

**State Office of Administrative Hearings
Summary of Recommendations - Senate**

Section 1

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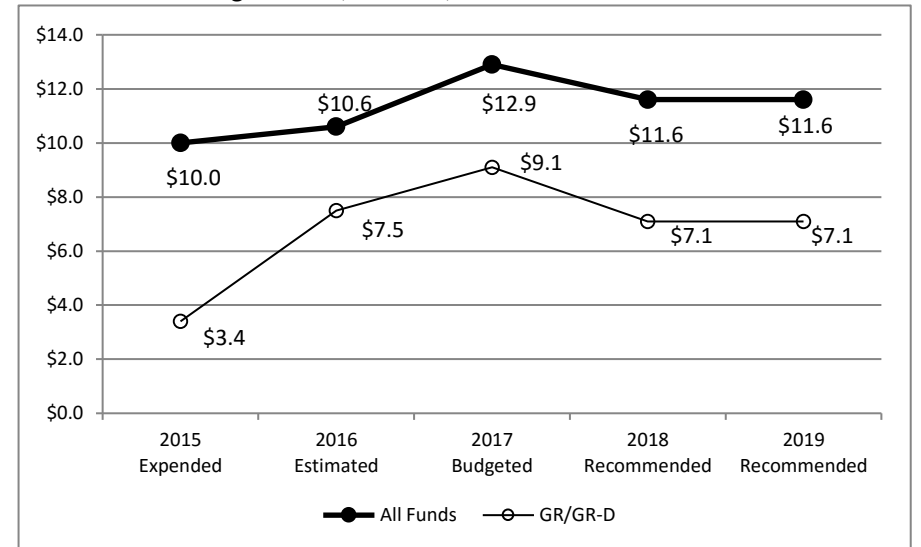
Lesli Ginn, Chief Administrative Law Judge

Elizabeth Krog, LBB Analyst

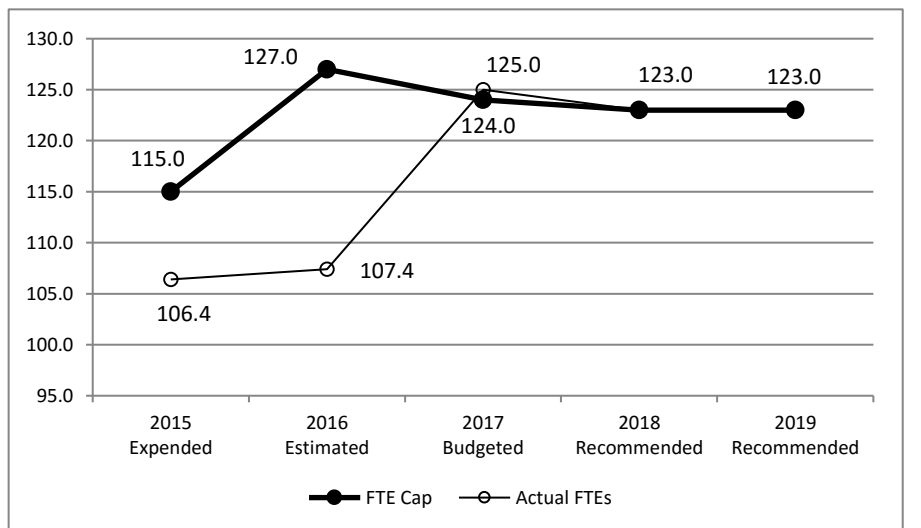
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$16,567,155	\$14,292,042	(\$2,275,113)	(13.7%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$16,567,155</i>	<i>\$14,292,042</i>	<i>(\$2,275,113)</i>	<i>(13.7%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$6,963,134	\$8,981,704	\$2,018,570	29.0%
All Funds	\$23,530,289	\$23,273,746	(\$256,543)	(1.1%)

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	125.0	123.0	(2.0)	(1.6%)

