. During the fall 2007 cleanup, 9,604 volunteers removed 189.9 tons of trash from 188.5 miles of Texas beaches. **Figure 280** shows the number

**FIGURE 280**  
**ADOPT-A-BEACH PROGRAM, VOLUNTEER CLEANUPS**  
**WINTER 2002 TO FALL 2007**

SEASONAL PERIOD	BEACH CLEAN-UP VOLUNTEERS	TRASH COLLECTED (IN TONS)
Winter 2002	115	3.0
Spring 2002	8,966	201.6
Fall 2002	9,682	150.8
Winter 2003	80	1.3
Spring 2003	8,928	272.9
Fall 2003	8,167	236.2
Winter 2004	80	3.4
Spring 2004	5,174	143.1
Fall 2004	8,703	223.8
Winter 2005	151	6.3
Spring 2005	7,010	122.9
Fall 2005	5,988	107.4
Winter 2006	281	9.5
Spring 2006	4,715	97.64
Fall 2006	8,509	130.36
Winter 2007	442	8.82
Spring 2007	6,812	143.57
Fall 2007	9,604	189.84
<b>TOTAL</b>	<b>93,407</b>	<b>2,052.43</b>

SOURCES: General Land Office; Veterans' Land Board.

of beach cleanup volunteers and tons of trash collected between winter 2002 and fall 2007.

GLO is charged with addressing coastal erosion through the Coastal Erosion Planning and Response Act, which will provide approximately \$17.2 million in state funds for coastal erosion response projects to local coastal communities during the 2008–09 biennium. The program funds projects to help preserve all vital assets and natural resources and with protecting the economic future of the Texas Gulf Coast. During the 2006–07 biennium, six construction projects were completed, totaling approximately \$12.7 million. The agency estimates that 15 planned construction projects will be completed during the 2008–09 biennium. Projects may consist of one or more of the following: shoreline protection; beach nourishment; and marsh, wetland, and dune restoration.

The federal Coastal Impact Assistance Program (CIAP) assists those coastal states and coastal political subdivisions within those states that have either supported or been affected in some measure, directly or indirectly, from Outer Continental Shelf (OCS) oil and gas exploration and development activities. Many of these effects are felt onshore through increased need for production and support facilities, potential air and water quality issues, and increasing demand for infrastructure and social systems to an influx of OCS workforce. Typically, coastal states that support oil and gas drilling in their waters and coastal lands are also affected by these activities. CIAP is funded with federal funds generated from offshore oil and gas lease royalties.

CIAP funds may be used only for one or more of the following purposes:

- projects and activities for the conservation, protection, or restoration of coastal areas, including wetlands;
- mitigation of damage to fish, wildlife, or natural resources;
- planning assistance and the administrative costs to comply with CIAP;
- implementation of a federally approved marine, coastal, or comprehensive conservation management plan; and
- mitigation of the impact of Outer Continental Shelf activities through funding of onshore infrastructure projects and public service needs.

The federal Energy Policy Act of 2005 amended the Outer Continental Shelf Lands Act (U.S.C. 1356a) to provide for

the disbursement of \$250 million each year from 2007 to 2010 to coastal states and their respective coastal political subdivisions as part of the CIAP. The program assists states in mitigating the affects associated with oil and gas production on the Outer Continental Shelf. The overall objective for use of the state portion of CIAP funds has been to finance projects within the Texas coastal area that are consistent with the CIAP legislation and provide statewide, regional, or local benefits to the Texas economy and environment. The U.S. Minerals Management Service (MMS) is the federal administering agency for the program.

On January 26, 2006, the Governor established a three-member Coastal Land Advisory Board to make recommendations to the Governor regarding the best use of state-level CIAP funds. The board will prepare the Texas CIAP Plan for the Governor to submit to the MMS. The Governor designated GLO as the administrative agency for CIAP. On April 16, 2007, the MMS released the state allocation of CIAP funds for fiscal years 2007 and 2008; Texas will receive \$48.6 million in each fiscal year. Of this amount, \$31.6 million will be awarded to the state and \$17.0 million will be awarded to the 18 coastal counties. The amount for fiscal years 2009 and 2010 will be determined during fiscal year 2008.

Coastal Management received \$41.3 million in appropriations for the 2008–09 biennium and 43.7 FTE positions. Coastal Erosion Control Grants received approximately \$34.3 million in appropriations for the 2008–09 biennium and 17.8 FTE positions. Of these amounts, the Legislature designated \$12.5 million per fiscal year to come from the proceeds of the Sporting Goods Sales Tax Transfer to the State Parks Account (General Revenue–Dedicated Funds) through an interagency contract with TPWD.

#### **OIL SPILL PREVENTION AND RESPONSE**

The Texas Oil Spill Prevention and Response Act of 1991 designated GLO as the lead state agency for the prevention of and response to marine oil spills. The agency is charged with developing and implementing a comprehensive oil spill prevention and response program to monitor the integrity of oil transport through Texas coastal waters and to respond quickly and efficiently to oil spills. The division consists of two functional areas: prevention and response.

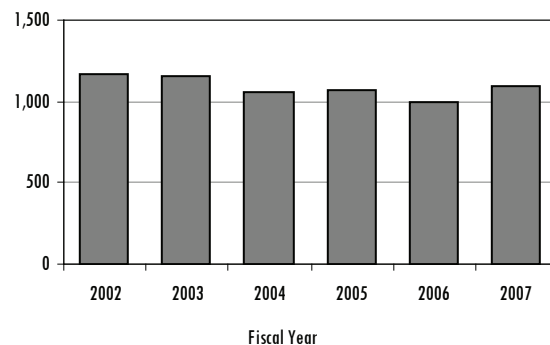
GLO addresses oil spill prevention in a number of ways. The Small Spill Education Program provides practical ways to avoid spills and maintains the Oil Spill Drill and Audit Program, which measures the readiness level of all sectors of

the oil-handling community. GLO also uses boats and harbor patrol to deter spills. Furthermore, owners and operators of facilities and vessels responsible for a discharge must analyze the factors leading to the discharge and submit a written statement outlining corrective actions they have taken and how they will prevent future discharges. Response plans submitted to GLO by facilities and vessel owner/operators must provide information regarding product storage, spill response equipment, training, and emergency procedures.

To address oil spill response, the agency has the Oil Spill Drill and Audit Program, which operates five regional response centers along the Texas Coast, located in Calhoun, Cameron, Harris, Jefferson, and Nueces counties. Agency staff at these centers investigate oil spills, inspect facilities, conduct audits, drill, review vessel response plans, and monitor the progress of all cleanups. In fiscal year 2007, the program responded to 1,094 oil spills. **Figure 281** shows GLO oil spill responses for fiscal years 2002 to 2007. The program receives funding from a one-and-one-third-cent fee (per barrel) on crude oil loaded or unloaded in Texas ports by vessel, and the proceeds are deposited in the Coastal Protection Account (General Revenue–Dedicated Funds).

Oil Spill Prevention received approximately \$8 million in appropriations for the 2008–09 biennium and 59.1 FTE positions.

**FIGURE 281**  
**OIL SPILL RESPONSES IN TEXAS COASTAL WATERS**  
**FISCAL YEARS 2002 TO 2007**



SOURCE: General Land Office.

#### **VETERANS' LAND BOARD**

The agency's third goal, Veterans' Land Board (VLB), provides benefit programs to Texas veterans. This function received \$48.5 million in appropriations for the 2008–09 biennium, which is approximately 28 percent of the agency's appropriated budget.

### VETERANS' BENEFITS PROGRAMS

The VLB, with two public members and the Land Commissioner as chair and administrator, was created by the Legislature in 1946 to administer a self-supporting program that provides low-interest, long-term loans of up to \$60,000 to Texas veterans for the purchase of land. Since its inception, the program has made more than 121,585 land loans to Texas veterans.

Two other loan programs were subsequently established to aid veterans in purchasing and improving their homes. The Veterans' Housing Assistance Program allows an eligible veteran to borrow up to \$325,000 to buy a home. Since it began in 1984, this program has made more than 73,046 home loans. The Veterans' Home Improvement Program enables eligible veterans to borrow up to \$25,000 for home improvements. Since 1986, the program has provided over 3,468 home improvement loans. Qualified Texas veterans may participate in all three programs. **Figure 282** shows the loan activity for fiscal years 2002 to 2007. The agency's programs are financed with fees and constitutionally approved bond proceeds that are repaid by the veterans participating in the programs.

VLB also administers the Texas State Veterans' Home Program, which provides long-term care for qualified veterans, their spouses, and certain parents of deceased veterans. Day-to-day operations of the veterans' homes are the responsibility of contract operators. In addition to its program-management responsibilities, VLB provides each veterans' home with full-time employees who are responsible for ensuring that the contract operators are complying with the terms of the management agreement and delivering quality care; they also assist with marketing activities such as distributing information to the community and assisting

potential residents and their families with admission application forms.

Beginning in fiscal year 2008 and subsequent to enactment of House Bill 3140, Eightieth Legislature, 2007, VLB operates a communications center to disseminate information on services available to veterans on behalf of both VLB and the Texas Veterans Commission (TVC).

There are now skilled nursing facilities for veterans in Big Spring, Bonham, El Paso, Floresville, McAllen, Temple, and Amarillo, which opened in May 2007. The program is a partnership between the U.S. Department of Veterans Affairs (VA), VLB, and private sector healthcare providers. It has significant administrative participation from TVC, Veterans County Service Officers, and veterans' organizations in the communities in which the homes are located. The homes provide skilled nursing care; specialized services such as physical, speech, and occupational therapy; and a wide range of recreational and educational activities. Operating costs for the skilled nursing homes are financed by the participating veterans' Social Security benefits, a VA per diem subsidy, Medicare/Medicaid payments, disability entitlements, private insurance, and personal funds.

Legislation enacted by the Seventy-seventh Legislature, 2001, and approved by the state electorate in November 2001, provided VLB with authorization to develop and operate up to seven state veterans' cemeteries. These cemeteries are designed, constructed, and equipped through grants from the VA. Once cemetery construction is completed, VLB owns and operates the cemetery and funds most of the cost of operations. These cemeteries serve veterans, spouses, and dependents that are not already served by one of the four national cemeteries in Texas. A cemetery in Killeen, the first state veterans' cemetery, opened in January 2006, while a second cemetery in Mission opened in December 2006. In October 2007, construction began on a third cemetery in Abilene.

Appropriations for the 2008–09 biennium for Veterans' Loan Programs total \$24.3 million and provide for 189.5 FTE positions. Veterans' Homes received approximately \$6.9 million in appropriations for the 2008–09 biennium and 40 FTE positions; and Veterans' Cemeteries received \$17.3 million in appropriations for the 2008–09 biennium, which includes \$12.6 million in Federal Funds for construction and 11.5 FTE positions.

**FIGURE 282**  
**VETERANS' LAND BOARD LOAN ACTIVITY**  
**FISCAL YEARS 2002 TO 2007**

FISCAL YEAR	LAND LOANS	HOUSING LOANS	HOME IMPROVEMENT LOANS
2002	543	2,300	47
2003	559	3,879	33
2004	521	7,033	51
2005	638	5,717	69
2006	631	3,550	34
2007	594	3,419	51

SOURCES: General Land Office; Veterans' Land Board.



**SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted several bills that affect GLO, including House Bill 2819, House Bill 3140, and House Bill 3699.

House Bill 2819 provides flexibility to GLO when developing guidelines for persons applying to acquire rights in coastal lands. It also provides that funds in the Coastal Erosion Response (CER) Account may be appropriated only to the Land Commissioner, and it provides that funds in the account may be used for the administration of the agency's coastal management program. However, the Eightieth Legislature, 2007, did not appropriate funds from the CER Account.

House Bill 3140 is the Sunset legislation enacted subsequent to a joint review by the Sunset Advisory Commission of the Veterans' Land Board and the Texas Veterans Commission. The legislation extends VLB to 2019 and requires VLB to operate a communications center to disseminate information on services available to veterans on behalf of both VLB and TVC. The legislation requires both agencies to coordinate on veterans benefits outreach activities, including sharing databases, combining direct mail efforts, disseminating information through a joint website and brochure, and conducting joint seminars. The legislation also requires VLB to enter into a memorandum of understanding (MOU) with TVC regarding communications center operations, and it requires the agencies to implement an appropriate reimbursement schedule to account for costs in operating the joint communications center. Further, the legislation requires establishment of a transition plan for the transfer of FTE positions from TVC to VLB for functions relating to the communications center. In August 2007, TVC and VLB signed an MOU providing that TVC will transfer to VLB funds totaling \$66,000 in fiscal year 2008 and \$68,000 in fiscal year 2009 in interagency contracts and 2 FTE positions.

House Bill 3699 allows the School Land Board to designate funds received from the lands and interests dedicated to the Permanent School Fund for deposit in the special fund account, which was renamed the Real Estate Special Fund (RESF) by the legislation. The legislation also clarifies the potential uses of proceeds of the RESF, allowing SLB to consult with employees or third parties regarding investments and potential investments. The legislation allows SLB to work with investment consultants and advisors and applies the same policies, requirements, restrictions and ethical standards to investment consultants and advisors as currently

apply to investment managers. Additionally, the legislation permits SLB to release funds from the RESF to the Available School Fund or the PSF, and allows the State Board of Education to transfer funds from the investment portion of the PSF to the RESF.



## PARKS AND WILDLIFE DEPARTMENT

The Texas Parks and Wildlife Department (TPWD) was created in 1963 when the Fifty-eighth Legislature merged the State Parks Board and the Game and Fish Commission. In 1983, the Sixty-eighth Legislature, through the Wildlife Conservation Act, authorized the agency to manage fish and wildlife resources in all Texas counties. The Act also increased the agency's governing body from a three-member commission to the present nine-member commission, all appointed by the Governor for six-year, staggered terms. The agency's mission is to manage and conserve the natural and cultural resources of Texas and to provide hunting, fishing, and outdoor recreational opportunities for the use and enjoyment of present and future generations.

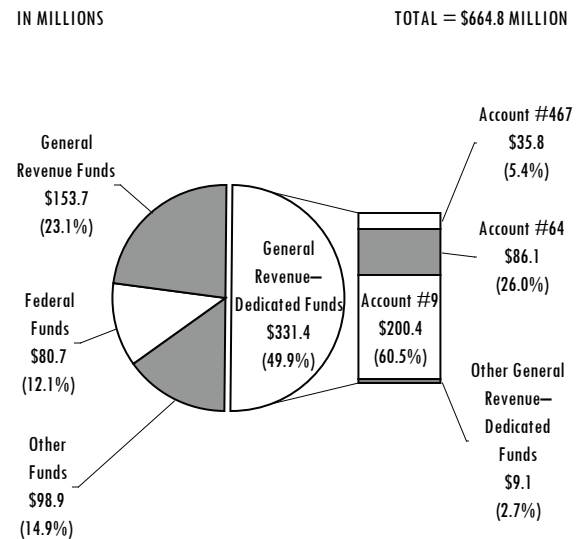
Appropriations for the 2008–09 biennium total \$664.8 million in All Funds and provide for 3,100 full-time-equivalent (FTE) positions in each fiscal year. In addition to this amount, TPWD is appropriated \$2.7 million to provide pay raises for its commissioned peace officers.

Of total funding, \$485.2 million, or 73 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds. The bulk of the agency's General Revenue–Dedicated Funds consists of fees collected from users such as hunters, anglers, boaters, and state park visitors. **Figure 283** shows agency appropriations for the 2008–09 biennium by funding source, including General Revenue–Dedicated Funds.

Hunting and fishing license sales, the largest source of the user fees TPWD collects and deposits to the credit of the Game, Fish and Water Safety Account (General Revenue–Dedicated Funds), are shown in **Figure 284** for fiscal years 2003 to 2007. These amounts include sales of commercial licenses. In fiscal year 2004, TPWD implemented an average 20 percent increase in the cost of licenses. As shown in **Figure 284**, although revenue increased by \$7.1 million between fiscal years 2004 and 2005, the number of licenses sold declined. TPWD reports that although the number of licenses sold has been relatively stable since 2005, the revenue from license sales varied because of minor changes in the purchase patterns of the license-buying public.

The agency's goals are to (1) strengthen commitment to core constituencies such as hunters, anglers, park visitors, and other outdoor enthusiasts; (2) broaden efforts to reach new constituencies; and (3) protect fish and wildlife resources and manage the natural and cultural heritage of Texas. **Figure 285** shows 2008–09 biennium appropriations by major function, including conserving fish, wildlife, and natural

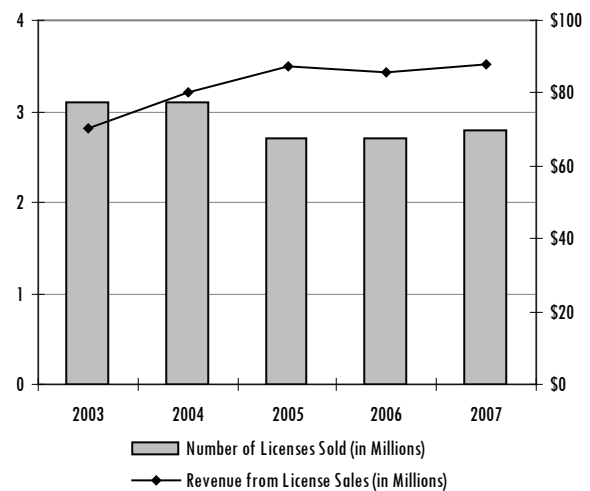
**FIGURE 283**  
**PARKS AND WILDLIFE DEPARTMENT**  
**APPROPRIATIONS BY FUNDING SOURCE**  
**2008–09 BIENNIUM**



NOTE: Account #9—Game, Fish and Water Safety Account; Account #64—State Parks Account; Account #467—Texas Recreation and Parks Account.

SOURCE: Legislative Budget Board.

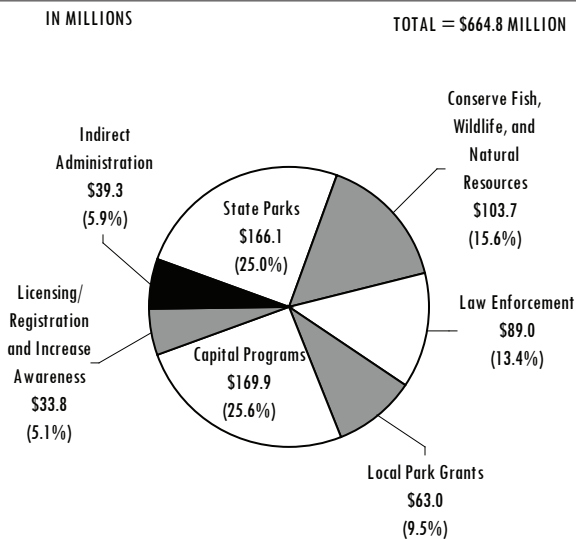
**FIGURE 284**  
**HUNTING AND FISHING LICENSE SALES**  
**FISCAL YEARS 2003 TO 2007**



SOURCE: Texas Parks and Wildlife Department.

resources (\$103.7 million, or 15.6 percent of total appropriations) and operating state parks (\$166.1 million, or 25 percent of total appropriations). Other major functions of TPWD include law enforcement, managing capital programs (infrastructure), providing local park grants, licensing and registration, and public awareness and outreach. TPWD received \$25 million in General Revenue Funds (Sporting

**FIGURE 285**  
**PARKS AND WILDLIFE DEPARTMENT**  
**APPROPRIATIONS BY FUNCTION**  
**2008–09 BIENNIUM**



SOURCE: Texas Parks and Wildlife Department.

Goods Sales Tax) to contract with the General Land Office for coastal erosion projects.

TPWD is primarily a field organization, with approximately 76 percent of its employees located at state parks, wildlife-management areas, fish hatcheries, research facilities, and field offices throughout the state. Agency programs are organized into the following six major divisions: Wildlife, Coastal Fisheries, Inland Fisheries, Law Enforcement, State Parks, and Infrastructure.

### WILDLIFE DIVISION

The Wildlife Division's goal is to manage all wildlife resources for the common benefit of the public by using sound biological principles. The agency currently operates 51 wildlife-management areas totaling more than 800,000 acres. These areas are used to develop and test management programs that can be applied on private lands. Public hunts are conducted at these sites when they are determined to be compatible with wildlife-management goals for the respective sites. Because nearly 90 percent of Texas land is privately owned, voluntary landowner incentive and technical assistance programs that encourage landowners to participate in wildlife-management plans are necessary to accomplish statewide conservation goals. As a result of these programs, the agency increased the percentage of privately owned land enrolled in wildlife management programs since 2001 from 9.7 percent to 15.6 percent.

Wildlife-management objectives include increasing public hunting opportunities; increasing participation by targeted user groups (e.g., women and minorities) in activities such as hunting; increasing the private acreage under cooperative management agreements for wildlife resource enhancement; and conserving biological diversity in all wildlife habitats.

As shown in **Figure 284**, revenue from license sales increased from \$70.6 million in fiscal year 2003 to \$88.1 million in fiscal year 2007, primarily due to TPWD implementing an average 20 percent increase in the cost of all licenses in fiscal year 2004. Historically, TPWD experiences a decline in license sales after increases in license prices. However, another factor in the decrease in the number of licenses sold from 3.1 million in fiscal year 2004 to 2.8 million in fiscal year 2007 includes the agency's incorporating the saltwater fish stamp into combination fishing licenses, resulting in fewer saltwater fish stamp sales.

### COASTAL AND INLAND FISHERIES DIVISIONS

The primary objective of the Coastal Fisheries and Inland Fisheries divisions is conserving the aquatic resources of the state to increase recreational and commercial fishing opportunities. The functions of these two divisions include monitoring natural resources and commercial and recreational resource users, identifying deficiencies and surpluses in the fish population, and developing and implementing measures to maintain balanced fish populations. The divisions also manage fish habitats in more than 800 public impoundments (confined bodies of water) covering 1.7 million acres, about 191,000 miles of rivers and streams, and 916 miles of tidewater coastline encompassing four million acres of saline waters. The divisions are responsible for protecting fish habitats in Texas, which includes the following activities:

- investigating fish kills and pollution incidents;
- providing information and permit recommendations to governing entities;
- seeking mitigation and restitution for environmental damages;
- regulating the removal of sand and gravel from state-owned streams;
- studying the probable impact of reservoir and other development projects, wastewater discharges, and hazardous waste disposal on aquatic resources, and making recommendations to the sponsoring or permitting agencies to help avoid or mitigate those repercussions; and

- coordinating bay and estuary studies that provide essential marine biological information.

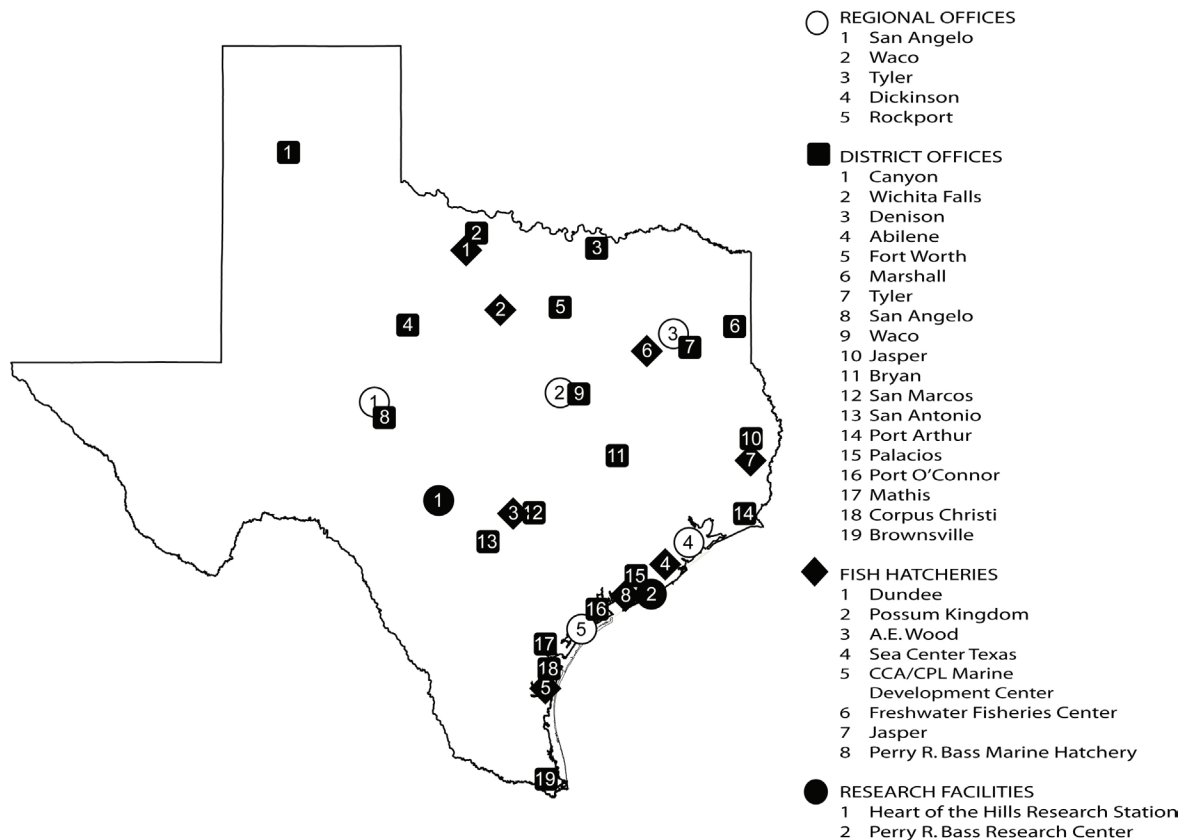
TPWD manages eight hatcheries throughout the state that raise fry (fish that are less than one week old) and fingerlings (fish that are at least 1.2 inches in length). In fiscal year 2007, the hatcheries produced 43.6 million fingerlings, 15.8 million by the five freshwater hatcheries and 27.8 million by the three saltwater hatcheries. To date, the agency's fish hatcheries have stocked Texas waters with more than one billion fry and fingerlings in an effort to provide adequate recreational fishing. (The locations of inland and coastal fish hatcheries and field stations are shown in **Figure 286**).

The Coastal Fisheries Division is responsible for making management recommendations regarding saltwater fish populations in Texas' bays and estuaries and along the Gulf of Mexico coastline. In addition, this division is responsible for developing and maintaining artificial reefs off the Texas Coast for the purpose of enhancing marine habitat and providing additional fishing and diving opportunities.

In fulfilling its responsibilities, the Coastal Fisheries Division is involved in the following major activities:

- assessing the status of finfish, shrimp, crab, and oyster populations;
- preparing management plans for fishery populations, including saltwater fishing regulations for commercial and recreational users that provide for optimal sustainable yields;

**FIGURE 286**  
**COASTAL AND INLAND FISHERIES**  
**2008–09 BIENNIUM**



NOTE: CCA/CPL = Coastal Conservation Association/Central Power and Light Company.  
SOURCE: Texas Parks and Wildlife Department.

- identifying stock and engaging in the scientific monitoring of fishery populations through 10 field stations;
- using interviews with anglers, private boat and charter boat anglers, commercial boats, and commercial anglers to monitor the recreational harvest and commercial landings;
- monitoring finfish and shellfish population levels by taking more than 8,000 samples of saltwater fish per year and corresponding water-quality readings from bays and the Gulf of Mexico;
- researching coastal wetlands restoration and the restoration of damaged habitats; and,
- maintaining and enhancing existing fishery stock by operating three marine fish hatcheries.

The Inland Fisheries Division is responsible for developing management recommendations regarding freshwater fish located in more than 800 public bodies of water, including harvest regulations and stocking recommendations. The division operates five fish hatcheries and has 15 field offices that monitor freshwater fish populations and habitat status.

The Inland Fisheries Division includes the following major activities:

- sampling fish populations and habitat in public reservoirs;
- surveying recreational anglers to determine catch and hours fished;
- managing noxious vegetation; and
- operating outreach and public education programs, primarily at the Texas Freshwater Fisheries Center in Athens.

### STATE PARKS DIVISION

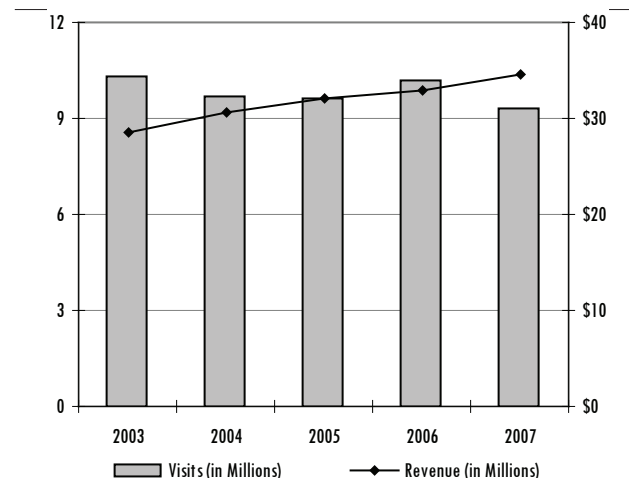
The Texas State Park System consists of 90 parks, natural areas, and historic sites, totaling about 602,000 acres. In fiscal year 2007, more than nine million people visited these sites. Nationally, Texas ranks fifth in state park acreage, after Florida, New York, California, and Alaska. The State Parks Division's primary objectives are to ensure safe and cost-effective management of state parks; to increase educational opportunities at TPWD sites; and to satisfy state and local priorities for natural, cultural, and outdoor recreational resources.

Annual state park visits and revenue from paid park visits since fiscal year 2003 are shown in **Figure 287**. Fluctuations can be expected in state park visits from year to year because of weather conditions during peak seasons or holiday weekends, which can include hurricanes causing park closures or prolonged droughts discouraging visitations. However, state park revenue has increased since fiscal year 2004, when TPWD implemented statewide increases in park entrance and facility use fees. Fees were adjusted again in fiscal year 2006, including fees to cover costs of upgrading electrical hookups at recreational vehicle camp sites.

In addition, outdoor recreation planners point to the changing demographics of the state when evaluating trends in park visitations. More than 87 percent of the state's population lives in metropolitan areas and just under 64 percent live in the state's four major metropolitan areas: (1) Dallas/Fort Worth/Arlington, (2) Houston/Sugar Land/Baytown, (3) San Antonio, and (4) Austin/Round Rock. Further, older adults and minorities, two groups that are reportedly increasing at a faster rate than other population groups, participate less in traditional department programs like visiting state parks and recreational fishing than other population groups. As a result, when creating or developing new parks, TPWD focuses its efforts on sites within a 90-minute drive of the state's most populous cities. (See the Land and Water Resources Conservation and Recreation Plan, which was required by the TPWD Sunset legislation, Senate Bill 305, Seventy-seventh Legislature, 2001.)

Volunteers and private organizations play a significant role in the daily operations of many state parks. Volunteers clean

**FIGURE 287**  
**STATE PARK REVENUE AND VISITS**  
**FISCAL YEARS 2003 TO 2007**



SOURCE: Texas Parks and Wildlife Department.

park facilities, schedule and staff special events, raise private funds, and promote parks and related services. In addition, the agency uses inmate labor to perform numerous tasks to help lower the costs of maintaining and operating state parks.

State parks are not self-supporting and have historically received General Revenue Funds through a statutory allocation of the cigarette tax. Revenue from this source was discontinued in fiscal year 1994 and replaced by a limited

statutory allocation of the sales tax on sporting goods. Unlike taxes on specific items, the Comptroller of Public Accounts (CPA) estimates revenue from this source based on a statutory definition of sporting goods. As shown in **Figure 288**, according to CPA, two-thirds of Sporting Goods Sales Tax (SGST) revenue is generated from sales of bicycles and related supplies, hunting and firearms equipment, exercise equipment, and fishing tackle.

**FIGURE 288**  
**ESTIMATED STATE SALES TAX REVENUE FROM THE SALE OF SPORTING GOODS**  
**FISCAL YEAR 2008**

CATEGORY OF SPORTING GOOD	REVENUE (IN THOUSANDS)	% OF TOTAL	CUMULATIVE %
Bicycles and Supplies	\$22,105.4	19.6	19.6
Hunting and Firearms Equipment	21,306.2	18.9	38.5
Exercise Equipment	19,934.4	17.7	56.2
Fishing Tackle	13,247.3	11.8	68.0
Golf Equipment	10,371.6	9.2	77.2
Camping	4,816.9	4.3	81.5
Snow Skiing Equipment	3,224.7	2.9	84.4
Billiards/Indoor Games	1,967.3	1.7	86.1
Hunting/Outdoor Apparel	1,930.7	1.7	87.8
Baseball/Softball	1,773.6	1.6	89.4
Skin Diving and Scuba Gear	1,633.3	1.5	90.9
Archery	1,591.9	1.4	92.3
Wheel Sports and Pogo Sticks	1,580.5	1.4	93.7
Tennis Equipment	1,434.3	1.3	95.0
Golf Shoes	1,123.2	1.0	96.0
Optics	968.6	0.9	96.9
Basketball	899.2	0.8	97.7
Bowling	823.4	0.7	98.4
Football Equipment	385.7	0.3	98.7
Cycling Shoes	223.7	0.2	98.9
Hockey Equipment and Ice Skates	214.0	0.2	99.1
Soccer	208.3	0.2	99.3
Bowling Shoes	196.9	0.2	99.5
Ski Apparel	181.0	0.2	99.7
Water Skis	165.7	0.1	99.8
Volleyball and Badminton	164.9	0.1	99.9
Racquetball Equipment	39.5	<0.1	100.0
<b>TOTAL</b>	<b>\$112,512.0</b>	<b>100.0</b>	

SOURCES: Legislative Budget Board; Comptroller of Public Accounts.



The Eightieth Legislature, 2007, enacted House Bill 12, which removes the biennial cap on the statutory allocation from the SGST for state parks and allows the Legislature to set the cap in the General Appropriations Act (GAA). For the 2008–09 biennium, the Legislature appropriated \$33.9 million to TPWD for state parks from this source. Other SGST designated in the GAA include \$25 million to TPWD in pass-through funds to the General Land Office for coastal erosion projects and \$13.7 million to the Texas Historical Commission (THC) to operate 18 historic sites transferred from TPWD under the legislation.

### STATE PARKS

The Eightieth Legislature, 2007, provided TPWD with \$96.4 million in additional funding in All Funds more than 2006–07 spending levels for state park operations, the park minor repair program, and local park grants during the 2008–09 biennium. The 79.7 percent increase in parks spending includes funding for the following:

- \$43.7 million for increases in park operating costs and salaries for an additional 229.3 FTE positions (of this amount, \$16.0 million is available to the agency only if the Comptroller certifies additional collections from park entrance fees);
- \$9.4 million for new transportation items, equipment, and computers for the park system;
- \$7.0 million for the state park minor repair program, which funds projects at an average cost of \$25,000 or less; and
- \$36.3 million for additional local park grants.

These increases were offset by reductions of \$6.8 million and 65 FTE positions to reflect the transfer of 18 historic sites to THC and the Texas State Railroad to a local consortium. In addition to the \$96.4 million noted above, the Legislature provided \$15.8 million in All Funds above 2006–07 spending levels for park land acquisition and development, which includes \$1.9 million to purchase tracts or in holdings at existing park sites, or to construct or expand facilities at existing park sites, and \$9.6 million in appropriated receipts from the proceeds for the sale of Eagle Mountain Lake for acquiring new park land.

The Legislature also appropriated \$2 million in General Revenue Funds to provide matching Federal Funds for a transportation enhancement grant for the Texas State Railroad.

### LOCAL PARK GRANTS

The State Parks Division also provides planning assistance and matching grants to local communities for the acquisition and development of local parks, public boat ramps, and regional trails. Any political subdivision in the state authorized by law to provide recreational opportunities for the general public, including cities, counties, and river authorities, is eligible to apply to TPWD for 50 percent matching grants for park projects costing up to \$1 million.

Since fiscal year 1994, local parks have also received a statutory allocation of the SGST to the Texas Recreation and Parks Account (General Revenue–Dedicated Funds) as a primary source of funding. Similar to the statutory allocation of SGST for state parks, the local parks allocation was capped at a biennial amount of \$31 million. However, the Eightieth Legislature, 2007, enacted House Bill 12, which removes the biennial cap on the statutory allocation from the SGST for local parks and instead sets the cap at amounts appropriated to the department in the GAA.

Since the 2004–05 biennium, the Legislature appropriated less than the statutory allocation of the SGST for local parks, which continued to be deposited in the Texas Recreation and Parks Account despite the reduction in appropriations. As a result, the unspent balance in the Texas Recreation and Parks Account grew and like balances in other General Revenue–Dedicated accounts was used by the Comptroller of Public Accounts to certify the GAA. The Eightieth Legislature, 2007, appropriated \$35.8 million in unspent balances from the Texas Recreation and Parks Account.

### LAW ENFORCEMENT DIVISION

The Law Enforcement Division is responsible for the enforcement of all laws in the Texas Parks and Wildlife Code and certain sections of the Texas Penal Code, the Texas Water Code, and the Texas Antiquities Code. Its objectives include increasing compliance with relevant state laws, decreasing public water and hunting fatalities and boating accidents, increasing hunting and fishing opportunities for targeted user groups, and minimizing adverse effects on the state's fish and wildlife resources. The Law Enforcement Division operates 10 regional and 18 field offices that sell licenses, register boats, and disseminate information pertaining to local regions.

The division has approximately 512 game wardens throughout the state. As commissioned peace officers, game wardens are responsible for initiating enforcement action in response to any violation of state law that occurs in their



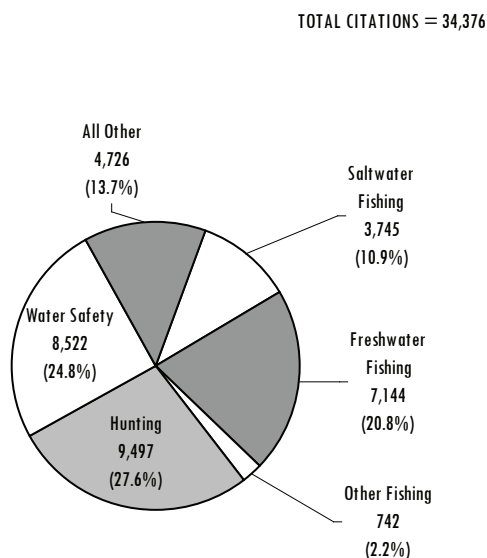
presence and that constitutes a danger to life and property. The following are routine responsibilities of game wardens:

- patrolling daily to spot game law violations;
- patrolling to identify sport and commercial fishing violations and violations of the Texas Water Safety Act on inland and coastal waters;
- enforcing statutes and regulations applicable to air, water, and hazardous materials;
- issuing citations for illegal taking or dredging of state-owned sand, shell, or gravel; and,
- issuing citations for violations of penal statutes, including criminal trespass and discharging a firearm from a public road.

**Figure 289** shows the percentage of each type of citation issued by TPWD law enforcement officers in fiscal year 2007.

The Law Enforcement Division also received increased funding of a net \$3.5 million in All Funds, including an increase of \$4.1 million in General Revenue Funds and General Revenue–Dedicated Funds for border security (\$1.7 million for operations, training costs, and equipment for 15 new game wardens) and increased fuel, utilities, and operating costs (\$2.4 million) offset by decreases in Federal Funds, primarily for a joint law enforcement project. Also added for

**FIGURE 289**  
**CITATIONS ISSUED BY PARKS AND WILDLIFE**  
**LAW ENFORCEMENT DIVISION**  
**FISCAL YEAR 2007**



SOURCE: Texas Parks and Wildlife Department.

border security issues was another \$0.4 million in training costs and computer equipment for the 15 new game wardens.

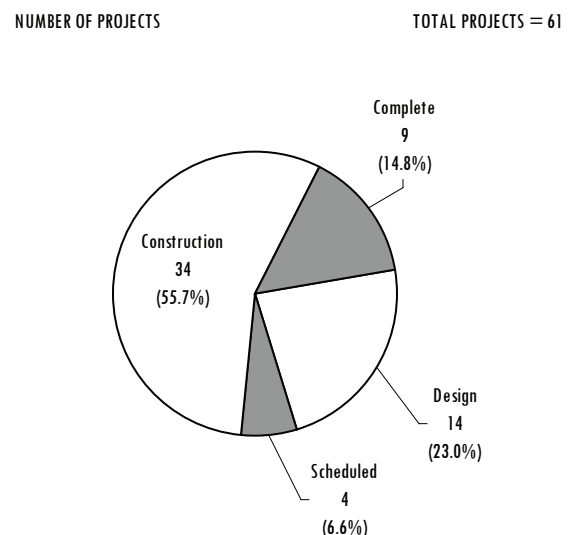
## INFRASTRUCTURE DIVISION

### PARK INFRASTRUCTURE

TPWD created the Infrastructure Division in 1997 to manage repairs in the aging state parks infrastructure. In 2001, the Seventy-seventh Legislature appropriated \$36.7 million in General Obligation (GO) bonds to TPWD for critical repairs, scheduled maintenance, and major construction projects such as the renovation of the San Jacinto Battleground and the development of Sheldon Lake State Park. Issued in fiscal year 2003, these bond funds supported 145 projects at 76 facilities and were fully expended by the end of fiscal year 2007. The Seventy-ninth Legislature, Regular Session, 2005, appropriated an additional \$18.1 million in GO bonds to TPWD for critical repairs at 32 facilities statewide, mostly for water and sewer system improvements. (A status report on current TPWD GO bond projects is shown in **Figure 290**.)

The Eightieth Legislature, 2007, provided an additional \$44.1 million in GO bond proceeds for statewide capital

**FIGURE 290**  
**GENERAL OBLIGATION BONDS, PROJECT STATUS**  
**AS OF AUGUST 31, 2007**



NOTES: Fiscal year 2006 Appropriated = \$18.1 million. Expended/encumbered as of August 31, 2007 = \$6.5 million. Bonds issued in April 2006.

Bonds authorized by the Seventy-seventh Legislature, 2001, and approved by the electorate in January 2002.

SOURCES: Legislative Budget Board; Texas Parks and Wildlife Department.

repairs. This amount includes \$17.0 million from previously authorized Proposition 8 bonds and \$27.1 million in Proposition 4 bonds, which was approved by Texas voters in November 2007. In keeping with an increase in funding for capital repairs, the Eightieth Legislature also provided an increase of \$3 million and 25 FTE positions for the Infrastructure Division for project management, planning, design, and construction.

The Battleship *TEXAS*, a historic dreadnought first commissioned in 1914, is moored at the San Jacinto Battleground. Maintaining the aging ship requires removal to a dry dock location for major repairs, including steel hull replacement. The Eightieth Legislature, 2007, provided an increase of \$25 million in GO bond proceeds for repairs, which was approved by voters in November 2007. The Eightieth Legislature also designated that \$16.1 million in Federal Funds be allocated for repairs if the Battleship *TEXAS* project meets federal grant requirements of the Transportation Enhancement Program (TEP) administered by the Federal Highway Administration. The 2008–09 GAA (Rider 46, page VII-31) authorizes the Texas Department of Transportation, which administers TEP funds, to redirect the \$16.1 million to other projects if the Battleship *TEXAS* project does not meet grant guidelines.

#### **WILDLIFE AND FISHERIES INFRASTRUCTURE**

In 2005, the Seventy-ninth Legislature approved \$15 million in revenue bonds for the construction of a new fish hatchery in East Texas. The new hatchery will replace an existing hatchery in Jasper, Texas that the Civilian Conservation Corps built in 1932. TPWD appropriations for 2008–09 include a \$4.3 million increase in proceeds from the \$5 freshwater fish stamp for bond debt service, which has a seven-year repayment schedule (through fiscal year 2013). The repayment schedule coincides with the expiration date of the stamp, which was authorized by legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003. To address project cost increases for the East Texas Fish Hatchery, the Eightieth Legislature, 2007, provided TPWD with an additional appropriation of \$12.3 million in freshwater fish stamp proceeds. The new hatchery is expected to open in Spring 2010.

#### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted several bills that affect TPWD.

House Bill 12 makes several changes relating to the funding and duties of TPWD, including the following:

- The legislation transfers 18 historic sites on or after January 1, 2008, from TPWD to the Texas Historical Commission (THC).
- The legislation allocates 6 percent of the annual proceeds from SGST to THC and the remaining 94 percent to TPWD, subject to amounts appropriated in the GAA.
- From the 94 percent of SGST allocated to TPWD, the legislation directs that 74 percent is credited to the State Parks Account (General Revenue–Dedicated Funds), 15 percent to the Texas Recreation and Parks Account (General Revenue–Dedicated Funds), 10 percent to a new Large County and Municipality Recreation and Parks Account (General Revenue–Dedicated Funds), and 1 percent to the Parks and Wildlife Capital Account (General Revenue–Dedicated Funds). Because the new Large County and Municipality Parks Account was not created by the Eightieth Legislature, 2007, TPWD designates approximately 60 percent of funding appropriated for discretionary local park grants to counties or municipalities with populations of less than 500,000 and 40 percent to counties or municipalities with populations at or exceeding 500,000.
- The legislation requires TPWD to report to certain executive and legislative entities its management plan and priorities list relating to the maintenance of state park facilities by no later than January 15 of each odd-numbered year.
- Under the provisions of the legislation, TPWD must adopt rules relating to the possession or transport of certain non-indigenous snakes and rules to implement certain requirements for commercial party boats on inland waters.
- TPWD must adopt physical fitness standards for certain law enforcement officers and report on the rate of compliance.
- An interim study subcommittee of the House Committee on Culture, Recreation, and Tourism must be formed to review base operating plans for each historic site required by the legislation to be transferred and report to the full committee on the study findings not later than September 1, 2008.

- The legislation requires TPWD to conduct a study of ways to improve its hunting and fishing license systems and report to certain executive and legislative entities not later than October 1, 2008.
- The legislation establishes a joint legislative task force to study the use of the sales tax on sporting goods and submit findings and recommendations to the Legislature prior to the next regular session, 2009.

Senate Bill 3 provides new regulations to protect surface water to protect environmental flow needs in Texas' rivers and bays. A member of TPWD will serve on the newly created Environmental Flows Advisory Group, which also will include governor appointees and members of the Legislature. TPWD also will provide technical assistance to science teams responsible for providing information to regional consensus-based bay and basin stakeholder committees. TPWD received \$362,013 General Revenue–Dedicated Funds (Game, Fish and Water Safety Account) and 3 FTE positions to provide technical assistance to the bay and basin science teams.

Senate Bill 3 also designates TPWD as a member of the Texas Water Conservation Advisory Council. In addition, TPWD will serve as a member of a steering committee to oversee the monitoring of withdrawal levels in the Edwards Aquifer, including the flows of the Comal and San Marcos springs and the protection of related ecosystems during periods of drought. The committee will also encourage conservation and development of new water sources to meet the needs of the region's growing population.

Senate Bill 1659 directs TPWD to transfer the Texas State Railroad and its assets to the newly created Texas State Railroad Authority (TSRA), which is governed by a board of directors appointed by the cities of Palestine and Rusk. The TSRA has the ability to lease the steam-powered tourist train and its facilities to a private operator to ensure continued operations.

House Bill 3764 directs TPWD to administer a new validation system to authorize a marine dealer, distributor, or manufacturer to use a vessel for limited and temporary recreational purposes such as participating in contests or demonstrating the vessel for a prospective customer. In prior years, boats may have been used permanently for recreational purposes, which resulted in the users avoiding a sales tax. Receipts from the new validation card are estimated to be \$45,000 in fiscal year 2009 and each year thereafter to the credit of the Game, Fish, and Water Safety Account (General Revenue–Dedicated Funds).

House Bill 15 provides TPWD \$2.9 million in General Revenue–Dedicated Funds for department needs associated with the statewide project to consolidate data center operations for 27 agencies. The project was initiated by the Seventy-ninth Legislature, Regular Session, 2005, to coordinate information technology planning, budgeting, and procurement.

House Bill 3249 revises the Sunset date for TPWD from September 1, 2013 to September 1, 2009. Under review guidelines, the department's self-evaluation report was due August 31, 2007 and the Sunset Advisory Commission will make its recommendations to the Eighty-first Legislature, 2009.

## RAILROAD COMMISSION

The three-member Railroad Commission of Texas (RRC), authorized by the Texas Constitution, was created in 1891 to regulate “railroads, terminals, wharves, and express companies.” Members of the commission are full-time, statewide-elected officials.

The agency’s duties and responsibilities have changed significantly since its inception. Its current mission is to serve Texas by its stewardship of natural resources and the environment, concern for personal and community safety, and support of enhanced development and economic vitality for the benefit of Texans. The agency performs four functions that guide it in fulfilling its mission: Energy Resources; Safety Programs; Environmental Protection; and Technology Enhancements.

RRC has four regulatory divisions that oversee the Texas oil and gas industry, gas utilities, pipeline and rail safety, safety in the liquefied petroleum gas industry, and the surface mining of coal and uranium. In fiscal year 2005, Texas ranked number one among the 50 states in the production of crude oil and in the production of marketed natural gas.

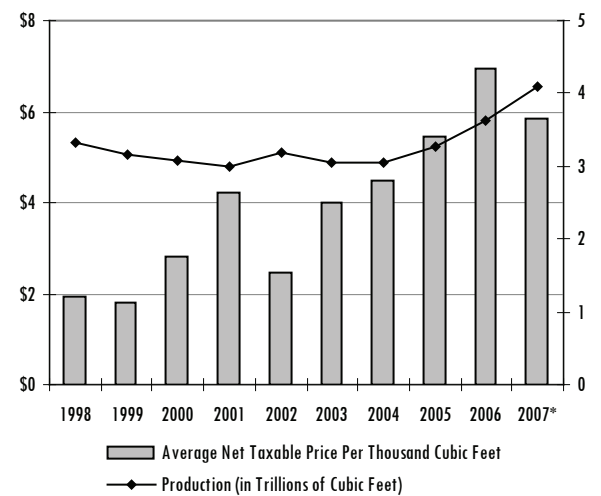
Appropriations to RRC for the 2008–09 biennium total \$121.8 million in All Funds and provide for 706.1 full-time-equivalent (FTE) positions in each fiscal year. This amount includes \$106 million in General Revenue Funds and General Revenue–Dedicated Funds (87.1 percent).

## ENERGY RESOURCES

The agency supports the development, management, and use of Texas oil and gas energy resources, protecting correlative rights and equal and fair energy access to all entities.

To carry out its regulatory responsibilities to prevent waste and protect the rights of others who may be affected, RRC grants drilling permits based on established spacing and density rules. It also assigns production limits on oil and gas wells and performs audits to ensure that those limits are not exceeded. The agency receives operators’ production reports on 63,800 oil leases (an oil lease may contain multiple oil wells) and 80,000 gas wells. Production allowables (amounts which a producer is permitted to extract from a well in a given year) are assigned according to factors such as tested well capability, reservoir mechanics, market demand for production, and past production. **Figure 291** and **Figure 292** show gas and oil production and the average taxable price for each fiscal year from 1998 to 2007.

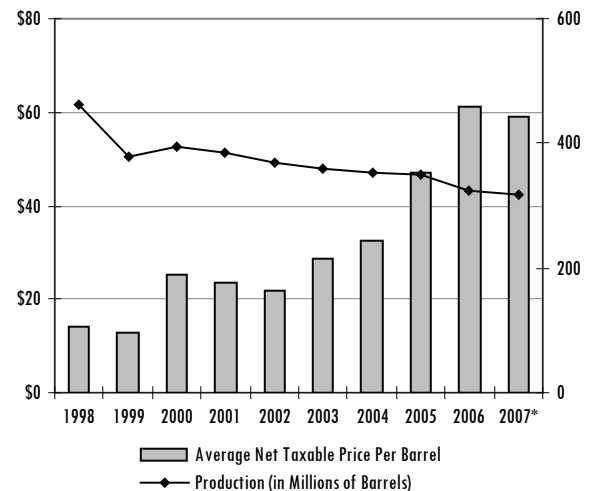
**FIGURE 291**  
**TEXAS GAS PRODUCTION**  
**FISCAL YEARS 1998 TO 2007**



\*Estimated.

SOURCE: Comptroller of Public Accounts.

**FIGURE 292**  
**TEXAS OIL PRODUCTION**  
**FISCAL YEARS 1998 TO 2007**



\*Estimated.

SOURCE: Comptroller of Public Accounts.

RRC is also responsible for the regulation of gas utilities. The agency audits utilities to ensure that the proper gas utility tax is paid and monitors rates charged customers for natural gas and services.

The Alternative Fuels Research and Education Division (AFRED) promotes propane as an environmentally and economically beneficial alternative fuel. State law requires that 50 percent of delivery-fee revenue be used for consumer rebate programs. The agency uses these funds to develop

competitive propane technologies, marketing activities, and education materials related to propane's usefulness as a clean, economical, Texas-produced fuel. AFRED offers a variety of rebates for both the consumer and the propane marketer.

The Energy Resources function is appropriated \$19.2 million in All Funds for the 2008–09 biennium, or 16 percent of the agency's budget, which provides for 136.8 FTE positions.

### SAFETY PROGRAMS

By providing training, monitoring, and enforcement, the agency advances safety in the delivery and use of Texas petroleum products. The agency's Pipeline Safety Program regulates the safety of intrastate natural gas pipelines and hazardous liquid pipelines in Texas. The agency is a certified agent of the U.S. Department of Transportation for the enforcement of federal pipeline safety regulations for intrastate pipeline facilities pursuant to the federal Pipeline Safety Act.

The Pipeline Safety Division enforces pipeline operators' compliance with federal and state laws. This division issues licenses and permits, conducts field inspections and accident investigations, and responds to emergencies.

The Safety Programs function received \$9.5 million in All Funds appropriations for the 2008–09 biennium, or 8 percent of total agency appropriations. The function encompasses approximately 75 of the agency's FTE positions.

### ENVIRONMENTAL PROTECTION

The agency ensures that Texas' fossil fuel energy production, storage, and delivery occurs in a manner that minimizes harmful effects on the state's environment and that preserves natural resources. The agency accomplishes this through monitoring and inspections, and remediation, reclamation, and plugging of oil and gas wells. RRC addresses these responsibilities through a variety of activities:

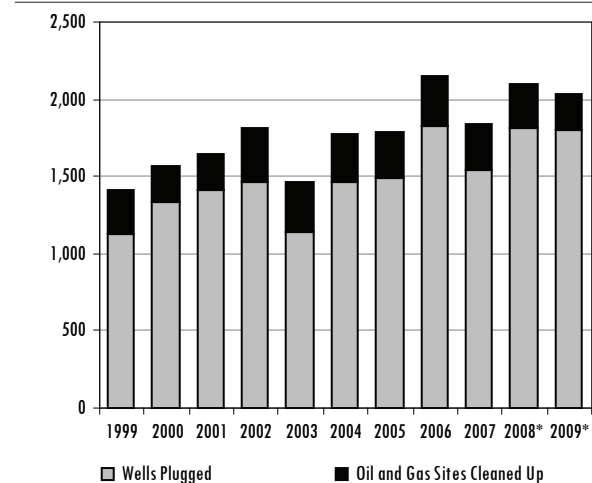
- promulgating rules for regulated industries;
- registering organizations;
- maintaining financial assurance of operators;
- requiring and maintaining certain filings by operators;
- granting permits and licenses;
- monitoring performance and inspecting facilities;
- maintaining records and maps;
- reviewing variance requests;

- investigating complaints and responding to emergencies; and
- plugging abandoned (or orphaned) oil and gas wells and cleaning up pollution sites.

The Oil Field Cleanup (OFCU) Fund, supported entirely by fees, penalties, and other payments collected from the oil and gas industry, is used by RRC to plug abandoned wells. Since the inception of the oil field cleanup program in 1984, the agency has plugged 27,614 wells with the use of these state funds. The agency identified a backlog of approximately 9,579 unplugged and orphaned wells as of October 2007. The agency uses a priority rating system that includes four categories and 26 rated factors of human health, safety, environment, and wildlife to determine which wells pose the greatest risk to public safety and the environment.

RRC coordinates state-funded cleanup of abandoned oil field sites and reviews and monitors voluntary cleanups funded by the industry. Professional environmental engineering firms hired by RRC perform environmental assessments, conduct site investigations, submit remedial designs, and perform remedial action oversights at oil and gas industry exploration and production sites and associated facilities across the state. The engineering firms perform the cleanup of oil and gas waste and other regulated substances that are causing or are likely to cause the pollution of surface or subsurface water. **Figure 293** shows information regarding the number of wells plugged using state funds and the number of polluted oil and gas sites cleaned up using state funds since fiscal year 1999.

**FIGURE 293**  
**WELLS PLUGGED AND OIL AND GAS SITES**  
**CLEANED UP USING STATE FUNDS**  
**FISCAL YEARS 1999 TO 2009**



\*Estimated.

SOURCE: Railroad Commission of Texas.

The agency also regulates surface mining of coal/lignite, uranium, and iron ore and the reclamation of abandoned mine lands. Reclamation of abandoned surface mines usually consists of earthwork burial or treatment of unsuitable spoil (usually acidic or radioactive spoil), installation of erosion- and water-control structures, and re-vegetation. Dangerous abandoned underground mine openings are usually closed by backfilling, capping (concrete or metal grating), or metal gating. The agency oversees contractors hired to perform these services.

The Environmental Protection function receives 72 percent of the agency's appropriations, or \$87.5 million for the 2008–09 biennium, which provides for approximately 435 FTE positions (or 62 percent of the agency workforce).

### **TECHNOLOGICAL ENHANCEMENTS**

RRC is committed to maximizing electronic access to government entities. The agency is responsible for collecting, maintaining, and preserving data submitted to it, providing efficient public access to this information, offering regulated industries a means to conduct their business electronically, and continuing the conversion of mainframe technologies to Internet-based technology.

RRC has been working to make all forms and reports capable of being filed through the RRC Online System. The agency estimates that 72 percent of forms and reports will be filed electronically in fiscal year 2009.

The Technological Enhancements function received \$5.5 million in appropriations for the 2008–09 biennium, or 4.5 percent of the agency's budget, and approximately 60 FTE positions.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted House Bill 3837, which relates to permitting for uranium exploration. The legislation provides requirements for uranium exploration permits, application fees, and public notice, and requires RRC to enforce regulations for uranium mining.



## SOIL AND WATER CONSERVATION BOARD

The Texas State Soil and Water Conservation Board (TSSWCB) was created in 1939. Its mission is to administer the state's soil and water conservation law, coordinate the programs of soil and water conservation districts, and guide the abatement of agricultural and silvicultural (forestry) nonpoint source pollution so that all of Texas' present and future needs for soil and related resources can be met in a manner that promotes a clean, healthful environment and strong economic growth.

Appropriations to the TSSWCB for the 2008–09 biennium total \$32.5 million in All Funds and provide for 67.5 full-time-equivalent positions. These appropriations include \$24.4 million in General Revenue Funds (75.2 percent). Appropriations for the 2008–09 biennium include General Revenue Fund increases of \$3.1 million for additional total maximum daily loads (TMDL) projects; \$0.8 million for additional pass-through funds to soil and water conservation districts; \$0.7 million for water conservation and enhancement projects; \$0.6 million for water quality management plans for poultry operators; and \$0.3 million for legal fees and liability insurance for soil and water conservation districts.

The agency has three primary functions: (1) to provide soil and water conservation assistance; (2) to control and abate agricultural and silvicultural nonpoint source pollution; and (3) to enhance the state's water supply.

### SOIL AND WATER CONSERVATION ASSISTANCE

The TSSWCB protects and enhances Texas' natural resources by providing assistance through education, outreach, and information to ensure that a quality conservation program is being applied in all soil and water conservation districts in Texas. Appropriations total \$7.5 million in All Funds for the 2008–09 biennium.

### PROGRAM MANAGEMENT AND ASSISTANCE

The agency implements a strategy to assist the state's 217 soil and water conservation districts, which cover 99 percent of all Texas land, by providing financial and technical assistance and program-management assistance for the development of district soil and water conservation programs. Agency field staff, located throughout the state, consult with local soil and water district directors and landowners to ensure that

appropriate land and water conservation methods are being applied. In addition, the agency works closely with the U.S. Department of Agriculture's Natural Resource Conservation Service to ensure that district needs for technical assistance are met.

The agency also provides technical assistance and grant funding to local soil and water conservation districts. Funds pay salaries of district personnel involved in assisting owners and operators of agricultural and other lands in the design and application of conservation practices. Conservation assistance matching grants are also available to local districts to help offset operating costs.

### NONPOINT SOURCE POLLUTION ABATEMENT

The agency's second function is to effectively administer a program for the prevention and abatement of nonpoint source pollution caused by runoff from agricultural and silvicultural uses of the state's soil and water resources, consistent with the Texas Nonpoint Source Management Program. TSSWCB administers all programs for abating such pollution in the state and represents the state before the federal government in all matters related to agricultural and silvicultural nonpoint source pollution. Appropriations total \$19.7 million in All Funds for the 2008–09 biennium. Included in this amount is \$1.1 million in General Revenue Funds for administrative costs associated with the preparation of water quality management plans for poultry operators.

### STATEWIDE MANAGEMENT PLAN

The agency facilitates the development and implementation of certain Federal Clean Water Act (CWA) functions, such as TMDL, watershed protection plans, and one-half of the state's annual CWA Section 319(h) Nonpoint Source Grant Program, through a statewide management plan for the control of agricultural and silvicultural nonpoint source water pollution. The Texas Commission on Environmental Quality (TCEQ) implements the other half of the state's annual CWA Section 319(h) Nonpoint Source Grant Program to address urban nonpoint source water pollution. The Eightieth Legislature, 2007, provided an additional \$3.1 million in General Revenue Funds to finance the non-federal match requirements to implement additional TMDL projects.

### POLLUTION ABATEMENT PLANS

The agency also implements the Water Quality Management Plan Certification Program, which provides for the development, supervision, and monitoring of individual

water quality management plans in designated areas. The water quality management plans are voluntarily developed by landowners to mitigate nonpoint source pollution on their land. Five regional offices, located in Dublin, Hale Center, Mount Pleasant, Harlingen, and Wharton, support these programs. An additional regional office in Nacogdoches supports the administration of wastewater management plans for poultry operators.

### WATER SUPPLY ENHANCEMENT

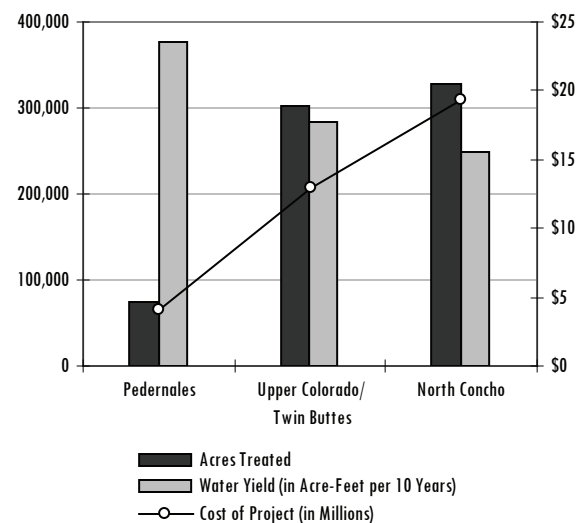
The agency's third function is to protect and enhance water supply, increase water conservation, and enhance water yields. Appropriations total \$4.4 million in All Funds for the 2008–09 biennium.

### WATER CONSERVATION AND ENHANCEMENT

TSSWCB implements the Water Conservation and Enhancement Program, also known as Brush Control, to increase water yields in specific watersheds of the state. During the 2008–09 biennium, 98 percent of the appropriations for this program are in General Revenue Funds. The agency uses funds appropriated for the Water Conservation and Enhancement Program to implement cost-share programs in which the state pays a maximum of 70 percent of the share of a brush control project, and the landowner pays the remaining costs. The agency plans to use funds during the 2008–09 biennium to continue work in areas that yield the highest amount of water. These project areas include the North Concho, Upper Colorado/Twin Buttes, and Pedernales watersheds. The agency also plans to use funds to implement new projects in the Wichita River and Nueces River watersheds.

**Figure 294** shows the number of acres treated in the existing watershed project areas, the expected water yield (in acre-feet per 10 years), and the cumulative cost to the state for each project.

**FIGURE 294**  
**WATER SUPPLY ENHANCEMENT PROGRAM**  
**FISCAL YEAR 2007**



SOURCE: Texas State Soil and Water Conservation Board.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted two bills that affect TSSWCB. House Bill 496 increased the mileage reimbursement rate for soil and water conservation district directors from \$0.18 per mile to the current state rate, \$0.445 per mile. Senate Bill 1613 clarifies that soil and water conservation boards are included under Chapter 102 (Tort Claims Payments by Local Governments), Civil Practice and Remedies Code.

## WATER DEVELOPMENT BOARD

The Texas Water Development Board (TWDB) was created in 1957. Its mission is to exercise leadership in conservation and responsible development of water resources for the benefit of the citizens, economy, and environment of Texas.

Appropriations for the 2008–09 biennium total \$108.8 million (All Funds) and provide for 326.1 full-time-equivalent (FTE) positions in fiscal year 2008 and 348.1 FTE positions in fiscal year 2009. The appropriated amount includes \$55.5 million in General Revenue Funds, or 51 percent.

Not included in TWDB's 2008–09 appropriations is \$2.1 billion in bond funds which provide financial assistance primarily for water and wastewater infrastructure projects through the agency's various financial assistance programs.

TWDB has established two goals: (1) to plan and guide the conservation, development, and management of the state's water resources; and (2) to provide cost-effective financing for the development of water supplies, for water quality protection, and for other water-related projects.

### WATER RESOURCE PLANNING

TWDB develops and periodically updates a water plan that assesses the state's water needs for a 50-year period. This plan, which is published once every five years, provides an overview of the state's current and prospective water use and identifies water supplies and estimated facility needs and costs. It also describes water problems and opportunities, outlines significant environmental concerns and water issues, and offers policy and funding recommendations to the Legislature. In January 2007, TWDB released the 2007 State Water Plan entitled "Water for Texas," which identifies over 4,500 water management strategies and projects to meet future water needs. These strategies include water conservation, reuse, acquisition of available existing water supplies, and development of new water supplies. The agency has three objectives under the Water Resource Planning goal: (1) Data Collection, (2) Water Planning, and (3) Conservation.

### DATA COLLECTION AND DISSEMINATION

The planning process at TWDB is supported by ongoing collection of basic data. Data collection determines the location, quantity, and quality of surface and groundwater resources across the state. TWDB conducts both localized and regional groundwater studies and prepares reports on

these studies for use by individuals, municipalities, industry, and other state agencies involved in developing and managing groundwater resources.

TWDB's data collection and dissemination activities include management of the Texas Natural Resource Information System (TNRIS). TNRIS serves as a clearinghouse for other state agencies and the public, providing access to natural resources and census data. The agency is also undertaking an initiative known as StratMap. StratMap digitizes geographic data maps, thereby enhancing public access to geographic data, serving a wide variety of data needs, and avoiding duplication of effort through coordination with federal, state, and local entities.

Appropriations for the Data Collection and Dissemination objective total \$28.9 million for the 2008–09 biennium, or 26.6 percent of total agency All Funds appropriations.

### WATER PLANNING

In addition to its statewide planning activities, TWDB provides grants to local governments for the development and updating of regional water plans that guide the use and management of an area's water supplies. The regional plans outline water management strategies to meet projected water supply needs and are incorporated into the State Water Plan. The appropriation for the agency's Water Planning objective totals \$27.3 million for the 2008–09 biennium, or 25.1 percent of the agency's All Funds appropriations.

### CONSERVATION

Through the Water Conservation Education and Assistance strategy, TWDB promotes water conservation through educational and technical assistance programs, financial assistance, and evaluations of water and wastewater systems. Appropriations for these activities total \$3.1 million for the 2008–09 biennium. The agency also provides assistance to municipal water suppliers as well as to agricultural interests. Appropriations of \$1.2 million from the Agricultural Water Conservation Fund (Other Funds) is for agriculture water conservation grants.

### WATER PROJECT FINANCING

Under its second goal, TWDB provides financial assistance for building or expanding water and wastewater infrastructure throughout the state and administers various grant and loan programs.

**FINANCIAL ASSISTANCE**

TWDB provides financial assistance to communities for water and wastewater infrastructure, as well as to entities engaged in demonstration projects. Funding for state financial assistance programs comes mainly from bond funds and funds appropriated by the Legislature; funding for federal financial assistance programs comes mainly from federal sources. Major activities within these two functions include the Water Development Fund Program (also known as DFund I and DFund II), which is funded by General Obligation (GO) bond proceeds; the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF), which are capitalized with Federal Funds and revenue bond and GO bond proceeds; and the Rural Water Assistance Fund (RWAF) Program.

**WATER DEVELOPMENT FUND**

Since 1957, the citizens of Texas have approved five constitutional amendments authorizing TWDB to issue approximately \$4.7 billion in water development bonds. Through the end of fiscal year 2007, the agency had issued nearly \$2.4 billion in GO bonds. Proceeds from the water development bonds provide financial assistance to Texas communities in the form of direct loans, state match of Federal Funds, grants to distressed areas, and as grants for projects specifically designated by the Legislature.

**CLEAN WATER STATE REVOLVING FUND**

TWDB operates the Clean Water State Revolving Fund to provide low-interest loans for the construction, expansion, and improvement of wastewater treatment facilities as authorized by the federal Clean Water Act. Since CWSRF's inception in 1988, TWDB has received \$1.3 billion in federal capitalization grants (i.e., Federal Funds for construction projects) and anticipates receiving approximately \$48.9 million in fiscal year 2008. State matching funds, leveraged with GO bond proceeds, have made approximately \$4.2 billion available for loans. As of August 31, 2007, TWDB committed assistance to 303 different communities through 603 loans and grants to improve wastewater treatment facilities across the state. The agency also created a Clean Water Disadvantaged Communities Program within the CWSRF.

**DRINKING WATER STATE REVOLVING FUND**

TWDB operates the Drinking Water State Revolving Fund Program, authorized under the federal Safe Drinking Water Act. Initiated in fiscal year 1997, the DWSRF includes

federal capitalization grants and a 20 percent match of state funds. It provides financial assistance to ensure compliance with the national primary drinking water standards. Since inception of the DWSRF, TWDB has been awarded capitalization grants totaling \$623.7 million and anticipates a DWSRF capitalization grant of \$67.8 million in fiscal year 2008. Of the total amounts spent on the DWSRF program, approximately \$279 million is earmarked for financial assistance to economically disadvantaged communities. To date, TWDB has made 135 loan commitments totaling \$739.9 million for projects that will assist 95 communities through the DWSRF.

**RURAL WATER ASSISTANCE FUND PROGRAM**

The Rural Water Assistance Fund Program is funded from GO bond proceeds using the state Private Activity Bond cap. Private Activity Bonds are a financing tool that allows private sector investment in public projects. The benefits of this tool include interest rates lower than conventional taxable financing, lower delivered cost of service, and a readily available money supply. The program provides loan funding for planning, acquisition, and construction of water supply related infrastructure, including water treatment, water distribution pipelines, reservoir construction, and storage acquisition primarily for rural political subdivisions serving a population of up to 10,000. The funding may also be used for water quality enhancement projects such as wastewater collection and treatment systems.

Appropriations for State Financial Assistance for the 2008–09 biennium total \$15.4 million, or 14.1 percent of agency appropriations. Included in this amount is \$6.2 million in General Revenue Funds for a grant to the La Joya Special Utility District for a water infrastructure project and \$650,000 in General Revenue Funds for a grant to fund construction of the Boeye Reservoir. Appropriations for Federal Financial Assistance total \$17.3 million, or 15.9 percent of agency appropriations. This total does not include the assistance made through the Water Development Fund, the CWSRF, and the DWSRF because these amounts are not part of TWDB's appropriation.

**STATE WATER PLAN PROGRAMS**

The Eightieth Legislature, 2007, authorized TWDB to issue \$762.8 million in existing and new bond authority during the 2008–09 biennium to finance projects associated with the implementation of the 2007 State Water Plan. The Legislature appropriated \$46.6 million in General Revenue Funds for the related debt service. These projects, which



address the future water needs identified in the 2007 State Water Plan, are to be implemented through three agency programs: (1) the State Participation Program; (2) the Water Infrastructure Fund (WIF) Program; and (3) the Economically Distressed Areas Program (EDAP).

The State Participation Program allows TWDB to invest in a local infrastructure project to provide the capital necessary to scale projects for future growth needs including those identified in the 2007 State Water Plan. The loan repayments that would have been required, if the assistance had been from a loan, are deferred. Ultimately, however, the funding is repaid to TWDB through purchase payments, which allow TWDB to recover its principal and interest costs and issuance expenses on a deferred timetable.

