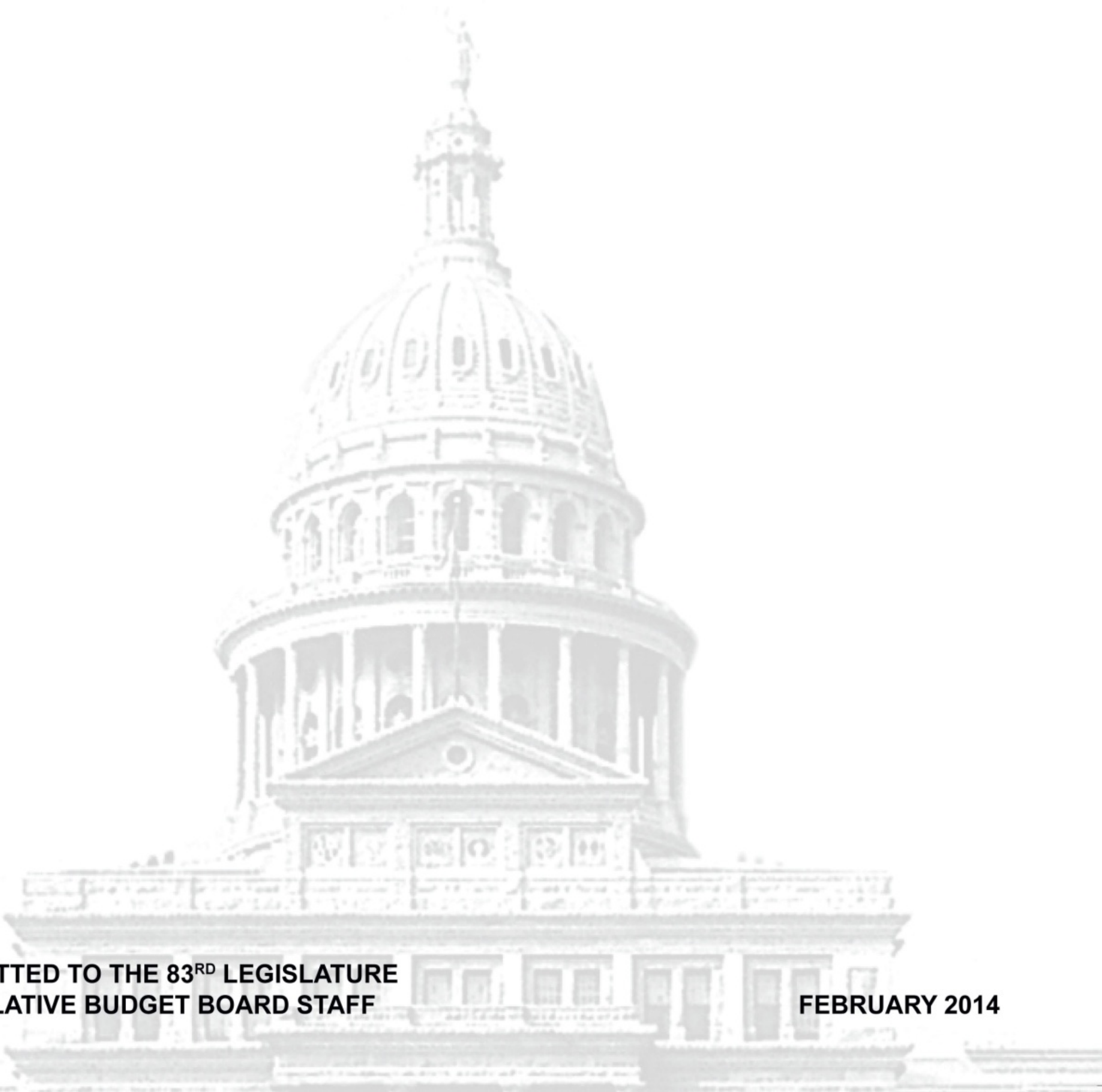
LEGISLATIVE BUDGET BOARD

Fiscal Size-up
2014–15 Biennium



SUBMITTED TO THE 83RD LEGISLATURE
LEGISLATIVE BUDGET BOARD STAFF

FEBRUARY 2014

Legislative Budget Board
Fiscal Size-Up

2014–15 Biennium

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LEGISLATIVE BUDGET BOARD
EIGHTY-THIRD TEXAS LEGISLATURE

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*Chairman Williams resigned from the Texas Senate on October 26, 2013

FISCAL SIZE-UP: 2014–15 BIENNIUM

February 2014

Fiscal Size-up is produced biennially by the staff of the Legislative Budget Board and provides a single source of information on not only the budget and other fiscal actions of each legislature but also contextual information on the fiscal condition of the state. This edition continues our practice of providing robust and detailed information about the structure and operation of Texas state government. *Fiscal Size-up* serves to inform members of the legislature, state entities, and Texas taxpayers with a comprehensive review of how their tax dollars are being used to support the activities of state government.

The first three chapters of *Fiscal Size-up* summarize the overall fiscal condition of the state. These opening chapters provide a high-level overview of the 2014–15 state budget, a description of the major revenue sources and funds, a discussion of the economic outlook for Texas and the United States, and detailed information on population, income, taxes, governmental expenditures, and employment, both for Texas as well as for other states. Following this summary, the subsequent chapters of *Fiscal Size-up* focus in turn on each function of state government, providing comprehensive descriptions of state programs and services within the state budget. We approach this discussion from the point of view of placing significant budget issues within the context of programs, activities, and services of the agencies and institutions that support each function.

Appendices A–C contain a listing of state agencies, institutions, and other budgetary units by function as well as a summary of their estimated expenditures for the 2012–13 biennium and legislative appropriations for the 2014–15 biennium (in both annual and biennial amounts). Appendices D–G list the members of the House Committee on Appropriations, the Senate Committee on Finance, the organizational chart of the Legislative Budget Board, and abbreviations and acronyms used in the 2014–15 *Fiscal Size-up*.

Along with other Legislative Budget Board publications and reports, the 2014–15 *Fiscal Size-up* is available on the Legislative Budget Board's website (http://www.lbb.state.tx.us).

The *Fiscal Size-Up* is one of the bedrock publications of this office, and the staff of the Legislative Budget Board invests thousands of hours preparing this document for publication. We are committed to producing work that is useful, accessible, and accurate. I am grateful to the work of the Legislative Budget Board staff and also to the many state officials and staff that provided the information necessary to compile this report. The interpretation and presentation of this information is solely the responsibility of the Legislative Budget Board staff.

Ursula Parks

Director

1. STATE BUDGET OVERVIEW

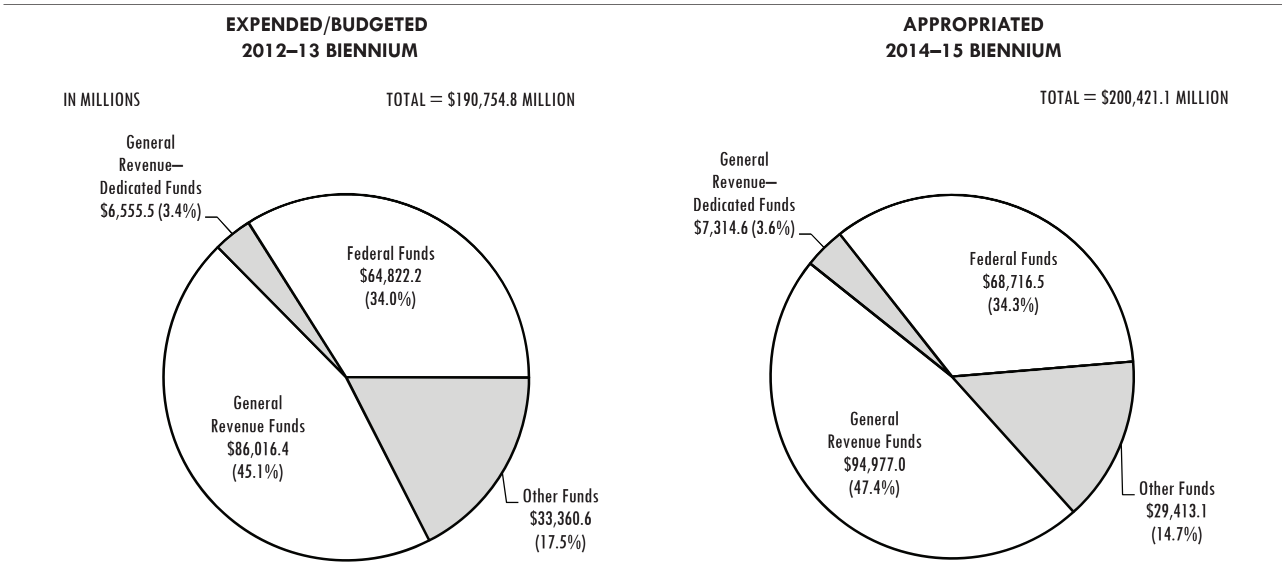
2014–15 BIENNIAL BUDGET

The 2014–15 biennial budget for Texas state government totals $200.4 billion in All Funds. The 2014–15 All Funds budget includes $95.0 billion in General Revenue Funds, $7.3 billion in General Revenue–Dedicated Funds, $68.7 billion in Federal Funds, and $29.4 billion in Other Funds.

All amounts shown in the 2014–15 biennial budget for All Funds, General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds are the amounts appropriated by the Eighty-third Legislature in the 2014–15 General Appropriations Act (GAA), as adjusted for certain appropriations made in Article IX (General Provisions) of the GAA, contingency appropriations, and other bills making appropriations in fiscal years 2014 and 2015 and/or affecting fund type, and Governor's vetoes. Budgeted amounts for fiscal year 2013 have been adjusted for two supplemental appropriations bills (House Bill 10 and House Bill 1025, Eighty-third Legislature, Regular Session, 2013) and the Governor's vetoes. **Figure 1** shows a comparison of the 2014–15 biennial budget to 2012–13 biennial expended/budgeted funds.

Topics discussed in this chapter include a description of each of the four principle methods of finance, constitutional spending limits, trends in state expenditures and healthcare expenditures, state government employment, employee benefits, state indebtedness, and a reconciliation of 2012–13 biennial appropriations to 2012–13 expended/budgeted funds.

FIGURE 1
ALL FUNDS BUDGET, BY FUND SOURCE
2012–13 AND 2014–15 BIENNIA

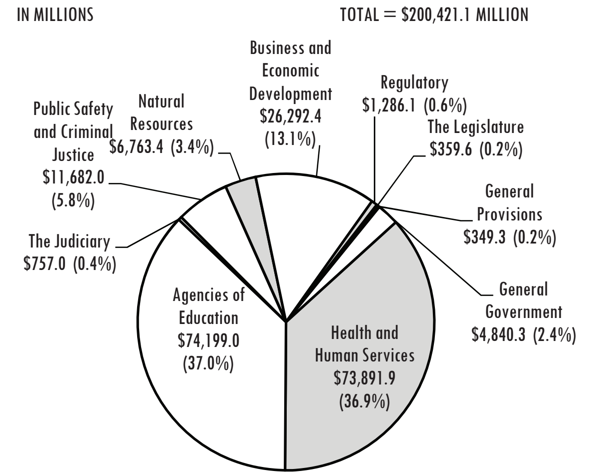


Notes:
(1) Article totals exclude Interagency Contracts.
(2) Totals may not sum due to rounding.
Source: Legislative Budget Board.

ALL FUNDS BUDGET

The All Funds budget includes General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds. The 2014–15 All Funds budget (**Figure 2** and **Figure 3**) increased by $9.7 billion, or 5.1 percent, from the 2012–13 biennial spending level. The Regulatory function experienced the largest percentage increase (82.9 percent) while Health and Human Services received the largest dollar increase ($5.1 billion). The removal of $6.1 billion in patient income as a method of finance for health-related institutions accounts for the 23.3 percent decrease in funding for Higher Education from the 2012–13 biennial spending level; excluding this change in appropriations, higher education All Funds appropriations for the 2014–15 biennium increased by 3.8 percent from the 2012–13 appropriated spending levels. In addition to appropriations made to functional areas, $349.3 million is appropriated for salary increases in the General Provisions.

FIGURE 2
ALL FUNDS
2014–15 BIENNIUM



Note: Totals may not sum due to rounding.
Source: Legislative Budget Board.

FIGURE 3
ALL FUNDS – STATEWIDE SUMMARY, 2012–13 AND 2014–15 BIENNIA

IN MILLIONS

ALL FUNCTIONS	EXPENDED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2) (3)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$4,918.0	$4,840.3	($77.8)	(1.6)
Article II – Health and Human Services	68,829.6	73,891.9	5,062.3	7.4
Article III – Agencies of Education	75,773.2	74,199.0	(1,574.2)	(2.1)
Public Education	*52,400.0*	*56,274.7*	*3,874.6*	*7.4*
Higher Education	*23,373.2*	*17,924.3*	*(5,448.9)*	*(23.3)*
Article IV – The Judiciary	656.1	757.0	100.9	15.4
Article V – Public Safety and Criminal Justice	11,709.0	11,682.0	(27.0)	(0.2)
Article VI – Natural Resources	4,957.7	6,763.4	1,805.8	36.4
Article VII – Business and Economic Development	22,859.2	26,292.4	3,433.2	15.0
Article VIII – Regulatory	703.0	1,286.1	583.0	82.9
Article IX – General Provisions	0.0	349.3	349.3	N/A
Article X – The Legislature	348.9	359.6	10.8	3.1
TOTAL, ALL FUNCTIONS	**$190,754.8**	**$200,421.1**	**$9,666.4**	**5.1**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Appropriated amounts in All Funds and Other Funds for 2014–15 exclude an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.
(4) Article totals exclude Interagency Contracts.
(5) Totals may not sum due to rounding.

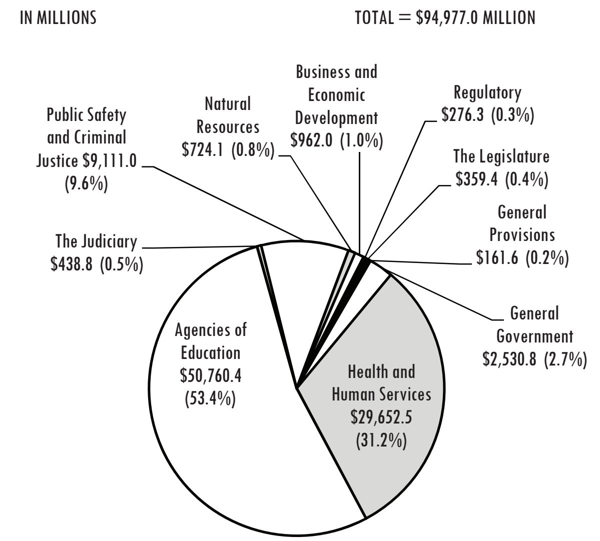
Source: Legislative Budget Board.

GENERAL REVENUE FUNDS BUDGET

The General Revenue Funds budget includes the non-dedicated portion of the General Revenue Fund as well as three education funds: the Available School Fund, the State Instructional Materials Fund, and the Foundation School Fund. In 1991, the Legislature initiated a process of fund consolidation under which most statutory special funds were brought into the General Revenue Fund and many statutory dedications expired. As a result of the fund-consolidation process, the General Revenue Fund now consists of non-dedicated and dedicated accounts. The non-dedicated portion of the General Revenue Fund serves as the state's primary operating fund.

The 2014–15 General Revenue Funds budget (**Figure 4** and **Figure 5**) increased by $9.0 billion, or 10.4 percent, from the 2012–13 biennial spending level. The Natural Resources function experienced the largest percentage increase (20.2 percent) while Public Education received the largest dollar increase ($4.7 billion).

FIGURE 4
GENERAL REVENUE FUNDS
2014–15 BIENNIUM



NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 5
GENERAL REVENUE FUNDS – STATEWIDE SUMMARY, 2012–13 AND 2014–15 BIENNIA

IN MILLIONS

ALL FUNCTIONS	EXPENDED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$2,217.1	$2,530.8	$313.7	14.1
Article II – Health and Human Services	27,536.0	29,652.5	2,116.5	7.7
Article III – Agencies of Education	45,371.0	50,760.4	5,389.4	11.9
Public Education	*32,989.0*	*37,672.1*	*4,683.0*	*14.2*
Higher Education	*12,382.0*	*13,088.3*	*706.3*	*5.7*
Article IV – The Judiciary	386.1	438.8	52.7	13.7
Article V – Public Safety and Criminal Justice	8,371.7	9,111.0	739.3	8.8
Article VI – Natural Resources	602.5	724.1	121.6	20.2
Article VII – Business and Economic Development	925.6	962.0	36.4	3.9
Article VIII – Regulatory	258.0	276.3	18.3	7.1
Article IX – General Provisions	0.0	161.6	161.6	N/A
Article X – The Legislature	348.5	359.4	10.9	3.1
TOTAL, ALL FUNCTIONS	**$86,016.4**	**$94,977.0**	**$8,960.5**	**10.4**

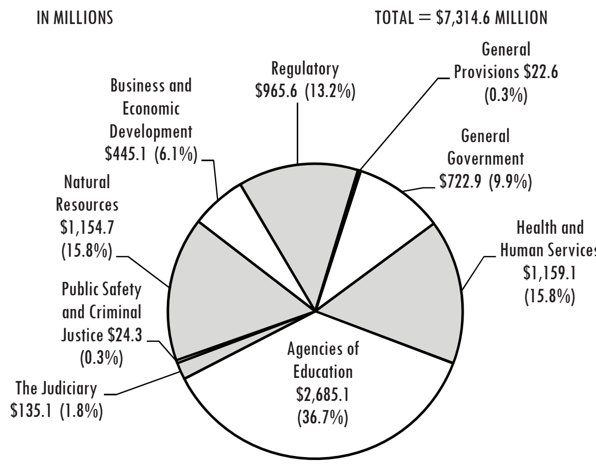
NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

GENERAL REVENUE–DEDICATED FUNDS BUDGET

The General Revenue–Dedicated Funds budget includes more than 200 accounts within the General Revenue Fund dedicated as a result of the fund-consolidation process or subsequent legislation affecting revenue dedication within the General Revenue Fund that began in 1991. The most recent funds-consolidation was House Bill 6, Eighty-third Legislature, Regular Session, 2013.

The 2014–15 General Revenue–Dedicated Funds budget (**Figure 6** and **Figure 7**) increased by $759.1 million, or 11.6 percent, from the 2012–13 biennial spending level. The Regulatory function experienced both the largest percentage increase (156.1 percent) and the largest dollar increase ($588.5 million) mainly due to additional funding of $576.1 million out of the System Benefit Fund for the Low-Income Discount Program at the Public Utility Commission.

FIGURE 6
GENERAL REVENUE–DEDICATED FUNDS 2014–15 BIENNIUM



NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 7
GENERAL REVENUE–DEDICATED FUNDS – STATEWIDE SUMMARY, 2012–13 AND 2014–15 BIENNIA

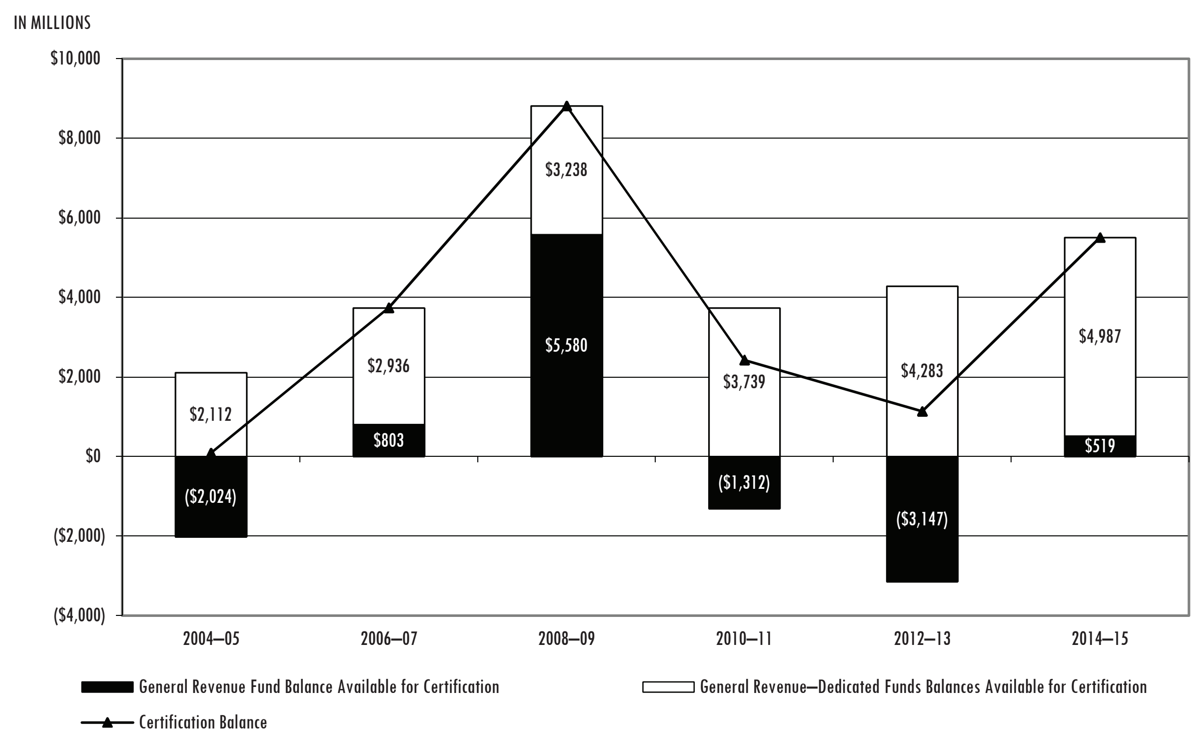
IN MILLIONS ALL FUNCTIONS	EXPENDED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$798.6	$722.9	($75.6)	(9.5)
Article II – Health and Human Services	1,006.6	1,159.1	152.5	15.2
Article III – Agencies of Education	2,617.6	2,685.1	67.5	2.6
Public Education	*0.7*	*0.0*	*(0.7)*	*(100.0)*
Higher Education	*2,616.9*	*2,685.1*	*68.2*	*2.6*
Article IV – The Judiciary	81.4	135.1	53.7	65.9
Article V – Public Safety and Criminal Justice	160.4	24.3	(136.1)	(84.8)
Article VI – Natural Resources	1,069.0	1,154.7	85.7	8.0
Article VII – Business and Economic Development	444.8	445.1	0.3	0.1
Article VIII – Regulatory	377.1	965.6	588.5	156.1
Article IX – General Provisions	0.0	22.6	22.6	N/A
Article X – The Legislature	0.0	0.0	0.0	N/A
TOTAL, ALL FUNCTIONS	**$6,555.5**	**$7,314.6**	**$759.1**	**11.6**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

GENERAL REVENUE–DEDICATED FUND BALANCE AVAILABLE FOR CERTIFICATION

General Revenue–Dedicated Fund balances are routinely used to "certify" that sufficient General Revenue Funds and General Revenue–Dedicated Funds are available to ensure that the adopted General Appropriations Bill is in compliance with the constitutional "pay-as-you-go" limit. As shown in **Figure 8**, these General Revenue–Dedicated Fund beginning balances available for certification have increased from $2.1 billion in the 2004–05 biennium to $5.0 billion in the 2014–15 biennium. As a result of actions by the Eighty-third Legislature, 2013, largely via the provisions of House Bill 7, these balances are expected to decrease by $640.5 million during the 2014–15 biennium.

FIGURE 8
GENERAL REVENUE FUND AND GENERAL REVENUE–DEDICATED FUND ENDING BALANCES AVAILABLE FOR CERTIFICATION 2004–05 TO 2014–15 BIENNIA



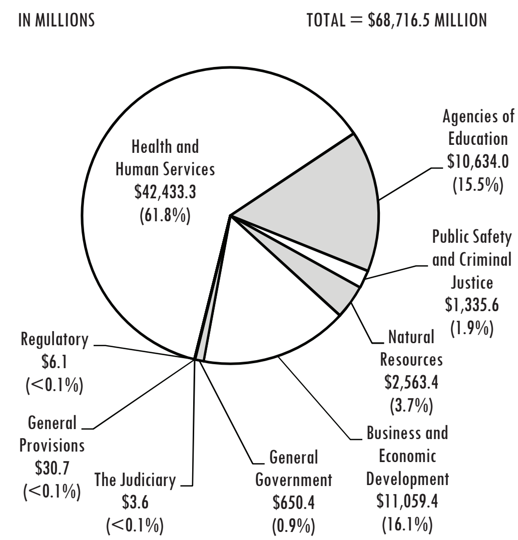
SOURCE: Legislative Budget Board.

FEDERAL FUNDS BUDGET

The Federal Funds budget include grants, allocations, payments, or reimbursements received from the federal government by state agencies and institutions. Federal Funds also include the cost of employee benefits associated with federal programs, but does not include Earned Federal Funds. Earned Federal Funds are funds the state receives through a federally funded program that are not required by the governing agreement to be expended on that program. Earned Federal Funds are categorized as General Revenue Funds.

The 2014–15 Federal Funds budget (**Figure 9** and **Figure 10**) increased by $3.9 billion, or 6.0 percent, from the 2012–13 biennial spending level. The Business and Economic Development function experienced the largest percentage increase (17.9 percent) while Health and Human Services received the largest dollar increase ($2.8 billion). Federal funding for Public Safety and Criminal Justice decreased by $442.8 million from the 2012–13 biennium. This decrease is a result of federal government decreases at the national level to Federal Funds for Homeland Security-related programs.

FIGURE 9
FEDERAL FUNDS
2014–15 BIENNIUM



Note: Totals may not sum due to rounding.
Source: Legislative Budget Board.

FIGURE 10
FEDERAL FUNDS – STATEWIDE SUMMARY, 2012–13 AND 2014–15 BIENNIA

IN MILLIONS ALL FUNCTIONS	EXPENDED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$866.0	$650.4	($215.6)	(24.9)
Article II – Health and Human Services	39,643.2	42,433.3	2,790.1	7.0
Article III – Agencies of Education	10,206.8	10,634.0	427.2	4.2
Public Education	*9,884.8*	*10,365.1*	*480.3*	*4.9*
Higher Education	*322.0*	*268.9*	*(53.1)*	*(16.5)*
Article IV – The Judiciary	4.4	3.6	(0.8)	(18.9)
Article V – Public Safety and Criminal Justice	1,778.4	1,335.6	(442.8)	(24.9)
Article VI – Natural Resources	2,935.8	2,563.4	(372.4)	(12.7)
Article VII – Business and Economic Development	9,379.1	11,059.4	1,680.3	17.9
Article VIII – Regulatory	8.5	6.1	(2.4)	(28.2)
Article IX – General Provisions	0.0	30.7	30.7	N/A
Article X – The Legislature	0.0	0.0	0.0	N/A
TOTAL, ALL FUNCTIONS	**$64,822.2**	**$68,716.5**	**$3,894.3**	**6.0**

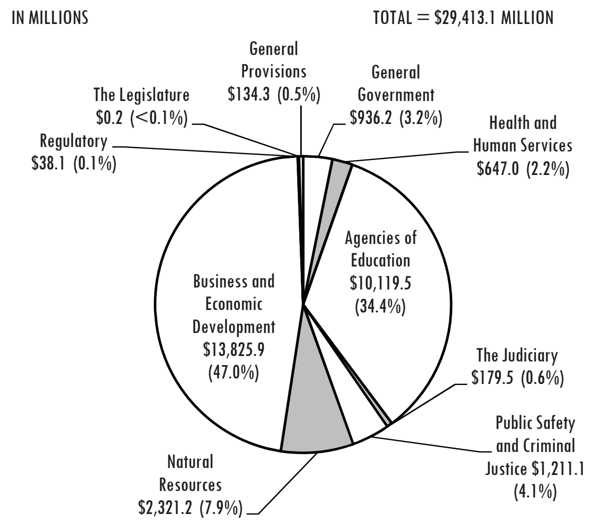
Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Totals may not sum due to rounding.
Source: Legislative Budget Board.

OTHER FUNDS BUDGET

The Other Funds budget consists of any funds not included in the other three methods of financing. Other Funds include the State Highway Fund, the Texas Mobility Fund, the Property Tax Relief Fund, the Economic Stabilization Fund, trust funds, bond proceeds, interagency contracts (not included in table amounts), certain revenue held in higher education "local" accounts, and constitutional funds (except the Available School Fund).

The 2014–15 Other Funds budget (**Figure 11** and **Figure 12**) decreased by $3.9 billion, or 11.8 percent, from the 2012–13 biennial spending level. This decrease is principally attributable to the removal of patient income ($6.1 billion) as an appropriated method of finance for health-related institutions in the 2014–15 biennium.

FIGURE 11
OTHER FUNDS
2014–15 BIENNIUM



NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 12
OTHER FUNDS – STATEWIDE SUMMARY, 2012–13 AND 2014–15 BIENNIA

IN MILLIONS ALL FUNCTIONS	EXPENDED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2) (3)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$1,036.4	$936.2	($100.2)	(9.7)
Article II – Health and Human Services	643.9	647.0	3.2	0.5
Article III – Agencies of Education	17,577.8	10,119.5	(7,458.3)	(42.4)
Public Education	*9,525.5*	*8,237.4*	*(1,288.1)*	*(13.5)*
Higher Education	*8,052.3*	*1,882.1*	*(6,170.2)*	*(76.6)*
Article IV – The Judiciary	184.2	179.5	(4.7)	(2.5)
Article V – Public Safety and Criminal Justice	1,398.5	1,211.1	(187.4)	(13.4)
Article VI – Natural Resources	350.4	2,321.2	1,970.9	562.5
Article VII – Business and Economic Development	12,109.7	13,825.9	1,716.2	14.2
Article VIII – Regulatory	59.5	38.1	(21.4)	(35.9)
Article IX – General Provisions	0.0	134.3	134.3	N/A
Article X – The Legislature	0.4	0.2	(0.1)	(42.2)
TOTAL, ALL FUNCTIONS	**$33,360.6**	**$29,413.1**	**($3,947.5)**	**(11.8)**

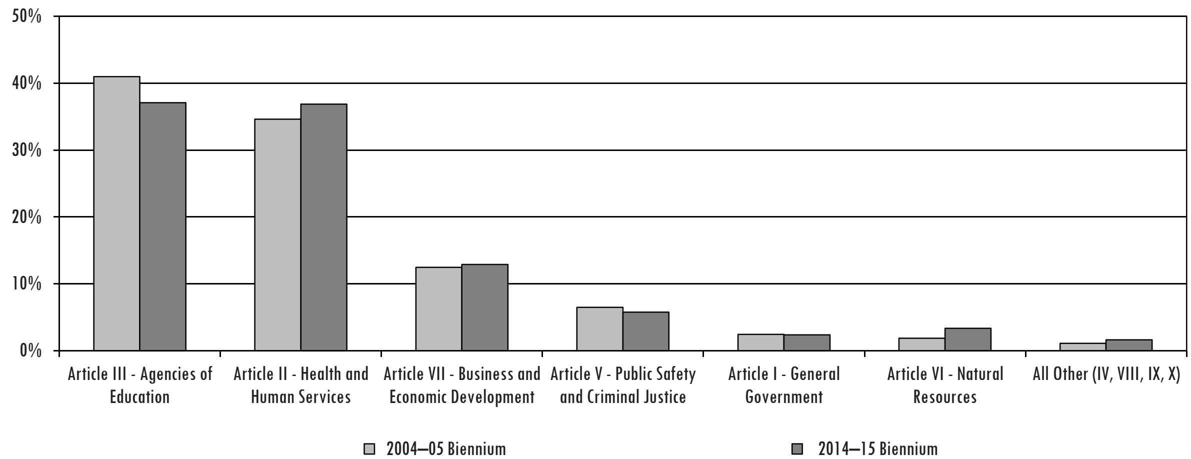
NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Appropriated amounts in All Funds and Other Funds for 2014–15 exclude an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.
(4) Article totals exclude Interagency Contracts.
(5) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

BUDGET ALLOCATION

Figure 13 and **Figure 14** compare the state budget allocation by government function between the 2004–05 and the 2014–15 biennia. Distribution percentages remained fairly constant over this period with each function retaining the same order in relative magnitude of funding.

As **Figure 15** and **Figure 16** show, 82.7 percent of total General Revenue Funds and General Revenue–Dedicated Funds appropriations for the 2014–15 biennium are restricted by constitutional or statutory provisions, influenced by federal law, regulations, or court decisions, or by formulas (e.g., education). This amount is slightly greater than the 2012–13 biennial level of 82.5 percent.

FIGURE 13
COMPARISON OF ALL FUNDS BUDGET ALLOCATION PERCENTAGES, 2004–05 AND 2014–15 BIENNIA



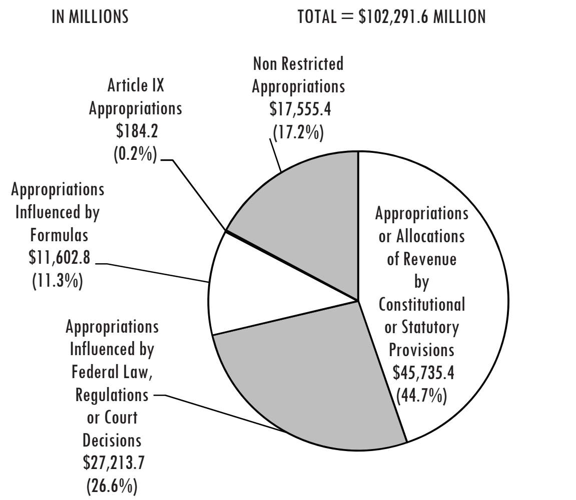
SOURCE: Legislative Budget Board.

FIGURE 14
COMPARISON OF ALL FUNDS BUDGET ALLOCATION PERCENTAGES, 2004–05 AND 2014–15 BIENNIA

IN MILLIONS FUNCTION	2004–05 BIENNIUM EXPENDED	PERCENTAGE OF TOTAL	2014–15 BIENNIUM APPROPRIATED	PERCENTAGE OF TOTAL
Article III – Agencies of Education	$51,869.3	41.0	$74,199.0	37.0
Article II – Health and Human Services	43,826.1	34.6	73,891.9	36.9
Article VII – Business and Economic Development	15,799.9	12.5	26,292.4	13.1
Article V – Public Safety and Criminal Justice	8,237.9	6.5	11,682.0	5.8
Article I – General Government	3,116.2	2.5	4,840.3	2.4
Article VI – Natural Resources	2,378.8	1.9	6,763.4	3.4
All Other (IV, VIII, IX, X)	1,406.3	1.1	2,752.0	1.4
TOTAL, ALL ARTICLES	**$126,634.5**	**100.0**	**$200,421.1**	**100.0**

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 15
RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS BUDGET, 2014–15 BIENNIUM



NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 16
RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS BUDGET, 2014–15 BIENNIUM

IN MILLIONS	2014–15 BIENNIUM APPROPRIATION	PERCENTAGE OF TOTAL APPROPRIATION
Appropriations or Allocations of Revenue by Constitutional or Statutory Provisions	$45,735.4	44.7
Appropriations Influenced by Federal Law, Regulations or Court Decisions	27,213.7	26.6
Appropriations Influenced by Formulas	11,602.8	11.3
Total Restricted Appropriations	**$84,551.9**	**82.7**
Article IX Appropriations	$184.2	0.2
Non Restricted Appropriations	17,555.4	17.2
TOTAL, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS APPROPRIATIONS	**$102,291.6**	**100.0**

NOTE: Total may not sum due to rounding.
SOURCE: Legislative Budget Board.

2012–13 APPROPRIATED AND EXPENDED/BUDGETED FUNDS COMPARISON

In each biennium, there are circumstances which result in variances to state agency expenditures (i.e., expended and budgeted amounts) from the amounts appropriated by the Legislature. Typically, this results from shifts in population, client demands, or unforeseen events, like natural disasters; changes to federal formulas or grant requirements; and/or additional or reduced available revenue or balances supporting estimated legislative appropriations. Often, these incremental changes to the current biennial budget are authorized by existing law, either through the Texas Constitution or the General Appropriations Act, and do not require legislative action. However, some expenditure changes require further action by the legislature in the form of a supplemental appropriations bill.

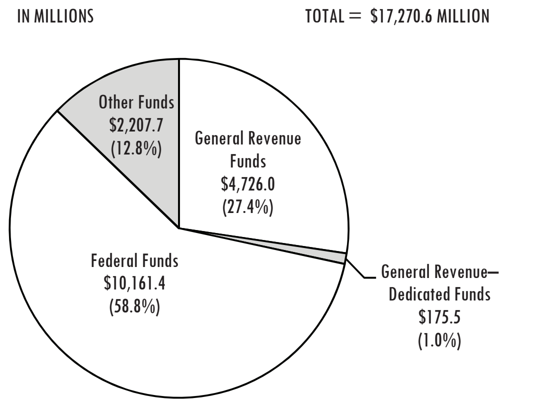
The 2012–13 biennial expended and budgeted amounts represent an overall increase from the original appropriations as follows:

- the original All Funds appropriated amount of $173.5 billion increased by $17.3 billion, or 10.0 percent, resulting in an expended/budgeted amount of $190.8 billion; and
- the original General Revenue Funds appropriation amount of $81.3 billion increased by $4.7 billion, or 5.8 percent, resulting in an expended/budgeted amount totalling $86.0 billion.

As compared to the 2010–11 biennial All Funds increase of $5.3 billion, the 2012–13 biennial All Funds increase of $17.3 billion is particularly significant and is primarily due to action to fully-fund the Medicaid and Children's Health Insurance Program ($11.2 billion) and to reverse a one-month deferral (August 2013 to September 2013) in the Foundation School Program ($1.8 billion). **Figure 17** shows the net increase by method of finance category and shows that Federal Funds represent 58.8 percent, or $10.2 billion, of the increase and General Revenue Funds represent 27.4 percent, or $4.7 billion.

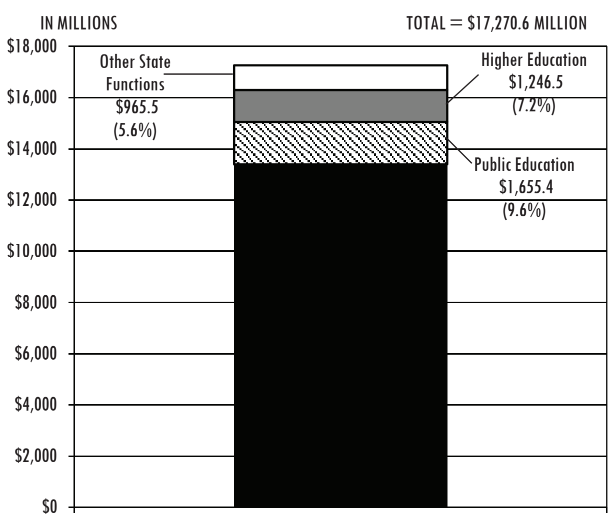
As shown in **Figure 18**, increased appropriations to Health and Human Services, Public Education and Higher Education agencies and institutions comprise $16.3 billion, or 94.4 percent of the All Funds increase, which is mostly authorized in two supplemental bills (House Bill 10 and House Bill 1025, Eighty-third Legislature, Regular Session, 2013). Overall, appropriations made by these supplemental bills account for $14.5 billion of the $17.3 billion All Funds

FIGURE 17
2012–13 FINAL APPROPRIATIONS RECONCILIATION BY METHOD OF FINANCE



NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 18
APPROPRIATIONS RECONCILIATION BY FUNCTION 2012–13 BIENNIUM



SOURCE: Legislative Budget Board.

increase for all state agencies and institutions of higher education.

While there are a number of adjustments, only a few represent the bulk of the $17.3 billion increase in All Funds and the $4.7 billion increase in General Revenue Funds:

- $10.9 billion increase in All Funds ($4.5 billion in General Revenue Funds and $6.5 billion in Federal Funds) to fund the state's obligation under the Medicaid program for a full 24 months ($4.4 billion) and the Children's Health Insurance Program ($0.1 billion);
- $3.7 billion net increase in Federal Funds at state agencies including $2.1 billion in other health and human services programs reflecting grant increases and improved federal matching rates; $659.3 million net decrease in Federal Funds primarily attributable to expenditure in fiscal year 2011 of Federal Funds received through the Education Jobs Fund, which were appropriated in fiscal year 2012, offset by an increase in Federal Funds through the Child Nutrition Program; $951.3 million increase in additional Community Development Block Grants at the General Land Office for disaster recovery projects; and $791.2 million increase in transportation funding at the Department of Transportation;
- $1.8 billion increase in Other Funds (i.e., Economic Stabilization Fund) to reverse the one-month deferral in the Foundation School Program authorized by the Eighty-second Legislature;
- $959.3 million decrease in General Revenue Funds attributable to adjustments to the estimated appropriations of Property Tax Relief Fund (Other Funds) within the sum certain All Funds appropriation supporting the Foundation School Program (FSP), which lowers General Revenue costs in the FSP;
- $630 million All Funds increase ($317 million in General Revenue Funds) in supplemental appropriations to increase the sum certain All Funds appropriation to fully fund state obligations under the Foundation School Program;
- $1.0 billion increase in Other Funds at institutions of higher education, consisting of $587 million in additional patient income at health-related institutions and more than $500 million, mainly for wildfire response and changes in proceeds generated by the Permanent University Fund corpus and transferred to the Available University Fund;
- $450 million increase in General Revenue Funds for state highway maintenance and grants for county transportation infrastructure projects in energy sectors;
- $2.2 billion decrease in All Funds ($105 million decrease in General Revenue Funds and $2.1 billion in

Other Funds) mainly related to unissued Proposition 12 GO bond funds and associated debt service at the Texas Department of Transportation; and

- $203.8 million decrease in All Funds ($101.9 million in General Revenue Funds) related to state employee benefits including retirement and health insurance, social security, and benefit replacement pay.

Figure 19 reconciles the original 2012–13 biennial General Revenue Fund appropriations to the expended and budgeted amounts.

FIGURE 19
RECONCILIATION OF 2012–13 APPROPRIATIONS TO 2012–13 EXPENDED/BUDGETED AMOUNTS, GENERAL REVENUE FUNDS

IN MILLIONS

GENERAL REVENUE BUDGET ADJUSTMENTS	ADJUSTMENT AMOUNT	2012–13 BIENNIUM
General Revenue Fund Appropriations as Published in 2012–13 Fiscal Size-up		$81,290
Major Budget Adjustments		
Health and Human Services Commission, Medicaid and CHIP	$3,508	
Department of Aging and Disability Services, Medicaid	1,019	
Texas Education Agency, General Revenue Funds Reduction Offset by Increases to Other Funds	(959)	
Texas Education Agency, Foundation School Program	317	
Department of Public Safety MOF Swap for Fund 006	135	
Texas Department of Transportation, Energy Sector-related Road Repair	450	
Texas Department of Transportation, Lapsed Debt Service	(105)	
Various Estimated Appropriations Adjustments	87	
Various Unexpended Balances from the 2010–11 Biennium Used in the 2012–13 Biennium	264	
All Other Adjustments	10	
Subtotal, Adjustments	$4,726	
TOTAL, EXPENDED/BUDGETED GENERAL REVENUE FUNDS FOR 2012–13		**$86,016**

NOTE: Total may not sum due to rounding.
SOURCE: Legislative Budget Board.

CONSTITUTIONAL SPENDING LIMITS

Texas has four constitutional limits on spending: the "pay-as-you-go," or balanced budget, limit; the limit on the rate of growth of appropriations from certain state taxes; the limit on welfare spending; and the limit on debt service. The 2014–15 biennial budget is within all of these limits.

THE "PAY-AS-YOU-GO" LIMIT

Article III, Section 49a, of the Texas Constitution sets out the "pay-as-you-go" limit. It requires that bills making appropriations be sent to the Comptroller of Public Accounts (CPA) for certification that appropriations are within estimates of available revenue. In summer 2013, the CPA certified that the 2014–15 GAA and other appropriations bills were in compliance with the "pay-as-you-go" limit. Specifically, the CPA certified that projected available revenue will exceed spending from General Revenue Funds for the 2014–15 biennium by approximately $683.1 million. In December 2013, the CPA updated its revenue estimate projecting available revenue to exceed spending from General Revenue Funds by approximately $2.6 billion for the 2014–15 biennium, an increase of approximately $1.9 billion compared to the previous estimate.

LIMITATION ON THE GROWTH OF CERTAIN APPROPRIATIONS

Article VIII, Section 22, of the Texas Constitution limits the biennial rate of growth of appropriations from state tax revenue not dedicated by the Constitution to the estimated rate of growth of the state's economy. On November 15, 2012, the Legislative Budget Board (LBB) established the following elements of the Article VIII spending limit: the estimated rate of growth of the state's economy, the level of 2012–13 biennial appropriations from state tax revenue not dedicated by the Texas Constitution, and the resulting 2014–15 biennial limit. The LBB instructed its staff to adjust the level of 2012–13 biennial appropriations from state tax revenue not dedicated by the Constitution and the resulting 2014–15 biennial spending limit calculation to reflect subsequent appropriations certified by the CPA and official revenue estimate revisions by the CPA.

Actions taken in 2013 by the Eighty-third Legislature affected the 2012–13 biennial level of appropriations from state tax revenue not dedicated by the Texas Constitution. After adjusting for these actions and revenue estimate revisions by the CPA, the adjusted 2014–15 biennial limit on appropriations from state tax revenue not dedicated by the Constitution is $85.2 billion. Appropriations for the 2014–15 biennium from state taxes not dedicated by the Constitution are estimated to be $85.0 billion, $263.4 million less than the amount authorized. The remainder of the state's $200.4 billion budget is funded with nontax revenue and constitutionally dedicated tax revenue not subject to the Article VIII limit. Based on the CPA's December 2013 revenue estimate, an additional $380.5 million could be appropriated from General Revenue Funds for the 2014–15 biennium before reaching the spending limit because General Revenue Funds are financed with both revenue subject to the spending limit and revenue not subject to the spending limit.

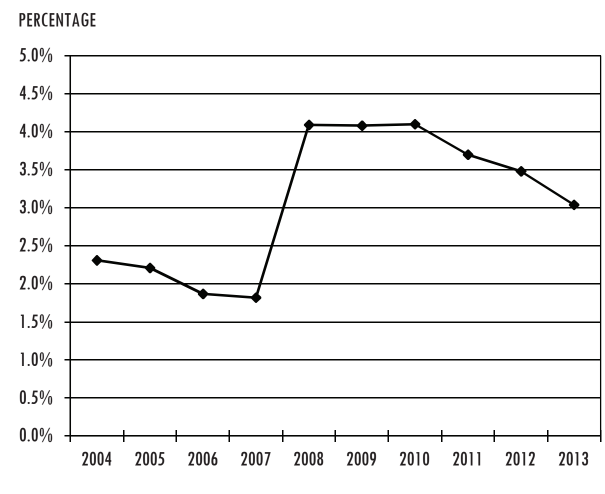
WELFARE SPENDING LIMIT

Article III, Section 51-a, of the Texas Constitution provides that the amount that may be paid out of state funds for assistance grants to or on behalf of needy dependent children and their caretakers (i.e., Temporary Assistance for Needy Families [TANF]) shall not exceed 1 percent of the state budget in any biennium. The total state budget as adopted in Senate Bill 1 (as modified by other legislation), by the Eighty-third Legislature, 2013, is $200.4 billion. Accordingly, the 1 percent welfare spending limit is $2.0 billion. The total amount of state funds appropriated for TANF grants is $132.5 million, which is $1,871.7 million less than the 1 percent limit.

DEBT LIMIT

Article III, Section 49(j) of the Texas Constitution limits the authorization of additional state debt if in any fiscal year the resulting annual debt service payable from the unrestricted General Revenue Fund—which excludes revenues constitutionally dedicated for purposes other than payment of state debt—exceeds 5 percent of the average annual unrestricted General Revenue Funds for the previous three years. To monitor the constitutional limit, the Bond Review Board (BRB) calculates two debt ratios. The first debt ratio is the debt service on outstanding (issued) debt as a percentage of unrestricted General Revenue Funds, and for the end of fiscal year 2013, the issued debt calculation is 1.34 percent, which is no change from the fiscal year 2012 calculation. The second debt ratio is the debt service on outstanding debt, plus estimated debt service for authorized but unissued debt as a percentage of unrestricted General Revenue Funds. For this second ratio, at the end of fiscal year 2013, BRB determined that the state is at 3.04 percent of General Revenue Funds, reflecting a decrease from the fiscal year 2012 calculation of 3.48 percent. **Figure 20** shows the most recent 10-year history of the constitutional debt limit ratios

FIGURE 20
CONSTITUTIONAL DEBT LIMIT
FISCAL YEARS 2004 TO 2013



NOTE: Debt service and debt services on unissued authorized debt as a percentage of unrestricted General Revenue Funds.
SOURCE: Bond Review Board.

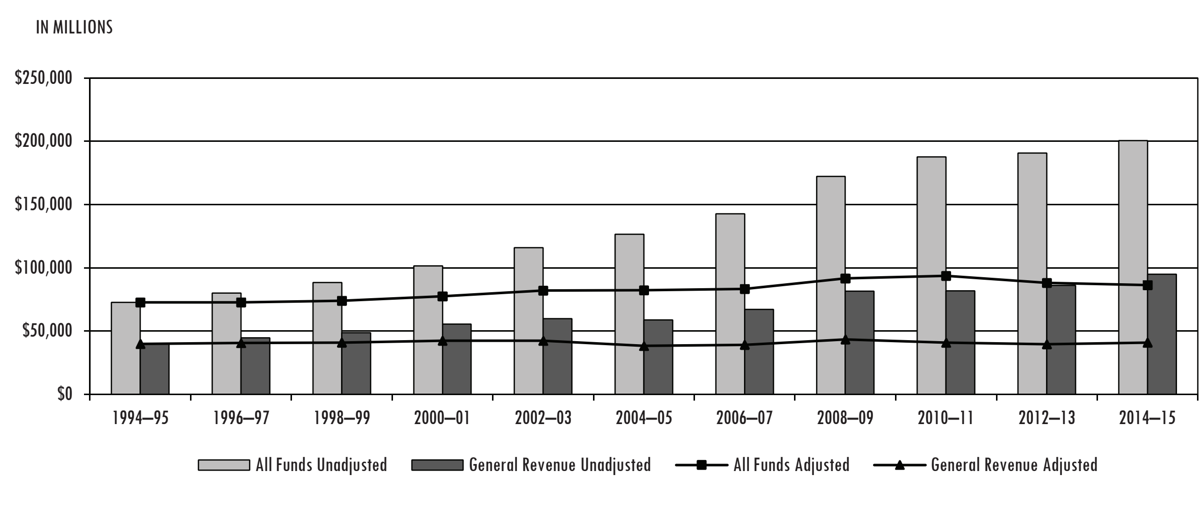
including issued and authorized but unissued debt, for fiscal years 2004 to 2013.

Any significant change in any of the following three components will affect the constitutional debt limit: (1) the amount of General Obligation (GO) debt authorized by voters; (2) the three-year average of unrestricted General Revenue Funds; and (3) interest rates on issued GO bond debt. The fiscal year 2013 debt limit ratio for issued and authorized but unissued debt decreased by 44 basis points from fiscal year 2012. This ratio decrease is partially due to increased unrestricted General Revenue Funds in fiscal year 2013, which resulted in a higher three-year average of available funds. The decrease is also partially the result of GO debt issuances in excess of $1.0 billion by the Texas Department of Transportation for highway construction and by the Texas Public Finance Authority for cancer research. When these bonds were issued, their interest rates were lower than previously estimated, thus lowering the amount of debt service required.

TRENDS IN STATE GOVERNMENT EXPENDITURES

Figure 21 and **Figure 22** show that estimated state government All Funds spending for the 2014–15 biennium will exceed the spending of the 1994–95 biennium by 175.4 percent. When adjusted for population growth and inflation growth, expenditures for the 2014–15 biennium are 18.8 percent greater than expenditures for the 1994–95 biennium, resulting in an average biennial increase of 1.9 percent. Expenditures of General Revenue Funds increased more slowly than All Funds expenditures during the same 1994–95 to 2014–15 period; by 137.7 percent in current dollars. After adjusting for population and inflation growth, expenditures of General Revenue Funds increased by 2.5 percent during the period. From the 2002–03 to the 2014–15 biennia, expenditures of General Revenue Funds

FIGURE 21
TRENDS IN STATE EXPENDITURES, 1994–95 TO 2014–15 BIENNIA



NOTE: 2014–15 biennial amounts are estimated.
SOURCE: Legislative Budget Board.

FIGURE 22
TRENDS IN STATE GOVERNMENT EXPENDITURES, 1994–95 TO 2014–15 BIENNIA

IN MILLIONS	ALL FUNDS				GENERAL REVENUE FUNDS			
	UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION		UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION	
BIENNIUM	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE
1994–95	$72,769	N/A	$72,769	N/A	$39,959	N/A	$39,959	N/A
1996–97	$80,109	10.1	$72,829	0.1	$44,686	11.8	$40,625	1.7
1998–99	$88,293	10.2	$74,106	1.8	$48,890	9.4	$41,035	1.0
2000–01	$101,464	14.9	$77,512	4.6	$55,648	13.8	$42,511	3.6
2002–03	$115,916	14.2	$82,037	5.8	$59,918	7.7	$42,406	(0.2)
2004–05	$126,634	9.2	$82,327	0.4	$58,956	(1.6)	$38,328	(9.6)
2006–07	$142,745	12.7	$83,432	1.3	$67,208	14.0	$39,282	2.5
2008–09	$172,131	20.6	$91,721	9.9	$81,639	21.5	$43,502	10.7
2010–11	$187,517	8.9	$93,708	2.2	$81,931	0.4	$40,943	(5.9)
2012–13	$190,755	1.7	$88,220	(5.9)	$86,016	5.0	$39,781	(2.8)
2014–15	$200,421	5.1	$86,461	(2.0)	$94,977	10.4	$40,973	3.0

NOTE: 2014–15 biennial amounts are appropriated.
SOURCES: Legislative Budget Board; Moody's Analytics.

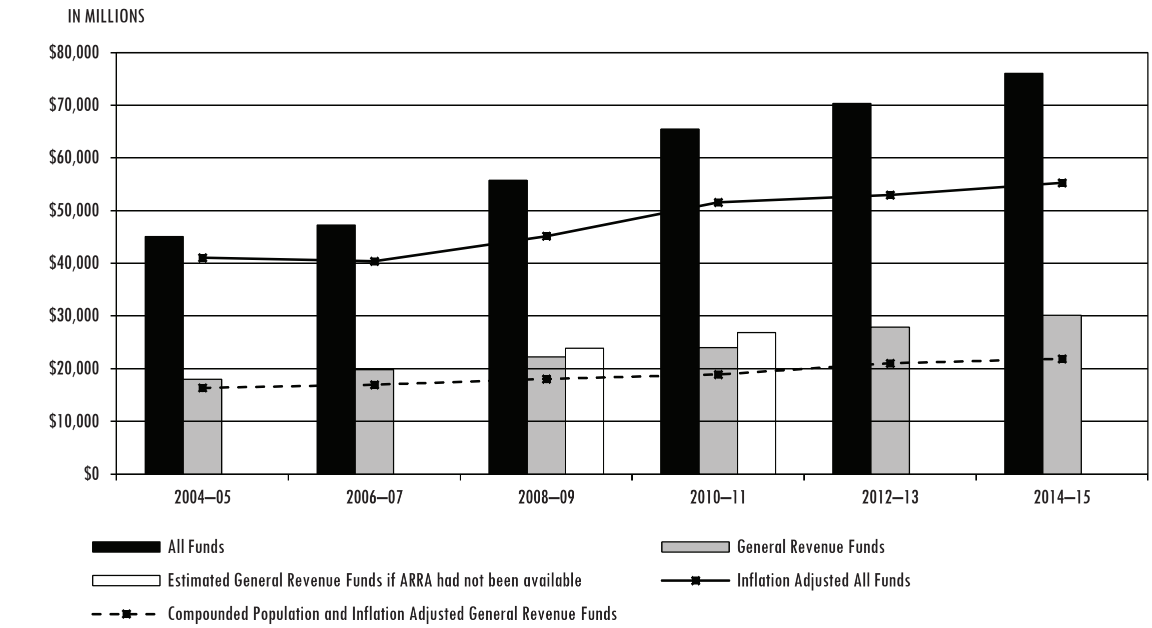
adjusted for population growth and inflation growth decreased 3.4 percent.

TRENDS IN STATE HEALTHCARE EXPENDITURES

Figure 23 shows that, in current dollars, All Funds expenditures for healthcare increased from $45.1 billion in the 2004–05 biennium to $76.0 billion in appropriations for the 2014–15 biennium, constituting a growth of 68.7 percent. General Revenue Funds over the same period increased from $18.0 billion to $30.1 billion, a growth of 67.7 percent. Approximately half of the increase over the six biennia can be attributed to population growth and inflation; after adjusting for these factors, All Funds spending levels for healthcare increased by 34.6 percent, while General Revenue Funds increased by 33.7 percent, or an average biennial increase of 6.0 percent.

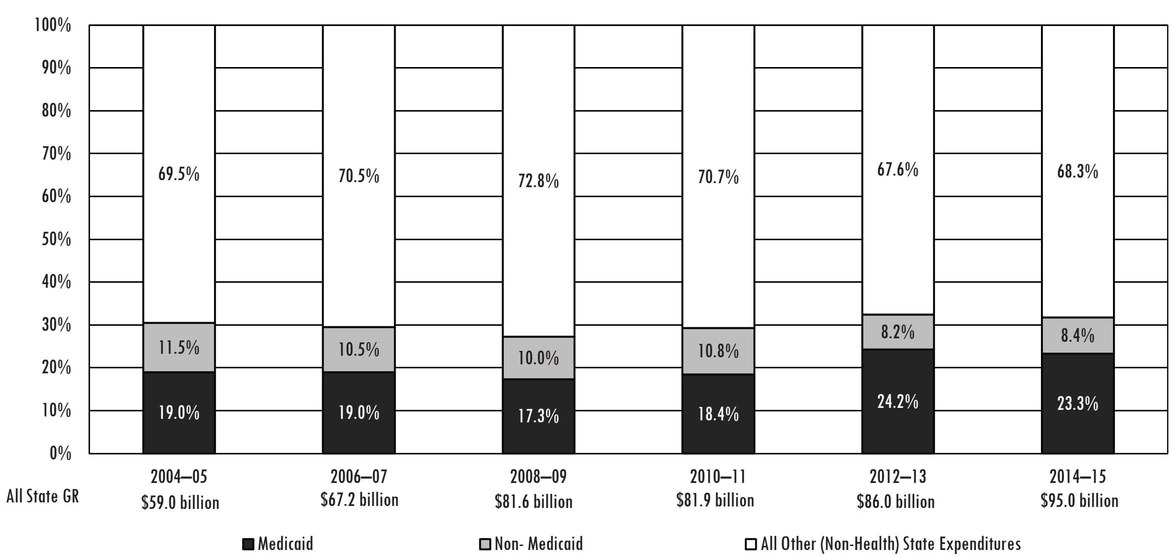
Figure 24 shows that General Revenue Funds for healthcare constitute almost one third (31.7 percent) of all state appropriations for the 2014–15 biennium. The Medicaid portion of state spending paid for with General Revenue Funds has grown from 19.0 percent in the 2004–05 biennium to 23.3 percent in the 2014–15 biennium.

FIGURE 23
HEALTHCARE EXPENDITURES AND APPROPRIATIONS, 2004–05 TO 2014–15 BIENNIA



NOTES:
(1) Healthcare expenditures and appropriations are limited to direct care and healthcare insurance programs.
(2) 2014–15 biennial amount is projected.
SOURCE: Legislative Budget Board.

FIGURE 24
HEALTHCARE EXPENDITURES AND APPROPRIATIONS AS A PERCENTAGE OF GENERAL REVENUE FUNDS 2004–05 TO 2014–15 BIENNIA

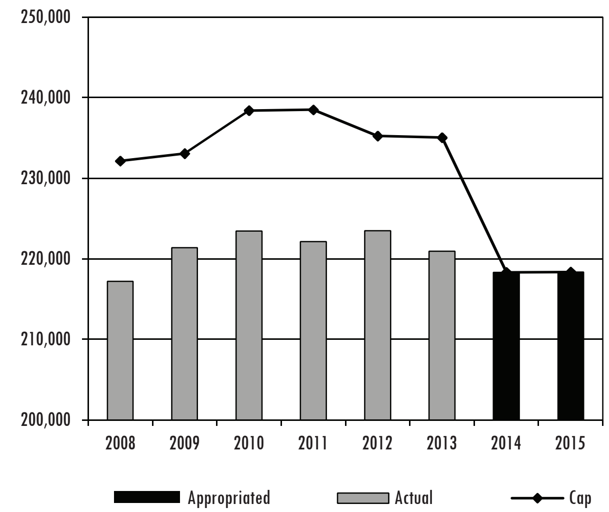


NOTES:
(1) Healthcare expenditures and appropriations are limited to direct care and healthcare insurance programs.
(2) 2014–15 biennial amount is projected.
SOURCE: Legislative Budget Board.

STATE GOVERNMENT EMPLOYMENT

Figure 25 and **Figure 26** show the number of full-time-equivalent (FTE) state government employees (i.e., positions) for fiscal years 2008 to 2013. Section 6.10 of Article IX (General Provisions) of the 2014–15 General Appropriations Act (GAA) establishes a cap on the number of FTE positions for most state agencies and institutions of higher education and includes a requirement that agencies and institutions seek the approval of the Governor and the Legislative Budget Board prior to exceeding the cap. This cap includes certain positions filled by temporary or contract workers. The cap only applies to employees paid with appropriated state and federal funds, but not those that are 100 percent federally funded. The 2014–15 GAA provides a cap of 218,327 FTE positions in fiscal year 2014 and 218,367 in fiscal year 2015. In fiscal year 2013, the FTE cap totaled 235,047, although actual FTEs totaled 220,950. This decrease is largely associated with the removal of patient income as an appropriated method of finance. In addition to FTE positions paid for with appropriations made in the GAA, some FTE positions exist that are paid for with non-appropriated funds. In fiscal year 2013 the number of these positions totaled 76,346 of which 75,288 were higher education-related.

FIGURE 25
STATE GOVERNMENT EMPLOYEES
FISCAL YEARS 2008 TO 2015



NOTES:
(1) Decrease is primarily attributable to the removal of $6.1 billion in patient income as an appropriated method of finance.
(2) Fiscal years 2014 and 2015 are appropriated FTE caps.
SOURCES: Legislative Budget Board; State Auditor's Office.

FIGURE 26
STATE GOVERNMENT EMPLOYEES, FISCAL YEARS 2008 TO 2015

	FULL-TIME-EQUIVALENT POSITIONS							
FUNCTION	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Article I – General Government	9,164	9,421	9,673	9,365	9,016	8,947	9,174	9,187
Article II – Health and Human Services	50,051	52,777	54,994	55,697	53,981	53,691	57,867	57,960
Article III – Education	77,314	76,361	75,514	74,989	78,940	79,206	67,675	67,673
Article IV – The Judiciary	569	1,366	1,384	1,385	1,384	1,388	1,442	1,446
Article V – Public Safety and Criminal Justice	50,969	52,804	53,839	52,393	52,859	50,620	53,679	53,724
Article VI – Natural Resources	8,265	8,484	8,646	8,388	7,855	7,930	8,594	8,596
Article VII – Business and Economic Development	17,608	16,741	16,177	16,852	16,530	16,418	16,643	16,507
Article VIII – Regulatory	3,265	3,416	3,212	3,079	2,911	2,749	3,253	3,274
TOTAL EMPLOYEES (APPROPRIATED FUNDS)	**217,205**	**221,371**	**223,437**	**222,149**	**223,475**	**220,950**	**218,327**	**218,367**

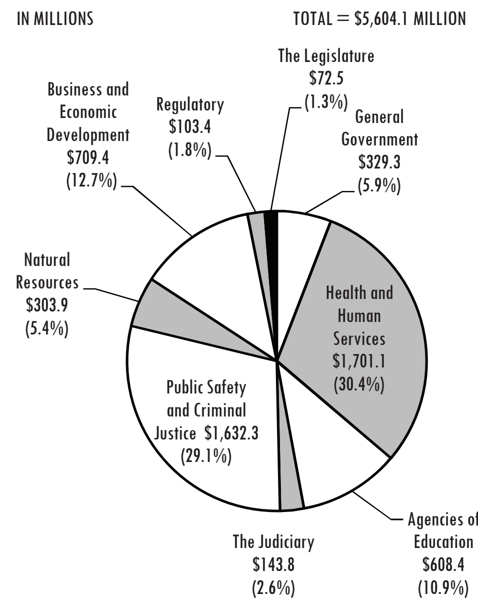
NOTE: Fiscal years 2014 and 2015 are appropriated FTE caps, subject to provisions of Article IX, Sec. 6.10, General Appropriations Act, 2014–15 biennium.
SOURCES: Legislative Budget Board; State Auditor's Office.

EMPLOYEE BENEFITS/ PAYROLL EXPENSES

Employee benefit costs (shown in **Figure 27** and **Figure 28**) include contributions for state employees, and judicial retirement programs, a supplemental retirement program for state commissioned peace officers and custodial officers, group insurance premiums, and death benefits for survivors of law enforcement and retired state employees, all of which are administered by the Employees Retirement System (ERS), with Social Security matching (employer and a portion of employee payments) administered by the Comptroller of Public Accounts. Combined, these expenditures total $5.6 billion, or approximately 2.8 percent of the 2014–15 biennial state budget. Amounts in **Figure 27** and **Figure 28** exclude biennial appropriations for the Teacher Retirement System ($3.9 billion), the Optional Retirement Program ($0.3 billion) and Higher Education Group Insurance ($1.2 billion).

Benefit costs shown in **Figure 27** and **Figure 28** are projected to increase 12.6 percent for the 2014–15 biennium from the 2012–13 biennium. This increase is due primarily to the increase in health insurance costs caused by medical inflation. Other factors that contribute to higher benefit costs include an increase in the ERS retirement contribution rate, growth in the number of full-time equivalent employees and retirees from state government, as well as career ladder pay increases at certain state agencies. The ERS retirement contribution rate increased from 6.0 percent in fiscal year 2012 to 6.5 percent in fiscal year 2014 and from 6.5 percent in fiscal year

FIGURE 27
ALL FUNDS EMPLOYEE BENEFITS AND PAYROLL EXPENSES 2014–15 BIENNIUM



Note: Totals may not sum due to rounding.
Source: Legislative Budget Board.

FIGURE 28
ALL FUNDS EMPLOYEE BENEFITS/PAYROLL EXPENSES, 2014–15 BIENNIUM

IN MILLIONS

FUNCTION	EMPLOYEES RETIREMENT SYSTEM BENEFITS PROGRAMS	COMPTROLLER BENEFITS PROGRAMS	TOTAL EMPLOYEE BENEFITS	PERCENTAGE OF TOTAL BENEFITS FOR ALL FUNCTIONS
Article I – General Government	$256.0	$73.3	$329.3	5.9
Article II – Health and Human Services	1,367.3	333.8	1,701.1	30.4
Article III – Agencies of Education	72.0	536.3	608.4	10.9
Article IV – The Judiciary	124.0	19.9	143.8	2.6
Article V – Public Safety and Criminal Justice	1,301.5	330.8	1,632.3	29.1
Article VI – Natural Resources	237.9	66.0	303.9	5.4
Article VII – Business and Economic Development	582.0	127.4	709.4	12.7
Article VIII – Regulatory	79.9	23.5	103.4	1.8
Article X – The Legislature	57.0	15.4	72.5	1.3
TOTAL, ALL ARTICLES	**$4,077.6**	**$1,526.4**	**$5,604.1**	**100.0**

Notes:
(1) Includes death benefits. Excludes Higher Education Group Insurance, Teacher Retirement System, and Optional Retirement Program. Excludes retirement and Social Security contribution increases related to statewide and law enforcement pay raises.
(2) Totals may not sum due to rounding.
Source: Legislative Budget Board.

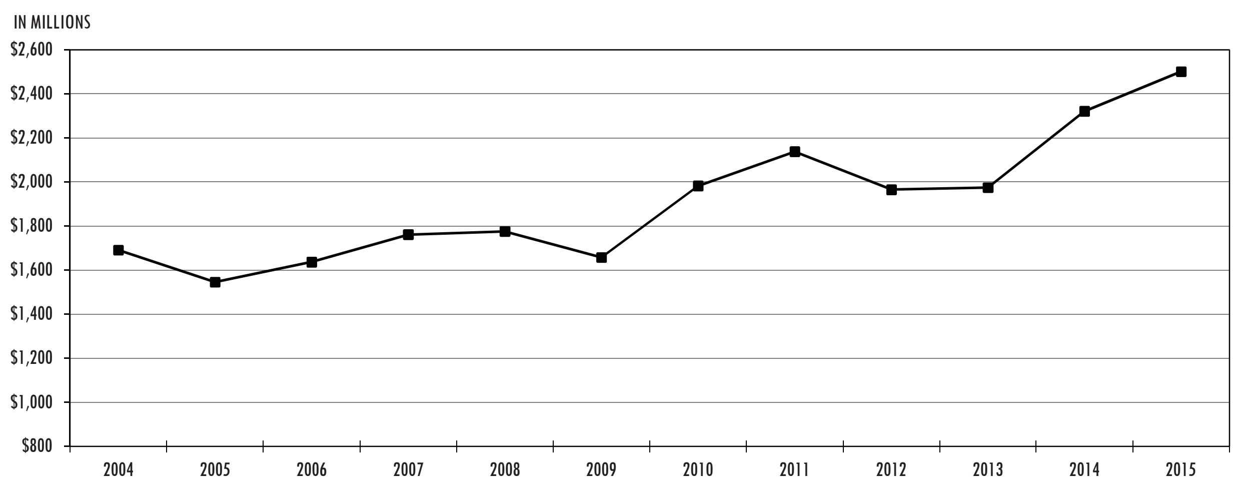
2013 to 7.5 percent in fiscal year 2015. See Chapter 4 for more information.

As shown in **Figure 27** and **Figure 28**, two functions of state government—Health and Human Services and Public Safety and Criminal Justice—comprise 59.5 percent of the state's costs for employee benefits. Benefit costs for other government functions range from 1.3 percent for the Legislature to 12.7 percent for Business and Economic Development.

EMPLOYEE GROUP HEALTH INSURANCE

Unlike the costs shown in **Figure 27** and **Figure 28** which represent only benefits administered by ERS and the Comptroller of Public Accounts, total state contributions for group health insurance include contributions for state employees and retirees of ERS and institutions of higher education through Higher Education Group Insurance (HEGI), and retirees of the Teacher Retirement System (TRS). State contributions for these group health insurance programs total $4,822.1 million for the 2014–15 biennium, representing approximately 2.4 percent of the state budget. Appropriations for employer contributions to employee and retiree group insurance increased by $1,585.6 million, or 49.0 percent, from the 2004–05 biennium. This funding represents an average biennial increase of 9.8 percent. The primary cost-drivers affecting employee group insurance state contributions are the average cost of health insurance per participant and the number of participants covered. **Figure 29** shows recent trends in employee insurance program expenditures in All Funds using combined data for ERS, HEGI, and TRS. The decrease in fiscal year 2005 is largely the result of benefit design changes implemented to contain the growth in healthcare costs. The decrease shown in fiscal year 2009 reflects the Governor's veto of community college health insurance funding for that fiscal year. The decrease shown for the 2012–13 biennium is primarily due to a decrease in the state contribution to TRS-Care from 1.0 percent to 0.5 percent of active employee payroll in fiscal year 2013. Finally, the increases shown for the 2014–15 biennium reflect funding an annual medical cost trend of 7.0 percent, additional costs related to federal healthcare legislation, and 5.0 percent annual retiree growth. In addition, the 2014–15 General Appropriations Act continues a contribution from all general state agencies and institutions of higher education equal to 1.0 percent of the total base wages and salaries for each benefits eligible employee participating in the ERS Group Benefits Program to go

FIGURE 29
TOTAL ALL FUNDS STATE CONTRIBUTION FOR EMPLOYEES AND RETIREE GROUP HEALTH INSURANCE
FISCAL YEARS 2004 TO 2015



Notes:
(1) Amount reflects Governor's veto of $154 million for community college health insurance funding in fiscal year 2009.
(2) Fiscal years 2014 and 2015 are appropriated amounts. Previous years are expended amounts.
(3) Combines state contributions for employee and retiree health insurance from Employees Retirement System and Higher Education Group Insurance, and state contributions for retirees of the Teacher Retirement System.
(4) Excludes group health insurance contributions made by institutions of higher education from local funds.
(5) Excludes state agency contributions of 1 percent of payroll.
Source: Legislative Budget Board.

toward group health insurance. These group insurance amounts do not include amounts paid by institutions of higher education from local funds. The state does not directly contribute to group insurance for public education employees.

Figure 30 and **Figure 31** show information on plan design and premiums for a sample of state-supported healthcare plans. In **Figure 30**, TRS slightly changed some benefit design components since 2012, while the benefits for ERS, The University of Texas System (UT System) and the Texas A&M System (TAMU System) remained unchanged from fiscal year 2012. Similarly, in **Figure 31**, ERS and the UT System had premium increases in fiscal year 2014, while premiums at the TAMU System decreased and TRS-Care premiums have not changed since 2005.

Figure 32 shows the average monthly plan contribution per enrollee for ERS, UT System, and TAMU System. The trend line for unadjusted (or nominal) contributions in **Figure 32** shows average costs increased significantly from fiscal years 2004 to 2013, a trend which mirrored healthcare cost

FIGURE 30
TEXAS GROUP INSURANCE PROGRAM DESIGN FOR GENERAL STATE AND EDUCATION EMPLOYEES/RETIREES
FISCAL YEAR 2014

MEDICAL	ERS HEALTH SELECT IN-NETWORK	UT SELECT	A&M CARE	TRS-CARE 3 TRS PUBLIC SCHOOL RETIREES, IN-NETWORK
Deductible	None	$350/person $1,050/family	$700/person $2,100/family	$300/person $600/family
General Coinsurance	20%	20%	30%	20%
Office Visit Copay	$25 PCP	$30 FCP	$30	Under 65: $25 Over 65: 20% after Medicare portion
Specialist Visit Copay	$40 with PCP referral	$35	$45	Under 65: $25 Over 65: 20% after Medicare portion
Emergency Room Copay	$150/visit + 20% (applied to copay if admitted)	$150 (waived if admitted)	30% after deductible	20% after deductible
Hospital Care	$150/day ($750 max.) + 20%; $2,250 annual cap	$100/day ($500 max.) + 20%	30% after deductible	20% after deductible
Annual Out-of-Pocket Maximum	$2,000/person	$2,500/person; $7,500/family	$5,000/person; $10,000/family	$3,300/person; $6,600/family
Lifetime Maximum Coverage	Unlimited	Unlimited	Unlimited	Unlimited
PRESCRIPTION DRUGS	**AFTER $50 DEDUCTIBLE**	**AFTER $100 DEDUCTIBLE**	**AFTER $50 DEDUCTIBLE**	**NO DEDUCTIBLE**
Non-Maintenance Copay (Tier 1, 2, and 3)				
Retail				
(<=30 day supply)	$15/35/60	$10/35/50	$10/35/60	$10/25/40
Mail Order				
(<=90-day supply)	$45/105/180	$20/87.50/125	$20/70/120	$20/50/80
Maintenance Copay (Tier 1, 2, and 3)				
Retail				
(<=30 day supply)	$20/45/75	$10/35/50	$10/35/60	$10/25/40
Mail Order				
(<=90-day supply)	$45/105/180	$20/87.50/125	$20/70/120	$20/50/80

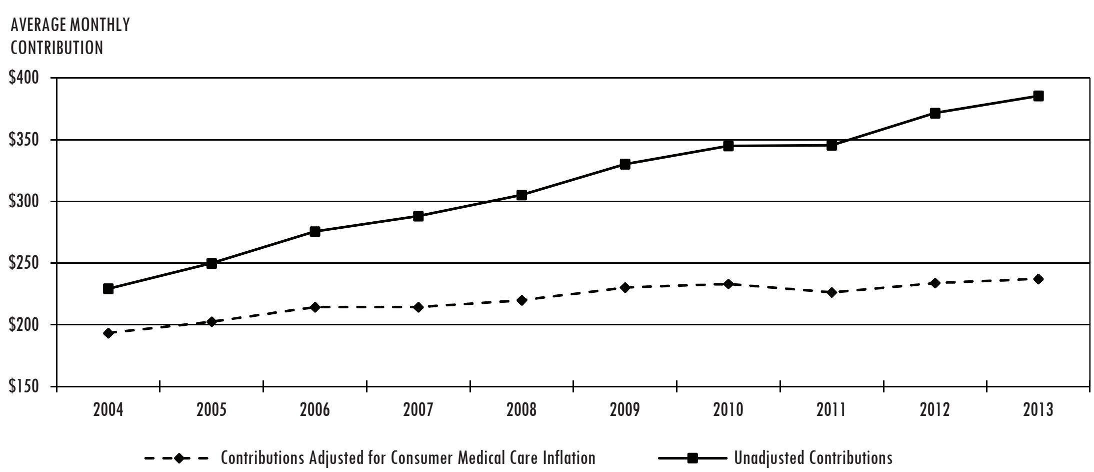
NOTES:
(1) PCP = Primary Care Physician; FCP = Family Care Physician.
(2) Three prescription prices are Generic/Preferred Brand/Non-preferred Brand.
SOURCES: Legislative Budget Board; Employees Retirement System; University of Texas System; Texas A&M University System; Teacher Retirement System.

FIGURE 31
TEXAS GROUP INSURANCE MONTHLY PREMIUMS PAID BY STATE AND EDUCATION EMPLOYEES/RETIREES, FISCAL YEAR 2014

	ERS HEALTH SELECT	UT SELECT	A&M CARE	TRS PUBLIC SCHOOL RETIREES
Full-time Employee Premium Contributions				
Employee Only	$0.00	$0.00	$19.78	
Employee & Spouse	$288.02	$214.22	$256.26	
Employee & Child(ren)	$192.86	$224.05	$185.32	
Employee & Family	$480.88	$421.86	$350.85	
Part-time Employee Premium Contributions				
Employee Only	$251.57	$248.77	$248.35	
Employee & Spouse	$683.60	$593.40	$603.08	
Employee & Child(ren)	$540.86	$556.26	$496.66	
Employee & Family	$972.89	$885.26	$744.95	
Retiree Premium Contributions				
Retiree w/Medicare	$0.00	$0.00	$19.78	$100.00
Retiree/Spouse w/ Medicare	$288.02	$214.22	$256.26	$255.00
Retiree w/o Medicare	$0.00	$0.00	$19.78	$295.00
Retiree/Spouse w/o Medicare	$288.02	$214.22	$256.26	$635.00

NOTE: Under the TRS-Care program, retirees pay a monthly premium determined by plan choice, years of service, and Medicare Part A and Part B participation. Premium amounts shown above are for the TRS-Care 3 plan for a retiree with 20 to 29 years of service credit and with both Medicare Part A and Part B.
SOURCES: Legislative Budget Board; Employees Retirement System; University of Texas System; Texas A&M University System; Teacher Retirement System.

FIGURE 32
AVERAGE MONTHLY PLAN COST PER ENROLLEE FOR ERS, UNIVERSITY OF TEXAS SYSTEM, AND TEXAS A&M UNIVERSITY SYSTEM, FISCAL YEARS 2004 TO 2013



SOURCES: Employees Retirement System; University of Texas System; Texas A&M University System.

increases experienced nationwide for large employers. **Figure 32** also shows the nominal contribution after being adjusted for medical inflation. The medical inflation index used here reflects only consumer paid expenditures and premiums, and is the most readily available and reliable data factor for this measurement.

Figure 33 compares appropriated amounts for selected employee benefits during the 2014–15 biennium compared with 2012–13 biennial spending levels.

SALARY INCREASES

The Legislature appropriated $246.6 million in All Funds, including $167.1 million in General Revenue Funds and General Revenue–Dedicated Funds, to provide general state employees and employees at Texas A&M service agencies with salary increases of 1.0 percent (with a $50 per month minimum) in fiscal year 2014 and 2.0 percent (with a $50 per month minimum) in fiscal year 2015. Certain employees provided with targeted pay raises were excluded from this increase such as exempt employees, other employees of institutions of higher education, and certain employees of the judiciary. Targeted pay raises included a 5.0 percent increase for Correctional Officers at the Department of Criminal Justice and Juvenile Correctional Officers at the Juvenile Justice Department, and a 10.0 percent increase for direct support professionals at State Supported Living Centers at the Department of Aging and Disability Services as well as for psychiatric nursing assistants at the Department of State Health Services. Targeted pay raises totaling $4.9 million in All Funds were also provided for attorneys and non-legal staff at the 14 Courts of Appeals, the state's two high courts, the Supreme Court of Texas, and the Court of Criminal Appeals, and coordinators at state funded Child Protection and Support Courts.

In addition, $102.8 million in All Funds, including $17.2 million in General Revenue Funds and General Revenue–Dedicated Funds, is appropriated to provide certain law enforcement employees salary increases ranging from 5.0 percent to 16.9 percent in fiscal year 2014, and 5.0 percent to 18.1 percent in fiscal year 2015. The increase for law enforcement employees is equivalent to moving up all employees with four or more years of law enforcement experience by one salary group, and additionally providing a 10.0 percent compounded increase for all employees by fiscal year 2015. Law enforcement employees at the Department

FIGURE 33
SELECTED EMPLOYEE BENEFITS, ALL FUNDS, 2014–15 BIENNIUM

IN MILLIONS

AGENCY/FUND SOURCE	EXPENDED/ BUDGETED 2012–13	APPROPRIATED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
Benefit Replacement Pay	$62.8	$54.9	($7.9)	(12.6)
Social Security	1,428.3	1,471.5	43.2	3.0
Employees Retirement System Retirement	711.4	818.6	107.2	15.1
Employees Retirement System Health	2,601.0	3,134.2	533.2	20.5
Teacher Retirement System Retirement	3,089.7	3,239.7	150.0	4.9
Teacher Retirement System Retiree Insurance	371.3	495.1	123.8	33.3
Optional Retirement Program	261.0	263.4	2.4	0.9
Higher Education Group Insurance	967.6	1,192.8	225.3	23.3
TOTAL	**$9,493.1**	**$10,670.2**	**$1,177.1**	**12.4**
Method of Financing				
General Revenue Funds	$7,410.2	$8,334.1	$922.6	12.4
General Revenue–Dedicated Funds	530.8	586.6	55.8	10.5
Federal Funds	829.8	911.2	81.5	9.8
Other Funds	722.4	838.3	115.9	16.0
TOTAL, ALL FUNDS	**$9,493.1**	**$10,670.2**	**$1,177.1**	**12.4**

Note: Excludes state contributions for the Law Enforcement and Custodial Officer's Supplemental Retirement Fund, the Judicial Retirement System – Plan 1, the Judicial Retirement System – Plan 2, Public Safety Benefits, and Retiree Death Benefits.
Source: Legislative Budget Board.

of Public Safety, the Alcoholic Beverage Commission, the Department of Criminal Justice, and the Parks and Wildlife Department are eligible for this increase.

Figure 34 shows pay raises provided to state employees from fiscal years 2002 to 2015.

FIGURE 34
RECENT STATE EMPLOYEE PAY RAISE HISTORY

FISCAL YEAR	GENERAL STATE EMPLOYEES	LAW ENFORCEMENT EMPLOYEES
2002	4% with $100/ month minimum	4%
2003	None	None
2004	None	None
2005	None	None
2006	4% with $100/ month minimum	12.6% to 23.9%
2007	3% with $50/ month minimum	None
2008	2% with $50/ month minimum	5% to 10%
2009	2% with $50/ month minimum	None
2010	None	4.3% to 7.0%
2011	None	None
2012	None	None
2013	None	None
2014	1% with $50/ month minimum	5% to 16.9%
2015	2% with $50/ month minimum	5% to 18.1%

NOTES:
(1) Historical law enforcement percent increases are based on increases applied to the largest category in Schedule C, Group C3 which includes state troopers.
(2) In fiscal year 2002, non-faculty at institutions of higher education received the same increase as state employees.
(3) In fiscal year 2008, law enforcement employees with more than 20 years of service received only a 0.4 percent increase.
(4) For fiscal year 2010, the Eighty-first Legislature, Regular Session, 2009, provided a one-time bonus to state employees of $800 if they did not otherwise receive an increase in the supplemental appropriations bill or made less than $100,000.
(5) The percent increase amounts for law enforcement employees for fiscal year 2015 are computed based on the additional increase from fiscal year 2013 salaries.
SOURCE: Legislative Budget Board.

JUDICIAL PAY

The Legislature appropriated $34.8 million in General Revenue Funds to provide a 12.0 percent pay increase for judges and those statutorily linked to the pay of state district judges, and $1.2 million in General Revenue Funds for similar increases for visiting judges. This amount includes $7.6 million in General Revenue Funds for associated increases to employee benefits, including the Judicial Retirement System – Plan 1, the Judicial Retirement System – Plan II, and ERS Retirement. In addition, $6.4 million in General Revenue Funds is appropriated for block grants to the 14 Courts of Appeals for targeted pay raises and to restore staffing back to fiscal year 2011 levels. Out of these funds, targeted pay raises were provided for the staff at the Supreme Court and the Court of Criminal Appeals.

EXEMPT POSITIONS

The Legislature increased the authority for certain exempt salaries to align with 80 percent of the market average for salaries identified in *A Report on Executive Compensation at State Agencies* by the State Auditor's Office (Report No. 12-708). Salary authorization for certain positions already at 80 percent or more of the market average was increased by 1 percent in fiscal year 2014 and an additional 2 percent in fiscal year 2015, similar to the pay raise provided to general state employees, and some exempt positions received targeted adjustments. Elected officials were not provided a salary increase.

STATE INDEBTEDNESS

Texas continues to have a low state debt burden compared with other states, ranking ninth among the 10 most-populous states in state debt per capita in 2011, according to the U. S. Census Bureau. The U.S. Census Bureau further indicates Texas' per capita debt burden was $1,479 in 2011 while the U.S. average was $3,635.

Texas had approximately $37.9 billion in state bonds outstanding as of August 31, 2013. This total reflects debt outstanding by state agencies, excluding approximately $5.6 billion in revenue conduit issuances. In a conduit issuance, the issuer (the state) issues on behalf of a third-party borrower whose project generally has a public benefit, such as a housing project. When a state agency issues as a conduit issuer it has no legal obligation to repay the bond because the bond is backed by the third-party borrower's credit or funds. General Obligation (GO) bonds, which depend on the General Revenue Fund for debt service, account for an estimated 35.3 percent of the total bonds outstanding. Non-GO, or revenue, bonds comprise the remaining 64.7 percent. Approximately 69.9 percent of the outstanding GO bond indebtedness is designed to be self-supporting, although the full faith and credit of the state is pledged for its payment.

Figure 35 and **Figure 36** show, by issuing agency, estimated GO bonds that have been authorized but unissued, and outstanding (issued) GO bonds, respectively, as of August 2013.

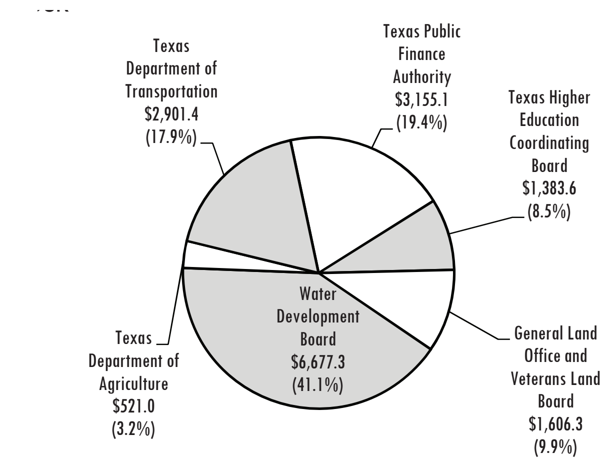
Figure 37 shows that debt service expenditures for the 2014–15 biennium are expected to exceed the 2004–05 biennial spending level by $3,057.2 million in All Funds, or 320.2 percent. This increase is primarily related to debt service requirements for debt issuances related to highway improvements and water projects. Debt service costs included in the state budget for the 2014–15 biennium total $4,012.1 million, or 2.0 percent of total appropriations. The increase in debt service costs from the 2012–13 biennial level is $912.9 million, or 29.5 percent (**Figure 38**), and is primarily due to increases in debt service requirement out of the General Revenue Fund and the State Highway Fund for highway improvements, as well as debt service on existing bonds issued by the Texas Public Finance Authority (TPFA), primarily for cancer research and prevention grants. Included in the debt service costs shown in **Figure 38** are approximately $11.7 million in General Revenue Funds to the TPFA for debt service related to $146.2 million in new General Obligation Bond Proceeds for deferred maintenance and courthouse preservation grants; approximately $145.2 million in General Revenue Funds to the Texas Department of Transportation for debt service related to $2.1 billion in General Obligation Bond Proceeds for highway construction; and approximately $6.0 million in General Revenue Funds to the Texas Water Development Board for debt service on $50 million in General Obligation Bond Proceeds for the Economically Distressed Areas Program water programs.

Debt service appropriations include a biennial increase of $88.5 million in General Revenue–Dedicated Funds, primarily related to the use of certain Tobacco Settlement funds for debt service on cancer prevention and research bonds for existing and future issuances.

Debt service appropriations also include a biennial increase of $539.2 million (36.5 percent) in Other Funds for debt service from the 2012–13 biennial spending level. This increase is primarily due to increases in debt service requirements out of the State Highway Fund, including $400.0 million out of this fund for the repayment of short-term obligations expected to be borrowed in fiscal year 2013 by the TxDOT.

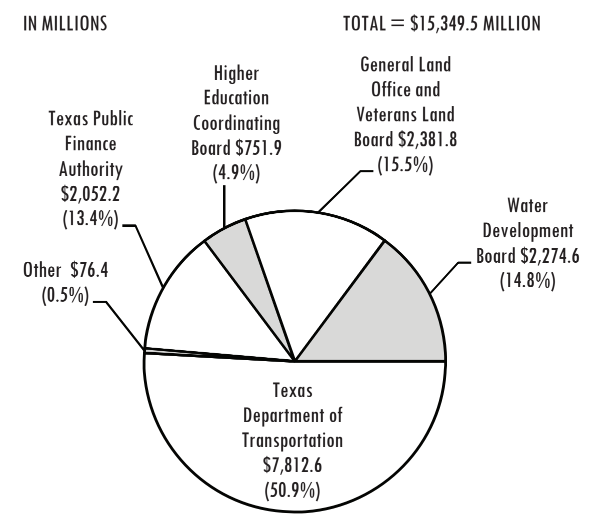
As a result of the appropriations made by previous legislatures and the Eighty-third Legislature, 2013, all of the $1 billion in GO bond authority provided by Proposition 4 (Senate Joint Resolution 90, Eightieth Legislature, Regular Session, 2007), for maintenance, improvement, repair, and construction projects was exhausted. The Proposition 8 (House Joint Resolution 97, Seventy-seventh Legislature, Regular Session, 2001) GO bond authority of $850 million was exhausted as a result of appropriations made by previous legislatures. TPFA debt service appropriations include debt service funding for Propositions 4 and 8.

FIGURE 35
GENERAL OBLIGATION BONDS AUTHORIZED BUT UNISSUED BY ISSUING AGENCY, AUGUST 2013



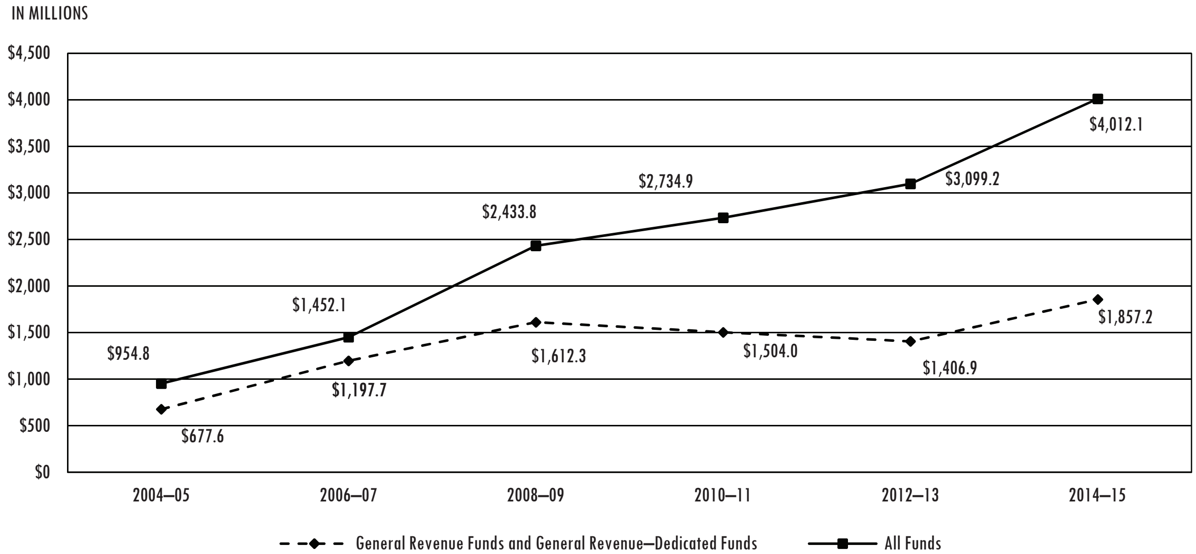
NOTE: Totals may not sum due to rounding.
SOURCE: Bond Review Board.

FIGURE 36
GENERAL OBLIGATION BONDS OUTSTANDING BY ISSUING AGENCY, AUGUST 2013



NOTES:
(1) Other = Trusteed Programs within the Office of the Governor, $45.0 million; Parks and Wildlife, $8.5 million; and Higher Education Assistance Fund, $22.9 million.
(2) Totals may not sum due to rounding.
SOURCE: Bond Review Board.

FIGURE 37
GENERAL OBLIGATION AND REVENUE BOND DEBT SERVICE EXPENDED AND APPROPRIATED AMOUNTS 2004–05 TO 2014–15 BIENNIA



SOURCE: Legislative Budget Board.

FIGURE 38
DEBT SERVICE PAYMENTS APPROPRIATIONS, 2012–13 AND 2014–15 BIENNIA

IN MILLIONS

AGENCY/TYPE OF DEBT	EXPENDED/ BUDGETED 2012–13	APPROPRIATED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Public Finance Authority - GO Bonds	$548.9	$697.2	$148.3	27.0
Texas Public Finance Authority - MLPP	18.7	17.2	(1.6)	(8.3)
Historical Commission/National Museum of the Pacific War - Lease Payments	1.7	1.6	(0.1)	(8.0)
Governor's Office - Economic Growth and Tourism	10.8	9.9	(0.9)	(8.3)
Water Development Board - Water Bonds	210.8	213.8	2.9	1.4
Facilities Commission - Lease Payments	76.3	58.2	(18.1)	(23.8)
Preservation Board/History Museum - Lease Payments	11.9	11.5	(0.4)	(3.5)
Department of State Health Services - Lease Payments	5.7	5.7	(0.0)	0.1
Tuition Revenue Bonds	584.3	587.8	3.5	0.6
Texas Military Department	4.0	3.6	(0.3)	(8.1)
Department of Criminal Justice - Private Prison Lease/Purchase	14.0	5.0	(9.0)	(64.2)
Parks and Wildlife - Lease Payments	14.5	6.8	(7.7)	(52.9)
Department of Transportation - State Highway Fund	748.7	1,267.4	518.8	69.3
Department of Transportation - Texas Mobility Fund	698.6	734.3	35.7	5.1
Department of Transportation - Highway Improvements (General Obligation Bonds)	150.3	392.0	241.8	160.9
TOTAL, DEBT SERVICE PAYMENTS	**$3,099.2**	**$4,012.1**	**$912.9**	**29.5**

FIGURE 38 (CONTINUED)
DEBT SERVICE PAYMENTS APPROPRIATIONS, 2012–13 AND 2014–15 BIENNIA

IN MILLIONS

AGENCY/TYPE OF DEBT	EXPENDED/ BUDGETED 2012–13	APPROPRIATED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
Method of Financing:				
General Revenue Funds	$1,408.9	$1,694.1	$285.2	20.2
General Revenue–Dedicated Funds	74.7	163.2	88.5	118.5
Federal Funds	137.8	137.8	0.0	0.0
Other Funds	1,477.8	2,017.0	539.2	36.5
TOTAL, ALL FUNDS	**$3,099.2**	**$4,012.1**	**$912.9**	**29.5**

NOTES:
(1) Texas Public Finance Authority - GO Bonds, Tuition Revenue Bonds, and Department of Transportation - Highway Improvements (General Obligation Bonds) reflect reductions for unused debt service appropriations for fiscal year 2013 pursuant to House Bill 10, Eighty-third Legislature, Regular Session, 2013 and House Bill 1025, Eighty-third Legislature, Regular Session, 2013.
(2) Texas Public Finance Authority - GO Bonds, Tuition Revenue Bonds, and Water Development Board - Water Bonds reflect supplemental appropriations of $11 million in General Revenue Funds for the 2012–13 biennium pursuant to House Bill 4, Eighty-second Legislature, Regular Session, 2011, for hurricane-related recovery and reconstruction of UTMB.
(3) Senate Bill 1536, Eighty-third Legislature, Regular Session, 2013, abolished the Adjutant General's Department and created the Texas Military Department, effective September 1, 2013.
(4) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

2. REVENUE SOURCES AND ECONOMIC OUTLOOK

This chapter examines Texas' current state and local government revenue structure. It concentrates on state revenue by examining the Comptroller of Public Accounts' (CPA) Certification Revenue Estimate released in December 2013 for the 2014–15 biennium. Included is a summary of the major legislative changes affecting state and local government revenue that were adopted by the Eighty-third Legislature, Regular Session, 2013, the Eighty-third Legislature, First Called Session, 2013, the Eighty-third Legislature, Second Called Session, 2013, and the Eighty-third Legislature, Third Called Session, 2013.

STATE REVENUE

Revenue collections totaled $193.7 billion during the 2012–13 biennium. Revenue collections for the 2014–15 biennium are estimated to total $208.2 billion, a 7.5 percent increase from the 2012–13 biennial levels. (See **Figure 39**, **Figure 40**, and **Figure 41**.)

FIGURE 39
STATE REVENUE BIENNIAL COMPARISON BY SOURCE
2012–13 AND 2014–15 BIENNIA

IN MILLIONS

SOURCE	2012–13 BIENNIUM	2014–15 BIENNIUM	PERCENTAGE CHANGE	PERCENTAGE OF 2014–15 TOTAL REVENUE	PERCENTAGE OF 2014–15 TOTAL TAXES
Tax collections	$91,860.2	$98,754.8	7.5	47.4	100.0
Federal receipts	65,452.4	73,916.1	12.9	35.5	N/A
Fees, fines, licenses, and penalties	15,514.7	16,463.1	6.1	7.9	N/A
Interest and investment income	2,281.8	2,182.1	(4.4)	1.0	N/A
Lottery	3,724.2	3,152.5	(15.4)	1.5	N/A
Land income	2,697.9	2,373.9	(12.0)	1.1	N/A
Other revenue sources	12,146.3	11,310.2	(6.9)	5.4	N/A
TOTAL, NET REVENUE	**$193,677.4**	**$208,152.7**	**7.5**	**100.0**	**N/A**
Sales tax	$50,135.0	$54,565.1	8.8	26.2	55.3
Oil production taxes	5,094.2	6,499.8	27.6	3.1	6.6
Natural gas production tax	3,029.8	2,994.3	(1.2)	1.4	3.0
Motor fuel taxes	6,390.7	6,497.8	1.7	3.1	6.6
Motor vehicle sales and rental taxes	7,437.6	8,221.8	10.5	3.9	8.3
Franchise tax	9,363.4	9,295.3	(0.7)	4.5	9.4
Cigarette and tobacco taxes	3,026.2	2,906.0	(4.0)	1.4	2.9
Alcoholic beverage taxes	1,906.6	2,057.4	7.9	1.0	2.1
Insurance occupation taxes	3,260.4	3,465.6	6.3	1.7	3.5
Utility taxes	885.8	846.8	(4.4)	0.4	0.9
Inheritance tax	(10.8)	0.0	(100.0)	0.0	0.0
Hotel occupancy tax	842.5	936.9	11.2	0.5	0.9
Other taxes	498.6	467.8	(6.2)	0.2	0.5
TOTAL, TAX COLLECTIONS	**$91,860.2**	**$98,754.8**	**7.5**	**47.4**	**100.0**

Note: Biennial change and percentage change have been calculated on actual amounts before rounding in all tables and graphics in this chapter. Table and graphic totals may not sum because of rounding.
Source: Comptroller of Public Accounts.

FIGURE 40
STATE REVENUE BY SOURCE, FISCAL YEARS 2011 TO 2015

IN MILLIONS	REVENUE					PERCENTAGE CHANGE				PERCENTAGE OF TOTAL	
SOURCE	2011	2012	2013	2014	2015	2012	2013	2014	2015	2011	2015
Tax collections	$38,856.2	$44,079.1	$47,781.0	$48,913.4	$49,841.4	13.4	8.4	2.4	1.9	41.2	47.2
Federal receipts	38,430.5	32,922.0	32,530.3	35,902.6	38,013.5	(14.3)	(1.2)	10.4	5.9	40.8	36.0
Fees, fines, licenses, and penalties	7,876.6	7,595.1	7,919.6	8,293.9	8,169.2	(3.6)	4.3	4.7	(1.5)	8.4	7.7
Interest and investment income	1,034.6	1,098.9	1,182.9	1,084.0	1,098.1	6.2	7.6	(8.4)	1.3	1.1	1.0
Lottery	1,675.5	1,830.9	1,893.3	1,573.0	1,579.5	9.3	3.4	(16.9)	0.4	1.8	1.5
Land income	1,461.8	1,372.3	1,325.7	1,174.0	1,199.9	(6.1)	(3.4)	(11.4)	2.2	1.6	1.1
Other revenue sources	4,935.8	5,742.7	6,403.5	5,569.3	5,740.9	16.3	11.5	(13.0)	3.1	5.2	5.4
TOTAL, NET REVENUE	**$94,270.9**	**$94,641.1**	**$99,036.4**	**$102,510.3**	**$105,642.4**	**0.4**	**4.6**	**3.5**	**3.1**	**100.0**	**100.0**
Sales tax	$21,479.0	$24,191.2	$25,943.8	$26,840.4	$27,724.7	12.6	7.2	3.5	3.3	55.3	55.6
Oil production taxes	1,472.8	2,103.3	2,990.9	3,262.8	3,237.1	42.8	42.2	9.1	(0.8)	3.8	6.5
Natural gas production tax	1,109.7	1,534.6	1,495.2	1,559.6	1,434.7	38.3	(2.6)	4.3	(8.0)	2.9	2.9
Motor fuel taxes	3,104.2	3,169.2	3,221.5	3,243.1	3,254.7	2.1	1.6	0.7	0.4	8.0	6.5
Motor vehicle sales and rental taxes	2,977.7	3,559.2	3,878.4	4,084.0	4,137.8	19.5	9.0	5.3	1.3	7.7	8.3
Franchise tax	3,932.1	4,564.7	4,798.7	4,666.6	4,628.7	16.1	5.1	(2.8)	(0.8)	10.1	9.3
Cigarette and tobacco taxes	1,559.5	1,428.1	1,598.1	1,399.3	1,506.7	(8.4)	11.9	(12.4)	7.7	4.0	3.0
Alcoholic beverage taxes	862.0	929.7	976.9	1,007.7	1,049.7	7.9	5.1	3.2	4.2	2.2	2.1
Insurance occupation taxes	1,349.6	1,496.3	1,764.2	1,723.7	1,742.0	10.9	17.9	(2.3)	1.1	3.5	3.5
Utility taxes	457.7	450.9	434.9	427.2	419.7	(1.5)	(3.6)	(1.8)	(1.8)	1.2	0.8
Inheritance tax	1.8	(0.5)	(10.3)	0.0	0.0	(126.9)	2,028.7	(100.0)	N/A	0.0	N/A
Hotel occupancy tax	348.8	401.4	441.1	462.1	474.8	15.1	9.9	4.8	2.7	0.9	1.0
Other taxes	201.1	250.9	247.7	237.0	230.8	24.8	(1.3)	(4.3)	(2.6)	0.5	0.5
TOTAL, TAX COLLECTIONS	**$38,856.2**	**$44,079.1**	**$47,781.0**	**$48,913.4**	**$49,841.4**	**13.4**	**8.4**	**2.4**	**1.9**	**100.0**	**100.0**

Source: Comptroller of Public Accounts.

