

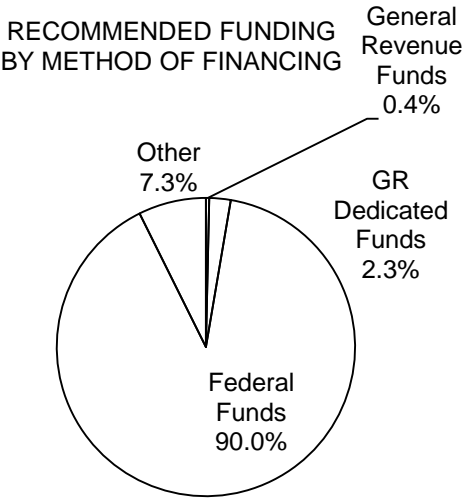
Section 1

General Land Office and Veterans' Land Board  
Summary of Recommendations--Senate

Jerry Patterson, Commissioner  
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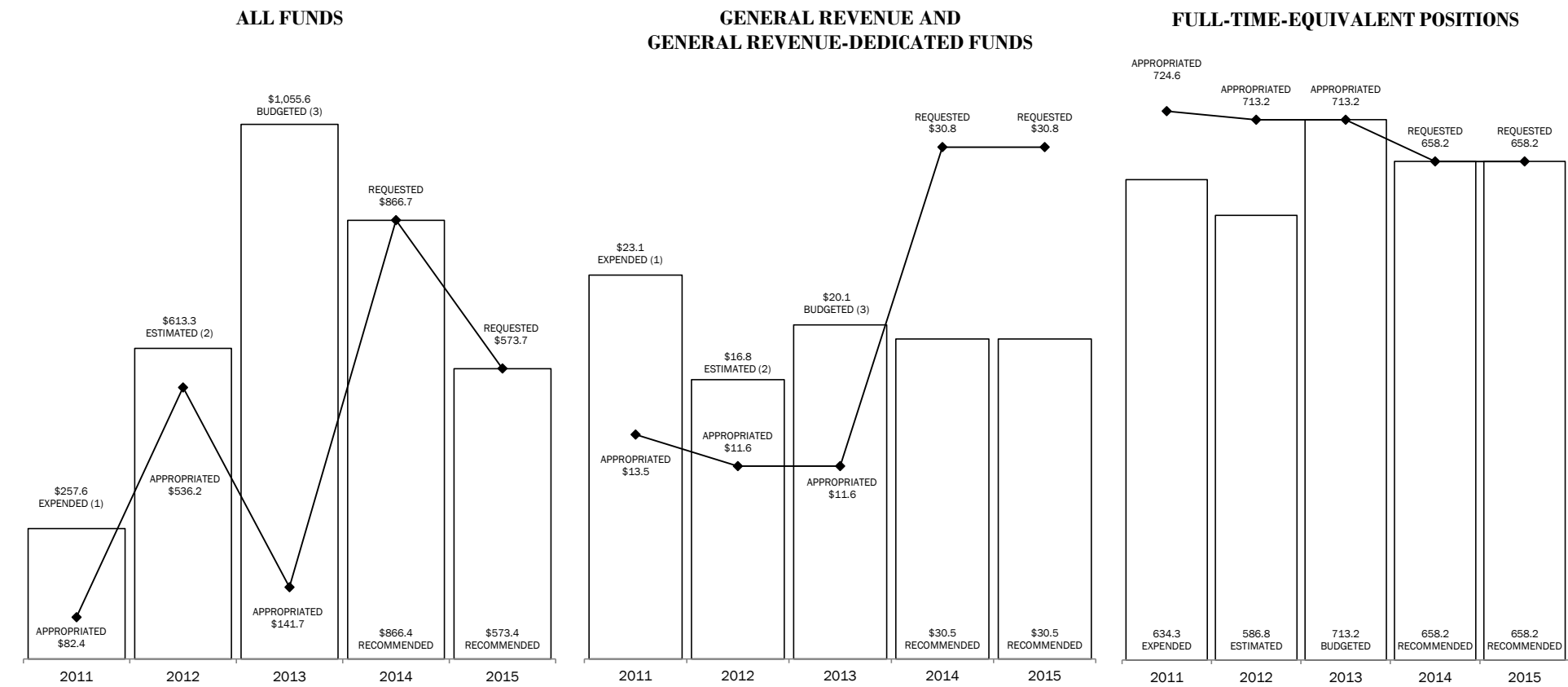
Method of Financing	2012-13 Base	2014-15 Recommended	Biennial Change	% Change
General Revenue Funds	\$5,132,124	\$5,132,124	\$0	0.0%
GR Dedicated Funds	\$31,778,907	\$33,381,244	\$1,602,337	5.0%
Total GR-Related Funds	\$36,911,031	\$38,513,368	\$1,602,337	4.3%
Federal Funds	\$1,527,617,969	\$1,295,658,801	(\$231,959,168)	(15.2%)
Other	\$104,368,279	\$105,657,579	\$1,289,300	1.2%
All Funds	\$1,668,897,279	\$1,439,829,748	(\$229,067,531)	(13.7%)