The Water Infrastructure Fund Program provides reduced-interest loan rates and deferral of annual principal and interest payments for 2007 State Water Plan projects funded through the Water Infrastructure Fund. WIF funds current project needs and pre-construction, environmental, and engineering studies.

**Figure 295** shows the level of financial assistance TWDB expects to provide through the State Participation Program, WIF, and EDAP for 2007 State Water Plan projects. The figure also shows the level of financial assistance TWDB expects to provide through the non-state water plan portion of the State Participation Program and EDAP as well as the other various programs in the Financial Assistance strategies during the 2008–09 biennium.

### ECONOMICALLY DISTRESSED AREAS PROGRAM

The Economically Distressed Areas Program provides financial assistance for the supply of water and wastewater services to economically distressed areas, also known as colonias, where water or wastewater facilities are inadequate to meet minimum state standards. With voter approval of two constitutional amendments in 1989 and 1991, TWDB was authorized to issue \$250 million in GO bonds to provide affordable water and wastewater services in these areas. From 1993 to 1999, the federal government provided \$300 million through the federal Colonia Wastewater Treatment Assistance Program (CWTAP) to complement the state's EDAP program.

As of August 31, 2007, TWDB directed \$517 million in funding through EDAP/CWTAP to provide water and wastewater improvements for the benefit of 268,378 residents

in 617 colonias, mostly located along the Texas–Mexico border. An additional 30,000 residents could be served through projects currently in the planning stages. As of August 31, 2007, TWDB had approximately \$45.2 million in remaining EDAP bond funds, which includes \$25.0 million in debt issued in August 2007, as authorized by the Seventy-ninth Legislature, Regular Session, 2005, and \$20.2 million in balances from previous EDAP bond issuances. In addition to the existing \$45.2 million in EDAP funding, the Eightieth Legislature, 2007, authorized debt service for the final \$12.0 million of the original 1989 EDAP authorization. The \$45.2 million balance and \$12.0 million, to be issued in 2009, will provide \$57.2 million in assistance from the original EDAP authorization. TWDB expects that this EDAP funding along with previous assistance will ultimately provide service to an estimated 61 percent of the colonia population identified in 2003 to be living in an economically distressed area.

Legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005, modified certain eligibility requirements for communities to qualify for funding under EDAP, removing requirements linking eligibility to average per capita income, unemployment levels, and proximity to the international border. Any county with a median household income of less than 75 percent of the median state household income is now eligible for EDAP funding, which significantly expands the area of eligibility. To meet this new demand, the Eightieth Legislature authorized debt service for an additional \$87.5 million in new EDAP bond authority. On November 6, 2007, the state electorate approved a constitutional amendment authorizing TWDB to issue an additional \$250 million in GO bonds to provide assistance to economically distressed areas. Of the \$87.5 million in new bonds authorized to be issued by the Eightieth Legislature, 2007, \$37.5 million is for projects related to the implementation of the 2007 State Water Plan.

The Economically Distressed Areas program is appropriated \$5.9 million for the 2008–09 biennium for the administration of EDAP-related programs, including \$600,000 for the Colonia Self-help Program, in which resident volunteers provide sweat equity and/or donate equipment, materials, and supplies to construct water and wastewater facilities. EDAP assistance amounts from bond proceeds and Federal Funds are not included in this total because these amounts are not part of TWDB's appropriation.

**FIGURE 295**  
**TEXAS WATER DEVELOPMENT BOARD**  
**FINANCIAL ASSISTANCE PROGRAMS**  
**FISCAL YEARS 2008 AND 2009**

FUND/ ELIGIBLE RECIPIENTS	TYPE OF FUNDS	ASSISTANCE LEVEL (IN MILLIONS)
<b>STATE FINANCIAL ASSISTANCE</b>		
<b>Texas Water Development Fund</b> Local government providers of water and wastewater services	TWDB General Obligation (GO) bond proceeds	\$120.0
<b>Texas Agricultural Water Conservation Fund</b> Soil and Water Conservation Board, Department of Agriculture, Depository Banks (linked deposits), public and private entities	Texas Agricultural Water Conservation GO bonds, trust funds	2.1
<b>Rural Water Assistance Fund</b> Rural political subdivisions, including nonprofit water supply corporations	TWDB GO bond proceeds using state Private Activity Bond cap	55.4
<b>State Participation Program</b> Local government providers of water and wastewater services	TWDB GO bond proceeds	50.0
<b>State Water Plan—State Participation Program</b> Local government providers of water and wastewater services	TWDB GO bond proceeds	276.1
<b>State Water Plan—Economically Distressed Areas</b> Local government providers of water and wastewater services in areas determined to be economically distressed, including nonprofit water supply corporations	TWDB GO bond proceeds	37.5
<b>State Water Plan—Water Infrastructure Program</b> Local government providers of water and wastewater services	TWDB GO bond proceeds	449.3
<b>Economically Distressed Areas Program</b> Local government providers of water and wastewater services in areas determined to be economically distressed, including nonprofit water supply corporations	TWDB GO bond proceeds including \$57.2 million from 1989 bond authority and \$50 million in new bond authority (approved by the State Electorate, November 2007)	107.2
<b>Colonia Self-help Program</b> Local government providers of water and wastewater services in areas determined to be economically distressed, including nonprofit water supply corporations	Appropriation	0.8
<b>FEDERAL FINANCIAL ASSISTANCE</b>		
<b>Clean Water State Revolving Fund</b> Local government providers of wastewater services	Federal Funds, TWDB GO bond proceeds	808.1
<b>Drinking Water State Revolving Fund</b> Local government operators of public water systems	Federal Funds, TWDB GO bond proceeds, General Revenue Funds	237.7
<b>TOTAL ASSISTANCE</b>		<b>\$2,144.2</b>

SOURCE: Texas Water Development Board.

## DEBT SERVICE

Much of the state funding for projects is financed through bonds. The issuance of bonds requires debt service to repay the principal and interest on the bonds. In the case of most programs within the Water Development Fund, the CWSRF, and the DWSRF, debt service is fully recovered through loan repayments. This is not the case, however, with the bonds issued through EDAP, the State Participation Program, the WIF, and the Texas Agricultural Water Conservation Program. The debt service for these bonds, which are referred to as non-self-supporting GO water bonds, is not fully

recovered through loan repayments and does require state funds to cover debt service requirements. In the case of EDAP, loan repayments are insufficient to cover debt service because the vast majority of assistance comes from grants and below-market-rate loans. The Eightieth Legislature, 2007, appropriated \$43.3 million for the 2008–09 biennium for debt service on EDAP bonds issued by the state, of which \$39.2 million is in General Revenue Funds. Of this amount, \$4.4 million is the debt service related to \$37.5 million in bonds for EDAP projects associated with the implementation of the 2007 State Water Plan.



Under the State Participation Program, recipients do not begin paying principal payments until the thirteenth year of the loan. Appropriations of state funds are therefore necessary to meet debt service requirements in the early years of a project's life. The Eightieth Legislature, 2007, appropriated \$29.7 million for the 2008–09 biennium for debt service on State Participation Program bonds issued to support the program, which includes \$16.5 million in General Revenue Funds. Of this amount, \$9.9 million is the debt service related to \$276.1 million in bonds for State Participation Program projects associated with the implementation of the 2007 State Water Plan.

Loan repayments made under the WIF are also deferred, up to 10 years, and therefore require appropriations of state funds to meet debt service requirements in the first years of the project. The Eightieth Legislature, 2007, appropriated \$32.3 million in General Revenue Funds for the 2008–09 biennium for debt service related to \$449.3 million in bonds for WIF projects associated with the implementation of the 2007 State Water Plan.

During fiscal year 2003, TWDB issued Texas Agricultural Water Conservation (TAWC) bonds in the amount of \$16 million. The bond proceeds were transferred to the Soil and Water Conservation Board (\$15 million) to implement brush control projects and to the Department of Agriculture (\$1 million) for a saltcedar eradication project along the Pecos River. Because these funds are for making grants, TAWC

bonds require appropriations of General Revenue Funds for debt service. The Eightieth Legislature, 2007, appropriated \$5.4 million in General Revenue Funds for the 2008–09 biennium for debt service on the TAWC bonds. The agency anticipates that these bonds will be repaid by the end of fiscal year 2009.

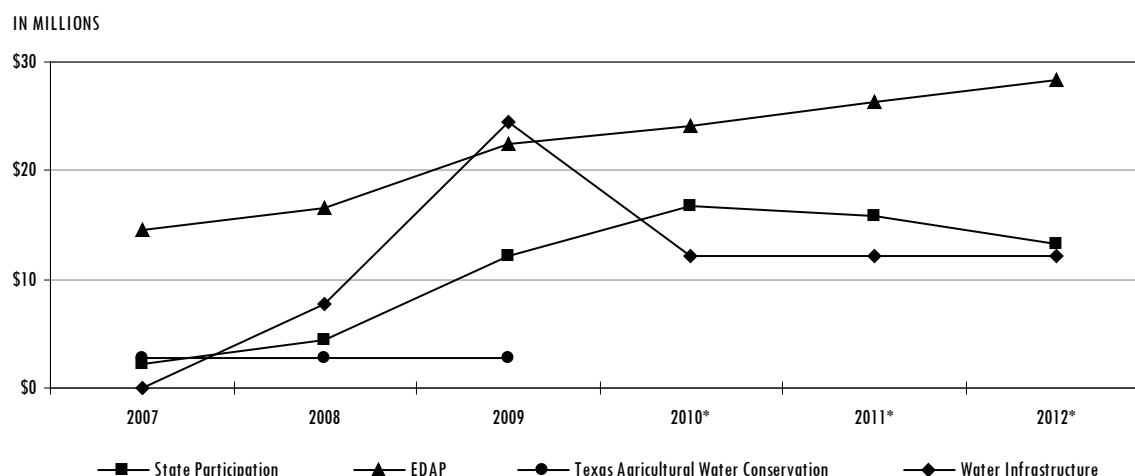
The funding for EDAP, the State Participation Program, WIF, and the TAWC bonds is not included in TWDB's appropriations, but is appropriated as "Debt Service Payments—Non-self-supporting GO Water Bonds." A summary of appropriated and expected debt service needs for each of the four programs from fiscal year 2007 to fiscal year 2012 is shown in **Figure 296**.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect the operations of the Water Development Board.

House Bill 3 and Senate Bill 3 create an Environmental Flows Advisory Group supported by an Environmental Flows Science Advisory Committee and Basin and Bay Expert Science Teams to assist in the development of environmental flow recommendations. These bills require that TWDB coordinate with the advisory group and provide technical assistance to the Science Advisory Committee and Basin and Bay Expert Science Teams as well as provide reimbursement for the board-related duties of these groups. The legislation also establishes the Study Commission on Region C Water

**FIGURE 296**  
**GENERAL REVENUE DEBT SERVICE PAYMENTS**  
**FISCAL YEARS 2007 TO 2012**



NOTES: State Participation includes issuance of \$326.1 million in bonds in the 2008–09 biennium. EDAP includes issuance of \$99.5 million in bonds in the 2008–09 biennium. The Texas Agricultural Water Conservation Bonds issued in 2003 will be repaid in fiscal year 2009. Water Infrastructure Fund includes issuance of \$449.3 million in bonds in the 2008–09 biennium.

SOURCE: Texas Water Development Board.

Supply and directs TWDB to provide staff support and funding for professional services and for the reimbursement of commission-related duties. It also addresses the issue of the development of new water supplies by designating 19 sites as having unique value for the construction of a reservoir. As a result, no state agency or political subdivision can obtain a fee title or an easement that would prevent the construction of a reservoir on any of the designated sites.

House Bill 4 establishes the Water Conservation Advisory Council to provide expertise in statewide water conservation initiatives and requires that TWDB provide administrative and technical assistance to the new council. The legislation also directs the agency to develop and implement a statewide water conservation public awareness campaign to educate residents of the state about water conservation.

Senate Bill 1436 transfers responsibility for the National Flood Insurance Program (NFIP), including all powers, duties, funds, and appropriations, from the Texas Commission on Environmental Quality (TCEQ) to TWDB. The legislation also expands TWDB's duties related to the management of the NFIP by requiring that TWDB make floodplain maps and floodplain information accessible to the public, including in an electronic format through the agency's website, and directs TWDB to provide public education and outreach through the agency's field offices to encourage participation in the NFIP. The Eightieth Legislature, 2007, appropriated \$6.2 million to TWDB for the 2008–09 biennium for the administration of the NFIP. The legislation was contingent upon this appropriation.

As enacted by the Eightieth Legislature, 2007, and approved by the state electorate on November 6, 2007, Senate Joint Resolution 20 amends Article III of the Texas Constitution to authorize TWDB to issue additional GO bonds. The amount of these bonds is not to exceed \$250 million and will provide assistance to economically distressed areas.

## 10. BUSINESS AND ECONOMIC DEVELOPMENT

As shown in **Figure 297**, appropriations for Business and Economic Development for the 2008–09 biennium total over \$20.5 billion, or 12.2 percent of all state appropriations. This amount is an increase of almost \$1.1 billion, or 5.7 percent, from the 2006–07 biennium. **Figure 298** shows 2008–09 appropriations by method of financing and full-time-equivalent positions from fiscal year 2004 to 2009 for all business and economic development agencies.

**FIGURE 297**  
**ALL FUNDS APPROPRIATIONS FOR BUSINESS AND ECONOMIC DEVELOPMENT**  
**2008–09 BIENNIUM**

IN MILLIONS AGENCY	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Department of Housing and Community Affairs	\$341.3	\$305.4	(\$35.9)	(10.5)
Texas Lottery Commission	413.7	420.8	7.0	1.7
Office of Rural Community Affairs	256.3	176.0	(80.3)	(31.3)
Department of Transportation	15,692.7	16,919.0	1,226.2	7.8
Texas Workforce Commission	2,279.6	2,151.6	(128.0)	(5.6)
Reimbursements to the Unemployment Compensation Benefit Account	30.1	30.2	0.1	0.4
<b>SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$19,013.8</b>	<b>\$20,002.9</b>	<b>\$989.1</b>	<b>5.2</b>
Retirement and Group Insurance	\$428.7	\$464.9	\$36.2	8.4
Social Security and Benefit Replacement Pay	132.3	137.4	5.1	3.8
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$591.1</b>	<b>\$632.5</b>	<b>\$41.4</b>	<b>7.0</b>
Bond Debt Service Payments	\$9.8	\$19.1	\$9.3	94.7
Lease Payments	1.0	1.6	0.6	61.7
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$10.8</b>	<b>\$20.6</b>	<b>\$9.9</b>	<b>91.7</b>
Less Interagency Contracts	\$173.0	\$112.0	(\$61.1)	(35.3)
<b>TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$19,412.5</b>	<b>\$20,513.8</b>	<b>\$1,101.3</b>	<b>5.7</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

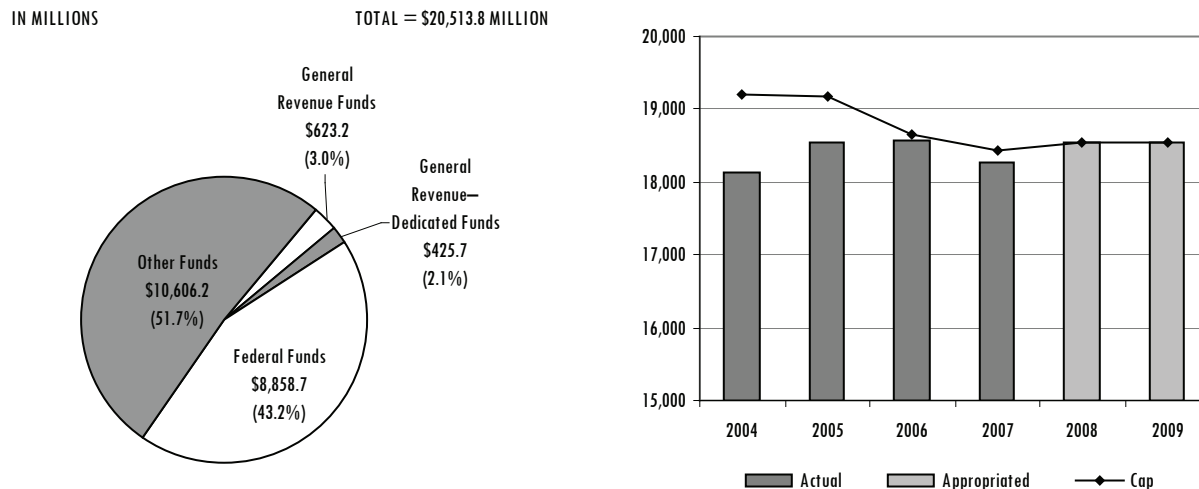
<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTES: Article totals exclude interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

SOURCE: Legislative Budget Board.

**FIGURE 298**  
**BUSINESS AND ECONOMIC DEVELOPMENT APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS**  
**2008–09 BIENNIUM**



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

Five state agencies provide services supporting the Texas economy through business development, transportation, and community infrastructure: the Department of Housing and Community Affairs, the Texas Lottery Commission, the Office of Rural Community Affairs, the Department of Transportation, and the Texas Workforce Commission.

## MAJOR FUNDING ISSUES

Funding for the Department of Housing and Community Affairs in the 2008–09 biennium is \$35.9 million, or 10.5 percent, less than the agency's 2006–07 expenditure level. This net decrease includes an estimated \$44.2 million decrease in Federal Funds that are expected to no longer be available, offset by increases of \$5.0 million in General Revenue Funds for housing loans and grants through the Housing Trust Fund and \$3.3 million in Appropriated Receipts to increase support for colonia field offices and self-help centers, manufactured housing operations, and agency administration.

Funding for the Office of Rural Community Affairs for the 2008–09 biennium is \$80.3 million, or 31.3 percent, less than the agency's 2006–07 expenditure level. This net decrease includes an increase of \$5.0 million in General Revenue Funds for Rural Technology Centers grants, offset by estimated decreases of \$83.8 million in Federal Funds for disaster relief and Community Development Block grants that are no longer available, \$0.8 million in General Revenue Funds for the Rural Physician Relief program that the agency

is now operating as a referral service, and \$0.8 million in General Revenue—Dedicated Funds as a result of estimated decreases in fund earnings.

Funding for the Department of Transportation for the 2008–09 biennium is \$1.2 billion, or 7.8 percent, higher than the agency's 2006–07 expenditure level. More than half of this increase is anticipated to come from bonding authority from the State Highway Fund and the Texas Mobility Fund. The remaining portion of the increase is almost equally split between additional estimated Federal Funds allocated for highway planning and construction, aviation, and public transportation and additional General Revenue Funds appropriated for the payment of debt service.

Funding for the 2008–09 biennium for the Texas Workforce Commission is \$128 million, or 6 percent, less than the agency's 2006–07 expenditure level. This decrease includes \$138.4 million less in Federal Funds due to a one-time allocation for hurricane-related disaster funding; \$3.4 million less in interagency contract funding due to an anticipated reduction in assigned client services needed for child-care services and services related to the Veterans Education Program; and \$1.2 million less in Appropriated Receipts for agency reimbursement costs that had been needed only while

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not add because of rounding.

assisting the State of Louisiana with unemployment claim processing subsequent to the hurricane Katrina disaster. These decreases are offset by an increase of \$10.6 million in General Revenue Funds for the Skills Development Program; \$3.7 million in All Funds for data center consolidation costs; \$3.0 million in General Revenue Funds to provide education and training to an additional 10,000 ex-offenders each year through the Project Reintegration of Offenders program; and \$0.7 million in General Revenue–Dedicated Funds to reimburse the federal government for the cost of administering the Employment and Training Investment Assessment.

## DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

The Texas Department of Housing and Community Affairs (TDHCA) was created in 1991 with the consolidation of the Texas Housing Agency and the Texas Department of Community Affairs. TDHCA's mission is to help Texans achieve an improved quality of life through the development of better communities.

Appropriations for the 2008–09 biennium total \$305.4 million in All Funds, which is \$35.9 million, or 10.5 percent, below 2006–07 spending levels, and allow for 298 full-time-equivalent (FTE) positions. General Revenue Funds account for \$14.5 million, or 4.7 percent, of the appropriations. The decrease in appropriations is due to agency anticipated reductions in nearly all federal funding sources for agency programs.

The agency's six goals are to (1) increase the availability of safe, decent, and affordable housing; (2) promote improved housing conditions for extremely low, very low, and low-income households by providing information and technical assistance; (3) improve the living conditions of the poor and homeless and reduce the cost of home energy for very low income households; (4) ensure compliance with federal and state mandates; (5) regulate the manufactured housing industry; and (6) provide indirect administration.

TDHCA also issues mortgage revenue bonds, the majority of which are federally authorized, tax-exempt private activity bonds. The proceeds of these bonds are for financing low interest loans to income-eligible first-time homebuyers and to developers of affordable rental housing. The bond proceeds are held outside the State Treasury and are not included in the General Appropriations Act. The outstanding balance owed by TDHCA to the bond investors mostly comprises the funds held outside the treasury. TDHCA pays these investors as it receives loan repayments from homeowners and developers. Bond-financed programs are included under the Mortgage Revenue Bond–Single Family and Mortgage Revenue Bond–Multifamily strategies.

At the end of fiscal year 2007, TDHCA had approximately \$2.5 billion in bonds outstanding. The agency anticipates that it will issue \$300 million in Single Family Mortgage Revenue Bonds (SFMRBs) and \$130 million in Multifamily Mortgage Revenue Bonds (MFMRBs) in fiscal year 2008. In fiscal year 2009, the agency anticipates that it will issue \$220 million in SFMRBs and \$125 million in MFMRBs.

## AFFORDABLE HOUSING

For the 2008–09 biennium, the housing-related goal is supported by an appropriation of \$103.5 million in Federal Funds, General Revenue Funds, and Other Funds that is distributed across eight strategies. Through this goal, TDHCA finances both multifamily activities, such as the development of rental properties, and single family activities, such as homeownership and home repair assistance. Most housing activities are made available through four federally funded or federally authorized programs that provide affordable housing to extremely low, very low, low, and moderate-income families. **Figure 299** shows a breakdown of household incomes for a family of four at each income classification by metropolitan area. **Figure 300** shows, by multifamily and single-family designation, the number of units funded by program in fiscal year 2007 and the number of units anticipated to be funded in fiscal years 2008 and 2009.

The federal HOME Investment Partnerships (HOME) Program provides competitive grants or loans for the construction of single and multifamily housing units by public and private sector partnerships. HOME awards also finance homebuyer, home repair, and tenant-based rental assistance and can be used to help eligible communities affected by natural disasters. By statute, 95 percent of TDHCA's HOME funds are available only to more rural areas of the state that do not receive HOME funds directly from the federal government. The remaining 5 percent of the funds are reserved for people with disabilities residing in any part of the state. The HOME program targets extremely low, very low, and low-income families and requires state matching funds.

The Section 8 Rental Assistance Program is a federal program in which qualified tenants typically pay 30 percent of their adjusted income for rent; the federal government pays the balance in an amount not to exceed fair market value. The program provides rental payments directly to landlords on behalf of extremely low, very low, and low-income families and individuals, including the elderly and persons with disabilities. The Section 8 Rental Assistance Program administered by TDHCA serves only a limited number of rural communities that do not have a local public housing authority.

The federal Housing Tax Credit (HTC) Program encourages private investment in the new construction or rehabilitation of affordable rental housing by providing tax credits to developers, which reduces their federal income tax liability.



**FIGURE 299**  
**TARGETED HOUSEHOLDS BY AREA MEDIAN FAMILY INCOME\***  
**FISCAL YEAR 2007**

	AREA MEDIAN FAMILY INCOME (AMFI)	EXTREMELY LOW INCOME 30% AMFI	VERY LOW INCOME 50% AMFI	LOW INCOME 60% AMFI	MODERATE INCOME 80% AMFI
<b>STATE OF TEXAS MEDIAN FOR METROPOLITAN STATISTICAL AREA [MSA] COUNTIES</b>	<b>\$54,800</b>	<b>\$16,440</b>	<b>\$27,400</b>	<b>\$32,880</b>	<b>\$43,840</b>
<b>SAMPLE MSAS</b>					
Austin–San Marcos MSA (Bastrop, Caldwell, Hays, Travis, and Williamson counties)	\$69,300	\$21,350	\$35,550	\$42,660	\$56,900
Dallas MSA (Collin, Dallas, Denton, Ellis, Henderson, Hunt, Kaufman, and Rockwall counties)	\$62,200	\$19,950	\$33,250	\$39,900	\$53,200
El Paso MSA (El Paso County)	\$36,500	\$12,950	\$21,550	\$25,860	\$34,500
Houston MSA (Chambers, Fort Bend, Liberty, Harris, Montgomery, and Waller counties)	\$57,300	\$18,300	\$30,500	\$36,600	\$48,800
San Antonio MSA (Bexar, Comal, Guadalupe, and Wilson counties)	\$53,700	\$16,100	\$26,850	\$32,220	\$42,950
<b>STATE OF TEXAS MEDIAN FOR NON-MSA COUNTIES</b>	<b>\$41,800</b>	<b>\$12,540</b>	<b>\$20,900</b>	<b>\$25,080</b>	<b>\$33,440</b>

\*Based on family size of four members.

SOURCE: Department of Housing and Community Affairs.

**FIGURE 300**  
**MULTIFAMILY AND SINGLE-FAMILY UNITS, BY PROGRAM**  
**FISCAL YEARS 2007 TO 2009**

PROGRAM	HOUSEHOLDS/UNITS 2007			HOUSEHOLDS/UNITS 2008*			HOUSEHOLDS/UNITS 2009*		
	MULTI- FAMILY	SINGLE FAMILY	TOTAL	MULTI- FAMILY	SINGLE FAMILY	TOTAL	MULTI- FAMILY	SINGLE FAMILY	TOTAL
Housing Trust Fund	0	115	115	16	228	244	16	209	225
HOME Program	144	413	557	500	1,255	1,755	526	1,255	1,781
Low Income Housing Tax Credit Program	12,998	0	12,998	12,261	0	12,261	11,779	0	11,779
Mortgage Revenue Bond Program	2,997	2,727	5,724	2,393	2,016	4,409	2,217	1,716	3,933
Section 8 Program	1,064	0	1,064	0	1,000	1,000	0	1,000	1,000
<b>TOTAL</b>	<b>17,203</b>	<b>3,255</b>	<b>20,458</b>	<b>15,170</b>	<b>4,499</b>	<b>19,669</b>	<b>14,538</b>	<b>4,180</b>	<b>18,718</b>

\*Projected.

NOTE: Some units received funding from multiple programs and may be counted more than once.

SOURCE: Department of Housing and Community Affairs.

The value of the tax credits allows developers to produce quality housing while offering reduced rent to income-qualified tenants. In return for the tax credits, owners must set aside a minimum of 20 percent of units for use by extremely low and very low income tenants; most owners set aside 100 percent of units for qualified low income families. TDHCA administers both “9%” credits that are allocated annually on a competitive basis and “4%” credits that are

allocated to developments receiving private activity bond financing from TDHCA or another authorized issuer. The HTC program is open to nonprofit and for-profit developers and is available statewide. Appropriations for the HTC strategy reflect only the administrative costs of this program.

Through its Single Family Mortgage Revenue Bond and Multifamily Mortgage Revenue Bond programs, TDHCA

issues federally authorized, tax-exempt private activity bonds (PAB). TDHCA uses the resulting bond proceeds to offer loans to income-eligible first-time homebuyers and to developers of affordable multifamily housing. PAB investors are willing to accept a lower interest rate in return for a federal tax exemption associated with interest earned on the bonds. This allows TDHCA to offer below-market interest rates to participants of its loan programs. TDHCA's primary homeownership program, the First-Time Homebuyer (FTHB) Program, is financed through PABs. The FTHB Program is offered statewide and targets very low to moderate income households. Some FTHB loans include down payment assistance. TDHCA's Multifamily Bond (MFB) Program is also primarily funded through PABs. PAB loans are used to finance the new construction or rehabilitation of high quality multifamily housing. In return for the low interest loan, a developer must set aside a portion of units for income-eligible tenants. While the MFB program is available statewide, these loans typically do not provide sufficient financing to be feasible in rural communities. Appropriations for mortgage revenue bond strategies reflect only the administrative costs of these programs.

The Housing Trust Fund is the only state-funded housing program. TDHCA is appropriated \$11.6 million in General Revenue Funds for the Housing Trust Fund Program for the 2008–09 biennium to provide loans and grants for the development of affordable housing for extremely low, very low, and low-income housing. TDHCA applies approximately half of these funds to support the legislatively mandated Texas Bootstrap Home Loan Program, a self-help loan program that targets economically distressed communities. The remaining funds are used for a variety of purposes, including homeownership initiatives, rental production, barrier removal, and disaster recovery assistance. **Figure 301** shows a history of Housing Trust Fund appropriations. The program is available throughout the state.

### INFORMATION AND TECHNICAL ASSISTANCE

The goal of providing information and technical assistance is appropriated \$2.9 million in All Funds in the 2008–09 biennium. This goal has two strategies. The first strategy relates to the legislatively mandated Housing Resource Center (Housing Center), which serves as a clearinghouse of information on housing and community services programs statewide. The second strategy relates to providing colonia residents and communities along the Texas–Mexico border technical assistance through TDHCA field offices and colonia self-help centers. The majority of funding for this goal is

**FIGURE 301**  
**HOUSING TRUST FUND APPROPRIATIONS**  
**FISCAL YEARS 2005 TO 2009**

IN MILLIONS	
FISCAL YEAR	APPROPRIATION
2005	\$3.2
2006	\$6.6
2007	\$3.0
2008	\$5.8
2009	\$5.8

NOTE: Appropriations noted above for 2006 includes \$3.5 million in unexpended balances.

SOURCE: Department of Housing and Community Affairs.

from Appropriated Receipts received through administration fees from single-family mortgage revenue bond proceeds associated with the single-family bond programs, from the federal HOME funds administered by TDHCA, and from General Revenue Funds appropriated in association with the Affordable Housing Research and Information Program. The goal also receives federal and state Community Development Block Grant program funds from the Office of Rural Community Affairs.

Funding for this goal reflects primarily administrative costs for TDHCA's Housing Center and Office of Colonia Initiatives (OCI). The Housing Center provides information and technical assistance on the state's housing needs and on community services and affordable housing programs to consumers, developers, researchers, and the general public. The Housing Center is also responsible for developing legislatively required planning documents such as the State Low Income Housing Plan. OCI provides concentrated technical assistance to border residents through field offices, and colonia self-help centers. The field offices provide information regarding TDHCA and other programs to local government, nonprofit and for-profit organizations, and residents. The colonia self-help centers serve specified colonias through education and self-help programs. In addition, OCI administers programs targeted at colonia residents such as the Contract-for-Deed Conversion Initiative, the Contract-for-Deed Consumer Education Program, and the Texas Bootstrap Loan Program.

### ASSISTANCE FOR THE POOR AND HOMELESS

The agency's goal of improving the living conditions of the poor and the homeless is supported by two strategies. The Poverty-related Funds strategy and the Energy Assistance Programs strategy are appropriated \$169.5 million for the 2008–09 biennium. Federal programs administered by the

U.S. Department of Health and Human Services, the U.S. Department of Housing and Urban Development, and the U.S. Department of Energy are the primary sources of funding for these strategies.

TDHCA administers the federal Community Services Block Grant Program and the Emergency Shelter Grant Program through its poverty-related funds to provide emergency and permanent shelter, utilities, nutrition, clothing, medical, and other services for the elderly, the needy, homeless persons, and persons with disabilities. These programs help communities to improve living conditions for poor and homeless persons and to transition families out of poverty. Funds are dispersed through community action agencies serving every county in the state. These programs also provide assistance to individuals affected by natural disasters. General Revenue Funds appropriated under this goal allow TDHCA to provide technical assistance to rural coalitions seeking federal funds.

Grant funding for the Energy Assistance Programs strategy comes from the federal Low Income Home Energy Assistance Program and the Weatherization Assistance for Low Income Persons Program. The strategy also receives Other Funds from energy efficiency contracts with regulated, investor-owned utilities.

TDHCA administers grants to local organizations for energy-related assistance to dwellings occupied by very low-income persons and families. Home weatherization, energy-efficiency guidance, utility assistance, and financial intervention for energy crisis emergencies are provided. The goals of the programs are to reduce families' energy-related costs and provide healthier environments. The programs target those most vulnerable to extreme weather conditions such as the elderly, people with disabilities, and families with small children. The agency's energy-assistance programs are available statewide.

### **COMPLIANCE MONITORING**

The goal of ensuring compliance with federal and state program mandates is supported by two strategies. The housing and federal grant-monitoring programs are appropriated \$8 million for the 2008–09 biennium. The first strategy reflects activities undertaken to ensure that TDHCA-supported rental developments adhere to commitments made at the time of funding, including serving low-income households, charging restricted rents, and maintaining the physical condition of the property. To ensure compliance, TDHCA conducts onsite monitoring visits to review

documentation and physically inspect the properties. The second strategy relates primarily to contracts TDHCA has with HOME Investment Partnerships Program subrecipients that are providing services such as home repair. TDHCA monitors to ensure promised benefits are being delivered to low-income households and that federal and state requirements are being met.

### **MANUFACTURED HOUSING**

TDHCA's Manufactured Housing Division, which is governed by a separate board and executive director, is appropriated \$9.1 million in Appropriated Receipts associated with title, inspection, and licensing fees for the 2008–09 biennium to support the goal of regulating the manufactured housing industry. This goal consists of four strategies: (1) providing timely and efficient statements of ownership and location and registration service; (2) conducting inspections of manufactured homes; (3) protecting the general public and consumers; and (4) providing processing of occupational licenses, registrations, or permit fees through TexasOnline.

### **INDIRECT ADMINISTRATION**

The agency is appropriated \$12.4 million for the 2008–09 biennium for its Indirect Administration goal. This goal provides administrative services to support the functions of the agency through three strategies: Central Administration; Information Resource Technologies; and Operating/Support.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted several bills that affect TDHCA. Senate Bill 1908 amends statutes affecting the duties of TDHCA. These include changes to the required regional allocation of housing funds and changes to the HOME and Housing Tax Credit programs. The legislation establishes the First-Time Homebuyer Program at TDHCA and expands the targeting of down-payment assistance to families up to 80 percent of area median family income.

House Bill 1460 incorporates various changes to the Manufactured Housing Division of TDHCA, including providing the division with the power to issue cease and desist orders and to order corrective action.

## TEXAS LOTTERY COMMISSION

The Texas Lottery was created by the Seventy-second Legislature, 1991, and was administered by the Office of the Comptroller of Public Accounts until 1993 when the Seventy-third Legislature created the Texas Lottery Commission. Responsibility for charitable bingo administration was transferred to the Lottery Commission from the Texas Alcoholic Beverage Commission in 1994.

The Lottery Commission consists of three members appointed by the Governor with the advice and consent of the Senate to serve six-year overlapping terms. Its mission is to administer and market the state lottery and to administer charitable bingo in an efficient and secure manner while using appropriate marketing and regulatory tools to maximize revenue for the Texas Treasury and for charitable organizations.

The agency's appropriation for the 2008–09 biennium totals \$420.8 million in All Funds (General Revenue and General Revenue–Dedicated Funds) and provides for 318.5 full-time-equivalent (FTE) positions. Total appropriations exceed 2006–07 spending levels by \$7 million, or 1.7 percent, to provide additional support for both lottery operations and bingo regulation.

### OPERATION OF THE TEXAS LOTTERY

One goal of the agency is to operate a lottery system that is self-supporting, produces revenue, and is free of criminal activity. The 2008–09 biennial appropriation for the agency's lottery-related strategies totals \$390.2 million and provides for 273.5 FTE positions.

The agency's lottery-related activities include issuance of licenses to qualified lottery retailers, collection of retailer receipts, and enforcement of applicable state laws and agency rules. The agency projects that it will issue or renew 16,800 retailer licenses during the 2008–09 biennium. Lottery-related activities also include developing lottery products and games, advertising and promoting the lottery, and recruiting business retailers and vendors to sell lottery tickets.

The agency is responsible for ensuring the quality and integrity of the lottery system as well as the physical security of operating sites. To enforce the Texas Lottery Act, the agency investigates possible criminal and regulatory violations relating to lottery games.

Although state revenue from the games is less than the levels experienced in the late 1990s, a declining trend that began in

1999 was reversed in 2002. Since 2004, the Lottery Commission has transferred over \$1 billion to the state each year. **Figure 302** shows the actual revenues deposited and projected revenues from net annual proceeds after deductions for prizes and administrative costs. These funds are deposited in the state's General Revenue Fund for funding public education.

**FIGURE 302**  
**LOTTERY COMMISSION TRANSFERS**  
**TO THE GENERAL REVENUE FUND AND GENERAL**  
**REVENUE–DEDICATED FUNDS, CASH BASIS**  
**FISCAL YEARS 1998 TO 2009**

FISCAL YEAR	NET PROCEEDS (IN MILLIONS)
1998	\$1,159.7
1999	\$969.3
2000	\$918.1
2001	\$864.9
2002	\$956.6
2003	\$955.2
2004	\$1,044.1
2005	\$1,061.6
2006	\$1,066.1
2007	\$1,089.4
2008*	\$1,099.5
2009*	\$1,115.1

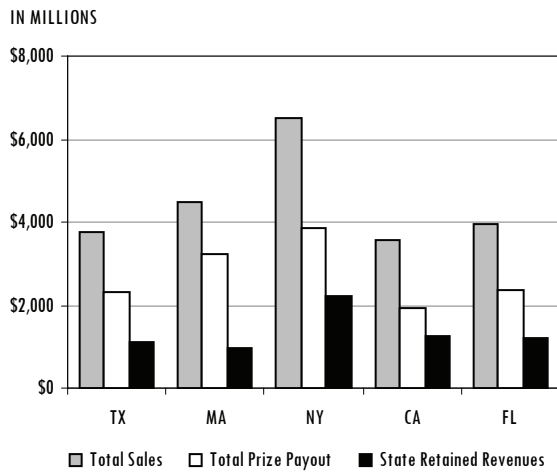
\*Estimated by the Comptroller of Public Accounts. Fiscal years 2000–09 include transfers to the state from sales and unclaimed prizes.

SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

**Figure 303** shows a comparison of net revenues, prize payouts, and gross sales among the top five lottery revenue-producing states for fiscal year 2006. Texas retained \$1.1 billion of the annual gross sales of lottery tickets, placing it fourth behind New York, California, and Florida in retained revenues. The Texas Lottery awarded over \$2.3 billion in total prizes in 2006, placing it fourth, following New York, Massachusetts, and Florida. When comparing total gross sales, Texas ranks fourth behind New York, Massachusetts, and Florida.

The Seventy-eighth Legislature, Regular Session, 2003, enacted legislation authorizing the state to participate in a multi-jurisdictional lottery game. Texas began participating in the Mega Millions multi-state lottery game in December

**FIGURE 303**  
**LOTTERY SALES, PRIZES, AND REVENUE**  
**FISCAL YEAR 2006**



NOTE: Amounts are calculated on an accrual basis of accounting.  
SOURCE: Texas Lottery Commission.

of 2003 (**Figure 304**). The Mega Millions lottery game generated approximately \$475.3 million from ticket sales in Texas during the 2006–07 biennium.

### BINGO LAW ENFORCEMENT

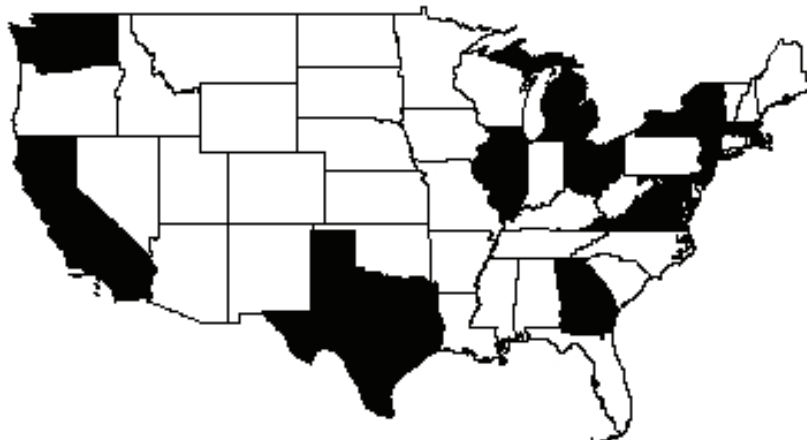
The Lottery Commission strives to (1) enforce regulations applicable to charitable bingo games, (2) ensure that these games are conducted fairly to provide authorized organizations the opportunity to raise funds for their charitable purposes by conducting bingo, (3) ensure that all charitable bingo

funds are used for a lawful purpose, and (4) promote and maintain the integrity of the charitable bingo industry throughout Texas. The Lottery Commission estimates that charitable organizations will receive about \$63.2 million from bingo events during the 2008–09 biennium.

The agency's bingo-related activities are performed under strategies for licensing of individuals and organizations, providing education and development, ensuring bingo law compliance, and ensuring proper prize fee allocations and accounting. The agency estimates that approximately 70 individuals and organizations will receive new bingo licenses during each year of the 2008–09 biennium. During this same period, the agency estimates that there will be 1,760 license renewals each year.

The agency is appropriated \$30.6 million for the 2008–09 biennium for charitable bingo regulation and is authorized 45 FTE positions per year. The majority of funding for the agency's bingo-related activities relates to the allocation of bingo prize fees to counties and municipalities, as required by the Texas Occupations Code. These allocations are estimated to be \$25.3 million for the 2008–09 biennium.

**FIGURE 304**  
**MEGA MILLIONS PARTICIPATING STATES**  
**FISCAL YEAR 2007**



SOURCE: Texas Lottery Commission.



## OFFICE OF RURAL COMMUNITY AFFAIRS

The Office of Rural Community Affairs (ORCA) was created by the Seventy-seventh Legislature, 2001, to support community and economic development, to promote access to health care in rural Texas, and to ensure the general welfare of rural communities in Texas. ORCA is a stand-alone executive branch agency that combined the Center for Rural Health Initiatives programs from the former Department of Health with the Community Development Block Grant (CDBG) program from the Texas Department of Housing and Community Affairs to assure a continuing focus on rural issues, to monitor governmental actions affecting rural Texas, and to coordinate rural programs run by state agencies.

ORCA is responsible for developing a rural policy for Texas by consulting with local leaders representing all facets of rural community life, academic and industry experts, and elected and appointed officials interested in rural communities. Further, the agency acts to strengthen coordination efforts among state agencies and officials to improve the results and the cost-effectiveness of state-sponsored programs affecting rural communities.

For the 2008–09 biennium, the agency is authorized to have 72 full-time-equivalent (FTE) positions and is appropriated \$176.0 million in All Funds, of which \$158.9 million is Federal Funds, \$12.2 million is in General Revenue Funds, and \$4.2 million is Tobacco Settlement proceeds (General Revenue–Dedicated Funds and Other Funds), and \$0.7 million is Other Funds from Appropriated Receipts and interagency contracts. These appropriations are \$80.3 million, or 31.3 percent, below 2006–07 spending levels due to decreases in one-time federal funding related to disaster relief for Hurricanes Rita and Katrina and Community Development Block Grants not associated with disaster relief.

**Figure 305** shows the agency's level of performance in three key performance measures from fiscal years 2005 to 2009.

ORCA's mission is to assist rural Texans who seek to enhance their quality of life by facilitating, with integrity, the use of the resources of our state so that sustained economic growth will enrich the rural Texas experience for the benefit of all. ORCA carries out this mission through its four goals: (1) Community Economic Development; (2) Equitable Access to Medical Care; (3) Outreach and Assistance; and (4) Indirect Administration.

### COMMUNITY ECONOMIC DEVELOPMENT

The agency is appropriated \$163.9 million for the 2008–09 biennium to fund its primary goal of supporting community and economic development. The majority of the funding for this goal is from federal CDBG funds distributed to the state by the U.S. Department of Housing and Urban Development (HUD), through which the agency provides grants for community and economic development projects. The CDBG funds administered by ORCA assist non-entitlement areas of the state, which consist of cities with populations below 50,000 and counties not eligible for entitlement status. Cities and counties with entitlement status receive CDBG funds directly from HUD. The agency's CDBG program gives priority to community development of water and wastewater systems and to economic development projects that create or retain jobs. The program also provides ongoing technical assistance to support community and economic development.

### EQUITABLE ACCESS TO MEDICAL CARE

The agency is appropriated \$10.8 million for the 2008–09 biennium, distributed among three strategies, to support its goal of providing equitable access to medical care in rural Texas. The Health Care Access Programs strategy increases

**FIGURE 305**  
**OFFICE OF RURAL COMMUNITY AFFAIRS FUNDING AND PERFORMANCE**  
**FISCAL YEARS 2005 TO 2009**

	2005	2006	2007	2008*	2009*
Percentage of the Small Communities' Population Benefitting from Public Facility, Economic Development, Housing Assistance and Planning Projects	35.0%	49.9%	50.7%	36.0%	36.0%
Number of New Community/Economic Development Contracts Awarded	344	383	298	325	325
Ratio of Rural County Population to Number of Health Care Professionals in Rural Counties	1,821	1,413	1,358	1,410	1,410

\*Estimated.

SOURCE: Legislative Budget Board.



access to primary health care in rural areas through four primary activities: (1) Health Find is an annual conference where ORCA recruits healthcare professionals to serve in rural areas of the state; (2) the Outstanding Rural Scholar Recognition Program assists rural communities in “growing their own” healthcare professionals by matching community funds with state funds to support a health-professional student who is chosen by a rural community; (3) the Medically Underserved Community–State Matching Incentive Program attracts primary care physicians to medically underserved communities by providing funds to cover the start-up costs of establishing physicians’ practices in those communities; and (4) the Rural Community Health Care Investment Program recruits and retains health professionals to practice in medically underserved communities by providing incentives in the form of stipends and/or loan reimbursements for qualifying educational loans. Through the Rural Physician Relief Program strategy, the agency will recruit physicians to participate in a program to offer affordable locum relief services to rural physicians to facilitate the ability of those physicians to take time away from their practice. The Health Facility Capital Improvement strategy, which is funded by Tobacco Settlement proceeds, provides grants to rural health facilities for the acquisition, construction, or improvement of a facility, equipment, or real property used to provide health services.

### **OUTREACH ASSISTANCE**

Appropriations of \$0.3 million for the 2008–09 biennium support the agency’s Outreach and Assistance goal and Rural Policy and Research strategy. The funds provide the agency with resources to develop a rural policy for Texas to strengthen coordination efforts among state agencies and officials. Through increased coordination, the agency intends to improve the results and the cost-effectiveness of state-sponsored programs affecting rural communities.

### **INDIRECT ADMINISTRATION**

The agency is appropriated \$1 million for the 2008–09 biennium for its Indirect Administration goal. This goal provides administrative services to support the functions of the agency through two strategies: Central Administration and Information Resources.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted several bills that affect ORCA and its operations. Senate Bill 1440 requires ORCA to work with interested persons to assist volunteer

fire departments and emergency services districts in rural areas by assisting with the recruitment and retention of volunteer firefighters; providing information relating to assistance programs offered to rural volunteer firefighters; and providing information relating to the benefits of volunteer fire departments to rural homeowners.

House Bill 2235 authorizes ORCA to establish the following programs: a rural technology center grant program to provide community access to technology; computer literacy programs; educational programs to provide concurrent enrollment credit for high school students taking postsecondary courses in information and emerging technologies; training for careers in technology-related fields and other highly skilled industries; and technology related continuing and adult education programs.

The Sunset Advisory Commission reviewed ORCA prior to the Eightieth Legislative Session. The Sunset legislation, House Bill 2542 enacted by the Eightieth Legislature, 2007, continues ORCA for six years; modifies the executive committee from a committee made up of 9 members to a board with 11 members; narrows ORCA’s powers and duties to include assisting rural communities in the key areas of economic development, community development, rural health, and rural housing; designates ORCA to serve as a clearinghouse for information and resources on all state and federal programs affecting rural communities; identifies and prioritizes policy issues and concerns affecting rural communities in the state; and makes recommendations to the Legislature to address the concerns affecting rural communities. The legislation authorizes ORCA to collocate its field staff in the Department of Agriculture’s offices and work with the Department of Agriculture to regularly cross-train office employees regarding the programs administered and services provided by each agency to rural communities. The legislation requires the agency’s board to review grant applications and approve grant and loan awards, and requires ORCA to work in consultation with the Department of Agriculture to evaluate and streamline the administration of the rural CDBG program.

## DEPARTMENT OF TRANSPORTATION

The Texas Department of Transportation (TxDOT) was created in 1991 with the merger of the State Department of Highways and Public Transportation, the Department of Aviation, and the Motor Vehicle Commission. The Texas Turnpike Authority (TTA) was merged into TxDOT by the Seventy-fifth Legislature in 1997. The TTA board of directors was later abolished by the Seventy-seventh Legislature in 2001, and the duties and responsibilities of the board were transferred to the Texas Transportation Commission (TTC).

In 2003, the Seventy-eighth Legislature expanded TxDOT's governing body from a three-member to a five-member commission. Each member is appointed by the Governor with the advice and consent of the Senate for a six-year term. The Governor designates the commission's chair, who serves as the state's Commissioner of Transportation. The agency's executive director is selected by the five-member commission.

The agency's mission is to work cooperatively to provide safe, effective, and efficient movement of people and goods.

### APPROPRIATIONS AND FINANCING

TxDOT's 2008–09 biennial appropriations include the following funding sources:

- State Highway Fund No. 006;
- Federal Funds;
- General Revenue Funds;
- Texas Highway Beautification Account No. 071, a special account within the General Revenue Fund;
- Texas Mobility Fund No. 365 (Other Funds);
- General Obligation bond proceeds; and
- Appropriated Receipts.

Total appropriations of approximately \$16.9 billion for the 2008–09 biennium is an increase of approximately \$1.2 billion, or 7.8 percent, from the agency's 2006–07 expenditure level. This is attributable mainly to anticipated increases in Federal Funds, Texas Mobility Funds, State Highway Fund revenue bond proceeds, and General Revenue Funds available for transportation planning, construction, and maintenance during the 2008–09 biennium.

Appropriations for the 2008–09 biennium support 14,999.2 full-time-equivalent (FTE) positions each year. Additionally, the agency has been authorized 1,200 FTE positions for its Summer Hire Program during the third and fourth quarters of each fiscal year.

### STATE HIGHWAY FUND NO. 006

State revenues deposited to State Highway Fund No. 006 account for 33.3 percent (approximately \$5.6 billion in Other Funds) of the agency's total 2008–09 appropriations. **Figure 306** shows the distribution of State Highway Fund appropriations to TxDOT, other state agencies and institutions, and employee benefits costs for the 2008–09 biennium. Motor fuel taxes and motor vehicle registration fees are the principal sources of state revenues deposited to State Highway Fund No. 006. State Highway Fund revenue bond proceeds are also deposited to State Highway Fund No. 006. The 2008–09 appropriations for TxDOT include approximately \$1.5 billion from revenue bond proceeds for transportation planning and construction.

Motor fuels tax revenue has been funding highway infrastructure spending since the inception of a \$0.01 per gallon tax on gasoline in 1923. Taxes on diesel fuel and liquefied gas were added over several decades, along with periodic rate increases for all motor fuel taxes, to finance considerable increases in spending for highway construction and maintenance. (**Figure 307** shows the changes in construction and maintenance costs from fiscal year 2000 through 2006.) The current rate of \$0.15 per gallon for liquefied gas was established in fiscal year 1987, and the current rate of \$0.20 per gallon for gasoline and diesel fuel was established in fiscal year 1991.

Approximately three-fourths of the revenue collected from the state motor fuel tax is deposited into State Highway Fund No. 006, and the remaining one-fourth is deposited into the Available School Fund. The Comptroller's Biennial Revenue Estimate currently forecasts that the state will collect and transfer approximately \$4.6 billion in motor fuel taxes to State Highway Fund No. 006 during the 2008–09 biennium. **Figure 308** shows how these and other sources of revenue have changed since fiscal year 2001.

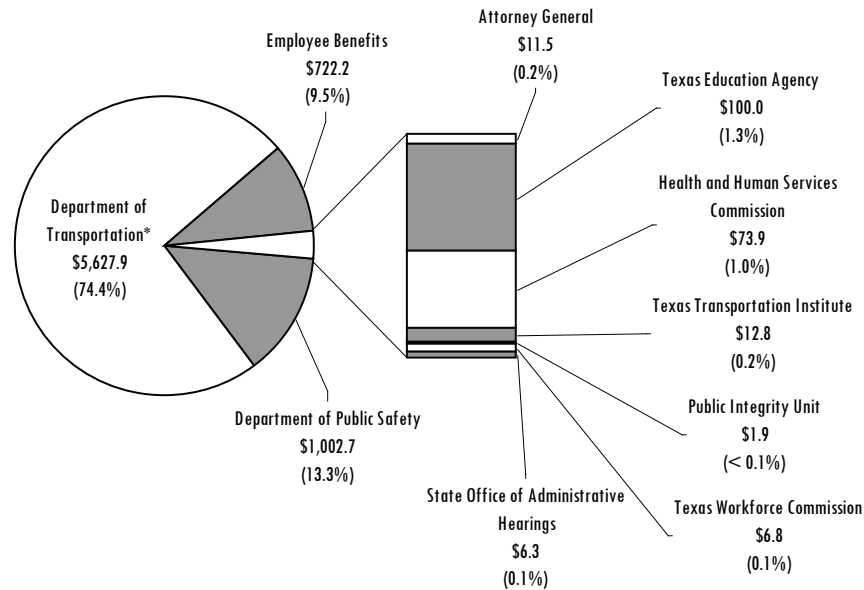
### STATE HIGHWAY FUND BONDING AUTHORITY

With the enactment of House Bills 3588 and 471, Seventy-eighth Legislature, Regular Session, 2003, and voter approval of House Joint Resolution 28 (Texas Constitution, Article 3, Sections 49-m and 49-n), the TTC was granted

**FIGURE 306**  
**STATE HIGHWAY FUND APPROPRIATIONS**  
**2008–09 BIENNIUM**

IN MILLIONS

TOTAL = \$7,566.0 MILLION

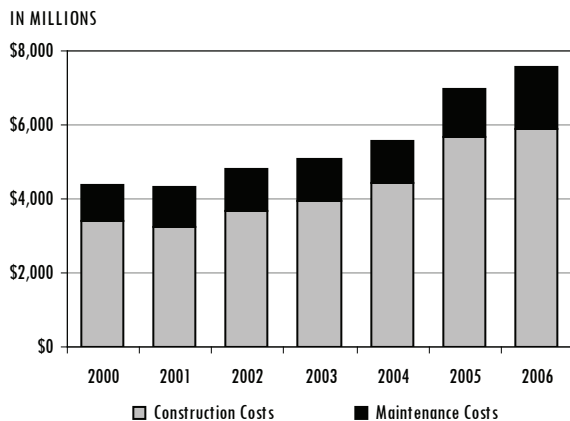


\*Estimated.

NOTE: Excludes State Highway Fund Revenue Bond Proceeds and Federal Highway Reimbursements.

SOURCE: Legislative Budget Board.

**FIGURE 307**  
**CONSTRUCTION AND MAINTENANCE COSTS**  
**FISCAL YEARS 2000 TO 2006**



SOURCE: Texas Department of Transportation.

the authority to issue highway tax and revenue anticipation notes in the event of a cash flow shortfall in the State Highway Fund and to issue bonds secured by a pledge of and payable

from revenue deposited to the credit of the State Highway Fund. Pursuant to House Bill 3588, the TTC was authorized to issue State Highway Fund Revenue Bonds and other public securities in an aggregate principal amount not to exceed \$3 billion with no more than \$1 billion to be issued each year to finance state highway improvement and safety projects. Senate Bill 792, Eightieth Legislature, Regular Session, 2007, increased the authorized aggregate principal amount to \$6.0 billion and increased the amount that may be issued each year to \$1.5 billion. As of August 31, 2007, the TTC had issued approximately \$1.6 billion in State Highway Fund revenue bonds, the proceeds of which are deposited to the credit of the State Highway Fund No. 006.

#### COMPREHENSIVE DEVELOPMENT AGREEMENTS

House Bill 3588, Seventy-eighth Legislature, Regular Session, 2003, and House Bill 2702, Seventy-ninth Legislature, Regular Session, 2005, authorized TxDOT to enter into comprehensive development agreements (CDA)

**FIGURE 308**  
**REVENUE DEPOSITED INTO STATE HIGHWAY FUND NO. 006**  
**FISCAL YEARS 2001 TO 2009**

IN MILLIONS									
REVENUE SOURCE	2001	2002	2003	2004	2005	2006	2007	2008*	2009*
Motor Fuel Tax	\$2,021.8	\$2,078.1	\$2,087.0	\$2,130.0	\$2,148.3	\$2,194.2	\$2,238.2	\$2,264.4	\$2,288.0
Motor Vehicle Registration Fees	752.0	781.1	790.3	846.8	876.8	932.7	984.2	1,031.7	1,073.4
Sales Tax on Lubricants	28.8	30.2	30.9	31.7	33.0	34.9	36.8	38.9	41.1
Federal Revenue	1,805.3	2,318.1	2,606.8	2,793.7	3,289.3	3,134.9	2,036.0	3,545.8	3,352.4
Other Revenue	319.3	684.3	309.8	285.4	326.8	797.2	576.2	286.5	307.3
<b>TOTAL</b>	<b>\$4,927.2</b>	<b>\$5,891.8</b>	<b>\$5,824.9</b>	<b>\$6,087.7</b>	<b>\$6,674.3</b>	<b>\$7,093.9</b>	<b>\$5,871.4</b>	<b>\$7,167.3</b>	<b>\$7,062.2</b>

\*Estimated.

NOTE: Totals may not sum due to rounding.

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

and established standards and procedures by which the agency can enter into such agreements. A CDA is an agreement with a private entity that, at a minimum, provides for the design and construction of certain transportation projects but may also provide for the financing, acquisition, maintenance, and operation of transportation projects. TxDOT may use different types of CDAs to allow varying degrees of private sector participation and capital investment to accelerate the completion of transportation projects.

Currently, 87 projects with an estimated total cost of approximately \$55.9 billion are being considered for development using CDAs. One such project that is currently under development is State Highway 130, Segments 5 and 6, which will be a 40-mile toll facility in Central Texas with an estimated total cost of \$1.3 billion. In 2007, TxDOT entered into a CDA with a private sector developer under which the developer will assume the responsibilities to design, construct, finance, operate, and maintain the facility for 50 years. Construction of the facility is projected to begin in 2009, and the facility is anticipated to be open to traffic in 2012. Under this type of CDA, called a concession agreement, the private developer generally agrees to pay an up-front concession fee to the state and may agree to terms allowing for toll revenue sharing in return for the right to operate and collect tolls on the facility. TxDOT received a \$26 million concession payment in fiscal year 2008 for the State Highway 130, Segments 5 and 6, agreement. Total payments to the state from concession fees and revenue sharing over the life of the contract are estimated to be \$1.7 billion. Also in 2008, TxDOT received a lump sum payment of \$3.2 billion associated with the State Highway 121

concession agreement. Payments received by TxDOT under a CDA are deposited to the State Highway Fund.

### FEDERAL FUNDS

TxDOT's largest funding source is Federal Funds, accounting for 38.4 percent (approximately \$6.5 billion) of the agency's total 2008–09 appropriations. Federal Funds consist of aid for highway construction, planning and research, and related activities, in addition to funding for traffic safety (\$57.9 million), public transportation (\$113.8 million), and other federal receipts for general aviation, reliever, and non-primary commercial service airports (\$72.0 million).

On August 10, 2005, the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was signed into law, replacing the Transportation Equity Act for the 21st Century (TEA-21) and authorizing federal transportation funding, nationally, for fiscal years 2005 to 2009. Under TEA-21, each state was ensured a 90.5 percent rate of return on its share of tax revenue contributions to the federal Highway Trust Fund (known as the "Minimum Guarantee"). Under SAFETEA-LU, the "Minimum Guarantee" is replaced with the "Equity Bonus Program," which adjusts apportionments of each state to ensure that no state's percentage of return drops below a given amount. This will allow Texas and other "donor states" that contribute more motor fuel and other related tax revenue to the federal Highway Trust Fund than they receive, to see increases in federal transportation funds through 2009. Texas' rate of return was scheduled to increase to 91.5 percent for fiscal year 2007 and to 92.0

percent for fiscal years 2008 and 2009. However, Texas' actual rate of return will likely fall short of the 92 percent threshold due to the use of innovating finance provisions authorized by SAFETEA-LU, federal highway funding rescissions, and anticipated shortfalls in the federal Highway Trust Fund. Across all programs, the average annual increase to Texas equals approximately \$788.1 million, a 37.4 percent increase over the previous annual funding rate under TEA-21. However, between the enactment of SAFETEA-LU and June of 2007, the federal government enacted five funding bills that rescinded federal highway apportionments to the states in order to fund other federal budget priorities, resulting in approximately \$665.9 million in highway funding reductions to Texas.

Federal aid for transportation is typically distributed to states in the form of reimbursements of state expenditures for eligible projects. Historically, the state would finance 100 percent of the cost of transportation projects receiving federal aid. As work was completed and payments were made, the state would be reimbursed with Federal Funds in accordance with the federal–state participation rate or matching ratios established by the federal government for the program categories. In the past, the federal–state ratio was 4:1 for most federal apportionment categories; however, in recent years TxDOT implemented additional innovative financing techniques to help manage cash flow for the purpose of paying for federally funded projects. Among several innovative finance provisions contained in SAFETEA-LU, the act continues to offer an option that Texas has used for years called Tapered Match. Tapered Match allows states to vary the required matching ratio over the life of a project. With this tool, states can delay the use of their own funds while using federal funds to bring projects through the critical early phases of construction.

### TEXAS MOBILITY FUND

State revenues and bond proceeds deposited to the Texas Mobility Fund (TMF) No. 365 account for 16.9 percent (approximately \$2.9 billion) of the agency's total 2008–09 appropriations. The biennial appropriations include approximately \$2.4 billion in TMF bond proceeds for transportation planning and construction and approximately \$434.1 million for debt service on TMF bonds.

The enactment of legislation by the Seventy-seventh Legislature, Regular Session, 2001, and voter approval of Senate Joint Resolution 16 (Texas Constitution, Article 3, Section 49-k) in November 2001, created the Texas Mobility

Fund within the treasury of the State of Texas and established the TTC as the administrator of the fund. Under the constitutional provision and its enabling legislation, the TTC is authorized to issue bonds and enter into related credit agreements that are payable from and secured by a pledge of and a lien on all or part of the money on deposit in the TMF. Additionally, the TTC is charged with administering the TMF as a revolving fund to provide a method of financing for the construction, reconstruction, acquisition, and expansion of state highways. This includes the cost of any necessary design and the cost of acquisition of rights-of-way, as determined by the TTC and provides state participation in the payment of a portion of the cost of constructing and providing publicly owned toll roads and other public transportation projects in accordance with standards and procedures established by law. As of August 31, 2007, the TTC issued approximately \$3.9 billion in TMF bonds. Proceeds from the issuance of TMF bonds are deposited to the credit of the Texas Mobility Fund.

Article 3, Section 49-k of the Texas Constitution authorized the Texas Legislature to dedicate to the TMF any taxes or other revenues that are not otherwise dedicated by the Texas Constitution, namely motor fuel taxes, motor lubricant sales taxes, and motor vehicle registration fees dedicated to the State Highway Fund. Money dedicated to the TMF is appropriated when received by the state and is pledged to the payment of any outstanding obligations or credit agreements. Additionally, the Legislature may not reduce, rescind, or repeal any revenue sources dedicated to the TMF while money in the fund is pledged to the payment of outstanding obligations unless the Legislature by law dedicates a substitute revenue source that is projected by the Comptroller of Public Accounts to be of equal or greater value than the source being reduced. During the 2006–07 biennium, motor vehicle inspection fees, a portion of driver record information fees, and a portion of driver license point surcharges and \$30 state traffic fines were deposited to the TMF. Beginning in the 2008–09 biennium, driver license fees and motor vehicle certificate of title fees will also be deposited to the fund. The Comptroller's Biennial Revenue Estimate projects revenues deposited to the TMF to be approximately \$650.4 million for the 2008–09 biennium.

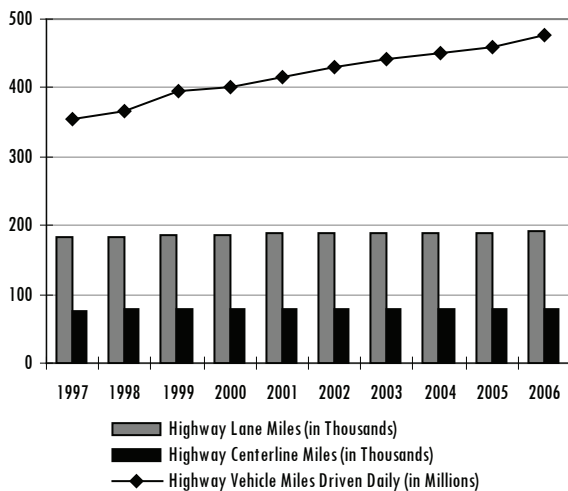
### TEXAS HIGHWAY SYSTEM

State highway system mileage is accounted for in terms of centerline miles and lane miles. Centerline miles represent corridor mileage; lane miles represent the unidirectional single-vehicle, travel-way mileage on state-maintained



roadways. The state highway system consists of approximately 79,695 centerline miles and carries approximately 74 percent of the state's motor vehicle traffic. Overall, individual components of the system include 28,374 miles of U.S. and state highways, which carry about 37 percent of all traffic; 40,988 miles of farm-to-market roads, which carry about 11 percent of all traffic; 9,994 miles of interstate highways and frontage roads, which carry 26 percent of all traffic; and 339 miles of parks and recreation roads, which carry less than 1 percent of all traffic. In fiscal year 2006, the state highway system consisted of approximately 190,763 lane miles. **Figure 309** shows changes in the number of highway lane miles and centerline miles on the state highway system and the number of highway vehicle miles driven daily since fiscal year 1997.

**FIGURE 309**  
**HIGHWAY MILES AND VEHICLE MILES DRIVEN DAILY**  
**FISCAL YEARS 1997 TO 2006**



SOURCE: Texas Department of Transportation.

Approximately 110 centerline miles of tolled highways are in operation on the state highway system, which include 63 miles on the Central Texas Turnpike System, 20 miles on State Highway 121 in Dallas, 7 miles on Loop 49 in Tyler, and 20 miles on State Highway 255 (formerly the Camino Columbia Toll Road) in south Texas. Nine other toll projects representing approximately 216 centerline miles (200 miles of tolled roadway) are currently in various stages of development and construction, including State Highway 130, Segments 5 and 6, and State Highway 45 SE in central Texas; State Highway 99 (Grand Parkway) in the Houston area; State Highway 121, Interstate Highway 635 (LBJ

Project), Dallas/Fort Worth Connector, North Tarrant Express, and State Highway 161 in the Dallas–Fort Worth area; and Loop 1604 in San Antonio. Other toll projects in the early stages of development include Trans-Texas Corridor 35 and Trans-Texas Corridor 69.

Farm-to-market routes are designed primarily to meet rural traffic needs and to provide access to metropolitan markets. The process of changing county roads into state highway system farm-to-market roads is ongoing. TxDOT has the authority to designate a county road as a farm-to-market road for purposes of construction, reconstruction, and maintenance. Once a county road has been so designated, it becomes part of the state highway system. In fiscal year 2006, approximately 144,583 centerline miles of county roads and approximately 78,968 centerline miles of city streets were not included on the state highway system.

Interstate highways in Texas make up part of the National System of Interstate and Defense Highways, established in 1956, that includes over 46,000 miles. The interstate system is designed to link approximately 90 percent of the nation's metropolitan areas and to carry 20 percent of the nation's traffic.

#### TRANSPORTATION PLANNING

The Eightieth Legislature, 2007, appropriated \$3.1 billion for the 2008–09 biennium for transportation planning and development. Appropriations for planning and development fund project planning, design, and management functions carried out by agency staff; contracted planning and design services; acquisition of rights-of-way; and research and development programs.

The planning and development of transportation construction projects is a complex process. First, the need for a transportation project is identified through the input and involvement of cities, counties, Metropolitan Planning Organizations (MPO), and citizen groups. To obtain federal funding for a project, current federal law requires each MPO to develop a local transportation improvement program, which is a four-year, prioritized program of transportation projects covering a metropolitan planning area in a manner consistent with the metropolitan transportation plan. Next, the TTC selects projects for inclusion in the Unified Transportation Plan, which is a 10-year planning document intended to guide and control project development for TxDOT in a feasible and economical manner, and in the Statewide Transportation Improvement Program, which is a multiyear, statewide, intermodal program of transportation



projects that includes a financial implementation plan and that must be implemented within each three-year period after the adoption of the program. Then TxDOT begins several simultaneous actions to develop projects, including conducting public hearings; undertaking feasibility and environmental studies, route and locations studies, traffic and revenue studies, and road inventory surveys; purchasing rights-of-way; designing construction plans; and performing a variety of other preliminary engineering functions.

Appropriations for the 2008–09 biennium for project planning, design, and management functions carried out by agency staff total \$755.5 million. Appropriations by which the agency enters into contracts to carry out project planning and design functions total \$1.1 billion for the 2008–09 biennium.

Funding for transportation planning initiatives also includes acquiring rights-of-way and research and development efforts. The Eightieth Legislature, 2007, appropriated \$1.2 billion for the 2008–09 biennium for acquiring rights-of-way and \$44.8 million for research and development programs. Rights-of-way acquisition costs include all related contract expenses, adjustments of utility facilities directly affected by transportation construction projects, relocation expenses incurred for displaced residents and businesses, and no less than 90 percent of acquisition cost reimbursements for cities and counties that are authorized to acquire rights-of-way in the name of the state.

### **TRANSPORTATION CONSTRUCTION**

The Eightieth Legislature, 2007, appropriated \$6.9 billion for transportation construction for the 2008–09 biennium, which is approximately 41 percent of TxDOT's total appropriations. Because TxDOT contracts with private firms for the construction and reconstruction of all roads, bridges, and other transportation facilities on the state highway system, payments to contractors account for all transportation construction project expenditures. This function also includes planning and installing various warning and protection devices at railroad/highway crossings off the state highway system on a match basis, of which 90 percent is funded by the state and 10 percent is funded by the railroad. In fiscal year 2006, TxDOT contracted for 812 highway construction projects and completed 827 highway construction projects.

Funding for construction also includes Aviation Services Division projects. The functions of the Aviation Services Division include protecting, developing, and promoting public interest in aeronautics and Texas aviation. This

includes assisting with the development and maintenance of a statewide system of modern airports and air navigation aids for public use. The division also acts as the agent of the state and each of the state's political subdivisions for the purposes of applying for, receiving, and disbursing federal funds for the state's general aviation, reliever, and non-primary commercial service airports. Although the division had assumed the responsibilities and duties of the State Aircraft Pooling Board (SAPB) pursuant to an interagency contract agreement beginning in fiscal year 2004, the enactment of legislation by the Seventy-ninth Legislature, Regular Session, 2005, abolished the SAPB and transferred its powers and duties to TxDOT. TxDOT serves as a point of coordination for state officials and agencies to contract for the use of state aircraft to access remote and rural areas and to provide all necessary hangar space, maintenance, and services for the use of state aircraft.

Appropriations for aviation service operations and projects for the 2008–09 biennium total \$158.4 million. This amount includes \$86.4 million from the State Highway Fund and \$72.0 million in Federal Funds, of which \$143.1 million is for airport facility grants that will be matched with local funds.

In fiscal year 2006, TxDOT awarded 122 grants to 122 general aviation airports and inspected 60 airports. Airport inspections are conducted as required by the Federal Aviation Administration at each airport to check for obstructions to aircraft operations and safety violations in relation to the condition of airports. During inspections, data is collected on the number of based aircraft, on the services that are available, and on operations information such as radio frequencies and aircraft operation patterns.

### **MAINTENANCE AND PRESERVATION**

TxDOT is responsible for the preservation, upkeep, and restoration of the state highway system. Highway system maintenance includes roadway surface improvement, road base repairs, bridge and drainage structure inspection and maintenance, and road sign and traffic signal repair. Responsibilities also encompass litter cleanup, roadside mowing, rest area maintenance, and the repair of damage caused by floods, hurricanes, and other disasters. Preventive maintenance includes such work as highway surface overlays, traffic signal installation, and concrete pavement repairs. During fiscal year 2006, contracts were established for performing 24,267 bridge inspections, resurfacing 15,511

highway lane miles, and mowing approximately 1.7 million roadside acres.