Taxes accounted for less than half of the state's revenue in the 2012–13 biennium **(Figure 42)** as well as in the preceding five biennia. Prior to the previous five biennia, the state's share of revenue from taxes had been fairly constant, with taxes contributing approximately half of all revenue from 1996 to 2001.

According to CPA, state tax collections for the 2014–15 biennium are estimated to total $98.8 billion, an increase of $6.9 billion, or 7.5 percent, from the 2012–13 biennial collection levels.

SALES TAX

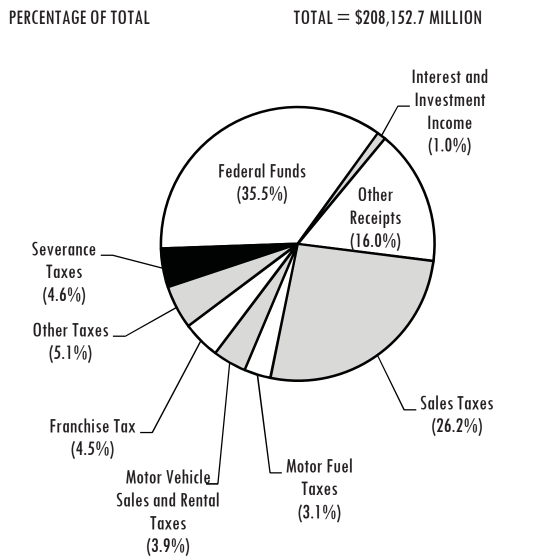
The sales and use tax continues to comprise most of the state's tax revenue (**Figure 39**, **Figure 40**, and **Figure 41**). CPA estimates that sales tax revenue for the 2014–15 biennium will be $54.6 billion, a 8.8 percent increase from 2012–13 biennial collections of $50.1 billion. The sales tax is expected to comprise 55.3 percent of total tax collections for the 2014–15 biennium.

The current state tax rate is 6.25 percent, the same rate in place since 1990. Subject to certain exemptions, the state sales and use tax is imposed on retail sales, leases, and rentals of goods purchased within or brought into the state, as well as some taxable services.

OIL AND GAS PRODUCTION TAXES

The state levies an oil production tax at 4.6 percent of value, a natural gas production tax at 7.5 percent of value, and an

FIGURE 41
ESTIMATED STATE REVENUE COLLECTIONS 2014–15 BIENNIUM



Source: Comptroller of Public Accounts.

oil regulation tax of three-sixteenths of one cent per barrel of oil produced. During the 2012–13 biennium, annual oil production was approximately 531.6 million barrels in fiscal year 2012 and 720.0 million barrels in fiscal year 2013. Oil was taxed at a price of approximately $91.99 per barrel in fiscal year 2012 and $93.20 per barrel in fiscal year 2013. Annual natural gas production was 7.7 trillion cubic feet in fiscal year 2012 and 7.7 trillion cubic feet in fiscal year 2013, while taxable natural gas prices were $3.50 per 1,000 cubic feet (Mcf) in fiscal year 2012, and approximately $3.38 per Mcf in fiscal year 2013.

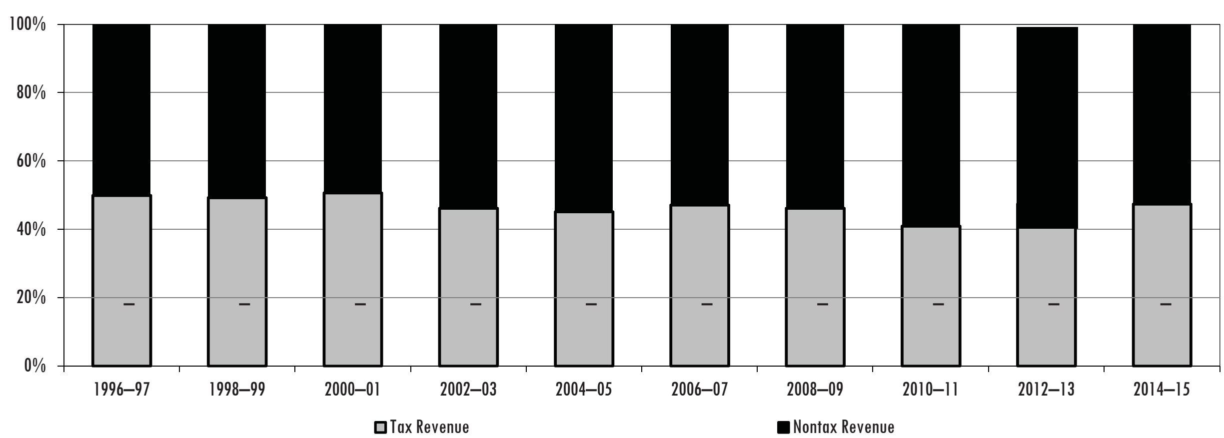
Oil production taxes are expected to increase during the 2014–15 biennium. Whereas 2012–13 biennial revenues from oil production and regulation taxes were $5.09 billion, CPA estimates the 2014–15 biennial revenues will be $6.5 billion, an increase of 27.6 percent.

For the 2012–13 biennium, natural gas tax collections totaled $3.03 billion. CPA estimates 2014–15 biennial revenues from natural gas will be about $2.99 billion, a decrease of 1.2 percent.

MOTOR FUEL TAXES

Texas taxes three major types of motor fuel: gasoline, diesel fuel, and liquefied petroleum gas (LPG—propane, butane, or compressed natural gas). Currently, gasoline and diesel fuel are taxed $0.20 per gallon; LPG is taxed at a rate of $0.15 per gallon. The 2012–13 biennial motor fuels tax collections totaled $6.4 billion. CPA estimates that fuel tax collections will grow 1.7 percent, forecasting $6.5 billion in revenue for the 2014–15 biennium. Historically, motor fuel taxes have accounted for about 10.0 percent to 12.0 percent of total state tax collections; however, the 2012–13 biennial motor fuel taxes accounted for only 7.0 percent of total tax

FIGURE 42
TAX AND NONTAX REVENUE COMPOSITION, 1996–97 TO 2014–15 BIENNIA



Note: 2014–15 biennial amount is estimated.
Source: Comptroller of Public Accounts.

collections. Motor fuel taxes are expected to comprise 6.6 percent of total tax collections for the 2014–15 biennium.

Approximately 75 percent of motor fuel tax revenues are dedicated for the construction, maintenance, and policing of public roads and are appropriated to the Texas Department of Transportation and the Texas Department of Public Safety for these purposes. Most of the remaining 25 percent of collections is dedicated to public education.

MOTOR VEHICLE SALES AND RENTAL TAX

The motor vehicle sales tax is levied at a rate of 6.25 percent on the price of a vehicle, less the value of any trade-in. The rental tax rate is 10.0 percent for rentals of 30 days or fewer, and 6.25 percent for rentals exceeding 30 days. Also included in motor vehicle sales and rental taxes is the tax on manufactured housing. This tax is levied at a rate of 5.0 percent of 65.0 percent of the manufacturer's selling price.

Motor vehicle sales and rental taxes increased during the 2012–13 biennium, bringing in $7.4 billion in revenue, 32.6 percent more than the previous biennium. Estimates by CPA are that revenue from motor vehicle sales and rental taxes will increase 10.5 percent to $8.2 billion for the 2014–15 biennium.

FRANCHISE TAX

In fiscal year 2008, the state converted from imposing a franchise tax that was based on taxable capital (net worth) and on earned surplus to a margins tax, which is based on "taxable margin." There were a number of expected transitional issues, which resulted in a revenue shortfall during the first year of implementation. In fiscal year 2009, the first year of full conformity with the margins tax, the actual revenue was $4.3 billion, which was 2.5 percent less than the CPA's 2009 biennial revenue estimate of $4.4 billion, and 29.7 percent less than originally forecast in 2006.

The margins tax was authorized by the Seventy-ninth Legislature, Third Called Session, 2006, to pursue two goals: (1) to make the tax on business activity in Texas more comprehensive, since many corporations and businesses could legally escape the previous franchise tax; and (2) to increase state tax revenues to partially offset the cost of providing property tax relief to Texas households and businesses.

The name "franchise tax" remains in the new statute, but it is more commonly called the "margins tax" because a business entity's taxable base is redefined as the "taxable margin." The taxable margin is the lesser value of four methods of calculation: (1) 70 percent of total revenue; (2) total revenue minus costs of goods sold; (3) total revenue minus total compensation and benefits; or (4) total revenue minus $1 million. Most entities pay at a rate of 1 percent on their taxable margin. The exception is a lower tax rate of one-half of 1 percent applied to any taxable entity engaged primarily in retail or wholesale trade. The original legislation in 2006 and subsequent legislation in 2007 also provided added relief for small businesses.

After increasing 16.1 percent in fiscal year 2012 and 5.1 percent in fiscal 2013, estimates by CPA indicate that the margins tax will decline 2.8 percent in fiscal year 2014 and will generate $4.67 billion; in fiscal year 2015, the tax is estimated to decline 0.8 percent and generate $4.63 billion. The companion legislation in 2006 (House Bill 2, Seventy-ninth Legislature, Third Called Session, 2006) established the Property Tax Relief Fund and stipulated that the amount that would have been collected under the old franchise tax every fiscal year would go into the General Revenue Fund, while the remainder of the margins tax would be dedicated to the Property Tax Relief Fund. Thus, of the $4.8 billion collected under the margins tax in fiscal year 2013, $2.8 billion was allocated to General Revenue Funds and $2.0 billion was allocated to the Property Tax Relief Fund.

House Bill 500 and House Bill 800, both passed by the Eighty-third Legislature, made modifications to the Franchise Tax. See Significant Legislation Revenue Actions for more information.

CIGARETTE AND TOBACCO TAXES

Cigarette, cigar, and tobacco excise tax revenue totaled $3.0 billion for the 2012–13 biennium. Revenue for the 2014–15 biennium is estimated by CPA to total $2.9 billion, a decrease of $120.2 million, or 4 percent, from the 2012–13 biennial level.

The cigarette tax comprised approximately 86.7 percent of total tobacco tax revenue for the 2012–13 biennium. Effective January 1, 2007, cigarettes are taxed at a rate of $1.41 per pack of 20 and $1.76 per pack of 25.

Legislation passed by the Seventy-ninth Legislature, Third Called Session, 2006, established the Property Tax Relief Fund. Revenue that would have been collected under the previous tax rates prior to January 1, 2007, is credited to the General Revenue Fund, while the excess above this amount generated by the increased tax rates is dedicated to the

Property Tax Relief Fund. The 2012–13 biennial transfers to the Property Tax Relief Fund from cigarette tax revenue totaled $1.7 billion. Transfers from cigarette tax revenue are estimated by CPA to be $1.6 billion for the 2014–15 biennium.

The tobacco products tax is levied on cigars, snuff, chewing tobacco, and smoking tobacco. Legislation passed by the Eighty-first Legislature, Regular Session, 2009, modified the base used to calculate the tax imposed on tobacco products (other than cigars) from the manufacturer's listed price to the manufacturer's listed net weight. Beginning in fiscal year 2010, the rate per ounce was $1.10 and increased 3-cents per ounce each fiscal year until September 1, 2012. After December 1, 2013, the rate remains at $1.22 per ounce. A portion of the revenue generated above the previous tax rate is deposited to the Physician Education Loan Repayment Program; the remainder of the revenue increase is deposited to the Property Tax Relief Fund.

The 2012–13 biennial transfers to the Property Tax Relief Fund from the cigar and tobacco products tax totaled $34.6 million. Transfers from the cigar and tobacco revenue for the 2014–15 biennium are estimated by CPA to be $31.9 million.

ALCOHOLIC BEVERAGE TAXES

Alcoholic beverage taxes consist of the mixed beverage gross receipts tax; volume-based taxes imposed on ale, beer, liquor, and wine; and a 5-cent per drink tax on beverages served on airlines and passenger trains. House Bill 3572 passed by the Eighty-third Legislature, Regular Session, 2013, reduced the rate for the mixed beverage gross receipts tax from 14 percent to 6.7 percent and implemented a sales tax of 8.25 percent on mixed beverages. The 2012–13 biennial alcoholic beverage tax revenue totaled $1.9 billion. Revenue for the 2014–15 biennium is estimated by CPA to increase by $150.8 million, or 7.9 percent, from the 2012–13 biennial level.

INSURANCE OCCUPATION TAXES

Insurance occupation taxes comprise insurance premium taxes and insurance maintenance taxes. Insurance-related entities must remit a percentage of their gross premiums to pay insurance premium taxes. Insurers pay 1.75 percent of accident, health, and life insurance gross premiums; 1.6 percent of property and casualty insurance gross premiums; 1.35 percent of title insurance premiums; and 4.85 percent of independently procured insurance premiums. Insurance maintenance taxes are also based on premiums. Insurance maintenance taxes are levied on insurance-related entities to cover the state's cost of regulating the industry. These regulatory costs are incurred primarily by the Texas Department of Insurance. Maintenance tax rates are reviewed annually and are based on the funding needs of the regulatory agencies. In addition to these taxes, retaliatory taxes are imposed on insurers from outside Texas to assist Texas-based companies operating in other states. If a Texas-based company pays a higher proportion of taxes to another state than domestic companies pay to that state, the insurance companies from the other state that compete in Texas must pay a retaliatory tax.

Insurance taxes and fees are forecast by CPA to total $3.5 billion for the 2014–15 biennium, an increase of 6.3 percent from the 2012–13 biennial level of $3.3 billion.

UTILITY TAX

Texas has three forms of utility gross receipts taxes: the gas, electric, and water tax; the public utility gross receipts tax; and the gas utility pipeline tax. The largest revenue generator is the gas, electric, and water tax, which has averaged almost $370 million per fiscal year since fiscal year 2002, providing approximately 83.0 percent of the state's total utility tax revenues. This tax is imposed on utility gross receipts at rates ranging from 0.581 percent to 1.997 percent, depending on city population. The public utility gross receipts tax is levied at a rate of 0.001667 percent of gross receipts. The gas utility pipeline tax is a levy of 0.5 percent on gas utility gross receipts less the cost of gas sold.

During the 2012–13 biennium, utility taxes generated $885.8 million in revenue. CPA estimates that utility taxes will generate $846.8 million for the 2014–15 biennium, a decline of 4.4 percent.

INHERITANCE TAX

Texas' inheritance tax liability equals the maximum federal credit allowed for state death taxes paid. Under federal law, the federal credit that Texas "picks-up" was reduced from 2001 levels by 25 percent in 2002, by 50 percent in 2003, and by 75 percent in 2004, with full repeal in 2005. The federal law was scheduled to sunset in 2011, thereby reinstating the federal credit and, consequently, reinstating the Texas inheritance tax liability. However, the federal law was extended without reinstating the federal credit. As a result, CPA estimates that there will be zero inheritance tax collections during the 2014–15 biennium. Although Texas inheritance tax collections were dormant during the 2012–13 biennium, $10.8 million was refunded to taxpayers resulting from overpayments during previous biennia.

HOTEL OCCUPANCY TAX

The hotel occupancy tax is estimated by CPA to generate $937 million for the 2014–15 biennium, which is 11.2 percent greater than the 2012–13 biennial collections of $842.5 million. Hotel tax revenues began declining in fiscal year 2009 as a result of the nationwide slump in tourism. Starting in fiscal year 2011, collections increased as higher rates of tourism and business travel resumed.

OTHER TAXES

"Other taxes" are levied on a variety of items such as cement, sulphur, attorney services, coin-operated machines, and bingo rental receipts. CPA estimates these taxes will generate $467.8 million during the 2014–15 biennium, a decrease of 6.2 percent from the 2012–13 biennial collections of $498.6 million.

NONTAX REVENUES

In addition to tax revenues, the state receives revenue from a variety of other sources.

FEDERAL RECEIPTS

Federal receipts constitute the state's largest source of nontax revenue. CPA estimates that collections for the 2014–15 biennium will total $73.9 billion, 35.5 percent of all revenue for the biennium, which is an increase of 12.9 percent from 2012–13 biennial receipts.

FEES, FINES, LICENSES, AND PENALTIES

Fees, fines, licenses, and penalties comprise the state's second largest source of nontax revenue. According to CPA, the state is projected to receive $16.5 billion from this revenue category for the 2014–15 biennium. This amount represents an increase of 6.1 percent from 2012–13 biennial collections of $15.5 billion. This revenue category is expected to contribute 7.9 percent of all state revenue during the biennium.

INTEREST AND INVESTMENT INCOME

Most interest on fund balances and investment revenue in General Revenue Funds is composed of income deposited to the Available School Fund (ASF) from Permanent School Fund (PSF) investments. Funds distributed from the PSF to the ASF during a 10-year period may not exceed the total return on all PSF investment assets during the same period. Transfers to the Available School Fund totaled $1.02 billion in fiscal year 2012 and $1.32 billion in fiscal year 2013. The 2013 transfer included $0.3 billion from the General Land Office, pursuant to the provisions of House Joint Resolution 109, Eighty-second Legislature, Regular Session, 2011. CPA estimates that $837.8 million will be transferred in both fiscal year 2014 and fiscal year 2015.

All Funds total interest and investment revenue for the 2014–15 biennium is expected to be $2.2 billion, a decrease of 4.4 percent, from the 2012–13 biennial investment revenue of $2.28 billion.

LOTTERY REVENUE

Texas Lottery ticket sales totaled $4.4 billion in fiscal year 2013, an increase of $185.5 million or 4.4 percent greater than the fiscal year 2012 sales. Of the fiscal year total sales, $2.8 billion was paid out to players; $236.3 million was paid to retailers in the form of commissions, bonuses and incentive payments; on a cash basis, $1.032 billion was transferred to the Foundation School Account; $5.2 million was transferred to the Texas Veterans Commission and $41.9 million of unclaimed prizes was transferred to the state. Of the remaining fiscal year 2013 sales, $194.3 million was used to fund administrative expenses.

CPA estimates that $1.036 billion in fiscal year 2014 and $1.040 billion in fiscal year 2015 will be available for transfer to the Foundation School Account.

LAND INCOME

Land income is derived from mineral royalties and leases, land sales, and the sale of timber and sand. CPA estimates that the state will collect $2.4 billion in income from state lands for the 2014–15 biennium. This amount reflects a decrease of 12 percent from 2012–13 biennial collections of $2.7 billion.

TOBACCO SETTLEMENT REVENUE

In January 1998, the State of Texas entered into a settlement agreement with the defendants in the state's action against tobacco manufacturers. One result of the agreement was the establishment of a series of payments to the state and a number of political subdivisions to be made by the defendants named in the agreement. The schedule of these payments is outlined in the settlement agreement. Future payments are subject to price, sales volume, and tobacco company profitability adjustments. These adjustment factors may cause actual Tobacco Settlement revenue collections to deviate from the original payment schedule.

During the 2012–13 biennium, the state received $959.3 million as a result of the federal Tobacco Settlement agreement. For the 2014–15 biennium, $916.5 million is expected as the volume of domestic cigarette sales declines.

OTHER REVENUE

The remaining $11.3 billion, or 5.4 percent, of state revenue comes from a variety of sources: sales of goods and services, child support collections, revenue from unclaimed property, settlement of claims including tobacco settlement revenue mentioned previously, and various federal programs. CPA estimates that collections of other revenue during the 2014–15 biennium will be 6.9 percent less than the 2012–13 biennial collections of $12.2 billion.

SIGNIFICANT LEGISLATIVE REVENUE ACTIONS

The Eighty-third Legislature passed several bills that affect state revenue.

EIGHTY-THIRD LEGISLATURE, REGULAR SESSION, 2013

HB 7 – Reducing Reliance on General Revenue–Dedicated Accounts. The enactment of House Bill 7 adjusts several fees that are deposited into General Revenue–Dedicated Accounts. The bill reduces certain solid waste disposal fees by approximately 25 percent. The bill eliminates the non-bypassable fee that finances the System Benefit Fund and eliminates the balance of the fund by appropriating $500 million for enhanced low-income discounts on electric bills.

HB 500 – Franchise Tax Bill. The enactment of House Bill 500 makes several modifications to the calculation of an entities franchise tax liability, beginning in fiscal year 2014:

- The maximum level of total revenue for an entity to have no franchise tax liability (previously set to revert to $600,000 in fiscal year 2014) is permanently set at $1 million.
- The franchise tax rate is reduced by 2.5 percent in fiscal year 2014. In fiscal year 2015 the franchise tax rate will be reduced by 5 percent, contingent upon the CPA certifying in the January 2015 BRE that the state will receive enough revenue during the 2014–15 biennium to offset the loss of franchise tax revenue from the rate cuts.
- A fourth option for computing taxable margin is added to the original three methods. Beginning in fiscal year 2014 a taxable entity may now elect to calculate their taxable margin as total revenue minus $1 million.
- Several taxable entities previously taxed at 1.0 percent are now classified as retailers and taxed at 0.5 percent, including entities engaged in the following activities: automotive repair; rental purchase agreements; the renting or leasing of tools, party and event supplies, and furniture; and heavy construction rental or leasing.
- Several taxable entities receive various total revenue exclusions related to their business including; pharmacy networks, aggregate transporters, barite transporters, landman service providers, vaccine providers, waterway transporters, and motor carriers.
- Taxable entities classified as pipeline entity or a movie theatre are eligible to use a modified Cost of Goods Sold calculation related to their industry.
- The apportionment formula for receipts from Internet hosting is modified so that a receipt will be included in the numerator of the apportionment ratio only if the customer is located in the state of Texas.
- A taxable entity relocating to Texas may deduct relocation costs from their apportioned margin during the first year they incur franchise tax liability.
- Taxable entities are eligible for a franchise tax credit for the eligible costs and expenses incurred in the rehabilitation of a certified historic structure.

SB 559 – Reversal of Tax Speedups. The enactment of Senate Bill 559 repeals several sections of the Texas Tax Code relating to tax remittances and fund transfers made by CPA. Senate Bill 1, Eighty-second Legislature, First Called Session, 2011 required certain entities that remit sales, motor fuels, and alcoholic beverage taxes to pay, along with their August 2013 payment, a September 2013 “pre-payment” equal to 25 percent of their remittances due in August, which they in turn would have been allowed to take a credit for when remitting their September 2013 payment. The same bill also delayed the July and August 2013 transfer of motor fuels tax to the Available School Fund and State Highway Fund until

September 2013. Senate Bill 559 repealed both the prepayments and transfer delays before they took effect. In addition, Senate Bill 559 repealed a section of statute that directed CPA to transfer an estimate of September lottery revenue to the Foundation School Fund in August.

HB 800 – R&D Incentive Through Sales Tax Exemption or Franchise Tax Credit. The enactment of House Bill 800 provides entities engaged in research and development a sales tax exemption or a franchise tax credit. An entity may use either the sales tax exemption or franchise tax credit in a report year, but not both in the same report year. For the sales tax, the sale, storage, or use of depreciable tangible personal property (that has a useful life of over one year and is subject to Generally Accepted Accounting Principles depreciation rules) directly used in qualified research is exempted from the sales tax. The franchise tax credit is equal to 5.00 percent (or 6.25 percent if the entity contracts to perform the research with an institution of higher education) of the qualified research expenses incurred in the state in excess of 50.00 percent of the average amount of qualified research expenditures incurred in the state during the previous three years. The franchise tax credit largely mirrors the previous version of the credit that was available to taxable entities prior to its repeal effective after tax year 2007. Both the sales tax exemption and the franchise tax credit are scheduled to sunset on December 31, 2026.

HB 1133 – Sales Tax Exemption for Cable Television Service, Internet Access Service and Telecommunications Services Providers. The enactment of House Bill 1133 provides a sales tax exemption to a provider of cable television service, Internet access service, or telecommunication services. Beginning on September 1, 2013 providers are eligible for a refund of sales tax paid for the sale, lease, or rental of tangible personal property used or consumed in the distribution of cable television service, the provision of Internet access service, or the transmission, conveyance, routing, or reception of telecommunication service. Total refunds are capped at $50 million per fiscal year, if refund claims exceed $50 million, each entity claiming a refund shall receive a pro rata share of $50 million.

HB 1223 – Data Center Sales Tax Exemption. The enactment of House Bill 1223 provides a sales tax exemption for certain data centers. Beginning on September 1, 2013, certain tangible personal property (listed in statute) is exempted from the sales tax when purchased by a qualified data center.

HB 3390 – Extension of Chapter 313, the Texas Economic Development Act. The enactment of House Bill 3390 extends the expiration date of the Texas Economic Development Act (EDA) until December 31, 2022 (formerly set to expire on December 31, 2014) and makes several changes to the program. The bill amends several definitions used for eligibility purposes and expands the types of projects eligible for tax incentives under the program. Additional reporting requirements for projects and monitoring by the Comptroller of Public Accounts and the State Auditor's Office are also added by the bill. The bill also repeals Subchapter D of the EDA that allowed tax credits to be paid by school districts to property owners in addition to the limitation on the appraised value of their property.

HB 3536 – Tobacco Fee for Non-Settling Manufacturers. The enactment of House Bill 3536 imposes a fee on the sale, use, consumption or distribution of cigarettes and cigarette tobacco products manufactured by companies that were not part of the Comprehensive Settlement Agreement and Release between Texas and certain tobacco companies filed in 1998, and are generally known as "non-settling manufacturers" or NSMs.

EIGHTY-THIRD LEGISLATURE, THIRD CALLED SESSION, 2013

SJR 1 – Constitutional Amendment Regarding the Transfer of General Revenue Funds to the Economic Stabilization Fund and to the State Highway Fund. The passage of Senate Joint Resolution 1 will propose an amendment to Article III, Section 49-g of the Texas Constitution on November 4, 2014 regarding the transfer of General Revenue Funds to the Economic Stabilization Fund (ESF). Under current law every fiscal year 75 percent of the amount by which the prior year oil production tax collections and natural gas production tax collections exceeded their respective fiscal year 1987 collection levels ($531.9 million for oil and $599.8 million for gas) is transferred from the General Revenue Fund to the ESF. Under the proposed amendment, if certain statutorily defined requirements are met, one half of the amount previously described would be transferred to the ESF, with the other half being transferred to the State Highway Fund (SHF). The funds transferred to the SHF may only be used only for constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads.

HB 1 – Provides the Mechanism for Modifying the Transfer Proposed in SJR 1. The enactment of House Bill 1 (which is contingent on voter approval of the constitutional amendment proposed by SJR 1 described above) provides the required mechanism for modifying the transfer allocation proposed by SJR 1. Not later than December 1 of every even numbered year a select committee (comprised of five members of the House of Representatives appointed by the Speaker and five members of the Senate appointed by the Lieutenant Governor) shall adopt a minimum sufficient balance in the ESF for the next biennium that the committee estimates will ensure an appropriate amount of money in the fund. An alternate sufficient minimum balance may be adopted by a concurrent resolution approved by a majority of the members of each house no later than the 45th day of the legislative session; otherwise the minimum sufficient balance adopted by the select committee will take effect for the upcoming biennium.

In each fiscal year if the prior fiscal year ending ESF balance plus any projected transfers during the fiscal year is less than the minimum sufficient balance adopted by the Legislature than the projected transfer to the SHF pursuant to Article III, Section 49-g of the Texas Constitution shall be reduced and re-allocated to the ESF by an amount necessary for the ESF to reach the minimum sufficient balance. If the total projected transfer to the SHF is less than the amount needed for the ESF to reach the minimum sufficient balance than no transfer to the SHF will be made in that fiscal year. The modified transfer is scheduled to sunset after fiscal year 2025, upon which time the entire transfer will revert back to being wholly deposited to the ESF.

MAJOR STATE FUNDS

Although there are more than 400 funds in the State Treasury, the General Revenue Fund and a few closely related special funds and accounts play key roles in state finance. These key funds and accounts are described in this section. Funds and accounts in the State Treasury are not directly equivalent to methods of finance in the GAA.

GENERAL REVENUE FUND

The General Revenue Fund consists of non-dedicated General Revenue and General Revenue–Dedicated accounts. The non-dedicated portion of the General Revenue Fund serves as the state's primary operating fund. Most state tax revenue, many state fees, and various other sources of revenue are deposited as non-dedicated General Revenue Funds. Among the taxes deposited initially to the non-dedicated General Revenue Fund are the state sales tax, the franchise tax, motor vehicle sales taxes, alcohol and tobacco taxes, the oil production tax, the natural gas tax, and motor fuel taxes. Expenditures may be made directly from non-dedicated General Revenue Funds, or in some cases, revenue may be transferred from non-dedicated General Revenue Funds to special funds or accounts.

Prior to 1991, most of the accounts that now compose dedicated General Revenue Funds existed as separate special funds outside the General Revenue Fund. A fund consolidation process initiated in 1991 brought almost 200 special funds into the General Revenue Fund as General Revenue–Dedicated accounts. There is an important distinction between special funds and General Revenue–Dedicated accounts: cash balances in the General Revenue–Dedicated accounts are counted as part of the General Revenue Fund balance in determining the amount of cash available for certification of appropriations from the General Revenue Fund; special fund account balances do not affect the amount of cash available for certification for the General Revenue Fund.

AVAILABLE SCHOOL FUND

The ASF receives a total distribution from the PSF and one-quarter of net motor fuel taxes. The distribution amount is based upon a total return methodology, or a percentage of the average market value of the PSF. The distribution rate cannot exceed 6 percent of the average market value. The distribution rate is established by the State Board of Education (SBOE), or by the Texas Legislature in biennia when the SBOE fails to establish a rate. Additionally, the General Land Office has authority to make direct deposits into the ASF up to $300 million per year.

A portion of ASF revenue is transferred to the State Instructional Materials Fund and used to provide free textbooks and technology to children attending Texas public schools. Remaining revenue in the ASF is allocated to school districts on a per-pupil basis.

FOUNDATION SCHOOL ACCOUNT

One-quarter of occupation taxes, such as the oil production tax, the natural gas production tax, and the gas, water, and electric utility tax, are constitutionally dedicated to public education. The revenue from these taxes is initially deposited to the General Revenue Fund and then transferred to the Foundation School Account. Enactment of legislation passed by the Seventy-fifth Legislature, 1997, statutorily dedicated net lottery proceeds to public education, and those proceeds are deposited to the Foundation School Account. The Foundation School Account also receives the revenue from attendance credits purchased by local school districts under the public school finance system. Revenue from the account is distributed to school districts using Foundation School Program formulas, and via multiple methods of finance in the GAA.

TEACHER RETIREMENT SYSTEM TRUST FUND

The Teacher Retirement System Trust Fund is a traditional defined benefit state retirement program used to pay retirement, disability, survivor and death benefits to former employees of public school districts and public institutions of higher education. The state's contribution rates are set by state law and appropriations received by the Teacher Retirement System are determined by the Legislature. In addition, the fund receives membership contributions and membership fees. Expenditures from the fund are made without legislative appropriation.

PARKS AND WILDLIFE ACCOUNTS

The State Parks Account, the Local Parks Account, and the Parks and Wildlife Capital and Conservation Account share a portion, determined by an appropriation, of 94 percent of the proceeds from the collection of taxes on the sale, storage, or use of sporting goods.

COMPTROLLER ENFORCEMENT ALLOCATION

One percent of gross motor fuel tax collections is allocated to CPA for enforcement of fuel tax laws.

COUNTY AND ROAD DISTRICT FUND

A transfer of $7.3 million in gasoline tax revenue is made to the County and Road District Fund each year. Revenue from the fund is allocated to counties for the construction and maintenance of lateral roads and debt service related to lateral roads.

STATE HIGHWAY FUND

The State Highway Fund is used for highway construction and maintenance, acquisition of rights-of-way, and the policing of public roads. The major revenue sources deposited directly to the fund include motor vehicle registration fees, federal highway funds, and the sales tax on motor lubricants. Motor fuel tax revenue is deposited to the General Revenue Fund, and a significant portion of that is allocated to the State Highway Fund. Voter approval of Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013, would direct additional General Revenue Fund allocations to the State Highway Fund based on the performance of oil and gas production taxes.

HOTEL OCCUPANCY TAX FOR ECONOMIC DEVELOPMENT ACCOUNT

The Economic Development and Tourism office within the Office of the Governor receives one-twelfth of state hotel occupancy tax collections each year for advertising and other marketing activities. The hotel tax is deposited to the General Revenue Fund; all but the portion dedicated to the Economic Development and Tourism office is non-dedicated General Revenue Funds.

TEXAS MOBILITY FUND

Article 3, Section 49-k, of the Texas Constitution was added by amendment in November 2001, establishing the Texas Mobility Fund (TMF). The fund is a revolving fund in the State Treasury and is administered by the Texas Transportation Commission and the Texas Department of Transportation for the design, construction, reconstruction, acquisition, and expansion of state highways. The TMF can also be used in the construction of publicly owned toll roads and other public transportation projects. Subject to CPA's approval and the implementation of a strategic plan that outlines the use of TMF revenues, the Texas Transportation Commission is authorized to sell debt obligations of the state to construct highways, toll roads, or other transportation projects. These obligations are guaranteed with a pledge of the state's full faith and credit should the TMF balance prove insufficient to pay outstanding obligations. In that circumstance, the Texas Legislature must appropriate funds from the State Treasury to pay any outstanding obligations. The proceeds of debt issuances are to be deposited in the TMF, and fund proceeds are pledged to the payment of any outstanding obligations or credit agreements. The Texas Legislature may dedicate any taxes or other revenues to the TMF that otherwise are not dedicated by the Texas Constitution, namely, motor fuel taxes, lubricant sales taxes, title fees, and motor vehicle registration fees. Current deposits include portions of fees for the registration, titling, and inspection of motor vehicles, driver record information, and driver licenses, as well as fees for state traffic fines and penalties.

PROPERTY TAX RELIEF FUND

A portion of all revenue collected under the motor vehicle sales and use tax, cigarette and tobacco products tax, and the franchise/ business margins tax is deposited to the Property Tax Relief Fund. Fiscal year 2013 transfers to the Property Tax Relief Fund totaled $3.0 billion. Amounts transferred to the fund for the 2014–15 biennium are estimated by CPA to total $2.66 billion in fiscal year 2014 and $2.64 billion in fiscal year 2015.

ECONOMIC STABILIZATION FUND

The Economic Stabilization Fund (ESF), or "Rainy Day Fund," is a constitutional fund created by the voters in 1988. Currently, (prior to SJR 1) whenever collections are sufficient, the fund receives an amount of General Revenue Funds equal to 75 percent of the amount of oil production tax collections in excess of 1987 levels, and 75 percent of the amount of natural gas tax collections in excess of 1987 levels. The fund also receives one-half of any unencumbered General Revenue Funds balance at the end of each biennium. The Texas Legislature may also appropriate revenue to the fund.

Appropriations may be made from the ESF with a three-fifths vote of the members present in each house under certain circumstances, such as when a budget deficit develops in a biennium or when CPA estimates that revenue will decline from one biennium to the next. Appropriations may be made from the ESF for any purpose at any time with a two-thirds vote of the members present in each house of the Legislature.

The ESF ended fiscal year 2012 with a balance of $6.1 billion. House Bill 1025, Eighty-third Legislature, Regular Session, 2013, appropriated $1.9 billion from the fund to undo the scheduled August 2013 Foundation School Program deferral and to pay for various costs associated with wildfires in the state during the biennium. After the House Bill 1025 expenditures and 2013 General Revenue Fund transfers of $1.9 billion into the fund, the ESF ended the 2012–13 biennium with a balance of $6.2 billion. **Figure 43** shows the revenue, expenditure, and balance history of the ESF for the past 10 years, as well as projections for the upcoming biennium.

The fiscal year 2014 ESF transfer, based on fiscal year 2013 oil production and natural gas tax collections is expected to total $2.52 billion. In November 2013 voters approved a constitutional amendment that triggered an additional $2.0 billion contingent appropriation (made in HB 1025) to the State Water Implementation Fund. Another proposed constitutional amendment will be placed before Texas voters on the November 2014 ballot. If approved, beginning in fiscal year 2015, the current amount of General Revenue Funds transferred to the ESF would be split, with one half being transferred to the ESF and one half being transferred to the State Highway Fund.

FIGURE 43
ECONOMIC STABILIZATION FUND HISTORY
FISCAL YEARS 2004 TO 2015

IN MILLIONS

FISCAL YEAR	REVENUE	EXPENDITURE	ENDING BALANCE
2004	$358.1	$553.0	$365.6
2005	$611.8	$970.5	$6.9
2006	$926.5	$508.2	$405.2
2007	$1,617.7	$691.5	$1,311.4
2008	$3,114.5	$90.5	$4,355.4
2009	$2,370.7	$0.4	$6,725.7
2010	$966.9	$0.0	$7,692.6
2011	$518.5	$3,198.7	$5,012.4
2012	$1,121.0	$0.0	$6,133.4
2013	$1,908.6	$1,871.8	$6,170.2
2014	$2,541.8	$2,056.0	$6,656.0
2015	$1,414.5	$0.0	$8,070.5

NOTE: Fiscal years 2014 and 2015 estimates are from the 2014–15 Certification Revenue Estimate.
SOURCE: Comptroller of Public Accounts.

The fiscal year 2015 ESF transfer, based on fiscal year 2014 severance tax collections is expected to total $2.77 billion under current law or $1.38 billion if voters approve the November 2014 constitutional amendment regarding the ESF transfer calculation. Combined with projected interest earnings, CPA estimates that the ESF balance will reach $8.1 billion by the end of the 2014–15 biennium. This balance will be approximately $1.38 billion higher if voters do not approve the November 2014 constitutional amendment regarding the ESF transfer calculation.

FEDERAL FUNDS APPROPRIATIONS

Appropriated Federal Funds for the 2014–15 biennium total $68.7 billion, a 6.0 percent increase from the 2012–13 biennial total of $64.8 billion **(Figure 44)**. This $3.9 billion increase constitutes 40.3 percent of the increase between the biennia in the All Funds Budget. The Business and Economic Development function, which increased by 17.9 percent from the 2012–13 biennial level, reflects a higher percentage in Federal Funds than any other area. The $1.7 billion increase is due primarily to increased Federal Funds for Highway Planning and Construction program. The Health and Human Services function grew by 7.0 percent, with the

FIGURE 44
FEDERAL FUNDS – STATEWIDE SUMMARY, 2012–13 AND 2014–15 BIENNIA

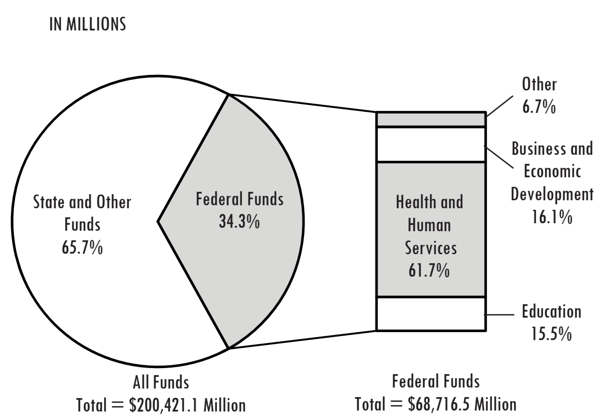
IN MILLIONS ALL FUNCTIONS	EXPENDED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$866.0	$650.4	($215.6)	(24.9)
Article II – Health and Human Services	39,643.2	42,433.3	2,790.1	7.0
Article III – Agencies of Education	10,206.8	10,634.0	427.2	4.2
Public Education	*9,884.8*	*10,365.1*	*480.3*	*4.9*
Higher Education	*322.0*	*268.9*	*(53.1)*	*(16.5)*
Article IV – The Judiciary	4.4	3.6	(0.8)	(18.9)
Article V – Public Safety and Criminal Justice	1,778.4	1,335.6	(442.8)	(24.9)
Article VI – Natural Resources	2,935.8	2,563.4	(372.4)	(12.7)
Article VII – Business and Economic Development	9,379.1	11,059.4	1,680.3	17.9
Article VIII – Regulatory	8.5	6.1	(2.4)	(28.2)
Article IX – General Provisions	0.0	30.7	30.7	N/A
Article X – The Legislature	0.0	0.0	0.0	N/A
TOTAL, ALL FUNCTIONS	**$64,822.2**	**$68,716.5**	**$3,894.3**	**6.0**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Totals may not sum due to rounding.
Source: Legislative Budget Board.

largest dollar amount increase—$2.8 billion. This increase is primarily related to the Medicaid program. Federal Funds make up 34.3 percent of the 2014–15 biennial All Funds budget (**Figure 45**), a slight increase from the 34.0 percent share in the 2012–13 biennium.

Not all federal funding streams directed to Texas are included in these totals. For example, Earned Federal Funds are reimbursements to the state for expenditures already paid with state funds and are included in General Revenue Funds. Most Federal Funds received by higher education institutions and a portion of Medicaid Disproportionate Share Hospital payments are not included in the Federal Funds totals either. Food stamp benefits are not appropriated, nor are in-kind federal contributions such as the vaccines the federal government distributes to Texas. Expenditures for federal government salaries and wages, procurement, and direct payments to entities and individuals are not received by the state and therefore also are not included in the Federal Funds total.

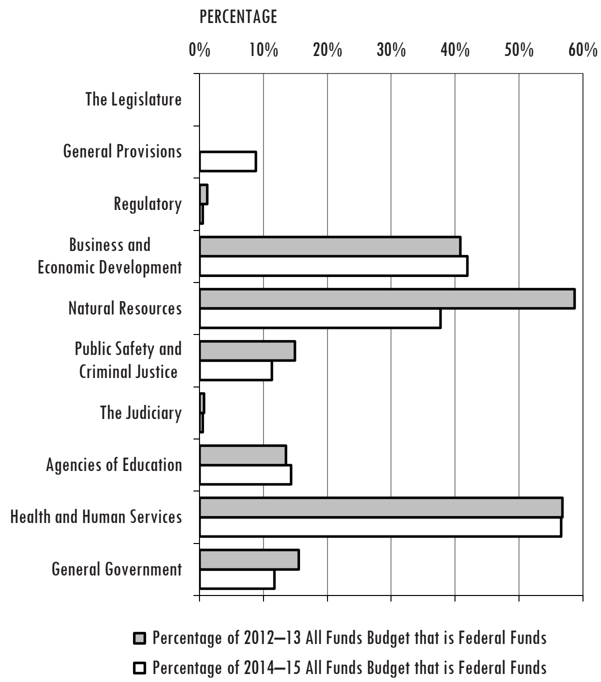
FIGURE 45
FEDERAL FUNDS AS PERCENTAGE OF ALL FUNDS 2014–15 BIENNIUM



Note: Other = General Government 0.9%; Public Safety and Criminal Justice 1.9%; Natural Resources 3.7%; The Judiciary <0.1%; Regulatory <0.1%.
Source: Legislative Budget Board.

Most of the Federal Funds Texas receives (93.3 percent) are for services provided through the Health and Human Services, Business and Economic Development, and Education functions within the 2014–15 GAA. **Figure 45** shows the amount of Federal Funds received by each of the functions as a percentage of Federal Funds included in the 2014–15 GAA. **Figure 46** shows each function's Federal Funds as a percentage of the function's All Funds budget.

FIGURE 46
PERCENTAGE OF EACH FUNCTION'S ALL FUNDS BUDGET THAT IS FEDERAL FUNDS
2012–13 BIENNIUM AND 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

HEALTH AND HUMAN SERVICES

For the 2014–15 biennium, the Legislative Budget Board (LBB) estimates that Health and Human Services agencies will receive $42.4 billion in Federal Funds, which is 61.7 percent of the state's total Federal Funds. Federal Funds for these agencies are expected to increase $2.8 billion from the 2012–13 biennial levels. This increase is primarily attributable to the Medicaid program. The Health and Human Services Commission, which administers the state's Medicaid program and Children's Health Insurance Program, receives 67.4 percent of the function's total Federal Funds.

BUSINESS AND ECONOMIC DEVELOPMENT

LBB staff estimates that Business and Economic Development agencies will receive $11.1 billion in Federal Funds during the 2014–15 biennium, an increase of $1.7 billion from 2012–13 biennial levels. Federal transportation funds to support highway and construction planning account for most of the increase from the 2012–13 biennium. Approximately 42.1 percent of the total budget for the Business and Economic Development function is expected to come from federal sources. Two agencies, the Texas Department of Transportation and the Texas Workforce Commission, receive 95.3 percent of the function's Federal Funds.

EDUCATION

The Education agencies account for the third-largest portion of Federal Funds in the state budget. LBB staff estimates that Education agencies are expected to receive $10.6 billion in Federal Funds during the 2014–15 biennium (15.5 percent of the state's total Federal Funds), an increase of $427.2 million from 2012–13 biennial levels. Most of the increase is attributable to school nutrition programs. One agency, the Texas Education Agency, receives 96.2 percent of the function's appropriated Federal Funds.

OTHER FUNCTIONS

Federal Funds for the remaining functions (General Government, Judiciary, Public Safety and Criminal Justice, Natural Resources, and Regulatory), are estimated by the LBB to total $4.6 billion (6.7 percent) of the state's federal receipts during the 2014–15 biennium.

LOCAL REVENUE

This section discusses property taxes and local sales and use taxes levied by school districts, counties, cities, metropolitan transit authorities, and special districts.

PROPERTY TAXES

Property taxes are levied by school districts, counties, cities, and special districts. There are a variety of types of special districts: junior colleges, hospitals, rural fire-fighting, municipal utilities, flood control, navigation, and economic development reinvestment zones.

TAXABLE VALUES

Gross taxable property values, adjusted for productivity valuation, totaled $670.2 billion for calendar year 1992.

(Productivity valuation is a measure of land value based on the land's ability to produce income from agriculture or timber operations.) By calendar year 2012, adjusted gross property values stood at $1,998.2 billion, an increase of 198.1 percent from the 1992 level. In calendar year 2012, net taxable school district property values increased $77.9 billion, or 4.6 percent from the 2011 amount (**Figure 47**). Net taxable school district property values have decreased in only one calendar year since 1992. (**Figure 48**).

In calendar year 2002, school district exemptions accounted for $145.0 billion of reduced taxable value. By calendar year 2012, this figure had grown to $229.8 billion, an $84.8 billion increase from 2002 levels. In calendar year 2012, about 69.8 percent of the total exemption amount was attributable to the state-mandated residential homestead exemptions, the 10 percent residential homestead appraisal valuation cap, and the property tax freeze for qualified homeowners age 65 or older (see **Figure 49**).

PROPERTY TAX LEVIES

In calendar year 2011, the most recent year for which complete property tax data is available, nearly 4,000 local taxing units levied $40.6 billion in property taxes, an increase of $0.3 billion, or 0.8 percent from the 2010 level. As shown in **Figure 50**, school districts levied the highest amount of property taxes in calendar year 2011 with $22.0 billion, followed by cities at $6.8 billion, counties at $6.7 billion, and special districts with $5.0 billion. The levy imposed by school districts in calendar year 2011 was 2.1 percent higher than in 2010.

From calendar years 1991 to 2011, statewide property tax levies grew by $27.4 billion, or 207.0 percent. School district levies increased by the largest amount, $14.4 billion, accounting for 52.7 percent of the total increase. In calendar year 1991, a total of 1,045 school districts levied approximately $7.6 billion in property taxes, 57.2 percent of all property taxes levied in the state. By calendar year 2011, there were 1,025 school districts and they levied $22.0 billion in property taxes, for a 54.2 percent share of total property taxes. From calendar years 1991 to 2011, school district levies grew at an average annual rate of 5.6 percent, which is 0.7 percent less than the 6.3 percent average annual increase in personal income in Texas (**Figure 51**).

SIGNIFICANT PROPERTY TAX LEGISLATION

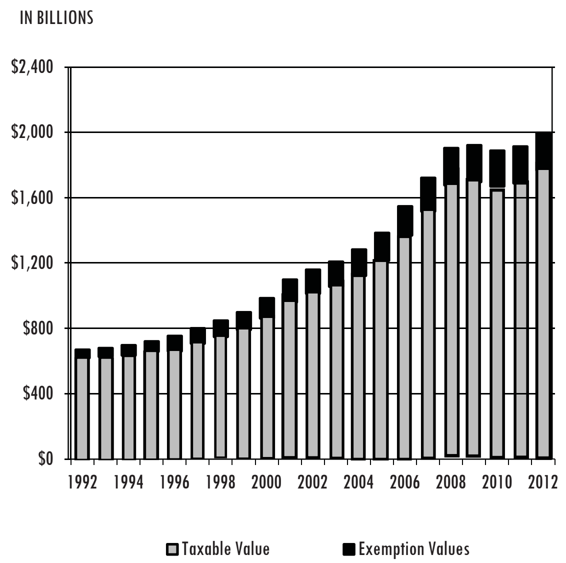
The Eighty-third Legislature, 2013, passed 41 property tax and property tax-related bills. These bills address property tax administration, exemptions, the appraisal process, tax rate

FIGURE 47
SCHOOL DISTRICT NET TAXABLE PROPERTY VALUES, CALENDAR YEARS 2011 TO 2012, IN BILLIONS

	PROPERTY CATEGORY	2011 FINAL VALUE	2012 FINAL VALUE	PERCENTAGE CHANGE
A.	Single-family Residences	$945.1	$956.1	1.2
B.	Multi-family Residences	85.5	92.7	8.5
C.	Vacant Platted Lots & Tracts	39.5	39.2	(1.0)
D.	Rural Real (Taxable)	80.3	81.6	1.7
F1.	Commercial Real	278.9	292.8	5.0
F2.	Industrial Real	95.0	99.7	4.9
G.	Oil, Gas, Minerals	106.0	128.0	20.7
J.	Utilities	50.1	53.7	7.1
L1.	Commercial Personal	120.6	128.5	6.6
L2.	Industrial Personal	95.1	108.4	14.0
M.	Other Personal	5.7	5.7	(0.3)
N.	Intangible Personal	-	-	-
O.	Residential Inventory	7.7	7.0	(9.0)
S.	Special Inventory	4.0	4.6	14.5
Total Market Value		**$1,913.7**	**$1,998.2**	**4.4**
Less Exemptions		(223.2)	(229.8)	2.9
NET TAXABLE VALUE		**$1,690.5**	**$1,768.4**	**4.6**

Source: Comptroller of Public Accounts.

FIGURE 48
SCHOOL DISTRICT PROPERTY VALUES
CALENDAR YEARS 1992 TO 2012



SOURCE: Comptroller of Public Accounts.

adoptions, and tax collections. The most significant of those 41 bills are discussed here.

HJR 24 – Disabled Veteran Property Tax Exemptions. On November 5, 2013 voters approved House Joint Resolution 24 which provides a property tax exemption equal to a disabled veteran's disability rating (if less than 100 percent) on the disabled veteran's residence homestead if the homestead was donated to the disabled veteran by a charitable organization at no cost to the disabled veteran. The bill would extend the exemption to the surviving spouse of a disabled veteran who died after qualifying for the exemption if the surviving spouse has not remarried, the property was the homestead of the surviving spouse when the disabled veteran died, and remains the residence homestead of the surviving spouse.

HB 585 – Amends Various Chapters of the Texas Tax Code With Regard to Property Taxes. The enactment of House Bill 585, Regular Session, amends various sections of the Texas Tax Code relating to property taxes including changes related to appraisal review board education, comptroller communications on matters before the appraisal review board, local administrative district judges appointing appraisal review board members in counties with a population of 120,000 or more, taxpayer liaison officers providing clerical assistance to judges, appraisal review board removal, and other related matters. Additionally, House Bill 585 expands the scope of the "disaster recovery program" to include property in any disaster area declared by the governor, rather than just a natural disaster area. The bill specifies that a replacement structure described by that program is not considered a new improvement if, only to the extent necessary to satisfy the requirements of the program, (1) the square footage of the replacement structure exceeds that of the replaced structure; or (2) the exterior of the replacement structure is of higher quality construction and composition than that of the replaced structure. Such structures would be subject to the 10 percent limitation on homestead appraised value increases.

HB 2712 – Property Tax Exemption for Certain Energy Storage Systems. The enactment of House Bill 2712, Regular Session, provides a local option for taxing units to adopt a property tax exemption of an energy storage system that is used, constructed, acquired, or installed to meet or exceed regulations established in 40 C.F.R. Section 50.11 or any other rules or regulations adopted by any local, state or federal environmental protection agency for the prevention, monitoring, control, or reduction of air pollution and that: (1) is located in a federal nonattainment area; (2) is located

FIGURE 49
SCHOOL PROPERTY TAX EXEMPTION BREAKDOWN, CALENDAR YEARS 2011 AND 2012

IN MILLIONS

EXEMPTION TYPE	2011 AMOUNT	PERCENTAGE OF TOTAL	2012 AMOUNT	PERCENTAGE OF TOTAL
State Homestead and Disabled Veterans	$94,276	42.2	$94,612	41.2
Homestead Cap Value Loss	6,044	2.7	5,732	2.5
Tax Limit on Over-65 Homesteads	61,221	27.4	59,946	26.1
Subtotal, Homestead Exemption Value	**$161,541**	**72.4**	**$160,290**	**69.8**
Other	$61,660	27.6	$69,475	30.2
TOTAL EXEMPTIONS	**$223,201**	**100.0**	**$229,764**	**100.0**

SOURCE: Comptroller of Public Accounts.

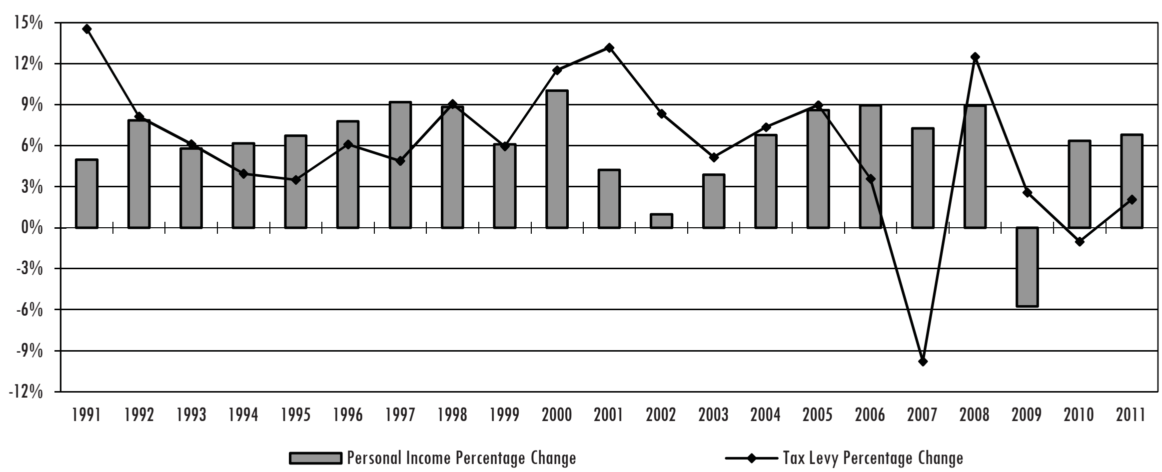
FIGURE 50
PROPERTY TAX LEVIES, CALENDAR YEARS 1991 TO 2011

IN MILLIONS

TAX YEAR	SCHOOL DISTRICT	CITY	COUNTY	SPECIAL DISTRICT	TOTAL PROPERTY TAXES	PERCENTAGE CHANGE
1991	$7,566.0	$2,303.6	$1,894.0	$1,459.6	$13,223.3	10.9
1992	$8,181.3	$2,311.6	$1,996.1	$1,492.0	$13,981.1	5.7
1993	$8,681.9	$2,362.4	$2,177.0	$1,535.8	$14,757.0	5.5
1994	$9,024.9	$2,493.6	$2,311.4	$1,620.5	$15,450.3	4.7
1995	$9,341.0	$2,596.7	$2,392.0	$1,628.2	$15,957.9	3.3
1996	$9,910.2	$2,701.2	$2,537.2	$1,698.6	$16,847.2	5.6
1997	$10,394.5	$2,847.1	$2,658.3	$1,759.6	$17,659.5	4.8
1998	$11,334.6	$3,006.0	$2,828.3	$1,889.1	$19,058.0	7.9
1999	$12,009.9	$3,248.0	$2,979.3	$2,041.0	$20,278.2	6.4
2000	$13,392.3	$3,530.9	$3,200.9	$2,389.1	$22,513.2	11.0
2001	$15,155.2	$3,884.8	$3,566.9	$2,703.5	$25,310.4	12.4
2002	$16,418.8	$4,186.8	$3,849.7	$2,864.5	$27,319.8	7.9
2003	$17,264.2	$4,415.2	$4,121.8	$3,092.3	$28,893.4	5.8
2004	$18,534.0	$4,607.8	$4,462.8	$3,369.1	$30,973.6	7.2
2005	$20,194.9	$4,901.8	$4,772.7	$3,609.6	$33,479.0	8.1
2006	$20,918.1	$5,323.0	$5,339.6	$3,972.2	$35,552.9	6.2
2007	$18,874.2	$5,890.3	$5,837.0	$4,513.1	$35,114.6	(1.2)
2008	$21,233.5	$6,451.0	$6,342.7	$4,952.7	$38,980.0	11.0
2009	$21,780.1	$6,593.8	$6,526.7	$5,133.8	$40,034.4	2.7
2010	$21,558.3	$6,755.4	$6,567.1	$5,394.7	$40,275.5	0.6
2011	$22,001.6	$6,810.0	$6,742.9	$5,038.7	$40,593.2	0.8

Source: Comptroller of Public Accounts.

FIGURE 51
ANNUAL SCHOOL DISTRICT TAX LEVY AND ANNUAL PERSONAL INCOME PERCENTAGE CHANGES
CALENDAR YEARS 1991 TO 2011



Source: Comptroller of Public Accounts.

in a city with a population of at least 100,000 adjacent to a municipality with a population of more than 2 million; (3) has a capacity of at least 10 megawatts; and (4) is installed on or after January 1, 2014. The bill would define "energy storage system" as a device capable of storing energy to be discharged at a later time, including a chemical, mechanical, or thermal storage device.

HB 1348 – Certain Aircraft Considered Interstate Commerce and Not Subject to Ad Valorem Taxation. The enactment of House Bill 1348, Regular Session, requires a presumption that a commercial aircraft is considered in interstate commerce and not subject to ad valorem taxation if the commercial aircraft is (1) under construction inside a defense base development authority, (2) to be used as an instrumentality of commerce, and (3) not located in this state for longer than a temporary period as defined by Sections 11.01 and 21.02 of the Texas Tax Code. This presumption also applies to personal property located inside the authority if the owner demonstrates to the chief appraiser for the appraisal district that the owner intends to incorporate the property into, or attach the property to, a commercial aircraft.

HB 1712 – Exemption from Ad Valorem and Sales and Use Taxes for Property Used in Connection With an Offshore Spill Response Containment System. The enactment of House Bill 1712, Regular Session, exempts personal property that a person owns or leases that is used solely as part of an offshore spill response containment system if the system is stored while not in use in a county bordering on the Gulf of Mexico or on a body of water immediately adjacent to the Gulf of Mexico. The property would not be permitted to explore for, or produce, oil, natural gas, sulfur or other minerals, except that incidental production related to temporary use as an offshore spill response containment system.

HB 3390 – Extension of Chapter 313, the Texas Economic Development Act. The enactment of House Bill 3390, Regular Session, amends Chapter 313 of the Texas Tax Code relating to the Texas Economic Development Act and extends the program for eight years, through 2022. The bill requires that economic development decisions involving school district taxes occur at the local level with oversight by the state and should be consistent with identifiable statewide economic development goals. School districts should approve only those applications for an ad valorem tax benefit provided by Chapter 313 of the Texas Tax Code that enhance the local community, improve the local public education system, create high-paying jobs, and advance the economic development goals of this state. In addition, the bill requires CPA to conduct an annual review and issue a determination as to whether a person with whom a school district has entered into an agreement under Chapter 313 satisfied in the preceding year the requirements of the chapter regarding the creation of the required number of qualifying jobs. Additionally, the bill makes other related changes to the Texas Economic Development Act.

HJR 133 – Extension of the Number of Days for a Freeport Exemption for Certain Aircraft Parts. On November 5, 2013 voters approved House Joint Resolution 133 which authorizes the governing body of a taxing unit to extend by official action the date by which aircraft parts, qualifying as Freeport goods, must be transported outside the state from not later than 175 days to not later than 730 days after being acquired or imported into this state before losing eligibility for an exemption. The action to extend the number of days applies only in the taxing unit that take an official action to do so. Many taxing units took actions to tax this personal property under the previous constitutional authority to do so. Consequently, the exemption authorized by this bill does not apply in those districts.

HJR 62 – Property Tax Exemption for a Surviving Spouse of a Member of the Armed Services Killed in Action. On November 5, 2013 voters approved House Joint Resolution 62 which authorizes a property tax exemption on the residence homestead of a surviving spouse of a member of the U.S. armed services who was killed in action if the surviving spouse has not remarried since the death of the armed services member. The exemption is prorated on a property from which a surviving spouse moves and is retroactive to January 1 of the year in which the surviving spouse qualifies for the exemption. The bill requires an exemption of the same dollar amount on the surviving spouse's subsequent homestead if the surviving spouse has not remarried.

SB 1255 – Entitles Certain Property Owners to Binding Arbitration on an Appraisal Review Board Order as an Alternative to a District Court Appeal. The enactment of Senate Bill 1255, Regular Session, entitles certain property owners to binding arbitration on an appraisal review board order as an alternative to a district court appeal in instances in which the grounds of the protest is unequal appraisal. The bill also requires an arbitrator to complete a training program on property tax law before conducting an arbitration hearing in which the grounds of the protest is unequal appraisal. The training program must emphasize the requirements regarding the equal and uniform appraisal of property, be at least four hours in length, and be approved by CPA.

SB 1256 – Regarding a Comparable Sale for Ad Valorem Tax Purposes. The enactment of Senate Bill 1256, Regular Session, provides that for residential property in a county with a population of more than 150,000, a sale is not considered to be a comparable sale unless the sale occurred within 36 months of the date as of which the market value of the subject property is to be determined, regardless of the number of comparable properties sold during that period.

LOCAL SALES TAX

Local governmental entities, such as cities, counties, metropolitan transit authorities, and special districts, may impose local sales and use taxes. State law caps the combined rate set by local jurisdictions at 2 percent. The taxes are administered and collected by the CPA and then remitted back to the local jurisdiction. **Figure 52** shows the remittances for fiscal years 2010 to 2012. Sales tax remittances to local government entities for the 2010–11 biennium were up from the preceding biennium by 1.4 percent.

ECONOMIC OUTLOOK

U.S. ECONOMIC INDICATORS

U.S. real Gross Domestic Product (GDP) increased by 2.8 percent in calendar year 2012, the quickest pace of economic growth in 7 years. The largest contributors to this gain were personal consumption expenditures and gross private domestic investment, including strong gains in expenditures on household consumption of motor vehicles and healthcare services, business investment in equipment, and investment in residential housing. Imports continued to exceeded exports in 2012, subtracting from these gains, however the gap narrowed during the year. Government consumption expenditures and investment, particularly at the federal level, continued to subtract from GDP growth for the second consecutive year as governments are forced to reduce recession heightened expenditure levels in response to growing budget deficits. IHS Economics and Country Risks, a leading macroeconomic forecasting firm, predicts GDP growth will be significantly slower in the near future, finishing 2013 at 1.5 percent, before increasing by 2.5 percent in 2014 and 3.2 percent in 2015. Despite an improving economy and continued accommodative monetary policies from the Federal Reserve Bank, inflation remained modest during the biennium, with the CPI-U increasing by 2.6 percent in fiscal year 2012 and 1.7 percent in fiscal year 2013. Inflation is not expected to increase substantially during the upcoming biennium; IHS Economics and Country Risks predicts a 1.5 percent rise in fiscal year 2014 and a 1.7 percent increase rise in fiscal year 2015, below the Fed's target rate of 2 percent.

U.S. non-farm employment levels increased steadily throughout the 2012–13 biennium, with employers adding 4.2 million jobs during the two-year period, however the total number of jobs in the country still remains 1.9 million, or 1.4 percent, below pre-recession peak levels recorded in January 2008. IHS Economics and Country Risks forecasts a similar level of growth during the upcoming biennium, with employers expected to add 2.2 million jobs in fiscal year 2014 and 2.5 million jobs during fiscal year 2015. Employment gains and declining labor force participation rates were enough to bring down the national unemployment rate by 1.7 percent over the biennium, although the joblessness rate still remains elevated above pre-recession levels; at the beginning of the 2012–13 biennium the national unemployment rate was 9.0 percent and ended August 2013 at 7.3 percent. A normal or "natural" rate of unemployment for the U.S. economy operating at full

FIGURE 52
LOCAL SALES TAX REMITTANCES
FISCAL YEARS 2010 TO 2012

IN MILLIONS TAXING UNIT	2010 REMITTED	PERCENTAGE OF TOTAL	2011 REMITTED	PERCENTAGE OF TOTAL	PERCENTAGE INCREASE	2012 REMITTED	PERCENTAGE OF TOTAL	PERCENTAGE INCREASE
Cities	$3,836.4	67.5	$4,114.4	66.8	7.2	$4,452.6	65.9	8.2
Transit authorities	1,272.5	22.4	1,382.2	22.5	8.6	1,520.4	22.5	10.0
Counties	343.0	6.0	388.7	6.3	13.3	445.8	6.6	14.7
Special districts	234.6	4.1	271.3	4.4	15.6	334.5	5.0	23.3
TOTAL	**$5,686.5**		**$6,156.6**		**8.3**	**$6,753.3**		**9.7**

SOURCE: Comptroller of Public Accounts.

capacity is approximately 5 percent to 6 percent; however IHS Economics and Country Risks does not predict a return to this level during the upcoming biennium, forecasting the national unemployment rate to average 7.2 percent in fiscal year 2014 and 6.6 percent in fiscal 2015.

After negatively affecting the U.S. economy for the previous three biennium, the U.S. housing sector became a contributor to growth during the 2012–13 biennium. Housing prices (as measured by the S&P Case-Shiller 20-City Composite Home Price Index) finally reached a post-recession trough in March 2012 and increased by 21.2 percent during the remaining three quarters of the biennium. The price index still remains 21.3 percent below peak levels attained in the summer of 2006, however prices are expected to continue rising during the 2014–15 biennium. A popular measure of U.S. housing inventory, the Monthly Supply of Homes, fell to 4.9 months by the end of fiscal year 2013. The monthly supply measures how long the existing stock of homes for sale on the market would satisfy demand if no new houses were built. After five years of higher than average housing supplies, this measure has returned to levels experienced during the early and middle part of the previous decade. This shrinking inventory combined with the aforementioned home price increases and record low mortgage interest rates (the average rate on a 30-year conventional loan equaled 3.77 percent during the biennium) to create favorable conditions for new residential construction during the last two years. The monthly number of new housing units under construction in the U.S. was 665,000 in August 2013 and averaged 520,000 per month during the 2012–13 biennium. While the pace of new home construction is still well below its historical average, 2012–13 biennial level represents a 12.9 percent increase over the 2010–11 biennial average number of 461,000 per month and is expected to further expand during the upcoming biennium.

Equity markets experienced strong growth for the second consecutive biennium, with the Dow Jones Industrial Average, the S&P 500, and NASDAQ Composite indexes gaining 27.5 percent, 34.0 percent, and 39.2 percent, respectively, during the 2012–13 biennium. This performance is indicative of the strengthening U.S. and global economy during the time period and will provide strong wealth effects, a boon to personal consumption expenditures, in the near term future. Bond markets were mixed during the biennium, with interest rates on corporate AAA debt and U.S. 10-year Treasury securities continuing their multi-year decline during fiscal year 2012, before reversing this trend and beginning to rise during fiscal year 2013, closing the 2012–13 biennium at 4.54 percent and 2.74 percent, respectively. Finally, the value of the U.S. dollar relative to other currencies (as measured by the Federal Reserve's Trade Weighted Exchange Rate Index) fluctuated in a fairly constant range during the 2012–13 biennium, ending the two-year period up 3.3 percent from the previous biennium.

TEXAS ECONOMIC INDICATORS

Texas Real Gross State Product (GSP) increased 4.8 percent in calendar 2012, ending the year at $1.2 trillion. 2012 GSP growth was the fastest pace of increase in Texas since 2006, the second largest rate in the country during 2012 (behind only North Dakota), and two percentage points faster than the pace of growth in the U.S. economy in 2012. All private sectors of the Texas economy expanded in 2012, with Mining (10.6 percent increase) and Construction (9.2 percent) leading the way. The Government sector was the only one to contract in 2012, decreasing by 0.6 percent. IHS Economics and Country Risks is currently forecasting Texas GSP growth to slow to 2.8 percent in calendar year 2013 before picking up to a healthy 3.6 percent in calendar 2014. Also in calendar year 2012, Per Capita Personal Income increased by 3.7 percent in Texas to reach $42,638 per Texas resident. In 2012, Texas Per Capita Personal Income was the 25th largest among the 50 states and increased at the 14th quickest pace during the year. Per Capita Personal Income is expected to increase 1.9 percent in calendar 2013 and 4.2 percent in calendar 2014.

The Texas unemployment rate began the 2012–13 biennium at 8 percent, after remaining in a very narrow range of 8 percent to 8.3 percent for the entire 2010–11 biennium. However, after over two years of stagnation for this measure, increasing strength in the Texas economy caused the unemployment rate to fall rapidly over the biennium, ending the two-year period at 6.4 percent, the lowest level since January 2009. These decreases were due to a mix of moderately declining labor participation rates and strong job growth in the state. Non-farm payroll jobs in Texas increased by 2.6 percent in fiscal year 2012 and 3.0 percent in fiscal year 2013, for a net gain of 548,000 new jobs during the biennium. IHS Economics and Country Risks expects the Texas unemployment rate to continue its descent, ending the 2014–15 biennium at 5.2 percent. In addition, the firm predicts a continued moderately strong pace of job growth over the biennium with a 2.6 percent increase in fiscal year 2014, followed by a 2.7 percent increase in fiscal year 2015; which would lead to an increase of 547,000 jobs during the biennium. **Figure 53** shows the breakdown, by sector, of

FIGURE 53
TEXAS NON-FARM EMPLOYMENT BY SECTOR
FISCAL YEARS 2005 TO 2013

FISCAL YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Non-farm	9,639,767	9,953,950	10,283,458	10,566,717	10,432,992	10,275,875	10,492,483	10,768,067	11,087,025
% change		3.3	3.3	2.8	(1.3)	(1.5)	2.1	2.6	3.0
Goods									
Mining and Logging	160,825	178,167	200,817	222,375	217,325	198,783	224,950	262,342	280,375
% change		10.8	12.7	10.7	(2.3)	(8.5)	13.2	16.6	6.9
Construction	556,508	592,767	632,333	671,292	630,825	566,658	562,200	576,042	608,242
% change		6.5	6.7	6.2	(6.0)	(10.2)	(0.8)	2.5	5.6
Manufacturing	893,525	914,575	933,250	930,683	872,675	810,692	826,183	856,158	866,933
% change		2.4	2.0	(0.3)	(6.2)	(7.1)	1.9	3.6	1.3
Trade, Transportation, and Utilities	1,973,400	2,032,175	2,092,117	2,142,192	2,092,992	2,041,800	2,088,208	2,154,500	2,212,708
% change		3.0	2.9	2.4	(2.3)	(2.4)	2.3	3.2	2.7
Services									
Information	222,875	222,375	220,933	219,308	209,258	197,258	195,225	196,533	198,458
% change		(0.2)	(0.6)	(0.7)	(4.6)	(5.7)	(1.0)	0.7	1.0
Financial Activities	603,625	622,583	640,042	647,858	634,875	623,325	634,908	653,625	668,192
% change		3.1	2.8	1.2	(2.0)	(1.8)	1.9	2.9	2.2
Professional and Business Services	1,136,458	1,217,308	1,282,733	1,333,375	1,283,000	1,255,308	1,318,600	1,385,242	1,446,025
% change		7.1	5.4	3.9	(3.8)	(2.2)	5.0	5.1	4.4
Education and Health Services	1,172,575	1,204,950	1,241,700	1,275,758	1,317,667	1,371,392	1,408,067	1,447,292	1,489,492
% change		2.8	3.0	2.7	3.3	4.1	2.7	2.8	2.9
Leisure and Hospitality	900,775	926,975	966,425	1,001,158	1,008,225	1,001,242	1,030,458	1,067,850	1,124,008
% change		2.9	4.3	3.6	0.7	(0.7)	2.9	3.6	5.3
Other Services	348,650	346,992	352,117	361,200	362,733	359,708	364,192	375,892	388,500
% change		-0.5	1.5	2.6	0.4	(0.8)	1.2	3.2	3.4
Government									
Federal Government	181,408	184,333	186,050	189,058	196,033	208,683	201,492	199,775	197,108
% change		1.6	0.9	1.6	3.7	6.5	(3.4)	(0.9)	(1.3)
State Government	342,917	348,983	354,167	358,775	365,950	373,892	371,192	360,283	363,558
% change		1.8	1.5	1.3	2.0	2.2	(0.7)	(2.9)	0.9
Local Government	1,146,225	1,161,767	1,180,775	1,213,683	1,241,433	1,267,133	1,266,808	1,232,533	1,243,425
% change		1.4	1.6	2.8	2.3	2.1	0.0	(2.7)	0.9

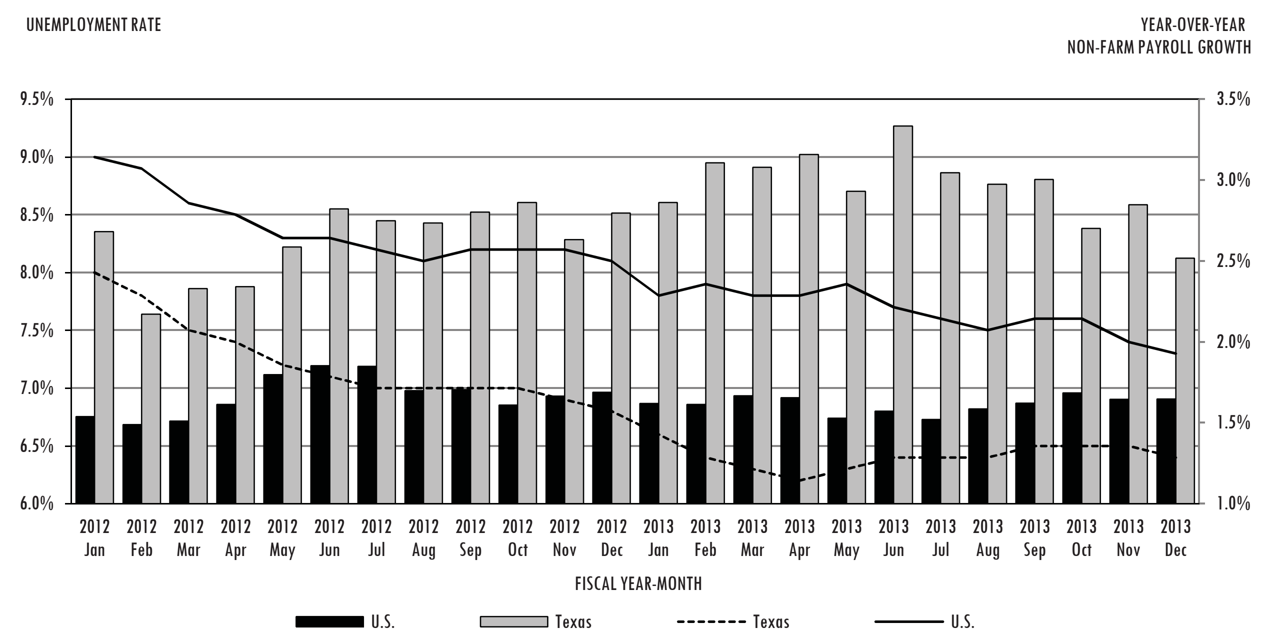
SOURCE: Texas Workforce Commission.

non-farm payroll gains in the state of Texas for the last decade. All private sector industries gained jobs over the biennium, with Mining and Construction leading the way as the fastest growing industries. All three government sectors (Federal, State, and Local) experienced job declines during the biennium. **Figure 54** compares two labor market indicators in Texas to the U.S. as a whole, showing both that the pace of job growth was quicker and the unemployment rate lower, in Texas, throughout the 2012–13 biennium.

Texas oil production continued to rapidly expand throughout the 2012–13 biennium, spurred by the growing use of hydraulic fracturing and directional drilling to access fields that were previously unprofitable to produce. The WTI spot price for oil fluctuated between $80 and $100 per barrel during the two year period, trading at an unusually high discount of $10 to $20 per barrel to the global price of oil, North Sea Brent. This discount, largely caused by the rapid increase in production from Texas and North Dakota outpacing the ability of existing pipeline infrastructure to carry the crude to refineries on the Gulf Coast, narrowed near the end of the biennium as new crude oil transportation infrastructure came online. The WTI spot price ended August 2013 at $106 per barrel. While the number of rotary rigs running in the state decreased slightly during the biennium (averaging 837 per month in August 2013), production increased to an average of 49.2 million barrels per month during the two-year period, up 53.8 percent from 32.0 million barrels per month average during the 2010–11 biennium. Natural gas prices dropped below $2 per Mcf for the first time in over a decade during the spring of 2012, as supply growth from new production methods outpaced demand. The price rebounded modestly by the end of the biennium, ending August 2013 at $3.62 per Mcf, however relatively low prices led to almost no production growth, with average monthly natural gas production in Texas during the biennium equal to 651.7 million Mcf, up 3.6 percent from the average monthly production of 628.9 million Mcf during the 2010–11 biennium. IHS Economics and Country Risks forecasts a modest decline in the price of oil and a small increase in the price of natural gas during the 2014–15 biennium, with oil expected to average $98.77 per barrel and natural gas predicted to average $3.86 per Mcf during the two-year period.

After two strong years of over 20 percent growth, Texas export growth slowed in calendar 2012, primarily due to a strengthening value of the dollar (relative to the states major trading partners) and slowing global demand. Texas industries exported $265.4 billion worth of goods and services in

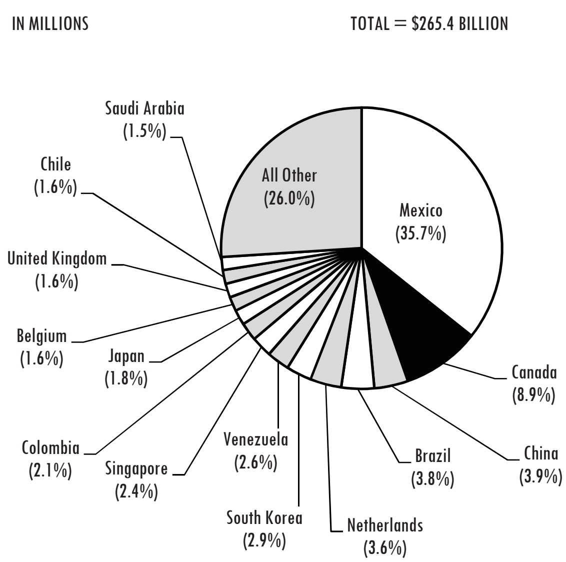
FIGURE 54
UNEMPLOYMENT RATE AND NON-FARM PAYROLL GROWTH, CALENDAR YEARS 2012 TO 2013



Source: Texas Workforce Commission.

calendar year 2012, a 5.7 percent increase. Texas continues to rank as the largest exporting state in the country, both nominally and per-capita, and exported 64.1 percent more than the closest competitor, California. The top three exporting industries in Texas during calendar 2012 were Petroleum and Coal Products, Chemicals, and Computer and Electronic Products. Finally, Texas's largest trading partners continue to be Mexico and Canada, with China, Brazil, and the Netherlands purchasing a significant amount of Texas products as well. **Figure 55**, **Figure 56**, and **Figure 57** provide a further breakdown of Texas export data for calendar years 2011 and 2012.

FIGURE 55
TEXAS EXPORT MARKET PERCENTAGES
CALENDAR YEAR 2012



SOURCE: World Institute for Strategic Economic Research.

FIGURE 56
TEXAS' EXPORT MARKETS
CALENDAR YEARS 2011 AND 2012

IN BILLIONS MARKET	EXPORTS 2011	EXPORTS 2012	PERCENTAGE CHANGE
Mexico	$87.39	$94.80	8.5
Canada	$22.12	$23.72	7.3
China	$10.93	$10.33	(5.5)
Brazil	$10.06	$10.01	(0.5)
Netherlands	$8.80	$9.48	7.8
South Korea	$7.43	$7.77	4.6
Venezuela	$3.65	$6.91	89.5
Singapore	$6.51	$6.30	(3.2)
Colombia	$5.10	$5.61	9.9
Japan	$4.42	$4.65	5.2
Belgium	$4.14	$4.32	4.4
United Kingdom	$4.13	$4.27	3.4
Chile	$3.47	$4.23	21.7
Saudi Arabia	$3.11	$3.98	28.2
All Others	$69.74	$68.95	(1.1)
TOTAL	**$251.01**	**$265.35**	**5.7**

SOURCE: World Institute for Strategic Economic Research.

FIGURE 57
EXPORTS OF THE 15 LARGEST EXPORTING STATES
CALENDAR YEARS 2011 AND 2012

IN BILLIONS STATE	EXPORTS 2011	EXPORTS 2012	PERCENTAGE CHANGE
Texas	**$251.01**	**$265.35**	**5.7**
California	$159.12	$161.70	1.6
New York	$84.89	$79.19	(6.7)
Washington	$64.77	$75.52	16.6
Illinois	$64.82	$68.03	4.9
Florida	$64.90	$66.40	2.3
Louisiana	$54.98	$63.16	14.9
Michigan	$51.00	$56.90	11.6
Ohio	$46.42	$48.54	4.6
Pennsylvania	$41.07	$38.87	(5.4)
New Jersey	$38.11	$37.03	(2.8)
Georgia	$34.78	$35.89	3.2
Indiana	$32.28	$34.38	6.5
Tennessee	$29.99	$31.13	3.8
North Carolina	$27.01	$28.75	6.4
50-STATE AVERAGE	**$27.42**	**$28.64**	**4.5**

SOURCE: World Institute for Strategic Economic Research.

3. TEXAS AMONG THE STATES

Unless otherwise noted, in all figures, biennial change and percentage change have been calculated on actual amounts before rounding. Totals may not sum because of rounding.

POPULATION

Second to California, Texas is the nation's most populous state. Texas' 2012 population totaled more than 26 million. From 2002 to 2012, Texas' population grew steadily, increasing by 4.4 million, or 20.1 percent. In comparison, the U.S. population increased by 9.1 percent during the same period. Changes in a state's population result from two factors: net migration, and the number of births relative to deaths. Because of a large natural increase (births over deaths) and a positive migration into the state, Texas ranked first among the 50 states in total population growth from 2002 to 2012 (**Figure 58**).

More than half of the increase in Texas' population since 2002 occurred in the 45 and over age group, which increased by 53.9 percent during the decade (**Figure 59**). Because the 45 and over age group is reaching or has reached retirement age, its large rate of increase may affect state services. Despite this aging trend, Texas continues to add residents on the younger end of the age scale as well. In 2012, Texas' rate of births per 1,000 population was 14.7, third highest among the states. The national rate was 12.6 (**Figure 60**).

FIGURE 58
RESIDENT POPULATION RANKINGS, CALENDAR YEARS 2002 AND 2012

50-STATE RANKING	STATE	POPULATION 2002 CENSUS (IN MILLIONS)	POPULATION 2012 CENSUS (IN MILLIONS)	POPULATION CHANGE (IN MILLIONS)	PERCENTAGE CHANGE
1	California	34.9	38.0	3.2	9.1
2	**TEXAS**	**21.7**	**26.1**	**4.4**	**20.1**
3	New York	19.1	19.6	0.4	2.3
4	Florida	16.7	19.3	2.6	15.7
5	Illinois	12.5	12.9	0.3	2.8
6	Pennsylvania	12.3	12.8	0.4	3.5
7	Ohio	11.4	11.5	0.1	1.2
8	Georgia	8.5	9.9	1.4	16.6
9	Michigan	10.0	9.9	(0.1)	(1.3)
10	North Carolina	8.3	9.8	1.4	17.1
11	New Jersey	8.6	8.9	0.3	3.6
12	Virginia	7.3	8.2	0.9	12.3
13	Washington	6.1	6.9	0.8	14.0
14	Massachusetts	6.4	6.6	0.2	3.6
15	Arizona	5.4	6.6	1.2	21.4
	U.S. TOTAL	**287.6**	**313.9**	**26.3**	**9.1**

Source: U.S. Census Bureau.

FIGURE 59
TEXAS RESIDENT POPULATION BY AGE GROUP
CALENDAR YEARS 2002 AND 2012

POPULATION (IN THOUSANDS)				
AGE GROUP	2002 CENSUS	2012 CENSUS	CHANGE	PERCENTAGE CHANGE
0 to 4	1,711	1,942	231	13.5
5 to 17	4,349	5,044	694	16.0
18 to 44	8,893	9,983	1,090	12.3
45 to 64	4,603	6,251	1,648	35.8
65 and over	2,133	2,839	706	33.1
TOTAL	**21,690**	**26,059**	**4,369**	**20.1**

SOURCE: U.S. Census Bureau.

FIGURE 60
15 MOST-POPULOUS STATES TOTAL BIRTHS PER 1,000 TOTAL POPULATION, CALENDAR YEAR 2012

50-STATE RANKING	STATE	BIRTH RATE
3	**TEXAS**	**14.7**
12	California	13.2
12	Georgia	13.2
12	Arizona	13.2
20	Washington	12.7
24	Virginia	12.6
28	Illinois	12.4
31	New York	12.3
31	North Carolina	12.3
36	Ohio	12.0
38	New Jersey	11.8
41	Michigan	11.4
42	Pennsylvania	11.2
44	Florida	11.0
45	Massachusetts	10.9
1	Highest: Utah	18.0
50	Lowest: New Hampshire	9.3
	U.S. AVERAGE	**12.6**

SOURCE: National Vital Statistics Reports.

The annual growth rate of Texas' population remained relatively constant during the last decade. **Figure 61** shows that the state's population grew at an average annual rate of 2.0 percent from 2002 to 2012. Moody's Analytics, a nationally known econometric forecasting firm, estimates that Texas' population will increase about 1.8 percent per year from 2013 to 2022. During the same period, Moody's Analytics projects the total U.S. population will increase about 0.9 percent per year.

FIGURE 61
15 MOST-POPULOUS STATES AVERAGE ANNUAL CHANGE IN RESIDENT POPULATION
CALENDAR YEARS 2002 TO 2012

STATE	AVERAGE ANNUAL PERCENTAGE CHANGE 2002 TO 2012
Arizona	2.1
TEXAS	**2.0**
North Carolina	1.7
Georgia	1.7
Florida	1.6
Washington	1.4
Virginia	1.2
California	0.9
New Jersey	0.4
Massachusetts	0.4
Pennsylvania	0.4
Illinois	0.3
New York	0.2
Ohio	0.1
Michigan	(0.1)
U.S. AVERAGE	**0.9**

SOURCE: U.S. Census Bureau.

PERSONAL INCOME

Personal income is a widely used measure of economic well-being. It consists of wages and salaries, other labor income, proprietors' income, dividends, interest, rent, and transfer payments (e.g., Social Security and unemployment insurance benefits). Per capita personal income (total personal income divided by resident population) is commonly used to compare the relative well-being of residents in the states. It is affected by growth or decline in the wage-earning population (ages 18 to 64) relative to overall population. Texas' per capita personal income was $41,471 in 2012, and ranked twenty-fifth among the states (**Figure 62**). Texas ranked ninth among the 15 most-populous states, ahead of Florida, Ohio, Michigan, North Carolina, Georgia, and Arizona.

FIGURE 62
15 MOST-POPULOUS STATES PER CAPITA PERSONAL INCOME, CALENDAR YEAR 2012

50-STATE RANKING	STATE	PER CAPITA PERSONAL INCOME
2	Massachusetts	$54,687
3	New Jersey	$53,628
4	New York	$52,095
8	Virginia	$47,082
12	Washington	$45,413
15	California	$44,980
16	Illinois	$44,815
19	Pennsylvania	$43,616
25	**TEXAS**	**$41,471**
27	Florida	$40,344
30	Ohio	$39,289
35	Michigan	$37,497
38	North Carolina	$37,049
40	Georgia	$36,869
41	Arizona	$35,979
1	Highest: Connecticut	$58,908
50	Lowest: Mississippi	$33,073
	U.S. AVERAGE	**$42,693**

Source: U.S. Department of Commerce.

Texas' cost of living is also low, at 91.4 percent of the national average in 2013 (**Figure 63**). Texas ranked forty-first among the states and ranked fifteenth of the 15 most-populous states on this measure. Over the past 20 years, per capita personal income in Texas has fluctuated, but remained below the U.S. total (**Figure 64**). In 2012, the per capita personal income in Texas was approximately 97.1 percent of the U.S. total.

FIGURE 63
15 MOST-POPULOUS STATES COST OF LIVING AS PERCENTAGE OF NATIONAL AVERAGE
CALENDAR YEAR 2013, 2ND QUARTER

50-STATE RANKING	STATE	PERCENTAGE COST OF LIVING
2	New York	134.5
5	New Jersey	129.5
6	California	128.6
9	Massachusetts	121.2
15	Washington	101.6
16	Pennsylvania	101.1
18	Arizona	100.8
24	Florida	97.8
26	Virginia	95.9
27	North Carolina	95.6
30	Illinois	94.9
32	Michigan	94.4
38	Ohio	92.3
39	Georgia	92.0
41	**TEXAS**	**91.4**
1	Highest: Hawaii	161.7
50	Lowest: Mississippi	88.7
	U.S. AVERAGE	**100.0**

Source: Missouri Economic Research and Information Center.

FIGURE 64
PER CAPITA PERSONAL INCOME TEXAS AND THE UNITED STATES, CALENDAR YEARS 1992 TO 2012

CALENDAR YEAR	PER CAPITA TEXAS	PER CAPITA U.S.	TEXAS AS PERCENTAGE OF U.S. PER CAPITA INCOME
1992	$18,765	$20,799	90.2
1993	$19,413	$21,385	90.8
1994	$20,161	$22,297	90.4
1995	$21,070	$23,262	90.6
1996	$22,260	$24,442	91.1
1997	$23,812	$25,654	92.8
1998	$25,376	$27,258	93.1
1999	$26,399	$28,333	93.2
2000	$28,506	$30,319	94.0
2001	$29,185	$31,157	93.7
2002	$28,966	$31,481	92.0
2003	$29,622	$32,295	91.7
2004	$31,115	$33,909	91.8
2005	$33,220	$35,452	93.7
2006	$35,287	$37,725	93.5
2007	$37,098	$39,506	93.9
2008	$39,615	$40,947	96.7
2009	$36,595	$38,637	94.7
2010	$38,222	$39,791	96.1
2011	$40,147	$41,560	96.6
2012	$41,471	$42,693	97.1

Source: U.S. Department of Commerce.

STATE TAXES

Two measures are commonly used to compare tax burdens across state lines: state tax revenue per $1,000 of personal income and per capita state tax revenues. Texas ranks low relative to other states on both measures. In 2012, Texans paid $44.97 in state taxes for each $1,000 of personal income, about 75.8 percent of the $59.29 national average (**Figure 65**).

The state ranked forty-sixth among the states in state tax revenue per $1,000 of personal income in 2012. That same year, Texas ranked thirteenth among the 15 most-populous states in per capita state tax revenue per $1,000 (**Figure 66**).

FIGURE 65
STATE TAX REVENUE PER $1,000 OF PERSONAL INCOME CALENDAR YEAR 2012

RANKING	STATE	TAX REVENUE PER $1,000 OF PERSONAL INCOME
1	Alaska	$206.03
2	North Dakota	$154.80
3	Vermont	$102.45
4	Wyoming	$90.93
5	Hawaii	$89.99
6	Delaware	$87.36
7	West Virginia	$83.73
8	Minnesota	$82.68
9	Arkansas	$80.93
10	Connecticut	$72.91
11	Maine	$71.98
12	Mississippi	$70.43
13	New York	$70.18
14	New Mexico	$69.55
15	Kentucky	$68.23
16	Nevada	$65.73
17	California	$65.67
18	Montana	$65.47
19	Indiana	$65.10
20	Michigan	$64.68
21	Wisconsin	$63.53
22	Illinois	$63.15
23	North Carolina	$62.87
24	Massachusetts	$62.75
25	Idaho	$62.66
26	Kansas	$61.44
27	Iowa	$60.48
28	Rhode Island	$59.37
29	Oklahoma	$59.32
30	Pennsylvania	$59.19
31	Utah	$58.81
32	New Jersey	$57.75
33	Oregon	$57.52
34	Ohio	$57.16
35	Washington	$56.27
36	Maryland	$55.80
37	Arizona	$55.02
38	Nebraska	$54.44
39	Alabama	$52.70
40	South Carolina	$49.65
41	Louisiana	$49.59
42	Tennessee	$49.26
43	Virginia	$47.06
44	Missouri	$45.93
45	Georgia	$45.32
46	**TEXAS**	**$44.97**
47	Colorado	$43.78
48	Florida	$42.34
49	South Dakota	$41.82
50	New Hampshire	$35.50
	U.S. Average	**$59.29**

Sources: U.S. Census Bureau; U.S. Department of Commerce.

FIGURE 66
15 MOST-POPULOUS STATES PER CAPITA STATE TAX REVENUE, FISCAL YEAR 2012

STATE	PER CAPITA STATE TAX REVENUE	AS PERCENTAGE OF STATE-LOCAL TAX 2011
New York	$3,655.84	46.9
Massachusetts	$3,431.41	61.6
New Jersey	$3,097.29	51.1
California	$2,953.94	63.0
Illinois	$2,830.06	51.4
Pennsylvania	$2,581.57	58.0
Washington	$2,555.41	61.3
Michigan	$2,425.16	65.2
North Carolina	$2,329.08	66.4
Ohio	$2,245.63	55.4
Virginia	$2,215.72	54.1
Arizona	$1,979.67	56.6
TEXAS	**$1,864.85**	**47.5**
Florida	$1,708.13	49.9
Georgia	$1,671.07	51.4
U.S. AVERAGE	**$2,531.17**	**56.8**
Texas Percentage of U.S.	73.7%	83.7%

SOURCE: U.S. Census Bureau.

STATE TAX REVENUE

Figure 67 shows the percentage distribution of state tax revenue by source for the 15 most-populous states.

In 2012, Texas received 50.4 percent of its state tax revenue from the general sales tax, ranking it third among the 15 most populous states, behind Washington and Florida. Selective sales taxes, such as those collected on motor vehicles, motor fuels, cigarettes, and alcoholic beverages, produced 26.6 percent of Texas' total state tax revenue during 2012, compared with the 50-state average of 16.6 percent. License taxes, which by the U.S. Census Bureau's definition includes the business franchise tax, accounted for 15.5 percent of the state's tax revenue. Texas received 7.5 percent of its 2012 state tax revenue from other taxes, which in Texas consists of severance taxes.

The percentage of revenues collected from state taxes as opposed to local taxes varies from state to state. Some states have relatively low state tax burdens, in part because collections by state government account for a below-average portion of total state and local tax revenues raised. Among the 15 most-populous states, state tax revenue as a percentage of state and local tax dollars is second-lowest in the state of Texas (**Figure 66**) in 2011. Texas is restricted to assessing property taxes only at the local level. Texas ranked twelfth in property tax revenue relative to personal income in 2011. Property tax revenue relative to personal income from 2002 to 2011 decreased in the state by 1.6 percent (**Figure 68**).

PER CAPITA STATE TAX REVENUE

Given the differences among the states in taxes levied, the rate of taxation, and the calculation of the tax base, it is difficult to compare state tax burdens except in the broadest terms. For example, general sales tax revenues, either per capita or as a percentage of personal income, vary among the states because of differences in tax rates. Whether the tax base includes such major items as groceries, industrial machinery, or services also affects revenue, as does residents' propensity for buying taxable items. Comparing two other states helps illustrate this point. New Jersey has the third-highest per capita personal income among all the states and a retail sales tax rate slightly higher than that of Texas (**Figure 62** and **Figure 69**). New Jersey residents have a lower sales tax burden as a percentage of personal income than do Texans, yet New Jersey and Texas have similar levels of sales tax revenue per capita (**Figure 70**).

Floridians earn a lower personal income per capita than Texans (**Figure 62**). Florida's sales tax rate is 6.00 percent, 0.25 percentage points lower than Texas' (**Figure 69**). Despite Florida's lower per capita income, its per capita state general sales tax revenue is larger than Texas' (**Figure 70**) because each state includes different items in its tax bases.

FIGURE 67
15 MOST-POPULOUS STATES PERCENTAGE DISTRIBUTION OF STATE TAX REVENUE BY MAJOR TAXES, CALENDAR YEAR 2012

STATE	TOTAL SALES TAX	GENERAL SALES TAX	SELECTIVE SALES TAX	LICENSE TAXES	INDIVIDUAL INCOME TAX	CORPORATION NET INCOME	OTHER TAXES
Arizona	62.2	47.9	14.3	2.9	23.8	5.0	0.3
California	34.4	25.4	9.0	7.7	49.0	7.1	0.0
Florida	82.6	58.8	23.8	6.7	-	6.1	4.6
Georgia	43.8	32.0	11.8	3.1	49.1	3.6	0.1
Illinois	39.2	22.0	17.2	7.1	43.1	9.6	0.8
Massachusetts	32.1	22.3	9.8	3.9	52.3	8.8	2.8
Michigan	54.7	39.9	14.8	5.9	28.5	2.5	0.8
New Jersey	43.7	29.5	14.2	5.2	40.5	7.0	3.5
New York	32.0	16.6	15.3	2.7	54.2	6.4	4.8
North Carolina	42.0	24.5	17.5	6.5	45.7	5.4	0.4
Ohio	50.6	31.9	18.7	13.8	34.8	0.5	0.3
Pennsylvania	52.1	27.8	24.2	8.0	30.7	5.6	3.6
TEXAS	**77.0**	**50.4**	**26.6**	**15.5**	**-**	**-**	**7.5**
Virginia	32.3	19.2	13.0	4.3	56.3	4.6	2.3
Washington	80.4	60.2	20.2	5.6	-	-	3.2
U.S. AVERAGE	**47.2**	**30.5**	**16.6**	**6.8**	**35.3**	**5.3**	**3.9**

SOURCE: U.S. Census Bureau.

FIGURE 68
PROPERTY TAX REVENUE PER $1,000 OF PERSONAL INCOME, CALENDAR YEARS 2002 TO 2011

	2002		2011		2002 TO 2011	
STATE	REVENUE	RANKING	REVENUE	RANKING	PERCENTAGE CHANGE	RANKING
Alabama	$12.77	50	$15.45	50	21.0	4
Alaska	$38.95	10	$45.22	7	16.1	13
Arizona	$28.71	28	$31.26	24	8.9	31
Arkansas	$15.29	48	$18.29	47	19.6	6
California	$25.47	35	$32.52	23	27.7	3
Colorado	$26.38	34	$36.91	16	39.9	1
Connecticut	$40.09	7	$44.52	9	11.1	23
Delaware	$14.97	49	$17.72	48	18.3	9
Florida	$31.08	22	$34.33	21	10.5	25
Georgia	$26.43	33	$29.31	30	10.9	24
Hawaii	$16.41	45	$22.45	42	36.8	2
Idaho	$27.47	30	$26.25	37	(4.4)	46
Illinois	$37.50	12	$42.96	11	14.6	17
Indiana	$34.09	15	$27.14	33	(20.4)	49
Iowa	$34.03	16	$34.67	19	1.9	41
Kansas	$31.29	19	$33.36	22	6.6	35
Kentucky	$18.70	43	$20.22	44	8.2	33
Louisiana	$16.75	44	$20.06	45	19.8	5

FIGURE 68 (CONTINUED)
PROPERTY TAX REVENUE PER $1,000 OF PERSONAL INCOME, CALENDAR YEARS 2002 TO 2011

	2002		2011		2002 TO 2011	
STATE	REVENUE	RANKING	REVENUE	RANKING	PERCENTAGE CHANGE	RANKING
Maine	$51.15	1	$47.20	5	(7.7)	47
Maryland	$26.82	32	$28.54	32	6.4	36
Massachusetts	$34.32	14	$37.72	14	9.9	27
Michigan	$32.38	18	$37.89	13	17.0	12
Minnesota	$30.50	24	$34.35	20	12.6	21
Mississippi	$24.90	37	$26.71	36	7.3	34
Missouri	$23.35	39	$25.76	38	10.3	26
Montana	$36.47	13	$37.26	15	2.2	40
Nebraska	$33.47	17	$36.75	17	9.8	28
Nevada	$25.09	36	$29.91	28	19.2	7
New Hampshire	$48.52	2	$54.84	2	13.0	19
New Jersey	$46.99	3	$55.17	1	17.4	11
New Mexico	$16.31	46	$19.22	46	17.8	10
New York	$39.54	8	$45.64	6	15.4	16
North Carolina	$22.91	40	$24.83	39	8.4	32
North Dakota	$30.71	23	$22.60	41	(26.4)	50
Ohio	$31.26	21	$30.12	27	(3.6)	44
Oklahoma	$16.22	47	$15.57	49	(4.0)	45
Oregon	$29.98	25	$34.79	18	16.0	14
Pennsylvania	$28.14	29	$30.82	25	9.5	29
Rhode Island	$42.65	6	$49.29	4	15.6	15
South Carolina	$28.94	26	$30.75	26	6.3	37
South Dakota	$31.28	20	$26.92	35	(13.9)	48
Tennessee	$21.15	41	$21.79	43	3.0	39
TEXAS	**$39.03**	**9**	**$38.42**	**12**	**(1.6)**	**43**
Utah	$23.71	38	$27.02	34	14.0	18
Vermont	$44.62	4	$52.83	3	18.4	8
Virginia	$27.30	31	$29.74	29	9.0	30
Washington	$28.88	27	$28.95	31	0.2	42
West Virginia	$20.62	42	$23.06	40	11.8	22
Wisconsin	$38.56	11	$43.47	10	12.8	20
Wyoming	$43.42	5	$45.22	8	4.1	38
U.S. AVERAGE	**$30.83**		**$34.23**		**11.0**	
Texas as Percentage of U.S.	126.6%		112.2%			

SOURCE: U.S. Census Bureau.

