

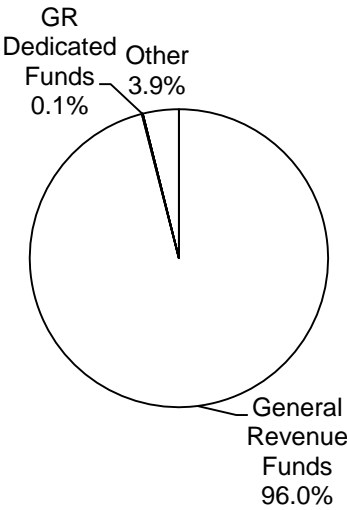
Section 1

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$46,785,368	\$47,447,062	\$661,694	1.4%
GR Dedicated Funds	\$50,165	\$50,000	(\$165)	(0.3%)
Total GR-Related Funds	\$46,835,533	\$47,497,062	\$661,529	1.4%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$1,931,764	\$1,931,764	\$0	0.0%
All Funds	\$48,767,297	\$49,428,826	\$661,529	1.4%

	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	377.2	382.2	5.0	1.3%

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.

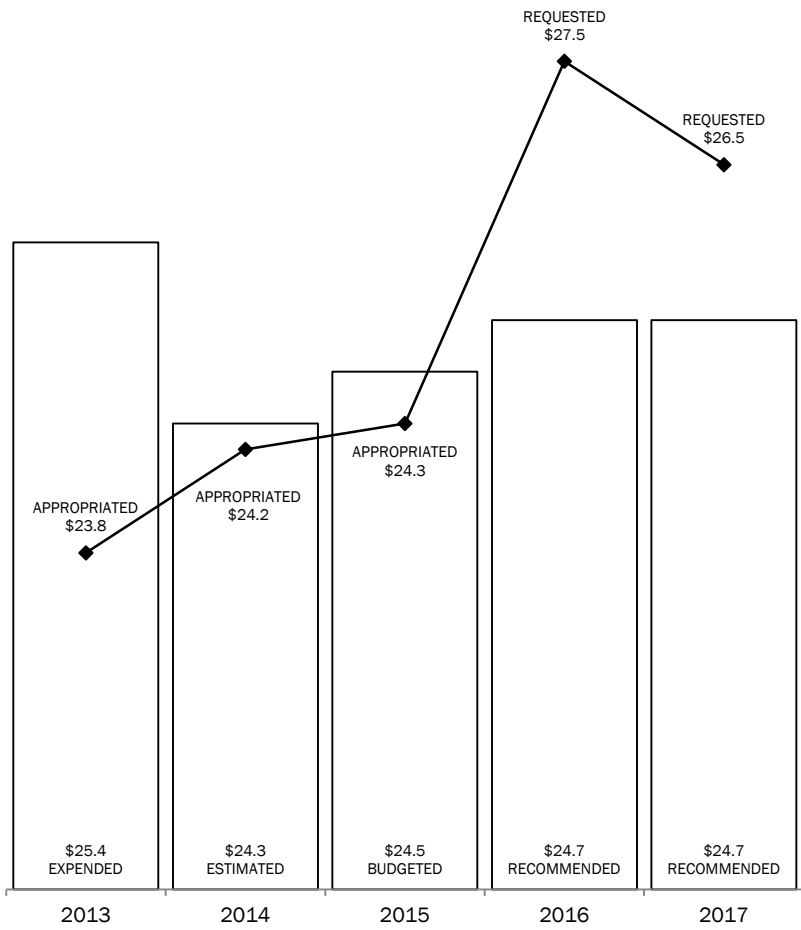
RECOMMENDED FUNDING
BY METHOD OF FINANCING



