

Section 1

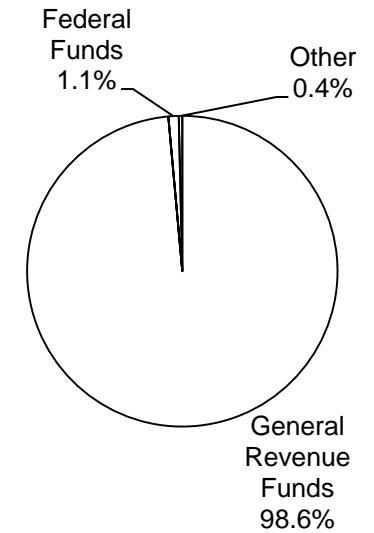
**Alcoholic Beverage Commission
Summary of Recommendations - Senate**

Alan Steen, Administrator
Article V-7

David Repp, LBB Analyst

Method of Financing	2010-11 Appropriations	2010-11 Base	2012-13 Recommended	Biennial Change	% Change
General Revenue Funds	\$87,794,489	\$84,480,556	\$77,450,936	(\$7,029,620)	(8.3%)
GR Dedicated Funds	\$0	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$87,794,489	\$84,480,556	\$77,450,936	(\$7,029,620)	(8.3%)
Federal Funds	\$702,400	\$995,662	\$839,000	(\$156,662)	(15.7%)
Other	\$307,500	\$970,025	\$290,000	(\$680,025)	(70.1%)
All Funds	\$88,804,389	\$86,446,243	\$78,579,936	(\$7,866,307)	(9.1%)

**RECOMMENDED FUNDING
BY METHOD OF FINANCING**



	FY 2011 Appropriations	FY 2011 Budgeted	FY 2013 Recommended	Biennial Change	% Change
FTEs	696.0	674.3	617.6	(56.7)	(8.4%)

The bill pattern for this agency (2012-13 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2012-13 biennium.