FIGURE 69
15 MOST-POPULOUS STATES STATE TAX RATES JANUARY 1, 2013

STATE	RETAIL SALES TAX (PERCENTAGE)	CIGARETTE TAX RATE (PER PACK)	GASOLINE TAX (PER GALLON)
Arizona	6.60	$2.000	$0.190
California	7.50	$0.870	$0.430
Florida	6.00	$1.339	$0.169
Georgia	4.00	$0.370	$0.195
Illinois	6.25	$1.980	$0.201
Massachusetts	6.25	$2.510	$0.210
Michigan	6.00	$2.000	$0.190
New Jersey	7.00	$2.700	$0.145
New York	4.00	$4.350	$0.266
North Carolina	4.75	$0.450	$0.378
Ohio	5.50	$1.250	$0.280
Pennsylvania	6.00	$1.600	$0.312
TEXAS	**6.25**	**$1.410**	**$0.200**
Virginia	5.00	$0.300	$0.175
Washington	6.50	$3.025	$0.375

	RETAIL SALES TAX	CIGARETTE TAX RATE (PER PACK)	GASOLINE TAX (PER GALLON)
Number of States of the 15 most-Populous:			
With higher rate than Texas’	4	8	8
With same rate as Texas’	2	0	0
With lower rate than Texas’	8	6	6
Number of all 50 States:			
Using the tax	45	50	50
With higher rate than Texas’	12	23	32
With same rate as Texas’	2	0	0
With lower rate than Texas’	30	26	17

Source: Federation of Tax Administrators.

FIGURE 70
15 MOST-POPULOUS STATES GENERAL SALES TAX REVENUES, CALENDAR YEAR 2012

50-STATE RANKING	STATE	SALES TAX REVENUE AS PERCENTAGE OF PERSONAL INCOME
3	Washington	3.39
11	Arizona	2.63
12	Michigan	2.58
13	Florida	2.49
17	**TEXAS**	**2.27**
24	Ohio	1.82
29	New Jersey	1.70
31	California	1.67
32	Pennsylvania	1.65
35	North Carolina	1.54
36	Georgia	1.45
37	Massachusetts	1.40
38	Illinois	1.39
43	New York	1.17
45	Virginia	0.90
	U.S. AVERAGE	**1.81**

50-STATE RANKING	STATE	SALES TAX PER CAPITA
4	Washington	$1,538.95
11	Florida	$1,004.46
13	Michigan	$967.86
16	Arizona	$947.74
17	**TEXAS**	**$940.20**
19	New Jersey	$913.70
25	Massachusetts	$764.22
26	California	$750.14
27	Pennsylvania	$718.21
28	Ohio	$716.61
35	Illinois	$624.02
38	New York	$608.29
39	North Carolina	$571.54
41	Georgia	$534.63
45	Virginia	$426.02
	U.S. AVERAGE	**$773.13**

Note: Five states have no general sales tax: Alaska, Delaware, Montana, New Hampshire, and Oregon.
Sources: U.S. Census Bureau; U.S. Department of Commerce.

TAX POLICY

A comparison of tax rates and amounts collected from the major taxes, shown in **Figure 69**, provides some insight into Texas' relative standing in terms of tax policy.

Forty-five states collect a retail sales tax. As of January 1, 2013, 12 states imposed a levy that is higher than Texas' 6.25 percent; two states used the same rate, and 30 states imposed a lower sales tax. Among the 15 most-populous states, four states imposed a levy higher than Texas' (Arizona, California, New Jersey, and Washington), two states used the same rate (Illinois and Massachusetts), and eight states applied lower rates. All 50 states collect a cigarette tax. As of January 1, 2013, there were 23 states that imposed a higher cigarette tax than Texas' $1.41 per pack; no other states that imposed the same rate, and 26 states that levied lower rates. Among the 15 most-populous states, eight states imposed a cigarette tax rate higher than Texas'. Thirty-two states imposed a higher tax on gasoline than Texas' $0.20 per gallon; no other states that imposed the same rate, and 17 states imposed a lower rate. The average rate nationwide was $0.236 per gallon. Additional detail on motor fuel tax rates is shown in **Figure 71**.

FIGURE 71
MOTOR FUEL TAX RATES BY STATE, AS OF JANUARY 1, 2013

STATE	TAX PER GALLON GASOLINE	TAX PER GALLON DIESEL	STATE	TAX PER GALLON GASOLINE	TAX PER GALLON DIESEL
Alabama	$0.180	$0.190	Nebraska	$0.255	$0.249
Alaska	$0.080	$0.080	Nevada	$0.238	$0.278
Arizona	$0.190	$0.270	New Hampshire	$0.196	$0.196
Arkansas	$0.218	$0.228	New Jersey	$0.145	$0.175
California	$0.430	$0.390	New Mexico	$0.189	$0.229
Colorado	$0.220	$0.205	New York	$0.266	$0.249
Connecticut	$0.250	$0.512	North Carolina	$0.378	$0.378
Delaware	$0.230	$0.220	North Dakota	$0.230	$0.230
Florida	$0.169	$0.310	Ohio	$0.280	$0.280
Georgia	$0.195	$0.220	Oklahoma	$0.170	$0.140
Hawaii	$0.170	$0.170	Oregon	$0.300	$0.300
Idaho	$0.260	$0.260	Pennsylvania	$0.312	$0.381
Illinois	$0.201	$0.226	Rhode Island	$0.330	$0.330
Indiana	$0.180	$0.160	South Carolina	$0.168	$0.168
Iowa	$0.220	$0.235	South Dakota	$0.240	$0.240
Kansas	$0.250	$0.270	Tennessee	$0.214	$0.184
Kentucky	$0.299	$0.269	**TEXAS**	**$0.200**	**$0.200**
Louisiana	$0.201	$0.201	Utah	$0.245	$0.245
Maine	$0.300	$0.312	Vermont	$0.267	$0.290
Maryland	$0.235	$0.243	Virginia	$0.175	$0.175
Massachusetts	$0.210	$0.210	Washington	$0.375	$0.375
Michigan	$0.190	$0.150	West Virginia	$0.347	$0.347
Minnesota	$0.286	$0.286	Wisconsin	$0.329	$0.329
Mississippi	$0.184	$0.184	Wyoming	$0.140	$0.140
Missouri	$0.173	$0.173	**U.S. AVERAGE**	**$0.236**	**$0.247**
Montana	$0.270	$0.278			

Source: Federation of Tax Administrators.

STATE EXPENDITURES

Comparing state expenditures in Texas with spending in other states provides an overview of the Texas state government's relative expenditure level and of the distribution of expenditures among major services. The states vary in the proportion of expenditures on certain functions borne by local governments, in service delivery methods, in service needs, and in significant cost factors such as salary levels.

PER CAPITA EXPENDITURES

Expenditures per capita provide a basis for comparing major categories of state government spending. Texas spends significantly less per capita than most other states. In fact, in 2011, Texas' total per capita spending for all functions ranked forty-sixth of all the states (**Figure 72**). Texas' total 2011 per capita state government expenditures equaled 76.4 percent of the 50-state amount. Conversely, in 2012, Texas ranked eleventh out of all 50 states and third out of the 15 most

FIGURE 72
15 MOST-POPULOUS STATES PER CAPITA STATE GOVERNMENT EXPENDITURES, SELECTED FUNCTIONS, FISCAL YEAR 2011

STATE	TOTAL EXPENDITURES	EDUCATION	HIGHWAYS	HOSPITALS	PUBLIC WELFARE	ALL OTHERS
Arizona	$5,083	$1,410	$315	$8	$1,471	$1,879
California	$7,497	$1,990	$282	$304	$2,055	$2,865
Florida	$4,435	$1,304	$286	$50	$1,169	$1,627
Georgia	$4,561	$1,776	$167	$85	$1,057	$1,475
Illinois	$5,805	$1,332	$397	$92	$1,517	$2,467
Massachusetts	$7,954	$1,867	$289	$78	$2,227	$3,493
Michigan	$6,390	$2,343	$250	$255	$1,511	$2,030
New Jersey	$7,597	$1,778	$360	$240	$1,609	$3,610
New York	$9,436	$2,319	$250	$313	$2,622	$3,931
North Carolina	$5,501	$2,001	$356	$168	$1,204	$1,772
Ohio	$6,863	$1,942	$303	$231	$1,596	$2,792
Pennsylvania	$7,124	$1,793	$611	$277	$1,860	$2,583
TEXAS	**$4,916**	**$1,904**	**$256**	**$164**	**$1,220**	**$1,372**
Virginia	$5,620	$1,773	$411	$401	$1,153	$1,881
Washington	$6,742	$2,182	$444	$301	$1,270	$2,545
U.S. AVERAGE	**$6,433**	**$1,901**	**$351**	**$211**	**$1,592**	**$2,378**
Texas as Percentage of U.S.	76.4%	100.2%	72.9%	77.4%	76.6%	57.7%

50-STATE RANKING	TOTAL EXPENDITURES	EDUCATION	HIGHWAYS	HOSPITALS	PUBLIC WELFARE	ALL OTHERS
Arizona	44	48	35	49	28	37
California	13	21	41	14	8	14
Florida	50	50	38	42	44	45
Georgia	49	37	50	32	47	48
Illinois	35	49	26	29	24	24
Massachusetts	9	29	37	34	5	7
Michigan	29	9	48	19	26	32
New Jersey	12	36	30	21	17	5
New York	3	11	47	13	2	3
North Carolina	40	20	31	24	42	40
Ohio	21	25	36	22	19	16
Pennsylvania	16	35	8	17	11	19
TEXAS	**46**	**27**	**45**	**25**	**41**	**50**
Virginia	37	38	25	8	45	35
Washington	24	15	18	15	37	20

Source: U.S. Census Bureau.

populous states in terms of per capita federal government expenditures (**Figure 73**).

In fiscal year 2011, Texas' expenditures per capita on education and public welfare were 100.2 percent and 76.6 percent of the 50-state amount respectively, both increases from 2009 levels. Per capita expenditures for hospitals were 77.4 percent of the national amount, a decrease from 2009 levels. Highway expenditures similarly decreased to approximately 72.9 percent of the 50-state amount. Texas ranked fiftieth in per capita spending for all other items, spending approximately 57.7 percent of the 50-state amount.

Figure 74 shows per capita state government expenditures in three major categories in 2011. "Direct general expenditures" are payments to employees, suppliers, beneficiaries, and other final recipients of state government payments. This category includes capital outlay and interest on debt, but avoids double-counting by excluding principal payments on debt. Texas ranked forty-sixth in direct per capita expenditures. "Intergovernmental expenditures" are payments by the state government to county or local governments (including public school districts) as fiscal aid in the form of shared revenues and grants-in-aid, as reimbursements for performance of general government

FIGURE 73
15 MOST-POPULOUS STATES PER CAPITA FEDERAL GOVERNMENT EXPENDITURES, FISCAL YEAR 2012

50-STATE RANKING	STATE	PER CAPITA FEDERAL SPENDING
1	Florida	$27,351
5	Virginia	$13,645
11	**TEXAS**	**$10,647**
12	New Jersey	$10,631
17	Massachusetts	$8,697
18	North Carolina	$8,403
22	Arizona	$7,782
24	New York	$7,753
25	Washington	$7,699
27	Pennsylvania	$7,470
31	Georgia	$6,885
33	California	$6,806
40	Ohio	$6,142
41	Michigan	$6,121
45	Illinois	$5,398
1	Highest: Florida	$27,351
50	Lowest: Utah	$4,588
	U.S. AVERAGE	**$8,844**

Source: U.S. Census Bureau.

FIGURE 74
15 MOST-POPULOUS STATES PER CAPITA STATE GOVERNMENT EXPENDITURES, BY CATEGORY, FISCAL YEAR 2011

STATE	TOTAL STATE EXPENDITURES	DIRECT GENERAL EXPENDITURES	INTERGOVERNMENTAL EXPENDITURES	TRUST FUND EXPENDITURES
Arizona	$5,083	$3,008	$1,340	$735
California	$7,497	$3,604	$2,428	$1,465
Florida	$4,435	$2,739	$1,034	$663
Georgia	$4,561	$2,732	$1,080	$748
Illinois	$5,805	$3,405	$1,222	$1,178
Massachusetts	$7,954	$5,200	$1,336	$1,418
Michigan	$6,390	$3,273	$2,013	$1,104
New Jersey	$7,597	$4,252	$1,264	$2,081
New York	$9,436	$4,429	$3,061	$1,945
North Carolina	$5,501	$3,181	$1,413	$907
Ohio	$6,863	$3,683	$1,595	$1,585
Pennsylvania	$7,124	$4,199	$1,565	$1,360
TEXAS	**$4,916**	**$3,080**	**$1,157**	**$679**
Virginia	$5,620	$3,561	$1,418	$642
Washington	$6,742	$4,036	$1,370	$1,335
U.S. AVERAGE	**$6,433**	**$3,717**	**$1,594**	**$1,122**
Texas as Percentage of U.S.	76.4%	82.9%	72.6%	60.5%

FIGURE 74 (CONTINUED)
15 MOST-POPULOUS STATES PER CAPITA STATE GOVERNMENT EXPENDITURES, BY CATEGORY, FISCAL YEAR 2011

STATE	TOTAL STATE EXPENDITURES	DIRECT GENERAL EXPENDITURES	INTERGOVERNMENTAL EXPENDITURES	TRUST FUND EXPENDITURES
50-State Ranking				
Arizona	44	47	29	40
California	13	34	4	8
Florida	50	48	44	46
Georgia	49	49	43	38
Illinois	35	38	36	16
Massachusetts	9	8	30	9
Michigan	29	42	8	18
New Jersey	12	17	32	1
New York	3	16	1	2
North Carolina	40	44	24	28
Ohio	21	32	14	7
Pennsylvania	16	18	15	10
TEXAS	**46**	**46**	**40**	**44**
Virginia	37	36	22	47
Washington	24	22	26	12

Notes:
(1) Direct governmental expenditures include payments to employees, suppliers, beneficiaries, and other final recipients of governmental payments.
(2) Intergovernmental expenditures include amounts paid to local government as grants-in-aid or for specific services.
(3) Trust fund expenditures include payments from unemployment compensation trust funds, state retirement systems, and state-owned utilities and liquor stores.
Source: U.S. Census Bureau.

activities, for specific services (e.g., care of prisoners or contractual research), or in lieu of taxes. Texas ranked fortieth in fiscal year 2011 in expenditures per capita for aid to local governments. "Trust fund expenditures" include payments of unemployment compensation, payments from state retirement systems, utility expenditures, and expenditures of state-operated liquor stores. Texas' state trust fund expenditures per capita ranked forty-forth among the states in fiscal year 2011.

GOVERNMENT EMPLOYMENT

In fiscal year 2011, 42 states had more state government full-time-equivalent (FTE) positions (employees) in proportion to their populations than Texas; seven had fewer (**Figure 75**).

Since more-populous states tend to have fewer state FTE positions in proportion to population than do less-populous states, however, it is more meaningful to compare Texas with the 15 most-populous states. Among these, Texas ranks tenth in terms of state FTE positions per 10,000 population (**Figure 76**).

Texas spends 12.8 percent of its overall state budget on salaries and wages, which ranks it twenty-seventh among the 50 states and fifth among the 15 most-populous states (**Figure 77**).

According to U.S. Census Bureau classifications, approximately 74.6 percent of Texas' state government FTE employees work in five major functions: higher education, highways, public hospitals, public welfare, and corrections. The state's FTE levels are below the 50-state average in higher education, highways, and public hospitals; and above the 50-state average for public welfare and corrections. Texas' FTE levels are at 120.7 percent of the 50-state number for public welfare and 114.1 percent for corrections. The state has 32 FTE positions per 10,000 population in all other state government positions, which is 74.2 percent of the 50-state average.

FIGURE 75
FULL-TIME-EQUIVALENT POSITIONS PER 10,000 POPULATION FISCAL YEAR 2011

RANKING	STATE	FTE POSITIONS PER 10,000 POPULATION	RANKING	STATE	FTE POSITIONS PER 10,000 POPULATION
1	Hawaii	422	27	North Carolina	160
2	Alaska	370	28	Virginia	154
3	Delaware	289	29	Kansas	152
4	North Dakota	272	30	Minnesota	149
5	Wyoming	236	31	Maryland	148
6	Vermont	230	32	New Hampshire	147
7	New Mexico	225	33	Michigan	147
8	West Virginia	215	34	Missouri	145
9	Arkansas	213	35	Colorado	141
10	Montana	208	36	Massachusetts	139
11	Mississippi	194	37	Indiana	138
12	Utah	190	38	Idaho	137
13	Alabama	187	39	Tennessee	135
14	Kentucky	187	40	Pennsylvania	132
15	Louisiana	184	41	Georgia	126
16	Oklahoma	181	42	New York	125
17	Rhode Island	180	**43**	**TEXAS**	**124**
18	Washington	178	44	Wisconsin	124
19	South Dakota	176	45	Ohio	120
20	Nebraska	174	46	California	108
21	Connecticut	173	47	Arizona	106
22	Oregon	169	48	Nevada	103
23	New Jersey	166	49	Illinois	102
24	South Carolina	165	50	Florida	97
25	Iowa	164		**U.S. AVERAGE**	**140**
26	Maine	161			

NOTES:
(1) Direct governmental expenditures include payments to employees, suppliers, beneficiaries, and other final recipients of governmental payments.
(2) Intergovernmental expenditures include amounts paid to local government as grants-in-aid or for specific services.
(3) Trust fund expenditures include payments from unemployment compensation trust funds, state retirement systems, and state-owned utilities and liquor stores.
SOURCE: U.S. Census Bureau.

The distribution of state FTE levels varies among states for a variety of reasons. Some of the reasons include: the amount and quality of services a state provides, the method used to allocate responsibilities for services between state and local governments, and the amount of services provided by the private sector.

FIGURE 76
15 MOST-POPULOUS STATES FULL-TIME-EQUIVALENT STATE-SUPPORTED POSITIONS PER 10,000 POPULATION, SELECTED FUNCTIONS, FISCAL YEAR 2011

	STATE FTE POSITIONS PER 10,000 POPULATION						
STATE	TOTAL	HIGHER EDUCATION	HIGHWAYS	HOSPITALS	PUBLIC WELFARE	CORRECTIONS	ALL OTHERS
Washington	178	80	11	15	14	13	44
New Jersey	166	38	7	20	10	10	81
North Carolina	160	68	11	21	1	22	37
Virginia	154	68	9	18	3	17	38
Michigan	147	77	3	19	10	15	23
Massachusetts	139	47	4	9	10	9	60
Pennsylvania	132	48	12	9	9	15	40
Georgia	126	56	5	7	9	18	31
New York	125	27	6	22	2	16	51
TEXAS	**124**	**52**	**5**	**10**	**9**	**17**	**32**
Ohio	120	60	6	14	2	13	25
California	108	42	5	12	1	16	32
Arizona	106	46	4	1	7	16	32
Illinois	102	48	5	9	7	9	24
Florida	97	29	4	2	5	16	40
U.S. AVERAGE	**140**	**55**	**7**	**13**	**7**	**15**	**43**
Texas as Percentage of U.S.	88.8%	93.8%	72.4%	77.4%	120.7%	114.1%	74.2%

Note: Totals may not sum due to rounding.
Source: U.S. Census Bureau.

FIGURE 77
15 MOST-POPULOUS STATES SALARIES AND WAGES AS PERCENTAGE OF STATE EXPENDITURES CALENDAR YEAR 2011

50-STATE RANKING	STATE	SALARIES AND WAGES AS PERCENTAGE OF TOTAL
3	Washington	21.7
8	North Carolina	17.2
15	New Jersey	15.3
18	Virginia	13.9
27	**TEXAS**	**12.8**
30	Georgia	12.5
37	Illinois	11.8
38	Michigan	11.7
41	Ohio	11.2
42	California	11.2
44	Florida	10.7
46	Massachusetts	10.2
47	New York	9.7
48	Arizona	9.6
49	Pennsylvania	9.0

Source: U.S. Census Bureau.

HIGHER EDUCATION

One of the factors affecting state employment levels in higher education is the number of students enrolled relative to the total population. Texas ranks last among the 15 most-populous states in the percentage of individuals ages 25 or older completing high school, with an 80.3 percent completion rate. (**Figure 78**).

Another factor affecting higher education employment levels is the availability of and enrollment in private institutions in each state. Texas has the highest proportion of students enrolled in public universities and the lowest proportion in private universities of the 15 most populous states. The difference is most dramatic when comparing the percentage of students in public higher education in Texas (87.5 percent), New York (57.5 percent), Pennsylvania (53.7 percent), Massachusetts (47.2 percent), and Arizona (44.0 percent). **Figure 79** shows the percentage for this measure for the 15 most-populous states in the 2010–11 academic year.

FIGURE 78
15 MOST-POPULOUS STATES PERCENTAGE OF PERSONS AGE 25 OR OLDER COMPLETING HIGH SCHOOL, 2008 TO 2010 THREE-YEAR AVERAGE

STATE	PERCENTAGE COMPLETION RATE
Washington	89.7
Massachusetts	89.0
Michigan	88.6
Pennsylvania	88.0
Ohio	87.7
New Jersey	87.7
Illinois	86.5
Virginia	86.2
Florida	85.4
Arizona	85.0
New York	84.5
North Carolina	84.1
Georgia	84.1
California	80.7
TEXAS	**80.3**
U.S. AVERAGE	**85.3**

Source: U.S. Census Bureau.

FIGURE 79
15 MOST-POPULOUS STATES PUBLIC AND PRIVATE HIGHER EDUCATION ENROLLMENT 2010–11 ACADEMIC YEAR

	PERCENTAGE OF TOTAL ENROLLMENT		TOTAL ENROLLMENT PER 1,000 POPULATION
STATE	PUBLIC	PRIVATE	
TEXAS	**87.5**	**12.5**	**2,107.8**
Washington	87.2	12.8	554.6
New Jersey	82.1	17.9	569.2
North Carolina	81.9	18.1	757.9
California	81.9	18.1	3,748.0
Michigan	80.6	19.4	914.8
Georgia	75.4	24.6	775.8
Ohio	73.3	26.7	991.7
Virginia	69.2	30.8	783.1
Illinois	69.0	31.0	1,374.2
Florida	67.9	32.1	1,591.4
New York	57.5	42.5	1,663.1
Pennsylvania	53.7	46.3	1,019.7
Massachusetts	47.2	52.8	640.1
Arizona	44.0	56.0	1,238.7
U.S. AVERAGE	**71.8**	**28.2**	**28,577.3**

Source: U.S. Department of Education.

How states allocate responsibility for higher education between state and local governments also influences the state employment level. **Figure 80** shows the percentages of public higher education FTE positions in state and local governments for the 15 most-populous states. In Florida, which ranks lowest, state higher education FTE positions account for 64.2 percent of the total number of FTE positions, whereas in Texas, which ranks tenth, state FTE positions account for 73.8 percent of the total.

FIGURE 80
15 MOST-POPULOUS STATES STATE AND LOCAL PUBLIC HIGHER EDUCATION FTE POSITIONS, FISCAL YEAR 2011

	PERCENTAGE OF TOTAL	
STATE	STATE	LOCAL
Georgia	100.0	-
Washington	100.0	-
Massachusetts	99.8	0.2
Virginia	96.7	3.3
Ohio	94.2	5.8
Pennsylvania	93.3	6.7
Michigan	82.9	17.1
New Jersey	74.8	25.2
North Carolina	74.4	25.6
TEXAS	**73.8**	**26.2**
Illinois	71.8	28.2
New York	69.6	30.4
Arizona	69.3	30.7
California	69.0	31.0
Florida	64.2	35.8

Source: U.S. Census Bureau.

During 2008 to 2010, Texas ranked thirty-first among the 50 states and twelfth among the 15 most-populous states in the percentage of persons age 25 or older with a bachelor's degree or greater (**Figure 81**).

FIGURE 81
15 MOST-POPULOUS STATES PERCENTAGE OF PERSONS AGE 25 OR OLDER WITH A BACHELOR'S DEGREE OR GREATER, THREE-YEAR AVERAGE FISCAL YEARS 2008 TO 2010

50-STATE RANKING	STATE	PERCENTAGE COMPLETION RATE
1	Massachusetts	38.6
5	New Jersey	35.0
6	Virginia	33.9
9	New York	32.3
11	Washington	31.0
12	Illinois	30.5
14	California	30.0
23	Georgia	27.4
25	Pennsylvania	26.6
26	North Carolina	26.4
28	Arizona	26.1
31	**TEXAS**	**25.8**
32	Florida	25.8
34	Michigan	25.2
37	Ohio	24.4
1	Highest: Massachusetts	38.6
50	Lowest: West Virginia	17.1
	U.S. AVERAGE	**28.0**

Source: U.S. Census Bureau.

HIGHWAYS

Factors affecting the number of state highway FTE positions per 10,000 population include the distribution of responsibilities between state and local governments, the amount and quality of services provided, and the amount of work the state contracts to the private sector. Texas ranked eighth among the 15 most-populous states in the total number of state and local highway FTE positions per 10,000 population in fiscal year 2011 (**Figure 82**).

Construction work on state highways in Texas traditionally has been performed by private contractors. In recent years, however, contractors have been more involved in maintenance work, partly because in 1991 the Texas Legislature mandated increased levels of private contracting for maintenance. In fiscal year 2013, contractors performed more than 80 percent of highway maintenance work, up from 37 percent in fiscal year 1992, according to the Texas Department of Transportation. **Figure 83** shows how Texas compares to the U.S. average in highway and road miles under state control, vehicle miles traveled per capita, the number of registered vehicles per 1,000 population, and licensed drivers per 1,000 population. Texas ranks higher than the U.S. average in road miles under state control; however, it ranks below the U.S. average on the number of highway FTE positions per 10,000, in vehicle miles traveled per capita, in the per capita number of registered vehicles per 1,000 population, and in licensed drivers per 1,000 population.

FIGURE 82
15 MOST-POPULOUS STATES HIGHWAY EMPLOYEES PER 10,000 POPULATION, FISCAL YEAR 2011

	FULL-TIME-EQUIVALENT POSITIONS PER 10,000 POPULATION		
STATE	STATE	LOCAL	TOTAL
Washington	10.8	10.2	20.9
Pennsylvania	11.6	8.5	20.1
New York	5.9	13.5	19.3
New Jersey	6.7	11.3	18.0
Ohio	6.0	10.8	16.8
North Carolina	11.4	4.1	15.5
Illinois	5.3	9.9	15.2
TEXAS	**5.2**	**8.0**	**13.2**
Virginia	8.7	4.5	13.2
Georgia	5.1	7.9	13.0
Massachusetts	3.6	8.8	12.4
Michigan	2.6	8.6	11.2
California	5.4	5.3	10.7
Florida	3.9	6.7	10.6
Arizona	4.2	6.2	10.4
U.S. AVERAGE	**7.2**	**9.0**	**16.2**

Note: Totals may not sum due to rounding.
Source: U.S. Census Bureau.

FIGURE 83
HIGHWAY STATISTICS, CALENDAR YEAR 2011

STATISTIC	TEXAS	U.S.
Percentage of highway and road miles under state control	25.6	19.1
Highway and road miles under state control per 10,000 population	31.3	25.0
Vehicle miles traveled per capita	9,263	9,455
Registered motor vehicles per 1,000 population	765	813
Licensed drivers per 1,000 population	590	680

Sources: U.S. Census Bureau; U.S. Department of Transportation.

PUBLIC HOSPITALS

The U.S. Census Bureau's public hospital FTE category includes government-operated facilities that provide inpatient care; employees of private corporations that operate government-owned hospital facilities are excluded. In hospitals associated with government-operated medical schools, the instructional staff is included under higher education; all other hospital employees are included in the hospital category. In Texas, routine healthcare for correctional populations is provided by employees of one of two state-operated medical schools. Hospital care and acute care is provided by a combination of personnel from the two medical schools and contract providers. **Figure 84** shows the number of state and local public hospital FTE positions per 10,000 population in the 15 most-populous states. Texas ranked fourth among these states in fiscal year 2011. The number of state hospital FTE positions is affected by policies such as the distribution of responsibilities among state and local governments and hospitals and community-based services, the quality of service as indicated in staffing ratios and professional quality of the personnel, and the extent to which service is provided by the private sector.

FIGURE 84
15 MOST-POPULOUS STATES PUBLIC HOSPITAL EMPLOYEES PER 10,000 POPULATION, FISCAL YEAR 2011

	FULL-TIME-EQUIVALENT POSITIONS PER 10,000 POPULATION		
STATE	STATE	LOCAL	TOTAL
North Carolina	20.8	43.0	63.8
New York	22.4	24.5	47.0
Washington	15.4	23.1	38.5
TEXAS	**9.9**	**20.4**	**30.3**
California	11.5	17.5	29.0
Michigan	19.1	9.8	28.9
Florida	2.0	26.8	28.8
Georgia	7.3	18.6	26.0
Ohio	13.7	9.4	23.0
New Jersey	20.0	2.6	22.6
Virginia	18.0	3.1	21.1
Illinois	8.6	9.2	17.8
Massachusetts	8.7	3.8	12.5
Pennsylvania	9.1	0.5	9.6
Arizona	1.0	4.1	5.1
U.S. AVERAGE	**12.8**	**18.2**	**31.0**

NOTE: Totals may not sum due to rounding.
SOURCE: U.S. Census Bureau.

PUBLIC WELFARE

The distribution of responsibility between state and local governments in the administration of public welfare affects the number of state welfare FTE positions. Included in this category are various public assistance programs for the needy, homes for the elderly, indigent care institutions, and programs that provide payments for medical care and other services for the needy, excluding hospital services. In general, states that administer public welfare through state agencies employ fewer total welfare workers than do states that administer welfare locally. In Texas, state government administers most public welfare. In fiscal year 2011, Texas ranked twelfth among the 15 most-populous states in the total number of welfare FTE positions per 10,000 population. Texas was sixth in the number of state welfare FTE positions (9.0 per 10,000 population) and fifteenth in the number of local welfare workers (1.3 per 10,000 population). In contrast, more than half the states with a higher total number of welfare FTE positions (New York, Pennsylvania, New Jersey, Ohio, California, North Carolina, and Virginia) administer welfare predominantly through local government (**Figure 85**).

FIGURE 85
15 MOST-POPULOUS STATES PUBLIC WELFARE EMPLOYEES PER 10,000 POPULATION, FISCAL YEAR 2011

	FULL-TIME-EQUIVALENT POSITIONS PER 10,000 POPULATION		
STATE	STATE	LOCAL	TOTAL
New York	2.4	23.8	26.2
Pennsylvania	9.2	14.1	23.3
New Jersey	10.1	11.4	21.5
Ohio	2.4	17.5	19.9
California	0.9	17.5	18.4
North Carolina	1.3	16.1	17.4
Washington	13.8	2.5	16.2
Massachusetts	10.5	4.1	14.6
Virginia	3.4	10.6	14.1
Michigan	10.5	3.0	13.5
Illinois	7.1	4.7	11.8
TEXAS	**9.0**	**1.3**	**10.3**
Georgia	8.7	1.5	10.2
Arizona	7.4	2.3	9.7
Florida	5.3	2.8	8.1
U.S. AVERAGE	**7.5**	**8.6**	**16.0**

NOTE: Totals may not sum due to rounding.
SOURCE: U.S. Census Bureau.

CORRECTIONS

In 2011, Texas employed 17 state FTE positions per 10,000 population in corrections, the fourth-highest ratio among the 15 most-populous states (**Figure 76**). With 672 inmates per 100,000 population in 2011, Texas had the sixth-highest ratio of prisoners to population of all 50 states (**Figure 86**). (The highest was Louisiana, with 868.) This incarceration rate is a 2.8 percent decrease from the 2009 rate of 691 per 100,000 population. Nationally, the incarceration rate decreased by 3.1 percent from calendar years 2009 to 2011.

FIGURE 86
15 MOST-POPULOUS STATES PRISON INMATES PER 100,000 POPULATION, CALENDAR YEAR 2011

50-STATE RANKING	STATE	INMATES PER 100,000 POPULATION
6	**TEXAS**	**672**
8	Arizona	619
9	Georgia	570
11	Florida	540
17	Virginia	470
21	Ohio	442
23	Michigan	435
26	North Carolina	409
27	Pennsylvania	405
28	California	397
32	Illinois	377
41	New York	284
42	New Jersey	270
43	Washington	262
49	Massachusetts	176
1	Highest: Louisiana	868
50	Lowest: Maine	161
	U.S. AVERAGE	**444**

Source: Bureau of Justice Statistics.

In 2011, the crime rate in Texas ranked eleventh among all states, and was the fourth among the 15 most-populous states (**Figure 87**). The rate of 3,880.8 crimes per 100,000 population in Texas in calendar year 2011 is an 8.3 percent decrease from the rate of 4,233.3 in 2010. Nationally, the crime rate decreased 1.5 percent, from 3,345.5 in 2010 to 3,295.0 in 2011. Texas' violent crime rate decreased, from 450.3 per 100,000 population in 2010 to 408.5 per 100,000 population in 2011. The state ranks eighteenth among all states, and sixth among the 15 most-populous states, in violent crime. In Texas, this rate decreased by 9.3 percent from calendar year 2010 to 2011; the national rate decreased 4.3 percent.

STATE AND LOCAL GOVERNMENT EMPLOYEES

Comparing state FTE positions per 10,000 population and excluding local employees is difficult because, as noted earlier, each state allocates responsibilities between state and local governments differently. Therefore, analysts often recommend that comparisons be based on the total number of state and local FTE positions, rather than on just the number of state FTE positions. In fiscal year 2011, Texas ranked tenth among the 15 most populous states with regard to the number of state FTE positions per 10,000 population (**Figure 76**). However, the state had the third-highest number of state and local FTE positions per 10,000 population of the 15 most-populous states (**Figure 88**).

In addition, Texas had more state and local government FTE positions per 10,000 population in fiscal year 2011 than the 50-state average number in elementary and secondary schools and in higher education. Among the 15 most-populous states, Texas had the highest number of state and local government FTE positions working in elementary and secondary schools in proportion to the state's total population.

FIGURE 87
15 MOST-POPULOUS STATES CRIME RATES PER 100,000 POPULATION
CALENDAR YEAR 2011

STATE	ALL CRIME	50-STATE RANKING	VIOLENT CRIME	50-STATE RANKING	PROPERTY CRIME	50-STATE RANKING
Arizona	3,960.4	10	405.9	19	3,554.5	8
California	2,994.9	29	411.1	17	2,583.8	31
Florida	4,037.3	6	515.3	8	3,522.0	11
Georgia	3,999.7	8	373.2	21	3,626.5	4
Illinois	3,118.1	26	429.3	14	2,688.8	26
Massachusetts	2,687.1	34	428.4	15	2,258.7	42
Michigan	3,057.4	27	445.3	13	2,612.1	29
New Jersey	2,459.1	43	308.4	28	2,150.7	46
New York	2,310.5	47	398.1	20	1,912.4	49
North Carolina	3,876.6	12	349.8	24	3,526.8	10
Ohio	3,662.1	16	307.4	29	3,354.7	15
Pennsylvania	2,577.3	40	355.0	22	2,222.3	44
TEXAS	**3,880.8**	**11**	**408.5**	**18**	**3,472.3**	**12**
Virginia	2,446.3	44	196.7	46	2,249.6	43
Washington	3,869.2	13	294.6	30	3,574.6	7
U.S. AVERAGE	**3,295.0**		**386.3**		**2,908.7**	

SOURCE: Federal Bureau of Investigation.

FIGURE 88
15 MOST-POPULOUS STATES STATE AND LOCAL GOVERNMENT EMPLOYEES PER 10,000 POPULATION
FISCAL YEAR 2011

	FULL-TIME-EQUIVALENTS PER 10,000 POPULATION				
STATE	ELEMENTARY AND SECONDARY SCHOOLS	HIGHER EDUCATION	PUBLIC HOSPITALS	ALL OTHER FUNCTIONS	TOTAL FTES
Arizona	167.9	67.1	5.1	191.7	431.8
California	167.5	60.8	29.0	208.8	466.1
Florida	184.2	45.6	28.8	208.0	466.7
Georgia	244.3	56.4	26.0	191.9	518.5
Illinois	207.1	67.2	17.8	207.3	499.4
Massachusetts	220.5	47.3	12.5	206.6	486.9
Michigan	180.5	92.6	28.9	159.0	461.0
New Jersey	248.6	50.6	22.6	229.8	551.6
New York	242.7	38.4	47.0	275.7	603.8
North Carolina	213.1	91.3	63.8	207.6	575.7
Ohio	216.0	63.4	23.0	211.9	514.3
Pennsylvania	209.6	51.2	9.6	197.3	467.7
TEXAS	**274.7**	**69.9**	**30.3**	**190.4**	**565.2**
Virginia	242.5	70.8	21.1	208.3	542.7
Washington	147.1	80.1	38.5	234.4	500.0
U.S. AVERAGE	**215.8**	**66.1**	**31.0**	**211.4**	**524.2**

SOURCE: U.S. Census Bureau.

4. GENERAL GOVERNMENT

*As shown in **Figure 89**, All Funds appropriations for General Government for the 2014–15 biennium total $4,840.3 million, or 2.4 percent of all state appropriations. This amount is a decrease of $77.8 million, or 1.6 percent, from the 2012–13 biennium. **Figure 90** shows 2014–15 biennial appropriations by method of financing and full-time-equivalent positions from fiscal years 2010 to 2015.*

FIGURE 89
ALL FUNDS APPROPRIATIONS FOR GENERAL GOVERNMENT
2014–15 BIENNIUM

IN MILLIONS

AGENCY	ESTIMATED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$7.7	$13.4	$5.7	74.0
Office of the Attorney General	1,066.9	1,071.5	4.6	0.4
Bond Review Board	1.0	1.9	0.9	93.8
Cancer Prevention and Research Institute of Texas	588.1	594.1	6.0	1.0
Comptroller of Public Accounts	445.3	461.6	16.3	3.7
Fiscal Programs - Comptroller of Public Accounts	951.5	817.4	(134.1)	(14.1)
Commission on State Emergency Communications	109.8	145.8	36.0	32.8
Texas Emergency Services Retirement System	0.0	4.4	4.4	N/A
Employees Retirement System	16.7	16.7	0.0	0.0
Texas Ethics Commission	3.9	7.5	3.6	92.9
Facilities Commission	200.2	144.0	(56.1)	(28.0)
Public Finance Authority	2.9	2.7	(0.2)	(6.4)
Fire Fighters' Pension Commissioner	1.7	0.0	(1.7)	(100.0)
Office of the Governor	21.0	20.8	(0.2)	(1.0)
Trusteed Programs Within the Office of the Governor	846.5	798.4	(48.1)	(5.7)
Historical Commission	77.3	43.0	(34.3)	(44.4)
Department of Information Resources	519.5	586.0	66.5	12.8
Library & Archives Commission	50.8	45.7	(5.2)	(10.2)
Pension Review Board	1.4	1.8	0.4	26.3
Preservation Board	31.9	31.8	(0.1)	(0.2)
State Office of Risk Management	103.0	104.3	1.2	1.2
Secretary of State	88.4	57.2	(31.2)	(35.3)
Veterans Commission	55.2	52.8	(2.4)	(4.4)
Subtotal, General Government	**$5,190.7**	**$5,022.8**	**($167.9)**	**(3.2)**
Retirement and Group Insurance	$200.6	$239.2	$38.7	19.3
Social Security and Benefit Replacement Pay	72.2	73.3	1.0	1.4
Subtotal, Employee Benefits	**$272.8**	**$312.5**	**$39.7**	**14.6**

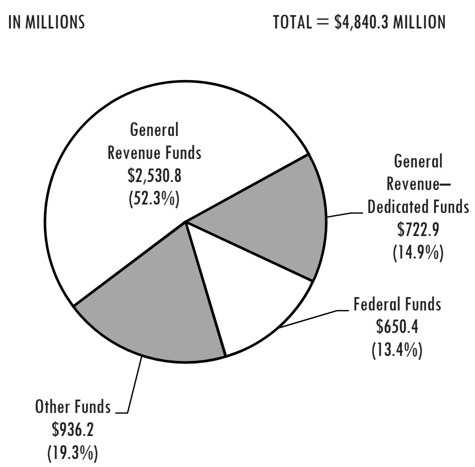
FIGURE 89 (CONTINUED)
ALL FUNDS APPROPRIATIONS FOR GENERAL GOVERNMENT
2014–15 BIENNIUM

IN MILLIONS

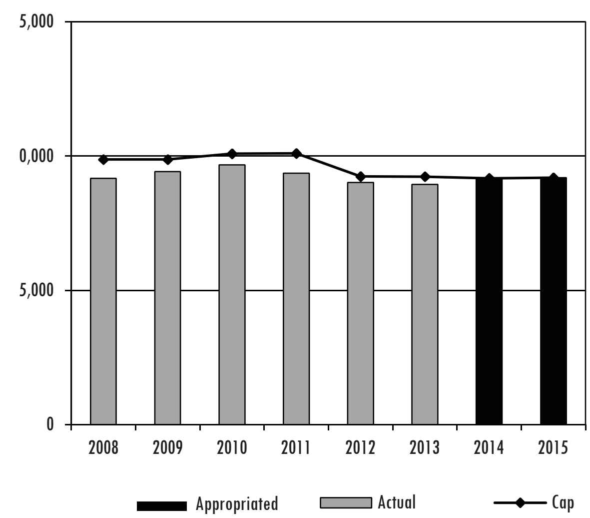
AGENCY	ESTIMATED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Bond Debt Service Payments	$97.4	$212.6	$115.2	118.3
Lease Payments	22.0	13.0	(9.0)	(40.8)
Subtotal, Debt Service	**$119.4**	**$225.6**	**$106.2**	**88.9**
Less Interagency Contracts	$664.8	$720.6	$55.8	8.4
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$4,918.0**	**$4,840.3**	**($77.8)**	**(1.6)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and, the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and, the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
(4) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 90
GENERAL GOVERNMENT APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2014–15 BIENNIUM



NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.



SOURCES: Legislative Budget Board; State Auditor's Office.

General Government agencies provide a wide array of public and state administrative support services. Included in the General Government functional area are executive branch elective offices established by the Texas Constitution such as the Governor, Comptroller of Public Accounts, and the Attorney General.

In addition to the elective offices, other General Government agencies are responsible for various functions including:

- oversight and management of state debt;
- administration of employee healthcare and retirement benefits;
- oversight of state and federal election laws;
- preservation of the state's cultural and historic resources;
- assist with veterans federal benefits claims, veterans' education and job training programs;
- management of information technology and telecommunications services;
- implementation of the statewide 9-1-1 emergency call service;
- oversight of building construction and maintenance programs; and
- administration of cancer prevention and research programs.

MAJOR FUNDING ISSUES

ACROSS ARTICLE APPROPRIATIONS

The 2014–15 biennial funding levels of several General Government programs changed significantly as compared to the 2012–13 biennial spending levels.

EMPLOYEE BENEFITS

Appropriations for state contributions for general state employees' retirement total $818.6 million in All Funds for the 2014–15 biennium, which is an increase of $107.2 million, or 15.1 percent, from the 2012–13 biennial spending level. This is primarily due to the increase in the state contribution rate from 6.0 percent in fiscal year 2012 to 6.5 percent in fiscal year 2014 and from 6.5 percent in fiscal year 2013 to 7.5 percent in fiscal year 2015. The General Appropriations Act (GAA) also provides for an additional retirement contribution from all general state agencies of 0.5 percent of the total base wages and salaries for each eligible employee. The GAA also allows for an increase to the state contribution in fiscal year 2014 from 6.5 percent up to 7.5 percent from retirement and insurance unexpended and unobligated balances remaining as of August 31, 2013. This authority, in addition to the 0.5 percent state agency contribution, brings the total employer contribution rate to 8.0 percent in each fiscal year of the 2014–15 biennium.

Appropriations for state employee group insurance benefits total $3,134.2 million and increased by $533.2 million from the 2012–13 biennial spending levels. Funding for state contributions for group insurance benefits reflect an annual cost trend of 7.0 percent, additional costs related to federal healthcare legislation, 5.0 percent annual retiree growth, and several cost-saving initiatives by ERS with regard to the Group Benefit Program (GBP). In addition, the GAA, Eighty-third Legislature, continues a contribution from all general state agencies and institutions of higher education equal to 1.0 percent of total base wages and salaries for each benefits eligible employee participating in the GBP to go toward group health insurance.

Appropriations for the state match for Social Security contributions total $1,471.5 million for the 2014–15 biennium, an increase of $43.2 million, or 3.0 percent, from the 2012–13 biennial spending levels, primarily due to FTE changes at certain state agencies and 2.0 percent payroll growth for higher education employees. These appropriations fund the 6.2 percent employer payroll tax contribution for the Social Security program and the 1.45 percent tax for the state Medicare program, and reflect no payroll growth for general state employees.

STATE DEBT SERVICE ON GENERAL OBLIGATION BONDS ADMINISTERED BY THE TEXAS PUBLIC FINANCE AUTHORITY

Appropriations for debt service payments for General Obligation (GO) bonds total $697.2 million for the 2014–15 biennium, an increase of $148.3 million from the 2012–13 biennial spending levels primarily due to increased debt service requirements for debt appropriated in prior biennia. Included in the appropriations is $11.7 million in debt service for $146.2 million in GO bonds for new capital projects at several TPFA client agencies and $8.5 million in debt service for $600 million in new GO bonds to the Cancer Prevention and Research Institute.

DATA CENTER CONSOLIDATION SERVICES

Funding for data center consolidation services provided by the Department of Information Resources (DIR) increased by approximately $61.4 million for the 28 affected state agencies. This funding is for current obligations related to increased rates for certain services under new service provider contracts and projected increases in consumption of certain services by agencies, such as application servers and tape storage. The increase also includes new initiatives at the Department of Insurance and other agencies that are deemed critical for agency operations, such as additional server and storage growth for an electronic data management system related to a risk assessment initiative at the Texas Department of Criminal Justice. Data center consolidation services include server, mainframe, network services, disaster recovery, data center facilities, bulk print/mail operations and help desk functions.

GENERAL GOVERNMENT AGENCIES

The 2014–15 biennial funding levels of several General Government agencies changed significantly as compared to the 2012–13 biennial spending levels.

- Commission on the Arts—an increase in All Funds of approximately $5.3 million, or 97.4 percent, primarily due to increased funding for the agency's operational support grants (Arts Create) and project support grants (Arts Respond), including funding for cultural tourism grants.
- Bond Review Board—an increase of approximately $0.9 million in General Revenue Funds, or 93.8 percent, primarily for staff to support local debt reporting and updates to the agency's financial and debt databases.
- Commission on State Emergency Communications—an overall increase of $36.0 million in All Funds, or 32.8 percent, primarily related to an increase of $41.7 million in General Revenue–Dedicated Funds for several 9-1-1 related items and activities including: equipment replacement, a next generation geospatial database, phase one of a statewide next generation digital network, and Regional Planning Commission Strategic Plans for 9-1-1 network operations. This increase is offset by reductions primarily for the expiration of the federal ENHANCE 9-1-1 Grant, which provided for the acquisition of information resource technologies to implement an internet protocol (IP) emergency network and discontinuation of the agency's 9-1-1 Public Education Sales program.
- The Texas Emergency Services Retirement System (TESRS) was established as a stand-alone agency by the Eighty-third Legislature, Regular Session, 2013, by Senate Bill 220, which is the sunset legislation that abolishes the office of Fire Fighter Pension Commissioner (FFPC) effective August 31, 2013. TESRS was previously administered by FFPC. Created by the Sixty-fifth Legislature, 1977, TESRS is a statewide retirement system to finance pension, death and disability benefits for volunteer firefighters and emergency medical personnel in the state of Texas. There are no appropriations to FFPC for the 2014–15 biennium. TESRS is appropriated $1.2 million and 6.0 full-time equivalents for administration of the retirement system and $3.2 million for a contribution to the system.
- Ethics Commission—an increase of $3.6 million in General Revenue Funds, or 93.4 percent, to develop and implement a new electronic filing system to replace the current system.
- Texas Facilities Commission (TFC)—a reduction of $56.1 million from the 2012–13 biennial spending levels, primarily related to decreases of $20.0 million in General Revenue Funds for health and safety and deferred maintenance projects related to a supplemental appropriation for the 2012–13 biennium for such projects by the Eighty-third Legislature; $44.9 million in available General Obligation Bond Proceeds (Other Funds) for health and safety and deferred maintenance projects; and $2.0 million in Interagency Contracts for minor construction, facility maintenance, and State Energy Conservation Office loans for energy efficient capital projects. These reductions are offset by increases in General Revenue Funds of $7.2 million related to the transfer of facility maintenance responsibility from the Texas School for the Deaf and Texas School for the Blind and Visually Impaired of their respective facilities to TFC, $2.4 million related to utility expenditures, and $0.2 million related to additional full-time-equivalent positions; $0.8 million in General Revenue–Dedicated Funds for the Federal Surplus Property Program; and $0.2 million in Appropriated Receipts for the State Surplus Property Program.

- Appropriations for the Trusteed Programs within the Office of the Governor for the 2014–15 biennium represent a reduction of $48.1 million from the 2012–13 biennial spending levels, primarily related to: reductions of $15.0 million in General Revenue Funds for disaster related expenditures; $144.4 million in General Revenue–Dedicated Funds related to the Texas Enterprise Fund ($61.3 million) and the Emerging Technology Fund ($83.1 million); $30.5 million in Federal Funds for criminal justice related programs; and $37.8 million in Other Funds related to the Small Business Incubator Fund ($19.0 million) and the Texas Product Development Fund ($18.8 million). These reductions are offset by increases of $45.8 million in Other Funds related to General Obligation Bond Proceed authority for the Military Value Revolving Loan Fund and increases in General Revenue Funds of $15.0 million for spaceport development in the state; $50.0 million for transfer to the Emerging Technology Fund; and $68.8 million for film and music marketing.
- Historical Commission—a decrease of $34.3 million in All Funds primarily due to a $39.0 million reduction in General Obligation Bond Proceeds (Other Funds) for one-time construction projects and a reduction for courthouse preservation grants. Funding for courthouse preservation grants totals $4.2 million in General Obligation Bond Proceeds (Other Funds). Overall funding represents a decrease of $4.6 million in General Revenue–Dedicated Funds transferred to the Comptroller of Public Accounts Safekeeping Trust Company for investment purposes; offset by an increase of $10.4 million in General Revenue Funds including funding for repairs, renovation, and construction of buildings and facilities for historic sites and assistance in the establishment of a new heritage center.

COMMISSION ON THE ARTS

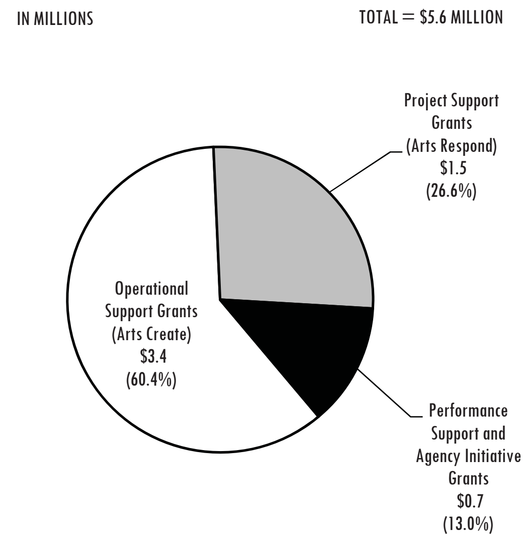
The Texas Commission on the Arts (TCA), established in 1965 and governed by nine commission members, was created to promote a receptive climate for the arts and preserve Texas' rich and diverse heritage. Today, the mission of the agency is to advance the state of Texas economically and culturally by investing in a creative Texas. Accordingly, the agency develops and monitors various arts programs to ensure that residents and visitors have access to arts programs, services, and exhibits. In addition, the agency provides financial and technical assistance to nonprofit arts organizations, schools, school districts, government entities, and individuals to support the arts, arts education, and cultural events.

Appropriations for the 2014–15 biennium total $13.4 million and support 14 full-time-equivalent (FTE) positions. Of the total appropriations, $10.6 million, or 79.4 percent, consists of General Revenue Funds. Appropriations represent an increase of $5.7 million, or 74.0 percent, in All Funds and 2 FTE positions from the 2012–13 biennial spending levels primarily due to increased funding for the agency's grant programs and efforts to market and promote cultural tourism.

GRANTS

Providing financial assistance through grants is the primary function of TCA. The majority of grants are awarded in two distinct categories: operational support grants (Arts Create) and project support grants (Arts Respond). However, additional grants are awarded for various purposes such as performance support and special agency initiatives. **Figure 91** shows the agency's funding allocation for the separate grant categories in fiscal year 2014.

FIGURE 91
GRANT AWARD ALLOCATIONS, FISCAL YEAR 2014



NOTE: Fiscal year 2014 allocations are estimated.
SOURCE: Texas Commission of the Arts.

The Arts Create program and the Arts Respond program are the agency's largest grant programs. The Arts Create program provides operational support grants to nonprofit and local government arts organizations for administration, exhibits, performances, production, touring exhibitions, and other core programs. Arts Create grants are awarded to arts organizations in six categories: established arts organizations with operating budgets greater than $5 million; those with operating budgets between $1 million and $5 million; those with budgets between $50,000 and $1 million; established minority arts organizations with budgets of at least $50,000; local arts organizations; and local arts organizations for sub-granting purposes. Arts Create grant awards range from approximately $3,500 to $21,000, while Arts Create grants to local arts organizations for sub-granting purposes provide a maximum of $40,000 per award. All Arts Create grant awards require an equal match from recipients.

The Arts Respond program includes project support grants for specific projects proposed by the grantee. Arts Respond grants are awarded in five categories based on the state's priorities as established by the Governor: economic development, education, health and human services, natural resources and agriculture, and public safety and criminal justice. Economic development grants are awarded to projects that focus on job growth or cultural tourism, such as festivals, fairs, and marketing campaigns. Education project grants are awarded to projects that use art in a K–12 school setting or during the school day. Examples include creative writing workshops, outreach programs targeted at students from low-income families, and teacher resource programs. Health and human services project grants address health-related topics, serve specific populations, or occur in a healthcare or human services setting, such as workshops or outreach programs at hospitals, senior activity centers, or women's shelters. Natural resources and agricultural grants support projects relating to ecological or agricultural issues and those which occur in rural counties, such as exhibitions highlighting indigenous and folk arts or environmental topics. Public safety and criminal justice grants address projects that use art to prevent juvenile delinquency and recidivism in youth and adults, including programs for at-risk youth, juvenile offenders, or incarcerated offenders. Arts Respond grants also require a one-to-one match with awards ranging from approximately $1,000 to $9,000.

In addition to Arts Create and Arts Respond programs, the agency administers smaller grant programs, such as Arts Respond Performance Support and Young Masters. Arts Respond Performance Support grants assist organizations with providing for the fees of artists or companies on the TCA Touring Artists and Companies Roster to perform or present at events, including those for schools and school districts. The TCA Touring Artists and Companies Roster is a roster of Texas-based artists and companies willing to perform outside their community on a regular basis that maintain reasonable artistic fees for performances. The Young Masters program awards grants to eighth through eleventh grade students to develop their skills in their chosen arts discipline. The agency also awards grants from other funding sources—including those from the National Endowment for the Arts and private donors—for various purposes or initiatives, including Poetry Out Loud, a poetry recitation competition for high school students.

To promote effective grant distribution, agency staff consults with grant recipients on grant-writing procedures and presents workshops and seminars on issues of particular relevance to applicants. Agency staff also conducts site visits of grant recipients to monitor and evaluate the use of grant funds. TCAnet, a website that links arts information and services throughout the state, provides online technical assistance, an online grant application system, and online evaluation report forms.

In fiscal year 2013, the agency received an estimated 1,160 applications requesting more than $40.3 million in grants; of these amounts, the agency awarded $3.1 million to 1,155 applicants. In fiscal year 2014, the agency estimates it will process 1,250 grant applications and is appropriated $5.6 million for grant awards, an increase of $2.5 million, or 79.4 percent, from the biennial spending levels for the previous fiscal year.

CULTURAL TOURISM AND MARKETING

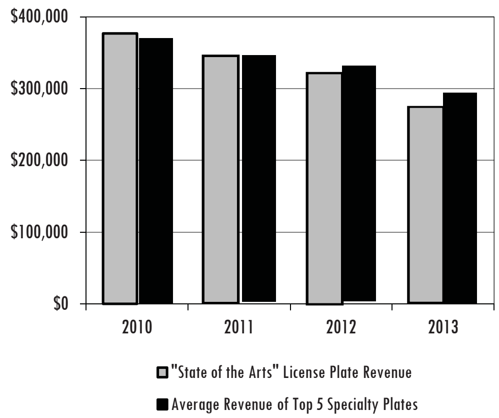
TCA provides economic development programs designed to increase the number of visitors to various regions of the state by promoting the state as a destination for arts and cultural tourism. To achieve this objective, the agency works under a memorandum of understanding with the Economic Development and Tourism Division within the Office of the Governor, the Texas Department of Transportation, the Texas Parks and Wildlife Department, and the Texas Historical Commission. For the 2014–15 biennium, appropriations are included for cultural tourism grants and marketing and promotional activities, resulting in an increase of $1.5 million in All Funds, including $1.2 million in General Revenue Funds.

The agency also designates Cultural Districts through the agency's Cultural Districts Designation program. This program does not provide financial support but instead recognizes areas with a concentration of arts and cultural venues to promote tourism and economic development in those areas. The agency also supports cultural tourism through its website by providing access to information on cultural tourism development and support. TCA's *Tools for Results Toolkit* contains information on a number of development topics for arts and cultural organizations, such as marketing and fundraising.

"STATE OF THE ARTS" LICENSE PLATE

In 1993, the Seventy-third Legislature authorized the "State of the Arts" license plate, a specialty license plate promoting the arts in Texas and creating a revenue source for the agency, which expends the funds for grant-making purposes. Since the license plate became available for purchase in 1995, it remains a top-selling state specialty plate. In fiscal year 2013, the "State of the Arts" license plate generated approximately $270,000 in revenue and is expected to generate an estimated $300,000 in fiscal year 2014. **Figure 92** compares revenue generated by the "State of the Arts" license plate to the average top sales of other plates from fiscal years 2010 to 2013.

FIGURE 92
"STATE OF THE ARTS" LICENSE PLATE REVENUE
FISCAL YEARS 2010 TO 2013



SOURCE: Comptroller of Public Accounts.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, passed bills that continue the agency, disallow use of certain funds for certification of the state budget, and provide additional assistance for the arts.

SB 202 – Continuation of the Agency. The enactment of Senate Bill 202, the agency's Sunset bill, continues the agency for another 12 years until September 1, 2025, and reduces the number of members on the commission from 17 to nine.

HB 7 – Reallocates Certain Revenues to be Deposited Outside the General Revenue Fund. The enactment of House Bill 7 prohibits the use of certain funds for certification of the state budget and requires certain specialty license plate revenue to be deposited into a special fund outside the General Revenue Fund. Accordingly, revenue from the sale of TCA's State of the Arts license plate, previously deposited to the General Revenue–Dedicated Arts Operating Account, will instead be deposited to the newly created License Plate Trust Fund Account.

HB 2718 – Assistance for Cultural and Fine Arts. The enactment of House Bill 2718 requires the agency to assist cultural and fine arts designated districts, or a municipality or county on behalf of a designated district under certain circumstances, in applying for state incentives, funding, grants, and loans provided by state agencies, including the Texas Department of Agriculture, Texas Department of Transportation, and Office of the Governor.

OFFICE OF THE ATTORNEY GENERAL

The Office of the Attorney General (OAG), established in 1876 as an elective office by Article IV, Section 1, of the Texas Constitution, defends the Constitution and laws of the State of Texas and serves as the legal counsel to the Governor, the Legislature, and the more than 250 state agencies, commissions, and institutions of higher education. OAG, through agency staff, also represents the state in civil and criminal cases in federal appellate courts, issues advisory opinions in response to inquiries from certain state officials, and investigates and approves public bond issuances. The agency also may assist local jurisdictions with prosecution of criminal cases or pursue prosecution of certain cases with local prosecutors' consent.

OAG is also responsible for enforcing the state's consumer protection laws, investigation and prosecution of civil Medicaid fraud, investigation of Internet crimes against children, the state's child support program, victims' compensation payment program, administrative support to the State Office of Risk Management and investigation of criminal Medicaid fraud. In its role as the state agency responsible for the child support program, the agency provides services to custodial parents in obtaining child support for their children, enforces state and federal child support laws and regulations, and collects and distributes child support payments. As the state agency responsible for the victim services payment program, OAG administers the Compensation to Victims of Crime Fund and assists eligible victims in paying for medical and counseling bills incurred due to acts of violent crime. In its capacity as an investigatory agency related to criminal Medicaid fraud, the agency investigates allegations of fraud against Medicaid providers.

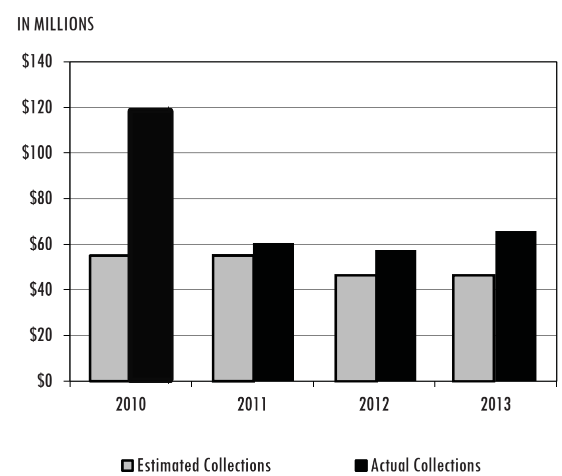
Appropriations for the 2014–15 biennium total $1,071.5 million in All Funds, reflecting an increase of $4.6 million from the 2012–13 biennial spending levels. Appropriations for the 2014–15 biennium also provide for 4,207.9 full-time-equivalent (FTE) positions. Total appropriations include $571.6 million in General Revenue Funds and General Revenue–Dedicated Funds, or approximately 53.4 percent, and $396.5 million in Federal Funds, or approximately 37.0 percent. The remaining $103.3 million in Other Funds represents approximately 9.6 percent of the total appropriations.

LEGAL SERVICES

As the state's legal counsel, OAG provides a wide array of legal and investigatory services. The agency defends state officials and agencies in lawsuits, provides general counsel upon request, issues opinions interpreting state law, rules on public information requests made to and disputed by governmental bodies, and approves bond issuances for state agencies and other political subdivisions of the state. OAG also investigates and prosecutes violations of anti-trust activities; banking and securities activities; environmental protection activities; labor, agriculture, and housing activities; and health and safety codes. The agency operates six regional legal offices, located in Austin, Dallas, El Paso, Houston, McAllen, and San Antonio. Appropriations for the legal services function total $162.0 million for the biennium, a reduction of $21.3 million from the 2012–13 biennial spending levels, and provide for 1,087.6 FTE positions.

OAG is responsible for collecting certain delinquent judgments and debts owed the state. For fiscal years 2010 to 2013, the agency estimated collections of $200 million and collected $301.1 million. **Figure 93** shows the estimated and actual collections for fiscal years 2010 to 2013 and shows considerable collections in fiscal year 2010. These collections are attributable to several significant one-time bankruptcy cases totaling more than $67.0 million, the largest of which was related to Asarco L.L.C., a national mining company, which resulted in more than $52.0 million in collections. The OAG estimates $45.0 million in delinquent collections for fiscal year 2014 given the unknown economic factors concerning the economy and the documented decline in business bankruptcies over the coming years.

FIGURE 93
DEBT COLLECTIONS, FISCAL YEARS 2010 TO 2013



Source: Office of the Attorney General.

The agency's Cyber Crimes Unit is responsible for the investigation of Internet crimes against children. Law enforcement officers, posing as children in Internet chat rooms and social networking sites, actively seek out child predators that victimize children by soliciting sex online. In addition, the agency investigates individuals who create, share, and distribute images of child sexual violence and exploitation. Since the unit's inception, law enforcement officers within the agency conducted more than 161 arrests of individuals who solicited sex online from persons they believed to be children and assisted in more than 260 convictions for distribution or possession of child pornography. The unit also provides information and training to: law enforcement agencies around the state; various interest groups; school administrators; students; and the public in regards to child exploitation crimes and cyber safety.

Consumer protection and education is also an important role for the agency. OAG files civil lawsuits against companies in violation of the state Deceptive Trade Practices Act and other state consumer protection laws. Agency staff also receives and processes consumer complaints into a company's business practices, which may result in lawsuits filed on behalf of the state. These lawsuits are not filed on behalf of individual complainants, but are filed to enforce state law for the public good; however, some legal actions do produce restitution for individual consumers. The agency also helps ensure public awareness by posting consumer rights and common scams on its website and offers information on a wide range of consumer issues.

The OAG also issues rulings and decisions that determine whether requested information is open to the public under the Texas Public Information Act. When a governmental body receives a written request for documents or other recorded information, Texas law requires the governmental body to release the information to the requestor. If the governmental body believes an exception to disclosure may apply to the requested information, the governmental body must request a decision from the OAG as to whether the claimed exception applies to the requested information. The governmental body must submit its request for an OAG open records decision, along with the requested information and any legal arguments in support of withholding the requested information, within statutory deadlines established pursuant to the Public Information Act. The OAG reviews the submitted information, the legal arguments, and applicable laws, and issues a decision within 45 business days of receiving the governmental body's request for the decision. During the 2012–13 biennium, the OAG issued more than 42,500 rulings.

As part of the legal services function, the OAG's Civil Medicaid Fraud Division is responsible for enforcing the Texas Medicaid Fraud Prevention Act (TMFPA) and protecting the fiscal integrity of the Texas Medicaid program by identifying and litigating against fraudulent activity committed against the Medicaid program. The TMFPA provides for the recovery of damages, attorneys' fees, court costs, and civil penalties of up to $11,000 per violation. Because the federal government funds a significant portion of state Medicaid expenditures, it also receives a percentage of the State's financial recovery. During the 2012–13 biennium, the OAG recovered $440 million in civil penalties. Of that amount, $199 million was recovered to the state and $241 million was provided to the federal government.

CHILD SUPPORT PROGRAM

OAG is the state agency responsible for the Child Support Enforcement Program, as provided in Title IV-D of the federal Social Security Act. The OAG Child Support Division provides services that locate delinquent parents, establishes paternity and court-ordered support obligations, and enforces the collection of established support obligations. These activities are supported by state funds, which are matched with Federal Funds. The Legislature appropriated $594.8 million and 2,748.3 FTE positions for the 2014–15 biennium for child support enforcement activities. As part of the federal funding, the agency receives Federal Performance Incentive Payments, which are based on performance of five key areas: percentage of established child support cases, collections of child support arrears, number of cases with support orders, collections on current support, and overall cost effectiveness. These incentive payments, which are competitive across the nation, are intended to reward individual states with the most efficient and effective child support programs. Texas, which received $59.6 million for fiscal year 2011 performance, ranked first nationally for the amount of incentive payments awarded by the federal government.

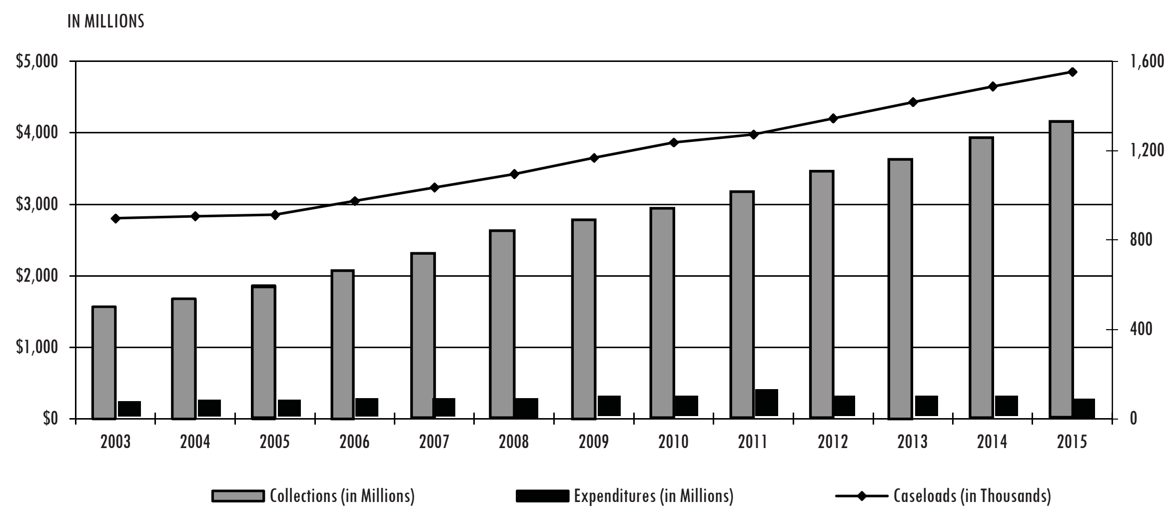
More than 82.0 percent of child support cases filed with the agency obtain child support orders, and the agency is focusing greater resources on enforcement of child support orders, as opposed to establishing paternity and court ordered support obligations. In fiscal year 2013, the agency collected $3.6 billion in child support payments and is projecting to reach $4.0 billion in fiscal year 2014 and $4.2 billion in fiscal year 2015. Child support operations are conducted in 64 field offices organized into nine regional offices around the state. These regions are: Austin, Dallas, El Paso, Fort Worth, Houston, Lubbock, McAllen, San Antonio, and Tyler. Over 2,100 agency staff members directly serve child support customers. In addition, each region is served by a call center to respond to inquiries from custodial parents and child support obligors. **Figure 94** shows the child-support enforcement expenditures, collections, and caseloads for fiscal years 2003 to 2015. San Antonio is also the location of the State Disbursement Unit (SDU). The SDU, which is required by federal welfare reform legislation passed in 1996, provides a central location for employers to send child support payments that are withheld from employees' paychecks. Since 2001, the SDU has operated in San Antonio through a contract with a private vendor. The appropriation for the 2014–15 biennium totals $19.8 million. OAG projects that the SDU will process approximately 43.2 million payments during the 2014–15 biennium.

CRIME VICTIMS' SERVICES

OAG administers several programs designed to assist victims of crime, which include crime victims' compensation, grants to state and local programs that assist victims, and programs that address confidentiality for victims of family violence, stalking, and sexual assault. Much of the funding for these programs comes from the Compensation to Victims of Crime (CVC) Fund, which is constitutionally dedicated to provide payments and services to crime victims. Revenues, which come from court costs assessed against persons convicted of certain felonies and misdemeanors, are collected in municipal and county treasuries and deposited in the State Treasury.

The largest of the OAG victims' assistance programs is the Crime Victims' Compensation Program. The program pays for a variety of expenses ranging from medical expenses to loss of wages incurred by victims of violent crimes. Appropriations for the 2014–15 biennium for the Crime Victims' Compensation Program total $165.5 million in All Funds and provide 116.3 FTE positions. These appropriations include approximately $100.3 million in General Revenue–Dedicated Funds from the CVC Fund. The Employees Retirement System receives an appropriation from the CVC Fund totaling $3.4 million for death benefits paid to emergency service personnel and law enforcement officers killed in the line of duty. The program is expected to pay out more than $152.7 million in compensation during the biennium. **Figure 95** provides descriptions of Victims Assistance Programs that receive funding from the CVC Fund, and identifies allocation of appropriations to the programs for the 2014–15 biennium by All Funds and CVC Funds. **Figure 96** shows the distribution of fiscal year 2013 awards among various categories. **Figure 97** shows the trend in compensation awarded and the trend in the number of

FIGURE 94
CHILD SUPPORT COLLECTIONS, FISCAL YEARS 2003 TO 2015



NOTE: Fiscal years 2014 and 2015 are projected.
SOURCE: Office of the Attorney General.

FIGURE 95
VICTIMS ASSISTANCE PROGRAMS FUNDED FROM THE CRIME VICTIMS COMPENSATION FUND, 2014–15 BIENNIUM

PROGRAMS AT THE OFFICE OF THE ATTORNEY GENERAL	ALL FUNDS	GENERAL REVENUE–DEDICATED
Victim Assistance Organizations and Programs Funding for grants to support various programs in the state that serve victims of crime, such as Mothers Against Drunk Driving, Safe Place, People Against Violent Crime, and others.	$20,932,018	$12,039,698
Court Appointed Special Advocates Provides funds to help develop and support local CASA programs. CASA volunteers are court appointed to advocate for the best interests of abused children involved in the legal and welfare systems.	21,149,000	9,468,090
Children's Advocacy Centers Provides funds to develop and support local child advocacy programs that offer a coordinated, multi-disciplinary response to cases of suspected child abuse.	19,998,006	8,910,032
Sexual Assault Prevention and Crisis Services Program Provides funding and technical assistance to sexual assault programs in the state. Distributes training materials for law enforcement, medical personnel, and sexual assault staff and volunteers. Provides evidence collection protocol for sexual assault forensic evidence collection. Certifies sexual assault training programs and Sexual Assault Nurse Examiners.	18,801,211	7,813,128
Victim Notification System Funding for the implementation of a statewide automated system at the county level to provide victims with information about a change in offender status or change in court date.	6,278,344	3,706,350
Victim-related Civil Legal Services Funding for the Supreme Court to provide grants to local programs that offer civil legal services for victims of violent crime.	5,000,000	2,784,732
Victims Assistance Coordinators and Victims Liaisons Provides grants to local law enforcement agencies and prosecutor's offices to fund statutorily required coordinator/liaison positions.	4,841,374	2,784,710
Sexual Assault Services Program Grants Provides a grant to the Texas Association Against Sexual Assault (TAASA) for program development, technical assistance, and training to support local sexual assault programs. The grant is also used for statewide training for local programs, law enforcement agencies and other victim services groups.	750,000	417,710
TOTAL, PROGRAMS AT THE OFFICE OF THE ATTORNEY GENERAL	**$97,749,953**	**$47,924,450**

SOURCES: Legislative Budget Board; Office of the Attorney General.

victims receiving awards, which indicates the number of victims receiving awards and the amount of compensation awarded decreased from fiscal years 2012 to 2013.

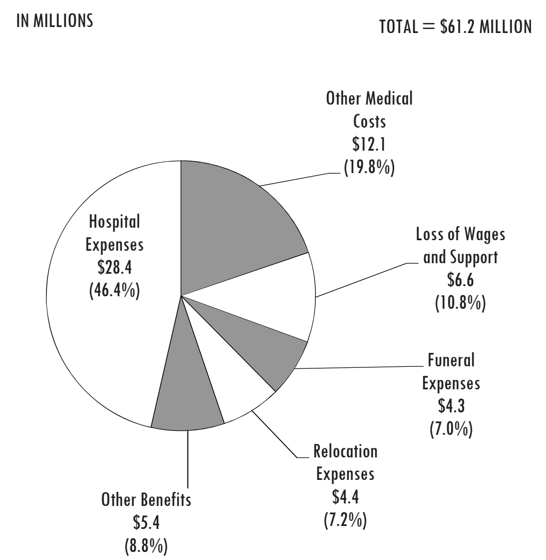
OAG is appropriated funds to make grants to local programs that assist crime victims by providing counseling, crisis intervention, assistance with Crime Victims' Compensation, legal assistance, victim advocacy, referrals, and other related information. In addition, OAG grants provide for sexual assault nurse examiner training and help local governments cover the costs of victims' assistance coordinators. In addition, the agency contracts with statewide programs such as the Court Appointed Special Advocate (CASA) Program, which provides volunteer guardian assistance to abused and neglected children, and the Children's Advocacy Centers, which provide services to victims of child abuse.

The agency also administers an address confidentiality program for victims of family violence, stalking, and sexual assault. This program, started in fiscal year 2008, assists victims by keeping their actual addresses confidential. The Texas Address Confidentiality Program (ACP) provides a substitute address and mail forwarding service for these victims and members of their household. Applicants in the ACP must meet with a local domestic violence shelter, sexual assault center, or law enforcement staff member to discuss a safety plan and enroll in the program. Funding for these various grants, contracts, and programs totals approximately $98.2 million for the 2014–15 biennium.

MEDICAID FRAUD INVESTIGATION

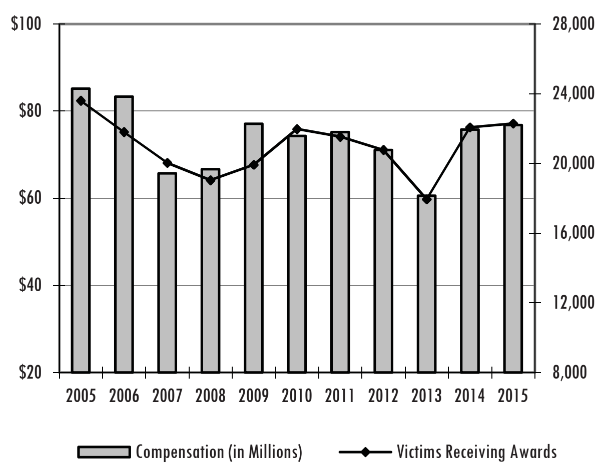
OAG is responsible for conducting a statewide program of criminal Medicaid fraud investigation. This responsibility

FIGURE 96
CRIME VICTIMS' FUND AWARDS, FISCAL YEAR 2013



SOURCE: Office of the Attorney General.

FIGURE 97
CRIME VICTIMS' COMPENSATION PROGRAM
FISCAL YEARS 2005 TO 2015



NOTE: Fiscal years 2014 and 2015 are estimated.
SOURCE: Office of the Attorney General.

includes referring for prosecution all violations of laws pertaining to fraud or misconduct in the administration of the Texas Medicaid Program and identifying overpayments obtained through fraudulent provider activity. During the 2012–13 biennium, the agency identified over $361 million in Medicaid overpayments. OAG is appropriated $28.9 million and 204.4 FTE positions for the 2014–15 biennium for Medicaid fraud investigation. The agency anticipates identifying overpayments totaling $56.6 million in each fiscal year of the 2014–15 biennium.

SIGNIFICANT LEGISLATION

SB 8 – Actions by the OAG Related to Medicaid Fraud, Waste, and Abuse. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 8, which requires the OAG to approve up to five peace officers employed and commissioned by the Health and Human Services Commission's office of inspector general related to the investigation of fraud, waste, and abuse in the Medicaid program. As mentioned above, the OAG is responsible for conducting a statewide program of criminal Medicaid fraud investigation; however, before the enactment of Senate Bill 8, the OAG had not performed an oversight role related to approving the qualifications of an FTE at another agency. The peace officers approved by OAG will be administratively attached to the Department of Public Safety.

HB 7 – Reallocates Certain Revenues to be Deposited Outside the General Revenue Fund. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 7, which prohibits the use of certain funds for certification of the state budget and requires certain specialty license plate revenue to be deposited outside the General Revenue Fund. Accordingly, revenue from the sale of Big Brothers and Big Sisters, Choose Life, and Volunteer Advocate Program specialty license plates, previously deposited to their respective General Revenue–Dedicated accounts, will be deposited to the newly created License Plate Trust Fund Account.

BOND REVIEW BOARD

The Bond Review Board (BRB) was established in 1987 to review and approve the issuance and refunding of all state debt and lease-purchase projects proposed by state agencies and certain universities with a principal amount greater than $250,000 or a term longer than five years. The agency is governed by a board of directors composed of the Governor as Chairman; the Lieutenant Governor; the Speaker of the House of Representatives, who serves as a non-voting member; and the Comptroller of Public Accounts, or their respective designees. In addition, the Office of the Attorney General serves as counsel to the Board.

BRB's mission is to ensure debt financing is used prudently to meet Texas' infrastructure needs and other public purposes; to support and enhance the debt issuance and debt management functions of state and local entities; and to administer the state's Private Activity Bond Program. Appropriations for the 2014–15 biennium total approximately $1.9 million in General Revenue Funds and provide for 10 full-time-equivalent positions. Appropriations reflect an increase of $0.9 million from the 2012–13 biennial spending levels to support 2 additional FTEs and to fund technical improvements to state and local debt databases.

The agency carries out its responsibilities through three major functions: (1) protecting Texas' bond rating; (2) providing local government bond debt support; and (3) administration of Private Activity Bonds.

BOND RATING PROTECTION

BRB works to ensure that Texas state bonds attain the highest possible rating and are issued in the most cost-effective manner. Agency initiatives to accomplish this include the creation of debt issuing guidelines, review of state debt issuance, and statewide capital planning. The agency verifies the legal authorization for all bond issues proposed by state agencies and most educational institutions and evaluates the proposed use of the proceeds, investment provisions, debt-administration provisions, market conditions for timing the sale of the bonds, and issuance costs. Beginning in fiscal year 2012, institutions of higher education with a bond rating of AA- or higher were exempted from BRB approval for issuances of bonds. In addition, the agency studies economic and financial conditions and trends, the outlook for the U.S. economy, and developments in national and world credit markets.

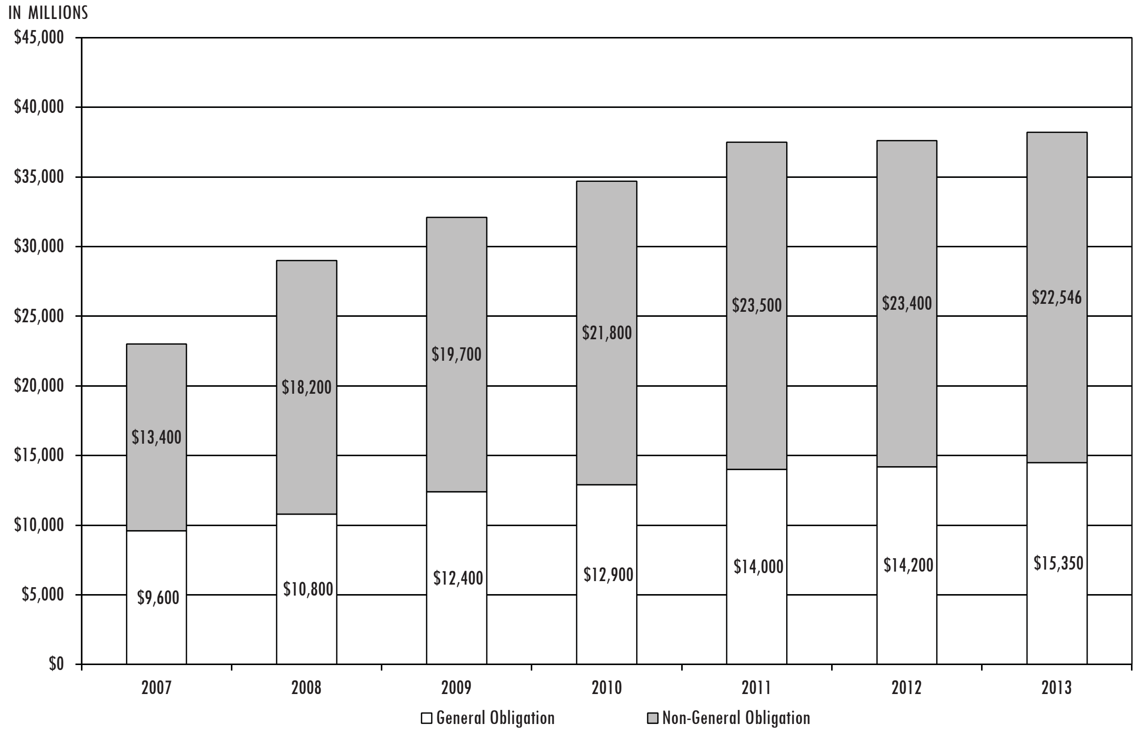
BRB staff produces reports for the Legislature, local public officials, investors, rating agencies, and other interested parties. These reports provide information on Texas' debt burden and credit-worthiness and include recommendations to ensure cost-effective capital financing practices to raise the state's bond rating and lower its borrowing costs. During fiscal year 2013, the agency reviewed 31 proposed bond applications and lease-purchase agreements to ensure proper legal authorization, accurate and adequate disclosure, appropriate use of call provisions, bond insurance, and other provisions of the projects.

BRB is required to submit an annual report to the Legislature on state and local debt burdens and the aggregate impact of all recommended state debt issuance on the state's debt burden. **Figure 98** shows the state's total outstanding debt in bonds for fiscal years 2007 to 2013, including both General Obligation (GO) bonds, which are legally backed by the full faith and credit of the state, and non-GO bonds. These amounts exclude revenue bond conduit debt (approximately $5.6 billion as of August 31, 2013) which the state is not obligated to pay. However, **Figure 98** includes general obligation conduit debt which would require repayment by the state in the event of default by the conduit borrower.

CONSTITUTIONAL DEBT LIMIT

The Texas Constitution limits the authorization of additional state debt if the percentage of debt service payable from General Revenue Funds in any fiscal year exceeds 5 percent of the average annual unrestricted General Revenue Fund revenues from the previous three fiscal years. Unrestricted General Revenue Funds are the amount of funds available after constitutional allocations and other restrictions. As part of the agency's annual report, BRB calculates two constitutional debt limit (CDL) ratios to track where the state stands in relation to this debt limit. **Figure 99** shows the result of these calculations for fiscal years 2011 and 2012, and estimated amounts for fiscal year 2013. The first debt ratio applies to outstanding or issued debt, and as of the end of fiscal year 2013, the issued debt ratio is 1.34 percent, which is no change from the fiscal year 2012 limit. The second debt ratio includes both issued and projected debt for authorized but unissued debt. BRB reports that, for this second ratio, the state is at 3.04 percent of unrestricted General Revenue Funds for the end of fiscal year 2013, a decrease of 44 basis points from fiscal year 2012. Any significant increase or decrease of the following components will affect the CDL ratio: the amount of GO bond debt authorized by voters; the three-year average of unrestricted

FIGURE 98
OUTSTANDING DEBT FOR ALL STATE AGENCIES AND UNIVERSITIES, FISCAL YEARS 2007 TO 2013



SOURCE: Bond Review Board.

FIGURE 99
CONSTITUTIONAL DEBT LIMIT
FISCAL YEARS 2011 TO 2013

DATE	OUTSTANDING OR ISSUED DEBT	ISSUED AND AUTHORIZED BUT UNISSUED DEBT
August 31, 2011	1.35%	3.70%
August 31, 2012	1.34%	3.48%
August 31, 2013	1.34%	3.04%

SOURCE: Bond Review Board.

General Revenue Fund revenues; and interest rates on issued bond debt.

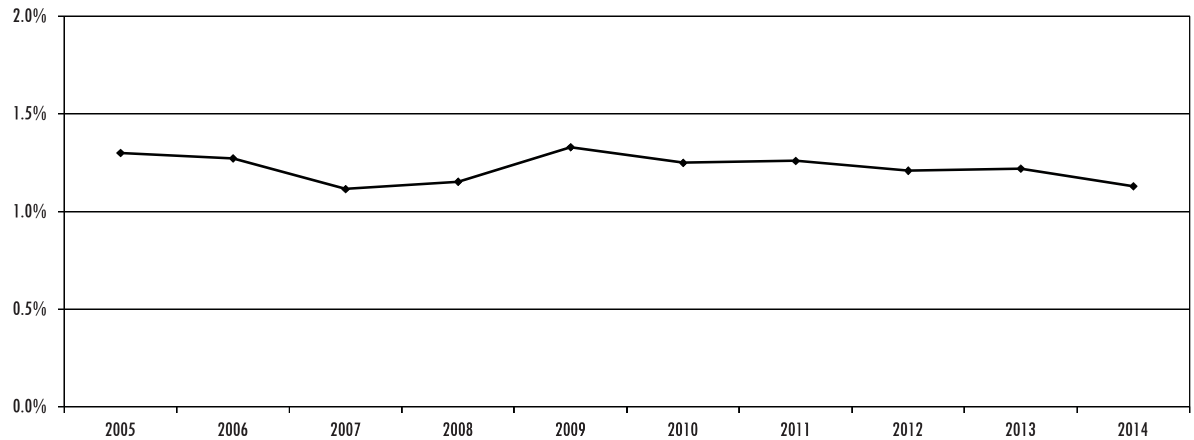
DEBT AFFORDABILITY STUDY

An additional tool used by the agency to achieve its goal to protect the state's bond rating is the annual Debt Affordability Study (DAS). The DAS provides the current debt position of the state and estimates the state's debt burden and in particular non-self-supporting debt. Non-self-supporting debt primarily relies on General Revenue Funds and does not have a designated revenue source to repay the debt. The DAS calculates five debt burden ratios, including Debt Service as a Percent of Unrestricted Revenues. **Figure 100** shows this ratio is expected to decrease from 1.22 percent in fiscal year 2013 to 1.13 percent by the end of fiscal year 2014.

LOCAL BOND DEBT

BRB does not have direct oversight over local government debt issuance. However, statute provides that BRB collect, maintain, analyze, and report on the status of local debt. In addition, the agency ensures that local public officials have access to current information regarding debt issuance, finance, and debt management. As of August 31, 2012, the state had 4,556 issuers of local government debt, 2,884 of which had a total of $195.81 billion in debt outstanding. These entities include school districts, counties, community/junior colleges, cities, health/hospital districts, water districts and other special districts. The state's local governments issue debt to finance construction and renovation of government facilities (school instructional facilities, public safety buildings, city halls and county courthouses), public infrastructure (roads, water and sewer systems), and various other projects authorized by law.

FIGURE 100
DEBT SERVICE AS A PERCENTAGE OF STATE UNRESTRICTED REVENUES, FISCAL YEARS 2005 TO 2014



NOTE: Fiscal years 2012 to 2014 are estimated.
SOURCE: Bond Review Board.

The agency also focuses on compiling data on local government debt on its website for policy makers and other interested parties as well as assisting these local entities. In recent years the BRB has expanded the local government debt information available on the agency's website, and visitors to the website can now access and download spreadsheets that contain debt outstanding, debt ratio and population data by government type at fiscal year end. During fiscal year 2012, the agency analyzed 1,365 local government financings, and approximately 4,700 different users of the BRB's website downloaded over 19,200 spreadsheets containing local government debt data.

The Office of the Attorney General collects information on bond-issuing entities in the state and forwards the information to BRB. The agency analyzes the information to ensure reporting accuracy, prepares detailed fiscal year-end reports on tax-supported and revenue debt outstanding that include debt trends and debt ratios (debt to assessed value, debt per capita, debt per student), and provides its findings to bond-issuing entities and state officials.

PRIVATE ACTIVITY BONDS

The Private Activity Bond Allocation Program (PAB) is a federal program authorized by the federal Tax Reform Act of 1986. The PAB statutes and rules regulate the amount of tax-exempt bonds that may be issued in the state and restrict the type of privately owned, public-use projects that may take advantage of this tax-exempt financing authority. The agency must ensure that issuance of tax-exempt bonds by public and private entities are consistent with federal law and are in the best interest of Texans.

BRB administers the PAB by regulating the state's total allocation of PAB authority ("state ceiling" or "volume cap") for issuance of tax-exempt bonds and by monitoring the amount of demand for and the use of private activity bonds each calendar year. The state's volume cap is based on a per capita amount multiplied by the state's most recent population estimate as published by the U.S. Census Bureau. Total issuance authority for calendar year 2013 was set at a ceiling of $95 per capita and indexed for inflation. For fiscal year 2013, Texas' state ceiling totaled $2.48 billion.

Public and private entities in Texas are authorized to issue the following types of tax-exempt bonds: mortgage revenue bonds; residential rental projects; small-issue industrial development bonds; certain state-voted bond issues; student loan bonds; and bonds for various exempt facilities, such as, sewage facilities, solid waste disposal facilities, and hazardous waste disposal facilities. As the nation's second most populous state (after California), Texas has the second largest state ceiling in the nation. The state divides its volume cap into six categories (or subceilings) that receive annual allocations, or set-asides, based on percentages established by state law. Eligible entities may apply for private activity bond authority and receive a reservation that converts into a permanent authorization provided certain transaction closing deadlines are met. **Figure 101** shows the subceiling authorizations for the PAB and the actual amount of the state ceiling that was

FIGURE 101
STATE OF TEXAS PRIVATE ACTIVITY BOND ALLOCATION PROGRAM, 2013 SET-ASIDE VS. ISSUED ALLOCATION AMOUNTS (AS OF AUGUST 31, 2013)

IN MILLIONS

SUBCEILING	SET-ASIDE ALLOCATION	PERCENTAGE OF TOTAL	ISSUED ALLOCATION	PERCENTAGE OF TOTAL
Single Family Housing	$693.2	28.0	$325.8	13.2
State-Voted Issues	198.0	8.0	0.0	0.0
Small Issue IDBs	49.5	2.0	0.0	0.0
Multifamily Housing	544.6	22.0	7.5	0.3
Student Loan Bonds	259.9	10.5	0.0	0.0
All Other Issues	730.3	29.5	56.6	2.3
TOTAL	**$2,475 .5**	**100.0**	**$389.9**	**15.8**

NOTE: Totals may not sum due to rounding.
SOURCE: Bond Review Board.

issued as of August 31, 2013, reflecting that only approximately 16 percent of the total state ceiling has been issued. Unstable market conditions and unusually low interest rates have negatively affected demand for the PAB over the past few years, and only 33.7 percent, 10.3 percent and 28.3 percent of the state ceiling was issued during calendar years 2010, 2011 and 2012, respectively. Unused allocation is carried forward to the next calendar year and expires after three years.

OTHER TAX-EXEMPT BONDING AUTHORITY

The federal American Recovery and Reinvestment Act of 2009 provided the state with three new tax-exempt bond programs administered by BRB: the Recovery Zone Economic Development Bond (RZEDB) program, the Recovery Zone Facility Bond (RZFB) program and the Qualified Energy Conservation Bond (QECB) program. The RZEDB and RZFB programs have expired, and of the total of $225 million in bonding authority available to the state for these two programs, $72.5 million was allocated to three applicants. These programs provided qualified tax credit bonds to promote development or other economic activity in areas of significant poverty, unemployment, or general distress through expenditures for public infrastructure and construction of public facilities, and job training and education programs. Of the state's total QECB allocation of $252.4 million, $205.9 million was allocated to large local issuers (cities and counties with populations in excess of 100,000), and the state has $51.5 million in remaining unencumbered QECB authority. QECB bonds are available to finance a broad range of energy efficiency projects, such as reducing energy consumption in publicly owned buildings, implementing green community programs, producing renewable energy, and promoting energy efficiency through public education campaigns.

CANCER PREVENTION AND RESEARCH INSTITUTE

The Cancer Prevention and Research Institute (CPRIT) was established in 2007 by Article III, Section 67 of the Texas Constitution. In addition to establishing the Institute, the Texas Constitution authorizes the issuance of up to $3 billion in General Obligation bonds over a 10-year period to fund grants for cancer prevention and research, particularly research that improves clinical treatment or prevention of cancers. The Institute is governed by the CPRIT Oversight Committee which consists of nine members composed of three appointees each from the Governor, Lieutenant Governor, and Speaker of the House of Representatives, who serve staggered six-year terms. Each must appoint at least one person who is a physician or scientist with extensive experience in the field of oncology or public health and attempt to include cancer survivors and family members of cancer patients on the Oversight Committee.

Total appropriations to CPRIT for the 2014–15 biennium are approximately $594.1 million, an increase of $6.0 million, or 1.0 percent, from the 2012–13 biennial spending levels. This increase is due primarily to an increase of $6.1 million in General Obligation Bond Proceeds (Other Funds) to award cancer research and prevention grants. This increase is partially offset by a $0.1 million decrease in Appropriated Receipts from reimbursements from review of commercialization grant applications. Appropriations for the 2014–15 biennium also reflect a transfer of approximately $3.0 million in General Obligation Bond Proceeds (Other Funds) each fiscal year to the Department of State Health Services for administration of the Cancer Registry, which is a central data bank that includes a record of cancer cases reported in the state. CPRIT also receives revenue generated through the sale of the Texans Conquer Cancer license plate and during the 2014–15 biennium, it is projected that approximately $32,000 in license plates revenue will be deposited to the License Plate Trust Fund Account to support nonprofit organizations in Texas that provide services to cancer patients. This represents an increase of $12,000 as compared to the 2012–13 biennium. CPRIT is authorized 32.0 full-time-equivalent positions each fiscal year of the 2014–15 biennium.

The mission of CPRIT is to create and expedite innovation in the area of cancer research and to enhance the potential for a medical or scientific breakthrough in the prevention of cancer and cures for cancer; attract, create, or expand research capabilities of public or private institutions of higher education and other public or private entities that promote substantial increases in cancer research and in the creation of high-quality new jobs in Texas; and develop and implement the Texas Cancer Plan. CPRIT primarily accomplishes its directives by providing grants for cancer prevention and research.

CANCER PLAN

The Texas Cancer Plan serves several roles including functioning as a statewide blueprint for cancer prevention and control; a consensus-based, strategic document for public and private sector cancer control programs; and a planned evidence-based approach to reducing the cancer burden in Texas. The plan establishes several goals to help state and local communities, cancer experts, and medical professionals address cancer prevention and control issues in Texas: distribution of cancer prevention information services; early detection and treatment; professional education and practice; cancer data acquisition and utilization; and survivorship. The last revision to the plan was released by CPRIT in April 2012.

GRANT PROGRAMS

Grant applications for cancer research and prevention projects are reviewed and scored by the Scientific Research and Prevention Programs committees, which subsequently recommend eligible grant awards to the program integration committee in a prioritized list. The program integration committee then recommends grant funding to the Oversight Committee which must approve grants by a two-thirds vote. Eligible research and prevention grant recipients must be a Texas-based entity, including: a public or private institution of higher education; academic health institution; government organization; non-governmental organization; other public or private company; or an individual residing in or relocating to Texas upon receipt of grant awards. Grants are made in various amounts and over multi-year periods as shown in **Figure 102**, Cancer Research Grants, **Figure 103**, Cancer Prevention Grants, and **Figure 104**, Cancer Product Development Grants.

Since its inception, CPRIT has awarded a total of $806.2 million in total grant awards. Of this amount, $619.8 million was awarded for 370 Cancer Research Grants, $82.3 million was awarded for 92 Cancer Prevention Grants, and $104.2 million was awarded for 20 Product Development Grants.

FIGURE 102
CANCER RESEARCH GRANTS, 2014–15 BIENNIUM

TYPE	PURPOSE	MAXIMUM GRANT AWARD
Individual Investigator Research	Proposals that will significantly advance knowledge of the causes, prevention and/or treatment of cancer.	$500,000 annually for 3 years
High Impact/High Risk Research	Short-term, high-impact /high-risk projects that are innovative, developmental or exploratory in targeting new avenues of cancer research.	$200,000 over a 2-year period
Recruitment of First-time, Tenure-track Faculty Members	Support emerging investigators able to make contributions to the field of cancer research, promote inquiry into new areas, foster collaboration and stimulate growth in the field.	$2 million over a 4-year period
Rising Stars	Recruitment of investigators to Texas who are at a relatively early stage in their cancer research careers.	$4.5 million over a 5-year period
Recruitment of Established Investigators	Recruitment of senior research faculty with established cancer research programs to academic institutions of Texas.	$7.5 million over a 5-year period
Missing Links	Recruitment of investigators who can fill special and specific needs as critically important members of collaborative research teams ("Missing Links").	$500,000 to $2 million over a period of 4 years
Multi-investigator Research	Support creation of integrated programs of collaborative and cross-disciplinary research among multiple investigators.	No maximum award up to 5 years
Shared Instrumentation Awards	Support the acquisition of major research instrumentation that cannot be requested through other CPRIT programs and whose purchase can be justified on a shared-use basis to support the goals of scientifically meritorious cancer research projects.	Up to $3 million in total costs for the first year; up to $300,000 per year for years 2-5.

Source: Cancer Prevention and Research Institute.

FIGURE 103
CANCER PREVENTION GRANTS, 2014–15 BIENNIUM

TYPE	PURPOSE	MAXIMUM GRANT AWARD
Evidence-based Prevention Programs and Services	Services geared toward prevention and reduction of the risk of cancer, early detection, and improving the quality of life of cancer patients	$1.5 million for up to 36 months
Health Promotion, Public Education, and Outreach Programs	Education and outreach programs that demonstrate change in behaviors that prevent or reduce the risk of cancer.	$300,000 for up to 36 months
Cancer Prevention Micrograants	Support programs in the area of (1) tobacco prevention and control, or (2) increasing delivery of primary preventative services for all cancers and screening services for breast, cervical, and colorectal cancers.	$150,000 maximum award up to 24 months

Source: Cancer Prevention and Research Institute.

The number of awards by type of grant is show in **Figure 105.**

CANCER RESEARCH GRANTS

Cancer research grants provide financial support for research topics or issues related to cancer biology, causation, prevention, detection or screening, treatment or cure. Funded projects should directly or indirectly benefit subsequent cancer research efforts, cancer public health policy, or the continuum of cancer care from prevention to treatment and cure. Within the scope of cancer research grants are grants related to cancer diagnosis, treatment, or prevention that develop new products with the ability to commercialize and produce returns on investment for the state. CPRIT may take equity ownership in companies receiving CPRIT awards or receive royalty payments, whichever provides the best return to the State of Texas, from investments in companies with successfully commercialized discoveries. Royalty payments from these investments are deposited to the General Revenue Fund. Appropriations for the 2014–15 biennium for cancer research grants and cancer product development grants total $516.4 million in GO bond proceeds, which support the cancer research initiatives shown in **Figure 102** and the product development initiatives show in **Figure 104.**

FIGURE 104
CANCER PRODUCT DEVELOPMENT GRANTS, 2014–15 BIENNIUM

TYPE	PURPOSE	MAXIMUM GRANT AWARD
Company Commercialization	Provide financing for Texas companies or limited partnerships for the development of innovative products and services for the diagnosis, treatment, or prevention of cancer; to establish critical infrastructure; or to fill a treatment or research gap.	Dependent upon requested amount identified in business plan of the submitted proposal
Company Formation Awards	Provide financing to assist Texas start-up companies in the development of new products for the diagnosis, treatment, or prevention of cancer; to establish critical infrastructure; or to fill a treatment or research gap.	Dependent upon requested amount identified in business plan of the submitted proposal
Company Relocation Awards	Provide financing for companies or limited partnerships that are willing to relocate to Texas to develop new products for the diagnosis, treatment, or prevention of cancer; to establish critical infrastructure; or to fill a treatment or research gap.	Dependent upon requested amount identified in business plan of the submitted proposal
Bridging the Gap: Early Translational Research Awards Instructions for Applicants	Support projects that "bridge the gap" between promising new discoveries achieved in the research laboratory and commercial development for a therapeutic, devise, or diagnostic assay through activities up to and including preclinical proof-of-principle data that demonstrate applicability to the planned clinical scenario.	$1.5 million over a period of 1-3 years

Source: Cancer Prevention and Research Institute.