Transportation system maintenance is the agency's largest function in terms of the number of employees involved. In fiscal year 2006, approximately 44 percent of the agency's personnel (6,442 FTE positions) were directly involved in the maintenance function. It is the second-largest function in terms of appropriations. The Eightieth Legislature, 2007, appropriated \$5.8 billion for contracted and routine and preventive highway maintenance for the 2008–09 biennium. Excluding indirect administration costs, TxDOT expended \$2.0 billion for contracted maintenance functions (80 percent of maintenance expenditures) and \$511.7 million for routine and preventive maintenance work performed by state employees in fiscal year 2006.

Funding for maintenance also includes maintaining the Gulf Intra-coastal Waterway and two toll-free ferry systems. The Eightieth Legislature, Regular Session, 2007, appropriated \$1.8 million for the 2008–09 biennium for the purpose of maintaining the Gulf Intra-coastal Waterway, which extends 423 miles from the Sabine River to the Brownsville Ship Channel. The toll-free ferry systems connect Port Aransas to Aransas Pass (a 0.25-mile crossing) and Galveston Island to the Bolivar Peninsula (a 2.5-mile crossing). In fiscal year 2006, the six-boat ferry system at Port Aransas transported approximately 2.1 million vehicles and the five-boat ferry system at Galveston transported approximately 2.0 million vehicles. The Eightieth Legislature, 2007, appropriated \$50.8 million for the 2008–09 biennium for the purpose of maintaining the two toll-free ferry systems.

#### **PUBLIC TRANSPORTATION**

The Federal Transit Act and state law both require TxDOT to support and promote public transportation by working with local governments, nonprofit entities, and the Federal Transit Administration (FTA). The Eightieth Legislature, 2007, appropriated \$156.5 million for the 2008–09 biennium to fund public transportation programs. Funding for TxDOT's public transportation responsibilities consists of State Highway Funds for agency administrative costs and state public transportation grants and federal receipts for the FTA State Planning and Research Grants Program, Metropolitan Planning Program, Non-urbanized Area Formula Program (Rural Systems), Elderly and Persons with Disabilities Program, Job Access and Reverse Commute Program, and New Freedom Program.

State public transportation grant funds are allocated to rural and urban transit districts based on a formula determined by the TTC and may be used for any approved public transportation project. TxDOT also acts as the state's administrator for 100 percent of the state's federal apportionments for the State Planning and Research Grants Program, Metropolitan Planning Program, and Elderly and Persons with Disabilities Program. In addition, TxDOT administers all federal apportionments to the state for the Non-urbanized Area Formula Program and the portions of the Job Access and Reverse Commute Program and New Freedom Program designated for small urbanized areas of fewer than 200,000 population and rural areas of fewer than 50,000 population. With the exception of federal apportionments for the State Planning and Research Grants Program and Metropolitan Planning Program, urbanized areas above 200,000 in population typically obtain federal funding directly from FTA through coordination with TxDOT.

#### **CLIENT TRANSPORTATION SERVICES**

Pursuant to the enactment of legislation by the Seventy-eighth Legislature, Regular Session, 2003, TxDOT was charged with operating the state Medical Transportation Program (MTP) and workforce client transportation services, which provide a variety of functions related to transportation services for eligible clients of various health and human services and workforce programs. With the enactment of Senate Bill 10, Eightieth Legislature, 2007, all powers, duties, functions, activities, obligations, rights, contracts, records, assets, personnel, and appropriations of TxDOT that are associated with the MTP will be transferred to the Health and Human Services Commission no later than September 1, 2008. The Eightieth Legislature appropriated \$211.1 million for the 2008–09 biennium to fund the MTP and workforce client transportation services. Pursuant to Senate Bill 10 and provisions of the 2008–09 General Appropriations Act, TxDOT will continue funding and operating client transportation functions in fiscal year 2008 until the program transfer is implemented.

#### **TRAFFIC SAFETY**

TxDOT also coordinates the Texas Traffic Safety Program and the State and Community Highway Safety Program and implements the Highway Safety Plan, which provides state and federal traffic safety grant funding, in accordance with the National Highway Safety Act of 1966 and the Texas Traffic Safety Act of 1967. These programs reduce traffic

accidents and resultant deaths, injuries, and property damage, as well as provide education, engineering, and enforcement efforts conducted in a partnership among federal, state, county, local jurisdictions, and nonprofit organizations. During fiscal year 2006, the agency funded 222 state agencies, educational institutions, public and private organizations, and local governments for projects included in the Highway Safety Plan. In total, approximately \$25.7 million in traffic safety grants were awarded in fiscal year 2006. The Eightieth Legislature, 2007, appropriated \$74.6 million for the 2008–09 biennium for traffic safety.

With the enactment of Senate Bill 766, Eightieth Legislature, 2007, all duties associated with the collection, tabulation, analysis, and maintenance of traffic accident reports and records were transferred from the Department of Public Safety (DPS) to TxDOT. Pursuant to Senate Bill 766, appropriations of \$6.2 million for the 2008–09 biennium were transferred to TxDOT for collecting comprehensive data regarding motor vehicle accidents and maintaining a crash records information system that will provide enhanced abilities to capture, manage, and disseminate timely and accurate data to improve the safety of Texas roadways.

#### REGISTRATION AND TITLING

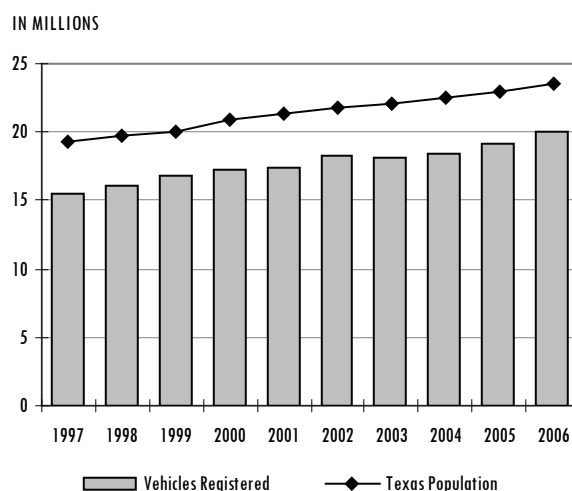
The Eightieth Legislature, 2007, appropriated \$139.2 million for the 2008–09 biennium for the agency's registration and titling functions. TxDOT's registration and titling responsibilities include issuing license plates, registration insignia stickers, and certificates of title and collecting the related fees. The agency works through 17 regional offices and 254 county tax assessor-collectors designated by statute as agents to perform the following activities:

- provide license plates, registration stickers, and other materials to county tax assessor-collectors;
- mail registration notices to vehicle owners;
- supervise registration and certificate-of-title procedures in counties;
- examine title applications;
- license and regulate motor vehicle dealers;
- contact salvage yards to retrieve license plates from scrapped vehicles;
- administer provisions of the Abandoned Motor Vehicle Act; and

- administer registration reciprocity agreements with other states and perform registration fee audits.

TxDOT maintains a Registration and Titling System (RTS) that provides an automated point-of-sale system used by the agency and the tax assessor-collectors in each county to account for the registration of motor vehicles, fees, and taxes. The TxDOT network links RTS to each of the state's 254 counties. **Figure 310** shows the changes in the number of vehicles registered in the state compared to the Texas population from fiscal years 1997 to 2006.

**FIGURE 310**  
**POPULATION COMPARED TO**  
**NUMBER OF VEHICLES REGISTERED**  
**FISCAL YEARS 1997 TO 2006**



SOURCE: Texas Department of Transportation.

TxDOT also administers commercial motor carrier registrations and issues “oversize/overweight” permits to operators of vehicles that exceed the legal size and weight limits for certain roads and bridges. During fiscal year 2007, the agency issued 554,273 “oversize/overweight” permits.

#### AUTOMOBILE THEFT PREVENTION, VEHICLE DEALER REGULATION, TRAVEL INFORMATION, AND RAIL SAFETY

The Automobile Theft Prevention Authority (ATPA) was established by the Seventy-second Legislature, 1991, to reduce vehicle theft in Texas. With the enactment of House Bill 1887, Eightieth Legislature, 2007, the scope of the ATPA was expanded to include the prevention of automobile burglary. The Automobile Burglary and Theft Prevention Authority (ABTPA) coordinates efforts within a network of

law enforcement and judicial agencies, local prosecutors, the insurance industry, and citizens to reduce vehicle burglary and theft through grants that fund special initiatives, education, and public awareness. The ABTPA also communicates with officials from bordering Mexican states and enters into partnership agreements with them to reduce the number of stolen vehicles crossing the border between Texas and Mexico. In fiscal year 2007, the ABTPA awarded approximately \$11.8 million in grants to 31 local agencies and organizations. State Highway Funds totaling \$27.6 million were appropriated for the ABTPA for the 2008–09 biennium and will be used for operating expenses and grants.

The Eightieth Legislature, 2007, appropriated \$12.3 million for the 2008–09 biennium for Vehicle Dealer Regulation. Vehicle Dealer Regulation program funding provides for the licensing of motor vehicle dealers and the enforcement of the state's "Lemon Law." During fiscal year 2006, TxDOT issued 18,794 licenses to both franchised and independent motor vehicle dealers; new motor vehicle manufacturers, distributors, and converters; representatives of new motor vehicle manufacturers, distributors, or converters; and lessors and lease facilitators in the state. Additionally, manufacturers replaced, repurchased, or reacquired 215 motor vehicles in accordance with the Lemon Law.

The agency also operates 12 facilities—11 travel information centers across the state and one information center located in the State Capitol complex—that provide transportation and travel information and services to the media and to the public. In fiscal year 2007, the travel information centers received approximately 2.5 million visitors. In addition, TxDOT publishes the monthly *Texas Highways* magazine, the state's official travel magazine. Approximately 2.7 million copies were sold in fiscal year 2006. The Eightieth Legislature, 2007, appropriated \$38.4 million for the 2008–09 biennium to support the agency's travel information activities.

With the enactment of legislation by the Seventy-ninth Legislature, Regular Session, 2005, all powers and duties of the Texas Railroad Commission associated with railroads and the regulation of railroads were transferred to TxDOT. TxDOT rail safety personnel conduct safety inspections of railroad facilities and equipment and monitor compliance with both state and federal safety regulations regarding hazardous materials, operating practices, motive power and equipment, signal and train control, and track. The Eightieth Legislature, 2007, appropriated \$2.5 million for the 2008–09 biennium for rail safety.

## SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several significant bills that affect TxDOT. Among the more significant are Senate Bill 792, Senate Joint Resolution 64, House Bill 2093, and Senate Bill 1209.

Senate Bill 792 prohibits TxDOT or a local tolling entity from entering into a contract to sell a toll project or a CDA that contains provisions allowing a private entity to operate and collect revenue from a toll project with exceptions for certain CDA projects; limits the duration of CDA contracts that provide for the operation of and revenue collection from a toll project by a private entity to a maximum term of 52 years; and changes the Sunset date for the authority to enter into CDAs from August 31, 2011, to August 31, 2009, with certain exceptions. The legislation provides for the oversight of CDA contracts by the Office of the Attorney General, the State Auditor's Office, and the Legislative Budget Board, and requires TxDOT to make public certain information regarding Trans-Texas Corridor contracts and project costs. The legislation provides local tolling entities with the first option to develop a toll project within their jurisdiction, and requires TxDOT and a local tolling entity to obtain an independent market valuation study to appraise the value of a proposed toll project and the corresponding concession payments a project would realize on the private market. The legislation establishes a legislative study committee to conduct public hearings and study the public policy implications associated with CDAs that allow a private entity to operate and collect revenue from a toll project and the sale of an existing toll project to a private entity. The legislation also increases the total principal amount of State Highway Fund revenue bonds that may be issued from \$3.0 billion to \$6.0 billion and the maximum amount that may be issued in a fiscal year from \$1.0 billion to \$1.5 billion.

Senate Joint Resolution 64 amends the Texas Constitution to allow the Legislature to authorize the Texas Transportation Commission (TTC) to issue up to \$5 billion in state General Obligation bonds for highway improvement projects. The legislation provides an appropriation from the first money coming into the treasury each fiscal year that is not otherwise appropriated by this constitutional amendment in an amount sufficient to pay principal and interest on any outstanding obligations that mature or become due during a fiscal year.

House Bill 2093 increases "oversize/overweight" permit fees, highway maintenance fees, and other permit fees for the transport of heavy equipment and manufactured homes; increases the portions of certain motor carrier fees that are

deposited to the State Highway Fund; and provides TxDOT with authority to investigate and impose administrative penalties for violations of motor carrier statutes, rules, or orders.

Senate Bill 1209 extends the provisions in law requiring TxDOT and a utility to pay an equal share of the costs of a utility relocation to accommodate a toll project until September 1, 2013. The legislation authorizes TxDOT and a utility to enter into a prepayment agreement at the request of the utility that provides for TxDOT to reimburse a utility for the costs of a utility relocation necessitated by an improvement to the state highway system, including a toll project, that would not otherwise be reimbursable under current law.



## TEXAS WORKFORCE COMMISSION

The Texas Workforce Commission (TWC) was created in 1995 by the Seventy-fourth Legislature. In addition to replacing the Texas Employment Commission, the agency administers programs previously located in nine state agencies. TWC administers workforce training programs that provide services to both the state's workers and private employers. These services are intended to equip workers with the skills needed to foster economic development.

The commission consists of three full-time members, representing employers, labor, and the public. The commissioners are appointed by the Governor with the advice and consent of the Senate and serve staggered six-year terms. The agency is administered by an executive director appointed by the commission.

### MISSION AND GOALS

The agency's mission is to promote and support a workforce system that offers employers, individuals, and communities the opportunity to achieve and sustain economic prosperity. The majority of TWC's strategies for fulfilling its mission fall under two goals:

- (1) Workforce Development—to support a workforce system that offers employers, individuals, and communities the opportunity to achieve and sustain economic prosperity; and
- (2) Program Accountability and Enforcement—to ensure workforce program accountability and reduce employment and housing discrimination.

### OVERVIEW OF FUNDS

For the 2008–09 biennium, TWC has a total appropriation of \$2.2 billion, which provides for 2,860.9 full-time-equivalent (FTE) positions in fiscal year 2008 and 2,858.0 FTE positions in fiscal year 2009. These appropriations are \$128 million, or 6 percent, below 2006–07 spending levels primarily due to decreases in federal funding related to one-time disaster relief for Hurricanes Katrina and Rita.

Federal Funds account for \$1.9 billion, or 86.1 percent, of the agency's total appropriation, with more than 70.0 percent of these funds allocated to local workforce development areas for workforce boards to deliver workforce and support services throughout the state. Those allocations include \$807.5 million for the Federal Child Care and Development Fund (CCDF) for child-care services to low-income families; \$489.4 million for the Workforce Investment Act for job-training programs for low-income adults and youth; \$178.8

million for the state's Temporary Assistance for Needy Families (TANF) for job-training and job-retention; \$93.8 million for the Employment Services Program for the general workforce, including Work Opportunity Tax Credit assistance and Labor Market Information activities; Food Stamp appropriations of \$32.2 million; and, \$24.2 million to provide training services to laid-off trade-affected workers.

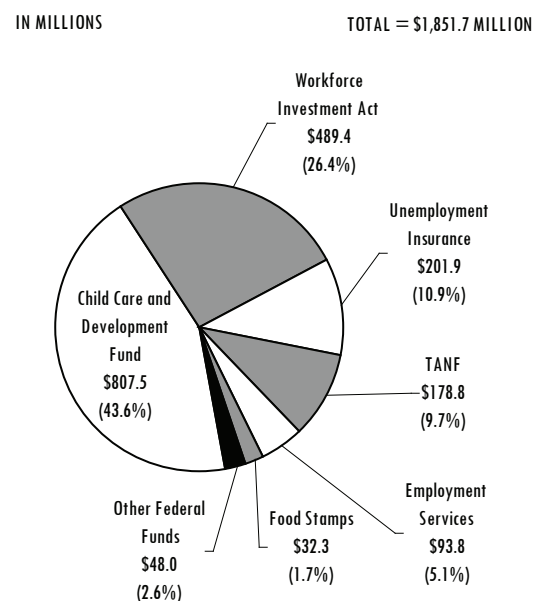
In addition to workforce-related programs and services, TWC allocates Federal Funds to other activities, including \$9.7 million to support Senior Employment activities; \$6.1 million in Bureau of Labor Statistics funding to develop and report labor market information; \$2.1 million to reduce housing and employment discrimination; and \$1.2 million to process requests for Alien Labor certifications.

Appropriations for the administration of the unemployment insurance program total \$201.9 million. (Money paid as benefits to unemployed workers is separate from this appropriation.)

**Figure 311** shows appropriations of Federal Funds for the various programs by percentage of total Federal Funds appropriated.

Of the agency's total appropriations, \$227.1 million, or 10.6 percent, are in General Revenue Funds. Nearly 70 percent of these funds are also allocated to local workforce development

**FIGURE 311**  
**TEXAS WORKFORCE COMMISSION**  
**FEDERAL FUNDS BY PROGRAM**  
**2008–09 BIENNIUM**



SOURCE: Texas Workforce Commission.



areas for workforce development boards to deliver workforce and support services. These appropriations include \$85.1 million to match the federal matching portion of the CCDF child-care grant, \$55.5 million for federally-required maintenance of effort for the CCDF child-care grant and also to meet the state's eligibility for the federal TANF block grant, and \$8.0 million to match federal Food Stamp funds. Additionally, \$18.4 million in General Revenue Funds are appropriated for Project Reintegration of Offenders (Project RIO), for training and employment activities during incarceration and after release, and to achieve reductions in recidivism through employment soon after release.

The remaining General Revenue Funds include \$52.0 million for the Skills Development Fund customized skills training program, \$3.3 million for apprenticeship training, \$1.9 million for the regulation of career schools and colleges, and \$1.4 million for Employment and Community Services.

The remaining 2.2 percent of the agency's appropriations are comprised of \$47.0 million in interagency contracts for child care for children in foster care and children needing protective services, transportation services, the Career Development Resources program, and for Civil Rights training and review activities; \$9.7 million in General Revenue–Dedicated Funds for labor law inspections and enforcement; \$6.8 million in State Highway Funds for client transportation services; and \$5.0 million in Appropriated Receipts from local and community organizations to match federal child-care funding.

## WORKFORCE DEVELOPMENT

A variety of workforce programs and services are offered through TWC as part of the agency's Workforce Development goal, including Workforce Investment Act (WIA) programs; job training for TANF-eligible recipients; and general employment services and employment assistance for displaced manufacturing employees, offenders reentering society, and senior citizens, as well as apprentice programs.

The goal of the WIA programs is to improve the quality of the adult workforce, reduce welfare dependency, reemploy dislocated workers, and enhance economic productivity and competitiveness, as well as help eligible youth to acquire skills, training, and support needed to successfully transition to careers and productive adulthood. TWC allocates funds to local workforce development areas, whose workforce boards contract for training and workforce services and the maintenance of one-stop centers. In the 2008–09 biennium, Texas will receive an estimated \$489.4 million in WIA

formula Federal Funds. TWC estimates that 49,448 adults will participate in WIA programs each year of the biennium.

About 85 percent of the agency's TANF appropriations will be expended by local workforce development boards for job-readiness and job-training services to an estimated 82,330 TANF-eligible recipients per year participating in the Choices Program. The Food Stamp employment and training program assists clients who are not eligible for TANF cash assistance in obtaining employment, education, or vocational training they need to become self-sufficient. This program has a \$39.9 million budget for the 2008–09 biennium; nearly 80 percent of the budget is in Federal Funds.

The Employment Services Program provides services to the general workforce and is expected to serve approximately 1.5 million clients during each year of the biennium. While these job search and recruitment assistance services are physically provided through the state's network of local workforce development boards, over 550 TWC employees administer the Employment Services Program consistent with current federal requirements.

Under the Federal Trade Act, TWC allocates funding to workforce boards to provide training, job search, and related services to qualified workers who lose their manufacturing jobs due to foreign imports. TWC received an appropriation of \$24 million in Federal Funds to allocate to workforce areas for providing these services.

Project RIO, a program designed to help reduce recidivism, includes interagency contracts between TWC, the Texas Department of Criminal Justice, and the Texas Youth Commission to provide job preparation, job search, and other related services to offenders prior to release from incarceration. TWC is appropriated \$10.4 million to allocate to local workforce development areas during the 2008–09 biennium for workforce boards to administer these services. Project RIO serves approximately 38,150 offenders per year.

The Senior Community Service Employment Program is appropriated \$9.9 million in Federal Funds for the 2008–09 biennium to fund public employment for economically disadvantaged citizens age 55 and older to enhance individual economic self-sufficiency. TWC is appropriated \$3.5 million for the 2008–09 biennium for apprenticeship training to prepare individuals for occupations in skilled trades and crafts. The program combines on-the-job training with job-related classroom instruction for more than 3,600 young adults per year.

In addition to workforce services, TWC provides business services in support of its Workforce Development goal. For example, the Skills Development Fund and the Self-sufficiency Fund programs respond to the workforce needs of Texas employers and industry. Both programs provide grants to community colleges and technical schools to fund customized training programs tailored to new or existing jobs with local employers. The 2008–09 biennium appropriation for the Skills Development Fund programs is \$50.9 million in General Revenue Funds and the Self-sufficiency Fund programs have \$6.2 million in TANF appropriations. All trainees participating in Self-sufficiency Fund grant programs must be current or potential TANF recipients.

TWC also provides child-care services for eligible recipients as part of its Workforce Development goal. Child-care services enhance education and job training provided to public assistance recipients and low-income individuals with children, allowing them to remain employed or to complete education and skills training. Federal Child Care and Development Fund, TANF, and matching General Revenue Funds, as well as maintenance-of-effort appropriations to TWC total \$944.6 million for the 2008–09 biennium. At this level of funding, it is estimated that child care will be provided to an average of 116,465 children per day in fiscal year 2008 and 113,864 children per day in fiscal year 2009. Projections indicate that 16,900 children per day will come from families of clients participating in the TANF Choices program in each of fiscal years 2008 and 2009 (**Figure 312**).

The agency administers the state's unemployment insurance program under its Workforce Development goal, collecting payroll taxes from the state's employers and providing monetary assistance to persons unemployed through no fault of their own. The program promotes economic stability by preserving buying power in communities experiencing an economic downturn and includes an appellate component through which a claimant or employer may appeal a determination of benefit rights. TWC is also responsible for measuring the propriety of benefits paid, for recovering benefits which have been overpaid, and initiating criminal or civil legal actions when fraud is detected. Unemployed individuals can make claims by phone or by using an online filing application. The state's employers can also use an online system to file their payroll tax information with TWC.

Employer taxes are collected in the Unemployment Compensation Trust Fund, from which workers' benefits are paid. Like other employers, state agencies reimburse the Unemployment Compensation Trust Fund for benefits paid to former employees who become unemployed. TWC credits the Trust Fund for this activity through the Reimbursements to the Unemployment Compensation Benefit Account.

#### PROGRAM ACCOUNTABILITY AND ENFORCEMENT

To support the agency's Program Accountability and Enforcement goal, TWC receives General Revenue–Dedicated Funds for enforcing the Texas Pay Day Law to assist workers in obtaining payment of wages due and the Texas Child Labor Law to protect children from exploitation in the workplace. The agency also uses fee-generated General

**FIGURE 312**  
**TEXAS WORKFORCE COMMISSION**  
**SELECTED PERFORMANCE MEASURES**  
**FISCAL YEARS 2003 TO 2009**

MEASURE	FISCAL YEAR						
	2003	2004	2005	2006	2007	2008*	2009*
Entered Employment Rate	NA	73.1%	75.9%	76.9%	78.3%	75.0%	75.0%
Employment Retention Rate	NA	80.3%	82.1%	82.4%	82.2%	80.0%	80.0%
Percent of Unemployment Insurance Claimants Paid Timely	97.5%	97.1%	97.4%	97.3%	97.7%	97.0%	97.0%
Average Number of Children Served per Day, Transitional and At-risk Services	88,672	88,271	97,824	102,339	112,924	99,565	96,964
Average Number of Children Served per Day, TANF Choices Services	23,343	23,730	18,916	13,570	10,487	16,900	16,900

\*Projected.

SOURCE: Texas Workforce Commission.

Revenue Funds to license and regulate career schools and colleges that offer vocational or continuing education.

Another aspect of accountability and enforcement involves enforcing civil rights laws. To enforce the Texas Commission on Human Rights Act and the Texas Fair Housing Act, the Civil Rights Division of TWC investigates complaints, reviews personnel policies and procedures of state agencies and institutions of higher education, reviews initial firefighter testing, reports statistics, and conducts training with appropriations totaling \$3.4 million for the 2008–09 biennium, slightly more than half of which comes from contracts with the federal Department of Housing and Urban Development and the Equal Employment Opportunity Commission.

### **SIGNIFICANT LEGISLATION**

Senate Bill 679, Eightieth Legislature, 2007, requires that if the amount in the Unemployment Compensation Fund on a tax rate computation day is more than the ceiling of the compensation fund, the TWC may use all or part of that surplus to pay outstanding bond obligations or to provide a surplus credit or a surplus credit rate to an employer entitled to an experience rate on the computation date. The legislation specifies that if there are outstanding bond obligations and bond administrative expenses for which employers are assessed an obligation tax, TWC may transfer all or part of the surplus to the Obligation Trust Fund for payment of those obligations. The amount transferred may not exceed the amount of bond proceeds transferred to the compensation fund to pay unemployment benefits. Also, the legislation authorizes TWC to use any remaining portion of the surplus to compute a surplus credit based on the surplus ratio and an employer's contributions to the compensation fund or to compute an annual surplus credit rate based on the surplus ratio and an employer's general and replenishment tax rates. Furthermore, the legislation amends computation of the surplus ratio and authorizes TWC to adjust the tax rate for experience-rated employers at its own discretion.



# 11. REGULATORY

As shown in **Figure 313**, appropriations for regulatory agencies for the 2008–09 biennium total \$762.3 million, or less than 1 percent of all state appropriations. This amount is an increase of \$199.4 million, or 35.4 percent, from the 2006–07 biennium. **Figure 314** shows 2008–09 appropriations by method of financing and full-time-equivalent positions from fiscal years 2004 to 2009 for all regulatory agencies.

**FIGURE 313**  
**ALL FUNDS APPROPRIATIONS FOR REGULATORY, 2008–09 BIENNIUM**

IN MILLIONS	ESTIMATED/BUDGETED	APPROPRIATED	BIENNIAL	%
AGENCY	2006–07 <sup>1</sup>	2008–09 <sup>2, 3</sup>	CHANGE	CHANGE
State Office of Administrative Hearings	\$14.7	\$17.8	\$3.1	20.9
Department of Banking	24.5	35.9	11.4	46.6
Board of Chiropractic Examiners	0.8	0.9	0.1	18.0
Office of Consumer Credit Commissioner	7.4	10.3	2.9	38.4
Credit Union Department	3.5	3.9	0.3	9.3
Texas State Board of Dental Examiners	3.3	3.7	0.4	11.0
Funeral Service Commission	1.3	1.3	0.0	3.8
Board of Professional Geoscientists	0.9	0.9	0.0	1.0
Health Professions Council	0.3	0.3	0.0	0.8
Office of Injured Employee Counsel	8.9	14.3	5.4	61.0
Department of Insurance	200.1	198.3	(1.7)	(0.9)
Office of Public Insurance Counsel	2.1	2.1	(0.0)	(0.2)
Board of Professional Land Surveying	0.7	0.8	0.1	10.7
Department of Licensing and Regulation	30.0	43.1	13.1	43.5
Texas Medical Board	16.3	18.6	2.3	14.2
Texas Board of Nursing	13.6	14.0	0.4	2.9
Optometry Board	0.8	0.9	0.1	7.0
Structural Pest Control Board	3.0	0.0	(3.0)	(100.0)
Board of Pharmacy	7.4	8.2	0.9	11.7
Executive Council of Physical Therapy and Occupational Therapy Examiners	1.9	2.1	0.2	8.6
Board of Plumbing Examiners	3.5	3.7	0.2	4.9
Board of Podiatric Medical Examiners	0.4	0.5	0.0	5.0
Board of Examiners of Psychologists	1.4	1.6	0.1	8.3
Racing Commission	20.0	21.6	1.6	7.9
Real Estate Commission	10.0	12.7	2.7	27.1
Residential Construction Commission	7.1	20.8	13.7	193.3
Department of Savings and Mortgage Lending	8.0	13.4	5.3	66.4
Securities Board	11.6	11.4	(0.2)	(1.7)
Board of Tax Professional Examiners	0.3	0.4	0.0	9.4
Public Utility Commission of Texas	58.4	197.6	139.2	238.3
Office of Public Utility Counsel	3.4	3.4	0.0	0.0
Board of Veterinary Medical Examiners	1.3	1.7	0.4	33.5
<b>SUBTOTAL, REGULATORY</b>	<b>\$467.1</b>	<b>\$666.0</b>	<b>\$198.9</b>	<b>42.6</b>
Retirement and Group Insurance	\$62.3	\$65.7	\$3.4	5.5
Social Security and Benefit Replacement Pay	25.6	26.2	0.6	2.5
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$87.8</b>	<b>\$91.9</b>	<b>\$4.0</b>	<b>4.6</b>
Lease Payments	\$11.9	\$9.7	(\$2.2)	(18.3)
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$11.9</b>	<b>\$9.7</b>	<b>(\$2.2)</b>	<b>(18.3)</b>
Less Interagency Contracts	\$3.9	\$5.3	\$1.4	36.4
<b>TOTAL, ARTICLE VIII – REGULATORY</b>	<b>\$562.9</b>	<b>\$762.3</b>	<b>\$199.4</b>	<b>35.4</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

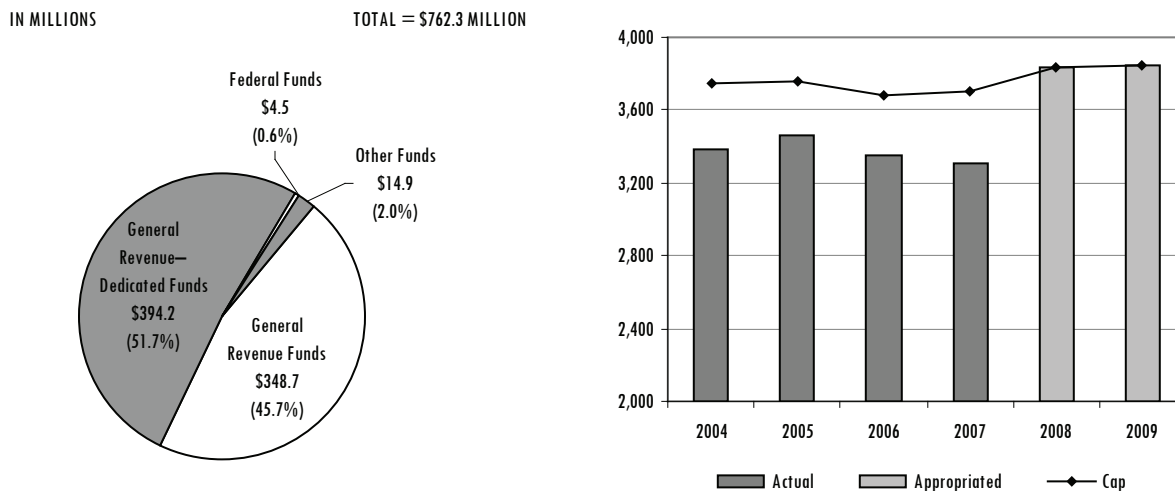
<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTES: Article totals exclude interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

SOURCE: Legislative Budget Board.

**FIGURE 314**  
**REGULATORY APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS**  
**2008–09 BIENNIUM**



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

A wide range of industries and occupations are regulated by the 31 regulatory agencies included in Article VIII of the General Appropriations Act (GAA). Regulated industries include insurance, worker's compensation, health-related occupations, non-health-related occupations, telecommunications, electric utilities, securities, financial institutions, real estate, residential construction, and pari-mutuel racing. The appropriations and indirect costs for 28 of the regulatory agencies are supported by fees generated from the industries and occupations they regulate. These agencies are subject to a special provision expressing legislative requirements that agency revenues cover the cost of agency appropriations as well as an amount equal to other direct and indirect costs appropriated elsewhere in the 2008–09 GAA. Several major agencies included in the Regulatory Article are highlighted below.

## MAJOR FUNDING ISSUES

The Eightieth Legislature, 2007, increased appropriations for agencies included in Article VIII by a net amount of \$199.4 million in All Funds more than 2006–07 funding levels. The following is a summary of the more significant increases included in regulatory program areas for the 2008–09 biennium compared to prior biennium spending levels:

- an increase of \$138.4 million for the Low Income Discount Program at the Public Utility Commission;
- an increase of \$18.5 million and up to 117.5 full-time-equivalent (FTE) positions to provide adequate

regulation for the financial, racing, and nursing industries in the event that additional resources are needed;

- an increase of \$13.7 million and 43.0 FTE positions for additional regulation requirements in the residential construction industry through the Residential Construction Commission; and
- an increase of \$13.1 million and 86.5 FTE positions for the regulation of air conditioning, refrigeration, and appliance installation contractors; the regulation and registration of certain discount health plans; and for reallocating funding from the Department of Transportation to the Department of Licensing and Regulation to assume the duties of licensing and regulating tow trucks, tow truck operators, and vehicle storage facilities.

Appropriations for 11 health-related licensing agencies total \$53.4 million in All Funds and \$50.9 million in fee-supported General Revenue Funds and General Revenue-Dedicated Funds for the 2008–09 biennium. This represents an increase of 10.3 percent in All Funds and 11.6 percent in General Revenue Funds and General Revenue-Dedicated Funds from 2006–07 expenditure levels. These amounts do

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not add because of rounding.



not include appropriations for the Health Professions Council, which is funded through required interagency contracts (\$0.3 million for the 2008–09 biennium) established with the 11 health-related licensing agencies.

Appropriations for the 19 non-health-related regulatory agencies total \$622.1 million in All Funds and \$593.8 million in General Revenue Funds and General Revenue–Dedicated Funds for the 2008–09 biennium. Of this amount, \$563 million (90.5 percent) is fee-generated General Revenue Funds and General Revenue–Dedicated Funds. This is an increase of 48.8 percent in All Funds and 50.1 percent in General Revenue Funds and General Revenue–Dedicated Funds from 2006–07 expenditure levels.

The Eightieth Legislature, 2007, evaluated three Article VIII agencies through the Sunset review process. While two of these were continued as independent stand-alone agencies, one was abolished and its functions were transferred to another existing agency. The Board of Nursing Examiners and the Real Estate Commission were continued. The Structural Pest Control Board was abolished and its functions were transferred to the Department of Agriculture.

A number of licensing agencies participate in the TexasOnline Internet occupational licensing system. Fees charged to a licensee when they use the TexasOnline system are appropriated through strategies in agency budgets that are both estimated and nontransferable. Approximately \$6.8 million is appropriated for the 2008–09 biennium to support the online system.

A number of licensing agencies also conduct background and criminal history checks on individuals licensed in the state. Fees charged to licensees are subsequently appropriated through agency budgets to pay for these checks at either the Department of Public Safety or through third-party vendors. Approximately \$3.8 million is appropriated for the 2008–09 biennium for this purpose.

## STATE OFFICE OF ADMINISTRATIVE HEARINGS

The State Office of Administrative Hearings (SOAH) was established in 1991 to hear contested cases for agencies that do not employ an administrative law judge to arbitrate such disputes. The Texas Administrative Procedure Act authorizes the agency, which operates under the direction of the Chief Administrative Law Judge, whom the Governor appoints for a two-year term and the Senate confirms.

SOAH's mission is to conduct fair, objective, prompt, and efficient hearings and alternative dispute resolution (ADR) proceedings and to provide fair, logical, and timely decisions. Conducting administrative hearings is the agency's primary function. This mission includes conducting hearings as well as preparing proposals for decisions and final orders. The agency provides an independent forum for the resolution of contested cases arising from the enforcement of state regulations. SOAH's ADR function includes conducting mediated settlement conferences, arbitrations, and other alternative dispute resolution proceedings. An administrative law judge may refer cases to ADR or serve as an impartial third party for negotiated rule-making. The agency's internal structure includes seven teams that hear contested cases involving specific areas of regulatory law: Administrative License Revocation (ALR) and Field Enforcement; Alternative Dispute Resolution; Economics; Licensing and Enforcement; Natural Resources; Tax; and Utilities. The ALR program is conducted jointly with the Department of Public Safety (DPS), which refers cases to SOAH relating to the suspension of drivers' licenses for operating a motor vehicle while under the influence of alcohol or drugs. **Figure 315** shows certain key agency performance measures from fiscal years 2005 to 2009.

Appropriations for the 2008–09 biennium total \$17.8 million in All Funds and provide for 114 full-time-equivalent positions.

Of the total appropriation, \$6.5 million, or 36.6 percent, is in General Revenue Funds and covers the cost of hearings conducted for 38 agencies. SOAH also enters into hourly contracts with agencies not covered by its appropriations of General Revenue Funds to conduct contested case hearings at a rate of \$100 per hour. The agency was appropriated interagency contracts in the amount of \$4.7 million in the 2008–09 biennium. The Texas Commission on Environmental Quality will make a \$0.9 million lump sum interagency contract payment each fiscal year during the biennium to cover the cost of its referred cases. Agency appropriations also include \$6.3 million from the State Highway Fund to conduct ALR hearings for the DPS.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect the agency. House Bill 3601 transferred the authorization to hold hearings from the Motor Vehicle Division of the Texas Department of Transportation to SOAH.

Senate Bill 242 created a new tax division at SOAH and moved the administrative law judges out of the Comptroller of Public Accounts (CPA) to this new division at SOAH. The legislation authorizes SOAH to hear contested cases in relation to the collection, administration, and enforcement of a tax imposed under Title 2 of the Texas Tax Code and any other tax or fee that the Comptroller is required to collect, administer, or enforce. An administrative law judge must issue a proposal for decision for each hearing conducted. The legislation requires SOAH to charge CPA a fixed annual fee for the services rendered by the tax division. SOAH's applicable administrative costs determine the amount of the fee, and the 2008–09 General Appropriations Act requires that this fee be established through an interagency contract. Amounts appropriated for this purpose include \$1.5 million in interagency contracts for the 2008–09 biennium.

**FIGURE 315**  
**STATE OFFICE OF ADMINISTRATIVE HEARINGS PERFORMANCE MEASURES**  
**FISCAL YEARS 2005 TO 2009**

PERFORMANCE MEASURE	2005	2006	2007	2008*	2009*
Total Agencies Served	51	49	47	51	51
Total Cases Received**	36,818	31,398	31,955	31,202	31,202
Total Cases Disposed	35,012	33,400	31,334	33,400	33,400
Total Administrative License Revocation Cases Disposed	26,351	27,701	26,493	27,701	27,701
Total Alternative Dispute Resolution Cases Requested or Referred	129	692	520	344	344

\* Estimated.

\*\*Total includes all cases received, except for alternative dispute resolution cases.

SOURCE: State Office of Administrative Hearings.

## FINANCE COMMISSION OF TEXAS

The Finance Commission of Texas (commission) was created in 1943 to act as the policy-making body for the Department of Banking, the Office of the Consumer Credit Commissioner, and the Department of Savings and Mortgage Lending. The nine-member commission, which is appointed by the Governor and confirmed by the Senate, consists of one banking executive, one savings and loan executive, one consumer credit executive, one mortgage broker executive, and five public members. The Department of Banking received approximately \$0.3 million for work associated with the Finance Commission oversight.

The commission's mission is to ensure that banks, savings institutions, and consumer credit grantors chartered or licensed under state law operate as sound and responsible financial institutions that enhance the financial well-being of the citizens of Texas. **Figure 316** shows the principal financial institutions and the institutions under the jurisdiction of the Finance Commission from fiscal years 2005 to 2009.

## DEPARTMENT OF BANKING

The Texas Department of Banking was created in 1905 to regulate state-chartered banks and trust companies. The agency's mission is to maintain a financial regulatory system for Texas that promotes a stable banking environment and provides the public with convenient, safe, and competitive banking and other financial services. The agency's goal is to ensure timely, fair, and effective supervision of the financial institutions and other licensees under its jurisdiction.

Appropriations for the 2008–09 biennium total \$35.9 million in All Funds and provide for 222.5 full-time-

equivalent (FTE) positions each year. Of the total appropriation, \$35.8 million, or 99.9 percent, is from fee-supported General Revenue Funds, and \$11.1 million of this amount and 56.5 FTE positions each year are contingent on major changes in the industry that might result from potential reductions in federal regulatory resources, dramatic industry growth, or the agency's inability to regulate the industry because of financial examiner turnover.

The agency's four goals are to (1) ensure timely, fair, and effective supervision and regulation of the financial institutions; (2) ensure that financial institutions regulated by the state operate in a safe and sound manner and comply with all applicable laws; (3) provide indirect administration; and (4) respond to changes in the regulatory environment with additional regulation and supervision.

The agency is responsible for regularly examining all state-chartered banks to ensure that lending and investment activities are conducted in a safe and sound manner. To effectively supervise and regulate these financial institutions, the agency's financial examiners enter a bank regulated by the agency and perform the examinations that help ensure the safety and soundness of the state banking industry in Texas. During fiscal year 2007, the agency conducted 147 bank examinations, and estimates conducting 125 examinations in 2008 and 123 examinations in 2009.

Additionally, the agency regulates currency exchange licensees and bank checks to ensure compliance with state and federal regulation. The agency performed 232 trust company and information technology examinations in 2007. It currently regulates 128 sellers of money orders/currency exchange licensees.

**FIGURE 316**  
**INSTITUTIONS REGULATED BY THE FINANCE COMMISSION**  
**FISCAL YEARS 2005 TO 2009**

CATEGORY/ASSETS	2005	2006	2007	2008*	2009*
State-chartered banks	327	322	327	312	307
Bank assets (in billions)	\$84.4	\$89.9	\$86.9	\$91.4	\$92.7
State-chartered savings institutions	21	22	23	25	26
Savings assets (in billions)	\$8.5	\$9.3	\$9.4	\$11	\$11
Active mortgage broker licenses	27,994	24,162	24,420	24,000	24,000
Consumer finance licenses	5,363	5,325	4,737	5,400	5,400
Pawnshop licenses	1,501	1,512	1,505	1,515	1,515
Motor vehicle sales finance companies	6,677	6,881	6,975	7,050	7,100

\* Projected

SOURCE: Finance Commission of Texas.

Finally, the agency regulates and monitors non-bank licensees, including prepaid funeral contract providers, perpetual-care cemeteries, money service businesses, and private child support enforcement agencies. The agency completed 502 new and renewal applications of these types in 2007. In fiscal years 2008 and 2009, the agency estimates completing 380 and 353 new and renewal applications of this type, respectively.

### OFFICE OF CONSUMER CREDIT COMMISSIONER

The Office of Consumer Credit Commissioner (OCCC) was established in 1967 as the successor to the Office of the Regulatory Loan Commissioner. OCCC's mission is to protect consumers from unlawful credit practices and to serve the public and creditors through effective regulation and education.

Appropriations to the agency for the 2008–09 biennium total \$10.3 million in All Funds (fee-generated General Revenue Funds) and 80 FTE positions. Of the total appropriation, \$1 million of the 2008–09 appropriation and 9 FTE positions are contingent on the agency needing additional resources for the regulation of the Texas motor vehicle sales finance or payday lending industries.

The agency's five goals are to (1) ensure prompt, fair, and effective enforcement of statutes and regulations; (2) provide a quality program of consumer protection and licensure that ensures high standards for licensed credit providers; (3) educate consumers and credit providers about their rights, remedies, and responsibilities; (4) provide indirect administration; and (5) respond to changes in the regulatory environment with additional regulation and supervision.

The agency implements its enforcement efforts through complaint resolution. In 2007, it resolved 2,775 consumer complaints against licensees, 78 of which resulted in field investigations. All other complaints were resolved through the mail or by telephone. For each fiscal year of the 2008–09 biennium, the agency estimates resolving 2,650 consumer complaints and initiating 95 field investigations.

The agency protects consumers by examining entities other than banks, savings and loan institutions, and credit unions that make consumer loans, pawn loans, secondary mortgage loans, and revolving, open-ended loans. The agency investigates whether proper interest rates are being charged,

whether appropriate refunds are being made, and whether suitable record-keeping practices, internal controls, and management practices are being followed. In fiscal year 2007, the agency conducted 2,693 pawnshop and regulated-lender examinations, which resulted in approximately \$147,000 in overcharges being returned to consumers. OCCC also returned approximately \$8.2 million in overcharges to consumers from examinations conducted in the motor vehicle sales finance industry resulting from the 826 motor vehicle sales finance examinations conducted in fiscal year 2007. The agency estimates conducting a total 3,020 compliance examinations in fiscal year 2008 and 3,300 in fiscal year 2009.

Also, the agency licenses businesses, including 4,737 licensed consumer finance companies, 1,505 licensed pawnshops, and 7,653 registered creditors. The agency may conduct investigations in connection with new and renewal license applications and conduct hearings regarding a license, eligibility, or enforcement.

The agency is responsible for educating consumers and credit providers about their rights, remedies, and responsibilities and to encourage communication and cooperation between the credit industry, the consumer, and the agency. In 2007, 258 consumers received in-person education from the agency. The agency estimates 250 consumers will receive in-person financial education in both fiscal year 2008 and fiscal year 2009.

### SIGNIFICANT LEGISLATION

Several bills were enacted by the Eightieth Legislature, 2007, affecting OCCC. Among the most significant are Senate Bill 884 and House Bill 1344.

Senate Bill 884 requires applications for consumer debt management service filed with OCCC to include certain additional information and removes the requirement that consumer debt management service providers be nonprofit, tax-exempt organizations. The Legislature appropriated \$364,500 for the regulation of these debt-related activities and one additional FTE position.

House Bill 1344 requires refund anticipation loan facilitators to possess an Internal Revenue Service e-file authorization and to register with OCCC. The Legislature appropriated \$86,500 for the regulation of these loan-related activities and three additional FTE positions.

## DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

The Savings and Loan Department was created as a separate agency under the Finance Commission in 1961. Legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005, renamed the agency the Department of Savings and Mortgage Lending. The agency charters, regulates, examines, and supervises state-chartered savings and loan associations and savings banks. It also licenses mortgage brokers, mortgage bankers, and loan officers, and registers mortgage banking companies.

The Department of Savings and Mortgage Lending's mission is to ensure the safety and soundness of Texas chartered savings institutions and provide a stable, responsible, and compliant system of mortgage brokers, mortgage bankers, and savings institutions to support the residential housing and real estate finance needs of the Texas economy, while protecting consumer interests.

The agency's appropriations for the 2008–09 biennium total \$13.4 million in All Funds (fee-supported General Revenue Funds) and provide for 108 full-time-equivalent (FTE) positions in fiscal year 2008 and 111 FTE positions in fiscal year 2009. Approximately \$1.3 million of the agency's 2008–09 appropriations (financing for 7 FTE positions in fiscal year 2008 and 10 FTE positions in fiscal year 2009) are contingent on major changes in the savings and loan industry that may be caused by reduced federal regulation or dramatic growth. Also, \$3.4 million of the agency's 2008–09 appropriations and 29 FTE positions in fiscal years 2008 and 2009 are contingent on major changes in the mortgage-broker industry. These resources are contingent upon the agency's governing body, the Finance Commission, issuing a finding of fact that additional resources are needed to regulate the Texas savings and loan industry and the Texas mortgage lending industry.

The agency's five goals are to (1) enforce safety and soundness standards in the thrift industry; (2) regulate mortgage brokers and mortgage bankers; (3) ensure the agency's responsiveness to inquiries; (4) provide indirect administration; and (5) respond to changes in the regulatory environment with additional regulation and supervision.

Agency efforts to achieve the safety and soundness goal involve the analysis of key financial indicators to detect possible concerns. Agency examiners conduct full-scope examinations of savings institutions in conjunction with federal regulators. If problems are identified, the agency

ensures the appropriate supervisory actions are in place until the problems are resolved. The agency may also perform independent full-scope or limited-scope examinations to investigate areas where supervisory concerns exist. A lender is considered to have supervisory concerns if its overall condition falls within the lowest three of five rating levels under the Uniform Financial Institution Rating System, or if it has activity or portfolio items that require more than normal regulatory oversight but do not indicate health or risk exposure for the entire institution. The agency conducted 18 examinations of the 23 state savings and loan associations and savings banks in fiscal year 2007. The agency estimates having sufficient resources to conduct 20 examinations in both fiscal year 2008 and fiscal year 2009.

Agency efforts to attain the mortgage-broker regulation goal include ensuring timely and effective licensing of mortgage brokers and loan officers, inspection of their operations, and registration of mortgage bankers. The agency accomplishes this goal by overseeing and enforcing appropriate standards, laws, and regulations regarding licensure. The agency oversaw 24,420 active mortgage broker licenses at the end of fiscal year 2007, and estimates a similar number of licenses in each year of the 2008–09 biennium.

The consumer responsiveness goal ensures responsiveness to inquiries, requests, and complaints from the industry, citizens, public officials, and other state and federal governmental entities. In fiscal year 2007, the agency completed 1,018 consumer complaints and estimates a similar level of completion in both fiscal year 2008 and fiscal year 2009.

### SIGNIFICANT LEGISLATION

Several bills enacted by the Eightieth Legislature, 2007, affect the Department of Savings and Mortgage Lending. Among the most significant is House Bill 2783, which provides for the regulation of mortgage brokers and financial businesses by the department. Appropriations for the 2008–09 biennium for the administration of this legislation total \$652,312 and provide for nine additional FTE positions.

## **CREDIT UNION DEPARTMENT**

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The Credit Union Department was created in 1969 to regulate the state-chartered credit union industry, and was originally governed by a nine-member commission consisting of six members from the credit union industry and three members of the public. In 1997, the commission makeup was adjusted to include four members from the credit union industry and five members from the public.

The agency's mission is to supervise, regulate, and examine state-chartered credit unions to safeguard the public, protect the financial interests of credit union members, and promote public confidence in the credit union industry. Appropriations for the 2008–09 biennium total \$3.9 million in All Funds (fee-generated General Revenue Funds) and provide for 29 full-time-equivalent FTE positions in fiscal year 2008 and 31 FTE positions in fiscal year 2009.

Approximately \$0.3 million of the 2008–09 appropriations (3 FTE positions in fiscal year 2008, and 5 FTE positions in fiscal year 2009) are contingent upon major changes in the industry that could occur from a reduction of federal regulatory resources, including federal examiners, or dramatic growth in the Texas credit union industry.

The agency's primary goals are to provide effective supervision and regulation, and to ensure the safety and soundness of the credit union industry. Effective regulatory activities include promulgating administrative rules of procedure, adjudicating cases of statutory and rule violations, approving charter applications, and considering consumer complaints. For the effective supervision of credit unions, the agency has developed a comprehensive examination program. The Credit Union Department examines each state-chartered credit union on a 12- to 15-month cycle, and they are subject to appropriate remedial action when necessary. During fiscal year 2007, the agency conducted 192 regular examinations of the 220 state-chartered credit unions, processed 85 complaints, and adopted 48 new and amended rules. The agency anticipates conducting 199 regular examinations and processing 95 complaints in 2008, and conducting 192 regular examinations and processing 100 complaints in 2009.



## OFFICE OF INJURED EMPLOYEE COUNSEL

The Seventy-ninth Legislature, Regular Session, 2005, enacted legislation that created the Office of Injured Employee Counsel (OIEC), which is administratively attached to the Texas Department of Insurance (TDI). OIEC is governed by a Public Counsel who is appointed by the Governor and confirmed by the Senate for a two-year term, which expires February 1 of each odd-numbered year. The mission of the agency is to serve as an advocate in protecting the rights of injured employees through participation in the workers' compensation rulemaking process, providing free ombudsman assistance to unrepresented injured employees in proceedings before the Division of Workers' Compensation (DWC) at TDI, and by providing services, referrals, and educational information to injured employees in Texas.

Appropriations for the 2008–09 biennium total \$14.3 million in General Revenue–Dedicated Funds from the Texas Department of Insurance Operating Fund and provide for 183 full-time-equivalent (FTE) positions. The increase of \$5.4 billion, or 61 percent, is for annualizing funding to accommodate for delayed spending in the agency's first year of operation in 2006; supporting 25 dispute resolution officer FTE positions relocated from the Division of Workers' Compensation at the Department of Insurance to allow contact with injured workers early in the dispute process; and for handling complaints and enhancing injured employee customer service, education, and outreach.

The agency carries out its mission through three goals. The first goal, Advocate for Injured Employees, includes participating in rulemaking by analyzing and commenting on DWC rules in both the formal and informal phases of DWC's rulemaking efforts.

The agency achieves its second goal, Education and Referral, by sending the Rights and Responsibilities document to injured employees. This document contains an overview of an injured employee's rights and their responsibilities within the Texas workers' compensation system and includes the OIEC toll-free number. The agency also refers injured employees to programs, services, and licensing boards.

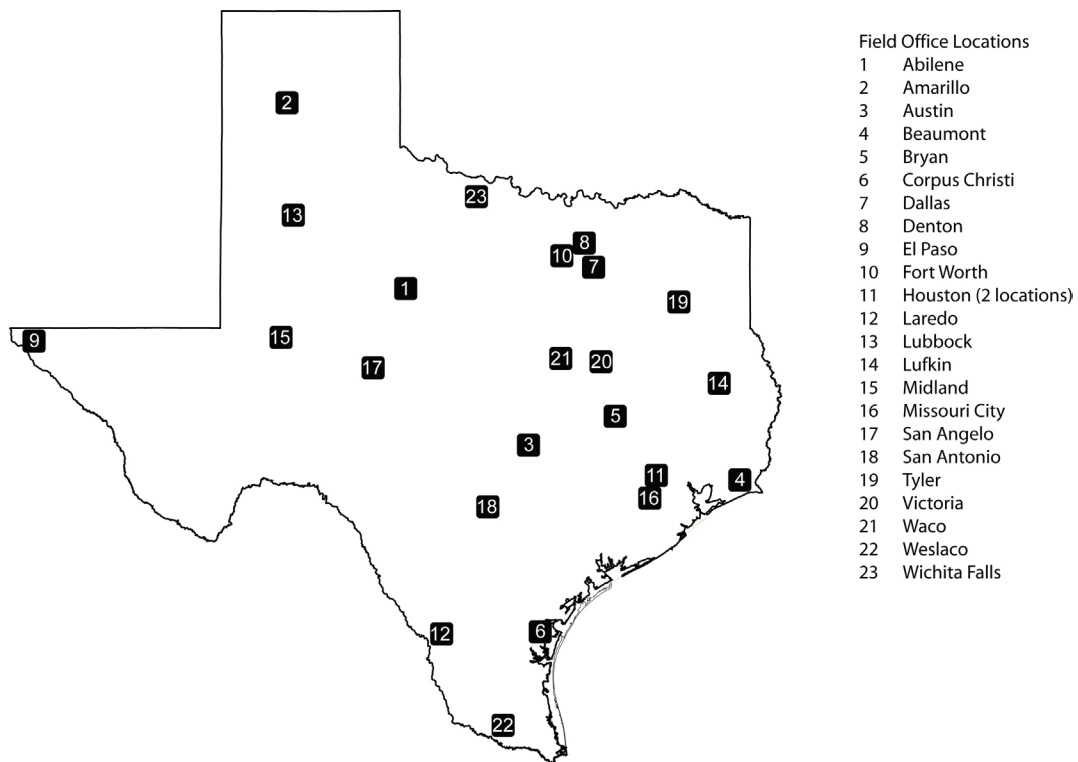
The agency's third goal, Ombudsman Program, includes assisting injured employees through the administrative proceedings process. Ombudsmen and ombudsmen assistants are based in the agency's central office as well as in 24 field offices (**Figure 317**). Ombudsmen assist injured employees

at benefit review conferences, contested case hearings, and appeals; and conduct preparation appointments with injured employees prior to these proceedings.

### SIGNIFICANT LEGISLATION

The enactment of House Bill 724 by the Eightieth Legislature, 2007, establishes a new appeal process for certain workers' compensation medical disputes. Under the legislation, parties in a medical dispute can request an administrative hearing as the first stage of an appeal. If an unpaid, disputed portion of a fee is greater than \$2,000 or if the fee for a service that an independent review organization determines is necessary is greater than \$3,000, then the State Office of Administrative Hearings (SOAH) will hold a hearing. Other disputes, including all prospective medical and spinal surgery disputes, are appealable to a Contested Case Hearing (CCH) conducted by DWC without a prerequisite of a benefit review conference. If a party is unsatisfied with the SOAH or CCH decision, they can proceed directly to judicial review.

**FIGURE 317**  
**OFFICE OF INJURED EMPLOYEE COUNSEL FIELD OFFICES**  
**2008–09 BIENNIUM**



SOURCE: Office of Injured Employee Counsel.

## DEPARTMENT OF INSURANCE

With origins dating back to 1876, the Texas Department of Insurance (TDI) was established in its present form in 1991 to guarantee the availability of quality insurance products at reasonable prices and terms while promoting competition and ensuring solvency standards. TDI regulates various types of insurance, including life, health, title, property and casualty, and workers' compensation. In addition, the enactment of legislation by the Seventy-ninth Legislature, Regular Session, 2005, transferred the functions of the Workers' Compensation Commission to TDI and created the Division of Workers' Compensation (DWC) within TDI. The agency also has exclusive regulatory authority over health maintenance organizations (HMO). In addition, the State Fire Marshal is a part of TDI. **Figure 318** shows agent licensing and company certification data for fiscal years 2005 to 2009.

TDI is headed by the Commissioner of Insurance, a position appointed by the Governor for a two-year term and subject to Senate confirmation. The commissioner is charged with regulating the Texas insurance industry by administering and enforcing the Texas Insurance Code and other applicable laws. The commissioner is required by the Texas Insurance Code to raise revenues through a maintenance tax on insurer gross premiums and through fees sufficient to fund the agency's appropriations of General Revenue Funds and General Revenue–Dedicated Funds. **Figure 319** shows the taxable premiums and maintenance tax assessment rates by line of insurance or entity for calendar year 2006. **Figure 320** compares assessment rates by HMO type. The commissioner also represents the state as a member of the National Association of Insurance Commissioners, which provides opportunities for interstate coordination in the absence of federal regulation of interstate insurance transactions.

Agency appropriations for the 2008–09 biennium total \$198.3 million in All Funds and provide for 1,691.5 full-time-equivalent (FTE) positions in fiscal year 2008 and 1,698.5 FTE positions in fiscal year 2009. Approximately

\$183.1 million, or 92.4 percent, of these appropriations are supported from maintenance tax revenues.

The agency carries out its mission through eight goals. The first is to encourage fair competition in the insurance industry. In the 2008–09 biennium, the agency is appropriated approximately \$44 million in All Funds for activities that directly support this goal, such as promoting competition, increasing availability of coverage for the underserved, investigating and resolving complaints, and preventing insurer fraud.

Activities to promote competition include providing comparative rate and price information to consumers and insurers, licensing insurance agents, certifying companies to conduct insurance business in Texas, and reviewing and approving the forms used by insurance companies to contract with policyholders. TDI also regulates rates for the sale of automobile and residential insurance.

To increase the availability of insurance, TDI identifies underserved markets for automobile and homeowners insurance and encourages insurers to offer policies in these markets. In addition, the agency investigates consumer complaints, initiates enforcement actions to stop unlawful trade practices, investigates allegations of insurer fraud, and refers fraud cases to the Office of the Attorney General, the local district attorney, or other appropriate agencies or law enforcement authorities for prosecution.

The agency's second goal is to encourage the financial health of the insurance industry. TDI is appropriated almost \$24.3 million in All Funds for the 2008–09 biennium to analyze the financial condition of insurers operating in Texas. When the conservation of assets is not sufficient to rehabilitate a financially weak insurance company facing insolvency, TDI may seek a court order to place the insurer into receivership, which is administered by a special deputy receiver.

TDI's third goal is to decrease insurance industry loss costs. Appropriations of \$8.3 million in All Funds for the 2008–09 biennium will allow the agency to provide safety education

**FIGURE 318**  
**INSURANCE AGENT LICENSES ISSUED**  
**FISCAL YEARS 2005 TO 2009**

LICENSE/CERTIFICATION	2005	2006	2007	2008	2009
Insurance Agent License	58,059	68,693	62,748	65,000	68,000
Domestic Company License (Texas based)	792	775	768	780	780
Foreign Company License (companies outside of Texas)	1,948	1,957	1,932	1,915	1,915

SOURCE: Texas Department of Insurance.

**FIGURE 319**  
**TAXABLE INSURANCE PREMIUMS AND**  
**ASSESSMENT RATES**  
**CALENDAR YEAR 2006**

INSURANCE COVERAGE/ENTITY	GROSS PREMIUMS (IN MILLIONS)	% ASSESSMENT RATES
Fire and allied lines	\$8,608.6	0.236
Casualty and fidelity	\$4,884.5	0.117
Motor vehicle	\$13,768.2	0.058
Worker's compensation	\$4,668.0	0.059
Life, accident, and health	\$28,903.4	0.040
Prepaid legal	\$3.1	0.036
Title	\$1,667.1	0.100
Third-party administrators	\$517.8	0.110

SOURCE: Texas Department of Insurance.

**FIGURE 320**  
**NUMBER OF HEALTH MAINTENANCE ORGANIZATION (HMO)**  
**ENROLLEES AND ASSESSMENT RATES**  
**FISCAL YEAR 2006**

INSURANCE COVERAGE/ENTITY	ENROLLEES	ENROLLEE ASSESSMENT RATES
HMO—Multi-service	1,908,980	\$1.23
HMO—Single Service	1,173,939	\$0.41
HMO—Limited Service	482,002	\$0.41

SOURCE: Texas Department of Insurance.

programs, inspect insurance loss programs offered to policyholders, and assure compliance with filed property schedules and windstorm construction codes.

The fourth goal is to reduce the loss of life and property caused by fire. TDI is appropriated \$8.3 million in All Funds for the biennium to support the State Fire Marshal's registration, licensing, investigation, and enforcement activities. Cigarette manufacturers are required to certify to the State Fire Marshal's Office that the cigarettes meet performance standards and the package must contain markings with this certification.

The Division of Workers' Compensation administers the fifth goal, which is to promote safe and healthy workplaces. Appropriations of \$9.2 million in All Funds for the 2008–09 biennium allow DWC to offer appropriate incentives, education, consultation, and inspections related to worker safety.

DWC also administers the sixth goal, which is to ensure the appropriate delivery of workers' compensation benefits.

Appropriations of \$60.8 million in All Funds are provided for the 2008–09 biennium. DWC administers this program through its 24 field offices, which provide claims services, customer services, and dispute resolution services. DWC certifies and regulates self-insured employers, monitors compliance and takes necessary enforcement action, and resolves indemnity and medical disputes. In addition, DWC administers the Subsequent Injury Fund (SIF). The SIF was established in 1947 to pay lifetime income benefits, and funding is provided through payments by insurance carriers from proceeds of on-the-job death claims in which no beneficiary survives the deceased employee.

Central administration, information resources, and other support services comprise the agency's seventh goal. Appropriations of \$42.3 million in All Funds support this goal in the 2008–09 biennium.

The agency's eighth goal provides for the implementation of three-share premium assistance programs. TDI is appropriated \$0.3 million for the 2008–09 biennium to award grants to local government entities for research and development of three-share premium assistance programs to increase access to private healthcare coverage for the uninsured.

## SIGNIFICANT LEGISLATION

Legislation enacted by the Eightieth Legislature, 2007, that affects TDI includes Senate Bill 1731, House Bill 716, House Bill 2935, and House Bill 724.

Enactment of Senate Bill 1731 requires TDI to collect data concerning health benefit plan reimbursement rates. The legislation also requires the agency to publish aggregate healthcare cost information derived from the data collected.

Enactment of House Bill 716 creates a residential mortgage fraud task force that is comprised of various agencies, including TDI. Under provisions of the legislation, if a person determines or reasonably suspects fraudulent activity, they are required to report the information to one of the authorized governmental agencies.

Under provisions of House Bill 2935, cigarette manufacturers are required to test cigarettes prior to sale to ensure that they meet certain performance standards related to fire safety. Manufacturers must also file a written certification with the State Fire Marshal confirming that the cigarettes meet the testing, labeling, and standards requirements.

House Bill 724 establishes a new appeals process for certain workers' compensation medical disputes. Parties in a medical

dispute are authorized to request an administrative hearing as the first stage of an appeal. If an unpaid, disputed portion of a fee is greater than \$2,000 or if the fee for a service that an independent review organization determines is necessary is greater than \$3,000, the hearing will be conducted by the State Office of Administrative Hearings (SOAH). Other disputes, including all prospective medical disputes are appealable to a Contested Case Hearing (CCH) conducted by DWC without a prerequisite of a benefit review conference. If a party is unsatisfied with the SOAH or CCH decision, they can proceed directly to judicial review.

House Bill 724 also amends statute to add surviving parents to the list of beneficiaries eligible for death benefits in workers' compensation cases and reduces the amount of death benefits paid into the SIF from 364 weeks to 260 weeks in no-beneficiary fatal injury cases where a surviving parent receives death benefits.

## OFFICE OF PUBLIC INSURANCE COUNSEL

The Office of Public Insurance Counsel (OPIC) was established as a state agency in 1991 with the mission of representing the interests of insurance consumers in Texas. OPIC is headed by the Public Counsel, who is appointed by the Governor for a two-year term, subject to the consent of the Senate.

All Funds appropriations to the agency for the 2008–09 biennium total \$2.1 million from fee-supported General Revenue Funds and provide for 16.5 full-time-equivalent positions. Of that amount, \$48,000 each fiscal year is from an interagency contract with the Texas Department of Insurance (TDI). These funds are allocated from the Texas Department of Insurance Operating Fund to provide consumers with insurance information to make informed decisions.

OPIC is required to generate sufficient revenue to cover its appropriations. The Texas Insurance Code provides funding for OPIC operations through annual assessments of \$0.057 on each property, casualty, title (owner and mortgage), life, health, and accident insurance policy (individual or group) in force during each calendar year.

In support of its mission, OPIC's two goals are to advocate on behalf of Texas insurance consumers and to increase effective consumer choice. To achieve the first goal, OPIC participates as a party in hearings before the TDI involving insurance rates, rules, and policy forms; in judicial proceedings; and in other proceedings the Public Counsel determines insurance consumers need representation.

OPIC's role in filings and proceedings is to present expert testimony, actuarial analysis, and other supporting evidence to advocate the position most favorable to consumers as a class. The agency expects to review approximately 64 rate filings during the 2008–09 biennium. In addition, OPIC may participate in judicial proceedings and recommend legislation that will positively affect consumer interests.

OPIC's efforts to increase effective consumer choice entail providing information to enhance consumer's awareness of their rights and responsibilities and educating them concerning the operation of Texas insurance markets. In support of this goal, OPIC staff give public presentations, deliver speeches, participate in panel discussions, prepare a consumer "bill of rights" for each personal line of insurance regulated by the state, and produce health maintenance organization "report cards."



## DEPARTMENT OF LICENSING AND REGULATION

The Texas Department of Licensing and Regulation (TDLR) was created in 1909 as the Bureau of Labor and Statistics and has become a regulatory umbrella for the licensing, certification, and enforcement of 26 regulatory statutes involving diverse businesses, industries, general trades, and occupations. A seven-member commission appointed by the Governor with the consent of the Senate governs the agency.

TDLR's mission is to protect public safety and welfare through the fair regulation of mandated industries and through the education of consumers regarding their rights and obligations. The agency administers and enforces state laws that regulate the following entities: air conditioning and refrigeration contractors; architectural barriers; auctioneers; barbers; boiler inspections; combative sports; cosmetologists; discount health cards; electricians; elevators, escalators, and related equipment; for-profit legal service contracts; industrialized housing and buildings; licensed court interpreters; loss damage waivers; personnel employment services; property tax consultants; service contract providers; staff leasing services; talent agencies; employers of certain temporary common workers; tow trucks and vehicle storage facilities; vehicle protection product warrantors; water-well drillers and pump installers; and weather modification.

The 2008–09 biennial appropriation for TDLR includes an All Funds total of \$43.1 million and 379.5 full-time-equivalent (FTE) positions, which exceeds 2006–07 spending levels by \$13.1 million, or 43.5 percent, and staffing levels by 143.5 FTE positions each year. Of that amount, \$42 million, or 97 percent, is from fee-supported General Revenue Funds. Contingent on revenue collections and a Comptroller's finding of fact, the 2008–09 appropriations provide \$9.8 million for enforcing regulations, issuing licenses, resolving complaints, and conducting investigations. Appropriation

and FTE position increases are to provide increased agency operations and to implement House Bill 463, House Bill 2094, House Bill 3064, and Senate Bill 1222 discussed under Significant Legislation below. **Figure 321** shows the agency's level of performance in three key performance measures from fiscal years 2005 to 2009.

### LICENSING AND ENFORCEMENT

TDLR estimates that it will issue over 1.1 million individual licenses, certifications, and registrations during the 2008–09 biennium. To protect the health and safety of consumers, TDLR inspects and investigates licensees and businesses. Agency investigators throughout the state routinely examine the operations and activities of persons conducting business under the agency's jurisdiction. As part of its enforcement function, TDLR performed 101,668 routine inspections and completed approximately 6,100 complaint investigations in fiscal year 2007. TDLR estimates that it will perform 209,184 routine inspections and complete 17,042 complaint investigations during the 2008–09 biennium.

TDLR develops and distributes information about agency licensing and complaint processes and operates a toll-free telephone line to inform consumers about the agency and its operations. The agency also administers the Architectural Barriers Program and the Auctioneer's Education Recovery Fund. The Architectural Barriers Program ensures that persons with disabilities are not denied access to new and renovated buildings and facilities. The Auctioneer's Education Recovery Fund protects consumers against financial loss caused by an auctioneer's nonpayment of funds from the sale of goods and helps provide continuing education for auctioneers.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect the agency. House Bill 463 authorizes TDLR to register air conditioning and refrigeration technicians and certified air conditioning and refrigeration technicians and allows

**FIGURE 321**  
**TEXAS DEPARTMENT OF LICENSING AND REGULATION PERFORMANCE MEASURES**  
**FISCAL YEARS 2005 TO 2009**

PERFORMANCE MEASURE	2005	2006	2007	2008*	2009*
Licenses Issued	199,192	335,496	349,407	547,471	564,471
Complaints Resolved	3,909	4,182	4,342	7,139	9,903
Jurisdictional Complaints Received	3,384	3,750	3,806	10,067	10,167

\*Estimated.

SOURCE: Texas Department of Licensing and Regulation.

TDLR the authority to provide temporary registrations to these technicians.

House Bill 2094 transfers to TDLR the powers and duties of the Texas Department of Transportation related to the licensing and regulation of vehicle storage facilities. This legislation requires TDLR to license each employee of a vehicle storage facility, authorizes TDLR to inspect vehicle storage facilities and conduct an examination of any criminal conviction of an applicant, and authorizes TDLR to collect fees sufficient to cover the costs of the licensing and regulation of vehicle towing. In addition, the legislation establishes the Towing and Storage Advisory Board, specifies its membership requirements, and allows for the reimbursement of board member expenses. The legislation also authorizes TDLR to issue tow truck permits and specifies tow truck permit requirements for the incident-management towing permit, private property towing permit, and the consent towing permit. It also authorizes TDLR to issue tow truck operators' licenses and specifies requirements for the incident-management towing operators' license, private property towing operator's license, and the consent towing operators' license.

House Bill 3064 authorizes TDLR to register and regulate discount healthcare programs, to collect registration fees, and to provide disciplinary action and penalties.

Senate Bill 1222 authorizes TDLR to license and regulate appliance installers and appliance installation contractors.

## RACING COMMISSION

Following ratification of the Texas Racing Act of 1986 by statewide referendum, the Texas Racing Commission began operations in 1988. The commission consists of seven members appointed by the Governor with the consent of the Senate, and two ex-officio members: the Chair of the Public Safety Commission and the Comptroller of Public Accounts, or their designees. Five commission members must represent the public and have knowledge of business or agribusiness; the other two appointed members must be knowledgeable about or experienced in greyhound racing or horseracing.

