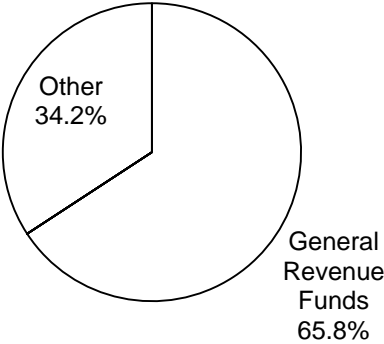


Section 1

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$6,838,252	\$13,655,919	\$6,817,667	99.7%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$6,838,252	\$13,655,919	\$6,817,667	99.7%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$11,992,453	\$7,103,134	(\$4,889,319)	(40.8%)
All Funds	\$18,830,705	\$20,759,053	\$1,928,348	10.2%

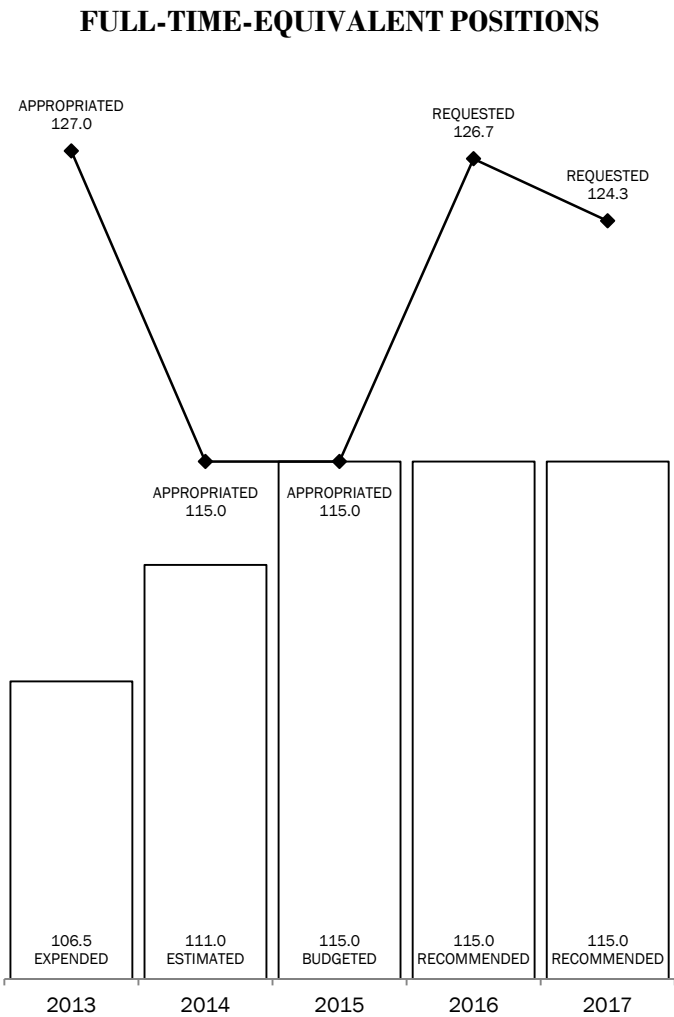
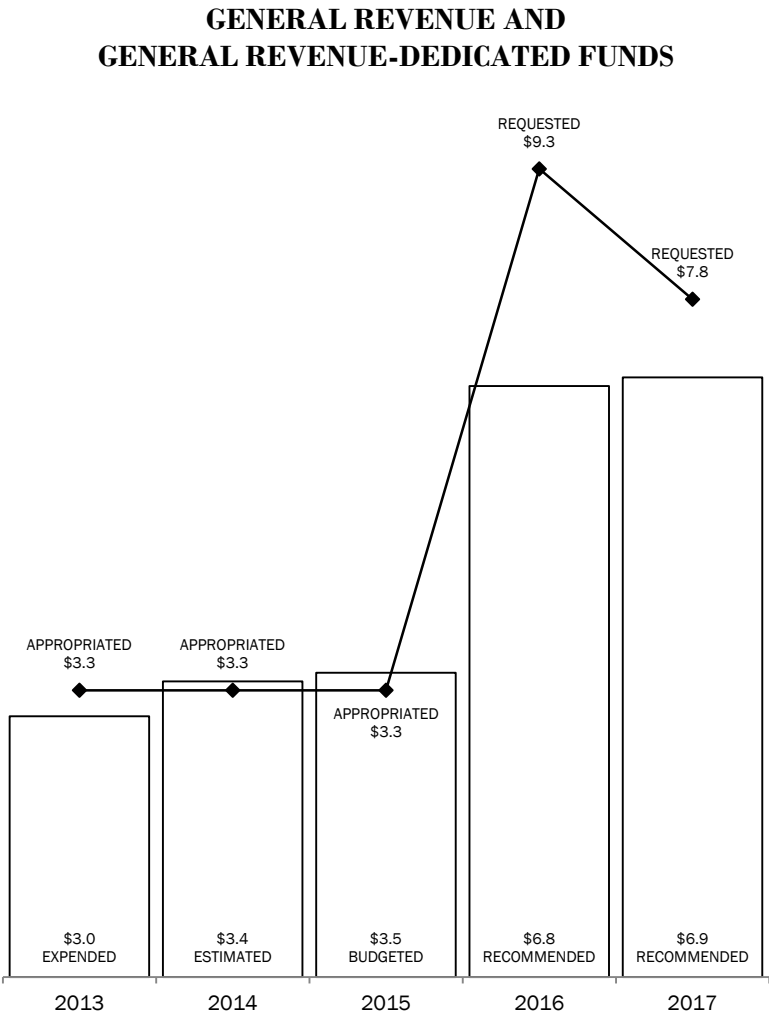
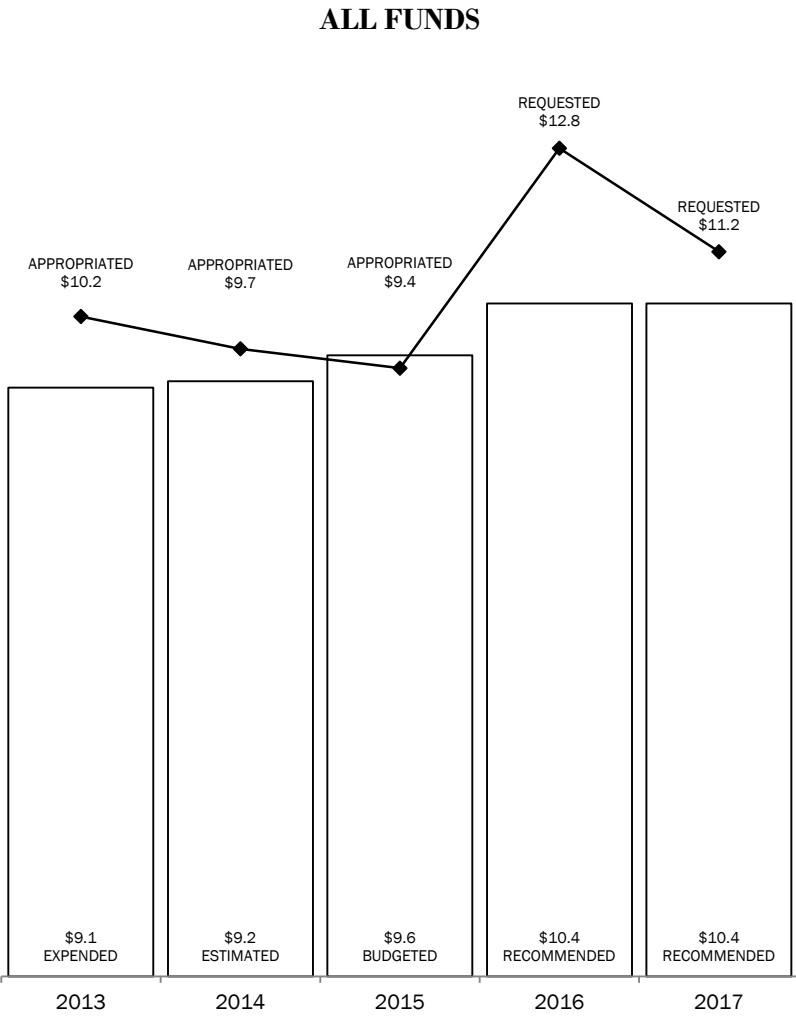
RECOMMENDED FUNDING
BY METHOD OF FINANCING