	FY 2013 Budgeted	FY 2015 Recommended	Biennial Change	% Change
FTEs	713.2	658.2	(55.0)	(7.7%)

The bill pattern for this agency (2014-15 Recommended) represents an estimated 57.1% of the agency's estimated total available funds for the 2014-15 biennium.

TOTAL= \$1,439.8 MILLION



Notes:

(1) Fiscal year 2011 General Revenue expenditures exceeded appropriations mainly because \$5.4 million in Capital Budget projects carried forward from fiscal year 2010 to 2011, and \$2.8 million in Disaster Mitigation Buyout funds carried forward from 2010 to 2011. Fiscal year 2011 All Funds expenditures exceeded appropriations mainly due to \$143.3 million in unanticipated Community Development Block Grant (CDBG) Disaster Relief Funding from Federal Funds and \$13.8 million in unanticipated Federal Emergency Management Agency reimbursements relating to Hurricane Ike.

(2) Fiscal year 2012 General Revenue-related expenditures exceeded appropriations mainly as a result of \$4.3 million in operating funds from Alamo gift shop receipts being spent through an estimated appropriation out of the General Revenue-Dedicated Alamo Complex Account No. 5152, and the receipt of \$1.7 million in Earned Federal Funds (General Revenue). Fiscal year 2012 All Funds expenditures exceeded appropriations mainly due to \$66.5 million in additional CDBG Disaster Relief (Federal Funds) being received and an additional \$5.5 million in additional Coastal Impact Assistance Program (CIAP) Federal Funds being received.

(3) Fiscal year 2013 General Revenue-related budgeted amounts exceed appropriations mainly because \$5.9 million in Alamo gift shop receipts are anticipated to be spent through an estimated appropriation out of the General Revenue-Dedicated Alamo Complex Account No. 5152; and the receipt of \$1.8 million in Earned Federal Funds (General Revenue). Fiscal year 2013 All Funds budgeted amounts exceed appropriations mainly due to \$885.0 million in CDBG Disaster Relief (Federal Funds) being received and \$27.1 million in additional CIAP (Federal Funds) being received.

