

Section 1

Alcoholic Beverage Commission

Summary of Recommendations - Senate

Sherry Cook, Administrator

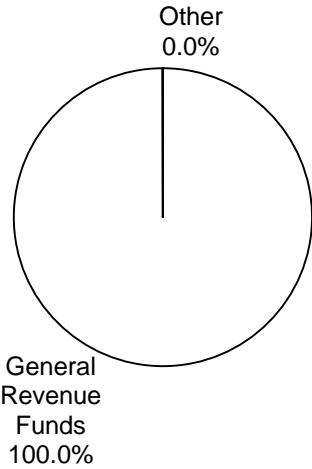
Article V-7

Kevin Niemeyer, LBB Analyst

Method of Financing	2012-13 Base	2014-15 Recommended	Biennial Change	% Change
General Revenue Funds	\$83,180,005	\$81,371,012	(\$1,808,993)	(2.2%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$83,180,005	\$81,371,012	(\$1,808,993)	(2.2%)
Federal Funds	\$898,302	\$0	(\$898,302)	(100.0%)
Other	\$915,078	\$10,000	(\$905,078)	(98.9%)
All Funds	\$84,993,385	\$81,381,012	(\$3,612,373)	(4.3%)

	FY 2013 Budgeted	FY 2015 Recommended	Biennial Change	% Change
FTEs	631.8	601.8	(30.0)	(4.7%)

RECOMMENDED FUNDING  
BY METHOD OF FINANCING

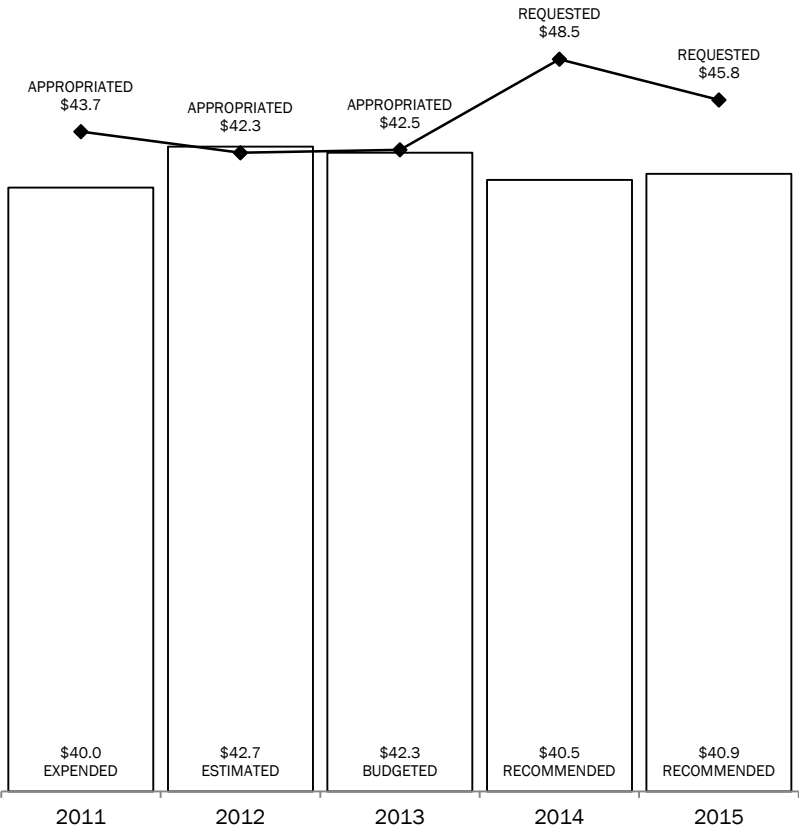


The bill pattern for this agency (2014-15 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2014-15 biennium.