CANCER PREVENTION GRANTS

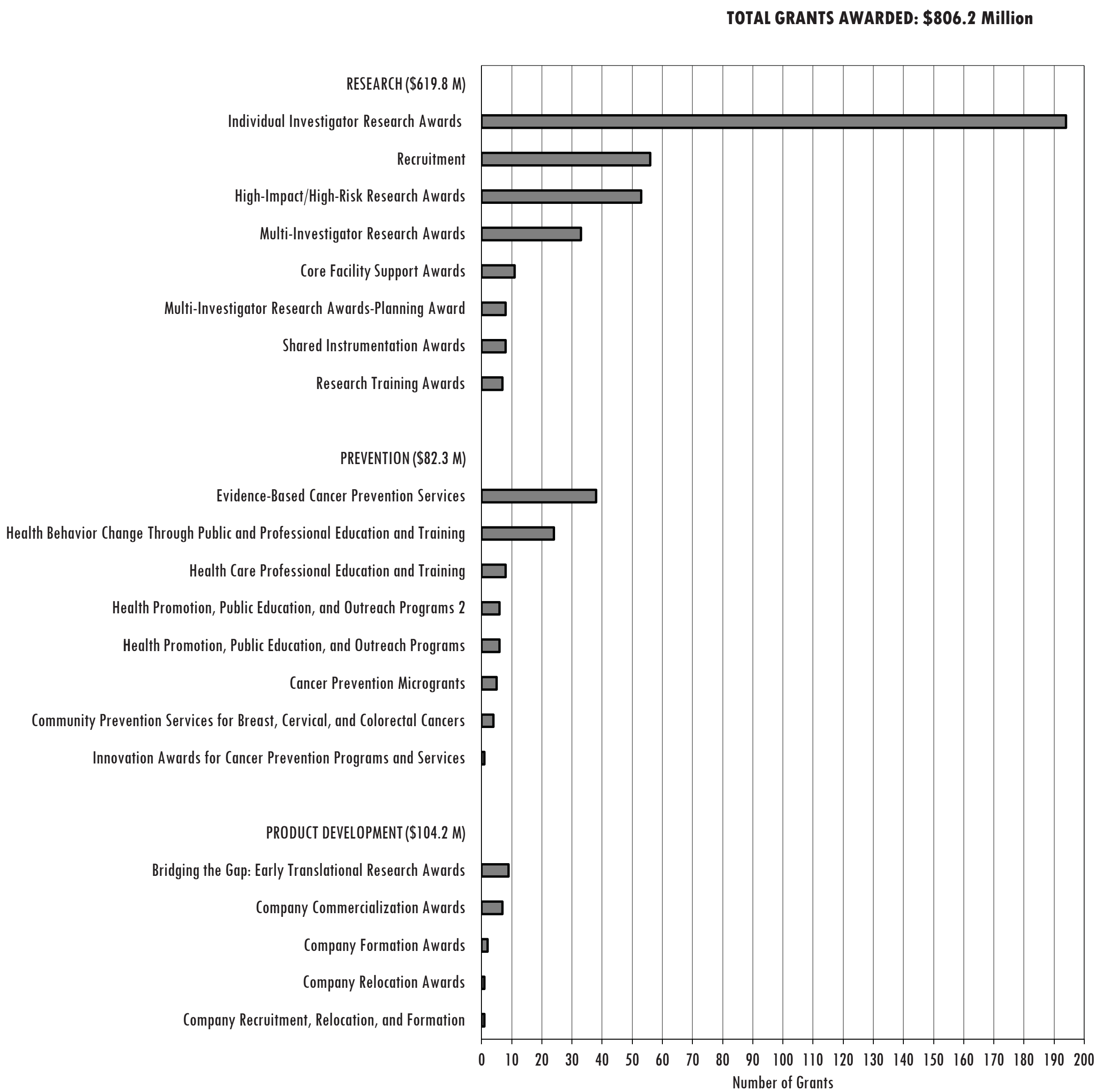
Cancer prevention grants should demonstrate an impact on the incidence, mortality or morbidity of cancer, and should impact personal behaviors leading to prevention, risk reduction and early detection of cancer, and improve the quality of life for survivors. Appropriations for cancer prevention grants total $58.0 million for the 2014–15 biennium primarily from bond proceeds, including $32,000 in Other Funds generated from the sale of Texans Conquer Cancer license plates for the cancer prevention grant programs shown in **Figure 103**.

SIGNIFICANT LEGISLATION

SB 149 – Administration of CPRIT. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 149, which includes the following changes:

- Changes the administration of the Oversight Committee by terminating terms for all existing Oversight Committee members as of June 14, 2013; removes the Attorney General and the Comptroller from the Committee; and requires the Governor, Lieutenant Governor, and Speaker of the House of Representatives to each appoint at least one physician or scientist with oncology or public health experience.
- Requires CPRIT employ a chief compliance officer to oversee the implementation of a compliance program, which monitors grant recipient compliance with grant contract terms and ensures the agency complies with all applicable laws, rules, and policies.
- Requires CPRIT to maintain complete records of the peer review of each grant application, and requires CPRIT employees, Oversight Committee members or members of the peer review committees to recuse themselves if any conflicts of interest exist with entities applying for grants.
- Establishes a program integration committee, comprised of the chief executive officer, the chief scientific officer, the chief product development officer, the commissioner of the state health services, and the chief prevention officer, that will receive grant recommendations from the research and prevention program committees.
- Eliminates the nonprofit organization, the CPRIT foundation, that previously provided salary supplements to the Executive Director and the Chief Scientific Officer. However, the bill allows for the creation of another nonprofit organization to provide support to the agency, but prohibits CPRIT from awarding grants to applicants who have donated to the nonprofit.
- Allows funds in the General Revenue–Dedicated Cancer Prevention and Research Fund to be used for debt service on CPRIT bonds, and redirects any revenues from patent, royalties, or license fees to be deposited to the General Revenue Fund.

FIGURE 105
GRANT AWARDS BY PROGRAM TYPE, FISCAL YEARS 2010 TO 2013



Source: Cancer Prevention and Research Institute.

HB 7 – Reallocates Certain Revenues to be Deposited Outside the General Revenue Fund. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 7, which requires certain specialty license plate revenue to be deposited into a special fund outside the General Revenue Fund. Accordingly, revenue from the sale of CPRIT's specialty Texans Conquer Cancer license plate, previously deposited to the General Revenue–Dedicated Cancer Prevention and Research Fund, will instead be deposited to the newly created License Plate Trust Fund Account.

COMPTROLLER OF PUBLIC ACCOUNTS AND FISCAL PROGRAMS WITHIN THE OFFICE OF THE COMPTROLLER

COMPTROLLER OF PUBLIC ACCOUNTS

The elective office of Comptroller of Public Accounts was established in 1850 by the Texas Constitution and serves as the state's chief fiscal officer responsible for regulating and collecting taxes and fees. The Comptroller serves as the state's accountant and revenue-forecasting officer and monitors the financial status of state agencies, reports the state's financial condition to the Legislature at the end of each fiscal year and provides estimates of revenue for the coming year. As a state agency, the Comptroller of Public Accounts' (CPA) mission is to serve the people of Texas by applying tax and fiscal laws fairly and consistently while improving services to taxpayers through innovative management and technology at the least cost to the taxpayer.

Appropriations for the 2014–15 biennium total $461.6 million, which provides for 2,751.3 full-time-equivalent (FTE) positions in fiscal year 2014 and 2,760.3 FTEs in fiscal year 2015, representing an increase of $16.3 million (3.7 percent) from the 2012–13 biennial spending levels. The increases are primarily related to restructured salaries of tax enforcement staff as well as increases to implement provisions of legislation affecting tax laws. Appropriations of General Revenue Funds comprise $453.4 million, or 98.2 percent, of total appropriations and represent an increase of $34.4 million from 2014–15 biennial spending levels.

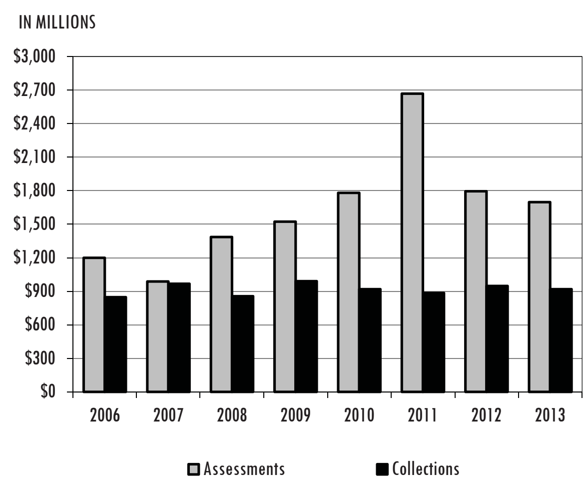
To carry out its primary functions, the agency has three goals: (1) Compliance with Tax Laws; (2) Manage Fiscal Affairs; and (3) Manage the Receipt and Disbursement of State Tax Revenue. All of these goals are instrumental in obtaining fair tax collection, forecasting revenue, monitoring the state's finances, and providing assistance to governmental offices and the taxpayers of the state.

COMPLIANCE WITH TAX LAWS

CPA's principal duty is to administer, enforce, and collect the state's taxes, including the sales, franchise, crude oil, natural gas, fuels, motor vehicle sales, cigarette and alcoholic beverage taxes. CPA also collects and remits local sales taxes on behalf of 1,493 Texas cities and county governments, special districts, and transit authorities. With the Texas population continuing to increase, CPA relies on its field offices in 25 cities throughout the state that allow taxpayers to conduct business readily with the agency. In addition to the agency's field offices within the state, offices are located in New York, Los Angeles, Tulsa, and Chicago to assist in the audit and collection of taxes owed to the state by large national companies.

The agency's tax administration area includes audit, criminal investigation, tax policy, and enforcement functions. The Tax Audit and Enforcement divisions review taxpayer records to determine compliance with state tax laws, educate taxpayers about tax requirements, and track delinquent taxpayer accounts for collection. In conjunction with the Tax Audit Division, the Criminal Investigations Division detects, investigates, and prosecutes tax-related fraud. As a result of these combined efforts, the agency's delinquent tax collections increased from $848.0 million in fiscal year 2006 to an estimated $920.5 million in fiscal year 2013. **Figure 106** shows tax audit assessments (the difference between what the taxpayer owes and what is reported) as compared to delinquent tax collections for fiscal years 2006 to 2013. During the 2014–15 biennium, the agency projects more than $2.6 billion in tax audit assessments, estimates tax deficiency assessments of approximately $1.2 billion, and estimates delinquent tax collections of approximately $1.85 billion.

FIGURE 106
DELINQUENT TAX COLLECTIONS
FISCAL YEARS 2006 TO 2013



SOURCE: Comptroller of Public Accounts.

All divisions in the tax administration area are involved in educating taxpayers, a vital role for the agency which offers seminars throughout the state four times a year. All taxpayers are encouraged to attend these overviews of the tax responsibilities of buyers, sellers, and service providers to ensure their understanding and compliance of appropriate tax laws. Seminars are also provided for organizations by request. The agency responds to correspondence and telephone inquiries related to tax questions, and handled more than 733,000 calls from taxpayers and issued nearly 21,000 responses by mail or e-mail in fiscal year 2013. Appropriations for tax compliance programs total $278.8 million for the 2014–15 biennium.

MANAGE FISCAL AFFAIRS

The agency's fiscal affairs function includes the areas of Fiscal Management, Property Tax Assistance, Treasury Operations, and Texas Procurement and Support Services. These areas assist the state with financial monitoring, management, reporting, and state procurement and support services.

FISCAL MANAGEMENT

Fiscal Management serves as the primary contact between CPA and accounting and budget personnel at over 170 state agencies and institutions of higher education. Division personnel establish and monitor approximately 15,173 appropriations for more than 675 funds and accounts in the Uniform Statewide Accounting System each year. During the 2014–15 biennium, the Fiscal Management staff plans to conduct 95 post-payment audits of agencies' purchase, travel and payroll expenditures to ensure compliance with the state's laws governing expenditures. This area also analyzes appropriations bills to determine whether the funds appropriated are within the amount of revenue certified to be available. Additionally, Fiscal Management prepares the state's Annual Cash Report and the Texas Comprehensive Annual Financial Report, which is a set of financial statements detailing the financial condition of the state.

Fiscal Management also processes and issues payments for the State of Texas, establishes payment and claims policy, and educates and assists state agencies concerning fiscal issues. Furthermore, the division distributes state payments by warrant and direct deposit; administers the state's direct deposit program; provides payment information to state payees via telephone, e-mail, and a variety of web-based applications; ensures compliance with statutes that prohibit CPA from issuing a warrant to anyone indebted to the state; and coordinates the annual printing of W2 and 1099 tax forms for state employees.

Fiscal Management utilizes various information technology tools in performing their functions. The Uniform Statewide Accounting System (USAS) is the system of record for the state's accounting, budgeting, and financial reporting responsibilities. The Uniform Statewide Payroll/Personnel System (USPS), Human Resource Information System (HRIS), and the Standardized Payroll/Personnel Reporting System (SPRS) allow agencies to process payroll and personnel information. The Texas Identification Number System (TINS) provides a database of information about entities and individual payees who receive payment from the State of Texas. The State Property Accounting System (SPA) provides a central repository of agency property records.

In addition, the agency implemented the Centralized Accounting and Payroll/Personnel System (CAPPS), an enterprise resource planning system, and is in the process of transitioning state agencies to the new system. CAPPS uses a web-based system comprised of financials modules and human resources (HR)/payroll modules that enables agencies to have real-time access to financial and HR/payroll information and provides enhanced reporting capabilities. In addition, CAPPS also eliminates obsolete business processes, including manual processing, duplicate data entry, paper processing and manual reconciliation and will eventually replace the legacy systems mentioned above (USAS, USPS, HRIS, SPRS, TINS, and SPA) in an effort to move toward a single set of books for Texas. The Department of Information Resources (DIR), Texas Department of Insurance (TDI), the Centralized Texas Turnpike System (CTTS) within TxDOT, and the CPA's internal accounting functions are the first agencies in Texas to implement CAPPS Financials. The health and human services agencies (Health and Human Services Commission; Department of Aging and Disability Services; Department of Assistive and Rehabilitative Services; Department of Family and Protective Services; and the Department of State Health Services) are the first set of agencies to transition to CAPPS HR/Payroll. In addition and according to the CPA, the Department of Motor Vehicles (DMV), TxDOT, the Texas Juvenile Justice Department, Railroad Commission (RRC), and Public Utility Commission are in the process of implementing CAPPS Financials. TxDOT, DMV, and DIR are also in the process of implementing CAPPS HR/Payroll. The transitions are anticipated to be completed in the spring of 2015. Appropriations for fiscal management total $80.0 million for the 2014–15 biennium, which includes $21.9 million for ongoing maintenance of CAPPS.

PROPERTY TAX PROGRAM

Property Tax Assistance prepares the annual Property Value Study (PVS), which is used to certify the taxable value of all property in the state's 1,023 school districts to the Commissioner of Education for the Commissioner to determine allocations of state funding for public education. Agency field appraisers inspect and appraise real and personal property by: verifying the condition, description, and contract terms for property that has sold; appraising property that has not sold but is included in the random sample of properties to be studied; obtaining deed information from county clerks; and collecting sales data from multiple listing services, real estate brokers, and fee appraisers. CPA also develops values for properties that are uniformly appraised across county lines, such as railroads, pipelines, utilities, oil and gas interests, and agricultural and timber lands.

Property Tax Assistance conducts the PVS annually. However, approximately one-half of school districts are subject of the PVS each year. In the year in which the PVS is not conducted for a school district, the values certified for the school district are the values as determined by the appraisal district. The Property Tax Assistance area also conducts reviews of governance, taxpayer assistance, operations and appraisal procedures in the years in which a PVS is not conducted. Appropriations for the property tax program total $18.0 million for the 2014–15 biennium.

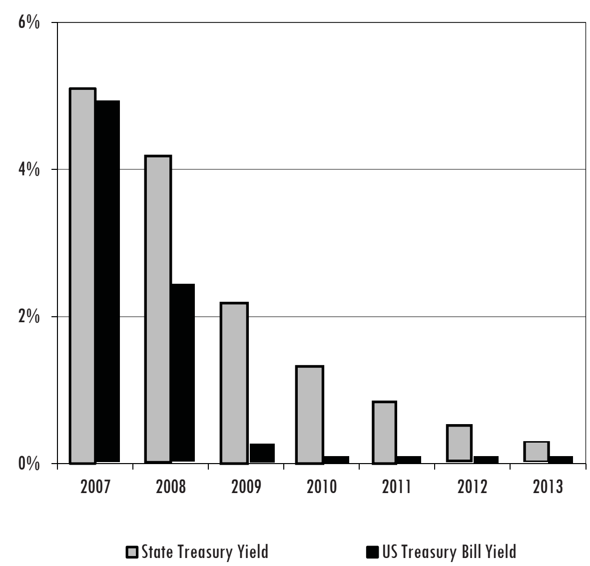
FISCAL RESEARCH AND STUDIES

The agency provides information on economic development topics for local governments and businesses as well as information and fiscal analysis to the general public. The agency publishes and maintains information on websites such as *Texas Ahead* and *Texas Transparency* as the primary means to disseminate information to local government officials and the public. The *Texas Ahead* website serves as a portal for economic development resources for local government officials and businesses including data on economic indicators and demographic information by county, information on local government best practices for select financial activities, and other information on regional industries and workforce topics. The *Texas Transparency* website includes *Where the Money Goes* and *Where the Money Comes From* for site visitors to search agency spending and track state revenue sources.

STATE TREASURY OPERATIONS

The Comptroller of Public Accounts has authority to protect and manage the State Treasury, invest state cash and securities, pay state warrants, and enforce the state's cigarette and tobacco product laws. A primary function of the Treasury Operations Division is to manage and ensure the safety of the state's cash and securities while maximizing the return on investments. In fiscal year 2013, the average State Treasury portfolio balance was $30.5 billion. This amount includes an average of $514.0 million in state funds deposited at financial institutions throughout the state and more than $119 million in interest earned from the portfolio balance. **Figure 107** shows the yields on annual State Treasury investments as compared to the three-month U.S. Treasury Bill interest rate yield for fiscal years 2007 to 2013.

FIGURE 107
AVERAGE YIELD ON STATE FUNDS IN THE STATE TREASURY, FISCAL YEARS 2007 TO 2013



Source: Comptroller of Public Accounts.

The Texas Treasury Safekeeping Trust Company, as a State Treasury operation, is the custodian of securities owned by participating state agencies for investment or other purposes. Funds are also invested and managed for over 2,400 local governments through TexPool and TexPool Prime programs. These programs allow local governments to pool investments and use a contracted vendor to manage those assets. TexPool strives to offer cities, counties, school districts, and other local government entities a safe, efficient, and flexible investment option for local dollars. In fiscal year 2013, TexPool assets averaged approximately $15.8 billion and TexPool Prime assets averaged approximately $1.1 billion.

The banking and electronic processing function of the Treasury Operations Division ensures that all legitimate warrants are paid expeditiously and that all revenues are deposited within legally required timeframes to maximize interest earnings and minimize collection overhead. In fiscal year 2013, an average of 267,710 warrants per month were presented for payment, a decrease of approximately 70,921 from fiscal year 2011. As with past years, this decrease is a result of the continuing shift to electronic payment methods as opposed to issuing traditional paper warrants. Total warrants presented for payment in fiscal year 2013 amounted to approximately $30.5 billion. Also, in fiscal year 2013, the State Treasury received approximately 4.7 million checks worth approximately $5.9 billion and 41.2 million electronic fund transfer/electronic data interchange transactions worth approximately $103.1 billion. Appropriations for the Treasury operations total $8.6 million for the 2014–15 biennium.

TEXAS PROCUREMENT AND SUPPORT SERVICES DIVISION

CPA is also responsible for statewide procurement and support services duties for state and local government agencies. As the state's purchasing manager, CPA awards and manages hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 local government agencies. The Texas Procurement and Support Services (TPASS) Division manages the state's procurement and contracting programs and services. TPASS works with state entities and more than 12,000 state vendors and awards hundreds of contracts for goods and services. TPASS duties range from administering the Centralized Master Bidders List to processing hundreds of bid invitations, tabulations and awards for all statewide term, Texas Multiple Award Schedules, and open market contracts. TPASS also provides a statewide training and certification program for state agencies, a state credit card account for travel and vehicle management, state mail services contract administration, and support for the Statewide Historically Underutilized Business Program.

The Support Services function consists of the State Mail Office and Office of Vehicle Fleet Management. The State Mail Office supports statewide mail related initiatives such as postage, as well as mail equipment and service reviews to other agencies. The Office of Vehicle Fleet Management is primarily charged with the administration and management of the State Vehicle Fleet Management Plan, which details recommendations for improving the administration and operation of the state's vehicle fleet, and the statewide vehicle data reporting system, which assists agencies in the management of their vehicle fleets. Appropriations for TPASS total $10.1 million for the 2014–15 biennium.

MANAGE THE RECEIPT AND DISBURSEMENT OF STATE TAX REVENUE

The Revenue Administration area is responsible for collecting and processing state revenue and distributing local sales tax collections to cities, counties and other local governmental entities. This area is also responsible for maintaining taxpayer accounts and processing tax payment exceptions and adjustments. In fiscal year 2013, the agency processed approximately 5.1 million tax returns. Appropriations for revenue administration total $66.2 million for the 2014–15 biennium.

In fulfilling these responsibilities, Revenue Administration relies heavily on information technology systems to improve service and voluntary compliance with tax laws through a variety of automated systems. Those systems include access to self-service options either through the Internet or over automated voice systems and provide an easy method for taxpayers to register, pay, and file taxes. These systems also improve staff efficiency and reduce the costs associated with handling a large amount of paper tax returns. Advanced document management systems help staff support a high-volume, paper-intensive, and time-sensitive operation. Instead of manually processing millions of tax returns, documents, and payments, processing occurs through a scanning and imaging system, which allows timely and accurate processing resulting in fewer taxpayer data errors.

TEXAS PREPAID HIGHER EDUCATION TUITION BOARD

The Comptroller of Public Accounts serves as the presiding officer of the Texas Prepaid Higher Education Tuition Board (board), which administers the state's Internal Revenue Code (IRC) 529 prepaid tuition and college savings programs. The prepaid tuition plans include the Texas Guaranteed Tuition Plan and the Texas Tuition Promise Fund. The Texas Guaranteed Tuition Plan (formerly known as the Texas Tomorrow Fund) opened for enrollment in January 1996. Under the program, a contract purchaser entered into a prepaid tuition contract with the board under which the purchaser agreed to prepay the tuition and required fees for a beneficiary to attend an institution of higher education, with the future cost of tuition and fees locked in at the cost at the time of purchase. The plan name was changed to the Texas Guaranteed Tuition Plan in 1997 when Texas voters approved a proposition to guarantee the plan with the full faith and credit of the state. In 2003, Texas public colleges and universities were authorized to set and vary tuition rates to most effectively manage their institutions. That same year, the Legislature authorized the board to suspend new enrollment in the Texas Guaranteed Tuition Plan to protect the actuarial soundness of the fund. The plan was closed to new enrollments in June 2003. Approximately 158,500 contracts were sold and as of August 31, 2013, approximately 78,000 of those accounts are active. As of August 31, 2013, the plan had an unfunded liability of $612.5 million.

The Eightieth Legislature, 2007, passed legislation that established the Texas Tuition Promise Fund (formerly known as the Texas Tomorrow Fund II) which allows families to prepay for all or some future tuition and required fees at any two or four-year Texas public college or university by purchasing "units." Tuition units represent a fixed amount of undergraduate resident tuition and required fees charged by Texas public colleges and universities. The number of units needed varies depending on the school, but generally 100 units represents 30 semester hours, which is considered to be one academic year. Approximately 29,000 individuals had enrolled in the plan through August 31, 2013. A total of $477.5 million in contracts were sold through that date. For both the Texas Guaranteed Tuition Plan and the Texas Tuition Promise Fund, assets as of August 31, 2013 total approximately $2.0 billion.

In addition to operating the two prepaid tuition plans, the board also administers two 529 college savings plans, which include the direct-sold Texas College Savings Plan and the advisor-sold LoneStar 529 Plan. The plans allow families to make contributions towards a child's college expenses and offer various investment options and strategies tailored to different growth requirements, situations and risk tolerances. Assets of the college savings plans total approximately $420.5 million as of August 31, 2013.

FISCAL PROGRAMS WITHIN THE OFFICE OF THE COMPTROLLER

FISCAL OPERATIONS

The Comptroller of Public Accounts is provided additional spending authority, within the appropriations for Fiscal Programs, totaling $817.4 million for the 2014–15 biennium, which includes $779.5 million in General Revenue Funds and General Revenue–Dedicated Funds, or 95.4 percent of total appropriations. Funding levels reflect a decrease of $134.1 million, primarily due to elimination of one-time funds from the American Recovery and Reinvestment Act of 2009 for energy related programs. Appropriations to the agency are used for the following statewide functions and state obligations:

- payment of claims against state agencies;
- reimbursement of a portion (10.7143 percent) of mixed beverage tax receipts to counties and incorporated municipalities;
- payments for tort claims and federal court judgments against state agencies;
- payment in lieu of county taxes to counties in which University of Texas endowment lands are located;
- allocations to the Lateral Road Fund;
- payment of claims for previously unclaimed property;
- grants for continuing education and training of local peace officers;
- expanding advanced database technology to modernize tax administration;
- payments to victims of crime who have not made a claim for restitution from local probation departments;
- distribution of the gross weight/axle fee to counties;
- allocation of Jobs and Education for Texans grants to education programs, non-profit organizations, and scholarships for students in high-demand occupations;
- transfer of funds from the General Revenue–Dedicated Texas Department of Insurance Operating Fund No. 36 to the General Revenue Fund 1 to reimburse the fund for the cost of insurance premium tax credits for examination fees and overhead assessments; and
- administration of the State Energy Conservation Office and distribution of Oil Overcharge Funds and Federal State Energy Program Funds for energy efficiency projects.

The agency received $5.0 million in General Revenue Funds for transfer to the Habitat Protection Fund outside the State Treasury. The funds will be used to administer contracts with public universities to conduct research studies on certain species, including candidate, threatened or endangered species, to support the development, coordination, and administration of a habitat conservation plan or candidate conservation plan.

In addition, appropriations for mixed beverage tax reimbursements for counties and incorporated municipalities reflect an increased rate of reimbursement. The rate of reimbursement of mixed beverage tax receipts to be distributed to local governments was increased from 8.3065 percent to 10.7143 percent of receipts resulting in an anticipated increased cost of $66.2 million during the 2012–13 biennium.

STATE ENERGY CONSERVATION OFFICE

Oil Overcharge Funds became available to states as a result of federal court settlements dealing with violations of price controls in effect for crude oil and refined petroleum products between 1973 and 1981. In Texas, the State Energy Conservation Office (SECO) administers the Oil Overcharge Funds, which are used to fund various energy-efficiency programs. Loans to Save Taxes and Resources (LoanSTAR) is the largest program, which is a revolving loan program that finances energy-efficient facility retrofits for state agencies, public schools, hospitals, and other governmental entities. The program's revolving loan mechanism allows borrowers to repay loans through cost savings generated by the funded projects. The current value of the LoanSTAR program is $124 million. To date, 216 loans totaling $298.9 million have been issued to the following entities:

- cities, 35 loans totaling $65.3 million;
- community colleges, 10 loans totaling $19.6 million;
- counties, 11 loans totaling $14.9 million;
- public hospitals, 13 loans totaling $7.4 million;
- school districts, 88 loans totaling $80.8 million; and
- state agencies and universities, 59 loans totaling $110.9 million.

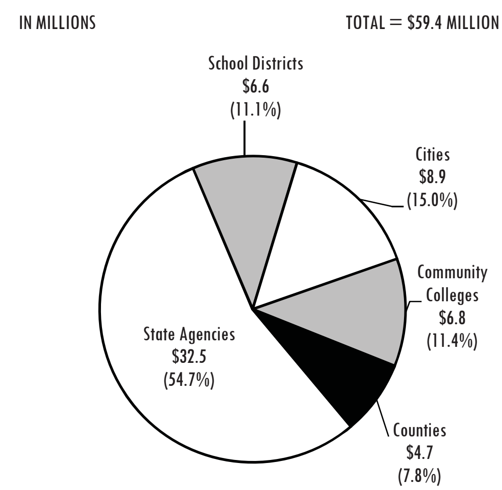
For the 2014–15 biennium, appropriations out of Oil Overcharge Funds total $34.5 million out of unexpended balances and estimated revenue, of which $32.6 million is for the LoanSTAR program. Of the remaining Oil Overcharge Funds appropriated, $0.8 million is allocated to schools/local governments, state agencies/higher education, renewable energy programs, transportation energy and alternative fuels programs, and $1.1 million is allocated for administrative costs of SECO.

In addition to Oil Overcharge Funds, 2014-15 funding includes $11.9 million in Federal State Energy Program (SEP) Funds which represent anticipated repayments from loans to state and local governmental entities awarded from a portion of SECO's award from the American Recovery and Reinvestment Act of 2009 for SEP. The repayments have been incorporated into the LoanSTAR program to finance energy efficiency and retrofits projects for state and local facilities. The value of the loan program from Federal SEP Funds is $75.1 million. To date, 16 loans totaling $71.8 million have been issued to the following entities:

- cities, three loans totaling $8.3 million;
- community colleges, one loan totaling $4.8 million;
- counties, one loan totaling $7.9 million;
- school districts, three loans totaling $2.4 million; and
- state agencies, eight loans totaling $48.4 million.

Figure 108 shows the distribution of LoanSTAR financing out of Oil Overcharge Funds and Federal SEP Funds by entity type for the 2012–13 biennium.

FIGURE 108
LOANSTAR PROGRAM DISTRIBUTIONS OF APPROPRIATIONS, 2012–13 BIENNIUM



SOURCE: Comptroller of Public Accounts.

SIGNIFICANT LEGISLATION

Several bills were passed by the Eighty-third Legislature, Regular Session, 2013, that affect the CPA. Among the more significant are House Bill 800, House Bill 3572, and House Bill 1965.

HB 800 – Creation of Research and Development Tax Credits and Exemptions. The enactment of House Bill 800 provides for a sales tax exemption and franchise tax credit for certain research and development activities until December 31, 2026. The CPA is required to adopt rules governing the exemption and credit, to deposit enough franchise tax revenue to the credit of the property tax relief fund to offset any decrease in that fund resulting from the bill, and to submit a biennial report to the Legislature and Governor regarding the exemption and credit. The agency is appropriated $12.7 million, along with an increase of 20 FTEs, to administer the provisions of the bill.

HB 3572 – Mixed Beverage Taxes. The enactment of House Bill 3572 reduces the rate of the tax on the gross receipts from alcohol sales of mixed beverage permittees from 14.0 percent to 6.7 percent and creates a mixed beverage sales tax at a rate of 8.25 percent of the sales price of all drinks that are subject to the mixed beverage gross receipts tax. The bill requires the CPA to calculate and remit an amount not less than 10.7143 percent of the mixed beverage sales tax to counties and municipalities. These local allocations from the mixed beverage sales tax would be distributed in the same manner as the mixed beverage gross receipts tax. The agency is appropriated $1.2 million, along with an increase of 10.5 FTEs in fiscal year 2014 and 19.5 FTEs in fiscal year 2015, to administer provisions of the bill.

HB 1025 – Funding for Endangered Species Research. The enactment of House Bill 1025 provides an appropriation of $5,000,000 in General Revenue Funds to Fiscal Programs for transfer to the Habitat Protection Fund outside the State Treasury. The funding will allow the Comptroller to enter into interagency contracts with state public universities to conduct research studies on certain species, including candidate, threatened, or endangered species. The research will support the development, coordination, and administration of a habitat conservation plan or candidate conservation plan and is pursuant to authority provided to the Comptroller of Public Accounts in the Texas Government Code, Section 403.452.

HB 1965 – Contracting Oversight Duties of Contract Advisory Team. The enactment of House Bill 1965 requires the CPA to oversee activities of the Contract Advisory Team which has functions related to advising state agencies on contract management practices and reviewing certain procurement solicitations and contract documents. The agency is appropriated $0.2 million, along with an increase of 1 FTE, to administer the provisions of the bill.

SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY

SOCIAL SECURITY

The CPA is responsible for the payment of state and employee Social Security taxes to the federal government. Appropriations to cover the state's employer share of payments for Social Security total $1.5 billion for the 2014–15 biennium, an increase of $43.2 million, or 3.0 percent, from the 2012–13 biennium, primarily related to 2.0 percent annual payroll growth for higher education employees and FTE changes at certain state agencies. General Revenue Funds comprise approximately $1.0 billion, or 65.3 percent, of total Social Security appropriations, which represents an increase of $41.2 million, or 4.5 percent, from the 2012–13 biennial spending levels. General Revenue–Dedicated Funds account for approximately $155.7 million, or 10.6 percent of the total appropriation for Social Security, which represents an increase of $4.3 million, or 2.9 percent, from the 2012–13 expenditure level.

Figure 109 shows the appropriations for state contributions for Social Security, which fund the 6.2 percent employer payroll tax contribution for the Social Security program and the 1.45 percent tax for the state Medicare program, and reflects no payroll growth for general state and 2.0 payroll growth for higher education employees during the 2014–15 biennium. The Social Security wage base, which is the amount of wages subject to the 6.2 percent tax, increased from $113,700 to $115,500 in 2014. There will remain no limit to the wages subject to the 1.45 percent Medicare tax. As with Employees Retirement System state contributions, the General Appropriations Act allocates the Social Security appropriation by functional area of state government.

BENEFIT REPLACEMENT PAY

CPA is also appropriated funds to provide Benefit Replacement Pay (BRP) to certain general state employees. (BRP funding for employees of higher education institutions is appropriated directly to the institutions.) Prior to fiscal year 1996, the state paid for a portion of the employees' Social Security obligations. The Seventy-fourth Legislature,

FIGURE 109
SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY, 2012–13 AND 2014–15 BIENNIA

IN MILLIONS	EXPENDED 2012–13	APPROPRIATED 2014–15	BIENNIAL CHANGE	PERCENTAGE CHANGE
Social Security - Employer Match				
General Government	$67.6	$69.2	$1.6	2.4
Health and Human Services	309.5	316.4	6.9	2.2
Education	514.7	535.4	20.8	4.0
Judiciary	19.1	19.2	0.1	0.7
Public Safety and Corrections	303.0	314.0	11.0	3.6
Natural Resources	61.5	62.1	0.6	1.0
Business and Economic Development	115.9	118.1	2.2	1.9
Regulatory	22.2	22.2	0.0	0.0
Legislature	14.9	14.9	0.0	0.0
Subtotal, Social Security	**$1,428.3**	**$1,471.5**	**$43.2**	**3.0**
Benefit Replacement Pay				
General Government	$4.7	$4.1	($0.6)	(12.6)
Health and Human Services	19.9	17.4	(2.5)	(12.6)
Education	1.0	0.9	(0.1)	(12.7)
The Judiciary	0.8	0.7	(0.1)	(12.6)
Public Safety and Corrections	19.2	16.8	(2.4)	(12.6)
Natural Resources	4.4	3.8	(0.6)	(12.6)
Business and Economic Development	10.6	9.3	(1.3)	(12.6)
Regulatory	1.6	1.4	(0.2)	(12.6)
Legislature	0.7	0.6	(0.1)	(12.6)
Subtotal, Benefit Replacement Pay	**$62.8**	**$54.9**	**($7.9)**	**(12.6)**
TOTAL, SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY	**$1,491.2**	**$1,526.4**	**$35.3**	**2.4**

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

1995, repealed the additional state-paid contribution for the Social Security obligation for employees on the payroll as of August 31, 1995 and replaced it with a benefit supplement to ensure that take-home pay was not reduced. Employees retain BRP as long as they do not have a break in service from the state for 30 days. Employees hired after August 31, 1995 are not eligible to receive the benefit supplement or the additional state-paid Social Security.

Figure 109 also shows the appropriations for Benefit Replacement Pay contributions. Appropriations for the 2014–15 biennium for BRP total $54.9 million for general state employees, a decrease of $7.9 million, or 12.6 percent, from the 2012–13 biennial spending levels, reflecting recent trends of 6.5 percent annual turnover of state employees hired before September 1, 1995. General Revenue Funds comprise $29.3 million, or 53.3 percent of the total BRP appropriation. This is a decrease of $3.7 million, or 11.2 percent, from the 2012–13 biennial spending level. General Revenue–Dedicated Funds comprise $4.1 million, or 7.5 percent of the total appropriation. This is a decrease of $0.6 million, or 12.4 percent, from the 2012–13 biennial spending level.

COMMISSION ON STATE EMERGENCY COMMUNICATIONS

The Commission on State Emergency Communications (CSEC) was established in 1987 to administer the implementation of statewide 9-1-1 emergency call service. At that time, the agency was not subject to the General Appropriations Act, and its funds were deposited in accounts outside the State Treasury. In 1993, the agency's statute was amended by the Seventy-third Legislature to require the deposit of emergency service fees and equalization surcharge revenues to dedicated accounts in the General Revenue Fund and to include the agency's budget within the state appropriations process. In the same year, the agency received statutory responsibility, shared with the Department of State Health Services (formerly the Texas Department of Health), for implementing a statewide poison control program through six regional centers. Legislation passed by the Eighty-first Legislature, Regular Session, 2009, amended statute to remove joint responsibility of the poison control program, requiring CSEC to oversee and administer the program.

The agency's mission is to preserve and enhance public safety and health in Texas through reliable access to emergency telecommunications services. Agency functions are organized to support the standardized 9-1-1 emergency communications services statewide and to maintain the state's poison control network. To meet the first function, the agency assists local governments through Regional Planning Commissions (RPCs) as they develop and implement regional plans and maintenance for 9-1-1 services. The agency fulfills its second function by administering grants to and overseeing the six regional poison control centers throughout the state. The agency's 9-1-1 program serves over 8 million Texans, or about one-third of the state's population; it does not provide 9-1-1 service to emergency communications districts (ECDs) (most major metropolitan areas) and municipal ECDs, in which the cities provide 9-1-1 service. The three largest emergency communications districts by population are Greater Harris County 9-1-1 Emergency Network, Tarrant County 9-1-1 District, and Bexar Metro 9-1-1 Network District. The poison control program serves all residents of the state.

Appropriations for the 2014–15 biennium total $145.8 million, an increase of $36.0 million from the previous biennial spending level, and provide for 25.0 full-time-equivalent positions. Appropriations from General Revenue–Dedicated Funds comprise 100 percent of the agency's budget. Appropriations to the agency are derived from four telecommunications fees: the 9-1-1 equalization surcharge, the emergency service fee, the wireless emergency service fee, and the prepaid wireless emergency service fee. **Figure 110** and **Figure 111** show an overview of each telecommunications fee for the 2014–15 biennium. As shown in **Figure 111,** the decline in the emergency service fee collected is attributed to fewer households having standard phones and instead switching to wireless services. All other fees are increasing or remaining constant due to expanded use of wireless phones.

STATEWIDE 9-1-1 SERVICES

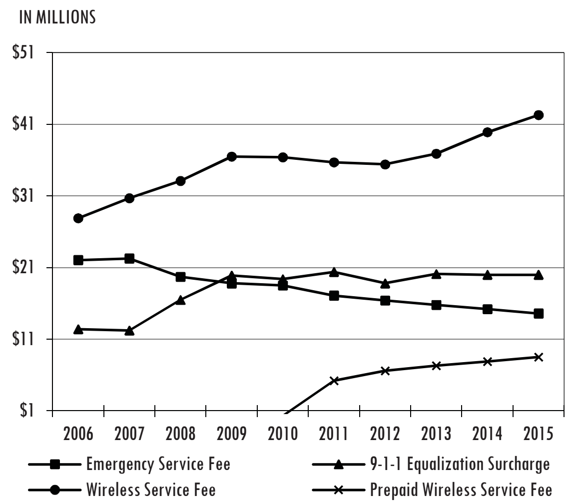
The agency achieves its goal of providing 9-1-1 emergency communication services statewide primarily by administering grants to RPCs. The agency also undertakes public education efforts, reviews regional plans for compliance with statewide

FIGURE 110
TELECOMMUNICATION FEES, 2014–15 BIENNIUM

FEE CHARACTERISTIC	EMERGENCY SERVICE FEE	EMERGENCY SERVICE FEE FOR WIRELESS CONNECTIONS	PREPAID WIRELESS EMERGENCY SERVICE FEE	9-1-1 EQUALIZATION SURCHARGE
Levied on	Standard Telephone Service	Wireless Telephone Service	Prepaid Wireless Telephone Service	Standard and Wireless Telephone Service
Rate	Maximum of $0.50 per telephone line per month; May vary by RPC, but currently at $0.50 in all 24 RPCs	$0.50 per wireless connection per month	2% of the retail sale of the prepaid wireless service	Not more than $0.10 per telephone line/ wireless connection per month; excludes prepaid wireless
Rate set by	Agency, with review and comment by PUC	Legislature	Legislature	Agency, with review and comment by PUC

Notes:
(1) Fee on prepaid wireless service was collected beginning June 1, 2010.
(2) At the time of this publication, the monthly rate set by CSEC for 9-1-1 Equalization Surcharge was $0.06 per month.
(3) RPC = Regional Planning Commission; PUC = Public Utility Commission.
Source: Commission on State Emergency Communications.

FIGURE 111
TELECOMMUNICATIONS FEES
FISCAL YEARS 2006 TO 2015



NOTE: Fiscal years 2014 and 2015 are estimated.
SOURCE: Commission on State Emergency Communications.

standards and funding allocations, coordinates 9-1-1 activities with the emergency communications districts, national organizations, and participates in state and federal regulatory proceedings.

Appropriations for 9-1-1 activities total $129.8 million in the 2014–15 biennium, an increase of $34.9 million, or 36.8 percent, from the 2012–13 biennial spending level primarily due to increased funding for equipment replacement and Next Generation 9-1-1 (NG911) implementation. Appropriations primarily fund grants to the RPCs for 911 network operation costs.

EMERGENCY RESPONSE SERVICES

Texas residents who use landline telephones in their homes or businesses to place 9-1-1 calls can be located immediately because their address appears on a computer display at a 911 public safety answering point (PSAP). Likewise, wireless carriers are required to provide the wireless telephone number from which the 9-1-1 call is made to the PSAP. All counties in Texas have implemented services that assist emergency responders by providing a call-back number in the event of a dropped call and caller locations by pinpointing their approximate location by latitude and longitude.

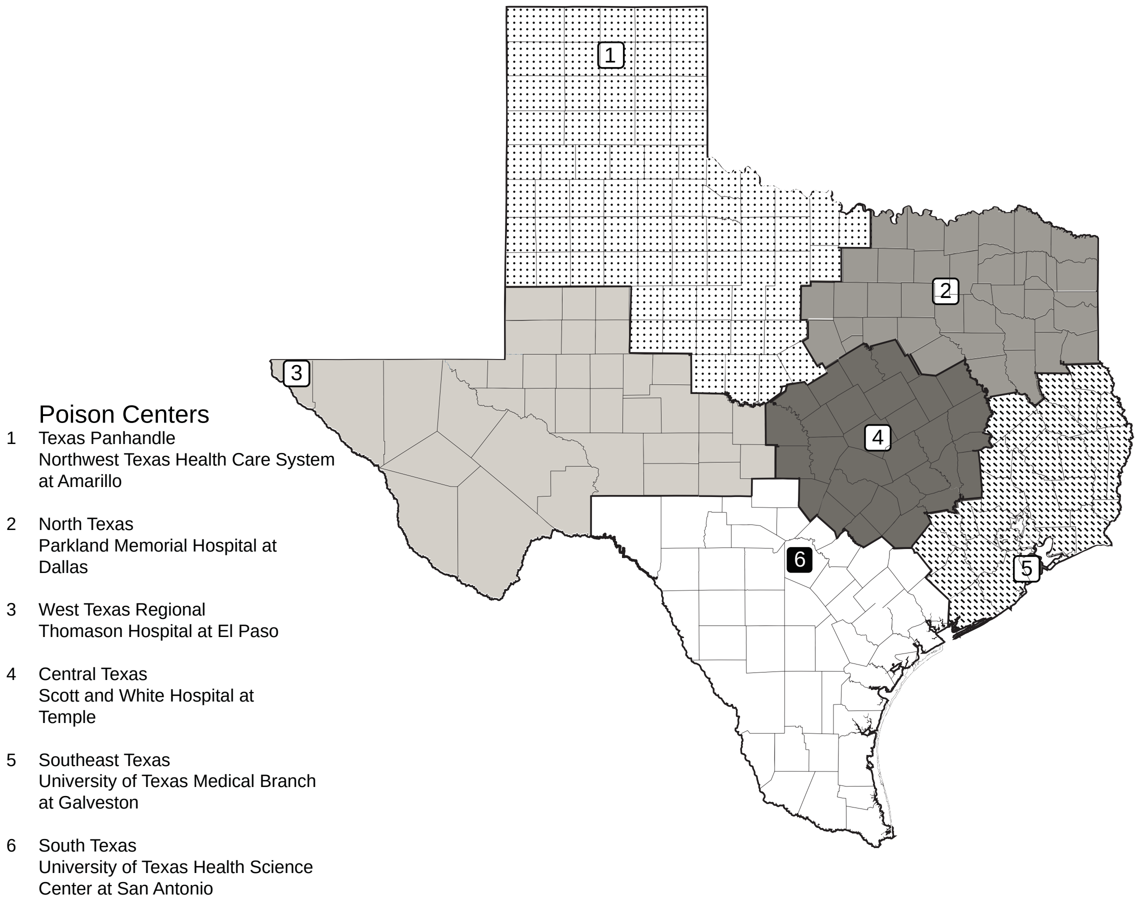
In fiscal year 2010, CSEC was awarded $5.4 million in federal grant funds for the beginning stages of NG911 implementation, representing 13.0 percent of the total federal funding provided nationwide ($41.3 million). The federal grant, which is related to the Ensuring Needed Help Arrives Near Callers Employing 911 Act (ENHANCE 911 Act), was for the acquisition of information resource technologies to begin implementation of an internet protocol (IP) emergency network. Appropriations for the 2014–15 biennium include $12.9 million in General Revenue–Dedicated Funds for the implementation of Phase I of III of a state-level IP 9-1-1 emergency network ($7.1 million) and a geospatial mapping database ($5.8 million) that will increase the accuracy of caller location. Once implemented, the IP emergency network will be more compatible with digital devices that allow for the transmission of texts, images, and videos. According to CSEC, emergency calls will also be rerouted faster, more seamlessly, and more reliably. Caller information will also be able to be transferred between geographically dispersed PSAPs and to the appropriate public safety dispatches.

POISON CONTROL SERVICES

The agency's second goal is to provide a statewide poison control center network that aids in the treatment and prevention of poisonings throughout the state. The Texas Poison Control Network provides information to Texans who suspect they have been exposed to toxic substances and call the poison control toll-free telephone number. The network is composed of six geographically diverse poison centers residing within medical facilities and linked by a telecommunications network. Individuals calling the poison control network speak directly with a healthcare professional trained in various aspects of toxicology and poison control and prevention. The aim is to provide sufficient information to treat a poison incident at home, precluding the dispatch of emergency medical services or a visit to a healthcare facility. According to the federal Centers for Disease Control and Prevention, research has shown that poison centers save $7 in healthcare expense for every $1 spent.

CSEC operates a program to award grants to the six regional poison control centers defined in the statute (see **Figure 112**), oversees poison center operations, and administers the telecommunications network operations. The regional centers are located at the University of Texas Medical Branch at Galveston, the Dallas County Hospital District/North Texas Poison Center, The University of Texas Health Science Center at San Antonio, the Texas Tech University Health Science Center at Amarillo, the Scott and White Memorial Hospital at Temple, and the University Medical Center of El Paso, El Paso County Hospital District.

FIGURE 112
TEXAS POISON CONTROL NETWORK, 2014–15 BIENNIUM



Source: Commission on State Emergency Communications.

Appropriations for the poison control center program total $14.3 million in General Revenue–Dedicated Funds for the 2014–15 biennium, which is an increase of $1.1 million, or 8.3 percent, primarily due to an increase in administrative costs. This appropriation consists primarily of grants to the regional poison control centers which are used to pay the salaries of the call takers and call-taker equipment.

SIGNIFICANT LEGISLATION

HB 7 – Use of Funds Collected from the Emergency Service Fee. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 7, which authorizes funds collected from the Emergency Service Fee to be used to maintain 9-1-1 service levels while a transition to newer technologies that will better serve 9-1-1 emergency needs are implemented, including the planning and development of statewide, regional, and local emergency network systems and the implementation of geospatial mapping technologies. House Bill 7 also allows for funds collected from the Emergency Service Fee to be used for assistance to volunteer fire departments under certain conditions.

SB 628 – Creation of an Emergency Communication District. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 8, which authorizes a county or a municipality in a region with a population of more than 1.5 million and that operates a 9-1-1 system solely through an RPC to create a regional ECD. The creation of such an ECD would result in a decrease in collections by the state of the Emergency Service Fee, but would also result in a decrease in expenditures by the state, in that 9-1-1 services would no longer be provided by the state to the newly created ECD.

TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

The Texas Emergency Services Retirement System (TESRS) was created by the Sixty-fifth Legislature, 1977, and is governed by a nine-member board appointed by the Governor, subject to Senate confirmation. TESRS is a statewide retirement system with a pooled investment fund established to finance pension, death and disability benefits for volunteer firefighters and volunteer emergency medical personnel in the state of Texas. Daily operations of the system include collecting contributions of participating fire departments and emergency service districts, investing proceeds, and calculating and paying benefits to retirees and their beneficiaries.

TESRS was previously administered by the Office of the Fire Fighters' Pension Commissioner (FFPC), (created in 1937 by the Forty-fifth Texas Legislature). The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 220, Sunset legislation which abolished the office of FFPC effective August 31, 2013, and provided that TESRS operate as a stand-alone agency, managed by an executive director instead of the FFPC.

Appropriations to TESRS for the 2014–15 biennium total $4.4 million in General Revenue Funds, and provide for 6.0 full-time-equivalent positions. The funding includes $3.2 million for the state contribution to the pension fund. State statute directs a state contribution as necessary to make the pension system actuarially sound each year; however, it also caps the state contribution at one-third of all contributions to the system by local governing bodies. Contributions to TESRS are made by participating fire departments and emergency service districts on behalf of each eligible person. No contributions are collected from the individuals covered by the retirement system.

At the end of fiscal year 2013, there were 216 fire departments and emergency service districts participating in the TESRS fund, representing 15,273 vested and non-vested individuals including 4,119 active personnel. On average, the fund provides monthly annuity payments to 2,834 retirees and beneficiaries, which total approximately $3.8 million in benefit payments each fiscal year. Working with investment consultants and a contract actuary, the TESRS Board of Trustees establishes the asset allocation (the distribution of investments among various classes of investment vehicles) and the investment policies for the fund, and hires and oversees investment managers to invest the assets of the fund in accordance with the board's investment policy.

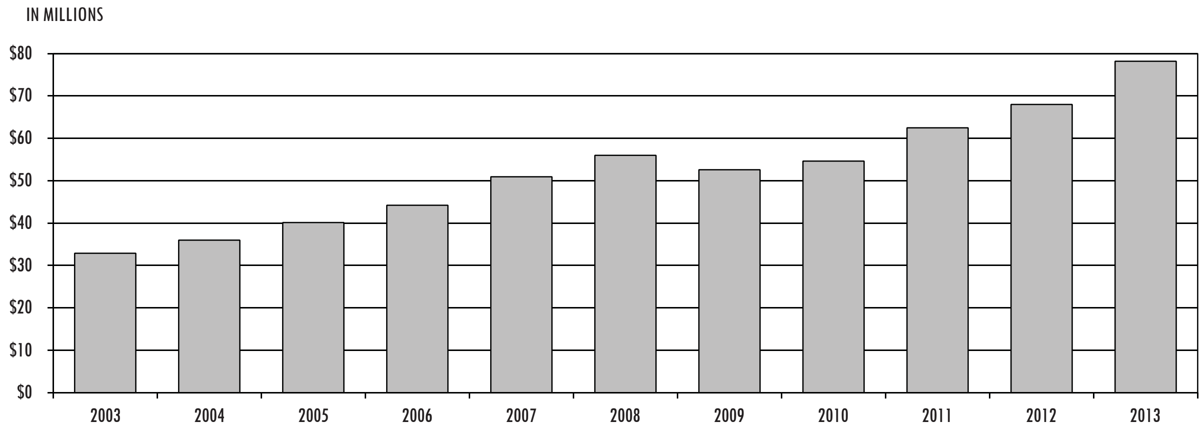
The TESRS board contracts externally to conduct an actuarial valuation every two years, the result of which reports the financial soundness of the plan, including its assets, accrued liabilities, and the actuarial soundness of contributions. The most recent valuation as of August 31, 2012, conducted by Rudd and Wisdom, Inc., indicates that the TESRS fund has an inadequate contribution arrangement to fund the current benefit provisions, including the expected contributions from the governing body of each participating department and from the state. The 2012 valuation shows an increase in the unfunded actuarially accrued liability (UAAL) from $17.2 million in 2010 to $33.9 million. The years to amortize the UAAL went from 30 years to "Infinite", meaning the current UAAL can never be amortized and will increase every year. Likewise, the funded ratio decreased from 78.9 percent to 66.7 percent. The actuary's calculations assume that the state will contribute regular contributions and at the statutory maximum level.

This report is a significant change from the previous valuation as of August 31, 2010, and is largely because of deferred investment losses for fiscal years 2008 and 2009 following the national economic downturn. TESRS uses a five-year actuarial smoothing period in recognizing investment gains or losses, which is common among pension funds to offset the volatility of the marketplace. The fund's investment experience produced asset gains in each of the last three fiscal years. However, the improvement was not significant enough compared to the expected rate of return and the deferred losses of fiscal years 2008 and 2009, coupled with other actuarial adjustments.

In the 2012 valuation, Rudd and Wisdom, Inc. recommended that the board study specific changes that would improve the actuarial condition of the fund and design a package of changes that would be expected to restore an adequate funding arrangement. It was suggested that the board consider reducing the benefit formula and increasing the earliest age at which a participating individual could begin receiving retirement benefits.

Figure 113 shows the net market value of the TESRS fund's assets from fiscal years 2003 to 2013, with the decrease in fiscal year 2009 reflecting investment losses due to the national economic downturn that began in fall 2008. The increase in 2008 is due to a state contribution of $8.8 million paid at the beginning of the fiscal year.

FIGURE 113
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS) FUND NET MARKET VALUE OF ASSETS
FISCAL YEARS 2003 TO 2013



SOURCE: Texas Emergency Services Retirement System.

SIGNIFICANT LEGISLATION

SB 220 – Administration and Governance of TESRS. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 220, which abolishes the Fire Fighter Pension Commissioner, the former administrator of TESRS, effective August 31, 2013, Governance of TESRS pension fund continues with the existing appointed Board of Trustees; however, daily administration will be managed by a newly created Executive Director position effective September 1, 2013.

EMPLOYEES RETIREMENT SYSTEM

The Employees Retirement System (ERS) was established in 1947 to provide retirement benefits for state employees. Agency operations are governed by a six-member Board of Trustees. Three members are elected by state employees participating in the system, one is appointed by the Governor, another is appointed by the Chief Justice of the Supreme Court, and one member is appointed by the Speaker of the House of Representatives.

ERS is responsible for the state employees' and elected officials' retirement program, two judicial retirement programs, and a supplemental retirement program for state commissioned peace officers and custodial officers. In addition to retirement benefits, ERS administers the Texas Employees Group Benefits Program (GBP), TexFlex and Texa$aver personal savings programs, and a death benefits program for state and local public safety employees. The GBP is the group insurance plan (health, dental, life, and disability), TexFlex is the federal program that allows employees to set aside pre-tax money for day-care and health expenses, and Texa$aver is a voluntary retirement savings program that allows employees to grow their own savings with pre-tax money in a 401(k) and/or 457 plan.

The total ERS appropriation is an estimated $4,077.6 million for the 2014–15 biennium, a $668.3 million increase in All Funds and a $437.8 million increase in General Revenue Funds and General Revenue–Dedicated Funds compared to the 2012–13 biennial spending level. This increase is due primarily to a $533.2 million All Funds increase ($364.2 million in General Revenue Funds and General Revenue–Dedicated Funds) in the state contributions for group insurance benefits and a $107.2 million All Funds increase ($98.3 million in General Revenue Funds and General Revenue–Dedicated Funds) in the state contribution for retirement, an $8.1 million All Funds increase ($7.3 million in General Revenue Funds and General Revenue–Dedicated Funds) in the state contribution to the Law Enforcement and Custodial Officer Supplemental (LECOS) retirement program, and a $13.7 million All Funds increase ($8.6 million in General Revenue Funds) in the state contribution to the Judicial Retirement Program – Plan Two. General Revenue Funds comprise $2,552.3 million, or 62.6 percent, of total appropriations, and General Revenue–Dedicated Funds comprise $152.5 million, or 3.7 percent, of the total appropriation. These appropriations include an estimated $16.7 million in General Revenue Funds for retiree death benefits and $10.9 million in General Revenue Funds and General Revenue–Dedicated Funds for Public Safety death benefits. ERS uses interest earnings from the various program funds to pay for administrative expenses, which are not funded with state appropriations. **Figure 114** compares 2014–15 biennial appropriations for all benefits administered by ERS, compared with 2012–13 biennial spending levels.

RETIREMENT PROGRAM

Under provisions of the Texas Constitution, the state's contribution for employees' retirement may not exceed 10 percent of total payroll except in an emergency declared by the Governor, nor may it be less than 6 percent of total payroll. The state's retirement contribution rate established by the Eighty-third Legislature, Regular Session, 2013, is 6.5

FIGURE 114
EMPLOYEES RETIREMENT SYSTEM EMPLOYEE BENEFITS APPROPRIATIONS, 2014–15 BIENNIUM

IN MILLIONS	ALL FUNDS			
ERS ADMINISTERED BENEFITS	2012–13 BUDGETED/EXPENDED	2014–15 APPROPRIATED	BIENNIAL CHANGE	PERCENTAGE CHANGE
Employees Retirement System Retirement Contributions	$711.4	$818.6	$107.2	15.1
Law Enforcement and Custodial Officers Supplemental Retirement Fund	7.5	15.6	8.1	107.4
Judicial Retirement System - Plan 2	8.5	22.2	13.7	160.4
Judicial Retirement System - Plan 1	53.1	59.4	6.2	11.7
Public Safety Benefits	10.9	10.9	0.0	0.0
Retiree Death Benefits	16.7	16.7	0.0	0.0
Group Insurance Program	2,601.0	3,134.2	533.2	20.5
TOTAL	**$3,409.3**	**$4,077.6**	**$668.3**	**19.6**

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

percent of total payroll in fiscal year 2014 and 7.5 percent of total payroll in fiscal year 2015. However, $57.2 million in retirement and group insurance unexpended balances from fiscal year 2013 will be used to increase the state retirement contribution to ERS to 7.5 percent in fiscal year 2014.

An actuarial valuation report is completed annually for the ERS retirement trust fund, and an additional valuation update is completed during each regular legislative session. An actuarial valuation is a report on the financial status of the pension plan at a given point in time. The valuation includes a measurement of the plan's accrued liability and compares it to the plan's assets, then analyzes the reasons for changes from the previous year. The valuation also determines the actuarial soundness of the total contribution rate to the pension plan. For the plan to be actuarially sound, contributions must be sufficient to fund the normal cost (the cost of benefits being earned during the year by current active members) plus amortize the unfunded accrued liability over no more than 31 years. According to the August 31, 2013 actuarial valuation, the combined state and employee contribution rate of 14.60 percent in fiscal year 2014 is below the contribution required for the fund to be actuarially sound, which is 18.73 percent. According to the same valuation, the total normal cost rate is 11.57 percent, which is lower than the current combined contribution rate of 14.60 percent. However, the excess contribution of 3.03 percent is insufficient to pay down the existing unfunded accrued liability, so the expected funding period remains infinite, meaning the unfunded accrued liability is expected to increase indefinitely.

The 2014–15 biennial appropriation for retirement contributions is an estimated $818.6 million, which is an increase of $107.2 million, or 15.1 percent, from the 2012–13 biennial spending level. This is primarily due to the increase in the state contribution rate from 6.0 percent in fiscal year 2012 and 6.5 percent in fiscal year 2013 to 7.5 percent in each fiscal year of the 2014–15 biennium, which accounts for the 1.0 percent increase out of unexpended balances in fiscal year 2014. Assumptions include no payroll growth for state employees during the 2014–15 biennium. In addition, the General Appropriations Act (GAA) provides for an additional retirement contribution to ERS from all general state agencies, of 0.5 percent of the total base wages and salaries for each eligible employee. As noted, the GAA allows for an increase to the state contribution in fiscal year 2014 from 6.5 percent up to 7.5 percent out of retirement and group insurance unexpended and unobligated balances remaining as of August 31, 2013. This authority, in addition to the 0.5 percent state agency contribution, brings the total employer contribution rate to 8.0 percent for each fiscal year of the 2014–15 biennium. **Figure 115** shows the combined contributions to the ERS retirement trust fund each fiscal year of the 2014–15 biennium, which provides for a total contribution rate of 14.6 percent in fiscal year 2014 and 14.9 percent in fiscal year 2015. The August 31, 2013 actuarial valuation of the ERS retirement trust fund assessed the unfunded actuarial accrued liability—the amount of liabilities in excess of the assets—at $7.2 billion, an increase of $1.5 billion from the August 31, 2012 actuarial valuation. The plan's funded ratio, which is the plan's assets divided by the plan's liabilities, was 77.4 percent, which is 3.6 percentage points lower than the August 31, 2012 funded ratio of 81.0 percent. According to the valuation, this decrease was largely the result of asset losses from prior unfavorable investment experience being recognized in the actuarial value of assets.

FIGURE 115
TOTAL STATE AND MEMBER CONTRIBUTIONS TO ERS EACH FISCAL YEAR OF THE 2014–15 BIENNIUM (IN PERCENTAGES)

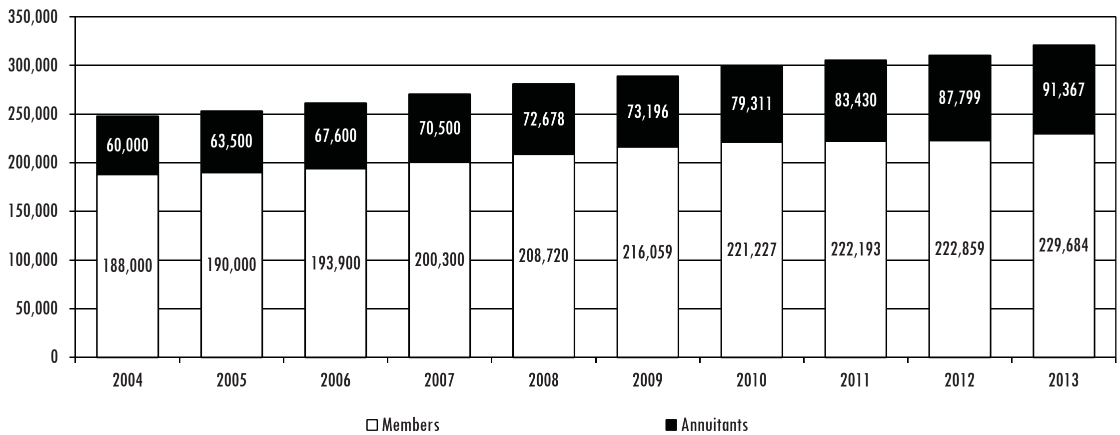
	2014	2015
Base Contribution	6.5	7.5
Unexpended Balances	1.0	0.0
State Agency Contribution	0.5	0.5
Subtotal	**8.0**	**8.0**
Employee Contribution	6.6	6.9
TOTAL CONTRIBUTION RATE	**14.6**	**14.9**

Source: Employees Retirement System.

As of August 31, 2013, ERS had 133,669 active contributing members and 96,015 non-contributing members (former state employees who have not withdrawn their retirement funds), for a total ERS membership of 229,684. At that time, 91,367 retirees and beneficiaries were receiving annuities. **Figure 116** shows ERS membership for both current and retired employees, since 2004.

Trained professional personnel, in accordance with trustee policies and constitutional and statutory regulations, invest state contributions, member contributions, and investment income. To assist the agency staff with investment recommendations and decisions, the ERS board employs investment managers and utilizes an Investment Advisory Committee composed of members of the financial and business community of Texas appointed by the ERS board.

FIGURE 116
EMPLOYEES RETIREMENT SYSTEM MEMBERSHIP, FISCAL YEARS 2004 TO 2013



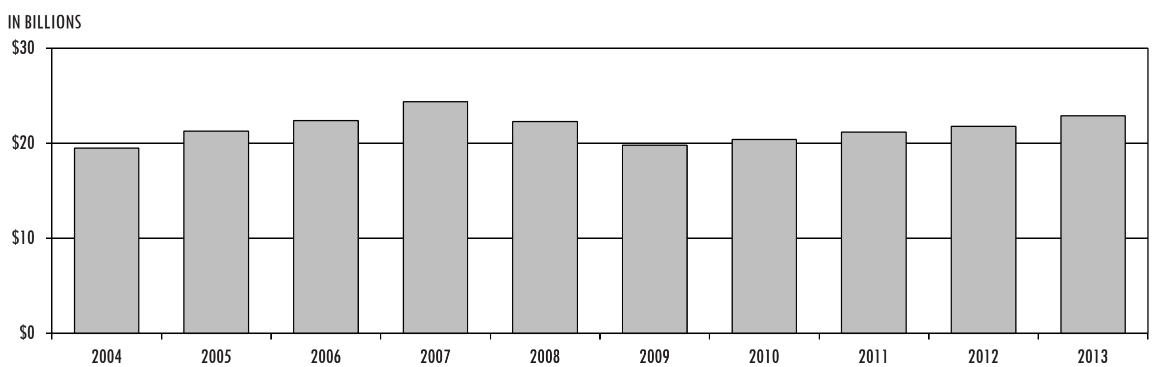
SOURCE: Employees Retirement System.

ERS also retains an independent consultant to evaluate and analyze investment results. As of August 31, 2013, ERS's asset allocation consisted of 29.46 percent bonds, 27.85 percent domestic equity, 25.74 percent international equity, 6.27 percent global real estate, 6.6 percent private equity, 2.48 percent hedge funds, 0.7 percent special situations, and 0.8 percent cash and cash equivalents. As of August 31, 2013, the market value of the ERS assets was $22.9 billion, which was $1.0 billion more than at the end of fiscal year 2012 and can be attributed to positive investment earnings during this period. **Figure 117** shows the fluctuating market value trend in the assets of the ERS retirement fund since 2004, with the decreases in fiscal years 2008 and 2009 attributable to the national economic recession.

GROUP BENEFITS INSURANCE PROGRAM

The Texas Employees Group Benefits Act assigns the administration of the Group Benefits Program to the ERS Board of Trustees. This program provides group health insurance, life insurance, dental insurance, accident insurance, and short- and long-term disability income protection insurance to active employees and their dependents. It also provides these same programs to retired state employees and their dependents. State funds pay for the health insurance plan, which includes $5,000 basic life insurance for active full-time members. The state pays 100 percent of the premium for full-time employees and 50 percent of dependent coverage; members pay the other 50 percent of the dependent coverage. Active employees who work part-time receive a state contribution which is 50 percent of the rate of full-time employees for health insurance,

FIGURE 117
MARKET VALUE OF ERS CONSOLIDATED PENSION INVESTMENT FUND ASSETS, FISCAL YEARS 2004 TO 2013



SOURCE: Employees Retirement System.

and there is a 90-day delay before new hires are eligible to receive health benefits. Employees are fully responsible for the costs of voluntary coverage, such as accidental death insurance, dental insurance, and disability plans.

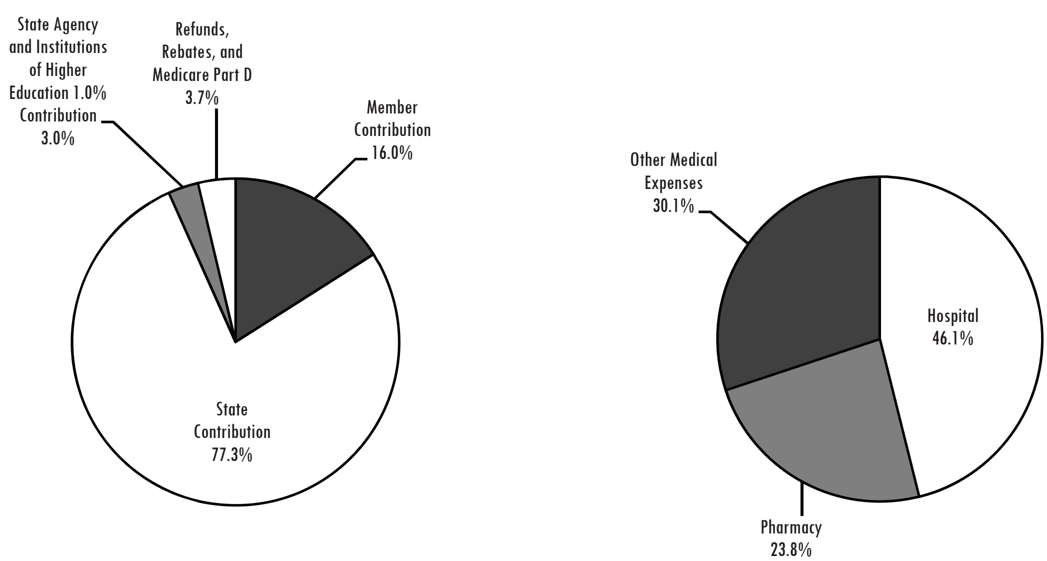
The state will contribute an estimated $3,134.2 million for group insurance premiums for general state employees in the 2014–15 biennium, a $533.2 million increase in All Funds and a $364.2 million increase in General Revenue Funds and General Revenue–Dedicated Funds from the 2012–13 biennium. The combination of state contributions, employee premium payments, refunds, rebates, and subsidies earned from the federal Medicare Part D prescription drug plan provide revenue for the insurance trust fund, which provides funding for expenses paid by the healthcare program. **Figure 118** shows the distribution of funding sources for the benefits, as well as the major categories of expenditures projected for the 2014–15 biennium. Funding for state contributions for group insurance benefits reflects an annual cost trend of 7.0 percent, additional costs related to federal healthcare legislation, 5.0 percent annual retiree growth, and several cost-saving initiatives by ERS with regard to the Group Benefits Program. In addition, the General Appropriations Act, Eighty-third Legislature, continues a contribution from all general state agencies and institutions of higher education equal to 1.0 percent of the total basic wages and salaries for each benefits eligible employee participating in the GBP to go toward group health insurance.

ERS offers a prescription drug plan and a managed healthcare plan called HealthSelect through the state contracted vendors, Caremark and United Healthcare, respectively. Although ERS self-insures the programs, outside administrators are under contract with the state to administer the managed-care, point-of-service health plan and the prescription drug plan. The system also contracts with various health maintenance organizations (HMOs) that serve primarily urban areas across Texas to provide state employees with healthcare alternatives to HealthSelect.

Through a separate appropriation, the Higher Education Group Insurance program, the state also contributes toward group insurance for higher education employees who are paid with state funds. The University of Texas and Texas A&M University Systems administer separate group health insurance programs for their employees and retirees. Employees and retirees of the other institutions of higher education, including community colleges, are part of the Group Benefits Program within ERS.

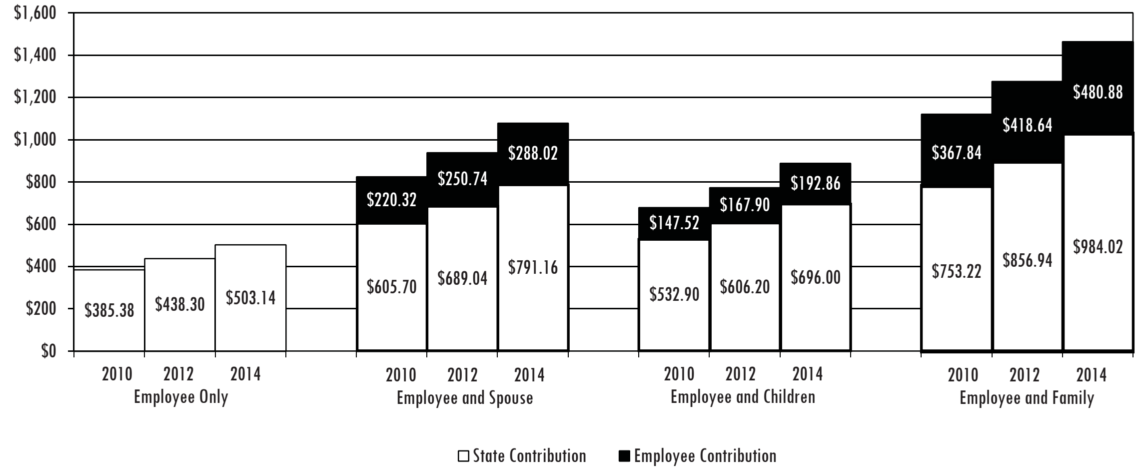
The state contribution for group insurance covers various levels of health coverage, depending on the category of coverage selected by the employee (e.g., employee only, employee and spouse). **Figure 119** shows the state and employee contribution as a portion of the total cost in each of the various coverage categories for the HealthSelect plan for fiscal years 2010, 2012, and 2014. The state contribution covers 100 percent of the employee-only monthly premium;

FIGURE 118
DISTRIBUTION OF HEALTHCARE FUNDING AND EXPENDITURES, 2014–15 BIENNIUM



Source: Employees Retirement System.

FIGURE 119
HEALTHSELECT MONTHLY CONTRIBUTION LEVELS, FISCAL YEARS 2010, 2012, AND 2014



Source: Employees Retirement System.

in the dependent-coverage categories (employee and children, employee and spouse, and employee and family), the state contribution covers an amount equal to the employee-only contribution plus 50 percent of the cost of dependent coverage. Additionally, employees who participate in an HMO receive the state contribution in accordance with this formula.

COMMISSIONED LAW ENFORCEMENT AND CUSTODIAL OFFICER SUPPLEMENTAL RETIREMENT BENEFITS

The Law Enforcement and Custodial Officer Supplement (LECOS) Retirement Fund was established in 1979 and provides an increased retirement benefit for certain employees who are Certified Peace Officers and Custodial Officers. The program funds a 0.5 percent supplement to the principal retirement formula, which increases the retirement formula to 2.8 percent per year of service for those who have completed 20 or more years of service or have become occupationally disabled while serving as commissioned law enforcement or custodial officers. The state's LECOS contribution rate established by the Eighty-third Legislature, 2013, is 0.5 percent of total payroll during the 2014–15 biennium. This is an increase from the state contribution of 0.0 percent in fiscal year 2012 and maintains the contribution rate of 0.5 percent from fiscal year 2013. According to the August 31, 2013 actuarial valuation of the LECOS fund, the combined contribution rate is estimated to be 2.20 percent in fiscal year 2014, which is comprised of a 0.5 percent member and state contribution rate, respectively, and a portion of collected court costs, which is expected to be approximately $20.0 million in fiscal year 2014, or 1.20 percent of payroll. This is below the contribution (3.09 percent) required for the fund to be actuarially sound. According to the same valuation, the total normal cost rate is 1.80 percent, which is lower than the current combined contribution rate. The combined contribution of 2.20 percent is insufficient to pay down the existing unfunded accrued liability, so the expected funding period remains infinite, meaning the unfunded accrued liability is expected to grow indefinitely. The 2014–15 biennial appropriation for the LECOS retirement plan is an estimated $15.6 million, which is $8.1 million, or 107.4 percent, more than the 2012–13 biennial spending level, due to the increase in the state contribution.

As of August 31, 2013, the market value of the LECOS Retirement Fund was $780.7 million, an increase of $33.0 million from the August 31, 2012 valuation report. The rate of investment return for that period was 10.1 percent, which is significantly higher than the 8.0 percent actuarially assumed expected rate of return for that time period due to exceptional investment performance.

Eligible employees include law enforcement officers with the Texas Department of Public Safety, the Texas Alcoholic Beverage Commission, the Texas Parks and Wildlife Department, custodial officers at the Texas Department of Criminal Justice, and parole officers and caseworkers at the Board of Pardons and Paroles. As of August 31, 2013, there were 37,415 active contributing members in the fund and

9,089 retirees and beneficiaries receiving supplemental benefits.

JUDICIAL RETIREMENT PROGRAMS

The ERS administers two retirement plans for judges: the Judicial Retirement System Plan One (JRS Plan One) and the Judicial Retirement System Plan Two (JRS Plan Two). Rather than being prefunded on an actuarial basis, JRS Plan One, established in 1949, is financed on a pay-as-you-go basis. Funds required for monthly annuity payments and refunds of member contributions are appropriated each fiscal year from the General Revenue Fund. Members contribute 6.0 percent of their annual compensation, which is deposited in the General Revenue Fund. As of August 31, 2013, there were 13 active contributing members and 4 non-contributing members, for a total JRS Plan One membership of 17 judges. As of the same date, 421 retirees and beneficiaries were receiving annuities.

In 1985, the Sixty-ninth Legislature established an actuarially funded retirement plan, known as JRS Plan Two, for judges who became members of the system on or after September 1, 1985. Judiciary members who were appointed or elected prior to September 1, 1985, continue to participate in JRS Plan One. The state contribution rate to the JRS Plan Two program established by the Eighty-third Legislature, Regular Session, 2013, is 15.663 percent during the 2014–15 biennium, an increase from 6.0 percent during fiscal year 2012 and 6.5 percent during fiscal year 2013. The member contribution rate is 6.0 percent of payroll, with contributions optional after members accrue 20 years of service credit or have served 12 years on an appellate court and attained the Rule of 70. According to the August 31, 2013 actuarial valuation of the JRS Plan Two Fund, the fiscal year 2014 combined contribution rate of 22.233 percent (15.663 percent state contribution and a 6.57 member contribution) is less than the contribution rate required for the fund to be actuarially sound, which is 24.08 percent. According to the same valuation, the normal cost rate is 20.96 percent, which is lower than the combined contribution. However, the excess contribution of 1.273 percent is insufficient to pay down the existing unfunded accrued liability, so the expected funding period remains infinite. As of August 31, 2013, there were 545 active contributing members and 152 non-contributing members, for a total JRS Plan Two membership of 697. As of the same date, 254 retirees and beneficiaries were receiving annuities.

The Eighty-third Legislature, Regular Session, 2013, appropriated an estimated $59.4 million in General Revenue Funds for JRS Plan One for the 2014–15 biennium and an estimated $22.2 million in All Funds ($13.8 million in General Revenue Funds) for JRS Plan Two for the 2014–15 biennium. These appropriations represent the change in the JRS Plan Two state contribution and no significant growth in either of the judicial retirement programs from the 2012–13 biennium.

DEATH BENEFITS FOR STATE AND LOCAL PUBLIC SAFETY WORKERS

The Eighty-third Legislature, Regular Session, 2013, appropriated an estimated $10.9 million in General Revenue Funds and General Revenue–Dedicated Funds for the 2014–15 biennium for death benefits of state and local government public safety personnel, which maintains current spending levels for the 2012–13 biennium. Survivors of a law enforcement officer, firefighter, or other public safety employee killed in the line of duty receive a $250,000 payment and other benefits such as funeral expenses and education benefits for surviving children. Funding for public safety death benefits for the 2014–15 biennium is funded with General Revenue Funds and the Compensation to Victims of Crime Account.

SIGNIFICANT LEGISLATION

SB 1459 – ERS Omnibus Bill. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 1459, which includes the following provisions:

- Increases the member contribution rate to the Employees Retirement Program to 6.6 percent in fiscal year 2014 and 6.9 percent in fiscal year 2015, with additional incremental increases in the 2016–17 biennium.

- Changes how retirement benefits are calculated for all members beginning work after August 31, 2013. The retirement benefits of these employees will be based on the highest 60 months of salary instead of the highest 48 or 36 months of salary for other employees. Additionally, the annuity for these employees will be reduced by 5 percent for each year the employee retires before age 62.

- Provides for an assessment of an employer contribution of 0.5 percent of total base payroll as determined in the General Appropriations Act (GAA) for all general state agencies to increase the total state retirement contribution to ERS. Accordingly, Article IX, Section 17.13 of the 2014–15 GAA requires this contribution, which is estimated to be $55.0 million for the 2014–15 biennium.

- Implements tiered insurance for retirees, which applies to all employees with less than five years of service as of September 1, 2014. Employees who retire with more than 15 but less than 20 years of service will receive 75 percent of the full state contribution for insurance and employees who retire with more than 10 but less than 15 years of service will receive 50 percent of the full state contribution for insurance upon retirement.

TEXAS ETHICS COMMISSION

The Texas Ethics Commission (TEC), established in 1991, is governed by a commission of eight members: four appointed by the Governor, two appointed by the Lieutenant Governor, and two appointed by the Speaker of the House of Representatives. However, no more than four commission members may be appointed from the same political party. The TEC's primary responsibilities include administering and enforcing state laws related to political contributions and expenditures, political advertising, election of the Speaker of the House, lobbyist registration and activities, personal financial disclosure by state officers, and conduct of state officers and employees. In addition, the Texas Constitution provides that TEC recommend the salary of members of the Legislature, the Lieutenant Governor, and the Speaker of the House of Representatives. These recommendations are subject to approval by the voters at the subsequent general election for state and county officials.

The agency's mission is to promote individual participation and confidence in electoral and governmental processes by enforcing and administering ethics laws and by providing information that enables the public to oversee the conduct of public officials and those attempting to influence public officials. The agency's appropriations for the 2014–15 biennium provide for 36 full-time-equivalent positions and total $7.5 million, an increase of approximately $3.6 million, primarily for the development and implementation of a new electronic filing system. The agency also received an additional $0.1 million for the 2014–15 biennium to conduct several ethics training symposiums around the state for filers with the commission. Of the agency's 2014–15 biennial appropriations, approximately 99.8 percent consists of General Revenue Funds. The remaining appropriation includes $0.02 million in Appropriated Receipts, or approximately 0.2 percent, which is derived from copying charges the agency collects from those who request and obtain information or reports the agency maintains. This source of revenue has declined over the past several biennia due to the availability of databases on the agency's website to access the same information.

FINANCIAL DISCLOSURE REPORTS, LOBBY AND CAMPAIGN REPORTS

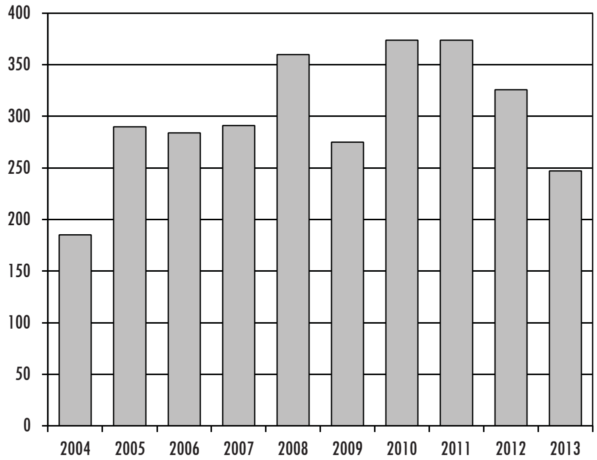
Excluding $3.5 million for the development of a new electronic filing system, approximately 63.5 percent of the agency's appropriations are for administering and enforcing deadlines related to financial and campaign reports submitted to the agency by elected officials, candidates for elected office, lobbyists, and certain state officials. State law requires that campaign finance reports and lobbyist reports be filed electronically with the agency, which are processed through an agency maintained electronic filing system. In fiscal year 2013, this system processed over 32,000 reports which were filed by approximately 6,060 candidates, officeholders, and political committees and approximately 1,930 registered lobbyists. Furthermore, TEC received more than 800,000 inquiries from the public, state officials, and lobbyists related to information and reports filed with the agency.

TEC received $3.5 million in fiscal year 2014, with the authority to carry unexpended balances into fiscal year 2015, for the development and implementation of a new electronic filing system. The agency's current system allows campaign finance and lobbyist reports to be filed electronically, but has no electronic filing capability for personal financial statements. TEC will work with the Department of Information Resources to select a vendor to develop a single, integrated filing platform that will allow for the filing of all three types of reports. Following implementation of the system, TEC will own the software and maintain the system utilizing in-house IT personnel. TEC anticipates full implementation of the system by the end of the 2014–15 biennium.

ENFORCEMENT ACTIVITIES

TEC is responsible for enforcing filing deadlines for individuals submitting reports to the agency and is statutorily authorized to impose civil enforcement actions through civil penalties. In fiscal year 2013, the agency assessed penalties for late or corrected reports resulting in approximately $362,185 in fines collected. The fines that the agency levies and collects are not appropriated to the agency, but instead are deposited into the General Revenue Fund. The agency may initiate investigations, subpoena witnesses, and conduct other discovery as it pertains to violations of state law related to ethics. In fiscal year 2013, TEC issued 10 advisory opinions, which assist the public and those regulated by the agency to understand the laws it enforces, and received 247 sworn complaints from individuals alleging violation of certain laws that TEC is responsible for enforcing. **Figure 120** shows the number of complaints received by the agency from fiscal years 2004 to 2013. The number of sworn complaints decreased by 127 from fiscal years 2011 to 2013. The agency has no control over the number of sworn complaints received, however the number of complaints is related to several factors, including major events such as

FIGURE 120
NUMBER OF SWORN COMPLAINTS RECEIVED
FISCAL YEARS 2004 TO 2013



SOURCE: Texas Ethics Commission.

elections. TEC anticipates that with the upcoming primary elections, the number of sworn complaints will increase as a result of more campaign activity and campaign finance reports being filed with the commission.

FACILITIES COMMISSION

In 1919, the Texas Legislature mandated consolidation of the state's purchasing, printing, and property-management functions and established the Board of Control, which later became the General Services Commission (GSC). During the 2000–01 biennium, the agency's Sunset legislation, Seventy-seventh Legislature, 2001, abolished the GSC and replaced it with the Texas Building and Procurement Commission (TBPC). In 2007, the Eightieth Legislature transferred the procurement, fleet management, and support services to the Comptroller of Public Accounts (CPA), abolished the TBPC, and established the current Texas Facilities Commission (TFC).

TFC is governed by seven members who serve two-year, staggered terms. The Governor appoints five of those members, two of whom are selected from a list of nominees submitted by the Speaker of the Texas House of Representatives. The remaining two members are appointed by the Lieutenant Governor.

The agency has three primary functions: (1) to provide office space for state agencies through construction and leasing services; (2) to protect and cost-effectively manage and maintain state owned facilities; and (3) to provide support to state agencies, including disposal of state surplus property, recycling, waste management needs, and utilizing federal surplus property for state and local needs.

Appropriations for the 2014–15 biennium total $144.0 million in All Funds, a decrease of $56.1 million, or 28.0 percent, from the 2012–13 biennial spending levels. Appropriations for the 2014–15 biennium provide for 415.4 full-time-equivalent (FTE) positions in fiscal year 2014 and 417.8 FTEs in fiscal year 2015, and consist of $74.8 million in General Revenue Funds and General Revenue–Dedicated Funds and $69.3 million in Other Funds, which includes $32.2 million in General Obligation Bond Proceeds for health and safety deferred maintenance projects.

FACILITIES DESIGN AND CONSTRUCTION DIVISION

TFC's Facilities Design and Construction Division provides professional architectural, engineering, and construction project management services to all state agencies. Additionally, this division ensures that state office buildings are structurally and environmentally safe by managing building operations and maintenance, and employing energy conservation and management through capital improvements and deferred maintenance. The Facilities Design and Construction Division includes five sections: Project Management/Support, Deferred Maintenance, Facilities Operations and Maintenance, Office of Energy Management, and Minor Construction.

PROJECT MANAGEMENT/SUPPORT

The Project Management/Support Program analyzes and determines the necessity of construction projects based on a state agency's current and future capacity requirements. Cost estimates for construction projects include indirect costs, such as security, support staff, and other overhead items, and a comparative analysis of the most cost effective and sustainable method of heating, ventilating, and air conditioning the building. Agency staff screens the qualifications of private design and construction professionals and contracts with those chosen for design work. The program oversees these contracts to ensure that the work complies with the contract requirements and that the state's interests are protected during construction. As of September 2013, TFC is actively managing 69 projects throughout the state with a total value of approximately $200 million. Fourteen construction contracts, totaling approximately $43 million, were completed in fiscal year 2013, all within budget.

DEFERRED MAINTENANCE

Meeting capital improvement needs for each state-owned facility is the responsibility of the Deferred Maintenance Program. Routine projects include repairing or replacing broken or outdated building systems, upgrading building systems to increase building capacities, and improving energy conservation by installing high-efficiency equipment to lower utility costs. For the 2014–15 biennium, the agency is appropriated $32.2 million in Other Funds for health and safety and deferred maintenance projects from remaining Proposition 4 General Obligation bond authority, $1.2 million of which is unexpended balances carried forward from the 2012–13 biennium. Additionally, a supplemental appropriation of $20.0 million in General Revenue Funds was appropriated for fiscal year 2013 for health and safety projects, which is available for expenditure until June 14, 2015.

FACILITIES OPERATIONS AND BUILDING MAINTENANCE PROGRAMS

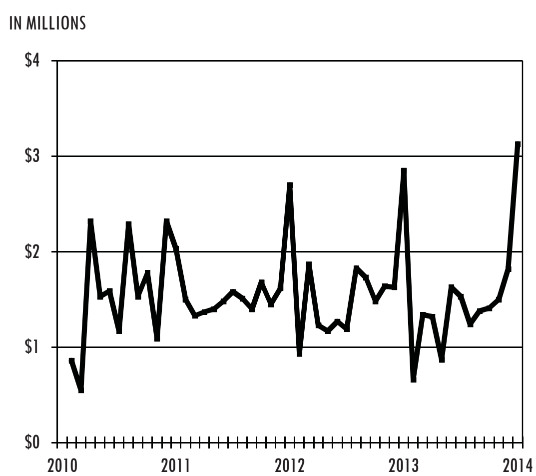
The Facilities Operations Program is responsible for utility plants and building systems. This section is staffed on a 24-

hour work schedule to monitor central utility plants that provide chilled water and steam to various buildings. This program is also responsible for 21 stand-alone systems in buildings not receiving chilled water or steam from the central utility plants. Program staff periodically inspects specialized equipment and systems to monitor conditions that might lead to breakdown or harmful depreciation. The program also manages utilities for approximately 87 state-owned facilities and parking structures and lots totaling over 11.9 million square feet of space. The Building Maintenance program provides general and preventative maintenance of heating, ventilation and air conditioning, electrical, plumbing, elevator, and fire suppression systems.

OFFICE OF ENERGY MANAGEMENT

The Office of Energy Management explores ways to lower utility costs and to conserve energy in state-owned facilities. The program oversees procurement, use, and distribution of TFC's utilities appropriations. This includes performing cost benefit analysis on equipment, evaluating and improving current business practices, refining methods of building operation, creating and implementing program policies and procedures, and researching and planning for the use of advanced technologies. As **Figure 121** shows, utility expenditures fluctuate within any given fiscal year, often related to unforeseen changes in weather conditions. Appropriations for utility payments related to facilities operations for the 2014–15 biennium total $40.1 million in All Funds, an increase of $2.2 million, or 5.8 percent from the 2012–13 biennium. The Eighty-third Legislature, Regular Session, 2013, included in House Bill 1025 $1.4 million in General Revenue Funds for utility payments for fiscal year 2013, which expire June 14, 2015.

FIGURE 121
UTILITY EXPENDITURES, FISCAL YEARS 2010 TO 2014



NOTE: Invoices for the end of each fiscal year are paid in the first month of the following fiscal year, as can be seen by the expenditure in the first month of fiscal year 2014. At the time of this publication, there were still outstanding bills for fiscal year 2012 due to billing discrepancies with the energy provider.
SOURCE: Texas Facilities Commission.

MINOR CONSTRUCTION

Minor renovations and rehabilitation for tenants of TFC buildings are performed by the Minor Construction program on a cost-recovery basis. TFC charges agencies $65 per hour for minor construction services or contract administration if a private vendor performs the renovation with TFC oversight. The total fee for contract administration varies depending on the size and complexity of the contract.

PLANNING AND REAL ESTATE MANAGEMENT DIVISION

The agency's Planning and Real Estate Management Division is responsible for long-range strategic master planning, asset management, real estate development, space management, oversight of the state's lease procurement services, and property management services. In fiscal year 2013, the division's portfolio of leased and owned facilities totaled more than 28.2 million square feet, supporting the needs of 129 state agencies housing 63,100 employees throughout 259 Texas cities and towns. The division's programs perform the following functions for TFC: (1) long-range and strategic analyses and planning; (2) space allocation and management; (3) pre-design, space program development, and plan review; (4) lease procurement and contract management services; (5) property management services, including building maintenance, custodial services, and grounds maintenance for state-owned facilities; (6) recycling and waste management services; and (7) commercial parking and events management.

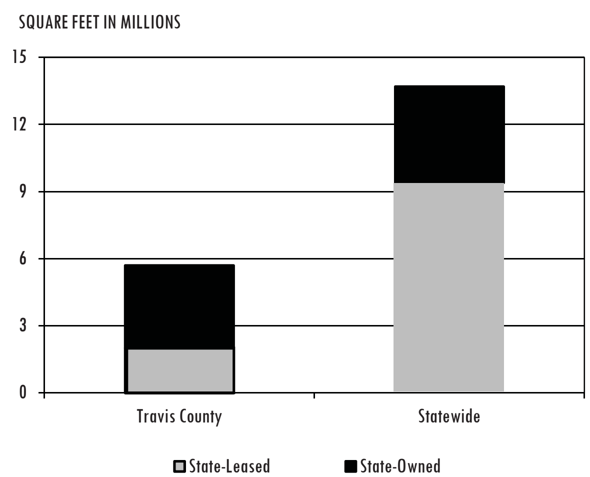
LONG-RANGE AND STRATEGIC ANALYSES AND PLANNING

TFC continuously evaluates the state's real property inventory and performs the following processes and duties: (1) financial, market, location, and site analyses; (2) studies to determine whether it is more cost effective to buy, build, or lease facilities; (3) space utilization/need assessments and development of space standards for all state agencies; (4) due diligence coordination for land acquisitions; (5) preliminary project analyses that result in proposals for improved space utilization, facility acquisitions, dispositions, leasing, modifications, or new construction; and (6) identification of underdeveloped or underutilized state properties and administering the public-private partnership development program including the receipt, evaluation, and selection of qualifying projects. A significant portion of the program's activities are reflected in its statutorily required biennial report, the Facilities Master Plan Report, a document that provides information on state agencies' current and future facility needs. The report contains the status and costs associated with TFC-owned and leased inventories, current utilization statistics, future state agency requirements, relevant real estate market information, and provides strategies to ensure efficient utilization and operation of state assets.

SPACE ALLOCATION AND MANAGEMENT

TFC has planning and oversight responsibilities for determining facility requirements as well as allocating and assigning space to the agencies housed in TFC's leased and owned inventory. This program evaluates and approves all requests for space allocation, relinquishment, or modifications to TFC facilities. As of fiscal year 2013, TFC has an inventory of 13.7 million square feet of office space consisting of 9.4 million square feet of leased space and 4.3 million square feet of owned space. As **Figure 122** shows, approximately 65.0 percent of all office space occupied by the state in Travis County consists of state-owned or state-built facilities managed by TFC. Statewide, state-owned space makes up approximately 31.4 percent of the total inventory of space occupied by the state.

FIGURE 122
STATE OFFICE SPACE, FISCAL YEAR 2013



SOURCE: Texas Facility Commission.

PRE-DESIGN, SPACE PROGRAM DEVELOPMENT, AND PLAN REVIEW

Cost-benefit studies, space use studies, and project analyses make up the Planning and Asset Management Division's pre-design functions. New leased space, major and minor modifications to existing buildings and new facilities are dependent on the division's space programming functions. The division works closely with tenant agencies to develop space planning standards based on functional requirements and best space use practices. The division's work results in predictable, detailed space planning guidelines for each tenant agency that meets the agency's operational requirements and TFC's oversight responsibilities. The division also provides schematic plans and reviews and approves development of construction documents to ensure conformity with space standards.

LEASING SERVICES

TFC's Leasing Services program procures and manages leased facilities to meet the operational needs of state agencies throughout the state. In fiscal year 2013, the program managed 928 active leases for office, warehouse, and training purposes for 39 state agencies in 259 Texas cities and towns. The program evaluates the facility requirements of tenant agencies; monitors real estate market rent and operating cost characteristics; and procures, negotiates, and manages lease contracts that represent the best value to the state. TFC's leasing portfolio totaled 10.6 million square feet with a monetary value of $140.8 million in fiscal year 2013.

BUILDING MANAGEMENT AND TENANT SERVICES

The Building Management and Tenant Services program is comprised of seven property managers with an additional 20 building technicians and one administrative assistant. The property manager assigned to a TFC-managed facility serves as the liaison between the tenant agencies located in the facility and TFC's programs. The property managers supervise the building technicians who perform the maintenance work orders in TFC-managed facilities. In addition, the program maintains a tenant manual, available on TFC's website, that provides tenant agencies with the rules and guidelines set forth for the day-to-day operations and activities within TFC-managed facilities. The property managers and their staff provide facility management services for approximately 12.8 million square feet of state-owned office space, parking garages, and parking lots equating to approximately 1.8 million square feet per property manager. These facilities are valued at $1.7 billion and are occupied by approximately 90 state agencies throughout Texas. Most of these facilities are located within Austin. Eight properties are located in El Paso, Houston, Fort Worth, San Antonio, Waco, Tyler, and Corpus Christi.

CUSTODIAL SERVICES

The Custodial Operations Program provides cleaning services for state-owned and managed facilities within TFC's inventory. Specific cleaning tasks include: daily maintenance of restrooms and public areas; daily trash and recycling service from central collection points; vacuuming of carpet areas as scheduled; spot cleaning of carpet areas as needed; stripping, waxing, sealing, and buffing hard surface floors as scheduled; twice weekly sweeping and mopping of hard surface floor areas; and weekly dusting of public areas. Inspections are performed randomly on all phases of custodial services to ensure that quality service is provided.

RECYCLING AND WASTE MANAGEMENT

TFC manages the state's recycling and waste program, which recycles paper, aluminum cans, and plastic drink bottles through its single stream recycling collection, toner cartridges, wood pallets, scrap metal, and electronic "e-waste" such as used or outdated computers or other electronic devices and associated peripherals, including keyboards, monitors, and batteries. The recycling program provides proper disposal of these items at no cost to tenants in TFC-managed buildings. TFC reported that state agencies recycled more than 1,859 tons of recycling material and collected more than $0.2 million in fiscal year 2013 through the sale of recyclables to private recycling entities.

GROUNDS MAINTENANCE

The Grounds Maintenance program maintains and repairs the grounds, parking facilities, and surface lots of state property in Travis County. Agency staff, in conjunction with contract labor, performs routine landscape maintenance services such as mowing, edging, blowing, and weeding for approximately 288 acres of state-owned property in Travis County and also performs nightly cleaning for 18 state-owned parking garages. Staff also performs cleanup for various state properties, lots, and garages after special events in Austin, such as events at The University of Texas.

COMMERCIAL PARKING AND EVENTS

The Commercial Parking and Events Program is responsible for administering temporary leasing of state facilities in the Austin area for after-hours parking, movie productions, special events, and tailgating. Additionally, the program administers the Conference Room Reservation System, a web-based scheduling system for conference rooms, common areas, or exterior areas in TFC-managed, state-owned buildings for use by state agencies. In fiscal year 2013, the program generated approximately $1.1 million in revenue returned to the State Treasury from fees charged for a combined total of 153,321 parking spaces for parking after-hours, on weekends, during excess daytime special events, and lease agreements in the Capitol Complex and Hobby Complex.

SURPLUS PROPERTY DIVISION

TFC is statutorily charged with the administration of the Texas State and Federal Surplus Property Programs. The State Surplus Property Program facilitates the placement and disposal of state surplus and salvage property for state agencies. The Federal Surplus Property Program is responsible for administering the donation of federal surplus personal property in Texas.

FEDERAL SURPLUS PROPERTY

TFC manages the disposition of surplus and salvage property donated to the state by federal programs on a cost-recovery basis. Participation in the Federal Surplus Property Program is open to nonprofit and tax-exempt organizations that meet eligibility by fulfilling federal requirements to receive and use the property. Items such as construction equipment, communications equipment, vehicles, tools, and fire-fighting equipment are available to these eligible organizations. In fiscal year 2013, TFC reported approximately $34.3 million in property was donated to eligible organizations.

STATE SURPLUS PROPERTY

TFC also disposes of salvage and surplus personal property from state agencies, such as office furniture, office equipment, heavy equipment, tools and vehicles. State agencies, political subdivisions, and assistance organizations, including providers of services to the homeless or impoverished, may contact the state agency that is offering the property to arrange a transfer at a price set by the owning agency. Property that is not transferred to an eligible entity is disposed of through storefront sales, Internet sales, and public auctions, and TFC collects a 10.0 percent fee to cover the cost of the sale. Of the remaining receipts, pursuant to Article IX, Section 8.04, of the 2014–15 General Appropriations Act, agencies receive 25.0 percent of the receipts to expend on similar property, equipment, or commodities, and 75.0 percent is deposited to the General Revenue Fund. For fiscal year 2013, the program returned proceeds totaling approximately $3.9 million to participating state agencies and counties.

TEXAS STATE CEMETERY

TFC provides funding and administrative support for the Texas State Cemetery. The cemetery, established in 1851 and located in Austin, is the final resting place for governors, senators, legislators, congressmen, judges, and other eligible persons who have made a significant contribution to Texas history. The cemetery grounds are located approximately one mile east of the State Capitol and include several monuments dedicated to honor different groups of Texans, including veterans. Appropriations for the Texas State Cemetery include $1.5 million in General Revenue Funds for the 2014–15 biennium for daily operations and maintenance of cemetery facilities, and provides for 10.6 FTE positions.

LEASE PAYMENTS

TFC is responsible for transferring debt service payments, referred to as lease payments, to the Texas Public Finance Authority (TPFA) for revenue bonds that were issued to construct, renovate, or purchase state buildings. For the 2014–15 biennium, appropriations provide $58.2 million in General Revenue Funds and General Revenue–Dedicated Funds for these lease payments, a decrease of $18.1 million from the 2012–13 biennial spending levels due to reduced debt service requirements. According to TPFA, the outstanding lease revenue bond debt service is expected to be paid off in fiscal year 2022.

SIGNIFICANT LEGISLATION

SB 211 – Continuation of the Agency. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 211, the agency's Sunset legislation, which continues the agency until September 1, 2021. The enacted legislation transfers the responsibility of maintenance of the physical facilities of the Texas School for the Blind and Visually Impaired (TSBVI) and the Texas School for the Deaf (TSD) from TSBVI and TSD to TFC, and excludes the responsibility of facility management services for TSBVI, TSD, and the Texas Department of Juvenile Justice.

The legislation requires TFC to work with the State Preservation Board (SPB) and the General Land Office to develop a Capitol Complex Master Plan and requires various actions of TFC in relation to the development of public-private partnership (P3) projects. The legislation also authorizes TFC to collect a fee to cover the costs of reviewing qualified P3 projects and allows for TFC to be appropriated any fees collected related to the lease of state parking lots and garages to cover any related maintenance costs.

HB 1025 – Provides Funding for Utility Payments and Health and Safety Projects. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 1025, which provides an additional $1.4 million in General Revenue Funds to appropriations previously made for fiscal year 2013 for the payment of utilities of state-owned buildings managed by TFC. The enacted legislation also provides an additional $20.0 million in General Revenue Funds to appropriations previously made for fiscal year 2013 for the purpose of funding health and safety repair projects. Both additional appropriations of $1.4 million and $20.0 million will be available for expenditure until June 14, 2015.