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General Land Office and Veterans' Land Board  
Summary of Recommendations, Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments (Optional)
					<b>Summary:</b> Recommendations include an All Funds decrease of \$229.1 million, or 13.7 percent, and an increase in General Revenue-Related Funds of \$1.6 million, or 4.3 percent. The most significant components of these funding changes include: (1) an increase of \$1.6 million in General Revenue-Dedicated Alamo Complex Account No. 5152 due to the annualization of 2012 costs, because the program transfer was not complete until January 1, 2012; and (2) a decrease of \$232.0 million in Federal Funds, mainly due to a decrease of \$211.9 million in Community Development Block Grant (CDBG) funding, comprised of an increase in housing projects and a decrease in infrastructure projects, and a decrease of \$18.0 million in coastal management grants.
ENERGY LEASE MANAGEMENT & REV AUDIT A.1.1	\$7,845,321	\$7,821,864	(\$23,457)	(0.3%)	
ENERGY MARKETING A.1.2	\$1,964,886	\$1,826,734	(\$138,152)	(7.0%)	
DEFENSE AND PROSECUTION A.1.3	\$7,084,554	\$6,692,656	(\$391,898)	(5.5%)	Recommendations include a decrease of \$0.5 million in Appropriated Receipts (Other Funds) because actual litigation expenses were higher than anticipated in fiscal year 2012.
UPLANDS LEASING A.1.4	\$1,501,965	\$1,818,976	\$317,011	21.1%	Recommendations include an increase of \$0.1 million in General Revenue and an increase of \$0.2 million out of the Permanent School Fund No. 44 (Other Funds).
COASTAL LEASING A.1.5	\$4,934,915	\$5,196,072	\$261,157	5.3%	Recommendations include an increase of \$0.2 million out of the Permanent School Fund No. 44 (Other Funds) for the Automated Information Field Operations system, a new Capital Budget project.
ASSET MANAGEMENT A.2.1	\$12,688,839	\$11,657,990	(\$1,030,849)	(8.1%)	Recommendations include a decrease of \$1.0 million out of the Permanent School Fund No. 44 because of one-time professional services expenses involved with the closure of Rollover Pass.
SURVEYING AND APPRAISAL A.2.2	\$1,779,372	\$1,825,936	\$46,564	2.6%	
PRESERVE & MAINTAIN ALAMO COMPLEX A.3.1	\$10,647,301	\$12,214,686	\$1,567,385	14.7%	Recommendations include an increase of \$1.6 million out of the General Revenue-Dedicated Alamo Complex Account No. 5152 due to the annualization of costs for the program that the agency did not begin to manage until January 1, 2012.
<b>Total, Goal A, ENHANCE STATE ASSETS</b>	<b>\$48,447,153</b>	<b>\$49,054,914</b>	<b>\$607,761</b>	<b>1.3%</b>	

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General Land Office and Veterans' Land Board  
Summary of Recommendations, Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments (Optional)
COASTAL MANAGEMENT B.1.1	\$57,257,315	\$38,816,402	(\$18,440,913)	(32.2%)	Recommendations include a decrease in Federal Funds of \$18.0 million due to the completion of Coastal Impact Assistance Program projects from prior years during the 2012-13 biennium; and a decrease in Appropriated Receipts (Other Funds) of \$0.5 million due to one-time local matching funds for the McFaddin National Wildlife Refuge project.
COASTAL EROSION CONTROL GRANTS B.1.2	\$23,259,399	\$26,801,622	\$3,542,223	15.2%	Recommendations include an increase of \$3.4 million in Appropriated Receipts due to an anticipated increase in city and county matching funds for coastal erosion control grants.
OIL SPILL RESPONSE B.2.1	\$11,486,552	\$11,718,316	\$231,764	2.0%	Recommendations include an increase of \$0.7 million out of the General Revenue-Dedicated Coastal Protection Account No. 27 because of a shift in indirect costs from the Oil Spill Prevention strategy to the Oil Spill Response strategy to more accurately reflect each strategy's share of indirect expenses; and a decrease of \$0.4 million in Appropriated Receipts due to a one-time reimbursement by BP for the use of the agency's oil spill equipment.
OIL SPILL PREVENTION B.2.2	\$9,228,704	\$8,236,090	(\$992,614)	(10.8%)	Recommendations include a decrease of \$0.6 million out of the General Revenue-Dedicated Coastal Protection Account No. 27 because of a shift in indirect costs from the Oil Spill Prevention strategy to the Oil Spill Response strategy to more accurately reflect each program's share of indirect expenses; and a decrease of \$0.4 million in Federal Funds due to the one-time receipt of funding for oil spill violations in 2012-13.
<b>Total, Goal B, PROTECT THE COASTAL ENVIRONMENT</b>	<b>\$101,231,970</b>	<b>\$85,572,430</b>	<b>(\$15,659,540)</b>	<b>(15.5%)</b>	
VETERANS' LOAN PROGRAMS C.1.1	\$23,364,371	\$23,247,163	(\$117,208)	(0.5%)	
VETERANS' HOMES C.1.2	\$6,881,662	\$6,859,690	(\$21,972)	(0.3%)	
VETERANS' CEMETERIES C.1.3	\$14,019,347	\$12,059,738	(\$1,959,609)	(14.0%)	Recommendations include a decrease of \$1.8 million in Federal Funds due to the completion of construction of the veterans' cemetery in Corpus Christi in December 2011.
<b>Total, Goal C, VETERANS' LAND BOARD (VLB)</b>	<b>\$44,265,380</b>	<b>\$42,166,591</b>	<b>(\$2,098,789)</b>	<b>(4.7%)</b>	
REBUILD HOUSING D.1.1	\$653,731,831	\$788,866,774	\$135,134,943	20.7%	Recommendations include an increase of \$135.1 million in Federal Funds because housing rebuilding projects in Houston and Galveston have been behind schedule, but are expected to ramp up in 2014-15.