The agency's mission is to oversee the pari-mutuel racing industry and to foster an environment of trust and safety. Further, the agency is charged with stimulating participation by patrons and licensees to maximize the amount of money circulating through the industry and its constituent and ancillary businesses. As **Figure 322** shows, the total amount of the pari-mutuel wagering handle (the total amount wagered on racing) has been declining in recent years, and the agency expects a further decline in the 2008–09 biennium. The agency reports that increased competition from expanded gambling opportunities in neighboring states as well as illegal Internet wagering is contributing to this downward trend.

Direct appropriations for the 2008–09 biennium total \$20.4 million in fee-generated General Revenue–Dedicated Funds and provide for 76.6 full-time-equivalent (FTE) positions in fiscal year 2008 and 76.8 FTE positions in fiscal year 2009. Additional appropriations of General Revenue–Dedicated Funds are also available to the agency contingent upon the opening of each new horse racetrack each fiscal year for (1) \$269,015 and 5 FTE positions for regulatory functions and (2) \$332,037 for the Texas Bred Incentive Program. To receive these appropriations, the agency must collect the revenue from each new horse

racetrack that begins operations during the 2008–09 biennium.

The agency carries out its mission through four goals. The first goal, to enforce racing regulation, includes regulating racetrack owners, administering the Texas Bred Incentive Program, supervising racing conduct, and providing health and drug testing of horses and greyhounds. There are currently seven horse racetracks and three greyhound racetracks in the state. The Texas Bred Incentive Program provides an incentive award distributed as a purse supplement paid from the pari-mutuel wagering pools to breeders and owners of Texas-bred greyhounds and horses that place first, second, or third in any race. The program encourages agriculture and the horse-breeding and greyhound-breeding industries.

The agency achieves its second goal, to regulate participation in racing, by administering the occupational-licensing program, which includes enforcement and regulation, and licensing of individuals through the TexasOnline Authority. All persons working at a racetrack must be licensed. The agency ensures that all licensees meet the requirements to qualify for licensing.

The agency's third goal, to regulate pari-mutuel wagering in Texas, includes investigating illegal wagering and conducting compliance audits at the racetracks. The agency's responsibilities include increasing the Totalisator (tote) tests and pass rate for pari-mutuel compliance audits. The tote is a complex computer system that tallies and calculates the pari-mutuel wagers. A licensed racetrack contracts with one company to provide a computer system to tally and calculate the pari-mutuel wagers at its facilities.

The agency's fourth goal provides indirect support through central administration and other support services.

**FIGURE 322**  
**TEXAS RACING COMMISSION SELECTED PERFORMANCE MEASURES**  
**FISCAL YEARS 2005 TO 2009**

PERFORMANCE MEASURE	2005	2006	2007	2008*	2009*
Total Racetrack Inspections	72	68	79	71	71
Total Texas-Bred Awards	22,884	25,630	22,144	23,450	23,450
Total New Occupational Licenses Issued	6,510	4,796	4,919	4,600	4,600
Total Pari-mutuel Handle (in millions)	\$540.7	\$502.7	\$497.8	\$477.5	\$464.4
Total Take to State Treasury from Pari-mutuel Wagering on Live and Simulcast Races (in millions)	\$4.5	\$4.4	\$4.5	\$4.1	\$4.0
Total Occupational Licenses Suspended or Revoked	220	201	220	212	212
Total Investigations Completed	1,108	947	3,286	900	900

\*Estimated.

SOURCE: Texas Racing Commission.

## REAL ESTATE COMMISSION

The Texas Real Estate Commission (TREC) was created in 1949 to administer and enforce the Texas Real Estate License Act by licensing real estate brokers, salespersons, appraisers, and inspectors and by investigating and adjudicating complaints filed against licensees. The commission has nine members appointed by the Governor with the consent of the Senate. Commission members serve six-year terms.

The Texas Appraiser Licensing and Certification Board (TALCB) is an independent subdivision of TREC. Formerly the Texas Real Estate Appraiser Certification Committee under the auspices of the Real Estate Commission, TALCB became an independent entity in 1991. It consists of nine members, eight of whom are appointed by the Governor with Senate consent, and one representative from the Texas Veterans Land Board.

TREC's mission is to assist and protect consumers of real estate services and to foster economic growth in Texas. Appropriations to the agency for the 2008–09 biennium increased by \$2.7 million, or 27.1 percent, from 2006–07 spending levels and total \$12.7 million in All Funds. The agency's 2008–09 appropriations provide for a staff of 93 full-time equivalent (FTE) positions for the agency and 12.5 FTE positions for TALCB each year, which exceeds 2006–07 staffing levels by 22.5 FTE positions each year. These appropriation and FTE position increases are to provide for increased agency operations and to implement Senate Bill 914, House Bill 716, and House Bill 1530 discussed under Significant Legislation on the next page.

The agency's appropriations are distributed among five goals: (1) determining that applicants for licensure meet legal requirements for real estate license issuance; (2) acting

promptly and aggressively enforcing the rules of the commission in a fair manner; (3) providing information to the public and receiving information concerning matters within the jurisdiction of the commission; (4) ensuring that consumers of real estate appraisal services are served by appraisers qualified in accordance with federal and state law; and (5) ensuring the agency functions efficiently through indirect administration services.

As **Figure 323** shows, TREC expects the total number of licensees (salespersons, brokers, inspectors, and easement or right-of-way agents) to reach 160,600 in fiscal year 2008 and 163,600 in fiscal year 2009. Factors contributing to the increase in licensees include upturns in the Texas housing market and downturns in economic conditions, which prompted a higher number of people than usual to start careers in real estate during the past five years.

As **Figure 323** shows, the number of appraisers is expected to reach 6,700 each year of the biennium.

The agency also assists and protects consumers of real estate services by requiring that all real estate brokers and salespersons meet and maintain specified levels of education to hold a license to act as a real estate agent. Agents are required to follow the provisions of the Texas Real Estate License Act and the rules of the agency in all transactions, and deal with the public in a competent and honest manner. Due in part to growing rates of home ownership and public awareness of the complaint process, the number of complaints the Enforcement Division receives has remained steady in recent years. Most of these complaints relate to the purchase or lease of a home. As **Figure 324** shows, the agency estimates to resolve 3,520 complaints in each of fiscal years 2008 and 2009.

**FIGURE 323**  
**LICENSES ISSUED FOR REAL ESTATE PROFESSIONALS**  
**FISCAL YEARS 2005 TO 2009**

LICENSE TYPE	2005	2006	2007	2008*	2009*
Salespersons	97,126	106,597	110,810	112,000	114,000
Brokers	40,437	41,335	42,351	43,000	44,000
Inspectors	4,037	4,093	4,260	4,000	4,000
Easement or Right-of-Way Agents	985	1,234	1,545	1,600	1,600
<b>SUBTOTAL - REAL ESTATE COMMISSION</b>	<b>142,585</b>	<b>153,259</b>	<b>158,966</b>	<b>160,600</b>	<b>163,600</b>
Appraisers	5,111	5,398	5,616	5,700	5,800
Appraiser Trainees	1,638	1,407	1,191	1,000	900
<b>SUBTOTAL - REAL ESTATE APPRAISERS</b>	<b>6,749</b>	<b>6,805</b>	<b>6,807</b>	<b>6,700</b>	<b>6,700</b>
<b>TOTAL</b>	<b>149,334</b>	<b>160,064</b>	<b>165,773</b>	<b>167,300</b>	<b>170,300</b>

\*Estimated.

SOURCE: Texas Real Estate Commission.

**FIGURE 324**  
**REAL ESTATE RELATED COMPLAINTS RESOLVED**  
**FISCAL YEARS 2005 TO 2009**

AGENCY	2005	2006	2007	2008*	2009*
Texas Real Estate Commission	3,627	3,096	2,448	3,520	3,520
Texas Appraiser Licensing and Certification Board	101	127	128	225	225
<b>TOTAL</b>	<b>3,728</b>	<b>3,223</b>	<b>2,576</b>	<b>3,745</b>	<b>3,745</b>

\*Estimated.

SOURCE: Texas Real Estate Commission.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted legislation that affects TREC and TALCB.

Senate Bill 914 continues the TREC until September 1, 2019. The legislation authorizes TREC staff to initiate complaints and investigations and establishes criteria for determining consumer complaint priorities. It revises TREC enforcement procedures, transfers the conduct of TREC hearings to the State Office of Administrative Hearings, and includes enforcement provisions relating to cease and desist orders, temporary license suspensions, refunds as a sanctions option, and the informal disposition of contested cases. The legislation also removes statutory caps on various fees, giving TREC discretion to establish fee amounts, and includes provisions relating to late fees.

House Bill 1530 requires TREC to conduct a criminal history check of each applicant and establishes procedures and fees for conducting a criminal history check for an application for an original or unexpired renewal broker or salesperson license filed on or after January 1, 2008. The legislation amends continuing education requirements for real estate brokers and requires a member of the legislature who is a licensed broker to complete three hours, rather than six hours, of continuing education on legal topics. Furthermore, it increases the corporate security bond from \$10,000 to \$20,000 for certain educational institutions that offer real estate related courses. The institutions must maintain these bonds as of January 1, 2008. The legislation also replaces provisions setting specific license application fees with a requirement that the agency set such fees by rule no later than January 1, 2008.

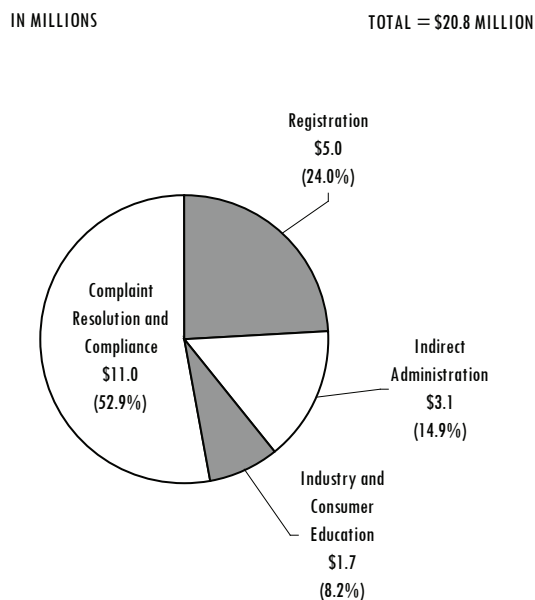
House Bill 716 creates a residential mortgage fraud task force that is comprised of various agencies, including TREC. Under provisions of the legislation, if a person determines or reasonably suspects fraudulent activity, they are required to report the information to one of the authorized governmental agencies.

## RESIDENTIAL CONSTRUCTION COMMISSION

In 2003, the Seventy-eighth Legislature enacted legislation that created the Texas Residential Construction Commission (TRCC). The commission is composed of nine members appointed by the Governor with the advice and consent of the Senate. Commission members serve six-year staggered terms.

TRCC's mission is to promote quality construction for Texans by registering industry members and residential construction projects; providing information and educating homeowners and the residential construction industry; acting as a resource for complainants; and offering a neutral, technical review of alleged post-construction defects. Appropriations to the agency for the 2008–09 biennium total approximately \$20.8 million in fee-supported General Revenue Funds, which provides for a staff of 80 full-time-equivalent (FTE) positions. The nearly \$14 million General Revenue Funds increase is attributable to appropriations made to implement House Bill 1038, discussed under Significant Legislation on the next page. **Figure 325** shows the agency's All Funds appropriations by goal.

**FIGURE 325**  
**RESIDENTIAL CONSTRUCTION COMMISSION**  
**ALL FUNDS APPROPRIATIONS BY GOAL**  
**2008–09 BIENNIUM**



SOURCE: Legislative Budget Board.

The agency's appropriation is distributed among three goals in support of its mission: (1) ensuring timely, fair, and effective supervision of the residential construction and remodeling industry; (2) ensuring the timely and fair resolution of consumer complaints by providing an independent and neutral review process; and (3) providing information to the regulated industry and consumers to assist them in understanding their rights and responsibilities.

TRCC ensures the supervision of the residential construction industry primarily through the registration of homes and homebuilders. A person may not construct new homes or engage in remodeling projects that change the living area of a home or have a cost over \$10,000 in Texas unless the person holds a certificate of registration with TRCC. Each homebuilder registration applicant is subject to a criminal background check and must meet the standards established by the commission. In addition, the registration of a home construction project with TRCC by the homebuilder is required for the home to be eligible for the agency's complaint resolution process. Registration of home construction projects also serves to identify the builder or remodeler responsible for warranting the construction work.

TRCC's complaint resolution and industry compliance responsibilities are accomplished by providing a state-sponsored inspection and dispute resolution process (SIRP) and preparing and adopting limited warranties and building and performance standards. Through the SIRP process, the agency attempts to resolve post-construction disputes between homebuilders and consumers prior to either party pursuing other legal action. When TRCC receives a valid request, it assigns a certified third-party inspector to conduct an on-site review of the alleged construction defect and report any findings and recommendations to the commission. Either party in a dispute may request an appeal review of the inspector's findings. The agency received 648 SIRP requests and closed 498 SIRP actions in fiscal year 2007. TRCC's mandated responsibilities also include preparing and adopting limited warranties and minimum building and performance standards. The establishment of statewide standards is to form a basis for compliance for homebuilders and remodelers in Texas and to protect consumers from harm that could result from product failure or improper installation practices.

The agency provides information and education to consumers and the regulated industry regarding their rights and responsibilities under the Texas Residential Construction Commission Act through various education and outreach



channels, such as public service announcements, public seminars, agency publications, and the TRCC website. The agency also provides a toll-free help line for the industry and consumers.

### **SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted House Bill 1038, which increases the disciplinary powers of the Residential Construction Commission, amends builder and residential construction project registration requirements, and creates new residential construction inspection requirements. The legislation specifies numerous violations for which a homebuilder may be subject to disciplinary action and authorizes TRCC or the Attorney General to pursue injunctive relief and issue cease and desist orders for violation of TRCC rules. It also authorizes TRCC to revoke or suspend a builder's registration for repeated violations and to assess administrative penalties. The legislation also establishes continuing education requirements for a builder to maintain registration and requires TRCC to approve continuing education courses and course providers. The legislation lowers the project cost threshold for interior home improvement work subject to the Texas Residential Construction Commission Act from \$20,000 to \$10,000. Furthermore, the legislation requires builders in unincorporated areas of the state to have new home and applicable home improvement projects inspected by a fee inspector and requires TRCC to establish an Internet-based system for submitting inspection reports. The legislation also expands the period after the expiration of a home warranty for which a SIRP may be requested on an alleged construction defect from 30 days to 90 days and, for defects that would violate the statutory warranty of habitability, up to 10 years from the closing date or the date upon which a home improvement contract is entered.

## SECURITIES BOARD

The State Securities Board was created in 1957 by the Fifty-fifth Legislature and consists of five members appointed by the Governor and subject to Senate confirmation. The Securities Commissioner is appointed by the board. The agency's primary mission is to protect Texas investors. In accordance with its mission, the agency also strives to ensure a free and competitive securities market for Texas, increase investor confidence, and encourage the formation of capital and the creation of new jobs.

Appropriations to the agency for the 2008–09 biennium total \$11.4 million in All Funds (fee-generated General Revenue Funds), which provide for 95 full-time-equivalent positions in fiscal years 2008–09.

The agency's four major strategies—law enforcement, securities registration, dealer registration, and dealer inspections—are organized to support its goal of protecting investors from fraud and misrepresentation while ensuring the availability of capital to business.

Law enforcement activities include investigating suspected violations of the Texas Securities Act. The Securities Board staff prepares evidence for cases adjudicated before State Office of Administrative Hearings administrative law judges, and cases referred to the Attorney General in civil injunction actions or to the appropriate district or county attorney for criminal prosecution.

To ensure fairness and equity in offerings to potential investors, all securities sold in Texas must be registered, unless the security or the transaction is exempt under the Texas Securities Act. The agency reviews the prospectus and other documentation to determine the fairness of an offering.

All securities dealers, their sales agents, and investment advisers in Texas must register with the Securities Board, unless the Texas Securities Act exempts them from registering. The agency's securities-dealer registration function includes power for broad criminal and disciplinary investigations of all applicants in conjunction with written examinations and extensive reporting requirements.

Securities dealers must maintain certain records and make them available for review upon the request of the Securities Commissioner. The Securities Board also verifies continuing compliance with the Texas Securities Act and ensures that adequate records are available when enforcement actions are necessary.

In 1996, Congress passed House Resolution 3005, that eliminated federal examinations for investment advisers managing less than \$25 million in assets. With this change in federal law, the Securities Board became the only government agency responsible for examining this group of securities dealers in Texas. **Figure 326** shows the number of securities agents, dealers, advisers, and adviser representatives registered by the Securities Board from 1998 to 2009, as well as the revenue deposited to the State Treasury from securities applications during that same period. The Securities Board projects approximately \$190.5 million in revenue deposits to the State Treasury from securities applications during the 2008–09 biennium.

**FIGURE 326**  
**SELECTED PERFORMANCE MEASURES, SECURITIES BOARD**  
**FISCAL YEARS 1998 TO 2009**

FISCAL YEAR	SECURITIES APPLICATIONS	SECURITIES REVENUE (IN MILLIONS)	DEALERS/ AGENTS	DEALER REVENUE (IN MILLIONS)
1998	24,588	\$64.8	153,180	\$36.4
1999	26,811	\$72.4	162,854	\$38.7
2000	29,967	\$93.8	164,084	\$44.7
2001	31,987	\$75.3	176,149	\$48.0
2002	29,427	\$59.1	162,122	\$44.5
2003	35,671	\$56.5	162,671	\$43.4
2004	39,913	\$69.0	169,700	\$70.9
2005	39,450	\$75.7	181,602	\$51.5
2006	44,292	\$94.7	191,949	\$56.8
2007	51,796	\$191.0	209,494	\$59.3
2008*	44,000	\$93.5	190,000	\$55.0
2009*	44,000	\$97.0	190,000	\$55.0

\*Projected.

SOURCE: State Securities Board.

## PUBLIC UTILITY COMMISSION OF TEXAS

The Public Utility Commission of Texas (PUC) was created in 1975 to regulate electric and telecommunications utilities and had jurisdiction over water utilities. In 1985, water utility regulation was moved to the Texas Water Commission (now the Texas Commission on Environmental Quality). The PUC's mission is to protect customers, foster competition, and promote high-quality utility infrastructure. The agency is headed by three commissioners who are appointed by the Governor, subject to Senate confirmation, and serve full time for six-year, staggered terms. In addition, the agency has an executive director who manages its daily operations.

The Eightieth Legislature, 2007, appropriated \$197.6 million in All Funds to PUC for the 2008–09 biennium, which exceeds 2006–07 spending levels by \$139.2 million, or 238.3 percent. Of this appropriation, \$175.8 million is in General Revenue–Dedicated Funds from the System Benefit Account, which includes \$138.4 million more than 2006–07 spending levels and is earmarked for programs related to electric-utility restructuring. The largest program, the Low-Income Discount Program (appropriated \$80 million in fiscal year 2008 and \$90 million in fiscal year 2009), provides a discount on electric bills for low-income customers of up to 10 percent. PUC also received \$1.5 million for continued public education funding, \$2.4 million for electric market oversight contracts, and \$1.9 million for administration related to wholesale electric market oversight.

The 2008–09 appropriation provides for 188.6 full-time-equivalent positions and supports the agency's two main goals: (1) ensuring fair competition, just and reasonable rates, and reliable high quality service; and (2) providing enforcement and education to both electric utility and telecommunications customers in a competitive environment.

### RETAIL COMPETITION

Competitive markets in both the electric and telecommunications industries began developing in Texas in the 1990s as a result of federal and state legislation. This legislation allowed competition in telecommunications services and created a competitive electric wholesale market. In 1999, the Legislature enacted enabling legislation that restructured the electric utility industry, introduced retail competition, and enacted new laws to ensure protection of customers' rights.

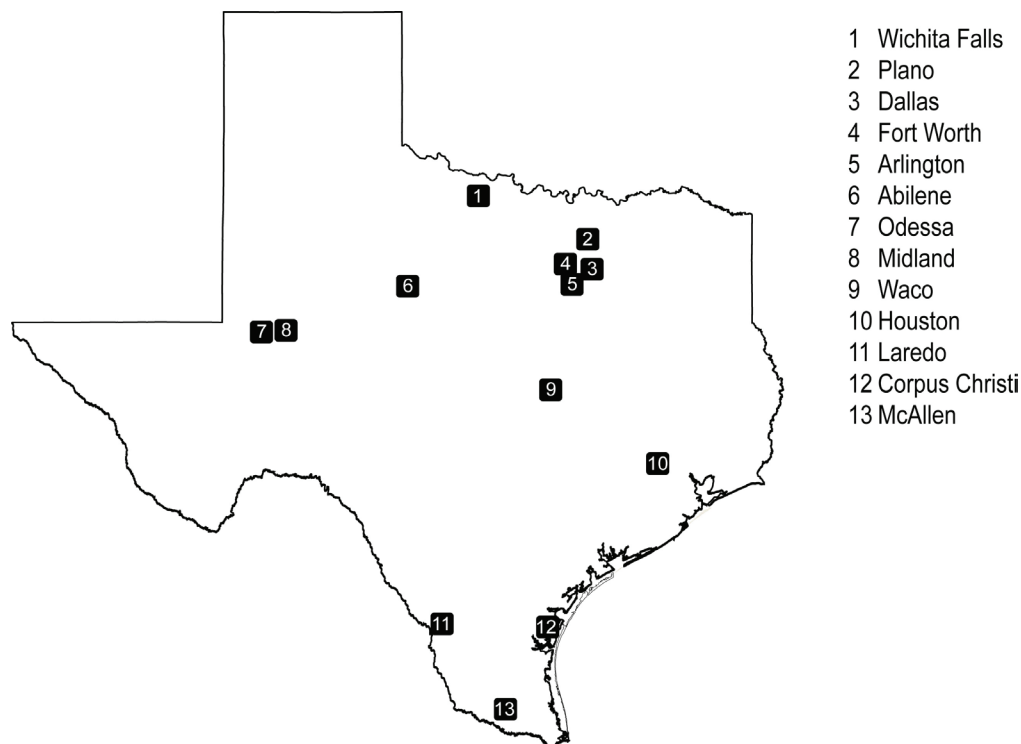
Retail competition in the electric market began on January 1, 2002, for all customers of investor-owned utilities in the Electric Reliability Council of Texas region. Residential and business customers in most areas of the state were provided the ability to choose a supplier of electricity. **Figure 327** shows the major cities in Texas that have retail competition and **Figure 328** shows the number of retail electric providers offering residential service at the beginning of fiscal year 2008.

Prior to retail electric competition, electric utilities provided service at rates that were regulated by PUC. When retail competition began in 2002, a five-year transition period began in which the rates for residential and small commercial customers were partially regulated. Incumbent retail providers were required to offer service at rates that were set by PUC, and competitive retail providers were free to set or negotiate the rates for the services they offered. This transition period ended on January 1, 2007, and all retail providers are now able to set or negotiate rates for all customers. **Figure 329** compares price to beat and competitive offers by service territory over time. **Figure 330** shows a comparison of the average competitive offers, the average default service rates (formerly price to beat services rates), and the average lowest competitive offers at specific periods.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills affecting PUC. House Bill 15 provides \$30 million in funding for the Low-Income Discount Program in fiscal year 2007. House Bill 143 provides that unsolicited text and graphic messages are now covered under the Texas no-call statute. House Bill 1386 updates the regulatory structure related to nuclear generation decommissioning costs. This restructuring is intended to improve the viability of new nuclear generation in the state. House Bill 3693 requires many new energy efficiency measures for state agencies and private utility customers. This legislation also grants PUC additional authority to oversee the sale or merger of certain utilities.

**FIGURE 327**  
**TEXAS CITIES OFFERING RESIDENTIAL SERVICE, AS OF SEPTEMBER 2007**



SOURCE: Public Utility Commission of Texas.

**FIGURE 328**  
**TEXAS CITIES OFFERING COMPETITIVE RESIDENTIAL SERVICES**  
**AS OF SEPTEMBER 2007**

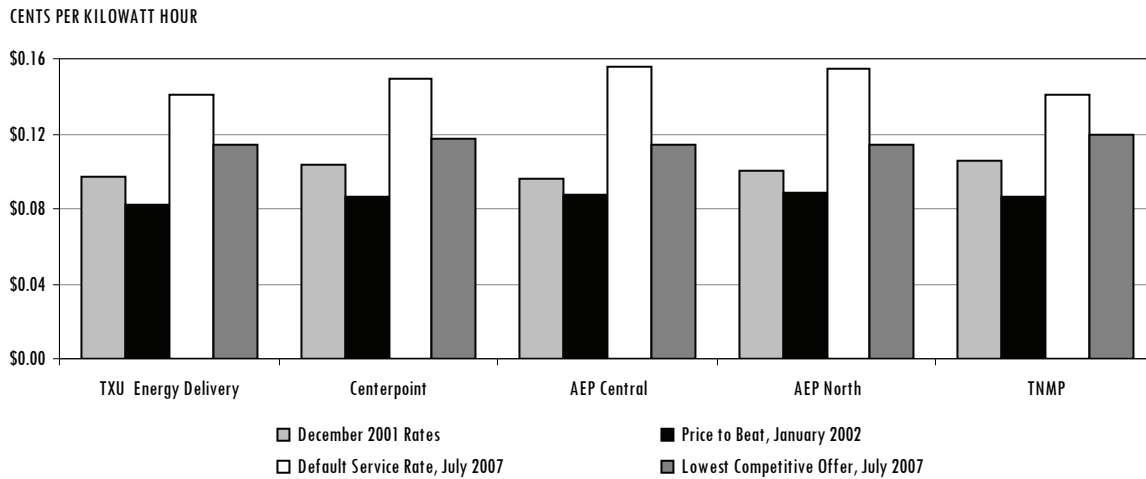
CITY	POPULATION*	COMPETITION	RESIDENTIAL REPS**
Houston	2,144,491	Yes	26
San Antonio	1,296,682	No	NA
Dallas	1,232,940	Yes	26
Austin	709,893	No	NA
Fort Worth	653,320	Yes	26
El Paso	609,415	No	NA
Arlington	367,197	Yes	26
Corpus Christi	285,267	Yes	26
Plano	255,009	Yes	26
Laredo	215,484	Yes	26
Lubbock	212,169	No	NA
Amarillo	185,525	No	NA
Brownsville	172,437	No	NA
McAllen	126,411	Yes	26
Waco	121,496	Yes	26
Abilene	114,797	Yes	26
Beaumont	109,856	No	NA
Midland	102,073	Yes	26

\* Population based upon U.S. Census estimates as of July 1, 2006.

\*\* REP = Retail Electric Provider.

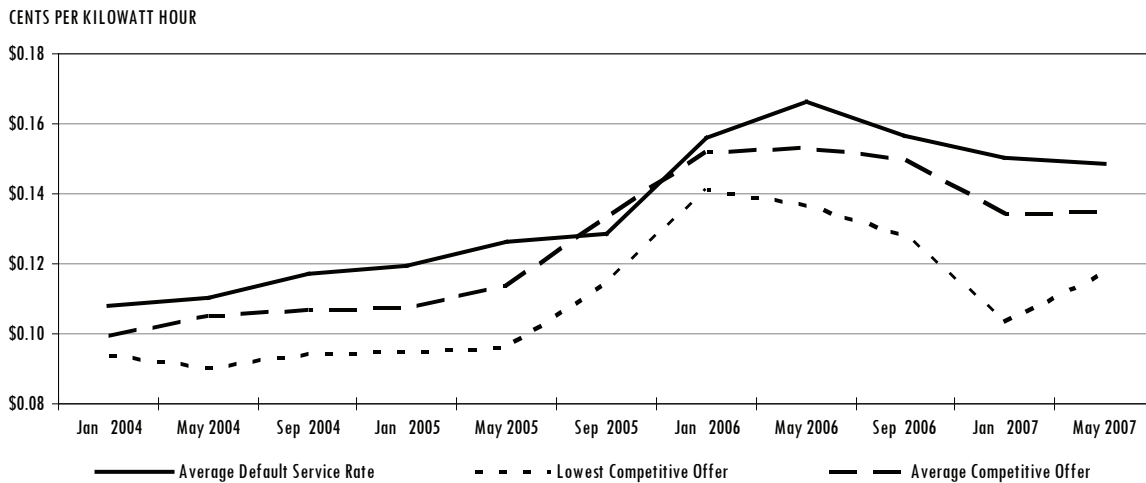
SOURCE: Public Utility Commission of Texas.

**FIGURE 329**  
**PRICE TO BEAT VERSUS COMPETITIVE OFFERS BY SERVICE AREA**  
**DECEMBER 2001 TO JULY 2007**



SOURCE: Public Utility Commission of Texas.

**FIGURE 330**  
**AVERAGE DEFAULT SERVICE RATE VERSUS COMPETITIVE OFFERS FOR ELECTRIC POWER**  
**FISCAL YEARS 2000 TO 2006**



SOURCE: Public Utility Commission of Texas.



## OFFICE OF PUBLIC UTILITY COUNSEL

The Office of Public Utility Counsel (OPUC) was created in 1983 to represent the interests of utility consumers in legal proceedings. Its mission is to ensure the availability of utility services at fair and reasonable rates in an increasingly competitive environment by providing representation to Texas residential and small-business utility consumers in proceedings before the Public Utility Commission of Texas, the Federal Energy Regulatory Commission, the Federal Communications Commission, and in state and federal court. The OPUC is headed by the Public Counsel, who is appointed by the Governor with the consent of the Senate for a two-year term.

Appropriations to the OPUC for the 2008–09 biennium total \$3.4 million in All Funds (General Revenue Funds), which provides funding for 23 full-time-equivalent positions. For the 2008–09 biennium, the agency will focus on electric restructuring issues to address an emerging competitive electricity generating market.

To fulfill its mission, the OPUC focuses on representing residential and small-business electric utility and telecommunications consumers to ensure that customers benefit from competition and are protected during the transition to more competitive markets. **Figure 331** shows the type and amount of proceedings in which the OPUC participated from fiscal years 2005 to 2007, and is projected to participate in 2008 and 2009.

**FIGURE 331**  
**OPUC PROCEEDINGS**  
**FISCAL YEARS 2005 TO 2009**

PROCEEDING TYPE	2005	2006	2007	2008*	2009*
Electric Cases	45	48	45	45	45
Electric Projects	15	17	17	15	15
Telecommunication Cases	7	5	3	6	6
Telecommunication Projects	13	24	17	21	21

\* Projected.

SOURCE: Office of Public Utility Counsel.

## HEALTH-RELATED LICENSING AGENCIES

Numerous boards and commissions license and regulate occupations and industries in Texas. **Figure 332** shows the number of licenses issued, complaints resolved, funding appropriated, and total full-time-equivalent positions allocated for fiscal years 2005 to 2009 for health-related licensing agencies that are not otherwise addressed in this chapter.

A provision in the 2008–09 General Appropriations Act establishes certain requirements for health-related licensing agencies that have peer assistance programs (the Boards of Nurse Examiners, Dental Examiners, Pharmacy, and Veterinary Medical Examiners):

- They must generate sufficient revenue to cover sum-certain appropriations that are limited to amounts identified in peer-assistance strategies.
- The programs must be competitively bid by agencies.

**FIGURE 332**  
**HEALTH-RELATED LICENSING AGENCIES ACTIVITIES AND FUNDING**  
**FISCAL YEARS 2005 TO 2009**

	2005 EXPENDED	2006 ESTIMATED	2007 BUDGETED	2008 APPROPRIATED	2009 APPROPRIATED
<b>Chiropractic Examiners, Board of</b>					
Licenses Issued	8,373	8,435	8,744	8,420	8,420
Complaints Resolved	152	125	233	270	280
All Funds Total	\$363,375	\$383,958	\$390,152	\$461,576	\$451,776
Full-Time-Equivalent Positions	6.0	6.8	7.5	8.5	8.5
<b>Dental Examiners, Texas State Board of</b>					
Licenses Issued	25,351	31,961	52,436	46,730	47,201
Complaints Resolved	1,235	956	818	1,288	1,288
All Funds Total	\$1,784,345	\$1,740,280	\$1,573,333	\$1,855,156	\$1,821,475
Full-Time-Equivalent Positions	27.2	26.5	27.0	37.0	37.0
<b>Funeral Service Commission</b>					
Licenses Issued	4,796	4,099	4,123	4,120	4,120
Complaints Resolved	280	300	187	300	300
All Funds Total	\$655,851	\$643,444	\$654,676	\$673,692	\$673,692
Full-Time-Equivalent Positions	10.7	10.4	11.0	11.0	11.0
<b>Texas Medical Board</b>					
Licenses Issued	70,273	47,239	41,688	41,460	41,961
Complaints Resolved	2,021	1,813	2,309	2,104	2,104
All Funds Total	\$8,328,294	\$8,676,389	\$7,628,461	\$9,364,683	\$9,248,083
Full-Time-Equivalent Positions	127.1	127.2	130.0	142.5	142.5
<b>Texas Board of Nursing</b>					
Licenses Issued	141,081	144,041	150,567	144,240	144,240
Complaints Resolved	5,339	6,029	7,856	6,029	6,029
All Funds Total	\$5,222,111	\$6,929,214	\$6,669,215	\$6,995,168	\$6,995,168
Full-Time-Equivalent Positions	67.9	75.5	81.7	84.7	84.7
<b>Optometry Board</b>					
Licenses Issued	3,444	3,539	3,608	3,684	3,754
Complaints Resolved	121	150	105	145	145
All Funds Total	\$370,145	\$399,225	\$403,332	\$429,338	\$429,339
Full-Time-Equivalent Positions	6.8	6.3	6.5	7.0	7.0

**FIGURE 332 (CONTINUED)**  
**HEALTH-RELATED AGENCIES ACTIVITIES AND FUNDING**  
**FISCAL YEARS 2005 TO 2009**

	2005 EXPENDED	2006 ESTIMATED	2007 BUDGETED	2008 APPROPRIATED	2009 APPROPRIATED
<b>Pharmacy, Board of</b>					
Licenses Issued	18,597	18,949	19,487	19,079	19,879
Complaints Resolved	3,288	3,338	4,931	3,988	3,988
All Funds Total	\$3,374,019	\$3,689,254	\$3,675,257	\$4,158,211	\$4,070,806
Full-Time-Equivalent Positions	52.0	54.8	57.0	62.0	62.0
<b>Physical Therapy and Occupational Therapy Examiners, Executive Council of</b>					
Licenses Issued	13,628	14,549	15,054	14,765	14,970
Complaints Resolved	324	304	407	295	295
All Funds Total	\$933,207	\$958,204	\$984,620	\$1,068,349	\$1,040,768
Full-Time-Equivalent Positions	17.7	17.8	18.0	18.0	18.0
<b>Podiatric Medical Examiners, Board of</b>					
Licenses Issued	1,221	1,227	1,245	1,105	1,105
Complaints Resolved	206	125	240	130	130
All Funds Total	\$213,530	\$219,166	\$221,431	\$230,912	\$231,665
Full-Time-Equivalent Positions	3.8	3.1	4.0	4.0	4.0
<b>Psychologists, Board of Examiners of</b>					
Licenses Issued	7,198	7,570	7,627	7,600	7,600
Complaints Resolved	191	182	220	197	197
All Funds Total	\$723,842	\$710,419	\$723,603	\$782,760	\$770,359
Full-Time-Equivalent Positions	12.0	11.6	12.0	12.5	12.5
<b>Veterinary Medical Examiners, Board of</b>					
Licenses Issued	6,921	7,014	6,925	7,160	7,311
Complaints Resolved	110	78	94	400	400
All Funds Total	\$606,417	\$625,545	\$630,088	\$861,029	\$815,067
Full-Time-Equivalent Positions	10.8	10.8	10.8	13.0	13.0

SOURCES: Legislative Budget Board; Board of Chiropractic Examiners; Texas State Board of Dental Examiners; Funeral Service Commission; Texas Medical Board; Texas Board of Nursing; Optometry Board; Board of Pharmacy; Executive Council of Physical Therapy and Occupational Therapy Examiners; Board of Podiatric Medical Examiners; Board of Examiners of Psychologists; Board of Veterinary Medical Examiners.

- The boards (except Pharmacy) must be certified by the Department of State Health Services (DSHS) as meeting DSHS criteria for programs.
- Program financial audits must be conducted annually.

### SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect the health-related licensing agencies. The more significant legislation includes House Bill 2426 and Senate Bill 29.

House Bill 2426 changes the name of the Board of Nurse Examiners to the Texas Board of Nursing and continues the

agency until 2017. The legislation requires the board to create or amend rules on numerous topics such as establishing guidelines concerning the consequences of criminal conviction or deferred adjudication; the accreditation of nursing and education programs through one or more national nursing accrediting agencies recognized by the United States Department of Education; establishing the purpose, role, responsibility, and goal of an advisory committee; the establishment of rules that encourage use of negotiated rulemaking procedures and alternative dispute resolution; establishing examination requirements, administration, and procedures; amending requirements of a person who is required to report a nurse who is impaired

or suspected of being impaired; the peer assistance program; and providing a schedule of sanctions.

Senate Bill 29 directs the Texas Medical Board, Board of Dental Examiners, the Board of Pharmacy, the Board of Examiners of Psychologists, and the Executive Council of Physical Therapy and Occupational Therapy Examiners to obtain additional information regarding each health professional on behalf of the Statewide Health Coordinating Council (council) to allow the council to develop a clearer understanding of the current healthcare workforce and its potential needs.

## OTHER REGULATORY AGENCIES

Numerous boards and commissions license and regulate occupations and industries in Texas. **Figure 333** shows the number of licenses issued, complaints resolved, funding amounts, and total full-time-equivalent (FTE) positions for fiscal years 2005 to 2009 for non-health-related licensing agencies that are not discussed elsewhere in this chapter. Appropriations for these agencies total \$5.8 million for the 2008–09 biennium and include \$5.7 million in General Revenue Funds (99 percent) that are generated from fees.

## SIGNIFICANT LEGISLATION

The Eightieth Legislature, 2007, enacted several bills that affect the non-health-related regulatory agencies. The more significant legislation includes House Bill 2458, Senate Bill 1340, and House Bill 2820.

House Bill 2458 abolishes the Texas Structural Pest Control Board, creates a structural pest control advisory committee, and transfers the agency's obligations, property, FTE positions, performance measures, rights, powers, and duties to the Texas Department of Agriculture no later than March 1, 2008.

Senate Bill 1340 requires surveyor-in-training certificates to be valid for eight years rather than the earlier of six years or the date the certificate holder becomes a registered professional land surveyor, as prescribed under previous law. The legislation also provides that the Board of Professional Land Surveying must require a certificate holder to complete certain professional continuing education courses as a condition for retaining the certificate and to maintain records of such courses, which are subject to audit by the board as an additional condition for retaining the certificate.

**FIGURE 333**  
**NON-HEALTH-RELATED LICENSING AGENCIES ACTIVITIES AND FUNDING**  
**FISCAL YEARS 2005 TO 2009**

	2005 EXPENDED	2006 ESTIMATED	2007 BUDGETED	2008 APPROPRIATED	2009 APPROPRIATED
<b>Geoscientists, Board of Professional</b>					
Licenses Issued	6,733	5,892	5,026	6,600	6,700
Complaints Resolved	64	1	4	5	5
All Funds	\$421,750	\$434,277	\$438,162	\$443,490	\$437,729
Full-Time-Equivalent Positions	4.8	5.9	6.0	6.0	6.0
<b>Land Surveying, Board of Professional</b>					
Licenses Issued	2,967	2,974	2,937	3,056	3,056
Complaints Resolved	63	43	44	57	57
All Funds	\$333,278	\$388,141	\$354,169	\$426,754	\$395,025
Full-Time-Equivalent Positions	4.5	4.4	4.5	5.0	5.0
<b>Plumbing Examiners, Board of</b>					
Licenses Issued	23,824	24,324	25,401	23,950	24,150
Complaints Resolved	863	963	961	880	880
All Funds	\$1,625,086	\$1,785,819	\$1,756,955	\$1,892,556	\$1,823,306
Full-Time-Equivalent Positions	21.7	22.5	23.0	24.0	24.0
<b>Tax Professional Examiners, Board of</b>					
Licenses Issued	3,869	3,881	3,945	4,000	4,000
Complaints Resolved	9	19	11	9	9
All Funds	\$144,709	\$171,756	\$175,800	\$190,028	\$190,028
Full-Time-Equivalent Positions	3.6	3.5	3.7	3.7	3.7

SOURCES: Legislative Budget Board; Board of Professional Geoscientists; Board of Professional Land Surveyors; Board of Plumbing Examiners; Board of Tax Professional Examiners.

House Bill 2820 prohibits an association, partnership, or corporation from offering professional land surveying services unless, in addition to other requirements, the business is registered with the Board of Professional Land Surveying. The legislation authorizes the board to refuse to issue or renew, as well as provides that it may suspend or revoke, such a registration. The legislation also allows the board to impose an administrative penalty against the owner of a business for a violation of state laws regulating land surveyors that is committed by an employee, agent, or other representative of the business.



## 12. THE LEGISLATURE

As shown in **Figure 334**, appropriations for the Legislature for the 2008–09 biennium total \$326 million, which constitutes less than 1 percent of all state appropriations. This amount is a decrease of \$9.3 million, or 2.8 percent, from the 2006–07 biennium. General Revenue Funds account for almost 99.9 percent of these appropriations. **Figure 335** shows 2008–09 appropriations by method of financing for the Legislature.

**FIGURE 334**  
**ALL FUNDS APPROPRIATIONS FOR THE LEGISLATURE**  
**2008–09 BIENNIUM**

IN MILLIONS AGENCY	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1</sup>	BIENNIAL CHANGE	% CHANGE
Senate	\$62.2	\$59.6	(\$2.6)	(4.2)
House of Representatives	71.4	68.4	(2.9)	(4.1)
Legislative Budget Board	24.4	23.4	(0.9)	(3.9)
Sunset Commission	3.6	3.4	(0.1)	(3.8)
Legislative Council	69.9	66.8	(3.1)	(4.5)
Commission on Uniform State Laws	0.3	0.4	0.1	26.7
State Auditor's Office	38.5	33.2	(5.3)	(13.7)
Legislative Reference Library	3.0	2.9	(0.1)	(4.3)
<b>SUBTOTAL, THE LEGISLATURE</b>	<b>\$273.2</b>	<b>\$258.1</b>	<b>(\$15.1)</b>	<b>(5.5)</b>
Retirement and Group Insurance	\$40.5	\$43.2	\$2.7	6.5
Social Security and Benefit Replacement Pay	15.0	15.6	0.5	3.6
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$55.5</b>	<b>\$58.7</b>	<b>\$3.2</b>	<b>5.7</b>
Lease Payments	\$16.9	\$15.4	(\$1.5)	(9.0)
Less Interagency Contracts	10.4	6.3	(4.1)	(39.4)
<b>TOTAL, ARTICLE X - THE LEGISLATURE</b>	<b>\$335.3</b>	<b>\$326.0</b>	<b>(\$9.3)</b>	<b>(2.8)</b>

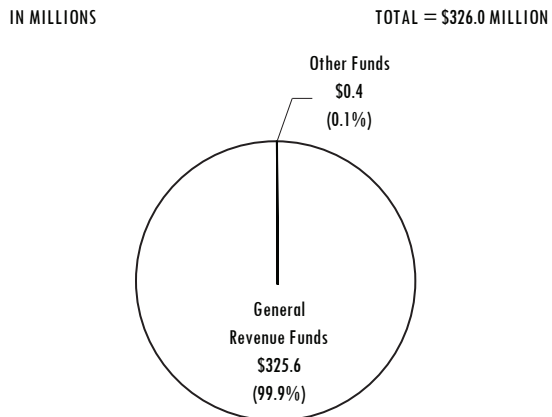
<sup>1</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTES: Article totals exclude interagency contracts.

Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.

SOURCE: Legislative Budget Board.

**FIGURE 335**  
**LEGISLATURE APPROPRIATIONS**  
**ALL FUNDS, 2008–09 APPROPRIATIONS**



SOURCE: Legislative Budget Board.

The Texas Legislature was created by the Texas Constitution in 1876. All powers of the state's legislative branch are vested in the Texas Senate and the Texas House of Representatives, which convene biennially in Austin for a 140-day regular session during odd-numbered years. The Governor may call additional 30-day special sessions as needed, during which the Legislature may consider only the subjects submitted to it by the Governor. Members of the legislature receive an annual salary of \$7,200. In addition, during regular and special sessions and while doing official business of the state such as attending interim committee hearings, members may receive reimbursement for actual mileage and per diem for living expenses. According to *The Book of the States*, Volume 39, Texas ranks eleventh in terms of the number of legislative members, with 181 members representing 23.5 million constituents (State Rankings 2007).

## MAJOR FUNDING ISSUES

Appropriations of General Revenue Funds for most legislative agencies were reduced below the 2006–07 expenditure levels, averaging a 4 percent reduction, with the exception of the Commission on Uniform State Laws.

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not add because of rounding.

## SENATE

The Senate consists of 31 senators elected to four-year terms of office. The Lieutenant Governor, the presiding officer (President) of the Senate, is elected statewide and serves a four-year term.

The Senate Committee on Administration implements all Senate policies and procedures. The Secretary of the Senate, elected by Senate members, is the chief executive administrator and is in charge of central Senate operations. Appropriations to fund activities of the Senate for the 2008–09 biennium total \$59.6 million in General Revenue Funds.

The Texas Senate's primary duties include legislating all Texas laws and resolutions, approving the state budget, submitting all constitutional amendments to Texas voters, and confirming most gubernatorial appointees.

The Lieutenant Governor appoints all committee chairs and members of Senate standing and select committees, and refers all bills to the committees. There are 20 standing committees, which during the interim between legislative sessions study selected topics, or charges, assigned by the Lieutenant Governor, and during the legislative session receive legislation for hearing and referral back to the full Senate for consideration. During the Eightieth Legislature, 2007, the Senate passed 1,966 bills and joint resolutions.

## HOUSE OF REPRESENTATIVES

The House of Representatives consists of 150 representatives elected in even-numbered years to two-year terms of office. At the beginning of each regular legislative session, the House elects a Speaker from its members to serve as the presiding officer.

The Committee on House Administration provides administrative support for all House operations. The committee employs a director and staff to handle the day-to-day operations of the House. Appropriations to fund activities of the House of Representatives for the 2008–09 biennium total \$68.4 million in General Revenue Funds.

Primary duties of the House of Representatives include legislating all Texas laws and resolutions, submitting all constitutional amendments for voter approval, and approving the state budget. All legislation increasing state taxation must originate in the House.

The Speaker of the House (the Speaker) appoints all chairs and members of House standing and select committees and refers all bills to the committees for consideration. There are approximately 40 standing House committees, which during the interim between legislative sessions study selected topics, or charges, assigned by the Speaker and during the legislative session receive bills for hearing and referral back to the full House for consideration. Each bill passed out of committee is referred to the Calendars Committee, which schedules all legislation that is voted on by the full House of Representatives. During the Eightieth Legislature, 2007, the House passed 1,882 bills and joint resolutions.

## LEGISLATIVE BUDGET BOARD

The Legislative Budget Board (LBB) was created by statute in 1949, primarily to develop budget recommendations for legislative appropriations. The LBB's statutory responsibilities remained virtually unchanged until 1973 when the legislature expanded the board's duties to include evaluation of agency programs and estimation of the probable costs of implementing legislation introduced in the legislative session. Membership of the 10-member board includes the Lieutenant Governor (co-chair), the Speaker of the House of Representatives (co-chair), the chair of the House Committee on Appropriations, the chair of the House Committee on Ways and Means, the chair of the Senate Finance Committee, three members of the Senate appointed by the Lieutenant Governor, and two members of the House of Representatives appointed by the Speaker.

The board is assisted by the LBB director and the LBB staff. Funds for operating the LBB are provided through appropriations of General Revenue Funds to the Texas Senate and House of Representatives and are transferred to a special operating account each fiscal year. Appropriations to be transferred for the 2008–09 biennium total \$9.2 million. In addition, the agency receives a direct appropriation of \$14.3 million in General Revenue Funds, for a total biennial budget of \$23.4 million in General Revenue Funds.

### GENERAL APPROPRIATIONS BILL DRAFT AND LEGISLATIVE BUDGET ESTIMATES

At the beginning of each regular session of the Legislature and during special sessions as required, the LBB director transmits copies of the board's recommended General Appropriations Bill draft and Legislative Budget Estimates (LBE) to all members of the Legislature and to the Governor. The General Appropriations Bill draft and LBE are products of a review process that includes a public hearing on each agency's budget request and an LBB staff analysis of each agency's expenditures and performance results. The LBE provides both historical expenditures and proposed appropriations for each state agency and institution of higher education.

Once the General Appropriations Bill is enacted, it is referred to as the General Appropriations Act (GAA). The GAA allocates each agency's appropriation by goals and strategies and establishes key performance targets for each strategy. In addition, the strategic planning and performance budgeting system requires agencies to report actual performance data

each quarter so the LBB staff can monitor progress toward the achievement of established performance targets.

The LBB also determines the limit on the growth of appropriations from state tax revenue not dedicated by the Constitution for the upcoming biennium. In addition, it determines the maximum amount that may be paid out of state funds for assistance grants to or on behalf of needy dependent children and their caretakers (i.e., Temporary Assistance for Needy Families, or TANF).

### BUDGET EXECUTION AUTHORITY

Texas Government Code, § 317, provides the LBB with budget execution authority, which allows state expenditure decisions to be altered when the full legislature is not convening. This process begins when the Governor or the LBB proposes that funds appropriated to an agency be prohibited from expenditure, transferred from one agency to another, or retained by an agency to be used for a purpose other than the originally intended one. A budget execution order takes effect only if both the Governor and the LBB concur.

### CRIMINAL JUSTICE DATA ANALYSIS TEAM

The Criminal Justice Data Analysis Team monitors Texas' adult and juvenile correctional populations. Further, the team projects adult and juvenile correctional populations, calculates recidivism rates for adult and juvenile correctional populations, and calculates cost-per-day information for criminal justice populations. In addition, the team conducts research projects based on significant legislative actions that may affect correctional populations.

### FEDERAL FUNDS ANALYSIS

The LBB Federal Funds Analysis Team monitors and analyzes federal legislation, regulations, and guidance on issues that might affect the state budget, such as healthcare, education, human services, and transportation. The team produces a newsletter, *Federal Funds Watch*, that provides the Texas Legislature with information on federal legislation and federal funding.

### PERFORMANCE REVIEWS

The LBB is authorized to conduct performance reviews and evaluations of state agencies, public junior colleges, general academic teaching institutions, and school districts, including charter schools. The findings and recommendations resulting from reviews and related policy analyses are reported to the

Legislature in the report, *Texas State Government Effectiveness and Efficiency*, published at the beginning of each regular legislative session, and in other LBB publications published throughout the biennium. Recommendations are implemented through the General Appropriations Act and through other legislation.

## FISCAL NOTES

Fiscal notes identify the probable costs, savings, revenue gains, or revenue losses of each bill or resolution that is proposed by the legislature. Under Senate Rules, a fiscal note must be attached to a bill or resolution prior to a final vote by a committee for the bill or resolution to be reported out of committee. Under House Rules, when a fiscal note is requested by a committee, the fiscal note must be attached to a bill before a committee hearing may be conducted. A fiscal note representing the most recent version of the bill must remain with the bill or resolution throughout the legislative process, including the point at which it is submitted to the Governor.

## IMPACT STATEMENTS

In addition to fiscal notes, LBB staff prepare impact statements that provide the Legislature with information about and analysis of certain bills being considered for enactment. There are seven primary types of impact statements provided by the LBB: criminal justice policy impact statements, equalized education funding impact statements, tax equity notes, actuarial impact statements, open-government impact statements, water development policy impact statements, and higher education impact

statements. **Figure 336** shows the number of fiscal notes and impact statements prepared by the LBB for the past six regular legislative sessions.

Criminal justice policy impact statements identify the probable impact of proposed legislation on the state's juvenile and adult correctional populations. In support of this effort, the LBB maintains databases and simulation models relating to the criminal justice system, which are used to forecast correctional populations and to estimate the impact of specific legislation and policy alternatives in the area of adult corrections.

Equalized education funding impact statements, as well as other special reports on school finance, are prepared by the LBB for certain public education bills. School finance reports contain projected costs of current and proposed school funding formulas as well as the projected impact on system equity. The LBB prepares such reports on a statewide basis, as well as by individual school district and legislative district. Current and historical data by school district is also available through this reporting system.

Tax equity notes are prepared for certain revenue bills and assess the impact of proposed revenue measures on Texas businesses and individuals.

Actuarial impact statements provide estimates of changes in public pension funds. The LBB produces these impact statements with assistance from the Pension Review Board.

Open-government impact statements show the estimated impact of proposed public-access legislation. Such legislation

**FIGURE 336**  
**FISCAL NOTES AND IMPACT STATEMENTS DEVELOPED**  
**DURING REGULAR LEGISLATIVE SESSIONS**

TYPE OF ANALYSIS	75 <sup>TH</sup> 1997	76 <sup>TH</sup> 1999	77 <sup>TH</sup> 2001	78 <sup>TH</sup> 2003	79 <sup>TH</sup> 2005	80 <sup>TH</sup> 2007
Fiscal note	9,012	9,512	9,354	8,391	8,159	9,357
Impact statements	2,045	2,815	2,012	1,772	1,798	1,400
Criminal justice impact statement	917	916	939	645	760	961
Equalized education statement	346	554	338	554	344	10
Tax/Fee equity note	486	761	418	211	65	22
Actuarial impact statement	214	230	168	116	152	118
Open government impact statement	NA	123	33	29	48	19
Water development policy impact statement	0	48	88	78	242	260
Higher education impact statement	82	183	28	139	187	10
<b>TOTAL NOTES AND STATEMENTS</b>	<b>11,057</b>	<b>12,327</b>	<b>11,366</b>	<b>10,163</b>	<b>9,957</b>	<b>10,757</b>

SOURCE: Legislative Budget Board.

can involve either expressed or implied changes to both public access to government information or the transaction of public business by impacting open records law, open meetings law, or other law.

Water development policy impact statements provide estimates of changes resulting from the creation of water districts.

Higher education impact statements estimate the implications of creating or changing the classification, mission, or governance of an institution of higher education.

#### **INFORMATION RESOURCES**

The LBB staff is responsible for analyzing and evaluating agency Biennial Operating Plans and monitoring and providing oversight of Information Resource projects within agencies and universities by attending project meetings, coordinating committee meetings, and conducting on-site visits. In addition to these responsibilities, the LBB, the State Auditor's Office, and the Department of Information Resources staff serve in a joint capacity on the Quality Assurance Team, reviewing state agency information resource projects that cost at least \$1 million and meet other established criteria. During fiscal year 2007, the Quality Assurance Team monitored 61 information technology projects representing over \$797 million.



## SUNSET ADVISORY COMMISSION

The Sunset Advisory Commission was created by the Sixty-fifth Legislature, 1977, to provide for greater openness in government decision-making and to improve government accountability. It is composed of a 12-member board consisting of five members of the Senate and one public member appointed by the Lieutenant Governor, and five members of the House of Representatives and one public member appointed by the Speaker.

Funds for operating the Sunset Advisory Commission are provided through appropriations of General Revenue Funds to the Senate and House of Representatives and are transferred to a special operating account each fiscal year. Appropriations to be transferred for the 2008–09 biennium total \$3.4 million in General Revenue Funds.

The Texas Sunset Act requires the automatic termination of designated agencies or boards 12 years after review unless the Legislature extends the life of the agency by statute. To assist the Legislature in this determination, the Sunset Advisory Commission evaluates the operations of agencies or boards scheduled for termination. It reports its findings and recommendations to the Legislature; drafts legislation incorporating its recommendations for termination, continuation, or modification; and prepares the legislation for introduction during the legislative session.

From fiscal year 1978 to fiscal year 2007, the Sunset Advisory Commission conducted 399 agency and board reviews. As a result of Sunset reviews, the Legislature has abolished 54 agencies, consolidated 12 agencies into other agencies, and split 2 agencies, with a reported savings of almost \$785 million.

Based on recommendations from the Sunset Advisory Commission, the Eightieth Legislature, 2007, enacted legislation affecting 19 agencies and boards under Sunset review. This legislation is expected to generate \$447,000 in savings and revenue gains over the next two years by streamlining agency processes and eliminating waste, duplication, and inefficiency in state government. Of the entities under Sunset review, the Texas Historical Representation Advisory Committee expired without legislative action due to its inactive status. The Legislature abolished the Texas Structural Pest Control Board and transferred its functions to the Texas Department of Agriculture. Three governmental bodies under Sunset review were not subject to abolishment, but the Legislature made several changes to improve the operations of the

Board of Pardons and Paroles, State Board of Trustees of the Teacher Retirement System of Texas, and the Veterans' Land Board. The Legislature removed the Texas Veterinary Medical Diagnostic Laboratory from further Sunset review, and also removed the Correctional Managed Health Care Committee's separate Sunset date, allowing future review of its role and responsibilities to occur at the same time as the Texas Department of Criminal Justice's Sunset review. The Legislature continued 12 other agencies, many with significant changes, and directed the Sunset Advisory Commission to continue evaluation of the Office of State–Federal Relations, by extending the agency's Sunset date for only two years. During the 2008–09 biennium, the agency will conduct 26 reviews, as shown in **Figure 337**.

**FIGURE 337**  
**SUNSET REVIEW SCHEDULE — 2008–09 BIENNIUM**

### GENERAL GOVERNMENT

- Texas Facilities Commission
- Office of State–Federal Relations

### PUBLIC SAFETY AND CRIMINAL JUSTICE

- Texas Commission on Fire Protection
- Commission on Jail Standards
- Texas Juvenile Probation Commission
- Commission on Law Enforcement Officer Standards and Education
- Texas Military Preparedness Commission
- Polygraph Examiners Board
- Texas Private Security Board
- Texas Department of Public Safety
- Texas Youth Commission

### NATURAL RESOURCES

- Texas Department of Agriculture
- Board of Directors of the Official Cotton Growers' Boll Weevil Eradication Foundation
- Texas Parks and Wildlife Department
- Prescribed Burning Board
- Texas–Israel Exchange Fund Board

### BUSINESS AND ECONOMIC DEVELOPMENT

- Texas State Affordable Housing Corporation
- Texas Department of Transportation

### REGULATORY

- Credit Union Commission
- Equine Research Account Advisory Committee
- Texas Department of Insurance
- Office of Public Insurance Counsel
- Texas Medical Board
- Texas Racing Commission
- Texas Residential Construction Commission
- Board of Tax Professional Examiners

SOURCE: Sunset Advisory Commission.

## TEXAS LEGISLATIVE COUNCIL

The Texas Legislative Council was established by statute in 1949 and began operations in 1950. The council is a 14-member board consisting of the Lieutenant Governor and the Speaker of the House of Representatives (who serve as joint chairs), six members of the Senate appointed by the Lieutenant Governor, the Chair of the House Administration Committee, and five members of the House of Representatives appointed by the Speaker. Appropriations for the 2008–09 biennium total \$66.8 million in General Revenue Funds.

The agency employs an executive director, who is responsible for employing professional and clerical staff and supervising their performance. The agency includes the following statutorily defined duties:

- assisting the Legislature in drafting proposed legislation;
- providing data-processing services to aid the members and committees of the Legislature in accomplishing their duties;
- gathering and disseminating information for the Legislature;
- conducting other investigations, studies, and reports as may be deemed useful to the legislative branch of state government; and
- investigating departments, agencies, and officers and studying their functions and problems.

The agency also develops and implements plans for the continuing revision of state statutes, including simplifying classification, improving numbering, and clarifying the statutes without substantively changing them.

During legislative sessions, council staff drafts bills, resolutions, amendments, committee substitutes, and conference committee reports for both the Senate and the House. In addition, staff members engross and enroll House documents, and distribute House bills. The agency also assists the Legislature with infrequent or unusual responsibilities, such as redistricting and election contests.

Between sessions, the agency assists standing and special legislative committees with research. The legal staff devotes the majority of its interim efforts to statutory revision projects that, when completed, are presented to the next regular session of the Legislature for consideration.

The Legislative Information Systems Division makes the most modern data-processing equipment and techniques available to the legislative branch. This division develops and operates automated systems that support the legislative process. It processes the text of drafts, bills, resolutions, and House and Senate Journals and reports on bill status and legislative committee activity. It also supports automated budget analysis and the production of appropriations bills.

In addition, the division provides programming support for the fiscal notes system, tracks membership of boards and commissions, and designs accounting, payroll, and personnel systems for use by the Legislature and legislative branch agencies.

## COMMISSION ON UNIFORM STATE LAWS

The Commission on Uniform State Laws was created in 1951 to promote uniformity in state laws in subject areas in which uniformity is desirable and practicable. The agency also promotes uniform judicial interpretation of all uniform state laws, advises the Legislature on adoption of uniform state laws, and sends staff members to national conferences on uniform state laws.

The commission is composed of members appointed by the Governor, the Executive Director of the Texas Legislative Council, and other members who qualify by service with the commission or the national conference. The commission receives accounting, clerical, and other support services from the Texas Legislative Council. Appropriations to the Commission on Uniform State Laws for the 2008–09 biennium total \$0.4 million in General Revenue Funds.

## STATE AUDITOR'S OFFICE

The State Auditor's Office (SAO) was created in 1943 and functions as the independent auditor for Texas state government. The SAO is authorized to perform audits, investigations, and other services to ensure that state agencies, higher education institutions, and other governmental entities follow state and federal laws and regulations.

The State Auditor is appointed by the Legislative Audit Committee (Committee), a permanent standing joint committee of the Legislature. The six-member committee consists of the Lieutenant Governor (co-chair), the Speaker of the House of Representatives (co-chair), the chair of the Senate Finance Committee, one member of the Senate appointed by the Lieutenant Governor, the chair of the House Appropriations Committee, and the chair of the House Ways and Means Committee. In addition to appointing the State Auditor, the Committee approves the SAO's annual audit plan and budget.

Appropriations for the SAO for the 2008–09 biennium total \$33.2 million in All Funds, which includes \$26.5 million in General Revenue Funds, or 79.8 percent of the agency's appropriations.

The SAO's annual audit plan identifies all the audits, reviews, investigations, and other activities that the State Auditor may initiate during the state fiscal year. It includes both statutorily required and discretionary projects, which are developed based on a standardized risk assessment process.

### AUDITS AND INVESTIGATIONS

Audits are performed in accordance with generally accepted government auditing standards, which include standards issued by the American Institute of Certified Public Accountants. The SAO is authorized to perform four types of audits:

- Economy and Efficiency audits, which determine whether entities are managing and using their resources in an economical and efficient manner;
- Effectiveness audits, which evaluate whether the objectives and intended benefits of a program are being achieved and whether it is duplicative;
- Financial audits, which evaluate whether accounting controls are adequate and whether the records, books, and accounts of state agencies, including institutions of higher education, and the financial statements for the

State of Texas as a whole accurately reflect its financial and fiscal operations; and

- Compliance audits, which determine whether funds have been spent in accordance with the purpose for which the funds were appropriated and authorized by law. (Note: Performance measure audits, a type of compliance audit, are used to certify the accuracy of state agencies' and institutions' performance measures.)

The SAO also investigates specific acts or allegations of impropriety and abuse of state funds and resources. All state agencies and higher education institutions are required to report suspected fraud or unlawful conduct to the SAO.

### STATE CLASSIFICATION OFFICE

The Position Classification Act of 1961 created the State Classification Office within the State Auditor's Office. The State Classification Office is responsible for maintaining and updating the State's Position Classification Plan (Plan). As of September 1, 2007, the Plan included 835 classification titles covering approximately 143,500 full-time classified employees at state agencies. During the biennial budget process, the State Classification Office recommends the addition and deletion of job classification titles and the reallocation of salary groups assigned to specific classifications. The classification index in the General Appropriations Act includes three salary schedules: Schedule A is for clerical and technical positions, Schedule B is for professional positions, and Schedule C is for law enforcement positions.

In addition, the State Classification Office performs classification compliance audits of positions to ensure conformity with the Plan, serves as a resource on state human resource management matters, and compiles and reports the number of full-time-equivalent state employees on an annual basis.

The State Classification Office also prepares a report on classified regular employee turnover. It is responsible for maintaining an online employee exit survey to obtain direct feedback from employees regarding reasons for leaving state employment. Analysis of this data is used to develop strategies to decrease the state's turnover rate. The State Auditor's Office, through the State Classification Office, also develops guidelines for state agencies to use when preparing the workforce plans that are included within their overall five-year strategic plans.

**SIGNIFICANT LEGISLATION**

The Eightieth Legislature, 2007, enacted House Bill 3290 and House Bill 3575, which significantly affect the State Auditor's Office.

House Bill 3290 requires the State Auditor to expand the scope of an audit if, during the course of the audit, the State Auditor finds evidence of gross mismanagement. If this occurs, the audit must be expanded into other aspects of the operations of the agency or institution being audited to determine whether problems also exist in other areas.

House Bill 3575 requires the State Auditor to establish an independent validation and verification program for the Health and Human Services Commission's integrated eligibility system and present it to the newly-created Health and Human Services Eligibility System Legislative Oversight Committee that also was established by the legislation. In addition, the legislation requires the Quality Assurance Team to establish a schedule for periodic monitoring of the eligibility system during the transition period and share information with the State Auditor.

**LEGISLATIVE REFERENCE LIBRARY**

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The Legislative Reference Library (LRL) was established by the Sixty-first Legislature in 1969 as an independent agency to perform certain functions and duties previously assigned to the Texas State Library. The LRL is governed by the Legislative Library Board, a six-member board consisting of the Lieutenant Governor, the Speaker of the House of Representatives, the chair of the House Appropriations Committee, two members of the Senate appointed by the Lieutenant Governor, and one member of the House of Representatives appointed by the Speaker. Appropriations for the 2008–09 biennium total \$2.9 million in All Funds, primarily consisting of General Revenue Funds.

The LRL contains Texas legal and public affairs materials and the statutes of all 50 states. It also houses the original legislative bill files dating from 1973. In addition, it has a large collection of Texas state documents and a unique collection of Texas periodicals. The LRL collects from a variety of source materials on state government and issues affecting the Texas Legislature.

The LRL collaborates with the Texas Legislative Information System (the Legislature's online bill-status system) and operates a statewide telephone service for obtaining legislative information during legislative sessions. Also, the library developed a number of in-house databases accessible through the Legislature's computer network that contain specialized information on Texas state government, including state boards and commissions, specific facts and statistics on the Texas Legislature, an online card catalog, and newspaper articles included in the legislative clipping service. An additional in-house database includes access to the legislative bill files.

