

GENERAL REVENUE- DEDICATED FUNDS IN THE APPROPRIATIONS PROCESS

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Presentation Approach

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- LBB staff have taken the following approach to our presentations for this week's hearings:
 - ▣ The overarching intent is to lay out how appropriations decisions aligned with revenue information that was available to you at the time appropriations decisions were made.
 - ▣ Revenue and appropriations data are all from the Comptroller of Public Accounts report on Use of General Revenue-Dedicated Funds. This allowed us to use a single source for virtually all of the data you will be provided. The exception is that cash basis data are from the Uniform State Accounting System (USAS).
 - ▣ Note that the appropriations amounts are just that, and are not budgeted/expended amounts, as we generally present historical data.

What is General Revenue-Dedicated?

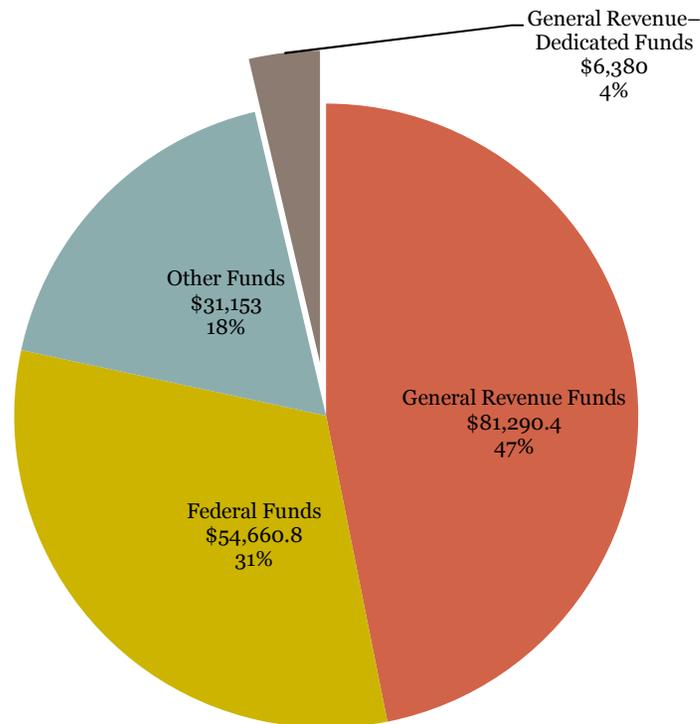
- General Revenue-Dedicated (GR-D) is a subset of the General Revenue Fund.
- GR-D is a method of finance type that includes accounts within the General Revenue Fund that are “dedicated” as a result of legislative action.
- There are over 200 such accounts, and the Legislature may appropriate revenue from these accounts only for the purpose to which the revenue is statutorily dedicated.

How Much GR-D Is Available?

- There was an estimated \$10.6 billion in available GR-D revenue for appropriation in the 2012-13 biennium.
- The legislature chose to appropriate \$6.4 billion of that amount.
- The remainder remains in the accounts within General Revenue.

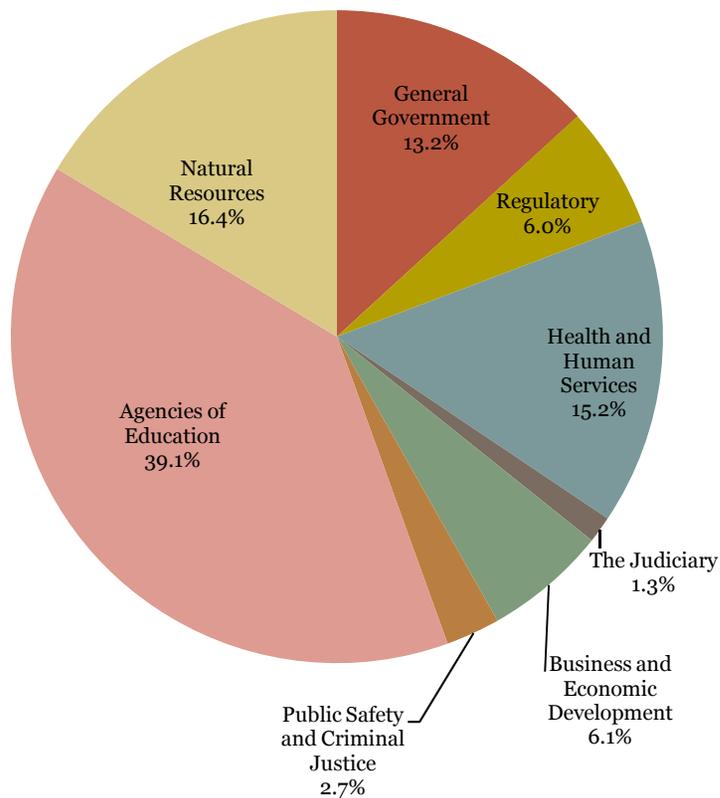
General Revenue-Dedicated in Context

The appropriated All Funds budget for the current (2012-13) biennium is \$173.5 billion



