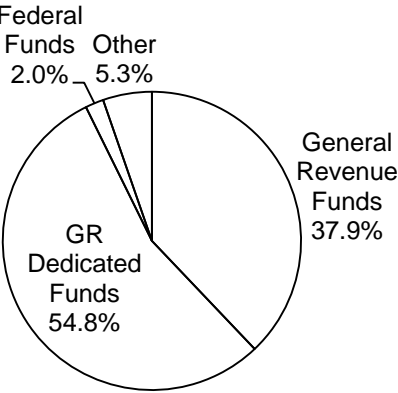


Section 1

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$78,252,020	\$83,791,857	\$5,539,837	7.1%
GR Dedicated Funds	\$119,728,169	\$121,155,598	\$1,427,429	1.2%
Total GR-Related Funds	\$197,980,189	\$204,947,455	\$6,967,266	3.5%
Federal Funds	\$8,830,506	\$4,380,518	(\$4,449,988)	(50.4%)
Other	\$30,233,246	\$11,738,325	(\$18,494,921)	(61.2%)
All Funds	\$237,043,941	\$221,066,298	(\$15,977,643)	(6.7%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING



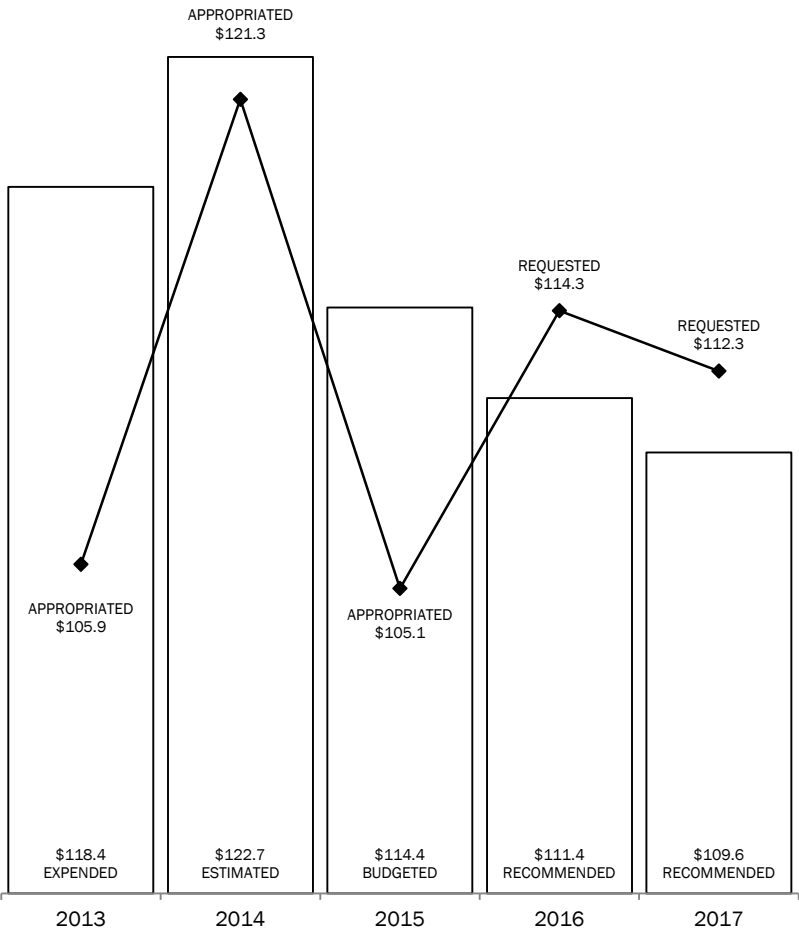
	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	1,362.0	1,422.0	60.0	4.4%

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.

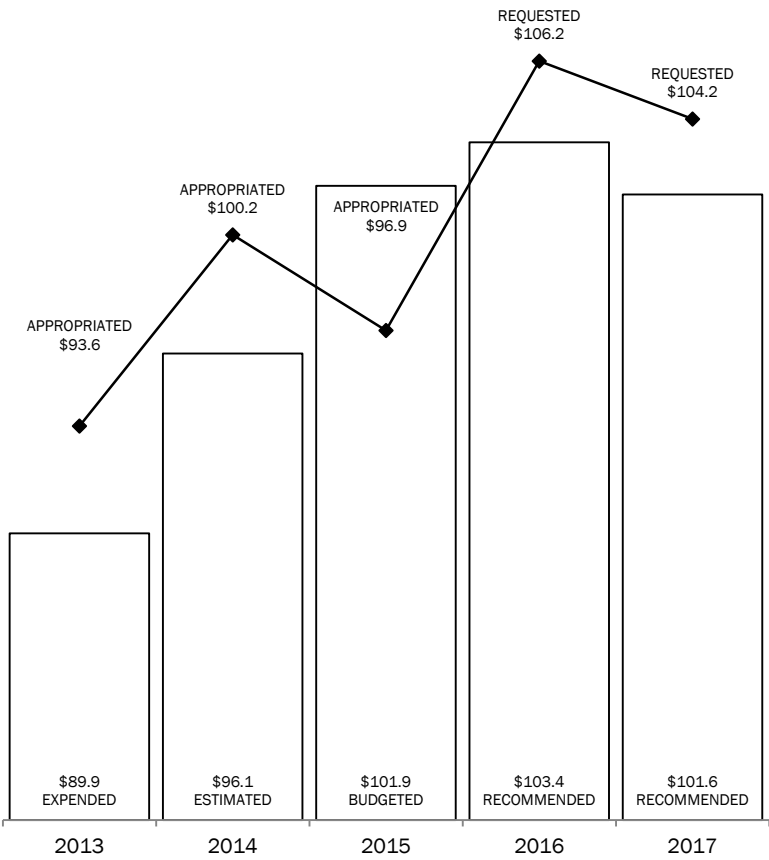
Section 1
Department of Insurance
2016-2017 BIENNIUM
IN MILLIONS