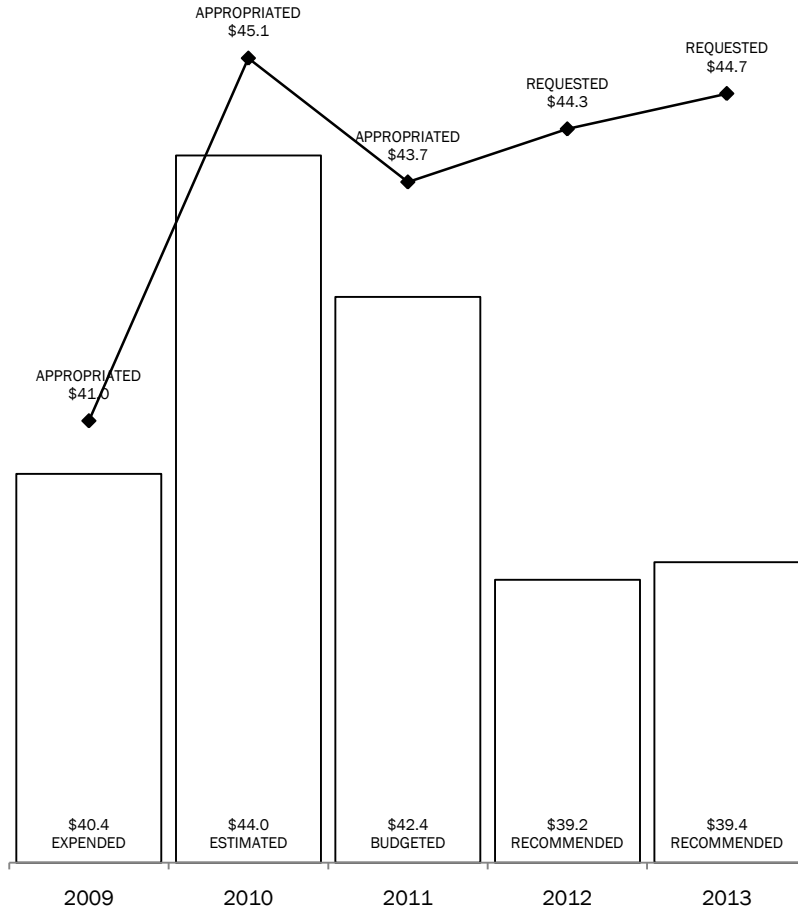
Alcoholic Beverage Commission

2012-2013 BIENNIUM

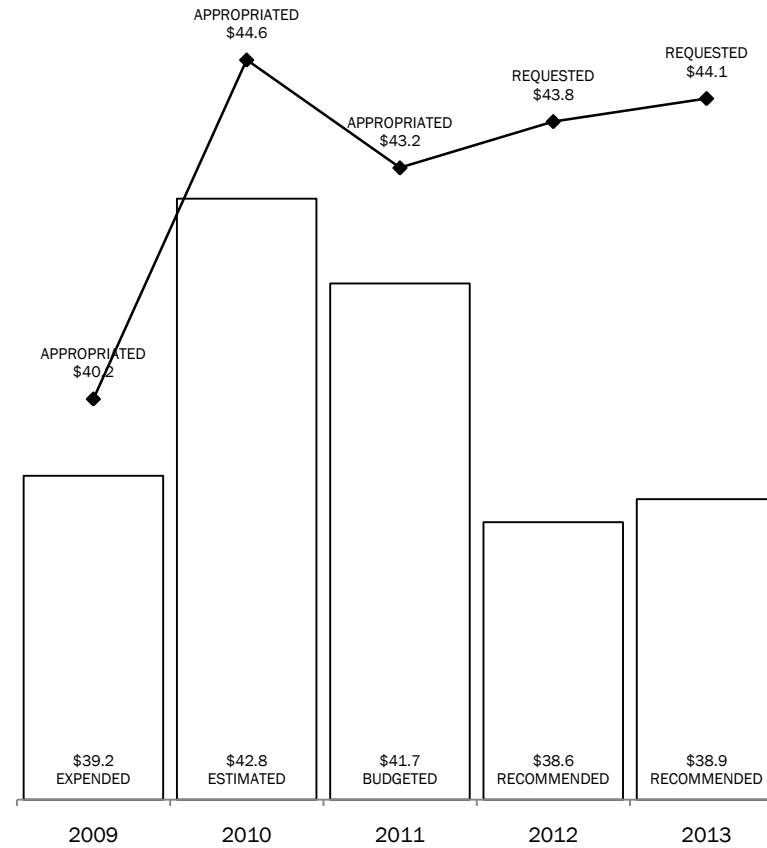
IN MILLIONS

TOTAL= \$78.6 MILLION

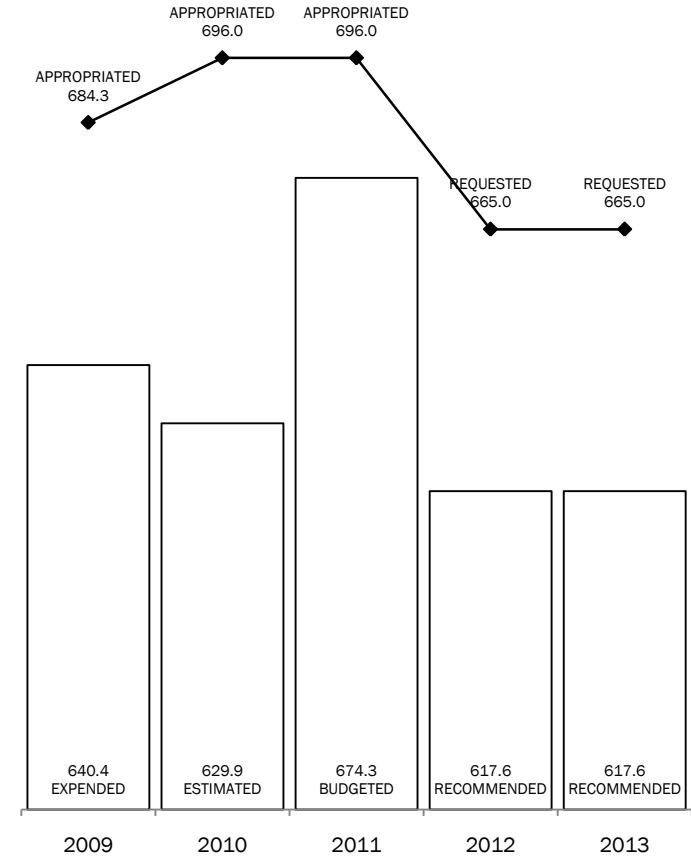
ALL FUNDS



**GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS**



FULL-TIME-EQUIVALENT POSITIONS



Section 2

**Alcoholic Beverage Commission
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
ENFORCEMENT A.1.1	\$46,167,998	\$41,288,870	(\$4,879,128)	(10.6%)	
Total, Goal A, REGULATE DISTRIBUTION	\$46,167,998	\$41,288,870	(\$4,879,128)	(10.6%)	
LICENSING AND INVESTIGATION B.1.1	\$9,339,001	\$7,891,552	(\$1,447,449)	(15.5%)	
Total, Goal B, LICENSING AND INVESTIGATION	\$9,339,001	\$7,891,552	(\$1,447,449)	(15.5%)	
COMPLIANCE MONITORING C.1.1	\$11,845,804	\$12,224,981	\$379,177	3.2%	
PORTS OF ENTRY C.2.1	\$8,997,873	\$8,068,843	(\$929,030)	(10.3%)	
Total, Goal C, COLLECT FEES AND TAXES	\$20,843,677	\$20,293,824	(\$549,853)	(2.6%)	
CENTRAL ADMINISTRATION D.1.1	\$4,114,509	\$4,229,768	\$115,259	2.8%	
INFORMATION RESOURCES D.1.2	\$4,737,464	\$3,596,412	(\$1,141,052)	(24.1%)	
OTHER SUPPORT SERVICES D.1.3	\$1,243,594	\$1,279,510	\$35,916	2.9%	
Total, Goal D, INDIRECT ADMINISTRATION	\$10,095,567	\$9,105,690	(\$989,877)	(9.8%)	
Grand Total, All Strategies	\$86,446,243	\$78,579,936	(\$7,866,307)	(9.1%)	The bill includes a reduction in \$7,029,620 in General Revenue, largely through budget reductions in TABC's 10% reduction options of their 2012-13 LAR. The bill also includes a \$156,662 reduction in Federal Funds, a \$601,985 reduction in Criminal Justice Grants and \$78,040 in Appropriated Receipts reflective of the agency's 2012-13 Base Request.

Section 2

Alcoholic Beverage Commission
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
ENFORCEMENT A.1.1	\$45,114,253	\$40,997,870	(\$4,116,383)	(9.1%)	The bill includes a reduction of \$4,116,383 GR (Related FTE reduction is 25.5 in SB1, agency reports the related reduction should be 51.5) reflective of the agency's 10% reduction options in their 2012-13 LAR.