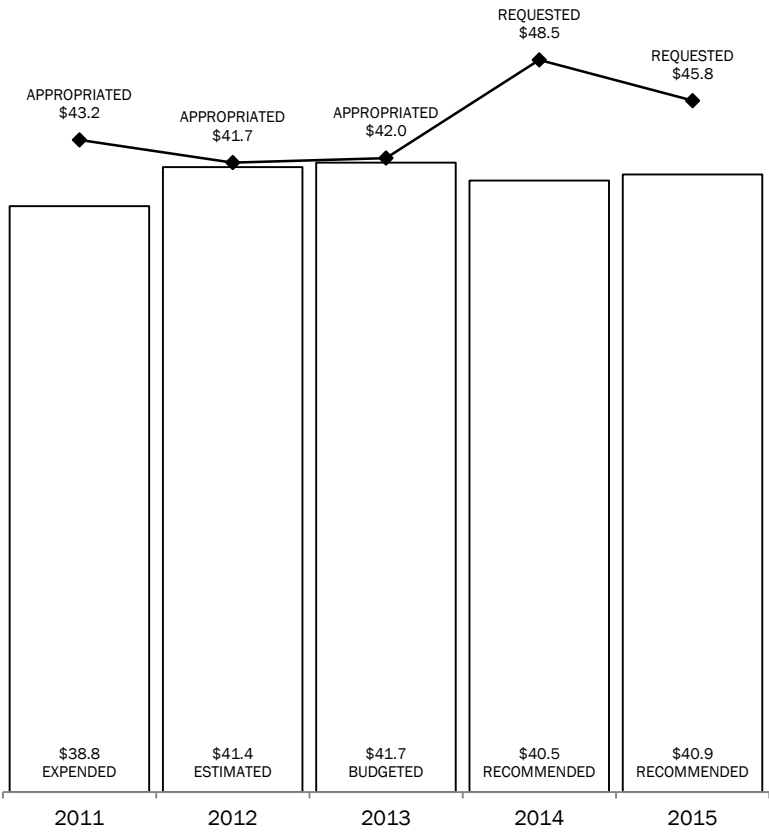
Section 1  
Alcoholic Beverage Commission  
2014-2015 BIENNIUM  
IN MILLIONS