TOTAL= \$221.1 MILLION

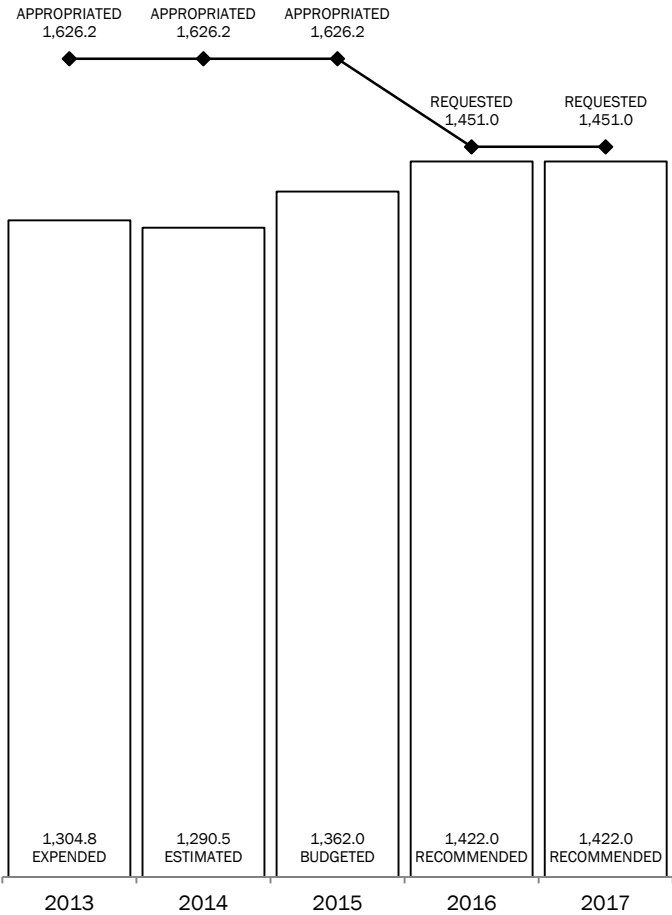
ALL FUNDS



GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS



FULL-TIME-EQUIVALENT POSITIONS



Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
<i>Unless otherwise specified, appropriation references below to General Revenue are related to General Revenue Insurance Companies Maintenance Tax and Insurance Department Fees and General Revenue-Dedicated references are related to General Revenue-Dedicated Texas Department of Insurance Operating Fund Account No. 36.</i>					
CONSUMER EDUCATION AND OUTREACH A.1.1	\$21,644,943	\$17,502,185	(\$4,142,758)	(19.1%)	Recommendations include a Federal Funds decrease of \$4,326,798 million from the termination of an Affordable Care Act Health Insurance Premium Review Grant the agency received during the 2014-15 biennium that is not expected to be available for the 2016-17 biennium.
RESOLVE COMPLAINTS A.2.1	\$5,124,871	\$5,368,380	\$243,509	4.8%	Recommendations include a reallocation in All Funds for consumer protection activities from Strategy A.2.3 to Strategies A.1.1 and A.2.1 due to a reallocation of staff responsibilities.
INVESTIGATION AND ENFORCEMENT A.2.2	\$5,509,163	\$5,966,548	\$457,385	8.3%	Recommendations include a reallocation in All Funds to fund additional needs in data center services and to add a new data analysis position to assist with increased workload demands.
INSURANCE FRAUD A.2.3	\$6,599,951	\$5,997,604	(\$602,347)	(9.1%)	Recommendations include an All Funds decrease of \$602,347 due to the following: A decrease of \$372,942 in General Revenue funds for consumer protection activities reallocated from Strategy A.2.3 to Strategies A.1.1 and A.2.1 due to a reallocation of staff responsibilities. A decrease of \$139,316 in General Revenue-Dedicated funds for consumer protection activities reallocated from Strategy A.2.3 to Strategies A.1.1 and A.2.1 due to a reallocation of staff responsibilities. A decrease of \$90,089 in Appropriated Receipts related to fraud seminar/conference expenses in FY 2014-15 that are not anticipated in the 2016-17 biennium.
WORKERS COMPENSATION FRAUD A.2.4	\$726,648	\$734,054	\$7,406	1.0%	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
PROCESS RATES, FORMS & LICENSES A.3.1	\$21,137,407	\$21,904,696	\$767,289	3.6%	Recommendations include a reallocation in General Revenue funding to fill vacant FTE positions due to changes in workload.
PROMOTE UNDERSERVED COVERAGE A.3.2	\$409,417	\$440,962	\$31,545	7.7%	
TEXAS.GOV A.3.3	\$868,694	\$760,000	(\$108,694)	(12.5%)	Recommendations include a decrease in General Revenue-Dedicated related to an anticipated decrease in collections from Texas.Gov subscription fees for agent and adjuster license applications, in alignment with the agency's request.
CERTIFY SELF-INSURANCE A.3.4	\$1,359,314	\$1,348,250	(\$11,064)	(0.8%)	
LONG-TERM CARE A.4.1	\$349,180	\$365,056	\$15,876	4.5%	
THREE-SHARE PROGRAMS A.4.2	\$2,388,918	\$889,732	(\$1,499,186)	(62.8%)	Recommendations include an Other Funds decrease of approximately \$1.5 million in Appropriated Receipts from an anticipated decrease in revenue collections from regulated entities for fines, penalties, and sanctions.
HEALTHY TEXAS A.4.3	\$16,176,585	\$0	(\$16,176,585)	(100.0%)	Recommendations include an All funds decrease of \$16,176,585 due to the following: A decrease of \$16,026,585 in funding for the Healthy Texas Small Employer Premium Stabilization Fund 329 due the close out of the Healthy Texas Program in fiscal year 2015. A decrease of \$150,000 in General Revenue below the 2016-17 General Revenue limit for administrative costs associated with the administration of the Healthy Texas program, in alignment with the agency's request.
LOSS CONTROL PROGRAMS A.5.1	\$5,367,191	\$5,597,484	\$230,293	4.3%	Recommendations include a reallocation in General Revenue-Dedicated funding to this strategy due to a reallocation of staff responsibilities among strategies.
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$87,662,282	\$66,874,951	(\$20,787,331)	(23.7%)	
INSURERS FINANCIAL CONDITION B.1.1	\$14,795,623	\$15,227,674	\$432,051	2.9%	Recommendations include a reallocation in All Funds to fill vacant FTE positions to assist with increase workload.
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$14,795,623	\$15,227,674	\$432,051	2.9%	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
FIRE MARSHAL C.1.1	\$10,913,650	\$9,497,262	(\$1,416,388)	(13.0%)	Recommendations include a net All Funds decrease of \$1,416,388 due to the following items: A Federal Funds decrease of \$132,591 related to federal Byrne Justice Assistance and Coverdell Forensic Sciences grants the State Fire Marshal's Office received in fiscal year 2014. The federal grants were awarded as one-time funding and are not expected in the 2016-17 biennium. A \$874,380 decrease in General Revenue funding for activities in the Fire Marshal's Office reallocated among strategies to fill vacant FTE positions. A \$327,987 decrease of General Revenue-Dedicated funding for activities in the Fire Marshal's Office reallocated among strategies to fill vacant FTE positions. An Appropriated Receipts decrease of \$81,430 related to seminar/conference expenses incurred in the 2014-15 biennium that are not included in 2016-2017.
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$10,913,650	\$9,497,262	(\$1,416,388)	(13.0%)	
OVERSIGHT AND ENFORCEMENT D.1.1	\$12,239,546	\$13,953,370	\$1,713,824	14.0%	Recommendations include an All Funds net increase of \$1,713,824 primarily due to the following items: An increase of \$1,888,349 in General Revenue-Dedicated funding resulting from the reallocation of Rider 20. Medical Fee Disputes appropriations previously allocated to Strategy D.1.2. A \$169,525 Other Funds decrease due to one-time funding from a Texas Mutual Insurance Group grant in fiscal year 2014 that is not anticipated in the 2016-17 biennium.

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
DISPUTE RESOLUTION D.1.2	\$30,307,626	\$28,585,178	(\$1,722,448)	(5.7%)	Recommendations include an All Funds decrease of \$1,722,448 due to the following: A decrease of \$1,314,736 in General Revenue-Dedicated funding resulting from the redistribution of Rider 20. Medical Fee Disputes appropriations previously allocated in Strategy D.1.2. Recommendations also include a reallocation of funding to other strategies to address a change in workload. An Appropriated Receipts decrease of \$407,712 related to seminar/conference expenses incurred in the 2014-15 biennium that are not included in 2016-2017.
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$11,066,815	\$11,093,445	\$26,630	0.2%	
HEALTH AND SAFETY SERVICES D.2.1	\$7,917,563	\$7,827,394	(\$90,169)	(1.1%)	
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$10,774,292	\$10,457,802	(\$316,490)	(2.9%)	
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$72,305,842	\$71,917,189	(\$388,653)	(0.5%)	
CENTRAL ADMINISTRATION E.1.1	\$19,446,946	\$20,830,205	\$1,383,259	7.1%	Recommendations include a net All Funds increase due to the following: A decrease in General Revenue for earned federal funds not anticipated in the next biennium due to decreases in federal grants awarded to the agency. A reallocation in All Funds for the purpose of paying rent costs for the Office of Injured Employee Counsel and to fill vacant positions due to changes in workload.

