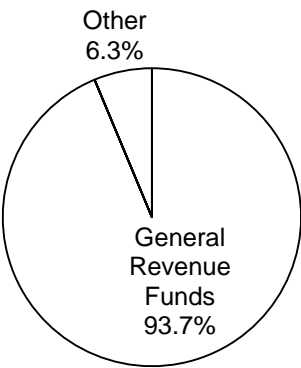


Section 1

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$472,953,120	\$476,137,300	\$3,184,180	0.7%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$472,953,120	\$476,137,300	\$3,184,180	0.7%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$49,204,743	\$31,937,678	(\$17,267,065)	(35.1%)
All Funds	\$522,157,863	\$508,074,978	(\$14,082,885)	(2.7%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING



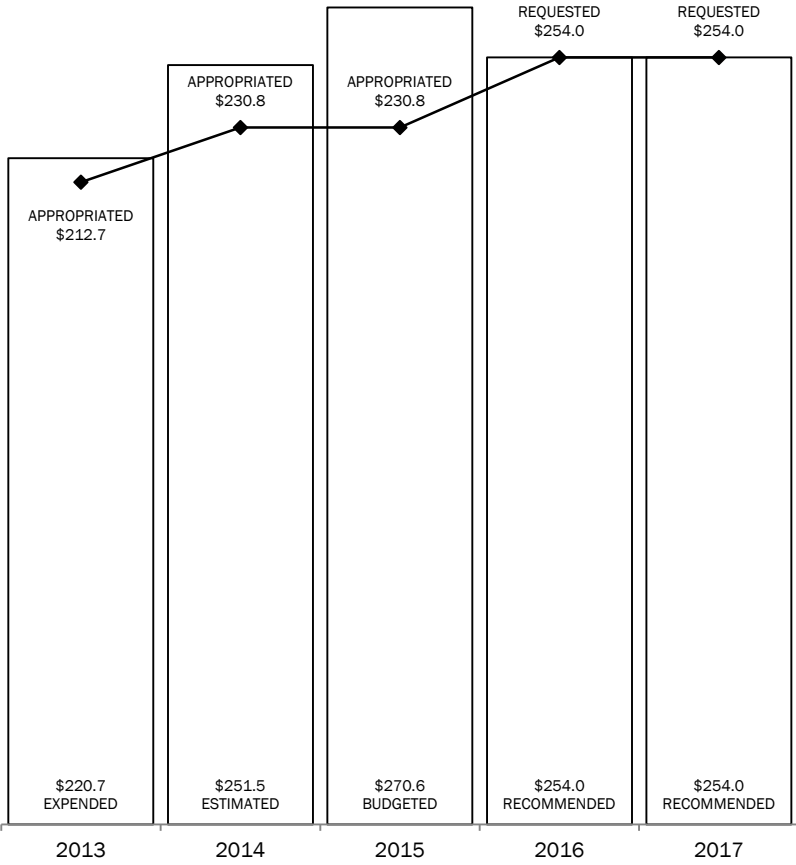
	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	2,760.3	2,760.3	0.0	0.0%

The bill pattern for this agency (2016-17 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2016-17 biennium.

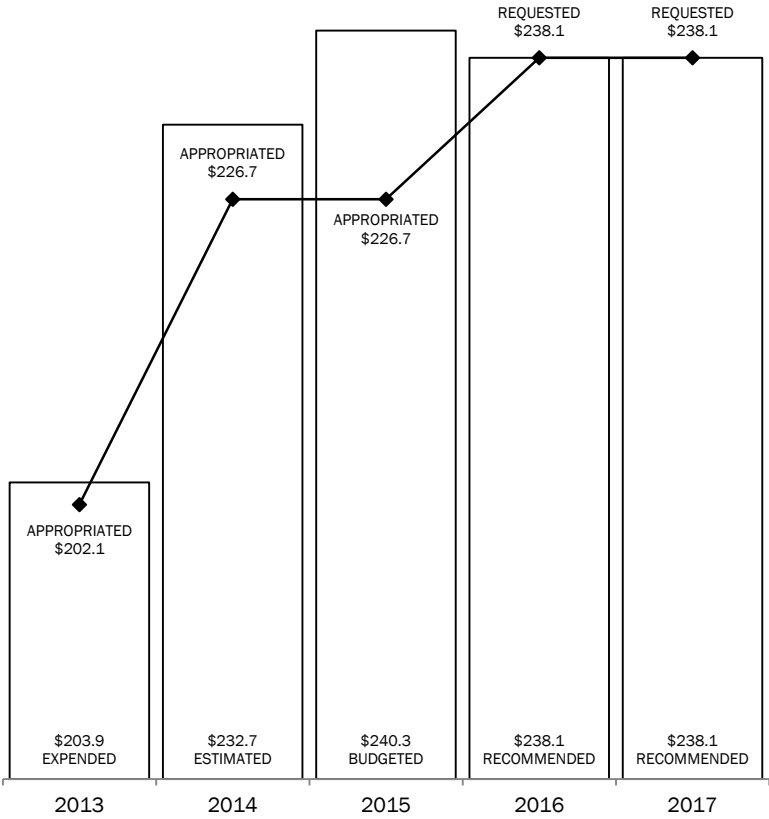
Section 1
Comptroller of Public Accounts
2016-2017 BIENNIUM
IN MILLIONS