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General Land Office and Veterans' Land Board  
Summary of Recommendations, Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments (Optional)
REBUILD INFRASTRUCTURE D.1.2	\$821,220,945	\$474,169,039	(\$347,051,906)	(42.3%)	Recommendations include a decrease of \$347.1 million in Federal Funds because most of the agency's infrastructure projects will be implemented in fiscal year 2013 and taper off in future years.
Total, Goal D, DISASTER RECOVERY	\$1,474,952,776	\$1,263,035,813	(\$211,916,963)	(14.4%)	
Grand Total, All Strategies	\$1,668,897,279	\$1,439,829,748	(\$229,067,531)	(13.7%)	

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### General Land Office and Veterans' Land Board Selected Fiscal and Policy Issues

#### 1. New Programs Transferred to the GLO by the 82<sup>nd</sup> Legislature.

- a) **Disaster Recovery**—In July 2011, the Governor designated the General Land Office as the lead state agency for managing disaster recovery grants through the U.S. Department of Housing and Urban Development. Senate Bill 2, 82<sup>nd</sup> Legislature, First Called Session, 2011, transferred functions relating to disaster recovery Community Development Block Grants (CDBG) from the Texas Department of Rural Affairs (which has been abolished) and the Texas Department of Housing and Community Affairs to the GLO. The GLO therefore now oversees the CDBG program for housing and non-housing activities in the recovery from Hurricanes Ike and Dolly. Two strategies were created within a new goal in the agency's bill pattern as a result: Strategy D.1.1, Rebuild or Repair Damaged Homes; and D.1.2, Rebuild Infrastructure. Recommendations include: \$788.9 million in Federal Funds for housing grants and associated administrative costs and 46.7 related FTEs; and \$474.2 million in Federal Funds for grants to rebuild non-housing infrastructure and associated administrative costs and 40.7 related FTEs.
- b) **Operation of the Alamo Complex**—House Bill 3726, 82<sup>nd</sup> Legislature, Regular Session, 2011, placed the Alamo Complex under the jurisdiction of the GLO, and it made the GLO responsible for the preservation, maintenance, and restoration of the complex and its contents. In addition, the bill created the General Revenue-Dedicated Alamo Complex Account No. 5152. As directed by the legislation, the GLO has entered into a contract with the Daughters of the Republic of Texas for the management, operation, and financial support of the Alamo. A new strategy, A.3.1, Preserve and Maintain the Alamo Complex, was added to the agency's bill pattern for which the recommendations include \$0.4 million in General Revenue and \$12.2 million out of the Alamo Complex Account No. 5152. Also included are 2.0 FTEs to manage Alamo-related functions. Recommended funding levels out of the Alamo Complex Account No. 5152 for the 2014-15 biennium provide for an increase of \$1.6 million as compared to 2012-13 to annualize expenditures for Alamo operations, which did not come under the control of the GLO until January 1, 2012, or four months into fiscal year 2012. Recommendations also include estimated appropriation authority for revenues to the Alamo Complex Account No. 5152 in excess of the Comptroller's Biennial Revenue Estimate (BRE) for 2014-15 (See Rider Highlights, No. 21).

#### 2. GLO Direct Contributions to the Available School Fund.

House Joint Resolution No. 109, passed by the 82<sup>nd</sup> Legislature, Regular Session, 2011, and approved by voters in November 2011, authorized the GLO to make contributions from revenue derived from Permanent School Fund lands directly to the Available School Fund (ASF). Included in the estimated appropriations to the Texas Education Agency in Contingency Rider No. 68 of its bill pattern was \$300.0 million for the 2012-13 biennium. On January 8, 2013, the School Land Board voted to release \$300.0 million in two disbursements of \$150.0 million each on February 1, 2013 and June 3, 2013 to the ASF.