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
INFORMATION RESOURCES E.1.2	\$24,942,047	\$25,184,109	\$242,062	1.0%	Recommendations include a net All Funds increase of \$242,062 due to the following items: A decrease of \$581,703 in General Revenue-Dedicated related to one-time funding for Data Center Service (DCS) and Information Technology needs funded in the 2014-15 biennium. Amount is offset by a funding increase of \$766,558 in General Revenue-Dedicated to maintain DCS at current levels in the 2016-17 biennium. A decrease of \$709,349 in General Revenue related to one-time funding for DCS and Information Technology needs funded in the 2014-15 biennium. Amount is offset by an increase of \$766,556 in General Revenue to maintain DCS levels in the 2016-17 biennium.
OTHER SUPPORT SERVICES E.1.3	\$6,977,551	\$7,134,908	\$157,357	2.3%	
Total, Goal E, INDIRECT ADMINISTRATION	\$51,366,544	\$53,149,222	\$1,782,678	3.5%	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$4,400,000	\$4,400,000	100.0%	Recommendations include \$2,200,000 each fiscal year in General Revenue funding to continue the agency's State Regulatory Response rider to respond to unexpected changes in the insurance market, as well as natural and man-made disasters.
Total, Goal F, REGULATORY RESPONSE	\$0	\$4,400,000	\$4,400,000	100.0%	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
Grand Total, All Strategies	\$237,043,941	\$221,066,298	(\$15,977,643)	(6.7%)	Recommendations include a net decrease in All Funds primarily due to the following: An increase of \$4,400,000 in General Revenue Funding to continue the agency's State Regulatory Response rider. An increase of \$593,281 in General Revenue and \$769,565 in General Revenue-Dedicated to biennialize salaries at 2015 levels. An increase of \$766,558 in General Revenue-Dedicated and \$766,556 in General Revenue to maintain current DCS levels in the 2016-17 biennium. A decrease of \$4,142,758 in Federal Funds due to the elimination of an Affordable Care Act Health Insurance Premium review Grant that is not expected in fiscal years 2016-17. A decrease of \$16,176,585 in Other Funds resulting from the close out of the Healthy Texas Program in fiscal year 2015. A decrease of \$1,499,186 in Other Funds related to an anticipated decrease in revenue collections from regulated entities for fines, penalties, and sanctions collected as part of the Three Share program.

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
<i>Unless otherwise specified, references below to General Revenue are related to General Revenue Insurance Companies Maintenance Tax and Insurance Department Fees appropriations.</i>					
CONSUMER EDUCATION AND OUTREACH A.1.1	\$5,031,321	\$5,220,938	\$189,617	3.8%	Recommendations include a reallocation in General Revenue for consumer protection activities from Strategy A.2.3 to Strategies A.1.1 and A.2.1.
RESOLVE COMPLAINTS A.2.1	\$3,727,919	\$3,904,736	\$176,817	4.7%	
INVESTIGATION AND ENFORCEMENT A.2.2	\$4,007,616	\$4,339,818	\$332,202	8.3%	Recommendations include a reallocation in General Revenue to fund additional needs in data center services and to add a new data analysis position to assist with increased workload.
INSURANCE FRAUD A.2.3	\$4,735,350	\$4,362,408	(\$372,942)	(7.9%)	Recommendations include a reallocation in General Revenue for consumer protection activities reallocated from Strategy A.2.3 to Strategies A.1.1 and A.2.1 due to a reallocation of staff responsibilities.
WORKERS COMPENSATION FRAUD A.2.4	\$0	\$0	\$0	0.0%	Recommendations include a reallocation in General Revenue funding to fill vacant FTE positions to assist with increased workload.
PROCESS RATES, FORMS & LICENSES A.3.1	\$15,375,767	\$15,932,564	\$556,797	3.6%	
PROMOTE UNDERSERVED COVERAGE A.3.2	\$297,840	\$320,738	\$22,898	7.7%	Recommendations include a decrease of \$150,000 in General Revenue in alignment with the agency's request for administrative costs associated with the administration of the Healthy Texas program.
TEXAS.GOV A.3.3	\$13,040	\$13,040	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.4	\$0	\$0	\$0	0.0%	
LONG-TERM CARE A.4.1	\$349,180	\$365,056	\$15,876	4.5%	
THREE-SHARE PROGRAMS A.4.2	\$0	\$0	\$0	0.0%	
HEALTHY TEXAS A.4.3	\$150,000	\$0	(\$150,000)	(100.0%)	
LOSS CONTROL PROGRAMS A.5.1	\$3,904,210	\$4,071,376	\$167,166	4.3%	
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$37,592,243	\$38,530,674	\$938,431	2.5%	
INSURERS FINANCIAL CONDITION B.1.1	\$10,580,753	\$10,894,136	\$313,383	3.0%	Recommendations include a reallocation in General Revenue to fill vacant FTE positions to assist with increased workload.
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$10,580,753	\$10,894,136	\$313,383	3.0%	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
FIRE MARSHAL C.1.1	\$7,782,294	\$6,907,914	(\$874,380)	(11.2%)	Recommendations include a reallocation in General Revenue funding from this strategy for activities in the Fire Marshal's Office that were not part of the ongoing budget for fiscal years 2016-17 and that were reallocated to other strategies to fill vacant FTEs.
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$7,782,294	\$6,907,914	(\$874,380)	(11.2%)	
OVERSIGHT AND ENFORCEMENT D.1.1	\$0	\$0	\$0	0.0%	
DISPUTE RESOLUTION D.1.2	\$0	\$0	\$0	0.0%	
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$0	\$0	\$0	0.0%	
HEALTH AND SAFETY SERVICES D.2.1	\$0	\$0	\$0	0.0%	
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$0	\$0	\$0	0.0%	
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION E.1.1	\$8,466,656	\$9,064,358	\$597,702	7.1%	Recommendations include a net increase in General Revenue due to the following: A decrease of \$70,000 in General Revenue in alignment with the agency's request for earned federal funds not anticipated in the next biennium due to decreases in federal grants awarded to the agency. A reallocation in General Revenue of \$527,702 to fill vacant FTE positions in this strategy to assist with increased workload.
INFORMATION RESOURCES E.1.2	\$10,907,378	\$10,964,585	\$57,207	0.5%	Recommendations include a net increase of \$57,207 in General Revenue funding due to the following: A decrease in General Revenue related to one-time funding for Data Center Services (DCS) and Information Technology needs funded in the 2014-15 biennium reallocated to other strategies. A \$766,556 increase in General Revenue to maintain DCS at current levels in the 2016-17 biennium.
OTHER SUPPORT SERVICES E.1.3	\$2,922,696	\$3,030,190	\$107,494	3.7%	
Total, Goal E, INDIRECT ADMINISTRATION	\$22,296,730	\$23,059,133	\$762,403	3.4%	

Section 2

Department of Insurance					
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS					
Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$4,400,000	\$4,400,000	100.0%	Recommendations include \$2,200,000 each fiscal year in General Revenue funding to continue the agency's State Regulatory Response rider to respond to unexpected changes in the insurance market, as well as natural and man-made disasters.
Total, Goal F, REGULATORY RESPONSE	\$0	\$4,400,000	\$4,400,000	100.0%	
Grand Total, All Strategies	\$78,252,020	\$83,791,857	\$5,539,837	7.1%	Recommendations include \$593,281 in General Revenue to biennialize salaries at the 2015 level.