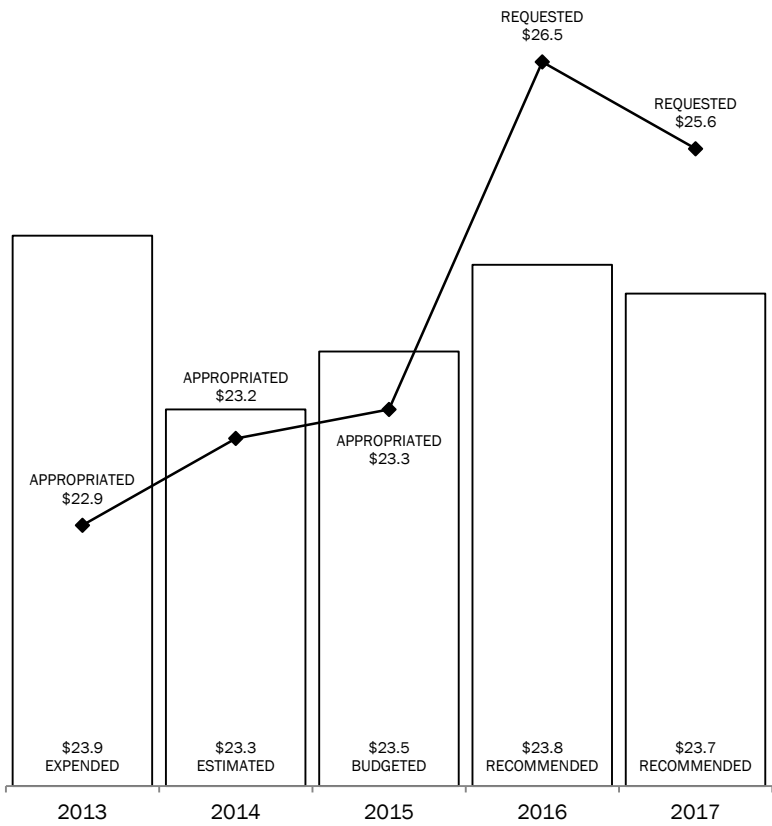
Section 1
Department of Licensing and Regulation
2016-2017 BIENNIUM
IN MILLIONS