TOTAL= \$81.4 MILLION

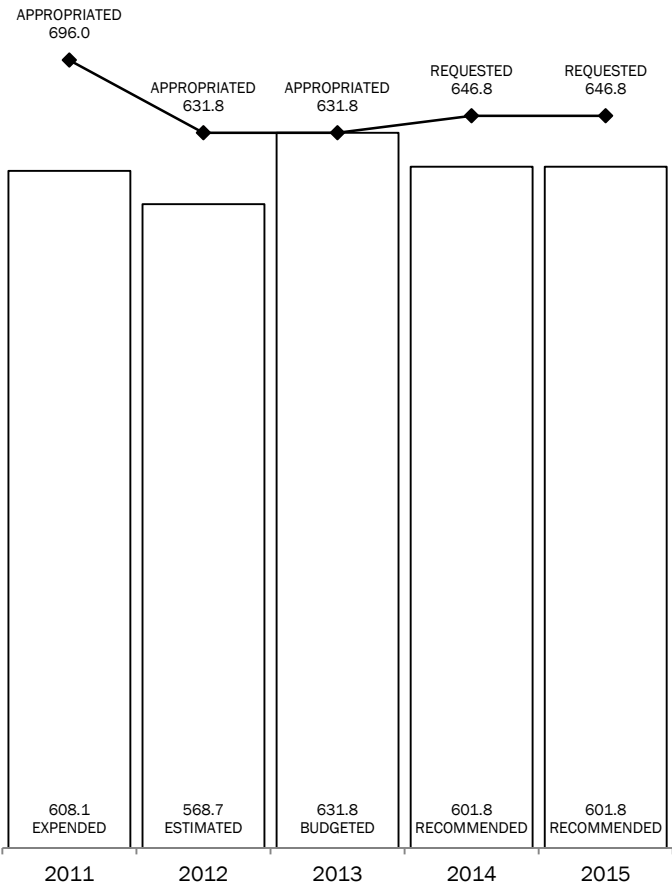
ALL FUNDS



GENERAL REVENUE FUNDS



FULL-TIME-EQUIVALENT POSITIONS



Section 2

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

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
					Recommendations include a decrease of \$2.4 million in General Revenue Funds and 30.0 full-time equivalent positions as the agency is operating at 71.0 full-time equivalent positions below the cap (approximately 40 are agents). Recommendations also include the transfer of General Revenue Funds between strategies for operational purposes at the agency's request.
ENFORCEMENT A.1.1	\$43,889,944	\$43,016,321	(\$873,623)	(2.0%)	Recommendations include an agency anticipated decrease of \$469,602 in Federal Funds for Alcohol Traffic Safety and Drunk Driving grants (\$250,000) and a one-time federal Fire Management Assistance grant (\$219,602). Recommendations also include an agency anticipated decrease of \$584,921 in Interagency Contracts - Criminal Justice Grants used for Spring Break programs, and an agency estimated decrease of \$20,087 in Appropriated Receipts related to the sale of vehicles.
<b>Total, Goal A, REGULATE DISTRIBUTION</b>	<b>\$43,889,944</b>	<b>\$43,016,321</b>	<b>(\$873,623)</b>	<b>(2.0%)</b>	
LICENSING AND INVESTIGATION B.1.1	\$8,636,398	\$7,794,277	(\$842,121)	(9.8%)	
<b>Total, Goal B, LICENSING AND INVESTIGATION</b>	<b>\$8,636,398</b>	<b>\$7,794,277</b>	<b>(\$842,121)</b>	<b>(9.8%)</b>	
COMPLIANCE MONITORING C.1.1	\$12,580,529	\$11,415,452	(\$1,165,077)	(9.3%)	Recommendations include an agency anticipated decrease of \$428,700 in Federal Funds for one-time Combating Underage Drinking grants. Recommendations also include an agency estimated decrease of \$262 in Appropriated Receipts from the sale of copies of the Texas Alcoholic Beverage Code.
PORTS OF ENTRY C.2.1	\$9,875,576	\$9,096,643	(\$778,933)	(7.9%)	Recommendations include an agency anticipated decrease of \$296,590 in Interagency Contracts - Criminal Justice Grants previously used for Spring Break programs.
<b>Total, Goal C, COLLECT FEES AND TAXES</b>	<b>\$22,456,105</b>	<b>\$20,512,095</b>	<b>(\$1,944,010)</b>	<b>(8.7%)</b>	
CENTRAL ADMINISTRATION D.1.1	\$4,010,953	\$4,206,519	\$195,566	4.9%	Recommendations include an increase of \$0.5 million (\$250,000 per fiscal year) for transfer through an Interagency Contract to the Texas Department of Agriculture for the Texas Wine Marketing Assistance Program.

Section 2

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

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
INFORMATION RESOURCES D.1.2	\$4,710,308	\$4,792,760	\$82,452	1.8%	Recommendations include an increase of \$91,007 in General Revenue Funds to reflect estimated data center services costs by the Department of Information Resources.
OTHER SUPPORT SERVICES D.1.3	\$1,289,677	\$1,059,040	(\$230,637)	(17.9%)	
Total, Goal D, INDIRECT ADMINISTRATION	\$10,010,938	\$10,058,319	\$47,381	0.5%	
Grand Total, All Strategies	\$84,993,385	\$81,381,012	(\$3,612,373)	(4.3%)	

Section 2

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

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
					Recommendations include a decrease of \$2.4 million in General Revenue Funds and 30.0 full-time equivalent positions as the agency is operating at 71.0 full-time equivalent positions below the cap (approximately 40 are agents). Recommendations also include the transfer of General Revenue Funds between strategies for operational purposes at the agency's request.
ENFORCEMENT A.1.1	\$42,805,334	\$43,006,321	\$200,987	0.5%	
<b>Total, Goal A, REGULATE DISTRIBUTION</b>	<b>\$42,805,334</b>	<b>\$43,006,321</b>	<b>\$200,987</b>	<b>0.5%</b>	
LICENSING AND INVESTIGATION B.1.1	\$8,636,398	\$7,794,277	(\$842,121)	(9.8%)	
<b>Total, Goal B, LICENSING AND INVESTIGATION</b>	<b>\$8,636,398</b>	<b>\$7,794,277</b>	<b>(\$842,121)</b>	<b>(9.8%)</b>	
COMPLIANCE MONITORING C.1.1	\$12,151,567	\$11,415,452	(\$736,115)	(6.1%)	
PORTS OF ENTRY C.2.1	\$9,578,986	\$9,096,643	(\$482,343)	(5.0%)	
<b>Total, Goal C, COLLECT FEES AND TAXES</b>	<b>\$21,730,553</b>	<b>\$20,512,095</b>	<b>(\$1,218,458)</b>	<b>(5.6%)</b>	
CENTRAL ADMINISTRATION D.1.1	\$4,009,392	\$4,206,519	\$197,127	4.9%	Recommendations include an increase of \$0.5 million (\$250,000 per fiscal year) for transfer through an Interagency Contract to the Texas Department of Agriculture for the Texas Wine Marketing Assistance Program.
INFORMATION RESOURCES D.1.2	\$4,710,308	\$4,792,760	\$82,452	1.8%	Recommendations include an increase of \$91,007 in General Revenue Funds to reflect estimated data center services costs by the Department of Information Resources.
OTHER SUPPORT SERVICES D.1.3	\$1,288,020	\$1,059,040	(\$228,980)	(17.8%)	
<b>Total, Goal D, INDIRECT ADMINISTRATION</b>	<b>\$10,007,720</b>	<b>\$10,058,319</b>	<b>\$50,599</b>	<b>0.5%</b>	
<b>Grand Total, All Strategies</b>	<b>\$83,180,005</b>	<b>\$81,371,012</b>	<b>(\$1,808,993)</b>	<b>(2.2%)</b>	