Total, Goal A, REGULATE DISTRIBUTION	\$45,114,253	\$40,997,870	(\$4,116,383)	(9.1%)	
LICENSING AND INVESTIGATION B.1.1	\$9,338,869	\$7,891,552	(\$1,447,317)	(15.5%)	TABC requested \$755,151 less in GR than their base in their 2012-13 request. The bill includes a further \$692,166 (5 fewer FTEs) reduction in GR reflective of the agency's 10% reduction options in their 2013-13 LAR.
Total, Goal B, LICENSING AND INVESTIGATION	\$9,338,869	\$7,891,552	(\$1,447,317)	(15.5%)	
COMPLIANCE MONITORING C.1.1	\$10,939,111	\$11,386,981	\$447,870	4.1%	
PORTS OF ENTRY C.2.1	\$8,997,873	\$8,068,843	(\$929,030)	(10.3%)	TABC requested \$499,994 less in GR (16.3 fewer FTEs) than their base in their 2012-13 request. The bill includes an additional reduction of \$429,036 (5.4 fewer FTEs) to return the agency back to 2008-2009 appropriated levels.
Total, Goal C, COLLECT FEES AND TAXES	\$19,936,984	\$19,455,824	(\$481,160)	(2.4%)	
CENTRAL ADMINISTRATION D.1.1	\$4,111,762	\$4,229,768	\$118,006	2.9%	The bill includes a 10% reduction (\$414,419) (2.7 fewer FTEs) from TABC's 2012-13 base request (\$4,144,187). The bill includes a Contingency Rider that appropriates \$500,000 GR if legislation is not enacted to remove the Texas Alcoholic Beverage Code § 5.56 (See Section 3 Selected Fiscal and Policy Issues, #4).
INFORMATION RESOURCES D.1.2	\$4,737,464	\$3,596,412	(\$1,141,052)	(24.1%)	TABC requested \$50,809 less in GR than their base in their 2012-13 request. The bill includes an additional reduction of \$1,090,243 GR (1.8 fewer FTEs) to return the agency back to 2008-2009 Appropriated levels to account for one time costs that occurred in 2010-11.
OTHER SUPPORT SERVICES D.1.3	\$1,241,224	\$1,279,510	\$38,286	3.1%	
Total, Goal D, INDIRECT ADMINISTRATION	\$10,090,450	\$9,105,690	(\$984,760)	(9.8%)	