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- GR DEDICATED

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
<i>Unless otherwise specified, appropriation references below to General Revenue-Dedicated are related to General Revenue-Dedicated Texas Department of Insurance Operating Fund Account No. 36.</i>					
CONSUMER EDUCATION AND OUTREACH A.1.1	\$1,489,297	\$1,562,922	\$73,625	4.9%	Recommendations include a reallocation in General Revenue-Dedicated for consumer protection activities from Strategy A.2.3 to Strategies A.1.1 and A.2.1.
RESOLVE COMPLAINTS A.2.1	\$1,396,952	\$1,463,644	\$66,692	4.8%	
INVESTIGATION AND ENFORCEMENT A.2.2	\$1,501,547	\$1,626,730	\$125,183	8.3%	Recommendations include a reallocation in General Revenue-Dedicated to fund additional needs in data center services and to add a new data analysis position to assist with increased workload.
INSURANCE FRAUD A.2.3	\$1,774,512	\$1,635,196	(\$139,316)	(7.9%)	Recommendations include a reallocation in General Revenue-Dedicated funds from Strategy A.2.3 to Strategies A.1.1 and A.2.1 due to a reallocation of staff responsibilities.
WORKERS COMPENSATION FRAUD A.2.4	\$726,648	\$734,054	\$7,406	1.0%	Recommendations include a reallocation in General Revenue-Dedicated funding to fill vacant FTE positions to assist with increased workload.
PROCESS RATES, FORMS & LICENSES A.3.1	\$5,761,640	\$5,972,132	\$210,492	3.7%	
PROMOTE UNDERSERVED COVERAGE A.3.2	\$111,577	\$120,224	\$8,647	7.7%	Recommendations include a decrease of \$108,694 in General Revenue-Dedicated related to an anticipated decrease in collections from Texas.Gov subscription fees for agent and adjuster license applications, in alignment with the agency's request.
TEXAS.GOV A.3.3	\$855,654	\$746,960	(\$108,694)	(12.7%)	
CERTIFY SELF-INSURANCE A.3.4	\$1,359,314	\$1,348,250	(\$11,064)	(0.8%)	Recommendations include a reallocation in General Revenue-Dedicated funding to this strategy due to a reallocation of staff responsibilities among strategies.
LONG-TERM CARE A.4.1	\$0	\$0	\$0	0.0%	
THREE-SHARE PROGRAMS A.4.2	\$888,918	\$889,732	\$814	0.1%	Recommendations include a reallocation in General Revenue-Dedicated funding to this strategy due to a reallocation of staff responsibilities among strategies.
HEALTHY TEXAS A.4.3	\$0	\$0	\$0	0.0%	
LOSS CONTROL PROGRAMS A.5.1	\$1,462,981	\$1,526,108	\$63,127	4.3%	Recommendations include a reallocation in General Revenue-Dedicated funding to this strategy due to a reallocation of staff responsibilities among strategies.
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$17,329,040	\$17,625,952	\$296,912	1.7%	
INSURERS FINANCIAL CONDITION B.1.1	\$3,964,870	\$4,083,538	\$118,668	3.0%	Recommendations include a reallocation in General Revenue-Dedicated to fill vacant FTE positions to assist with increased workload.
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$3,964,870	\$4,083,538	\$118,668	3.0%	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- GR DEDICATED

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
FIRE MARSHAL C.1.1	\$2,917,335	\$2,589,348	(\$327,987)	(11.2%)	Recommendations includes a reallocation in General Revenue-Dedicated funding from this strategy for activities in the Fire Marshal's Office that were not part of ongoing budget for fiscal years 2016-17 and that were reallocated to other strategies to fill vacant FTEs.
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$2,917,335	\$2,589,348	(\$327,987)	(11.2%)	
OVERSIGHT AND ENFORCEMENT D.1.1	\$11,862,021	\$13,745,370	\$1,883,349	15.9%	Recommendations include a reallocation in General Revenue-Dedicated funding resulting from the reallocation of Rider 20. Medical Fee Disputes appropriations previously allocated to Strategy D.1.2.
DISPUTE RESOLUTION D.1.2	\$29,755,914	\$28,441,178	(\$1,314,736)	(4.4%)	Recommendations include a reallocation in General Revenue-Dedicated funding resulting from the reallocation of Rider 20. Medical Fee Disputes funding previously allocated in Strategy D.1.2.
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$11,066,815	\$11,093,445	\$26,630	0.2%	
HEALTH AND SAFETY SERVICES D.2.1	\$3,406,068	\$3,446,876	\$40,808	1.2%	
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$10,356,292	\$10,039,802	(\$316,490)	(3.1%)	
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$66,447,110	\$66,766,671	\$319,561	0.5%	
CENTRAL ADMINISTRATION E.1.1	\$10,980,290	\$11,765,847	\$785,557	7.2%	Recommendations include a reallocation in General Revenue-Dedicated for the purpose of paying rent costs for the Office of Injured Employee Counsel and to fill vacant positions due to changes in workload.
INFORMATION RESOURCES E.1.2	\$14,034,669	\$14,219,524	\$184,855	1.3%	Recommendations include a net increase in General Revenue-Dedicated appropriations as a result of the following: A decrease in General Revenue-Dedicated related to one-time funding of Data Center Services (DCS) and Information Technology needs funded in the 2014-15 biennium reallocated to other strategies. An increase in General Revenue-Dedicated to maintain DCS at current levels in the 2016-17 biennium.
OTHER SUPPORT SERVICES E.1.3	\$4,054,855	\$4,104,718	\$49,863	1.2%	
Total, Goal E, INDIRECT ADMINISTRATION	\$29,069,814	\$30,090,089	\$1,020,275	3.5%	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- GR DEDICATED

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$0	\$0	0.0%	
Total, Goal F, REGULATORY RESPONSE	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$119,728,169	\$121,155,598	\$1,427,429	1.2%	Recommendation include \$769,565 in General Revenue-Dedicated to biennialize salaries at the 2015 level.