SB 894 – Actions Related to Real Property in the Capitol Complex. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 894, which prevents Senate Bill 894 prevents the certain lease, sale, or any other disposition of the state's real property or an interest in real property located in the Capitol Complex.

PUBLIC FINANCE AUTHORITY

The Texas Public Finance Authority (TPFA) was established by the Legislature in 1983 as a bond-issuing agency to provide the most cost-effective financing services available to fund capital projects and equipment acquisitions as designated and authorized by the Legislature. In 2007, TPFA's responsibilities increased when voters authorized $3 billion in General Obligation (GO) bond authority for cancer initiatives and again in 2011 when the Eighty-second Legislature, First Called Session, authorized additional bond authority for the operations of the Texas Wind Insurance Authority. The TPFA is governed by a board of directors composed of seven members appointed by the Governor with the advice and consent of the Senate.

Appropriations to fund the TPFA for the 2014–15 biennium are divided into two components: agency operations and debt service on GO bonds. Appropriations for the 2014–15 biennium for agency operations total $2.7 million and provide for 14.0 full-time-equivalent positions. Of these appropriations, $2.5 million, or approximately 91.2 percent is appropriated in General Revenue Funds, and the remaining $0.2 million is from General Revenue–Dedicated Funds for debt management. Appropriations for debt service on GO bonds total $697.2 million in All Funds; including $679.9 million in General Revenue Funds and General Revenue–Dedicated Funds, to support debt service on existing and new GO bond debt.

AGENCY OPERATIONS

TPFA issues GO and revenue bonds for designated state entities **(Figure 123)** and administers the Master Lease Purchase Program, which is used primarily to finance capital equipment and acquisitions such as computers, telecommunications systems, software, vehicles, and energy performance contracts. TPFA provides financing for construction, repair, renovations, and acquisition of capital equipment, and grants for cancer research and prevention through a variety of debt management tools and financing techniques including long-term fixed-rate bonds, short-term debt, and refinancing tools such as cash defeasances and advance and current refunding bonds. The agency monitors all debt obligations to ensure compliance with federal tax law and bond covenants. The staff manages ongoing bond proceeds and ensures timely payments of principal and interest to the bond holders.

FIGURE 123
PUBLIC FINANCE AUTHORITY CLIENT AGENCIES BY TYPE OF FINANCING, 2014–15 BIENNIUM

GENERAL OBLIGATION BONDS	REVENUE BONDS	MASTER LEASE PURCHASE PROGRAM
Cancer Prevention and Research Institute of Texas	Texas Facilities Commission	All state agencies and institutions of higher education
Texas Facilities Commission	Texas Historical Commission	
Texas Historical Commission	Preservation Board	
Texas Military Preparedness Commission (Texas Military Value Revolving Loan Fund)	Health and Human Services Commission	
Department of Aging and Disability Services	Department of State Health Services	
Department of State Health Services	Texas Military Department	
School for the Blind and Visually Impaired	Department of Criminal Justice	
School for the Deaf	Parks and Wildlife Department	
Texas Military Department	Texas Workforce Commission	
Department of Public Safety	Midwestern State University	
Department of Criminal Justice	Stephen F. Austin State University	
Juvenile Justice Department	Texas Southern University	
Department of Agriculture	Texas Windstorm Insurance Association	
Texas Agricultural Finance Authority		
Parks and Wildlife Department		
Department of Transportation		

NOTE: Senate Bill 1536, Eighty-third Legislature, Regular Session, 2013, abolished the Adjutant General's Department and created the Texas Military Department, effective September 1, 2013.
SOURCE: Texas Public Finance Authority.

TPFA received $0.5 million for the 2014–15 biennium, for the development and implementation of a comprehensive debt management system. TPFA developed a two-part approach to debt management that monitors both expenditure of bond proceeds and payment of debt service on outstanding bonds. For the first part, which involves tracking debt from authorization to defeasance, TPFA will purchase licenses and pay annual maintenance fees for access to a commercial software package that is widely used by municipal bond issuers. The second part of TPFA's approach involves tracking the use of proceeds at the client agency and project level. TPFA will work with the Department of Information Resources to select a vendor to develop software with the ability to track bond proceed expenditures at the project level. Following implementation, TPFA will own this software and maintain the system utilizing in-house IT personnel. TPFA anticipates full implementation of the system by the end of the 2014–15 biennium.

GENERAL OBLIGATION (GO) BONDS

TPFA issues GO bonds on behalf of certain state agencies. GO debt requires a constitutional amendment, approval by two-thirds of the Legislature, and approval by a majority of voters in a statewide election. GO debt is backed by the full faith and credit of the state, requiring that the first monies coming into the State Treasury not otherwise constitutionally dedicated be used to pay the debt service on these obligations. There are several GO bond programs, including bonds for general state government construction projects on behalf of several state agencies, the Colonia Roadway Program, Texas Military Revolving Loan Fund for loans to defense communities, and cancer prevention and research initiatives.

As previously noted, the agency uses various types of debt instruments to fund GO debt programs, including long-term fixed-rate bonds and short-term variable rate notes, such as commercial paper. Commercial paper is an effective tool to provide interim financing for construction projects, as well as significant flexibility in managing the state's debt portfolio.

The federal American Recovery and Reinvestment Act of 2009 established the Build America Bond (BAB) program that authorized state and local governmental entities to issue two types of taxable bonds with federal subsidies to offset borrowing costs. The first type of BAB program provides federal tax credits to the bond buyers or investors in an amount equal to 35 percent of the total interest payments paid by the issuing agency. The second type of BAB program provides a federal subsidy through a refundable tax credit paid directly to state or local government issuers in an amount equal to 35 percent of the total interest payments made to investors. In August 2009, TPFA issued approximately $181.6 million in BAB GO bond debt on behalf of several client agencies and elected to receive a direct subsidy of 35 percent of interest payments, estimated to be $56.5 million over the 20-year life of the bonds, including $7.3 million in the 2014–15 biennium.

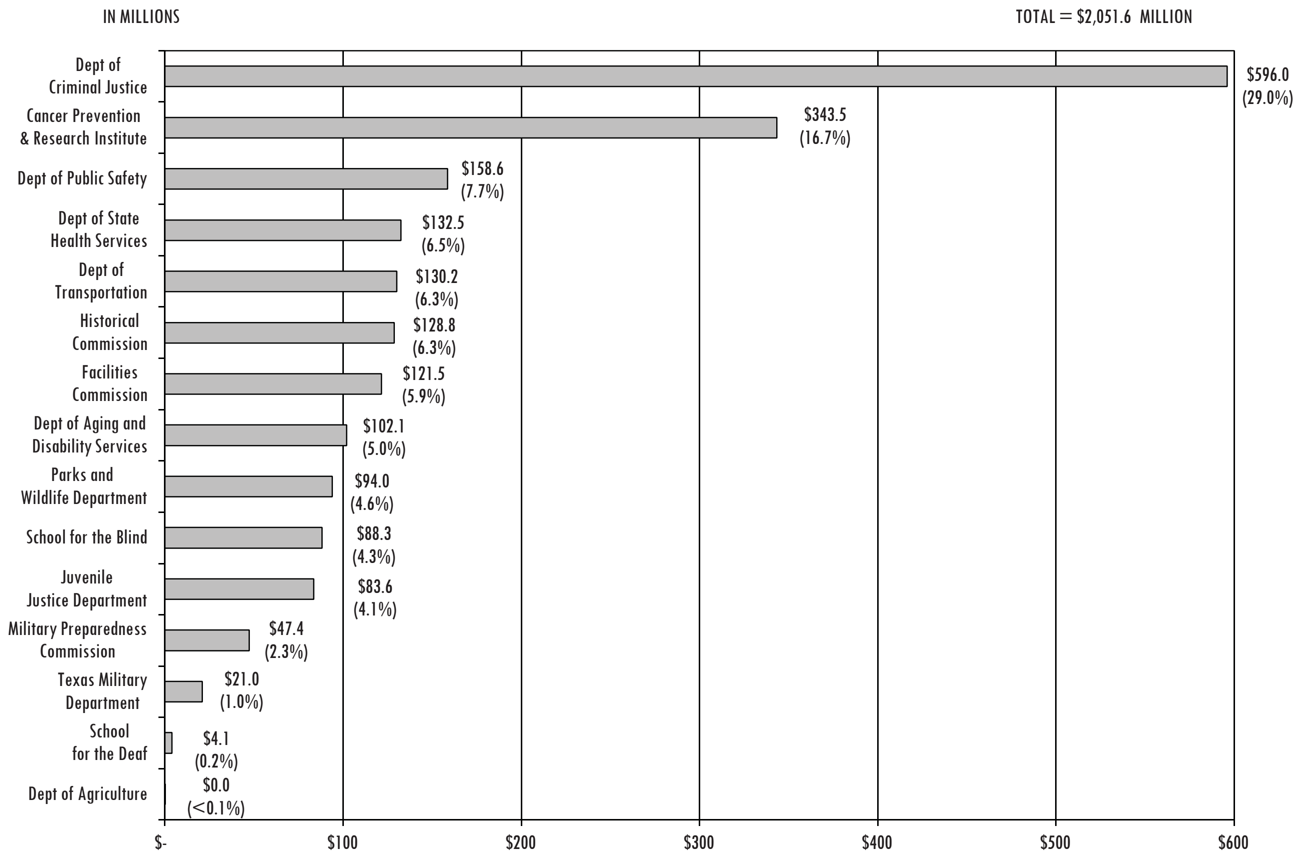
As of August 31, 2013, outstanding non-self-supporting GO bonds totaled $2.1 billion. Of this amount, $596.0 million, or 29.0 percent is outstanding debt for bonds for construction, repair, and renovation of Texas Department of Criminal Justice facilities. **Figure 124** shows the amount of debt outstanding by agency.

Appropriations for debt service payments for GO bonds total $697.2 million for the 2014–15 biennium, an increase of $148.3 million from the 2012–13 biennial estimated and budgeted amounts primarily due to the issuance of newly appropriated debt. Included in the appropriations is $8.5 million in debt service for $600 million in new GO bonds to the Cancer Prevention and Research Institute and $119.8 million for debt service on existing bonds, primarily for cancer research and prevention grants, and $11.7 million in debt service for $146.2 million in GO bonds for new capital projects at several TPFA client agencies. **Figure 125** shows the appropriations for debt service on GO bonds for the 2014–15 biennium by agency.

REVENUE BONDS

Unlike GO bonds, revenue bonds do not require voter approval. TPFA issues lease revenue bonds to fund a project on behalf of another state agency and leases the project to the agency. Funds for debt service payments on revenue bonds are appropriated to the applicable agency as lease payments to TPFA. These appropriations are typically General Revenue Funds. In prior biennia, the Legislature appropriated revenue bond proceeds to a variety of agencies including the Texas Facilities Commission to construct, renovate, or purchase state office buildings; the Texas Historical Commission to make improvements to the National Museum of the Pacific War; the Parks and Wildlife Department to construct and equip a new freshwater fish hatchery in East Texas and for infrastructure maintenance of the state parks system; the State Preservation Board for construction of the Bob Bullock Texas State History Museum; the Department of State Health Services for construction of a public health laboratory;

FIGURE 124
OUTSTANDING GENERAL OBLIGATION BOND DEBT AS OF AUGUST 31, 2013



Notes:
(1) Senate Bill 1536, Eighty-third Legislature, Regular Session, 2013, abolished the Adjutant General's Department and created the Texas Military Department, effective September 1, 2013.
(2) Total may not sum due to rounding. Includes General Obligation bonds and commercial paper.
Source: Texas Public Finance Authority.

and the Texas Department of Criminal Justice to refinance existing leases for additional bed capacity at local correctional facilities.

Appropriations for debt service payments on revenue bonds total $126.3 million for the 2014–15 biennium, a decrease of $36.1 million, or 22.2 percent, from the 2012–13 biennial spending levels **(Figure 126).** In December 2010, TPFA issued approximately $1.8 billion in revenue bonds for the Texas Workforce Commission to allow it to repay the federal government for interest free loans for the payment of unemployment insurance compensation. Annually, the TPFA advises the commission of the amount of debt service needed for the upcoming year to permit the commission to set the assessment rate on employers for repayment of the debt. Authority to issue unemployment insurance revenue bonds is provided by statute and appropriation authority is not required for these bonds to be issued. Therefore, the related debt service is not included in **Figure 126**. The agency anticipates that the revenue bond debt for the Texas Workforce Commission will be paid off by fiscal year 2018.

As shown in **Figure 127**, outstanding revenue bond debt totaled $541.4 million as of August 31, 2013. Of this amount, $381.5 million, or 70.5 percent, is outstanding debt primarily for tuition revenue bonds issued on behalf of certain higher education institutions (Midwestern State University, Stephen F. Austin State University, and Texas Southern University).

MASTER LEASE PURCHASE PROGRAM

The Master Lease Purchase Program (MLPP) is a lease revenue-financing program authorized by the Seventy-first Legislature, 1989, primarily to finance equipment

FIGURE 125
GENERAL OBLIGATION BOND DEBT SERVICE APPROPRIATIONS BY AGENCY, 2014–15 BIENNIUM

IN MILLIONS	ALL FUNDS			
AGENCY	2012–13 BUDGETED/EXPENDED	2014–15 APPROPRIATED	BIENNIAL CHANGE	PERCENTAGE CHANGE
Facilities Commission	$21.7	$36.6	$14.9	68.8
Historical Commission	23.0	28.7	5.6	24.3
State Preservation Board	0.0	0.0	(0.0)	(5.4)
Cancer Prevention Institute of Texas	46.0	128.3	82.3	178.9
Texas Military Preparedness Commission	6.7	19.0	12.3	185.3
Department of Aging and Disability Services	25.7	25.3	(0.4)	(1.7)
Department of State Health Services	30.1	30.7	0.6	2.0
School for the Blind and Visually Impaired	12.9	21.0	8.1	62.9
School for the Deaf	1.0	1.7	0.6	61.6
Texas Military Department	3.8	4.5	0.6	16.2
Department of Public Safety	34.7	46.1	11.4	32.8
Juvenile Justice Department	20.2	22.3	2.2	10.7
Department of Criminal Justice	280.8	274.1	(6.7)	(2.4)
Department of Agriculture	0.0	0.0	(0.0)	(0.8)
Parks and Wildlife Department	17.8	30.9	13.2	74.0
Department of Transportation	24.4	28.0	3.6	14.7
TOTAL	**$548.9**	**$697.2**	**$148.3**	**27.0**

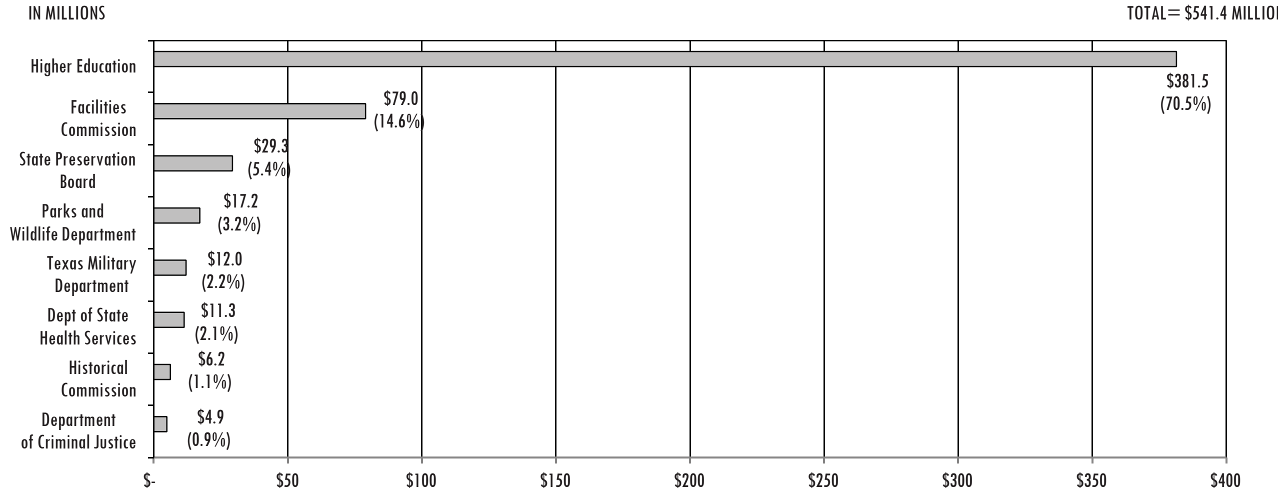
Notes:
(1) Senate Bill 1536, Eighty-third Legislature, Regular Session, 2013, abolished the Adjutant General's Department and created the Texas Military Department, effective September 1, 2013.
(2) Totals may not sum due to rounding.
Source: Texas Public Finance Authority.

FIGURE 126
REVENUE BOND DEBT SERVICE APPROPRIATIONS, 2014–15 BIENNIUM

IN MILLIONS	ALL FUNDS			
AGENCY	2012–13 BUDGETED/EXPENDED	2014–15 APPROPRIATED	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Facilities Commission	$76.3	$58.2	($18.1)	(23.8)
Texas Historical Commission	1.7	1.6	(0.1)	(8.0)
State Preservation Board	11.9	11.8	(0.1)	(0.6)
Department of State Health Services	5.7	5.7	0.0	0.1
Higher Education Institutions	34.3	33.8	(0.5)	(1.4)
Texas Military Department	4.0	3.6	(0.3)	(8.1)
Department of Criminal Justice - Private Prison Lease/ Purchase	14.0	5.0	(9.0)	(64.2)
Parks and Wildlife Department	14.5	6.8	(7.7)	(52.9)
TOTAL	**$162.5**	**$126.3**	**($36.1)**	**(22.2)**

Notes:
(1) Higher Education Institutions includes Midwestern State University, Stephen F. Austin State University, and Texas Southern University.
(2) Senate Bill 1536, Eighty-third Legislature, Regular Session, 2013, abolished the Adjutant General's Department and created the Texas Military Department, effective September 1, 2013.
(3) Totals may not sum due to rounding.
Source: Texas Public Finance Authority.

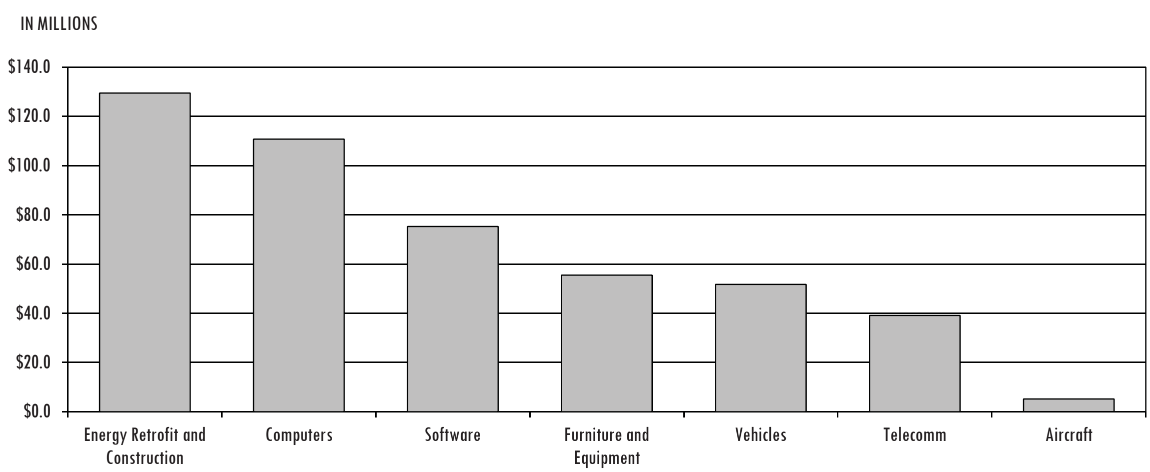
FIGURE 127
OUTSTANDING REVENUE BOND (NON-GENERAL OBLIGATION) DEBT, AS OF AUGUST 31, 2013



NOTES:
(1) Senate Bill 1536, Eighty-third Legislature, Regular Session, 2013, abolished the Adjutant General's Department and created the Texas Military Department, effective September 1, 2013.
(2) Higher Education includes Midwestern State University, Stephen F. Austin University, and Texas Southern University.
SOURCE: Texas Public Finance Authority.

acquisitions for state agencies. The program provides financing for computers, telecommunications, and other capital equipment on purchases in excess of $10,000, and for equipment with a useful life of at least three years. The Bond Review Board began accepting applications for energy performance contracts in fiscal year 2011 after a brief moratorium. MLPP acquisitions are funded with tax-exempt commercial paper, a short-term variable rate financing instrument. The agency charges an administrative fee on the outstanding principal balance of each lease. As of August 31, 2013, there was approximately $65.0 million in outstanding debt for the MLPP. **Figure 128** shows the total amount of assets and type of projects financed since the program's inception in 1992. The agency reports an estimated 36.4 percent decrease in the number of leases processed from fiscal years 2012 to 2013. Assuming no new issuance of commercial paper to enter into new leases, all outstanding MLPP debt will be paid off by fiscal year 2026.

FIGURE 128
ASSETS FINANCED VIA MASTER LEASE PURCHASE PROGRAM, FISCAL YEARS 1992 TO 2013



SOURCE: Texas Public Finance Authority.

FIRE FIGHTERS' PENSION COMMISSIONER

In 1937, the Forty-fifth Texas Legislature established the Office of the Fire Fighters' Pension Commissioner (FFPC). The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 220, Sunset legislation which abolished the office of FFPC effective August 31, 2013. There are no appropriations to FFPC for the 2014-15 biennium. As previously structured, the Commissioner was appointed by the Governor for a four-year term, subject to confirmation by the Texas Senate.

The office of the FFPC administered two programs. First, the agency administered a statewide retirement system for volunteer firefighters and emergency services personnel in the state of Texas, the Texas Emergency Services Retirement System (TESRS). The recent Sunset legislation amends the TESRS statute to provide that it operate as a stand-alone agency, managed by an executive director instead of the Fire Fighter Pension Commissioner. TESRS was created by the Sixty-fifth Legislature, 1977, and is governed by a nine-member board appointed by the Governor, subject to Senate confirmation.

A second program of the office of the FFPC provided technical assistance, education, and oversight to the locally administered firefighters' pension funds created under the Texas Local Fire Fighters' Retirement Act (TLFFRA), established in 1937. Under TLFFRA, the FFPC maintained records for the departments that administer their own firefighters' pension funds; provided advice concerning interpretation of the statute and local plans; confirmed retirement, disability and refund amounts; and resolved benefit disputes between members and local boards following a hearing before the State Office of Administrative Hearings (SOAH). Senate Bill 220 transfers responsibility for providing education and training to board members and administrators of local firefighter pension funds to the Pension Review Board (PRB). Other duties previously performed by the FFPC on behalf of TLFFRA plans will be handled by the trustees and administrators of the local plans.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 220, the agency's Sunset legislation, which makes the following notable amendments to statutes related to FFPC:

- FFPC is abolished on August 31, 2013;
- governance for the TESRS pension fund continues with the existing appointed Board of Trustees—however, daily administration will be managed by a newly created Executive Director position effective September 1, 2013; and
- duties related to education and assistance for local firefighter pension funds created under TLFFRA are transferred to the Pension Review Board.

OFFICE OF THE GOVERNOR AND TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

The Governor is the chief executive officer of Texas and is elected for a four-year term. Since 1845, when Texas achieved statehood, 47 individuals have held the office of Governor. The constitutional and statutory duties for this office consist of a wide range of responsibilities. Examples of these responsibilities and duties include the following:

- provides a report on the fiscal condition of the state;
- may convene special sessions of the Legislature;
- may veto bills passed by the Legislature;
- serves as the state's chief budget officer;
- appoints members of state boards and commissions that provide policy direction to state agencies;
- serves as commander-in-chief of the state's military forces;
- fills vacancies in state or district elective offices, pending the next general election;
- issues writs of election to fill legislative or congressional vacancies; and
- grants reprieves and pardons, commutes pardons and punishments, and revokes conditional pardons.

Appropriations to the Office of the Governor for the 2014–15 biennium are divided into two areas: the Office of the Governor and Trusteed Programs within the Office of the Governor. Together, these appropriations total $819.1 million and provide for 277.4 full-time-equivalent (FTE) positions. Of this amount, $567.6 million, or 69.3 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds. The appropriations also include $124.6 million in Federal Funds for various criminal justice grants to local, state, and non-profit entities which include juvenile justice and delinquency prevention, sexual assault and violence against women services, residential substance abuse treatment, and crime victim services. Additionally, $123.1 million in Other Funds from the $250.0 million in remaining General Obligation Bond Proceeds authorized by the Texas Constitution, Article III, Section 49-n, for the Texas Military Value Revolving Loan Account is appropriated to assist defense dependent communities previously affected by federal Base Realignments and Closures (BRAC) closures and to assist in maintaining current installations by providing adjacent infrastructure improvements to enhance a facility's value.

OFFICE OF THE GOVERNOR

The formulation of state policy is implemented primarily through operations of four entities within the Office of the Governor: the Governor's Office of Budget, Planning and Policy (GOBPP); the Communications Office; the Appointments Office; and the Office of General Counsel. These operations support and assist the Governor in carrying out constitutional and statutory responsibilities as the state's chief executive officer. Appropriations to the Office of the Governor total $20.8 million in All Funds for the 2014–15 biennium and provide for 120.1 FTE positions. Funding levels reflect a decrease of approximately $200,000 primarily related to reduced payroll expenditures for FTEs.

OFFICE OF BUDGET, PLANNING AND POLICY

The GOBPP advises the Governor on the state's fiscal condition, recommends fiscal policies to the Governor, prepares the Governor's state biennial budget recommendation to the Legislature, and provides the Governor with information on and analysis of state policy issues. Its budget administration activities include processing agency requests for emergency funds, requests to enter into contracts with consultants, requests to hire staff for bona fide new positions that are not defined in the State Classification Plan, and other agency submissions required by law.

GOBPP provides fiscal information and analysis in support of the Governor's statutory role as the state's chief budget officer. In conjunction with the Legislative Budget Board (LBB), the office coordinates the state agency strategic planning process, develops a long-range strategic plan for state government, issues budget instructions to state agencies, and conducts hearings on agency budget requests.

The Governor and the LBB have budget execution authority to manage the state's appropriations while the Legislature is not in session. Budget execution authority permits the state to reallocate existing appropriations for fiscal emergencies that occur between legislative sessions. The Texas Government Code, Section 317, authorizes either the Governor or the LBB to propose budget execution actions. In this process, GOBPP analyzes the identified budget emergency and may propose alternatives that include the transfer of appropriations from one state agency to another, the use of agency appropriations for another purpose, or a change in the timing of an agency appropriation. For an item to be approved, the Governor and the LBB must concurrently approve the original or modified proposal.

COMMUNICATIONS OFFICE

The Communications Office manages media relations for the Governor and the First Lady or First Gentleman by providing information to print and broadcast media. The office prepares news releases and speeches for the Governor and handles media calls and requests for interviews. According to the Office of the Governor, this area received just over 515,000 constituent contacts during the 2012–13 biennium, and it is the Communications Office's responsibility to respond to these letters, calls, and e-mail messages. The office receives calls from Texans with concerns or issues about state government through its information and referral hotline, refers callers to appropriate agencies for assistance, and reports constituent concerns to the Governor. In addition, the office makes travel arrangements and prepares detailed schedules for the Governor.

APPOINTMENTS OFFICE

The Governor's Appointments Office recruits, screens, selects, and trains individuals appointed to boards, commissions, and advisory committees. This office also supports the processes of filling vacancies in state, district, legislative, and congressionally elected offices. During a four-year term, the Governor makes an average of 3,000 appointments. In fiscal year 2013, the Governor made 526 appointments to various boards, commissions, and committees around the state.

TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

Trusteed Programs within the Office of the Governor include statewide programs that fall under the oversight of the Chief Executive. Some of the trusteed programs administered by the Governor include the Disaster Assistance Grants for state agencies and local governments, the Film and Music Marketing Program, the Criminal Justice Division, the Economic Development and Tourism Division, the Texas Military Preparedness Commission, the Homeland Security Division, the Committee on People with Disabilities, the Commission for Women, and the Office of State-Federal Relations. Appropriations to the Trusteed Programs total $798.4 million in All Funds for the 2014–15 biennium and provide for 157.3 FTE positions. This amount represents a $48.1 million decrease, or 5.7 percent, in total funds from the 2012–13 biennial spending level mainly due to an increase of $45.8 million in General Obligation Bond Proceeds (Other Funds) for Military Preparedness grants to defense dependent communities for economic development and $55.5 million, primarily in General Revenue Funds, for Film and Music Marketing, offset by decreases of: $26.0 million (an increase of $4.5 million in General Revenue Funds and General Revenue–Dedicated Funds offset by a decrease of $30.5 million in Federal Funds) for various Criminal Justice grants to local, state, and non-profit entities; $17.9 million in All Funds for Economic Development and Tourism, primarily for grants and other operating expenses; $11.2 million in All Funds for Disaster-related grants to state and local entities; and $94.4 million in General Revenue–Dedicated Funds related to the Texas Enterprise Fund ($61.3 million) and the Emerging Technology Fund ($33.1 million). The decreases in General Revenue–Dedicated Funds related to the Texas Enterprise Fund and the Emerging Technology Fund are primarily due to remaining unexpended balances not obligated during the 2012–13 biennium and moved forward for expenditure in the 2014–15 biennium, offset by an increase of $50.0 million in General Revenue Funds appropriated for transfer to the Emerging Technology Fund for the 2014–15 biennium. In addition, the agency has authority to carry forward all unexpended balances and interest earnings from fiscal year 2013 to the 2014–15 biennium pursuant to House Bill 1025, Eighty-third Legislature, Regular Session, 2013.

DISASTER ASSISTANCE GRANTS

The Governor may provide disaster assistance grants to local and state governments to respond to unforeseen disasters. According to the Chapter 418 of the Texas Government Code, disaster funds are available only after funds to state and local agencies for disasters are depleted. The Governor has the authority to consider approval of disaster assistance grants for agencies with insufficient funds to operate or meet unanticipated situations. Examples of disaster funding provided to state and local entities include grants to fight and assist with recovery related to wildfires which have recently affected parts of the state, hurricane recovery efforts along the Gulf Coast, evacuation assistance for segments of the population forced out of dangerous or unsafe areas, and rebuilding of infrastructure such as roads and public buildings after a disaster event. The Eighty-third Legislature appropriated $63.3 million in General Revenue Funds, in the 2014–15 General Appropriations Act, and $15.0 million in Economic Stabilization Funds, in House Bill 1025, Regular Session, to the agency to respond to disasters around the state.

CRIMINAL JUSTICE

The Criminal Justice Division's (CJD) mission is to establish and support programs that protect people from crime, reduce the number of crimes committed, and promote accountability, efficiency, and effectiveness within the criminal justice system. CJD directs funding to first responders and service providers through the administration of grants from a variety of state and federal sources. Eligible applicants for criminal justice-related funds include state agencies, regional councils of governments, cities, counties, independent school districts, higher education institutions, Native American tribes, and nonprofit organizations. CJD directs funding to assist with several key areas which include preventing gang activity, victims' services, reducing juvenile and drug crime, supporting border security efforts, supporting safe schools, and supporting local governments to maximize federal funding for those entities, and the overall enhancement of public safety.

During the 2012–13 biennium, CJD awarded $245.0 million in grants to local, regional, and statewide projects. CJD grant awards fall into one of six service categories or program areas:

- Prevention—school or community-based projects that prevent gang activity, drug use, prostitution, violence, or neighborhood crime and family violence and child abuse prevention projects;
- Juvenile Justice—juvenile boot camps, juvenile offender employment projects, and juvenile probation casework;
- Law Enforcement—family violence and child abuse investigators, police officer training, and law enforcement technology (e.g., DNA profiling, information systems, crime labs, and automated fingerprint systems);
- Courts and Prosecution—drug courts, teen courts, and special narcotics and juvenile prosecutors;
- Victims' Services—victims' assistance, battered women's shelters, child abuse projects, rape crisis centers, Mothers Against Drunk Driving, and Court Appointed Special Advocates; and
- Texas Crime Stoppers—24-hour toll-free hotline for information on unsolved crimes and state and local programs that accept anonymous tips and provide rewards.

Once grants are awarded, they are monitored, evaluated, and audited by CJD staff. **Figure 129** provides the state and federal funding sources for CJD grants, including amounts estimated to be available during the 2014–15 biennium, and a brief summary of eligible uses for each funding source. Appropriations for criminal justice activities, including $177.7 million in grants as well as division operations, for the 2014–15 biennium total $193.7 million in All Funds, representing a decrease of $26.0 million primarily related to a decrease of $30.5 million in Federal Funds, offset by an increase of $1.6 million in General Revenue Funds and $2.9 million in General Revenue–Dedicated Funds (Criminal Justice Planning Funds for grants to be available for localities establishing a prostitution prevention program related to Senate Bill 484, Regular Session, 2013) for various criminal justice grants to local, state, and non-profit entities. The 2014–15 biennial appropriations include $70.2 million in General Revenue Funds and General Revenue–Dedicated Funds and $123.5 million in Federal Funds, including $63.7 million for Crime Victims Assistance Grants, $17.4 million for Violence Against Women Grants, and $31.8 million for Byrne Justice Assistance Grants.

FILM AND MUSIC MARKETING

The Texas Music Office (TMO) serves as a clearinghouse for Texas music industry information by providing referrals to Texas music businesses, performers, and events to attract new business to Texas and encourage and assist in-state music businesses and individuals. The office publishes the annual Texas Music Industry Directory online at EnjoyTexasMusic.com, and contains more than 15,000 Texas music businesses cross-referenced by numerous music categories. According to TMO, this resource attracted 208,906 users in fiscal year 2013. TMO also administers a specialty license plate grant program that uses proceeds to provide musical instruments and music lessons to students in low-income schools. In addition, TMO markets Texas music and culture around the world, in part through presenting Texas music at events such as: the World Expo in Beijing, China; the MIDEM conference in Cannes, France; and at the South by Southwest Music Conference in Austin. TMO also maintains the Texas Music International Tip Sheet, a referral network currently consisting of 1,784 foreign music businesses interested in Texas music products or services such as CD production and recording facilities.

The Texas Film Commission (TFC) promotes Texas' motion picture industry through several activities and programs. TFC provides information on film locations, crews, talent,

FIGURE 129
GOVERNOR'S CRIMINAL JUSTICE DIVISION FUNDING PROGRAMS AND GRANTS, 2014–15 BIENNIUM

PROGRAM/FUND	ESTIMATED FUNDING (IN MILLIONS)
Victims of Crime Act Formula Grant Program	$63.7
Eligible Uses: Provide services and assistance directly to victims of crime.	
State Criminal Justice Planning Fund	49.4
Eligible Uses: Support programs designed to reduce crime and improve the criminal or juvenile justice system.	
Edward Byrne Justice Assistance Grants	31.8
Eligible Uses: Programs that prevent and control crime and make improvements to the criminal justice system.	
Violence Against Women Act Fund	17.4
Eligible Uses: Develop and strengthen effective criminal justice strategies and victim services programs to combat violent crimes against women.	
Juvenile Accountability Block Grant	3.5
Eligible Uses: Support projects that promote greater accountability in the juvenile justice system.	
Juvenile Justice and Delinquency Prevention Act	3.0
Eligible Uses: Improve the juvenile justice system and develop effective education, training, research, prevention, diversion, treatment, and rehabilitation programs in the area of juvenile delinquency.	
Residential Substance Abuse and Treatment Act	1.7
Eligible Uses: Substance abuse treatment projects within state and local correctional facilities, including jails.	
Crime Stoppers Assistance Fund	1.7
Eligible Uses: Assist community efforts in solving serious crimes through certified Crime Stoppers programs.	
Internet Crime Against Children Task Forces	1.6
Eligible Uses: Support the activities of certain qualifying Internet Crime Against Children Task Forces with the purpose of preventing and stopping internet crimes against children.	
Drug Court Program	1.5
Eligible Uses: Court-supervised substance abuse treatment as an alternative to traditional criminal sanctions.	
Paul Coverdell National Forensic Sciences Improvement Act	1.1
Eligible Uses: Improve the quality, timeliness and credibility of forensic science and medical examiner services.	
Sexual Assault Services and Prevention	1.1
Eligible Uses: Provide direct services to adult and child victims of sexual assault.	
Bullet Proof Vest Partnership Grant	0.1
Eligible Uses: Assistance to local and tribal law enforcement agencies in providing officers with armored vests.	
TOTAL ESTIMATED FUNDING	**$177.7**

Note: Total may not sum due to rounding.
Source: Office of the Governor.

state laws, sales tax exemptions, and housing to filmmakers seeking to produce movies or television shows in Texas. Through its Texas Production Manual, the commission maintains a list of approximately 2,700 qualified vendors, crew, and other film and video-related entities at no cost to the Texas residents who list their services.

TFC also manages the Moving Image Industry Incentive Program, which offers grants to production companies that produce films, television programs, video games, instructional and educational videos or commercials in Texas. Grant applicants must meet a minimum in-state spending of

$250,000 for films and television programs and $100,000 for commercials, educational or instructional videos, and digital interactive media productions. Also, at least 60.0 percent of the production must be filmed in Texas. Appropriations in the 2014–15 biennium total $22.0 million in General Revenue Funds for the Moving Image Industry Incentive Program, contingent on certification by the Comptroller of Public Accounts (CPA) that sufficient revenue is generated from the program to offset the cost of the appropriations. Additionally, up to $68.8 million is appropriated in the 2014–15 biennium to the agency for film and music activities, contingent on certification by the CPA that excess Hotel and Occupancy Tax revenues are collected above the amount that was estimated in the CPA's January 2013 Biennial Revenue Estimate for the 2014–15 biennium.

ECONOMIC DEVELOPMENT AND TOURISM

The mission of the Economic Development and Tourism Division is to enhance the economic growth of Texas communities through marketing and development initiatives for business and tourism. The division administers the Texas Enterprise Fund grants, the Texas Emerging Technology Fund, the Economic Development Bank programs, Texas Military Preparedness, and tourism programs. Appropriations for the 2014–15 biennium for Economic Development and Tourism, the Texas Enterprise Fund, the Texas Emerging Technology Fund, and Military Preparedness total $430.4 million in All Funds, which includes $15.0 million in General Revenue Funds for the development of spaceport facilities in the state.

TEXAS ENTERPRISE FUND

The Texas Enterprise Fund was established by legislation passed by the Seventy-eighth Legislature, Regular Session, 2003. The fund, which is statutorily administered by the Governor, is for economic, infrastructure, community development, job training programs, and business incentives. The agency reports that since the beginning of fiscal year 2004, approximately $500.0 million in Texas Enterprise Fund grants has been awarded to 114 entities and estimates that 68,753 jobs have been created. The 2014–15 biennial appropriation of $120.0 million to the Texas Enterprise Fund consists of $1.2 million in estimated revenue and interest earnings, and $118.8 million in unspent appropriations carried forward from fiscal year 2013. **Figure 130** shows the amounts disbursed, announced, and committed from the Texas Enterprise Fund by region since fiscal year 2004.

EMERGING TECHNOLOGY FUND

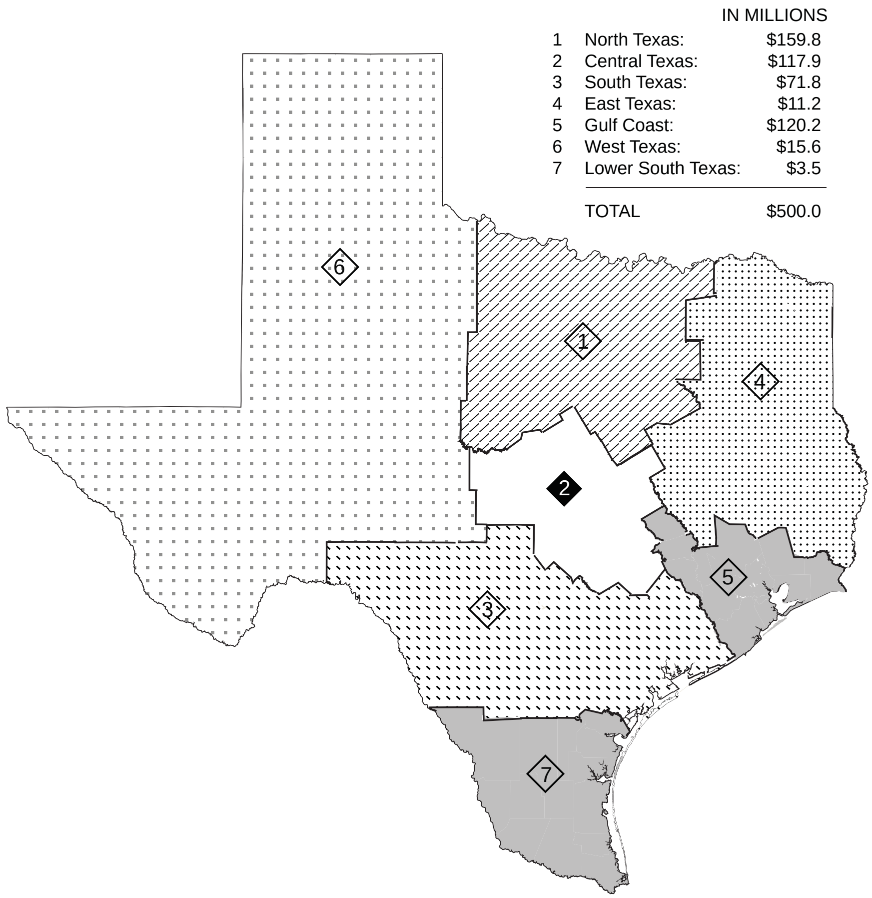
The Seventy-ninth Legislature, Regular Session, 2005, established the Texas Emerging Technology Fund for the purpose of providing grants to assist in developing and diversifying the economy of the state by promoting research, development, and commercialization in emerging technological industries such as semiconductor, nano-technology, biotechnology, and others that could lead to medical or scientific breakthroughs. In addition, these grants are intended to attract and encourage expansion of private sector entities that will promote a substantial increase in high-quality jobs and increase higher education applied technology research. Statutorily, 50.0 percent of the fund must be used for incentives for private or nonprofit entities to collaborate with public or private institutions of higher education on the commercialization of emerging technology projects, 16.67 percent must be used to match funding from research sponsors, while the remaining 33.33 percent must be used to acquire new or enhance existing research resources at public institutions of higher education.

Since fiscal year 2006, $421.7 million in Emerging Technology grants have been awarded to 178 entities, including $202.4 million for Commercialization Award grants, which finance early stage ventures focused on bringing high technology products or processes to market; $124.7 million for Research Matching grants, which are awarded to institutions of higher education and companies to acquire federal research and commercialization grants; and $94.6 million for Research Superiority Acquisition of Talent grants, which are awarded to allow higher education-private sector partnerships to develop research centers and attract prominent scientists. **Figure 131** shows amounts granted by type of technology industry for commercialization grants from fiscal years 2006 to 2013. **Figure 132** shows total amounts granted from the Texas Emerging Technology Fund by region from fiscal years 2006 to 2013. The 2014–15 biennial appropriation of $57.2 million for the Emerging Technology Fund consists of approximately $0.1 million in estimated revenue and interest earnings, $7.1 in unspent appropriations carried forward from fiscal year 2013, and $50.0 million in General Revenue Funds appropriated for the 2014–15 biennium to be transferred to the Emerging Technology Fund.

ECONOMIC DEVELOPMENT BANK

The Economic Development Bank consists of 11 separate programs that provide incentives to businesses wishing to relocate to or expand in Texas, and assists local communities in accessing capital for economic development. The

FIGURE 130
TEXAS ENTERPRISE FUND EXPENDITURES BY REGION, FISCAL YEARS 2004 TO 2013



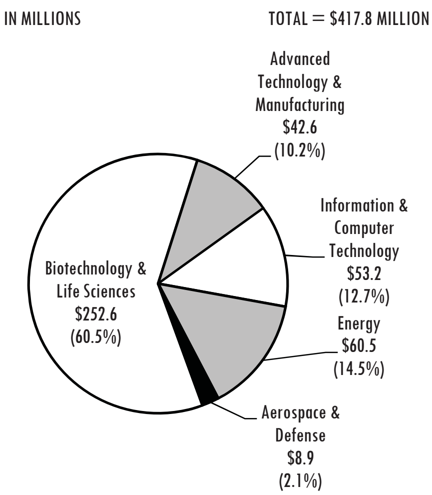
NOTES:
(1) Variances in regional award totals may occur due to some multi-region projects.
(2) Totals may not sum due to rounding.
SOURCE: Office of the Governor.

Enterprise Zone Program encourages job creation and capital investment in economically distressed areas by providing state sales and use tax refunds on taxable items for businesses that agree to invest in designated enterprise zone areas. The Texas Leverage Fund, created in 1992, issues short-term debt to make loans to communities for certain projects which include energy and communication equipment manufacturing. In turn, those communities use their economic development sales tax revenue as repayment and security on the loan. The Texas Product Business Fund provides loans directly to businesses that use their equity as collateral in securing funding for expansion and product development within the state. In addition, the division issues tax exempt and taxable industrial revenue bonds on behalf of local industrial development corporations that want to finance land and depreciable property for manufacturing facilities. A processing fee is charged to the industrial development corporations of one-tenth of 1.0 percent of the bond issuance (with a cap of $25,000), and this fee is deposited into the Economic Development Bank. Appropriations for the Economic Development Bank total $23.5 million in General Revenue–Dedicated Funds for the 2014–15 biennium.

TOURISM

The Texas Tourism program markets Texas as a tourist destination in out-of-state domestic and international markets. The program promotes Texas as a premier travel, meeting, and convention destination through advertisements in consumer and trade magazines, national cable television, radio, newspaper, the TravelTex.com website, and through its advertising campaign: *Texas. It's Like A Whole Other Country®.*

FIGURE 131
EMERGING TECHNOLOGY FUND GRANTS BY INDUSTRY SECTOR, FISCAL YEARS 2006 TO 2013



NOTE: Total may not sum due to rounding.
SOURCE: Office of the Governor.

Through trade shows, sales and media missions, educational seminars, and media tours, the program provides the travel trade industry and travel media with information regarding Texas travel. In addition, the program analyzes trends in domestic and international travel and the effectiveness of travel literature, the influence of Texas advertising, and consumers' images of Texas. Funding for the Texas Tourism program is authorized by a dedicated portion of Hotel Occupancy Tax revenue equal to one-half of 1.0 percent of tax collections. Appropriations for the 2014–15 biennium total $74.6 million, which includes dedicated Hotel Occupancy Tax revenue, revenue from the sale of specialty license plates, and up to $6.2 million contingent on certification by the CPA that excess Hotel and Occupancy Tax revenues are collected above the amount that was estimated in the CPA's January 2013 Biennial Revenue Estimate for the 2014–15 biennium.

MILITARY PREPAREDNESS

Established by the Seventy-eighth Legislature, Regular Session, 2003, the Texas Military Preparedness Commission (TMPC) consists of 13 members appointed by the Governor and is charged with several core missions. The first is to develop strategies to attract and locate Department of Defense programs to military facilities within the state. Another is to develop a statewide strategy to assist defense dependent communities in preparing for future federal BRAC closures. By utilizing the Texas Military Value Revolving Loan Account and the Defense Economic Adjustment Assistance Grants program, the TMPC assists defense dependent communities previously affected by BRAC closures and to assist in maintaining current installations by providing adjacent infrastructure improvements to enhance a facility's value. Appropriations for Military Preparedness total $124.6 million for the 2014–15 biennium, which reflects an increase of $45.8 million in General Obligation Bond Proceed authority from the 2012–13 biennium.

HOMELAND SECURITY

The Homeland Security Division assists the Governor in developing a statewide homeland security strategy and coordinating homeland security activities among local, state, and federal agencies. While the Homeland Security Division provides direction on homeland security policy, the Texas Division of Emergency Management, a division within the Department of Public Safety, is the designated state administrator for homeland security grants and coordinates the federal grant application and disbursement process with local councils of governments, urban areas, and port authorities. Appropriations for Homeland Security total $7.1 million in All Funds that include $6.8 million in General Revenue–Dedicated Funds for border prosecutions.

STATE-FEDERAL RELATIONS

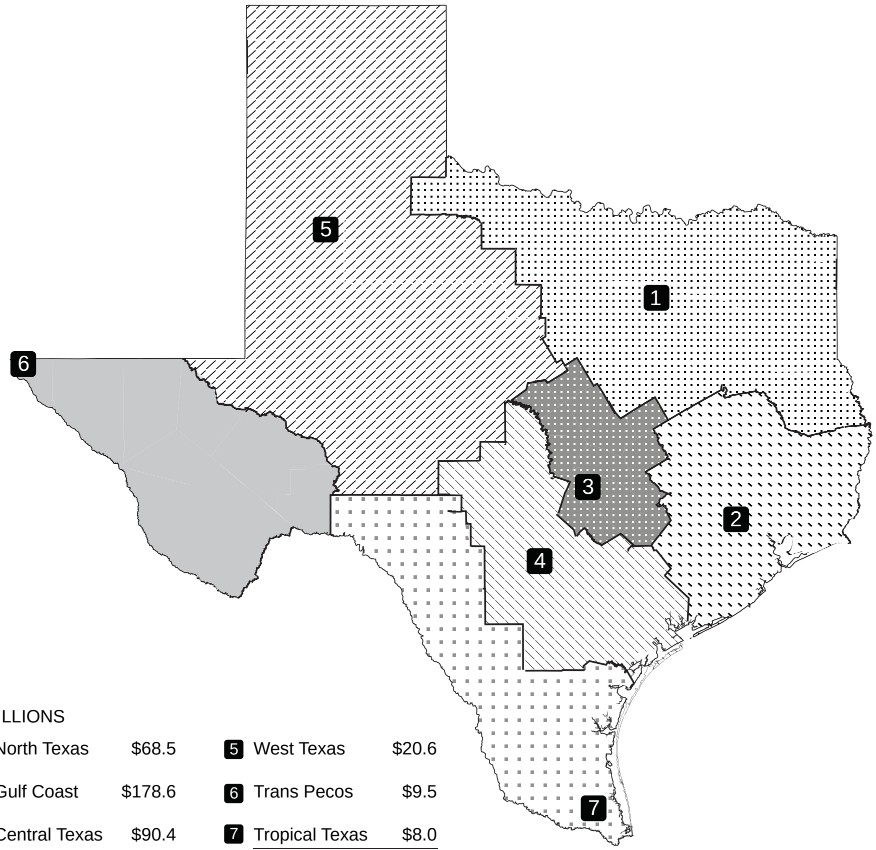
The Office of State-Federal Relations (OSFR) acts as primary liaison to the federal government for the Governor, the Legislature, and state agencies. The mission of the OSFR is to advance state policy by promoting communications and building relationships between the state and federal government. OSFR's goals are to increase influence of the Governor and Legislature over federal actions that have a direct or indirect economic, fiscal, or regulatory impact on the state and maintain an active role in the national decision-making process by providing information. Appropriations for OSFR in the 2014–15 biennium total $2.1 million in All Funds and provides for 5.7 FTE positions.

SIGNIFICANT LEGISLATION

Several bills were passed by the Eighty-third Legislature, Regular Session, 2013, that affect the Office of the Governor and Trusteed Programs within the Office of the Governor. Among the more significant include House Bill 1025, Senate Bill 484 and House Bill 7.

HB 1025 – Appropriates Additional Disaster Funds and Previous Fiscal Year Unexpended Balances, Interest Earnings, and Revenues. The enactment of House Bill 1025

FIGURE 132
TEXAS EMERGING TECHNOLOGY FUND EXPENDITURES BY REGION, FISCAL YEARS 2006 TO 2013



IN MILLIONS

1	North Texas	$68.5	5	West Texas	$20.6
2	Gulf Coast	$178.6	6	Trans Pecos	$9.5
3	Central Texas	$90.4	7	Tropical Texas	$8.0
4	South Texas	$46.0		TOTAL	$421.7

Notes:
(1) Regions have changed as of April 2013.
(2) Totals may not sum due to rounding.
Source: Office of the Governor.

appropriates all unexpended and unobligated balances, interest earnings, and revenues remaining from fiscal year 2013 for the 2014–15 biennium. The legislation also appropriates to the agency, $15.0 million from the Economic Stabilization Fund for disaster-related expenses in the state. The appropriation was made for fiscal year 2013; however, authority to expend the appropriated amounts expires June 14, 2015.

SB 484 – Provides Funding for Prostitution Prevention Programs. The enactment of Senate Bill 484 allows for local government entities within the state to create prostitution prevention programs (PPPs) to promote public safety and reduce the demand for the commercial sex trade and trafficking of persons by educating offenders and providing access to information, counseling, and services related to sex addiction, sexually transmitted diseases, mental health, and substance abuse. The legislation requires a locality with a population over 200,000 to establish a PPP. The legislation also provides for a fee to be collected, based on the program participant's ability to pay, by the locality establishing a PPP to cover the cost of counseling services provided by the program. An additional fee equal to 10.0 percent of the fee collected to cover the cost of counseling services is also to be collected and deposited to the state's General Revenue Fund to cover the costs related to the Governor's PPP grant program. Additionally, a fee equal to 5.0 percent of the fee collected to cover the cost of counseling services is to be collected and deposited to the credit of the treasury of the locality that established the PPP to cover costs associated with law enforcement training related to domestic violence, prostitution, and human trafficking.

HB 7 – Reallocates Certain Revenues to be Deposited Outside the General Revenue Fund. The enactment of House Bill 7 prohibits the use of certain funds for certification of the state budget and requires certain specialty license plate revenue to be deposited outside the General Revenue Fund. Accordingly, revenue from the sale of the Tourism, Texas Music Foundation and the Daughters of the Republic of Texas specialty license plates, previously deposited to their respective General Revenue–Dedicated accounts, will be deposited to the newly created License Plate Trust Fund Account.

HISTORICAL COMMISSION

The State Historical Survey Committee was established by the Legislature in 1953, with responsibility for overseeing the state's historic preservation programs. Its role in historic preservation steadily expanded, and in 1973 it was renamed the Texas Historical Commission (THC). The agency's mission is to protect and preserve the state's historic and prehistoric resources for the use, education, economic benefit, and enjoyment of present and future generations. The agency administers a comprehensive preservation program under a variety of state and federal laws, including: the Texas Government Code, Chapter 442; the Texas Natural Resources Code, Chapter 191; and the federal National Historic Preservation Act of 1966, as amended.

Appropriations for the 2014–15 biennium total $43.0 million and provide for 190.2 full-time-equivalent (FTE) positions. This amount includes $32.5 million in General Revenue Funds and General Revenue–Dedicated Funds, or 75.5 percent of the total appropriation. Funding levels for the 2014–15 biennium reflect a decrease of $34.3 million in All Funds, including an increase of $10.4 million in General Revenue Funds, from the 2012–13 biennial spending levels. The decrease is primarily due to a $39.0 million reduction in General Obligation Bond Proceeds (Other Funds) for one-time construction projects and a reduction for courthouse preservation grants.

HISTORIC PRESERVATION AND GRANT PROGRAMS

THC assists local communities in historic preservation by providing leadership and training to county historical commissions, heritage organizations, and museums in Texas' 254 counties. Through the state's historical marker program the agency reviews requests for three types of markers: (1) Recorded Texas Historic Landmarks; (2) educational subject markers; and (3) Historic Texas Cemetery markers. In coordination with the National Park Service, THC also reviews nominations for the National Register of Historic Places.

In addition, the agency offers financial assistance for preservation activities through several grant programs. Under the Certified Local Government Program, at least 10 percent of federal Historic Preservation Funds received by the agency must be used for matching grants to communities for the development of preservation programs and planning. Another matching grant program, the Local Preservation Grants Program, provides for the historic preservation of architecture and archeological properties from the Preservation Trust Fund Account. **Figure 133** shows the number of grantees and amounts awarded for each of THC's historic preservation grant programs. As indicated in the table, funding was eliminated for the 2012–13 and 2014–15 biennia for the Museum grant program which historically provided grants of up to $1,000 to history museums across the state for the preservation and conservation of museum collections.

HISTORIC SITES AND STRUCTURES

In addition to assisting local communities with the protection of local historic sites and buildings, the agency oversees five historic buildings within the Capitol Complex which house THC staff: Carrington-Covert House, Gethsemane Lutheran Church, Luther Hall, the Elrose Apartment building, and the Christianson-Leberman building. THC also maintains and operates 20 historic sites throughout the state, as shown in **Figure 134**. The agency administers the Sam Rayburn House Museum in Bonham and assumes responsibility for the operation of the National Museum of the Pacific War in Fredericksburg. In 2008, an additional 18 sites, including forts, battlegrounds, homes, plantations, and other historically significant sites, were transferred from the Texas Parks and Wildlife Department to THC. The agency is appropriated $19.2 million and was authorized 102.2 FTE positions for the operation of these sites for the 2014–15 biennium. These amounts include $9.8 million in Sporting Goods Sales Tax receipts, of which the agency has historically received up to 6 percent. Funding provides for the repair and renovation of the National Museum of the Pacific War and construction of buildings and facilities for the San Felipe de Austin State Historic Site. However, funding levels for historic sites represents an overall decrease of 48.5 percent from the previous biennium, primarily due to a reduction for one-time construction projects.

ARCHEOLOGICAL PROJECTS

The agency's Archeology Division performs review and advisory activities to identify, protect, and preserve Texas' archeological heritage. In accordance with the National Historic Preservation Act of 1966, the division conducts reviews of public construction projects that may affect an archeological site and is also responsible for designating State Archeological Landmarks. THC archeologists also provide assistance, primarily to private landowners, in identifying, recording, and preserving archeological sites throughout

FIGURE 133
HISTORIC PRESERVATION GRANTS, FISCAL YEARS 2010 TO 2015

	2010	2011	2012	2013	2014	2015
Texas Preservation Trust Fund Grants						
Total Amount	$197,950	$25,000	$0	$0	$250,000	$250,000
Grants Awarded	12	1	0	0	15	15
Certified Local Government Grants						
Total Amount	$131,924	$131,581	$133,489	$133,489	95,335	95,335
Grants Awarded	14	11	10	14	8	8
Texas Historic Courthouse Preservation Program ($ millions)						
Total Amount	$20.8	$0.7	$20.8	$0.6	$4.2	$0
Grants Awarded	26	13	21	6	7–10	0
Heritage Tourism Grants						
Total Amount	$865,000	$832,920	$750,000	$750,000	$750,000	$750,000
Grants Awarded	28	23	10	10	10	10
History Museum Grants						
Total Amount	$9,934	$14,350	$0	$0	$0	$0
Grants Awarded	11	18	0	0	0	0

Note: Fiscal years 2014 and 2015 are budgeted amounts.
Source: Texas Historical Commission.

Texas and administer the Texas Archeological Stewardship Network in which volunteer vocational archeologists assist in the preservation of archeological sites and artifacts.

THC is charged with ensuring the proper care and management of archeological collections within the public domain of the state. Due to the vastness of such collections, the agency transfers stewardship of them to various curatorial facilities in Texas. The agency's Curatorial Facility Certification Program ensures that these facilities meet current museum standards related to the care and management of state artifact collections, facilitates the housing of these artifacts which are displayed in museums across the state, and maintains an inventory of the artifacts.

The agency's Marine Archeology Program's most significant project has been the discovery of the shipwreck of French explorer René-Robert Cavelier, Sieur de La Salle's seventeenth-century ship *Belle*. In Victoria County, archeologists have uncovered eight cannons, skeletons of three French colonists, and ruins of French and Spanish buildings from what is believed to be La Salle's failed French colony, Fort St. Louis. The agency was appropriated $250,000 in General Revenue Funds for the 2012–13 biennium, of which $125,000 must be matched with private donations, to complete work related to the excavation, analysis, interpretation, and display of artifacts from Fort St. Louis and other La Salle-related sites. The agency was also appropriated unexpended balances of $250,000 (estimated) in General Revenue Funds that will allow the agency to complete the preservation of the hull of the *Belle* shipwreck. Once the preservation is completed, which is estimated to be in fiscal year 2015, the hull will be placed in the Bob Bullock Texas State History Museum for public viewing.

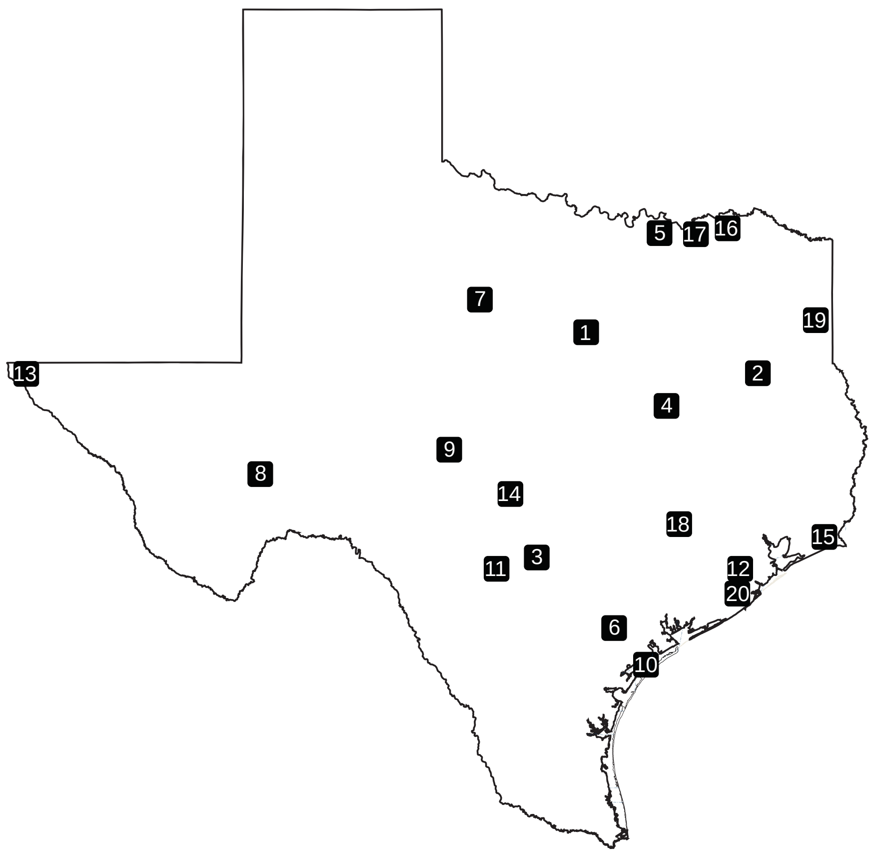
TEXAS HISTORIC SITES ATLAS

The Texas Historic Sites Atlas is a website THC maintains, which includes more than 300,000 historic and archeological site records documenting Texas history. Included in the website's database is detailed information about Official Texas Historical Markers, the National Register of Historic Places, historic courthouses, museums, and cemeteries. Although originally created to provide state and federal land-use planners with information on the location and condition of Texas' cultural resources, the atlas provides the public with detailed textual descriptions, historic photographs, and interactive maps of historic sites in Texas.

COURTHOUSE PRESERVATION

After the National Trust for Historic Preservation added Texas courthouses to its list of America's 11 Most Endangered Historic Places in 1998, the Historic Courthouse Preservation

FIGURE 134
TEXAS HISTORICAL COMMISSION HISTORIC SITES, 2014–15 BIENNIUM



1 Acton State Historic Site
Acton, Hood County
2 Caddo Mounds
Alton, Cherokee County
3 Casa Navarro
San Antonio, Bexar County
4 Confederate Reunion Grounds
Mexia, Limestone County
5 Eisenhower Birthplace
Denison, Grayson County
6 Fannin Battleground
Goliad, Goliad County
7 Fort Griffin
Albany, Shackelford County
8 Fort Lancaster
Sheffield, Pecos County
9 Fort McKavett
Fort McKavett, Menard County
10 Fulton Mansion
Fulton, Aransas County
11 Landmark Inn
Castroville, Medina County
12 Levi Jordan
Brazoria County
13 Magoffin Home
El Paso, El Paso County
14 National Museum of the Pacific War
Fredericksburg, Gillespie County
15 Sabine Pass Battleground
Sabine Pass, Jefferson County
16 Sam Bell Maxey House
Paris, Lamar County
17 Sam Rayburn House Museum
Bonham, Fannin County
18 San Felipe de Austin State Historic Site
San Felipe, Austin County
19 Starr Family Home
Marshall, Harrison County
20 Varner-Hogg Plantation
West Columbia, Brazoria County

Source: Texas Historical Commission.

Program was established in 1999. Through this program, THC provides matching grants of up to $6 million to eligible entities, including counties and cities, for the preservation of their courthouses. Since the program was initiated, $245.6 million has been awarded to assist with the restoration and preservation of 84 courthouses, including 63 full restorations, of which 56 are complete. Appropriations for the 2014–15 biennium include $4.2 million in General Obligation Bond Proceeds (Other Funds), a decrease of $15.8 million from the 2012–13 biennial spending levels. THC anticipates making approximately 7 to 10 Courthouse Preservation grants during the 2014–15 biennium (**Figure 134**).

COMMUNITY DEVELOPMENT AND TOURISM

Acting in partnership with communities and regions throughout Texas, the agency works to stimulate tourism and economic development. Through the Main Street Program, THC helps Texas cities revitalize their historic downtowns and commercial districts. Each year, the Main Street Interagency Council, composed of staff from the THC, Legislative Budget Board, Texas Department of Agriculture's Office of Rural Affairs, and Office of the Governor, may recommend to the agency up to five cities to receive services that include on-site evaluations by architects and other experts in historic preservation, marketing programs for heritage tourism, and training for Main Street managers and board members for three years. There are currently 84 designated Main Street cities across the state.

Through its Heritage Tourism initiative, the agency works with communities to identify historic resources and develop heritage corridors that stimulate tourism within an area of the state. Although originally developed to stimulate tourism around 10 scenic driving trails developed by the Governor and the Texas Department of Transportation (TxDOT), the agency expanded the Heritage Trails program to include communities on and off of the trails. The agency provides training and grants to the 10 heritage regions and financially supports regional volunteer heritage tourism boards. Appropriations for the agency's community development and tourism programs for the 2014–15 biennium total $5.0 million, which includes $2.8 million in Federal Funds (Transportation Enhancement) transferred to the agency from TxDOT through an Interagency Contract designated for the Heritage Trails program.

Additionally, appropriations for the 2014–15 biennium include $0.5 million to assist in the development of the Hispanic Heritage Center which will be located in San Antonio, Texas.

SIGNIFICANT LEGISLATION

Several bills were passed by the Eighty-third Legislature, Regular Session, 2013, that affect the THC. Among the more significant are the following:

HB 500 – Tax Credit for Rehabilitation of Certified Historic Structures. The enactment of House Bill 500, Eighty-third Legislature, Regular Session, 2013, provides a tax credit of up to 25 percent of eligible costs and expenses to qualifying entities for the rehabilitation of a certified historic structure. As a result of the passage of the bill, the agency anticipates an impact on agency staff workload due to increased project reviews.

SB 1546 – Investment of Certain Funds. The enactment of Senate Bill 1546, Eighty-third Legislature, Regular Session, 2013, disallows the use of funds from the General Revenue–Dedicated Preservation Trust Fund for the agency's operational expenses and authorizes the Comptroller of Public Accounts to invest the funds as the comptroller deems appropriate.

HB 7 – Reallocates Certain Revenues to be Deposited Outside the General Revenue Fund. The enactment of House Bill 7, Eighty-third Legislature, Regular Session, 2013, prohibits the use of certain funds for certification of the state budget and requires certain specialty license plate revenue to be deposited into a special fund outside the General Revenue Fund. Accordingly, revenue from the sale of THC's El Paso Mission Valley license plate, previously deposited to the General Revenue–Dedicated Preservation Trust Fund, will instead be deposited to the newly created License Plate Trust Fund Account.

HB 3674 – Additional Courthouses Eligible for Historic Courthouse Preservation Program. The enactment of House Bill 3674, Eighty-third Legislature, Regular Session, 2013, expands eligibility for the Historic Courthouse Preservation Program from county owned courthouses to include courthouses that are owned by municipalities and previously functioned as official county courthouses.

SB 283 – Number of Agency Commissioners Reduced. The enactment of Senate Bill 283, Eighty-third Legislature, Regular Session, 2013, reduces the number of members of the agency's governing commission from 17 to nine.

DEPARTMENT OF INFORMATION RESOURCES

The Texas Department of Information Resources (DIR) was established in 1989 by the Information Resources Management Act to address the major aspects of information technology (IT) management. The agency's mission is to support the effective and efficient use of public funds by promoting and achieving a shared vision where the state maximizes the value of its technology investment by identifying common areas of interest, using technology to advance agency-specific missions, and preserving flexibility to innovate.

The agency is governed by a board composed of seven voting members and three ex-officio non-voting members. The Governor, with the advice and consent of the Senate, appoints the seven voting members. Voting members serve staggered six-year terms, with two or three members' terms expiring February 1 of each odd-numbered year. The board also includes two groups of ex officio members that serve two-year terms on a rotating basis. The first group includes the commissioner of the Worker's Compensation division of the Department of Insurance, the executive commissioner of the Health and Human Services Commission, and the executive director of the Texas Department of Transportation. The second group includes the Commissioner of Education, the executive director of the Texas Department of Criminal Justice, and the executive director of the Texas Parks and Wildlife Department. Only one group of ex officio members serves at a time.

DIR is primarily responsible for the following: promoting a statewide environment that encourages efficient use and management of information resources; assisting the state leadership in achieving its goals by offering advice on information resources issues; assisting state agencies and other governmental entities in the most cost-effective acquisition of their information resources; and assisting governmental entities in cost-effective usage of telecommunications network services.

To accomplish these goals, the agency is organized in six major areas of operations: (1) information technology security; (2) e-Government (Texas.gov); (3) telecommunication services; (4) technology planning and policy; (5) cooperative contracts; and (6) statewide technology centers also commonly referred to as data center services.

Appropriations to DIR for the 2014–15 biennium total $586.0 million in All Funds and provide for 196 full-time-equivalent (FTE) positions in fiscal year 2014 and 198 FTEs in fiscal year 2015. Funding levels represent a $66.5 million, or 12.8 percent, increase from 2012–13 biennial spending levels, which is primarily due to the following: an increase of $71.2 million in costs for data center services provided to 28 participating agencies; an increase of $9.8 million for the enhancement of statewide cyber security efforts; a reduction of $13.3 million for the transfer of appropriations for the statewide enterprise resource planning initiative known as the Centralized Accounting and Payroll/Personnel System (CAPPS) to the Comptroller of Public Accounts; and net decreases of $1.2 million for other operating costs, including the completion of re-procurement and transition of service providers for data center services.

DIR is funded in the 2014–15 biennium entirely through fees generated through the telecommunications, cooperative contracts and data centers services programs. In almost all instances, the revenue received by the agency is generated from an administrative fee levied by DIR on services or goods provided by contracted vendors. In fewer instances for certain telecommunications services that DIR directly provides, the fee is included in service pricings. The fees recover DIR's operational costs to oversee the three related programs as well as costs for statewide policy functions, cyber security initiatives, administration of the Texas.gov contract, and DIR's indirect administrative costs. **Figure 135** provides an overview of the fees charged to customers, both to state agencies and other public entities which are eligible to utilize DIR's programs.

INFORMATION TECHNOLOGY SECURITY

DIR is responsible for the security of information and communications technology resources, including the physical and logical security of the state's data systems and networks. DIR operates the Network Security Operations Center (NSOC) to provide computer network security services to state agencies as authorized by Texas Government Code, Chapter 2059. NSOC monitors, reports, analyzes and provides coordinated responses to cyber threats and attacks against the state network. NSOC also provides other IT security services such as technical security assessments and vulnerability testing to identify and evaluate network and system vulnerabilities that are susceptible to cyber attack. DIR also provides statewide information technology security policies, procedures, standards, and guidelines to state agencies; monitors agencies' compliance with state security

FIGURE 135
COST-RECOVERY PROGRAMS AND FUNDING SOURCES

PROGRAM	FEE RATES	ACCOUNT OR METHOD OF FINANCE
Telecommunications (CCTS & TEX-AN)	For services that DIR directly provides, such as CCTS and shared internet services, fees are included in the prices. Fee levels for other telecommunication services are: • 12% for services billed by DIR; • 2% for wireless services that are direct billed by the vendor; and • 4% for local services that are direct billed by the vendor. Fee rates are not capped and are not applied to surcharges billed from telecommunication companies.	Telecommunications Revolving Account (Appropriated Receipts and Interagency Contracts)
Cooperative Contracts	Actual fees vary by contract and are included in the purchase price of IT commodities and services. • Average fee: 0.56% • Maximum fee: 1.0% Fee rates are capped at 2% in Rider 3, DIR Clearing Fund Account, in the 2014–15 General Appropriations Act (GAA).	Clearing Fund (Appropriated Receipts)
Data Center Services	Fee is set at 2.95% of data center services costs billed by contracted service providers. Fee is uncapped. Agency must receive written approval from the Legislative Budget Board and Governor's Office before changing the fee pursuant to Rider 9, Statewide Technology Account, in the 2014–15 GAA.	Statewide Technology Account (Appropriated Receipts and Interagency Contracts)

Note: Estimated rates for fiscal year 2014.
Source: Sunset Advisory Commission's DIR and Comptroller Procurement and Support Services Division Staff Report (November 2012), Department of Information Resources.

policies; recommends remedial actions for agencies out of compliance; and provides IT security training and awareness programs. Funding for the 2014–15 biennium for the agency's IT security operations total $11.2 million and includes a funding increase of $9.8 million for enhancement of statewide cyber security efforts.

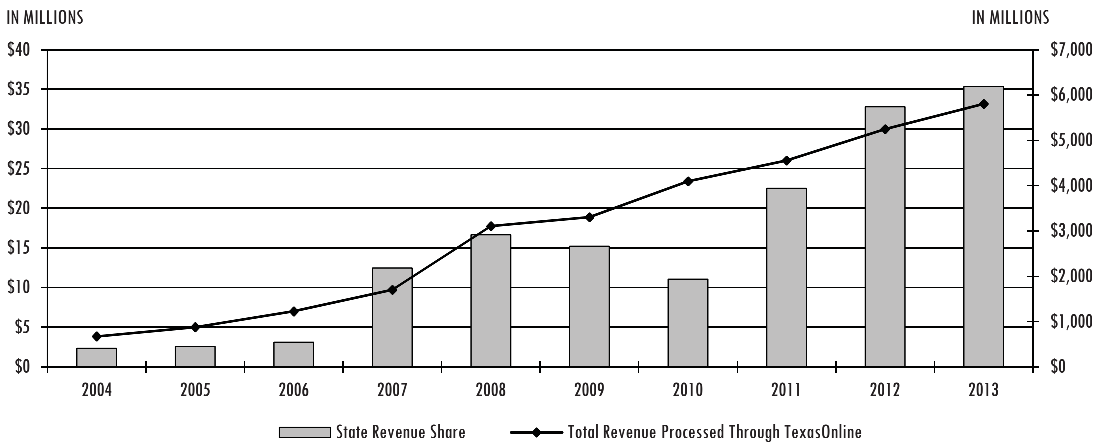
E-GOVERNMENT

The e-Government program is responsible for managing Texas.gov and the agency's internal information resource operations. Texas.gov is the state's Internet web portal through which the public can access state agency and local government services and applications in a variety of languages. Services include driver license renewal, vehicle registration, occupational license renewals, property and sale tax payments, and utility bill payments. Under the current contract, which expires August 31, 2016, the state receives a share of certain revenue from fees collected from use of the offered services and other activities. In fiscal year 2013, the state's share of Texas.gov revenues was approximately $35.3 million of the $5.8 billion total revenue from fees generated to the state.

Figure 136 shows the state's revenue share in contrast with total Texas.gov revenues generated from collected fees processed from fiscal years 2004 to 2013.

Under the current Texas.gov contract, DIR has increased the state's share of revenue from approximately 20.0 percent to an estimated 39.8 percent over the six-year life of the contract. Additionally, the current contract provides new services targeted at governmental entities, not-for-profit organizations and other constituents, including a content management system that allows customers to manage their Internet websites on the Texas.gov website; Internet and intranet web templates for customers to redesign their websites; Web 2.0 tools and features such as web applications that facilitate participatory information sharing, interoperability, user-centered design and collaboration; event management services for agencies, which includes ability to offer online registrations for attendees for conferences or new program instructions; and agency configurable payment collection frameworks for the collection of all types of fees and fines, such as speeding tickets or other penal code violations.

FIGURE 136
STATE REVENUE SHARE FROM TEXAS.GOV, FISCAL YEARS 2004 TO 2013



NOTE: Fiscal year 2013 is estimated.
SOURCE: Department of Information Resources.

Funding for Texas.gov contract oversight, performance monitoring, planning, policy development and program management totals $0.9 million for the 2014-15 biennium.

TELECOMMUNICATIONS SERVICES

DIR provides voice, data, video, and Internet services for the state through the Capitol Complex Telephone Services (CCTS) and Network Services programs. The CCTS operations provide local telephone service for 40 state office buildings in the Capitol Complex and several satellite office buildings in Austin. The CCTS services include installation of new telephones or telephone services, moving and removal of existing telephones, and voice mail installation and training. Network Services operations provide maintenance of the TEX-AN system, which is the long distance, voice and data communication system for state government and offers enhanced Internet and video-teleconferencing capabilities. Through TEX-AN, the agency also offers telecommunication services to other political subdivisions such as cities, counties, councils of governments, public school districts, and public institutions of higher education, with the goal of providing significant cost savings and communications service options to meet their business needs. Funding for CCTS and TEX-AN total $160.2 million for the 2014–15 biennium.

TECHNOLOGY PLANNING AND POLICY

The Technology, Planning and Policy program provides strategic policy, procedures, and direction for implementing and managing technology in the state. The office manages one of the agency's core activities in development of the State Strategic Plan for Information Resources Management. Through the State Strategic Plan, the DIR establishes a common direction for all state agencies and universities for implementing technology, thus promoting coordination and eliminating redundancy. In conjunction with the State Strategic Plan, the agency develops the Biennial Report for Information Resources Management, which evaluates the state's progress in information technology. The office communicates regularly with stakeholders and provides educational events to state information resource managers. In addition, the office develops the agency's internal performance management program, which includes tracking and reporting measures for both strategic and operational management of DIR initiatives and services, and guides agencies in the planning, management, and reporting of their major IT projects. Funding for technology planning and policy total $1.2 million for the 2014–15 biennium.

COOPERATIVE CONTRACTS

The agency is responsible for the solicitation, negotiation, and management of the Cooperative Contracts program. The objective of the program is to deliver savings and maximize the state's buying power by aligning contract offerings and customer needs. The program leverages the state's buying power to lower the cost and improve the quality of the state's investment in technology commodities and services to state agencies and political subdivisions. All governmental entities in Texas are eligible customers, including state agencies, universities, cities, counties, and public schools. The program plays a key role in reducing government costs and helping agencies serve their constituents. Because cooperative contracts are competitively awarded, the procurement process is streamlined for customers by eliminating the need to issue individual solicitations. The program provides favorable prices for commodity items such as personal computers, laptops, and related desktop software, hardware, and software maintenance; staffing services; disaster recovery planning; and other associated goods and services with high customer demand. According to DIR, the program provided over 4,400 eligible customers savings and cost avoidance of approximately $297.0 million in fiscal year 2013. In addition, the program includes management of the agency's internal procurement services and the Historically Underutilized Business program for both internal and statewide IT contracting activities. Funding for the cooperative contracts program total $6.9 million for the 2014–15 biennium.

STATEWIDE TECHNOLOGY CENTERS

The Department of Information Resources may operate or contract with another entity to operate a statewide technology center with the purpose of providing information resources and/or information resource technology services to two or more state agencies on a cost-sharing basis. Currently, DIR manages a contract for consolidated data center services (DCS), which is a type of statewide technology center. The goal of the consolidation of data centers includes moving 28 state agencies' data centers from 31 statewide locations to two sites located in Austin and San Angelo. Consolidated data center services include mainframe, server, and bulk print/mail operations; standardization of security and disaster recovery plans and annual testing; and replacement of older technology, including a hardware and software refresh schedule.

As of September 2013, DIR reports that consolidation and upgrades of mainframes is complete for all eight agencies with mainframe technology: Health and Human Services Commission; Office of the Attorney General; Railroad Commission; Texas Juvenile Justice Department; Department of Criminal Justice; Texas Department of Motor Vehicles; Texas Department of Transportation; and the Texas Workforce Commission. DIR reports that the consolidation is complete for print and mail functions. The 12 agencies that have consolidated print and mail functions are: Health and Human Services Commission; Department of Aging and Disability Services; Department of State Health Services (print only); Department of Information Resources; Office of the Attorney General; Railroad Commission; Texas Department of Agriculture; Texas Department of Insurance; Texas Education Agency; Texas Higher Education Coordinating Board; Texas Workforce Commission; and Texas Department of Transportation.

In addition, as of September 2013, nearly half of the server infrastructure for 28 state agencies have been consolidated to the state data centers. This represents approximately 48 percent of the total server population in the contract. Appropriations to DIR for the direct and indirect costs of the consolidated data center services for the 2014–15 biennium total approximately $393.5 million in Interagency Contracts and Appropriated Receipts, an increase of $71.2 million from the 2012–13 biennial spending levels, primarily due to increased rates for certain services and new rate structures under new service provider contracts, which went into effect in the summer of 2012, as well as an increase in consumption of certain services by agencies, such as application servers and tape storage.

SIGNIFICANT LEGISLATION

Several bills were passed by the Eighty-third Legislature, Regular Session, 2013, that affect DIR. Among the more significant are the following:

HB 2472 – Continuation of the Department of Information Resources. The enactment of House Bill 2472 continues the agency for eight years until September 1, 2021 and makes several other changes including: requiring formalized coordination and improved data collection between DIR and the Comptroller's Procurement and Support Services Division for Sunset evaluation of procurement programs in 2021; requiring DIR to establish clear procedures for setting, adjusting, and reporting fees for cost-recovery programs; requiring the agency to negotiate specific pricing for commonly purchased IT commodity items to the greatest extent practicable; and requiring the agency to consistently measure and report cost savings and project status for IT consolidation projects.

SB 1134 – Cybersecurity Strategies and Framework. The enactment of Senate Bill 1134 requires DIR to develop strategies and a framework for the securing of cyberinfrastructure by state agencies and cybersecurity risk assessment and mitigation planning.

SB 1597 – Information Security Plans. The enactment of Senate Bill 1597 requires all state agencies to develop, update, and submit to DIR an information security plan every two years.

SB 866 – Local Participation in Statewide Technology Centers. The enactment of Senate Bill 866 authorizes DIR to establish or expand a statewide technology center to include participation of a local government.

SB 1102 – Designation of Cybersecurity Coordinator. The enactment of Senate Bill 1102 requires the executive director of DIR to designate an employee as the state cybersecurity coordinator and authorizes the coordinator to establish a council of public and private sector leaders and cybersecurity practitioners to collaborate on matters of cybersecurity affecting the state.

LIBRARY AND ARCHIVES COMMISSION

Established in 1909, the Texas State Library and Archives Commission (TSLAC) is the governing body for the Texas State Library, which consists of seven members of the public appointed by the Governor. Its mission is to safeguard government and historically significant records and to provide information services to support research, education, and individual achievement. To meet these goals, the agency has implemented programs to: encourage resource sharing among libraries across the state; provide support services for library development; provide direct library services to individuals with disabilities; preserve state archives and records for public access; and to provide training and assistance to state agencies and local governments in records management.

The 2014–15 biennial appropriations for the agency total $45.7 million and provide for 163.5 full-time-equivalent (FTE) positions. These appropriations include $23.4 million in General Revenue Funds, or 51.3 percent of total appropriations. Federal Funds account for $11.9 million, or 26.0 percent of the agency's total appropriation. Overall, funding decreased by $5.2 million, or 10.2 percent, from the 2012–13 biennial spending levels. The decrease was primarily due to the expenditure of one-time funds from the American Recovery and Reinvestment Act of 2009, as well as an anticipated reduction in Federal Library Services and Technology Act (LSTA) funds awarded to the agency due to unmet federal maintenance of effort provisions in the 2012–13 biennium. Recipient state agencies are required to maintain certain levels of funding for library programs. Due to this reduction, the agency submitted a waiver and, if successful, will receive additional funds for multiple library programs. The budgeted decrease in Federal Funds is offset by an increase in General Revenue Funds of $9.1 million, or 63.8 percent, from the 2012–13 biennial spending levels. The increase is primarily related to additional funding for TexShare and K–12 databases, the renovation and repair of the Sam Houston Regional Library and Research Center, and additional archival staff.

LIBRARY SERVICES

A principal charge of the agency is to expand the availability of library resources among public and private libraries statewide to help libraries provide a broader range of information than any single library can provide individually. The agency oversees programs and services through networks of libraries and the Internet to facilitate cooperation among Texas libraries to ensure that library materials and services are distributed equitably and cost-effectively to libraries of all funding levels, locations, and sizes. The agency offers library services in three main program areas: the TexShare Consortium, the K–12 TexShare Database Program, and the Interlibrary Loan Program.

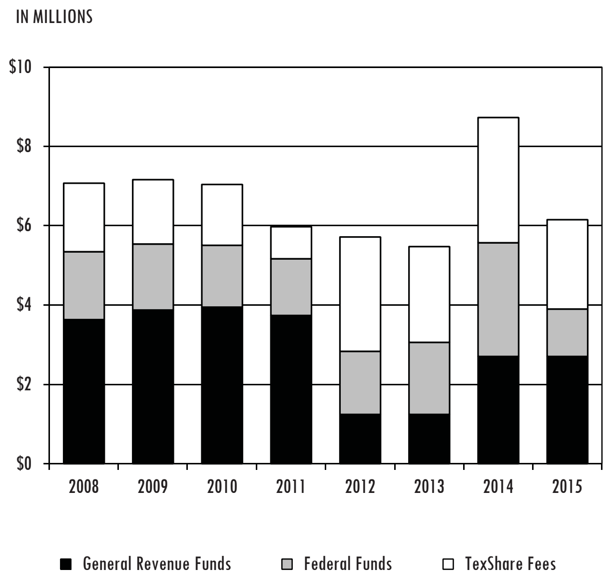
TEXSHARE

TexShare is a statewide consortium of more than 700 academic, public, and clinical medicine libraries. TexShare enhances library services by encouraging cooperative agreements among libraries, such as borrowing privileges between member libraries. The agency also purchases access to electronic databases providing full-text articles from books, journals, newspapers, and magazines to TexShare members. In fiscal year 2013, 60 TexShare electronic databases were available 24 hours a day in the homes or offices of registered patrons of participating Texas libraries. In addition to database services, there are several other components to the TexShare program which include the TExpress courier service for library-to-library material delivery; the TexShare Card reciprocal borrowing card service for registered users to directly borrow materials from the libraries of other participating institutions; the TexTreasures grants for the digitization of special library collections; and development of standards for operating an interlibrary loan program. However, most of the funding appropriated to the TexShare program provides the database service. Appropriations for database services total $14.9 million for the 2014–15 biennium, including $5.4 million in General Revenue Funds, $4.1 million in Federal Funds, and $5.4 million in fees paid by TexShare member libraries. Totals reflect an increase of $2.9 million in General Revenue Funds due to increased funding to maintain current databases and to provide additional digital content, including e-books, and other online resources and educational tools. **Figure 137** shows the amounts contributing to the TexShare database service by funding source from fiscal years 2010 to 2015, including member fees previously collected and held outside the State Treasury through fiscal year 2012.

K–12 TEXSHARE DATABASES

The agency negotiates a cost-sharing database package for K–12 public library partners. These databases provide age appropriate content and sources for reliable online information for student learning and research. Available content includes reference materials, full-text articles, and resources for teachers. Funding for the program for the

FIGURE 137
TEXSHARE DATABASE FUNDING LEVELS
FISCAL YEARS 2008 TO 2015



NOTES:
(1) TexShare Fees for fiscal years 2008 to 2012 include funds collected and held outside the State Treasury.
(2) Fiscal years 2014 and 2015 are estimated.
SOURCE: Texas State Library and Archives Commission.

2014–15 biennium totals $5.4 million, including $4.4 million in General Revenue Funds and $1.0 million in Appropriated Receipts from cost-sharing fees from participating school districts, to provide the e-content and administrative and training cost support.

INTERLIBRARY LOAN NETWORK

The agency administers the statewide interlibrary loan network which enables libraries to borrow from each other when materials are unavailable locally (TexNet Interlibrary Loan). This program provides Texans access to materials beyond those at their local library. During the 2012–13 biennium, the program began a transition from using TexNet centers, which previously managed requests for materials by public libraries, to utilizing an online catalogue to allow libraries to directly locate and request materials from other libraries. The transition is expected to be completed in the 2014–15 biennium. Funding for the interlibrary loan network totals $2.5 million in All Funds for fiscal year 2014. However, funding is not available for the continuation of the program in fiscal year 2015 due to a potential loss in federal LSTA funds.

LIBRARY SUPPORT

The agency provides guidance, consulting services, and training to libraries statewide, collects public library statistics, and serves as the state's coordinator for the federal E-rate program which provides public libraries a discount of up to 90 percent of their telecommunications and Internet access costs. Training and technical assistance are offered in all areas of library management, particularly in grant writing, establishing libraries, small library management, services to underserved populations, and technology assistance. Funding for library support services for the 2014–15 biennium totals $2.7 million with an anticipated reduction in services in fiscal year 2015 due to the potential loss of federal LSTA funds.

In addition to consultation, training, and technical assistance, the agency awards competitive grants to local libraries or regional library systems to assist them with supporting literacy and educational attainment in their communities, providing programs and services to meet the needs of local communities, and technology to serve the information needs of Texans. For the 2014–15 biennium, $2.0 million, primarily in Federal Funds, is allocated to award these competitive grants. However, if the agency is not granted a federal waiver in late 2013 to receive additional federal LSTA funds, the grant programs, as well as other agency programs, will be negatively affected and may not continue into fiscal year 2015.

SERVICES FOR THE DISABLED

Through the Talking Book Program, TSLAC provides free library service by mail to individuals who cannot read standard print because of visual, physical, or reading disabilities. Items such as large print, recorded, or Braille books and magazines in English and in Spanish, as well as equipment such as cassette players and digital talking book devices, are provided by the federal government through the National Library Service for the Blind and Physically Handicapped (NLS). TSLAC also collaborates with other state programs, libraries, and the NLS in providing a service that delivers narrated downloadable digital audio books directly to blind, low-vision, and otherwise print-impaired users. TSLAC loans and distributes the materials at no cost to qualified, registered persons across the state. In fiscal year 2013, the Talking Book Program circulated 860,127 pieces of reading materials (books and magazines) to 15,853 individuals and more than 188,000 items were downloaded.

Funding for this program is approximately $4.0 million, or 8.9 percent of total appropriations.

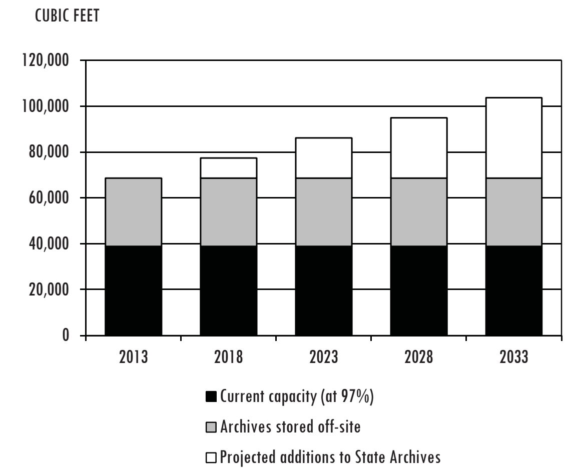
ARCHIVES AND INFORMATION SERVICES

To ensure the preservation and public availability of permanently valuable state and historical records, the agency collects, appraises, and processes state records for the State Archives. Currently, the agency processes records in traditional paper, film and audio formats and is in the process of developing plans and strategies to address the need to archive electronic records, which the agency currently does not accept.

The agency makes archival documents available for public access at the State Archives, located in Austin, Texas, and the Sam Houston Regional Library and Research Center in Liberty, Texas. Currently, storage at the State Archives is at 97 percent of capacity which represents a total of 38,944 cubic feet. The agency currently has an additional estimated 29,702 cubic feet of archival materials stored off-site at the State Records Center, also located in Austin. The majority of the archival material, approximately 20,000 cubic feet, represents a back-log of records which need to be assessed and indexed for archival storage. In addition to the back-log, and based on data from the previous ten years, the agency estimates new archiving needs will increase by an average of 1,756 cubic feet per year. Over the next 20 years, this will represent an increase of 35,120 cubic feet for a total of 103,766 cubic feet and an overall space deficit of 61,140 cubic feet by 2033. This increase is shown in **Figure 138**. For the 2014–15 biennium, funding includes an increase of $0.6 million for additional archivists (3 FTEs) to assist the agency in processing the back-log of records.

In addition to archive services, TSLAC offers telephone and on-site reference and research assistance to state agencies and the general public. These services include access to online resources and several agency maintained reference collections, including general reference, genealogy, federal and state documents, and the State Archives. TSLAC administers the Texas Records and Information Locator (TRAIL) program and the State Publications Depository program. Both programs increase the accessibility of government documents to the public. TRAIL is a web-based index and search tool for state agency information and electronic publications released by agencies. Under the State Publications Depository program, the agency distributes state publications to libraries across the state for public access.

FIGURE 138
PROJECTED ARCHIVAL STORAGE NEEDS OF STATE ARCHIVES, FISCAL YEARS 2013 TO 2033



SOURCE: Texas State Library and Archives Commission.

Overall funding for archives and information services total $5.2 million, or 11.3 percent of total appropriations, and includes $1.0 million in General Revenue Funds for renovation and repairs to the Sam Houston Regional Library and Research Center to primarily address safety and security issues.

RECORDS MANAGEMENT

In order to assist state and local governments in records management, TSLAC offers records consulting and training services, sets the statewide minimum retention schedule, and reviews and approves retention schedules submitted by state agencies and local governments. In fiscal year 2013, a total of 8,985 state and local government employees were assisted or trained in records management. In addition, the agency offers on a cost-recovery basis document imaging services and storage of non-current records at the State Records Center to approximately 9,850 state and local government offices. For fiscal year 2013, the annual cost per cubic foot of records stored and maintained totaled $3.24 per cubic foot for approximately 313,000 cubic feet of stored records. Appropriations for records management services is $4.1 million, or 8.9 percent of total appropriations, and includes $3.1 million in fees from cost-recovery operations.

SIGNIFICANT LEGISLATION

HB 7 – Reallocates Certain Revenues to be Deposited Outside the General Revenue Fund. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 7 which prohibits the use of certain funds for certification of the state budget and requires certain specialty license plate revenue to be deposited into a special fund outside the General Revenue Fund. Accordingly, revenue from the sale of TSLAC's specialty Texas Reads license plate, previously deposited to the General Revenue–Dedicated Texas Reads Plate Account, will instead be deposited to the newly created License Plate Trust Fund Account.

PENSION REVIEW BOARD

The Texas State Pension Review Board (PRB) was established by the Sixty-sixth Texas Legislature in 1979 as an independent state agency to oversee and review state and local government retirement systems in Texas. Its mission is to ensure that the state's public retirement systems are actuarially sound, that benefits are equitable, and that the systems are properly managed. PRB defines a public retirement system as actuarially sound if the fund has sufficient money to pay ongoing normal cost (the cost of benefits being earned during the year by current active members of the system) and can amortize the unfunded actuarial accrued liability over a period not to exceed 40 years, preferably 15 to 25 years. In addition, the agency provides information and technical assistance to public retirement systems and recommends public pension policies and legislation. The agency also conducts educational seminars to expand the knowledge and education of administrators, trustees, and members of Texas public pension funds regarding pension law.

PRB is composed of seven board members appointed by the Governor. These appointees include: three members who are not members or retirees of public retirement systems and who have experience in the fields of securities investment, pension administration, or pension law; one active public retirement system member; one retired public retirement system member; one person who has experience in the field of government finance; and an actuary.

Appropriations for the 2014–15 biennium for PRB total approximately $1.8 million in General Revenue Funds and provide for 15 full-time-equivalent positions (FTE). The appropriation represents an increase of $0.4 million, or approximately 26.3 percent, and 3 FTE above the 2012–13 biennial expenditure level.

All public retirement systems in Texas are required to register and file certain reports for review with PRB. The agency reviews public pension plans to detect plans in need of corrective action and monitors public plans with amortization periods greater than 40 years. PRB has oversight responsibility for 182 defined benefit plans and 161 defined contribution plans with assets totaling $207 billion. In defined benefit plans, benefits are defined by a specific formula applied to specific member compensation and/or specific years of service, and the amount of the benefit is not a function of contributions or actual earnings on those contributions. In contrast, defined contribution plans provide pension benefits equal to the combined employer and employee contributions plus interest and minus administrative expenses. Reporting requirements for public pension plans include: registration, summary plan description, membership summary data, annual financial report, investment policy, investment returns and assumptions, actuarial valuations, actuarial experience studies, internet posting, and audit reports. Volunteer firefighters' retirement systems organized under the Texas Local Fire Fighters' Retirement Act (TLFFRA) and defined contribution plans are only subject to the registration, summary plan description, and internet posting requirements. These systems were exempted from all other reporting requirements by the Eighty-third Legislature, Regular Session, 2013.

Figure 139 shows a summary of the 20 largest defined benefit Texas public pension plans monitored by PRB. Total net assets of these plans exceed $199.5 billion, which is an increase of $27.2 billion, or 15.7 percent, since the beginning of the 2012–13 biennium. This is primarily attributable to the plans' investment returns, which reflect improved market performance during this period.

The agency also is responsible for reviewing and commenting on all public pension legislation considered by the Legislature. In reviewing legislation, the agency ensures that actuarial analyses and reviews are attached to the legislation and prepares impact statements commenting on the potential effects of the legislation on Texas' public retirement systems. During the Eighty-third Legislature, 2013, PRB tracked 90 bills and provided 75 actuarial impact statements on proposed legislation.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, reviewed and expanded the duties of the Pension Review Board through the enactment of several bills.

SB 200 – Continuation of the PRB. The enactment of Senate Bill 200, the agency's Sunset legislation, continues the agency for 12 years, includes various provisions governing local pension plans, requires PRB to establish procedures to assist local plans to comply with the provision that prohibits public pension plans from investing in Iran, and reduces the number of members of the board to seven, eliminating the two legislative positions appointed by the Lt. Governor and the Speaker of the House.

FIGURE 139
ASSETS OF THE 20 LARGEST DEFINED BENEFIT TEXAS PUBLIC PENSION PLANS, AUGUST 31, 2013

PLAN NAME	TOTAL NET ASSETS (IN MILLIONS)	ACTIVE MEMBERS	RETIRED MEMBERS	PERCENTAGE FUNDED
Teacher Retirement System of Texas	$111,449.90	949,916	320,223	81.9
Employees Retirement System of Texas	$21,825.60	132,669	87,799	81.0
Texas Municipal Retirement System	$20,490.60	101,827	46,902	87.2
Texas County and District Retirement System	$19,885.30	121,963	46,801	88.2
Houston Police Officers Pension System	$3,566.90	5,330	2,631	81.9
Dallas Police and Fire System - Combined Plan	$3,284.00	5,400	3,783	73.9
Houston Firefighters' Relief and Retirement Fund	$3,175.10	3,788	2,790	90.6
Dallas Employees' Retirement Fund	$2,748.50	6,745	6,119	86.0
San Antonio Fire and Police Pension Fund	$2,228.00	3,926	2,235	91.9
Houston Municipal Employees Pension System	$2,024.20	11,670	9,078	59.1
Austin Employees' Retirement Fund	$1,863.50	8,387	4,831	65.7
Fort Worth Employees Retirement Fund	$1,825.50	6,281	2,878	71.4
City Public Service of San Antonio Pension Plan	$1,146.90	3,458	1,982	85.7
Law Enforcement and Custodial Officer Supplemental	$747.40	37,404	8,477	79.7
El Paso Police Pension Fund	$639.20	1,065	901	78.2
El Paso City Employees Pension Fund	$585.60	4,125	2,407	73.8
Austin Fire Fighters Relief and Retirement Fund	$581.10	963	585	88.7
Austin Police Officers' Retirement Fund	$538.90	1,709	648	65.2
Harris County Hospital District Pension Plan	$468.80	3,738	2,332	71.5
El Paso Firemen's Pension Fund	$440.90	889	671	79.9

Note: Based on the most recent data received as of August 31, 2013.
Source: Texas State Pension Review Board.

SB 220 – Transfer of Responsibilities for Education and Assistance to Local Firefighter Pensions Plans to PRB. The enactment of Senate Bill 220 abolishes the office of the Fire Fighters' Pension Commissioner (FFPC) and transfers certain duties related to handling appeals, education and training assistance, for local firefighter pension plans from FFPC to PRB.

HB 13 – Expansion of PRB Duties for Oversight of Pension Plans. The enactment of House Bill 13 requires PRB to: post online the most recent financial data received from public retirement systems; develop model ethical standards and conflict-of-interest policies for public pension plans; and, develop and administer educational training for trustees and administrators of public retirement systems, setting minimum training requirements, and tracking compliance.

PRESERVATION BOARD

The State Preservation Board (SPB) was established in 1983 by the Sixty-eighth Legislature to preserve, maintain, and restore the State Capitol and General Land Office Building. In 1989, the Seventy-first Legislature provided SPB with $154.5 million to restore the State Capitol and to construct the underground Capitol extension. Subsequent Legislatures increased the agency's responsibility to include the development and construction of the Bullock Texas State History Museum, oversight and operation of the museum, and the preservation and maintenance of the Governor's Mansion.

SPB is governed by a six-member board, including: the Governor as the chair; Lieutenant Governor and the Speaker of the House of Representatives who serve as co-vice chairs; one senator appointed by the Lieutenant Governor; one representative appointed by the Speaker of the House of Representatives; and one member of the public appointed by the Governor.

Appropriations for the 2014–15 biennium total $31.8 million and provide for 88.0 full-time-equivalent (FTE) positions for agency operations. Funding levels reflect a decrease of $0.1 million from 2012–13 biennial spending levels primarily due to reductions related to completion of the restoration of the Governor's Mansion ($12.7) and other capital projects ($0.2 million) as well as a decrease in debt service payments for the Bullock Texas State History Museum ($0.4 million) offset by various increases totaling $13.2 million and an increase of 25.0 FTE positions. Increases include a shifting of funding for the 25.0 FTE positions and various operating costs ($4.1 million) to General Revenue Funds from funds held outside the State Treasury for the board's enterprise operations, which include the museum, the Capitol gift shops, and the Capitol parking facilities. In addition, funding includes $0.8 million to replace the Capitol perimeter bollards, $0.3 million for the African American Texans Memorial Monument, $1.0 million from the Governor's Mansion restoration project, $2.0 million for the display of the seventeenth century La Belle shipwreck in the museum, and $5.0 million for an education and outreach program highlighting Texas history and government through the museum. In fiscal year 2013, enterprise operations generated approximately $9.1 million in revenue and are expected to generate approximately $18.2 million during the 2014–15 biennium.