TOTAL= \$49.4 MILLION

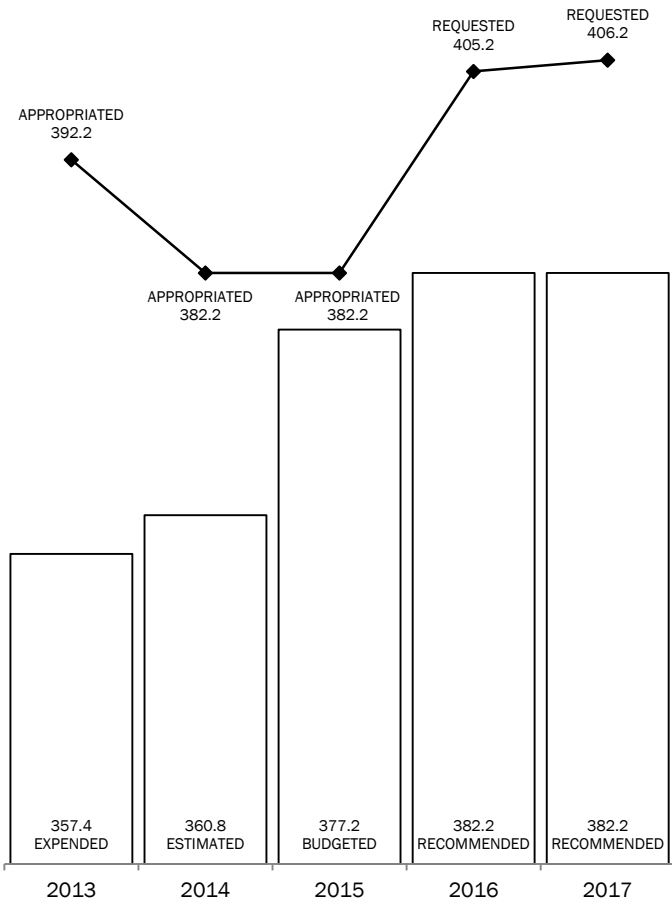
ALL FUNDS



GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS



FULL-TIME-EQUIVALENT POSITIONS



Section 2

Department of Licensing and Regulation
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
LICENSE, REGISTER AND CERTIFY A.1.1	\$4,907,406	\$4,932,990	\$25,584	0.5%	
LICENSE BUSINESSES AND FACILITIES A.1.2	\$1,819,445	\$1,765,858	(\$53,587)	(2.9%)	
EXAMINATIONS/CONTINUING EDUCATION A.1.3	\$1,286,884	\$1,325,800	\$38,916	3.0%	
CUSTOMER SERV. A.1.4	\$2,915,799	\$2,878,478	(\$37,321)	(1.3%)	
TEXAS.GOV A.1.5	\$934,400	\$934,400	\$0	0.0%	
Total, Goal A, LICENSING	\$11,863,934	\$11,837,526	(\$26,408)	(0.2%)	
CONDUCT INSPECTIONS B.1.1	\$13,672,671	\$13,747,743	\$75,072	0.5%	Recommendations include General Revenue for Rider 13, Combative Sports Regulation, which is a contingency appropriation for the agency of \$30,000 each year, if the agency meets certain thresholds related to the operation of combative sporting events. The agency lapsed this funding in their 2014-15 base due to revenue threshold not being met. Recommendations continue funding in fiscal years 2016-17 in alignment with the agency's request.
BUILDING PLAN REVIEWS B.1.2	\$2,230,072	\$2,217,794	(\$12,278)	(0.6%)	
RESOLVE COMPLAINTS B.1.3	\$6,083,700	\$6,100,042	\$16,342	0.3%	
INVESTIGATION B.1.4	\$5,937,684	\$5,961,428	\$23,744	0.4%	
Total, Goal B, ENFORCEMENT	\$27,924,127	\$28,027,007	\$102,880	0.4%	
CENTRAL ADMINISTRATION C.1.1	\$4,792,491	\$4,811,754	\$19,263	0.4%	
INFORMATION RESOURCES C.1.2	\$3,463,966	\$4,033,787	\$569,821	16.4%	
OTHER SUPPORT SERVICES C.1.3	\$722,779	\$718,752	(\$4,027)	(0.6%)	
Total, Goal C, INDIRECT ADMINISTRATION	\$8,979,236	\$9,564,293	\$585,057	6.5%	
Grand Total, All Strategies	\$48,767,297	\$49,428,826	\$661,529	1.4%	Recommendations include an increase in All Funds of \$661,529 due to the following: an increase of \$138,885 in General Revenue funding to biennialize salaries at 2015 levels, an increase in General Revenue funding of \$462,644 to maintain obligations for Data Center Services (DCS), and \$60,000 in General Revenue funding for the contingency appropriation related to Rider 13. Additionally, \$165 in Genereal Revenue - Dedicated Fund 099 has been reallocated to General Revenue (see Selected Fiscal and Policy Issues #2).

Section 3

Texas Department of Licensing and Regulation Selected Fiscal and Policy Issues - Senate

1. **Transfer of programs from the Department of State Health Services (DSHS).** The Sunset Commission's recommendations include the transfer of 12 regulatory programs from DSHS to the Department of Licensing and Regulation (TDLR) in two phases, and reconstitute associated independent boards as advisory committees. Our office will continue to monitor the Commission's recommendation through the 84th Legislative Session.
2. **Operators and Chauffeurs License Account No. 099.** During the current biennium TDLR was appropriated \$212,081 out of GR-Dedicated Fund 099 to administer the Polygraph Examiners Program. Prior to the 83rd Legislative Session our office analyzed the GR-Dedicated Fund 099 balance to determine whether appropriated levels could be sustained. Based on the Comptroller's Biennial Revenue Estimate we recommended that TDLR receive an appropriation. However in fiscal year 2013 our office learned that the Department of Public Safety, which administers the account, had significantly underestimated the amount of benefits paid out of the account and had miscoded certain transactions as transfers which created an inaccurate estimate. As a result of these actions the account balance was not sufficient to support the appropriations for Fiscal Years 2014-15 and TDLR has requested to be included in the Supplemental Bill for fiscal year 2015.
3. **Data Center Services current obligations maintenance.** Recommendations include General Revenue funding of \$462,644 in 2016-17 to address increases in Data Center Consolidation current obligations.
4. **Combative Sports Regulation.** Recommendations include contingency rider appropriations of \$30,000 each fiscal year for the administration of combative sports mega events in the state. The recommendations also increase appropriations by \$30,000 in General Revenue each fiscal year due to the rider not being activated in 2015. The appropriations are contingent upon a combative sports event having ticket sales in excess of \$2 million and the agency assessing fees sufficient to generate revenues in excess of the Comptroller's biennial revenue estimate in each fiscal year (see Rider Highlights #13).