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
State Office of Administrative Hearings
2016-2017 BIENNIUM
IN MILLIONS

TOTAL= \$20.8 MILLION



Section 2

State Office of Administrative Hearings
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
CONDUCT HEARINGS A.1.1	\$16,157,930	\$17,788,129	\$1,630,199	10.1%	
CONDUCT ALT DISPUTE RESOLUTION A.2.1	\$485,361	\$495,766	\$10,405	2.1%	
Total, Goal A, ADMINISTRATIVE HEARINGS	\$16,643,291	\$18,283,895	\$1,640,604	9.9%	
INDIRECT ADMINISTRATION B.1.1	\$2,187,414	\$2,475,158	\$287,744	13.2%	
Total, Goal B, INDIRECT ADMINISTRATION	\$2,187,414	\$2,475,158	\$287,744	13.2%	
Grand Total, All Strategies	\$18,830,705	\$20,759,053	\$1,928,348	10.2%	Recommendation include an All Funds increase related to the following: \$6,703,557 General Revenue increase to replace State Highway Fund 6 appropriations. Amount includes 2014-15 funding level of \$6,592,999 and an additional \$110,558 to biennialize salaries (paid with Fund 6) at the fiscal year 2015 level. \$114,110 General Revenue increase to biennialize salaries at the 2015 level. \$6,592,999 Other Funds decrease in State Highway Fund 6 appropriations related to a method of finance swap with General Revenue. \$1,645,680 Other Funds increase in Interagency Contract funding for anticipated increased workload. \$58,000 Other Funds increase related to an increase in anticipated appropriated receipts collections for transcripts ordered from Administrative License Review cases.

Section 2

State Office of Administrative Hearings
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
CONDUCT HEARINGS A.1.1	\$5,690,860	\$11,708,845	\$6,017,985	105.7%	Recommendations include an increase of \$5,930,039 to replace State Highway Fund 6 appropriations and \$87,946 to biennialize salaries at the 2015 level.
CONDUCT ALT DISPUTE RESOLUTION A.2.1	\$376,269	\$389,344	\$13,075	3.5%	
Total, Goal A, ADMINISTRATIVE HEARINGS	\$6,067,129	\$12,098,189	\$6,031,060	99.4%	
INDIRECT ADMINISTRATION B.1.1	\$771,123	\$1,557,730	\$786,607	102.0%	Recommendations include an increase of \$773,518 to replace State Highway Fund 6 appropriations and \$13,089 to biennialize salaries at the 2015 level.
Total, Goal B, INDIRECT ADMINISTRATION	\$771,123	\$1,557,730	\$786,607	102.0%	
Grand Total, All Strategies	\$6,838,252	\$13,655,919	\$6,817,667	99.7%	

Section 2

State Office of Administrative Hearings
Summary of Recommendations - Senate, By Method of Finance -- OTHER FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
CONDUCT HEARINGS A.1.1	\$10,467,070	\$6,079,284	(\$4,387,786)	(41.9%)	Recommendations include a net decrease in Other Funds related to a \$5,825,324 decrease in State highway Fund 6 appropriations, a \$1,379,538 increase in Interagency Contract (IAC) funding for 9 additional FTE positions (within current FTE cap) expected to be filled in FY 2015 and 3 FTE positions (within current FTE cap) expected to be filled in FY 2016 to meet increased caseloads from referring agencies, and a \$58,000 increase related to an increase in Appropriated Receipts collected for transcripts ordered for Administrative License Review cases.
CONDUCT ALT DISPUTE RESOLUTION A.2.1	\$109,092	\$106,422	(\$2,670)	(2.4%)	
Total, Goal A, ADMINISTRATIVE HEARINGS	\$10,576,162	\$6,185,706	(\$4,390,456)	(41.5%)	
INDIRECT ADMINISTRATION B.1.1	\$1,416,291	\$917,428	(\$498,863)	(35.2%)	Recommendations include a net decrease in Other Funds related to a \$767,675 decrease in State Highway Fund 6 appropriations and an increase of \$268,812 in IAC funding for 2 additional FTE positions needed to meet increased caseloads from referring agencies.
Total, Goal B, INDIRECT ADMINISTRATION	\$1,416,291	\$917,428	(\$498,863)	(35.2%)	
Grand Total, All Strategies	\$11,992,453	\$7,103,134	(\$4,889,319)	(40.8%)	