MAINTENANCE AND PRESERVATION OF BUILDINGS

A primary goal for SPB is to provide maintenance and preservation of historical artifacts and buildings within its purview. As a result, the agency is responsible for approving all repairs and changes involving construction, restoration and repair to the Capitol, Capitol grounds, the Capitol Extension, the Capitol Visitors Center, and the Governor's Mansion. SPB employs a Capitol curator who is an expert in historical artifacts to oversee repairs and renovation to these buildings. In fiscal year 2013, the agency repaired or restored 334 historical items that had been damaged.

The Governor's mansion has been the official residence of 40 Texas governors and their families since 1856. Following a fire in June 2008 that nearly destroyed the Governor's Mansion, the Eighty-first Legislature, Regular Session, 2009, provided $21.5 million for the 2010–11 biennium to restore the mansion and an additional $3.5 million in donations was raised for the project. Restoration efforts began in August 2009 and the restoration of the mansion and grounds was completed in September 2012. Final renovations to an adjacent parking lot are set for completion in December 2013. Of the original 2010–11 biennial funding, approximately $1.0 million in General Revenue Funds remain and 2014–15 funding provides $0.2 million of this amount for the maintenance of the mansion and mansion security system while the remaining amount of $0.8 million will be deposited to a newly created Governor's Mansion Renewal Trust Fund outside the State Treasury to provide for major repairs to and preservation of the mansion.

In addition to providing maintenance and repair of items such as furniture, paintings, monuments, and decorative art, SPB is responsible for general housekeeping of buildings within its purview. Agency staff provides housekeeping services and responds to building occupants and visitors during business hours. After hours, a vendor provides housekeeping functions, which includes services such as floor cleaning, waste pick-up, and other general custodial services. In fiscal year 2013, the agency expended approximately $1.57 per square foot for custodial care for buildings, which reflect a decrease of $0.37 per square foot in fiscal year 2011 primarily due to the agency rebidding the housekeeping contract and staff vacancies. In addition to general housekeeping functions, a vendor provides grounds-keeping services for the Capitol grounds, which includes mowing, hedge cutting, and other general landscaping duties.

SPB also administers the Capitol Fund, which is held outside the State Treasury and supports the costs of the enterprise functions. The Capitol Fund consists of private donations and revenue generated from the Capitol gift shops, Capitol complex parking meters and visitors' parking garage, and lessees of Capitol space (e.g., the cafeteria and the press area). Capitol Fund expenditures are limited by statute to the purpose specified by the donor and to educational programs, acquisition and preservation of historical artifacts, and to the overall benefit of the Capitol buildings and grounds.

Another fund that supports SPB is the Capital Renewal Fund, which is also held outside the State Treasury. The Capital Renewal Fund consists of funds transferred from the Capitol Fund and funds appropriated directly by the Legislature. The Capital Renewal Fund expenditures are for major repairs and replacements at the Capitol, Capitol grounds, and the Capitol Visitors Center.

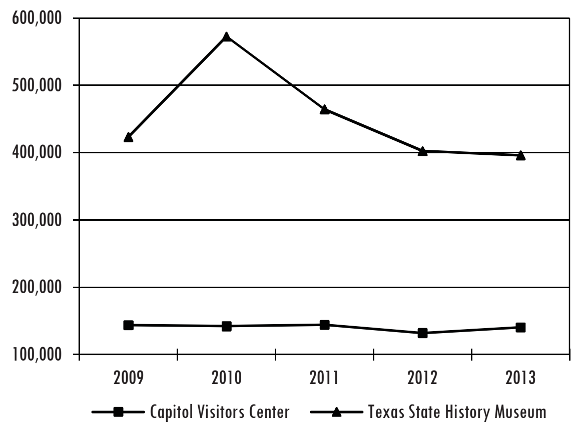
EDUCATIONAL PROGRAMS

The agency provides educational programs within the Capitol and Capitol Visitors Center, which focus on the history of Texas and the Capitol. Programs include interpretation and guided tours of the Capitol, Capitol Extension, and Capitol Visitors Center. Tours are provided in English and several other languages to better serve the international visitors to the state. Other educational programs offered at the Capitol Visitors Center include interactive computer learning stations, multimedia presentations, and traditional exhibits to encourage interest in the diverse history of the state. In fiscal year 2013, over 2,200 tours for students were conducted at the Capitol Visitors Center and approximately 232,500 individuals participated in Capitol tours. **Figure 140** shows the number of visitors to the Visitors Center from fiscal year 2009 to fiscal year 2013.

BOB BULLOCK TEXAS STATE HISTORY MUSEUM

The Bullock Texas State History Museum, which opened in Austin on April 21, 2001, was established for the purpose of engaging visitors in the exciting and unique story of Texas and displaying objects and information relating to the state's history. The Seventy-fifth Legislature, 1997, authorized $80 million in bond proceeds to pay for the museum's construction, which began in November 1998. At the project's completion, approximately $82.9 million had been expended, which included both private donations and bond proceeds.

FIGURE 140
NUMBER OF VISITORS TO THE CAPITOL VISITORS CENTER AND TEXAS STATE HISTORY MUSEUM
FISCAL YEARS 2009 TO 2013



SOURCES: Legislative Budget Board; State Preservation Board.

Since opening in 2001, the four-story 175,000 square foot museum has engaged more than 6 million visitors through a variety of educational programs and exhibits. A key objective for the museum is to create an environment that encourages active learning and participation by a diverse audience of visitors from Texas and beyond. In fiscal year 2013, an estimated 69,000 school students from 120 school districts visited the museum. **Figure 140** also shows visitation figures for the museum from fiscal year 2009 to fiscal year 2013 with visitation peaking in fiscal year 2010 due to the popularity of films shown at the museum's IMAX Theater during that year. To retain and build audiences, the museum offers an array of changing exhibitions and programs as well as three floors of permanent galleries devoted to the story of Texas. Funding for the 2014–15 biennium includes $2.0 million in General Revenue Funds, of which half must be matched with $4.0 million in private contributions, for the transfer, interpretation, and permanent display of the seventeenth-century La Belle shipwreck and artifacts from the shipwreck at the museum. It is anticipated that completion of the La Belle exhibit will occur in the fall of 2015. In addition, the museum presents professional development training for teachers and curriculum-based learning opportunities for students. The agency's 2014–15 funding includes $5.0 million in General Revenue Funds for the purpose of developing an education and outreach program highlighting Texas history and government through the Texas State History Museum, including the development of online resources. Revenues generated by the museum from admission fees, parking, gift shop, concessions, an IMAX Theater, and facility rentals are deposited into the Museum Fund, held outside the State Treasury, which is used to operate the museum and meet its future needs.

SIGNIFICANT LEGISLATION

SB 201 – Continuation of the State Preservation Board. The enactment of Senate Bill 201 continues the agency for twelve years and also requires the agency's governing board to meet at least two times in each year and authorizes certain board members to designate representatives to participate in the meetings. The bill also creates the Governor's Mansion Renewal Trust Fund outside the State Treasury, which would consist of money transferred at the discretion of the Legislature or donations to the Board, for the maintenance and preservation of the Governor's Mansion.

SB 211 – Review of Capitol Complex Master Plan. The enactment of Senate Bill 211 requires the participation of SPB in the development and review of the Texas Facilities Commission's Capitol Complex master plan and also requires SPB approval of the master plan and any updates to the master plan. In addition, the bill requires SPB to conform any modifications to its long-range master plan for the Capitol and Capitol grounds to TFC's Capitol Complex master plan.

STATE OFFICE OF RISK MANAGEMENT

The State Office of Risk Management (SORM) was established in 1997 by the Seventy-fifth Legislature to combine the functions of risk management and workers' compensation claims administration for state employees into one agency. Previously, risk management services for state agencies were provided by the Workers' Compensation Commission, while the Office of the Attorney General (OAG) handled claims processing and payment. The purpose of SORM is to assist state agencies in developing risk management programs and to administer the state's self-insured workers' compensation program covering state employees.

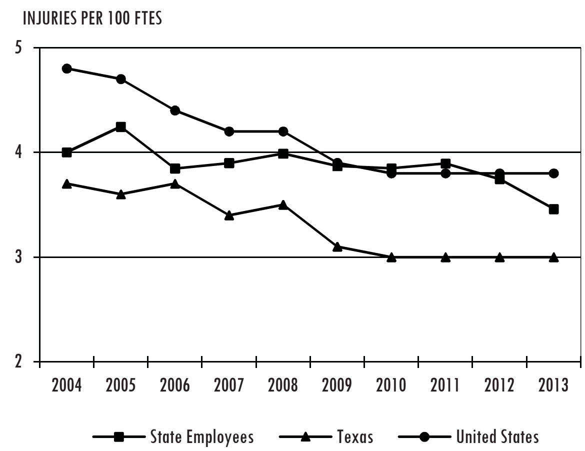
Appropriations for the 2014–15 biennium for SORM total $104.3 million in All Funds and provide for 121.6 full-time-equivalent (FTE) positions. Agency funding consists primarily of Interagency Contract funds that SORM collects from state agencies through its assessments for workers' compensation, risk management, medical cost containment, and administrative services. Certain administrative functions, such as processing payroll, paying vouchers, and budget monitoring are performed by the OAG on behalf of SORM.

RISK MANAGEMENT PROGRAM

SORM's risk management specialists review existing state agency risk management programs and assist the agencies in establishing employee health and safety programs to ensure a safe environment for state employees and the public served by state agencies. SORM develops and distributes risk management manuals, programs, and procedures for use by smaller agencies and prepares a biennial report to the Legislature on state agencies' risk exposure and related losses in the areas of workers' compensation, general liability, property, and casualty. The agency approves all purchases of insurance coverage by state agencies, such as property, casualty, and liability, and has the authority to require state agencies to purchase any line of insurance coverage, other than health or life insurance, through policies administered by SORM.

Appropriations for the 2014–15 biennium for the risk management function total $6.7 million in Interagency Contracts and provide for 37.5 FTE positions. This is an increase of approximately $0.8 million, or 13 percent, from the 2012–13 biennial spending levels primarily due to capital projects to redesign the workers' compensation claims management system (CMS) and to upgrade workstations. **Figure 141** shows a comparison of the number of injuries sustained per 100 FTE positions by state employees at agencies under contract with SORM for risk management services, by Texas private industry employees, and by employees nationwide since fiscal year 2004.

FIGURE 141
INJURY FREQUENCY RATES PER 100 FULL-TIME-EQUIVALENT POSITIONS, FISCAL YEARS 2004 TO 2013



NOTES:
(1) For fiscal year 2012 the Texas and United States amounts are carried forward from 2011.
(2) For fiscal year 2013 the State Employees amounts are estimated. Texas and United States amounts are carried forward from 2011.
(3) State Employees are only those employed by agencies or entities under contract with SORM.
SOURCE: State Office of Risk Management.

WORKERS' COMPENSATION ADMINISTRATION

SORM administers the state workers' compensation program, which covers all state employees except those statutorily exempt at The University of Texas System, the Texas A&M University System, the Employees Retirement System, the Teacher Retirement System, and the Texas Department of Transportation. Also covered under the state workers' compensation program are county employees at community supervision and corrections departments and employees of the Windham School District. The Claims Operation Department investigates reported injury claims, determines indemnity, medical benefits for each claim, and maintains a customer service call center to provide claims processing information to state employees. In addition, SORM oversees contracted medical cost containment services, including auditing medical bills, identifying duplicate bills, and ensuring compliance with Texas Department of Insurance, Division of Workers' Compensation requirements.

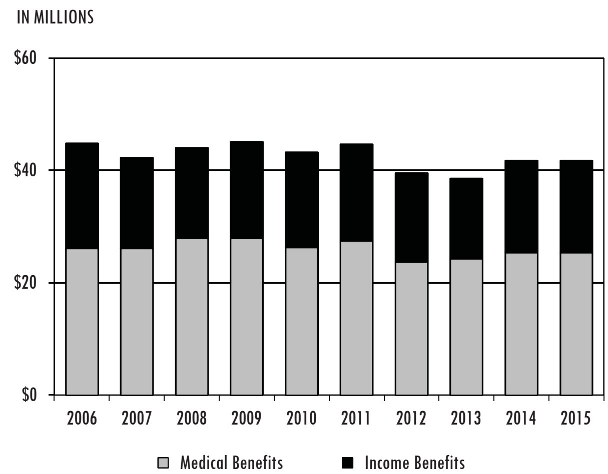
The Eighty-third Legislature, Regular Session, 2013, appropriated $14.1 million in Interagency Contracts and provided for 84.1 FTE positions for the biennium to administer claims processing, including contracted medical cost containment services. This is an increase from the 2012–13 biennial spending level of approximately $0.5 million, or 3.5 percent, primarily due to capital projects to redesign the workers' compensation claims management system (CMS) and to upgrade workstations. The agency projects it will process an average of 107,500 medical bills and 31,750 indemnity bills (income payments) each fiscal year of the 2014–15 biennium.

WORKERS' COMPENSATION PAYMENTS

An appropriation of $83.5 million is provided for payments to approved workers' compensation claimants during the 2014–15 biennium. Of this amount, $82.4 million, or 98.6 percent, is funded by assessments to client agencies for workers' compensation coverage. This is equal to the 2012–13 biennial spending level.

The annual assessments are based on a formula consisting of payroll size, number of FTE positions, claims costs, number of claims, and injury frequency rate (per 100 full-time employees). The formula determines a proportionate share for each agency of the total workers' compensation costs to the state. SORM anticipates that over time agencies that reduce injuries and losses will see a decrease in their proportionate share while those agencies whose loss performance worsens relative to all other client agencies will be responsible for a larger share of the total. **Figure 142** shows the amount paid in recent years for medical and income benefits. In fiscal year 2013, SORM processed 7,315 claims and payments totaling $38.6 million, which is a 6.9 percent decrease in the number of claims processed and a 2.5 percent decrease in the amount of total payments from fiscal year 2012.

FIGURE 142
WORKERS' COMPENSATION BENEFITS PAID
FISCAL YEARS 2006 TO 2015



NOTE: Fiscal years 2014 and 2015 are estimated.
SOURCE: State Office of Risk Management.

SECRETARY OF STATE

The Office of the Secretary of State (SOS) was established in 1845 as a constitutional office of the Executive Department appointed by the Governor with the consent of the Senate. The agency serves three primary purposes. One role is to provide a secure and accessible repository for public, business, and commercial records as well as to receive, compile, and provide access to public information the SOS maintains. Additionally, the duties of the agency include ensuring proper conduct of elections, maintaining the official statewide list of registered voters, authorizing creation and registration of business entities, and publishing state government rules and notices. The Secretary of State also serves as the Chief Elections Officer for Texas. The agency includes the state's international protocol office and serves as the state liaison to Mexico and to the border region of Texas.

Appropriations for the 2014–15 biennium total $57.2 million in All Funds and provide for 203.0 full-time-equivalent (FTE) positions, which is a decrease of $31.2 million, or 35.3 percent, from the 2012–13 biennial spending levels, primarily due to the past expenditure of federal Help America Vote Act (HAVA) funds. The agency's budget includes $5.7 million in Federal Funds, or 10.0 percent, through the HAVA, $38.0 million in General Revenue Funds and General Revenue–Dedicated Funds (66.5 percent), and $13.5 million in Appropriated Receipts (23.5 percent).

SOS operations are organized within three functions: (1) Information Management; (2) Election Law Administration; and (3) International Protocol.

INFORMATION MANAGEMENT

The agency's responsibility with regard to information management is to provide accurate, reliable, and timely access to public information; to efficiently process documents; and to ensure compliance with laws and rules relating to filing documents and accessing documents filed with the agency.

The agency's databases contain information relating to corporate, limited-liability, limited-partnership, and assumed-name filings; voter registration information; driver license and voter registration merged jury lists; election data; Uniform Commercial Code (UCC) filings; and notaries public, among other important public records. Based on access provided during the prior two years, direct access to the agency's electronic data is currently provided to approximately 541,988 governmental and commercial entities. The agency's electronic filing system has a website, the Secretary of State OnLine Access (SOSDirect), which allows external users to file documents and obtain information on UCC and business-entity filings. The agency conducts information management services through two programs: (1) Business and Public Filings and (2) Document Publishing.

BUSINESS AND PUBLIC FILINGS

Through the Business and Public Filings program, the agency accepts or rejects the following types of filings: business-entity documents (including corporations, limited partnerships, limited-liability companies, and registered limited-liability partnerships); UCC documents (including lien notices, financing statements, and utility security instruments); notary public, assumed names, and trademark documents; and other statutory filings, such as those required under various sections of the Texas Occupations Code and the Texas Business and Commerce Code.

SOS is the official custodian of these records and responds to requests to inspect and produce copies of documents, issue certificates of fact, and disseminate information contained in the documents. The agency anticipates processing 14.3 million filings and related information requests in the 2014–15 biennium as compared to approximately 14.4 million during the 2012–13 biennium. Since fiscal year 2011, the agency has strengthened filtering of automated online searches by third parties which has resulted in a continuous decrease in processed information requests. The 2014–15 biennial appropriation for this program totals $13.1 million in All Funds and provides for 101.4 FTE positions.

DOCUMENT PUBLISHING

The Document Publishing strategy provides for the filing, editing, compiling, and publishing of the Texas Administrative Code and the Texas Register. The Texas Administrative Code contains all rules adopted by state agencies along with relevant annotations. The Texas Register is a report of notices state agencies must file and includes proposed, emergency, and adopted rules; notices of open meetings; appointments by the Governor; Attorney General opinions; and requests for contract proposals. The Texas Register and Texas Administrative Code are updated each business day on the SOS's website and are available online at no cost. The agency offers value-added online subscription services, such as e-mail notification when a document is filed by a specified state agency; full-text search of all documents published in the

Texas Register and Texas Administrative Code; access to documents before they are available in the weekly editions of the Texas Register; and access to archived versions of Texas Administrative Code rules. As part of its document publishing function, the agency compiles the laws passed by the Legislature after each regular and special session and maintains session laws electronically on the SOS website. Appropriations for this program for the 2014–15 biennium total $0.9 million in All Funds and provide for 8.6 FTE positions.

ELECTION LAW ADMINISTRATION

The Election Law Administration function is divided into four functions: (1) Administration of Statewide Elections; (2) Election/Voter Registration Funds; (3) Administration of the Help America Vote Act (HAVA); and (4) Constitutional Amendments. As chief elections officer, the SOS is responsible for the interpretation and application of the Election Code.

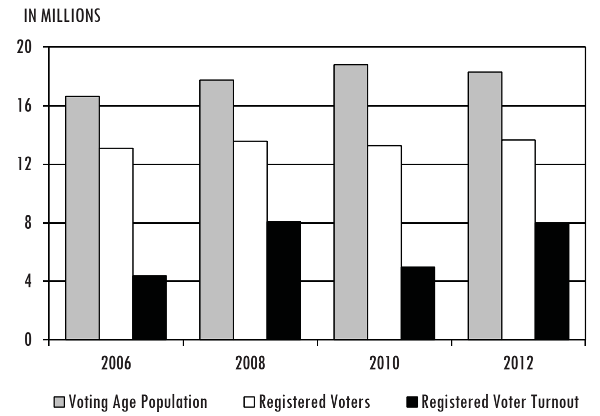
ADMINISTRATION OF STATEWIDE ELECTIONS

The Administration of Statewide Elections program provides rules, directives, opinions, instructions, and training to election officials; and assists voter registrars as requested. As of the 2012 General Election, 74.7 percent of the voting age population (VAP) in the state was registered to vote. VAP refers to the total number of persons in the state who are age 18 or older, regardless of citizenship, military status, felony conviction, or mental state. The turnout of registered voters for the 2012 General Election was 58.6 percent, which is 43.7 percent of the state's VAP. Historical data for turnout and the number of registered voters in the general elections of 2006 to 2012 are shown in **Figure 143**. Appropriations for the 2014–15 biennium for the Administration of Statewide Elections program total $4.3 million in All Funds and provide for 25.0 FTE positions.

ELECTION/VOTER REGISTRATION FUNDS

The Administration and Disbursement of Election/Voter Registration Funds program manages funds for the primary election financing program and reimburses counties for postage for voter registration applications. Appropriations for this program total $13.1 million in General Revenue Funds for the 2014–15 biennium and provide for 2.5 FTE positions. Based on an average of election year expenses, an estimated $12.4 million in state funding within this program is anticipated to be disbursed to county precincts for payment of poll workers and operating costs associated with primary elections in fiscal year 2014. Of the $12.4 million,

FIGURE 143
TEXAS GENERAL ELECTION TURNOUT AND VOTER REGISTRATION, FISCAL YEARS 2006 TO 2012



SOURCE: Texas Office of the Secretary of State.

approximately $8.0 million is expected to be spent on the primary election and approximately $2.8 million on the primary runoff election. In addition, an estimated $0.9 million will be paid to voter registrars for postage on return-mail voter registration applications during the biennium. In addition to reimbursing counties for voter registration postage, the agency provides payments to counties through the Voter Registration program to maintain voter registration rolls including initial, updated, and canceled voter registrations. The agency is appropriated an estimated $6.0 million for the 2014–15 biennium for these payments.

ADMINISTRATION OF THE HELP AMERICA VOTE ACT (HAVA)

The agency is responsible for implementing the federal Help America Vote Act (HAVA), enacted in 2002. HAVA set standards for election policy and provided funds to states for election improvements. HAVA required the state to replace punch card voting systems, amend the voter registration application, create a statewide computerized voter registration system, establish a voter's bill of rights, launch a voter education program, and develop a complaint procedure for voter grievances, all of which have been implemented by the agency. HAVA also required modifications to the voter registration system and each county to obtain at least one accessible voting machine for each election precinct, both of which have been implemented. For the 2014–15 biennium, the appropriation and funding source for this program is $5.2 million in Federal Funds and $0.02 million in General Revenue–Dedicated Funds from the Elections Improvement Fund; the funding provides for 7.5 FTE positions. Included in the total appropriations for this program, and contingent upon approval by the federal government, is $2.0 million for the education of voters of required voter identification (ID) through public service announcements, public events, and the SOS website. The agency also received capital budget authority of $0.8 million for an upgrade to the Texas Election Administration Management (TEAM) System, a statewide voter database, contingent on availability of additional unexpended balances of HAVA funds.

CONSTITUTIONAL AMENDMENTS

SOS contracts with newspapers throughout the state to publish proposed constitutional amendments. It also translates the proposed amendments from English to Spanish for publication in Spanish-language newspapers and for direct mailing to Hispanic households. The Eighty-third Legislature, Regular Session, 2013, passed nine proposed constitutional amendments. These constitutional amendments were approved by Texas voters in the November 2013 election. The agency received $1.2 million in General Revenue Funds to translate and publish amendments submitted to Texas voters during the 2014–15 biennium.

INTERNATIONAL PROTOCOL

The International Protocol function includes two functions: Protocol and Border Affairs, and Colonias Initiatives.

PROTOCOL AND BORDER AFFAIRS

The Secretary of State provides for protocol services and the representation of the Governor and the state at meetings with Mexican officials and at events and conferences involving the diplomatic corps, government officials, and business leaders. The Secretary of State also acts as liaison to foreign governments and business leaders by addressing concerns affecting Texas that have not been resolved through alternative channels. The agency is appropriated $0.3 million in General Revenue Funds for the 2014–15 biennium and is provided 2.0 FTE positions to perform these duties.

COLONIAS INITIATIVES

The English translation for the Spanish word colonia is "neighborhood" or "community." In the Texas Colonias Initiative, "colonia" refers to an unincorporated settlement along the Texas–Mexico border that may lack basic water and sewer systems, electricity, paved roads, and safe and sanitary living conditions. According to the agency, there are currently about 1,895 colonias in Texas, located primarily along the state's 1,248-mile border with Mexico. Approximately 400,000 people live in colonias.

The intent of the Colonias Initiative program is to coordinate state activities; secure funding to improve physical living conditions in colonias through the provision of basic services such as water, wastewater, and solid waste disposal; and advocate the needs of colonia residents through the Colonia Ombudsman Program. Six ombudsmen and a colonia director work and serve in six border counties with the highest colonia populations: Cameron, El Paso, Hidalgo, Maverick, Starr, and Webb. In addition, there is one ombudsman serving Nueces County. Ombudsmen work with state and local officials and monitor approximately 44 water and wastewater related projects including (estimated funding): a multiple colonia project in the City of Brownsville ($29.2 million in funding from the Texas Water Development Board, Border Environment Cooperation Commission, and Colonia Economically Distressed Areas Program administered by the Texas Department of Agriculture), the colonia of Las Colonias/Ascension Park ($7.5 million in funding from the U.S. Department of Agriculture and Border Environment Cooperation Commission), and the eastern portion of the Palmview Paradise Colonia ($39.5 million in funding from the Economically Distressed Areas Program at the Texas Water Development Board, Border Environment Cooperation Commission, North American Development Bank, and Clean Water State Revolving Fund). The majority of projects are planned for colonias in the counties of Cameron, El Paso, and Hidalgo. The agency is appropriated $0.9 million in General Revenue Funds for the 2014–15 biennium and is provided 7.0 FTE positions for this program. These amounts may be transferred if the Governor designates another state agency as the state's colonia initiatives coordinator.

SIGNIFICANT LEGISLATION

Several bills were passed by the Eighty-third Legislature, Regular Session, 2013, that affect the Office of the Secretary of State. Among the more significant are the following:

HB 1129 – Pilot Program for Armed Forces to Vote by E-mail. The enactment of House Bill 1129 requires the SOS to implement a pilot program to allow members of the armed forces of the United States from a selected county who are casting an early ballot by mail to return the ballot by e-mail if the individuals are active duty overseas and eligible for hostile fire pay. The program will be implemented for the primary, runoff primary (if needed), and general elections in 2014 and is set to expire on September 1, 2015.

SB 904 – Repeal of Altered Implementation of Federal Military and Overseas Voter Empowerment (MOVE) Act. The enactment of Senate Bill 904 requires the SOS to create optional guidelines for early voting clerks for processing an application and providing balloting materials to military and overseas voters. The bill establishes certain election related deadlines and repeals Section 50, Chapter 1318 (Senate Bill 100), Acts of the Eighty-second Legislature, Regular Session, 2011, while also prohibiting the SOS from adjusting or modifying election dates, deadlines, or procedures to implement the federal MOVE Act that were altered by Section 50, Chapter 1318 (Senate Bill 100), Acts of the Eighty-second Legislature, Regular Session, 2011.

HB 3103 – Study Regarding Changing the Primary Presidential Election Date. The enactment of House Bill 3103 directs the SOS to conduct a study regarding the effects of changing the primary presidential election date and to submit a report including recommendations for any legislation to the Eighty-fourth Legislature.

SB 910 – Procedural Changes. The enactment of Senate Bill 910 makes numerous procedural changes, including providing the SOS with authority to determine when certain submitted documents become public information, altering certain candidate filing deadlines and election dates, and revising which costs of a recount are assessable against a person.

HB 1025 – Continued TEAM System Transition. The enactment of House Bill 1025, a supplemental appropriation bill for fiscal year 2013, provides the agency $5.0 million in capital budget authority for continued transition of the TEAM System from Fiscal Programs – Comptroller of Public Accounts to the SOS. This authority expires June 14, 2015.

VETERANS COMMISSION

The Veterans State Service Office, established in 1927, was renamed the Texas Veterans Commission (TVC) in 1985. Its mission and principal function are to guarantee that Texas veterans and their families receive all rights and benefits provided for them by law. Since its inception, the agency's responsibilities have increased significantly, including overseeing veterans' employment and training programs, serving as the state approving agency for assisting veterans with the use of veteran's education benefits, and administering the Fund for Veterans' Assistance grant program.

In working toward its mission, TVC provides veterans and their families with counseling, case development, representation, and outreach services regarding benefits claims. In addition, the agency facilitates employment and re-employment services, approves educational facilities to accept federal and state veteran education funds, produces publications concerning veterans' benefits, and provides training for local Veterans County Service Officers.

Appropriations for the 2014–15 biennium total $52.8 million and provide for 382.5 full-time-equivalent (FTE) positions. Of the total 2014–15 appropriations, $20.0 million consists of General Revenue Funds, reflecting an increase of $4.3 million, or 27.8 percent from the 2012–13 biennial spending levels, which is primarily related to additional support for Claims Representation and Counseling to continue the effort by specialty teams in assisting reduction of the number of benefits claims backlogged at the U.S. Department of Veterans Affairs. Appropriations for the 2014–15 biennium also include $20.5 million in Federal Funds, representing an increase of $1.0 million, or 5.1 percent, from the 2012–13 biennial spending level.

The agency administers a grant program through the Fund for Veterans Assistance, which totals $13.7 million in the 2014–15 biennium, a decrease of $5.8 million, or 29.8 percent, from the 2012–13 biennial spending levels. The program awards grants to organizations providing a broad range of services to veterans and their families. The decrease is primarily related to decreased revenue from lottery ticket sales dedicated for veterans' service grants. The fund includes proceeds from the dedicated veterans' lottery game administered by the Texas Lottery Commission, and Department of Motor Vehicles (DMV) vehicle registration dedicated donations, State Employee Charitable Campaign contributions, Department of Public Safety drivers' license registration donations, and online and direct individual donations. The Housing4TexasHeroes grant program, a component program of the Fund for Veterans' Assistance, is funded partially by appropriations of general revenue and partially through an interagency transfer from the Texas Housing Trust Fund.

Of the agency's 382.5 FTE positions, 45.0 percent are assigned to veterans' employment and training programs, 41.0 percent provide direct claims assistance to veterans and their families, and 4.0 percent are associated with evaluating veterans' education and training programs. The remaining 10.0 percent of the positions are assigned to the agency's headquarters in Austin and administer the agency's financial, personnel, outreach, grants program, legal and investigative activities, and process veterans' discharge and death certificates.

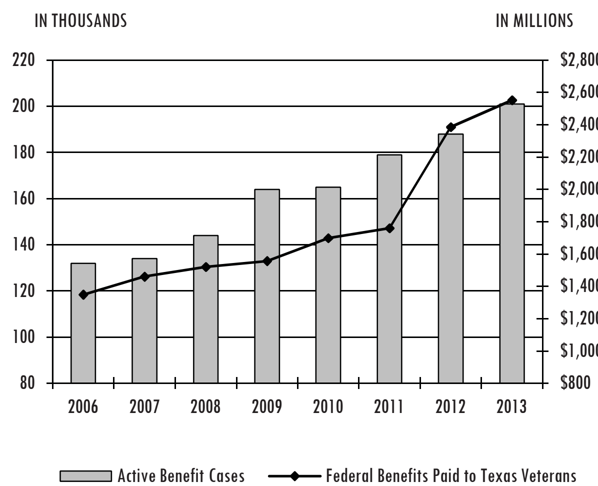
BENEFITS FOR VETERANS

According to veteran population projections from the U.S. Department of Veterans Affairs (VA) for 2013, there are approximately 1.7 million veterans in Texas. According to the most recent 2010 U.S. Census Bureau information, veterans account for 9.5 percent of the state's civilian population age 18 and older. Only California has a higher population of veterans than Texas.

TVC's primary goal is to advocate for veterans, their dependents, and their survivors and provide assistance in obtaining eligible benefits. This goal is accomplished through outreach services and claims filing by agency personnel and local Veterans County Service Officers. The VA implements federal laws regarding veterans' benefits. A U.S. veteran is defined by the VA as an individual who has served on active duty in the military under honorable conditions. According to the most recent information available from the VA for federal fiscal year 2012, total federal compensation and pension benefits for veterans in Texas totaled approximately $4.9 billion, representing 9.2 percent of the total U.S. benefit payments made to U.S. veterans. Texas veterans represented by the agency received approximately $2.5 billion of that amount.

The agency managed a caseload of more than 201,423 cases in fiscal year 2013. The TVC anticipates recovering approximately $5.0 billion in federal benefits during the 2014–15 biennium and estimates that it will manage a caseload of approximately 216,387 active veterans' benefit cases each fiscal year of the biennium. The continuing increase is due to the end of combat operations in Iraq, a decreased military presence in Afghanistan, and force shaping measures announced by the Department of Defense in January 2012, coupled with the increasing demand of an aging population of WWII, Korea, Vietnam and Gulf War I era veterans whose health will deteriorate as they age. The increase is also due to the efforts of the State Strike Force and Fully Developed Claims Teams initiative to help address the backlog of VA claims in Texas, which began in fiscal year 2012 and are expected to continue beyond the 2014–15 biennium. **Figure 144** shows the number of active veterans' benefit cases filed by TVC, and total federal benefits paid by the VA as a result of agency representation of veterans from fiscal years 2006 to 2013.

FIGURE 144
FEDERAL BENEFITS AND CASE REPRESENTATION BY THE VETERANS COMMISSION, FISCAL YEARS 2006 TO 2013



Source: Texas Veterans Commission.

CLAIMS REPRESENTATION AND COUNSELING

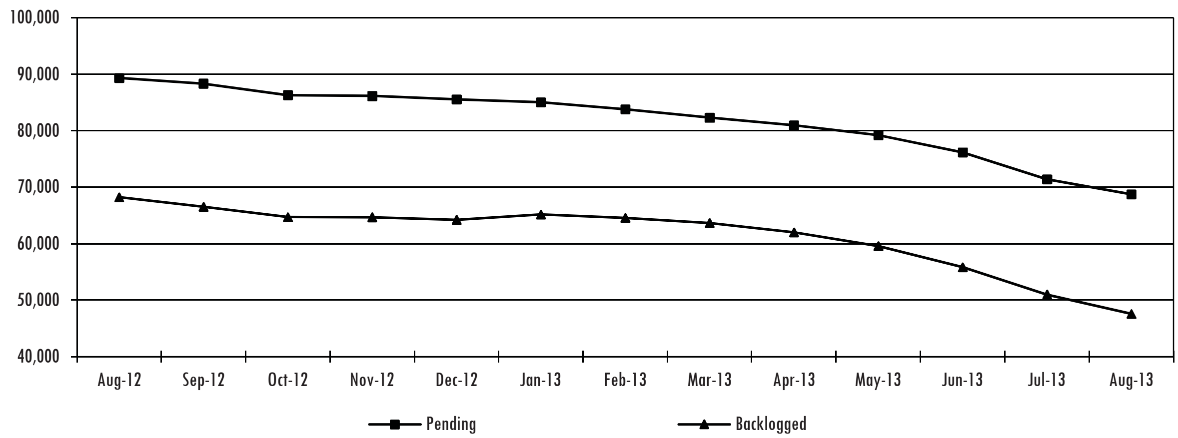
The federal government does not automatically grant veterans benefits; therefore, TVC employs 108 veterans' assistance counselors and staff to assist veterans, their spouses and dependents, or their survivors in applying for benefits. In addition to assisting veterans and family members with applications for financial benefits, TVC counselors assist veterans in developing claims and gathering evidence, and provide representation for veterans before the VA. The agency's claims representation and counseling services are available statewide in 38 agency offices, two of which are regional offices and 36 are field offices. The regional offices are located in Houston and Waco within the two federal VA offices that serve Texas, and field offices are located close to or within military installations, veterans' medical facilities, and state veterans' homes operated by the Texas Veterans Land Board. Veterans' assistance counselors offer training to the state's Veterans County Service Officers that represent veterans whose claims are filed at a county office. In addition to the agency's field and regional offices, there are 216 county offices in which 252 Veterans County Service Officers assist with veterans' claims. These county offices rely on TVC for training, technical assistance, and representation of claims before the VA.

In fiscal year 2012 TVC began the reinstatement of the "State Strike Force Teams," originally implemented in fiscal year 2010 to help reduce the federal backlog of veterans' claims pending before the VA. According to TVC, the caseload of veterans' claims filed with the VA in Texas more than doubled from fiscal years 2010 to 2012, and an associated backlog at the VA quadrupled during this period. By July 2012, there were 68,612 cases pending for over 125 days, representing approximately three-quarters of the cases pending in Texas.

Two State Strike Force Teams are now located at the regional VA offices in Houston and Waco, working exclusively on backlogged claims and appeals. In addition, there are Fully Developed Claims Teams at each regional office, working to expedite newly filed, fully developed claims. In fiscal year 2013, the Strike Force Teams assisted with over 22,403 cases, and the Fully Developed Claims Teams assisted with approximately 12,671 cases. From August 2012 to August 2013, the VA cases pending dropped from 89,339 to 68,249, and the backlogged cases pending for over 125 days dropped from 68,745 to 47,594. **Figure 145** shows the recent history of the combined backlog at the Houston and Waco VA Regional Offices since the State Strike Force and Fully Developed Claims Teams became operational.

TVC further assists in the identification of veterans who may be receiving other forms of public assistance but also qualify to receive federal benefits from the VA which they are not currently receiving. To achieve this review and identification of eligible veterans, and in cooperation with the Health and Human Services Commission, the Veterans Land Board, and the Department of Aging and Disability Services, the state uses the federal data matching system, known as the Public Assistance Reporting Information System, to cross reference various federal agencies and identify veterans who are not accessing their full federal benefits.

FIGURE 145
MONTHLY CHANGE IN VETERANS ADMINISTRATION CLAIMS PENDING AND BACKLOGGED OVER 125 DAYS, AUGUST 2012 TO AUGUST 2013



Source: Texas Veterans Commission.

Initially funded by the Eighty-second Legislature, 2011, the Women Veterans Coordinator at TVC continues to direct outreach and support to the growing number of Texas female veterans. This initiative provides counseling and assistance for the unique needs that female veterans face during reintegration into civilian life. According to the VA, Texas has the highest population of female veterans in the country with 191,757 female veterans, as of September 30, 2013.

VETERANS EMPLOYMENT SERVICES

TVC provides employment assistance to Texas' veterans and eligible spouses through workforce centers, VA facilities, and military installations around the state. During the 2012–13 biennium, TVC Veterans Employment Representatives provided services to over 156,000 veterans in need of employment, of which more than 50 percent secured employment. Also according to TVC, while Texas receives 7 percent of federal funding for veterans services nationwide, the state accounts for 18 percent of the nation's veterans that received services and actually entered into employment. TVC anticipates providing an estimated 187,280 specific services to veterans in the 2014–15 biennium, which include: job matching and referral; résumé preparation; employer outreach; job search workshops; vocational guidance; labor market information; and referrals to training and supportive services.

The agency also assists and prepares the transitioning of wounded active duty service members for civilian careers through a number of programs geared toward facilitating the re-entry and employment of veterans with special needs into civilian life. Among the TVC programs for all veterans, there are several that provide this type of special transition assistance for wounded veterans, including the following:

- Veteran Business Representatives—develops hiring opportunities within the local workforce area by promoting the benefits of hiring eligible veterans.
- Family Employment Assistance Counselors (FEAC)—provides employment services to caretakers and family members of Wounded Warriors and veterans. Currently, FEAC personnel are located at Fort Hood in Killeen and Brook Army Medical Center in San Antonio.
- State of Texas Soldier Employment Initiative—provides enhanced outreach and employment services to targeted separating Army veterans who are already drawing unemployment compensation for ex-service members.

In addition, the Eighty-third Legislature, Regular Session, 2013, established the Veteran Entrepreneur Program to enhance long-term careers for veterans through small business ownership. It aims to bridge the gap between the available resources and veteran entrepreneurs to ease the challenges of the business start-up process for would-be veteran entrepreneurs. TVC will identify funding sources, mentors, business opportunities and business education programs and develop a one-stop shop for providing key information and assistance.

VETERANS EDUCATION

TVC is the state approving agency for the Veterans Education Program and for the federal GI Bill educational benefits. In this role, the agency reviews, evaluates, approves, and oversees education and training programs for veterans and other eligible persons. TVC conducts VA-directed compliance visits examining school/training establishment reporting accuracy, tuition/fee charges to both the veterans and the VA, and VA payment accuracy. As of the end of fiscal year 2013, there were approximately 2,400 TVC-approved Texas colleges, universities, trade and vocational schools, and training facilities.

According to the most recent information available from the VA for federal fiscal year 2012, Texas ranked second in the nation in the number of veterans receiving GI Bill education benefits, totaling approximately $780 million for an estimated 91,000 student veterans. During fiscal year 2013, the TVC Veterans Education program responded to over 8,800 inquiries regarding education benefits; conducted over 564 onsite visits, including 234 VA directed Compliance Visits, to colleges, universities, trade and vocational schools, and training sites throughout the state; and participated in over 399 Veterans Job Fairs, Veterans Benefits Fairs and other outreach events in Texas.

Among the education benefits for Texas veterans is the Hazlewood Tuition Exemption Program. It is a State of Texas benefit that provides qualified veterans, spouses, and dependent children with an education benefit of up to 150 credit hours of tuition exemption, including most fee charges, at public institutions of higher education in Texas. An eligible veteran may also elect to waive the benefit and transfer unused credit hours to an eligible child, including a biological or adopted child, stepchild, or one claimed as a dependent on their federal income tax return. The Hazlewood Exemption does not include living expenses, books or supplies. The Eighty-third Legislature, Regular Session, 2013, moved administration of the program to TVC from the Texas Higher Education Coordinating Board.

FUND FOR VETERANS' ASSISTANCE

The Fund for Veterans' Assistance (FVA) awards reimbursement grants to non-profit and local government organizations to provide direct services to Texas veterans and their families in two categories: FVA General Assistance Grants and Housing4TexasHeroes. During the 2012–13 biennium, 70 organizations were awarded more than $12.8 million in FVA General Assistance grants and eight organizations were awarded just under $3.2 million for Housing4TexasHeroes grants, serving a combined 99,800 Texas veterans and their families.

Organizations receiving FVA General Assistance grants provide direct services to Texas veterans and their families to address a broad range of needs that include financial assistance, transportation services, counseling for Post-Traumatic Stress Disorder and Traumatic Brain Injury, housing assistance, family and child services, and information and referral to other services.

Organizations receiving grants from the Housing4TexasHeroes program provide temporary or permanent housing assistance to Texas veterans and their families. Grants for temporary housing may provide transitional housing to homeless veterans, short-term rental assistance to low income veterans, or assistance to families of veterans who are undergoing long-term treatment at a medical facility in Texas. Grants for permanent housing may provide new home construction or home renovation or modification for disabled veterans with a physical disability or severe injury.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, passed several bills related to programs administered by the Texas Veterans Commission.

HB 1025 – Supplemental Appropriation to Help Reduce Federal Claims Backlog. The enactment of House Bill 1025 provides an increase in General Revenue Funds of approximately $2.0 million in fiscal year 2013 to support two specialty teams (State Strike Force and Fully Developed Claims Teams) that provide assistance to reduce the number of cases backlogged at the U.S. Department of Veterans Affairs.

SB 1158 and 1159 – Education Assistance for Veterans. The enactment of Senate Bills 1158 and 1159 focus on sustaining education possibilities for veterans by:

- moving administration of the Hazlewood Tuition Exemption Program to TVC from the Texas Higher Education Coordinating Board;
- establishing a network of education counselors to assist veterans in maximizing benefits;
- establishing the Veteran Education Excellence Recognition Award to recognize institutions of higher

education that meet or exceed standards for providing specific services to veterans; and

- directing a study of the sustainability of federal and state veteran education benefits in the state.

SB 1476 – Creation of the Veteran Entrepreneur Program. The enactment of Senate Bill 1476 establishes the Veteran Entrepreneur Program, to foster and promote veteran entrepreneurship and business ownership throughout the state.

HB 633 – Donations to the Fund for Veterans Assistance. The enactment of House Bill 633 allows Texans to make donations to the Fund for Veterans Assistance when applying for or renewing a drivers' license.

HB 7 – Reallocates Certain Revenues to be Deposited Outside the General Revenue Fund. The enactment of House Bill 7 prohibits the use of certain funds for certification of the state budget and requires certain specialty license plate revenue to be deposited outside the General Revenue Fund. Accordingly, revenue from the sale of TVC's Air Force Association of Texas and American Legion license plates, previously deposited to their respective General Revenue–Dedicated accounts, will be deposited to the newly created License Plate Trust Fund Account.

5. HEALTH AND HUMAN SERVICES

*Health and Human Services (HHS) is the second-largest function of Texas state government. As shown in **Figure 146**, All Funds appropriations for HHS for the 2014–15 biennium total $73.9 billion, or 36.9 percent of all state appropriations. This amount is an increase of $5.1 billion, or 7.4 percent, in All Funds. **Figure 147** shows 2014–15 biennial appropriations by method of financing and full-time-equivalent positions from fiscal years 2010 to 2015 for all HHS agencies.*

The 2014–15 General Appropriations Act establishes the following average monthly service levels for fiscal year 2015:

- *health insurance for 4.2 million Medicaid recipients (including 3.1 million children);*
- *health insurance for almost 400,000 Children's Health Insurance Program (CHIP) enrollees;*
- *cash grants to approximately 100,000 Temporary Assistance for Needy Families (TANF) clients;*
- *adoption subsidies for approximately 44,000 children; and*
- *foster care payments for approximately 16,000 children per month.*

*Eligibility for many of these programs is based on income in relation to the federal poverty level (FPL) (**Figure 148**).*

FIGURE 146
ALL FUNDS APPROPRIATIONS FOR HEALTH AND HUMAN SERVICES
2014–15 BIENNIUM

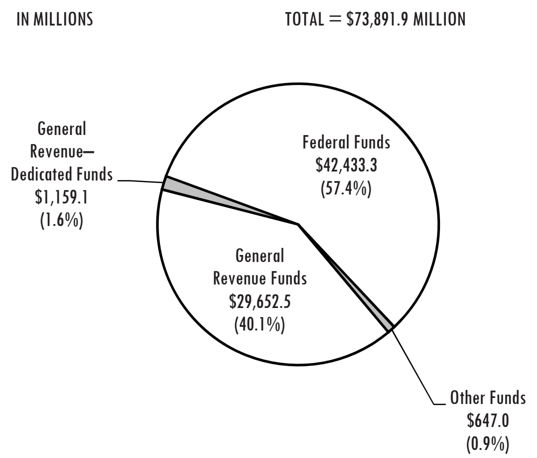
IN MILLIONS

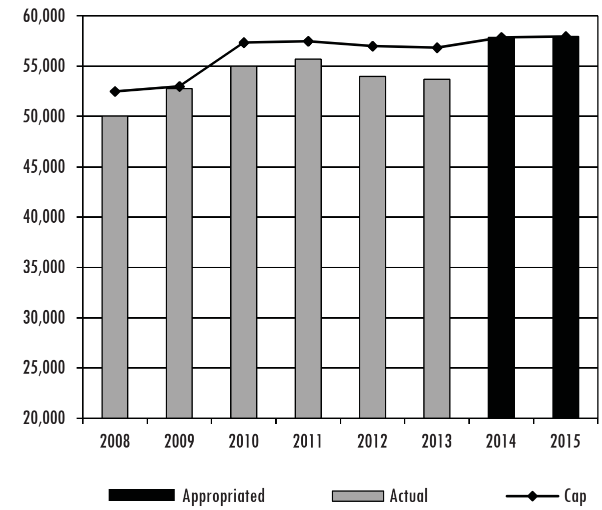
AGENCY	ESTIMATED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Aging and Disability Services, Department of	$12,769.0	$13,862.4	$1,093.5	8.6
Assistive and Rehabilitative Services, Department of	1,239.6	1,264.2	24.6	2.0
Family and Protective Services, Department of (3)	2,689.1	3,036.1	346.9	12.9
State Health Services, Department of	5,954.3	6,543.9	589.6	9.9
Health and Human Services Commission	45,548.2	48,548.6	3,000.3	6.6
Subtotal, Health and Human Services	**$68,200.2**	**$73,255.1**	**$5,054.9**	**7.4**
Retirement and Group Insurance	$1,140.6	$1,367.3	$226.6	19.9
Social Security and Benefit Replacement Pay	329.4	333.8	4.4	1.3
Subtotal, Employee Benefits	**$1,470.1**	**$1,701.1**	**$231.0**	**15.7**
Bond Debt Service Payments	$55.8	$56.0	$0.2	0.3
Lease Payments	12.5	8.7	(3.8)	(30.6)
Subtotal, Debt Service	**$68.3**	**$64.7**	**($3.6)**	**(5.3)**
Less Interagency Contracts	$909.0	$1,129.0	$220.0	24.2
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$68,829.6**	**$73,891.9**	**$5,062.3**	**7.4**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and, the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and, the Governor's vetoes.
(3) Funding totals for the 2012–13 biennium as reflected in Appendix B, Appendix C, and in the Department of Family and Protective Services section of Chapter 5, Health and Human Services, do not include $14.5 million in General Revenue Funds ($11.5 million in All Funds) for Foster Care and $0.4 million in General Revenue Funds ($0.6 million in All Funds) for Adoption Subsidies and Permanency Care Assistance. These amounts should be added to the figures shown to arrive at the totals approved by the Eighty-third Legislature for the 2012–13 biennium.
(4) Article totals exclude Interagency Contracts.
(5) Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 147
HEALTH AND HUMAN SERVICES APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2014–15 BIENNIUM





NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

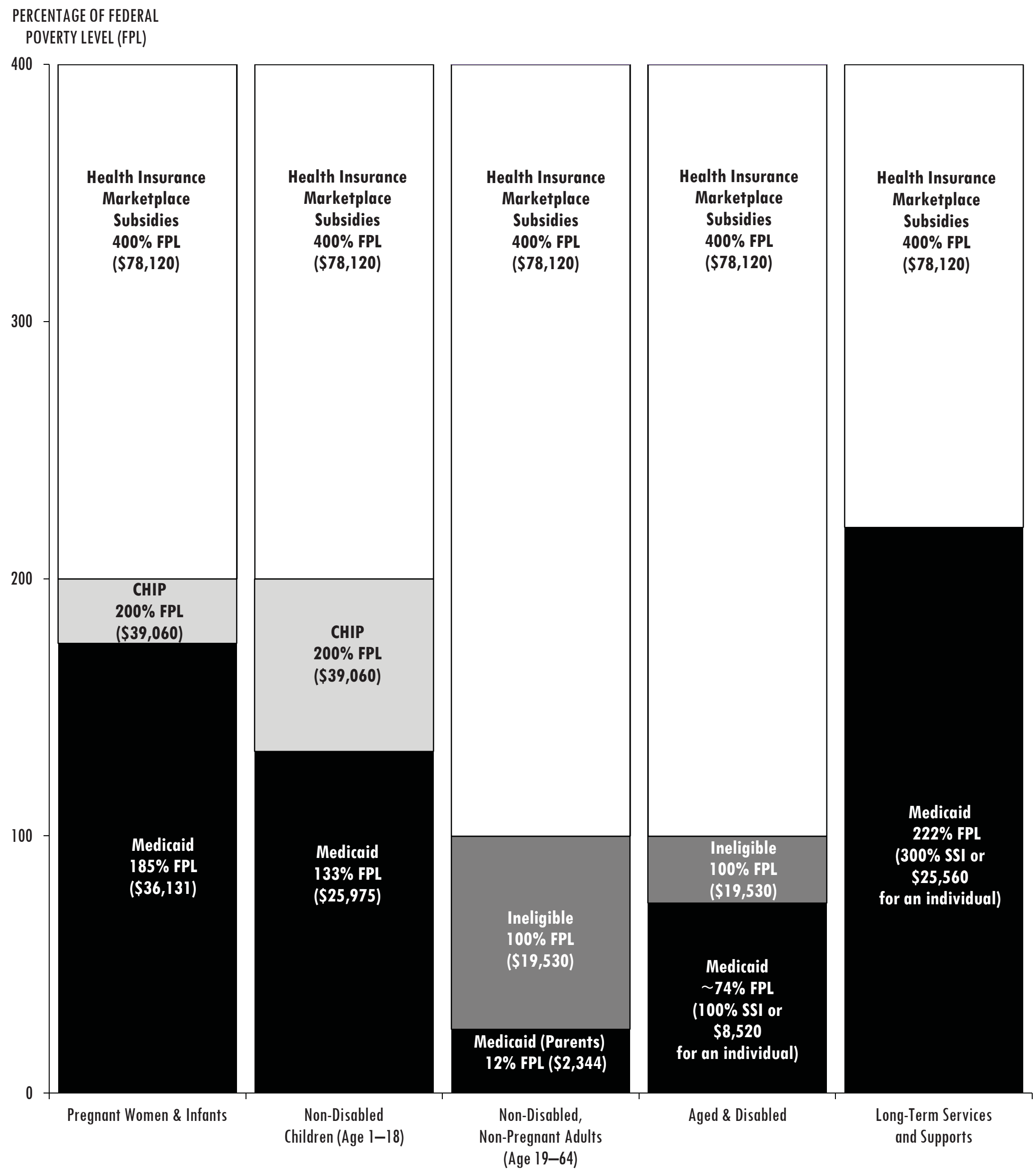
SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FUNDING ISSUE: MEDICAID

The primary funding issue for the HHS function is the Texas Medicaid program, comprising more than three-quarters of HHS All Funds appropriations. More than 96 percent of Medicaid funding pays for acute care services provided by HHSC and long-term services and supports provided primarily by DADS. A total of $56.2 billion in All Funds, including $22.0 billion in General Revenue Funds, $0.1 billion in General Revenue–Dedicated Funds, $33.4 billion in Federal Funds, and $0.7 billion in Other Funds is appropriated for these services for the 2014–15 biennium. These appropriations represent a significant increase in the Medicaid program from the 2012–13 biennial expenditure level: $4.2 billion in All Funds and includes $1.2 billion in General Revenue Funds, or 8.2 percent and 5.9 percent, respectively.

Figure 149 identifies increased funding demand for the 2014–15 biennium of $6.0 billion in All Funds. The figure also illustrates that appropriations assume a $1.8 billion All Funds offset to this increased demand in the form of cost-containment initiatives, budgeted savings, and funding reductions. Absent this offset, Medicaid appropriations would have totaled $57.9 billion All Funds, an 11.6 percent increase from the 2012–13 biennial level. The major components of the increased funding demand include: caseload growth, cost growth, long-term services and supports, and supplemental payments, all of which are discussed in detail to follow.

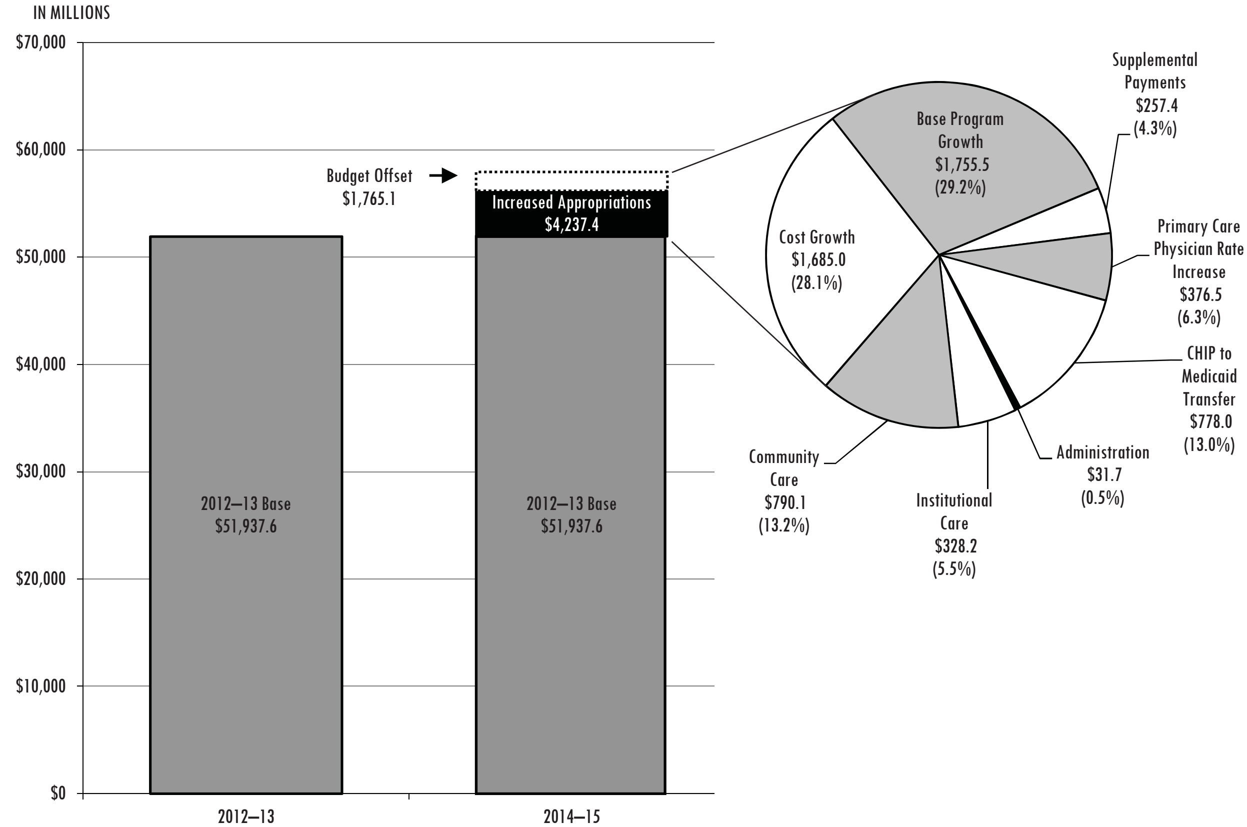
FIGURE 148
TEXAS MEDICAID, CHIP, AND MARKETPLACE SUBSIDY ELIGIBILITY FOR A FAMILY OF 3 (UNLESS OTHERWISE NOTED)
JANUARY 1, 2014



Notes:
(1) Income eligibility in the Aged/Disabled and Long-Term Services and Supports categories is based on Supplemental Security Income (SSI) for an individual or couple. Title XX community care (non-Medicaid) is based on 300 percent SSI.
(2) Subsidies through the Affordable Care Act (ACA) are only available for persons 100 to 400 percent FPL.
(3) Medicaid eligibility for parents is based on the income eligibility level of Temporary Assistance for Needy Family (TANF) cash assistance. Childless adults in this category are ineligible.
(4) The ACA replaces the current Medicaid and CHIP asset tests with an income disregard for non-aged, non-disabled applicants, effectively raising FPL levels by 5 percentage point for this group. The income disregard is not reflected in the chart.

Sources: Legislative Budget Board; Health and Human Services Commission; U.S. Department of Health and Human Services.

FIGURE 149
MEDICAID ACUTE AND LONG-TERM SERVICES AND SUPPORTS CLIENT SERVICES FUNDING, 2012–13 AND 2014–15 BIENNIA



Source: Legislative Budget Board.

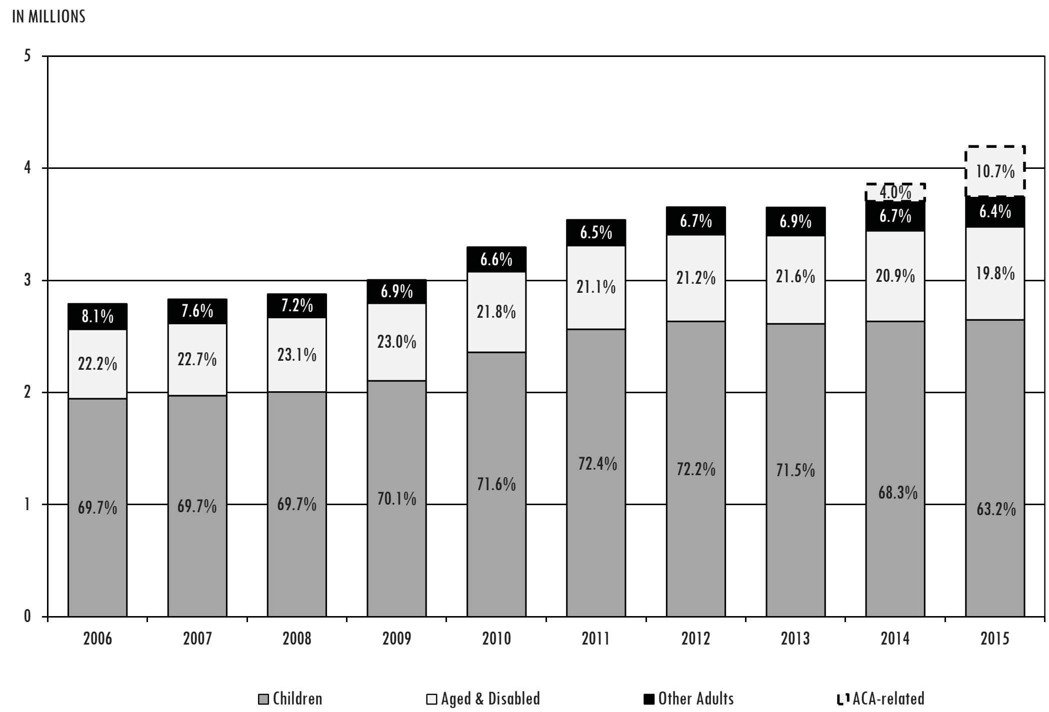
CASELOAD GROWTH

Figure 150 shows average monthly acute care Medicaid caseloads for fiscal years 2006 to 2015 by enrollment group. Children comprise more than 70 percent of the acute care caseload in Texas and enrollment among this group continues to grow in proportion to the overall Medicaid caseload. Acute care caseload growth was relatively steady until 2008, when enrollment accelerated due to the economic recession; from fiscal years 2008 to 2012, enrollment grew by 26.9 percent. By 2012, Medicaid enrollment had restabilized. The Medicaid caseload is expected to reach 3.9 million average monthly clients in 2014 and 4.2 million average monthly clients in 2015, representing a 14.9 percent increase from fiscal years 2013 to 2015.

As shown in **Figure 150**, most of the anticipated caseload growth this biennium can be attributed to two ACA requirements: the transfer of children from CHIP to Medicaid and the 12-month eligibility recertification. These two requirements are projected to increase average monthly caseload by 447,515 by fiscal year 2015, making up more than 10 percent of the total expected caseload. Overall caseload growth from fiscal years 2013 to 2015 without the new ACA provisions would be less than 3 percent. The ACA requirement shifting CHIP caseload to Medicaid results in a commensurate reduction in clients in CHIP.

The highest proportion of increased funding demand for the 2014–15 biennium (29.2 percent) is for base program growth, which includes the cost of projected Medicaid caseload growth independent of policy changes to occur during the biennium and maintaining fiscal year 2013 average cost per client. Base program growth is fully funded at $1,755.5 million All Funds. Additional caseload growth from the transfer of children from CHIP accounts for another $778.0 million All Funds (13.0 percent of the overall increased demand) offset by $566.1 million All Funds reduction to CHIP.

FIGURE 150
ACUTE CARE MEDICAID AVERAGE MONTHLY CASELOADS AT THE HEALTH AND HUMAN SERVICES COMMISSION
FISCAL YEARS 2006 TO 2015



Notes:
(1) Represents average monthly number of clients receiving Medicaid acute care health insurance services through the Health and Human Services Commission. Aged and Disabled includes clients enrolled in STAR+PLUS.
(2) Other Adults includes TANF Adults, Pregnant Women, and Medically Needy clients.
(3) Affordable Care Act (ACA)-related includes children to be transferred from CHIP to Medicaid and additional average monthly caseload due to the extension of the eligibility recertification period to 12 months.
(4) Fiscal year 2013 is estimated.
(5) Fiscal year 2014 and 2015 are projected.

Sources: Legislative Budget Board; Health and Human Services Commission.

COST GROWTH

Cost growth encompasses funds for higher patient acuity, increased service utilization, and medical inflation. Related to this category for fiscal years 2014 and 2015 are higher PCP reimbursement rates, pursuant to the ACA.

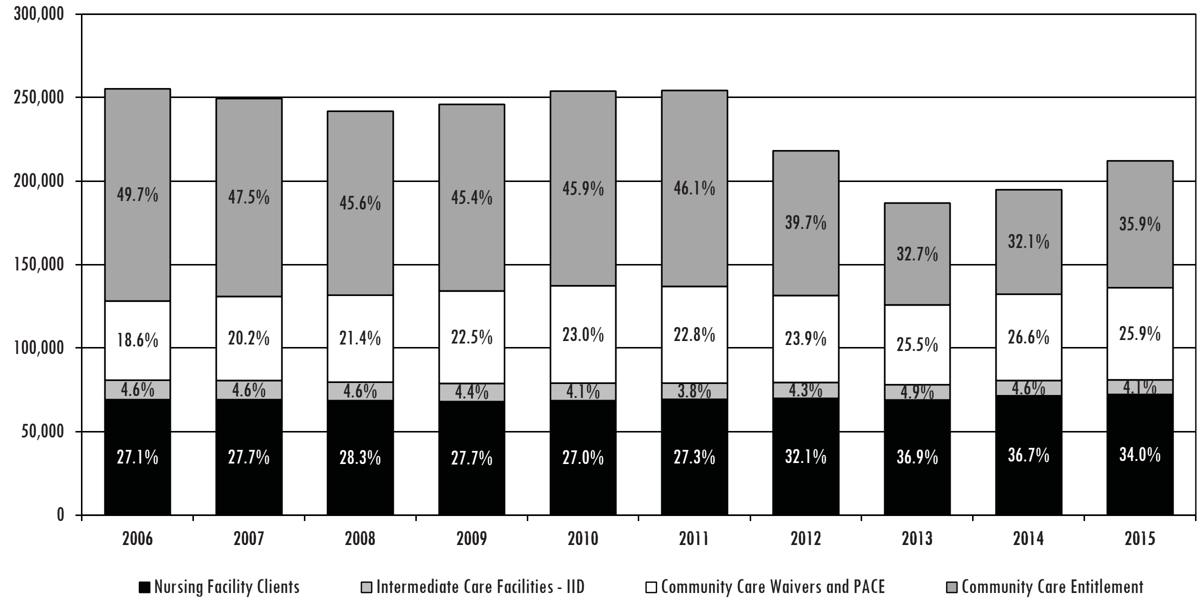
Cost growth (not related to the new PCP rates) is funded at $1,685.0 million All Funds for fiscal years 2014 and 2015. Of this total, DADS' cost growth is funded at $88.4 million All Funds and HHSC's cost growth is funded at $1,596.6 million All Funds. The actual 2014–15 fiscal implication of cost growth may be higher than what was appropriated.

PCP reimbursement rates account for another $376.5 million All Funds (6.3 percent) of the 2014–15 biennial increased demand. These rates are almost completely federally funded. The increase between the biennia is pronounced since there are twice as many months in the 2014–15 biennium as in the 2012–13 biennium that fall into the time period of the rate increase (January 1, 2013 through December 31, 2014).

LONG-TERM SERVICES AND SUPPORTS

Long-term services and supports includes both community-based care (community care waivers/PACE and community care entitlement programs) and institutional care (nursing facilities and intermediate care facilities). **Figure 151** shows average monthly caseloads for fiscal years 2006 to 2015 by type of long-term care at DADS. The apparent decline in the number of individuals receiving community-based care from fiscal years 2011 to 2013 is due to the expansion of STAR+PLUS at HHSC, which resulted in fewer persons receiving long-term services and supports through DADS.

FIGURE 151
LONG-TERM SERVICES AND SUPPORTS MEDICAID AVERAGE MONTHLY CASELOADS AT THE DEPARTMENT OF AGING AND DISABILITY SERVICES, FISCAL YEARS 2006 TO 2015



Notes:
(1) Community Care Entitlement includes Primary Home Care, Community Attendant Services, Day Activity and Health Services, and Habilitation Services.
(2) Community Care Waivers include Community-based Alternatives, Home and Community-based Services, Community Living and Support Services, Deaf-Blind Multiple Disabilities, Medically Dependent Children Program, Consolidated Waiver, Texas Home Living, and Promoting Independence.
(3) Nursing facility includes Medicaid nursing facility, Medicaid co-payment for Medicare Skilled Nursing Facility Care, and Hospice.
(4) Intermediate Care Facilities - IID (ICFs-IID) includes private ICFs-IID and State Supported Living Centers.
(5) Fiscal year 2013 is estimated.
(6) Fiscal years 2014 and 2015 are projected.
Sources: Legislative Budget Board; Department of Aging and Disability Services.

Fiscal year 2015 average monthly caseloads in long-term community-based care are estimated at 131,188 clients, which represent a 20.7 percent increase from fiscal year 2013. Average monthly caseloads in institutional settings (nursing facilities and intermediate care facilities) are estimated at 81,049 clients, which represent a 3.7 percent increase from fiscal year 2013. This contrast reflects the shifting emphasis from institutional to community-based services for clients utilizing long-term services and supports, and specifically the investment of new funding in community care waivers and establishment of the new habilitation services through CFC.

Altogether, long-term services and supports at DADS comprises $1,118.3 million All Funds, or 18.6 percent, of new appropriations for fiscal years 2014 and 2015. Of this amount, community-based long-term care expansion accounts for $790.1 million All Funds (13.2 percent) of new funds. The majority of these new appropriations are not driven by entitlement caseload growth or mandated by policy requirements. Funded items include raising attendant care wages; expanding community-based services through CFC and additional waiver slots; and providing additional therapies to persons with acquired brain injuries. Institutional care accounts for $328.2 million in All Funds, or 5.5 percent of the new appropriations. The majority of this amount supports rate increases for nursing facilities ($246.6 million in All Funds) and increased funding for state supported living centers ($70.5 million All Funds).

SUPPLEMENTAL PAYMENTS

A net increase in supplemental payments to hospitals and health-related institutions accounts for $257.4 million All Funds (4.3 percent). The net amount includes an increase of $162.1 million in General Revenue–Dedicated Funds to be transferred from DSHS to HHSC through Interagency

Contract, which may be used to draw additional federal funding for the Disproportionate Share Hospital (DSH) program (these federal funds are not reflected in appropriations); $101.2 million in All Funds for additional payments to health-related institutions under the Texas Health Care Transformation and Quality Improvement Program 1115 Waiver; and a reduction of $6.0 million for discontinued Children's Hospital Upper Payment Limit (UPL) payments.

BUDGET ADJUSTMENTS

In a continuing effort to slow Medicaid expenditure growth, the Eighty-third Legislature, Regular Session, 2013, adopted a number of policies to contain costs for the 2014–15 biennium and reduced appropriations for assumed savings related to other policies. As **Figure 149** shows, these cost-containment efforts, budgeted savings, and funding reductions total $1,765.1 million in All Funds ($909.1 million in General Revenue Funds and Other Funds).

The cost containment initiatives listed in the 2014–15 General Appropriations Act (GAA), Article II, HHSC, Rider 51, Medicaid Funding Reduction and Cost Containment, are assumed to save $400 million in General Revenue Funds ($961.6 million in All Funds). Many of these initiatives focus on establishing quality-based and efficient payment reform strategies, incentivizing appropriate service utilization, improving health outcomes, and reducing Medicaid fraud and abuse. To the extent that the agency does not fully realize assumed savings from these cost-containment initiatives, HHSC, Rider 51, directs the agency to implement additional initiatives, which could reduce any supplemental need associated with assumed cost containment.

Additional appropriation reductions are included from changes to programs at DSHS and the Office of the Inspector General, totaling $159.1 million in General Revenue Funds and General Revenue–Dedicated Funds ($383.1 million All Funds). Approximately 83 percent of these reductions are due to an increase in family planning services in the Community Primary Care and Family Planning Programs at DSHS, which is intended to avert births that would otherwise be paid for by the Medicaid program.

The Eighty-third Legislature, Regular Session, 2013, also reduced General Revenue Funds by $50.0 million ($120.4 million All Funds) due to anticipated savings outlined in the 2014–15 GAA, Article II, Special Provisions Relating to Health and Human Services Agencies, Sec. 47, Contingent Revenue, Appropriation of Cost. HHSC is expected to receive settlement receipts in these amounts submitted by the Office of the Attorney General from Medicaid fraud-related judgments or recoveries.

Rider 86 in the Health and Human Services Commission's bill pattern provides HHSC with the authority to use up to $300 million in General Revenue Funds to stabilize and improve Medicaid hospital payments. No additional appropriation was made to fund these payments, and certain requirements, including LBB approval, must be met before a payment is made. To the extent that making such payments results in reducing funding available for Medicaid entitlement services, an increased demand for Medicaid appropriations could result.

FEDERAL LEGISLATION: PATIENT PROTECTION AND AFFORDABLE CARE ACT

In March 2010, the federal Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, was enacted, commonly referred to as the Affordable Care Act (ACA). Major features of the healthcare reform legislation include the individual mandate requiring most individuals to carry health insurance; the establishment of the Health Insurance Marketplace, which facilitates the purchase of health insurance coverage for individuals and small businesses and offers subsidies to some people with incomes from 100 percent to 400 percent of the Federal Poverty Level (FPL) who are not eligible for other types of public and private coverage; and the expansion of Medicaid to adults with incomes up to 133 percent FPL, a provision ruled optional by the U.S. Supreme Court. Although states may change their position at any time, according to the Kaiser Family Foundation website, which tracks the health reform law's implementation, as of October 22, 2013, 25 states and the District of Columbia have opted to participate in Medicaid Expansion and 25 states, including Texas, have decided not to expand Medicaid. Therefore, the ACA's impact on the state's 2014–15 biennial HHS budget is primarily limited to changes within the existing Medicaid program and to new ACA initiatives.

Several provisions of the ACA impact the methodology for Medicaid and Children's Health Insurance Program (CHIP) eligibility determination. The law converts income standards to Modified Adjusted Gross Income, (MAGI) for non-disabled applicants under age 65, which replaces the current

Medicaid and CHIP asset tests with a 5 percentage point income disregard, effectively raising FPL income eligibility thresholds by 5 percentage points.

The ACA sets Medicaid eligibility levels for all non-disabled children to 133 percent FPL (138 percent of FPL factoring in the income disregard). This policy change will result in a transition of children ages 6 to 18 in families below this income threshold, previously eligible for CHIP, to the Medicaid program. Although payments for services provided for these children will continue to be matched at the more favorable CHIP Enhanced Federal Medical Assistance Percentage (EFMAP), because more benefits are available in the Medicaid program, the transition is expected to result in a net cost for the 2014–15 biennium ($208.5 million All Funds, including $49.3 million General Revenue Funds). The ACA also requires recertification for eligibility in the Medicaid program to occur every 12 months for groups converting to MAGI eligibility standards. Since current policy in Texas requires recertification every six months, the policy may increase average monthly Medicaid enrollment. Appropriations do not assume a cost impact of this change in the recertification process. All these Medicaid eligibility-related policies are effective January 1, 2014.

The ACA provides a reimbursement rate increase up to the Medicare rate for certain services provided by primary care physicians (PCPs) in Medicaid through December 31, 2014, which is 100 percent federally funded above the rates in effect in July 2009. Since Texas reduced rates by 2 percent in fiscal year 2011, the state is required first to restore them to previous levels at regular Medicaid matching rates. Provisions of the ACA also reduce Disproportionate Share Hospital (DSH) allocations for all states beginning in federal fiscal year 2014. Since final DSH allotments for 2014 have not yet been announced, the impact of the policy change on Texas is unknown at this time.

Several new initiatives included in the ACA impact long-term-care services in Texas. The optional Community First Choice (CFC) program provides an additional 6 percent federal match for attendant and habilitation services for participating states. Appropriations assume, for existing attendant services provided by the Health and Human Services Commission (HHSC) and the Department of Aging and Disability Services (DADS), a method-of-finance swap related to the additional federal match, replacing $93.1 million in General Revenue Funds with Federal Funds. An additional $345.3 million in All Funds, including $117.5 million in General Revenue Funds, is appropriated to establish a new entitlement program for habilitation services for persons with intellectual and developmental disabilities and to fund increased services required by the ACA. Another optional program, the Balancing Incentive Program, provides participating states an additional 2 percent federal match for qualifying community-based long-term services and supports for the three-year period beginning October 1, 2012. Texas was initially approved to receive up to $301.5 million in increased federal funding, subject to a requirement that the state spend an equal amount of General Revenue Funds on expanded community-based services.

Since October 1, 2013, the ACA Health Insurance Marketplace has begun to offer subsidized healthcare insurance to some people with incomes of 100 percent to 400 percent FPL. Consequently, appropriations assume savings at the Department of State Health Services (DSHS) due to some clients who have been utilizing public health programs obtaining subsidized healthcare insurance through the Marketplace. Savings because of this ACA policy change total $14.4 million in All Funds for the 2014–15 biennium, including reductions of $16.0 million in General Revenue Funds and $1.3 million in General Revenue–Dedicated Funds, with an offsetting increase of $2.9 million in Other Funds related to assumed revenue gains from insurance companies for services provided by the agency, such as at the state hospitals.

More information on the impact of the ACA on the HHS budget can be found in the HHSC, DADS, and DSHS sections of this chapter.

OTHER MAJOR FUNDING ISSUES

MENTAL HEALTH SERVICES EXPANSION

The Eighty-third Legislature, Regular Session, 2013, invested $312.4 million in All Funds, including $263.4 million in General Revenue Funds, to expand mental health services in fiscal years 2014 and 2015. Appropriations were included to eliminate the waiting list for people seeking community-based mental health services and supportive housing programs, create a public awareness campaign, assist Texas veterans, expand the Youth Empowerment Services waiver statewide, establish a jail-diversion pilot program in Harris County, create a grant program for local collaborative projects, and to support other programs to strengthen the provision of mental health services in the state.

COMMUNITY PRIMARY CARE SERVICES

The Eighty-third Legislature, Regular Session, 2013, appropriated $126.4 million All Funds, including $125.8 million General Revenue Funds, to provide primary care services, particularly services targeted for women. These funds represent $98.2 million All Funds, or 348.1 percent, more than for the previous biennium. Services include preventive healthcare, such as breast and cervical cancer screenings; family planning; and dental care.

SIGNIFICANT LEGISLATION

SB 7 – Improve the Delivery and Quality of Certain Medicaid Acute Care Services and Long-Term Services and Supports. Senate Bill 7, passed by the Eighty-third Legislature, Regular Session, 2013, requires HHSC and DADS to design and implement an acute care services and long-term services and supports system for individuals with intellectual and developmental disabilities and expand the state's Medicaid managed care program. The enacted legislation also contains provisions regarding quality-based outcomes and premium rate-setting strategies that encourage provider payment reform and more efficient service delivery.

DEPARTMENT OF AGING AND DISABILITY SERVICES

The Department of Aging and Disability Services (DADS) was established in September 2004 as a result of House Bill 2292, Seventy-eighth Legislature, Regular Session, 2003, which reorganized all Health and Human Services agencies. This reorganization merged a majority of Department of Human Services programs, all of the Texas Department of Aging programs, and programs serving persons with intellectual disabilities from the Texas Department of Mental Health and Mental Retardation to form DADS. The agency's mission is to provide a comprehensive array of aging and disability services, supports, and opportunities that are easily accessed in local communities.

House Bill 1481, Eighty-second Legislature, Regular Session, 2011, requires use of person-first respectful language by the legislature and health and human services agencies. Terminology in the DADS budget has been updated accordingly.

FUNDING FOR THE 2014–15 BIENNIUM

Appropriations for the 2014–15 biennium total $13.9 billion in All Funds and provide for 17,547.6 full-time-equivalent (FTE) positions in fiscal year 2014 and 17,558.5 FTE positions in fiscal year 2015. The appropriated amount includes $5.6 billion in General Revenue Funds and General Revenue–Dedicated Funds, or 40.4 percent. The appropriations also include $8.2 billion in Federal Funds, of which $7.7 billion, or 94.5 percent, is federal Medicaid matching funds.

The following significant funding issues affect the agency's fiscal year 2013 appropriations:

- House Bill 10, Eighty-third Legislature, Regular Session, 2013, increased DADS appropriation authority by $1,019.1 million in General Revenue Funds ($2,503.8 million in All Funds) for the purpose of addressing the Medicaid client services shortfall.
- House Bill 1025, Eighty-third Legislature, Regular Session, 2013, appropriated $23.0 million in General Revenue Funds for repair and renovation of state supported living centers.

The following significant funding issues affect the agency's 2014–15 biennium appropriations:

- Texas qualified to earn a 2 percent enhanced federal Medicaid match on non-institutional long-term services and supports from October 1, 2012 to September 30, 2015 under the federal Balancing Incentive Program. Texas' initial award is estimated to be $301.5 million and the General Revenue Funds made available by the increased Federal Funds was reinvested across health and human services agencies in a variety of Medicaid community-based services.
- Funding for Medicaid client services programs for the 2014–15 biennium assumes caseload growth and includes $36.2 million in anticipated General Revenue Funds unexpended balance from 2012–13 supplemental appropriations ($88.4 million in All Funds) for anticipated cost growth. These programs are assumed to be fully funded for the 2014–15 biennium.
- Appropriations include $246.6 million in All Funds ($103.0 million in General Revenue Funds) for nursing facility and hospice provider rate increases.
- Appropriations expand several community-care programs. Funds include $128.0 million in All Funds ($50.9 million in General Revenue Funds) for expansion of community-care waiver programs, $79.9 million in All Funds ($25.3 million in General Revenue Funds) for Promoting Independence Services, and $344.5 million in All Funds ($89.0 million in General Revenue Funds) for the new Community First Choice program.
- Funding levels include $90.7 million in All Funds ($35.9 million in General Revenue Funds) for wage increases for certain attendants providing care to clients in Medicaid community-based programs, and $4.9 million in All Funds (all General Revenue Funds) for wage increases for attendants in non-Medicaid community-care programs.
- Funding levels include the addition of $25.4 million in All Funds ($13.8 million in General Revenue Funds) for state supported living centers above 2012–13 biennial spending levels. Funding provides for a 10 percent pay increase for direct service professionals, increases for vehicles, furniture and equipment and frozen food, and other salaries and staffing-related expenses.

AGENCY GOALS

Agency functions are divided into three primary goals: provision of long-term services and supports for persons who are aging and have disabilities; regulation, certification, and outreach services; and indirect administration. Long-term services and supports receives the majority of the agency's appropriated funds (97.6 percent), while regulation, certification, and outreach and indirect administration account for 1.1 and 1.3 percent, respectively.

The agency provides a continuum of long-term services and supports, ranging from in-home and community-based services to institutional care delivered in nursing facilities and intermediate care facilities for individuals with intellectual disabilities (ICFs-IID). Service plans are tailored to the needs of individuals and may include assistance with daily needs; employment services, skills training, and specialized therapies; home improvements, special equipment, and related items; nursing home and hospice care; and 24-hour residential services and active treatment. Appropriations for long-term services and supports for the 2014–15 biennium total $13.5 billion in All Funds and provide for 15,865.3 FTE positions in fiscal year 2014 and 15,870.7 positions in fiscal year 2015. Of the appropriated amount, $5.5 billion, or 40.5 percent, is General Revenue Funds and General Revenue–Dedicated Funds. Medicaid client services funding accounts for $12.6 billion in All Funds (93.0 percent).

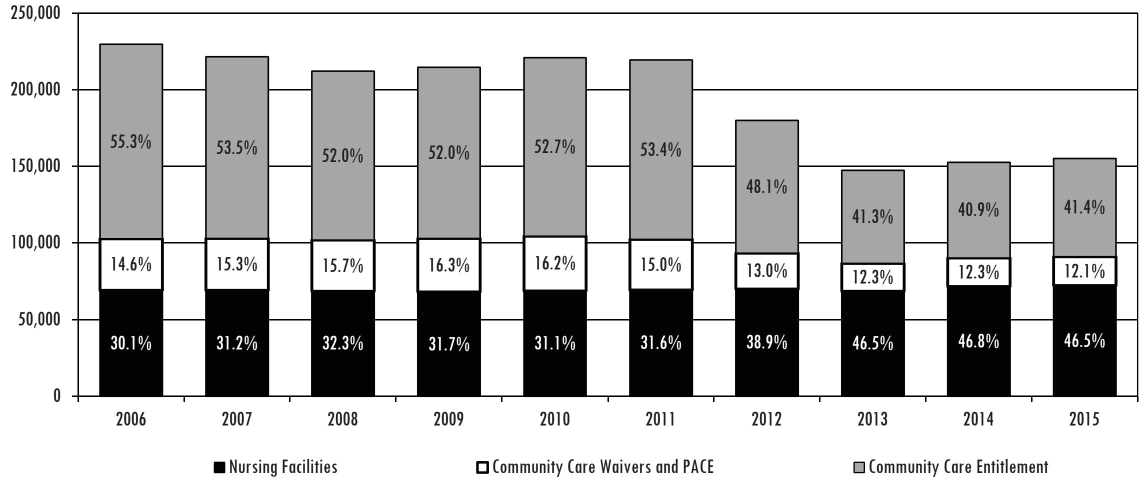
Funding reflects an increase of $1,093.5 million from the 2012–13 biennial spending level (an increase of 8.6 percent). Absent increases provided by the Eighty-third Legislature, there would have been a decline in funding from the 2012–13 biennium due to the expansion of the STAR+PLUS managed acute and long-term care program at the Health and Human Services Commission (HHSC) and the resulting caseload reductions in several programs at DADS. Because managed care expansion occurred six months into fiscal year 2012, 2012–13 biennial expenditures reflect the reduced caseloads for 18 months, while 2014–15 expenditures reflect the reduction for the full 24 months of the biennium.

Since the late 1990s, with passage of the federal *Americans with Disabilities Act (ADA)* and the *Olmstead v. L.C. and E.W.* Supreme Court decision, many states, including Texas, have focused on developing community-based long-term services and supports and creating opportunities for persons receiving services in institutions to move into community settings. Taken together, the *ADA* and *Olmstead* decision require serving persons in the most integrated setting possible given their needs and subject to certain requirements. With increased availability of community-based services, the caseloads in institutional programs have stabilized, while community-care caseloads have grown (as illustrated in **Figure 151**). **Figures 152** and **153** provide additional information about the shift from institutions to community-care programs. **Figure 152** shows the changing share of clients who are aging and/or have physical disabilities served in institutions and community settings. Although it appears as though the number of individuals receiving community care entitlement and community care waiver services decreased from fiscal year 2011 to fiscal year 2013, there has actually been an increase statewide in the number of individuals receiving community-based services. Clients receiving certain DADS services have shifted to the STAR+PLUS program at HHSC. The growth of the STAR+PLUS program is shown in greater detail in **Figure 178**.

Figure 153 provides comparable information for clients with intellectual and developmental disabilities receiving services in home and community settings and institutional settings. The total share of consumers served in community-care waiver programs is shown in **Figures 152** and **153**. Caseloads in those programs sum to 45,438 in fiscal year 2014 and 48,624 in fiscal year 2015. The caseloads in these programs have not been affected by the expansion of STAR+PLUS. From fiscal years 2006 to 2014, the share of individuals served in institutional settings (state-supported living centers and ICFs-IID) is projected to decrease from 46.0 percent to 21.4 percent (a decrease of 53.5 percent). Beginning in fiscal year 2015, a new program called Habilitation Services will provide community-based supports to 11,902 individuals, which further reduces the share of clients served in institutional settings.

As shown in **Figure 148**, financial eligibility for most DADS programs including most of the community-care waivers, Community Attendant Services, non-Medicaid community-care, nursing facility-related services, and ICFs-IID, is 300 percent of the federal Supplemental Security Income threshold ($25,560 for an individual), which translates to 222 percent of the federal poverty level. For Primary Home Care, Day Activity and Health Services, and the Texas Home Living waiver program, financial eligibility is based on 100 percent of the Supplemental Security Income threshold ($8,520 for an individual). For Habilitation Services, financial eligibility is limited to persons with incomes that do not exceed 150 percent of the federal poverty level. For the

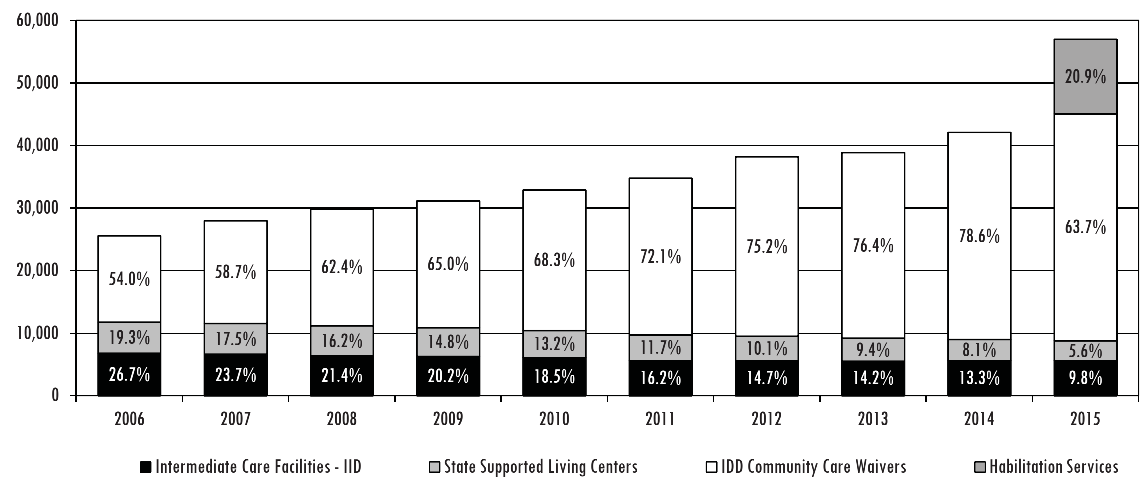
FIGURE 152
AVERAGE MONTHLY CASELOADS IN MEDICAID PROGRAMS FOR PERSONS WHO ARE AGING AND DISABLED FISCAL YEARS 2006 TO 2015



Notes:
(1) Fiscal year 2013 is estimated.
(2) Fiscal years 2014 and 2015 are projected.
(3) Community Care Entitlement includes Primary Home Care, Community Attendant Services, and Day Activity and Health Services; Community Care Waivers include Community-based Alternatives (CBA), Medically Dependent Children Program (MDCP), Consolidated Waiver, and Promoting Independence (CBA and MDCP only); PACE slots provided under the 2014-15 General Appropriations Act, Article II, Special Provisions Relating to All Health and Human Services Agencies, Section 48, Program of All-inclusive Care for the Elderly (PACE) are not included. Nursing facilities includes Medicaid Nursing Facility Payments, Medicaid co-payments for Medicare Skilled Nursing Facility Care, and Hospice.

Source: Legislative Budget Board; Department of Aging and Disability Services.

FIGURE 153
AVERAGE MONTHLY CASELOADS IN MEDICAID PROGRAMS FOR PERSONS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES, FISCAL YEARS 2006 TO 2015



Notes:
(1) Fiscal year 2013 is estimated.
(2) Fiscal years 2014 and 2015 are projected.
(3) IDD Community Care Waivers include Home and Community-based Services, Community Living and Support Services (CLASS), Deaf-Blind Multiple Disabilities, Texas Home Living, and Promoting Independence (CLASS only).
(4) Caseloads for community-care waivers do not include the Consolidated Waiver.

Source: Legislative Budget Board; Department of Aging and Disability Services.

In-Home and Family Support Program (non-Medicaid), there are cost-sharing requirements that begin when a client's income is at or above 105 percent of the state median income (the 2013 state median income is $41,225 for an individual; 105 percent is $43,286).

INTAKE, ACCESS, AND ELIGIBILITY

Funds for Intake, Access, and Eligibility to Services and Supports provide for administrative and oversight activities performed by DADS staff. These funds also support functions performed by the Area Agencies on Aging (AAAs) and Local Authorities (formerly known as Mental Retardation Authorities) that partner with DADS to provide individuals with information and assistance in accessing DADS services.

DADS staff administer the delivery of community services across 11 regions, performing functional and financial eligibility determination, enrolling eligible persons, maintaining interest lists, operating the Medicaid Estate Recovery Program, and contracting with and monitoring the performance of AAAs and Local Authorities. The 28 AAAs provide assistance to persons who are age 60 and older and their family members including information and resources about available services, referrals to programs, and coordination and arrangement of care. The 39 Local Authorities determine eligibility and coordinate intellectual and developmental disability (IDD) services for the state's priority population (the population identified as most in need of services, as defined in the Texas Health and Safety Code, Chapter 531), and conduct the Community Living Options Information Process to inform adults living in state-supported living centers about community placements.

Funding for Intake, Access, and Eligibility totals $508.7 million in All Funds ($247.1 million in General Revenue Funds) and provides for 1,522.9 FTE positions in fiscal year 2014 and 1,522.3 FTE positions in fiscal year 2015. The 2014–15 biennial appropriations reflect an increase of $58.3 million in All Funds ($26.7 million in General Revenue Funds) from the 2012–13 biennial spending level for changes to the Pre-admission Screening and Resident Review process and service coordination for new individuals receiving community-care waiver, Promoting Independence, and Habilitation Services.

The statewide rollout of the STAR+PLUS program, as required by Senate Bill 7, Eighty-third Legislature, Regular Session, 2013 (see "Significant Legislation" for more information) at HHSC will affect a number of DADS programs, including Intake, Access, and Eligibility. As the number of persons served at DADS declines and the number of persons served at HHSC increases, it is assumed HHSC and DADS will request to transfer funding between the agencies by using the mechanism provided in the 2014–15 GAA, Article II, Special Provisions Relating to All Health and Human Services Agencies, Section 54, Transfer Authority Related to STAR+PLUS Managed Care Expansion.

GUARDIANSHIP PROGRAM

Services provided by DADS for guardianship include providing services for adults with diminished capacity, arranging for placement in facilities (such as long-term care facilities, hospitals, or foster homes), managing estates, and making medical decisions. Adults with diminished capacity are defined as individuals who, because of a physical or mental condition, are substantially unable to provide food, clothing, or shelter for themselves, to care for their physical health, or to manage their financial affairs. This program serves persons referred by Adult Protective Services at the Department of Family and Protective Services and courts with jurisdiction over probate matters.

Funding totals $15.0 million in All Funds and provides for 113.0 FTE positions in fiscal year 2014 and 119.0 FTE positions in fiscal year 2015. Funding for the 2014–15 biennium reflects an increase of $1.0 million in All Funds (all General Revenue Funds) from the 2012–13 biennial amounts to provide for increases of 5.0 and 11.0 FTEs in fiscal years 2014 and 2015, respectively, to address program growth.

COMMUNITY-CARE SERVICES AND SUPPORTS

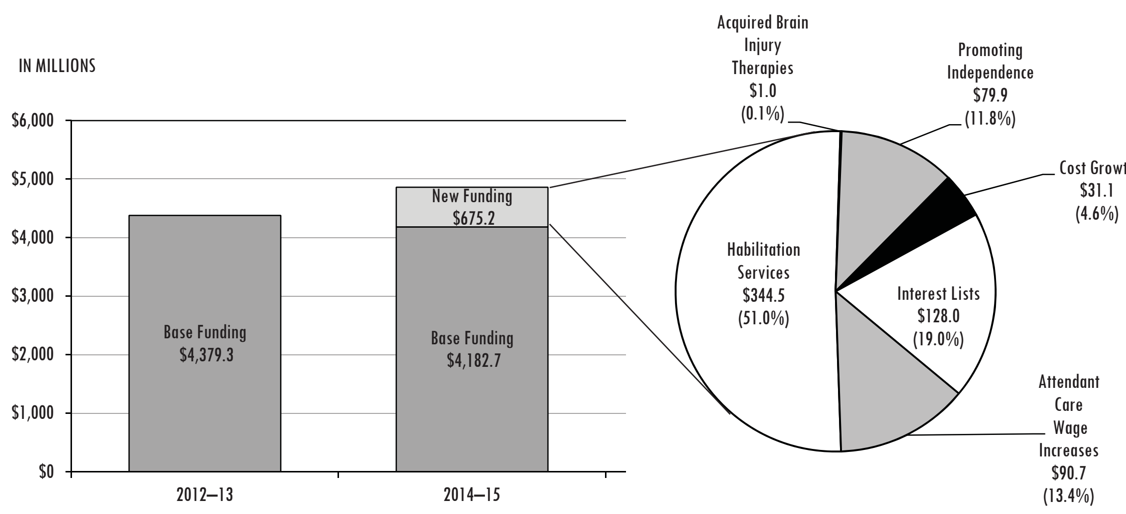
Community-care programs support the delivery of long-term services and supports that assist clients with daily needs. Most community-care services are provided in the client's home or a small group home. DADS provides community-based services through Medicaid-funded entitlement and waiver programs and through state and federally funded non-Medicaid programs. The 2014–15 GAA includes funding to serve an average of 114,283 clients per month in fiscal year 2014 and 131,188 clients per month in fiscal year 2015 in Medicaid programs, and an average of 42,856 persons each month in non-Medicaid programs each year of the biennium.

The 2014–15 GAA includes an additional $675.2 million in All Funds ($213.9 million in General Revenue Funds) for Medicaid community-care at DADS over the 2012–13 biennial spending level. The base funding was adjusted to reflect the transfer of programs to HHSC pursuant to the expansion of STAR+PLUS program. **Figure 154** illustrates this increase over 2012–13 biennial expenditures and identifies the major purposes for this new funding, including creation of a new community-care entitlement service for individuals with IDD (Habilitation Services), expansion of the number of persons served in community-care waivers (reducing the number of persons on interest lists), expansion of the Promoting Independence program to prevent institutionalization or to transition persons in institutions to community settings, increases in the minimum wage of personal attendants in certain programs to $7.50/hour in fiscal year 2014 and $7.86/hour in fiscal year 2015, additional funding for cost growth in certain community-care entitlement programs, and increases for therapies for individuals with acquired brain injuries. An increase of $4.1 million in All Funds (all in General Revenue Funds) is provided in Non-Medicaid Services for attendant wage increases.

Expansion of community long-term services and supports was partially facilitated by Texas' receipt of enhanced federal matching funds under the federal Balancing Incentive Program (BIP). Texas qualified to earn a 2 percent enhanced federal Medicaid match on non-institutional long-term services and supports from October 1, 2012 to September 30, 2015. Funding for Medicaid community-based long-term services and supports at DADS and HHSC assumes a reduced General Revenue Fund need for fiscal years 2013 to 2015. Texas' initial award is estimated to be $301.5 million, but the actual amount of additional funding will be based on the level of spending during the program period. It may be possible for Texas to receive additional funding based on the state's ability to count additional expenditures as non-institutional long-term services and supports. Should additional funding be available, the 2014–15 GAA, Article II, Special Provisions Relating to All Health and Human Services Agencies, Section 55, Appropriation of Additional Funds Available under the Balancing Incentive and Money Follows the Person Programs, provides HHSC and DADS with a mechanism to request to spend the additional funding for specified purposes. These purposes include initiatives that would increase access to community-based long-term services and supports, increase wages in community-based long-term services and supports, and any other projects to improve the effectiveness and quality of, and access to community-based long-term services and supports.

To qualify for the enhanced federal matching funds, the state must meet funding requirements and make structural

FIGURE 154
MEDICAID COMMUNITY CARE FUNDING, 2012–13 AND 2014–15 BIENNIA



NOTES:
(1) Community Care includes entitlement programs (Primary Home Care, Community Attendant Services, Day Activity and Health Services, and Habilitation Services), waivers (Community-based Alternatives, Home and Community-based Services, Community Living and Support Services, Deaf-Blind Multiple Disabilities, Medically Dependent Children Program, Consolidated Waiver, Texas Home Living, and Promoting Independence), and Program of All-Inclusive Care for the Elderly (PACE).
(2) Does not reflect additional funding available for PACE through 2014–15 General Appropriations Act, Article II, Special Provisions Relating to all Health and Human Services Agencies, Section 48.

SOURCE: Legislative Budget Board.

reforms to its long-term care system by the end of the program period. The state must spend more than 50 percent of total long-term services and supports-related expenditures on community-based (non-institutional) services. Required structural reforms include:

- no wrong door/single point of entry system;
- conflict-free case management services; and
- core standardized assessment instruments.

The enhanced match received under the BIP allows for a method-of-finance swap, where General Revenue Funds would be replaced with Federal Funds. While the majority of the General Revenue made available by the method-of-finance swap was reinvested across health and human services agencies in a variety of Medicaid community-based services (i.e., attendant wage increases, expansion of community programs), some funding was earmarked for activities related to the required structural reforms, including $14.7 million in All Funds ($11.0 million in General Revenue Funds) that was appropriated to DADS for information technology projects and expansion of the Aging and Disability Resource Center network.

MEDICAID COMMUNITY-CARE ENTITLEMENT

The agency provides Medicaid community-care entitlement services through Primary Home Care (PHC), Community Attendant Services (CAS), Day Activity and Health Services (DAHS), and Habilitation Services. Federal and state governments are obligated to pay for any services covered under the Medicaid entitlement programs and cannot limit the number of eligible people who may enroll.

The PHC program provides non-technical, medically related personal care services. Services are provided by an attendant and may include personal care (bathing, dressing, preparing meals, feeding, exercising, grooming, routine hair and skin care, helping with self-administered medication, toileting, and transferring/ambulating); home management; and accompanying clients on trips to obtain medical diagnosis or treatment. Clients have a choice of client directed attendant personal care services. To meet PHC eligibility requirements, a client must establish Medicaid eligibility and have a practitioner's statement that the client's medical condition requires assistance with at least one personal care task.

CAS provides the same services as PHC (attendant care) to clients whose income disqualifies them from receiving PHC and Medicaid acute care but who would be financially and functionally eligible for Medicaid nursing facility services.

DAHS provides daytime services, Monday through Friday, in licensed adult day care facilities. The program addresses the physical, mental, medical, and social needs of clients as an alternative to placement in nursing facilities or other institutions.

Habilitation services will be a new program serving persons with IDD who are eligible for Medicaid with incomes at or below 150 percent of the federal poverty level. The Patient Protection and Affordable Care Act of 2010 established the Community First Choice program, which provides an additional 6 percent federal match for attendant and habilitation services. Senate Bill 7, Eighty-third Legislature, Regular Session, 2013, directs HHSC and DADS to establish a habilitation program. It is anticipated that habilitation services will begin in fiscal year 2015, that they will be delivered through the STAR+PLUS program, and that funding will be transferred to HHSC.

It is estimated that the average number of clients receiving Medicaid community-care entitlement services each month will be 62,497 in fiscal year 2014 and 76,144 in fiscal year 2015; the increase in fiscal year 2015 is primarily due to the new Habilitation Services program. Funding totals $1.7 billion in All Funds and includes $657.9 million in General Revenue Funds. Funding for certain programs reflects increases for attendant wages. In addition, existing attendant services provided by DADS are assumed to qualify for the 6 percent enhanced federal match under the Community First Choice program and the method-of-finance swap is assumed. Although a significant decline in caseload and expenditures for the PHC and DAHS programs is anticipated as a result of the statewide rollout of STAR+PLUS (included in Senate Bill 7, Eighty-third Legislature, Regular Session, 2013), the caseload and appropriations have not been adjusted.

MEDICAID COMMUNITY-CARE WAIVERS

States use home and community-based waivers to obtain federal Medicaid matching funds to provide long-term services and supports to individuals in settings other than institutions. The programs are called waivers because they are permitted to waive some of the requirements of institutional care. States gain flexibility in that they can set the medical and financial eligibility criteria for waiver services, limit the number of persons served, and limit programs to certain geographic areas or populations. Unlike institutional care, there is no federal or state entitlement to waiver services. States can establish waiting lists for waiver programs. Texas operates interest lists instead of waiting lists; anyone may express interest in a program and no determination of eligibility is made prior to list placement. The federal Centers for Medicare and Medicaid Services must approve the waivers.

The agency uses the following waiver programs to provide services for eligible clients who would otherwise be served in a nursing facility:

- The Community-based Alternatives (CBA) program offers assisted living/residential care, personal assistance, nursing services, adaptive aids, medical supplies, and other services for adults age 21 and older who meet the medical necessity and level of care criteria for nursing facility admission.

- The Medically Dependent Children Program (MDCP) offers in-home skilled nursing care for children under age 21 and respite services for caregivers.