TOTAL= \$508.0 MILLION

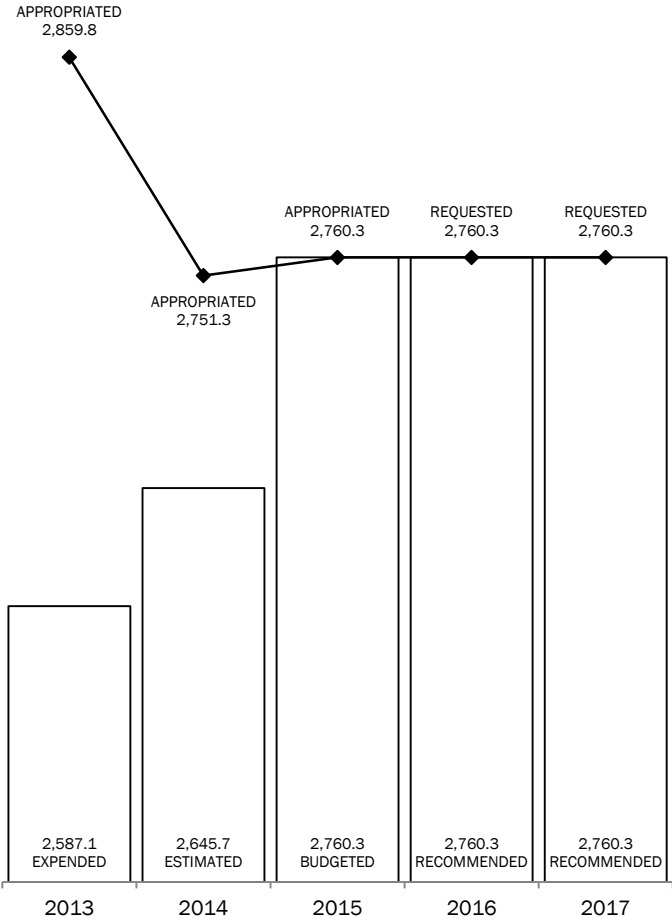
ALL FUNDS



GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS



FULL-TIME-EQUIVALENT POSITIONS



Section 2

Comptroller of Public Accounts					
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS					
Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
ONGOING AUDIT ACTIVITIES A.1.1	\$168,323,893	\$166,998,554	(\$1,325,339)	(0.8%)	
TAX LAWS COMPLIANCE A.2.1	\$76,942,103	\$77,264,588	\$322,485	0.4%	
TAXPAYER INFORMATION A.3.1	\$32,589,565	\$32,615,488	\$25,923	0.1%	
TAX HEARINGS A.4.1	\$16,591,216	\$16,835,074	\$243,858	1.5%	
Total, Goal A, COMPLIANCE WITH TAX LAWS	\$294,446,777	\$293,713,704	(\$733,073)	(0.2%)	
ACCOUNTING/REPORTING B.1.1	\$45,813,545	\$46,021,092	\$207,547	0.5%	
CAPPS IMPLEMENTATION B.1.2	\$69,353,885	\$56,227,956	(\$13,125,929)	(18.9%)	
PROPERTY TAX PROGRAM B.2.1	\$18,208,647	\$18,203,384	(\$5,263)	(0.0%)	
TREASURY OPERATIONS B.3.1	\$10,276,507	\$10,172,212	(\$104,295)	(1.0%)	
PROCUREMENT B.4.1	\$9,673,305	\$9,696,530	\$23,225	0.2%	
Total, Goal B, MANAGE FISCAL AFFAIRS	\$153,325,889	\$140,321,174	(\$13,004,715)	(8.5%)	
REVENUE & TAX PROCESSING C.1.1	\$74,385,197	\$74,040,100	(\$345,097)	(0.5%)	
Total, Goal C, TAX AND FINANCIAL INFO TECHNOLOGY	\$74,385,197	\$74,040,100	(\$345,097)	(0.5%)	
Grand Total, All Strategies	\$522,157,863	\$508,074,978	(\$14,082,885)	(2.7%)	Recommendations out of General Revenue reflect an increase of \$3.2 million to provide for the biennialization of the fiscal year 2015 two percent general state employee salary increase. This increase is offset by overall decreases in Other Funds primarily relating to an increase in SmartBuy vendor fees for the Centralized Accounting and Payroll/Personnel System (CAPPS) project (\$6.0 million) offset by a decreases of \$20.1 million in Interagency Contracts for CAPPS, \$2.6 million from seizure of funds from criminal investigations, and \$0.6 million from other various receipts received by the agency. (See also Selected Fiscal and Policy Issues, Item #1).

Section 2

Comptroller of Public Accounts
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
					Total recommended increase of \$3.2 million provides for the biennialization of the fiscal year 2015 two percent general state employee salary increase.
					Additionally, recommendations include various reallocations within and across strategies primarily related to reductions for capital budget projects related to information technology daily operations (\$4.3 million), completion of an Enterprise Content Management System replacement project (\$1.9 million) and purchase of other capital equipment (\$0.1 million). These reductions were reallocated to provide for full staffing levels.
ONGOING AUDIT ACTIVITIES A.1.1	\$165,715,099	\$166,972,802	\$1,257,703	0.8%	
TAX LAWS COMPLIANCE A.2.1	\$76,909,195	\$77,252,674	\$343,479	0.4%	
TAXPAYER INFORMATION A.3.1	\$32,576,089	\$32,610,456	\$34,367	0.1%	
TAX HEARINGS A.4.1	\$16,584,892	\$16,831,340	\$246,448	1.5%	
Total, Goal A, COMPLIANCE WITH TAX LAWS	\$291,785,275	\$293,667,272	\$1,881,997	0.6%	Recommendations for Goal A reflect an increase of \$2 million for biennialization of the fiscal year 2015 two percent general state pay increase offset by a decrease of \$0.2 million reallocated to new Strategy B.1.2, CAPPS Implementation.
ACCOUNTING/REPORTING B.1.1	\$45,103,280	\$45,763,320	\$660,040	1.5%	
CAPPS IMPLEMENTATION B.1.2	\$26,809,119	\$27,813,100	\$1,003,981	3.7%	
PROPERTY TAX PROGRAM B.2.1	\$18,001,125	\$18,000,576	(\$549)	(0.0%)	
TREASURY OPERATIONS B.3.1	\$10,218,651	\$10,140,642	(\$78,009)	(0.8%)	
PROCUREMENT B.4.1	\$6,681,051	\$6,723,708	\$42,657	0.6%	
Total, Goal B, MANAGE FISCAL AFFAIRS	\$106,813,226	\$108,441,346	\$1,628,120	1.5%	Recommendations for Goal B reflect an increase of \$0.6 million for the biennialized salary increase and reallocations of \$0.2 million from Goal A and \$0.8 million from Goal C primarily to new Strategy B.1.2, CAPPS Implementation. Reallocations of General Revenue to the Centralized Accounting and Payroll/Personnel System (CAPPS) project offset reduced Interagency Contracts from the Health and Human Services Commission (\$0.9 million) for staff salaries providing ongoing project support and additionally provide for increases for maintenance expenses and the state pay increase (less than \$0.1 million).
					(See also Selected Fiscal and Policy Issues, Item #1).