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

**State Office of Administrative Hearings
Summary of Funding Changes and Recommendations - Senate**

Section 2

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
Funding Changes and Recommendations							
A)	Decrease of \$2,237,805 in General Revenue for: -\$1,566,159 for one-time expenditures (\$1,270,000 for the integrated case management project and \$296,159 for Centralized Accounting and Payroll/Personnel System implementation) received in the 2016-17 biennium - \$671,646 reduction due to an anticipated increase in Interagency Contracts in the 2018-19 biennium This reduction of \$2,237,805 includes the agency's four percent reduction of \$662,686 and an additional \$1,575,119 reduction.	(\$2,237,805)	\$0	\$0	\$0	(\$2,237,805)	A.1.1, A.2.1, B.1.1
B)	Increase of Interagency Contracts due to anticipated increase in workload and/or updated hourly rate change.	\$0	\$0	\$0	\$2,018,570	\$2,018,570	A.1.1, A.2.1, B.1.1
C)	Decrease of \$37,308 in General Revenue to align the agency's capital budget request for disaster recovery services with estimates provided by the Department of Information Resources.	(\$37,308)	\$0	\$0	\$0	(\$37,308)	A.1.1
TOTAL Funding Changes and Recommendations		(\$2,275,113)	\$0	\$0	\$2,018,570	(\$256,543)	As Listed
<i>Funding Increases</i>		\$0	\$0	\$0	\$2,018,570	\$2,018,570	As Listed
<i>Funding Decreases</i>		(\$2,275,113)	\$0	\$0	\$0	(\$2,275,113)	As Listed

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

1. **Agency Reductions.** The agency's four percent reduction totals \$662,686. The agency requested \$14,329,350 in General Revenue, a reduction of \$2,237,805 in General Revenue from the 2016-17 base. It is assumed this includes reductions in one-time expenditures of an integrated case management system (\$1,270,000) and funding received for Centralized Accounting and Payroll/Personnel System (CAPPS) implementation (\$296,159). Recommendations also include a General Revenue reduction of \$671,646 due to an anticipated increase in Interagency Contracts in the 2018-19 biennium for a total GR reduction of \$2,237,805.

Recommendations include an additional General Revenue reduction of \$37,308 to align the agency's request with estimates provided by the Department of Information Resources for disaster recovery services.

2. **Interagency Contracts Increase.** The agency anticipates a significant increase of caseloads from three agencies who have lump sum Interagency Contracts (IAC) with the agency, including the Department of Family and Protective Services, Texas Education Agency, and Texas Real Estate Commission. Due to the increased workload for these three agencies, the agency anticipates greater IAC revenue.

Additionally, the agency began instituting an increased hourly rate change from \$100 to \$128 per hour as recommended by the Sunset Commission in the 2016-17 biennium. The agency implemented this rate change on a rolling basis. During the 2016-17 biennium, the agency instituted the hourly rate change with one-time contracts. However, the agency waited to implement the new hourly rate change with lump-sum agencies until the 2018-19 biennium, as this allowed for lump sum agencies to submit Legislative Appropriation Requests with the updated cost. During the 2018-19 biennium, contracts with all affected agencies will reflect the updated hourly rate. All agencies submit caseload projections for the upcoming biennium and agencies agree to the IAC amounts for the 2018-19 biennium prior to the submission of SOAH's Legislative Appropriations Request. Recommendations increase the agency's Interagency Contract amount by \$2,018,570 from the 2016-17 base.

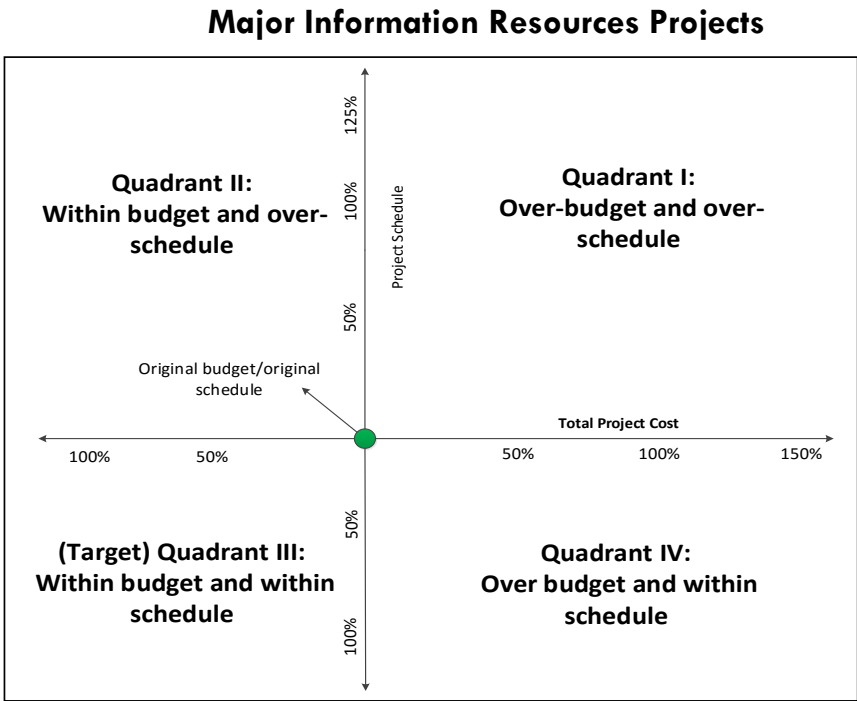
3. **Integrated Case Management System.** The agency was provided with an additional \$1,420,000 in General Revenue and capital budget authority for an integrated case management system in the 2016-17 biennium, contingent on the agency obtaining Legislative Budget Board approval for the plan of implementing the new system. The agency received approval of the plan on May 25, 2016. Recommendations include an unexpended balance rider across biennia for the case management system, as the agency may be unable to award or expend the funds for the integrated case management system in the current fiscal year. Recommendations include \$150,000 for the 2018-19 biennium in ongoing case management maintenance costs (See Rider Highlights #2, #9, & #10).