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## APPENDIX A – AGENCIES BY ARTICLE

### ARTICLE I — GENERAL GOVERNMENT

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Commission on the Arts  
Office of the Attorney General  
Bond Review Board  
Cancer Council  
Comptroller of Public Accounts  
    Fiscal Programs – Comptroller of Public Accounts  
    Social Security and Benefit Replacement Pay  
Commission on State Emergency Communications  
Employees Retirement System  
Texas Ethics Commission  
Facilities Commission  
Public Finance Authority  
Fire Fighters’ Pension Commissioner  
Office of the Governor  
    Trusted Programs within the Office of the Governor  
Historical Commission  
    Texas Emancipation Juneteenth Cultural Historical  
    Commission  
Department of Information Resources  
Library and Archives Commission  
Pension Review Board  
Preservation Board  
State Office of Risk Management  
Secretary of State  
Office of State–Federal Relations  
Veterans Commission

### ARTICLE II — HEALTH AND HUMAN SERVICES

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Department of Aging and Disability Services  
Department of Assistive and Rehabilitative Services  
Department of Family and Protective Services  
Department of State Health Services  
Health and Human Services Commission

### ARTICLE III — AGENCIES OF EDUCATION

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#### **Public Education**

Texas Education Agency  
School for the Blind and Visually Impaired  
School for the Deaf  
Teacher Retirement System

#### **Higher Education**

Higher Education Coordinating Board

#### ***General Academic Institutions***

The University of Texas System Administration  
The University of Texas at Arlington  
The University of Texas at Austin  
The University of Texas at Dallas  
The University of Texas at El Paso  
The University of Texas – Pan American  
The University of Texas at Brownsville  
The University of Texas of the Permian Basin  
The University of Texas at San Antonio  
The University of Texas at Tyler  
Texas A&M University System Administrative  
    and General Offices  
Texas A&M University  
Texas A&M University at Galveston  
Prairie View A&M University  
Tarleton State University  
Texas A&M University – Corpus Christi  
Texas A&M University – Kingsville  
Texas A&M International University  
West Texas A&M University  
Texas A&M University – Commerce  
Texas A&M University – Texarkana  
University of Houston System Administration  
University of Houston  
University of Houston – Clear Lake  
University of Houston – Downtown  
University of Houston – Victoria

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**ARTICLE III — AGENCIES OF EDUCATION  
(CONTINUED)**


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Midwestern State University  
 University of North Texas System Administration  
 University of North Texas  
 Stephen F. Austin State University  
 Texas Southern University  
 Texas Tech University System Administration  
 Texas Tech University  
 Angelo State University  
 Texas Woman's University  
 Board of Regents, Texas State University  
     System Central Office  
 Lamar University – Beaumont  
 Sam Houston State University  
 Texas State University – San Marcos  
 Sul Ross State University  
 Sul Ross State University Rio Grande College

***Two-year Institutions***

Lamar Institute of Technology  
 Lamar University – Orange  
 Lamar University – Port Arthur  
 Texas State Technical College System Administration  
 Texas State Technical College – Harlingen  
 Texas State Technical College – West Texas  
 Texas State Technical College – Marshall  
 Texas State Technical College – Waco  
 Public Community/Junior Colleges

***Health-related Institutions***

The University of Texas Southwestern Medical  
     Center at Dallas  
 The University of Texas Medical Branch at Galveston  
 The University of Texas Health Science Center at Houston  
 The University of Texas Health Science Center  
     at San Antonio  
 The University of Texas M. D. Anderson Cancer Center  
 The University of Texas Health Center at Tyler  
 Texas A&M University System Health Science Center  
 University of North Texas Health Science Center  
     at Fort Worth

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**ARTICLE III — AGENCIES OF EDUCATION  
(CONTINUED)**


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Texas Tech University Health Sciences Center  
***A&M University Services***  
 Texas AgriLife Research  
 Texas AgriLife Extension  
 Texas Engineering Experiment Station  
 Texas Transportation Institution  
 Texas Engineering Extension Service  
 Texas Forest Service  
 Texas Veterinary Medical Diagnostic Laboratory

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**ARTICLE IV — THE JUDICIARY**


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Supreme Court of Texas  
 Court of Criminal Appeals  
 First Court of Appeals District, Houston  
 Second Court of Appeals District, Fort Worth  
 Third Court of Appeals District, Austin  
 Fourth Court of Appeals District, San Antonio  
 Fifth Court of Appeals District, Dallas  
 Sixth Court of Appeals District, Texarkana  
 Seventh Court of Appeals District, Amarillo  
 Eighth Court of Appeals District, El Paso  
 Ninth Court of Appeals District, Beaumont  
 Tenth Court of Appeals District, Waco  
 Eleventh Court of Appeals District, Eastland  
 Twelfth Court of Appeals District, Tyler  
 Thirteenth Court of Appeals District,  
     Corpus Christi–Edinburg  
 Fourteenth Court of Appeals District, Houston  
 Office of Court Administration, Texas Judicial Council  
 Office of the State Prosecuting Attorney  
 State Law Library  
 State Commission on Judicial Conduct  
 Judiciary Section, Comptroller's Department



**ARTICLE V — PUBLIC SAFETY AND  
CRIMINAL JUSTICE**

Adjutant General's Department  
 Alcoholic Beverage Commission  
 Department of Criminal Justice  
 Commission on Fire Protection  
 Commission on Jail Standards  
 Juvenile Probation Commission  
 Commission on Law Enforcement Officer  
   Standards and Education  
 Department of Public Safety  
 Youth Commission

**ARTICLE VI — NATURAL RESOURCES**

Department of Agriculture  
 Animal Health Commission  
 Commission on Environmental Quality  
 General Land Office and Veterans' Land Board  
 Parks and Wildlife Department  
 Railroad Commission  
 Soil and Water Conservation Board  
 Water Development Board

**ARTICLE VII — BUSINESS AND  
ECONOMIC DEVELOPMENT**

Department of Housing and Community Affairs  
 Texas Lottery Commission  
 Office of Rural Community Affairs  
 Department of Transportation  
 Texas Workforce Commission

**ARTICLE VIII — REGULATORY**

State Office of Administrative Hearings  
 Department of Banking  
 Board of Chiropractic Examiners  
 Office of Consumer Credit Commissioner  
 Credit Union Department  
 Texas State Board of Dental Examiners  
 Funeral Service Commission  
 Board of Professional Geoscientists

**ARTICLE VIII — REGULATORY  
(CONTINUED)**

Health Professions Council  
 Office of Injured Employee Counsel  
 Department of Insurance  
 Office of Public Insurance Counsel  
 Board of Professional Land Surveying  
 Department of Licensing and Regulation  
 Texas Medical Board  
 Texas Board of Nursing  
 Optometry Board  
 Board of Pharmacy  
 Executive Council of Physical Therapy and  
   Occupational Therapy Examiners  
 Board of Plumbing Examiners  
 Board of Podiatric Medical Examiners  
 Board of Examiners of Psychologists  
 Racing Commission  
 Real Estate Commission  
 Residential Construction Commission  
 Department of Savings and Mortgage Lending  
 Securities Board  
 Board of Tax Professional Examiners  
 Public Utility Commission of Texas  
 Office of Public Utility Counsel  
 Board of Veterinary Medical Examiners

**ARTICLE X — THE LEGISLATURE**

Senate  
 House of Representatives  
 Legislative Budget Board  
 Sunset Advisory Commission  
 Legislative Council  
 Commission on Uniform State Laws  
 State Auditor's Office  
 Legislative Reference Library



## APPENDIX B — SUMMARY OF STATE BUDGET BY BIENNIUM

### GENERAL REVENUE FUNDS

**TABLE B1**  
**GENERAL REVENUE FUNDS — STATEWIDE SUMMARY**

FUNCTION	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Article I – General Government	\$1,872,537,859	\$2,005,949,645	\$133,411,786	7.1
Article II – Health and Human Services	17,218,665,797	20,558,841,658	3,340,175,861	19.4
Article III – Agencies of Education <sup>4</sup>	39,864,770,199	46,842,818,400	6,978,048,201	17.5
Article IV – The Judiciary	375,404,670	405,205,289	29,800,619	7.9
Article V – Public Safety and Criminal Justice <sup>5</sup>	7,277,211,545	7,910,757,858	633,546,313	8.7
Article VI – Natural Resources	498,661,210	686,394,480	187,733,270	37.6
Article VII – Business and Economic Development	276,301,110	623,242,170	346,941,060	125.6
Article VIII – Regulatory	289,486,182	348,688,911	59,202,729	20.5
Article IX – General Provisions	0	244,086,842	244,086,842	NA
Article X – The Legislature	334,696,429	325,552,897	(9,143,532)	(2.7)
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$68,007,735,001</b>	<b>\$79,951,538,150</b>	<b>\$11,943,803,149</b>	<b>17.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

<sup>5</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE B1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — GENERAL GOVERNMENT**

ARTICLE I – GENERAL GOVERNMENT	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Commission on the Arts	\$4,803,393	\$1,314,155	(\$3,489,238)	(72.6)
Office of the Attorney General	258,902,115	350,512,199	91,610,084	35.4
Bond Review Board	1,048,264	1,192,847	144,583	13.8
Cancer Council	0	6,580,451	6,580,451	NA
Comptroller of Public Accounts	405,464,340	423,157,081	17,692,741	4.4
Fiscal Programs - Comptroller of Public Accounts	440,485,085	475,620,102	35,135,017	8.0
Commission on State Emergency Communications	0	0	0	NA
Employees Retirement System	13,461,784	30,232,365	16,770,581	124.6
Texas Ethics Commission	3,660,196	3,741,807	81,611	2.2
Facilities Commission	67,261,697	56,239,380	(11,022,317)	(16.4)
Public Finance Authority	1,021,940	1,094,310	72,370	7.1
Fire Fighters' Pension Commissioner	2,418,714	9,855,267	7,436,553	307.5
Office of the Governor	18,209,960	19,009,960	800,000	4.4
Trusted Programs within the Office of the Governor	311,551,579	221,723,763	(89,827,816)	(28.8)
Historical Commission	15,009,717	32,242,292	17,232,575	114.8
Department of Information Systems	12,173,186	1,544,115	(10,629,071)	(87.3)
Library and Archives Commission	27,045,729	34,667,470	7,621,741	28.2
Pension Review Board	890,874	1,342,934	452,060	50.7
Preservation Board	22,659,614	25,248,865	2,589,251	11.4
State Office of Risk Management	7,739,008	7,160,396	(578,612)	(7.5)
Workers' Compensation Payments	0	0	0	NA
Secretary of State	43,576,751	35,763,982	(7,812,769)	(17.9)
Office of State–Federal Relations	1,714,473	1,209,872	(504,601)	(29.4)
Veterans Commission	7,820,299	9,471,854	1,651,555	21.1
<b>SUBTOTAL, GENERAL GOVERNMENT</b>	<b>\$1,666,918,718</b>	<b>\$1,748,925,467</b>	<b>\$82,006,749</b>	<b>4.9</b>
Retirement and Group Insurance	\$120,025,896	\$133,889,054	\$13,863,158	11.6
Social Security and Benefit Replacement Pay	54,984,736	59,308,322	4,323,586	7.9
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$175,010,632</b>	<b>\$193,197,376</b>	<b>\$18,186,744</b>	<b>10.4</b>
Bond Debt Service Payments	\$10,216,702	\$38,972,486	\$28,755,784	281.5
Lease Payments	20,391,807	24,854,316	4,462,509	21.9
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$30,608,509</b>	<b>\$63,826,802</b>	<b>\$33,218,293</b>	<b>108.5</b>
<b>TOTAL, ARTICLE I – GENERAL GOVERNMENT</b>	<b>\$1,872,537,859</b>	<b>\$2,005,949,645</b>	<b>\$133,411,786</b>	<b>7.1</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — HEALTH AND HUMAN SERVICES**

ARTICLE II – HEALTH AND HUMAN SERVICES	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2,3</sup>	BIENNIAL CHANGE	% CHANGE
Department of Aging and Disability Services	\$4,041,110,725	\$4,493,612,101	\$452,501,376	11.2
Department of Assistive and Rehabilitative Services	169,709,280	188,163,569	18,454,289	10.9
Department of Family and Protective Services	227,956,784	1,027,815,348	799,858,564	350.9
Department of State Health Services	1,783,960,853	1,933,128,580	149,167,727	8.4
Health and Human Services Commission	10,281,308,981	12,089,851,879	1,808,542,898	17.6
<b>SUBTOTAL, HEALTH AND HUMAN SERVICES</b>	<b>\$16,504,046,623</b>	<b>\$19,732,571,477</b>	<b>\$3,228,524,854</b>	<b>19.6</b>
Retirement and Group Insurance	\$489,810,688	\$569,903,491	\$80,092,803	16.4
Social Security and Benefit Replacement Pay	157,500,749	181,671,011	24,170,262	15.3
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$647,311,437</b>	<b>\$751,574,502</b>	<b>\$104,263,065</b>	<b>16.1</b>
Bond Debt Service Payments	\$52,310,663	\$61,375,495	\$9,064,832	17.3
Lease Payments	14,997,074	13,320,184	(1,676,890)	(11.2)
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$67,307,737</b>	<b>\$74,695,679</b>	<b>\$7,387,942</b>	<b>11.0</b>
<b>TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES</b>	<b>\$17,218,665,797</b>	<b>\$20,558,841,658</b>	<b>\$3,340,175,861</b>	<b>19.4</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — AGENCIES OF EDUCATION**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
<b>PUBLIC EDUCATION</b>				
Texas Education Agency <sup>4</sup>	\$25,827,198,354	\$31,479,051,625	\$5,651,853,271	21.9
School for the Blind and Visually Impaired	25,584,104	27,215,475	1,631,371	6.4
School for the Deaf	30,869,905	34,718,650	3,848,745	12.5
<b>SUBTOTAL, PUBLIC EDUCATION</b>	<b>\$25,883,652,363</b>	<b>\$31,540,985,750</b>	<b>\$5,657,333,387</b>	<b>1.9</b>
<b>PUBLIC HIGHER EDUCATION</b>				
<b>TWO-YEAR INSTITUTIONS</b>				
<b>Public Community/Junior Colleges</b>	<b>\$1,627,396,918</b>	<b>\$1,719,224,845</b>	<b>\$91,827,927</b>	<b>5.6</b>
Lamar Institute of Technology	\$18,832,678	\$17,728,650	(\$1,104,028)	(5.9)
Lamar State College - Orange	14,409,864	13,650,748	(759,116)	(5.3)
Lamar State College - Port Arthur	21,199,411	18,319,820	(2,879,591)	(13.6)
<b>SUBTOTAL, LAMAR STATE COLLEGES</b>	<b>\$54,441,953</b>	<b>\$49,699,218</b>	<b>(\$4,742,735)</b>	<b>(8.7)</b>
Texas State Technical College System Administration	\$8,985,412	\$7,063,819	(\$1,921,593)	(21.4)
Texas State Technical College - Harlingen	32,969,921	35,946,966	2,977,045	9.0
Texas State Technical College - West Texas	22,256,352	24,087,453	1,831,101	8.2
Texas State Technical College - Marshall	8,441,940	8,094,043	(347,897)	(4.1)
Texas State Technical College - Waco	47,870,279	50,831,005	2,960,726	6.2
<b>SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES</b>	<b>\$120,523,904</b>	<b>\$126,023,286</b>	<b>\$5,499,382</b>	<b>4.6</b>
<b>SUBTOTAL, TWO-YEAR INSTITUTIONS</b>	<b>\$1,802,362,775</b>	<b>\$1,894,947,349</b>	<b>\$92,584,574</b>	<b>5.1</b>
<b>GENERAL ACADEMIC INSTITUTIONS</b>				
The University of Texas System Administration	\$6,815,071	\$14,643,988	\$7,828,917	114.9
The University of Texas at Arlington	168,926,264	183,579,045	14,652,781	8.7
The University of Texas at Austin	502,352,548	538,764,493	36,411,945	7.2
The University of Texas at Dallas	121,806,873	137,957,612	16,150,739	13.3
The University of Texas at El Paso	126,365,695	148,437,963	22,072,268	17.5
The University of Texas - Pan American	109,764,585	122,524,655	12,760,070	11.6
The University of Texas at Brownsville	41,175,178	51,435,869	10,260,691	24.9
The University of Texas of the Permian Basin	28,825,384	56,950,505	28,125,121	97.6
The University of Texas at San Antonio	162,694,553	190,959,243	28,264,690	17.4
The University of Texas at Tyler	50,349,087	60,163,178	9,814,091	19.5
Texas A&M University System Administrative and General Offices	3,129,750	13,798,713	10,668,963	340.9
Texas A&M University	437,322,995	488,216,320	50,893,325	11.6
Texas A&M University at Galveston	23,043,788	32,258,912	9,215,124	40.0
Prairie View A&M University	107,173,280	108,144,364	971,084	0.9
Tarleton State University	63,192,875	81,287,147	18,094,272	28.6
Texas A&M University - Corpus Christi	86,826,215	95,846,689	9,020,474	10.4
Texas A&M University - Kingsville	71,075,882	79,861,101	8,785,219	12.4



**TABLE B1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Texas A&M International University	\$66,521,008	\$78,894,302	\$12,373,294	18.6
West Texas A&M University	56,103,880	60,273,214	4,169,334	7.4
Texas A&M University - Commerce	60,840,492	66,623,023	5,782,531	9.5
Texas A&M University - Texarkana	19,860,907	32,884,077	13,023,170	65.6
University of Houston System Administration	4,685,684	5,207,448	521,764	11.1
University of Houston	287,322,731	313,409,771	26,087,040	9.1
University of Houston - Clear Lake	56,068,441	59,236,037	3,167,596	5.6
University of Houston - Downtown	49,396,560	57,311,118	7,914,558	16.0
University of Houston - Victoria	24,041,010	32,156,904	8,115,894	33.8
Midwestern State University	36,640,601	38,046,003	1,405,402	3.8
University of North Texas System Administration	13,859,392	17,215,828	3,356,436	24.2
University of North Texas	189,472,640	211,386,055	21,913,415	11.6
Stephen F. Austin State University	80,138,062	87,362,953	7,224,891	9.0
Texas Southern University	126,938,159	128,508,078	1,569,919	1.2
Texas Tech University System Administration	820,093	830,094	10,001	1.2
Texas Tech University	247,866,000	274,992,766	27,126,766	10.9
Angelo State University	49,971,042	49,389,855	(581,187)	(1.2)
Texas Woman's University	109,528,435	113,983,975	4,455,540	4.1
Board of Regents, Texas State University System Central Office	2,265,573	2,266,496	923	0.0
Lamar University	92,430,750	67,454,400	(24,976,350)	(27.0)
Sam Houston State University	79,356,226	88,815,525	9,459,299	11.9
Texas State University - San Marcos	152,609,291	174,302,954	21,693,663	14.2
Sul Ross State University	29,705,595	30,201,655	496,060	1.7
Sul Ross State University Rio Grande College	10,457,105	10,751,798	294,693	2.8
<b>SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS</b>	<b>\$3,957,739,700</b>	<b>\$4,406,334,126</b>	<b>\$448,594,426</b>	<b>11.3</b>
<b>HEALTH-RELATED INSTITUTIONS</b>				
The University of Texas Southwestern Medical Center at Dallas	\$258,317,283	\$297,612,887	\$39,295,604	15.2
The University of Texas Medical Branch at Galveston	451,337,056	457,749,136	6,412,080	1.4
The University of Texas Health Science Center at Houston	261,484,971	289,200,560	27,715,589	10.6
The University of Texas Health Science Center at San Antonio	257,887,159	282,662,529	24,775,370	9.6
The University of Texas M.D. Anderson Cancer Center	288,536,514	305,461,019	16,924,505	5.9
The University of Texas Health Center at Tyler	65,874,223	69,813,338	3,939,115	6.0
Texas A&M University System Health Science Center	124,994,969	185,590,682	60,595,713	48.5

**TABLE B1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2,3</sup>	BIENNIAL CHANGE	% CHANGE
University of North Texas Health Science Center at Fort Worth	\$96,904,731	\$112,774,108	\$15,869,377	16.4
Texas Tech University Health Sciences Center	215,331,060	287,368,453	72,037,393	33.5
<b>SUBTOTAL, HEALTH-RELATED INSTITUTIONS</b>	<b>\$2,020,667,966</b>	<b>\$2,288,232,712</b>	<b>\$267,564,746</b>	<b>13.2</b>
<b>TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>				
Texas AgriLife Research	\$105,625,294	\$112,356,298	\$6,731,004	6.4
Texas AgriLife Extension	93,867,479	94,779,756	912,277	1.0
Texas Engineering Experiment Station	24,590,305	27,498,556	2,908,251	11.8
Texas Transportation Institute	0	0	0	NA
Texas Engineering Extension Service	11,926,655	13,735,730	1,809,075	15.2
Texas Forest Service	75,406,725	30,733,382	(44,673,343)	(59.2)
Texas Veterinary Medical Diagnostic Laboratory	9,780,443	12,341,231	2,560,788	26.2
<b>SUBTOTAL, TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>	<b>\$321,196,901</b>	<b>\$291,444,953</b>	<b>(\$29,751,948)</b>	<b>(9.3)</b>
Higher Education Fund	\$350,000,000	\$525,000,000	\$175,000,000	50.0
Available University Fund	0	0	0	NA
<b>OTHER HIGHER EDUCATION</b>				
Higher Education Coordinating Board	\$751,615,557	\$1,033,709,130	\$282,093,573	37.5
<b>SUBTOTAL, OTHER HIGHER EDUCATION</b>	<b>\$751,615,557</b>	<b>\$1,033,709,130</b>	<b>\$282,093,573</b>	<b>37.5</b>
<b>SUBTOTAL, HIGHER EDUCATION</b>	<b>\$9,203,582,899</b>	<b>\$10,439,668,270</b>	<b>\$1,236,085,371</b>	<b>13.4</b>
<b>EMPLOYEE BENEFITS</b>				
Teacher Retirement System	\$3,188,986,844	\$3,294,259,212	\$105,272,368	3.3
Optional Retirement Program	209,071,940	247,991,659	38,919,719	18.6
Higher Education Employees Group Insurance Contributions	942,136,859	851,826,029	(90,310,830)	(9.6)
Retirement and Group Insurance	39,188,260	42,760,110	3,571,850	9.1
Social Security and Benefits Replacement Pay	378,739,185	405,749,455	27,010,270	7.1
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$4,758,123,088</b>	<b>\$4,842,586,465</b>	<b>\$84,463,377</b>	<b>1.8</b>
<b>DEBT SERVICE</b>				
Bond Debt Service Payments	\$2,911,791	\$6,921,469	\$4,009,678	137.7
Lease Payments	16,500,058	12,656,446	(3,843,612)	(23.3)
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$19,411,849</b>	<b>\$19,577,915</b>	<b>\$166,066</b>	<b>0.9</b>
<b>TOTAL, ARTICLE III – AGENCIES OF EDUCATION</b>	<b>\$39,864,770,199</b>	<b>\$46,842,818,400</b>	<b>\$6,978,048,201</b>	<b>17.5</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

SOURCE: Legislative Budget Board.

**TABLE B1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — THE JUDICIARY**

ARTICLE IV – THE JUDICIARY	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Supreme Court of Texas	\$11,357,490	\$13,402,400	\$2,044,910	18.0
Court of Criminal Appeals	8,554,052	8,580,126	26,074	0.3
First Court of Appeals District, Houston	5,906,201	6,583,926	677,725	11.5
Second Court of Appeals District, Fort Worth	4,631,824	4,982,803	350,979	7.6
Third Court of Appeals District, Austin	4,113,410	4,374,591	261,181	6.3
Fourth Court of Appeals District, San Antonio	4,446,476	4,982,802	536,326	12.1
Fifth Court of Appeals District, Dallas	8,103,980	9,000,765	896,785	11.1
Sixth Court of Appeals District, Texarkana	2,235,288	2,388,821	153,533	6.9
Seventh Court of Appeals District, Amarillo	2,908,526	2,979,478	70,952	2.4
Eighth Court of Appeals District, El Paso	2,273,159	2,395,060	121,901	5.4
Ninth Court of Appeals District, Beaumont	2,856,342	2,980,040	123,698	4.3
Tenth Court of Appeals District, Waco	2,248,374	2,325,420	77,046	3.4
Eleventh Court of Appeals District, Eastland	2,285,207	2,395,862	110,655	4.8
Twelfth Court of Appeals District, Tyler	2,280,037	2,395,334	115,297	5.1
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	4,110,374	4,373,863	263,489	6.4
Fourteenth Court of Appeals District, Houston	5,937,576	6,608,828	671,252	11.3
Office of Court Administration, Texas Judicial Council	14,090,515	24,485,770	10,395,255	73.8
Office of the State Prosecuting Attorney	710,434	851,004	140,570	19.8
State Law Library	1,568,949	1,813,552	244,603	15.6
State Commission on Judicial Conduct	1,674,534	1,767,533	92,999	5.6
Judiciary Section, Comptroller's Department	158,048,068	170,029,349	11,981,281	7.6
<b>SUBTOTAL, THE JUDICIARY</b>	<b>\$250,340,816</b>	<b>\$279,697,327</b>	<b>\$29,356,511</b>	<b>11.7</b>
Retirement and Group Insurance	\$103,690,954	\$103,608,417	(\$82,537)	(0.1)
Social Security and Benefit Replacement Pay	16,378,921	16,964,378	585,457	3.6
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$120,069,875</b>	<b>\$120,572,795</b>	<b>\$502,920</b>	<b>0.4</b>
Lease Payments	\$4,993,979	\$4,935,167	(\$58,812)	(1.2)
<b>TOTAL, ARTICLE IV – THE JUDICIARY</b>	<b>\$375,404,670</b>	<b>\$405,205,289</b>	<b>\$29,800,619</b>	<b>7.9</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE**

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Adjutant General's Department	\$27,587,918	\$28,841,004	\$1,253,086	4.5
Alcoholic Beverage Commission <sup>4</sup>	74,966,161	79,067,409	4,101,248	5.5
Department of Criminal Justice <sup>4</sup>	4,998,043,226	5,385,747,463	387,704,237	7.8
Commission on Fire Protection	5,824,836	5,708,136	(116,700)	(2.0)
Commission on Jail Standards	1,663,604	1,805,695	142,091	8.5
Juvenile Probation Commission	188,232,626	246,732,347	58,499,721	31.1
Commission on Law Enforcement Officer Standards and Education	0	0	0	NA
Texas Military Facilities Commission	0	0	0	NA
Department of Public Safety	20,802,760	95,534,014	74,731,254	359.2
Youth Commission	463,132,448	450,738,320	(12,394,128)	(2.7)
<b>SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$5,780,253,579</b>	<b>\$6,294,174,388</b>	<b>\$513,920,809</b>	<b>8.9</b>
Retirement and Group Insurance	\$724,108,426	\$800,882,297	\$76,773,871	10.6
Social Security and Benefit Replacement Pay	240,010,075	246,506,879	6,496,804	2.7
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$964,118,501</b>	<b>\$1,047,389,176</b>	<b>\$83,270,675</b>	<b>8.6</b>
Bond Debt Service Payments	\$528,800,962	\$564,752,142	\$35,951,180	6.8
Lease Payments	4,038,503	4,442,152	403,649	10.0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$532,839,465</b>	<b>\$569,194,294</b>	<b>\$36,354,829</b>	<b>6.8</b>
<b>TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$7,277,211,545</b>	<b>\$7,910,757,858</b>	<b>\$633,546,313</b>	<b>8.7</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE B1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — NATURAL RESOURCES**

ARTICLE VI – NATURAL RESOURCES	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Department of Agriculture	\$104,902,805	\$119,461,204	\$14,558,399	13.9
Animal Health Commission	17,676,580	19,557,384	1,880,804	10.6
Commission on Environmental Quality	10,530,536	20,672,433	10,141,897	96.3
General Land Office and Veterans' Land Board	1,950,925	4,031,824	2,080,899	106.7
Parks and Wildlife Department	96,070,532	153,741,169	57,670,637	60.0
Railroad Commission	54,530,875	54,784,164	253,289	0.5
Soil and Water Conservation Board	19,064,847	24,426,030	5,361,183	28.1
Water Development Board	37,312,457	55,484,226	18,171,769	48.7
Debt Service Payments – Non-Self-supporting General Obligation Water Bonds	36,213,166	93,309,384	57,096,218	157.7
<b>SUBTOTAL, NATURAL RESOURCES</b>	<b>\$378,252,723</b>	<b>\$545,467,818</b>	<b>\$167,215,095</b>	<b>44.2</b>
Retirement and Group Insurance	\$94,350,785	\$99,796,426	\$5,445,641	5.8
Social Security and Benefit Replacement Pay	14,609,568	14,907,209	297,641	2.0
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$108,960,353</b>	<b>\$114,703,635</b>	<b>\$5,743,282</b>	<b>5.3</b>
Bond Debt Service Payments	\$9,276,000	\$18,031,419	\$8,755,419	94.4
Lease Payments	2,172,134	8,191,608	6,019,474	277.1
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$11,448,134</b>	<b>\$26,223,027</b>	<b>\$14,774,893</b>	<b>129.1</b>
<b>TOTAL, ARTICLE VI – NATURAL RESOURCES</b>	<b>\$498,661,210</b>	<b>\$686,394,480</b>	<b>\$187,733,270</b>	<b>37.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT**

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Department of Housing and Community Affairs	\$9,410,856	\$14,481,659	\$5,070,803	53.9
Texas Lottery Commission	27,949,025	30,592,253	2,643,228	9.5
Office of Rural Community Affairs	7,855,512	12,208,061	4,352,549	55.4
Department of Transportation	8,849,647	308,643,254	299,793,607	3,387.6
Texas Workforce Commission	202,716,000	227,104,906	24,388,906	12.0
Reimbursements to the Unemployment Compensation Benefit Account	0	0	0	NA
<b>SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$256,781,040</b>	<b>\$593,030,133</b>	<b>\$336,249,093</b>	<b>130.9</b>
Retirement and Group Insurance	\$6,842,667	\$7,558,831	\$716,164	10.5
Social Security and Benefit Replacement Pay	1,972,593	2,031,405	58,812	3.0
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$8,815,260</b>	<b>\$9,590,236</b>	<b>\$774,976</b>	<b>8.8</b>
Bond Debt Service Payments	\$9,743,886	\$19,067,889	\$9,324,003	95.7
Lease Payments	960,924	1,553,912	592,988	61.7
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$10,704,810</b>	<b>\$20,621,801</b>	<b>\$9,916,991</b>	<b>92.6</b>
<b>TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$276,301,110</b>	<b>\$623,242,170</b>	<b>\$346,941,060</b>	<b>125.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.



**TABLE B1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — REGULATORY**

ARTICLE VIII – REGULATORY	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
State Office of Administrative Hearings	\$4,893,483	\$6,517,757	\$1,624,274	33.2
Department of Banking	24,447,997	35,829,861	11,381,864	46.6
Board of Chiropractic Examiners	717,110	856,352	139,242	19.4
Office of Consumer Credit Commissioner	7,424,059	10,274,203	2,850,144	38.4
Credit Union Department	3,522,886	3,857,088	334,202	9.5
Texas State Board of Dental Examiners	2,916,059	3,532,631	616,572	21.1
Funeral Service Commission	1,194,120	1,243,384	49,264	4.1
Board of Professional Geoscientists	872,439	881,219	8,780	1.0
Health Professions Council	8,447	0	(8,447)	(100.0)
Office of Injured Employee Counsel	0	0	0	NA
Department of Insurance	67,104,076	70,963,145	3,859,069	5.8
Office of Public Insurance Counsel	1,998,561	1,993,452	(5,109)	(0.3)
Board of Professional Land Surveying	742,310	821,779	79,469	10.7
Department of Licensing and Regulation	28,895,483	41,950,912	13,055,429	45.2
Texas Medical Board	11,068,162	13,347,168	2,279,006	20.6
Texas Board of Nursing	11,952,229	12,344,136	391,907	3.3
Optometry Board	727,790	783,880	56,090	7.7
Structural Pest Control Board	2,605,203	0	(2,605,203)	(100.0)
Board of Pharmacy	7,349,051	8,213,557	864,506	11.8
Executive Council of Physical Therapy and Occupational Therapy Examiners	1,822,824	1,989,117	166,293	9.1
Board of Plumbing Examiners	3,479,695	3,655,862	176,167	5.1
Board of Podiatric Medical Examiners	430,197	456,177	25,980	6.0
Board of Examiners of Psychologists	1,309,226	1,428,323	119,097	9.1
Racing Commission	0	0	0	NA
Real Estate Commission	9,373,896	12,083,668	2,709,772	28.9
Residential Construction Commission	6,972,685	20,660,687	13,688,002	196.3
Department of Savings and Mortgage Lending	8,035,609	13,371,135	5,335,526	66.4
Securities Board	11,380,463	11,425,352	44,889	0.4
Board of Tax Professional Examiners	347,556	380,056	32,500	9.4
Public Utility Commission of Texas	20,102,143	20,860,572	758,429	3.8
Office of Public Utility Counsel	3,435,962	3,435,962	0	NA
Board of Veterinary Medical Examiners	1,253,595	1,675,096	421,501	33.6
<b>SUBTOTAL, REGULATORY</b>	<b>\$246,383,316</b>	<b>\$304,832,531</b>	<b>\$58,449,215</b>	<b>23.7</b>
Retirement and Group Insurance	\$26,982,778	\$28,551,700	\$1,568,922	5.8
Social Security and Benefit Replacement Pay	11,046,017	11,417,399	371,382	3.4
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$38,028,795</b>	<b>\$39,969,099</b>	<b>\$1,940,304</b>	<b>5.1</b>
Lease Payments	\$5,074,071	\$3,887,281	(\$1,186,790)	(23.4)
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$5,074,071</b>	<b>\$3,887,281</b>	<b>(\$1,186,790)</b>	<b>(23.4)</b>
<b>TOTAL, ARTICLE VIII – REGULATORY</b>	<b>\$289,486,182</b>	<b>\$348,688,911</b>	<b>\$59,202,729</b>	<b>20.5</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — GENERAL PROVISIONS**

ARTICLE IX – GENERAL PROVISIONS	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09	BIENNIAL CHANGE	% CHANGE
State Employee Pay Raise	\$0	\$242,742,663	\$242,742,663	NA
Schedule C Employee Pay Raise	0	1,344,179	1,344,179	NA
<b>TOTAL, ARTICLE IX – GENERAL PROVISIONS</b>	<b>\$0</b>	<b>\$244,086,842</b>	<b>\$244,086,842</b>	<b>NA</b>

SOURCE: Legislative Budget Board.

**TABLE B1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — THE LEGISLATURE**

ARTICLE X – THE LEGISLATURE	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09	BIENNIAL CHANGE	% CHANGE
Senate	\$62,202,226	\$59,567,116	(\$2,635,110)	(4.2)
House of Representatives	71,354,521	68,447,000	(2,907,521)	(4.1)
Legislative Budget Board	24,373,964	23,431,050	(942,914)	(3.9)
Sunset Commission	3,561,696	3,425,412	(136,284)	(3.8)
Legislative Council	69,882,838	66,764,715	(3,118,123)	(4.5)
Commission on Uniform State Laws	299,627	379,627	80,000	26.7
State Auditor's Office	27,535,912	26,512,142	(1,023,770)	(3.7)
Legislative Reference Library	3,010,708	2,889,844	(120,864)	(4.0)
<b>SUBTOTAL, THE LEGISLATURE</b>	<b>\$262,221,492</b>	<b>\$251,416,906</b>	<b>(\$10,804,586)</b>	<b>(4.1)</b>
Retirement and Group Insurance	\$40,515,045	\$43,168,063	\$2,653,018	6.5
Social Security and Benefit Replacement Pay	15,030,013	15,567,926	537,913	3.6
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$55,545,058</b>	<b>\$58,735,989</b>	<b>\$3,190,931</b>	<b>5.7</b>
Lease Payments	\$16,929,879	\$15,400,002	(\$1,529,877)	(9.0)
<b>TOTAL, ARTICLE X – THE LEGISLATURE</b>	<b>\$334,696,429</b>	<b>\$325,552,897</b>	<b>(\$9,143,532)</b>	<b>(2.7)</b>

SOURCE: Legislative Budget Board.

## APPENDIX B — SUMMARY OF STATE BUDGET BY BIENNIUM

### GENERAL REVENUE—DEDICATED FUNDS

**TABLE B2**  
**GENERAL REVENUE—DEDICATED FUNDS — STATEWIDE SUMMARY**

<b>FUNCTION</b>	<b>ESTIMATED/BUDGETED 2006–07<sup>1</sup></b>	<b>APPROPRIATED 2008–09<sup>2, 3</sup></b>	<b>BIENNIAL CHANGE</b>	<b>% CHANGE</b>
Article I – General Government	\$537,520,901	\$820,127,489	\$282,606,588	52.6
Article II – Health and Human Services	851,204,938	873,109,062	21,904,124	2.6
Article III – Agencies of Education	2,376,948,476	2,278,524,741	(98,423,735)	(4.1)
Article IV – The Judiciary	31,777,173	35,798,932	4,021,759	12.7
Article V – Public Safety and Criminal Justice	43,964,310	26,256,835	(17,707,475)	(40.3)
Article VI – Natural Resources <sup>4</sup>	1,284,073,441	1,439,340,303	155,266,862	12.1
Article VII – Business and Economic Development	430,733,474	425,709,719	(5,023,755)	(1.2)
Article VIII – Regulatory	251,551,900	394,165,594	142,613,694	56.7
Article IX – General Provisions	0	15,329,089	15,329,089	NA
Article X – The Legislature	0	0	0	NA
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$5,807,774,613</b>	<b>\$6,308,361,764</b>	<b>\$500,587,151</b>	<b>8.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE B2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — GENERAL GOVERNMENT**

ARTICLE I – GENERAL GOVERNMENT	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Commission on the Arts	\$1,039,648	\$4,559,997	\$3,520,349	338.6
Office of the Attorney General	206,373,938	195,309,016	(11,064,922)	(5.4)
Bond Review Board	0	0	0	NA
Cancer Council	6,626,077	57,000	(6,569,077)	(99.1)
Comptroller of Public Accounts	0	0	0	NA
Fiscal Programs - Comptroller of Public Accounts	57,123,150	58,561,837	1,438,687	2.5
Commission on State Emergency Communications	121,374,817	151,626,912	30,252,095	24.9
Employees Retirement System	0	3,700,000	3,700,000	NA
Texas Ethics Commission	0	0	0	NA
Facilities Commission	4,376,552	3,984,318	(392,234)	(9.0)
Public Finance Authority	0	0	0	NA
Fire Fighters' Pension Commissioner	0	0	0	NA
Office of the Governor	0	0	0	NA
Trusted Programs within the Office of the Governor	117,019,536	349,119,548	232,100,012	198.3
Historical Commission	901,550	1,050,000	148,450	16.5
Department of Information Systems	0	0	0	NA
Library and Archives Commission	5,792,499	19,000	(5,773,499)	(99.7)
Pension Review Board	0	0	0	NA
Preservation Board	0	0	0	NA
State Office of Risk Management	0	0	0	NA
Workers' Compensation Payments	0	0	0	NA
Secretary of State	6,773,712	4,386,000	(2,387,712)	(35.2)
Office of State–Federal Relations	0	0	0	NA
Veterans Commission	15,000	15,000	0	NA
<b>SUBTOTAL, GENERAL GOVERNMENT</b>	<b>\$527,416,479</b>	<b>\$772,388,628</b>	<b>\$244,972,149</b>	<b>46.4</b>
Retirement and Group Insurance	\$3,688,430	\$2,647,087	(\$1,041,343)	(28.2)
Social Security and Benefit Replacement Pay	1,655,718	1,118,743	(536,975)	(32.4)
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$5,344,148</b>	<b>\$3,765,830</b>	<b>(\$1,578,318)</b>	<b>(29.5)</b>
Bond Debt Service Payments	\$4,760,274	\$43,973,031	\$39,212,757	823.7
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$4,760,274</b>	<b>\$43,973,031</b>	<b>\$39,212,757</b>	<b>823.7</b>
Less Interagency Contracts	\$0	\$0	\$0	NA
<b>TOTAL, ARTICLE I – GENERAL GOVERNMENT</b>	<b>\$537,520,901</b>	<b>\$820,127,489</b>	<b>\$282,606,588</b>	<b>52.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — HEALTH AND HUMAN SERVICES**

ARTICLE II – HEALTH AND HUMAN SERVICES	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Department of Aging and Disability Services	\$92,832,768	\$112,533,197	\$19,700,429	21.2
Department of Assistive and Rehabilitative Services	25,182,870	26,719,519	1,536,649	6.1
Department of Family and Protective Services	6,024,278	13,979,584	7,955,306	132.1
Department of State Health Services	666,257,642	703,872,986	37,615,344	5.6
Health and Human Services Commission	45,558,702	0	(45,558,702)	(100.0)
<b>SUBTOTAL, HEALTH AND HUMAN SERVICES</b>	<b>\$835,856,260</b>	<b>\$857,105,286</b>	<b>\$21,249,026</b>	<b>2.5</b>
Retirement and Group Insurance	\$9,242,343	\$9,711,745	\$469,402	5.1
Social Security and Benefit Replacement Pay	6,106,335	6,292,031	185,696	3.0
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$15,348,678</b>	<b>\$16,003,776</b>	<b>\$655,098</b>	<b>4.3</b>
Bond Debt Service Payments	\$0	\$0	\$0	NA
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES</b>	<b>\$851,204,938</b>	<b>\$873,109,062</b>	<b>\$21,904,124</b>	<b>2.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — AGENCIES OF EDUCATION**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
<b>PUBLIC EDUCATION</b>				
Texas Education Agency	\$230,172,276	\$96,676,280	(\$133,495,996)	(58.0)
School for the Blind and Visually Impaired	0	0	0	NA
School for the Deaf	0	0	0	NA
<b>SUBTOTAL, PUBLIC EDUCATION</b>	<b>\$230,172,276</b>	<b>\$96,676,280</b>	<b>(\$133,495,996)</b>	<b>(58.0)</b>
<b>PUBLIC HIGHER EDUCATION</b>				
<b>TWO-YEAR INSTITUTIONS</b>				
<b>Public Community/Junior Colleges</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Lamar Institute of Technology	\$4,298,694	\$4,445,348	\$146,654	3.4
Lamar State College - Orange	4,047,345	4,426,041	378,696	9.4
Lamar State College - Port Arthur	2,922,158	2,616,204	(305,954)	(10.5)
<b>SUBTOTAL, LAMAR STATE COLLEGES</b>	<b>\$11,268,197</b>	<b>\$11,487,593</b>	<b>\$219,396</b>	<b>1.9</b>
Texas State Technical College System Administration	\$1,032,120	\$675,114	(\$357,006)	(34.6)
Texas State Technical College - Harlingen	12,016,214	12,729,285	713,071	5.9
Texas State Technical College - West Texas	5,488,534	5,808,714	320,180	5.8
Texas State Technical College - Marshall	1,837,596	1,750,020	(87,576)	(4.8)
Texas State Technical College - Waco	14,883,066	14,806,233	(76,833)	(0.5)
<b>SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES</b>	<b>\$35,257,530</b>	<b>\$35,769,366</b>	<b>\$511,836</b>	<b>1.5</b>
<b>SUBTOTAL, TWO-YEAR INSTITUTIONS</b>	<b>\$46,525,727</b>	<b>\$47,256,959</b>	<b>\$731,232</b>	<b>1.6</b>
<b>GENERAL ACADEMIC INSTITUTIONS</b>				
The University of Texas System Administration	\$0	\$0	\$0	NA
The University of Texas at Arlington	91,776,271	88,986,321	(2,789,950)	(3.0)
The University of Texas at Austin	203,538,823	208,575,997	5,037,174	2.5
The University of Texas at Dallas	56,643,075	60,020,159	3,377,084	6.0
The University of Texas at El Paso	47,154,809	50,893,542	3,738,733	7.9
The University of Texas - Pan American	42,312,142	42,792,099	479,957	1.1
The University of Texas at Brownsville	7,894,634	7,802,852	(91,782)	(1.2)
The University of Texas of the Permian Basin	8,652,558	8,578,866	(73,692)	(0.9)
The University of Texas at San Antonio	70,017,695	77,329,844	7,312,149	10.4
The University of Texas at Tyler	12,879,262	13,210,176	330,914	2.6
Texas A&M University System Administrative and General Offices	7,740,119	8,200,000	459,881	5.9
Texas A&M University	170,719,205	163,705,402	(7,013,803)	(4.1)
Texas A&M University at Galveston	6,714,630	6,193,448	(521,182)	(7.8)
Prairie View A&M University	28,064,075	29,056,451	992,376	3.5
Tarleton State University	25,248,615	24,269,268	(979,347)	(3.9)
Texas A&M University - Corpus Christi	23,128,926	23,609,835	480,909	2.1
Texas A&M University - Kingsville	23,944,180	19,941,087	(4,003,093)	(16.7)



TABLE B2—(CONTINUED)

## GENERAL REVENUE—DEDICATED FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Texas A&M International University	\$10,124,717	\$11,917,954	\$1,793,237	17.7
West Texas A&M University	19,338,373	19,571,502	233,129	1.2
Texas A&M University - Commerce	24,008,492	23,315,064	(693,428)	(2.9)
Texas A&M University - Texarkana	4,181,468	4,299,992	118,524	2.8
University of Houston System Administration	0	0	0	NA
University of Houston	116,966,882	118,472,411	1,505,529	1.3
University of Houston - Clear Lake	22,586,372	21,898,196	(688,176)	(3.0)
University of Houston - Downtown	24,417,263	26,359,241	1,941,978	8.0
University of Houston - Victoria	7,341,994	6,218,513	(1,123,481)	(15.3)
Midwestern State University	15,682,904	15,682,907	3	0.0
University of North Texas System Administration	0	0	0	NA
University of North Texas	98,136,404	101,739,632	3,603,228	3.7
Stephen F. Austin State University	32,552,786	33,346,408	793,622	2.4
Texas Southern University	45,160,358	46,166,406	1,006,048	2.2
Texas Tech University System Administration	0	0	0	NA
Texas Tech University	92,917,271	94,466,132	1,548,861	1.7
Angelo State University	16,811,218	16,558,426	(252,792)	(1.5)
Texas Woman's University	36,239,375	37,196,551	957,176	2.6
Board of Regents, Texas State University System Central Office	0	151,000	151,000	NA
Lamar University	27,965,486	26,263,519	(1,701,967)	(6.1)
Sam Houston State University	63,332,370	67,641,269	4,308,899	6.8
Texas State University - San Marcos	75,802,221	77,390,134	1,587,913	2.1
Sul Ross State University	5,576,491	5,103,865	(472,626)	(8.5)
Sul Ross State University Rio Grande College	2,481,765	1,944,803	(536,962)	(21.6)
<b>SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS</b>	<b>\$1,568,053,229</b>	<b>\$1,588,869,272</b>	<b>\$20,816,043</b>	<b>1.3</b>
<b>HEALTH-RELATED INSTITUTIONS</b>				
The University of Texas Southwestern Medical Center at Dallas	\$53,580,144	\$19,448,789	(\$34,131,355)	(63.7)
The University of Texas Medical Branch at Galveston	27,287,142	28,553,540	1,266,398	4.6
The University of Texas Health Science Center at Houston	31,941,721	26,272,683	(5,669,038)	(17.7)
The University of Texas Health Science Center at San Antonio	16,591,621	16,975,239	383,618	2.3
The University of Texas M.D. Anderson Cancer Center	32,574,166	34,083,300	1,509,134	4.6
The University of Texas Health Center at Tyler	482,241	544,985	62,744	13.0

**TABLE B2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Texas A&M University System Health Science Center	\$15,181,955	\$12,790,485	(\$2,391,470)	(15.8)
University of North Texas Health Science Center at Fort Worth	9,395,704	8,889,684	(506,020)	(5.4)
Texas Tech University Health Sciences Center	14,136,877	18,339,861	4,202,984	29.7
<b>SUBTOTAL, HEALTH-RELATED INSTITUTIONS</b>	<b>\$201,171,571</b>	<b>\$165,898,566</b>	<b>(\$35,273,005)</b>	<b>(17.5)</b>
<b>TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>				
Texas AgriLife Research	\$1,000,000	\$1,000,000	\$0	NA
Texas AgriLife Extension	0	0	0	NA
Texas Engineering Experiment Station	1,904,038	1,904,038	0	NA
Texas Transportation Institute	0	0	0	NA
Texas Engineering Extension Service	0	0	0	NA
Texas Forest Service	31,500,000	31,508,000	8,000	0.0
Texas Veterinary Medical Diagnostic Laboratory	0	0	0	NA
<b>SUBTOTAL, TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>	<b>\$34,404,038</b>	<b>\$34,412,038</b>	<b>\$8,000</b>	<b>0.0</b>
Higher Education Fund	\$0	\$0	\$0	NA
Available University Fund	0	0	0	NA
<b>OTHER HIGHER EDUCATION</b>				
Higher Education Coordinating Board	\$37,496,440	\$44,098,225	\$6,601,785	17.6
<b>SUBTOTAL, OTHER HIGHER EDUCATION</b>	<b>\$37,496,440</b>	<b>\$44,098,225</b>	<b>\$6,601,785</b>	<b>17.6</b>
<b>SUBTOTAL, HIGHER EDUCATION</b>	<b>\$1,887,651,005</b>	<b>\$1,880,535,060</b>	<b>(\$7,115,945)</b>	<b>(0.4)</b>
<b>EMPLOYEE BENEFITS</b>				
Teacher Retirement System	\$137,573,710	\$166,336,934	\$28,763,224	20.9
Optional Retirement Program	44,508,258	52,793,678	8,285,420	18.6
Higher Education Employees Group Insurance Contributions	0	0	0	NA
Retirement and Group Insurance	8,666	9,930	1,264	14.6
Social Security and Benefits Replacement Pay	77,034,561	82,172,859	5,138,298	6.7
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$259,125,195</b>	<b>\$301,313,401</b>	<b>\$42,188,206</b>	<b>16.3</b>
<b>DEBT SERVICE</b>				
Bond Debt Service Payments	\$0	\$0	\$0	NA
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>TOTAL, ARTICLE III – AGENCIES OF EDUCATION</b>	<b>\$2,376,948,476</b>	<b>\$2,278,524,741</b>	<b>(\$98,423,735)</b>	<b>(4.1)</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — THE JUDICIARY**

ARTICLE IV – THE JUDICIARY	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1</sup>	BIENNIAL CHANGE	% CHANGE
Supreme Court of Texas	\$0	\$2,000,000	\$2,000,000	NA
Court of Criminal Appeals	0	0	0	NA
First Court of Appeals District, Houston	0	0	0	NA
Second Court of Appeals District, Fort Worth	0	0	0	NA
Third Court of Appeals District, Austin	0	0	0	NA
Fourth Court of Appeals District, San Antonio	0	0	0	NA
Fifth Court of Appeals District, Dallas	0	0	0	NA
Sixth Court of Appeals District, Texarkana	0	0	0	NA
Seventh Court of Appeals District, Amarillo	0	0	0	NA
Eighth Court of Appeals District, El Paso	0	0	0	NA
Ninth Court of Appeals District, Beaumont	0	0	0	NA
Tenth Court of Appeals District, Waco	0	0	0	NA
Eleventh Court of Appeals District, Eastland	0	0	0	NA
Twelfth Court of Appeals District, Tyler	0	0	0	NA
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	0	0	0	NA
Fourteenth Court of Appeals District, Houston	0	0	0	NA
Office of Court Administration, Texas Judicial Council <sup>2</sup>	31,584,413	31,597,536	13,123	<1.0
Office of the State Prosecuting Attorney	0	0	0	NA
State Law Library	0	0	0	NA
State Commission on Judicial Conduct	0	0	0	NA
Judiciary Section, Comptroller's Department	0	2,000,000	2,000,000	NA
<b>SUBTOTAL, THE JUDICIARY</b>	<b>\$31,584,413</b>	<b>\$35,597,536</b>	<b>\$4,013,123</b>	<b>12.7</b>
Retirement and Group Insurance	\$122,541	\$128,411	\$5,870	4.8
Social Security and Benefit Replacement Pay	70,219	72,985	2,766	3.9
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$192,760</b>	<b>\$201,396</b>	<b>\$8,636</b>	<b>4.5</b>
Lease Payments	\$0	\$0	\$0	NA
<b>TOTAL, ARTICLE IV – THE JUDICIARY</b>	<b>\$31,777,173</b>	<b>\$35,798,932</b>	<b>\$4,021,759</b>	<b>12.7</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE**

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Adjutant General's Department	\$0	\$0	\$0	NA
Alcoholic Beverage Commission	0	0	0	NA
Department of Criminal Justice	27,324,009	9,291,934	(18,032,075)	(66.0)
Commission on Fire Protection	0	0	0	NA
Commission on Jail Standards	0	0	0	NA
Juvenile Probation Commission	0	0	0	NA
Commission on Law Enforcement Officer Standards and Education	5,141,728	5,363,500	221,772	4.3
Texas Military Facilities Commission	0	0	0	NA
Department of Public Safety	3,528,902	2,015,981	(1,512,921)	(42.9)
Youth Commission	0	2,000,000	2,000,000	NA
<b>SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$35,994,639</b>	<b>\$18,671,415</b>	<b>(\$17,323,224)</b>	<b>(48.1)</b>
Retirement and Group Insurance	\$6,148,014	\$5,962,975	(\$185,039)	(3.0)
Social Security and Benefit Replacement Pay	1,821,657	1,622,445	(199,212)	(10.9)
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$7,969,671</b>	<b>\$7,585,420</b>	<b>(\$384,251)</b>	<b>(4.8)</b>
Bond Debt Service Payments	\$0	\$0	\$0	NA
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$43,964,310</b>	<b>\$26,256,835</b>	<b>(\$17,707,475)</b>	<b>(40.3)</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — NATURAL RESOURCES**

ARTICLE VI – NATURAL RESOURCES	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Department of Agriculture	\$4,339,493	\$1,365,493	(\$2,974,000)	(68.5)
Animal Health Commission	0	0	0	NA
Commission on Environmental Quality	863,015,082	949,951,793	86,936,711	10.1
General Land Office and Veterans' Land Board	39,557,219	22,720,232	(16,836,987)	(42.6)
Parks and Wildlife Department <sup>4</sup>	245,230,768	331,413,855	86,183,087	35.1
Railroad Commission	49,305,807	51,225,511	1,919,704	3.9
Soil and Water Conservation Board	0	0	0	NA
Water Development Board	0	0	0	NA
Debt Service Payments – Non-Self-supporting General Obligation Water Bonds	0	0	0	NA
<b>SUBTOTAL, NATURAL RESOURCES</b>	<b>\$1,201,448,369</b>	<b>\$1,356,676,884</b>	<b>\$155,228,515</b>	<b>12.9</b>
Retirement and Group Insurance	\$41,954,309	\$46,093,917	\$4,139,608	9.9
Social Security and Benefit Replacement Pay	34,893,023	36,569,502	1,676,479	4.8
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$76,847,332</b>	<b>\$82,663,419</b>	<b>\$5,816,087</b>	<b>7.6</b>
Bond Debt Service Payments	\$0	\$0	\$0	NA
Lease Payments	5,777,740	0	(5,777,740)	(100.0)
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$5,777,740</b>	<b>\$0</b>	<b>(\$5,777,740)</b>	<b>(100.0)</b>
<b>TOTAL, ARTICLE VI – NATURAL RESOURCES</b>	<b>\$1,284,073,441</b>	<b>\$1,439,340,303</b>	<b>\$155,266,862</b>	<b>12.1</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE B2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT**

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Department of Housing and Community Affairs	\$0	\$0	\$0	NA
Texas Lottery Commission	385,779,223	390,163,033	4,383,810	1.1
Office of Rural Community Affairs	4,780,881	3,978,408	(802,473)	(16.8)
Department of Transportation	1,060,458	1,234,304	173,846	16.4
Texas Workforce Commission	20,842,004	11,524,710	(9,317,294)	(44.7)
Reimbursements to the Unemployment Compensation Benefit Account	9,684,566	9,723,707	39,141	0.4
<b>SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$422,147,132</b>	<b>\$416,624,162</b>	<b>(\$5,522,970)</b>	<b>(1.3)</b>
Retirement and Group Insurance	\$5,645,661	\$6,039,094	\$393,433	7.0
Social Security and Benefit Replacement Pay	2,940,681	3,046,463	105,782	3.6
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$18,270,908</b>	<b>\$18,809,264</b>	<b>\$538,356</b>	<b>2.9</b>
Bond Debt Service Payments	\$0	\$0	\$0	NA
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$430,733,474</b>	<b>\$425,709,719</b>	<b>(\$5,023,755)</b>	<b>(1.2)</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.



**TABLE B2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — REGULATORY**

ARTICLE VIII – REGULATORY	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
State Office of Administrative Hearings	\$0	\$0	\$0	NA
Department of Banking	0	0	0	NA
Board of Chiropractic Examiners	0	0	0	NA
Office of Consumer Credit Commissioner	0	0	0	NA
Credit Union Department	0	0	0	NA
Texas State Board of Dental Examiners	0	0	0	NA
Funeral Service Commission	0	0	0	NA
Board of Professional Geoscientists	0	0	0	NA
Health Professions Council	0	0	0	NA
Office of Injured Employee Counsel	8,902,088	14,335,706	5,433,618	61.0
Department of Insurance	123,764,671	119,756,605	(4,008,066)	(3.2)
Office of Public Insurance Counsel	0	0	0	NA
Board of Professional Land Surveying	0	0	0	NA
Department of Licensing and Regulation	0	50,000	50,000	NA
Texas Medical Board	5,075,842	5,104,752	28,910	0.6
Texas Board of Nursing	0	0	0	NA
Optometry Board	0	0	0	NA
Structural Pest Control Board	0	0	0	NA
Board of Pharmacy	0	0	0	NA
Executive Council of Physical Therapy and Occupational Therapy Examiners	0	0	0	NA
Board of Plumbing Examiners	0	0	0	NA
Board of Podiatric Medical Examiners	0	0	0	NA
Board of Examiners of Psychologists	0	0	0	NA
Racing Commission	19,976,624	21,555,645	1,579,021	7.9
Real Estate Commission	240,000	240,000	0	0.0
Residential Construction Commission	0	0	0	NA
Department of Savings and Mortgage Lending	0	0	0	NA
Securities Board	0	0	0	NA
Board of Tax Professional Examiners	0	0	0	NA
Public Utility Commission of Texas	37,355,934	175,791,184	138,435,250	370.6
Office of Public Utility Counsel	0	0	0	NA
Board of Veterinary Medical Examiners	0	0	0	NA
<b>SUBTOTAL, REGULATORY</b>	<b>\$195,315,159</b>	<b>\$336,833,892</b>	<b>\$141,518,733</b>	<b>72.5</b>
Retirement and Group Insurance	\$35,294,327	\$37,123,182	\$1,828,855	5.2
Social Security and Benefit Replacement Pay	14,096,240	14,356,668	260,428	1.8
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$49,390,567</b>	<b>\$51,479,850</b>	<b>\$2,089,283</b>	<b>4.2</b>
Lease Payments	\$6,846,174	\$5,851,852	(\$994,322)	(14.5)
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$6,846,174</b>	<b>\$5,851,852</b>	<b>(\$994,322)</b>	<b>(14.5)</b>
Less Interagency Contracts	\$0	\$0	\$0	NA
<b>TOTAL, ARTICLE VIII – REGULATORY</b>	<b>\$251,551,900</b>	<b>\$394,165,594</b>	<b>\$142,613,694</b>	<b>56.7</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — GENERAL PROVISIONS**

ARTICLE IX – GENERAL PROVISIONS	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09	BIENNIAL CHANGE	% CHANGE
State Employee Pay Raise	\$0	\$59,625,082	\$59,625,082	NA
Schedule C Employee Pay Raise	0	11,145,855	11,145,855	NA
<b>TOTAL, ARTICLE IX – GENERAL PROVISIONS</b>	<b>\$0</b>	<b>\$70,770,937</b>	<b>\$70,770,937</b>	<b>NA</b>

SOURCE: Legislative Budget Board.

**TABLE B2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — THE LEGISLATURE**

ARTICLE X– THE LEGISLATURE	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09	BIENNIAL CHANGE	% CHANGE
Senate	\$0	\$0	\$0	NA
House of Representatives	0	0	0	NA
Legislative Budget Board	0	0	0	NA
Sunset Commission	0	0	0	NA
Legislative Council	0	0	0	NA
Commission on Uniform State Laws	0	0	0	NA
State Auditor's Office	0	0	0	NA
Legislative Reference Library	0	0	0	NA
<b>SUBTOTAL, THE LEGISLATURE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Retirement and Group Insurance	\$0	\$0	\$0	NA
Social Security and Benefit Replacement Pay	0	0	0	NA
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Lease Payments	\$0	\$0	\$0	NA
Less Interagency Contracts	0	0	0	NA
<b>TOTAL, ARTICLE X – THE LEGISLATURE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>

SOURCE: Legislative Budget Board.

## APPENDIX B — SUMMARY OF STATE BUDGET BY BIENNIUM

### FEDERAL FUNDS

**TABLE B3**  
**FEDERAL FUNDS — STATEWIDE SUMMARY**

FUNCTION	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Article I – General Government	\$881,495,889	\$699,145,304	(\$182,350,585)	(20.7)
Article II – Health and Human Services	29,197,565,268	31,062,337,413	1,864,772,145	6.4
Article III – Agencies of Education	8,651,020,969	8,831,632,696	180,611,727	2.1
Article IV – The Judiciary	5,404,300	2,886,347	(2,517,953)	(46.6)
Article V – Public Safety and Criminal Justice <sup>4</sup>	1,327,351,459	578,685,771	(748,665,688)	(56.4)
Article VI – Natural Resources <sup>4</sup>	328,016,970	850,787,766	522,770,796	159.4
Article VII – Business and Economic Development	8,798,452,416	8,858,656,028	60,203,612	0.7
Article VIII – Regulatory	5,443,309	4,509,246	(934,063)	(17.2)
Article IX – General Provisions	0	74,368,019	74,368,019	NA
Article X – The Legislature	0	0	0	NA
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$49,194,750,580</b>	<b>\$50,963,008,590</b>	<b>\$1,768,258,010</b>	<b>3.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE B3—(CONTINUED)**  
**FEDERAL FUNDS — GENERAL GOVERNMENT**

ARTICLE I – GENERAL GOVERNMENT	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Commission on the Arts	\$1,660,200	\$1,727,000	\$66,800	4.0
Office of the Attorney General	441,627,431	397,774,686	(43,852,745)	(9.9)
Bond Review Board	0	0	0	NA
Cancer Council	0	0	0	NA
Comptroller of Public Accounts	2,085	0	(2,085)	(100.0)
Fiscal Programs - Comptroller of Public Accounts	1,757,744	2,418,748	661,004	37.6
Commission on State Emergency Communications	0	0	0	NA
Employees Retirement System	0	0	0	NA
Texas Ethics Commission	0	0	0	NA
Facilities Commission	18,577,890	0	(18,577,890)	(100.0)
Public Finance Authority	0	0	0	NA
Fire Fighters' Pension Commissioner	0	0	0	NA
Office of the Governor	0	0	0	NA
Trusted Programs within the Office of the Governor	171,682,157	137,048,721	(34,633,436)	(20.2)
Historical Commission	1,883,375	1,801,202	(82,173)	(4.4)
Department of Information Systems	1,006,732	0	(1,006,732)	(100.0)
Library and Archives Commission	21,212,171	22,642,602	1,430,431	6.7
Pension Review Board	0	0	0	NA
Preservation Board	0	0	0	NA
State Office of Risk Management	0	0	0	NA
Workers' Compensation Payments	0	0	0	NA
Secretary of State	149,455,352	69,241,000	(80,214,352)	(53.7)
Office of State–Federal Relations	0	0	0	NA
Veterans Commission	21,761,932	21,755,276	(6,656)	(0.0)
<b>SUBTOTAL, GENERAL GOVERNMENT</b>	<b>\$830,627,069</b>	<b>\$654,409,235</b>	<b>(\$176,217,834)</b>	<b>(21.2)</b>
Retirement and Group Insurance	\$37,608,964	\$33,413,685	(\$4,195,279)	(11.2)
Social Security and Benefit Replacement Pay	13,259,856	11,322,384	(1,937,472)	(14.6)
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$50,868,820</b>	<b>\$44,736,069</b>	<b>(\$6,132,751)</b>	<b>(12.1)</b>
Bond Debt Service Payments	\$0	\$0	\$0	NA
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>TOTAL, ARTICLE I – GENERAL GOVERNMENT</b>	<b>\$881,495,889</b>	<b>\$699,145,304</b>	<b>(\$182,350,585)</b>	<b>(20.7)</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B3—(CONTINUED)**  
**FEDERAL FUNDS — HEALTH AND HUMAN SERVICES**

ARTICLE II – HEALTH AND HUMAN SERVICES	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Department of Aging and Disability Services	\$6,349,063,908	\$6,917,587,305	\$568,523,397	9.0
Department of Assistive and Rehabilitative Services	809,586,939	908,952,171	99,365,232	12.3
Department of Family and Protective Services	1,328,978,203	1,505,344,862	176,366,659	13.3
Department of State Health Services	2,366,126,042	2,372,163,684	6,037,642	0.3
Health and Human Services Commission	17,893,968,661	18,832,858,536	938,889,875	5.2
<b>SUBTOTAL, HEALTH AND HUMAN SERVICES</b>	<b>\$28,747,723,753</b>	<b>\$30,536,906,558</b>	<b>\$1,789,182,805</b>	<b>6.2</b>
Retirement and Group Insurance	\$329,561,716	\$388,754,277	\$59,192,561	18.0
Social Security and Benefit Replacement Pay	115,555,661	131,952,440	16,396,779	14.2
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$445,117,377</b>	<b>\$520,706,717</b>	<b>\$75,589,340</b>	<b>17.0</b>
Bond Debt Service Payments	\$4,724,138	\$4,724,138	\$0	NA
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$4,724,138</b>	<b>\$4,724,138</b>	<b>\$0</b>	<b>NA</b>
<b>TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES</b>	<b>\$29,197,565,268</b>	<b>\$31,062,337,413</b>	<b>\$1,864,772,145</b>	<b>6.4</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B3—(CONTINUED)**  
**FEDERAL FUNDS — AGENCIES OF EDUCATION**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
<b>PUBLIC EDUCATION</b>				
Texas Education Agency	\$8,301,730,116	\$8,477,517,207	\$175,787,091	2.1
School for the Blind and Visually Impaired	4,408,110	4,761,816	353,706	8.0
School for the Deaf	2,158,590	1,940,944	(217,646)	(10.1)
<b>SUBTOTAL, PUBLIC EDUCATION</b>	<b>\$8,308,296,816</b>	<b>\$8,484,219,967</b>	<b>\$175,923,151</b>	<b>2.1</b>
<b>PUBLIC HIGHER EDUCATION</b>				
<b>TWO-YEAR INSTITUTIONS</b>				
<b>Public Community/Junior Colleges</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Lamar Institute of Technology	\$0	\$0	\$0	NA
Lamar State College - Orange	0	0	0	NA
Lamar State College - Port Arthur	0	0	0	NA
<b>SUBTOTAL, LAMAR STATE COLLEGES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Texas State Technical College System Administration	\$0	\$0	\$0	NA
Texas State Technical College - Harlingen	0	0	0	NA
Texas State Technical College - West Texas	0	0	0	NA
Texas State Technical College - Marshall	0	0	0	NA
Texas State Technical College - Waco	0	0	0	NA
<b>SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>SUBTOTAL, TWO-YEAR INSTITUTIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>GENERAL ACADEMIC INSTITUTIONS</b>				
The University of Texas System Administration	\$0	\$0	\$0	NA
The University of Texas at Arlington	0	0	0	NA
The University of Texas at Austin	0	0	0	NA
The University of Texas at Dallas	0	0	0	NA
The University of Texas at El Paso	0	0	0	NA
The University of Texas - Pan American	0	0	0	NA
The University of Texas at Brownsville	0	0	0	NA
The University of Texas of the Permian Basin	0	0	0	NA
The University of Texas at San Antonio	0	0	0	NA
The University of Texas at Tyler	0	0	0	NA
Texas A&M University System Administrative and General Offices	0	0	0	NA
Texas A&M University	0	0	0	NA
Texas A&M University at Galveston	0	0	0	NA
Prairie View A&M University	0	0	0	NA
Tarleton State University	0	0	0	NA
Texas A&M University - Corpus Christi	0	0	0	NA
Texas A&M University - Kingsville	0	0	0	NA



**TABLE B3—(CONTINUED)**  
**FEDERAL FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Texas A&M International University	\$0	\$0	\$0	NA
West Texas A&M University	0	0	0	NA
Texas A&M University - Commerce	0	0	0	NA
Texas A&M University - Texarkana	0	0	0	NA
University of Houston System Administration	0	0	0	NA
University of Houston	0	0	0	NA
University of Houston - Clear Lake	0	0	0	NA
University of Houston - Downtown	0	0	0	NA
University of Houston - Victoria	0	0	0	NA
Midwestern State University	0	0	0	NA
University of North Texas System Administration	0	0	0	NA
University of North Texas	0	0	0	NA
Stephen F. Austin State University	0	0	0	NA
Texas Southern University	0	0	0	NA
Texas Tech University System Administration	0	0	0	NA
Texas Tech University	0	0	0	NA
Angelo State University	0	0	0	NA
Texas Woman's University	0	0	0	NA
Board of Regents, Texas State University System Central Office	0	0	0	NA
Lamar University	0	0	0	NA
Sam Houston State University	0	0	0	NA
Texas State University - San Marcos	0	0	0	NA
Sul Ross State University	0	0	0	NA
Sul Ross State University Rio Grande College	0	0	0	NA
<b>SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>HEALTH-RELATED INSTITUTIONS</b>				
The University of Texas Southwestern Medical Center at Dallas	\$0	\$0	\$0	NA
The University of Texas Medical Branch at Galveston	0	0	0	NA
The University of Texas Health Science Center at Houston	0	0	0	NA
The University of Texas Health Science Center at San Antonio	0	0	0	NA
The University of Texas M.D. Anderson Cancer Center	0	0	0	NA
The University of Texas Health Center at Tyler	0	0	0	NA
Texas A&M University System Health Science Center	0	0	0	NA

**TABLE B3—(CONTINUED)**  
**FEDERAL FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
University of North Texas Health Science Center at Fort Worth	\$0	\$0	\$0	NA
Texas Tech University Health Sciences Center	0	0	0	NA
<b>SUBTOTAL, HEALTH-RELATED INSTITUTIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	NA
<b>TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>				
Texas AgriLife Research	\$12,729,946	\$12,729,946	\$0	NA
Texas AgriLife Extension	21,291,260	21,291,260	0	NA
Texas Engineering Experiment Station	104,135,541	105,681,040	1,545,499	1.5
Texas Transportation Institute	7,753,876	8,000,000	246,124	3.2
Texas Engineering Extension Service	56,900,204	56,900,204	0	NA
Texas Forest Service	7,939,404	8,180,540	241,136	3.0
Texas Veterinary Medical Diagnostic Laboratory	1,082,936	600,000	(482,936)	(44.6)
<b>SUBTOTAL, TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>	<b>\$211,833,167</b>	<b>\$213,382,990</b>	<b>\$1,549,823</b>	0.7
Higher Education Fund	\$0	\$0	\$0	NA
Available University Fund	0	0	0	NA
<b>OTHER HIGHER EDUCATION</b>				
Higher Education Coordinating Board	\$121,197,068	\$123,539,345	\$2,342,277	1.9
<b>SUBTOTAL, OTHER HIGHER EDUCATION</b>	<b>\$121,197,068</b>	<b>\$123,539,345</b>	<b>\$2,342,277</b>	1.9
<b>SUBTOTAL, HIGHER EDUCATION</b>	<b>\$333,030,235</b>	<b>\$336,922,335</b>	<b>\$3,892,100</b>	1.2
<b>EMPLOYEE BENEFITS</b>				
Teacher Retirement System	\$0	\$0	\$0	NA
Optional Retirement Program	0	0	0	NA
Higher Education Employees Group Insurance Contributions	0	0	0	NA
Retirement and Group Insurance	6,868,784	7,496,963	628,179	9.1
Social Security and Benefits Replacement Pay	2,825,134	2,993,431	168,297	6.0
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$9,693,918</b>	<b>\$10,490,394</b>	<b>\$796,476</b>	8.2
<b>DEBT SERVICE</b>				
Bond Debt Service Payments	\$0	\$0	\$0	NA
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	NA
<b>TOTAL, ARTICLE III – AGENCIES OF EDUCATION</b>	<b>\$8,651,020,969</b>	<b>\$8,831,632,696</b>	<b>\$180,611,727</b>	2.1

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE B3—(CONTINUED)**  
**FEDERAL FUNDS — THE JUDICIARY**

ARTICLE IV – THE JUDICIARY	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09	BIENNIAL CHANGE	% CHANGE
Supreme Court of Texas	\$5,404,300	\$2,886,347	(\$2,517,953)	(46.6)
Court of Criminal Appeals	0	0	0	NA
First Court of Appeals District, Houston	0	0	0	NA
Second Court of Appeals District, Fort Worth	0	0	0	NA
Third Court of Appeals District, Austin	0	0	0	NA
Fourth Court of Appeals District, San Antonio	0	0	0	NA
Fifth Court of Appeals District, Dallas	0	0	0	NA
Sixth Court of Appeals District, Texarkana	0	0	0	NA
Seventh Court of Appeals District, Amarillo	0	0	0	NA
Eighth Court of Appeals District, El Paso	0	0	0	NA
Ninth Court of Appeals District, Beaumont	0	0	0	NA
Tenth Court of Appeals District, Waco	0	0	0	NA
Eleventh Court of Appeals District, Eastland	0	0	0	NA
Twelfth Court of Appeals District, Tyler	0	0	0	NA
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	0	0	0	NA
Fourteenth Court of Appeals District, Houston	0	0	0	NA
Office of Court Administration, Texas Judicial Council	0	0	0	NA
Office of the State Prosecuting Attorney	0	0	0	NA
State Law Library	0	0	0	NA
State Commission on Judicial Conduct	0	0	0	NA
Judiciary Section, Comptroller's Department	0	0	0	NA
<b>SUBTOTAL, THE JUDICIARY</b>	<b>\$5,404,300</b>	<b>\$2,886,347</b>	<b>(\$2,517,953)</b>	<b>(46.6)</b>
Retirement and Group Insurance	\$0	\$0	\$0	NA
Social Security and Benefit Replacement Pay	0	0	0	NA
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Lease Payments	\$0	\$0	\$0	NA
<b>TOTAL, ARTICLE IV – THE JUDICIARY</b>	<b>\$5,404,300</b>	<b>\$2,886,347</b>	<b>(\$2,517,953)</b>	<b>(46.6)</b>

SOURCE: Legislative Budget Board.

**TABLE B3—(CONTINUED)**  
**FEDERAL FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE**

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Adjutant General's Department	\$79,362,191	\$132,903,351	\$53,541,160	67.5
Alcoholic Beverage Commission	967,073	702,400	(264,673)	(27.4)
Department of Criminal Justice	49,072,610	35,709,304	(13,363,306)	(27.2)
Commission on Fire Protection	0	0	0	NA
Commission on Jail Standards	0	0	0	NA
Juvenile Probation Commission	60,500,000	56,066,840	(4,433,160)	(7.3)
Commission on Law Enforcement Officer Standards and Education	0	0	0	NA
Texas Military Facilities Commission	843,719	0	(843,719)	(100.0)
Department of Public Safety <sup>3</sup>	1,085,277,036	310,753,402	(774,523,634)	(71.4)
Youth Commission	31,948,039	23,092,487	(8,855,552)	(27.7)
<b>SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$1,307,970,668</b>	<b>\$559,227,784</b>	<b>(\$748,742,884)</b>	<b>(57.2)</b>
Retirement and Group Insurance	\$13,888,730	\$14,144,598	\$255,868	1.8
Social Security and Benefit Replacement Pay	5,492,061	5,313,389	(178,672)	(3.3)
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$19,380,791</b>	<b>\$19,457,987</b>	<b>\$77,196</b>	<b>0.4</b>
Bond Debt Service Payments	\$0	\$0	\$0	NA
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$1,327,351,459</b>	<b>\$578,685,771</b>	<b>(\$748,665,688)</b>	<b>(56.4)</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE B3—(CONTINUED)**  
**FEDERAL FUNDS — NATURAL RESOURCES**

ARTICLE VI – NATURAL RESOURCES	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Department of Agriculture	\$25,525,003	\$555,805,597	\$530,280,594	2,077.5
Animal Health Commission	11,724,020	9,009,302	(2,714,718)	(23.2)
Commission on Environmental Quality	85,775,201	84,696,277	(1,078,924)	(1.3)
General Land Office and Veterans' Land Board	29,436,650	55,328,232	25,891,582	88.0
Parks and Wildlife Department <sup>3</sup>	110,680,378	80,714,130	(29,966,248)	(27.1)
Railroad Commission	10,520,977	8,739,232	(1,781,745)	(16.9)
Soil and Water Conservation Board	8,457,297	8,045,962	(411,335)	(4.9)
Water Development Board	19,806,294	21,471,483	1,665,189	8.4
Debt Service Payments – Non-Self-supporting General Obligation Water Bonds	0	0	0	NA
<b>SUBTOTAL, NATURAL RESOURCES</b>	<b>\$301,925,820</b>	<b>\$823,810,215</b>	<b>\$521,884,395</b>	<b>172.9</b>
Retirement and Group Insurance	\$16,732,040	\$17,539,036	\$806,996	4.8
Social Security and Benefit Replacement Pay	9,359,110	9,438,515	79,405	0.8
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$26,091,150</b>	<b>\$26,977,551</b>	<b>\$886,401</b>	<b>3.4</b>
Bond Debt Service Payments	\$0	\$0	\$0	NA
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>TOTAL, ARTICLE VI – NATURAL RESOURCES</b>	<b>\$328,016,970</b>	<b>\$850,787,766</b>	<b>\$522,770,796</b>	<b>159.4</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE B3—(CONTINUED)**  
**FEDERAL FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT**

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Department of Housing and Community Affairs	\$301,675,071	\$257,430,923	(\$44,244,148)	(14.7)
Texas Lottery Commission	0	0	0	NA
Office of Rural Community Affairs	242,677,381	158,851,080	(83,826,301)	(34.5)
Department of Transportation	6,168,469,703	6,490,420,178	321,950,475	5.2
Texas Workforce Commission	1,990,146,500	1,851,716,717	(138,429,783)	(7.0)
Reimbursements to the Unemployment Compensation Benefit Account	0	0	0	NA
<b>SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$8,702,968,655</b>	<b>\$8,758,418,898</b>	<b>\$55,450,243</b>	<b>0.6</b>
Retirement and Group Insurance	\$72,942,508	\$77,484,092	\$4,541,584	6.2
Social Security and Benefit Replacement Pay	22,541,253	22,753,038	211,785	0.9
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$95,483,761</b>	<b>\$100,237,130</b>	<b>\$4,753,369</b>	<b>5.0</b>
Bond Debt Service Payments	\$0	\$0	\$0	NA
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$8,798,452,416</b>	<b>\$8,858,656,028</b>	<b>\$60,203,612</b>	<b>0.7</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.