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Comptroller of Public Accounts
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
REVENUE & TAX PROCESSING C.1.1	\$74,354,619	\$74,028,682	(\$325,937)	(0.4%)	
Total, Goal C, TAX AND FINANCIAL INFO TECHNOLOGY	\$74,354,619	\$74,028,682	(\$325,937)	(0.4%)	Overall decrease of \$0.3 million reflects an increase of \$0.5 million for the biennialized state pay increase offset by reallocation of \$0.8 million to Goal B to new Strategy B.1.2, CAPPS Implementation.
Grand Total, All Strategies	\$472,953,120	\$476,137,300	\$3,184,180	0.7%	

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Comptroller of Public Accounts					
Summary of Recommendations - Senate, By Method of Finance -- OTHER FUNDS					
Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
ONGOING AUDIT ACTIVITIES A.1.1	\$2,608,794	\$25,752	(\$2,583,042)	(99.0%)	Recommendations reflect a decrease related to seized funds as a result of criminal investigations; amounts were expended towards training, equipment upgrades and other expense of the agency's criminal investigations division.
TAX LAWS COMPLIANCE A.2.1	\$32,908	\$11,914	(\$20,994)	(63.8%)	
TAXPAYER INFORMATION A.3.1	\$13,476	\$5,032	(\$8,444)	(62.7%)	
TAX HEARINGS A.4.1	\$6,324	\$3,734	(\$2,590)	(41.0%)	
Total, Goal A, COMPLIANCE WITH TAX LAWS	\$2,661,502	\$46,432	(\$2,615,070)	(98.3%)	
ACCOUNTING/REPORTING B.1.1	\$710,265	\$257,772	(\$452,493)	(63.7%)	Recommendations primarily reflect expenditure of Interagency Contracts from the Texas Education Agency related to the Financial Allocation Study for Texas (FAST) not expected in the 2016-17 biennium.
CAPPS IMPLEMENTATION B.1.2	\$42,544,766	\$28,414,856	(\$14,129,910)	(33.2%)	Recommendations for the Centralized Accounting and Payroll/Personnel System (CAPPS) primarily reflect reductions of \$20.1 million from Interagency Contracts from various agencies for CAPPS development, deployment and maintenance offset by an increase of \$6 million from Appropriated Receipts from SmartBuy vendor fees for CAPPS ongoing maintenance and deployment costs to transition additional agencies onto the new system. (See also Selected Fiscal and Policy Issues, Item #1).
PROPERTY TAX PROGRAM B.2.1	\$207,522	\$202,808	(\$4,714)	(2.3%)	
TREASURY OPERATIONS B.3.1	\$57,856	\$31,570	(\$26,286)	(45.4%)	
PROCUREMENT B.4.1	\$2,992,254	\$2,972,822	(\$19,432)	(0.6%)	
Total, Goal B, MANAGE FISCAL AFFAIRS	\$46,512,663	\$31,879,828	(\$14,632,835)	(31.5%)	
REVENUE & TAX PROCESSING C.1.1	\$30,578	\$11,418	(\$19,160)	(62.7%)	
Total, Goal C, TAX AND FINANCIAL INFO TECHNOLOGY	\$30,578	\$11,418	(\$19,160)	(62.7%)	
Grand Total, All Strategies	\$49,204,743	\$31,937,678	(\$17,267,065)	(35.1%)	

**Comptroller of Public Accounts
Selected Fiscal and Policy Issues - Senate**

1. Statewide Centralized Accounting and Payroll/Personnel System (CAPPS).

- **Recommendation:** Recommendations provide a biennial All Funds total of \$56.2 million, including \$27.8 million in General Revenue, for the CAPPS project to maintain the system, provide for PeopleSoft license payments, and to deploy or transition additional agencies onto the central statewide version of CAPPS which is maintained by the Comptroller's office. Recommendations reflect an overall decrease of \$13.1 million in All Funds primarily due to the expenditure of Interagency Contracts from various agencies for project development, maintenance and staff support costs. Figure 1 provides additional detail of the CAPPS project.

Additionally, recommendations include a new strategy, Strategy B.1.2, CAPPS Implementation, to identify CAPPS appropriations and include a new rider, *Report on the Implementation of the Centralized Accounting and Payroll/Personnel System*, directing the agency to report annually on the costs and status of the project.

Recommendations provide for an increase of \$0.1 million for PeopleSoft license maintenance out of Interagency Contracts from six agencies identified in Rider 14, *Informational Listing: Enterprise Resource Planning Software License Payments*, for a total of \$4.2 million. These payments began prior to the initiation of the CAPPS project as the cost for the initial licenses used for the Integrated Statewide Administrative System (ISAS) which were subsequently expanded in order to develop CAPPS. These six agencies are the original users of ISAS and continue to make payments to the Comptroller for the license maintenance:

- Office of the Attorney General,
- Health and Human Services Commission,
- Texas Education Agency,
- Department of Housing and Community Affairs,
- Department of Transportation, and
- Workforce Commission.

Recommendations for the Comptroller do not include costs to maintain and support versions of CAPPS systems used by certain agencies including the Department of Transportation (TxDOT), Health and Human Services Commission (HHSC), Texas Education Agency (TEA) and the Workforce Commission (TWC), referred to as CAPPS hub-agencies. The Comptroller's office has indicated that hub agencies are responsible for overall maintenance of these systems which are housed and operated separate from the central statewide version of CAPPS and which contain extensive agency-specific customizations.