#### 3. Gulf Coast Restoration Funding from BP Deepwater Horizon Spill.

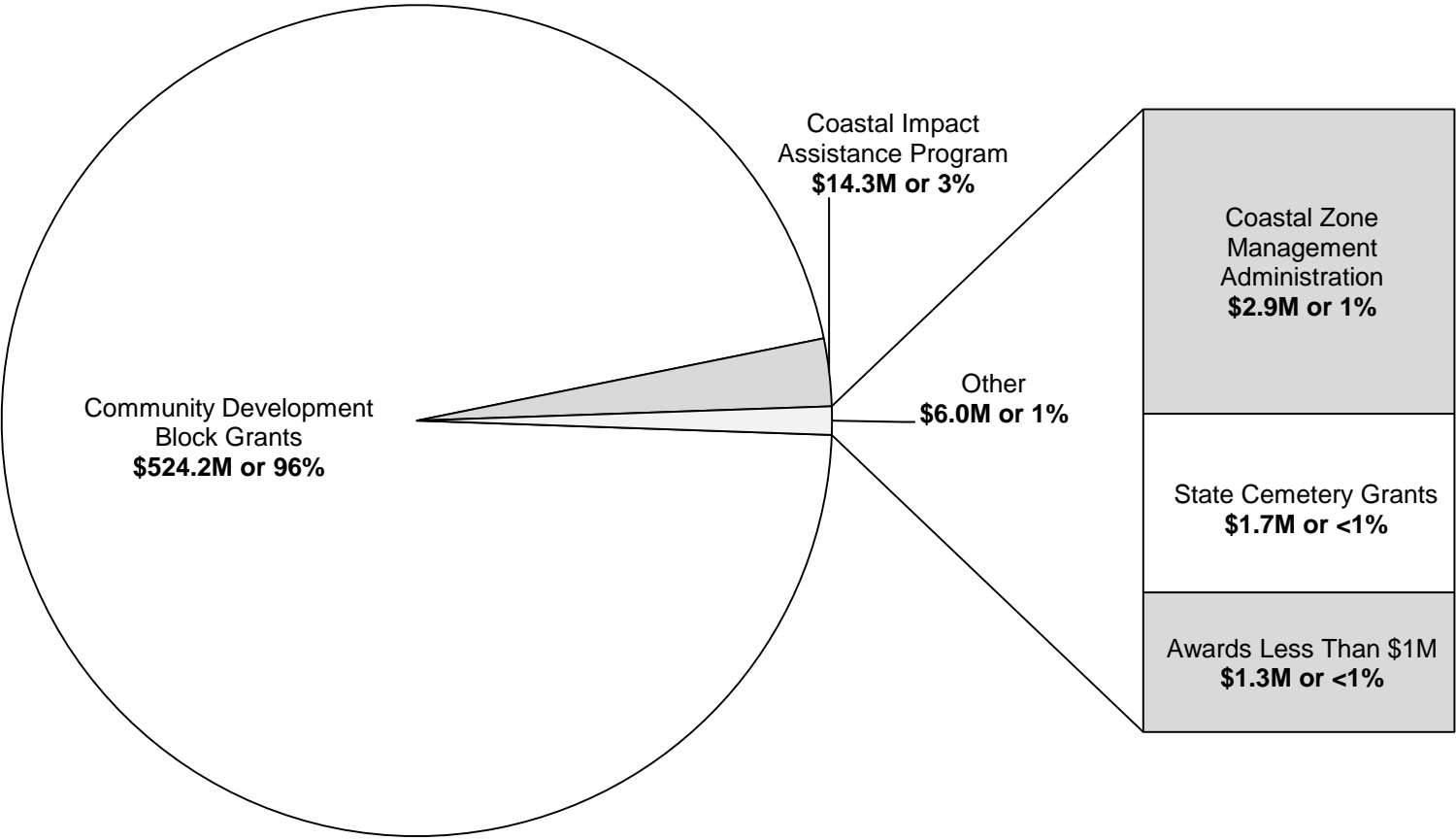
The GLO could be receiving a significant amount of Federal Funds for coastal projects over the next several years. The agency reports that the Federal RESTORE Act will result in Texas, along with Alabama, Florida, Louisiana, and Mississippi, sharing in a

### Section 3

portion of the Gulf Coast Restoration Trust Fund, which is expected to consist of \$5 billion to \$20 billion. Although it is not clear which state agency will administer Texas' share of the funding, it is possible that the GLO's Federal Funds expenditures could be significantly higher in 2014-15 than the amounts included in the recommendations, if the GLO is designated as a recipient of the funding.