The agency uses the following waiver programs to provide services for eligible clients who would otherwise be served in an ICF-IID:

- The Home and Community-based Services (HCS) program enables persons with an intellectual disability to remain in a community setting by providing a variety of services including day habilitation, supported employment, dental treatment, adaptive aids, and minor home modifications. The program offers residential and non-residential service options.

- The Community Living Assistance and Support Services (CLASS) program offers habilitation, specialized therapies, and other services for persons with developmental disabilities, such as epilepsy or brain injury, that originated before age 22.

- The Deaf Blind/Multiple Disability (DBMD) program offers services including adaptive aids, day habilitation, and intervener services for individuals with deaf-blindness and one or more other disabilities.

- The Texas Home Living (TxHmL) program provides services and supports to clients with IDD who live in their own home or in their family's home, capped at an annual maximum of $17,000 per year.

The 2014–15 biennial appropriations support 45,438 average monthly clients in fiscal year 2014 and 48,624 average monthly clients in fiscal year 2015 in the community-care waiver programs. Clients receiving one or more services during the last month of a fiscal year are projected to reach 47,027 at the end of fiscal year 2014 and 50,196 at the end of fiscal year 2015. Included in the totals above are 5,746 new community expansion slots funded by the Eighty-third Legislature, including 1,324 HCS slots, 712 CLASS slots, 100 DBMD slots, 120 MDCP slots, and 3,000 slots for TxHmL. In the CBA waiver program, funding provides for 262 clients in fiscal year 2014; it is assumed all of these clients would be served in STAR+PLUS in fiscal year 2015, per Senate Bill 7, Eighty-third Legislature, Regular Session, 2013. Funding for Medicaid community-care waivers totals $2.9 billion in All Funds and includes $1.1 billion in General Revenue Funds. Funding for certain programs reflects increases for attendant wages and to fund therapies for persons with acquired brain injuries. In addition, existing attendant and habilitation services provided by DADS are assumed to qualify for the 6 percent enhanced federal match under the Community First Choice program and the method-of-finance swap is assumed in all of the waiver programs.

PROMOTING INDEPENDENCE SERVICES

As a result of the *Olmstead* decision and two Texas gubernatorial executive orders, the Promoting Independence Initiative was implemented in Texas in 2000. The initiative seeks to facilitate individual choice for persons who are aging and have disabilities in terms of the setting in which they want to receive long-term services and supports. The Promoting Independence Services program funds community-care waiver slots for individuals choosing to leave a nursing facility or ICF-IID and crisis/diversion slots for persons at imminent risk of institutionalization.

Although waiver services are not treated as an entitlement, those provided through Promoting Independence are; anyone being served in an institution who wishes to transfer to a community setting may request to do so. The federal Money Follows the Person (MFP) Demonstration program is the mechanism the state uses to help persons transition to the community. Funding "follows" a resident of an institution to the community setting of their choice and Texas receives an enhanced federal match for one year post relocation (a 50 percent reduction in the state's share of expenditures), assuming the individual resided in the institution for at least six months prior to the transfer to the community. In recent years, the MFP demonstration has expanded to include ICFs-IID; medium and large ICFs-IID can apply for funding to convert their operations into HCS-residential waiver services.

Appropriations for the expansion of Promoting Independence services in the 2014–15 biennium include $79.9 million in All Funds ($25.3 million in General Revenue Funds). This amount includes the addition of 100 new slots for CBA to prevent institutionalization/crisis and 1,277 slots for the HCS waiver (400 slots for persons moving out of large/medium ICF-IID, 192 slots for children aging out of foster care, 300 slots for prevention of institutionalization/crisis, 360 slots for persons with IDD moving out of nursing facilities, and 25 slots for DFPS children).

Total appropriations for Promoting Independence Services total $182.6 million in All Funds ($74.6 million in General Revenue Funds), and assume serving an average monthly caseload of 5,298 clients in fiscal year 2014 and 5,370 clients in fiscal year 2015. These totals include the addition of the 100 new slots for CBA but do not include the HCS Promoting Independence slots because they are funded in the HCS waiver strategy. Appropriations for this program also reflect increases for attendant care wages and increases for therapies for individuals with acquired brain injuries.

NON-MEDICAID PROGRAMS

The agency provides four non-Medicaid programs: Non-Medicaid Services; Intellectual Disability (ID) Community Services; Promoting Independence through Outreach, Awareness, and Relocation; and In-home and Family Support. Non-Medicaid Services are primarily federally-funded (Title XX Social Service Block Grant and Federal Funds from the Older Americans Act) services provided in community settings for persons who are aging or have disabilities to maintain independence and avoid institutionalization. Services are provided or arranged by AAAs and include home-delivered meals, adult foster care, family care, and personal attendant services. ID Community Services are services and supports provided by Local Authorities (or their contractors) in the community to the IDD priority population. Services include community supports, day habilitation, eligibility determination, employment services, respite, and certain therapies. The Promoting Independence through Outreach, Awareness, and Relocation program conducts outreach/awareness and relocation activities for residents of institutions in compliance with the state's Promoting Independence Plan. In-home and Family Support provides individuals who are aging and have physical disabilities with direct grant benefits to purchase supports to enable them to remain in the community. Funding for the four programs totals $394.7 million in All Funds and includes $120.9 million in General Revenue Funds for the 2014–15 biennium. An increase of $4.9 million in All Funds (all in General Revenue Funds) is provided in Non-Medicaid Services for attendant wage increases.

PROGRAM OF ALL-INCLUSIVE CARE FOR THE ELDERLY

The Program of All-inclusive Care for the Elderly (PACE) is a Medicaid-funded program that provides comprehensive community-based healthcare for older individuals and persons with disabilities. Services include inpatient and outpatient medical care and specialty care (e.g., dentistry, podiatry, and social services in-home care). Services are provided under a capitated rate. Applicants must be age 55 or older, qualify for nursing facility level of care under both Medicare and Medicaid, reside in a PACE service area, and choose to receive PACE services.

Funding for the strategy totals $72.1 million in All Funds and includes $28.6 million in General Revenue Funds, which supports 1,050 average monthly clients per year. The 2014–15 GAA, Article II, Special Provisions Relating to All Health and Human Services Agencies, Section 48, Program of All-inclusive Care for the Elderly (PACE), provides a mechanism to transfer additional funding from HHSC to DADS to fund up to 96 new slots for the three current PACE sites (Amarillo, El Paso, and Lubbock) and up to 150 slots each at up to three new PACE sites beginning in fiscal year 2015. Senate Bill 7, Eighty-third Legislature, Regular Session, 2013, contains a provision that, to the extent allowed by the GAA, would permit HHSC to transfer General Revenue Funds to DADS to provide PACE services in PACE program service areas to eligible recipients whose medical assistance benefits would otherwise be delivered as home and community-based services through the STAR+PLUS program and whose personal income is at or below the SSI threshold.

INSTITUTIONAL SERVICES

Institutional services are delivered in nursing facilities and ICFs-IID, including state supported living centers (SSLCs). These services are entitlement programs; states cannot limit the number of eligible people who may enroll.

NURSING FACILITY SERVICES

Three nursing facility programs (Nursing Facility Payments, Medicare Skilled Nursing Facility, Hospice) provide institutional services to Medicaid-eligible clients, who live in more than 1,215 nursing facilities throughout Texas.

Nursing Facility Payments provides nursing facility care for Medicaid-eligible individuals who meet medical necessity criteria (require nursing care). The 2014–15 biennial funding for the program is $4,950.9 million in All Funds ($2,065.5 million in General Revenue Funds), which includes $230.2 million in All Funds ($96.2 million in General Revenue Funds) for provider rate increases of 2 percent in fiscal year 2014 and an additional 4 percent in fiscal year 2015. Also included in Nursing Facility Payments is $11.1 million in All Funds ($4.6 million in General Revenue Funds) for additional services and therapies for nursing facility clients with intellectual disabilities and mental health diagnoses as a result of changes in the Pre-admission Screening and Resident Review process. Funding is anticipated to serve an average of 58,039 clients per month in fiscal year 2014 and 58,388 clients per month in fiscal year 2015.

The Medicare Skilled Nursing Facility program provides funding for skilled nursing facility coinsurance payments for clients who are Medicare and Medicaid eligible. The funding can finance up to the first 120 days of a client's institutional care. The 2014–15 biennial funding for the program is $342.6 million in All Funds ($142.6 million in General Revenue Funds), which is anticipated to serve an average of 6,471 clients per month in fiscal year 2014 and 6,708 clients per month in fiscal year 2015.

Hospice provides funding for palliative care services for terminally ill clients with a prognosis of six months or less to live. Hospice is a Medicaid-funded service, provided in nursing facilities and client homes. For fiscal year 2013, 89.1 percent of Hospice clients and 79.4 percent of Hospice expenditures were in nursing homes. The 2014–15 biennial funding for the program is $494.7 million in All Funds ($205.8 million in General Revenue Funds), which is anticipated to serve an average monthly caseload of 7,037 clients in fiscal year 2014 and 7,168 clients in fiscal year 2015. Funding includes an additional $16.3 million in All Funds ($6.8 million in General Revenue Funds) for provider rate increases of 2 percent in fiscal year 2014 and an additional 4 percent in fiscal year 2015 for services provided in nursing facilities.

Senate Bill 7, Eighty-third Legislature, Regular Session, 2013, carves nursing facility services into STAR+PLUS monthly premiums paid to managed care organizations. This is anticipated to begin September 1, 2014. The bill also expands STAR+PLUS statewide, which is anticipated to result in a significant reduction in the amount of fee-for-service nursing facility services provided by DADS. It is assumed that funding will be transferred to HHSC, but funding and caseload for the nursing facility-related programs have not been adjusted to reflect this change.

INTERMEDIATE CARE FACILITIES-INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICFs-IID)

The Intermediate Care Facilities for Individuals with Intellectual Disability (ICFs-IID) program provides 24-hour supervised residential care and active treatment for persons with IDD or a related condition. Residents are served in community-based facilities operated by public and private entities (community centers), accommodating four or more individuals. The facilities can be small (serving 8 or fewer persons), medium (9 to 13 residents), or large (14 or more residents). Most facilities are small (93.3 percent), but two facilities serve more than 100 residents.

Appropriations for ICFs-IID total $588.1 million in All Funds ($134.6 million in General Revenue Funds and $110.0 million in General Revenue–Dedicated Funds derived from Quality Assurance Fees assessed on ICFs-IID including SSLCs). Appropriations support 29.0 FTEs and a projected 5,609 average monthly clients.

STATE SUPPORTED LIVING CENTERS (SSLCS) AND CAPITAL REPAIRS

SSLCs are large state-operated ICFs–IID. Appropriations support 12 centers across Texas, located in Abilene, Austin, Brenham, Corpus Christi, Denton, El Paso, Lubbock, Lufkin, Mexia, Richmond, San Angelo, and San Antonio. DADS also contracts with the Department of State Health Services to provide intellectual disability services at the Rio Grande State Center in Harlingen. The centers provide 24-hour residential services and active treatment, healthcare, skills training, therapies, and vocational services for residents, most of whom function in the severe to profound range of intellectual disability, and many of whom have special medical or behavioral conditions. In 2005, the Department of Justice (DOJ) began an investigation into civil rights violations of residents at the facility in Lubbock. In June 2009, the DOJ and the State of Texas entered into a five-year, $112 million Settlement Agreement covering the 12 SSLCs and the ICF–IID component of the Rio Grande State Center. Each SSLC undergoes formal compliance reviews until substantial compliance with all Settlement Agreement provisions is achieved. As of fall 2013, the percentage of provisions in substantial compliance with the Settlement Agreement ranged from 18 to 32 across the centers that had undergone six full rounds of monitoring.

Appropriations for SSLCs total approximately $1.3 billion in All Funds and provide for 14,200.4 FTE positions. The appropriations include $563.1 million in General Revenue Funds (41.9 percent). Funding levels include the addition of $25.4 million in All Funds ($13.8 million in General Revenue Funds) for SSLCs above 2012–13 biennial appropriations. Funding provides for a 10 percent pay increase for direct service professionals; increases for vehicles, furniture, equipment and frozen food; and other salaries and staffing-related expenses.

As illustrated in **Figure 155**, the average monthly SSLC census has been declining for many years, while the average monthly cost has been increasing. From fiscal years 2006 to 2015, the average monthly census is projected to decrease by 35.6 percent. This decline in the 2014–15 biennium is from 3,650 in fiscal year 2013 to 3,411 in fiscal year 2014 and 3,176 in fiscal year 2015. As the census has declined, the average monthly cost per resident has increased. This trend is partly due to the fact that overhead and fixed costs are shared by a decreasing number of residents, but also because of investments by the Legislature to comply with the DOJ settlement, improve the quality of care, and improve facility conditions. The average monthly cost is projected to increase from $14,773.64 in fiscal year 2013 to $16,435.91 in fiscal year 2014 and $17,570.09 in fiscal year 2015. The 2014–15 GAA, Article II, DADS Rider 36, State Supported Living Center Oversight, contains new cost reporting requirements and direction to the agency to remain within appropriations in this program.

The 2014–15 GAA includes $17.7 million in All Funds ($0.1 million from General Revenue Funds, $0.6 million General Revenue–Dedicated Funds, and $17.0 million in General Obligation Bond Proceeds (Other Funds)), for capital repairs and renovations of SSLCs. These appropriations fund Life Safety Code and other critical repairs including roofing-related repairs, improvements to client residences, and repair of gas and water mains. In addition, House Bill 1025, Eighty-third Legislature, Regular Session, 2013, provided $23.0 million in General Revenue Funds for repair and renovation of SSLCs in fiscal year 2013, and the agency assumes the majority of funds will be used in the 2014–15 biennium. An additional $21.3 million in All Funds ($8.7 million in General Revenue Funds) was provided for SSLC-related information technology needs including electronic medical records, additional computers, and videoconferencing equipment.

REGULATION, CERTIFICATION, AND OUTREACH

The Regulation, Certification, and Outreach programs seek to ensure the health and safety of consumers who receive services across the long-term care continuum. The three primary regulatory programs are Facility/Community-based Regulation; Credentialing/Certification; and Long-term Care Quality Outreach.

Staff in the Facility/Community-based Regulation program license and regulate nursing facilities, ICFs–IID, assisted living facilities, adult day-care facilities, home and community support services agencies, and Medicaid waiver program providers. Staff conduct inspections, investigate complaints and provider-reported incidents, and monitor the performance of facilities found to be out of compliance with state and federal regulations. Funding totals $136.0 million in All Funds ($23.9 million in General Revenue Funds and $20.8 million in General Revenue–Dedicated Funds) and provides for 1,110.9 FTE positions in fiscal year 2014 and 1,115.0 FTE positions in fiscal year 2015. Funding includes $3.2 million in All Funds ($1.4 million in General Revenue Funds) over the 2012–13 biennium for an additional 20.0 FTE positions for community-care waiver survey and certification reviewers and other increases proportional to funding provided for the expansion of community-care waiver programs.

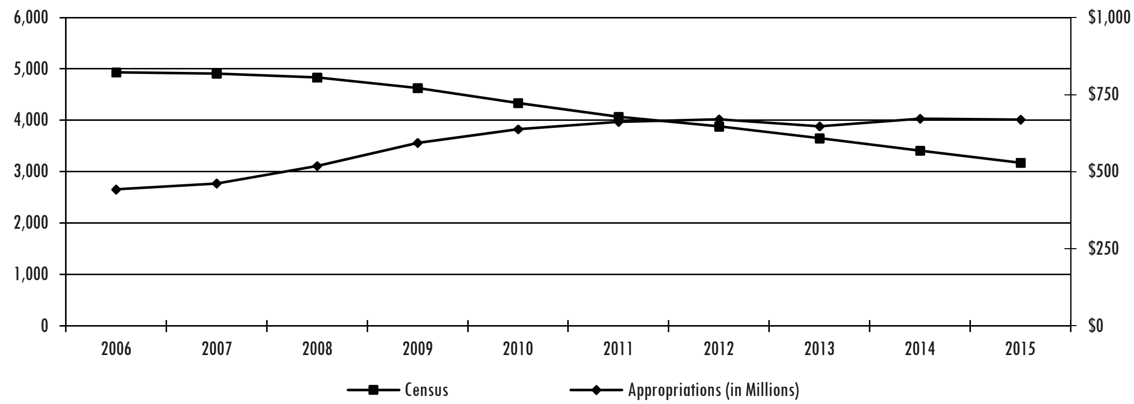
The Credentialing/Certification program certifies the employability of individuals who work in the facilities and agencies regulated by DADS. The primary activities include the nursing facility administrator licensing and enforcement function, operation of the nurse aide registry and the nurse aide training and competency evaluation program, operation of the employee misconduct registry, and issuing and renewing permits for medication aides and conducting related continuing education activities. Funding totals $2.5 million in All Funds ($1.7 million in General Revenue Funds) and provides for 27.0 FTE positions.

The Long-term Services and Supports Quality Outreach program conducts quality monitoring activities in long-term care facilities. Funding totals $10.2 million in All Funds ($1.1 million in General Revenue Funds) and provides for 74.0 FTE positions.

INDIRECT ADMINISTRATION

Indirect administration includes central administration and information technology (IT) program support.

FIGURE 155
SSLC AVERAGE MONTHLY CENSUS AND AVERAGE MONTHLY COST, FISCAL YEARS 2006 TO 2015



NOTES:
(1) Fiscal year 2013 is estimated.
(2) Fiscal years 2014 and 2015 are projected.
(3) Average monthly cost includes appropriations for Strategy A.8.1, State Supported Living Centers and excludes Strategy A.9.1, Capital Repairs and Renovations.
SOURCE: Legislative Budget Board.

Appropriations for the 2014–15 biennium total $186.4 million in All Funds ($82.4 million in General Revenue Funds), and provide for 470.4 FTE positions in fiscal year 2014 and 471.8 in fiscal year 2015. Appropriations for central administration include $1.9 million in All Funds (all General Revenue Funds) for expansion of the long-term care ombudsman program to include assisted living facilities and 1.0 new FTE position. Appropriations also include $40.9 million in All Funds ($16.3 million in General Revenue Funds) for IT projects. In addition to the SSLC projects previously mentioned, funds support several projects including modernization of regulatory services systems and retirement of the Client Assessment Registration System, as well as DADS' share of health and human services enterprise-wide IT projects.

SIGNIFICANT LEGISLATION

HB 10 – Emergency Supplemental Appropriations Bill. House Bill 10, Eighty-third Legislature, Regular Session, 2013, provided emergency supplemental appropriations, increasing DADS appropriation authority by $1,019.1 million in General Revenue Funds ($2,503.8 million in All Funds) in fiscal year 2013 for the purpose of addressing the Medicaid client services shortfall.

HB 1025 – Supplemental Appropriations Bill. House Bill 1025, Eighty-third Legislature, Regular Session, 2013 appropriated $23.0 million in General Revenue Funds in fiscal year 2013 for repair and renovation of SSLCs.

SB 7 – Omnibus Reform to Long-Term Services and Support. Some of the most significant changes affecting DADS include:

- requiring HHSC and DADS to implement an acute and long-term services and supports system for individuals with IDD;
- allowing HHSC and DADS to implement pilot programs to test managed care strategies based on capitation;
- requiring persons with IDD to receive acute care services through managed care;
- implementing basic attendant and habilitation services (Community First Choice program) under the STAR+PLUS managed care program at HHSC;
- incorporating the TxHmL program into STAR+PLUS by September 1, 2017 and the HCS, CLASS, DBMD, and ICF-IID programs into STAR+PLUS by September 1, 2020 (while allowing for an individual to opt-out of managed care);
- requiring mandatory participation in a capitated managed care program for acute care services for all Medicaid enrollees;

- expanding the STAR+PLUS managed care program statewide;
- carving nursing facility services into the STAR+PLUS managed care program;
- creating the STAR Kids program for children with disabilities and requiring children in MDCP to enroll in STAR Kids;
- requiring HHSC to create a medically fragile waiver program, if determined to be cost effective;
- requiring DADS to implement a comprehensive assessment and resource allocation process for individuals with IDD, subject to the availability of federal funding;
- requiring prior authorization for supervised living or residential support services available in the HCS program;
- requiring study of the need for applying income disregards for individuals with IDD receiving Medicaid services; and
- many of the provisions contained in Senate Bill 7 will require the transfer of funding from DADS to HHSC but appropriations have not been adjusted to reflect these transfers.

SB 45 – Provision of Employment Assistance and Supported Employment in Community Programs. The enactment of Senate Bill 45, Eighty-third Legislature, Regular Session, 2013, requires HHSC, DADS, and DSHS to provide employment assistance and supported employment to individuals receiving services in the CBA, HCS, CLASS, DBMD, MDCP, TxHmL, STAR+PLUS, and Youth Empowerment Services programs. Currently, employment assistance is a benefit in the DBMD and TxHmL programs, and supported employment is a benefit in CLASS, DBMD, HCS, and TxHmL. This bill was not assumed to have a significant fiscal impact.

SB 492 – Licensure and Regulation of Pediatric Extended Care Centers. The enactment of Senate Bill 492, Eighty-third Legislature, Regular Session, 2013, directs DADS to create a distinct provider type and licensing category for prescribed pediatric extended care centers. These centers will serve medically or technologically dependent minors who require ongoing skilled nursing services or routine use of a medical device to avert death or further disability. DADS is authorized to license and regulate the centers and collect fees. Centers will be required to hold a license by January 1, 2015. The 2014–15 GAA, Article IX, Section 18.40, Contingency for SB 492, provides a contingency appropriation of $784,139 in General Revenue Funds in fiscal year 2014 and $686,225 in General Revenue Funds in fiscal year 2015 to the Facility/Community-based Regulation program to implement the provisions of this bill. It also increases the FTEs by 8.0 and 10.5 in fiscal years 2014 and 2015, respectively.

DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES

The Department of Assistive and Rehabilitative Services (DARS) was established in 2003 by the Seventy-eighth Legislature by consolidating four legacy health and human services agencies: the Interagency Council on Early Childhood Intervention (ECI), the Commission for the Blind, the Commission for the Deaf and Hard of Hearing, and the Rehabilitation Commission. The DARS Council, a nine-member council appointed by the Governor and confirmed by the Texas Senate, assists the Commissioner of DARS with developing rules and policies and making recommendations to the Executive Commissioner of the Health and Human Services Commission (HHSC) regarding the management and operation of DARS. Quarterly Council meetings provide a forum for stakeholder and public input. Four federally mandated advisory committees provide additional input on policy in specific program areas. The agency's mission is to work in partnership with Texans with disabilities and families with children who have developmental delays to improve the quality of their lives and to enable their full participation in society.

FUNDING FOR THE 2014–15 BIENNIUM

Appropriations for the 2014–15 biennium total $1.3 billion in All Funds and provide for 3,209.5 full-time-equivalent (FTE) positions in each fiscal year of the biennium. These appropriations include $255.1 million, or 20.2 percent, in General Revenue Funds and General Revenue–Dedicated Funds. Approximately 70 percent of the General Revenue Funds and General Revenue–Dedicated Funds contribute to matching or a maintenance-of-effort requirement for certain Federal Funds. The Comprehensive Rehabilitation account, which funds services to individuals with traumatic brain injury or spinal cord injury, accounts for most of the $39.3 million in General Revenue–Dedicated Funds. Other Funds account for $39.4 million, or 3.1 percent, of the agency's appropriation and include $33.0 million from the Foundation School Fund transferred via interagency contract from the Texas Education Agency to support ECI services.

Federal Funds, the agency's largest method of finance, provide $969.7 million, or 76.7 percent, of agency appropriations. The U.S. Department of Education provides most of the Federal Funds, which are used to support the Vocational Rehabilitation and ECI programs.

Funds appropriated to DARS by the Eighty-third Legislature, Regular Session, 2013, for the 2014–15 biennium include an increase of $24.6 million in All Funds, or 2.0 percent, from the 2012–13 biennial spending levels. This amount includes an increase in General Revenue Funds and General Revenue–Dedicated Funds of $14.1 million, or 5.8 percent, primarily due to an increase of $13.5 million in General Revenue Funds ($43.8 million in All Funds) to maintain current ECI service levels and fund projected increases in caseloads. This increase is offset by a reclassification of General Revenue–Dedicated Funds to Other Funds.

The Eighty-third Legislature, 2013, Regular Session appropriated an additional $9.1 million in General Revenue Funds for the 2014–15 biennium at the Health and Human Services Commission for the following DARS programs, contingent upon certain conditions being met as described in the 2014–15 GAA:

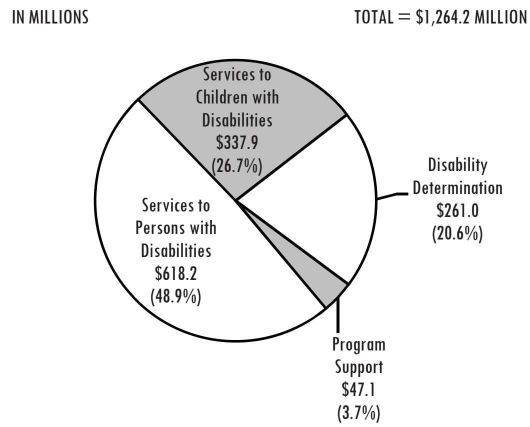
- $5.9 million in General Revenue Funds to serve consumers from the Comprehensive Rehabilitation Services waiting list;
- $2.4 million in General Revenue Funds to increase the number of children receiving autism services; and
- $0.9 million in General Revenue Funds to provide additional services in the Deaf and Hard of Hearing Services program.

The agency's key functions are organized into four main areas: services to children with disabilities and developmental delays and their families; services to persons with disabilities who have goals related to employment or functioning independently within their families and/or communities; disability determinations for persons who apply for Social Security Disability Insurance (SSDI) and/or Supplemental Security Income (SSI); and program support services for all areas. **Figure 156** shows appropriations and percent of total budget for each function.

SERVICES TO CHILDREN WITH DISABILITIES

DARS offers services to children with disabilities through three programs: Early Childhood Intervention (ECI) Services for eligible children under age three who have a disability or developmental delay; Habilitative Services for blind or visually impaired children from birth through age nine and to children up to age 22 who are blind or visually impaired and do not qualify for other programs and services; and Autism Services for children ages three through eight with a diagnosis on the autism spectrum.

FIGURE 156
DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES APPROPRIATIONS BY FUNCTION, 2014–15 BIENNIUM



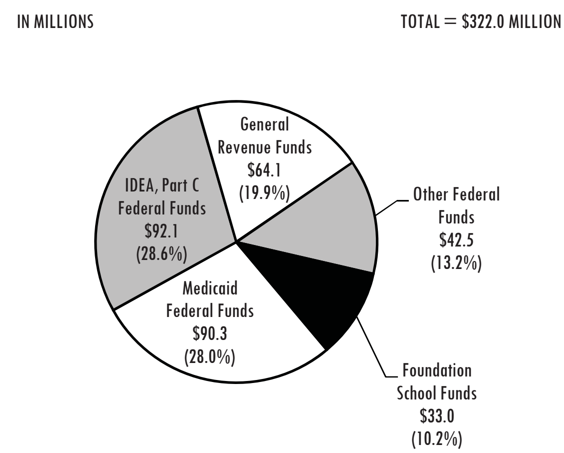
Source: Legislative Budget Board.

EARLY CHILDHOOD INTERVENTION SERVICES

ECI Services are provided to families with children from birth to age three with developmental delays or disabilities so that their child can reach educational and developmental goals. Children are eligible if they have one or more of the following conditions: a developmental delay as documented on a standardized testing tool, a medically diagnosed condition (from an approved list) with a high probability of resulting in a developmental delay, or an auditory or visual impairment. Services are provided through contracts with 51 local agencies (community centers, education service centers, and private nonprofit entities) that determine eligibility, assess the child's needs, and coordinate the delivery of comprehensive services, including physical therapy, speech and language therapy, vision services, nutrition services, developmental services, and occupational therapy. Children typically receive services at home but also in places they go regularly, such as day care, parks, and libraries. Services are also provided for the family, including respite services, support groups, education, and counseling. DARS also provides transition services that help families to access educational support as their child reaches age three and is no longer eligible for ECI.

The ECI program receives funding from several sources. The 2014–15 biennial All Funds appropriation includes $33.0 million from the Foundation School Fund, which is transferred to DARS from the Texas Education Agency through an interagency contract, to fund eligibility determinations, comprehensive services and transition services. This funding, along with General Revenue Funds, is used as matching funds to draw down Medicaid Federal Funds for the 2014–15 biennium. Sources of Federal Funds include the federal Special Education Grants for Infants and Families with Disabilities, also known as Individuals with Disabilities Education Act (IDEA) Part C Funds, which includes a maintenance of effort requirement. To receive these funds, the state must sign an assurance that the state portion of the ECI program's budget for each fiscal year is equal to, at a minimum, state expenditures from the most recent preceding year for which complete data is available. There is an allowance when eligibility changes result in substantial decreases in the number of children served and for long-term capital expenditures. Funding also includes Temporary Assistance for Needy Families Federal Funds and other federal grants. **Figure 157** shows the distribution of funding sources for ECI.

FIGURE 157
EARLY CHILDHOOD INTERVENTION PROGRAM FUNDING BY FUND TYPE, 2014–15 BIENNIUM

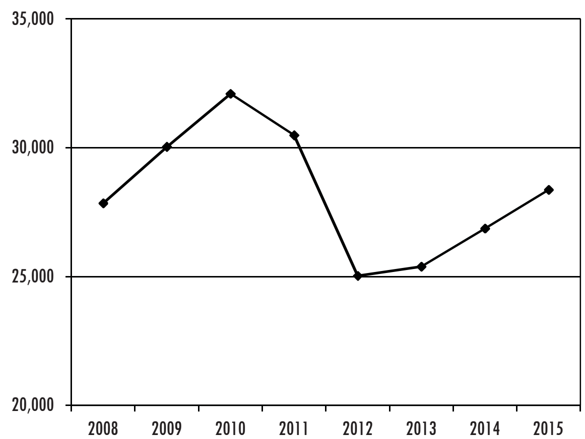


Source: Legislative Budget Board.

Appropriations for ECI services for the 2014–15 biennium total $322.0 million in All Funds, including $64.1 million in General Revenue Funds. This represents an increase of $43.8 million in All Funds, including $13.5 million in General Revenue Funds from the 2012–13 biennium to maintain current service levels and fund projected increases in caseloads.

Eligibility requirements were narrowed for fiscal year 2012 in response to a decrease in funding that was due to the loss of one-time stimulus Federal Funds. **Figure 158** shows the historical growth in children served related to the one-time funding and the subsequent decline as funding decreased and eligibility was narrowed. The average monthly caseload is estimated to increase by 11.7 percent from fiscal year 2013 to fiscal year 2015.

FIGURE 158
EARLY CHILDHOOD INTERVENTION AVERAGE NUMBER OF CHILDREN SERVED PER MONTH, FISCAL YEARS 2008 TO 2015



NOTES:
(1) Fiscal year 2013 is estimated.
(2) Target established in the General Appropriations Act (2014–15 Biennium).
SOURCES: Legislative Budget Board; Department of Assistive and Rehabilitative Services.

The 2014–15 GAA includes a new provision directing DARS to require that families pay the full cost of ECI services if their adjusted gross income is 400 percent of the Federal Poverty Limit (FPL), with no payment to exceed five percent of the family's adjusted gross monthly income. A sliding scale based on FPL will continue to be used for those families under 400 percent of FPL.

HABILITATIVE SERVICES FOR CHILDREN

Blind or visually impaired children up to age 22 are eligible for habilitative services from DARS through the Blind Children's Vocational Discovery and Development Program. Trained specialists function as both case managers and direct care providers, working one on one with each child. Services include assessment; family service plan development; counseling, guidance, and follow-up services; and information and referral. Specialists provide training and educational support in areas such as independent living skills, travel/mobility, communication, and vocational discovery and development. Appropriations total $9.3 million in All Funds for the 2014–15 biennium, including $8.7 million in General Revenue Funds. The average monthly number of children served is estimated to be 3,700 in each year of the biennium, an average monthly increase of approximately 140 children since 2011. The average monthly cost per child is estimated to be $106 in fiscal years 2014 and 2015.

AUTISM SERVICES FOR CHILDREN

Autism services are provided to children ages three through eight diagnosed with an autism spectrum disorder. Services are provided through contracts with six community-based organizations. The contractors provide Applied Behavioral Analysis services primarily at their facilities. The intensity level of services varies from 10 to 35 hours of service per week per child. Children are limited to 24 months of service. Appropriations for Autism Services for the 2014–15 biennium total $6.6 million in General Revenue Funds. It is estimated that an average monthly number of 127 children will be served in each year of the biennium at an average monthly cost of $2,165 per child.

The Eighty-third Legislature, 2013, Regular Session appropriated an additional $2.4 million in General Revenue Funds for the 2014–15 biennium, contingent upon the development of initiatives that will increase the number of children receiving autism services, as described in the 2014–15 GAA.

SERVICES TO PERSONS WITH DISABILITIES

DARS offers a variety of time-limited services to individuals with disabilities. Included in this function are the following programs:

- Independent Living Services (ILS), subdivided into services for the blind and visually impaired (ILS-Blind) and for those with disabilities other than blindness/visual impairment (ILS-General);
- Blindness, Education, Screening and Treatment Program;
- Vocational Rehabilitation (VR), subdivided into services for the blind and visually impaired (VR-Blind) and for those with disabilities other than blindness/visual impairment (VR-General);

- Business Enterprises of Texas Program and Trust Fund;
- Deaf and Hard of Hearing Services;
- Centers for Independent Living; and
- Comprehensive Rehabilitation Services.

Appropriations for the function total $618.2 million in All Funds for the 2014–15 biennium, including $164.2 million in General Revenue Funds and General Revenue–Dedicated Funds. This is an $18.5 million decrease in All Funds from the 2012–13 biennium, primarily due to a decrease in VR Federal Funds.

VR is the largest program, receiving $527.2 million in All Funds and includes $104.1 million in General Revenue Funds appropriated to the function. Approximately half of the agency's full-time-equivalent (FTE) positions support the VR program. The VR program benefits from a four to one federal match.

INDEPENDENT LIVING SERVICES FOR THE BLIND

The Independent Living Services (ILS)-Blind program provides services to mostly older individuals whose blindness or significant visual impairment affects their ability to live independently. Independent Living staff provides both group and one-on-one, in-home training on topics such as mobility, shopping and meal preparation, managing finances, and using assistive technology. They also provide information on community resources and referral to local support groups. Appropriations for the 2014–15 biennium total $6.8 million in All Funds, including $5.6 million in Federal Funds. It is estimated that 3,779 individuals will receive services in each fiscal year of the biennium.

INDEPENDENT LIVING SERVICES

The Independent Living Services (ILS)-General program provides consumer-driven services that promote independence at home and in the community. DARS Independent Living counselors across the state develop individualized plans that may focus on mobility, communication, adjustment to living with a disability, social skills, or self-direction. Over the past few years, most program funding has been used to provide assistive technology and devices such as hearing aids, power wheelchairs, home modifications, and prosthetics.

A total of $15.7 million in All Funds, including $12.9 million in Federal Funds, was appropriated for the 2014–15 biennium for Independent Living Services. The average monthly number of individuals served is estimated to be 960 in each year of the biennium. At the end of fiscal year 2013, 711 individuals were on the waiting list for this program.

BLINDNESS, EDUCATION, SCREENING AND TREATMENT

The Blindness, Education, Screening and Treatment (BEST) Program was established by the Seventy-fifth Legislature, 1997. The program provides public education about blindness and other eye conditions, adult vision screening services, and medical eye treatments to adults without health insurance or other resources. Contractors across the state offer vision screenings and make referrals to eye care providers as needed. An individual is placed on a waiting list for treatment if funds are not available for services at the time of application. The program is funded solely by voluntary donations of $1 from Texans who are applying for or renewing their drivers' licenses or identification cards through the Department of Public Safety. Donations are deposited to the General Revenue Fund and appropriated to DARS. Appropriations total $0.8 million for the 2014–15 biennium, and it is estimated that the program will provide approximately 3,000 screenings and 85 medical treatments each fiscal year of the biennium.

VOCATIONAL REHABILITATION FOR THE BLIND

The Vocational Rehabilitation (VR)-Blind program helps individuals who are blind or significantly visually impaired to obtain or retain employment. The program also assists individuals who are deaf and blind. DARS VR counselors at field offices across the state coordinate and/or provide a range of services, including the purchase of assistive technology and eye medical services, training in vocational and adaptive skills, orientation and mobility training, and counseling and guidance. VR counselors work not only with individuals but also potential employers.

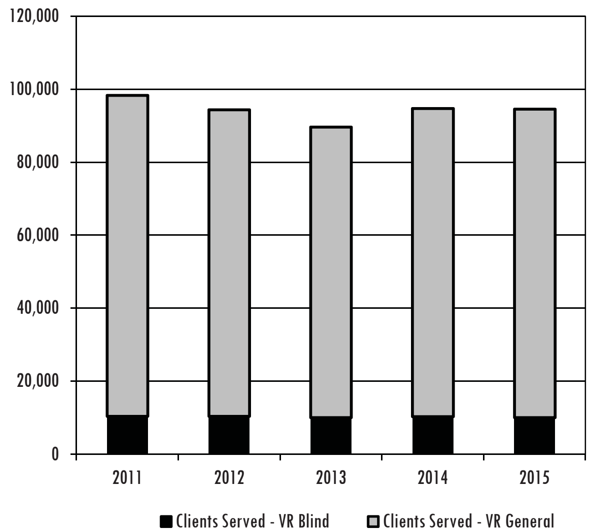
The agency operates the Criss Cole Rehabilitation Center, where individuals receive specialized services and intensive training in vocational and independent living in a residential setting. Training may include Braille instruction, technology, orientation and mobility, and career guidance.

The Transition Services Program is a subset of the VR-Blind program that helps students age 10 to 24 to make informed decisions about their educational and/or vocational future. Services typically include vocational awareness, career planning, coordination with academic counselors, and other age-appropriate vocational rehabilitation services.

Appropriations total $96.4 million in All Funds, including $80.1 million in Federal Funds for the 2014–15 biennium. It is estimated that 10,353 individuals will be served in fiscal year 2014, decreasing slightly to 10,121 in fiscal year 2015.

Figure 159 shows the number of clients served in both the VR-Blind and VR-General programs.

FIGURE 159
NUMBER OF CLIENTS SERVED IN VOCATIONAL REHABILITATION PROGRAM, FISCAL YEARS 2011 TO 2015



NOTE: Targets set by the General Appropriations Act (2014–15).
SOURCES: Legislative Budget Board; Department of Assistive and Rehabilitative Services.

VOCATIONAL REHABILITATION FOR GENERAL DISABILITIES

The Vocational Rehabilitation (VR)-General program helps individuals with disabilities other than blindness/visual impairment to prepare for, find, or retain employment. Types of disabilities may include neurological/musculoskeletal/orthopedic, intellectual/cognitive, mental/emotional, and hearing-related.

VR counselors provide services directly to individuals across the state. Services may include counseling and guidance, training and education, medical services, and the purchase of assistive technology devices. Transition services are available for eligible students with disabilities to assist with the move from school to work. VR counselors provide on-campus consultative and technical assistance to public school personnel.

The 2014–15 biennial appropriations total $430.8 million in All Funds, including $341.9 million in Federal Funds for the VR-General program. It is estimated that 84,388 consumers will receive VR services in each fiscal year of the biennium.

BUSINESS ENTERPRISES OF TEXAS PROGRAM AND TRUST FUND

The Business Enterprises of Texas (BET) Program develops and maintains business-management opportunities for legally blind persons, who are accorded priority under the federal Randolph Sheppard Act and state law to operate automatic vending machines, snack bars, cafeterias, and convenience stores on state and federal property. Consumers in the DARS VR-Blind program who are interested in becoming licensed BET managers are referred by their counselors and must meet certain program eligibility requirements. Once trained and licensed by the BET program, each BET manager is responsible for the daily operations of the vending facility, which includes the hiring, training, and supervising of all employees. Appropriations for the 2014–15 biennium are $4.5 million in All Funds. Part of the program funding is from commissions from vending machines on state property paid directly to DARS by vending services contractors. Also, BET managers contribute up to five percent of their proceeds to support the program. Almost one-third of the funding comes from Vocational Rehabilitation Federal Funds. It is estimated that 1,565 individuals (managers and employees) will be employed by BET businesses in fiscal year 2015.

The BET Trust Fund provides for the administration of funds for retirement and benefits authorized under the Randolph-Sheppard Act for active and retired individuals employed through the BET program. Revenue is deposited to the fund from commissions paid to DARS by vending services contractors from facilities on federal property that are not currently managed by BET. The revenue is deposited into the Business Enterprise Program Trust Fund Account to be distributed annually to BET managers for the purchase of health insurance, retirement, or vacation pay in a formula agreed to by the managers. Only 80 percent of the Business Enterprise Program Trust Fund Account is paid out, while 20 percent remains in the account and accrues interest. Biennial funding totals $1.6 million in General Revenue–Dedicated Funds.

DEAF AND HARD OF HEARING SERVICES

The agency provides Deaf and Hard of Hearing Services in three areas: (1) contracted services for the deaf and hard of hearing; (2) education and training, including interpreter certification; and (3) telecommunication access assistance. The combined appropriation totals $8.8 million in All Funds for the 2014–15 biennium, including $3.2 million in Other Funds, $3.0 million in Federal Funds, and $2.6 million in General Revenue Funds.

DARS contracts with community-based councils for the deaf and hard of hearing to provide interpreter services, life skills services to older persons, advocacy services, and information and referral services for persons who are deaf or hard of hearing. The Resource Specialist Program contracts with hearing loss and deafness resource specialists throughout the state to ensure that services are provided and accessible to individuals who are deaf or hard of hearing. Appropriations for contracted services, including the Resource Specialist Program, total $4.8 million in All Funds for the biennium. This amount includes $1.9 million in General Revenue Funds. The Eighty-third Legislature, 2013, Regular Session appropriated an additional $210,000 in General Revenue Funds for additional resource specialists for the 2014–15 biennium, contingent upon certain conditions being met, as described in the 2014–15 GAA. The funding will provide services to an additional 750 consumers in each fiscal year.

DARS provides education and training not only to individuals who are deaf or hard of hearing but also to their families, businesses and educational organizations in the community, service providers, interpreters, and the general public. As part of this function, DARS operates "Camp Sign," a week-long summer training camp for deaf and hard of hearing children. DARS also provides interpreter services to state agencies through contracts with local interpreter referral agencies.

The Board for Evaluation of Interpreters (BEI) evaluates and certifies sign language and oral interpreters. DARS maintains on its web site a registry of certified interpreters by skill level and specialty, such as Hispanic trilingual certification and certification for court settings. Appropriations for the education and training and BEI function total approximately $2.0 million for the 2014–15 biennium, including $1.3 million in Other Funds.

The Eighty-third Legislature, 2013, Regular Session appropriated an additional $0.6 million in General Revenue Funds for the 2014–15 biennium for education and training and BEI, contingent upon certain conditions being met, as described in the 2014–15 GAA. The funding will provide services to an additional 1,175 consumers in each fiscal year and fund the development of court and medical interpreter tests.

DARS and the Public Utilities Commission of Texas (PUC) administer the Specialized Telecommunication Assistance Program (STAP), a voucher program which provides telecommunication access equipment such as amplified telephones, big button telephones, and voice dialers for persons who are deaf or hard of hearing, speech impaired, or have any other disability that interferes with telephone access. The enactment of Senate Bill 512, Eighty-third Legislature, Regular Session, transferred the responsibility for registering and reimbursing STAP vendors from PUC to DARS. STAP is funded through the Texas Universal Service Fund, administered by PUC, for which revenue is generated by a charge paid by telecommunications providers on taxable telecommunications services. Appropriations for the 2014–15 biennium for STAP total $1.9 million in All Funds, and approximately 25,000 vouchers are estimated to be provided in each year of the biennium.

CENTERS FOR INDEPENDENT LIVING

Centers for Independent Living (CILs) are community-based, private nonprofit organizations that provide nonresidential services to assist individuals with significant disabilities in obtaining as much independence as possible within the family and the community. Any individual with a significant disability (as defined by federal law) is eligible for services. Four core services are mandated by federal law: information and referral, independent-living skills training, peer counseling, and advocacy. CILs often provide relocation assistance to individuals leaving nursing facilities for a residence of their choice and provide assistance with securing housing or shelter, group recreational activities, and community awareness programs. There are currently 27 CILs in the state, 15 of which receive funding from DARS in the form of grants. DARS-funded CILs submit yearly work plans and budgets to DARS for approval. A total of $5.4 million in All Funds was appropriated for the 2014–15 biennium for CIL funding. Almost half of the funding is General Revenue Funds. It is estimated that 5,342 individuals in each fiscal year of the biennium will receive services.

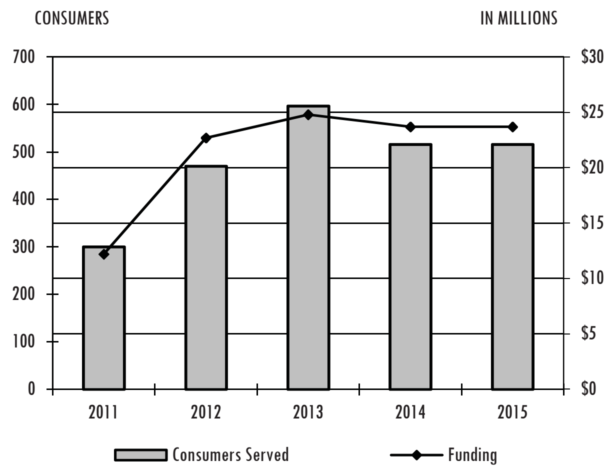
COMPREHENSIVE REHABILITATION

The Comprehensive Rehabilitation Services (CRS) Program provides rehabilitation services to persons with traumatic spinal cord and/or traumatic brain injuries. Core services include inpatient comprehensive medical rehabilitation services, post-acute brain injury rehabilitation services, and outpatient rehabilitation services. The type of service dictates whether the services are provided in a person's home, a hospital, a residential facility, an outpatient clinic, or some combination of locations. Comprehensive rehabilitation services are time-limited and focus on mobility, self-care, and communication skills. DARS contracts with providers for these services.

Appropriations for the 2014–15 biennium total $47.4 million in All Funds, including $36.4 million in General Revenue–Dedicated Funds. The agency is authorized to expend all subrogation receipts (Other Funds) collected through cost recovery legal action; it is estimated that $0.2 million will be collected and expended during the biennium. DARS will serve an average monthly number of 516 consumers in this program in each fiscal year. At the end of fiscal year 2013, 230 individuals were on the CRS waiting list. **Figure 160** shows the appropriations and average monthly consumers served from fiscal years 2011 to 2015. House Bill 442, Eighty-second Legislature, 2011, increased the percent of court costs assessed on misdemeanor and felony convictions that are allocated to the General Revenue–Dedicated Comprehensive Rehabilitation Account 107 from 5.3 percent of total collections to 9.8 percent. This increased funding is evident in the sharp increase in consumers served between fiscal years 2011 and 2012 seen in **Figure 160**. For the 2014–15 biennium, General Revenue Funds and General Revenue–Dedicated Funds were maintained at the 2012–13 biennial spending levels.

The Eighty-third Legislature, 2013, Regular Session appropriated $5.9 million in General Revenue Funds for the 2014–15 biennium to serve an additional 103 consumers per fiscal year (not reflected in **Figure 160**) from the CRS waiting list, contingent upon certain conditions being met, as described in the 2014–15 GAA.

FIGURE 160
COMPREHENSIVE REHABILITATION SERVICES FUNDING AND AVERAGE MONTHLY CONSUMERS SERVED FISCAL YEARS 2011 TO 2015



NOTES:
(1) Targets set by the General Appropriations Act (2014–15 Biennium).
(2) Consumers served in fiscal year 2013 reflect $3.1 million in additional funding transferred from HHSC; however, total funding has not been adjusted.

SOURCES: Legislative Budget Board; Department of Assistive and Rehabilitative Services.

DISABILITY DETERMINATION

The Disability Determination Services (DDS) Program makes medical determinations of disability for Texans who apply for disability benefits through Social Security Disability Insurance (SSDI) and/or Supplemental Security Income (SSI). DDS is funded completely by the Social Security Administration (SSA).

Individuals applying for disability benefits submit claims directly to the SSA, where nonmedical eligibility is first determined. Eligible claims are forwarded to DDS for a disability determination. The SSA then uses the disability determination in its final decision to approve or deny disability benefits.

Appropriations for the program total $261.0 million in Federal Funds for the 2014–15 biennium. The agency anticipates processing 357,139 claims in fiscal year 2014, decreasing to 349,996 in fiscal year 2015. The SSA imposed a hiring freeze in 2010 that is still in effect; a limited number of temporary workers have been authorized by SSA to assist with the DDS workload, but 270 positions remained unfilled at the end of fiscal year 2013.

SIGNIFICANT LEGISLATION

SB 512 – Transfer of STAP Functions. The enactment of Senate Bill 512, Eighty-third Legislature, Regular Session, 2013, transfers functions related to the registration and reimbursement of vendors in the Specialized Telecommunications Assistance Program (STAP) from the Public Utilities Commission (PUC) to DARS. PUC remains the administrator of the Universal Service Fund, which funds the STAP program.

SB 1060 – Cost-share Provisions in the ECI Program. The Eighty-third Legislature, Regular Session, 2013, passed

Senate Bill 1060, which requires DARS to collect and analyze data in order to evaluate the cost-effectiveness of the family cost-share provisions in the Early Childhood Intervention (ECI) program. The agency is required to implement changes to the provisions if cost-effectiveness would be improved. Senate Bill 1060 also authorizes DARS to implement family cost share provisions that base the amount a family pays on the amount of service received; a maximum payment would be established based on family size and adjusted income.

DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

The Department of Protective and Regulatory Services was established in 1992 and renamed the Department of Family and Protective Services (DFPS) in 2004. Its mission is to protect children, the elderly, and people with disabilities from abuse, neglect, and exploitation by involving clients, families, and communities. The agency provides protective services, regulates child-care operations and child-placing agencies, and manages community-based prevention programs.

FUNDING FOR THE 2014–15 BIENNIUM

Appropriations to DFPS for the 2014–15 biennium total $3.0 billion in All Funds and provide for 12,251.5 full-time-equivalent (FTE) positions in fiscal year 2014 and 12,305.1 FTE positions in fiscal year 2015. DFPS operates almost exclusively on General Revenue Funds and Federal Funds. General Revenue Funds and General Revenue–Dedicated Funds account for 49.0 percent, or $1.5 billion of the 2014–15 biennial appropriations.

Federal Funds account for 50.4 percent, or $1.5 billion of the 2014–15 biennial appropriation. The following federal programs contribute most of these funds: Title IV-A Temporary Assistance for Needy Families (TANF)—$571.0 million; Title IV-E Foster Care—$399.3 million; Title IV-E Adoption Assistance—$233.6 million; Title XX Social Services Block Grant—$71.0 million; Title IV-B2 Promoting Safe and Stable Families—$65.4 million; the Child Care and Development Block Grant—$60.0 million; and Title IV-B1 Child Welfare Services—$47.3 million. All of these federal programs fall under the federal Social Security Act.

Less than 1 percent of the agency's funding comes from Other Funds.

The Eighty-third Legislature, Regular Session, 2013, increased funding for the 2014–15 biennium by $346.9 million in All Funds, including $227.3 million in General Revenue Funds and General Revenue–Dedicated Funds, from the 2012–13 biennial spending levels[1]. This amount includes $264.3 million in All Funds and includes $167.0 million in General Revenue Funds and General Revenue–Dedicated Funds for child protective services (CPS) that primarily provides for:

- additional FTE positions primarily for CPS—$97.0 million All Funds, $32.3 million General Revenue Funds;
- caseload growth in foster care, adoption subsidy, and permanency care assistance—$68.6 million in All Funds, $55.4 million in General Revenue Funds;
- rate increases for certain foster care providers—$35 million in General Revenue Funds;
- strengthening CPS kinship services—$14.0 million in All Funds, $3.8 million in General Revenue Funds;
- caseload growth in foster and protective day care—$12.1 million in All Funds, $11.1 million in General Revenue Funds;
- caseload growth in other CPS purchased client services—$11.4 million in All Funds, $10.1 million in General Revenue Funds; and
- caseload growth in the relative caregiver program ($2.3 million in All Funds, $1.1 million in General Revenue Funds) and increasing the relative caregiver monetary assistance one-time integration payments for sibling groups ($2.4 million in General Revenue Funds).

Other significant funding changes provide for:

- improved staff retention—$22.2 million in All Funds, $19.2 million in General Revenue Funds;
- information system upgrades—$32.6 million in All Funds, $16.8 million in General Revenue Funds;
- increased prevention and early intervention contract services for at-risk children, youth, and their families—$24.8 million in General Revenue Funds; and
- additional FTE positions to investigate illegal day care operations—$4.8 million in All Funds, $4.6 million in General Revenue Funds.

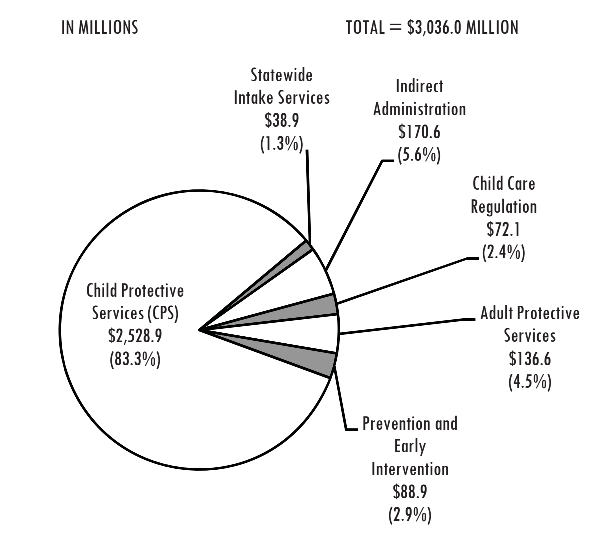
The agency's goals are: (1) to ensure access to and information on services offered by agency programs; (2) to protect children from abuse and neglect by providing an integrated service delivery system that results in quality outcomes; (3) to increase family and youth protective factors by

[1]Funding totals for the 2012–13 biennium as reflected in Appendix B, Appendix C, and in the Department of Family and Protective Services section of Chapter 5, Health and Human Services, do not include $14.5 million in General Revenue Funds ($11.5 million in All Funds) for Foster Care and $0.4 million in General Revenue Funds ($0.6 million in All Funds) for Adoption Subsidies and Permanency Care Assistance. These amounts should be added to the figures shown to arrive at the totals approved by the Eighty-third Legislature for the 2012–13 biennium.

providing contracted services for at-risk children, youth, and families; (4) to protect the elderly and adults with disabilities from abuse, neglect, and exploitation by conducting investigations and providing or arranging for services; and (5) to protect the health, safety, and well-being of children in out-of-home care by achieving a maximum level of compliance with regulations. The agency accomplishes these goals through five major programs: Statewide Intake Services, which receives 1.3 percent of the agency's appropriated funds; Child Protective Services (CPS), which receives 83.3 percent; Prevention and Early Intervention, which receives 2.9 percent; Adult Protective Services, which receives 4.5 percent; and Child Care Regulation, which receives 2.4 percent.

Indirect administration accounts for 5.6 percent of appropriated funds. **Figure 161** shows the appropriations by program.

FIGURE 161
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES APPROPRIATIONS BY PROGRAM, 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

STATEWIDE INTAKE SERVICES

Statewide Intake Services provides funding for the statewide centralized intake center, which is located in Austin. The center receives, assesses, prioritizes, and routes reports of abuse, neglect, and exploitation of children, elder adults, and persons with disabilities. It also provides 24-hour expedited background checks for child protective services caseworkers, and information and referral services.

Appropriations for Statewide Intake Services for the 2014–15 biennium total $38.9 million in All Funds and provide for 437.6 FTE positions in fiscal year 2014 and 443.8 FTE positions in fiscal year 2015. The appropriation includes $13.2 million in General Revenue Funds (33.7 percent). Statewide Intake Services relies heavily on Federal Funds from the TANF block grant program, which provides 53.1 percent of the appropriation.

CHILD PROTECTIVE SERVICES

The CPS Program investigates reports of suspected abuse or neglect of children and takes action to protect abused and neglected children from further harm. Program staff also works with children and their families to help alleviate the effects of abuse.

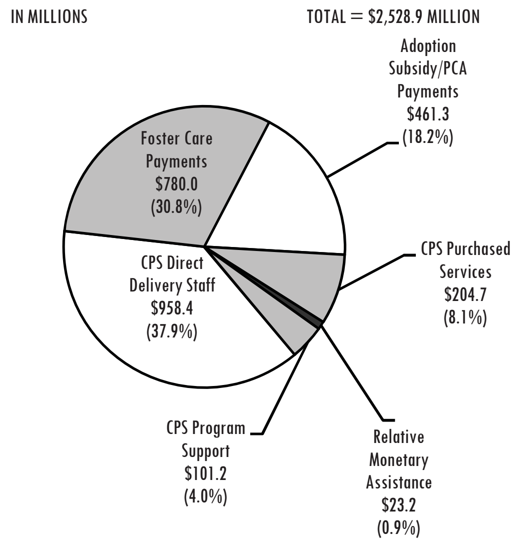
Appropriations for child protective services for the 2014–15 biennium total $2.5 billion in All Funds and provide for 9,573.9 FTE positions in fiscal year 2014 and 9,618.4 FTE positions in fiscal year 2015. The appropriation includes $1,216.2 million in General Revenue Funds and General Revenue–Dedicated Funds (48.1 percent). CPS relies heavily on Federal Funds from the TANF block grant and Title IV-E foster care and adoption assistance funding streams, which together provide 44.3 percent of the appropriation.

CPS provides protective services through six primary programs: CPS Direct Delivery Staff; CPS Program Support; CPS Purchased Services; Foster Care Payments; Adoption Subsidy/Permanency Care Assistance Payments; and Relative Monetary Assistance. **Figure 162** shows the appropriations by program. **Figure 163** shows selected measures for child protective services from fiscal years 2010 to 2015.

CPS DIRECT DELIVERY STAFF

CPS Direct Delivery Staff provides most of the direct client services associated with the CPS program. These services include: investigating reports of suspected abuse or neglect; developing and implementing protective service plans; placing children in temporary care or permanent homes; providing long-term substitute care; and serving families in crisis to help prevent the out-of-home placement of children. The number of completed investigations of child abuse and neglect is expected to increase slightly from an estimated 166,841 investigations in fiscal year 2014 to an estimated 170,775 investigations in fiscal year 2015. The number of children who are adopted from DFPS conservatorship is expected to increase from an estimated 5,761 adoptions in fiscal year 2014 to an estimated 6,136 adoptions in fiscal year 2015. Biennial funding totals $958.4 million and provides

FIGURE 162
CHILD PROTECTIVE SERVICES (CPS) APPROPRIATIONS BY PROGRAM, 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

for 9,010.2 FTE positions in fiscal year 2014 and 9,052.1 FTE positions in fiscal year 2015; this is an increase of 955.0 FTE positions in fiscal year 2014 and 996.9 FTE positions in fiscal year 2015 above the fiscal year 2013 budgeted level, an effort to address increasing caseloads.

CPS PROGRAM SUPPORT

CPS Program Support provides support services such as program administration, contract management, staff training, eligibility determination, and administration of discretionary federal programs. Biennial funding totals $101.2 million and provides for 563.7 FTE positions in fiscal year 2014 and 566.3 FTE positions in fiscal year 2015, an increase of 42.6 FTE positions in fiscal year 2014 and 45.2 FTE positions in fiscal year 2015 above the fiscal year 2013 budgeted level.

CPS PURCHASED SERVICES

CPS Purchased Services provides day care, adoption, post-adoption, adult living, substance abuse, and other purchased services for children and families. Biennial funding totals $204.7 million in All Funds. Federal Funds provide 51.4 percent of the appropriation.

Day care services are purchased from the Texas Workforce Commission (TWC). TWC contracts with local workforce development boards who contract with local child care management system agencies. On a monthly basis, TWC bills DFPS for reimbursement of day care service cost plus an administrative fee. The three kinds of day care services purchased are: foster, relative, and protective.

TWC Foster Day Care provides day-care services for children who live in foster care and both parents or a lone foster parent works full time. The average monthly number of days of foster day care is expected to increase from 46,429 days in fiscal year 2014 to 47,106 days in fiscal year 2015. Biennial funding totals $26.9 million in All Funds.

TWC Relative Day Care provides day-care services for children placed with relatives who are not licensed or verified as a foster care provider, and who work at least 40 hours per week. The average monthly number of days of relative day care is expected to increase from 39,208 in fiscal year 2014 to

FIGURE 163
SELECTED PERFORMANCE MEASURES, CHILD PROTECTIVE SERVICES, FISCAL YEARS 2010 TO 2015

PERFORMANCE MEASURE	2010	2011	2012	2013	2014	2015
Percentage of Children in DFPS Conservatorship for whom Legal Resolution Was Achieved within 12 Months	59.89%	58.50%	59.60%	59.0%	59.0%	59.0%
Number of Completed Investigations of Child Abuse/ Neglect	169,583	175,421	166,211	162,249	166,841	170,775
Number of Confirmed Cases of Child Abuse/Neglect	39,337	39,263	38,725	40,646	41,535	42,514
Number of Children in DFPS Conservatorship Who Are Adopted	4,803	4,635	5,040	5,299	5,761	6,136
Average Number of Children Provided Adoption Subsidy per Month	30,791	33,336	35,973	38,928	41,370	44,067
Average Number of DFPS-paid Days per Month of Foster Care for All Levels of Care	487,529	509,613	500,324	489,023	492,434	492,531

NOTES:
(1) Fiscal year 2013 is estimated.
(2) Fiscal years 2014 and 2015 are projected.
SOURCES: Legislative Budget Board; Health and Human Services Commission; Department of Family and Protective Services.

39,890 in fiscal year 2015. Biennial funding totals $21.3 million in All Funds.

TWC Protective Day Care provides day-care services to control the risk of abuse and neglect while children remain in their homes. Biennial funding totals $44.2 million in All Funds.

Adoption Purchased Services provides contracted adoption services through child-placing agencies that recruit, train, and verify adoptive homes; handle adoptive placements; provide post-placement supervision; and facilitate consummation of adoptions. Biennial funding totals $13.2 million in All Funds. The appropriation includes $9.1 million in Federal Funds from the Title IV-B Promoting Safe and Stable Families Program.

Post-adoption Purchased Services provides services to help families that adopt children in the care of DFPS adjust to the adoption. Biennial funding totals $7.1 million in All Funds. The appropriation includes $5.0 million in Federal Funds from the Title IV-B Promoting Safe and Stable Families program.

Preparation for Adult Living Purchased Services provides services to help youth in CPS substitute care prepare for their eventual departure from DFPS care and support. It also provides funding for post-secondary education and training programs. Biennial funding totals $19.3 million in All Funds. The appropriation includes $17.7 million in Federal Funds from the Title IV-E Chafee Foster Care Independence Program and the Title IV-E Chafee Education and Training Vouchers Program.

Substance Abuse Purchased Services provides services to address the parenting impairment caused by substance abuse. The services help prevent children from being removed from their home or allow them to be reunited with their family more quickly. Biennial funding totals $10.6 million in All Funds.

Finally, Other CPS Purchased Services includes a wide range of therapeutic and supportive services for abused or neglected children and their families. The services include, but are not limited to, counseling, case management, skills training, and respite care. Biennial funding totals $61.9 million in All Funds.

FOSTER CARE PAYMENTS

Foster Care Payments provides reimbursement for the care and treatment of children who have been placed in foster homes or residential treatment facilities as a result of abuse or neglect allegations. The average monthly number of days of DFPS-paid foster care decreased by 2.3 percent from fiscal year 2012 to 2013 but this measure is expected to increase slightly from fiscal years 2013 to 2015. The average monthly number of children in foster care is expected to be 16,193 children during fiscal year 2015, when the average monthly payment per foster child is expected to be $1,916. Funding for the 2014–15 biennium includes $35 million in General Revenue Funds for rate increases for certain foster care providers. Appropriations for foster care payments also include $2.3 million in General Revenue Funds to provide room, board, and maintenance for children in the legal responsibility of DFPS who live in Medicaid Home and Community-based Services waiver homes.

Biennial funding totals $780.0 million in All Funds. It relies heavily on Federal Funds from the Title IV-E Foster Care Program, which provides 32.4 percent of the appropriation, and the TANF block grant, which provides 19.8 percent.

During fiscal year 2012, DFPS began providing supervised independent living services for young adults between the ages of 18 and 21 who choose to remain in foster care in order to receive additional support for their transition to independence. The agency also began preparation for providing child welfare services in selected areas of the state using single-source continuum contractors (SSCC) pursuant to Senate Bill 218, Eighty-second Legislature, Regular Session, 2011, which required DFPS to redesign the foster care system. Payment rates under the redesigned system may include incentive payments for superior performance and funding for additional services for families historically included in foster care rates. Payment rates under the redesigned system may not result in total expenditures for either fiscal year of the biennium that exceed appropriations for foster care and other purchased services, except to the extent that any increase in total expenditures is the direct result of caseload growth.

The transition to the redesigned system has been happening in stages so as not to disrupt the services of children and youth already in foster care. The first transition to a SSCC occurred in February 2013 in DFPS regions 2 and 9, which covers a wide area of North and West Texas that is mostly rural. The contract covers 60 counties, including Wichita Falls, Abilene, San Angelo, and Midland/Odessa. DFPS has picked the southwest portion of its region 3 (Tarrant County) for the next transition. Applying lessons learned from the first transition, DFPS has targeted only seven metropolitan counties (Erath, Hood, Johnson, Palo Pinto, Parker, Somerville, and Tarrant) in DFPS region 3. The award for region 3 is tentatively scheduled for November 2013, with the first referral for child placement and services anticipated to occur in May 2014.

ADOPTION SUBSIDY/PERMANENCY CARE ASSISTANCE PAYMENTS

Adoption Subsidy/Permanency Care Assistance (PCA) Payments provides adoption subsidy payments for families that adopt children with disabilities, school-age children, minority children, and children in sibling groups. The average monthly number of children receiving an adoption subsidy increased by 8.2 percent from fiscal years 2012 to 2013. This measure is expected to increase by 13.2 percent from fiscal years 2013 to 2015. The average number of children receiving an adoption subsidy is expected to reach 44,067 per month during fiscal year 2015, when the average monthly adoption subsidy payment is expected to be $422.

Adoption Subsidy/PCA Payments also provides permanency care assistance payments for qualified relatives who assume permanent managing conservatorship of children leaving DFPS care. The average monthly number of children receiving an assistance payment is expected to increase from 1,327 children during fiscal year 2014 to 1,502 children during fiscal year 2015. The average monthly permanency care assistance payment is expected to be $399 per child.

Funding is also provided for nonrecurring payments for families that incur certain expenses during the adoption or permanency care assistance process. Biennial funding for all three programs totals $461.3 million in All Funds. This funding includes Federal Funds from the Title IV-E Adoption Assistance Program and the Title IV-E Guardianship Assistance Program, which provide 48.4 percent of the appropriation.

RELATIVE MONETARY ASSISTANCE

Relative Monetary Assistance is a state program that provides one-time integration payments and limited reimbursement of expenses for relatives and other designated caregivers who provide a home for children in DFPS managing conservatorship. The average monthly number of children receiving relative monetary assistance is expected to be 1,227 in fiscal year 2014 and 1,272 in fiscal year 2015, and the average monthly cost per child receiving relative monetary assistance is expected to be $774 in fiscal year 2014 and $778 in fiscal year 2015. Biennial funding totals $23.3 million in All Funds and includes funding to increase the one-time integration payment for sibling groups pursuant to Senate Bill 502 Eighty-third Legislature, Regular Session, 2013.

PREVENTION AND EARLY INTERVENTION

The Prevention and Early Intervention Program provides at-risk prevention services for children, youth, and their families through five programs: Services to At-risk Youth, Community Youth Development, Texas Families, Child Abuse Prevention Grants, and Other At-risk Prevention Services. Contractual arrangements with community-based organizations deliver most of the services. Further, At-risk Prevention Program Support provides contract management and support services.

Appropriations for the 2014–15 biennium total $88.9 million in All Funds and provide for 39.6 FTE positions in fiscal year 2014 and 41.7 FTE positions in fiscal year 2015. The appropriation includes $65.6 million in General Revenue Funds and General Revenue–Dedicated Funds (74.0 percent). The General Revenue–Dedicated Funds are from the Child Abuse and Neglect Prevention Operating Account, which is financed by the Children's Trust Fund. The Children's Trust Fund receives a portion of each marriage license fee paid in the state. Federal Funds from the Title IV-B2 Promoting Safe and Stable Families Program provide 16.0 percent of the appropriation.

SERVICES TO AT-RISK YOUTH PROGRAM

The Services to At-risk Youth Program provides crisis intervention, temporary emergency shelter, and counseling services for young persons at-risk of delinquent or criminal behavior. Some funding is also provided for universal child abuse prevention services, such as parenting classes and media campaigns. The average monthly number of youth served is expected to be 6,051 in fiscal year 2014 and 6,281 in fiscal year 2015. Biennial funding totals $40.6 million in All Funds. The funding includes $3.5 million in Federal Funds from the Social Services Block Grant (Title XX), and $1.5 million in Federal Funds from the Title IV-B2 Promoting Safe and Stable Families Program.

Funding for the 2014–15 biennium includes a $4.1 million increase (11.1 percent) from the 2012–13 biennial spending levels.

COMMUNITY YOUTH DEVELOPMENT PROGRAM

The Community Youth Development Program provides grant awards that help targeted communities alleviate conditions in the family and the community that lead to juvenile crime. The program emphasizes approaches that support families and enhance positive youth development, such as conflict resolution and mentoring. The average monthly number of youth served is expected to be 6,439 in fiscal years 2014 and 6,252 in fiscal year 2015. Biennial funding totals $12.1 million in All Funds. The funding includes $7.0 million in Federal Funds from the Title IV-B2 Promoting Safe and Stable Families Program.

Funding for the 2014–15 biennium includes a $2.0 million increase (19.8 percent) from the 2012–13 biennial spending levels.

Figure 164 shows selected measures for these prevention and early intervention services for fiscal years 2008 to 2013.

TEXAS FAMILIES: TOGETHER AND SAFE PROGRAM

The Texas Families: Together and Safe Program provides federal funding for community-based projects designed to alleviate stress, promote parental competency, and create supportive networks that enhance child-rearing abilities. Biennial funding totals $5.2 million in Federal Funds from the Title IV-B2 Promoting Safe and Stable Families Program.

CHILD ABUSE PREVENTION GRANTS

Child Abuse Prevention Grants provide federal funding for local partnerships that strengthen and support families and for community-based child-abuse prevention services. Biennial funding totals $5.2 million and provides for 1.9 FTE positions.

Funding for the 2014–15 biennium includes a $2.7 million decrease (34.1 percent) in Federal Funds from the 2012–13 biennial spending levels due to the agency expending all prior year Community-based Child Abuse Prevention grants during the 2012–13 biennium and eliminating the carryforward balance.

OTHER AT-RISK PREVENTION SERVICES

Other At-risk Prevention Services includes funding for the competitive procurement of at-risk prevention and early intervention services. Biennial funding totals $22.1 million in General Revenue Funds. At least $3.1 million must be expended for competitively procured community-based prevention programs and services. The Eighty-third Legislature, Regular Session, 2013, allocated the remaining $19.0 million for other at-risk prevention programs in accordance with a comprehensive plan to include public-private collaboration that enhances state resources to reach more children and families. DFPS plan, called Project Hopes: Healthy Outcomes through Prevention and Early Support, targets eight counties based on the level of risk in the county, the availability of community resources, and a desire to serve a geographically diverse set of communities. The plan focuses on families of children age 0 to age 5 who are at-risk of abuse and neglect.

Funding for the 2014–15 biennium includes a $17.5 million increase in All Funds (383.0 percent) from the 2012–13 biennial spending levels.

AT-RISK PREVENTION PROGRAM SUPPORT

At-risk Prevention Program Support provides staff services such as provider training, contract management, and the management of client data. Biennial funding totals $3.6 million and provides for 37.7 FTE positions in fiscal year 2014 and 39.8 FTE positions in fiscal year 2015. Funding for the 2014–15 biennium includes a $1.2 million increase in All Funds (47.4 percent) from the 2012–13 biennial spending levels, and 21.2 more FTE positions in fiscal year 2014 and 23.3 more FTE positions, compared to fiscal year 2013.

ADULT PROTECTIVE SERVICES

The Adult Protective Services (APS) Program provides protective services for adults with disabilities who are over age 17 and any adult over age 64. It also provides for the

FIGURE 164
SELECTED PERFORMANCE MEASURES, PREVENTION AND EARLY INTERVENTION, FISCAL YEARS 2010 TO 2015

PERFORMANCE MEASURE	2010	2011	2012	2013	2014	2015
Average Number of STAR Youth Served per Month	6,116	6,438	5,863	5,383	6,051	6,281
Average Number of CYD Youth Served per Month	5,930	6,158	5,530	5,532	6,439	6,252

Notes:
(1) Fiscal year 2013 is estimated.
(2) Fiscal years 2014 and 2015 are projected.
(3) STAR = Services to At-risk Youth; CYD = Community Youth Development.
Sources: Legislative Budget Board; Department of Family and Protective Services.

investigation of reports of abuse, neglect, and exploitation among persons of any age who receive mental health services through the Texas Department of State Health Services and intellectual disability services through the Texas Department of Aging and Disability Services or in private intermediate care facilities for individuals with intellectual disabilities.

Appropriations for the 2014–15 biennium total $136.6 million in All Funds and provide for 1,044.6 FTE positions. The appropriation includes $70.7 million in General Revenue Funds (51.8 percent). APS relies heavily on Federal Funds from the Title XX Social Services block grant, which provides 40.6 percent of the appropriation.

APS provides protective services in three ways: APS Direct Delivery Staff, APS Program Support, and Mental Health (MH) and Intellectual Disabilities (ID) Investigations. **Figure 165** shows selected measures for the APS program for fiscal years 2010 to 2015.

APS DIRECT DELIVERY STAFF

APS Direct Delivery Staff provides protective services for individuals living at home. The services include investigating reports of abuse, neglect, or exploitation; providing or arranging for services to remedy or prevent further abuse; and purchasing services to meet short-term client needs.

Effective September 1, 2012, APS implemented new rules and policy regarding the definitions of abuse, neglect and exploitation and eligibility for APS services to target limited resources to those APS is most able to assist. In addition, new screening guidelines at Statewide Intake were implemented. This resulted in a significant drop in intakes, which also resulted in fewer investigations. The number of completed in-home investigations is expected to increase from an estimated 92,624 investigations in fiscal year 2014 to an estimated 95,868 investigations in fiscal year 2015. Biennial funding totals $106.1 million in All Funds and provides for 791.9 FTE positions.

APS PROGRAM SUPPORT

APS Program Support provides support services and oversight of field staff. Funding totals $10.6 million and provides for 76.4 FTE positions.

MH AND ID INVESTIGATIONS

MH and ID Investigations provides for the investigation of reports of abuse, neglect, or exploitation of individuals receiving state mental health and intellectual disability services through state facilities, community MH and ID centers, home- and community-based services waiver programs, and private intermediate care facilities for individuals with intellectual disabilities. The number of completed investigations is expected to increase from an estimated 11,716 investigations in fiscal year 2014 to an estimated 12,032 investigations in fiscal year 2015. Biennial funding totals $19.9 million in All Funds and provides for 176.3 FTE positions.

CHILD CARE REGULATION

The Child Care Regulation Program develops and enforces minimum standards for the delivery of child-care services throughout the state. Providers range in size from small family homes to large, 24-hour residential care facilities. The program licenses, registers, or lists providers; conducts monitoring inspections; investigates complaints; takes action when violations are confirmed; and provides technical assistance and training to help providers improve services. The program also obtains abuse/neglect and criminal history information on individuals who come into contact with children in regulated settings, and disseminates detailed information about child-care services that are available throughout the state.

Appropriations for the 2014–15 biennium total $72.2 million in All Funds and provides for 654.0 FTE positions. The appropriations include $29.4 million in General Revenue Funds (40.8 percent). The program relies mostly on

FIGURE 165
SELECTED PERFORMANCE MEASURES ADULT PROTECTIVE SERVICES, FISCAL YEARS 2010 TO 2015

PERFORMANCE MEASURE	2010	2011	2012	2013	2014	2015
Completed APS Investigations	82,802	87,741	87,487	69,402	92,624	95,868
Confirmed APS Cases	56,053	58,068	59,595	48,422	63,051	65,260
Completed MH and ID Investigations	9,922	10,981	10,803	10,834	11,716	12,032

Notes:
(1) Fiscal year 2013 is estimated.
(2) Fiscal years 2014 and 2015 are projected.
(3) APS = Adult Protective Services; ID = Intellectual Disability.
Sources: Legislative Budget Board; Department of Family and Protective Services.

Federal Funds from the Child Care and Development block grant, which provides 50.1 percent of the appropriation.

Funding for the 2014–15 biennium includes a $5.7 million increase in All Funds (8.6 percent) from the 2012–13 biennial spending levels for additional FTE positions to investigate illegal day care operations. **Figure 166** shows selected measures for the regulatory program for fiscal years 2010 to 2015. Note that beginning in fiscal year 2012, investigation inspections were no longer included in the count. Not counting investigation inspections reduces the number of inspections reflected.

Five automation and indirect administration functions account for the remaining $170.6 million in All Funds and 501.8 FTE positions in fiscal year 2014 and 502.6 FTE positions in fiscal year 2015. This amount includes an increase of $50.1 million in All Funds. Pursuant to House Bill 1227, Eighty-third Legislature, Regular Session, 2013, a portion of the funding will be used to provide electronic access to certain CPS case information for court-appointed volunteer advocates and $32.6 million will provide for improving the usability of the agency's casework system, Information Management Protecting Adults and Children in Texas.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, 2013, passed several bills that affect the agency. Some of the more significant bills enacted were: House Bill 915, House Bill 1227, Senate Bill 430, Senate Bill 502, Senate Bill 352, Senate Bill 534, Senate Bill 427, Senate Bill 44, Senate Bill 717, House Bill 1741, Senate Bill 423, and House Bill 748.

HB 915 – Medical Consent for Psychotropic Medications. The enactment of House Bill 915, Regular Session, provides requirements for informed consent for psychotropic medications.

HB 1227 – Electronic Access to CPS Case Information. The enactment of House Bill 1227, Regular Session, requires the agency to provide electronic access to certain CPS case information for court-appointed volunteer advocates.

SB 430 – Day Care Assistance for Foster Parents and Other Caregivers. The enactment of Senate Bill 430, Regular Session, directs the agency to verify that parents seeking monetary assistance for day care have attempted to find day care services through community services first.

SB 502 – Relative Caregiver One-Time Integration Payment for Sibling Groups. The enactment of Senate Bill 502, Regular Session, allows the agency to increase the cap for the one-time integration kinship payment for sibling groups, on the initial placement of a child, from $1,000 to at least $1,000 for the sibling group, but it may not exceed $1,000 for each child in the group.

SB 352 – Visitation for Children in Temporary Managing Conservatorship. The enactment of Senate Bill 352, Regular Session, requires the agency to ensure that a parent who is otherwise entitled to possession of a child before removal of the child by DFPS has an opportunity to visit the child within three days following DFPS being named temporary managing conservator of the child unless DFPS determines that visitation is not in the child's best interest and to develop a visitation schedule.

SB 534 – Permanency Planning Meetings for Children in Temporary Managing Conservatorship. The enactment of Senate Bill 534, Regular Session, directs the agency to conduct permanency planning meetings at certain intervals for children in temporary managing conservatorship.

SB 427 – Fingerprint Criminal History Checks for Certain Child Care Operations. The enactment of Senate Bill 427, Regular Session, requires fingerprint criminal history checks for employees of general residential operations,

FIGURE 166
SELECTED PERFORMANCE MEASURES CHILD CARE REGULATION, FISCAL YEARS 2010 TO 2015

PERFORMANCE MEASURE	2010	2011	2012	2013	2014	2015
Number of Child Care Facility Inspections	56,265	61,228	40,491	41,798	43,022	43,942
Number of Completed Child Abuse/Neglect Investigations	N/A	N/A	3,970	3,623	4,119	4,117
Percent of Validated Investigations Where Children Are Placed at High Risk	43.61%	42.77%	43.61%	44.80%	41.90%	41.60%

Notes:
(1) Fiscal year 2013 is estimated.
(2) Fiscal years 2014 and 2015 are projected.
Sources: Legislative Budget Board; Department of Family and Protective Services.

child placing agencies, licensed foster homes, and licensed administrators.

SB 44 – Relinquishment of Parental Rights for Mental Health Services. The enactment of Senate Bill 44, Regular Session, directs DFPS and the Department of State Health Services to study ways to prevent families from relinquishing a child to DFPS in order to get mental health services, and requires DFPS to collect certain data related to the number of children who suffer from a mental illness and for whom DFPS is appointed managing conservator because a person voluntarily relinquishes possession of a child solely to obtain mental health services for the child.

SB 717 – Minor Consent for Housing. The enactment of Senate Bill 717, Regular Session, allows children 16 years of age or older, who reside separate and apart from their parent, managing conservator, or guardian, to consent to housing or care provided through a transitional living program for themselves and their children.

HB 1741 – Electronic Child Safety Alarm. The enactment of House Bill 1741, Regular Session, requires vehicles purchased or leased by a child care center to have child safety alarms.

SB 423 – Alternative Response to CPS Investigations. The enactment of Senate Bill 423, Regular Session, expands the agency's authority regarding the use of a flexible response system by allowing DFPS to use an assessment instead of investigation when responding to less serious cases of reported abuse or neglect.

HB 748 – Title IV-E Waiver for Child Welfare Programs. The enactment of House Bill 748, Regular Session, directs the agency to pursue a Title IV-E waiver as authorized by the federal Child and Family Services Improvement and Innovation Act in order for the agency to use certain Federal Funds to test innovation strategies in child welfare programs.

DEPARTMENT OF STATE HEALTH SERVICES

The Department of State Health Services (DSHS) was established on September 1, 2004, the result of the consolidation of all or part of four legacy agencies: (1) the Texas Department of Health, (2) the mental health programs of the Texas Department of Mental Health and Mental Retardation, (3) the Texas Commission on Alcohol and Drug Abuse, and (4) the Texas Health Care Information Council.

The agency's mission is to improve health and well-being in Texas. To carry out this mission, DSHS established the following service goals (**Figure 167**):

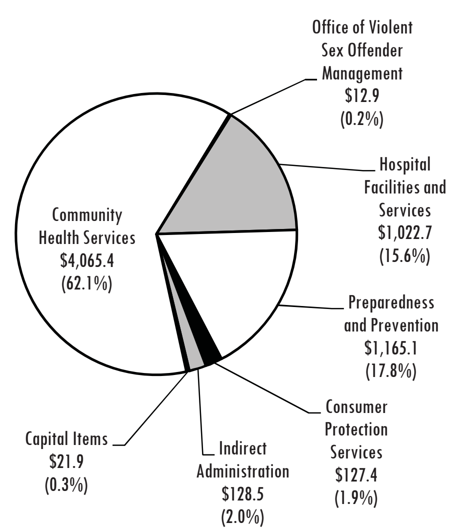
- Community Health Services—improve the health of children, women, families, and individuals, and enhance the capacity of communities to deliver healthcare services.
- Preparedness and Prevention—protect and promote the public's health by decreasing health threats and sources of disease.
- Hospital Facilities and Services—promote the recovery and rehabilitation of persons with infectious disease and mental illness who require specialized treatment.
- Consumer Protection Services—achieve a maximum level of compliance by the regulated community to protect public health and safety.

The Eighty-second Legislature, Regular Session, 2011, passed legislation that created the Office of Violent Sex Offender Management. The agency, administratively attached to DSHS, is responsible for the monitoring and treatment of civilly committed sex offenders. These duties were previously performed by the Council on Sex Offender Treatment at DSHS.

The following significant funding issues affect the agency's fiscal year 2013 appropriations:

- House Bill 1025, Eighty-third Legislature, Regular Session, 2013, appropriated $137.9 million in General Revenue–Dedicated Funds to DSHS to enter into an interagency contract with the Health and Human Services Commission to provide for the non-federal share for the Medicaid disproportionate share hospital program.

FIGURE 167
APPROPRIATIONS BY GOAL, 2014–15 BIENNIUM



Source: Legislative Budget Board.

- House Bill 1025, Eighty-third Legislature, Regular Session, 2013, appropriated $20.0 million in General Revenue Funds for repair and renovation of state hospitals.

Appropriations for the 2014–15 biennium total approximately $6.5 billion and provide for approximately 12,325 full-time-equivalent (FTE) positions in 2015. These appropriations include $3.5 billion in General Revenue Funds and General Revenue–Dedicated Funds, or 54.0 percent, $0.5 billion in Other Funds, or 8.2 percent, and $2.5 billion in Federal Funds, or 37.7 percent. The primary sources of these Federal Funds include the following:

- $1.2 billion from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC);
- $271.1 million from the Substance Abuse Prevention and Treatment block grant;
- $179.1 million from the HIV Care formula grant;
- $81.7 million from the Public Health Emergency Preparedness grant;
- $72.8 million from the Title V Maternal and Child Health Services block grant;
- $64.1 million from the Community Mental Health block grant;

- $54.0 million from the National Bioterrorism Hospital Preparedness Program grant; and
- $44.0 million in Temporary Assistance for Needy Families (TANF) to Title XX funding.

The Eighty-third Legislature, Regular Session, 2013, increased appropriations to the agency by $589.6 million in All Funds from the 2012–13 biennial spending levels. This includes a $580.3 million increase in General Revenue Funds and General Revenue–Dedicated Funds. The overall increase is primarily attributed to:

- an increase of $162.1 million in General Revenue–Dedicated Funds to be transferred to HHSC for eligible Medicaid expenses;
- an increase of $143.4 million in General Revenue Funds to expand mental health services;
- an increase of $100.0 million in General Revenue Funds to expand the community primary healthcare program for women;
- an increase of $54.8 million in General Revenue Funds to fully fund the mental health services waiting lists for adults and children and the Children with Special Health Care Needs waiting list;
- an increase of $36.8 in General Revenue Funds for family planning to offset the anticipated loss of Title X Federal Funds;
- an increase of $25.8 million in General Revenue Funds to expand substance abuse services, provide slots for DFPS clients, and increase the substance abuse provider reimbursement rate;
- an increase of $23.2 million in General Revenue Funds for behavioral health services;
- an increase of $17.9 million in General Revenue Funds to expand the adult safety net vaccinations program;
- an increase of $22.5 million in General Revenue Funds to increase certain staff salaries and to fund projects at the state hospitals;
- an increase of $16.5 million in General Revenue Funds to expand prevention and preparedness programs;
- an increase of $10.0 million in General Revenue Funds for other program increases, including new vehicles and a less favorable FMAP;
- an increase of $9.9 million in General Revenue Funds to fund enterprise technology projects, inventory system projects, and laundry equipment;
- a decrease of $20 million in General Revenue Funds due to non-recurring supplemental funding for state hospital repairs in 2013;
- a decrease of $17.3 million in General Revenue Funds and General Revenue–Dedicated Funds due to anticipated savings from the implementation of the health insurance exchange;
- a decrease of $11 million in General Revenue–Dedicated Funds to align with the agency's estimate for kidney health drug rebate collections; and
- a decrease of $8.3 million in General Revenue Funds and General Revenue–Dedicated Funds, including savings to central administration and a method of finance swap for license plate revenue.

The Eighty-third Legislature, Regular Session, 2013, appropriated $10.0 million in General Obligation Bond Proceeds (Other Funds) for repair and renovation of the state hospital facilities.

COMMUNITY HEALTH SERVICES

DSHS provides Community Health Services to improve the health of children, women, families, and individuals, and to enhance the capacity of communities to deliver healthcare services. Services include nutrition services, primary care, and behavioral health services; behavioral health services include community mental health and substance abuse, prevention, intervention, and treatment services. Community Health Services was appropriated a total of $4.1 billion in All Funds, which includes $2.1 billion in General Revenue Funds and General Revenue–Dedicated Funds, for the 2014–15 biennium.

WIC/FARMER'S MARKET NUTRITION SERVICES

Nutrition services are delivered through the federally funded Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The WIC program is the largest public health program administered by DSHS and was appropriated $1.6 billion in All Funds, which includes $394 million in General Revenue–Dedicated Funds (WIC rebates), for the 2014–15 biennium, and 235.9 FTE positions. WIC rebates are collected from manufacturers of infant formula and cereal. This program provides food assistance via electronic benefits transfer using smart cards for infants, young children, and low-income pregnant and postpartum women, as well as nutrition education to pregnant and postpartum women. The WIC program also issues coupons for fresh fruit and vegetables each summer through the Farmer's Market Nutrition Program.

WOMEN AND CHILDREN'S HEALTH

DSHS provides accessible, quality, and community-based maternal and child health services to low-income women, infants, children, and adolescents. Services are provided through performance-based contracts with local providers and include prenatal care, family planning, breast and cervical cancer screening and diagnostic services, population-based services, preventive and primary care for children and adolescents, genetics, case management, laboratory services, and dental care for children and adolescents. Biennial appropriations total $162.8 million in All Funds, which includes $43.4 million in General Revenue Funds, and provides for 496.9 FTE positions. **Figure 168** shows the number of women and children provided health services from fiscal years 2009 to 2015.

FAMILY PLANNING

Biennial appropriations to DSHS total $43.2 million in All Funds, which includes $37.7 million in General Revenue Funds and provides for 13.0 FTE positions. This All Funds appropriation is the same as 2012–13 biennial spending level.

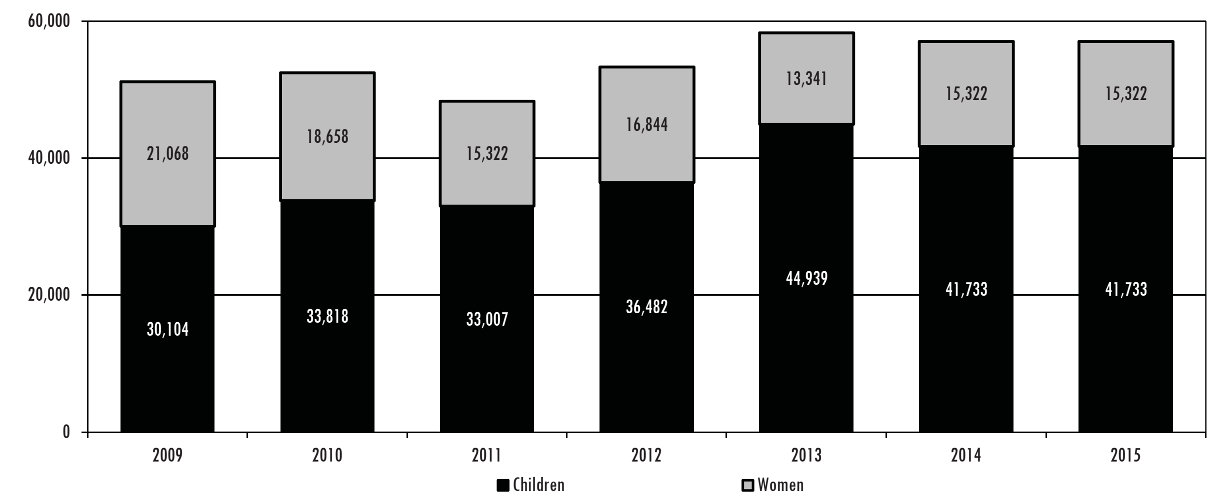
Rider 91, Contingency for Family Planning Services, 2014–15 GAA, of the agency's bill pattern, appropriates $32.1 million in General Revenue Funds contingent upon the agency not receiving the federal funds authorized under Title X of the federal Public Health Services Act.

Rider 65, Family Planning Services, 2014–15 GAA, of the agency's bill pattern, directs DSHS to allocate funds appropriated for family planning services by using a methodology that prioritizes the allocation and distribution of funds. Public entities that provide family planning services have first priority, followed by non-public entities that provide comprehensive primary and preventive care as a part of their family planning services, and finally non-public entities that provide family planning services but do not provide comprehensive primary and preventive care. DSHS is directed to use this methodology to the extent that it does not severely limit or eliminate access to services in any region.

COMMUNITY PRIMARY CARE SERVICES

Funding is provided to establish local capacity at clinics statewide to deliver a range of preventive and primary

FIGURE 168
CLIENTS PROVIDED SERVICES IN THE WOMEN AND CHILDREN'S HEALTH PROGRAM, FISCAL YEARS 2009 TO 2015



NOTE: Target established in the General Appropriations Act (2014–15 Biennium).
SOURCE: Department of State Health Services.

healthcare services to the medically uninsured, underinsured, and indigent persons who are not eligible to receive the same services from other funding sources. This funding also supports activities to assess need, designate parts of the state as health professional shortage areas or as medically underserved, recruit and retain providers to work in these areas, and work with communities to improve access to primary medical, dental, and mental healthcare. The Eighty-third Legislature, Regular Session, 2013, appropriated an increase of $100.0 million in General Revenue Funds to provide primary health care services for women. These services include but are not limited to preventive health screenings such as breast and cervical cancer screenings, diabetes, cholesterol, hypertension, and STD-HIV screenings; family planning services including contraception; perinatal services; and dental services. Biennial appropriations total $126.4 million in All Funds, which includes $125.8 million in General Revenue Funds and General Revenue–Dedicated Funds, and provides for 23.8 FTE positions. This All Funds appropriation is $98.2 million, or 348.1 percent, more than the 2012–13 biennial spending level.

COMMUNITY MENTAL HEALTH SERVICES

DSHS provides community mental health services to adults and children through contracts with local mental health authorities. Services include screening and assessment, service coordination, medication-related services, and outpatient and inpatient services. In addition, certain services are available specifically for adults or children, such as employment and housing assistance for adults and respite services for children. DSHS funding targets priority populations that fit these definitions:

- adults with severe and persistent mental illness, such as schizophrenia, major depression, bipolar disorder, or another severely disabling mental disorder that requires crisis resolution or ongoing and long-term support and management; and
- children ages 3 to 17 with a diagnosis of mental illness who exhibit serious emotional, behavioral, or mental disorders and who have serious functional impairment; are at risk of disruption of living or child-care situations; or who are enrolled in a school's special education program due to emotional disturbance.

Biennial funding for services for adults totals $665.0 million in All Funds, which includes $531.2 million in General Revenue Funds and provides for 77.2 FTE positions. This amount includes an increase of $10.5 million in General Revenue Funds for expanding services, an increase of $16.7 million in General Revenue Funds for underserved clients, $4.0 million in General Revenue Funds for veterans' mental health services, $46.1 million to provide services to adults on the waiting list, $20.0 million for rental assistance for clients receiving behavioral health services, and $10.0 million for a Harris County Jail Diversion pilot program. This All Funds appropriation is $108.8 million, or 19.6 percent, more than the 2012–13 biennial spending level.

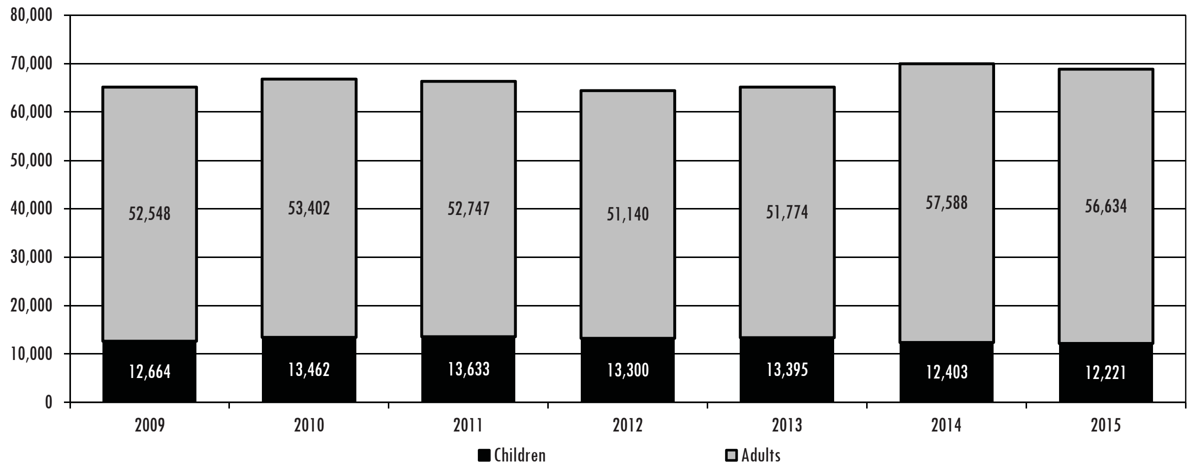
Biennial funding for services for children totals $201.0 million in All Funds, which includes $121.2 million in General Revenue Funds and provides for 10.7 FTE positions. This funding includes an increase of $2.1 million in General Revenue Funds to provide services to children on the waiting list, $24.4 million in General Revenue Funds to expand the Youth Empowerment Services waiver, and $2.0 million in General Revenue Funds for mental health treatment for DFPS children. This All Funds appropriation is $74.8 million, or 59.3 percent, more than the 2012–13 biennial spending level. **Figure 169** shows the monthly average number of children and adults provided community mental health services from fiscal years 2009 to 2015. The anticipated decline in the number of children served in fiscal year 2014 and 2015 is due to anticipated savings from the implementation of the health insurance exchange as a result of the federal Affordable Care Act.

The Eighty-third Legislature, Regular Session, 2013, also appropriated $221.2 million in All Funds, which includes $217.6 million in General Revenue Funds, for community mental health crisis services. DSHS contracts with local mental health authorities and local communities to provide services, which include crisis hotlines, mobile outreach, children's outpatient services, walk-in services, extended observation, crisis stabilization units, crisis residential, respite services, and transportation. This All Funds appropriation is $52.6 million, or 31.2 percent, more than the 2012–13 biennial spending level.

NORTHSTAR BEHAVIORAL HEALTH WAIVER

The NorthSTAR Behavioral Health Waiver supports the delivery of public mental health and chemical dependency services for Medicaid-eligible and medically indigent persons. NorthSTAR uses a managed-care approach to serve adults and children living in Dallas, Collin, Rockwall, Ellis, Navarro, Hunt, and Kaufman counties. Biennial funding for the strategy totals $226.6 million in All Funds, which

FIGURE 169
AVERAGE MONTHLY NUMBER OF CHILDREN AND ADULTS RECEIVING COMMUNITY MENTAL HEALTH SERVICES
FISCAL YEARS 2009 TO 2015



NOTE: Target established in the General Appropriations Act (2014–15 Biennium).
SOURCE: Department of State Health Services.

includes $80.6 million in General Revenue Funds and provides for 11.2 FTE positions. This All Funds appropriation is $20.4 million, or 9.9 percent, more than the 2012–13 biennial spending level.

SUBSTANCE ABUSE PREVENTION, INTERVENTION, AND TREATMENT

DSHS is the designated state agency for the federal Substance Abuse Prevention and Treatment (SAPT) block grant. The 2014–15 GAA assumes a SAPT block grant award of $271.1 million for the biennium. Federal maintenance of effort (MOE) requirements stipulate that the state must maintain spending for substance abuse services at a level equal to the average of expenditures for the prior two fiscal years. Funding for substance abuse prevention, intervention, treatment, and grant monitoring totals $315.6 million in All Funds, which includes $70.5 million in General Revenue Funds and provides for 78.6 FTE positions. This All Funds appropriation is $26.3 million, or 9.1 percent, more than the 2012–13 biennial spending level. This increase is primarily due to a $4.9 million increase in General Revenue Funds for capacity expansion, $10.7 million increase in General Revenue Funds for a provider rate increase, and a $10.1 million increase in General Revenue Funds for outpatient treatment services for DFPS clients.

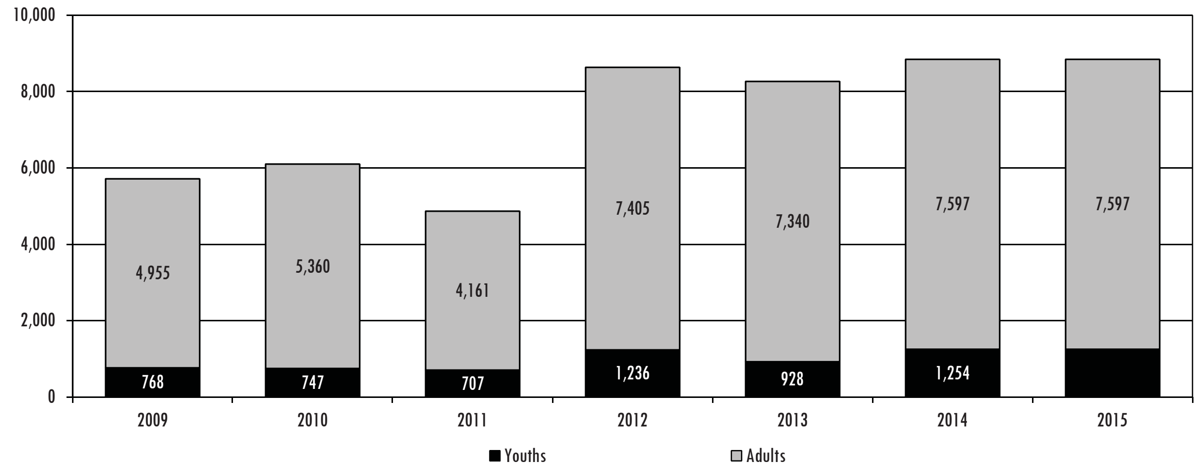
Prevention services are available in each of the 11 health and human service regions. These prevention programs implement one or more of the SAPT block grant-required prevention approaches and include prevention education and skills training for youth and families, problem identification and referral to appropriate services, information dissemination, alternative activities, community collaboration, and activities that affect alcohol and drug policies and regulations.

DSHS focuses its early intervention services on priority populations, including youths, at-risk pregnant women and mothers, people at risk of HIV infection, and parents with children in foster care. Intervention services include research-based education and skills training, outreach, HIV early-intervention services, family services, screening and assessment, referrals, and short-term crisis counseling.

DSHS gives comprehensive and appropriate treatment priority status to the needs of adolescents, pregnant women and mothers, substance-abusing parents with children in foster care, substance users at risk of contracting HIV, and people who have both substance abuse and mental health problems. **Figure 170** shows the monthly average number of youths and adults served in substance abuse treatment programs from fiscal years 2009 to 2015.

DSHS contracts with community-based providers and state and local government entities to provide a range of treatment options, including detoxification, outpatient, residential, and pharmacotherapy programs. DSHS also has a memorandum of understanding with the Department of

FIGURE 170
AVERAGE MONTHLY NUMBER OF YOUTH AND ADULTS SERVED IN TREATMENT PROGRAMS FOR SUBSTANCE ABUSE
FISCAL YEARS 2009 TO 2015



NOTE: Target established in the General Appropriations Act (2014–15 Biennium).
SOURCE: Department of State Health Services.

Family and Protective Services (DFPS) to provide outpatient treatment services to DFPS-referred clients.

DSHS conducts compliance audits and desk reviews for funded providers. Performance management involves ongoing contract reviews, procurement, monitoring, and management. DSHS utilizes performance review and measurement to ensure the efficient use of state and federal funds allocated for substance abuse.