Section 2

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

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
ENFORCEMENT A.1.1	\$469,602	\$0	(\$469,602)	(100.0%)	Recommendations include an agency anticipated decrease of \$250,000 for Alcohol Traffic Safety and Drunk Driving grants and a decrease of \$219,602 for a one-time Fire Management Assistance grant.
<b>Total, Goal A, REGULATE DISTRIBUTION</b>	<b>\$469,602</b>	<b>\$0</b>	<b>(\$469,602)</b>	<b>(100.0%)</b>	
LICENSING AND INVESTIGATION B.1.1	\$0	\$0	\$0	0.0%	
<b>Total, Goal B, LICENSING AND INVESTIGATION</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
COMPLIANCE MONITORING C.1.1	\$428,700	\$0	(\$428,700)	(100.0%)	Recommendations include an agency anticipated decrease of \$428,700 in one-time Federal Funds for Combating Underage Drinking grants.
PORTS OF ENTRY C.2.1	\$0	\$0	\$0	0.0%	
<b>Total, Goal C, COLLECT FEES AND TAXES</b>	<b>\$428,700</b>	<b>\$0</b>	<b>(\$428,700)</b>	<b>(100.0%)</b>	
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%	
<b>Total, Goal D, INDIRECT ADMINISTRATION</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Grand Total, All Strategies</b>	<b>\$898,302</b>	<b>\$0</b>	<b>(\$898,302)</b>	<b>(100.0%)</b>	

Section 2

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

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
ENFORCEMENT A.1.1	\$615,008	\$10,000	(\$605,008)	(98.4%)	Recommendations include an agency anticipated decrease of \$584,921 in Interagency Contracts - Criminal Justice Grants used for Spring Break programs, and an agency estimated decrease of \$20,087 in Appropriated Receipts related to the sale of vehicles.
<b>Total, Goal A, REGULATE DISTRIBUTION</b>	<b>\$615,008</b>	<b>\$10,000</b>	<b>(\$605,008)</b>	<b>(98.4%)</b>	
LICENSING AND INVESTIGATION B.1.1	\$0	\$0	\$0	0.0%	
<b>Total, Goal B, LICENSING AND INVESTIGATION</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
COMPLIANCE MONITORING C.1.1	\$262	\$0	(\$262)	(100.0%)	Recommendations include an agency estimated decrease of \$262 in Appropriated Receipts from the sale of copies of the Texas Alcoholic Beverage Code.
PORTS OF ENTRY C.2.1	\$296,590	\$0	(\$296,590)	(100.0%)	Recommendations include an agency anticipated decrease of \$296,590 in Interagency Contracts - Criminal Justice Grants for Spring Break programs.
<b>Total, Goal C, COLLECT FEES AND TAXES</b>	<b>\$296,852</b>	<b>\$0</b>	<b>(\$296,852)</b>	<b>(100.0%)</b>	
CENTRAL ADMINISTRATION D.1.1	\$1,561	\$0	(\$1,561)	(100.0%)	Recommendations include an agency estimated decrease of \$1,561 in Appropriated Receipts related to the sale of vehicles.
INFORMATION RESOURCES D.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES D.1.3	\$1,657	\$0	(\$1,657)	(100.0%)	Recommendations include an agency estimated decrease of \$1,657 in Appropriated Receipts related to the sale of vehicles.
<b>Total, Goal D, INDIRECT ADMINISTRATION</b>	<b>\$3,218</b>	<b>\$0</b>	<b>(\$3,218)</b>	<b>(100.0%)</b>	
<b>Grand Total, All Strategies</b>	<b>\$915,078</b>	<b>\$10,000</b>	<b>(\$905,078)</b>	<b>(98.9%)</b>	