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General Land Office and Veterans' Land Board  
Summary of Federal Funds (Estimated 2012)  
TOTAL = \$544.5M



Note: Amounts shown may sum greater/less than actual total due to rounding.



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General Land Office and Veterans' Land Board  
FTE Highlights

Full-Time-Equivalent Positions	Expended 2011*	Estimated 2012	Budgeted 2013	Recommended 2014**	Recommended 2015
Cap	724.6	713.2	713.2	658.2	658.2
Actual/Budgeted	634.3	586.8	713.2	NA	NA
Schedule of Exempt Positions (Cap)					
Land Commissioner	\$137,500	\$137,500	\$137,500	\$137,500	\$137,500

\*The 2011 FTE cap above includes 113.0 FTEs related to Disastery Recovery transferred from the Texas Department of Housing and Community Affairs (TDHCA)--51.0 FTEs--and the former Texas Department of Rural Affairs--62.0 FTEs.

\*\*The recommended 2014-2015 FTE cap for the GLO represents a decrease of 55.0 FTEs as compared to the 2013 cap. This reflects the agency's request: the agency reports that it can accomplish its workload related to Disaster Recovery with 55.0 fewer FTEs than were transferred to the agency from TDHCA and TDRA.

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General Land Office and Veterans' Land Board  
Performance Measure Highlights

	Expended 2011	Estimated 2012	Budgeted 2013	Recommended 2014	Recommended 2015
<ul style="list-style-type: none"><li>Annual Rate of Return on RESFA Investments</li></ul> <p>Measure Explanation: The agency achieved a rate of return of 13 percent on its Real Estate Special Fund Account (RESFA) investments in the Permanent School Fund (PSF) in fiscal year 2012. However, the agency cannot assume such a high rate of return will continue in 2013-15; therefore, more conservative targets are recommended for those years.</p>	9.3%	13.0%	5.8%	6.0%	6.0%
<ul style="list-style-type: none"><li>Annual Revenue from Uplands Surface Leases</li></ul> <p>Measure Explanation: Revenues from the lease of non-coastal waters real estate received higher than average revenues in fsical years 2011 and 2013 because of specific large transactions occuring/expected to occur in those years. Two of the large transactions involved leases to Walmart and Simmons Veder.</p>	\$10,179,473	\$6,302,527	\$11,000,000	\$6,500,000	\$6,500,000
<ul style="list-style-type: none"><li>Alamo Gift Shop Revenue Per Visitor</li></ul> <p>Measure Explanation: The agency expects visitors to spend just over \$3 per person in the gift shop in 2014-15. Because gift shop visitors will not be counted until January 2013, it is not possible to determine the revenue per visitor prior to fiscal year 2014.</p>	NA	NA	NA	\$3.21	\$3.38
<ul style="list-style-type: none"><li>Number of Coastal Management Program Grants Awarded</li></ul> <p>Measure Explanation: The agency expects to award a relatively steady level of Coastal Program Management Grants over the 2011-2015 period. Such grants are usually provided to local governments located along the Texas shoreline.</p>	28	20	24	24	24
<ul style="list-style-type: none"><li>Number of Prevention Activities--Vessels</li></ul> <p>Measure Explanation: The agency's prevention activities with respect to vessels are affected by large oil spills, hurricane responses, and staff changes.</p>	1,532	1,723	1,336	1,603	1,603
<ul style="list-style-type: none"><li>Number of Loans Originated by the VLB</li></ul> <p>Fiscal year 2014 and 2015 projections account for new efficiencies which the agency is putting into place that are expected to result in a 15 to 19 percent increase in the number of loans originated each year.</p>	851	852	876	1,017	1,200