**TABLE B3—(CONTINUED)**  
**FEDERAL FUNDS — REGULATORY**

ARTICLE VIII – REGULATORY	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09	BIENNIAL CHANGE	% CHANGE
State Office of Administrative Hearings	\$0	\$0	\$0	NA
Department of Banking	0	0	0	NA
Board of Chiropractic Examiners	0	0	0	NA
Office of Consumer Credit Commissioner	0	0	0	NA
Credit Union Department	0	0	0	NA
Texas State Board of Dental Examiners	0	0	0	NA
Funeral Service Commission	0	0	0	NA
Board of Professional Geoscientists	0	0	0	NA
Health Professions Council	0	0	0	NA
Office of Injured Employee Counsel	0	0	0	NA
Department of Insurance	4,853,889	4,509,246	(344,643)	(7.1)
Office of Public Insurance Counsel	0	0	0	NA
Board of Professional Land Surveying	0	0	0	NA
Department of Licensing and Regulation	198,057	0	(198,057)	(100.0)
Texas Medical Board	0	0	0	NA
Texas Board of Nursing	0	0	0	NA
Optometry Board	0	0	0	NA
Structural Pest Control Board	385,700	0	(385,700)	(100.0)
Board of Pharmacy	0	0	0	NA
Executive Council of Physical Therapy and Occupational Therapy Examiners	0	0	0	NA
Board of Plumbing Examiners	0	0	0	NA
Board of Podiatric Medical Examiners	0	0	0	NA
Board of Examiners of Psychologists	0	0	0	NA
Racing Commission	0	0	0	NA
Real Estate Commission	0	0	0	NA
Residential Construction Commission	5,663	0	(5,663)	(100.0)
Department of Savings and Mortgage Lending	0	0	0	NA
Securities Board	0	0	0	NA
Board of Tax Professional Examiners	0	0	0	NA
Public Utility Commission of Texas	0	0	0	NA
Office of Public Utility Counsel	0	0	0	NA
Board of Veterinary Medical Examiners	0	0	0	NA
<b>SUBTOTAL, REGULATORY</b>	<b>\$5,443,309</b>	<b>\$4,509,246</b>	<b>(\$934,063)</b>	<b>(17.2)</b>
Retirement and Group Insurance	\$0	\$0	\$0	NA
Social Security and Benefit Replacement Pay	0	0	0	NA
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Lease Payments	\$0	\$0	\$0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>TOTAL, ARTICLE VIII – REGULATORY</b>	<b>\$5,443,309</b>	<b>\$4,509,246</b>	<b>(\$934,063)</b>	<b>(17.2)</b>

SOURCE: Legislative Budget Board.

**TABLE B3—(CONTINUED)**  
**FEDERAL FUNDS — GENERAL PROVISIONS**

ARTICLE IX – GENERAL PROVISIONS	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09	BIENNIAL CHANGE	% CHANGE
State Employee Pay Raise	\$0	\$73,648,946	\$73,648,946	NA
Schedule C Employee Pay Raise	0	719,073	719,073	NA
<b>TOTAL, ARTICLE IX – GENERAL PROVISIONS</b>	<b>\$0</b>	<b>\$74,368,019</b>	<b>\$74,368,019</b>	<b>NA</b>

SOURCE: Legislative Budget Board.

**TABLE B3—(CONTINUED)**  
**FEDERAL FUNDS — THE LEGISLATURE**

ARTICLE X – THE LEGISLATURE	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09	BIENNIAL CHANGE	% CHANGE
Senate	\$0	\$0	\$0	NA
House of Representatives	0	0	0	NA
Legislative Budget Board	0	0	0	NA
Sunset Commission	0	0	0	NA
Legislative Council	0	0	0	NA
Commission on Uniform State Laws	0	0	0	NA
State Auditor's Office	0	0	0	NA
Legislative Reference Library	0	0	0	NA
<b>SUBTOTAL, THE LEGISLATURE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Retirement and Group Insurance	\$0	\$0	\$0	NA
Social Security and Benefit Replacement Pay	0	0	0	NA
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Lease Payments	\$0	\$0	\$0	NA
<b>TOTAL, ARTICLE X – THE LEGISLATURE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>

SOURCE: Legislative Budget Board.

## APPENDIX B — SUMMARY OF STATE BUDGET BY BIENNIUM

### OTHER FUNDS

**TABLE B4**  
**OTHER FUNDS — STATEWIDE SUMMARY**

FUNCTION	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Article I – General Government	\$330,578,190	\$496,335,436	\$165,757,246	50.1
Article II – Health and Human Services	1,849,496,124	471,663,507	(1,377,832,617)	(74.5)
Article III – Agencies of Education <sup>4</sup>	8,313,725,192	16,583,685,381	8,269,960,189	99.5
Article IV – The Judiciary	128,887,129	154,464,694	25,577,565	19.8
Article V – Public Safety and Criminal Justice <sup>5</sup>	1,292,410,009	1,920,156,124	627,746,115	48.6
Article VI – Natural Resources	209,948,588	245,667,543	35,718,955	17.0
Article VII – Business and Economic Development	9,907,037,351	10,606,198,025	699,160,674	7.1
Article VIII – Regulatory	16,459,511	14,932,051	(1,527,460)	(9.3)
Article IX – General Provisions	0	70,770,937	70,770,937	NA
Article X – The Legislature	570,856	420,000	(150,856)	(26.4)
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$22,049,112,951</b>	<b>\$30,564,293,698</b>	<b>\$8,515,180,747</b>	<b>38.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

<sup>5</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B4—(CONTINUED)**  
**OTHER FUNDS — GENERAL GOVERNMENT**

ARTICLE I – GENERAL GOVERNMENT	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Commission on the Arts	\$2,903,947	\$3,020,810	\$116,863	4.0
Office of the Attorney General	46,147,227	39,317,742	(6,829,485)	(14.8)
Bond Review Board	0	0	0	NA
Cancer Council	479,120	0	(479,120)	(100.0)
Comptroller of Public Accounts	789,575	4,752,956	3,963,381	502.0
Fiscal Programs - Comptroller of Public Accounts	261,616	0	(261,616)	(100.0)
Commission on State Emergency Communications	527,500	480,000	(47,500)	(9.0)
Employees Retirement System	0	0	0	NA
Texas Ethics Commission	45,185	66,380	21,195	46.9
Facilities Commission	98,876,383	119,533,359	20,656,976	20.9
Public Finance Authority	625,831	678,084	52,253	8.3
Fire Fighters' Pension Commissioner	70,675	63,000	(7,675)	(10.9)
Office of the Governor	824,204	824,204	0	NA
Trusted Programs within the Office of the Governor	161,177,904	214,687,000	53,509,096	33.2
Historical Commission	13,708,480	100,654,104	86,945,624	634.2
Department of Information Systems	154,206,876	434,269,772	280,062,896	181.6
Library and Archives Commission	6,012,386	7,980,898	1,968,512	32.7
Pension Review Board	0	44,632	44,632	NA
Preservation Board	45,516	78,990	33,474	73.5
State Office of Risk Management	8,293,447	9,528,880	1,235,433	14.9
Workers' Compensation Payments	91,750,000	91,750,000	0	NA
Secretary of State	11,445,192	12,691,602	1,246,410	10.9
Office of State–Federal Relations	416,044	363,250	(52,794)	(12.7)
Veterans Commission	129,747	0	(129,747)	(100.0)
<b>SUBTOTAL, GENERAL GOVERNMENT</b>	<b>\$598,736,855</b>	<b>\$1,040,785,663</b>	<b>\$442,048,808</b>	<b>73.8</b>
Retirement and Group Insurance	\$2,282,470	\$2,394,775	\$112,305	4.9
Social Security and Benefit Replacement Pay	1,111,814	1,155,202	43,388	3.9
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$3,394,284</b>	<b>\$3,549,977</b>	<b>\$155,693</b>	<b>4.6</b>
Bond Debt Service Payments	\$6,313	\$0	(\$6,313)	(100.0)
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$6,313</b>	<b>\$0</b>	<b>(\$6,313)</b>	<b>(100.0)</b>
Less Interagency Contracts	\$271,559,262	\$548,000,204	\$276,440,942	101.8
<b>TOTAL, ARTICLE I – GENERAL GOVERNMENT</b>	<b>\$330,578,190</b>	<b>\$496,335,436</b>	<b>\$165,757,246</b>	<b>50.1</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B4—(CONTINUED)**  
**OTHER FUNDS — HEALTH AND HUMAN SERVICES**

ARTICLE II — HEALTH AND HUMAN SERVICES	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Department of Aging and Disability Services	\$105,353,502	\$119,842,383	\$14,488,881	13.8
Department of Assistive and Rehabilitative Services	37,638,624	37,766,144	127,520	0.3
Department of Family and Protective Services <sup>3</sup>	603,751,171	13,158,015	(590,593,156)	(97.8)
Department of State Health Services	227,844,686	266,549,615	38,704,929	17.0
Health and Human Services Commission <sup>3</sup>	1,365,425,582	585,020,635	(780,404,947)	(57.2)
<b>SUBTOTAL, HEALTH AND HUMAN SERVICES</b>	<b>\$2,340,013,565</b>	<b>\$1,022,336,792</b>	<b>(\$1,317,676,773)</b>	<b>(56.3)</b>
Retirement and Group Insurance	\$0	\$0	\$0	NA
Social Security and Benefit Replacement Pay	0	0	0	NA
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Bond Debt Service Payments	\$565,716	\$529,924	(\$35,792)	(6.3)
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$565,716</b>	<b>\$529,924</b>	<b>(\$35,792)</b>	<b>(6.3)</b>
Less Interagency Contracts	\$491,083,157	\$551,203,209	\$60,120,052	12.2
<b>TOTAL, ARTICLE II — HEALTH AND HUMAN SERVICES</b>	<b>\$1,849,496,124</b>	<b>\$471,663,507</b>	<b>(\$1,377,832,617)</b>	<b>(74.5)</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>3</sup>Declines in Other Funds are primarily due to removing Upper Payment (UPL) payments from the Health and Human Services Commission and replacing Economic Stabilization Funds at the Department of State Health Services with General Revenue Funds.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B4—(CONTINUED)**  
**OTHER FUNDS — AGENCIES OF EDUCATION**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
<b>PUBLIC EDUCATION</b>				
Texas Education Agency <sup>3</sup>	\$3,182,833,418	\$10,204,699,792	\$7,021,866,374	220.6
School for the Blind and Visually Impaired	38,587,206	73,881,536	35,294,330	91.5
School for the Deaf	9,517,795	8,703,652	(814,143)	(8.6)
<b>SUBTOTAL, PUBLIC EDUCATION</b>	<b>\$3,230,938,419</b>	<b>\$10,287,284,980</b>	<b>\$7,056,346,561</b>	<b>218.4</b>
<b>PUBLIC HIGHER EDUCATION</b>				
<b>TWO-YEAR INSTITUTIONS</b>				
<b>Public Community/Junior Colleges</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Lamar Institute of Technology	\$0	\$0	\$0	NA
Lamar State College - Orange	0	0	0	NA
Lamar State College - Port Arthur	0	0	0	NA
<b>SUBTOTAL, LAMAR STATE COLLEGES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Texas State Technical College System Administration	\$0	\$0	\$0	NA
Texas State Technical College - Harlingen	0	0	0	NA
Texas State Technical College - West Texas	0	0	0	NA
Texas State Technical College - Marshall	0	0	0	NA
Texas State Technical College - Waco	0	0	0	NA
<b>SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>SUBTOTAL, TWO-YEAR INSTITUTIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
<b>GENERAL ACADEMIC INSTITUTIONS</b>				
The University of Texas System Administration	\$2,211,709	\$2,204,000	(\$7,709)	(0.3)
The University of Texas at Arlington	0	0	0	NA
The University of Texas at Austin	0	0	0	NA
The University of Texas at Dallas	0	0	0	NA
The University of Texas at El Paso	2,444,945	2,479,890	34,945	1.4
The University of Texas - Pan American	642,002	642,002	0	NA
The University of Texas at Brownsville	0	0	0	NA
The University of Texas of the Permian Basin	0	0	0	NA
The University of Texas at San Antonio	0	0	0	NA
The University of Texas at Tyler	0	0	0	NA
Texas A&M University System Administrative and General Offices	0	0	0	NA
Texas A&M University	4,954,049	5,383,038	428,989	8.7
Texas A&M University at Galveston	0	0	0	NA
Prairie View A&M University	0	0	0	NA
Tarleton State University	0	0	0	NA
Texas A&M University - Corpus Christi	0	0	0	NA
Texas A&M University - Kingsville	0	0	0	NA



**TABLE B4—(CONTINUED)**  
**OTHER FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Texas A&M International University	\$387,050	\$387,050	\$0	NA
West Texas A&M University	0	0	0	NA
Texas A&M University - Commerce	0	0	0	NA
Texas A&M University - Texarkana	0	0	0	NA
University of Houston System Administration	0	0	0	NA
University of Houston	0	0	0	NA
University of Houston - Clear Lake	0	0	0	NA
University of Houston - Downtown	0	0	0	NA
University of Houston - Victoria	0	0	0	NA
Midwestern State University	0	0	0	NA
University of North Texas System Administration	0	0	0	NA
University of North Texas	0	0	0	NA
Stephen F. Austin State University	0	0	0	NA
Texas Southern University	0	0	0	NA
Texas Tech University System Administration	0	0	0	NA
Texas Tech University	0	0	0	NA
Angelo State University	0	0	0	NA
Texas Woman's University	0	0	0	NA
Board of Regents, Texas State University System Central Office	0	0	0	NA
Lamar University	0	0	0	NA
Sam Houston State University	0	0	0	NA
Texas State University - San Marcos	0	0	0	NA
Sul Ross State University	0	0	0	NA
Sul Ross State University Rio Grande College	0	0	0	NA
<b>SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS</b>	<b>\$10,639,755</b>	<b>\$11,095,980</b>	<b>\$456,225</b>	<b>4.3</b>
<b>HEALTH-RELATED INSTITUTIONS</b>				
The University of Texas Southwestern Medical Center at Dallas	\$9,477,281	\$8,658,000	(\$819,281)	(8.6)
The University of Texas Medical Branch at Galveston	653,209,115	660,713,842	7,504,727	1.1
The University of Texas Health Science Center at Houston	15,567,445	18,770,498	3,203,053	20.6
The University of Texas Health Science Center at San Antonio	30,078,491	23,506,178	(6,572,313)	(21.9)
The University of Texas M.D. Anderson Cancer Center	3,110,448,506	4,147,754,221	1,037,305,715	33.3
The University of Texas Health Center at Tyler	91,092,991	90,033,313	(1,059,678)	(1.2)

**TABLE B4—(CONTINUED)**  
**OTHER FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Texas A&M University System Health Science Center	\$15,944,649	\$15,497,694	(\$446,955)	(2.8)
University of North Texas Health Science Center at Fort Worth	5,317,794	4,560,840	(756,954)	(\$14.2)
Texas Tech University Health Sciences Center	12,976,352	7,297,200	(5,679,152)	(43.8)
<b>SUBTOTAL, HEALTH-RELATED INSTITUTIONS</b>	<b>\$3,944,112,624</b>	<b>\$4,976,791,786</b>	<b>\$1,032,679,162</b>	<b>26.2</b>
<b>TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>				
Texas AgriLife Research	\$11,374,328	\$11,374,328	\$0	NA
Texas AgriLife Extension	17,441,338	17,441,340	2	0.0
Texas Engineering Experiment Station	53,910,858	53,772,908	(137,950)	(0.3)
Texas Transportation Institute	73,068,897	74,239,770	1,170,873	1.6
Texas Engineering Extension Service	84,201,770	84,201,770	0	NA
Texas Forest Service	4,285,937	4,807,456	521,519	12.2
Texas Veterinary Medical Diagnostic Laboratory	18,517,098	17,428,105	(1,088,993)	(5.9)
<b>SUBTOTAL, TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>	<b>\$262,800,226</b>	<b>\$263,265,677</b>	<b>\$465,451</b>	<b>0.2</b>
Higher Education Fund	\$0	\$0	\$0	NA
Available University Fund	792,538,483	964,760,505	172,222,022	21.7
<b>OTHER HIGHER EDUCATION</b>				
Higher Education Coordinating Board	\$78,003,107	\$77,431,092	(\$572,015)	(0.7)
<b>SUBTOTAL, OTHER HIGHER EDUCATION</b>	<b>\$78,003,107</b>	<b>\$77,431,092</b>	<b>(\$572,015)</b>	<b>(0.7)</b>
<b>SUBTOTAL, HIGHER EDUCATION</b>	<b>\$5,088,094,195</b>	<b>\$6,293,345,040</b>	<b>\$1,205,250,845</b>	<b>23.7</b>
<b>EMPLOYEE BENEFITS</b>				
Teacher Retirement System	\$90,273,042	\$106,638,303	\$16,365,261	18.1
Optional Retirement Program	0	0	0	NA
Higher Education Employees Group Insurance Contributions	845,777	1,138,202	292,425	34.6
Retirement and Group Insurance	892,115	951,718	59,603	6.7
Social Security and Benefits Replacement Pay	22,770,211	24,227,996	1,457,785	6.4
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$114,781,145</b>	<b>\$132,956,219</b>	<b>\$18,175,074</b>	<b>15.8</b>
<b>DEBT SERVICE</b>				
Bond Debt Service Payments	\$787	\$0	(\$787)	(100.0)
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$787</b>	<b>\$0</b>	<b>(\$787)</b>	<b>(100.0)</b>
Less Interagency Contracts	\$120,089,354	\$129,900,858	\$9,811,504	8.2
<b>TOTAL, ARTICLE III – AGENCIES OF EDUCATION</b>	<b>\$8,313,725,192</b>	<b>\$16,583,685,381</b>	<b>\$8,269,960,189</b>	<b>99.5</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>3</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B4—(CONTINUED)**  
**OTHER FUNDS — THE JUDICIARY**

ARTICLE IV – THE JUDICIARY	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1</sup>	BIENNIAL CHANGE	% CHANGE
Supreme Court of Texas	\$21,134,571	\$20,601,000	(\$533,571)	(2.5)
Court of Criminal Appeals <sup>2</sup>	18,956,366	19,451,678	495,312	2.6
First Court of Appeals District, Houston	565,405	649,100	83,695	14.8
Second Court of Appeals District, Fort Worth	522,838	574,100	51,262	9.8
Third Court of Appeals District, Austin	424,075	469,800	45,725	10.8
Fourth Court of Appeals District, San Antonio	477,337	528,100	50,763	10.6
Fifth Court of Appeals District, Dallas	753,413	851,900	98,487	13.1
Sixth Court of Appeals District, Texarkana	176,788	190,900	14,112	8.0
Seventh Court of Appeals District, Amarillo	232,695	261,200	28,505	12.2
Eighth Court of Appeals District, El Paso	232,704	250,900	18,196	7.8
Ninth Court of Appeals District, Beaumont	234,550	261,200	26,650	11.4
Tenth Court of Appeals District, Waco	185,598	204,900	19,302	10.4
Eleventh Court of Appeals District, Eastland	181,788	200,900	19,112	10.5
Twelfth Court of Appeals District, Tyler	171,188	191,900	20,712	12.1
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	453,075	473,800	20,725	4.6
Fourteenth Court of Appeals District, Houston	619,107	654,778	35,671	5.8
Office of Court Administration, Texas Judicial Council	12,409,294	9,373,920	(3,035,374)	(24.5)
Office of the State Prosecuting Attorney	0	0	0	NA
State Law Library	82,200	86,200	4,000	4.9
State Commission on Judicial Conduct	0	0	0	NA
Judiciary Section, Comptroller's Department	86,513,608	106,990,027	20,476,419	23.7
<b>SUBTOTAL, THE JUDICIARY</b>	<b>\$144,326,600</b>	<b>\$162,266,303</b>	<b>\$17,939,703</b>	<b>12.4</b>
Retirement and Group Insurance	\$51,207	\$3,489,310	\$3,438,103	6,714.1
Social Security and Benefit Replacement Pay	2,437,679	2,537,814	100,135	4.1
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$2,488,886</b>	<b>\$6,027,124</b>	<b>\$3,538,238</b>	<b>142.2</b>
Lease Payments	\$0	\$0	\$0	NA
Less Interagency Contracts	17,928,357	13,828,733	(4,099,624)	(22.9)
<b>TOTAL, ARTICLE IV – THE JUDICIARY</b>	<b>\$128,887,129</b>	<b>\$154,464,694</b>	<b>\$25,577,565</b>	<b>19.8</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B4—(CONTINUED)**  
**OTHER FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE**

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Adjutant General's Department	\$11,009,716	\$22,856,044	\$11,846,328	107.6
Alcoholic Beverage Commission	228,042	210,000	(18,042)	(7.9)
Department of Criminal Justice	223,883,742	456,763,640	232,879,898	104.0
Commission on Fire Protection	46,566	36,000	(10,566)	(22.7)
Commission on Jail Standards	92,000	12,000	(80,000)	(87.0)
Juvenile Probation Commission	22,249,445	25,482,652	3,233,207	14.5
Commission on Law Enforcement Officer Standards and Education	171,500	559,000	387,500	225.9
Texas Military Facilities Commission	11,888,848	0	(11,888,848)	(100.0)
Department of Public Safety <sup>3</sup>	918,023,180	1,234,213,109	316,189,929	34.4
Youth Commission	34,373,420	76,097,115	41,723,695	121.4
<b>SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$1,221,966,459</b>	<b>\$1,816,229,560</b>	<b>\$594,263,101</b>	<b>48.6</b>
Retirement and Group Insurance	\$155,951,138	\$175,918,279	\$19,967,141	12.8
Social Security and Benefit Replacement Pay	58,233,288	62,569,926	4,336,638	7.4
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$214,184,426</b>	<b>\$238,488,205</b>	<b>\$24,303,779</b>	<b>11.3</b>
Bond Debt Service Payments	\$386,684	\$500,000	\$113,316	29.3
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$386,684</b>	<b>\$500,000</b>	<b>\$113,316</b>	<b>29.3</b>
Less Interagency Contracts	\$144,127,560	\$135,061,641	(\$9,065,919)	(6.3)
<b>TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$1,292,410,009</b>	<b>\$1,920,156,124</b>	<b>\$627,746,115</b>	<b>48.6</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B4—(CONTINUED)**  
**OTHER FUNDS — NATURAL RESOURCES**

ARTICLE VI – NATURAL RESOURCES	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1, 2</sup>	BIENNIAL CHANGE	% CHANGE
Department of Agriculture	\$9,424,188	\$8,995,178	(\$429,010)	(4.6)
Animal Health Commission	0	0	0	NA
Commission on Environmental Quality	26,596,317	14,622,092	(11,974,225)	(45.0)
General Land Office and Veterans' Land Board	71,737,850	93,327,914	21,590,064	30.1
Parks and Wildlife Department	48,709,900	98,941,131	50,231,231	103.1
Railroad Commission	6,710,600	7,030,264	319,664	4.8
Soil and Water Conservation Board	184,382	0	(184,382)	(100.0)
Water Development Board	30,019,539	31,832,099	1,812,560	6.0
Debt Service Payments – Non-Self-supporting General Obligation Water Bonds	15,665,765	17,394,566	1,728,801	11.0
<b>SUBTOTAL, NATURAL RESOURCES</b>	<b>\$209,048,541</b>	<b>\$272,143,244</b>	<b>\$63,094,703</b>	<b>30.2</b>
Retirement and Group Insurance	\$7,589,160	\$8,027,931	\$438,771	5.8
Social Security and Benefit Replacement Pay	3,814,793	3,932,210	117,417	3.1
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$11,403,953</b>	<b>\$11,960,141</b>	<b>\$556,188</b>	<b>4.9</b>
Bond Debt Service Payments	\$8,351,791	\$4,830,688	(\$3,521,103)	(42.2)
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$8,351,791</b>	<b>\$4,830,688</b>	<b>(\$3,521,103)</b>	<b>(42.2)</b>
Less Interagency Contracts	\$18,855,697	\$43,266,530	\$24,410,833	129.5
<b>TOTAL, ARTICLE VI – NATURAL RESOURCES</b>	<b>\$209,948,588</b>	<b>\$245,667,543</b>	<b>\$35,718,955</b>	<b>17.0</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B4—(CONTINUED)**  
**OTHER FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT**

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Department of Housing and Community Affairs	\$30,220,147	\$33,510,666	\$3,290,519	10.9
Texas Lottery Commission	0	0	0	NA
Office of Rural Community Affairs	978,895	916,688	(62,207)	(6.4)
Department of Transportation	9,514,355,570	10,118,669,157	604,313,587	6.4
Texas Workforce Commission	65,895,237	61,206,987	(4,688,250)	(7.1)
Reimbursements to the Unemployment Compensation Benefit Account	20,372,564	20,454,900	82,336	0.4
<b>SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$9,631,822,413</b>	<b>\$10,234,758,398</b>	<b>\$602,935,985</b>	<b>6.3</b>
Retirement and Group Insurance	\$343,319,054	\$373,828,767	\$30,509,713	8.9
Social Security and Benefit Replacement Pay	104,885,056	109,585,252	4,700,196	4.5
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$468,576,674</b>	<b>\$503,868,919</b>	<b>\$35,292,245</b>	<b>7.5</b>
Bond Debt Service Payments	\$51,765	\$0	(\$51,765)	(100.0)
Lease Payments	0	0	0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$51,765</b>	<b>\$0</b>	<b>(\$51,765)</b>	<b>(100.0)</b>
Less Interagency Contracts	\$173,040,937	\$111,974,392	(\$61,066,545)	(35.3)
<b>TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$9,907,037,351</b>	<b>\$10,606,198,025</b>	<b>\$699,160,674</b>	<b>7.1</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.



**TABLE B4—(CONTINUED)**  
**OTHER FUNDS — REGULATORY**

ARTICLE VIII – REGULATORY	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1</sup>	BIENNIAL CHANGE	% CHANGE
State Office of Administrative Hearings	\$9,831,640	\$11,284,665	\$1,453,025	14.8
Department of Banking	12,200	22,200	10,000	82.0
Board of Chiropractic Examiners	57,000	57,000	0	0.0
Office of Consumer Credit Commissioner	0	0	0	NA
Credit Union Department	5,111	0	(5,111)	(100.0)
Texas State Board of Dental Examiners	397,554	144,000	(253,554)	(63.8)
Funeral Service Commission	104,000	104,000	0	0.0
Board of Professional Geoscientists	0	0	0	NA
Health Professions Council	304,948	315,824	10,876	3.6
Office of Injured Employee Counsel	0	0	0	NA
Department of Insurance	4,330,659	3,094,600	(1,236,059)	(28.5)
Office of Public Insurance Counsel	96,000	96,000	0	0.0
Board of Professional Land Surveying	0	0	0	NA
Department of Licensing and Regulation	928,497	1,077,268	148,771	16.0
Texas Medical Board	160,846	160,846	0	0.0
Texas Board of Nursing	1,646,200	1,646,200	0	0.0
Optometry Board	74,797	74,797	0	0.0
Structural Pest Control Board	1,200	0	(1,200)	(100.0)
Board of Pharmacy	15,460	15,460	0	0.0
Executive Council of Physical Therapy and Occupational Therapy Examiners	120,000	120,000	0	0.0
Board of Plumbing Examiners	63,079	60,000	(3,079)	(4.9)
Board of Podiatric Medical Examiners	10,400	6,400	(4,000)	(38.5)
Board of Examiners of Psychologists	124,796	124,796	0	0.0
Racing Commission	0	0	0	NA
Real Estate Commission	378,400	381,000	2,600	0.7
Residential Construction Commission	101,000	101,000	0	0.0
Department of Savings and Mortgage Lending	0	0	0	NA
Securities Board	236,593	0	(236,593)	(100.0)
Board of Tax Professional Examiners	0	0	0	NA
Public Utility Commission of Texas	950,000	950,000	0	0.0
Office of Public Utility Counsel	0	0	0	NA
Board of Veterinary Medical Examiners	2,038	1,000	(1,038)	(50.9)
<b>SUBTOTAL, REGULATORY</b>	<b>\$19,952,418</b>	<b>\$19,837,056</b>	<b>(\$115,362)</b>	<b>(0.6)</b>
Retirement and Group Insurance	\$0	\$0	\$0	NA
Social Security and Benefit Replacement Pay	425,867	439,013	13,146	3.1
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$425,867</b>	<b>\$439,013</b>	<b>\$13,146</b>	<b>3.1</b>
Lease Payments	\$0	\$0	\$0	NA
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Less Interagency Contracts	\$3,918,774	\$5,344,018	\$1,425,244	36.4
<b>TOTAL, ARTICLE VIII – REGULATORY</b>	<b>\$16,459,511</b>	<b>\$14,932,051</b>	<b>(\$1,527,460)</b>	<b>(9.3)</b>

<sup>1</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B4—(CONTINUED)**  
**OTHER FUNDS — GENERAL PROVISIONS**

ARTICLE IX – GENERAL PROVISIONS	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09	BIENNIAL CHANGE	% CHANGE
State Employee Pay Raise	\$0	\$59,625,082	\$59,625,082	NA
Schedule C Employee Pay Raise	0	11,145,855	11,145,855	NA
<b>TOTAL, ARTICLE IX – GENERAL PROVISIONS</b>	<b>\$0</b>	<b>\$70,770,937</b>	<b>\$70,770,937</b>	<b>NA</b>

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B4—(CONTINUED)**  
**OTHER FUNDS — THE LEGISLATURE**

ARTICLE X – THE LEGISLATURE	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09	BIENNIAL CHANGE	% CHANGE
Senate	\$0	\$0	\$0	NA
House of Representatives	0	0	0	NA
Legislative Budget Board	0	0	0	NA
Sunset Commission	0	0	0	NA
Legislative Council	0	0	0	NA
Commission on Uniform State Laws	0	0	0	NA
State Auditor's Office	10,952,042	6,713,006	(4,239,036)	(38.7)
Legislative Reference Library	30,000	20,000	(10,000)	(33.3)
<b>SUBTOTAL, THE LEGISLATURE</b>	<b>\$10,982,042</b>	<b>\$6,733,006</b>	<b>(\$4,249,036)</b>	<b>(38.7)</b>
Retirement and Group Insurance	\$0	\$0	\$0	NA
Social Security and Benefit Replacement Pay	0	0	0	NA
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>
Lease Payments	\$0	\$0	\$0	NA
Less Interagency Contracts	10,411,186	6,313,006	(4,098,180)	(39.4)
<b>TOTAL, ARTICLE X – THE LEGISLATURE</b>	<b>\$570,856</b>	<b>\$420,000</b>	<b>(\$150,856)</b>	<b>(26.4)</b>

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

## APPENDIX B — SUMMARY OF STATE BUDGET BY BIENNIUM

### ALL FUNDS

**TABLE B5**  
**ALL FUNDS — STATEWIDE SUMMARY**

FUNCTION	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Article I – General Government	\$3,622,132,839	\$4,021,557,874	\$399,425,035	11.0
Article II – Health and Human Services	49,116,932,127	52,965,951,640	3,849,019,513	7.8
Article III – Agencies of Education <sup>4</sup>	59,206,464,836	74,536,661,218	15,330,196,382	25.9
Article IV – The Judiciary	541,473,272	598,355,262	56,881,990	10.5
Article V – Public Safety and Criminal Justice <sup>5</sup>	9,940,937,323	10,435,856,588	494,919,265	5.0
Article VI – Natural Resources <sup>5</sup>	2,320,700,209	3,222,190,092	901,489,883	38.8
Article VII – Business and Economic Development	19,412,524,351	20,513,805,942	1,101,281,591	5.7
Article VIII – Regulatory	562,940,902	762,295,802	199,354,900	35.4
Article IX – General Provisions	0	404,554,887	404,554,887	NA
Article X – The Legislature	335,267,285	325,972,897	(9,294,388)	(2.8)
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$145,059,373,144</b>	<b>\$167,787,202,202</b>	<b>\$22,727,829,058</b>	<b>15.7</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act, and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

<sup>5</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B5—(CONTINUED)**  
**ALL FUNDS — GENERAL GOVERNMENT**

ARTICLE I – GENERAL GOVERNMENT	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Commission on the Arts	\$10,407,188	\$10,621,962	\$214,774	2.1
Office of the Attorney General	953,050,711	982,913,643	29,862,932	3.1
Bond Review Board	1,048,264	1,192,847	144,583	13.8
Cancer Council	7,105,197	6,637,451	(467,746)	(6.6)
Comptroller of Public Accounts	406,256,000	427,910,037	21,654,037	5.3
Fiscal Programs - Comptroller of Public Accounts	499,627,595	536,600,687	36,973,092	7.4
Commission on State Emergency Communications	121,902,317	152,106,912	30,204,595	24.8
Employees Retirement System	13,461,784	33,932,365	20,470,581	152.1
Texas Ethics Commission	3,705,381	3,808,187	102,806	2.8
Facilities Commission	189,092,522	179,757,057	(9,335,465)	(4.9)
Public Finance Authority	1,647,771	1,772,394	124,623	7.6
Fire Fighter's Pension Commissioner	2,489,389	9,918,267	7,428,878	298.4
Office of the Governor	19,034,164	19,834,164	800,000	4.2
Trusted Programs within the Office of the Governor	761,431,176	922,579,032	161,147,856	21.2
Historical Commission	31,503,122	135,747,598	104,244,476	330.9
Department of Information Systems	167,386,794	435,813,887	268,427,093	160.4
Library and Archives Commission	60,062,785	65,309,970	5,247,185	8.7
Pension Review Board	890,874	1,387,566	496,692	55.8
Preservation Board	22,705,130	25,327,855	2,622,725	11.6
State Office of Risk Management	16,032,455	16,689,276	656,821	4.1
Workers' Compensation Payments	91,750,000	91,750,000	0	NA
Secretary of State	211,251,007	122,082,584	(89,168,423)	(42.2)
Office of State–Federal Relations	2,130,517	1,573,122	(557,395)	(26.2)
Veterans Commission	29,726,978	31,242,130	1,515,152	5.1
<b>SUBTOTAL, GENERAL GOVERNMENT</b>	<b>\$3,623,699,121</b>	<b>\$4,216,508,993</b>	<b>\$592,809,872</b>	<b>16.4</b>
Retirement and Group Insurance	\$163,605,760	\$172,344,601	\$8,738,841	5.3
Social Security and Benefit Replacement Pay	71,012,124	72,904,651	1,892,527	2.7
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$234,617,884</b>	<b>\$245,249,252</b>	<b>\$10,631,368</b>	<b>4.5</b>
Bond Debt Service Payments	\$14,983,289	\$82,945,517	\$67,962,228	453.6
Lease Payments	20,391,807	24,854,316	4,462,509	21.9
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$35,375,096</b>	<b>\$107,799,833</b>	<b>\$72,424,737</b>	<b>204.7</b>
Less Interagency Contracts	\$271,559,262	\$548,000,204	\$276,440,942	101.8
<b>TOTAL, ARTICLE I – GENERAL GOVERNMENT</b>	<b>\$3,622,132,839</b>	<b>\$4,021,557,874</b>	<b>\$399,425,035</b>	<b>11.0</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B5—(CONTINUED)**  
**ALL FUNDS — HEALTH AND HUMAN SERVICES**

ARTICLE II – HEALTH AND HUMAN SERVICES	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Department of Aging and Disability Services	\$10,588,360,903	\$11,643,574,986	\$1,055,214,083	10.0
Department of Assistive and Rehabilitative Services	1,042,117,713	1,161,601,403	119,483,690	11.5
Department of Family and Protective Services	2,166,710,436	2,560,297,809	393,587,373	18.2
Department of State Health Services	5,044,189,223	5,275,714,865	231,525,642	4.6
Health and Human Services Commission	29,586,261,926	31,507,731,050	1,921,469,124	6.5
<b>SUBTOTAL, HEALTH AND HUMAN SERVICES</b>	<b>\$48,427,640,201</b>	<b>\$52,148,920,113</b>	<b>\$3,721,279,912</b>	<b>7.7</b>
Retirement and Group Insurance	\$828,614,747	\$968,369,513	\$139,754,766	16.9
Social Security and Benefit Replacement Pay	279,162,745	319,915,482	40,752,737	14.6
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$1,107,777,492</b>	<b>\$1,288,284,995</b>	<b>\$180,507,503</b>	<b>16.3</b>
Bond Debt Service Payments	\$57,600,517	\$66,629,557	\$9,029,040	15.7
Lease Payments	14,997,074	13,320,184	(1,676,890)	(11.2)
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$72,597,591</b>	<b>\$79,949,741</b>	<b>\$7,352,150</b>	<b>10.1</b>
Less Interagency Contracts	\$491,083,157	\$551,203,209	\$60,120,052	12.2
<b>TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES</b>	<b>\$49,116,932,127</b>	<b>\$52,965,951,640</b>	<b>\$3,849,019,513</b>	<b>7.8</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B5—(CONTINUED)**  
**ALL FUNDS — AGENCIES OF EDUCATION**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
<b>PUBLIC EDUCATION</b>				
Texas Education Agency <sup>4</sup>	\$37,541,934,164	\$50,257,944,904	\$12,716,010,740	33.9
School for the Blind and Visually Impaired	68,579,420	105,858,827	37,279,407	54.4
School for the Deaf	42,546,290	45,363,246	2,816,956	6.6
<b>SUBTOTAL, PUBLIC EDUCATION</b>	<b>\$37,653,059,874</b>	<b>\$50,409,166,977</b>	<b>\$12,756,107,103</b>	<b>33.9</b>
<b>PUBLIC HIGHER EDUCATION</b>				
<b>TWO-YEAR INSTITUTIONS</b>				
<b>Public Community/Junior Colleges</b>	<b>\$1,627,396,918</b>	<b>\$1,719,224,845</b>	<b>\$91,827,927</b>	<b>5.6</b>
Lamar Institute of Technology	\$23,131,372	\$22,173,998	(\$957,374)	(4.1)
Lamar State College - Orange	18,457,209	18,076,789	(380,420)	(2.1)
Lamar State College - Port Arthur	24,121,569	20,936,024	(3,185,545)	(13.2)
<b>SUBTOTAL, LAMAR STATE COLLEGES</b>	<b>\$65,710,150</b>	<b>\$61,186,811</b>	<b>(\$4,523,339)</b>	<b>(6.9)</b>
Texas State Technical College System Administration	\$10,017,532	\$7,738,933	(\$2,278,599)	(22.7)
Texas State Technical College - Harlingen	44,986,135	48,676,251	3,690,116	8.2
Texas State Technical College - West Texas	27,744,886	29,896,167	2,151,281	7.8
Texas State Technical College - Marshall	10,279,536	9,844,063	(435,473)	(4.2)
Texas State Technical College - Waco	62,753,345	65,637,238	2,883,893	4.6
<b>SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES</b>	<b>\$155,781,434</b>	<b>\$161,792,652</b>	<b>\$6,011,218</b>	<b>3.9</b>
<b>SUBTOTAL, TWO-YEAR INSTITUTIONS</b>	<b>\$1,848,888,502</b>	<b>\$1,942,204,308</b>	<b>\$93,315,806</b>	<b>5.0</b>
<b>GENERAL ACADEMIC INSTITUTIONS</b>				
The University of Texas System Administration	\$9,026,780	\$16,847,988	\$7,821,208	86.6
The University of Texas at Arlington	260,702,535	272,565,366	11,862,831	4.6
The University of Texas at Austin	705,891,371	747,340,490	41,449,119	5.9
The University of Texas at Dallas	178,449,948	197,977,771	19,527,823	10.9
The University of Texas at El Paso	175,965,449	201,811,395	25,845,946	14.7
The University of Texas - Pan American	152,718,729	165,958,756	13,240,027	8.7
The University of Texas at Brownsville	49,069,812	59,238,721	10,168,909	20.7
The University of Texas of the Permian Basin	37,477,942	65,529,371	28,051,429	74.8
The University of Texas at San Antonio	232,712,248	268,289,087	35,576,839	15.3
The University of Texas at Tyler	63,228,349	73,373,354	10,145,005	16.0
Texas A&M University System Administrative and General Offices	10,869,869	21,998,713	11,128,844	102.4
Texas A&M University	612,996,249	657,304,760	44,308,511	7.2
Texas A&M University at Galveston	29,758,418	38,452,360	8,693,942	29.2
Prairie View A&M University	135,237,355	137,200,815	1,963,460	1.5
Tarleton State University	88,441,490	105,556,415	17,114,925	19.4
Texas A&M University - Corpus Christi	109,955,141	119,456,524	9,501,383	8.6
Texas A&M University - Kingsville	95,020,062	99,802,188	4,782,126	5.0



**TABLE B5—(CONTINUED)**  
**ALL FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Texas A&M International University	\$77,032,775	\$91,199,306	\$14,166,531	18.4
West Texas A&M University	75,442,253	79,844,716	4,402,463	5.8
Texas A&M University - Commerce	84,848,984	89,938,087	5,089,103	6.0
Texas A&M University - Texarkana	24,042,375	37,184,069	13,141,694	54.7
University of Houston System Administration	4,685,684	5,207,448	521,764	11.1
University of Houston	404,289,613	431,882,182	27,592,569	6.8
University of Houston - Clear Lake	78,654,813	81,134,233	2,479,420	3.2
University of Houston - Downtown	73,813,823	83,670,359	9,856,536	13.4
University of Houston - Victoria	31,383,004	38,375,417	6,992,413	22.3
Midwestern State University	52,323,505	53,728,910	1,405,405	2.7
University of North Texas System Administration	13,859,392	17,215,828	3,356,436	24.2
University of North Texas	287,609,044	313,125,687	25,516,643	8.9
Stephen F. Austin State University	112,690,848	120,709,361	8,018,513	7.1
Texas Southern University	172,098,517	174,674,484	2,575,967	1.5
Texas Tech University System Administration	820,093	830,094	10,001	1.2
Texas Tech University	340,783,271	369,458,898	28,675,627	8.4
Angelo State University	66,782,260	65,948,281	(833,979)	(1.2)
Texas Woman's University	145,767,810	151,180,526	5,412,716	3.7
Board of Regents, Texas State University System Central Office	2,265,573	2,417,496	151,923	6.7
Lamar University	120,396,236	93,717,919	(26,678,317)	(22.2)
Sam Houston State University	142,688,596	156,456,794	13,768,198	9.6
Texas State University - San Marcos	228,411,512	251,693,088	23,281,576	10.2
Sul Ross State University	35,282,086	35,305,520	23,434	0.1
Sul Ross State University Rio Grande College	12,938,870	12,696,601	(242,269)	(1.9)
<b>SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS</b>	<b>\$5,536,432,684</b>	<b>\$6,006,299,378</b>	<b>\$469,866,694</b>	<b>8.5</b>
<b>HEALTH-RELATED INSTITUTIONS</b>				
The University of Texas Southwestern Medical Center at Dallas	\$321,374,708	\$325,719,676	\$4,344,968	1.4
The University of Texas Medical Branch at Galveston	1,131,833,313	1,147,016,518	15,183,205	1.3
The University of Texas Health Science Center at Houston	308,994,137	334,243,741	25,249,604	8.2
The University of Texas Health Science Center at San Antonio	304,557,271	323,143,946	18,586,675	6.1
The University of Texas M.D. Anderson Cancer Center	3,431,559,186	4,487,298,540	1,055,739,354	30.8
The University of Texas Health Center at Tyler	157,449,455	160,391,636	2,942,181	1.9
Texas A&M University System Health Science Center	\$156,121,573	\$213,878,861	\$57,757,288	37.0

**TABLE B5—(CONTINUED)**  
**ALL FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
University of North Texas Health Science Center at Fort Worth	111,618,229	126,224,632	14,606,403	13.1
Texas Tech University Health Sciences Center	242,444,289	313,005,514	70,561,225	29.1
<b>SUBTOTAL, HEALTH-RELATED INSTITUTIONS</b>	<b>\$6,165,952,161</b>	<b>\$7,430,923,064</b>	<b>\$1,264,970,903</b>	<b>20.5</b>
<b>TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>				
Texas AgriLife Research	\$130,729,568	\$137,460,572	\$6,731,004	5.1
Texas AgriLife Extension	132,600,077	133,512,356	912,279	0.7
Texas Engineering Experiment Station	184,540,742	188,856,542	4,315,800	2.3
Texas Transportation Institute	80,822,773	82,239,770	1,416,997	1.8
Texas Engineering Extension Service	153,028,629	154,837,704	1,809,075	1.2
Texas Forest Service	119,132,066	75,229,378	(\$43,902,688)	(36.9)
Texas Veterinary Medical Diagnostic Laboratory	29,380,477	30,369,336	988,859	3.4
<b>SUBTOTAL, TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>	<b>\$830,234,332</b>	<b>\$802,505,658</b>	<b>(\$27,728,674)</b>	<b>(3.3)</b>
Higher Education Fund	\$350,000,000	\$525,000,000	\$175,000,000	50.0
Available University Fund	792,538,483	964,760,505	172,222,022	21.7
<b>OTHER HIGHER EDUCATION</b>				
Higher Education Coordinating Board	\$988,312,172	\$1,278,777,792	\$290,465,620	29.4
<b>SUBTOTAL, OTHER HIGHER EDUCATION</b>	<b>\$988,312,172</b>	<b>\$1,278,777,792</b>	<b>\$290,465,620</b>	<b>29.4</b>
<b>SUBTOTAL, HIGHER EDUCATION</b>	<b>\$16,438,237,447</b>	<b>\$18,950,470,705</b>	<b>\$2,512,233,258</b>	<b>15.3</b>
<b>EMPLOYEE BENEFITS</b>				
Teacher Retirement System	\$3,416,833,596	\$3,567,234,449	\$150,400,853	4.4
Optional Retirement Program	253,580,198	300,785,337	47,205,139	18.6
Higher Education Employees Group Insurance Contributions	942,982,636	852,964,231	(90,018,405)	(9.5)
Retirement and Group Insurance	46,957,825	51,218,721	4,260,896	9.1
Social Security and Benefits Replacement Pay	481,369,091	515,143,741	33,774,650	7.0
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$5,141,723,346</b>	<b>\$5,287,346,479</b>	<b>\$145,623,133</b>	<b>2.8</b>
<b>DEBT SERVICE</b>				
Bond Debt Service Payments	\$2,912,578	\$6,921,469	\$4,008,891	137.6
Lease Payments	16,500,058	12,656,446	(3,843,612)	(23.3)
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$19,412,636</b>	<b>\$19,577,915</b>	<b>\$165,279</b>	<b>0.9</b>
Less Interagency Contracts	\$120,089,354	\$129,900,858	\$9,811,504	8.2
<b>TOTAL, ARTICLE III – AGENCIES OF EDUCATION</b>	<b>\$59,206,464,836</b>	<b>\$74,536,661,218</b>	<b>\$15,330,196,382</b>	<b>25.9</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.<sup>4</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B5—(CONTINUED)**  
**ALL FUNDS — THE JUDICIARY**

ARTICLE IV – THE JUDICIARY	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Supreme Court of Texas	\$37,896,361	\$38,889,747	\$993,386	2.6
Court of Criminal Appeals	27,510,418	28,031,804	521,386	1.9
First Court of Appeals District, Houston	6,471,606	7,233,026	761,420	11.8
Second Court of Appeals District, Fort Worth	5,154,662	5,556,903	402,241	7.8
Third Court of Appeals District, Austin	4,537,485	4,844,391	306,906	6.8
Fourth Court of Appeals District, San Antonio	4,923,813	5,510,902	587,089	11.9
Fifth Court of Appeals District, Dallas	8,857,393	9,852,665	995,272	11.2
Sixth Court of Appeals District, Texarkana	2,412,076	2,579,721	167,645	7.0
Seventh Court of Appeals District, Amarillo	3,141,221	3,240,678	99,457	3.2
Eighth Court of Appeals District, El Paso	2,505,863	2,645,960	140,097	5.6
Ninth Court of Appeals District, Beaumont	3,090,892	3,241,240	150,348	4.9
Tenth Court of Appeals District, Waco	2,433,972	2,530,320	96,348	4.0
Eleventh Court of Appeals District, Eastland	2,466,995	2,596,762	129,767	5.3
Twelfth Court of Appeals District, Tyler	2,451,225	2,587,234	136,009	5.5
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	4,563,449	4,847,663	284,214	6.2
Fourteenth Court of Appeals District, Houston	6,556,683	7,263,606	706,923	10.8
Office of Court Administration, Texas Judicial Council	58,084,222	65,457,226	7,373,004	12.7
Office of the State Prosecuting Attorney	710,434	851,004	140,570	19.8
State Law Library	1,651,149	1,899,752	248,603	15.1
State Commission on Judicial Conduct	1,674,534	1,767,533	92,999	5.6
Judiciary Section, Comptroller's Department	244,561,676	279,019,376	34,457,700	14.1
<b>SUBTOTAL, THE JUDICIARY</b>	<b>\$431,656,129</b>	<b>\$480,447,513</b>	<b>\$48,791,384</b>	<b>11.3</b>
Retirement and Group Insurance	\$103,864,702	\$107,226,138	\$3,361,436	3.2
Social Security and Benefit Replacement Pay	18,886,819	19,575,177	688,358	3.6
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$122,751,521</b>	<b>\$126,801,315</b>	<b>\$4,049,794</b>	<b>3.3</b>
Lease Payments	\$4,993,979	\$4,935,167	(\$58,812)	(1.2)
Less Interagency Contracts	17,928,357	13,828,733	(4,099,624)	(22.9)
<b>TOTAL, ARTICLE IV – THE JUDICIARY</b>	<b>\$541,473,272</b>	<b>\$598,355,262</b>	<b>\$56,881,990</b>	<b>10.5</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B5—(CONTINUED)**  
**ALL FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE**

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Adjutant General's Department	\$117,959,825	\$184,600,399	\$66,640,574	56.5
Alcoholic Beverage Commission <sup>4</sup>	76,161,276	79,979,809	3,818,533	5.0
Department of Criminal Justice <sup>4</sup>	5,298,323,587	5,887,512,341	589,188,754	11.1
Commission on Fire Protection	5,871,402	5,744,136	(127,266)	(2.2)
Commission on Jail Standards	1,755,604	1,817,695	62,091	3.5
Juvenile Probation Commission	270,982,071	328,281,839	57,299,768	21.1
Commission on Law Enforcement Officer Standards and Education	5,313,228	5,922,500	609,272	11.5
Texas Military Facilities Commission	12,732,567	0	(12,732,567)	(100.0)
Department of Public Safety <sup>4</sup>	2,027,631,878	1,642,516,506	(385,115,372)	(19.0)
Youth Commission	529,453,907	551,927,922	22,474,015	4.2
<b>SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$8,346,185,345</b>	<b>\$8,688,303,147</b>	<b>\$342,117,802</b>	<b>4.1</b>
Retirement and Group Insurance	\$900,096,308	\$996,908,149	\$96,811,841	10.8
Social Security and Benefit Replacement Pay	305,557,081	316,012,639	10,455,558	3.4
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$1,205,653,389</b>	<b>\$1,312,920,788</b>	<b>\$107,267,399</b>	<b>8.9</b>
Bond Debt Service Payments	\$529,187,646	\$565,252,142	\$36,064,496	6.8
Lease Payments	4,038,503	4,442,152	403,649	10.0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$533,226,149</b>	<b>\$569,694,294</b>	<b>\$36,468,145</b>	<b>6.8</b>
Less Interagency Contracts	\$144,127,560	\$135,061,641	(\$9,065,919)	(6.3)
<b>TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$9,940,937,323</b>	<b>\$10,435,856,588</b>	<b>\$494,919,265</b>	<b>5.0</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B5—(CONTINUED)**  
**ALL FUNDS — NATURAL RESOURCES**

ARTICLE VI – NATURAL RESOURCES	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Department of Agriculture	\$144,191,489	\$685,627,472	\$541,435,983	375.5
Animal Health Commission	29,400,600	28,566,686	(833,914)	(2.8)
Commission on Environmental Quality	985,917,136	1,069,942,595	84,025,459	8.5
General Land Office and Veterans' Land Board	142,682,644	175,408,202	32,725,558	22.9
Parks and Wildlife Department <sup>4</sup>	500,691,578	664,810,285	164,118,707	32.8
Railroad Commission	121,068,259	121,779,171	710,912	0.6
Soil and Water Conservation Board	27,706,526	32,471,992	4,765,466	17.2
Water Development Board	87,138,290	108,787,808	21,649,518	24.8
Debt Service Payments – Non-Self-supporting General Obligation Water Bonds	51,878,931	110,703,950	58,825,019	113.4
<b>SUBTOTAL, NATURAL RESOURCES</b>	<b>\$2,090,675,453</b>	<b>\$2,998,098,161</b>	<b>\$907,422,708</b>	<b>43.4</b>
Retirement and Group Insurance	\$160,626,294	\$171,457,310	\$10,831,016	6.7
Social Security and Benefit Replacement Pay	62,676,494	64,847,436	2,170,942	3.5
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$223,302,788</b>	<b>\$236,304,746</b>	<b>\$13,001,958</b>	<b>5.8</b>
Bond Debt Service Payments	\$17,627,791	\$22,862,107	\$5,234,316	29.7
Lease Payments	7,949,874	8,191,608	241,734	3.0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$25,577,665</b>	<b>\$31,053,715</b>	<b>\$5,476,050</b>	<b>21.4</b>
Less Interagency Contracts	\$18,855,697	\$43,266,530	\$24,410,833	129.5
<b>TOTAL, ARTICLE VI – NATURAL RESOURCES</b>	<b>\$2,320,700,209</b>	<b>\$3,222,190,092</b>	<b>\$901,489,883</b>	<b>38.8</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B5—(CONTINUED)**  
**ALL FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT**

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
Department of Housing and Community Affairs	\$341,306,074	\$305,423,248	(\$35,882,826)	(10.5)
Texas Lottery Commission	413,728,248	420,755,286	7,027,038	1.7
Office of Rural Community Affairs	256,292,669	175,954,237	(80,338,432)	(31.3)
Department of Transportation	15,692,735,378	16,918,966,893	1,226,231,515	7.8
Texas Workforce Commission	2,279,599,741	2,151,553,320	(128,046,421)	(5.6)
Reimbursements to the Unemployment Compensation Benefit Account	30,057,130	30,178,607	121,477	0.4
<b>SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$19,013,719,240</b>	<b>\$20,002,831,591</b>	<b>\$989,112,351</b>	<b>5.2</b>
Retirement and Group Insurance	\$428,749,890	\$464,910,784	\$36,160,894	8.4
Social Security and Benefit Replacement Pay	132,339,583	137,416,158	5,076,575	3.8
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$591,146,603</b>	<b>\$632,505,549</b>	<b>\$41,358,946</b>	<b>7.0</b>
Bond Debt Service Payments	\$9,795,651	\$19,067,889	\$9,272,238	94.7
Lease Payments	960,924	1,553,912	592,988	61.7
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$10,756,575</b>	<b>\$20,621,801</b>	<b>\$9,865,226</b>	<b>91.7</b>
Less Interagency Contracts	\$173,040,937	\$111,974,392	(\$61,066,545)	(35.3)
<b>TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$19,412,524,351</b>	<b>\$20,513,805,942</b>	<b>\$1,101,281,591</b>	<b>5.7</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.



**TABLE B5—(CONTINUED)**  
**ALL FUNDS — REGULATORY**

ARTICLE VIII – REGULATORY	ESTIMATED/BUDGETED 2006–07 <sup>1</sup>	APPROPRIATED 2008–09 <sup>2, 3</sup>	BIENNIAL CHANGE	% CHANGE
State Office of Administrative Hearings	\$14,725,123	\$17,802,422	\$3,077,299	20.9
Department of Banking	24,460,197	35,852,061	11,391,864	46.6
Board of Chiropractic Examiners	774,110	913,352	139,242	18.0
Office of Consumer Credit Commissioner	7,424,059	10,274,203	2,850,144	38.4
Credit Union Department	3,527,997	3,857,088	329,091	9.3
Texas State Board of Dental Examiners	3,313,613	3,676,631	363,018	11.0
Funeral Service Commission	1,298,120	1,347,384	49,264	3.8
Board of Professional Geoscientists	872,439	881,219	8,780	1.0
Health Professions Council	313,395	315,824	2,429	0.8
Office of Injured Employee Counsel	8,902,088	14,335,706	5,433,618	61.0
Department of Insurance	200,053,295	198,323,596	(1,729,699)	(0.9)
Office of Public Insurance Counsel	2,094,561	2,089,452	(5,109)	(0.2)
Board of Professional Land Surveying	742,310	821,779	79,469	10.7
Department of Licensing and Regulation	30,022,037	43,078,180	13,056,143	43.5
Texas Medical Board	16,304,850	18,612,766	2,307,916	14.2
Texas Board of Nursing	13,598,429	13,990,336	391,907	2.9
Optometry Board	802,587	858,677	56,090	7.0
Structural Pest Control Board	2,992,103	0	(2,992,103)	(100.0)
Board of Pharmacy	7,364,511	8,229,017	864,506	11.7
Executive Council of Physical Therapy and Occupational Therapy Examiners	1,942,824	2,109,117	166,293	8.6
Board of Plumbing Examiners	3,542,774	3,715,862	173,088	4.9
Board of Podiatric Medical Examiners	440,597	462,577	21,980	5.0
Board of Examiners of Psychologists	1,434,022	1,553,119	119,097	8.3
Racing Commission	19,976,624	21,555,645	1,579,021	7.9
Real Estate Commission	9,992,296	12,704,668	2,712,372	27.1
Residential Construction Commission	7,079,348	20,761,687	13,682,339	193.3
Department of Savings and Mortgage Lending	8,035,609	13,371,135	5,335,526	66.4
Securities Board	11,617,056	11,425,352	(191,704)	(1.7)
Board of Tax Professional Examiners	347,556	380,056	32,500	9.4
Public Utility Commission of Texas	58,408,077	197,601,756	139,193,679	238.3
Office of Public Utility Counsel	3,435,962	3,435,962	0	0.0
Board of Veterinary Medical Examiners	1,255,633	1,676,096	420,463	33.5
<b>SUBTOTAL, REGULATORY</b>	<b>\$467,094,202</b>	<b>\$666,012,725</b>	<b>\$198,918,523</b>	<b>42.6</b>
Retirement and Group Insurance	\$62,277,105	\$65,674,882	\$3,397,777	5.5
Social Security and Benefit Replacement Pay	25,568,124	26,213,080	644,956	2.5
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$87,845,229</b>	<b>\$91,887,962</b>	<b>\$4,042,733</b>	<b>4.6</b>
Lease Payments	\$11,920,245	\$9,739,133	(\$2,181,112)	(18.3)
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$11,920,245</b>	<b>\$9,739,133</b>	<b>(\$2,181,112)</b>	<b>(18.3)</b>
Less Interagency Contracts	\$3,918,774	\$5,344,018	\$1,425,244	36.4
<b>TOTAL, ARTICLE VIII – REGULATORY</b>	<b>\$562,940,902</b>	<b>\$762,295,802</b>	<b>\$199,354,900</b>	<b>35.4</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B5—(CONTINUED)**  
**ALL FUNDS — GENERAL PROVISIONS**

ARTICLE IX – GENERAL PROVISIONS	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09	BIENNIAL CHANGE	% CHANGE
State Employee Pay Raise	\$0	\$389,911,217	\$389,911,217	NA
Schedule C Employee Pay Raise	0	14,643,670	14,643,670	NA
<b>TOTAL, ARTICLE IX – GENERAL PROVISIONS</b>	<b>\$0</b>	<b>\$404,554,887</b>	<b>\$404,554,887</b>	<b>NA</b>

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE B5—(CONTINUED)**  
**ALL FUNDS — THE LEGISLATURE**

ARTICLE X – THE LEGISLATURE	ESTIMATED/BUDGETED 2006–07	APPROPRIATED 2008–09 <sup>1</sup>	BIENNIAL CHANGE	% CHANGE
Senate	\$62,202,226	\$59,567,116	(\$2,635,110)	(4.2)
House of Representatives	71,354,521	68,447,000	(2,907,521)	(4.1)
Legislative Budget Board	24,373,964	23,431,050	(942,914)	(3.9)
Sunset Commission	3,561,696	3,425,412	(136,284)	(3.8)
Legislative Council	69,882,838	66,764,715	(3,118,123)	(4.5)
Commission on Uniform State Laws	299,627	379,627	80,000	26.7
State Auditor's Office	38,487,954	33,225,148	(5,262,806)	(13.7)
Legislative Reference Library	3,040,708	2,909,844	(130,864)	(4.3)
<b>SUBTOTAL, THE LEGISLATURE</b>	<b>\$273,203,534</b>	<b>\$258,149,912</b>	<b>(\$15,053,622)</b>	<b>(5.5)</b>
Retirement and Group Insurance	\$40,515,045	\$43,168,063	\$2,653,018	6.5
Social Security and Benefit Replacement Pay	15,030,013	15,567,926	537,913	3.6
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$55,545,058</b>	<b>\$58,735,989</b>	<b>\$3,190,931</b>	<b>5.7</b>
Lease Payments	\$16,929,879	\$15,400,002	(\$1,529,877)	(9.0)
Less Interagency Contracts	10,411,186	6,313,006	(4,098,180)	(39.4)
<b>TOTAL, ARTICLE X – THE LEGISLATURE</b>	<b>\$335,267,285</b>	<b>\$325,972,897</b>	<b>(\$9,294,388)</b>	<b>(2.8)</b>

<sup>1</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

# APPENDIX C — SUMMARY OF STATE BUDGET BY FISCAL YEAR

## GENERAL REVENUE FUNDS

**TABLE C1**  
**GENERAL REVENUE FUNDS — STATEWIDE SUMMARY**

<b>FUNCTION</b>	<b>EXPENDED 2006</b>	<b>BUDGETED 2007<sup>1</sup></b>	<b>APPROPRIATED 2008<sup>2, 3</sup></b>	<b>APPROPRIATED 2009<sup>2, 3</sup></b>
Article I – General Government	\$915,179,017	\$957,358,842	\$1,067,947,893	\$938,001,752
Article II – Health and Human Services	8,331,620,375	8,887,045,422	10,920,063,487	9,638,778,171
Article III – Agencies of Education <sup>4</sup>	18,506,602,136	21,358,168,063	22,509,337,825	24,333,480,575
Article IV – The Judiciary	182,342,400	193,062,270	204,243,162	200,962,127
Article V – Public Safety and Criminal Justice <sup>5</sup>	3,549,798,397	3,727,413,148	3,960,610,933	3,950,146,925
Article VI – Natural Resources	240,292,013	258,369,197	334,759,561	351,634,919
Article VII – Business and Economic Development	127,729,428	148,571,682	462,664,719	160,577,451
Article VIII – Regulatory	141,626,233	147,859,949	175,737,050	172,951,861
Article IX – General Provisions	0	0	244,086,842	0
Article X – The Legislature	152,203,708	182,492,721	153,986,116	171,566,781
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$32,147,393,707</b>	<b>\$35,860,341,294</b>	<b>\$40,033,437,588</b>	<b>\$39,918,100,562</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

<sup>5</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE C1—(CONTINUED)  
GENERAL REVENUE FUNDS — GENERAL GOVERNMENT**

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Commission on the Arts	\$2,394,586	\$2,408,807	\$159,750	\$1,154,405
Office of the Attorney General	124,378,632	134,523,483	173,557,445	176,954,754
Bond Review Board	518,299	529,965	596,423	596,424
Cancer Council	0	0	3,291,792	3,288,659
Comptroller of Public Accounts	198,657,339	206,807,001	211,628,540	211,528,541
Fiscal Programs - Comptroller of Public Accounts	225,766,934	214,718,151	236,781,970	238,838,132
Commission on State Emergency Communications	0	0	0	0
Employees Retirement System	6,697,405	6,764,379	14,832,022	15,400,343
Texas Ethics Commission	1,788,466	1,871,730	1,891,504	1,850,303
Facilities Commission	33,250,186	34,011,511	28,134,574	28,104,806
Public Finance Authority	504,215	517,725	542,107	552,203
Fire Fighters' Pension Commissioner	1,186,271	1,232,443	9,326,578	528,689
Office of the Governor	9,119,876	9,090,084	9,904,980	9,104,980
Trusted Programs within the Office of the Governor	142,813,046	168,738,533	170,835,537	50,888,226
Historical Commission	6,533,294	8,476,423	17,598,012	14,644,280
Department of Information Systems	2,174,100	9,999,086	772,057	772,058
Library and Archives Commission	13,393,817	13,651,912	17,286,217	17,381,253
Pension Review Board	434,370	456,504	684,373	658,561
Preservation Board	10,966,622	11,692,992	14,291,694	10,957,171
State Office of Risk Management	3,783,744	3,955,264	3,580,198	3,580,198
Workers' Compensation Payments	0	0	0	0
Secretary of State	26,703,335	16,873,416	25,012,188	10,751,794
Office of State–Federal Relations	794,460	920,013	604,936	604,936
Veterans Commission	3,858,370	3,961,929	4,749,566	4,722,288
<b>SUBTOTAL, GENERAL GOVERNMENT</b>	<b>\$815,717,367</b>	<b>\$851,201,351</b>	<b>\$946,062,463</b>	<b>\$802,863,004</b>
Retirement and Group Insurance	\$58,958,789	\$61,067,107	\$66,137,551	\$67,751,503
Social Security and Benefit Replacement Pay	27,207,142	27,777,594	29,464,327	29,843,995
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$86,165,931</b>	<b>\$88,844,701</b>	<b>\$95,601,878</b>	<b>\$97,595,498</b>
Bond Debt Service Payments	\$3,261,381	\$6,955,321	\$13,830,352	\$25,142,134
Lease Payments	10,034,338	10,357,469	12,453,200	12,401,116
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$13,295,719</b>	<b>\$17,312,790</b>	<b>\$26,283,552</b>	<b>\$37,543,250</b>
<b>TOTAL, ARTICLE I – GENERAL GOVERNMENT</b>	<b>\$915,179,017</b>	<b>\$957,358,842</b>	<b>\$1,067,947,893</b>	<b>\$938,001,752</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — HEALTH AND HUMAN SERVICES**

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Department of Aging and Disability Services	\$1,990,804,592	\$2,050,306,133	\$2,195,379,091	\$2,298,233,010
Department of Assistive and Rehabilitative Services	83,492,366	86,216,914	92,615,410	95,548,159
Department of Family and Protective Services	103,338,685	124,618,099	507,495,384	520,319,964
Department of State Health Services	887,491,698	896,469,155	965,761,102	967,367,478
Health and Human Services Commission	4,923,770,152	5,357,538,829	6,755,016,208	5,334,835,671
<b>SUBTOTAL, HEALTH AND HUMAN SERVICES</b>	<b>\$7,988,897,493</b>	<b>\$8,515,149,130</b>	<b>\$10,516,267,195</b>	<b>\$9,216,304,282</b>
Retirement and Group Insurance	\$236,614,367	\$253,196,321	\$278,956,179	\$290,947,312
Social Security and Benefit Replacement Pay	76,786,640	80,714,109	89,998,118	91,672,893
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$313,401,007</b>	<b>\$333,910,430</b>	<b>\$368,954,297</b>	<b>\$382,620,205</b>
Bond Debt Service Payments	\$21,976,695	\$30,333,968	\$28,060,175	\$33,315,320
Lease Payments	7,345,180	7,651,894	6,781,820	6,538,364
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$29,321,875</b>	<b>\$37,985,862</b>	<b>\$34,841,995</b>	<b>\$39,853,684</b>
<b>TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES</b>	<b>\$8,331,620,375</b>	<b>\$8,887,045,422</b>	<b>\$10,920,063,487</b>	<b>\$9,638,778,171</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — AGENCIES OF EDUCATION**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
<b>PUBLIC EDUCATION</b>				
Texas Education Agency <sup>4</sup>	\$11,597,858,134	\$14,229,340,220	\$14,772,003,551	\$16,707,048,074
School for the Blind and Visually Impaired	12,697,578	12,886,526	13,761,974	13,453,501
School for the Deaf	15,016,404	15,853,501	18,402,354	16,316,296
<b>SUBTOTAL, PUBLIC EDUCATION</b>	<b>\$11,625,572,116</b>	<b>\$14,258,080,247</b>	<b>\$14,804,167,879</b>	<b>\$16,736,817,871</b>
<b>PUBLIC HIGHER EDUCATION</b>				
<b>TWO-YEAR INSTITUTIONS</b>				
<b>Public Community/Junior Colleges</b>	<b>\$813,711,502</b>	<b>\$813,685,416</b>	<b>\$860,412,423</b>	<b>\$858,812,422</b>
Lamar Institute of Technology	\$9,739,335	\$9,093,343	\$8,865,737	\$8,862,913
Lamar State College - Orange	7,402,748	7,007,116	6,828,024	6,822,724
Lamar State College - Port Arthur	10,149,819	11,049,592	8,933,819	9,386,001
<b>SUBTOTAL, LAMAR STATE COLLEGES</b>	<b>\$27,291,902</b>	<b>\$27,150,051</b>	<b>\$24,627,580</b>	<b>\$25,071,638</b>
Texas State Technical College System Administration	\$4,094,605	\$4,890,807	\$3,531,910	\$3,531,909
Texas State Technical College - Harlingen	16,571,840	16,398,081	17,974,590	17,972,376
Texas State Technical College - West Texas	11,116,234	11,140,118	12,046,863	12,040,590
Texas State Technical College - Marshall	4,255,167	4,186,773	4,047,840	4,046,203
Texas State Technical College - Waco	24,279,504	23,590,775	25,503,459	25,327,546
<b>SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES</b>	<b>\$60,317,350</b>	<b>\$60,206,554</b>	<b>\$63,104,662</b>	<b>\$62,918,624</b>
<b>SUBTOTAL, TWO-YEAR INSTITUTIONS</b>	<b>\$901,320,754</b>	<b>\$901,042,021</b>	<b>\$948,144,665</b>	<b>\$946,802,684</b>
<b>GENERAL ACADEMIC INSTITUTIONS</b>				
The University of Texas System Administration	\$2,006,935	\$4,808,136	\$7,321,994	\$7,321,994
The University of Texas at Arlington	84,761,112	84,165,152	91,800,295	91,778,750
The University of Texas at Austin	251,818,695	250,533,853	270,599,384	268,165,109
The University of Texas at Dallas	61,160,309	60,646,564	70,025,671	67,931,941
The University of Texas at El Paso	63,238,648	63,127,047	74,282,853	74,155,110
The University of Texas - Pan American	54,859,293	54,905,292	61,259,191	61,265,464
The University of Texas at Brownsville	20,583,191	20,591,987	25,719,392	25,716,477
The University of Texas of the Permian Basin	14,414,338	14,411,046	28,420,041	28,530,464
The University of Texas at San Antonio	81,373,503	81,321,050	95,475,461	95,483,782
The University of Texas at Tyler	25,122,871	25,226,216	30,840,988	29,322,190
Texas A&M University System Administrative and General Offices	2,601,215	528,535	7,603,355	6,195,358
Texas A&M University	219,126,690	218,196,305	245,757,297	242,459,023
Texas A&M University at Galveston	11,546,081	11,497,707	16,135,736	16,123,176
Prairie View A&M University	53,069,651	54,103,629	56,390,293	51,754,071
Tarleton State University	31,627,853	31,565,022	40,645,351	40,641,796
Texas A&M University - Corpus Christi	43,484,494	43,341,721	48,227,724	47,618,965
Texas A&M University - Kingsville	36,135,887	34,939,995	39,989,739	39,871,362



**TABLE C1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Texas A&M International University	\$33,273,520	\$33,247,488	\$39,455,436	\$39,438,866
West Texas A&M University	28,090,394	28,013,486	30,146,778	30,126,436
Texas A&M University - Commerce	30,411,869	30,428,623	33,313,076	33,309,947
Texas A&M University - Texarkana	9,767,533	10,093,374	16,443,531	16,440,546
University of Houston System Administration	2,341,126	2,344,558	2,602,180	2,605,268
University of Houston	142,842,901	144,479,830	159,275,465	154,134,306
University of Houston - Clear Lake	28,111,951	27,956,490	29,633,030	29,603,007
University of Houston - Downtown	24,473,893	24,922,667	28,668,957	28,642,161
University of Houston - Victoria	12,019,171	12,021,839	16,631,225	15,525,679
Midwestern State University	18,446,033	18,194,568	18,871,689	19,174,314
University of North Texas System Administration	6,429,696	7,429,696	7,553,109	9,662,719
University of North Texas	95,073,355	94,399,285	105,760,564	105,625,491
Stephen F. Austin State University	40,092,509	40,045,553	43,677,367	43,685,586
Texas Southern University	57,554,509	69,383,650	67,158,300	61,349,778
Texas Tech University System Administration	410,546	409,547	415,047	415,047
Texas Tech University	124,178,169	123,687,831	140,130,445	134,862,321
Angelo State University	24,907,345	25,063,697	24,726,357	24,663,498
Texas Woman's University	54,810,838	54,717,597	57,028,725	56,955,250
Board of Regents, Texas State University System Central Office	1,133,248	1,132,325	1,133,248	1,133,248
Lamar University	43,568,103	48,862,647	33,752,251	33,702,149
Sam Houston State University	39,715,849	39,640,377	44,480,170	44,335,355
Texas State University - San Marcos	76,283,445	76,325,846	88,731,855	85,571,099
Sul Ross State University	14,845,715	14,859,880	15,119,113	15,082,542
Sul Ross State University Rio Grande College	5,228,454	5,228,651	5,375,824	5,375,974
<b>SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS</b>	<b>\$1,970,940,938</b>	<b>\$1,986,798,762</b>	<b>\$2,220,578,507</b>	<b>\$2,185,755,619</b>
<b>HEALTH-RELATED INSTITUTIONS</b>				
The University of Texas Southwestern Medical Center at Dallas	\$129,143,680	\$129,173,603	\$157,782,340	\$139,830,547
The University of Texas Medical Branch at Galveston	219,104,957	232,232,099	228,954,955	228,794,181
The University of Texas Health Science Center at Houston	130,720,959	130,764,012	147,107,649	142,092,911
The University of Texas Health Science Center at San Antonio	128,006,488	129,880,671	141,400,083	141,262,446
The University of Texas M.D. Anderson Cancer Center	144,300,277	144,236,237	152,739,888	152,721,131
The University of Texas Health Center at Tyler	32,937,111	32,937,112	34,905,094	34,908,244
Texas A&M University System Health Science Center	63,550,214	61,444,755	99,895,788	85,694,894

**TABLE C1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
University of North Texas Health Science Center at Fort Worth	\$48,443,713	\$48,461,018	\$56,385,726	\$56,388,382
Texas Tech University Health Sciences Center	107,564,173	107,766,887	153,866,176	133,502,277
<b>SUBTOTAL, HEALTH-RELATED INSTITUTIONS</b>	<b>\$1,003,771,572</b>	<b>\$1,016,896,394</b>	<b>\$1,173,037,699</b>	<b>\$1,115,195,013</b>
<b>TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>				
Texas AgriLife Research	\$52,530,776	\$53,094,518	\$58,603,149	\$53,753,149
Texas AgriLife Extension	46,354,825	47,512,654	47,389,878	47,389,878
Texas Engineering Experiment Station	12,100,363	12,489,942	13,749,278	13,749,278
Texas Transportation Institute	0	0	0	0
Texas Engineering Extension Service	5,939,379	5,987,276	6,867,865	6,867,865
Texas Forest Service	15,217,506	60,189,219	15,366,691	15,366,691
Texas Veterinary Medical Diagnostic Laboratory	4,863,971	4,916,472	7,170,616	5,170,615
<b>SUBTOTAL, TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>	<b>\$137,006,820</b>	<b>\$184,190,081</b>	<b>\$149,147,477</b>	<b>\$142,297,476</b>
Higher Education Fund	\$175,000,000	\$175,000,000	\$262,500,000	\$262,500,000
Available University Fund	0	0	0	0
<b>OTHER HIGHER EDUCATION</b>				
Higher Education Coordinating Board	\$379,410,787	\$372,204,770	\$482,985,847	\$550,723,283
<b>SUBTOTAL, OTHER HIGHER EDUCATION</b>	<b>\$379,410,787</b>	<b>\$372,204,770</b>	<b>\$482,985,847</b>	<b>\$550,723,283</b>
<b>SUBTOTAL, HIGHER EDUCATION</b>	<b>\$4,567,450,871</b>	<b>\$4,636,132,028</b>	<b>\$5,236,394,195</b>	<b>\$5,203,274,075</b>
<b>EMPLOYEE BENEFITS</b>				
Teacher Retirement System	\$1,541,069,343	\$1,647,917,501	\$1,615,051,416	\$1,679,207,796
Optional Retirement Program	102,486,245	106,585,695	121,564,539	126,427,120
Higher Education Employees Group Insurance Contributions	455,597,502	486,539,357	502,899,303	348,926,726
Retirement and Group Insurance	18,965,301	20,222,959	21,020,327	21,739,783
Social Security and Benefits Replacement Pay	186,115,295	192,623,890	199,464,220	206,285,235
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$2,304,233,686</b>	<b>\$2,453,889,402</b>	<b>\$2,459,999,805</b>	<b>\$2,382,586,660</b>
<b>DEBT SERVICE</b>				
Bond Debt Service Payments	\$1,197,678	\$1,714,113	\$2,424,425	\$4,497,044
Lease Payments	8,147,785	8,352,273	6,351,521	6,304,925
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$9,345,463</b>	<b>\$10,066,386</b>	<b>\$8,775,946</b>	<b>\$10,801,969</b>
<b>TOTAL, ARTICLE III – AGENCIES OF EDUCATION</b>	<b>\$18,506,602,136</b>	<b>\$21,358,168,063</b>	<b>\$22,509,337,825</b>	<b>\$24,333,480,575</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.<sup>4</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

SOURCE: Legislative Budget Board.