Section 2

Department of Insurance					
Summary of Recommendations - Senate, By Method of Finance -- FEDERAL FUNDS					
Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
CONSUMER EDUCATION AND OUTREACH A.1.1	\$4,326,798	\$0	(\$4,326,798)	(100.0%)	Recommendations include a Federal Funds decrease related the termination of an Affordable Care Act Health Insurance Premium Review Grant the agency received during the 2014-15 biennium, that is not expected to be available for the 2016-17 biennium.
RESOLVE COMPLAINTS A.2.1	\$0	\$0	\$0	0.0%	
INVESTIGATION AND ENFORCEMENT A.2.2	\$0	\$0	\$0	0.0%	
INSURANCE FRAUD A.2.3	\$0	\$0	\$0	0.0%	
WORKERS COMPENSATION FRAUD A.2.4	\$0	\$0	\$0	0.0%	
PROCESS RATES, FORMS & LICENSES A.3.1	\$0	\$0	\$0	0.0%	
PROMOTE UNDERSERVED COVERAGE A.3.2	\$0	\$0	\$0	0.0%	
TEXAS.GOV A.3.3	\$0	\$0	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.4	\$0	\$0	\$0	0.0%	
LONG-TERM CARE A.4.1	\$0	\$0	\$0	0.0%	
THREE-SHARE PROGRAMS A.4.2	\$0	\$0	\$0	0.0%	
HEALTHY TEXAS A.4.3	\$0	\$0	\$0	0.0%	
LOSS CONTROL PROGRAMS A.5.1	\$0	\$0	\$0	0.0%	
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$4,326,798	\$0	(\$4,326,798)	(100.0%)	
INSURERS FINANCIAL CONDITION B.1.1	\$0	\$0	\$0	0.0%	
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$0	\$0	\$0	0.0%	
FIRE MARSHAL C.1.1	\$132,591	\$0	(\$132,591)	(100.0%)	Recommendations include a Federal Funds decrease related to federal Byrne Justice Assistance and Coverdell Forensic Sciences grants the State Fire Marshal's Office received in fiscal year 2014. The federal grants were awarded as one-time funding and are not expected in the 2016-17 biennium.
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$132,591	\$0	(\$132,591)	(100.0%)	
OVERSIGHT AND ENFORCEMENT D.1.1	\$0	\$0	\$0	0.0%	
DISPUTE RESOLUTION D.1.2	\$0	\$0	\$0	0.0%	
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$0	\$0	\$0	0.0%	
HEALTH AND SAFETY SERVICES D.2.1	\$4,371,117	\$4,380,518	\$9,401	0.2%	
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$0	\$0	\$0	0.0%	
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$4,371,117	\$4,380,518	\$9,401	0.2%	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- FEDERAL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
CENTRAL ADMINISTRATION E.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES E.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES E.1.3	\$0	\$0	\$0	0.0%	
Total, Goal E, INDIRECT ADMINISTRATION	\$0	\$0	\$0	0.0%	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$0	\$0	0.0%	
Total, Goal F, REGULATORY RESPONSE	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$8,830,506	\$4,380,518	(\$4,449,988)	(50.4%)	

Section 2

Department of Insurance					
Summary of Recommendations - Senate, By Method of Finance -- OTHER FUNDS					
Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
CONSUMER EDUCATION AND OUTREACH A.1.1	\$10,797,527	\$10,718,325	(\$79,202)	(0.7%)	Recommendations include a decrease in Appropriated Receipts related to fraud seminar/conference expenses in FY 2014-15 that are not anticipated in the 2016-17 biennium.
RESOLVE COMPLAINTS A.2.1	\$0	\$0	\$0	0.0%	
INVESTIGATION AND ENFORCEMENT A.2.2	\$0	\$0	\$0	0.0%	
INSURANCE FRAUD A.2.3	\$90,089	\$0	(\$90,089)	(100.0%)	
WORKERS COMPENSATION FRAUD A.2.4	\$0	\$0	\$0	0.0%	
PROCESS RATES, FORMS & LICENSES A.3.1	\$0	\$0	\$0	0.0%	
PROMOTE UNDERSERVED COVERAGE A.3.2	\$0	\$0	\$0	0.0%	
TEXAS.GOV A.3.3	\$0	\$0	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.4	\$0	\$0	\$0	0.0%	
LONG-TERM CARE A.4.1	\$0	\$0	\$0	0.0%	
THREE-SHARE PROGRAMS A.4.2	\$1,500,000	\$0	(\$1,500,000)	(100.0%)	Recommendations include a decrease in Appropriated Receipts from an anticipated decrease in revenue collections from regulated entities for fines, penalties, and sanctions.
HEALTHY TEXAS A.4.3	\$16,026,585	\$0	(\$16,026,585)	(100.0%)	Recommendations include a decrease in the Healthy Texas Small Employer Premium Stabilization Fund due the close out of the Healthy Texas Program in fiscal year 2015.
LOSS CONTROL PROGRAMS A.5.1	\$0	\$0	\$0	0.0%	
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$28,414,201	\$10,718,325	(\$17,695,876)	(62.3%)	
INSURERS FINANCIAL CONDITION B.1.1	\$250,000	\$250,000	\$0	0.0%	
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$250,000	\$250,000	\$0	0.0%	
FIRE MARSHAL C.1.1	\$81,430	\$0	(\$81,430)	(100.0%)	Recommendations include a decrease in Appropriated Receipts related to seminar/conference expenses incurred in the 2014-15 biennium that are not included in 2016-2017.
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$81,430	\$0	(\$81,430)	(100.0%)	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- OTHER FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
OVERSIGHT AND ENFORCEMENT D.1.1	\$377,525	\$208,000	(\$169,525)	(44.9%)	Recommendations include a decrease in Other Funds due to one-time funding from a Texas Mutual Insurance Group grant in fiscal year 2014 that is not anticipated in the 2016-17 biennium.
DISPUTE RESOLUTION D.1.2	\$551,712	\$144,000	(\$407,712)	(73.9%)	Recommendations include a decrease in Appropriated Receipts related to seminar/conference expenses incurred in the 2014-15 biennium that are not included in 2016-2017.
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$0	\$0	\$0	0.0%	
HEALTH AND SAFETY SERVICES D.2.1	\$140,378	\$0	(\$140,378)	(100.0%)	
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$418,000	\$418,000	\$0	0.0%	
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$1,487,615	\$770,000	(\$717,615)	(48.2%)	
CENTRAL ADMINISTRATION E.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES E.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES E.1.3	\$0	\$0	\$0	0.0%	
Total, Goal E, INDIRECT ADMINISTRATION	\$0	\$0	\$0	0.0%	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$0	\$0	0.0%	
Total, Goal F, REGULATORY RESPONSE	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$30,233,246	\$11,738,325	(\$18,494,921)	(61.2%)	

Insurance Tax Funding in Texas 2014-15

Total Insurance-Related Taxes Collected
\$3.451 Billion

General Revenue Fund:
Net Deposit of \$3,187.0 Million

Insurance Premium Taxes¹

\$3,184.0 Million to General Revenue
offset by certain tax credits.

Balance to General Revenue

Insurance Maintenance Taxes²

\$161.7 Million (Insurance)
\$101.1 Million (Workers' Compensation)
\$262.8 Million transferred to Fund 36

**Office of Public Insurance Counsel
Assessment³**

\$4.7 Million
-1.7 Million OPIC Appropriations
\$3.0 Million to General Revenue

↓
GR-D Fund 36:
Net Deposit of \$262.8 Million

Comptroller of Public Accounts-Fiscal Programs Comptroller's Department-Judiciary Section Texas Department of Transportation	Facilities Commission Texas Forest Service Department of State Health Services	Office of the Attorney General Office of Injured Employee Counsel Texas Department of Insurance
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1. Insurance premium taxes are assessed based on the amount of gross premiums received.

2. Insurance maintenance taxes are used to fund regulatory costs, and are levied at rates adjusted annually based on each regulatory agency's appropriation and unexpended balance from the previous year. Revenue collected from maintenance taxes are deposited to the Texas Department of Insurance's Operating Account Fund 36.

3. Pursuant to the Texas Insurance Code, Section 501.203, each property, casualty, and title insurer pays an annual assessment of 5.7 cents for each policy in force at the end of the year.