- **SmartBuy Revenue:** Included within recommended funding levels is an estimated \$12 million in Appropriated Receipts in each fiscal year of the 2016-17 biennium from SmartBuy vendor fees to be used primarily for deployment of additional agencies on to the central version of CAPPS. The fee is paid by vendors on the Comptroller's SmartBuy procurement system and is based on 1.5 percent of vendors' sales made through purchases on the SmartBuy system.

Prior to the 2014-15 biennium, the revenue from SmartBuy vendor fees was split between the Texas.gov vendor (approximately 59.1%) and unappropriated General Revenue (approximately 40.9 percent). However, House Bill 3116, Eighty-third Regular Session, modified Chapter 2101, Government Code, governing accounting procedures, to place purchasing functions within the scope of enterprise resource planning (ERP) and to authorize the Comptroller to

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recover costs for the ERP project from vendors using the SmartBuy system. Additionally, Article IX, Section 18.26 of the 2014-15 GAA appropriates to the Comptroller receipts from the SmartBuy vendor fee. As a result, the receipts previously deposited to unappropriated General Revenue are appropriated to the agency. The agency collected and was appropriated \$6 million in receipts from the fee in fiscal year 2014 and expects an additional \$12 million in receipts in fiscal year 2015; these amounts are reflected as Appropriated Receipts. The increased amount in fiscal year 2015 is a result of the SmartBuy system moving outside Texas.gov and the resulting end of the vendor/state revenue sharing arrangement.

The agency has identified this fee as a revenue source to transition further agencies onto the central CAPPS.

- **Implementations During 2014-15 Biennium:** Recent deployments onto central CAPPS include the Department of Motor Vehicles (DMV), Public Utilities Commission (PUC), Railroad Commission (RRC) and the Texas Juvenile Justice Department (TJJD) on the Financials system on September 2014. Additionally, the Comptroller's office has indicated that Department of Information Resources (DIR), DMV, and Office of Court Administration (including the State Prosecuting Attorney) are also expected to move onto the HR/Payroll system in the spring of 2015.

Outside central CAPPS, TxDOT deployed onto their full CAPPS hub system (both Financials and HR/Payroll) on October 2014 and TEA and TWC are expected to transition to their Financials hub systems respectively in fiscal year 2015 and early fiscal year 2016. Additionally, the five health and human services agencies, which are currently on the central CAPPS HR/Payroll system, are expected to transition to an HR/Payroll hub system within the state data centers in fiscal year 2016.

Figure 2 identifies the agencies which are currently on CAPPS and agencies which are preliminary scheduled to transition to CAPPS in the current biennium.

- **Move Forward Strategy:** The Comptroller's office has recently procured a managed services contract with Accenture and has identified several agencies (see also Figure 2) for potential transition onto the central version of CAPPS during the 2016-17 biennium. The managed services vendor would host and maintain the central CAPPS applications at the vendor's data center, provide development and upgrade support, and transition agencies to the system. The agency has submitted a revised request for funding of \$39.4 million (also see Section 6, Items not Included in Recommendations) in addition to recommended funding levels of \$56.2 million based on new cost estimates for maintenance and deployments of agencies to CAPPS; a revised prioritized list of those agencies to transition over to CAPPS in the 2016-17 biennium has also been submitted and is reflected in Figure 2.

During the summer of 2014, the Comptroller's office preliminarily identified several agencies to deploy onto central CAPPS over the 2016-17 biennium. These agencies have submitted requests in their respective LARs for related secondary costs, such as additional staffing to assist the agency over the transitional period. Figure 3 highlights these requests, which are not included in the recommendations for these agencies.