Section 3

State Office of Administrative Hearings
Selected Fiscal and Policy Issues - Senate

- 1. **Sunset Review.** The agency is currently undergoing Sunset review. Sunset staff recommendations are forthcoming (see Rider Highlights #9)
- 2. **Case Management System.** Recommendations do not include the agency’s request for capital budget authority and funding totaling \$1,420,000 in General Revenue for the 2016-17 biennium for a new integrated case management, case filing, and time keeping system. Of that amount, \$100,000 in General Revenue Funds each year would be utilized to hire a project manager/consultant to oversee and guide the purchase and implementation of the integrated case management system. Additionally, the agency is requesting Unexpended Balance Authority from fiscal year 2016 into fiscal year 2017 and delayed implementation of the new system until fiscal year 2017.

The agency currently uses five different applications to issue a single order and uses a paper system to bill case-related time and record employee leave. The new system would allow the agency to integrate three core functions into one system including an electronic case filing system, a case management system, and a time keeping solution. (see Items Not Included #4)

- 3. **Billing Rate for Workload.** Recommendations continue the Billing Rate for Workload rider with the language previously authorized by the 83rd Legislature. The agency is requesting to amend the rider with additional language that would allow them to increase the hourly billing rate for payment of costs associated with administrative hearings conducted by the agency from \$100 per hour to an amount to be determined by the actual hourly costs reported by the most recently published hearing Activity Report, but not to exceed \$128 per hour. (see Rider Highlights #8 and Items Not Included #8)
- 4. **Method of Finance Swap.** Recommendations include a method of finance swap of General Revenue for State Highway Fund 6 totaling \$6,703,557 for the 2016-17 biennium. Amount includes 2014-15 funding level of \$6,592,999 and an additional \$110,558 to annualize salaries (paid with Fund 6) at the fiscal year 2015 level.

Section 4

State Office of Administrative Hearings
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

State Office of Administrative Hearings Rider Highlights - Senate

2. **Capital Budget (new).** Recommendations add capital budget authority of \$21,796 in fiscal year 2016 and \$29,125 in fiscal year 2017 to identify base level funding for personal computers.
3. **Renegotiation of Lump Sum Contract.** House Bill 1600, 83rd Legislature, Regular Session, transferred the water and sewer utility case hearings from the Texas Commission on Environmental Quality (TCEQ) to the Public Utility Commission (PUC). Recommendations include updated language to align with the transfer of the economic regulation of these services from the TCEQ to the PUC. The new language provides for \$368,000 (\$184,000 annually) in Interagency Contract funding for the purpose of conducting water and sewer utility case hearings for PUC during the 2016-17 biennium.
8. **Billing Rate for Workload.** Recommendations continue this rider as previously authorized by the 83rd Legislature. The agency is requesting to amend the rider with additional language that would allow them to increase the hourly billing rate for payment of costs associated with administrative hearings conducted by the agency from \$100 per hour to an amount to be determined by the actual hourly costs reported by the most recently published hearing Activity Report, but not to exceed \$128 per hour. (see Selected Fiscal and Policy Issues #3 and Items Not Included #8)
9. **Sunset Contingency (new).** The agency is currently undergoing Sunset Review. Recommendations add a contingency provision for the agency's Sunset Review. (see Selected Fiscal and Policy Issues #1)
10. **Unexpended Balance Authority within the Biennium.** Recommendations do not include the agency's request to add a new rider in their bill pattern that would allow the agency to carry forward any unexpended balances from fiscal year 2016 to fiscal year 2017 to be used for the same purposes. Agency currently has the authority under Article IX, Section 14.05, Unexpended Balance Authority Between Fiscal Years within the Same Biennium, to transfer unexpended balances with prior approval from the Legislative Budget Board.(see Items Not Included #9)