Section 3

Texas Department of Insurance Selected Fiscal and Policy Issues - Senate

1. **Self Leveling Funding.** The agency is required by statute to adjust fees to generate revenue equivalent to its appropriations and the appropriations made to the Office of Injured Employee Counsel (OIEC). Methods of finance subject to this requirement include the Insurance Companies Maintenance Tax and Insurance Department Fees deposited in the General Revenue Fund and the Texas Department of Insurance Operating Fund Account No. 36.
2. **Full-time Equivalents and Salary Funding.** Recommendations include a reduction of 204.2 Full-time Equivalent (FTE) positions from the current FTE cap of 1,626.2. The agency states that these FTE positions can no longer be funded within current appropriation levels due to legislative mandates such as the Class B reclassification, one percent health insurance contribution requirements, and the 0.5 percent retirement plan contributions.

Recommendations also include \$593,281 in General Revenue Insurance Companies Maintenance Tax and Insurance Department Fees and \$769,565 in General Revenue-Dedicated Texas Department of Insurance Operating Fund Account No. 36 to biennialize salaries at the 2015 level.

3. **Healthy Texas Program Funding.** The Healthy Texas Program was created to help bridge the affordability gap for qualified uninsured small businesses and their employees. The program is designed to help subsidize the cost of providing coverage by using a state-funded pool, the Healthy Texas Small Employer Premium Stabilization Fund (Healthy Texas Fund), to reimburse carriers for some of their high-cost health care claims, thereby reducing costs for employees. Without this funding, insurance companies would be required to realize the full costs of health care claims and have to increase premium costs to employers and employees. The passage of the Affordable Care Act created a health insurance exchange in Texas, which provides subsidies for qualified individuals, many of which are the same individuals that participated in the Healthy Texas Program.

The 83rd Legislature passed Senate Bill 1367, which dissolved the Texas Health Insurance Pool and redirected prompt payment penalty funds currently collected by TDI to be used to supplement the Healthy Texas Fund in order to close out the Healthy Texas Program. Approximately \$42.0 million was transferred to the Healthy Texas Fund for this purpose. TDI was not provided appropriation authority over the additional revenues in the Healthy Texas Fund to use the prompt payment funding for Healthy Texas Program claims. According to TDI, the agency's only remaining option was to pay the September claims utilizing unexpended fiscal year 2014 Fund 36 appropriations from other strategies.

The agency anticipates an estimated \$5.3 million shortfall in the Healthy Texas Fund for fiscal year 2015 for claim payments that were due in September 2014 and March 2015. TDI has requested a supplemental appropriation to reimburse TDI's operating account Fund 36 and appropriation authority to pay the remaining Healthy Texas claim payments that will be due in FY 2015 utilizing the prompt payment penalty funds that were transferred to the Healthy Texas Fund for this purpose. (See item #4 below)

Section 3

4. **Deletion of Healthy Texas Strategy and Rider.** Recommendations include the deletion of the agency's Appropriation of Unexpended Balances: Healthy Texas Program rider. Additionally, the agency's Healthy Texas Strategy has been zero funded due to the program being closed out at the end of fiscal year 2015. Implementation of the Affordable Care Act eliminated the need for the Healthy Texas Program. (See item #3 above and Rider Highlights #18)
5. **Contingency Appropriation: State Regulatory Response Rider.** Recommendations continue the agency's Contingency Regulatory Response Rider in the 2016-17 biennium. The rider could be activated for a significant change in the insurance regulatory environment, demands of federal healthcare reform implementation, a weather related disaster in Texas, a public health crisis, a fire that has been declared as a disaster situation, and non-weather related disasters. (See Rider Highlights #18)
6. **Administrative Costs and Expenses.** Recommendations add a new rider for the purpose of identifying the estimated administrative budget for the Office of Injured Employee Counsel for fiscal years 2016 and 2017. OIEC may not exceed projected administrative expenditures of \$725,000 each fiscal year by more than ten percent without prior written approval from the Legislative Budget Board (LBB). Under the provisions of the new rider, OIEC would also be required to report actual expenditure totals on a quarterly basis to the LBB. OIEC is administratively attached to the Texas Department of Insurance (TDI) and all direct and indirect administrative costs associated with operating OIEC are paid for by TDI through General Revenue-Dedicated Fund 36 appropriations made to them. TDI is required by statute to adjust fees to generate revenue equivalent to its appropriations and the appropriations made to the OIEC. (See Rider Highlights #20)
7. **Data Center Service Funding.** Recommendations include an increase of \$766,558 in General Revenue-Dedicated Texas Department of Insurance Operating Fund Account No. 36 funds and \$766,556 in General Revenue Insurance Companies Maintenance Tax and Insurance Department Fees due to cost increases for current service levels identified by the Department of Information Resources for the Data Center Consolidation project. (See Rider Highlights #2)
8. **TexasSure Fund 6 MOF Change.** Recommendations include a method of finance swap that replaces Texas Highway Fund 6 appropriations with appropriations from a new Texas Department of Insurance TexasSure Fund (TexasSure Fund) that are contingent on the enactment of legislation relating to the disposition of fees collected pursuant to Transportation Code §502.357 and deposited to the TexasSure Fund created by the Eighty-fourth Legislature. Fees currently collected and appropriated to TDI for the purpose of operating and maintaining the TexasSure Motor Vehicle Financial Responsibility Verification Program (TexasSure Program) as authorized by Transportation Code §502.357 are deposited to the credit of Texas Highway Fund 6. Amounts in excess of those appropriated to TDI are available for any allowed purpose Texas Highway Fund 6 appropriations may be used for. In the event that legislation creating the TexasSure Fund is not enacted, all TexasSure Fund appropriations will revert back to Texas Highway Fund 6. (See Rider Highlights #17 and #21)
9. **Insurance Companies Overhead Assessments and Reimbursement of Tax Credits.** TDI's Financial Examinations and Actuarial Division performs periodic audits of select insurance companies to ensure the companies' solvency. Insurance companies are required to remit to TDI an amount equal to the direct and indirect costs of performing those audits. In exchange, the insurance companies are allowed to offset their premium tax liabilities by an amount equal to the financial examination fees and overhead

Section 3

assessments. Rider 16. Appropriation to Reimburse the General Revenue Fund for the Cost of Certain Insurance Tax Credits, in the Comptroller of Public Accounts (CPA)-Fiscal Programs bill pattern, appropriates funds out of General Revenue-Dedicated Fund 36 for deposit to the General Revenue Fund an amount necessary to reimburse the General Revenue Fund for the cost of insurance premium tax credits for examination fees and overhead assessments.

Section 3

Texas Department of Insurance
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
Cap ¹	1,626.2	1,626.2	1,626.2	1,422.0	1,422.0
Actual/Budgeted	1,304.8	1,289.0	1,362.0	NA	NA
Schedule of Exempt Positions (Cap) ²					
Commissioner of Insurance, Group 6	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000
Commissioner of Workers' Compensation, Group 5	\$175,000	\$175,000	\$175,000	\$160,000	\$160,000

¹ Recommendations include a reduction of 204.2 Full-time Equivalent (FTE) positions from the current FTE cap of 1,626.2.

²Recommendations continue the Commissioner of Insurance's salary at the 2014-15 levels at \$175,000 each year. The salary of the Commissioner of Workers' Compensation was reduced from \$175,000 to \$160,000 for 2016-17.