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Figure 1

Centralized Accounting and Payroll/Personnel System (CAPPS)						Biennial Increase /
	2014	2015	2016	2017		(Decrease)
Development						
Interagency Contracts (Agency Payments)	\$ 2,082,132	\$ 262,938	\$ -	\$ -	\$	(2,345,070)
Deployments/Transition of Agencies onto CAPPS						
Appropriated Receipts (SmartBuy)	\$ 217,619	\$ 12,297,145	\$ 9,822,051	\$ 9,822,051	\$	7,129,338
Interagency Contracts (Agency Payments)	\$ 3,218,400	\$ 4,468,103	\$ -	\$ -	\$	(7,686,503)
<i>SUBTOTAL, DEPLOYMENTS</i>	<i>\$ 3,436,019</i>	<i>\$ 16,765,248</i>	<i>\$ 9,822,051</i>	<i>\$ 9,822,051</i>	<i>\$</i>	<i>(557,165)</i>
Payments for Converted PeopleSoft License Maintenance (Integrated Statewide Administrative System)						
General Revenue	\$ 113,359	\$ 113,359	\$ 117,327	\$ 117,327	\$	7,936
Interagency Contracts (Agency Payments)	\$ 2,010,561	\$ 2,010,561	\$ 2,080,929	\$ 2,080,929	\$	140,736
<i>SUBTOTAL, CONVERTED LICENSES</i>	<i>\$ 2,123,920</i>	<i>\$ 2,123,920</i>	<i>\$ 2,198,256</i>	<i>\$ 2,198,256</i>	<i>\$</i>	<i>148,672</i>
Maintenance						
General Revenue	\$ 10,037,346	\$ 12,167,177	\$ 11,116,061	\$ 11,116,061	\$	27,599
Appropriated Receipts						
SmartBuy Fees	\$ 3,307,287	\$ 2,177,949	\$ 2,177,949	\$ 2,177,949	\$	(1,129,338)
Procurement Fees	\$ 102,200	\$ 114,732	\$ 97,081	\$ 97,081	\$	(22,770)
Interagency Contracts						
Agency Payments	\$ 4,544,021	\$ 4,784,025	\$ -	\$ -	\$	(9,328,046)
Procurement Fees	\$ 4,867	\$ 11,767	\$ 29,418	\$ 29,418	\$	42,202
<i>SUBTOTAL, MAINTENANCE</i>	<i>\$ 17,995,721</i>	<i>\$ 19,255,650</i>	<i>\$ 13,420,509</i>	<i>\$ 13,420,509</i>	<i>\$</i>	<i>(10,410,353)</i>
Staff Support at Comptroller						
General Revenue	\$ 2,188,939	\$ 2,188,939	\$ 2,673,162	\$ 2,673,162	\$	968,446
Interagency Contracts (Agency Payments)	\$ 446,236	\$ 484,223	\$ -	\$ -	\$	(930,459)
<i>SUBTOTAL, STAFF SUPPORT</i>	<i>\$ 2,635,175</i>	<i>\$ 2,673,162</i>	<i>\$ 2,673,162</i>	<i>\$ 2,673,162</i>	<i>\$</i>	<i>37,987</i>
TOTAL						
General Revenue	\$ 12,339,644	\$ 14,469,475	\$ 13,906,550	\$ 13,906,550	\$	1,003,981
Appropriated Receipts (ARs)						
SmartBuy Fees	\$ 3,524,906	\$ 14,475,094	\$ 12,000,000	\$ 12,000,000	\$	6,000,000
Procurement Fees	\$ 102,200	\$ 114,732	\$ 97,081	\$ 97,081	\$	(22,770)
<i>SUBTOTAL, APPROP. RECEIPTS</i>	<i>\$ 3,627,106</i>	<i>\$ 14,589,826</i>	<i>\$ 12,097,081</i>	<i>\$ 12,097,081</i>	<i>\$</i>	<i>5,977,230</i>
Interagency Contracts (IACs)						
Agency Payments	\$ 12,301,350	\$ 12,009,850	\$ 2,080,929	\$ 2,080,929	\$	(20,149,342)
Procurement Fees	\$ 4,867	\$ 11,767	\$ 29,418	\$ 29,418	\$	42,202
<i>SUBTOTAL, IACs</i>	<i>\$ 12,306,217</i>	<i>\$ 12,021,617</i>	<i>\$ 2,110,347</i>	<i>\$ 2,110,347</i>	<i>\$</i>	<i>(20,107,140)</i>
TOTAL, ALL FUNDS	\$ 28,272,967	\$ 41,080,918	\$ 28,113,978	\$ 28,113,978	\$	(13,125,929)
Full-Time Equivalents	27.4	27.4	27.4	27.4		0.0

Source: Legislative Budget Board and Comptroller of Public Accounts

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Figure 2

Centralized Accounting and Payroll/Personnel System (CAPPS): Agencies Deployments			
CAPPS - Central Version		CAPPS - Hub Agencies	
Currently Deployed		Currently Deployed	
Financials	HR/Payroll	Financials	HR/Payroll
Comptroller of Public Accounts	Cancer Prevention and Research Institute	Department of Transportation	Department of Transportation
Department of Information Resources	Health and Human Services Agencies*		
Office of Injured Employee Counsel			
Department of Insurance			
Juvenile Justice Department			
Department of Motor Vehicles			
Railroad Commission			
Public Utilities Commission			
Scheduled Deployments for 2014-15**		Scheduled Deployments for 2014-15	
Financials	HR/Payroll	Financials	HR/Payroll
Comptroller-Judiciary section	Office of Court Administration	Texas Education Agency	None
	Department of Information Resources	Texas Workforce Commission	
	Department of Motor Vehicles		
	Office of the State Prosecuting Attorney		
Proposed Scheduled Deployments for 2016-17**		Proposed Scheduled Deployments for 2016-17	
Financials	HR/Payroll	Financials	HR/Payroll
Office of Administrative Hearings	Office of Administrative Hearings	Health and Human Services Agencies	Health and Human Services Agencies*
Alcoholic Beverage Commission	Animal Health Commission		
Animal Health Commission	Office of Capital Writs		
State Auditor's Office	Comptroller of Public Accounts		
Cancer Prevention and Research Institute	Courts		
Office of Capital Writs	Higher Education Coordinating Board		
Courts	Housing and Community Affairs		
Office of Court Administration	Office of Injured Employee Counsel		
Higher Education Coordinating Board	Department of Insurance		
Commission on Judicial Conduct	Commission on Judicial Conduct		
State Law Library	Commission on Law Enforcement		
Commission on Law Enforcement	State Law Library		
Library and Archives Commission	Library and Archives Commission		
Department of Licensing and Regulations	Military Department		
Military Department	Board of Pharmacy		
Office of the State Prosecuting Attorney	Department of Public Safety		
Veterans Commission			

*Health and Human Services are currently residing on the central version of CAPPS, but are expected transition to a CAPPS hub version in fiscal year 2016.

** Schedules are preliminary due to procurement of managed services contract.

Source: Comptroller of Public Accounts

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Figure 3

Agency Requests Related to Deployment onto Central CAPPS*				
Article I	GR-Related	All Funds	FTEs**	
Library and Archives Commission	\$ 500,000	\$ 500,000	2.0	
Veterans Commission	\$ 286,524	\$ 286,524	-	
Article III				
Higher Education Coordinating Board	\$ 2,780,800	\$ 2,780,800	8.0	
Article IV				
Office of Court Administration	\$ 803,438	\$ 803,438	2.0	
Article V				
Alcoholic Beverage Commission	\$ 238,244	\$ 238,244	1.0	
Juvenile Justice Department**	\$ 5,131,480	\$ 5,131,480	-	
Military Department	\$ 976,418	\$ 976,418	5.0	
Department of Public Safety**	\$ 6,042,311	\$ 6,784,742	15.0	
Article VI				
Animal Health Commission	\$ 82,110	\$ 82,110	1.0	
Article VII				
Department of Motor Vehicles**	\$ 323,424	\$ 323,424	2.0	
Article VIII				
State Office of Administrative Hearings	\$ 467,559	\$ 467,559	3.7	
Department of Licensing and Regulation	\$ 212,669	\$ 212,669	2.0	
Board of Nursing	\$ 46,976	\$ 46,976	1.0	
TOTAL	\$ 17,891,953	\$ 18,634,384	42.7	

*Requests shown are those included in Legislative Appropriations Requests which may be subsequently revised by agencies.