Section 2

Alcoholic Beverage Commission
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
Grand Total, All Strategies	\$84,480,556	\$77,450,936	(\$7,029,620)	(8.3%)	The bill includes reducing TABC Enforcement and Licensing and Investigation strategies in accordance with the agency's 10% reduction options in their 2012-13 LAR. The bill also includes additionally reducing Ports of Entry and Information Resources back to 2008-2009 levels and reducing Central Administration by 10%.

Section 2

**Alcoholic Beverage Commission
Summary of Recommendations - Senate, By Method of Finance -- FEDERAL FUNDS**

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
ENFORCEMENT A.1.1	\$89,140	\$1,000	(\$88,140)	(98.9%)	TABC received an Inter-operability grant that they do not anticipate receiving in 2012-13.
Total, Goal A, REGULATE DISTRIBUTION	\$89,140	\$1,000	(\$88,140)	(98.9%)	
LICENSING AND INVESTIGATION B.1.1	\$0	\$0	\$0	0.0%	
Total, Goal B, LICENSING AND INVESTIGATION	\$0	\$0	\$0	0.0%	
COMPLIANCE MONITORING C.1.1	\$906,522	\$838,000	(\$68,522)	(7.6%)	TABC received federal grants in 2010-11 that occur every three years.
PORTS OF ENTRY C.2.1	\$0	\$0	\$0	0.0%	
Total, Goal C, COLLECT FEES AND TAXES	\$906,522	\$838,000	(\$68,522)	(7.6%)	
CENTRAL ADMINISTRATION D.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES D.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES D.1.3	\$0	\$0	\$0	0.0%	
Total, Goal D, INDIRECT ADMINISTRATION	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$995,662	\$839,000	(\$156,662)	(15.7%)	All Federal Funds recommendations reflect TABC's 2012-13 base request.

**Texas Alcoholic Beverage Commission
Selected Fiscal and Policy Issues**

1. **Strategy A.1.1. Enforcement.** The bill includes a reduction to funding for Enforcement reflective of the agency's 10% schedule reduction option in their 2012-13 LAR. The agency indicates that this will result in fewer agents and auditors monitoring establishments that serve alcohol (agency reports a total reduction of 51.5 FTEs per fiscal year for this strategy, SB1 reflects 25.5) resulting in a higher rate of non-compliance with the Texas Alcoholic Beverage Code.
2. **Strategy B.1.1. Licensing and Investigation.** The bill includes a reduction to funding for Licensing and Investigation reflective of the agency's 10% reduction option in their 2012-13 LAR. The agency indicates that this will result in longer wait times for licenses and fewer investigations of non-compliance. This reduction will eliminate 5 FTEs per fiscal year. TABC indicates that this will result in a higher rate of non-compliance with the Texas Alcoholic Beverage Code.
3. **Strategy C.2.1 Ports of Entry.** The bill includes a reduction for funding to Ports of Entry functions. This program's function is to monitor and tax alcohol coming into Texas across the border with Mexico. New technology acquired by the agency in 2010-11 allows TABC to know which ports are being used more often and adjust their personnel accordingly. TABC indicates that this will likely result in more alcohol coming into Texas unregulated and untaxed.
4. **Strategy D.1.1 Central Administration.** The bill includes below the line rider appropriation funding for the Texas Wine Marketing Assistance Program per new rider 12. The agency requested to eliminate this program (in which they transfer \$250,000 per fiscal year to the Texas Department of Agriculture) as part of their 5% reduction to their base. The bill includes deleting old rider 12 (GAA, 81R), which provides authority for specific funding of this program. The agency will still be required to make the transfer unless the following statute is repealed:

Texas Alcoholic Beverage Code: Sec. 5.56. FUNDING OF TEXAS WINE MARKETING ASSISTANCE PROGRAM.