## Section 3a

### Alcoholic Beverage Commission Selected Fiscal and Policy Issues

1. **Recommended Shifts in Funding.** The Alcoholic Beverage Commission anticipates significant reductions in Federal Funds in grants for Alcohol Traffic Safety, Combating Underage Drinking, and Drunk Driving grants. The anticipated reduction is \$0.9 million and the agency estimates receiving \$0 Federal Funds in the 2014–15 biennium. The agency also anticipates significant reductions in Interagency Contracts-Criminal Justice Grants from the Office of the Governor. The fiscal year 2012–13 grants were used primarily for Spring Break Programs related to Enforcement. The anticipated reduction is \$0.9 million and the agency estimates receiving \$0 in Interagency Contracts-Criminal Justice Grants in the 2014–15 biennium. Recommendations include an increase of \$91,007 in General Revenue Funds to reflect estimated data center services costs by the Department of Information Resources. Recommendations also include the transfer of General Revenue Funds between strategies for operational purposes at the agency's request.
2. **Recommended Reduction in Full-time Equivalent Positions.** Recommendations include a decrease of \$2.4 million and 30.0 full-time equivalent positions as the agency is operating at 71.0 full-time equivalent positions below its cap. The agency reports that 40 of the full-time equivalent positions are enforcement agents. Recommendations leave the number of enforcement agents intact, focusing on a reduction of administrative full-time equivalent positions.
3. **Texas Wine Marketing Program.** Recommendations include an increase of \$0.5 million (\$250,000 per fiscal year) for transfer through an Interagency Contract to the Texas Department of Agriculture for the Texas Wine Marketing Assistance Program. Rider 13 of the Alcoholic Beverage Commission's bill pattern directs the agency to transfer \$250,000 in General Revenue Funds in each fiscal year to the Department of Agriculture for the purpose of wine marketing. Since the amount transferred is not included in the agency's 2012–13 base, the Alcoholic Beverage Commission is requesting an additional \$0.5 million for the biennium for this purpose. The amount of the transfer is included in the Department of Agriculture's 2012–13 base. This recommendation moves the funding into the Alcoholic Beverage Commission's bill pattern so that it may be transferred through an Interagency Contract with the Department of Agriculture each fiscal year. Inclusion of the funding represents a net \$0 action as the funding is removed from the Department of Agriculture.
4. **Executive Director Salary.**
  - The agency has requested inclusion in Article IX, Section 3.05 (b) (3). This section provides authority for certain agencies to compensate the Executive Director at a rate within the range for the respective salary group at a rate set by the Governor in an amount not to exceed the "Maximum Salary" but not less than the "Minimum Salary" for that group.
  - The Executive Director is currently compensated in Group 5 under Article IX, Section 3.05 (b) (2) at the rate of \$122,500 per year. The Group 5 range cited in Article IX, Section 3.05 (b) (2) is \$122,500 to \$192,600. The agency is requesting a salary of \$159,018. The agency has not requested additional funds for this purpose.



Section 3b

Alcoholic Beverage Commission  
FTE Highlights

Full-Time-Equivalent Positions	Expended 2011	Actual 2012	Budgeted 2013	Recommended 2014	Recommended 2015
Cap	696.0	631.8	631.8	601.8	601.8
Actual/Budgeted	608.1	568.7	631.8	NA	NA
Schedule of Exempt Positions (Cap)					
Administrator, Group 5	\$122,500	\$122,500	\$122,500	\$122,500	\$122,500

Section 3c

Texas Alcoholic Beverage Commission  
Performance Measure Highlights

	Expended 2011	Actual 2012	Budgeted 2013	Recommended 2014	Recommended 2015
<ul style="list-style-type: none"><li>Percentage of Licensed Establishments Inspected Annually</li></ul> <p>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.</p>	88.3%	80.9%	79.5%	80%	80%
<ul style="list-style-type: none"><li>Number of Inspections Conducted by Enforcement Agents</li></ul> <p>Measure Explanation: Measures the number of inspections conducted on businesses that serve alcohol each year. 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.</p>	94,281	71,766	75,200	75,200	75,200
<ul style="list-style-type: none"><li>Number of Licenses/Permit Issued</li></ul> <p>Measure Explanation: Measures the number of licenses issued for the distribution and sale of alcohol. Number of licenses fluctuates biannually due to biannual renewal requirements.</p>	56,610	74,145	57,205	72,517	61,396
<ul style="list-style-type: none"><li>Number of Alcoholic Beverage Containers Stamped</li></ul> <p>Measure Explanation: Measures the number of alcoholic beverage containers taxed and stamped on the border of Texas and Mexico. Reductions beginning in fiscal year 2012 are due to decreased tourism to Mexico.</p>	1,772,831	1,280,874	1,272,434	1,272,500	1,272,500
<ul style="list-style-type: none"><li>Number of Cigarette Packages Stamped</li></ul> <p>Measure Explanation: Measures the number of cigarette packages taxed and stamped on the border of Texas and Mexico. Reductions beginning in fiscal year 2012 are due to decreased tourism to Mexico.</p>	662,825	503,018	503,018	503,000	503,000