**Agencies' FTE request may differ by fiscal year; amount shown reflects fiscal year with higher FTEs.

***Agencies' requests include other costs beyond deployment related expenses.

Source: Legislative Budget Board

2. **Historically Underutilized Businesses (HUBs).** Pursuant to Government Code 2161.127, each state agency and institution of higher education must include as part of its Legislative Appropriations Request (LAR) a report detailing the extent to which the agency has made “good faith” efforts to comply with both HUB-related general law and rules adopted by the Comptroller of Public Accounts. The LBB has subsequently gathered information related to agency HUB activity and created a report detailing that information which is available on the LBB website. Figure 4 provides a high-level summary of attainment of both statewide HUB goals and agency-set HUB goals based on information in that report.

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Recommendations continue Article IX, Section 7.08 which indicates that this report is available on the LBB website and provides the web address to the report which links electronically. Section 7.08 reads as follows:

Reporting of Historically Underutilized Business (HUB) Key Measures. In accordance with Government Code 2161.127 relating to the reporting of HUB key performance measures, the Legislative Budget Board reports information provided by agencies and institutions of higher education in the legislative appropriations requests on the LBB website, which can be found at <http://www.lbb.state.tx.us/Bill84/Art9HUBKeyMeasures.pdf>.

Figure 4

Comparison of Agencies and Institutions of Higher Education HUB Performance														
Statewide HUB Goals		2012						2013						
		Goals Met or Exceeded		Goals Not Met		Goal Not Set by Agency or IHE*		Goals Met or Exceeded		Goals Not Met		Goal Not Set by Agency or IHE*		
		No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Comparison to Statewide HUB Goals														
Heavy Construction	11.2	19	11.7%	32	19.6%	112	68.7%		13	8.0%	39	23.9%	111	68.1%
Building Construction	21.1	27	16.6%	47	28.8%	89	54.6%		36	22.1%	46	28.2%	81	49.7%
Special Trade Construction	32.7	41	25.2%	63	38.7%	59	36.2%		45	27.6%	64	39.3%	54	33.1%
Professional Services	23.6	43	26.4%	79	48.5%	41	25.2%		52	31.9%	74	45.4%	37	22.7%
Other Services	24.6	38	23.3%	118	72.4%	7	4.3%		35	21.5%	121	74.2%	7	4.3%
Commodities	21	96	58.9%	61	37.4%	6	3.7%		94	57.7%	64	39.3%	5	3.1%
Comparison to Agency-specific HUB Goals														
Heavy Construction	NA	21	12.9%	30	18.4%	112	68.7%		15	9.2%	37	22.7%	111	68.1%
Building Construction	NA	34	20.9%	40	24.5%	89	54.6%		40	24.5%	42	25.8%	81	49.7%
Special Trade Construction	NA	47	28.8%	57	35.0%	59	36.2%		50	30.7%	59	36.2%	54	33.1%
Professional Services	NA	55	33.7%	67	41.1%	41	25.2%		59	36.2%	67	41.1%	37	22.7%
Other Services	NA	61	37.4%	95	58.3%	7	4.3%		57	35.0%	99	60.7%	7	4.3%
Commodities	NA	99	60.7%	58	35.6%	6	3.7%		99	60.7%	59	36.2%	5	3.1%

*If an agency or IHE set its goal for a procurement category at zero or did not submit a goal, these entities were excluded from counts and calculations for "Goals Met or Exceeded" and "Goals not Met."

Source: Legislative Budget Board

Section 3

Comptroller of Public Accounts FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
Cap	2,859.8	2,751.3	2,760.3	2,760.3	2,760.3
Actual/Budgeted	2,587.1	2,645.7	2,760.3	NA	NA
Schedule of Exempt Positions (Cap)					
Comptroller of Public Accounts, Group 6	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000

Recommendations maintain the FTE cap of 2,760.3 in each fiscal year of the biennium. The agency indicates that they are planning on filling vacant positions and in the final quarter of fiscal year 2014 have 2,710.5 FTE positions filled. Recommendations include a total increase of 114.6 FTEs from actual fiscal year 2014 levels in the following strategies:

- 66.0 in Strategy A.1.1, Ongoing Audit Activities;
- 25.2 in Strategy A.2.1, Tax Laws Compliance;
- 2.2 in Strategy A.3.1, Taxpayer Information;
- 1.7 in Strategy A.4.1, Tax Hearings;
- 7.6 in Strategy B.1.1, Accounting/Reporting;
- 1.7 in Strategy B.2.1, Property Tax Program;
- 2.1 in Strategy B.3.1, Treasury Operations;
- 2.7 in Strategy B.4.1, Procurement; and
- 5.4 in Strategy C.1.1, Revenue and Tax Processing.

The agency is not requesting any changes to the exempt position compensation.

The 2014 State Auditor's Office Report does not provide information regarding exempt salaries for elected officials. However, the 2012 report *Executive Compensation at State Agencies* (Report No. 12-708, August 2012), found that the salary for the Comptroller is higher than the average salary for comparable comptrollers and treasurers (\$137,987) based on results of a survey of the 10 most populous states in addition to Texas.