Section 6

State Office of Administrative Hearings
Items not Included in Recommendations - Senate

	2016-17 Biennial Total	
	GR & GR-Dedicated	All Funds
Agency Exceptional Items - In Agency Priority Order		
1. General Revenue funding for equity pay increases to raise employee salaries for certain SOAH employees whose salaries are less than 35 percent of the state salary schedule.	\$ 735,354	\$ 735,354
2. General Revenue funding and 3 additional Full-time Equivalent (FTE) positions (1 administrative law judge and 2 administrative assistants) each year for anticipated increased workload from General Revenue funded agencies.	\$ 420,000	\$ 420,000
3. Increase FTE cap by 5 additional FTE positions (2 administrative law judges, 1 docket clerk, 1 system analyst, and 1 indirect support assistant) each fiscal year for anticipated increased workload from Interagency Contract funded agencies.	\$ -	\$ -
4. Capital budget authority and funding totaling \$1,420,000 in General Revenue for the 2016-17 biennium for a new integrated case management, case filing, and time keeping system. Of which, \$100,000 in General Revenue Funds each year would be utilized to hire a project manager/consultant to oversee and guide the purchase and implementation of the integrated case management system. The agency is requesting Unexpended Balance Authority from fiscal year 2016 into fiscal year 2017 and delayed implementation of the new system until fiscal year 2017. (see Selected Fiscal and Policy Issues #2)	\$ 1,420,000	\$ 1,420,000
5. General Revenue funding for accrued annual leave payments for anticipated retirements.	\$ 250,000	\$ 250,000
6. General Revenue funding to replace current Interagency Contract funding.	\$ 6,863,134	\$ 6,863,134
7. General Revenue funding and 4 additional FTE positions for temporary staff to assist with accounting, programming, and human resource duties during CAPPS implementation period.	\$ 467,559	\$ 467,559
8. Amend Rider 7, Billing Rate for Workload, to reflect the agency's request to add language that would allow for an increased hourly billing rate for payment of costs associated with administrative hearings conducted by the agency. The current \$100 per hour billing rate would increase to an amount to be determined by the actual hourly costs reported by the most recently published hearing Activity Report, but not to exceed \$128 per hour. (see Selected Fiscal and Policy Issues #3 and Rider Highlights #8)	\$ -	\$ -
9. Add New Rider 8, Unexpended Balance Authority within the Biennium, to reflect the agency's request to add a new rider that would allow the agency to carry forward any unexpended balances from fiscal year 2016 to fiscal year 2017 to be used for the same purposes. (see Rider Highlights #10)	\$ -	\$ -
Total, Items Not Included in the Recommendations	\$ 10,156,047	\$ 10,156,047

Section 7

State Office of Administrative Hearings
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 SB 2?
1	Reduce One Administrative Law Judges	The agency would eliminate one Administrative Law Judge position, which could be realized through attrition (retirement).	\$176,000	\$176,000	1.0	\$0	3%	No
2	Reduce One Administrative Law Judge	The agency would eliminate one Administrative Law Judge position, which could be realized through attrition (retirement).	\$176,000	\$176,000	1.0	\$0	3%	No
3	Reduce One Administrative Assistant	This agency would eliminate one Administrative Assistant position, which could be realized through attrition (retirement).	\$98,000	\$98,000	1.0	\$0	2%	No
4	Reduce One Administrative Law Judge	The agency would eliminate one Administrative Law Judge position, which could be realized through attrition (retirement).	\$211,004	\$211,004	1.0	\$0	4%	No
TOTAL, 10% Reduction Options			\$661,004	\$661,004	4.0	\$0		

Section 7

**State Office of Administrative Hearings
Summary of 10 Percent Biennial Base Reduction Options - Senate
Agency 10% Reduction Options by Category of Reduction**