**TABLE C1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — THE JUDICIARY**

ARTICLE IV – THE JUDICIARY	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2,3</sup>	APPROPRIATED 2009 <sup>2,3</sup>
Supreme Court of Texas	\$5,637,553	\$5,719,937	\$6,894,450	\$6,507,950
Court of Criminal Appeals	4,263,989	4,290,063	4,290,063	4,290,063
First Court of Appeals District, Houston	2,952,602	2,953,599	3,291,964	3,291,962
Second Court of Appeals District, Fort Worth	2,307,769	2,324,055	2,491,402	2,491,401
Third Court of Appeals District, Austin	2,048,650	2,064,760	2,187,295	2,187,296
Fourth Court of Appeals District, San Antonio	2,215,671	2,230,805	2,491,401	2,491,401
Fifth Court of Appeals District, Dallas	4,046,865	4,057,115	4,500,383	4,500,382
Sixth Court of Appeals District, Texarkana	1,095,606	1,139,682	1,194,410	1,194,411
Seventh Court of Appeals District, Amarillo	1,448,796	1,459,730	1,489,739	1,489,739
Eighth Court of Appeals District, El Paso	1,129,859	1,143,300	1,197,531	1,197,529
Ninth Court of Appeals District, Beaumont	1,397,130	1,459,212	1,490,020	1,490,020
Tenth Court of Appeals District, Waco	1,033,207	1,215,167	1,162,710	1,162,710
Eleventh Court of Appeals District, Eastland	1,139,191	1,146,016	1,194,549	1,201,313
Twelfth Court of Appeals District, Tyler	1,135,811	1,144,226	1,197,667	1,197,667
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	2,046,787	2,063,587	2,186,932	2,186,931
Fourteenth Court of Appeals District, Houston	2,886,254	3,051,322	3,304,415	3,304,413
Office of Court Administration, Texas Judicial Council	7,276,990	6,813,525	14,207,181	10,278,589
Office of the State Prosecuting Attorney	350,347	360,087	426,402	424,602
State Law Library	778,911	790,038	906,776	906,776
State Commission on Judicial Conduct	813,267	861,267	883,766	883,767
Judiciary Section, Comptroller's Department	74,534,709	83,513,359	84,889,717	85,139,632
<b>SUBTOTAL, THE JUDICIARY</b>	<b>\$120,539,964</b>	<b>\$129,800,852</b>	<b>\$141,878,773</b>	<b>\$137,818,554</b>
Retirement and Group Insurance	\$51,276,431	\$52,414,523	\$51,437,334	\$52,171,083
Social Security and Benefit Replacement Pay	8,027,776	8,351,145	8,437,427	8,526,951
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$59,304,207</b>	<b>\$60,765,668</b>	<b>\$59,874,761</b>	<b>\$60,698,034</b>
Lease Payments	\$2,498,229	\$2,495,750	\$2,489,628	\$2,445,539
<b>SUBTOTAL, DEBT SERVICES</b>	<b>\$2,498,229</b>	<b>\$2,495,750</b>	<b>\$2,489,628</b>	<b>\$2,445,539</b>
<b>TOTAL, ARTICLE IV – THE JUDICIARY</b>	<b>\$182,342,400</b>	<b>\$193,062,270</b>	<b>\$204,243,162</b>	<b>\$200,962,127</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE**

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2,3</sup>	APPROPRIATED 2009 <sup>2,3</sup>
Adjutant General's Department	\$13,400,003	\$14,187,915	\$15,135,641	\$13,705,363
Alcoholic Beverage Commission <sup>4</sup>	37,531,723	37,434,438	39,765,067	39,302,342
Department of Criminal Justice <sup>4</sup>	2,447,545,532	2,550,497,694	2,678,892,464	2,706,854,999
Commission on Fire Protection	2,801,089	3,023,747	2,856,818	2,851,318
Commission on Jail Standards	823,962	839,642	902,848	902,847
Juvenile Probation Commission	93,342,468	94,890,158	121,154,476	125,577,871
Commission on Law Enforcement Officer Standards and Education	0	0	0	0
Texas Military Facilities Commission	0	0	0	0
Department of Public Safety	11,029,399	9,773,361	79,597,835	15,936,179
Youth Commission	216,162,461	246,969,987	235,023,994	215,714,326
<b>SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$2,822,636,637</b>	<b>\$2,957,616,942</b>	<b>\$3,173,329,143</b>	<b>\$3,120,845,245</b>
Retirement and Group Insurance	\$352,234,753	\$371,873,673	\$395,854,331	\$405,027,966
Social Security and Benefit Replacement Pay	117,837,784	122,172,291	122,242,136	124,264,743
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$470,072,537</b>	<b>\$494,045,964</b>	<b>\$518,096,467</b>	<b>\$529,292,709</b>
Bond Debt Service Payments	\$255,072,705	\$273,728,257	\$266,945,581	\$297,806,561
Lease Payments	2,016,518	2,021,985	2,239,742	2,202,410
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$257,089,223</b>	<b>\$275,750,242</b>	<b>\$269,185,323</b>	<b>\$300,008,971</b>
<b>TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$3,549,798,397</b>	<b>\$3,727,413,148</b>	<b>\$3,960,610,933</b>	<b>\$3,950,146,925</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE C1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — NATURAL RESOURCES**

<b>ARTICLE VI – NATURAL RESOURCES</b>	<b>EXPENDED 2006</b>	<b>BUDGETED 2007<sup>1</sup></b>	<b>APPROPRIATED 2008<sup>2, 3</sup></b>	<b>APPROPRIATED 2009<sup>2, 3</sup></b>
Department of Agriculture	\$44,253,255	\$60,649,550	\$63,058,504	\$56,402,700
Animal Health Commission	8,658,407	9,018,173	9,792,202	9,765,182
Commission on Environmental Quality	5,526,417	5,004,119	10,393,363	10,279,070
General Land Office and Veterans' Land Board	922,030	1,028,895	3,056,362	975,462
Parks and Wildlife Department	48,537,237	47,533,295	77,983,637	75,757,532
Railroad Commission	27,277,590	27,253,285	27,661,067	27,123,097
Soil and Water Conservation Board	9,606,033	9,458,814	12,538,015	11,888,015
Water Development Board	20,210,993	17,101,464	30,907,158	24,577,068
Debt Service Payments – Non-Self-supporting General Obligation Water Bonds	17,100,180	19,112,986	31,537,214	61,772,170
<b>SUBTOTAL, NATURAL RESOURCES</b>	<b>\$182,092,142</b>	<b>\$196,160,581</b>	<b>\$266,927,522</b>	<b>\$278,540,296</b>
Retirement and Group Insurance	\$45,840,790	\$48,509,995	\$49,365,436	\$50,430,990
Social Security and Benefit Replacement Pay	7,184,635	7,424,933	7,421,635	7,485,574
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$53,025,425</b>	<b>\$55,934,928</b>	<b>\$56,787,071</b>	<b>\$57,916,564</b>
Bond Debt Service Payments	\$4,174,594	\$5,101,406	\$6,915,844	\$11,115,575
Lease Payments	999,852	1,172,282	4,129,124	4,062,484
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$5,174,446</b>	<b>\$6,273,688</b>	<b>\$11,044,968</b>	<b>\$15,178,059</b>
<b>TOTAL, ARTICLE VI – NATURAL RESOURCES</b>	<b>\$240,292,013</b>	<b>\$258,369,197</b>	<b>\$334,759,561</b>	<b>\$351,634,919</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT**

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Department of Housing and Community Affairs	\$4,567,677	\$4,843,179	\$7,219,287	\$7,262,372
Texas Lottery Commission	13,925,663	14,023,362	15,160,877	15,431,376
Office of Rural Community Affairs	3,322,944	4,532,568	8,601,529	3,606,532
Department of Transportation	7,651,325	1,198,322	304,314,182	4,329,072
Texas Workforce Commission	91,990,631	110,725,369	114,198,727	112,906,179
Reimbursements to the Unemployment Compensation Benefit Account	0	0	0	0
<b>SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$121,458,240</b>	<b>\$135,322,800</b>	<b>\$449,494,602</b>	<b>\$143,535,531</b>
Retirement and Group Insurance	\$3,288,223	\$3,554,444	\$3,701,721	\$3,857,110
Social Security and Benefit Replacement Pay	968,816	1,003,777	1,011,567	1,019,838
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$4,257,039</b>	<b>\$4,558,221</b>	<b>\$4,713,288</b>	<b>\$4,876,948</b>
Bond Debt Service Payments	\$1,533,724	\$8,210,162	\$7,715,631	\$11,352,258
Lease Payments	480,425	480,499	741,198	812,714
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$2,014,149</b>	<b>\$8,690,661</b>	<b>\$8,456,829</b>	<b>\$12,164,972</b>
<b>TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$127,729,428</b>	<b>\$148,571,682</b>	<b>\$462,664,719</b>	<b>\$160,577,451</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.



**TABLE C1—(CONTINUED)  
GENERAL REVENUE FUNDS — REGULATORY**

ARTICLE VIII – REGULATORY	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
State Office of Administrative Hearings	\$2,428,592	\$2,464,891	\$3,258,879	\$3,258,878
Department of Banking	11,935,517	12,512,480	18,030,932	17,798,929
Board of Chiropractic Examiners	355,458	361,652	433,076	423,276
Office of Consumer Credit Commissioner	3,672,460	3,751,599	5,191,352	5,082,851
Credit Union Department	1,758,624	1,764,262	1,892,545	1,964,543
Texas State Board of Dental Examiners	1,414,726	1,501,333	1,783,156	1,749,475
Funeral Service Commission	591,444	602,676	621,692	621,692
Board of Professional Geoscientists	434,277	438,162	443,490	437,729
Health Professions Council	3,009	5,438	0	0
Office of Injured Employee Counsel	0	0	0	0
Department of Insurance	32,791,401	34,312,675	35,977,120	34,986,025
Office of Public Insurance Counsel	988,096	1,010,465	996,726	996,726
Board of Professional Land Surveying	388,141	354,169	426,754	395,025
Department of Licensing and Regulation	14,174,520	14,720,963	21,576,546	20,374,366
Texas Medical Board	5,812,860	5,255,302	6,735,340	6,611,828
Texas Board of Nursing	5,956,114	5,996,115	6,172,068	6,172,068
Optometry Board	358,282	369,508	391,940	391,940
Structural Pest Control Board	1,287,531	1,317,672	0	0
Board of Pharmacy	3,681,524	3,667,527	4,150,481	4,063,076
Executive Council of Physical Therapy and Occupational Therapy Examiners	898,204	924,620	1,008,349	980,768
Board of Plumbing Examiners	1,752,740	1,726,955	1,862,556	1,793,306
Board of Podiatric Medical Examiners	211,966	218,231	227,712	228,465
Board of Examiners of Psychologists	648,021	661,205	720,362	707,961
Racing Commission	0	0	0	0
Real Estate Commission	4,685,633	4,688,263	6,038,861	6,044,807
Residential Construction Commission	3,461,749	3,510,936	10,515,843	10,144,844
Department of Savings and Mortgage Lending	3,865,433	4,170,176	6,599,269	6,771,866
Securities Board	5,512,497	5,867,966	5,712,676	5,712,676
Board of Tax Professional Examiners	171,756	175,800	190,028	190,028
Public Utility Commission of Texas	9,095,843	11,006,300	10,430,286	10,430,286
Office of Public Utility Counsel	1,655,625	1,780,337	1,717,981	1,717,981
Board of Veterinary Medical Examiners	624,007	629,588	860,529	814,567
<b>SUBTOTAL, REGULATORY</b>	<b>\$120,616,050</b>	<b>\$125,767,266</b>	<b>\$153,966,549</b>	<b>\$150,865,982</b>
Retirement and Group Insurance	\$13,116,258	\$13,866,520	\$14,136,198	\$14,415,502
Social Security and Benefit Replacement Pay	5,417,962	5,628,055	5,681,029	5,736,370
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$18,534,220</b>	<b>\$19,494,575</b>	<b>\$19,817,227</b>	<b>\$20,151,872</b>
Lease Payments	\$2,475,963	\$2,598,108	\$1,953,274	\$1,934,007
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$2,475,963</b>	<b>\$2,598,108</b>	<b>\$1,953,274</b>	<b>\$1,934,007</b>
<b>TOTAL, ARTICLE VIII – REGULATORY</b>	<b>\$141,626,233</b>	<b>\$147,859,949</b>	<b>\$175,737,050</b>	<b>\$172,951,861</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — GENERAL PROVISIONS**

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008	APPROPRIATED 2009
State Employee Pay Raise	\$0	\$0	\$242,742,663	\$0
Schedule C Employee Pay Raise	0	0	1,344,179	0
<b>TOTAL, ARTICLE IX – GENERAL PROVISIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$244,086,842</b>	<b>\$0</b>

SOURCE: Legislative Budget Board.

**TABLE C1—(CONTINUED)**  
**GENERAL REVENUE FUNDS — THE LEGISLATURE**

ARTICLE X – THE LEGISLATURE	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1</sup>	APPROPRIATED 2009 <sup>1</sup>
Senate	\$28,391,880	\$33,810,346	\$27,364,936	\$32,202,180
House of Representatives	30,644,481	40,710,040	29,690,111	38,756,889
Legislative Budget Board	10,088,189	14,285,775	11,715,525	11,715,525
Sunset Commission	1,752,856	1,808,840	1,712,706	1,712,706
Legislative Council	33,138,974	36,743,864	31,908,517	34,856,198
Commission on Uniform State Laws	130,160	169,467	170,160	209,467
State Auditor's Office	10,580,962	16,954,950	13,256,071	13,256,071
Legislative Reference Library	1,445,228	1,565,480	1,402,638	1,487,206
<b>SUBTOTAL, THE LEGISLATURE</b>	<b>\$116,172,730</b>	<b>\$146,048,762</b>	<b>\$117,220,664</b>	<b>\$134,196,242</b>
Retirement and Group Insurance	\$19,658,293	\$20,856,752	\$21,335,015	\$21,833,048
Social Security and Benefit Replacement Pay	7,366,523	7,663,490	7,742,815	7,825,111
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$27,024,816</b>	<b>\$28,520,242</b>	<b>\$29,077,830</b>	<b>\$29,658,159</b>
Lease Payments	\$9,006,162	\$7,923,717	\$7,687,622	\$7,712,380
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$9,006,162</b>	<b>\$7,923,717</b>	<b>\$7,687,622</b>	<b>\$7,712,380</b>
<b>TOTAL, ARTICLE X – THE LEGISLATURE</b>	<b>\$152,203,708</b>	<b>\$182,492,721</b>	<b>\$153,986,116</b>	<b>\$171,566,781</b>

<sup>1</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

## APPENDIX C — SUMMARY OF STATE BUDGET BY FISCAL YEAR

### GENERAL REVENUE—DEDICATED FUNDS

**TABLE C2**  
**GENERAL REVENUE—DEDICATED FUNDS — STATEWIDE SUMMARY**

<b>FUNCTION</b>	<b>EXPENDED 2006</b>	<b>BUDGETED 2007<sup>1</sup></b>	<b>APPROPRIATED 2008<sup>2, 3</sup></b>	<b>APPROPRIATED 2009<sup>2, 3</sup></b>
Article I — General Government	\$240,880,607	\$296,640,294	\$567,189,031	\$252,938,458
Article II — Health and Human Services	447,076,093	404,128,845	435,377,701	437,731,361
Article III — Agencies of Education	1,173,230,696	1,203,717,780	1,186,773,129	1,091,751,612
Article IV — The Judiciary	18,023,373	13,753,800	16,648,775	19,150,157
Article V — Public Safety and Criminal Justice	21,854,196	22,110,114	10,881,099	15,375,736
Article VI — Natural Resources <sup>4</sup>	492,152,995	791,920,446	745,144,606	694,195,697
Article VII — Business and Economic Development	220,122,077	210,611,397	212,344,705	213,365,014
Article VIII — Regulatory	105,984,658	145,567,242	192,593,095	201,572,499
Article IX — General Provisions	0	0	15,329,089	0
Article X — The Legislature	0	0	0	0
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$2,719,324,695</b>	<b>\$3,088,449,918</b>	<b>\$3,382,281,230</b>	<b>\$2,926,080,534</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE C2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — GENERAL GOVERNMENT**

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Commission on the Arts	\$545,903	\$493,745	\$2,932,397	\$1,627,600
Office of the Attorney General	99,768,170	106,605,768	93,192,101	102,116,915
Bond Review Board	0	0	0	0
Cancer Council	3,200,451	3,425,626	45,000	12,000
Comptroller of Public Accounts	0	0	0	0
Fiscal Programs - Comptroller of Public Accounts	27,092,564	30,030,586	40,862,339	17,699,498
Commission on State Emergency Communications	60,733,249	60,641,568	87,722,008	63,904,904
Employees Retirement System	0	0	1,800,000	1,900,000
Texas Ethics Commission	0	0	0	0
Facilities Commission	2,186,216	2,190,336	1,992,756	1,991,562
Public Finance Authority	0	0	0	0
Fire Fighters' Pension Commissioner	0	0	0	0
Office of the Governor	0	0	0	0
Trusted Programs within the Office of the Governor	41,388,096	75,631,440	312,185,774	36,933,774
Historical Commission	450,775	450,775	525,000	525,000
Department of Information Systems	0	0	0	0
Library and Archives Commission	2,899,821	2,892,678	13,000	6,000
Pension Review Board	0	0	0	0
Preservation Board	0	0	0	0
State Office of Risk Management	0	0	0	0
Workers' Compensation Payments	0	0	0	0
Secretary of State	0	6,773,712	2,209,000	2,177,000
Office of State–Federal Relations	0	0	0	0
Veterans Commission	7,500	7,500	7,500	7,500
<b>SUBTOTAL, GENERAL GOVERNMENT</b>	<b>\$238,272,745</b>	<b>\$289,143,734</b>	<b>\$543,486,875</b>	<b>\$228,901,753</b>
Retirement and Group Insurance	\$1,795,356	\$1,893,074	\$1,312,128	\$1,334,959
Social Security and Benefit Replacement Pay	812,506	843,212	556,965	561,778
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$2,607,862</b>	<b>\$2,736,286</b>	<b>\$1,869,093</b>	<b>\$1,896,737</b>
Bond Debt Service Payments	\$0	\$4,760,274	\$21,833,063	\$22,139,968
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$4,760,274</b>	<b>\$21,833,063</b>	<b>\$22,139,968</b>
<b>TOTAL, ARTICLE I – GENERAL GOVERNMENT</b>	<b>\$240,880,607</b>	<b>\$296,640,294</b>	<b>\$567,189,031</b>	<b>\$252,938,458</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — HEALTH AND HUMAN SERVICES**

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Department of Aging and Disability Services	\$45,713,990	\$47,118,778	\$57,084,885	\$55,448,312
Department of Assistive and Rehabilitative Services	12,568,295	12,614,575	13,359,760	13,359,759
Department of Family and Protective Services	3,012,139	3,012,139	6,989,793	6,989,791
Department of State Health Services	335,557,829	330,699,813	350,013,616	353,859,370
Health and Human Services Commission	42,779,351	2,779,351	0	0
<b>SUBTOTAL, HEALTH AND HUMAN SERVICES</b>	<b>\$439,631,604</b>	<b>\$396,224,656</b>	<b>\$427,448,054</b>	<b>\$429,657,232</b>
Retirement and Group Insurance	\$4,454,017	\$4,788,326	\$4,796,486	\$4,915,259
Social Security and Benefit Replacement Pay	2,990,472	3,115,863	3,133,161	3,158,870
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$7,444,489</b>	<b>\$7,904,189</b>	<b>\$7,929,647</b>	<b>\$8,074,129</b>
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES</b>	<b>\$447,076,093</b>	<b>\$404,128,845</b>	<b>\$435,377,701</b>	<b>\$437,731,361</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — AGENCIES OF EDUCATION**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
<b>PUBLIC EDUCATION</b>				
Texas Education Agency	\$115,085,576	\$115,086,700	\$96,590,140	\$86,140
School for the Blind and Visually Impaired	0	0	0	0
School for the Deaf	0	0	0	0
<b>SUBTOTAL, PUBLIC EDUCATION</b>	<b>\$115,085,576</b>	<b>\$115,086,700</b>	<b>\$96,590,140</b>	<b>\$86,140</b>
<b>PUBLIC HIGHER EDUCATION</b>				
<b>TWO-YEAR INSTITUTIONS</b>				
<b>Public Community/Junior Colleges</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Lamar Institute of Technology	\$2,149,347	\$2,149,347	\$2,222,674	\$2,222,674
Lamar State College - Orange	2,178,445	1,868,900	2,205,669	2,220,372
Lamar State College - Port Arthur	1,321,079	1,601,079	1,308,102	1,308,102
<b>SUBTOTAL, LAMAR STATE COLLEGES</b>	<b>\$5,648,871</b>	<b>\$5,619,326</b>	<b>\$5,736,445</b>	<b>\$5,751,148</b>
Texas State Technical College System Administration	\$402,749	\$629,371	\$337,557	\$337,557
Texas State Technical College - Harlingen	5,802,945	6,213,269	6,348,130	6,381,155
Texas State Technical College - West Texas	2,619,680	2,868,854	2,876,548	2,932,166
Texas State Technical College - Marshall	837,434	1,000,162	872,639	877,381
Texas State Technical College - Waco	7,132,951	7,750,115	7,385,171	7,421,062
<b>SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES</b>	<b>\$16,795,759</b>	<b>\$18,461,771</b>	<b>\$17,820,045</b>	<b>\$17,949,321</b>
<b>SUBTOTAL, TWO-YEAR INSTITUTIONS</b>	<b>\$22,444,630</b>	<b>\$24,081,097</b>	<b>\$23,556,490</b>	<b>\$23,700,469</b>
<b>GENERAL ACADEMIC INSTITUTIONS</b>				
The University of Texas System Administration	\$0	\$0	\$0	\$0
The University of Texas at Arlington	46,826,271	44,950,000	44,459,816	44,526,505
The University of Texas at Austin	102,343,356	101,195,467	104,109,638	104,466,359
The University of Texas at Dallas	27,203,767	29,439,308	29,940,946	30,079,213
The University of Texas at El Paso	22,613,475	24,541,334	25,356,988	25,536,554
The University of Texas - Pan American	20,541,457	21,770,685	21,390,443	21,401,656
The University of Texas at Brownsville	3,907,717	3,986,917	3,898,847	3,904,005
The University of Texas of the Permian Basin	4,233,055	4,419,503	4,286,653	4,292,213
The University of Texas at San Antonio	36,524,198	33,493,497	38,637,239	38,692,605
The University of Texas at Tyler	6,354,685	6,524,577	6,602,412	6,607,764
Texas A&M University System Administrative and General Offices	3,640,119	4,100,000	4,100,000	4,100,000
Texas A&M University	83,497,129	87,222,076	81,637,542	82,067,860
Texas A&M University at Galveston	3,445,993	3,268,637	3,090,199	3,103,249
Prairie View A&M University	12,367,246	15,696,829	14,513,274	14,543,177
Tarleton State University	12,419,466	12,829,149	12,127,057	12,142,211
Texas A&M University - Corpus Christi	11,529,250	11,599,676	11,794,965	11,814,870
Texas A&M University - Kingsville	12,065,316	11,878,864	9,947,657	9,993,430



**TABLE C2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Texas A&M International University	\$4,986,315	\$5,138,402	\$5,947,033	\$5,970,921
West Texas A&M University	9,755,306	9,583,067	9,772,665	9,798,837
Texas A&M University - Commerce	12,258,585	11,749,907	11,646,893	11,668,171
Texas A&M University - Texarkana	2,058,317	2,123,151	2,146,896	2,153,096
University of Houston System Administration	0	0	0	0
University of Houston	57,833,534	59,133,348	59,132,619	59,339,792
University of Houston - Clear Lake	11,155,498	11,430,874	10,930,961	10,967,235
University of Houston - Downtown	11,234,568	13,182,695	13,160,664	13,198,577
University of Houston - Victoria	3,273,169	4,068,825	3,107,993	3,110,520
Midwestern State University	7,728,953	7,953,951	7,815,421	7,867,486
University of North Texas System Administration	0	0	0	0
University of North Texas	49,466,685	48,669,719	50,759,164	50,980,468
Stephen F. Austin State University	16,270,130	16,282,656	16,666,607	16,679,801
Texas Southern University	24,034,452	21,125,906	23,035,368	23,131,038
Texas Tech University System Administration	0	0	0	0
Texas Tech University	46,684,078	46,233,193	47,167,091	47,299,041
Angelo State University	8,339,475	8,471,743	8,270,660	8,287,766
Texas Woman's University	18,138,092	18,101,283	18,577,311	18,619,240
Board of Regents, Texas State University System Central Office	0	0	146,000	5,000
Lamar University	14,335,000	13,630,486	13,101,324	13,162,195
Sam Houston State University	33,124,283	30,208,087	35,914,196	31,727,073
Texas State University - San Marcos	38,196,117	37,606,104	38,674,100	38,716,034
Sul Ross State University	2,779,238	2,797,253	2,548,992	2,554,873
Sul Ross State University Rio Grande College	1,273,209	1,208,556	972,175	972,628
<b>SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS</b>	<b>\$782,437,504</b>	<b>\$785,615,725</b>	<b>\$795,387,809</b>	<b>\$793,481,463</b>
<b>HEALTH-RELATED INSTITUTIONS</b>				
The University of Texas Southwestern Medical Center at Dallas	\$26,499,833	\$27,080,311	\$9,687,422	\$9,761,367
The University of Texas Medical Branch at Galveston	14,071,851	13,215,291	13,626,770	14,926,770
The University of Texas Health Science Center at Houston	13,632,667	18,309,054	13,134,731	13,137,952
The University of Texas Health Science Center at San Antonio	8,191,907	8,399,714	8,416,073	8,559,166
The University of Texas M.D. Anderson Cancer Center	18,275,816	14,298,350	16,914,573	17,168,727
The University of Texas Health Center at Tyler	155,895	326,346	272,762	272,223

**TABLE C2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Texas A&M University System Health Science Center	\$5,033,754	\$10,148,201	\$6,164,627	6,625,858
University of North Texas Health Science Center at Fort Worth	4,756,830	4,638,874	4,444,842	\$4,444,842
Texas Tech University Health Sciences Center	7,079,737	7,057,140	9,178,485	9,161,376
<b>SUBTOTAL, HEALTH-RELATED INSTITUTIONS</b>	<b>\$97,698,290</b>	<b>\$103,473,281</b>	<b>\$81,840,285</b>	<b>\$84,058,281</b>
<b>TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>				
Texas AgriLife Research	\$500,000	\$500,000	\$500,000	\$500,000
Texas AgriLife Extension	0	0	0	0
Texas Engineering Experiment Station	952,019	952,019	952,019	952,019
Texas Transportation Institute	\$0	\$0	\$0	\$0
Texas Engineering Extension Service	0	0	0	0
Texas Forest Service	15,750,000	15,750,000	15,756,000	15,752,000
Texas Veterinary Medical Diagnostic Laboratory	0	0	0	0
<b>SUBTOTAL, TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>	<b>\$17,202,019</b>	<b>\$17,202,019</b>	<b>\$17,208,019</b>	<b>\$17,204,019</b>
Higher Education Fund	\$0	\$0	\$0	\$0
Available University Fund	0	0	0	0
<b>OTHER HIGHER EDUCATION</b>				
Higher Education Coordinating Board	\$11,577,107	\$25,919,333	\$24,786,113	\$19,312,112
<b>SUBTOTAL, OTHER HIGHER EDUCATION</b>	<b>\$11,577,107</b>	<b>\$25,919,333</b>	<b>\$24,786,113</b>	<b>\$19,312,112</b>
<b>SUBTOTAL, HIGHER EDUCATION</b>	<b>\$931,359,550</b>	<b>\$956,291,455</b>	<b>\$942,778,716</b>	<b>\$937,756,344</b>
<b>EMPLOYEE BENEFITS</b>				
Teacher Retirement System	\$67,109,127	\$70,464,583	\$81,139,968	\$85,196,966
Optional Retirement Program	21,817,774	22,690,484	25,879,254	26,914,424
Higher Education Employees Group Insurance Contributions	0	0	0	0
Retirement and Group Insurance	4,122	4,544	4,819	5,111
Social Security and Benefits Replacement Pay	37,854,547	39,180,014	40,380,232	41,792,627
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$126,785,570</b>	<b>\$132,339,625</b>	<b>\$147,404,273</b>	<b>\$153,909,128</b>
<b>DEBT SERVICE</b>				
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE III – AGENCIES OF EDUCATION</b>	<b>\$1,173,230,696</b>	<b>\$1,203,717,780</b>	<b>\$1,186,773,129</b>	<b>\$1,091,751,612</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — THE JUDICIARY**

ARTICLE IV – THE JUDICIARY	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1</sup>	APPROPRIATED 2009 <sup>1</sup>
Supreme Court of Texas	\$0	\$0	\$750,000	\$1,250,000
Court of Criminal Appeals	0	0	0	0
First Court of Appeals District, Houston	0	0	0	0
Second Court of Appeals District, Fort Worth	0	0	0	0
Third Court of Appeals District, Austin	0	0	0	0
Fourth Court of Appeals District, San Antonio	0	0	0	0
Fifth Court of Appeals District, Dallas	0	0	0	0
Sixth Court of Appeals District, Texarkana	0	0	0	0
Seventh Court of Appeals District, Amarillo	0	0	0	0
Eighth Court of Appeals District, El Paso	0	0	0	0
Ninth Court of Appeals District, Beaumont	0	0	0	0
Tenth Court of Appeals District, Waco	0	0	0	0
Eleventh Court of Appeals District, Eastland	0	0	0	0
Twelfth Court of Appeals District, Tyler	0	0	0	0
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	0	0	0	0
Fourteenth Court of Appeals District, Houston	0	0	0	0
Office of Court Administration, Texas Judicial Council <sup>2</sup>	17,929,270	13,655,143	15,798,768	15,798,768
Office of the State Prosecuting Attorney	0	0	0	0
State Law Library	0	0	0	0
State Commission on Judicial Conduct	0	0	0	0
Judiciary Section, Comptroller's Department	0	0	0	2,000,000
<b>SUBTOTAL, THE JUDICIARY</b>	<b>\$17,929,270</b>	<b>\$13,655,143</b>	<b>\$16,548,768</b>	<b>\$19,048,768</b>
Retirement and Group Insurance	\$59,730	\$62,811	\$63,734	\$64,677
Social Security and Benefit Replacement Pay	34,373	35,846	36,273	36,712
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$94,103</b>	<b>\$98,657</b>	<b>\$100,007</b>	<b>\$101,389</b>
Lease Payments	\$0	\$0	\$0	\$0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE IV – THE JUDICIARY</b>	<b>\$18,023,373</b>	<b>\$13,753,800</b>	<b>\$16,648,775</b>	<b>\$19,150,157</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE**

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Adjutant General's Department	\$0	\$0	\$0	\$0
Alcoholic Beverage Commission	0	0	0	0
Department of Criminal Justice	13,644,367	13,679,642	3,520,967	5,770,967
Commission on Fire Protection	0	0	0	0
Commission on Jail Standards	0	0	0	0
Juvenile Probation Commission	0	0	0	0
Commission on Law Enforcement Officer Standards and Education	2,567,848	2,573,880	2,671,244	2,692,256
Texas Military Facilities Commission	0	0	0	0
Department of Public Safety	1,738,355	1,790,547	926,292	1,089,689
Youth Commission	0	0	0	2,000,000
<b>SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$17,950,570</b>	<b>\$18,044,069</b>	<b>\$7,118,503</b>	<b>\$11,552,912</b>
Retirement and Group Insurance	\$3,010,526	\$3,137,488	\$2,955,647	\$3,007,328
Social Security and Benefit Replacement Pay	893,100	928,557	806,949	815,496
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$3,903,626</b>	<b>\$4,066,045</b>	<b>\$3,762,596</b>	<b>\$3,822,824</b>
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$21,854,196</b>	<b>\$22,110,114</b>	<b>\$10,881,099</b>	<b>\$15,375,736</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — NATURAL RESOURCES**

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Department of Agriculture	\$788,928	\$3,550,565	\$1,182,746	\$182,747
Animal Health Commission	0	0	0	0
Commission on Environmental Quality	296,074,444	566,940,638	493,702,649	456,249,144
General Land Office and Veterans' Land Board	18,681,958	20,875,261	11,301,800	11,418,432
Parks and Wildlife Department <sup>4</sup>	111,951,227	133,279,541	172,481,001	158,932,854
Railroad Commission	24,325,933	24,979,874	25,583,145	25,642,366
Soil and Water Conservation Board	0	0	0	0
Water Development Board	0	0	0	0
Debt Service Payments – Non-Self-supporting General Obligation Water Bonds	0	0	0	0
<b>SUBTOTAL, NATURAL RESOURCES</b>	<b>\$451,822,490</b>	<b>\$749,625,879</b>	<b>\$704,251,341</b>	<b>\$652,425,543</b>
Retirement and Group Insurance	\$20,318,107	\$21,636,202	\$22,700,788	\$23,393,129
Social Security and Benefit Replacement Pay	17,123,528	17,769,495	18,192,477	18,377,025
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$37,441,635</b>	<b>\$39,405,697</b>	<b>\$40,893,265</b>	<b>\$41,770,154</b>
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	2,888,870	2,888,870	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$2,888,870</b>	<b>\$2,888,870</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE VI – NATURAL RESOURCES</b>	<b>\$492,152,995</b>	<b>\$791,920,446</b>	<b>\$745,144,606</b>	<b>\$694,195,697</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE C2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT**

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2,3</sup>	APPROPRIATED 2009 <sup>2,3</sup>
Department of Housing and Community Affairs	\$0	\$0	\$0	\$0
Texas Lottery Commission	192,450,432	193,328,791	194,659,173	195,503,860
Office of Rural Community Affairs	2,683,921	2,096,960	1,989,204	1,989,204
Department of Transportation	525,597	534,861	620,561	613,743
Texas Workforce Commission	15,407,196	5,434,808	5,762,356	5,762,354
Reimbursements to the Unemployment Compensation Benefit Account	4,842,283	4,842,283	4,809,517	4,914,190
<b>SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$215,909,429</b>	<b>\$206,237,703</b>	<b>\$207,840,811</b>	<b>\$208,783,351</b>
Retirement and Group Insurance	\$2,761,438	\$2,884,223	\$2,987,142	\$3,051,952
Social Security and Benefit Replacement Pay	1,451,210	1,489,471	1,516,752	1,529,711
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$9,054,931</b>	<b>\$9,215,977</b>	<b>\$9,313,411</b>	<b>\$9,495,853</b>
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$220,122,077</b>	<b>\$210,611,397</b>	<b>\$212,344,705</b>	<b>\$213,365,014</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.



**TABLE C2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — REGULATORY**

ARTICLE VIII – REGULATORY	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
State Office of Administrative Hearings	\$0	\$0	\$0	\$0
Department of Banking	0	0	0	0
Board of Chiropractic Examiners	0	0	0	0
Office of Consumer Credit Commissioner	0	0	0	0
Credit Union Department	0	0	0	0
Texas State Board of Dental Examiners	0	0	0	0
Funeral Service Commission	0	0	0	0
Board of Professional Geoscientists	0	0	0	0
Health Professions Council	0	0	0	0
Office of Injured Employee Counsel	3,911,276	4,990,812	7,161,013	7,174,693
Department of Insurance	59,107,505	64,657,166	60,601,165	59,155,440
Office of Public Insurance Counsel	0	0	0	0
Board of Professional Land Surveying	0	0	0	0
Department of Licensing and Regulation	0	0	25,000	25,000
Texas Medical Board	2,783,106	2,292,736	2,548,920	2,555,832
Texas Board of Nursing	0	0	0	0
Optometry Board	0	0	0	0
Structural Pest Control Board	0	0	0	0
Board of Pharmacy	0	0	0	0
Executive Council of Physical Therapy and Occupational Therapy Examiners	0	0	0	0
Board of Plumbing Examiners	0	0	0	0
Board of Podiatric Medical Examiners	0	0	0	0
Board of Examiners of Psychologists	0	0	0	0
Racing Commission	9,925,908	10,050,716	10,777,323	10,778,322
Real Estate Commission	120,000	120,000	120,000	120,000
Residential Construction Commission	0	0	0	0
Department of Savings and Mortgage Lending	0	0	0	0
Securities Board	0	0	0	0
Board of Tax Professional Examiners	0	0	0	0
Public Utility Commission of Texas	2,731,842	34,624,092	82,895,592	92,895,592
Office of Public Utility Counsel	0	0	0	0
Board of Veterinary Medical Examiners	0	0	0	0
<b>SUBTOTAL, REGULATORY</b>	<b>\$78,579,637</b>	<b>\$116,735,522</b>	<b>\$164,129,013</b>	<b>\$172,704,879</b>
Retirement and Group Insurance	\$17,165,108	\$18,129,219	\$18,361,017	\$18,762,165
Social Security and Benefit Replacement Pay	6,937,368	7,158,872	7,151,572	7,205,096
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$24,102,476</b>	<b>\$25,288,091</b>	<b>\$25,512,589</b>	<b>\$25,967,261</b>
Lease Payments	\$3,302,545	\$3,543,629	\$2,951,493	\$2,900,359
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$3,302,545</b>	<b>\$3,543,629</b>	<b>\$2,951,493</b>	<b>\$2,900,359</b>
<b>TOTAL, ARTICLE VIII – REGULATORY</b>	<b>\$105,984,658</b>	<b>\$145,567,242</b>	<b>\$192,593,095</b>	<b>\$201,572,499</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — GENERAL PROVISIONS**

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008–09	APPROPRIATED 2009
State Employee Pay Raise	\$0	\$0	\$13,894,526	\$0
Schedule C Employee Pay Raise	0	0	1,434,563	0
<b>TOTAL, ARTICLE IX – GENERAL PROVISIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,329,089</b>	<b>\$0</b>

SOURCE: Legislative Budget Board.

**TABLE C2—(CONTINUED)**  
**GENERAL REVENUE—DEDICATED FUNDS — THE LEGISLATURE**

ARTICLE X – THE LEGISLATURE	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008	APPROPRIATED 2009
Senate	\$0	\$0	\$0	\$0
House of Representatives	0	0	0	0
Legislative Budget Board	0	0	0	0
Sunset Commission	0	0	0	0
Legislative Council	0	0	0	0
Commission on Uniform State Laws	0	0	0	0
State Auditor's Office	0	0	0	0
Legislative Reference Library	0	0	0	0
<b>SUBTOTAL, THE LEGISLATURE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Retirement and Group Insurance	\$0	\$0	\$0	\$0
Social Security and Benefit Replacement Pay	0	0	0	0
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Lease Payments	\$0	\$0	\$0	\$0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE X – THE LEGISLATURE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

SOURCE: Legislative Budget Board.

## APPENDIX C — SUMMARY OF STATE BUDGET BY FISCAL YEAR

### FEDERAL FUNDS

**TABLE C3**  
**FEDERAL FUNDS — STATEWIDE SUMMARY**

FUNCTION	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Article I – General Government	\$482,989,612	\$398,506,277	\$389,646,103	\$309,499,201
Article II – Health and Human Services	14,062,444,725	15,135,120,543	16,293,835,975	14,768,501,438
Article III – Agencies of Education	4,497,090,591	4,153,930,378	4,357,230,037	4,474,402,659
Article IV – The Judiciary	2,987,800	2,416,500	1,445,977	1,440,370
Article V – Public Safety and Criminal Justice <sup>4</sup>	1,065,836,880	261,514,579	301,576,078	277,109,693
Article VI – Natural Resources <sup>4</sup>	174,630,007	153,386,963	425,416,290	425,371,476
Article VII – Business and Economic Development	4,421,102,795	4,377,349,621	4,484,123,532	4,374,532,496
Article VIII – Regulatory	3,038,686	2,404,623	2,254,623	2,254,623
Article IX – General Provisions	0	0	74,368,019	0
Article X – The Legislature	0	0	0	0
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$24,710,121,096</b>	<b>\$24,484,629,484</b>	<b>\$26,329,896,634</b>	<b>\$24,633,111,956</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE C3—(CONTINUED)**  
**FEDERAL FUNDS — GENERAL GOVERNMENT**

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Commission on the Arts	\$796,700	\$863,500	\$863,500	\$863,500
Office of the Attorney General	216,249,048	225,378,383	202,401,603	195,373,083
Bond Review Board	0	0	0	0
Cancer Council	0	0	0	0
Comptroller of Public Accounts	2,085	0	0	0
Fiscal Programs - Comptroller of Public Accounts	927,936	829,808	1,209,374	1,209,374
Commission on State Emergency Communications	0	0	0	0
Employees Retirement System	0	0	0	0
Texas Ethics Commission	0	0	0	0
Facilities Commission	18,577,890	0	0	0
Public Finance Authority	0	0	0	0
Fire Fighters' Pension Commissioner	0	0	0	0
Office of the Governor	0	0	0	0
Trusted Programs within the Office of the Governor	89,833,067	81,849,090	71,919,863	65,128,858
Historical Commission	946,024	937,351	937,351	863,851
Department of Information Systems	956,732	50,000	0	0
Library and Archives Commission	10,564,448	10,647,723	11,223,301	11,419,301
Pension Review Board	0	0	0	0
Preservation Board	0	0	0	0
State Office of Risk Management	0	0	0	0
Workers' Compensation Payments	0	0	0	0
Secretary of State	109,566,181	39,889,171	67,826,709	1,414,291
Office of State–Federal Relations	0	0	0	0
Veterans Commission	10,522,099	11,239,833	10,877,638	10,877,638
<b>SUBTOTAL, GENERAL GOVERNMENT</b>	<b>\$458,942,210</b>	<b>\$371,684,859</b>	<b>\$367,259,339</b>	<b>\$287,149,896</b>
Retirement and Group Insurance	\$17,724,337	\$19,884,627	\$16,685,461	\$16,728,224
Social Security and Benefit Replacement Pay	6,323,065	6,936,791	5,701,303	5,621,081
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$24,047,402</b>	<b>\$26,821,418</b>	<b>\$22,386,764</b>	<b>\$22,349,305</b>
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE I – GENERAL GOVERNMENT</b>	<b>\$482,989,612</b>	<b>\$398,506,277</b>	<b>\$389,646,103</b>	<b>\$309,499,201</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C3—(CONTINUED)**  
**FEDERAL FUNDS — HEALTH AND HUMAN SERVICES**

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Department of Aging and Disability Services	\$3,116,468,659	\$3,232,595,249	\$3,389,345,174	\$3,528,242,131
Department of Assistive and Rehabilitative Services	388,294,394	421,292,545	441,775,762	467,176,409
Department of Family and Protective Services	666,629,397	662,348,806	741,139,742	764,205,120
Department of State Health Services	1,195,221,497	1,170,904,545	1,184,163,831	1,187,999,853
Health and Human Services Commission	8,483,899,678	9,410,068,983	10,280,309,588	8,552,548,948
<b>SUBTOTAL, HEALTH AND HUMAN SERVICES</b>	<b>\$13,850,513,625</b>	<b>\$14,897,210,128</b>	<b>\$16,036,734,097</b>	<b>\$14,500,172,461</b>
Retirement and Group Insurance	\$154,690,128	\$174,871,588	\$189,315,991	\$199,438,286
Social Security and Benefit Replacement Pay	54,877,988	60,677,673	65,422,903	66,529,537
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$209,568,116</b>	<b>\$235,549,261</b>	<b>\$254,738,894</b>	<b>\$265,967,823</b>
Bond Debt Service Payments	\$2,362,984	\$2,361,154	\$2,362,984	\$2,361,154
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$2,362,984</b>	<b>\$2,361,154</b>	<b>\$2,362,984</b>	<b>\$2,361,154</b>
<b>TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES</b>	<b>\$14,062,444,725</b>	<b>\$15,135,120,543</b>	<b>\$16,293,835,975</b>	<b>\$14,768,501,438</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C3—(CONTINUED)**  
**FEDERAL FUNDS — AGENCIES OF EDUCATION**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
<b>PUBLIC EDUCATION</b>				
Texas Education Agency	\$4,322,692,243	\$3,979,037,873	\$4,180,465,987	\$4,297,051,220
School for the Blind and Visually Impaired	2,204,055	2,204,055	2,380,908	2,380,908
School for the Deaf	1,108,468	1,050,122	1,023,572	917,372
<b>SUBTOTAL, PUBLIC EDUCATION</b>	<b>\$4,326,004,766</b>	<b>\$3,982,292,050</b>	<b>\$4,183,870,467</b>	<b>\$4,300,349,500</b>
<b>PUBLIC HIGHER EDUCATION</b>				
<b>TWO-YEAR INSTITUTIONS</b>				
<b>Public Community/Junior Colleges</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Lamar Institute of Technology	\$0	\$0	\$0	\$0
Lamar State College - Orange	0	0	0	0
Lamar State College - Port Arthur	0	0	0	0
<b>SUBTOTAL, LAMAR STATE COLLEGES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Texas State Technical College System Administration	\$0	\$0	\$0	\$0
Texas State Technical College - Harlingen	0	0	0	0
Texas State Technical College - West Texas	0	0	0	0
Texas State Technical College - Marshall	0	0	0	0
Texas State Technical College - Waco	0	0	0	0
<b>SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBTOTAL, TWO-YEAR INSTITUTIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>GENERAL ACADEMIC INSTITUTIONS</b>				
The University of Texas System Administration	\$0	\$0	\$0	\$0
The University of Texas at Arlington	0	0	0	0
The University of Texas at Austin	0	0	0	0
The University of Texas at Dallas	0	0	0	0
The University of Texas at El Paso	0	0	0	0
The University of Texas - Pan American	0	0	0	0
The University of Texas at Brownsville	0	0	0	0
The University of Texas of the Permian Basin	0	0	0	0
The University of Texas at San Antonio	0	0	0	0
The University of Texas at Tyler	0	0	0	0
Texas A&M University System Administrative and General Offices	0	0	0	0
Texas A&M University	0	0	0	0
Texas A&M University at Galveston	0	0	0	0
Prairie View A&M University	0	0	0	0
Tarleton State University	0	0	0	0
Texas A&M University - Corpus Christi	0	0	0	0
Texas A&M University - Kingsville	0	0	0	0



**TABLE C3—(CONTINUED)**  
**FEDERAL FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Texas A&M International University	\$0	\$0	\$0	\$0
West Texas A&M University	0	0	0	0
Texas A&M University - Commerce	0	0	0	0
Texas A&M University - Texarkana	0	0	0	0
University of Houston System Administration	0	0	0	0
University of Houston	0	0	0	0
University of Houston - Clear Lake	0	0	0	0
University of Houston - Downtown	0	0	0	0
University of Houston - Victoria	0	0	0	0
Midwestern State University	0	0	0	0
University of North Texas System Administration	0	0	0	0
University of North Texas	0	0	0	0
Stephen F. Austin State University	0	0	0	0
Texas Southern University	0	0	0	0
Texas Tech University System Administration	0	0	0	0
Texas Tech University	0	0	0	0
Angelo State University	0	0	0	0
Texas Woman's University	0	0	0	0
Board of Regents, Texas State University System Central Office	0	0	0	0
Lamar University	0	0	0	0
Sam Houston State University	0	0	0	0
Texas State University - San Marcos	0	0	0	0
Sul Ross State University	0	0	0	0
Sul Ross State University Rio Grande College	0	0	0	0
<b>SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>HEALTH-RELATED INSTITUTIONS</b>				
The University of Texas Southwestern Medical Center at Dallas	\$0	\$0	\$0	\$0
The University of Texas Medical Branch at Galveston	0	0	0	0
The University of Texas Health Science Center at Houston	0	0	0	0
The University of Texas Health Science Center at San Antonio	0	0	0	0
The University of Texas M.D. Anderson Cancer Center	0	0	0	0
The University of Texas Health Center at Tyler	0	0	0	0
Texas A&M University System Health Science Center	0	0	0	0

**TABLE C3—(CONTINUED)**  
**FEDERAL FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
University of North Texas Health Science Center at Fort Worth	\$0	\$0	\$0	\$0
Texas Tech University Health Sciences Center	0	0	0	0
<b>SUBTOTAL, HEALTH-RELATED INSTITUTIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>				
Texas AgriLife Research	\$6,364,973	\$6,364,973	\$6,364,973	\$6,364,973
Texas AgriLife Extension	10,645,630	10,645,630	10,645,630	10,645,630
Texas Engineering Experiment Station	51,268,020	52,867,521	52,843,520	52,837,520
Texas Transportation Institute	3,753,876	4,000,000	4,000,000	4,000,000
Texas Engineering Extension Service	28,755,204	28,145,000	28,450,102	28,450,102
Texas Forest Service	3,849,134	4,090,270	4,090,270	4,090,270
Texas Veterinary Medical Diagnostic Laboratory	782,936	300,000	300,000	300,000
<b>SUBTOTAL, TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>	<b>\$105,419,773</b>	<b>\$106,413,394</b>	<b>\$106,694,495</b>	<b>\$106,688,495</b>
Higher Education Fund	\$0	\$0	\$0	\$0
Available University Fund	0	0	0	0
<b>OTHER HIGHER EDUCATION</b>				
Higher Education Coordinating Board	\$60,948,535	\$60,248,533	\$61,479,988	\$62,059,357
<b>SUBTOTAL, OTHER HIGHER EDUCATION</b>	<b>\$60,948,535</b>	<b>\$60,248,533</b>	<b>\$61,479,988</b>	<b>\$62,059,357</b>
<b>SUBTOTAL, HIGHER EDUCATION</b>	<b>\$166,368,308</b>	<b>\$166,661,927</b>	<b>\$168,174,483</b>	<b>\$168,747,852</b>
<b>EMPLOYEE BENEFITS</b>				
Teacher Retirement System	\$0	\$0	\$0	\$0
Optional Retirement Program	0	0	0	0
Higher Education Employees Group Insurance Contributions	0	0	0	0
Retirement and Group Insurance	3,332,629	3,536,155	3,696,222	3,800,741
Social Security and Benefits Replacement Pay	1,384,888	1,440,246	1,488,865	1,504,566
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$4,717,517</b>	<b>\$4,976,401</b>	<b>\$5,185,087</b>	<b>\$5,305,307</b>
<b>DEBT SERVICE</b>				
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE III – AGENCIES OF EDUCATION</b>	<b>\$4,497,090,591</b>	<b>\$4,153,930,378</b>	<b>\$4,357,230,037</b>	<b>\$4,474,402,659</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.

**TABLE C3—(CONTINUED)  
FEDERAL FUNDS — THE JUDICIARY**

ARTICLE IV – THE JUDICIARY	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008	APPROPRIATED 2009
Supreme Court of Texas	\$2,987,800	\$2,416,500	\$1,445,977	\$1,440,370
Court of Criminal Appeals	0	0	0	0
First Court of Appeals District, Houston	0	0	0	0
Second Court of Appeals District, Fort Worth	0	0	0	0
Third Court of Appeals District, Austin	0	0	0	0
Fourth Court of Appeals District, San Antonio	0	0	0	0
Fifth Court of Appeals District, Dallas	0	0	0	0
Sixth Court of Appeals District, Texarkana	0	0	0	0
Seventh Court of Appeals District, Amarillo	0	0	0	0
Eighth Court of Appeals District, El Paso	0	0	0	0
Ninth Court of Appeals District, Beaumont	0	0	0	0
Tenth Court of Appeals District, Waco	0	0	0	0
Eleventh Court of Appeals District, Eastland	0	0	0	0
Twelfth Court of Appeals District, Tyler	0	0	0	0
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	0	0	0	0
Fourteenth Court of Appeals District, Houston	0	0	0	0
Office of Court Administration, Texas Judicial Council	0	0	0	0
Office of the State Prosecuting Attorney	0	0	0	0
State Law Library	0	0	0	0
State Commission on Judicial Conduct	0	0	0	0
Judiciary Section, Comptroller's Department	0	0	0	0
<b>SUBTOTAL, THE JUDICIARY</b>	<b>\$2,987,800</b>	<b>\$2,416,500</b>	<b>\$1,445,977</b>	<b>\$1,440,370</b>
Retirement and Group Insurance	\$0	\$0	\$0	\$0
Social Security and Benefit Replacement Pay	0	0	0	0
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Lease Payments	\$0	\$0	\$0	\$0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE IV – THE JUDICIARY</b>	<b>\$2,987,800</b>	<b>\$2,416,500</b>	<b>\$1,445,977</b>	<b>\$1,440,370</b>

SOURCE: Legislative Budget Board.

**TABLE C3—(CONTINUED)**  
**FEDERAL FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE**

ARTICLE V — PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Adjutant General's Department	\$41,597,841	\$37,764,350	\$78,763,101	\$54,140,250
Alcoholic Beverage Commission	552,813	414,260	351,200	351,200
Department of Criminal Justice	31,091,206	17,981,404	17,854,652	17,854,652
Commission on Fire Protection	0	0	0	0
Commission on Jail Standards	0	0	0	0
Juvenile Probation Commission	30,250,000	30,250,000	28,033,420	28,033,420
Commission on Law Enforcement Officer Standards and Education	0	0	0	0
Texas Military Facilities Commission	472,719	371,000	0	0
Department of Public Safety <sup>3</sup>	936,237,598	149,039,438	154,826,701	155,926,701
Youth Commission	15,964,359	15,983,680	12,089,553	11,002,934
<b>SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$1,056,166,536</b>	<b>\$251,804,132</b>	<b>\$291,918,627</b>	<b>\$267,309,157</b>
Retirement and Group Insurance	\$6,908,471	\$6,980,259	\$6,999,252	\$7,145,346
Social Security and Benefit Replacement Pay	2,761,873	2,730,188	2,658,199	2,655,190
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$9,670,344</b>	<b>\$9,710,447</b>	<b>\$9,657,451</b>	<b>\$9,800,536</b>
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE V — PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$1,065,836,880</b>	<b>\$261,514,579</b>	<b>\$301,576,078</b>	<b>\$277,109,693</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE C3—(CONTINUED)**  
**FEDERAL FUNDS — NATURAL RESOURCES**

<b>ARTICLE VI – NATURAL RESOURCES</b>	<b>EXPENDED 2006</b>	<b>BUDGETED 2007</b>	<b>APPROPRIATED 2008<sup>1, 2</sup></b>	<b>APPROPRIATED 2009<sup>1, 2</sup></b>
Department of Agriculture	\$13,656,978	\$11,868,025	\$277,902,802	\$277,902,795
Animal Health Commission	7,021,139	4,702,881	4,504,651	4,504,651
Commission on Environmental Quality	45,585,515	40,189,686	43,018,614	41,677,663
General Land Office and Veterans' Land Board	14,897,351	14,539,299	25,688,494	29,639,738
Parks and Wildlife Department <sup>3</sup>	61,794,485	48,885,893	41,743,914	38,970,216
Railroad Commission	6,016,733	4,504,244	4,369,616	4,369,616
Soil and Water Conservation Board	4,563,083	3,894,214	4,022,981	4,022,981
Water Development Board	8,269,309	11,536,985	10,760,694	10,710,789
Debt Service Payments – Non-Self-supporting General Obligation Water Bonds	0	0	0	0
<b>SUBTOTAL, NATURAL RESOURCES</b>	<b>\$161,804,593</b>	<b>\$140,121,227</b>	<b>\$412,011,766</b>	<b>\$411,798,449</b>
Retirement and Group Insurance	\$8,200,814	\$8,531,226	\$8,682,816	\$8,856,220
Social Security and Benefit Replacement Pay	4,624,600	4,734,510	4,721,708	4,716,807
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$12,825,414</b>	<b>\$13,265,736</b>	<b>\$13,404,524</b>	<b>\$13,573,027</b>
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE VI – NATURAL RESOURCES</b>	<b>\$174,630,007</b>	<b>\$153,386,963</b>	<b>\$425,416,290</b>	<b>\$425,371,476</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

SOURCE: Legislative Budget Board.

**TABLE C3—(CONTINUED)  
FEDERAL FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT**

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Department of Housing and Community Affairs	\$172,561,404	\$129,113,667	\$128,733,144	\$128,697,779
Texas Lottery Commission	0	0	0	0
Office of Rural Community Affairs	160,654,213	82,023,168	79,425,540	79,425,540
Department of Transportation	2,976,133,547	3,192,336,156	3,301,346,587	3,189,073,591
Texas Workforce Commission	1,065,389,022	924,757,478	925,106,687	926,610,030
Reimbursements to the Unemployment Compensation Benefit Account	0	0	0	0
<b>SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$4,374,738,186</b>	<b>\$4,328,230,469</b>	<b>\$4,434,611,958</b>	<b>\$4,323,806,940</b>
Retirement and Group Insurance	\$35,285,750	\$37,656,758	\$38,177,277	\$39,306,815
Social Security and Benefit Replacement Pay	11,078,859	11,462,394	11,334,297	11,418,741
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$46,364,609</b>	<b>\$49,119,152</b>	<b>\$49,511,574</b>	<b>\$50,725,556</b>
Bond Debt Service Payments	\$0	\$0	\$0	\$0
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$4,421,102,795</b>	<b>\$4,377,349,621</b>	<b>\$4,484,123,532</b>	<b>\$4,374,532,496</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

SOURCE: Legislative Budget Board.



**TABLE C3—(CONTINUED)**  
**FEDERAL FUNDS — REGULATORY**

ARTICLE VIII – REGULATORY	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008	APPROPRIATED 2009
State Office of Administrative Hearings	\$0	\$0	\$0	\$0
Department of Banking	0	0	0	0
Board of Chiropractic Examiners	0	0	0	0
Office of Consumer Credit Commissioner	0	0	0	0
Credit Union Department	0	0	0	0
Texas State Board of Dental Examiners	0	0	0	0
Funeral Service Commission	0	0	0	0
Board of Professional Geoscientists	0	0	0	0
Health Professions Council	0	0	0	0
Office of Injured Employee Counsel	0	0	0	0
Department of Insurance	2,599,266	2,254,623	2,254,623	2,254,623
Office of Public Insurance Counsel	0	0	0	0
Board of Professional Land Surveying	0	0	0	0
Department of Licensing and Regulation	198,057	0	0	0
Texas Medical Board	0	0	0	0
Texas Board of Nursing	0	0	0	0
Optometry Board	0	0	0	0
Structural Pest Control Board	235,700	150,000	0	0
Board of Pharmacy	0	0	0	0
Executive Council of Physical Therapy and Occupational Therapy Examiners	0	0	0	0
Board of Plumbing Examiners	0	0	0	0
Board of Podiatric Medical Examiners	0	0	0	0
Board of Examiners of Psychologists	0	0	0	0
Racing Commission	0	0	0	0
Real Estate Commission	0	0	0	0
Residential Construction Commission	5,663	0	0	0
Department of Savings and Mortgage Lending	0	0	0	0
Securities Board	0	0	0	0
Board of Tax Professional Examiners	0	0	0	0
Public Utility Commission of Texas	0	0	0	0
Office of Public Utility Counsel	0	0	0	0
Board of Veterinary Medical Examiners	0	0	0	0
<b>SUBTOTAL, REGULATORY</b>	<b>\$3,038,686</b>	<b>\$2,404,623</b>	<b>\$2,254,623</b>	<b>\$2,254,623</b>
Retirement and Group Insurance	\$0	\$0	\$0	\$0
Social Security and Benefit Replacement Pay	0	0	0	0
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Lease Payments	\$0	\$0	\$0	\$0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE VIII – REGULATORY</b>	<b>\$3,038,686</b>	<b>\$2,404,623</b>	<b>\$2,254,623</b>	<b>\$2,254,623</b>

SOURCE: Legislative Budget Board.

**TABLE C3—(CONTINUED)**  
**FEDERAL FUNDS — GENERAL PROVISIONS**

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008	APPROPRIATED 2009
State Employee Pay Raise	\$0	\$0	\$73,648,946	\$0
Schedule C Employee Pay Raise	0	0	719,073	0
<b>TOTAL, ARTICLE IX – GENERAL PROVISIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$74,368,019</b>	<b>\$0</b>

SOURCE: Legislative Budget Board.

**TABLE C3—(CONTINUED)**  
**FEDERAL FUNDS — THE LEGISLATURE**

ARTICLE X – THE LEGISLATURE	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008	APPROPRIATED 2009
Senate	\$0	\$0	\$0	\$0
House of Representatives	0	0	0	0
Legislative Budget Board	0	0	0	0
Sunset Commission	0	0	0	0
Legislative Council	0	0	0	0
Commission on Uniform State Laws	0	0	0	0
State Auditor's Office	0	0	0	0
Legislative Reference Library	0	0	0	0
<b>SUBTOTAL, THE LEGISLATURE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Retirement and Group Insurance	\$0	\$0	\$0	\$0
Social Security and Benefit Replacement Pay	0	0	0	0
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Lease Payments	\$0	\$0	\$0	\$0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, ARTICLE X – THE LEGISLATURE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

SOURCE: Legislative Budget Board.