Section 3

Comptroller of Public Accounts
Performance Measure Highlights - Senate

	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
<ul style="list-style-type: none">Average Monthly Delinquent and Other Account Closure Rate per Enforcement Collector	303	312	269	300	300
Measure Explanation: Recommended targets reflect an increase from budgeted fiscal year 2015 levels based on prior year performance and agency's increased efforts to close collection cases.					
<ul style="list-style-type: none">Average Dollars Assessed to Dollar Cost	39.3	48.5	39.0	48.0	48.0
Measure Explanation: Recommended targets reflect an increase from budgeted fiscal year 2015 levels based on historical performance increases. Agency exceeded the fiscal year 2014 performance target of \$39 by \$9.5 due to prior years hiring efforts and additional productivity of auditors as experience is gained.					
<ul style="list-style-type: none">Delinquent Taxes Collected Per Collection-related Dollar Expended	70	59	59	65	65
Measure Explanation: Recommended targets reflect an increase from anticipated performance levels in the 2014-15 biennium. The agency has indicated that they anticipate meeting the fiscal year 2015 target of \$65 dollars collected per dollar expended due to additional experience and productivity gains of newer enforcement staff. As a result, the target of \$65 is recommended to be maintained into the 2016-17 biennium.					

Section 4

Comptroller of Public Accounts
Performance Review and Policy Report Highlights - Senate

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

Section 5

Comptroller of Public Accounts Rider Highlights - Senate

2. (revise) **Capital Budget.** Revise amounts for Daily Operations (Information Resources Technology) project and for the Centralized Accounting and Payroll/Personnel System (CAPPS). (See Selected Fiscal and Policy Issues, Item #1, for detail on CAPPS funding.)

Also add Enterprise Content Management System Replacement project to reflect completion of project in fiscal year 2016. Project was initiated in the 2014-15 biennium to provide a cloud-based solution to capture, manage, store, and process tax payer and other financial documents.

8. (revise) **Appropriation of Unclaimed Property Handling Fees.** Revise rider caption from *Appropriation for Statutory Obligations* for clarification.
13. (revise) **Appropriation of Liquidity Fees.** Revise rider for clarification.
14. (revise) **Informational Listing: Enterprise Resource Planning Software License Payments.** Revise rider to remove payments from the Texas Department of Insurance for CAPPS maintenance payments that the Comptroller's office has indicated will be funded through their agency's General Revenue funding and SmartBuy receipts. Also revise estimated license payments for PeopleSoft software (previously referred to as the Integrated Statewide Administrative System or ISAS) remitted by six other agencies:
- Office of the Attorney General,
 - Health and Human Services Commission,
 - Texas Education Agency,
 - Department of Housing and Community Affairs,
 - Department of Transportation, and
 - Workforce Commission.
- (See also Selected Fiscal and Policy Issues, Item #1).
14. (delete) **Sunset Contingency.** Delete rider due to continuance of the Texas Procurement and Support Services (TPASS) division within the Comptroller's office through August 31, 2021.
15. (revise) **Statewide Procurement Fees.** Revise rider to indicate estimated appropriations of \$12 million each fiscal year in SmartBuy vendor fees (Appropriated Receipts) to be used for the CAPPS project.

Also add provision to clarify appropriation authority for other fees generated through TPASS, estimated to be \$1.1 million in Appropriated Receipts and \$0.5 million in Interagency Contracts in each fiscal year of the biennium.

Section 5

16. (new) **Report on the Implementation of the Centralized Accounting and Payroll/Personnel System.** Add new rider requiring the agency to report annually on the implementation of CAPPS by October 1st. The agency would report on project costs, status of agency deployments and timeline for remaining agency deployments, milestones and accomplishments, and identification of IT systems which have retired or are planned to be retired as a result of CAPPS deployment.
16. (delete) **High Cost Gas Rate Reduction Study.** Delete one-time reporting rider requiring the agency to submit a report on November 1, 2014 to the LBB pertaining to natural gas prices and effectiveness of the high cost natural gas tax rate reduction program.
17. (delete) **Internal Assessments on Utilization of Historically Underutilized Businesses.** Move rider to Article IX, Section 7.06, as rider provides statewide reporting requirements. Rider requires agencies and institutions of higher education to submit internal assessments on efforts to increase HUB utilization to the Comptroller. Rider revision adds LBB as a recipient of the internal assessments.
18. (delete) **Historically Underutilized Business Policy Compliance.** Move rider to Article IX, Section 7.07, as rider provides statewide reporting requirements. Rider requires agencies and institutions of higher education to report to the Comptroller and LBB on good faith efforts to meet their HUB purchasing and contracting goals, including quarterly updates. Rider also directs the State Auditor's Office (SAO) to select agencies to audit for HUB compliance once per biennium based on risk assessments findings. Rider revision limits quarterly reporting requirements to agencies and institutions found to be noncompliant by the SAO or upon request by the LBB.
19. (delete) **Unclaimed Property Held in Another State.** Delete rider authorizing the Comptroller to take actions to have unclaimed property held in another state to be delivered to the Comptroller to pay claims of persons in this state who establish ownership of the property. Rider limits directives to the extent authorized by law and a rider is therefore not required for the Comptroller to take the described actions.
20. (delete) **Restructure Salary Rates.** Delete one-time rider identifying additional appropriations in the 2014-15 biennium to increase salary rates of enforcement staff for recruitment and retention efforts.

Section 6

Comptroller of Public Accounts
Items not Included in Recommendations - Senate

	2016-17 Biennial Total	
	GR & GR-Dedicated	All Funds
Agency Exceptional Items - (Agency did not prioritize among these items)		
1. Centralized Accounting and Payroll/Personnel System (CAPPS). Provide additional funding and FTEs (21.0 in fiscal year 2016 and 25.0 in fiscal year 2017) for maintenance and deployment of additional agencies onto CAPPS.	\$ 39,417,670	\$ 39,417,670
1. Improvement and Modernization of Taxpayer Services and Systems.		
a. Restructure auditor salaries and classifications.	\$ 17,600,000	\$ 17,600,000
b. Establish an internal training program within the Tax Policy area for central and field office staff to improve tax policy knowledge and the dissemination of tax information to taxpayers through timely correspondence, rules and publications (29.0 FTEs).	\$ 3,900,000	\$ 3,900,000
c. Modernize the agency's integrated tax system infrastructure, expand web filing and electronic reporting, and upgrade the tax research system.	\$ 10,500,000	\$ 10,500,000
Total, Items Not Included in the Recommendations	\$ 71,417,670	\$ 71,417,670