Section 3

Texas Department of Insurance
Performance Measure Highlights - Senate

	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
<ul style="list-style-type: none">Number of Consumer Information Publications Distributed <p>Measure Explanation: The agency received a federal Affordable Care Act grant in fiscal year 2013 to provide information and educate the public about the Affordable Care Act. The one-time grant was utilized to disseminate information through paper, radio, and TV media. As the funds were expended and as media events were removed from the measure definition, activity levels are expected to level off in fiscal year 2014.</p>	8,947,047	5,500,000	5,500,000	4,000,000	4,000,000
<ul style="list-style-type: none">Number of Quality of Care Reviews of Health Care providers, Insurance Carriers Utilization Review Agents, and Independent Review Organizations Completed <p>Measure Explanation: Performance measure targets for fiscal years 2015 through 2017 have significantly been decreased based on trend data collected by the agency for the last six months of fiscal year 2014. Quality of Care Review cases have become extremely complex and time consuming and have extended the amount of time required to close out individual cases.</p>	334	397	97	97	97
<ul style="list-style-type: none">Number of Hazards Identified through Workplace Safety Consultations, Inspections, and the Safety Violations Hotline <p>Measure Explanation: Performance measure activity in fiscal year 2014 was directly related to a decrease in staffing resulting from the federal sequestration of federal grant funding. Performance measure targets for fiscal year 2015 and the 2016-17 biennium reflect the agency's expectations that the division will be fully staffed and able to resume activity at the fiscal year 2013 level.</p>	7,537	5,870	7,500	7,500	7,500

Section 4

Texas Department of Insurance
Performance Review and Policy Report Highlights - Senate

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
Strengthen Enforcement of the Amusement Ride Program to Improve Compliance, p. 41					
<i>These recommendations would not have a net fiscal impact for the 2016-17 biennium. The recommendations would appropriate all revenue collected from the Amusement Ride Program to TDI and direct TDI to request data from the Comptroller of Public Accounts to ensure all amusement ride operators have filed evidence of compliance with inspection and insurance requirements.</i>					
1. Increase appropriations to the Texas Department of Insurance (TDI) by an estimated \$386,000 in General Revenue-Dedicated Funds and include a rider in the 2016-17 General Appropriations Bill directing the department to expend the amount of appropriated funds necessary to administer and enforce the Amusement Ride Program and to report biennially on efforts to bring all amusement ride operators into compliance. Statute authorizes TDI to collect a fee for the program which is deposited to GR-D Account No. 36; however, current fee revenue exceeds appropriations for this program.	(386,000)		GR-D		Increase Appropriations and Adopt Rider
2. Include a rider in the 2016-17 General Appropriations Bill directing TDI to request a monthly report of amusement ride owners or operators that apply for a sales tax license and those that pay sales tax from the Comptroller of Public Accounts and use this information to ensure all operators have filed evidence of inspection and insurance.					Adopt Rider

Section 5

Texas Department of Insurance Rider Highlights - Senate

2. **Capital Budget.** Recommendations include an All Funds net decrease to the agency's capital budget authority and funding due to a decrease of \$1,415,751 in General Revenue-Dedicated Texas Department of Insurance Operating Fund Account No. 36 funds and General Revenue Insurance Companies Maintenance Tax and Insurance Department Fees related to one-time funding for the Capital Complex Telephone System Replacement project. Amount is offset by an increase of \$766,558 in General Revenue-Dedicated Texas Department of Insurance Operating Fund Account No. 36 funds and \$766,556 in General Revenue Insurance Companies Maintenance Tax and Insurance Department Fees due to cost increases for current service levels identified by the Department of Information Resources for the Data Center Consolidation project. (See Selected Fiscal and Policy Issues #7)
17. **TexasSure Fund 6 MOF Change.** Recommendations update Rider 17, TexasSure, appropriation amounts and language that identifies appropriations from a new Texas Department of Insurance TexasSure Fund, which identify fees collected and appropriated to TDI for the purpose of operating and maintaining the TexasSure Motor Vehicle Financial Responsibility Verification Program pursuant to Transportation Code §502.375. (See Selected Fiscal and Policy Issues #8 and Rider Highlights #21)
18. **(Deleted) Appropriation of Unexpended Balances: Healthy Texas Program.** Recommendations include the deletion of the agency's Appropriation of Unexpended Balances: Healthy Texas Program rider in alignment with the agency's request. The agency's Healthy Texas Strategy has been zero funded due to the program being closed out at the end of fiscal year 2015. Implementation of the Affordable Care Act eliminated the need for the Healthy Texas Program. (See Selected Fiscal and Policy Issues #3 & 4)
18. **Contingency Appropriation: State Regulatory Response.** Recommendations retain the rider providing the agency with a contingent appropriation of \$2,200,000 General Revenue Insurance Companies Maintenance Tax and Insurance Department Fees and 40.0 Full-time Equivalent positions each fiscal year to be activated for a significant change in the insurance regulatory environment, demands of federal healthcare reform implementation, a weather related disaster in Texas, a public health crisis, a fire that has been declared as a disaster situation, and non-weather related disasters. (See Selected Fiscal and Policy Issues #5)
19. **Medical Fee Disputes.** Recommendations include language to authorize the agency to expend \$2.1 million in General Revenue-Dedicated Texas Department of Insurance Operating Fund Account No. 36 from Goal D. Regulate Workers' Compensation System for the purpose of financing increased cost in appeals for medical disputes and dispute resolution. TDI has reported an increase in the number of medical quality reviews conducted, as well as an increase in the number enforcement actions completed as a result of medical quality reviews.
20. **(New) Administrative Attachment Budget.** Recommendations add a new rider for the purpose of identifying the estimated administrative budget for the Office of Injured Employee Counsel (OIEC) for fiscal years 2016 and 2017. OIEC may not exceed projected administrative expenditures of \$725,000 each fiscal year by more than ten percent without written approval from the Legislative Budget Board (LBB). Under the provisions of the new rider, OIEC would also be required to report actual expenditure totals on a quarterly basis to the LBB. (See Selected Fiscal and Policy Issues #6)

Section 5

- 21. **(New) Contingency for the Texas Department of Insurance TexasSure Fund.** Recommendations include a new contingency rider that provides a method of finance swap that replaces Texas Highway Fund 6 appropriations with Texas Department of Insurance TexasSure Fund (TexasSure Fund) appropriations that are contingent on the enactment of legislation relating to the disposition of fees collected pursuant to Transportation Code §502.357 and deposited to the TexasSure Fund created by the Eighty-fourth Legislature. In the event that legislation creating the TexasSure Fund is not enacted, all TexasSure Fund appropriations will be replaced with Texas Highway Fund 6. (see Selected Fiscal and Policy Issues #8 and Rider Highlights #17)