State Office of Administrative Hearings
Quality Assurance Team Highlights - Senate

Section 3a

Summary of Total Costs (in millions) and Time Frames reported to the Quality Assurance Team*

Project Name	Original Projected Costs	Current Projected Costs	Difference in Costs	Expenditures to Date	Original Timeline in Months	Current Timeline in Months	Difference in Time	% Complete
1 Integrated Case Management System	\$2.1	\$2.1	\$0.0	\$0.0	30	30	0	0%
Project Totals (1)	\$2.1	\$2.1	\$0.0	\$0.0				



- Legend**
- Project which is within budget and within schedule
 - Project which exceeds budget OR schedule
 - Project which is over budget and behind schedule

*Note: These figures reflect all project costs (Capital and Informational) and timelines from self-reported monitoring reports that are sent to the Quality Assurance Team (QAT) for review. QAT includes representatives from the Legislative Budget Board, the State Auditor's Office, and the Department of Information Resources.

State Office of Administrative Hearings
Quality Assurance Team Highlights - Senate

Section 3a

Significant Project Highlights

1 Integrated Case Management System

This project was appropriated \$1.4 million (General Revenue) for project development and authorized to begin in FY 2016 for a duration of 30 months.

The State Office of Administrative Hearings (SOAH) received over 37,000 cases in FY 2013, including cases for the revocation of administrative licenses. To help manage this workload, SOAH began exploring case management systems. SOAH first met with other state and county organizations that implemented similar solutions, including the Office of Court Administration and Travis County.

SOAH designed an Integrated Case Management System to support three core agency functions – case filing, case management, and case-related timekeeping for billing. These core functions will allow SOAH to monitor the flow of case files, from the creation of dockets through pre-hearing and hearing processes, to the closing of cases after the referring agency issues a final order. The system will also be developed to provide external access to case details as they move through the process that are related to non-confidential cases.

The agency placed the project on hold in June 2016 due to staff changes and workload issues. SOAH recently hired a manager to oversee the project and to help prepare a Request for Proposal. The agency plans to begin the project before the end of FY 2017, and may choose either a packaged solution or a custom developed system depending on vendor proposals.

QAT Budget Highlights (in millions)

Project Name	2016-17 Base	2018-19 Requested	2018-19 Recommended
Integrated Case Mgmt Syste	\$1.4	\$0.2	\$0.2
Total	\$1.4	\$0.2	\$0.2

* Note: The agency has estimated approximately \$150,000 for maintenance cost related to software after project implementation.

**State Office of Administrative Hearings
Rider Highlights - Senate**

Modification of Existing Riders

2. **Capital Budget.** Modifications to the rider include a decrease of \$1,198,029 from the 2016-17 base due to reduction of one-time funding for the integrated case management system of \$1,270,000 offset by an increase of \$9,279 for PC replacements and \$62,692 for disaster recovery services. Recommendations include \$150,000 in ongoing maintenance costs of the integrated case management system, \$62,692 for disaster recovery services, and \$60,200 for PC replacements due to outdated operating systems.
5. **Contingency Appropriation for Expanded Jurisdiction.** Recommendations include clarifying language to specify the unexpended balance authority is only for expanded jurisdiction authority and cases.
8. **Billing Rate for Workload.** Recommendations modify the rider to align with statutory requirements, including the elimination of the separate tax division in Chapter 2003, Government Code and the requirement that salaries of the judges overseeing tax cases be included in the contract between the agency and the Comptroller of Public Accounts.

New Riders

9. **Unexpended Balance and Capital Budget Authority: Case Management System.** Recommendations include providing the agency with unexpended balance authority across biennia for the implementation of the case management system in the event the agency is unable to encumber funds during the 2016-17 biennium.

Deleted Riders

9. **Sunset Contingency.** Deletion of the Sunset contingency rider as the agency is no longer under Sunset review and Sunset provisions have been adopted.
10. **Contingency Appropriation for Case Management System.** Recommendations include deletion of the rider as the agency has received approval for the implementation of a new case management system in the current biennium.