GR-D Among the Articles

GR-D Among Articles

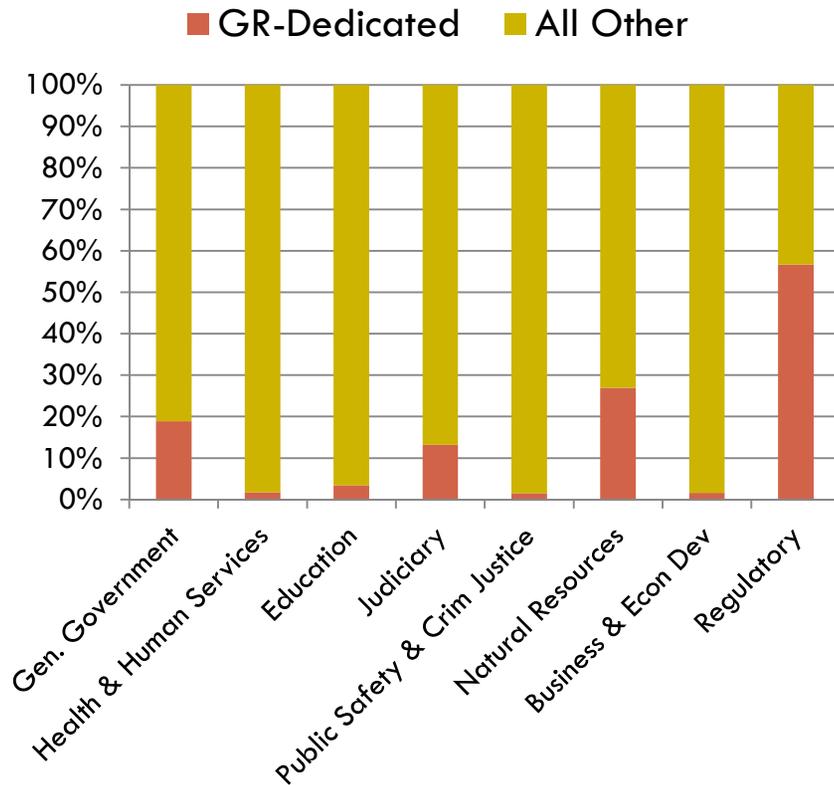


GR-D is appropriated in nearly all articles of the General Appropriations Act. By far the largest allocation is to Article III, Agencies of Education, and all but a marginal amount of that is in agencies and institutions of higher education. Of the \$2.5 billion higher education total, most is tuition revenue.

Health and Human Services, General Government, and Natural Resources each are appropriated approximately \$1 billion each, and the other articles make up the rest.