Section 6

Department of Insurance
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 Insurance Companies Maintenance Tax and Insurance Department Fees (\$954,452) and General Revenue-Dedicated Texas Department of Insurance Operating Fund Account No. 36 (\$749,927) for Data Center Services to replace software and equipment that is no longer supported.	\$ 1,704,379	\$ 1,704,379
2. General Revenue Insurance Companies Maintenance Tax and Insurance Department Fees and increase the full-time equivalent (FTE) cap by 1.0 FTE each fiscal year to address and implement key initiatives that were identified by the Gartner security assessment, which includes increased staffing, updated security software, and network and system monitoring.	\$ 556,000	\$ 556,000
3. General Revenue Insurance Companies Maintenance Tax and Insurance Department Fees (\$474,480) and General Revenue-Dedicated Texas Department of Insurance Operating Fund Account No. 36 (\$367,800) and increase the FTE cap by 11.0 FTEs each fiscal year to increase staffing for the agency's Consumer Protection Division and the Agent and Adjuster Licensing Office.	\$ 842,280	\$ 842,280
4. General Revenue Insurance Companies Maintenance Tax and Insurance Department Fees and increase the FTE cap by 10.0 FTEs each fiscal year to increase staffing for the agency's Fraud Unit in order to meet the demands of increased reports and investigations of criminal insurance fraud activity.	\$ 1,253,680	\$ 1,253,680
5. General Revenue Insurance Companies Maintenance Tax and Insurance Department Fees and increase the FTE cap by 2.0 FTEs each fiscal year to meet increased demands for forensic analysis and increase the amount of fire safety inspections the office performs yearly.	\$ 860,000	\$ 860,000
Total, Items Not Included in the Recommendations	\$ 5,216,339	\$ 5,216,339

Section 7

Department of Insurance
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	Property & Casualty Activities	The agency would reduce funding and staffing by 8.8 Full-time Equivalent (FTE) positions for the Property and Casualty and Workers Compensation Classification and Premium Calculation sections.	\$1,193,536	\$1,193,536	8.8	\$0	5.1%	No
2	Fire Safe Activities	The agency would reduce funding and staffing by 5.9 FTEs and decrease the agency budget by \$808,740. The agency would reduce service levels to local fire service, law enforcement agencies, and rural communities in the areas of fire safety inspections, outreach, investigations, training, licensing, and enforcement.	\$808,740	\$808,740	5.9	\$0	10.2%	No
3	Injured Employee Customer Service	The agency would reduce funding and staffing by 24.9 FTEs in the Division of Workers' Compensation Field Operations, Records Management and Support, and Self-Insurance sections, as well as administrative, executive, and legal support.	\$2,071,886	\$2,071,886	24.9	\$0	3.3%	No
4	Enforcement Activities	This agency would reduce funding and staffing by 1.9 FTEs in the Enforcement section, which investigates workers' compensation carriers, physicians, designated doctors, and other workers' compensation system participants.	\$596,956	\$596,956	1.9	\$500,000	2.8%	No
5	Policy & Research	The agency would reduce funding and staffing by 1.9 FTEs in the Division of Workers' Compensation Health Care Policy and Implementation, System Monitoring and Oversight, Health Care Quality Review program areas, and reduce administrative, executive, and legal support.	\$318,732	\$318,732	1.9	\$0	0.5%	No
6	Life, Accident, and Health Activities	The agency would reduce funding and staffing by 6.4 FTEs by decreasing the amount of staff and resources dedicated to reviewing life and health rates and forms, conducting research, responding to requests from external stakeholders, and completing statutorily required studies.	\$780,416	\$780,416	6.4	\$40,000	3.3%	No
7	Workplace Safety	The agency would reduce funding and staffing by 1.3 FTEs in areas related to the development and delivery of workplace safety educational and communication tools (i.e. publications and web pages), as well as administrative, executive, and legal support.	\$197,844	\$197,844	1.3	\$0	0.3%	No
8	Fraud Activities	This agency would reduce funding and staffing by 3.8 FTEs in the Fraud section.	\$560,376	\$560,376	3.8	\$0	2.7%	No
9	Dispute Resolution & Admin Hearing Activities	The agency would reduce funding and staffing by 7.7 FTEs in the Division of Workers' Compensation Medical Fee Dispute Resolution and Hearings programs, as well as administrative, executive, and legal support.	\$1,219,546	\$1,219,546	7.7	\$0	2.0%	No

Section 7

Department of Insurance
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?
10	Customer Assistance Activities	This agency would reduce funding and staffing by 4.4 FTEs in areas related to consumer assistance and public education.	\$577,146	\$577,146	4.4	\$0	2.7%	No
11	Subsequent Injury Fund	The agency would reduce funding for the Subsequent Injury Fund.	\$546,836	\$546,836		\$0	6.0%	No
12	Solvency Monitoring Activities	The agency would reduce funding and 6.3 FTEs in areas related to Financial Solvency.	\$878,356	\$878,356	6.1	\$0	5.6%	No
13	Property & Casualty Activities	The agency would reduce funding and 9.3 FTEs and decrease activities related to Property and Casualty. Specifically, the number of engineer oversights and public education seminars conducted, response to consumer complaints on windstorm related issues, and the issuance of Certificates of Compliance.	\$1,067,370	\$1,067,370	9.3	\$0	4.5%	No
14	Fire Safe Activities	The agency would reduce funding and 5.6 FTEs and decrease service levels to local fire service, law enforcement agencies, and rural communities in areas of fire safety inspections, outreach, investigations, and enforcement.	\$739,838	\$739,838	5.6	\$0	9.3%	No
15	Injured Employee Customer Service	The agency would reduce funding and 25.0 FTEs in the agency's TDI-DWC's Field Operations, Records Management and Support, and Self-Insurance, as well as administrative, executive, and legal support.	\$2,215,396	\$2,215,396	25.0	\$0	3.6%	No
16	Enforcement Activities	The agency would reduce funding and 3.0 FTEs in the Enforcement section.	\$564,364	\$564,364	3.0	\$500,000	2.7%	No
17	Policy & Research	The agency would reduce funding and 2.0 FTEs in the Division of Workers' Compensation Health Care Policy and Implementation, System Monitoring and Oversight, and Health Care Quality Review program areas, and reduce administrative, executive, and legal support.	\$340,810	\$340,810	2.0	\$0	0.5%	No
18	Life, Accident, and Health Activities	The agency would reduce funding and 5.6 FTEs by decreasing the amount of staff and resources dedicated to reviewing life and health rates and forms, conducting research, responding to requests from external stakeholders, and completing statutorily required studies.	\$713,928	\$713,928	5.6	\$40,000	3.4%	No
19	Workplace Safety	The agency would reduce funding and 1.3 FTEs in areas related to the development and delivery of workplace safety educational and communication tools (i.e. publications and web pages), as well as administrative, executive, and legal support.	\$211,548	\$211,548	1.3	\$0	0.3%	No
20	Customer Assistance Activities	The agency would reduce funding and 4.3 FTEs in areas related to consumer assistance and public education.	\$527,978	\$527,978	4.3	\$0	2.5%	No

Section 7

Department of Insurance
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?
21	Dispute Resolution & Admin Hearing Activities	The agency would reduce funding and 7.8 FTEs in the Division of Workers' Compensation Medical Fee Dispute Resolution and Hearings programs, as well as administrative, executive, and legal support.	\$1,304,018	\$1,304,018	7.8	\$0	2.1%	No
22	Subsequent Injury Fund	The agency would reduce funding for the Subsequent Injury Fund.	\$546,834	\$546,834		\$0	6.2%	No
23	Fraud Activities	The agency would reduce funding and 3.5 FTEs in the agency's Fraud section.	\$520,132	\$520,132	3.5	\$0	2.5%	No
24	Solvency Monitoring Activities	The agency would reduce funding and 6.1 FTEs in areas related to Financial Solvency.	\$998,154	\$998,154	6.1	\$0	6.3%	No
TOTAL, 10% Reduction Options			\$19,500,740	\$19,500,740	146.6	\$1,080,000		

Department of Insurance
Summary of 10 Percent Biennial Base Reduction Options - Senate
Agency 10% Reduction Options by Category of Reduction