(a) Notwithstanding any other law, on or before October 1 of each fiscal year, the commission shall transfer from funds appropriated to the commission \$250,000 to the Department of Agriculture to be used by the department to implement the Texas Wine Marketing Assistance Program established by Chapter 110.

Section 3b

**Texas Alcoholic Beverage Commission
FTE Highlights**

Full-Time-Equivalent Positions	Expended 2009	Actual 2010	Budgeted 2011	Recommended 2012	Recommended 2013
Cap	640.0	641.7	674.3	617.6	617.6
Actual/Budgeted	640.9	629.9	674.3	NA	NA
Schedule of Exempt Positions (Cap)					
Administrator, Group 5	\$105,000	\$122,500	\$122,500	\$122,500	\$122,500

Administrator was Group 4 in 2009. Agency requested salary cap increase to \$164,500 per fiscal year with no additional funding requested for Administrator for 2012-13.

Section 3c

**Texas Alcoholic Beverage Commission
Performance Measure Highlights**

	Expended 2009	Actual 2010	Budgeted 2011	Recommended 2012	Recommended 2013
<ul style="list-style-type: none"> Percentage of Licensed Establishments Inspected Annually <i>Measure Explanation: Measures the percentage of licensed establishments inspected annually. Decrease in 2012-13 reflects budget reductions as well as a change in business practices to focus more on establishments that have committed violations in the past.</i> 	86.18%	87.34%	85.00%	80.00%	80.00%
<ul style="list-style-type: none"> Number of Inspections Conducted by Enforcement Agents <i>Measure Explanation: Measures the number of inspections conducted on businesses that serve alcohol in a year. TABC listed 222,444 as a yearly target. Recommendations include reducing this target to the 2010 level due to budget reductions.</i> 	115,705	100,073	111,222	106,740	106,740
<ul style="list-style-type: none"> Number of Licenses/Permit Processed <i>Measure Explanation: Measures the number of licenses to distribute or sell alcohol processed. TABC listed 153,552 and 123,952 as yearly targets in 2012 and 2013. Recommendations include reducing this target to the 2011 level due to budget reductions.</i> 	101,684	81,715	60,300	60,300	60,300
<ul style="list-style-type: none"> Number of Alcoholic Beverage Containers and Cigarette Packages Stamped <i>Measure Explanation: Measures the number of packages taxed and stamped on the border of Texas and Mexico. TABC listed 5,619,322 as their yearly target in 2012-13. Recommendations include reducing this target to be in line with the 2010-11 level due to budget reductions and decreased tourism in Northern Mexico.</i> 	2,778,165	2,755,928	2,784,661	2,785,000	2,785,000

Section 4

Texas Alcoholic Beverage Commission (TABC)
Performance Review and Policy Report Highlights

Reports & Recommendations	GEER Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

**Texas Alcoholic Beverage Commission
Rider Highlights**

9. (Former) **Clothing Provisions.** This rider provides a clothing allowance to commissioned officers of the TABC. The bill includes elimination of this rider, which would require commissioned officers to purchase their new uniforms beyond their originally issued ones.
10. (Former) **Contingency Rider – Ports of Entry (Anzalduas Bridge).** The bill includes deleting this rider per the agency's base request. This bridge was opened in 2010-11.
11. (Former) **Contingency Rider – Ports of Entry (Donna Bridge).** The bill includes deleting this rider per the agency's base request. Funding for the operation of this bridge was included in the 2010-11 GAA and was part of the agency's 2010-11 5% reduction. Agency requested funding back as an Exceptional Item.
12. (Former) **Texas Wine Marketing Assistance Program.** Rider deleted. The bill includes below the line rider appropriation funding for the Texas Wine Marketing Assistance Program for 2012-13. The agency requested program funding (in which they transfer \$250,000 per fiscal year to the Texas Department of Agriculture) as an Exceptional Item. The bill includes deleting this rider, although the agency will be required to continue to fund the program through available agency funds unless the following statute is repealed (agency indicates that they will pursue the deletion of this statute):

Texas Alcoholic Beverage Code: Sec. 5.56. FUNDING OF TEXAS WINE MARKETING ASSISTANCE PROGRAM.