Section 4

Texas Department of Licensing and Regulation
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

Texas Department of Licensing and Regulation Rider Highlights - Senate

2. **Capital Budget.** Recommendations continue capital budget funding and authority for the Scheduled Replacement of Information Resource Technology projects authorized by the 83rd Legislature. The schedule established by the agency for the replacement of hardware and software helps the agency maintain an efficient level of use of the agency's computer needs. Total project costs for the 2016-17 biennium are \$166,420 (\$82,812 in fiscal year 2016 and \$83,608 in fiscal year 2017) in General Revenue. Recommendations also include \$276,300 in fiscal year 2016 and \$186,343 in fiscal year 2017 in General Revenue to maintain costs for Data Center Consolidation.
3. **Appropriation: Travel Expenses and Fee Reimbursements.** Recommendations continue this rider as authorized by the 83rd Legislature. The agency has requested the removal of the expenditure reporting requirement to the Legislative Budget Board outlined in subsection (c).
6. **Elimination of Architectural Barriers: Reduce Duplicate Inspections.** Recommendations do not include the agency's request to delete this rider. The agency has stated that no municipality has performed such reviews and inspections in the last six biennia. However, the stipulations of this rider are not prescribed elsewhere in the Elimination of Architectural Barriers Act, Government Code, Chapter 469.
11. **Additional General Revenue.** Recommendations include modifications to clarify the reporting requirements and approval process for the rider. Additional language was added to clarify the specific revenues codes and appropriations applicable to the rider. Reporting requirements were added requiring the agency to submit a revenue collections analysis to the Comptroller of Public Accounts for certification and Subsection (b) was deleted to clarify the provisions of the rider. The recommendations do not include the agency's request to amend section (c) which would delete reporting requirements for expenditure level data to the Legislative Budget Board.
12. **Unexpended Balance Authority.** Recommendations continue the unexpended balance authority rider to allow the agency to carry forward any unobligated and unexpended appropriation balance authority, remaining at the end of the first year of the biennium into the second year.
13. **Combative Sports Regulation.** Recommendations continue this rider as authorized by the 83rd Legislature, Regular Session. The current rider allows TDLR to access additional revenue to cover the additional travel and contract costs involved in managing mega combative sports events, such as those held at the Alamodome in San Antonio or the AT&T Stadium in Arlington. Under provisions of the rider TDLR would be appropriated \$30,000 in General Revenue each fiscal year for each combative sports event when gross ticket sales exceed \$2.0 million, subject to certification by the Comptroller of Public Accounts (CPA). The agency has requested the modification of the threshold language, the removal of revenue reporting requirements to be delivered to the Legislative Budget Board, and the removal of supporting information reporting requirements to be supplied to the CPA. (see Selected Fiscal and Policy Issues #4)

Section 5

- 14. **(Former) Contingency Appropriation for Senate Bill 845.** Recommendations delete this rider in alignment with the agency’s request. Senate Bill 845, 83rd Legislature, Regular Session, reduced General Revenue funding by \$97,330 in fiscal year 2014 and \$143,060 in fiscal year 2015 for postage costs. The bill required TDLR to use e-mail and website technology for notifications on renewals in a greater capacity.

Section 6

Department of Licensing and Regulation
Items not Included in Recommendations - Senate

Agency Exceptional Items - In Agency Priority Order	2016-17 Biennial Total	
	GR & GR-Dedicated	All Funds
1. General Revenue funding for merit increases for employees.	\$ 600,000	\$ 600,000
2. General Revenue funding and an increase in the Full-Time Equivalent (FTE) cap by 6.0 FTEs each year to achieve Gartner IT security recommendations. a. Salaries and Wages - \$827,616 for the biennium b. Travel, Rent, and Other Operating expenses - \$495,829 for the biennium c. Capital Expenditure - \$200,000 in fiscal year 2016 only	\$ 1,523,445	\$ 1,523,445
3. General Revenue funding to commision an independent third-party to analyze TDLR's long-term IT systems needs.	\$ 250,000	\$ 250,000
4. General Revenue funding and an increase in the FTE cap by 3.0 FTEs each year to increase consumer protection inspections. a. Salaries and Wages - \$306,696 for the biennium. b. Travel, Rent and Other Operating Expenses - \$98,531 for the biennium	\$ 405,227	\$ 405,227
5. General Revenue funding and an increase in the FTE cap by 4.0 FTEs each year to improve customer service responsiveness. a. Salaries and Wages - \$278,688 for the biennium b. Rent and Other Operating Expenses - \$69,700 for the biennium	\$ 343,388	\$ 343,388
6. General Revenue funding and an increase in the FTE cap by 1.0 FTE each year to strengthen public-private partnership administration. a. Salaries and Wages - \$99,936 for the biennium b. Rent and Other Operating Expenses - \$16,176 for the biennium	\$ 116,112	\$ 116,112
7. General Revenue funding and an increase in the FTE cap by 5.0 FTEs to combat online licensing violations and consumer fraud. a. Salaries and Wages - \$562,752 for the biennium. b. Travel, Rent and Other Operating Expenses - \$93,162 for the biennium	\$ 655,914	\$ 655,914