Section 4

General Land Office (GLO)  
Performance Review and Policy Report Highlights

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

## Section 5

### General Land Office and Veterans' Land Board Rider Highlights

11. (Former) **Medicaid Reimbursement Rates for Texas State Veterans' Homes.** Delete rider because the rider mainly directs the Health and Human Services Commission (HHSC) and the GLO to establish Medicaid reimbursement rates for long-term care services provided to veterans who reside in veteran's homes, and the HHSC has already established such rates. In addition, the rider's reporting requirements apply to the HHSC and not the GLO.
20. **Appropriation: Coastal Management and Coastal Erosion Control.** Update amounts in rider to reflect budgeted amounts by strategy for the use of Interagency Contract funds from the Parks and Wildlife Department for coastal management and coastal erosion project from proceeds of the Sporting Goods Sales Tax Transfer to the State Parks Account No. 64.
23. (Former) **Removal and Cleanup.** Delete rider because it applied to a cleanup in Jefferson County in fiscal year 2012 only.
24. (Former) **Colonia Set-Aside Program Allocations.** Delete rider because the rider applies mainly to the Department of Agriculture, and the self-help centers addressed in the rider do not pertain to the GLO's disaster recovery program activity.
21. **Preservation and Maintenance of the Alamo.** Add new rider appropriating funds in excess of the Comptroller's Biennial Revenue Estimate (BRE) for 2014-15 out of the General Revenue-Dedicated Alamo Complex Account No. 5152 for operating, maintenance, management, repair, and improvement costs of the Alamo. The rider would provide estimated appropriations authority for additional funds received in the account to be used for needed repairs and upgrades at the facility. Because the only additional funds the rider appropriates would be in excess of the BRE, addition of the rider would not result in a cost to the bill. The rider would essentially replace a rider in Article IX, Section 18.110 in the General Appropriations Act that provides estimated appropriations authority for the Alamo Complex Account No. 5152 during the 2012-13 biennium. (See Selected Fiscal and Policy Issue No. 1b.)

Section 6

General Land Office and Veterans' Land Board  
Items not Included in Recommendations--Senate

In Agency Priority Order

		2014-15 Biennial Total	
		GR & GR-Dedicated	All Funds
1.	Additional funding for the preservation and maintenance of the Alamo Complex.	\$ 648,000	\$ 648,000
2.	Direct appropriation of \$22.5 million in funding for coastal programs that currently comes from an Interagency Contract with the Parks and Wildlife Department (TPWD) from proceeds of the Sporting Goods Sales Tax Transfer to the State Parks Account no. 64 (General Revenue Fund). The agency is seeking the funding either out of the General Revenue Fund or directly from an allocation of Sporting Goods Sales Tax receipts (General Revenue), if legislation passes allowing for such funds to be appropriated directly to the General Land Office. <b>In either case, the item would be cost neutral to the appropriations bill because it would result in a reduction of \$22.5 million in appropriations out of the Sporting Goods Sales Tax Transfer to the State Parks Account No. 64 at TPWD.</b>	\$ 22,467,920	\$ -
3.	Add a new Capital Budget project: Transportation Items - Boat Replacement. The agency is requesting to add the new Capital Budget project for \$240,000 in fiscal year 2014 and \$120,000 in fiscal year 2015. Funding would come from existing appropriations out of the General Revenue-Dedicated Coastal Protection Account No. 27; as such, no new funding is being requested for this item.	\$ -	\$ -
4.	Changes to Rider No. 11, Real Property Investment Reporting, to align language with similar statutory reporting requirements. Rider No. 11 requires a report on real property investments on December 1 of each year, whereas Natural Resources Code, Sec. 51.412 requires a report on September 1 of each even number year only. Rider No. 11 also requires the report to include the actual amount of funds that were invested each year in the acquisition of real property, whereas the statute only requires the report to include the amount of funds the School Land Board intends to invest in the upcoming fiscal year.	\$ -	\$ -
5.	Remove language from Rider No. 5, Appropriation of Reciepts for Land Sale Expenses, regarding funds deposited to the Permanent School Fund No. 44, so that the agency could spend funds from any method-of-financing to cover costs of conducting real estate transactions. The change would restore rider language to that contained in the 2012-13 General Appropriations Act.	\$ -	\$ -
<b>Total, Items Not Included in the Recommendations</b>		<b>\$ 23,115,920</b>	<b>\$ 648,000</b>