- (a) Notwithstanding any other law, on or before October 1 of each fiscal year, the commission shall transfer from funds appropriated to the commission \$250,000 to the Department of Agriculture to be used by the department to implement the Texas Wine Marketing Assistance Program established by Chapter 110.
12. (New) **Contingency Rider.** The bill includes this rider to provide the below the line funding for the Texas Wine Marketing Assistance Program if legislation is not enacted to remove the Texas Alcoholic Beverage Code Sec. 5.56.

Section 6

Alcoholic Beverage Commission
Items not Included in Recommendations - Senate
(Agency's Revised Priority List - Restorations and Requests for Items Not Included in the Introduced Bill)

	2012-13 Biennial Total	
	GR & GR- Dedicated	All Funds
1. Capital Budget Authority		
1A. Restore Capital Budget Line Item Authority: Computer Equipment-Leased.	\$ -	\$ -
1B. Restore Capital Budget Line Item Authority: Hardware/Software Acquisitions (see item #3 below).	\$ -	\$ -
1C. Restore Data Consolidation Line Item to requested amount (see item #3 below).	\$ -	\$ -
2. Partially Restore Reductions to Enforcement. - TABC reports that the current reduction would require a reduction of 51.5 FTEs. This restoration would reduce that reduction to 25.5 FTEs.	\$ 2,436,252	\$ 2,436,252
3. Restore Reductions to IT Operating, Maintenance, and Data Center Costs - This restoration would restore 1.8 FTEs and, air cards for in-car computers, computer and licensing software maintenance, and increasing Data Center costs.	\$ 1,501,333	\$ 1,501,333
4 Ports of Entry - These restorations would restore 12.4 FTEs and their associated operations costs to Ports of Entry and allow the agency to operate 3 bridges that will not be manned by TABC if this funding is not restored.		
4A. Restore Reductions to Ports of Entry.	\$ 929,030	\$ 929,030
4B. Appropriate Additional Funds to Ports of entry.	\$ 298,437	\$ 298,437
5. Partially Restore Reductions to Licensing - This restoration would restore reduced operating cost funds.	\$ 333,576	\$ 333,576
6. Partially Restore Reductions to Central Administration. - This restoration would restore reduced operating cost funds.	\$ 249,539	\$ 249,539
7. Restore Other Operational Increases. - This restoration would allow the agency to be able to fund increasing costs in longevity, hazard duty pay, workers compensation assessment, and unemployment without making further reductions elsewhere.	\$ 583,024	\$ 583,024
8. Offset Restorations of Reductions with Raised Revenue - Agency offers options to raise \$7,000,000 to \$15,000,000 in additional revenue to offset the above \$6,331,191 in restorations. These options would require a change to Rider 7 (HB1, 82R) for this additional revenue to be certified by the Comptroller.	\$ -	\$ -

Section 6

**Alcoholic Beverage Commission
 Items not Included in Recommendations - Senate
 (Agency's Revised Priority List - Restorations and Requests for Items Not Included in the Introduced Bill)**

	2012-13 Biennial Total	
	GR & GR- Dedicated	All Funds
9. Change Gasoline Contingency Rider. - The agency requests the wording in Rider 10 to allow for an increase in appropriations of up to \$2,300 per cent increase in the average price of gasoline per gallon over \$2.78 in 2012-13.	Unknown	Unknown
10. Add Lump Sum Termination Rider. - The agency requests a Contingency Rider to allow for an appropriation of up to \$300,000 in each fiscal year of 2012-13 if yearly Lump Sum Termination expenditures rise above \$50,000.	\$ 600,000	\$ 600,000
11. Delete Rider 9. The agency requests deletion of Rider 9, Accountability Tracking System for DWI Prevention and Enforcement.	\$ -	\$ -
Total, Items Not Included in the Recommendations	\$ 6,931,191	\$ 6,931,191