Section 4

Texas Alcoholic Beverage Commission (TABC)  
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

### Texas Alcoholic Beverage Commission Rider Highlights

9. **Appropriation Transfers Between Fiscal Years - Gasoline Contingency.** Recommendations include increasing the gasoline price threshold from \$3.19 per gallon to \$3.96 per gallon to be consistent with the estimated gasoline price per gallon average for fiscal year 2014.
11. (Former) **Contingency Rider.** Recommendations include deletion of contingency rider that appropriated \$0.5 million in General Revenue Funds to the Texas Alcoholic Beverage Commission if legislation to delete Section 5.56 of the Alcoholic Beverage Code pertaining to the Texas Wine Marketing Assistance Program was not enacted by the Eighty-second Legislature.
12. (Former) **Contingent Revenue: Fee Increases.** Recommendations include deletion of the contingency rider relating to Texas Alcoholic Beverage Commission revenue increases through surcharges and related appropriations and full-time equivalent increases in the 2012–13 biennium.
13. (New) **Texas Wine Marketing Program.** Recommendations include addition of a rider that directs the Texas Alcoholic Beverage Commission to transfer \$0.5 million in General Revenue Funds to the Department of Agriculture for the purpose of the Texas Wine Marketing Assistance Program pursuant to the Texas Alcoholic Beverage Code, Section 5.56.

Section 6

Alcoholic Beverage Commission  
Items not Included in Recommendations - Senate

In Agency Priority Order	2014-15 Biennial Total	
	GR & GR-Dedicated	All Funds
1. Restoration of 30 full-time equivalents and \$2.4 million included in the baseline request but not included in the recommendation.	\$2,400,000	\$2,400,000
2. Operational and Insurance Cost Increases - Increased operational costs, including longevity and hazardous duty pay, lump sum payments, judgments, and fuel cost increases. Funding for one percent payroll contribution for employee health insurance made in FY 2012-13. No FTEs.	\$2,933,547	\$2,933,547
3. Public Safety Equipment - Vehicles (54) with mileage over 125,000 miles, guns, body armor, and radios based on the life cycle of the equipment. Includes capital authority. No FTEs.	\$1,552,090	\$1,552,090
4. Executive Director Salary <ul style="list-style-type: none"><li>a. Increase Executive Director annual salary authority from \$122,500 to \$159,018. No funding for this purpose is requested.</li><li>b. Add Alcoholic Beverage Commission Executive Director to the list of directors in Article IX, Section 3.05 (c) of the General Appropriations Act to provide authority for the Governor to set the Executive Director's salary within the group range.</li></ul>		
5. Information Technology - Mobile computing system, automation of manual processes, imaging costs, software license agreements, data center facility upgrades, and maintaining communication networks. Includes capital authority. No FTEs.	\$3,338,186	\$3,338,186
6. Ports of Entry Regulation - Replacement of equipment and 15 additional FTEs and associated costs at two new ports of entry (Fabens and Galveston). Includes capital authority.	\$1,579,693	\$1,579,693

Section 6

Alcoholic Beverage Commission  
Items not Included in Recommendations - Senate

In Agency Priority Order	2014-15 Biennial Total	
	GR & GR-Dedicated	All Funds
7. Education and Prevention Programs - Education programs related to underage drinking, overconsumption, and other public safety violations. No FTEs.	\$190,000	\$190,000
8. New Rider (Capital Budget Expenditures from Federal and Other Funding Sources) - Agency is requesting exemption from capital budget rider provisions contained in Article IX when gifts, grants, inter-local funds, and federal funds are received in excess of the agency's capital budget rider.		
9. New Rider (Contingency Appropriation for Judgments and Settlements) - Agency is requesting contingency funding for payments of judgments and settlements, including attorney's fees, resulting from actions brought to challenge the validity or constitutionality of the Alcoholic Beverage Code.	\$300,000	\$300,000
10. New Rider (Use of Appropriated Funds for Informational and Educational Purposes) - This rider would allow the agency to use appropriated funds for public service announcements to communicate to the alcoholic beverage industry and the public. The objective would be to communicate the legal responsibilities of the Alcoholic Beverage Code and rules to ensure voluntary compliance.		
Total, Items Not Included in the Recommendations	\$ 12,293,516	\$ 12,293,516