GR-D Among the Articles

GR-D as a portion of each article

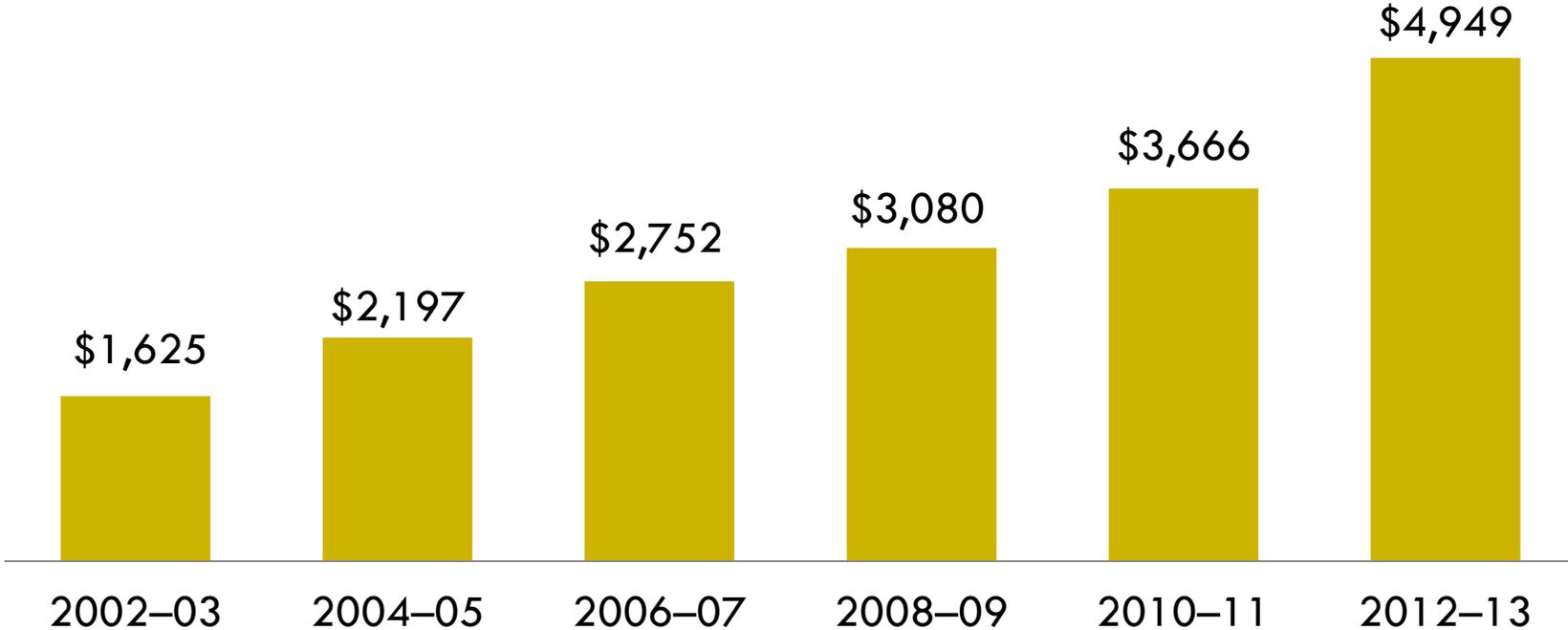


Although regulatory agencies (Article VIII) make up the third-smallest percentage of all GR-D, that method of finance represents 57% of all appropriations to the article, nearly all at the Public Utility Commission for the System Benefit Fund.

Note that while total dollar appropriations to Articles II and III are significant, GR-D represents a small percentage of their overall appropriations.

GR-D Balances Used for Certification

GR-D Balances
In Millions



Source: Comptroller of Public Accounts

Summary of Selected GR-D Accounts

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		2011 Ending Balance	12-13 Revenue	2012-13 Biennial Appropriation	2012-13 Estimated Revenues and Balances Available for Certification
9	Game, Fish and Water Safety	\$52.7	\$253.0	\$199.1	\$106.6
151	Clean Air Account	\$53.9	\$203.2	\$112.5	\$144.5
655	Petroleum Storage Tank Remediation	\$144.5	\$56.7	\$44.5	\$156.7
5000	Solid Waste Disposal	\$92.2	\$38.7	\$11.0	\$119.9
5050	9-1-1 Service Fees	\$127.5	\$113.0	\$76.0	\$164.5
5064	Volunteer Fire Department Assistance	\$59.2	\$60.4	\$27.6	\$91.9
5071	Texas Emissions Reduction Plan	\$463.7	\$322.5	\$132.4	\$653.9
5084	Child Abuse Neglect Operating Fund	\$4.1	\$7.2	\$11.4	\$0
5085	Child Abuse Neglect Trust Fund	\$17.3	\$0	\$0	\$17.3
5100	System Benefit Fund	\$710.2	\$309.7	\$169.0	\$851.0
5111	Designated Trauma Facility and EMS	\$275.6	\$227.5	\$115.1	\$388.0
5137	Regional Trauma Account	\$27.0	\$27.2	\$0.0	\$54.2
5144	Physicians Education Loan Repayment Program	\$22.1	\$59.6	\$5.6	\$76.1

Source: CPA Report on Use of GR-D Accounts

How Are GR-D Decisions Made?

- Decisions affecting GR-D happen on two fronts:
 - ▣ Determining the purpose of the dedication, which is statutory, and
 - ▣ Determining the level of appropriation from the account, which is in the General Appropriations Act.
- Both decisions affect the account's balance, and optimally the decisions work in concert to address a legislative priority.
- Balances build by revenues exceeding appropriations, thus over time allowing funds to accumulate.

How Are GR-D Balances Addressed?

- There are many available mechanisms; these tools could be broadly applied or very specifically applied to particular accounts:
 - ▣ Increasing appropriations from GR-D accounts;
 - ▣ Reducing the rate of revenue collection, or capping the total collected amount;
 - ▣ Changing the methodology by which accounts are used to help certify the budget; and
 - ▣ Changing the allowable use of the account.

What Should be Considered?



- Has the relevance of purpose of the current dedication shifted over time? Are other initiatives of higher priority?
- Is the revenue stream designed solely to generate revenue, or is there another public policy goal served by a fine or fee that is then deposited to a GR-D account?
- Is the revenue stream volatile, rendering difficult consistent estimates and appropriations?
- Who has authority to determine the collection rate?