Section 7

Comptroller of Public Accounts
Summary of 10 Percent Biennial Base Reduction Options - Senate

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
1	Other Operating Expenses	According to the agency: The agency would be forced to reduce approximately \$6.8 million in General Revenue (GR) operating expenses in 2016-17. The majority of cuts would be in the Innovation and Technology area for contract programmers and systems support, which would greatly increase the probability of critical system failures. Previous investments in new technologies would be lost without the ability to maintain and expand programs. The agency would be unable to make technology improvements, which focus on tax, revenue processing and statewide financial systems to ensure all money owed to the state is processed timely. When tax laws change, the agency develops rules and bulletins to help taxpayers understand and comply with those laws. Reduced funding for printing and postage would impede the agency's ability to communicate effectively and efficiently with taxpayers, eventually resulting in an increase in taxpayer reporting errors, negative tax filing patterns and a significant decrease in voluntary taxpayer compliance. Services from temporary agencies needed during peak tax times would be reduced.	\$6,837,230	\$6,837,230		\$0	1%	No.

Section 7

Comptroller of Public Accounts
Summary of 10 Percent Biennial Base Reduction Options - Senate

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
2	Salaries and Related Expenses	According to the agency: To reduce \$16.5 million in GR, the agency would be forced to cut staffing through attrition by 129 FTEs. A loss of 46 FTEs in Enforcement would severely impact delinquent tax collections and result in the loss of over \$147 million in potential tax revenue over the biennium. Reductions in staff and the associated revenue losses would further burden state and local budgets. This reduction would result in delinquent cases aging longer, increasing the time required to close a delinquent account by 13 days. The time available for collection efforts would be reduced and the number of cases closed per collector would decrease by 29. A reduction in travel funding would result in fewer enforcement compliance activities such as special event canvassing, cold stops and fuels/cigarette tax investigations. A reduction of 13 FTEs in Tax Policy would negatively affect the agency's ability to provide accurate and timely tax information to taxpayers, legislators and state agencies. A reduction of 9 FTEs in Property Tax would impede the agency's ability to conduct the mandated school district Property Value Study (PVS) to determine the level of property tax wealth in each school district for state funding purposes. A loss of staff would result in reducing the number of properties included in the PVS from 85,000 to approximately 78,000. Fewer samples in the study could lead to less accurate value findings resulting from more variability, which could create an increased cost for funding public education. A loss of 6 FTEs in Treasury Operations would result in delays in processing state funds and negatively impact investment income earnings. With an average daily deposit of \$550 million, a delay of only one day would cost the state millions in lost interest over the biennium. A loss of 25 staff in Fiscal Management could compromise the timeliness and accuracy of the Comprehensive Annual Financial Report and the Annual Cash Report and impact support of the state's financial systems.	\$16,485,636	\$16,485,636	129.0	\$147,476,700	3%	No.

Section 7

Comptroller of Public Accounts
Summary of 10 Percent Biennial Base Reduction Options - Senate

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
3	Other Operating Expenses	According to the agency: The agency would be forced to reduce approximately \$4.3 million in GR operating expenses in 2016-17 primarily for contract programmers and systems support in the Innovation and Technology area. A loss of these resources would have a significant impact on the ongoing support and maintenance of Audit's programs and systems including ADS, AWM, CATS, P&I, RITS, data mining and predictive models used to score and rank taxpayers. Technology has helped make the audit process more efficient, minimizing workload burdens on auditors and acting as a "force multiplier," allowing limited staff to keep average hours per audit at a minimum, maximizing audit completions and coverage per auditor. The loss of these resources would have a direct impact on the agency's ability to conduct tax due assessments. A reduction in Audit's travel would also result in limiting the agency's ability to improve voluntary taxpayer compliance levels through the audit process by limiting the agency's ability to maintain a strong audit presence among the taxpaying population. In the Revenue Administration area, services from temporary agencies needed during quarterly and annual sales tax peaks, as well as the annual franchise tax peak, would be significantly reduced. In addition, a reduction in funding for advertising would reduce the amount of unclaimed property returned to Texans by an estimated 60 percent. Advertising is one of the key tools used to locate owners and reunite them with their property.	\$4,310,864	\$4,310,864		\$0	1%	No.

Section 7

Comptroller of Public Accounts
Summary of 10 Percent Biennial Base Reduction Options - Senate

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
4	Salaries and Related Expenses	According to the agency: To reduce approximately \$19 million in GR, the agency would be forced to decrease staffing through attrition by 147 FTEs in 2016-17. A loss of 83 FTEs in the Audit area would severely impact the agency's ability to conduct tax due assessments. Audit completions would decline by 4,860 audits, resulting in a loss of an estimated \$108 million in projected tax revenue over the 2016-17 biennium. With reduced staffing, audit coverage is projected to drop from approximately 0.60 percent to 0.55 percent in 2016-17. Reduced audit activity eventually results in decreased levels of voluntary taxpayer compliance. A reduction in staff would also impact the agency's ability to carry out current and future legislative mandates. A loss of 47 FTEs in the Revenue Administration area would impede the timely processing of all tax payments within three days of receipt (as required by statute), resulting in a loss of interest to the state. There would also be an estimated average 20 percent increase in the time required to generate taxpayer refunds, resulting in an increase in credit interest paid by the state. In addition, the time it takes to return allocations to local jurisdictions would increase from 22 to 29 days in order to reflect the additional two weeks required to process all sales tax return data and money for each monthly allocation.	\$19,012,002	\$19,012,002	147.0	\$107,615,311	4%	No.
TOTAL, 10% Reduction Options			<u>\$46,645,732</u>	<u>\$46,645,732</u>	<u>276.0</u>	<u>\$255,092,011</u>		

Comptroller of Public Accounts
Summary of 10 Percent Biennial Base Reduction Options - Senate
Agency 10% Reduction Options by Category of Reduction