Section 6

Department of Licensing and Regulation
Items not Included in Recommendations - Senate

Agency Exceptional Items - In Agency Priority Order	2016-17 Biennial Total	
	GR & GR-Dedicated	All Funds
8. General Revenue funding to provide travel reimbursement for advisory board members across all 18 of the agency's advisory boards.	\$ 150,000	\$ 150,000
9. General Revenue funding and an increase in the FTE cap by 3.0 FTEs to respond to increased construction activity. a. Salaries and Wages - \$299,808 for the biennium b. Travel, Rent and Other Operating Expenses - \$67,105 for the biennium	\$ 366,913	\$ 366,913
10. General Revenue funding and an increase in the FTE cap by 1.0 FTEs to respond to and staff the Centralized Accounting and Payroll/Personnel System (CAPPS) conversion. a. Salaries and Wages - \$99,936 for the biennium b. Rent and Other Operating Expenses - \$36,176 for the biennium	\$ 136,112	\$ 136,112
11. Modify Rider 12, Combat Sports Regulation, to modify the revenue threshold from "ticket sales" to "Gross Receipts", and eliminate any revenue certification requirements.	-	-
12. Restore (Former) Rider 11. Unexpended Balance Authority, to provide the agency the authority to transfer unexpended balances without prior written approval of the Legislative Budget Board	-	-
Total, Items Not Included in the Recommendations	\$ 4,547,111	\$ 4,547,111

Section 7

Department of Licensing and Regulation
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	Enforcement Program - Program Layoffs	Layoffs would occur among staff related to inspections, complaint resolution, and investigations.	\$1,730,595	\$1,730,595	19.0	\$0	6.2%	N
2	Enforcement Program - Program Operation Reductions	Reductions of program offerings would occur resulting in the increased processing time of licenses, inspections, plan reviews, and continuing education course approval.	\$582,182	\$582,182		\$0	2.1%	N
3	Indirect Administration Program - Administrative Layoffs	Layoffs of FTEs would occur within central administration, information technology, and other support services.	\$546,470	\$546,470	5.0	\$0	7.0%	N
4	Indirect Administration Program - Administrative Operation Reductions	Reductions of administration programs would occur resulting in increased time required to complete administrative tasks.	\$106,470	\$106,470		\$0	1.3%	N
5	Licensing Program - Program Layoffs	Layoffs would occur among staff related to licensing, continuing education, customer service, inspections, complaint resolution, and investigations.	\$784,761	\$784,761	17.0	\$0	6.8%	N
	Enforcement Program - Program Layoffs	Layoffs would occur among staff related to licensing, continuing education, customer service, inspections, complaint resolution, and investigations.	\$2,160,436	\$2,160,436	17.0	\$0	7.8%	N
6	Licensing Program - Program Operation Reductions	Reductions of program offerings would occur resulting in the increased processing time of licenses, inspections, plan reviews, and continuing education course approval.	\$232,940	\$232,940		\$0	2.0%	N
6	Enforcement Program - Program Operation Reductions	Reductions of program offerings would occur resulting in the increased processing time of licenses, inspections, plan reviews, and continuing education course approval.	\$784,476	\$784,476		\$0	2.8%	N
TOTAL, 10% Reduction Options			\$6,928,330	\$6,928,330	58.0	\$0		

Department of Licensing and Regulation
Summary of 10 Percent Biennial Base Reduction Options - Senate
Agency 10% Reduction Options by Category of Reduction