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

		2018-19 Biennial Total					
		GR & GR-D	All Funds	FTEs	Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
Agency Exceptional Items - In Agency Priority Order							
1)	NONE	\$0	\$0	0.0	NA	NA	\$0
TOTAL Items Not Included in Recommendations		\$0	\$0	0.0	\$0		

**State Office of Administrative Hearings
Appendices - Senate**

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* Appendix is not included - no significant information to report

State Office of Administrative Hearings
Funding Changes and Recommendations - Senate, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
CONDUCT HEARINGS A.1.1	\$19,903,407	\$19,565,362	(\$338,045)	(1.7%)	Net decrease of \$326,737 due to: -decrease of \$2,046,194 pursuant to the agency's submitted General Revenue (GR) reduction -increase of \$1,745,457 in Interagency Contracts (IACs) -decrease of \$37,308 in GR to align with Department of Information Resource (DIR) estimate for disaster recovery services
CONDUCT ALT DISPUTE RESOLUTION A.2.1	\$496,913	\$490,668	(\$6,245)	(1.3%)	Net decrease of \$6,245 due to: -decrease of \$74,364 pursuant to the agency's submitted GR reduction -increase of \$68,119 in IACs
Total, Goal A, ADMINISTRATIVE HEARINGS	\$20,400,320	\$20,056,030	(\$344,290)	(1.7%)	
INDIRECT ADMINISTRATION B.1.1	\$3,129,969	\$3,217,716	\$87,747	2.8%	Net increase of \$87,747 due to: -decrease of \$117,247 pursuant to the agency's submitted GR reduction -increase of \$204,994 in IACs
Total, Goal B, INDIRECT ADMINISTRATION	\$3,129,969	\$3,217,716	\$87,747	2.8%	
Grand Total, All Strategies	\$23,530,289	\$23,273,746	(\$256,543)	(1.1%)	Net decrease of \$256,543 due to: -decrease of \$1,566,159 in GR for one-time funding in the 2016-17 biennium -decrease of \$671,646 in GR due to anticipated increase of IACs -decrease of \$37,308 in GR to align with DIR estimate for disaster recovery services -increase of \$2,018,570 in IACs

**State Office of Administrative Hearings
Summary of Ten Percent Biennial Base Reduction Options - Senate**

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
1)	Reduced Base General Revenue Request	SOAH is reducing its reliance on General Revenue (GR) by increasing its Interagency Contract (IAC) billing rate to recover actual costs of IAC workload and cases. This has resulted in a reduction to GR and a corresponding increase to IAC. This category is used to reflect the adjustment of a lower requested GR base.	\$315,024	\$315,024	0.0	\$0	3%	Yes
2)	Increase of Revenue from TEA IDEA cases	This reduction is due to an anticipated increase of an Interagency Contract with the Texas Education Agency (TEA) for hearings related to the Individuals with Disabilities Education Act (IDEA).	\$302,080	\$302,080	0.0	\$0	3%	Yes
3)	Elimination of audio equipment upgrades	The reduction would eliminate funding to upgrade audio equipment in the hearings rooms.	\$45,000	\$45,000	0.0	\$0	1%	No
4)	Reduce reserved funds to pay lump sum payments to retirees	The agency would reduce reserved funds for lump sum payments to retirees.	\$133,120	\$133,120	0.0	\$0	6%	No
5)	Reduce reserved funds to pay lump sum payments to retirees	The agency would reduce reserved funds for lump sum payments to retirees.	\$76,880	\$76,880	0.0	\$0	1%	No
6)	Eliminate PC Replacements	The agency would eliminate funding for PC replacements.	\$60,200	\$60,200	0.0	\$0	1%	No
7)	Reduce Staff Training	Reductions in staff training for Information Technology staff.	\$7,307	\$7,307	0.0	\$0	1%	No
8)	Reduce Two Administrative Law Judges	This reduction would eliminate two Administrative Law Judge positions, which would impact SOAH's performance measures and result in a delay in hearings and closing cases.	\$355,200	\$355,200	2.0	\$0	3%	No
9)	Reduce Two Administrative Assistants	This reduction would eliminate two Administrative Assistant positions, which would indirectly impact SOAH's performance measures and result in a delay in hearings and closing cases.	\$195,636	\$195,636	2.0	\$0	2%	No
10)	Eliminate Data Center Service Disaster Recovery	This reduction would eliminate Data Center Service Disaster Recovery services at the agency.	\$100,000	\$100,000	0.0	\$0	1%	Partial
TOTAL, 10% Reduction Options			\$1,590,447	\$1,590,447	4.0	\$0		