## APPENDIX C — SUMMARY OF STATE BUDGET BY FISCAL YEAR

### OTHER FUNDS

**TABLE C4**  
**OTHER FUNDS — STATEWIDE SUMMARY**

FUNCTION	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Article I – General Government	\$94,248,354	\$236,329,836	\$447,065,406	\$49,270,030
Article II – Health and Human Services	830,409,206	1,019,086,918	267,039,772	204,623,735
Article III – Agencies of Education <sup>4</sup>	3,981,022,993	4,332,702,199	8,366,377,856	8,217,307,525
Article IV – The Judiciary	62,094,435	66,792,694	76,888,186	77,576,508
Article V – Public Safety and Criminal Justice <sup>5</sup>	665,107,163	627,302,846	1,299,050,520	621,105,604
Article VI – Natural Resources	88,705,597	121,242,991	128,841,853	116,825,690
Article VII – Business and Economic Development	4,653,911,091	5,253,126,260	5,329,849,171	5,276,348,854
Article VIII – Regulatory	7,875,165	8,584,346	7,465,085	7,466,966
Article IX – General Provisions	0	0	70,770,937	0
Article X – The Legislature	357,320	213,536	210,000	210,000
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$10,383,731,324</b>	<b>\$11,665,381,626</b>	<b>\$15,993,558,786</b>	<b>\$14,570,734,912</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

<sup>5</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C4—(CONTINUED)**  
**OTHER FUNDS — GENERAL GOVERNMENT**

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Commission on the Arts	\$1,393,542	\$1,510,405	\$1,510,405	\$1,510,405
Office of the Attorney General	23,945,506	22,201,721	20,022,659	19,295,083
Bond Review Board	0	0	0	0
Cancer Council	279,560	199,560	0	0
Comptroller of Public Accounts	404,444	385,131	2,376,478	2,376,478
Fiscal Programs - Comptroller of Public Accounts	261,616	0	0	0
Commission on State Emergency Communications	287,500	240,000	240,000	240,000
Employees Retirement System	0	0	0	0
Texas Ethics Commission	20,185	25,000	\$33,190	33,190
Facilities Commission	58,251,262	40,625,121	106,361,723	13,171,636
Public Finance Authority	294,557	331,274	339,042	339,042
Fire Fighters' Pension Commissioner	38,087	32,588	31,500	31,500
Office of the Governor	412,102	412,102	412,102	412,102
Trusted Programs within the Office of the Governor	5,729,629	155,448,275	210,834,000	3,853,000
Historical Commission	2,742,679	10,965,801	98,676,052	1,978,052
Department of Information Systems	75,326,154	78,880,722	226,454,193	207,815,579
Library and Archives Commission	2,551,402	3,460,984	4,081,490	3,899,408
Pension Review Board	0	0	22,316	22,316
Preservation Board	23,977	21,539	57,245	21,745
State Office of Risk Management	3,845,367	4,448,080	4,764,440	4,764,440
Workers' Compensation Payments	45,200,000	46,550,000	45,875,000	45,875,000
Secretary of State	5,828,658	5,616,534	6,377,681	6,313,921
Office of State–Federal Relations	199,644	216,400	183,250	180,000
Veterans Commission	59,710	70,037	0	0
<b>SUBTOTAL, GENERAL GOVERNMENT</b>	<b>\$227,095,581</b>	<b>\$371,641,274</b>	<b>\$728,652,766</b>	<b>\$312,132,897</b>
Retirement and Group Insurance	\$1,111,966	\$1,170,504	\$1,188,278	\$1,206,497
Social Security and Benefit Replacement Pay	544,311	567,503	574,171	581,031
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$1,656,277</b>	<b>\$1,738,007</b>	<b>\$1,762,449</b>	<b>\$1,787,528</b>
Bond Debt Service Payments	\$6,313	\$0	\$0	\$0
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$6,313</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Less Interagency Contracts	\$134,509,817	\$137,049,445	\$283,349,809	\$264,650,395
<b>TOTAL, ARTICLE I – GENERAL GOVERNMENT</b>	<b>\$94,248,354</b>	<b>\$236,329,836</b>	<b>\$447,065,406</b>	<b>\$49,270,030</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C4—(CONTINUED)**  
**OTHER FUNDS — HEALTH AND HUMAN SERVICES**

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Department of Aging and Disability Services	\$46,214,426	\$59,139,076	\$82,974,757	\$36,867,626
Department of Assistive and Rehabilitative Services	18,907,219	18,731,405	18,883,072	18,883,072
Department of Family and Protective Services <sup>3</sup>	277,473,504	326,277,667	6,579,449	6,578,566
Department of State Health Services	84,887,800	142,956,886	168,280,696	98,268,919
Health and Human Services Commission <sup>3</sup>	632,590,655	732,834,927	265,536,732	319,483,903
<b>SUBTOTAL, HEALTH AND HUMAN SERVICES</b>	<b>\$1,060,073,604</b>	<b>\$1,279,939,961</b>	<b>\$542,254,706</b>	<b>\$480,082,086</b>
Retirement and Group Insurance	\$0	\$0	\$0	\$0
Social Security and Benefit Replacement Pay	0	0	0	0
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Bond Debt Service Payments	\$282,754	\$282,962	\$264,962	\$264,962
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$282,754</b>	<b>\$282,962</b>	<b>\$264,962</b>	<b>\$264,962</b>
Less Interagency Contracts	\$229,947,152	\$261,136,005	\$275,479,896	\$275,723,313
<b>TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES</b>	<b>\$830,409,206</b>	<b>\$1,019,086,918</b>	<b>\$267,039,772</b>	<b>\$204,623,735</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>3</sup>Declines in Other Funds are primarily due to Upper Payment (UPL) payments from the Health and Human Services Commission and replacing Economic Stabilization Funds at the Department of State Health Services with General Revenue Funds.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C4—(CONTINUED)**  
**OTHER FUNDS — AGENCIES OF EDUCATION**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
<b>PUBLIC EDUCATION</b>				
Texas Education Agency <sup>3</sup>	\$1,536,263,244	\$1,646,570,174	\$5,271,436,896	\$4,933,262,896
School for the Blind and Visually Impaired	2,067,603	36,519,603	71,084,072	2,797,464
School for the Deaf	5,185,006	4,332,789	4,351,826	4,351,826
<b>SUBTOTAL, PUBLIC EDUCATION</b>	<b>\$1,543,515,853</b>	<b>\$1,687,422,566</b>	<b>\$5,346,872,794</b>	<b>\$4,940,412,186</b>
<b>PUBLIC HIGHER EDUCATION</b>				
<b>TWO-YEAR INSTITUTIONS</b>				
<b>Public Community/Junior Colleges</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Lamar Institute of Technology	\$0	\$0	\$0	\$0
Lamar State College - Orange	0	0	0	0
Lamar State College - Port Arthur	0	0	0	0
<b>SUBTOTAL, LAMAR STATE COLLEGES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Texas State Technical College System Administration	\$0	\$0	\$0	\$0
Texas State Technical College - Harlingen	0	0	0	0
Texas State Technical College - West Texas	0	0	0	0
Texas State Technical College - Marshall	0	0	0	0
Texas State Technical College - Waco	0	0	0	0
<b>SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBTOTAL, TWO-YEAR INSTITUTIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>GENERAL ACADEMIC INSTITUTIONS</b>				
The University of Texas System Administration	\$1,109,709	\$1,102,000	\$1,102,000	\$1,102,000
The University of Texas at Arlington	0	0	0	0
The University of Texas at Austin	0	0	0	0
The University of Texas at Dallas	0	0	0	0
The University of Texas at El Paso	1,205,000	1,239,945	1,239,945	1,239,945
The University of Texas - Pan American	321,001	321,001	321,001	321,001
The University of Texas at Brownsville	0	0	0	0
The University of Texas of the Permian Basin	0	0	0	0
The University of Texas at San Antonio	0	0	0	0
The University of Texas at Tyler	0	0	0	0
Texas A&M University System Administrative and General Offices	0	0	0	0
Texas A&M University	2,377,019	2,577,030	2,661,938	2,721,100
Texas A&M University at Galveston	0	0	0	0
Prairie View A&M University	0	0	0	0
Tarleton State University	0	0	0	0
Texas A&M University - Corpus Christi	0	0	0	0
Texas A&M University - Kingsville	0	0	0	0



**TABLE C4—(CONTINUED)**  
**OTHER FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Texas A&M International University	\$193,525	\$193,525	\$193,525	\$193,525
West Texas A&M University	0	0	0	0
Texas A&M University - Commerce	0	0	0	0
Texas A&M University - Texarkana	0	0	0	0
University of Houston System Administration	0	0	0	0
University of Houston	0	0	0	0
University of Houston - Clear Lake	0	0	0	0
University of Houston - Downtown	0	0	0	0
University of Houston - Victoria	0	0	0	0
Midwestern State University	0	0	0	0
University of North Texas System Administration	0	0	0	0
University of North Texas	0	0	0	0
Stephen F. Austin State University	0	0	0	0
Texas Southern University	0	0	0	0
Texas Tech University System Administration	0	0	0	0
Texas Tech University	0	0	0	0
Angelo State University	0	0	0	0
Texas Woman's University	0	0	0	0
Board of Regents, Texas State University System Central Office	0	0	0	0
Lamar University	0	0	0	0
Sam Houston State University	0	0	0	0
Texas State University - San Marcos	0	0	0	0
Sul Ross State University	0	0	0	0
Sul Ross State University Rio Grande College	0	0	0	0
<b>SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS</b>	<b>\$5,206,254</b>	<b>\$5,433,501</b>	<b>\$5,518,409</b>	<b>\$5,577,571</b>
<b>HEALTH-RELATED INSTITUTIONS</b>				
The University of Texas Southwestern Medical Center at Dallas	\$4,711,871	\$4,765,410	\$4,329,000	\$4,329,000
The University of Texas Medical Branch at Galveston	326,089,857	327,119,258	330,356,921	330,356,921
The University of Texas Health Science Center at Houston	7,934,099	7,633,346	9,288,745	9,481,753
The University of Texas Health Science Center at San Antonio	12,723,611	17,354,880	11,754,984	11,751,194
The University of Texas M.D. Anderson Cancer Center	1,477,421,244	1,633,027,262	1,966,255,567	2,181,498,654
The University of Texas Health Center at Tyler	48,395,024	42,697,967	44,154,924	45,878,389

**TABLE C4— (CONTINUED)**  
**OTHER FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Texas A&M University System Health Science Center	\$8,047,672	\$7,896,977	\$7,753,515	\$7,744,179
University of North Texas Health Science Center at Fort Worth	2,800,676	2,517,118	2,280,420	2,280,420
Texas Tech University Health Sciences Center	3,843,410	9,132,942	3,648,600	3,648,600
<b>SUBTOTAL, HEALTH-RELATED INSTITUTIONS</b>	<b>\$1,891,967,464</b>	<b>\$2,052,145,160</b>	<b>\$2,379,822,676</b>	<b>\$2,596,969,110</b>
<b>TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>				
Texas AgriLife Research	\$5,687,164	\$5,687,164	\$5,687,164	\$5,687,164
Texas AgriLife Extension	8,720,669	8,720,669	8,720,670	8,720,670
Texas Engineering Experiment Station	27,036,401	26,874,457	26,886,754	26,886,154
Texas Transportation Institute	36,330,150	36,738,747	37,119,885	37,119,885
Texas Engineering Extension Service	41,574,021	42,627,749	42,100,885	42,100,885
Texas Forest Service	\$1,964,785	\$2,321,152	\$2,405,728	\$2,401,728
Texas Veterinary Medical Diagnostic Laboratory	8,149,369	10,367,729	8,714,052	8,714,053
<b>SUBTOTAL, TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>	<b>\$129,462,559</b>	<b>\$133,337,667</b>	<b>\$131,635,138</b>	<b>\$131,630,539</b>
Higher Education Fund	\$0	\$0	\$0	\$0
Available University Fund	375,110,255	417,428,228	462,234,092	502,526,413
<b>OTHER HIGHER EDUCATION</b>				
Higher Education Coordinating Board	\$38,136,822	\$39,866,285	\$38,694,969	\$38,736,123
<b>SUBTOTAL, OTHER HIGHER EDUCATION</b>	<b>\$38,136,822</b>	<b>\$39,866,285</b>	<b>\$38,694,969</b>	<b>\$38,736,123</b>
<b>SUBTOTAL, HIGHER EDUCATION</b>	<b>\$2,439,883,354</b>	<b>\$2,648,210,841</b>	<b>\$3,017,905,284</b>	<b>\$3,275,439,756</b>
<b>EMPLOYEE BENEFITS</b>				
Teacher Retirement System	\$43,610,224	\$46,662,818	\$53,577,221	\$53,061,082
Optional Retirement Program	0	0	0	0
Higher Education Employees Group Insurance Contributions	411,190	434,587	569,101	569,101
Retirement and Group Insurance	432,819	459,296	470,187	481,531
Social Security and Benefits Replacement Pay	11,185,584	11,584,627	11,933,398	12,294,598
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$55,639,817</b>	<b>\$59,141,328</b>	<b>\$66,549,907</b>	<b>\$66,406,312</b>
<b>DEBT SERVICE</b>				
Bond Debt Service Payments	\$787	\$0	\$0	\$0
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$787</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Less Interagency Contracts	\$58,016,818	\$62,072,536	\$64,950,129	\$64,950,729
<b>TOTAL, ARTICLE III – AGENCIES OF EDUCATION</b>	<b>\$3,981,022,993</b>	<b>\$4,332,702,199</b>	<b>\$8,366,377,856</b>	<b>\$8,217,307,525</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>3</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C4—(CONTINUED)**  
**OTHER FUNDS — THE JUDICIARY**

ARTICLE IV – THE JUDICIARY	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1</sup>	APPROPRIATED 2009 <sup>1</sup>
Supreme Court of Texas	\$11,037,571	\$10,097,000	\$10,300,500	\$10,300,500
Court of Criminal Appeals <sup>2</sup>	9,696,778	9,259,588	10,102,339	9,349,339
First Court of Appeals District, Houston	239,055	326,350	324,550	324,550
Second Court of Appeals District, Fort Worth	234,788	288,050	287,050	287,050
Third Court of Appeals District, Austin	189,175	234,900	234,900	234,900
Fourth Court of Appeals District, San Antonio	213,287	264,050	264,050	264,050
Fifth Court of Appeals District, Dallas	327,463	425,950	425,950	425,950
Sixth Court of Appeals District, Texarkana	79,338	97,450	95,450	95,450
Seventh Court of Appeals District, Amarillo	102,095	130,600	130,600	130,600
Eighth Court of Appeals District, El Paso	105,254	127,450	125,450	125,450
Ninth Court of Appeals District, Beaumont	101,950	132,600	130,600	130,600
Tenth Court of Appeals District, Waco	83,148	102,450	102,450	102,450
Eleventh Court of Appeals District, Eastland	81,338	100,450	100,450	100,450
Twelfth Court of Appeals District, Tyler	74,038	97,150	95,950	95,950
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	203,675	249,400	236,900	236,900
Fourteenth Court of Appeals District, Houston	287,872	331,235	327,389	327,389
Office of Court Administration, Texas Judicial Council	6,151,390	6,257,904	4,681,712	4,692,208
Office of the State Prosecuting Attorney	0	0	0	0
State Law Library	41,100	41,100	43,100	43,100
State Commission on Judicial Conduct	0	0	0	0
Judiciary Section, Comptroller's Department	40,509,366	46,004,242	52,791,248	54,198,779
<b>SUBTOTAL, THE JUDICIARY</b>	<b>\$69,758,681</b>	<b>\$74,567,919</b>	<b>\$80,800,638</b>	<b>\$81,465,665</b>
Retirement and Group Insurance	\$24,869	\$26,338	\$1,735,818	\$1,753,492
Social Security and Benefit Replacement Pay	1,192,562	1,245,117	1,260,849	1,276,965
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$1,217,431</b>	<b>\$1,271,455</b>	<b>\$2,996,667</b>	<b>\$3,030,457</b>
Lease Payments	\$0	\$0	\$0	\$0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Less Interagency Contracts	\$8,881,677	\$9,046,680	\$6,909,119	\$6,919,614
<b>TOTAL, ARTICLE IV – THE JUDICIARY</b>	<b>\$62,094,435</b>	<b>\$66,792,694</b>	<b>\$76,888,186</b>	<b>\$77,576,508</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C4—(CONTINUED)**  
**OTHER FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE**

<b>ARTICLE V — PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>EXPENDED 2006</b>	<b>BUDGETED 2007</b>	<b>APPROPRIATED 2008<sup>1, 2</sup></b>	<b>APPROPRIATED 2009<sup>1, 2</sup></b>
Adjutant General's Department	\$5,161,641	\$5,848,075	\$20,379,378	\$2,476,666
Alcoholic Beverage Commission	123,042	105,000	105,000	105,000
Department of Criminal Justice	107,838,814	116,044,928	399,581,824	57,181,816
Commission on Fire Protection	28,283	18,283	18,000	18,000
Commission on Jail Standards	46,000	46,000	6,000	6,000
Juvenile Probation Commission	10,852,990	11,396,455	12,593,596	12,889,056
Commission on Law Enforcement Officer Standards and Education	82,000	89,500	279,500	279,500
Texas Military Facilities Commission	7,054,000	4,834,848	0	0
Department of Public Safety <sup>3</sup>	486,753,827	431,269,353	748,516,361	485,696,748
Youth Commission	14,529,641	19,843,779	67,789,321	8,307,794
<b>SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$632,470,238</b>	<b>\$589,496,221</b>	<b>\$1,249,268,980</b>	<b>\$566,960,580</b>
Retirement and Group Insurance	\$75,680,884	\$80,270,254	\$86,663,924	\$89,254,355
Social Security and Benefit Replacement Pay	28,583,499	29,649,789	31,152,103	31,417,823
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$104,264,383</b>	<b>\$109,920,043</b>	<b>\$117,816,027</b>	<b>\$120,672,178</b>
Bond Debt Service Payments	\$154,684	\$232,000	\$250,000	\$250,000
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$154,684</b>	<b>\$232,000</b>	<b>\$250,000</b>	<b>\$250,000</b>
Less Interagency Contracts	\$71,782,142	\$72,345,418	\$68,284,487	\$66,777,154
<b>TOTAL, ARTICLE V — PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$665,107,163</b>	<b>\$627,302,846</b>	<b>\$1,299,050,520</b>	<b>\$621,105,604</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C4—(CONTINUED)**  
**OTHER FUNDS — NATURAL RESOURCES**

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1, 2</sup>	APPROPRIATED 2009 <sup>1, 2</sup>
Department of Agriculture	\$4,968,296	\$4,455,892	\$4,931,691	\$4,063,487
Animal Health Commission	0	0	0	0
Commission on Environmental Quality	6,579,856	20,016,461	7,416,046	7,206,046
General Land Office and Veterans' Land Board	36,458,934	35,278,916	46,641,042	46,686,872
Parks and Wildlife Department	14,328,299	34,381,601	54,952,519	43,988,612
Railroad Commission	3,452,825	3,257,775	3,515,132	3,515,132
Soil and Water Conservation Board	104,382	80,000	0	0
Water Development Board	14,245,443	15,774,096	14,862,842	16,969,257
Debt Service Payments – Non-Self-supporting General Obligation Water Bonds	8,321,180	7,344,585	8,228,655	9,165,911
<b>SUBTOTAL, NATURAL RESOURCES</b>	<b>\$88,459,215</b>	<b>\$120,589,326</b>	<b>\$140,547,927</b>	<b>\$131,595,317</b>
Retirement and Group Insurance	\$3,689,577	\$3,899,583	\$3,974,954	\$4,052,977
Social Security and Benefit Replacement Pay	1,872,965	1,941,828	1,957,712	1,974,498
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$5,562,542</b>	<b>\$5,841,411</b>	<b>\$5,932,666</b>	<b>\$6,027,475</b>
Bond Debt Service Payments	\$4,250,003	\$4,101,788	\$4,098,500	\$732,188
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$4,250,003</b>	<b>\$4,101,788</b>	<b>\$4,098,500</b>	<b>\$732,188</b>
Less Interagency Contracts	\$9,566,163	\$9,289,534	\$21,737,240	\$21,529,290
<b>TOTAL, ARTICLE VI – NATURAL RESOURCES</b>	<b>\$88,705,597</b>	<b>\$121,242,991</b>	<b>\$128,841,853</b>	<b>\$116,825,690</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>2</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C4—(CONTINUED)**  
**OTHER FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT**

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Department of Housing and Community Affairs	\$15,055,054	\$15,165,093	\$16,654,815	\$16,855,851
Texas Lottery Commission	0	0	0	0
Office of Rural Community Affairs	467,124	511,771	458,344	458,344
Department of Transportation	4,462,485,658	5,051,869,912	5,114,771,326	5,003,897,831
Texas Workforce Commission	35,213,507	30,681,730	30,571,146	30,635,841
Reimbursements to the Unemployment Compensation Benefit Account	10,186,282	10,186,282	10,117,353	10,337,547
<b>SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$4,523,407,625</b>	<b>\$5,108,414,788</b>	<b>\$5,172,572,984</b>	<b>\$5,062,185,414</b>
Retirement and Group Insurance	\$166,336,259	\$176,982,795	\$184,069,222	\$189,759,545
Social Security and Benefit Replacement Pay	51,621,183	53,263,873	54,608,207	54,977,045
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$228,143,724</b>	<b>\$240,432,950</b>	<b>\$248,794,782</b>	<b>\$255,074,137</b>
Bond Debt Service Payments	\$51,765	\$0	\$0	\$0
Lease Payments	0	0	0	0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$51,765</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Less Interagency Contracts	\$87,505,741	\$85,535,196	\$81,401,242	\$30,573,150
<b>TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$4,653,911,091</b>	<b>\$5,253,126,260</b>	<b>\$5,329,849,171</b>	<b>\$5,276,348,854</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.



**TABLE C4—(CONTINUED)**  
**OTHER FUNDS — REGULATORY**

<b>ARTICLE VIII – REGULATORY</b>	<b>EXPENDED 2006</b>	<b>BUDGETED 2007</b>	<b>APPROPRIATED 2008<sup>1</sup></b>	<b>APPROPRIATED 2009<sup>1</sup></b>
State Office of Administrative Hearings	\$4,917,335	\$4,914,305	\$5,642,333	\$5,642,332
Department of Banking	6,100	6,100	11,100	11,100
Board of Chiropractic Examiners	28,500	28,500	28,500	28,500
Office of Consumer Credit Commissioner	0	0	0	0
Credit Union Department	5,111	0	0	0
Texas State Board of Dental Examiners	325,554	72,000	72,000	72,000
Funeral Service Commission	52,000	52,000	52,000	52,000
Board of Professional Geoscientists	0	0	0	0
Health Professions Council	150,724	154,224	156,162	159,662
Office of Injured Employee Counsel	0	0	0	0
Department of Insurance	1,569,160	2,761,499	1,547,300	1,547,300
Office of Public Insurance Counsel	48,000	48,000	48,000	48,000
Board of Professional Land Surveying	0	0	0	0
Department of Licensing and Regulation	469,065	459,432	538,634	538,634
Texas Medical Board	80,423	80,423	80,423	80,423
Texas Board of Nursing	973,100	673,100	823,100	823,100
Optometry Board	40,973	33,824	37,398	37,399
Structural Pest Control Board	600	600	0	0
Board of Pharmacy	7,730	7,730	7,730	7,730
Executive Council of Physical Therapy and Occupational Therapy Examiners	60,000	60,000	60,000	60,000
Board of Plumbing Examiners	33,079	30,000	30,000	30,000
Board of Podiatric Medical Examiners	7,200	3,200	3,200	3,200
Board of Examiners of Psychologists	62,398	62,398	62,398	62,398
Racing Commission	0	0	0	0
Real Estate Commission	187,900	190,500	190,500	190,500
Residential Construction Commission	50,500	50,500	50,500	50,500
Department of Savings and Mortgage Lending	0	0	0	0
Securities Board	103,396	133,197	0	0
Board of Tax Professional Examiners	0	0	0	0
Public Utility Commission of Texas	475,000	475,000	475,000	475,000
Office of Public Utility Counsel	0	0	0	0
Board of Veterinary Medical Examiners	1,538	500	500	500
<b>SUBTOTAL, REGULATORY</b>	<b>\$9,655,386</b>	<b>\$10,297,032</b>	<b>\$9,916,778</b>	<b>\$9,920,278</b>
Retirement and Group Insurance	\$0	\$0	\$0	\$0
Social Security and Benefit Replacement Pay	209,083	216,784	218,566	220,447
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$209,083</b>	<b>\$216,784</b>	<b>\$218,566</b>	<b>\$220,447</b>
Lease Payments	\$0	\$0	\$0	\$0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Less Interagency Contracts	\$1,989,304	\$1,929,470	\$2,670,259	\$2,673,759
<b>TOTAL, ARTICLE VIII – REGULATORY</b>	<b>\$7,875,165</b>	<b>\$8,584,346</b>	<b>\$7,465,085</b>	<b>\$7,466,966</b>

<sup>1</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C4—(CONTINUED)**  
**OTHER FUNDS — GENERAL PROVISIONS**

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008	APPROPRIATED 2009
State Employee Pay Raise	\$0	\$0	\$389,911,217	\$0
Schedule C Employee Pay Raise	0	0	14,643,670	0
<b>TOTAL, ARTICLE IX – GENERAL PROVISIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$404,554,887</b>	<b>\$0</b>

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C4—(CONTINUED)**  
**OTHER FUNDS — THE LEGISLATURE**

ARTICLE X – THE LEGISLATURE	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008	APPROPRIATED 2009
Senate	\$0	\$0	\$0	\$0
House of Representatives	0	0	0	0
Legislative Budget Board	0	0	0	0
Sunset Commission	0	0	0	0
Legislative Council	0	0	0	0
Commission on Uniform State Laws	0	0	0	0
State Auditor's Office	5,465,537	5,486,505	3,356,503	3,356,503
Legislative Reference Library	15,000	15,000	10,000	10,000
<b>SUBTOTAL, THE LEGISLATURE</b>	<b>\$5,480,537</b>	<b>\$5,501,505</b>	<b>\$3,366,503</b>	<b>\$3,366,503</b>
Retirement and Group Insurance	\$0	\$0	\$0	\$0
Social Security and Benefit Replacement Pay	0	0	0	0
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Lease Payments	\$0	\$0	\$0	\$0
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Less Interagency Contracts	\$5,123,217	\$5,287,969	\$3,156,503	\$3,156,503
<b>TOTAL, ARTICLE X – THE LEGISLATURE</b>	<b>\$357,320</b>	<b>\$213,536</b>	<b>\$210,000</b>	<b>\$210,000</b>

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

## APPENDIX C — SUMMARY OF STATE BUDGET BY FISCAL YEAR

### ALL FUNDS

**TABLE C5**  
**ALL FUNDS — STATEWIDE SUMMARY**

FUNCTION	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Article I — General Government	\$1,733,297,590	\$1,888,835,249	\$2,471,848,433	\$1,549,709,441
Article II — Health and Human Services	23,671,550,399	25,445,381,728	27,916,316,935	25,049,634,705
Article III — Agencies of Education <sup>4</sup>	28,157,946,416	31,048,518,420	36,419,718,847	38,116,942,371
Article IV — The Judiciary	265,448,008	276,025,264	299,226,100	299,129,162
Article V — Public Safety and Criminal Justice <sup>5</sup>	5,302,596,636	4,638,340,687	5,572,118,630	4,863,737,958
Article VI — Natural Resources <sup>5</sup>	995,780,612	1,324,919,597	1,634,162,310	1,588,027,782
Article VII — Business and Economic Development	9,422,865,391	9,989,658,960	10,488,982,127	10,024,823,815
Article VIII — Regulatory	258,524,742	304,416,160	378,049,853	384,245,949
Article IX — General Provisions	0	0	404,554,887	0
Article X — The Legislature	152,561,028	182,706,257	154,196,116	171,776,781
<b>TOTAL, ALL FUNCTIONS</b>	<b>\$69,960,570,822</b>	<b>\$75,098,802,322</b>	<b>\$85,739,174,238</b>	<b>\$82,048,027,964</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

<sup>5</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C5—(CONTINUED)**  
**ALL FUNDS — GENERAL GOVERNMENT**

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Commission on the Arts	\$5,130,731	\$5,276,457	\$5,466,052	\$5,155,910
Office of the Attorney General	464,341,356	488,709,355	489,173,808	493,739,835
Bond Review Board	518,299	529,965	596,423	596,424
Cancer Council	3,480,011	3,625,186	3,336,792	3,300,659
Comptroller of Public Accounts	199,063,868	207,192,132	214,005,018	213,905,019
Fiscal Programs - Comptroller of Public Accounts	254,049,050	245,578,545	278,853,683	257,747,004
Commission on State Emergency Communications	61,020,749	60,881,568	87,962,008	64,144,904
Employees Retirement System	6,697,405	6,764,379	16,632,022	17,300,343
Texas Ethics Commission	1,808,651	1,896,730	1,924,694	1,883,493
Facilities Commission	112,265,554	76,826,968	136,489,053	43,268,004
Public Finance Authority	798,772	848,999	881,149	891,245
Fire Fighters' Pension Commissioner	1,224,358	1,265,031	9,358,078	560,189
Office of the Governor	9,531,978	9,502,186	10,317,082	9,517,082
Trusted Programs within the Office of the Governor	279,763,838	481,667,338	765,775,174	156,803,858
Historical Commission	10,672,772	20,830,350	117,736,415	18,011,183
Department of Information Systems	78,456,986	88,929,808	227,226,250	208,587,637
Library and Archives Commission	29,409,488	30,653,297	32,604,008	32,705,962
Pension Review Board	434,370	456,504	706,689	680,877
Preservation Board	10,990,599	11,714,531	14,348,939	10,978,916
State Office of Risk Management	7,629,111	8,403,344	8,344,638	8,344,638
Workers' Compensation Payments	45,200,000	46,550,000	45,875,000	45,875,000
Secretary of State	142,098,174	69,152,833	101,425,578	20,657,006
Office of State–Federal Relations	994,104	1,136,413	788,186	784,936
Veterans Commission	14,447,679	15,279,299	15,634,704	15,607,426
<b>SUBTOTAL, GENERAL GOVERNMENT</b>	<b>\$1,740,027,903</b>	<b>\$1,883,671,218</b>	<b>\$2,585,461,443</b>	<b>\$1,631,047,550</b>
Retirement and Group Insurance	\$79,590,448	\$84,015,312	\$85,323,418	\$87,021,183
Social Security and Benefit Replacement Pay	34,887,024	36,125,100	36,296,766	36,607,885
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$114,477,472</b>	<b>\$120,140,412</b>	<b>\$121,620,184</b>	<b>\$123,629,068</b>
Bond Debt Service Payments	\$3,267,694	\$11,715,595	\$35,663,415	\$47,282,102
Lease Payments	10,034,338	10,357,469	12,453,200	12,401,116
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$13,302,032</b>	<b>\$22,073,064</b>	<b>\$48,116,615</b>	<b>\$59,683,218</b>
Less Interagency Contracts	\$134,509,817	\$137,049,445	\$283,349,809	\$264,650,395
<b>TOTAL, ARTICLE I – GENERAL GOVERNMENT</b>	<b>\$1,733,297,590</b>	<b>\$1,888,835,249</b>	<b>\$2,471,848,433</b>	<b>\$1,549,709,441</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C5—(CONTINUED)**  
**ALL FUNDS — HEALTH AND HUMAN SERVICES**

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Department of Aging and Disability Services	\$5,199,201,667	\$5,389,159,236	\$5,724,783,907	\$5,918,791,079
Department of Assistive and Rehabilitative Services	503,262,274	538,855,439	566,634,004	594,967,399
Department of Family and Protective Services	1,050,453,725	1,116,256,711	1,262,204,368	1,298,093,441
Department of State Health Services	2,503,158,824	2,541,030,399	2,668,219,245	2,607,495,620
Health and Human Services Commission	14,083,039,836	15,503,222,090	17,300,862,528	14,206,868,522
<b>SUBTOTAL, HEALTH AND HUMAN SERVICES</b>	<b>\$23,339,116,326</b>	<b>\$25,088,523,875</b>	<b>\$27,522,704,052</b>	<b>\$24,626,216,061</b>
Retirement and Group Insurance	\$395,758,512	\$432,856,235	\$473,068,656	\$495,300,857
Social Security and Benefit Replacement Pay	134,655,100	144,507,645	158,554,182	161,361,300
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$530,413,612</b>	<b>\$577,363,880</b>	<b>\$631,622,838</b>	<b>\$656,662,157</b>
Bond Debt Service Payments	\$24,622,433	\$32,978,084	\$30,688,121	\$35,941,436
Lease Payments	7,345,180	7,651,894	6,781,820	6,538,364
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$31,967,613</b>	<b>\$40,629,978</b>	<b>\$37,469,941</b>	<b>\$42,479,800</b>
Less Interagency Contracts	\$229,947,152	\$261,136,005	\$275,479,896	\$275,723,313
<b>TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES</b>	<b>\$23,671,550,399</b>	<b>\$25,445,381,728</b>	<b>\$27,916,316,935</b>	<b>\$25,049,634,705</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C5—(CONTINUED)**  
**ALL FUNDS — AGENCIES OF EDUCATION**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
<b>PUBLIC EDUCATION</b>				
Texas Education Agency <sup>4</sup>	\$17,571,899,197	\$19,970,034,967	\$24,320,496,574	\$25,937,448,330
School for the Blind and Visually Impaired	16,969,236	51,610,184	87,226,954	18,631,873
School for the Deaf	21,309,878	21,236,412	23,777,752	21,585,494
<b>SUBTOTAL, PUBLIC EDUCATION</b>	<b>\$17,610,178,311</b>	<b>\$20,042,881,563</b>	<b>\$24,431,501,280</b>	<b>\$25,977,665,697</b>
<b>PUBLIC HIGHER EDUCATION</b>				
<b>TWO-YEAR INSTITUTIONS</b>				
<b>Public Community/Junior Colleges</b>	<b>\$813,711,502</b>	<b>\$813,685,416</b>	<b>\$860,412,423</b>	<b>\$858,812,422</b>
Lamar Institute of Technology	\$11,888,682	\$11,242,690	\$11,088,411	\$11,085,587
Lamar State College - Orange	9,581,193	8,876,016	9,033,693	9,043,096
Lamar State College - Port Arthur	11,470,898	12,650,671	10,241,921	10,694,103
<b>SUBTOTAL, LAMAR STATE COLLEGES</b>	<b>\$32,940,773</b>	<b>\$32,769,377</b>	<b>\$30,364,025</b>	<b>\$30,822,786</b>
Texas State Technical College System Administration	\$4,497,354	\$5,520,178	\$3,869,467	\$3,869,466
Texas State Technical College - Harlingen	22,374,785	22,611,350	24,322,720	24,353,531
Texas State Technical College - West Texas	13,735,914	14,008,972	14,923,411	14,972,756
Texas State Technical College - Marshall	5,092,601	5,186,935	4,920,479	4,923,584
Texas State Technical College - Waco	31,412,455	31,340,890	32,888,630	32,748,608
<b>SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES</b>	<b>\$77,113,109</b>	<b>\$78,668,325</b>	<b>\$80,924,707</b>	<b>\$80,867,945</b>
<b>SUBTOTAL, TWO-YEAR INSTITUTIONS</b>	<b>\$923,765,384</b>	<b>\$925,123,118</b>	<b>\$971,701,155</b>	<b>\$970,503,153</b>
<b>GENERAL ACADEMIC INSTITUTIONS</b>				
The University of Texas System Administration	\$3,116,644	\$5,910,136	\$8,423,994	\$8,423,994
The University of Texas at Arlington	131,587,383	129,115,152	136,260,111	136,305,255
The University of Texas at Austin	354,162,051	351,729,320	374,709,022	372,631,468
The University of Texas at Dallas	88,364,076	90,085,872	99,966,617	98,011,154
The University of Texas at El Paso	87,057,123	88,908,326	100,879,786	100,931,609
The University of Texas - Pan American	75,721,751	76,996,978	82,970,635	82,988,121
The University of Texas at Brownsville	24,490,908	24,578,904	29,618,239	29,620,482
The University of Texas of the Permian Basin	18,647,393	18,830,549	32,706,694	32,822,677
The University of Texas at San Antonio	117,897,701	114,814,547	134,112,700	134,176,387
The University of Texas at Tyler	31,477,556	31,750,793	37,443,400	35,929,954
Texas A&M University System Administrative and General Offices	6,241,334	4,628,535	11,703,355	10,295,358
Texas A&M University	305,000,838	307,995,411	330,056,777	327,247,983
Texas A&M University at Galveston	14,992,074	14,766,344	19,225,935	19,226,425
Prairie View A&M University	65,436,897	69,800,458	70,903,567	66,297,248
Tarleton State University	44,047,319	44,394,171	52,772,408	52,784,007
Texas A&M University - Corpus Christi	55,013,744	54,941,397	60,022,689	59,433,835
Texas A&M University - Kingsville	48,201,203	46,818,859	49,937,396	49,864,792



**TABLE C5—(CONTINUED)**  
**ALL FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Texas A&M International University	\$38,453,360	\$38,579,415	\$45,595,994	\$45,603,312
West Texas A&M University	37,845,700	37,596,553	39,919,443	39,925,273
Texas A&M University - Commerce	42,670,454	42,178,530	44,959,969	44,978,118
Texas A&M University - Texarkana	11,825,850	12,216,525	18,590,427	18,593,642
University of Houston System Administration	2,341,126	2,344,558	2,602,180	2,605,268
University of Houston	200,676,435	203,613,178	218,408,084	213,474,098
University of Houston - Clear Lake	39,267,449	39,387,364	40,563,991	40,570,242
University of Houston - Downtown	35,708,461	38,105,362	41,829,621	41,840,738
University of Houston - Victoria	15,292,340	16,090,664	19,739,218	18,636,199
Midwestern State University	26,174,986	26,148,519	26,687,110	27,041,800
University of North Texas System Administration	6,429,696	7,429,696	7,553,109	9,662,719
University of North Texas	144,540,040	143,069,004	156,519,728	156,605,959
Stephen F. Austin State University	56,362,639	56,328,209	60,343,974	60,365,387
Texas Southern University	81,588,961	90,509,556	90,193,668	84,480,816
Texas Tech University System Administration	410,546	409,547	415,047	415,047
Texas Tech University	170,862,247	169,921,024	187,297,536	182,161,362
Angelo State University	33,246,820	33,535,440	32,997,017	32,951,264
Texas Woman's University	72,948,930	72,818,880	75,606,036	75,574,490
Board of Regents, Texas State University System Central Office	1,133,248	1,132,325	1,279,248	1,138,248
Lamar University	57,903,103	62,493,133	46,853,575	46,864,344
Sam Houston State University	72,840,132	69,848,464	80,394,366	76,062,428
Texas State University - San Marcos	114,479,562	113,931,950	127,405,955	124,287,133
Sul Ross State University	17,624,953	17,657,133	17,668,105	17,637,415
Sul Ross State University Rio Grande College	6,501,663	6,437,207	6,347,999	6,348,602
<b>SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS</b>	<b>\$2,758,584,696</b>	<b>\$2,777,847,988</b>	<b>\$3,021,484,725</b>	<b>\$2,984,814,653</b>
<b>HEALTH-RELATED INSTITUTIONS</b>				
The University of Texas Southwestern Medical Center at Dallas	\$160,355,384	\$161,019,324	\$171,798,762	\$153,920,914
The University of Texas Medical Branch at Galveston	559,266,665	572,566,648	572,938,646	574,077,872
The University of Texas Health Science Center at Houston	152,287,725	156,706,412	169,531,125	164,712,616
The University of Texas Health Science Center at San Antonio	148,922,006	155,635,265	161,571,140	161,572,806
The University of Texas M.D. Anderson Cancer Center	1,639,997,337	1,791,561,849	2,135,910,028	2,351,388,512
The University of Texas Health Center at Tyler	81,488,030	75,961,425	79,332,780	81,058,856
Texas A&M University System Health Science Center	76,631,640	79,489,933	113,813,930	100,064,931

**TABLE C5—(CONTINUED)**  
**ALL FUNDS — AGENCIES OF EDUCATION (CONTINUED)**

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2,3</sup>	APPROPRIATED 2009 <sup>2,3</sup>
University of North Texas Health Science Center at Fort Worth	\$56,001,219	\$55,617,010	\$63,110,988	\$63,113,644
Texas Tech University Health Sciences Center	118,487,320	123,956,969	166,693,261	146,312,253
<b>SUBTOTAL, HEALTH-RELATED INSTITUTIONS</b>	<b>\$2,993,437,326</b>	<b>\$3,172,514,835</b>	<b>\$3,634,700,660</b>	<b>\$3,796,222,404</b>
<b>TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>				
Texas AgriLife Research	\$65,082,913	\$65,646,655	\$71,155,286	\$66,305,286
Texas AgriLife Extension	65,721,124	66,878,953	66,756,178	66,756,178
Texas Engineering Experiment Station	91,356,803	93,183,939	94,431,571	94,424,971
Texas Transportation Institute	40,084,026	40,738,747	41,119,885	41,119,885
Texas Engineering Extension Service	76,268,604	76,760,025	77,418,852	77,418,852
Texas Forest Service	36,781,425	82,350,641	37,618,689	37,610,689
Texas Veterinary Medical Diagnostic Laboratory	13,796,276	15,584,201	16,184,668	14,184,668
<b>SUBTOTAL, TEXAS A&amp;M UNIVERSITY SYSTEM AGENCIES</b>	<b>\$389,091,171</b>	<b>\$441,143,161</b>	<b>\$404,685,129</b>	<b>\$397,820,529</b>
Higher Education Fund	\$175,000,000	\$175,000,000	\$262,500,000	\$262,500,000
Available University Fund	375,110,255	417,428,228	462,234,092	502,526,413
<b>OTHER HIGHER EDUCATION</b>				
Higher Education Coordinating Board	\$490,073,251	\$498,238,921	\$607,946,917	\$670,830,875
<b>SUBTOTAL, OTHER HIGHER EDUCATION</b>	<b>\$490,073,251</b>	<b>\$498,238,921</b>	<b>\$607,946,917</b>	<b>\$670,830,875</b>
<b>SUBTOTAL, HIGHER EDUCATION</b>	<b>\$7,729,951,828</b>	<b>\$8,407,296,251</b>	<b>\$8,903,018,586</b>	<b>\$9,082,691,614</b>
<b>EMPLOYEE BENEFITS</b>				
Teacher Retirement System	\$1,651,788,694	\$1,765,044,902	\$1,749,768,605	\$1,817,465,844
Optional Retirement Program	124,304,019	129,276,179	147,443,793	153,341,544
Higher Education Employees Group Insurance Contributions	456,008,692	486,973,944	503,468,404	349,495,827
Retirement and Group Insurance	22,734,871	24,222,954	25,191,555	26,027,166
Social Security and Benefits Replacement Pay	236,540,314	244,828,777	253,266,715	261,877,026
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$2,491,376,590</b>	<b>\$2,650,346,756</b>	<b>\$2,679,139,072</b>	<b>\$2,608,207,407</b>
<b>DEBT SERVICE</b>				
Bond Debt Service Payments	\$1,198,465	\$1,714,113	\$2,424,425	\$4,497,044
Lease Payments	8,147,785	8,352,273	6,351,521	6,304,925
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$9,346,250</b>	<b>\$10,066,386</b>	<b>\$8,775,946</b>	<b>\$10,801,969</b>
Less Interagency Contracts	\$58,016,818	\$62,072,536	\$64,950,129	\$64,950,729
<b>TOTAL, ARTICLE III – AGENCIES OF EDUCATION</b>	<b>\$28,157,946,416</b>	<b>\$31,048,518,420</b>	<b>\$36,419,718,847</b>	<b>\$38,116,942,371</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.<sup>4</sup>Reflects provisions in House Bill 2, Eightieth Legislature, 2007, relating to appropriations for school district property tax rate reductions.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C5—(CONTINUED)**  
**ALL FUNDS — THE JUDICIARY**

ARTICLE IV – THE JUDICIARY	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2,3</sup>	APPROPRIATED 2009 <sup>2,3</sup>
Supreme Court of Texas	\$19,662,924	\$18,233,437	\$19,390,927	\$19,498,820
Court of Criminal Appeals	13,960,767	13,549,651	14,392,402	13,639,402
First Court of Appeals District, Houston	3,191,657	3,279,949	3,616,514	3,616,512
Second Court of Appeals District, Fort Worth	2,542,557	2,612,105	2,778,452	2,778,451
Third Court of Appeals District, Austin	2,237,825	2,299,660	2,422,195	2,422,196
Fourth Court of Appeals District, San Antonio	2,428,958	2,494,855	2,755,451	2,755,451
Fifth Court of Appeals District, Dallas	4,374,328	4,483,065	4,926,333	4,926,332
Sixth Court of Appeals District, Texarkana	1,174,944	1,237,132	1,289,860	1,289,861
Seventh Court of Appeals District, Amarillo	1,550,891	1,590,330	1,620,339	1,620,339
Eighth Court of Appeals District, El Paso	1,235,113	1,270,750	1,322,981	1,322,979
Ninth Court of Appeals District, Beaumont	1,499,080	1,591,812	1,620,620	1,620,620
Tenth Court of Appeals District, Waco	1,116,355	1,317,617	1,265,160	1,265,160
Eleventh Court of Appeals District, Eastland	1,220,529	1,246,466	1,294,999	1,301,763
Twelfth Court of Appeals District, Tyler	1,209,849	1,241,376	1,293,617	1,293,617
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	2,250,462	2,312,987	2,423,832	2,423,831
Fourteenth Court of Appeals District, Houston	3,174,126	3,382,557	3,631,804	3,631,802
Office of Court Administration, Texas Judicial Council	31,357,650	26,726,572	34,687,661	30,769,565
Office of the State Prosecuting Attorney	350,347	360,087	426,402	424,602
State Law Library	820,011	831,138	949,876	949,876
State Commission on Judicial Conduct	813,267	861,267	883,766	883,767
Judiciary Section, Comptroller's Department	115,044,075	129,517,601	137,680,965	141,338,411
<b>SUBTOTAL, THE JUDICIARY</b>	<b>\$211,215,715</b>	<b>\$220,440,414</b>	<b>\$240,674,156</b>	<b>\$239,773,357</b>
Retirement and Group Insurance	\$51,361,030	\$52,503,672	\$53,236,886	\$53,989,252
Social Security and Benefit Replacement Pay	9,254,711	9,632,108	9,734,549	9,840,628
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$60,615,741</b>	<b>\$62,135,780</b>	<b>\$62,971,435</b>	<b>\$63,829,880</b>
Lease Payments	\$2,498,229	\$2,495,750	\$2,489,628	\$2,445,539
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$2,498,229</b>	<b>\$2,495,750</b>	<b>\$2,489,628</b>	<b>\$2,445,539</b>
Less Interagency Contracts	\$8,881,677	\$9,046,680	\$6,909,119	\$6,919,614
<b>TOTAL, ARTICLE IV – THE JUDICIARY</b>	<b>\$265,448,008</b>	<b>\$276,025,264</b>	<b>\$299,226,100</b>	<b>\$299,129,162</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C5—(CONTINUED)**  
**ALL FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE**

ARTICLE V — PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Adjutant General's Department	\$60,159,485	\$57,800,340	\$114,278,120	\$70,322,279
Alcoholic Beverage Commission <sup>4</sup>	38,207,578	37,953,698	40,221,267	39,758,542
Department of Criminal Justice <sup>4</sup>	2,600,119,919	2,698,203,668	3,099,849,907	2,787,662,434
Commission on Fire Protection	2,829,372	3,042,030	2,874,818	2,869,318
Commission on Jail Standards	869,962	885,642	908,848	908,847
Juvenile Probation Commission	134,445,458	136,536,613	161,781,492	166,500,347
Commission on Law Enforcement Officer Standards and Education	2,649,848	2,663,380	2,950,744	2,971,756
Texas Military Facilities Commission	7,526,719	5,205,848	0	0
Department of Public Safety <sup>4</sup>	1,435,759,179	591,872,699	983,867,189	658,649,317
Youth Commission	246,656,461	282,797,446	314,902,868	237,025,054
<b>SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$4,529,223,981</b>	<b>\$3,816,961,364</b>	<b>\$4,721,635,253</b>	<b>\$3,966,667,894</b>
Retirement and Group Insurance	\$437,834,634	\$462,261,674	\$492,473,154	\$504,434,995
Social Security and Benefit Replacement Pay	150,076,256	155,480,825	156,859,387	159,153,252
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$587,910,890</b>	<b>\$617,742,499</b>	<b>\$649,332,541</b>	<b>\$663,588,247</b>
Bond Debt Service Payments	\$255,227,389	\$273,960,257	\$267,195,581	\$298,056,561
Lease Payments	2,016,518	2,021,985	2,239,742	2,202,410
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$257,243,907</b>	<b>\$275,982,242</b>	<b>\$269,435,323</b>	<b>\$300,258,971</b>
Less Interagency Contracts	\$71,782,142	\$72,345,418	\$68,284,487	\$66,777,154
<b>TOTAL, ARTICLE V — PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>\$5,302,596,636</b>	<b>\$4,638,340,687</b>	<b>\$5,572,118,630</b>	<b>\$4,863,737,958</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C5—(CONTINUED)**  
**ALL FUNDS — NATURAL RESOURCES**

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Department of Agriculture	\$63,667,457	\$80,524,032	\$347,075,743	\$338,551,729
Animal Health Commission	15,679,546	13,721,054	14,296,853	14,269,833
Commission on Environmental Quality	353,766,232	632,150,904	554,530,672	515,411,923
General Land Office and Veterans' Land Board	70,960,273	71,722,371	86,687,698	88,720,504
Parks and Wildlife Department <sup>4</sup>	236,611,248	264,080,330	347,161,071	317,649,214
Railroad Commission	61,073,081	59,995,178	61,128,960	60,650,211
Soil and Water Conservation Board	14,273,498	13,433,028	16,560,996	15,910,996
Water Development Board	42,725,745	44,412,545	56,530,694	52,257,114
Debt Service Payments – Non-Self-supporting General Obligation Water Bonds	25,421,360	26,457,571	39,765,869	70,938,081
<b>SUBTOTAL, NATURAL RESOURCES</b>	<b>\$884,178,440</b>	<b>\$1,206,497,013</b>	<b>\$1,523,738,556</b>	<b>\$1,474,359,605</b>
Retirement and Group Insurance	\$78,049,288	\$82,577,006	\$84,723,994	\$86,733,316
Social Security and Benefit Replacement Pay	30,805,728	31,870,766	32,293,532	32,553,904
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$108,855,016</b>	<b>\$114,447,772</b>	<b>\$117,017,526</b>	<b>\$119,287,220</b>
Bond Debt Service Payments	\$8,424,597	\$9,203,194	\$11,014,344	\$11,847,763
Lease Payments	3,888,722	4,061,152	4,129,124	4,062,484
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$12,313,319</b>	<b>\$13,264,346</b>	<b>\$15,143,468</b>	<b>\$15,910,247</b>
Less Interagency Contracts	\$9,566,163	\$9,289,534	\$21,737,240	\$21,529,290
<b>TOTAL, ARTICLE VI – NATURAL RESOURCES</b>	<b>\$995,780,612</b>	<b>\$1,324,919,597</b>	<b>\$1,634,162,310</b>	<b>\$1,588,027,782</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

<sup>4</sup>In addition to amounts indicated, Article IX, Section 19.61 of the 2008–09 General Appropriations Act appropriates funds for Salary Schedule C pay raises for commissioned peace officers.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C5—(CONTINUED)**  
**ALL FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT**

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
Department of Housing and Community Affairs	\$192,184,135	\$149,121,939	\$152,607,246	\$152,816,002
Texas Lottery Commission	206,376,095	207,352,153	209,820,050	210,935,236
Office of Rural Community Affairs	167,128,202	89,164,467	90,474,617	85,479,620
Department of Transportation	7,446,796,127	8,245,939,251	8,721,052,656	8,197,914,237
Texas Workforce Commission	1,208,000,356	1,071,599,385	1,075,638,916	1,075,914,404
Reimbursements to the Unemployment Compensation Benefit Account	15,028,565	15,028,565	14,926,870	15,251,737
<b>SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$9,235,513,480</b>	<b>\$9,778,205,760</b>	<b>\$10,264,520,355</b>	<b>\$9,738,311,236</b>
Retirement and Group Insurance	\$207,671,670	\$221,078,220	\$228,935,362	\$235,975,422
Social Security and Benefit Replacement Pay	65,120,068	67,219,515	68,470,823	68,945,335
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$287,820,303</b>	<b>\$303,326,300</b>	<b>\$312,333,055</b>	<b>\$320,172,494</b>
Bond Debt Service Payments	\$1,585,489	\$8,210,162	\$7,715,631	\$11,352,258
Lease Payments	480,425	480,499	741,198	812,714
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$2,065,914</b>	<b>\$8,690,661</b>	<b>\$8,456,829</b>	<b>\$12,164,972</b>
Less Interagency Contracts	\$87,505,741	\$85,535,196	\$81,401,242	\$30,573,150
<b>TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT</b>	<b>\$9,422,865,391</b>	<b>\$9,989,658,960</b>	<b>\$10,488,982,127</b>	<b>\$10,024,823,815</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.

<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.

<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.



**TABLE C5—(CONTINUED)**  
**ALL FUNDS — REGULATORY**

ARTICLE VIII – REGULATORY	EXPENDED 2006	BUDGETED 2007 <sup>1</sup>	APPROPRIATED 2008 <sup>2, 3</sup>	APPROPRIATED 2009 <sup>2, 3</sup>
State Office of Administrative Hearings	\$7,345,927	\$7,379,196	\$8,901,212	\$8,901,210
Department of Banking	11,941,617	12,518,580	18,042,032	17,810,029
Board of Chiropractic Examiners	383,958	390,152	461,576	451,776
Office of Consumer Credit Commissioner	3,672,460	3,751,599	5,191,352	5,082,851
Credit Union Department	1,763,735	1,764,262	1,892,545	1,964,543
Texas State Board of Dental Examiners	1,740,280	1,573,333	1,855,156	1,821,475
Funeral Service Commission	643,444	654,676	673,692	673,692
Board of Professional Geoscientists	434,277	438,162	443,490	437,729
Health Professions Council	153,733	159,662	156,162	159,662
Office of Injured Employee Counsel	3,911,276	4,990,812	7,161,013	7,174,693
Department of Insurance	96,067,332	103,985,963	100,380,208	97,943,388
Office of Public Insurance Counsel	1,036,096	1,058,465	1,044,726	1,044,726
Board of Professional Land Surveying	388,141	354,169	426,754	395,025
Department of Licensing and Regulation	14,841,642	15,180,395	22,140,180	20,938,000
Texas Medical Board	8,676,389	7,628,461	9,364,683	9,248,083
Texas Board of Nursing	6,929,214	6,669,215	6,995,168	6,995,168
Optometry Board	399,255	403,332	429,338	429,339
Structural Pest Control Board	1,523,831	1,468,272	0	0
Board of Pharmacy	3,689,254	3,675,257	4,158,211	4,070,806
Executive Council of Physical Therapy and Occupational Therapy Examiners	958,204	984,620	1,068,349	1,040,768
Board of Plumbing Examiners	1,785,819	1,756,955	1,892,556	1,823,306
Board of Podiatric Medical Examiners	219,166	221,431	230,912	231,665
Board of Examiners of Psychologists	710,419	723,603	782,760	770,359
Racing Commission	9,925,908	10,050,716	10,777,323	10,778,322
Real Estate Commission	4,993,533	4,998,763	6,349,361	6,355,307
Residential Construction Commission	3,517,912	3,561,436	10,566,343	10,195,344
Department of Savings and Mortgage Lending	3,865,433	4,170,176	6,599,269	6,771,866
Securities Board	5,615,893	6,001,163	5,712,676	5,712,676
Board of Tax Professional Examiners	171,756	175,800	190,028	190,028
Public Utility Commission of Texas	12,302,685	46,105,392	93,800,878	103,800,878
Office of Public Utility Counsel	1,655,625	1,780,337	1,717,981	1,717,981
Board of Veterinary Medical Examiners	625,545	630,088	861,029	815,067
<b>SUBTOTAL, REGULATORY</b>	<b>\$211,889,759</b>	<b>\$255,204,443</b>	<b>\$330,266,963</b>	<b>\$335,745,762</b>
Retirement and Group Insurance	\$30,281,366	\$31,995,739	\$32,497,215	\$33,177,667
Social Security and Benefit Replacement Pay	12,564,413	13,003,711	13,051,167	13,161,913
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$42,845,779</b>	<b>\$44,999,450</b>	<b>\$45,548,382</b>	<b>\$46,339,580</b>
Lease Payments	\$5,778,508	\$6,141,737	\$4,904,767	\$4,834,366
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$5,778,508</b>	<b>\$6,141,737</b>	<b>\$4,904,767</b>	<b>\$4,834,366</b>
Less Interagency Contracts	\$1,989,304	\$1,929,470	\$2,670,259	\$2,673,759
<b>TOTAL, ARTICLE VIII – REGULATORY</b>	<b>\$258,524,742</b>	<b>\$304,416,160</b>	<b>\$378,049,853</b>	<b>\$384,245,949</b>

<sup>1</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations.<sup>2</sup>Reflects provisions in House Bill 15, Eightieth Legislature, 2007, relating to supplemental appropriations; other enacted legislation affecting appropriations; certain appropriation adjustments made in Article IX of the 2008–09 General Appropriations Act; and/or the Governor's vetoes.<sup>3</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C5—(CONTINUED)**  
**ALL FUNDS — GENERAL PROVISIONS**

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008	APPROPRIATED 2009
State Employee Pay Raise	\$0	\$0	\$389,911,217	\$0
Schedule C Employee Pay Raise	0	0	14,643,670	0
<b>TOTAL, ARTICLE IX – GENERAL PROVISIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$404,554,887</b>	<b>\$0</b>

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

**TABLE C5—(CONTINUED)**  
**ALL FUNDS — THE LEGISLATURE**

ARTICLE X – THE LEGISLATURE	EXPENDED 2006	BUDGETED 2007	APPROPRIATED 2008 <sup>1</sup>	APPROPRIATED 2009 <sup>1</sup>
Senate	\$28,391,880	\$33,810,346	\$27,364,936	\$32,202,180
House of Representatives	30,644,481	40,710,040	29,690,111	38,756,889
Legislative Budget Board	10,088,189	14,285,775	11,715,525	11,715,525
Sunset Commission	1,752,856	1,808,840	1,712,706	1,712,706
Legislative Council	33,138,974	36,743,864	31,908,517	34,856,198
Commission on Uniform State Laws	130,160	169,467	170,160	209,467
State Auditor's Office	16,046,499	22,441,455	16,612,574	16,612,574
Legislative Reference Library	1,460,228	1,580,480	1,412,638	1,497,206
<b>SUBTOTAL, THE LEGISLATURE</b>	<b>\$121,653,267</b>	<b>\$151,550,267</b>	<b>\$120,587,167</b>	<b>\$137,562,745</b>
Retirement and Group Insurance	\$19,658,293	\$20,856,752	\$21,335,015	\$21,833,048
Social Security and Benefit Replacement Pay	7,366,523	7,663,490	7,742,815	7,825,111
<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$27,024,816</b>	<b>\$28,520,242</b>	<b>\$29,077,830</b>	<b>\$29,658,159</b>
Lease Payments	\$9,006,162	\$7,923,717	\$7,687,622	\$7,712,380
<b>SUBTOTAL, DEBT SERVICE</b>	<b>\$9,006,162</b>	<b>\$7,923,717</b>	<b>\$7,687,622</b>	<b>\$7,712,380</b>
Less Interagency Contracts	\$5,123,217	\$5,287,969	\$3,156,503	\$3,156,503
<b>TOTAL, ARTICLE X – THE LEGISLATURE</b>	<b>\$152,561,028</b>	<b>\$182,706,257</b>	<b>\$154,196,116</b>	<b>\$171,776,781</b>

<sup>1</sup>In addition to amounts indicated, Article IX, Section 19.62 of the 2008–09 General Appropriations Act provides for the transfer of appropriations to agencies for a salary increase for certain state employees.

NOTE: Article totals exclude interagency contracts.

SOURCE: Legislative Budget Board.

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## APPENDIX D – HOUSE COMMITTEE ON APPROPRIATIONS

### EIGHTIETH LEGISLATURE 2008–09

**WARREN CHISUM, CHAIR**, Representative District 88, Pampa

**RYAN GUILLEN, VICE-CHAIR**, Representative District 31, Rio Grande City

Alma Allen, Representative District 131, Houston

Dan Branch, Representative District 108, Dallas

Betty Brown, Representative District 4, Terrell

Fred Brown, Representative District 14, College Station

Norma Chavez, Representative District 76, El Paso

Myra Crownover, Representative District 64, Denton

Drew Darby, Representative District 72, San Angelo

John Davis, Representative District 129, Houston

Dawnna Dukes, Representative District 46, Austin

Kirk England, Representative District 106, Grand Prairie

Dan Gattis, Representative District 20, Georgetown

Linda Harper-Brown, Representative District 105, Irving

Charles Hopson, Representative District 11, Jacksonville

Carl Isett, Representative District 84, Lubbock

Jim Jackson, Representative District 115, Carrollton

Lois W. Kolkhorst, Representative District 13, Brenham

Eddie Lucio III, Representative District 38, Brownsville

Ruth Jones McClendon, Representative District 120, San Antonio

Jim McReynolds, Representative District 12, Lufkin

Jose Menendez, Representative District 124, San Antonio

Richard Noriega, Representative District 145, Houston

John Otto, Representative District 18, Dayton

Debbie Riddle, Representative District 150, Tomball

Larry Taylor, Representative District 24, Friendswood

Sylvester Turner, Representative District 139, Houston

Corbin Van Arsdale, Representative District 130, Tomball

John Zerwas, Representative District 28, Richmond



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## APPENDIX E – SENATE COMMITTEE ON FINANCE

### EIGHTIETH LEGISLATURE 2008–09

**STEVE OGDEN, CHAIR**, Senatorial District 5, Bryan

**JUDITH ZAFFIRINI, VICE-CHAIR**, Senatorial District 21, Laredo

Kip Averitt, Senatorial District 22, Waco

Robert Deuell, M.D., Senatorial District 2, Greenville

Robert Duncan, Senatorial District 28, Lubbock

Kevin Eltife, Senatorial District 1, Tyler

Troy Fraser, Senatorial District 24, Horseshoe Bay

Juan Hinojosa, Senatorial District 20, McAllen

Kyle Janek, Senatorial District 17, Houston

Eddie Lucio, Jr., Senatorial District 27, Brownsville

Jane Nelson, Senatorial District 12, Lewisville

Florence Shapiro, Senatorial District 8, Plano

Royce West, Senatorial District 23, Dallas

John Whitmire, Senatorial District 15, Houston

Tommy Williams, Senatorial District 4, The Woodlands





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## APPENDIX F – LEGISLATIVE BUDGET BOARD STAFF

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Legal Counsel: Michael VanderBurg, Amy Borgstedte

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## APPENDIX G – ABBREVIATIONS AND ACRONYMS

AAA—Area Agencies on Aging	CCC—Coastal Coordination Council	
AAS—Agriculture Analytical Service	CCDF—Child Care and Development Fund	
ABTPA—Automobile Burglary and Theft Prevention Authority	CCH—Contested Case Hearing	
ACP—Alternative Certification Program	CCR—Child Care Regulation (Program)	
ADA—average daily attendance; Americans with Disabilities Act	CCTS—Capitol Complex Telephone System	
ADR—alternative dispute resolution	CDA—comprehensive development agreements	
ADS—advanced database systems	CDBG—Community Development Block Grant	
AFRED—Alternative Fuels Research and Education Division	CEF—Cultural Endowment Fund	
AGD—Adjutant General’s Department	CED—county education district	
AI—avian influenza	CER—Coastal Erosion Response	
AL-EXT—Texas AgriLife Extension Service (formerly Texas Agricultural Extension Service)	CHIP—Children’s Health Insurance Program	
ALR—Administrative License Revocation (Division)	CHRI—criminal history record information	
AL-RSRCH—Texas AgriLife Research (formerly Texas Agricultural Experiment Station)	CIAP—Coastal Impact and Assistance Program	
APS—Adult Protective Services (Program)	CIL—Centers for Independent Living	
ASEP—Accountability System for Educator Preparation	CISO—Chief Information Security Office	
ASF—Available School Fund	CJAD—Community Justice Assistance Division	
ATPA—Automobile Theft Prevention Authority	CLASS—Community Living and Support Services (Waiver Program)	
AUF—Available University Fund	CLED—Criminal Law Enforcement Division	
AYP—Adequate Yearly Progress	CMP—Coastal Management Program	
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BBEST—Basin and Bay Expert Science Team	COBRA—Consolidated Omnibus Budget Reconciliation Act	
BCCCP—Breast and Cervical Cancer Control Program	CPA—Comptroller of Public Accounts	
BCLS—Basic Civil Legal Services	CPS—Child Protective Services (Program)	
BEST—Blindness, Education, Screening and Treatment (Program)	CRCB—Court Reporter Certification Board	
BET—Business Enterprises of Texas (Program)	CRS—Comprehensive Rehabilitation Services	
BPP—Board of Pardons and Paroles	CSCD—Community Supervision and Corrections Department	
BRAC—Base Realignments and Closures	CSEC—Commission on State Emergency Communications	
BRB—Bond Review Board	CSHCN—children with special health care needs	
BRP—benefit replacement pay	CWA—Clean Water Act	
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CAPTA—Child Abuse Prevention and Treatment Act	CWSRF—Clean Water State Revolving Fund	
CAS—Community Attendant Services	CWTAP—Colonia Wastewater Treatment Assistance Program	
CASA—Court-appointed Special Advocate	CYD—Community Youth Development (Program)	
CBA—Community-based Alternatives	<hr/>	
	DADS—Department of Aging and Disability Services	
	DAHS—Day Activity and Health Services	

DARS—Department of Assistive and Rehabilitative Services  
 DAS—debt affordability study  
 DBMD—Deaf Blind/Multiple Disability (Waiver Program)  
 DEAAG—Defense Economic Adjustment Assistance Grants  
 DFPS—Department of Family and Protective Services  
 DIR—Department of Information Resources  
 DPS—Department of Public Safety  
 DSH—disproportionate share hospital  
 DSHS—Department of State Health Services  
 DWC—Division of Workers’ Compensation  
 DWI—driving while intoxicated  
 DWSRF—Drinking Water State Revolving Fund

EAC—Early Action Compacts  
 EBT—electronic benefits transfer  
 ECI—(Interagency Council on) Early Childhood Intervention  
 EDAP—Economically Distressed Areas Program  
 EFMAP—Enhanced Federal Medical Assistance Percentage  
 EIA—equine infectious anemia  
 END—exotic Newcastle disease  
 EPA—Environmental Protection Agency  
 EPO—exclusive provider organization  
 EPSDT—Early and Periodic Screening, Diagnosis, and Treatment (Program)  
 ERS—Employees Retirement System  
 ESF—Economic Stabilization Fund  
 ESRD—end-stage renal disease  
 ExCET—Examination for the Certification of Educators in Texas

FBI—Federal Bureau of Investigation  
 FCP—Family Care Physician  
 FEMA—Federal Emergency Management Agency  
 FFCS—Feed and Fertilizer Control Service  
 FFPC—Fire Fighters’ Pension Commissioner  
 FHWA—Federal Highway Administration  
 FMAP—federal medical assistance percentage  
 FPL—Federal Poverty Level  
 FQHC—federally qualified health centers  
 FSP—Foundation School Program

FTA—Federal Transit Administration  
 FTE—full-time equivalent

GAA—General Appropriations Act  
 GASB—Governmental Accounting Standards Board  
 GBP—Group Benefits Program  
 GCB—Guardianship Certification Board  
 GDEM—Governor’s Division of Emergency Management  
 GDP—gross domestic product  
 GLO—General Land Office  
 GME—Graduate Medical Education (Formula)  
 GO—General Obligation (bonds)  
 GOTEPP—GO TEXAS Partner Program  
 GPA—grade point average  
 GSC—General Services Commission  
 GSP—gross state product

HAVA—Help America Vote Act  
 HCS—Home and Community-based Services (Waiver Program)  
 HEF—Higher Education Fund  
 HEGI—Higher Education Employees Group Insurance  
 HEPI—Higher Education Price Index  
 HHS—health and human services  
 HHSAS—Health and Human Services Administrative System  
 HHSC—Health and Human Services Commission  
 HIPAA—Health Insurance Portability and Accountability Act  
 HIV—Human Immunodeficiency Virus  
 HMO—health maintenance organization  
 HOME—HOME Investment Partnerships  
 HSC—Health Science Center  
 HTC—Housing Tax Credit (Program)  
 HUD—(U.S. Department of) Housing and Urban Development

ICF-MR—intermediate care facilities for persons with mental retardation  
 ICM—Integrated Care Management  
 ICTCC—Information and Communication Technology Cooperative Contracting  
 IDEA—Individuals with Disabilities Education Act  
 IFA—instructional facilities allotment

IHP—(Federal Assistance to) Individuals and Households Program

ILS—Independent Living Services

IOLTA—interest on lawyers’ trust accounts

IPTC—In-Prison Therapy Community (Program)

IRS—Internal Revenue Service

ISAS—Integrated Statewide Administrative System

ISD—independent school district

ISP—intensive supervision probation

IT—information technology

ITP—individualized treatment plan

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JAMP—Joint Admission Medical Program

JJAEP—Juvenile Justice Alternative Education Program

JRS—Judicial Retirement System

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LBB—Legislative Budget Board

LBE—Legislative Budget Estimates

LEARN—Lonestar Education and Research Network

LECOS—Law Enforcement and Custodial Officer Supplement

LIRAP—Low-income Vehicle Repair Assistance, Retrofit and Accelerated Vehicle Retirement Program

LoanSTAR—Loans to Save Taxes and Resources

LPG—liquefied petroleum gas

LRA—less restrictive alternatives

LRL—Legislative Reference Library

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MCF—thousand cubic feet

MDCP—Medically Dependent Children’s Program

MFB—Multifamily Bond

MFMRB—Multiple Family Mortgage Revenue Bonds

MH—mental health

MLPP—Master Lease Purchase Program

MMS—Minerals Management Service

M&O—maintenance and operation

MOU—memorandum of understanding

MPO—metropolitan planning organization

MR—mental retardation

MRA—Mental Retardation Authorities

MSA—Metropolitan Statistical Area

MTP—Medical Transportation Program

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NAIS—National Animal Identification System

NCIC—National Crime Information Center

NCLB—No Child Left Behind (Act)

NF—nursing facility

NFIP—National Flood Insurance Program

NTSS—Network and Telecommunications Security Services

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OAG—Office of the Attorney General

OCA—Office of Court Administration

OCCC—Office of Consumer Credit Commissioner

OCI—Office of Colonia Initiatives

OCS—Outer Continental Shelf

OFCU—Oil Field Cleanup (Fund)

OIEC—Office of Injured Employee Counsel

OIG—Office of Inspector General

OPIC—Office of Public Insurance Counsel

OPUC—Office of Public Utility Counsel

ORCA—Office of Rural Community Affairs

OSFR—Office of State–Federal Relations

OSPA—Office of the State Prosecuting Attorney

OTSC—Office of the State Chemist

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PAB—private activity bond

PACE—Permanency Achieved through Coordinated Efforts; Program for All-inclusive Care for the Elderly

PAL—Preparation for Adult Living

PCCM—primary care case management

PCP—Primary Care Physician

PD—Parole Division

PEB—Polygraph Examiners Board

PEI—prevention and early intervention

PHC—Primary Home Care

PIU—Public Integrity Unit

PRA—personal responsibility agreement

PRB—Pension Review Board

PRC—public retail customer

PSAP—public safety answering point

PSF—Permanent School Fund

PSRB—Process Server Review Board

PST—petroleum storage tank

PUC—Public Utility Commission

PUF—Permanent University Fund

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RCRA—Resource Conservation Recovery Act

RDF—Research Development Fund

RESF—Real Estate Special Fund

RIO—Reintegration of Offenders, as Project RIO

RIO-Y—Reintegration of Offenders–Youth

RPC—Regional Planning Commissions

RRC—Railroad Commission

RRPD—Rehabilitation and Reentry Program Division

RTS—Registration and Titling System

RWAF—Rural Water Assistance Fund

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SAC—Science Advisory CommitteeSAFETEA-LU—Safe, Accountable, Flexible, Efficient,  
Transportation Equity Act: A Legacy for Users

SAFPF—Substance Abuse Felony Punishment Facility

SAPB—State Aircraft Pooling Board

SAPT—Substance Abuse Prevention and Treatment

SAO—State Auditor’s Office

SBEC—State Board for Educator Certification

SBOE—State Board of Education

SCJC—State Commission on Judicial Conduct

SDU—State Disbursement Unit

SFMRB—Single Family Mortgage Revenue Bonds

SGST—Sporting Goods Sales Tax

SIF—Subsequent Injury Fund

SIRP—State-sponsored inspection and dispute resolution process

SJR—Senate Joint Resolution

SKIP—State Kids Insurance Program

SLB—School Land Board

SOAH—State Office of Administrative Hearings

SOS—Secretary of State

SPB—State Preservation Board

SPU—Special Prosecution Unit

SSDI—Social Security Disability Insurance

SSI—Supplemental Security Income

STAR—Services to At-Risk (Youth); State of Texas Access Reform  
(Program)

STARS—Supporting Tourism and Rural Success

STD—sexually transmitted diseases

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TAAS—Texas Assessment of Academic Skills

TABC—Texas Alcoholic Beverage Commission

TAFA—Texas Agricultural Finance Authority

TAHC—Texas Animal Health Commission

TAIS—Texas Apiary Inspection Service

TAKS—Texas Assessment of Knowledge and Skills

TALCB—Texas Appraiser Licensing and Certification Board

TAMES—Texas Appeals Management and E-Filing System

TAMU—Texas A&amp;M University

TANF—Temporary Assistance for Needy Families

TAWC—Texas Agricultural Water Conservation

TB—tuberculosis

TBPC—Texas Building and Procurement Commission

TCA—Texas Commission on the Arts

TCEQ—Texas Commission on Environmental Quality

TCFP—Texas Commission on Fire Protection

TCI—Texas Correctional Industries

TCIC—Texas Crime Information Center

TCID—Texas Center for Infectious Disease

TCJS—Texas Commission on Jail Standards

TCLEOSE—Texas Commission on Law Enforcement Officer  
Standards and EducationTCOOMMI—Texas Correctional Office on Offenders with  
Mental and Medical Impairments

TDA—Texas Department of Agriculture

TDCJ—Texas Department of Criminal Justice

TDHCA—Texas Department of Housing and Community  
Affairs

TDI—Texas Department of Insurance

TDLR—Texas Department of Licensing and Regulation

TEA—Texas Education Agency

TEAJF—Texas Equal Access to Justice Foundation

TEA-21—Transportation Equity Act for the 21<sup>st</sup> Century

TEC—Texas Ethics Commission



TEES—Texas Engineering Experiment Station  
 TEEX—Texas Engineering Extension (Service)  
 TEP—Transportation Enhancement Program  
 TERP—Texas Emissions Reduction Plan  
 TERT—Texas Emergency Response Team  
 TESRS—Texas Emergency Services Retirement System  
 TEXAS—Toward Excellence, Access, and Success (Program)  
 TexDeck—Texas Data Enabled Courts for Kids  
 TExES—Texas Examinations of Educator Standards  
 TFC—Texas Facilities Commission  
 TFFC—Texas Food and Fibers Commission  
 TFID—Task Force on Indigent Defense  
 TFS—Texas Forest Service  
 THC—Texas Historical Commission  
 THECB—Texas Higher Education Coordinating Board  
 THP—Texas Highway Patrol (Division)  
 TIERS—Texas Integrated Eligibility Redesign System  
 TIGRE—Texas Internet Grid for Research and Education  
 TJPC—Texas Juvenile Probation Commission  
 TLFFRA—Texas Local Fire Fighters’ Retirement Act  
 TMF—Texas Mobility Fund  
 TMDL—total maximum daily load  
 TNG—Texas National Guard  
 TNRIS—Texas Natural Resources Information System  
 TPFA—Texas Public Finance Authority  
 TPWD—Texas Parks and Wildlife Department  
 TRACS—Texas Review and Comment System  
 TRAIL—Texas Records and Information Locator  
 TRB—Tuition Revenue Bond  
 TRCC—Texas Residential Construction Commission  
 TREC—Texas Real Estate Commission  
 TRIP—Texas Recovery and Identification Program  
 TRS—Teacher Retirement System  
 TSBVI—Texas School for the Blind and Visually Impaired  
 TSD—Texas School for the Deaf  
 TSG—Texas State Guard  
 TSLAC—Texas State Library and Archives Commission  
 TSSWCB—Texas State Soil and Water Conservation Board

TSTC—Texas State Technical College  
 TTA—Texas Turnpike Authority  
 TTC—Texas Transportation Commission  
 TTI—Texas Transportation Institute  
 TVC—Texas Veterans Commission  
 TVMDL—Texas Veterinary Medical Diagnostic Laboratory  
 TWC—Texas Workforce Commission  
 TWDB—Texas Water Development Board  
 TxDOT—Texas Department of Transportation  
 TX-TF1—Texas Task Force 1  
 TYC—Texas Youth Commission

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UCC—Uniform Commercial Code  
 UPL—Upper Payment Limit (Program )  
 USDA—U.S. Department of Agriculture  
 UT—(The) University of Texas (System)  
 UTMB—University of Texas Medical Branch at Galveston

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VA—Veterans Affairs  
 VAP—voting age population  
 VEIMP—Vehicle Emissions Inspections and Maintenance Program  
 VLB—Veterans’ Land Board  
 VR—vocational rehabilitation

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WADA—weighted average daily attendance  
 WIA—Workforce Investment Act  
 WIC—Women, Infants and Children (Program)  
 WIF—Water Infrastructure Fund