REDUCE USE OF TOBACCO PRODUCTS

The Seventy-sixth Legislature, 1999, established a permanent fund from Tobacco Settlement receipts to fund activities to reduce tobacco use. Appropriations for these activities total $29.7 million in All Funds, which includes $22.6 million in General Revenue–Dedicated Funds from tobacco endowment earnings, and provides for 16.4 FTE positions for the 2014–15 biennium. This All Funds appropriation is $10.5 million, or 54.2 percent, more than the 2012–13 biennial spending level. The significant increase is due to increased earnings on the permanent endowment fund. This funding is provided to local health departments and school districts for evidence-based interventions to prevent and reduce tobacco use through a competitive statewide grant program. Activities include school and community interventions, surveillance and evaluation, law enforcement programs, media campaigns, and cessation programs.

EMS AND TRAUMA CARE SYSTEMS

Emergency health programs include regional EMS/trauma systems development, designation of four levels of trauma facilities, development and maintenance of a trauma reporting and analysis system, and assurance of coordination and cooperation with neighboring states. Biennial appropriations total $436.9 million in General Revenue Funds and General Revenue–Dedicated Funds and provide for 19.9 FTE positions; this appropriation is $161.3 million, or 58.5 percent, more than the 2012–13 biennial spending level. This amount includes $415.0 million in General Revenue–Dedicated Funds, or 95.0 percent, from the Designated Trauma Facility and EMS Account 5111 used primarily to reimburse hospitals for uncompensated trauma care. This account is funded from state traffic fines and the Driver Responsibility Program. It includes $300.0 million to be transferred to the Health and Human Services Commission for eligible Medicaid expenses

INDIGENT HEALTH CARE

DSHS provides financial assistance to counties and the University of Texas Medical Branch for indigent healthcare services. For the 2014–15 biennium, $4.4 million in All Funds, which includes $1.2 million in General Revenue Funds, and 8.3 FTE positions are appropriated for the County Indigent Health Care Program. This All Funds appropriation is the same as the 2012–13 biennial spending level. This funding assists counties that are not served by a public hospital or hospital district in meeting their statutory indigent healthcare responsibilities. Rider 48, County Indigent Health Care, 2014–15 GAA, specifies that DSHS may not distribute more than 10 percent of total appropriated funds per year to any single county, unless no other counties qualify for assistance. In addition, the 2014–15 GAA includes $9.8 million in General Revenue–Dedicated Funds (unclaimed Texas Lottery proceeds) for the biennium to reimburse the University of Texas Medical Branch for indigent healthcare. This appropriation is $1.7 million, or 14.7 percent, less than the 2012–13 biennial spending level due to anticipated savings from the implementation of the health insurance exchange as a result of the federal Affordable Care Act.

HOSPITAL FACILITIES AND SERVICES

Hospital Facilities and Services includes funding for healthcare facilities and mental health state hospitals operated by the agency and for grants to mental health community hospitals. A total of $1.0 billion in All Funds, which includes $786.7 million in General Revenue Funds and General Revenue–Dedicated Funds, was appropriated for this goal for the 2014–15 biennium.

STATE HEALTH CARE FACILITIES

The agency operates the Texas Center for Infectious Disease (TCID) in San Antonio, which serves individuals with tuberculosis and other chronic respiratory diseases, and the Rio Grande State Center in Harlingen, which provides general outpatient care, primarily for indigent patients in the Lower Rio Grande Valley. Biennial appropriations total $24.2 million in All Funds, which includes $23.0 million in General Revenue Funds and General Revenue–Dedicated Funds, and 170.1 FTE positions for operating costs at TCID and $8.4 million in All Funds, which includes $6.3 million in General Revenue Funds and 96.8 FTE positions for operating costs at the Rio Grande State Center.

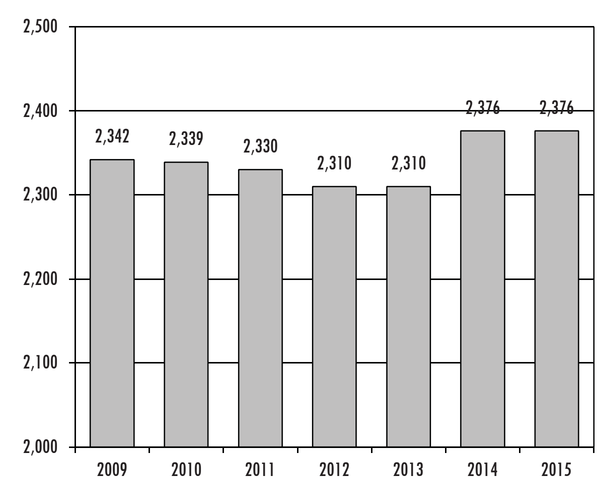
MENTAL HEALTH STATE HOSPITALS

Nine state-operated mental health hospitals (located in Austin, Big Spring, El Paso, Harlingen, Kerrville, Rusk, San Antonio, Terrell, Vernon-Wichita Falls), and one state-owned inpatient residential treatment facility for adolescents located in Waco comprise the state's mental health state hospital system. This system provides inpatient hospitalization and general psychiatric services for persons with severe mental illness who require intensive treatment. Individuals needing specialized short-term or long-term care can receive services such as therapeutic programming and skills building to reduce acute symptoms and restore their ability to function in the community. DSHS contracts with the Department of Aging and Disability Services (DADS) to provide services to persons with intellectual disabilities at the Rio Grande State Center Outpatient Clinic.

Three specialized mental health programs have statewide service areas: (1) Austin State Hospital operates a program for persons who are deaf and have a mental illness; (2) the Vernon campus of the North Texas State Hospital provides maximum-security services for forensic patients; and (3) the Waco Center for Youth offers residential treatment services for persons ages 13 to 17.

Appropriations for the 2014–15 biennium total $837.0 million in All Funds and 7,726.1 FTE positions. The All Funds appropriation is $45.8 million, or 5.8 percent more than the 2012–13 biennial spending level. The increase is primarily due to an increase in the number of forensic clients which are 100 percent state funded; a 10 percent salary increase for psychiatric nursing assistants; funding to renovate state hospital facilities; and resident stipends. Of the appropriated amount, $617.1 million, or 73.7 percent, is General Revenue Funds. In addition, $10.0 million in General Obligation Bond Proceeds (Other Funds) was appropriated to fund the capital repair and renovation of the state mental health hospitals. **Figure 171** shows the average

FIGURE 171
AVERAGE DAILY CENSUS OF STATE MENTAL HEALTH FACILITIES, FISCAL YEARS 2009 TO 2015



NOTE: Target established in the General Appropriations Act (2014–15 Biennium).
SOURCE: Department of State Health Services.

daily census of state mental health facilities from fiscal years 2009 to 2015.

MENTAL HEALTH COMMUNITY HOSPITALS

The Mental Health Community Hospitals support inpatient services at eleven psychiatric facilities located throughout the state. The facilities provide services such as assessment, crisis stabilization, skills training, and medication management. Funds are primarily allocated to the community hospitals through performance contracts with local mental health authorities. The specific services vary by facility per the contracts between the facilities and the agency. Funds Biennial appropriations total $153.1 million in All Funds, including $140.3 million in General Revenue Funds.

Figure 172 shows the locations of the Mental Health State Hospitals and Community Hospitals in Texas.

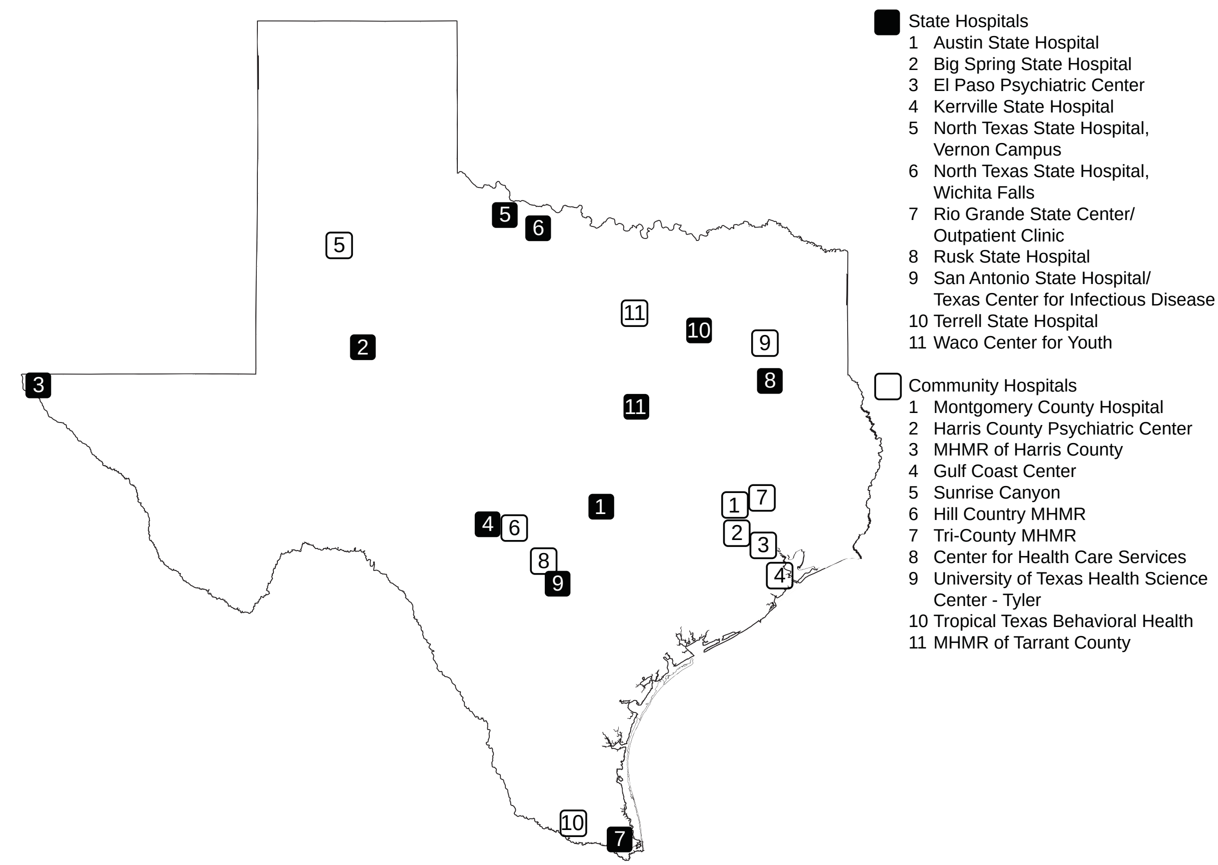
PREPAREDNESS AND PREVENTION

Preparedness and Prevention was appropriated a total of $1.2 billion in All Funds for the 2014–15 biennium, which includes $459.6 million in General Revenue Funds and General Revenue–Dedicated Funds. This amount includes funding for public health preparedness, vital records, immunizations, services to address sexually transmitted, infectious, and chronic diseases, and other programs.

PUBLIC HEALTH PREPAREDNESS AND COORDINATED SERVICES

DSHS coordinates public health services across the state and implements public health emergency and hospital preparedness programs. Biennial appropriations total $181.5 million in All Funds, which includes $38.9 million in General Revenue Funds and General Revenue–Dedicated Funds, and provides for 306.0 FTE positions. The federal Centers for Disease Control and Prevention and the Office of the Assistant Secretary for Preparedness and Response provide Federal Funds, which comprise 77.3 percent of

FIGURE 172
MENTAL HEALTH STATE HOSPITAL AND COMMUNITY HOSPITAL LOCATIONS, 2013



Source: Department of State Health Services.

preparedness funding. The Legislature appropriates these funds to enhance the ability of the state and local public health jurisdictions and hospital and healthcare systems to prepare for and respond to bioterrorism and other public health emergencies.

Local public health authorities and DSHS regional offices, in areas where no local public health authority exists, also provide public health services across the state. Services include providing information to communities on disease prevention, monitoring and investigating health problems, developing policies and public health improvement plans, and enforcing regulations.

REGISTRIES, INFORMATION, AND VITAL RECORDS

DSHS collects, analyzes, and disseminates health data to improve the public health. The Vital Statistics Unit maintains, processes, and provides copies of all original birth and death records, applications for marriage licenses, and reports of divorces and annulments. The agency also maintains registries for birth defects, trauma, and cancer; provides epidemiologic support to the Texas Poison Control Network through Disease Control and Prevention; and investigates outbreaks and unusual patterns of communicable diseases, birth defects, occupational diseases, cancer, human illnesses associated with environmental exposure, and risk factors that lead to traumatic injury. Biennial appropriations total $58.8 million in All Funds, which includes $28.9 million in General Revenue Funds and General Revenue–Dedicated Funds, and provides for 361.2 FTE positions.

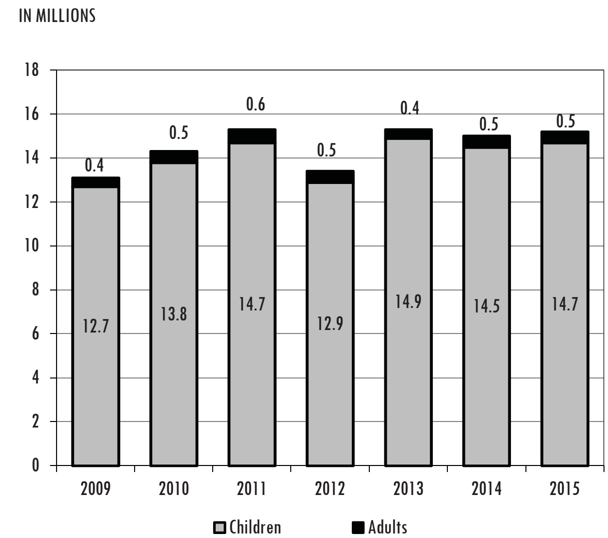
IMMUNIZE CHILDREN AND ADULTS

The agency administers several programs to immunize Texas residents. Biennial appropriations total $168.5 million in All Funds, which includes $75.7 million in General Revenue Funds and General Revenue–Dedicated Funds, and provides for 304.3 FTE positions. This includes an increase of $17.9 million in General Revenue Funds to increase the number of adult safety net vaccinations. Additionally, the federal government will contribute vaccines to the state with an estimated value of $410.0 million in fiscal year 2014, which is not reflected in the 2014–15 GAA. The amount of vaccines for fiscal year 2015 is not yet determined. **Figure 173** shows the number of vaccine antigens administered to children and adults in Texas since fiscal year 2009.

HIV/STD PREVENTION

The HIV/STD Prevention program includes interventions to prevent and reduce the spread of sexually transmitted

FIGURE 173
ANTIGENS ADMINISTERED IN IMMUNIZATION PROGRAM
FISCAL YEARS 2009 TO 2015

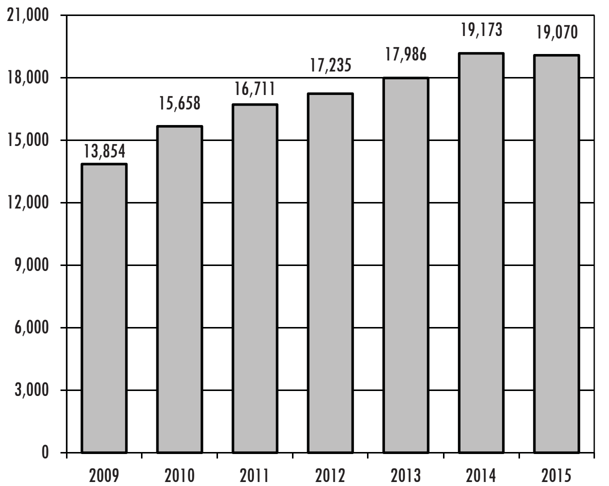


NOTE: Target established in the General Appropriations Act (2014–15 Biennium).
SOURCE: Department of State Health Services.

diseases (STD), which include the human immunodeficiency virus (HIV), syphilis, chlamydia, and gonorrhea. Interventions include HIV and STD screening and testing; evidence-based prevention programs for individuals, groups, and communities; and partner services and referrals. Funding also supports local providers that offer outpatient medical services, medical case management, and other medical and supportive services to persons living with HIV/AIDS. In addition, DSHS operates the HIV Medication Program, which provides medications to low-income Texans living with HIV/AIDS. For individuals to be eligible for the HIV Medication Program, they must be HIV-positive, residents of Texas, have incomes at or less than 200 percent of the federal poverty level, and be uninsured or underinsured for prescription drug coverage. **Figure 174** shows the number of clients served in the HIV Medication Program since fiscal year 2009.

The agency also collects and analyzes data to monitor HIV and STD trends, to allocate resources, and to evaluate HIV and STD prevention and services programs. Biennial appropriations for this strategy total $380.6 million in All Funds, which includes $108.9 million in General Revenue Funds and provides for 214.3 FTE positions.

FIGURE 174
CLIENTS PROVIDED SERVICES IN HIV MEDICATION PROGRAM, FISCAL YEARS 2009 TO 2015



Note: Target established in the General Appropriations Act (2014–15 Biennium).
Source: Department of State Health Services.

INFECTIOUS AND CHRONIC DISEASES

DSHS implements programs to prevent, control, and/or treat infectious diseases, including hepatitis, tuberculosis, and Hansen's disease (leprosy), and to minimize the incidence of diseases transmittable from animals to humans (zoonotic diseases). Zoonotic diseases include rabies, Lyme disease, Rocky Mountain spotted fever, plague, hantavirus, West Nile, anthrax, Tularemia, and Q fever. In addition, DSHS operates the Refugee Health Screening Program that brings newly arrived official refugees and other eligible immigrants into the public health system for health assessments and referrals. Biennial appropriations for infectious disease prevention, epidemiology, and surveillance total $90.0 million in All Funds, which includes $51.7 million in General Revenue Funds and General Revenue–Dedicated Funds, and provides for 225.8 FTE positions. This includes $0.7 million in Other Funds generated from the sale of Animal Friendly License Plates to provide grants to organizations for low-cost spaying and neutering.

DSHS also implements population-based and community-based interventions to reduce the burden of the most common chronic diseases, including cardiovascular disease and stroke, diabetes, asthma, arthritis, and certain cancers. DSHS works with public and private partners to increase local capacity for chronic disease prevention programs, which support healthy behaviors such as maintaining a healthy weight, good nutrition, physical activity, avoidance of tobacco use, and preventive healthcare. DSHS collaborates with school districts to implement coordinated school health programs and operates the Safe Rider program that promotes the correct use of child safety seats. Biennial appropriations for health promotion and chronic disease prevention total $42.9 million in All Funds, which includes $14.7 million in General Revenue Funds and General Revenue–Dedicated Funds, and provides for 53.5 FTE positions. This All Funds appropriation is $4.7 million, or 12.3 percent, more than the 2012–13 biennial spending level. This includes an increase of $5.0 million in General Revenue Funds to implement the provisions of Rider 97, Texas Council on Cardiovascular Disease and Stroke.

KIDNEY HEALTH CARE

The Kidney Health Care Program provides treatment for end-stage renal disease (ESRD). Current services include medications, dialysis, and travel expenses related to medical care. For individuals to be eligible for the Kidney Health Care Program, they must be Texas residents, have ESRD, be receiving chronic renal dialysis or have a kidney transplant, have incomes less than $60,000 per year, file for ESRD benefits through Medicare and meet the Medicare ESRD criteria, and not be eligible for Medicaid. Biennial appropriations total $38.4 million in All Funds, which includes $37.9 million in General Revenue Funds, and 36.1 FTE positions. This All Funds appropriation is $12.9 million, or 25.2 percent, less than the 2012–13 biennial spending level primarily due to an decrease in General Revenue Funds (Vendor Drug Rebates-Public Health Account) to align with the Comptroller of Public Accounts Biennial Revenue Estimate for this account.

EPILEPSY AND HEMOPHILIA SERVICES

The Epilepsy Program provides outreach activities and outpatient services, such as diagnostic, treatment and support services. To be eligible for services, a client must be a Texas resident, have a gross family income at or less than 200 percent of the federal poverty level, and have a diagnosis of epilepsy from a licensed physician. Additionally, if the client is younger than 21 years of age, the client needs to be determined to be ineligible for the Children with Special Health Care Needs program. The Hemophilia Assistance Program provides reimbursement of blood factor products in the treatment and prevention of complications. To be eligible for services, a client must be a Texas resident, age 21 or older, have an income at or less than 200 percent of the federal poverty level, and have a diagnosis of hemophilia from a licensed physician. Biennial appropriations total $4.5 million in General Revenue Funds and 0.5 FTE positions. This All Funds appropriation is $2.0 million, or 78.5 percent, more than the 2012–13 biennial spending level due to increased funding for epilepsy services.

LABORATORY SERVICES

The state's public health laboratory conducts tests for health-screening programs, rare diseases, and diseases requiring complex microbiology and environmental chemistry technology. Biennial appropriations total $111.0 million in All Funds, which includes $41.9 million in General Revenue Funds and General Revenue–Dedicated Funds and 371.4 FTE positions. This All Funds appropriation is $21.1 million, or 23.5 percent, more than the 2012–13 biennial spending level. This increase is due to increased projected laboratory revenue.

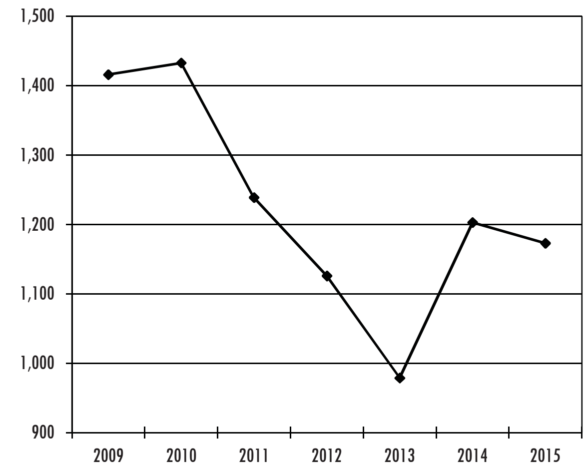
CHILDREN WITH SPECIAL HEALTH CARE NEEDS

The Children with Special Health Care Needs Program provides medical, dental, and case management services not covered by Medicaid, CHIP, or private insurance for children with special healthcare needs. The program also provides meals, transportation, and lodging to eligible clients. To be eligible for services, a child must be a Texas resident, under age 21, or an adult of any age with cystic fibrosis, have an income at or less than 200 percent of the federal poverty level, and have a chronic physical or developmental condition that meets certain criteria. Biennial appropriations total $76.8 million in All Funds, which includes $55.2 million in General Revenue Funds, and 119.1 FTE positions. This amount includes an increase of $6.6 million in General Revenue Funds to provide services to persons on the waiting list. **Figure 175** shows the number of children with special healthcare needs provided service. Biennial appropriations to the program decreased in fiscal years 2012 and 2013 which resulted in a decrease in the number of clients receiving services.

ABSTINENCE EDUCATION

Through the Abstinence Education Program, DSHS contracts with local providers for abstinence-only education and, where appropriate, mentoring, counseling, and adult-supervised activities to decrease the teen pregnancy rate and the rate of sexually transmitted infections in youths age 15 to 19. Biennial appropriations total $12.0 million in All Funds and include 8.8 FTE positions. This includes $10.9 million in Abstinence Education Federal Funds.

FIGURE 175
AVERAGE MONTHLY CHILDREN WITH SPECIAL HEALTH CARE NEEDS (CSHCN) CLIENTS RECEIVING SERVICES FISCAL YEARS 2009 TO 2015



NOTE: Target established in the General Appropriations Act (2014–15 Biennium).
SOURCE: Department of State Health Services.

CONSUMER PROTECTION SERVICES

The Consumer Protection Services function includes public health efforts related to ensuring food and drug safety, minimizing environmental hazards, licensing healthcare professionals and facilities, and regulating activities related to radiation. Funding for consumer protection is largely generated through fee revenue deposited to the General Revenue Fund or to specific General Revenue–Dedicated accounts. Appropriations for Consumer Protection Services for the 2014–15 biennium total $127.4 million in All Funds, which includes $95.2 million in General Revenue Funds and General Revenue–Dedicated Funds.

Food, meat, and drug safety activities include inspecting and monitoring foods, drugs, medical devices, cosmetics, shellfish-growing areas and processing plants, facilities that produce milk and milk products, and certain public school cafeterias. In addition, the agency inspects retail food establishments in counties with no local health authority. DSHS is also responsible for ensuring that all meat and poultry processed in Texas for consumption is derived from healthy animals, is slaughtered and prepared in a sanitary manner, has no harmful ingredients added, and is truthfully packaged and labeled. Food, meat, and drug safety appropriations total $52.6 million in All Funds for the 2014–15 biennium, which includes $39.1 million in General

Revenue Funds and General Revenue–Dedicated Funds, and 381.4 FTE positions.

DSHS also regulates youth camps and public health pesticide applicators and responds to complaints and concerns regarding asbestos, lead, and mold in public buildings, chemical hazards, and indoor air quality. Environmental health includes investigating public health nuisances in counties with no local health authority and providing technical assistance to local health agencies. Environmental health appropriations for the 2014–15 biennium total $17.1 million in All Funds, which includes $14.5 million in General Revenue Funds and General Revenue–Dedicated Funds, and 133.6 FTE positions.

The agency has a primary role in radiation control. DSHS licenses radioactive materials, certifies x-ray, mammography, and laser equipment and facilities, provides emergency response for nuclear facilities, and licenses laser hair removal facilities and personnel. Radiation control appropriations for the 2014–15 biennium total $17.5 million in All Funds, which includes $16.5 million in General Revenue Funds and General Revenue–Dedicated Funds and 138.3 FTE positions.

To ensure that healthcare standards are met, the agency issues registrations, certifications, and permits for healthcare professionals and facilities and maintains registries on various healthcare professionals. Appropriations for the 2014–15 biennium for Health Care Professionals and Facilities total $37.9 million in All Funds, which includes $22.8 million in General Revenue Funds and General Revenue–Dedicated Funds, and 255.5 FTE positions.

Applications and renewals for licenses for certain healthcare professionals and facilities can be processed through TexasOnline, the official website for the state that provides access to state and local government agencies. DSHS was appropriated an estimated $2.3 million in General Revenue Funds and General Revenue–Dedicated Funds fees to pay for TexasOnline services in the 2014–15 biennium.

OFFICE OF VIOLENT SEX OFFENDER MANAGEMENT

The enactment of Senate Bill 166, Eighty-second Legislature, Regular Session, 2011, transferred the functions related to the sex offender civil commitment program that were previously performed by the Council on Sex Offender Treatment at DSHS to the Office of Violent Sex Offender Management (OVSOM). OVSOM is an agency created by the legislation responsible for providing monitoring and treatment of civilly committed sex offenders. Senate Bill 166 specifies that DSHS will provide administrative support to assist OVSOM in carrying out these functions. Appropriations for the 2014–15 biennium for the treatment and supervision of sex offenders total $12.9 million in General Revenue Funds and include 29.0 FTE positions in fiscal year 2014 and 33.0 FTE positions in fiscal year 2015. This General Revenue Funds appropriation is $4.1 million, or 46.9 percent, more than the 2012–13 biennial spending level due to an anticipated increase in caseload.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, and the Second Called Special Session, 2013, passed several bills that affect DSHS.

HB 3793 – Mental Health System Reforms. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 3793 which expands the services required of local mental health authorities and the disorders to which they can be applied, to the extent feasible using funds appropriated for that purpose or received from the Texas Health Care Transformation and Quality Improvement Program 1115 Waiver. The effective date of this provision is January 1, 2014. House Bill 3793 also requires DSHS to develop and implement a state hospital plan to optimally allocate beds for civil and forensic patients in the state hospitals. The bill requires DSHS to update the plan biennially and to begin implementing the plan no later than August 31, 2014. DSHS is required to submit a report providing an update on the plan to the legislature and the governor by December 1, 2014. House Bill 3793 also creates a new mental health first aid training program for educators.

HB 2 – Abortion Regulations. The Eighty-third Legislature, Second Called Special Session, 2013, passed House Bill 2. The enacted legislation prohibits abortions at or after 20 weeks post-fertilization unless under certain exceptions; increases regulation of abortion-inducing drugs; requires physicians performing abortions to have admitting privileges at a hospital within 30 miles of the clinic; and requires licensed abortion facilities to meet standards equivalent to the minimum standards for ambulatory surgical centers. Facilities would be required to meet the new standards by September 1, 2014.

SB 62 – Bacterial Meningitis Vaccine Requirements for College Students. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 62 which limits the applicability of the bacterial meningitis vaccine requirement for entering college students to those students age 21 and younger and includes an exemption process. Previously the requirement applied to students age 29 and younger. Senate Bill 62 also requires DSHS to implement a secure web-based process for exemptions to be used by public junior colleges and to report annually to the Legislature the number of exemptions.

SB 1185 – Mental Health Jail Diversion Pilot Program in Harris County. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 1185, which requires DSHS to establish a mental health diversion pilot program to be implemented by the county judge of Harris County. Senate Bill 1185 also requires that the county judge provide resources to serve no less than 200 individuals and aim to serve between 500 and 600 individuals annually. The bill requires DSHS to inspect the program and submit an evaluation by December 1, 2016. The Legislature appropriated $10 million in General Revenue Funds for this program.

SB 1475 – Jail-Based Competency Restoration Pilot Program. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 1475, which requires DSHS to implement a jail-based competency restoration pilot program through a contractor in one or two counties. The bill requires DSHS to submit a report to include pilot program data and an evaluation of the pilot program by the December 1, 2016. The Legislature appropriated $3.1 million in General Revenue Funds for this program.

SB 1057 – Attestation Forms Required Prior to Receiving Certain DSHS Services. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 1057, which requires DSHS to collect attestation forms from clients stating that the individual does not have access to private health insurance coverage that provides the benefit, service, or assistance sought.

HB 2392 – Veterans' Mental Health Program. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 2392, which requires the agency to expand the veterans' mental health program to include peer-to-peer counseling and access to licensed mental health practitioners. The Legislature appropriated $4.0 million in General Revenue Funds in the 2014–15 biennium for increased veteran mental health services.

HEALTH AND HUMAN SERVICES COMMISSION

The Seventy-second Legislature established the Health and Human Services Commission (HHSC) in 1991 to provide the leadership and innovation needed to achieve an efficient and effective health and human services system for Texans. The agency mission is to maintain and improve the health and human services system in Texas, and to administer its programs in accordance with the highest standards of customer service and accountability for the effective use of funds. Statute directs the agency to ensure the delivery of health and human services in a manner that uses an integrated system to determine client eligibility; maximizes the use of federal, state, and local funds; and emphasizes coordination, flexibility, and decision-making at the local level. HHSC has oversight responsibilities for each of the following four agencies:

- Department of Aging and Disability Services (DADS);
- Department of Assistive and Rehabilitative Services (DARS);
- Department of Family and Protective Services (DFPS); and
- Department of State Health Services (DSHS).

The agency is governed by the Executive Commissioner of Health and Human Services, who is appointed for a two-year term by the Governor with the advice and consent of the Senate. The Executive Commissioner exercises broad powers, including final approval of rules for each agency, appointment of agency commissioners (with approval of the Governor), and authority to request additional funding and transfers of full-time-equivalent (FTE) positions between agencies.

The appropriations to HHSC are comprised of a number of different funding sources. These include funds associated with federal programs such as Medicaid, Temporary Assistance for Needy Families (TANF), Children's Health Insurance Program (CHIP), Supplemental Nutritional Assistance Program (SNAP/Food Stamps), and Family Violence Prevention. State funds are required as a match or maintenance of effort to receive certain federal funding streams. For example, the Medicaid program currently requires the state to fund approximately 41 percent of the expenditures for client services, and the CHIP program requires approximately 29 percent state participation. The TANF grant requires the state to maintain state expenditures at $235.7 million per year and to meet certain federal work participation standards.

FUNDING FOR THE 2014–15 BIENNIUM

Appropriations to HHSC for the 2014–15 biennium total $48.5 billion in All Funds and provide for 12,536.9 FTE positions in fiscal year 2014 and 12,561.7 FTE positions in fiscal year 2015. Federal Funds comprise $28.6 billion, or 59.0 percent of funding. General Revenue Funds comprise $18.8 billion, or 38.8 percent of funding, and include $921.5 million from Tobacco Settlement receipts, which were directed by settlement terms to be used for children's health services. Other Funds comprise the remaining 2.3 percent of funding. The actual amount of budget demand for Medicaid will depend on a number of factors, including the agency's ability to achieve cost-containment and budgeted savings targets.

The following significant funding issues affect the agency's fiscal year 2013 appropriations:

- House Bill 10, Eighty-third Legislature, Regular Session, 2013, increased HHSC appropriation authority by $3,428.8 million in General Revenue Funds ($8,406.1 million in All Funds) for the purpose of addressing the Medicaid client services shortfall.
- House Bill 10, Eighty-third Legislature, Regular Session, 2013, increased HHSC appropriation authority by $74.7 million in General Revenue Funds ($262.1 million in All Funds) for the purpose of addressing the CHIP client services shortfall.
- House Bill 1025, Eighty-third Legislature, Regular Session, 2013, increased appropriation authority by $4.1 million in General Revenue Funds ($14.5 million in All Funds) for the purpose of addressing an additional CHIP client services shortfall.
- House Bill 1025, Eighty-third Legislature, Regular Session, 2013, reduced appropriation authority for the TANF program by $2.7 million in General Revenue Funds due to a surplus in funding for the TANF State Two-parent Program.

The Eighty-third Legislature undertook several fiscal and policy changes for the 2014–15 biennium. The following lists the more significant items:

- adoption of cost-containment initiatives in the Medicaid and CHIP programs estimated to save

$961.6 million in All Funds, including $400.0 million in General Revenue Funds;

- reductions in Medicaid funding of $503.5 million in All Funds, including $209.1 million in General Revenue Funds, for budgeted savings related to increased funding for the expansion of certain services at DSHS, including primary care services and Youth Empowerment Services; anticipated recoveries in Medicaid fraud cases by the Office of Attorney General; and increased funding for fraud detection in the Medicaid program at the Office of Inspector General;
- $814.0 million in All Funds, including $226.6 million in General Revenue Funds, for the transition of certain children in the CHIP program to Medicaid, as required by the Affordable Care Act (ACA);
- $721.1 million in All Funds ($7.1 million in General Revenue Funds) to provide rate increases up to the Medicare level for certain services by primary care providers in the Medicaid program, as required by the ACA;
- $506.6 million in All Funds, including Interagency Contracts from the DSHS and the Texas Higher Education Coordinating Board, for supplemental payments in the Disproportionate Share Hospital, Uncompensated Care, and Delivery System Reform Incentive Payments programs;
- $72.0 million in All Funds ($22.0 million in General Revenue Funds) for a variety of information technology projects across the health and human services enterprise;
- $62.2 million in All Funds, including $18.8 million in General Revenue Funds, for 101.6 full-time equivalents at the Office of the Inspector General and to continue a fraud integrity initiative; and
- increased funding for Family Violence Services, the Home Visitation Program, and Alternatives to Abortion.

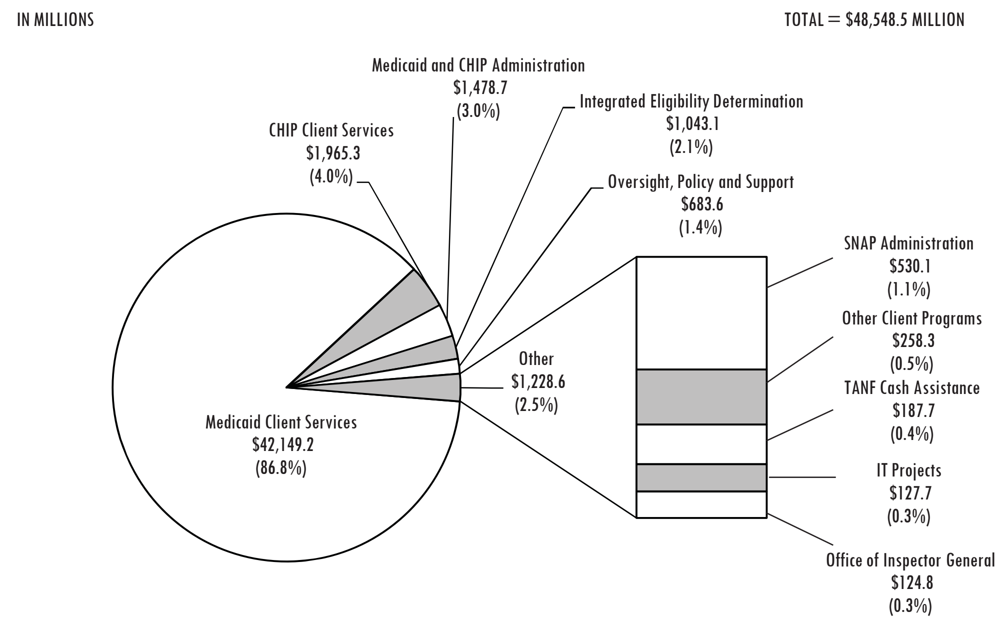
HHSC's primary goals are to: (1) maximize Federal Funds through the efficient use of available state and local resources; (2) provide a system that delivers prompt, comprehensive, effective services to the people of Texas; (3) promote the health of the people of Texas; (4) foster the development of responsible, productive, and self-sufficient citizens; (5) provide needed resources and services to Texans when they cannot provide or care for themselves; (6) protect the physical and emotional safety of all the people of Texas; and (7) improve the coordination and delivery of children's services. HHSC meets these goals through the delivery of direct client services in the Medicaid, CHIP, and TANF programs, family violence prevention services, Nurse Family Partnership programs, and other programs that provide direct services or client service coordination. In addition, HHSC operates the eligibility determination process, provides oversight of all health and human services enterprise agencies, coordinates program policy among the enterprise, sets rates for provider reimbursements and managed care premiums, provides program support, and investigates fraud, waste, and abuse in the provision of all health and human services through the Office of the Inspector General. **Figure 176** shows the agency appropriations for the 2014–15 biennium by major functional areas: Medicaid client services; CHIP client services; Medicaid and CHIP administration; integrated eligibility determination; Enterprise oversight, policy, and program support; SNAP administration; other client services programs; TANF cash assistance grants; information technology projects; and the Office of the Inspector General.

ENTERPRISE OVERSIGHT AND POLICY

HHSC provides oversight and centralized financial policy for all health and human services agencies by improving business operations to maximize Federal Funds, improving efficiency in system operations, improving accountability and coordination through the system, and ensuring the timely and accurate provision of eligibility determination services for all individuals in need of Health and Human Services system programs. HHSC directs centralized financial policy for all the health and human services agencies. Biennial funding for this function totals $54.9 million in All Funds, including $24.2 million in General Revenue Funds. The agency conducts all rate-setting activities for Medicaid, CHIP, and foster care. Biennial funding for rate setting totals $6.0 million in All Funds, including $2.8 million in General Revenue Funds. Through a federally approved cost-allocation plan, HHSC bills the other health and human services agencies for their share of costs of the system-wide projects; payments from the other health and human services agencies are received as interagency contracts.

HHSC provides eligibility determination services, policy, and support for various programs, including Medicaid acute care services and long-term services and supports, TANF

FIGURE 176
HEALTH AND HUMAN SERVICES COMMISSION FUNDING BY FUNCTIONAL AREA, 2014–15 BIENNIUM



Source: Legislative Budget Board.

(cash assistance), SNAP, and CHIP. The agency also administers outreach and application assistance for SNAP, Medicaid, and CHIP; nutrition education; the 2-1-1 Texas Information and Referral Network; maintenance of the Texas Integrated Eligibility Redesign System (TIERS); managed care enrollment; and issuance of SNAP and TANF benefits through electronic benefit cards. Biennial funding for these functions totals $1,573.2 million in All Funds, including $714.2 million in General Revenue Funds.

The agency also works to obtain efficiencies throughout the health and human services system by providing consolidated system support. Biennial funding totals $313.1 million in All Funds, including $50.7 million in General Revenue Funds. This amount includes services that have been combined at HHSC such as human resources, civil rights, and support services for regional offices. It also includes services that are not centralized, but are coordinated by HHSC, such as information technology, procurement, and ombudsman services. The agency maintains the Health and Human Services Administrative System, an integrated financial and human resources software package known as PeopleSoft, on behalf of all the health and human services agencies. This system will serve as the foundation for a statewide human resources software system under the Centralized Accounting and Payroll/Personnel System, an enterprise resource planning system implemented by the Comptroller of Public Accounts. Ongoing costs associated with upgrades to the system and hosting currently provided by the Comptroller of Public Accounts are included in the agency appropriations.

MAJOR CLIENT SERVICES PROGRAMS

TEXAS MEDICAID PROGRAM

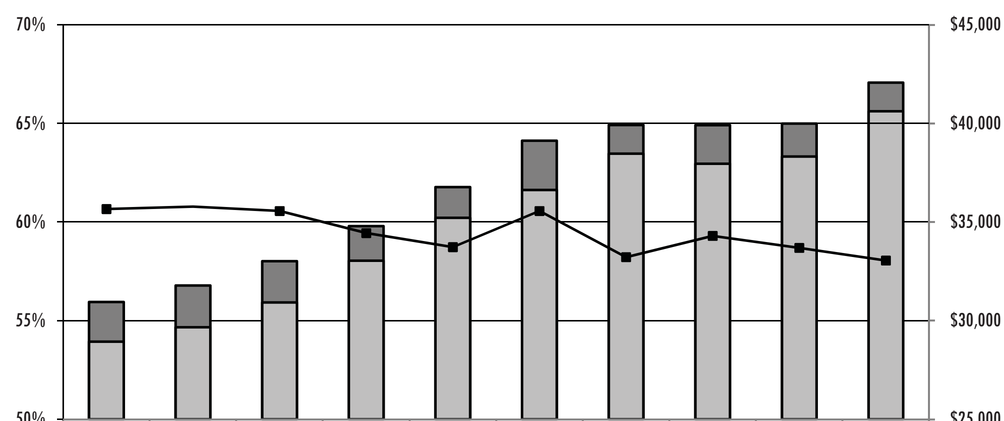
HHSC is the designated single state agency responsible for administering the Medicaid program. Medicaid is a jointly funded federal-state program that provides health insurance and other services primarily to low-income families, non-disabled children, and related caretakers of dependent children; pregnant women; the elderly; and people with disabilities. The federal government contributes to the cost of Medicaid client services according to a match rate, the Federal Medical Assistance Percentage (FMAP), which is based on a comparison of the state's three-year average per capita personal income to the national per capita personal income. The FMAP is higher in states with lower average per capita personal incomes. The FMAP determines the proportion of Medicaid client services expenditures that is paid by the federal government.

The FMAP for client services in Texas is 58.69 percent for federal fiscal year 2014 and 58.05 percent for federal fiscal year 2015. The fiscal year 2015 FMAP is an update that includes a slight increase over that assumed in the GAA. **Figure 177** shows the FMAP levels from fiscal years 2006 to 2015 and the three-year average state and national per capita personal income used to calculate them. A state with a per capita personal income equal to the United States average would have an FMAP of 55.0 percent. Texas' per capita personal income has historically been below the national average, resulting in an FMAP exceeding 55.0 percent. In years when Texas' per capita personal income has become closer to the national average, the state's FMAP has become less favorable, as is reflected in fiscal year 2012. Different federal matching rates are applied for other types of Medicaid-related expenditures, such as certain information technology projects (90 percent), family planning services (90 percent), skilled medical professional services (75 percent), and administrative functions (50 percent). Other enhanced matches are also available for certain services or populations, such as the Balancing Incentive Program that provides a 2 percent increased matching rate for services aimed at moving clients from institutional-based services into the community.

As the single state agency responsible for Medicaid, HHSC may designate some Medicaid functions to other agencies, but must plan and direct the program. In administering this function, the agency has the following responsibilities:

- serving as the primary point of contact with the federal government;
- establishing agreements with other state agencies to carry out technical operations and service delivery for the Medicaid program;
- approving Medicaid policies, rules, reimbursement rates, and operations carried out by the Medicaid operating agencies;
- overseeing and monitoring the Medicaid budget;
- evaluating and monitoring Medicaid programs;
- determining Medicaid eligibility;

FIGURE 177
FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP) AND PER CAPITA PERSONAL INCOME (PCPI), FISCAL YEARS 2006 TO 2015



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
US PCPI	$30,945	$31,781	$33,016	$34,795	$36,768	$39,122	$39,919	$39,913	$39,996	$42,065
Texas PCPI	$28,932	$29,668	$30,921	$33,035	$35,213	$36,626	$38,463	$37,956	$38,321	$40,615
Regular FMAP	60.66%	60.78%	60.56%	59.44%	58.73%	60.56%	58.22%	59.30%	58.69%	58.05%

Notes:
(1) FMAPs are for federal fiscal year (FFY) and do not reflect enhanced FMAPs related to the American Recovery and Reinvestment Act (ARRA) that applied from the first quarter of FFY 2009 until the third quarter of FFY 2011. Per capita personal income (PCPI) is the average of the most recent three years available at the time each FMAP was calculated and does not include any updates to the data made after that time. For example, FFY 2015 FMAP is based on the average of 2010 to 2012 PCPI as reported by the Bureau of Economic Analysis in September 2013.
(2) FFY 2008 FMAP reflects 0.03 percentage point increase related to the Deficit Reduction Act and Hurricane Katrina; PCPI is what was used to calculate initial FMAP without this adjustment.
(3) GAA assumed 58.10 percent in FFY 2015; figure reflects more favorable actual FMAP of 58.05 percent.
Sources: Legislative Budget Board; U.S. Department of Health and Human Services; Bureau of Economic Analysis; U.S. Census Bureau.

- administering the Medicaid state plan;
- initiating and coordinating opportunities to maximize federal funding;
- facilitating the federally mandated Medical Care Advisory Committee; and
- operating the state's acute care, prescription drug, 1115 Transformation Waiver, and managed care programs.

MEDICAID PROGRAM STRUCTURE

Pursuant to enactment of legislation passed by the Seventy-eighth Legislature, Regular Session, 2003, five state agencies have primary responsibility for the delivery of services for the Texas Medicaid program:

- HHSC provides Medicaid eligibility determination, Medicaid services through either the managed care model for the provision of services or on a fee-for-service basis, Texas Health Care Transformation and Quality Improvement Program 1115 Waiver, Vendor Drug Program, Medical Transportation Program, and the Office of the Inspector General.
- DSHS provides certain services in the Texas Health Steps Program (medical and dental checkups for children); case management for pregnant women and children; newborn screening and newborn hearing screening; NorthSTAR (behavioral health managed care); mental health assessment and service coordination, rehabilitation services, and institutions for mental disease (mental health hospitals); and Youth Empowerment Services (YES waiver).
- DADS provides community-based and institutional long-term services and supports; client functional eligibility determination; and regulation of long-term care facilities.
- DARS provides targeted case management and early childhood intervention.
- The Texas Education Agency coordinates the School Health and Related Services Program.

MEDICAID ELIGIBILITY

Health care services are provided to certain client groups determined eligible by Medicaid state staff using federal and state requirements. During the 2014–15 biennium, eligibility thresholds will be transitioning to new rules as directed by the ACA. Eligibility determination for the first third of state fiscal year 2014 will continue to be based primarily on income (including asset tests) and age.

Under the ACA, eligibility requirements will change beginning January 2014. The ACA eliminates the Medicaid and CHIP asset tests for poverty-related children and families and pregnant women applicants and allows for a standard 5 percent income disregard whereby 5 percent of an applicant's income is not counted toward the eligibility threshold. The ACA sets Medicaid eligibility levels for all non-disabled children to 133 percent of the federal poverty level (FPL). In effect, all non-disabled children up to 138 percent of FPL will be eligible for Medicaid. The impact of this change will result in a transition of children who were eligible for and receiving services in the CHIP program to the Medicaid program. Payments for services provided for these children will continue to be matched at the CHIP Enhanced FMAP matching rate, which is higher than the Medicaid matching rate. However, because there are more services provided in the Medicaid program than in the CHIP program, the cost to Medicaid will be $814.0 million in All Funds, including $226.6 million in General Revenue Funds.

In addition to poverty-related, non-disabled children, the Texas Medicaid program primarily covers pregnant women up to 185 percent of FPL, impoverished persons eligible for TANF cash assistance (approximately 12 percent of FPL), Medicare-eligible persons up to 100 percent of the Supplemental Security Income (SSI) threshold (approximately 74 percent of FPL), and disabled persons eligible for SSI and qualifying for long-term care services and supports up to 300 percent of the SSI threshold (approximately 220 percent of FPL). **Figure 148** shows the Medicaid eligibility groups and the respective FPL thresholds under the new ACA requirements.

MEDICAID CLIENT SERVICES

Appropriations for HHSC Medicaid client services and direct administrative costs total $43.6 billion for the 2014–15 biennium, which is 89.8 percent of total agency appropriations. This includes $17.0 billion in General Revenue Funds, or 39.1 percent of Medicaid funding. This amount includes $371.7 million in General Revenue Funds from Tobacco Settlement receipts. Funding levels assume HHSC will achieve a variety of cost-saving initiatives, realize savings due to the expansion of funding for primary care services at DSHS, and increase fraud-related recoveries due to increased staffing and resources appropriated to the Office of the Inspector General.

Appropriations also include rate increases for certain primary care services and for attendant care providers in STAR+PLUS. The ACA requires a rate increase up to the Medicare rate for certain services provided by primary care physicians in Medicaid from January 1, 2013 through December 31, 2014. The rate increase is 100 percent federally funded from the rates that were in effect in July 2009. There was a 2 percent rate reduction since July 2009 at HHSC; as such, HHSC is required to fund at regular FMAP matching levels the restoration of the 2 percent reduction before financing the additional increase to Medicare rates with 100 percent Federal Funds. The Eighty-third Legislature, Regular Session, provided for the 2 percent rate increase.

As discussed in the overview for this chapter, a number of cost containment and other budget actions were taken by the Eighty-third Legislature to slow the overall growth in Medicaid program costs. These efforts included specific budget actions, cost containment measures, and program assumptions. As with all entitlement programs, to the extent that those initiatives do not fully materialize, appropriations to Medicaid would be subject to increase in fiscal year 2015 in order to meet the state's obligations in the program.

As shown in **Figure 150**, overall Medicaid acute care caseloads have increased since fiscal year 2006. Growth in the Medicaid caseloads grew most rapidly in fiscal years 2008 through 2012 during the economic downturn. Caseloads are estimated to continue to increase during the 2014–15 biennium primarily due to the impact of ACA regulations that require 12-month certification of eligibility instead of the current six month Medicaid eligibility period and the transition of children from CHIP into Medicaid.

The Medicaid budget includes funding for client services by Medicaid Eligibility Groups, a designation created for client groups under the federally-approved (in December of 2011) Texas Medicaid Transformation and Quality Improvement Program 1115 Waiver. The Medicaid Eligibility Groups are:

- Aged and Medicare-related;
- Disability-related (children and adults who are eligible based on disability status);
- Pregnant women;
- Other adults (TANF eligible and Medically-needy); and
- Children.

Funding included for these groups provides payments to physicians, hospitals, and managed care entities for health services.

The Vendor Drug program transitioned to a managed care model during the 2012–13 biennium. Prescription drug benefits are provided through managed care organizations and the cost is included in a set fee HHSC pays per person enrolled, called a capitated rate. The state retains agreements directly with drug manufacturers, however, to provide the basis for the statewide Preferred Drug List and supplemental rebates. The Eighty-third Legislature, Regular Session, enacted legislation that maintains state control over this arrangement with the drug manufacturers through fiscal year 2018.

Included in prescription drug appropriations is the Medicare Give Back Provision (also referred to as "clawback"). This is the phased-down state contributions to the federal government for prescription drug expenses of Medicaid clients who are dually eligible for Medicare. This prescription drug program is known as Part D of the 2003 Medicare Modernization Act.

The Medical Transportation Program provides non-emergency transportation services to Medicaid clients who do not have any other means of transportation to access medically necessary covered services. During the 2012–13 biennium, HHSC implemented a full-risk capitated model for providing medical transportation services in the Dallas/Ft. Worth and Houston/Beaumont areas of the state. The remaining medical transportation services were provided on a fee-for-service basis. The Eighty-third Legislature, Regular Session, passed legislation that will expand the capitated model of providing transportation services.

The Early and Periodic Screening, Diagnosis, and Treatment program, known in Texas as Texas Health Steps, provides to children any medically necessary and appropriate healthcare service (i.e. case management, durable medical equipment, private nursing, and therapies) covered by Medicaid. Funding for this program is provided in capitated payments to managed care organizations for both medical and dental expenses. Enrollment with a managed care organization is optional for certain children; however, the Eighty-third Legislature, Regular Session, passed legislation that removes the option for children with disabilities to opt out of services provided in the managed care model unless the agency determines it is more cost effective to do so.

TEXAS HEALTH CARE TRANSFORMATION AND QUALITY IMPROVEMENT PROGRAM 1115 WAIVER

During the 2012–13 biennium, the Centers for Medicare and Medicaid Services approved the Texas application for an 1115 Waiver in the Medicaid program. The Texas Health Care Transformation and Quality Improvement Program 1115 Waiver (1115 Waiver) authorized the statewide expansion of the managed care model of the provision of services in Medicaid and created new supplemental funding programs to replace the Upper Payment Limit program.

MANAGED CARE

Managed care refers to a system of health care reimbursements in which a provider is paid by a managed care organization (MCO) for providing services to a recipient. HHSC pays the MCO a monthly premium to finance and coordinate the services delivered. Fee-for-service reimbursement is the traditional health care payment system, under which providers receive a payment for each unit of service they provide.

STATE OF TEXAS ACCESS REFORM (STAR) PROGRAM

In 1993, Texas began a managed-care pilot for acute care health services, known as the State of Texas Access Reform (STAR) Program. In subsequent years, Texas incrementally expanded the STAR Program to most urban areas. During the 2012–13 biennium, STAR was expanded into rural areas of the state by establishing 3 large managed care Medicaid Rural Service Areas (MRSA). STAR serves primarily non-disabled adults and children who are eligible for Medicaid services due to their family income level.

STAR+PLUS PROGRAM

Health and human services agencies implemented the STAR+PLUS model in Houston in 1997. This program integrates acute care and long-term care into one service-delivery system through managed care. The model covers physician services plus community-based care and nursing home care under a single capitated payment; as of March 2012, hospital services are also included in the capitated payment. HHSC expanded the STAR+PLUS model to Bexar, Nueces, Travis, and Harris-contiguous counties during fiscal year 2007; and to Dallas and Tarrant counties during fiscal year 2011; to urban and contiguous counties in September 2011; and to South Texas counties in March 2012. Senate Bill 7, as passed by the Eighty-third Legislature, Regular Session, directs HHSC to expand the STAR+PLUS model to the rest of the state.

NORTHSTAR PROGRAM

HHSC oversees the integration of behavioral health and substance abuse services in an initiative known as the NorthSTAR project. It is operated by the DSHS and is intended to integrate publicly funded systems of mental health and chemical dependency services. NorthSTAR was implemented in the Dallas service area in July 1999 and currently operates in Dallas and contiguous counties. It uses Medicaid funding, state General Revenue Funds, and block grant Federal Funds to create a coordinated system of public behavioral health care.

STAR HEALTH

The Seventy-ninth Legislature, Regular Session, 2005, directed HHSC to develop a statewide health care delivery system for children in foster care. The model, which went into effect in April 2008, allows for coordination of medical, dental, and behavioral health care. Each child has a medical home with a primary care physician who coordinates care and referrals. Additionally, each child has a web-based health passport, containing medical history, providers, and drugs prescribed.

During the 2012–13 biennium, HHSC implemented six initiatives to expand the managed care model of the provision of Medicaid services statewide. The six expansion initiatives implemented as of March 1, 2012 are:

- expand the STAR and STAR+PLUS managed care programs in urban counties and those counties contiguous to existing service areas;
- expand the STAR managed care program into 164 rural counties in the MRSA, previously served through Primary Care Case Management;
- expand STAR and STAR+PLUS managed care program to 10 counties in the Hidalgo Service area of South Texas;
- capitate Medicaid dental services for children;
- carve into the managed care premiums for STAR and STAR+PLUS the previously carved-out inpatient hospital services; and
- carve prescription drug benefit into the managed care premiums in Medicaid and CHIP.

The Eighty-third Legislature, Regular Session, 2013 enacted legislation that will continue the expansion of managed care statewide, including statewide implementation of

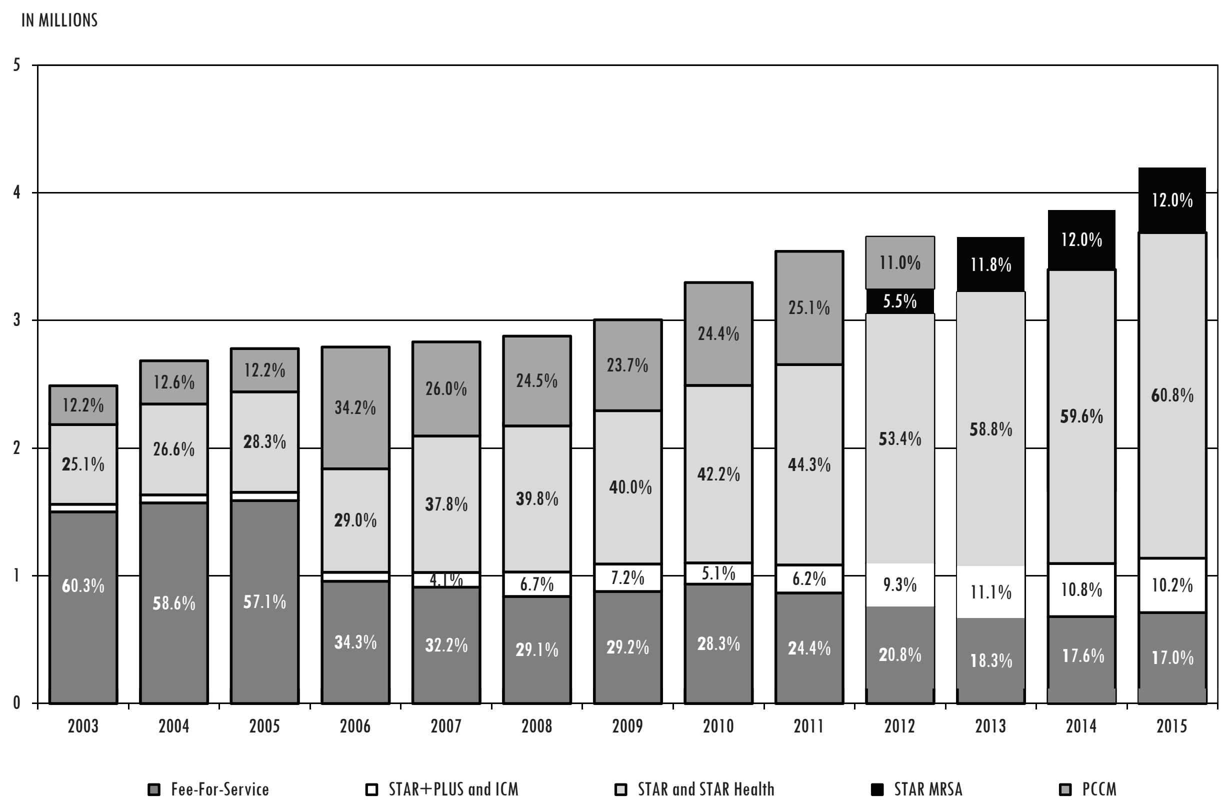
STAR+PLUS, carving in nursing facilities to the managed care payments, integrating behavioral and physical health services, and the creation of a new managed care program specifically for children with disabilities, called STAR Kids. The 2014–15 GAA provides the authority to transfer from DADS to HHSC funding necessary for the transition of STAR+PLUS to a statewide program and the carving in of nursing facility services. No adjustments to performance measures or funding related to the continued expansion of managed care were made.

Figure 178 shows Medicaid caseload percentage by delivery model across recent years and demonstrates the growth of the managed care model for the provision of services across the state, especially since expansion by the Eighty-second Legislature in fiscal year 2012. The managed care model of service delivery, including Integrated Care Management and Primary Care Case Management, both non-capitated models of managed care that are no longer used, has increased from covering 39.7 percent of Medicaid clients in fiscal year 2003 to an projected 83.0 percent in fiscal year 2015, which does not include certain expansions included in Senate Bill 7, Eighty-Third Legislature, Regular Session, 2013.

UNCOMPENSATED CARE AND DELIVERY SYSTEM REFORM INCENTIVE PAYMENTS

Under the authority of the 1115 Waiver, hospitals and healthcare providers have joined Regional Healthcare Partnerships (RHPs) that work together to transform health

FIGURE 178
ACUTE CARE MEDICAID AVERAGE MONTHLY CASELOAD BY DELIVERY MODEL, FISCAL YEARS 2003 TO 2015



NOTES:
(1) ICM = Integrated Care Management (Feb 08-May 09).
(2) MRSA = Medicaid Rural Service Area.
(3) PCCM = Primary Care Case Management.
(4) Represents average monthly number of clients receiving Medicaid acute care health insurance services through the Health and Human Services Commission. Managed Care delivery models include all but Fee-for-Service. The percentage of clients receiving STAR+PLUS and ICM from 2003 to 2006 was between 2.3 and 2.6 percent.
(5) Fiscal year 2013 is estimated.
(6) Fiscal years 2014 and 2015 target established in the General Appropriations Act.

SOURCES: Legislative Budget Board; Health and Human Services Commission.

care delivery. The RHPs are anchored around a publicly-funded entity (i.e. hospital district or county) that transfers public dollars through an intergovernmental transfer (IGT) to HHSC to be matched with Federal Funds at FMAP matching rates. Those IGTs and Federal Funds are pooled and distributed for two purposes: (1) Uncompensated Care (UC) payments to reimburse hospitals and providers for uncompensated care, and (2) Delivery System Reform Incentive Payments (DSRIP) to pay for approved projects that increase access to healthcare delivery and improve health outcomes. The 1115 waiver was approved for five years (federal fiscal years 2012 to 2016). During this period, the proportion of the supplemental payments that go toward Uncompensated Care (which is most closely modeled after the previous Upper Payment Limit Program) will decrease and the proportion of payments that go toward DSRIP payments will increase.

Like the former Upper Payment Limit program and the Disproportionate Share Hospital supplemental payments, the 1115 Waiver payments are in the treasury but, for the most part, are not appropriated through the General Appropriations Act (GAA). However, certain entities that do not have local funding available or who cannot participate through an RHP are participating with the use of state appropriations. For example, State Hospitals and local mental health authorities are leveraging state funds to participate in the UC and DSRIP programs. In addition, the Texas Higher Education Coordinating Board is leveraging state funds on behalf of certain private medical schools in order to participate. The 2014–15 GAA includes $206.6 million in All Funds for this purpose, including $85.9 million in state Interagency Contracts. Over the five-year period of the 1115 Waiver, HHSC anticipates the state will be eligible for $29.0 billion in All Funds, an additional $15.0 billion more in All Funds than what the state would have been eligible to receive under the previous Upper Payment Limit program. The Eighty-third Legislature directed HHSC and authorized public institutions of higher education to work toward maximizing the opportunity for federal funding of these projects in the 2014–15 GAA.

DISPROPORTIONATE SHARE HOSPITAL REIMBURSEMENT PROGRAM

Another major component of the Medicaid program, the Disproportionate Share Hospital (DSH) Reimbursement Program, makes payments to university teaching hospitals and qualifying public, private, and nonprofit hospitals that serve disproportionately high numbers of medically needy indigent patients. Local government and hospital expenditures are used to draw down matching Federal Funds, up to the maximum established by the federal government. Under the ACA, national DSH allocations will be reduced. In addition, because of opportunities for increased federal funding under the 1115 Waiver supplemental payment programs, hospitals have reduced their intergovernmental transfers for the DSH program. In light of the program transition, the Eighty-third Legislature, Regular Session, 2013, provided authority for HHSC to use up to $300.0 million in state funds to maximize matching federal funds under the DSH program, contingent upon HHSC and stakeholders working to stabilize and improve the system for providing hospital payments for Medicaid services and uncompensated care. To the extent this funding is utilized for DSH and not for client services Medicaid payments, it could result in a supplemental need in the Medicaid program when the Eighty-fourth Legislature convenes in 2015.

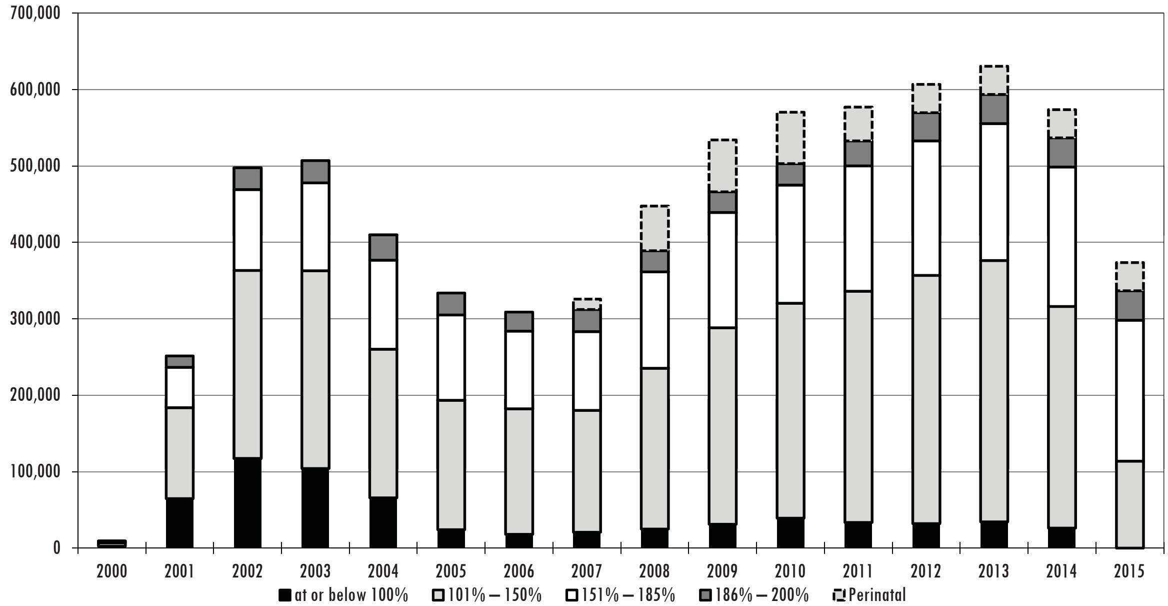
CHILDREN'S HEALTH INSURANCE PROGRAM

HHSC insures children who do not qualify for Medicaid with family income at or below 200 percent of the FPL. **Figure 148** shows CHIP and Medicaid income eligibility requirements for children and pregnant women. As of August 31, 2013, there were 630,696 recipients enrolled in CHIP. This amount includes 37,077 perinates and mothers who participate in the perinatal benefit implemented during the 2006–07 biennium. The CHIP caseloads are expected to decrease as a result of the client transfer into Medicaid required by the new eligibility thresholds under the ACA; as such, funding for CHIP was reduced by $605.5 million in All Funds, including $177.3 million in General Revenue Funds, in the 2014–15 GAA. **Figure 179** shows average monthly CHIP enrollment by percent of FPL.

Biennial funding for CHIP client services and administrative costs totals $2.0 billion in All Funds, which includes $587.2 million in General Revenue Funds, or 29.4 percent, of the total. Tobacco Settlement receipts account for most of the General Revenue Funds, $549.7 million. Client enrollment and renewal fees, vendor drug rebates, and experience rebates contribute to other sources of General Revenue Funds.

CHIP is a federal-state program that insures children (ages 0 to 18) whose family income is at or below 200 percent of the FPL. The federal government contributes to the cost of CHIP according to a match rate, or Enhanced Federal Medical Assistance Percentage (EFMAP). A state's EFMAP results in a state contribution that is 30 percent less than that

FIGURE 179
AVERAGE MONTHLY CHIP ENROLLMENT BY PERCENTAGE OF FEDERAL POVERTY LEVEL, FISCAL YEARS 2000 TO 2015



Note: Fiscal years 2014 and 2015 targets established in the General Appropriations Act (2014–15 Biennium).
Source: Legislative Budget Board.

under FMAP. The EFMAP for federal fiscal year 2014 is 71.08 percent compared with the FMAP of 58.69 percent.

CHIP coverage is offered statewide through contracted managed care organizations (MCOs). HHSC is responsible for CHIP policy and contracting for administrative, marketing, and MCO services. Services include the following benefits:

- inpatient and outpatient hospital services;
- prescription medications;
- laboratory and diagnostic tests;
- well-child exams and preventive health services, such as hearing screening and immunizations;
- physician's office visits and hospital care;
- vision, dental, mental health, tobacco cessation, chiropractic, hospice, and skilled nursing benefits;
- home and community health services, such as speech, physical and occupational therapy, and nursing care;
- emergency care transportation services; and
- durable medical equipment, prosthetic devices, and disposable medical supplies.

The state requires an annual enrollment fee, and CHIP families pay co-payments for doctor's visits, prescription drugs, inpatient hospital care, and non-emergent care provided in an emergency department. The annual enrollment fee and co-payment amounts are based on family income, and total out-of-pocket costs are capped based on family income.

CHIP PERINATAL SERVICES

In January 2007, HHSC implemented a new CHIP benefit that expands prenatal care to low-income women. Medicaid currently provides prenatal services to pregnant women who are U.S. citizens and have incomes up to 185 percent of the FPL. The CHIP perinatal benefit provides perinatal coverage to women (ages 19 and older) with incomes between 185 percent and 200 percent of the FPL. The program also provides perinatal coverage to immigrant women who would otherwise receive Medicaid emergency services only. Eligibility for the CHIP perinatal benefit is for the perinate, or unborn child. Due to clarified federal guidance, infants born to mothers at or less than 185 percent of FPL receive services in the Medicaid program instead of continuing in the perinate program; services for these infants are funded at the FMAP matching rate instead of the EFMAP rate. Biennial funding for CHIP Perinatal Services totals $423.7 million in All Funds, including $123.4 million in General Revenue Funds.

CHIP VENDOR DRUG PROGRAM

The CHIP Vendor Drug Program operates similarly to the Medicaid Vendor Drug Program. Prior authorization is required for prescribed drugs not included on the preferred drug list. As part of the managed care expansion initiative, the CHIP Vendor Drug Program also transitioned to a managed care model in March 2012. For the 2014–15 biennium, funding for CHIP prescription drugs totals $316.3 million in All Funds, including $92.0 million in General Revenue Funds. This amount includes $12.0 million from vendor drug rebates.

TANF GRANTS

TANF Federal Funds are distributed to states as block grants. To be eligible for TANF Federal Funds, states are required to maintain state spending at a percentage of fiscal year 1994 spending (maintenance of effort). General Revenue Funds for TANF maintenance of effort are expended by HHSC, the Texas Education Agency, and the Texas Workforce Commission. States have broad flexibility to use TANF Federal Funds in any manner that meets the program's purposes. TANF Federal Funds are appropriated to health and human services agencies for TANF grants, eligibility determination, alternatives to abortion, family violence services, mental and behavioral health services, family planning services, Early Childhood Intervention services, Child Protective Services, and foster care payments. If additional TANF Federal Funds become available, the funds are appropriated in the 2014–15 GAA, subject to written approval of the Legislative Budget Board and the Governor.

TANF grants provide time-limited cash assistance to families with children who have annual incomes less than approximately 12 percent of the FPL ($2,256 for a family of three). Grants are provided to single-parent families and to two-parent families in which one or both parents are unemployed or have a disability. The monthly cash grant amount paid to a family is based on household size, income, and the family's basic needs. The maximum monthly cash grant for a family of three is set by the 2014–15 GAA at no less than 17 percent of the FPL, adjusted annually. For fiscal year 2014, the maximum monthly cash grant for a family of three is estimated to be $276.68.

The Eighty-third Legislature, Regular Session, 2013, maintained existing TANF policies, which provide for earned income disregards, one-time grants of $1,000 for grandparents, one-time payments of $1,000 to families opting out of regular cash assistance, a maximum TANF grant level of no more than 17 percent of the FPL, once-a-year supplemental payments of $30 per child, the exclusion of a new spouse's income for the first six months of marriage, an asset limit of $1,000, and a vehicle exemption of $4,650 for all families.

Adult recipients are required to sign a Personal Responsibility Agreement (PRA) that includes requirements for participation in training, education, or work programs; child support collection efforts; school attendance; and child immunizations and health checkups. Under full family sanctions, the failure of a parent to cooperate with a requirement of the PRA can cause the entire family to lose its cash assistance.

The length of time individuals may receive TANF assistance is limited by federal and state laws that emphasize helping clients make the transition into employment. The HHSC Texas Works Program encourages individuals to find employment instead of applying for benefits. Unless exempted, adults who receive cash assistance must actively seek work or participate in job-preparation activities. If individuals fail to comply with this or other requirements, there may be sanctions or their benefits may be denied. The Texas Workforce Commission provides employment and child-care services to help clients secure and maintain employment. **Figure 180** shows changes in the TANF caseload from fiscal years 1995 to 2015.

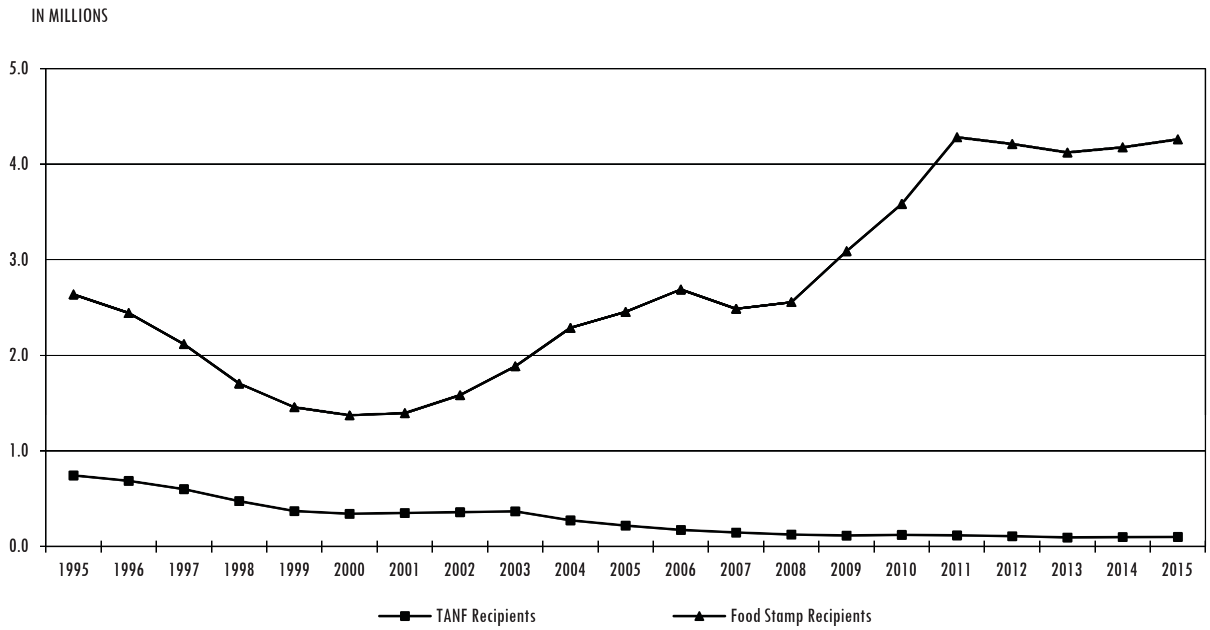
Biennial funding for TANF Grants totals $187.7 million in All Funds. This amount includes $131.9 million in General Revenue Funds, or 70.2 percent, and $55.9 million in Federal Funds, or 29.8 percent.

OTHER CLIENT SERVICES AND GRANT PROGRAMS

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (FORMERLY FOOD STAMPS)

HHSC administers the federal SNAP in Texas. The program helps low-income families who have net monthly incomes below 100 percent of the FPL and countable resources of less than $2,000 to $3,250, depending on family size and composition, to purchase food. HHSC estimates that $11.3 billion worth of SNAP benefits will be issued during the 2014–15 biennium. **Figure 180** shows changes in the SNAP

FIGURE 180
TANF AND SNAP (FOOD STAMP) CASELOADS, FISCAL YEARS 1995 TO 2015



SOURCES: Legislative Budget Board; Health and Human Services Commission.

caseload for fiscal years 1995 to 2015. SNAP benefits are federally funded and do not appear in the HHSC appropriation. However, funding is appropriated to HHSC for administrative expenditures, including eligibility determination and information technology projects related to SNAP. Administrative expenditures are financed equally with state and federal funds.

REFUGEE ASSISTANCE PROGRAM

The Refugee Assistance program helps refugees become self-sufficient by providing temporary cash and medical assistance, employment services, and English-language instruction. These activities are funded entirely by Federal Funds. The number of refugees receiving services per month has increased from 7,789 in fiscal year 2007 to an estimated 14,566 refugees in fiscal year 2013. Funding for 2014–15 biennium totals $70.8 million in Federal Funds, and provides for 8.8 FTE positions.

DISASTER ASSISTANCE

HHSC administers the Other Needs Assistance provision of the Federal Assistance to Individuals and Households Program (IHP), which provides financial assistance to victims of floods, hurricanes, tornadoes, and other disasters when insurance and other avenues of recovery are exhausted. Funding for disaster assistance is made available when a disaster is declared by the President of the United States. Typically, 75 percent of the funding is provided by the Federal Emergency Management Agency (FEMA) and the state funds the remaining 25 percent.

The maximum IHP grant is now $32,400 to be adjusted annually by FEMA based on the Consumer Price Index. This grant covers housing assistance provided directly by FEMA and other needs assistance provided by HHSC and does not have to be repaid. In addition to managing the grant program, HHSC is the state agency responsible for coordinating the purchase and delivery of water and ice during natural disasters.

While money is not explicitly appropriated for disasters, the 2014–15 GAA allows for the transfer of funding from one or more agencies to address funding needs in response to a disaster.

FAMILY VIOLENCE

HHSC provides emergency shelter and support services to victims of family violence and their children, educates the public, and provides training and prevention support to various agencies. The agency contracts with residential and nonresidential centers. Services include shelter, transportation, legal assistance, medical assistance, educational arrangements for children, and employment assistance. The Eighty-third Legislature, Regular Session, 2013, increased appropriations for family violence services by 5.8 percent to a total funding of $53.8 million in All Funds, including $21.5 million in General Revenue Funds. This funding is estimated to provide services to 80,686 survivors of family violence and their dependents each year of the biennium.

ALTERNATIVES TO ABORTION

Alternatives to Abortion provides pregnancy support services, including information and referrals, which promote childbirth. Some material services, such as maternity clothes and car seats, are also made available. HHSC provides grants or contracts with service providers to expand access to these types of services. Biennial funding totals $10.3 million in All Funds, including $4.3 million in General Revenue Funds and $6.0 million in Federal Funds (TANF). This funding is estimated to provide support to 20,233 clients each year of the 2014–15 biennium. This amount reflects a 24.1 percent increase in funding from the 2012–13 biennial expenditure levels.

TEXAS WOMEN'S HEALTH PROGRAM

During the 2012–13 biennium, HHSC applied for but did not receive federal approval to continue the Medicaid Women's Health Program waiver because under state law, certain providers were prohibited from participating in the program. As such, Texas stopped receiving the 90 percent matching Federal Funds for the program on January 1, 2013. HHSC sought and received state approval to continue the Women's Health Program with state-only funding. The 2014–15 GAA includes $71.3 million in General Revenue Funds for the biennium for client services, sexually transmitted infection (STI) treatments, prescription drug costs, and administrative costs for the Texas Women's Health Program. Funding for eligibility determination costs related to the Texas Women's Health Program is also continued.

OTHER PROGRAMS

The Eighty-third Legislature, Regular Session, maintained a variety of other grant programs, client services programs, and client outreach and coordination services. A few of these programs are the Office for Prevention of Developmental Disabilities, Umbilical Cord Blood Bank grant program, the Center for Elimination of Disproportionality and Disparities, the Nurse Family Partnership Program and Home Visitation Program, and the Community Resource Coordination Groups.

INFORMATION TECHNOLOGY PROJECTS

The agency operates several information technology projects, some of which are specific to HHSC and some of which benefit the entire health and human services enterprise. Capital funding for the integrated eligibility determination system known as the Texas Integrated Eligibility Redesign System (TIERS) and supporting technology, totals $127.7 million in All Funds, including $62.6 million in General Revenue Funds. This is a decrease in funding of $13.5 million in All Funds from the 2012–13 biennium as costs have shifted from capital purchases to maintenance and operations because the statewide roll out of TIERS was completed in fiscal year 2012.

The Eighty-third Legislature, Regular Session, provided $36.4 million in All Funds, including $15.4 million in General Revenue Funds, for other information technology projects. These projects will be carried out under the lead of HHSC and include information security improvements and application enhancements, upgrading the Winters Data Center facilities, upgrading to the federally-required International Classification of Diseases Tenth Edition (ICD-10) system, securing mobile infrastructure and enterprise communications, remediating hardware for the HHSAS financial system, and retiring the CARE system across enterprise agencies. The 2014–15 GAA provides a mechanism for HHSC to transfer additional funding, up to $20.0 million in General Revenue Funds, should it be needed to complete these projects. In addition, funding totaling $35.6 million in All Funds, including $6.6 million in General Revenue Funds, and 13.1 FTEs were appropriated to HHSC to complete the Enterprise Data Warehouse Medicaid Initiative.

OFFICE OF INSPECTOR GENERAL

The Office of Inspector General (OIG) investigates fraud, waste, and abuse in the provision of all health and human services, enforces state law relating to the provision of those services, and provides utilization assessment and review of both clients and providers. The OIG works closely with the Office of the Attorney General to prosecute provider fraud and ensure no barriers exist between the two offices for fraud referrals. The agency may impose payment holds on providers to compel the production of records and issue subpoenas with the approval of the HHSC commissioner. The Eighty-third Legislature, Regular Session, increased funding by $31.6 million in All Funds and added 101.7 FTEs in the 2014–15 GAA for the Office of Inspector General to maximize Medicaid fraud detection and recoveries. Senate Bill 8 enacted by the Eighty-third Legislature, Regular Session, also added authority for 5.0 peace officers. Biennial funding for the OIG totals $124.8 million, including $41.1 million in General Revenue Funds.

SIGNIFICANT LEGISLATION

Several bills were enacted by the Eighty-third Legislature, Regular Session, 2013, that affect HHSC. Among the more significant are the following.

SB 7 – Improving Delivery and Quality of Medicaid Acute Care Services and Long-Term Services and Supports. Senate Bill 7 directs HHSC and DADS to implement a new pilot program to test the capitated managed care model for the delivery of long-term services and supports to individuals with intellectual and developmental disabilities. Enactment of Senate Bill 7 will also expand the STAR+PLUS managed care program statewide, carve in nursing facility services to STAR+PLUS, and create a new managed care program for children with disabilities, called STAR Kids. The bill includes various provisions related to improving quality-based outcomes in managed care and enhancing Medicaid managed care operations throughout the state. The bill also provides an extension of the state control over the prescription drug rebates formulary.

SB 8 – Improving Provision of Health and Human Services and Prevention of Fraud, Waste and Abuse in Medicaid. The enactment of Senate Bill 8 authorizes a new data analysis unit at HHSC for assistance in detecting anomalies in provision of services under contract in Medicaid and CHIP. The bill also authorizes the Office of the Inspector General at HHSC to hire 5.0 peace officers. The bill directs HHSC to implement a full-risk broker model statewide for non-emergency transportation services in the Medicaid program. Implementation of the bill is estimated to result in savings to the Medicaid program related to the medical transportation program and increased detection and prevention of fraud and abuse.

SB 1803 – Related to Practices for Investigations, Hearings and Payment Holds Related to Allegations of Medicaid Fraud or Abuse. The enactment of Senate Bill 1803 establishes new regulations for the Office of Inspector General when investigating allegations of fraud or abuse in the Medicaid program and for implementing payment holds and pursuing overpayments.

6. AGENCIES OF EDUCATION

*As shown in **Figure 181**, All Funds appropriations for Agencies of Education for the 2014–15 biennium total $74.2 billion, or 37.0 percent of all state appropriations. This amount is a decrease of $1.6 billion, or 2.1 percent, from the 2012–13 biennium. Appropriated amounts in All Funds and Other Funds for the 2014–15 biennium exclude an estimated $6.1 billion in patient income from the appropriations to health-related institutions of higher education. Patient income is now included in informational riders and institutions will continue to receive this funding. If patient income had been appropriated for the 2014–15 biennium, All Funds appropriations for Agencies of Education would have been increased by $4.5 billion. **Figure 182** shows 2014–15 biennial appropriations by method of financing and full-time-equivalent positions from fiscal years 2010 to 2015.*

FIGURE 181
ALL FUNDS APPROPRIATIONS FOR AGENCIES OF EDUCATION
2014–15 BIENNIUM

IN MILLIONS

AGENCY	ESTIMATED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2) (3)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	$49,069.0	$52,735.8	$3,666.8	7.5
School for the Blind and Visually Impaired	64.1	44.3	(19.7)	(30.8)
School for the Deaf	55.8	53.5	(2.4)	(4.2)
Subtotal, Public Education	**$49,188.9**	**$52,833.7**	**$3,644.7**	**7.4**
Public Higher Education				
General Academic Institutions	$5,958.2	$6,329.9	$371.6	6.2
Health-related Institutions	8,828.7	2,798.3	(6,030.3)	(68.3)
Texas A&M Service Agencies	1,132.2	913.9	(218.3)	(19.3)
Higher Education Coordinating Board	1,402.3	1,488.8	86.5	6.2
Higher Education Fund	525.0	525.0	0.0	N/A
Available University Fund	1,261.9	1,320.5	58.6	4.6
Available National Research University Fund	50.9	55.9	5.0	9.8
Article III, Special Provisions	0.0	0.0	0.0	N/A
Two-Year Institutions				
Public Community/Junior Colleges	$1,749.4	$1,786.5	$37.1	2.1
Lamar Lower-level Institutions	68.5	68.9	0.4	0.5
Texas State Technical Colleges	172.4	170.4	(2.0)	(1.2)
Subtotal, Two-Year Institutions	**$1,990.3**	**$2,025.8**	**$35.5**	**1.8**
Subtotal, Higher Education	**$21,149.5**	**$15,458.0**	**($5,691.5)**	**(26.9)**
Teacher Retirement System	$3,707.4	$3,904.7	$197.3	5.3
Optional Retirement Program	261.0	263.4	2.5	0.9
Higher Education Employees Group Insurance Contributions	967.6	1,192.8	225.3	23.3
Retirement and Group Insurance	59.8	72.0	12.2	20.4
Social Security and Benefit Replacement Pay	515.7	536.3	20.6	4.0
Subtotal, Employee Benefits	**$5,511.5**	**$5,969.4**	**$457.9**	**8.3**

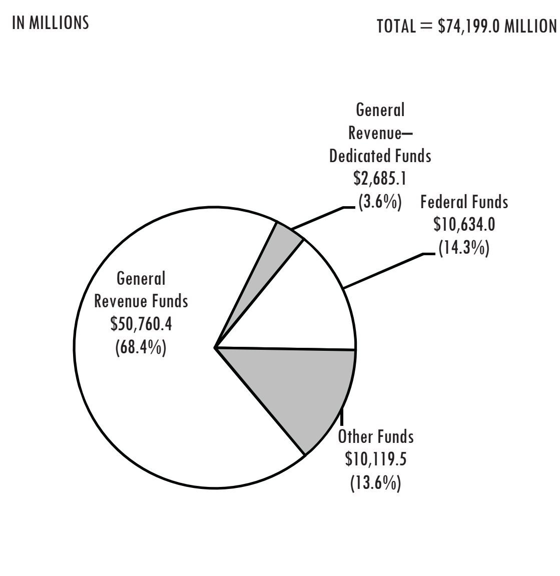
FIGURE 181 (CONTINUED)
ALL FUNDS APPROPRIATIONS FOR AGENCIES OF EDUCATION
2014–15 BIENNIUM

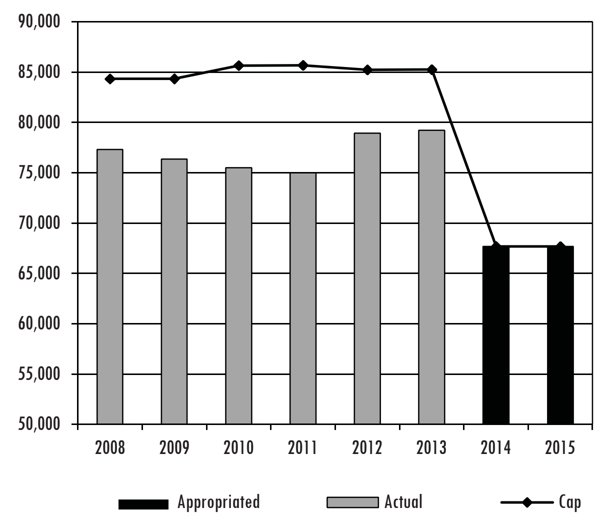
IN MILLIONS

AGENCY	ESTIMATED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2) (3)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Bond Debt Service Payments	$13.9	$22.7	$8.8	62.8
Lease Payments	5.3	5.1	(0.2)	(4.5)
Subtotal, Debt Service	**$19.2**	**$27.8**	**$8.5**	**44.3**
Less Interagency Contracts	$96.0	$89.7	($6.2)	(6.5)
TOTAL, ARTICLE III – AGENCIES OF EDUCATION	**$75,773.2**	**$74,199.0**	**($1,574.2)**	**(2.1)**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and, the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and, the Governor's vetoes.
(3) Appropriated amounts in All Funds and Other Funds for 2014–15 exclude an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.
(4) Article totals exclude Interagency Contracts.
(5) Totals may not sum due to rounding.
Source: Legislative Budget Board.

FIGURE 182
AGENCIES OF EDUCATION APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2014–15 BIENNIUM





Note: Totals may not sum due to rounding.
Source: Legislative Budget Board.

Note: The 2014–15 full-time-equivalent (FTE) position totals exclude 16,068 FTEs at the health-related institutions of higher education that are funded with patient income. Patient income is now included in informational riders and institutions will continue to receive this funding.
Sources: Legislative Budget Board; State Auditor's Office.

Agencies in Article III of the General Appropriations Act, 2014–15 Biennium, include the Texas Education Agency and other public education agencies, all institutions of higher education, the Teacher Retirement System of Texas, and the Optional Retirement Program.

MAJOR FUNDING ISSUES

The Eighty-third Legislature, Regular Session, 2013, appropriated $74.2 billion to fund education for the 2014–15 biennium, a decrease of $1.6 billion, or 2.1 percent from the 2012–13 biennial spending level.

Agencies of public education were appropriated $52.8 billion in All Funds for the 2014–15 biennium, an increase of $3.6 billion, or 7.4 percent, from the 2012–13 biennial spending level. Appropriations of General Revenue Funds increased by $4.5 billion from the previous biennium. This difference in the method of finance is attributed to a decrease in Other Funds of $1.3 billion, primarily due to the use of the Economic Stabilization Fund to fund the final fiscal year 2013 payment to school districts under the Foundation School Program.

Appropriations to support higher education total $15.5 billion in All Funds for the 2014–15 biennium, a decrease of $5.7 billion from the 2012–13 biennial spending level. This amount includes $10.2 billion in General Revenue Funds, $2.2 billion in General Revenue–Dedicated Funds, and $7.4 billion in Federal Funds and Other Funds. This reduction is driven by appropriated amounts in All Funds and Other Funds for 2014–15 excluding an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.

Education funding will support more than 4.8 million students in public schools and more than 1.4 million students in public institutions of higher education during the 2014–15 biennium.

In addition, appropriations to agencies in Article III for employee benefits and payroll-related costs total $6.0 billion, an increase of $457.9 million from the 2012–13 biennial spending levels.

TEXAS EDUCATION AGENCY

The Texas Education Agency (TEA), established in 1949 by the Gilmer-Aikin Act, comprises an elected State Board of Education, an appointed State Board for Educator Certification, a Governor-appointed Commissioner of Education, and a staff of up to 804 full-time-equivalent (FTE) positions for the 2014–15 biennium.

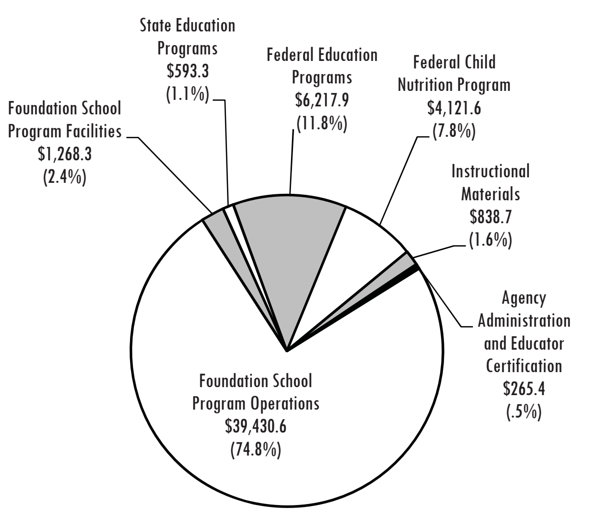
The agency's stated mission is to provide leadership, guidance, and resources to help schools meet the educational needs of all students and prepare them for success in the global economy. The statewide public education system serves approximately 4.7 million students in average daily attendance at 8,003 campuses located in 1,025 independent school districts plus 552 charter school campuses.

The Eighty–third Legislature, Regular Session, 2013, appropriated $52.7 billion in All Funds for public school programs and TEA administration for the 2014–15 biennium **(Figure 183)**. This amount is an All Funds increase of $3.7 billion, or 7.5 percent, from the 2012–13 biennial spending level.

The total 2014–15 biennial appropriations to TEA include $34.3 billion (or 65.1 percent) in General Revenue Funds, an increase of $4.5 billion, or 15.0 percent, from the 2012–13 biennial spending level. The amount is attributable to an increase of $3.8 billion in General Revenue Funds

FIGURE 183
TEXAS EDUCATION AGENCY APPROPRIATIONS BY FUNCTION, ALL FUNDS, 2014–15 BIENNIUM

IN MILLIONS — TOTAL = $52,735.8 MILLION



SOURCE: Legislative Budget Board.

supporting the Foundation School Program (FSP), and an increase of $0.6 billion in funding for state education programs outside the FSP.

The total 2014–15 biennial appropriations to TEA include $10.3 billion (or 19.6 percent of total agency funding) in Federal Funds, an increase of $478.2 million, or 4.9 percent, from the 2012–13 biennial spending level. The increase is primarily attributable to an increase of $557.9 million in Federal Funds for the Child Nutrition Program.

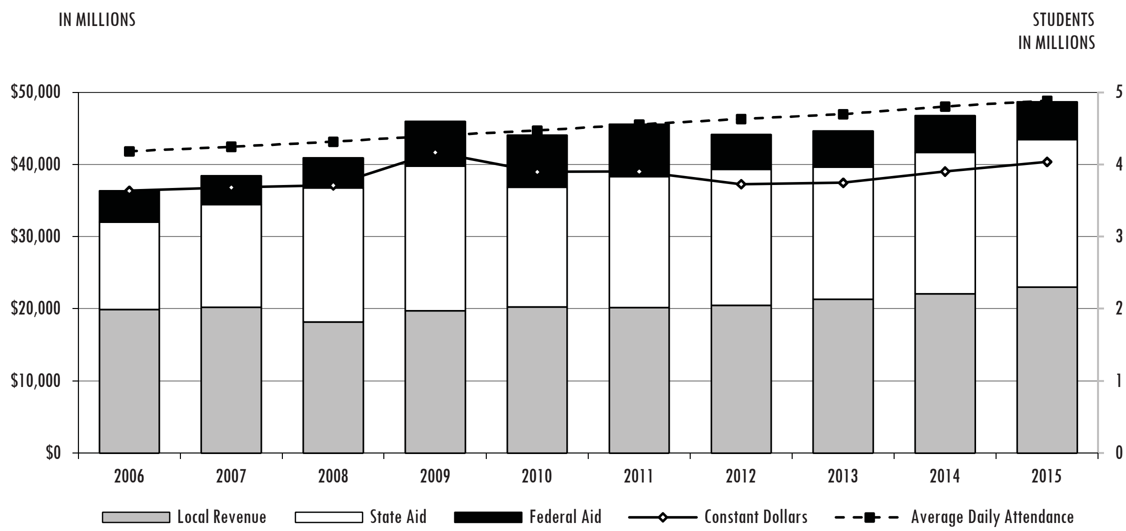
Appropriations from Other Funds decreased by $1.3 billion for the 2014–15 biennium from the 2012–13 biennial spending level. This decrease reflects the one-time use of the Economic Stabilization Fund to fund the final fiscal year 2013 payment of state aid made under the FSP. That August 2013 payment, worth $1.8 billion, had been deferred in statute by the Eighty-second Legislature to September 2013 (fiscal year 2014). Senate Bill 758, Eighty-third Legislature, Regular Session, 2013, reversed that deferral to restore the 24th FSP payment of the 2012–13 biennium to August 2013. The decrease is offset by: a projected increase of $286.9 million in redistributed local revenue or recapture from property-wealthy school districts; an increase of $164.3 million from the 2012–13 biennium in projections of revenue from the Property Tax Relief Fund, which receives revenues from the franchise tax, motor vehicle sales tax, and tobacco sales taxes; and an increase in appropriations from the Permanent School Fund to cover the cost of administering that fund.

Figures 184 and **185** show the change in public education revenue since fiscal year 2006 in current and constant dollars as well as the number of students in average daily attendance (ADA). **Figure 184** calculates the constant dollars using the Implicit Price Deflator for state and local government expenditures from the U.S. Bureau of Labor Statistics, and replicates the methodology used in past LBB publications. **Figure 185** calculates the constant dollars using compounded state population and inflation growth, which is a methodology consistent with other LBB analyses presenting constant dollars in this publication and others. Both methodologies are presented here to transition to the use of compounded population and inflation growth for this purpose in future publications.

SIGNIFICANT APPROPRIATIONS

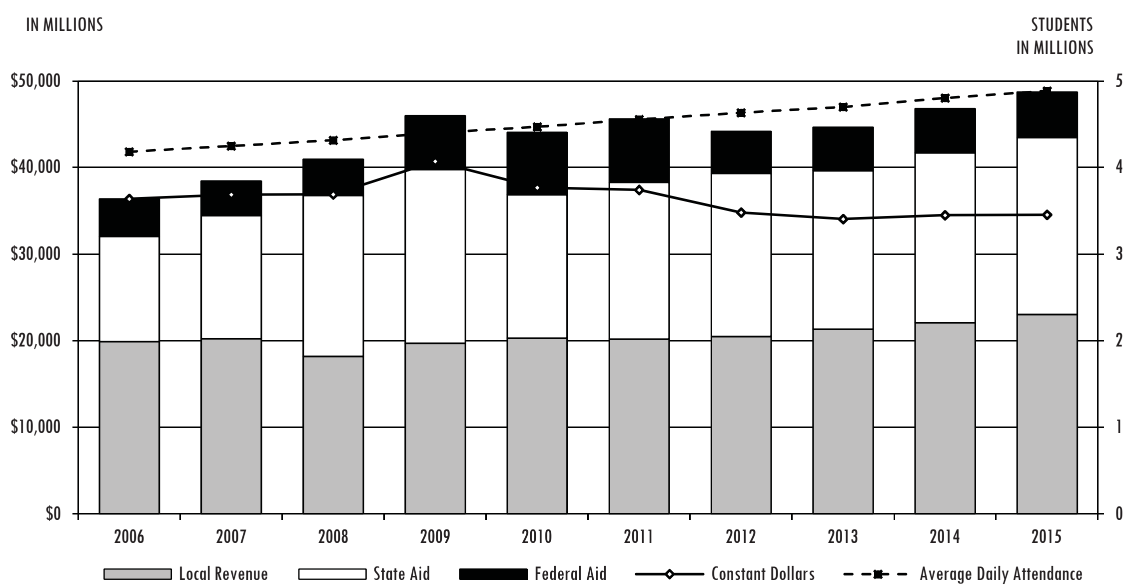
Appropriations to TEA for the 2014–15 biennium were made in two separate bills. Senate Bill 1, Eighty-third Legislature, Regular Session, 2013, includes an All Funds

FIGURE 184
PRE-K–12 PUBLIC EDUCATION FUNDING
CONSTANT DOLLARS CALCULATED WITH IMPLICIT PRICE DEFLATOR
FISCAL YEARS 2006 TO 2015



Note: Fiscal years 2014 and 2015 are projected.
Sources: Legislative Budget Board; Texas Education Agency; U.S. Department of Commerce.

FIGURE 185
PRE-K–12 PUBLIC EDUCATION FUNDING
CONSTANT DOLLARS CALCULATED WITH COMPOUNDED STATE POPULATION AND INFLATION GROWTH
FISCAL YEARS 2006 TO 2015



Note: Fiscal years 2014 and 2015 are projected.
Sources: Legislative Budget Board; Texas Education Agency.

appropriation of $52.5 billion to TEA for the FSP, educational programs, and agency administration and $146.7 million for adult education and literacy programs which were transferred from TEA to the Texas Workforce Commission (TWC) following the enactment of Senate Bill 307, Eighty-third Legislature, Regular Session, 2013. House Bill 1025, Eighty-third Legislature, Regular Session, 2013, includes an additional $184.9 million in appropriations to support the FSP. The 2014–15 General Appropriations Act (GAA), published in November 2013, includes all sources of appropriations to TEA.

House Bill 1025 includes increases to TEA's 2012–13 biennial budget, totaling $1.8 billion in All Funds, including $1.75 billion from the Economic Stabilization Fund for the FSP to reverse the deferral of the August FSP payment to school districts passed by the Eighty-second Legislature. House Bill 1025 also includes $10.5 million from the General Revenue Fund for educational programs and agency administration.

The enactment of House Bill 10, Eighty-third Legislature, Regular Session, 2013, increases the All Funds appropriation for the FSP in fiscal year 2013 by $630 million, including $317 million in General Revenue Funds to fully fund district entitlements.

FOUNDATION SCHOOL PROGRAM

The FSP is the principal vehicle for distributing state aid to school districts, which use state funds with local property tax revenue (and federal funding) to provide educational services. The FSP is not only the largest appropriation item for TEA, accounting for 77 percent of the agency's All Funds appropriation, it is also the largest single appropriation item in the state budget. In the 2014–15 GAA, FSP appropriations are stated in Strategy A.1.1, FSP – Equalized Operations, and A.1.2, FSP – Equalized Facilities, and in "set-aside" appropriations, which are state programs statutorily funded from the FSP and made in other strategies.

All Funds appropriations to the FSP for the 2014–15 biennium are $40.4 billion, representing a $2.5 billion increase compared to the 2012–13 biennial spending level. Appropriations of General Revenue Funds account for $32.4 billion of this total, a $3.8 billion increase from the prior biennium. The increase is primarily attributable to $3.4 billion in FSP entitlement increases authorized by the Eighty-third Legislature, and the use of the Economic Stabilization Fund (classified as Other Funds) to fund $1.8 billion of state FSP costs during the 2012–13 biennium associated with reversing the previously enacted deferral of the August 2013 payment to school districts. These increases are partially offset by net savings to the state associated with other cost drivers in the system.

Figure 186 shows the major cost drivers for the FSP for 2014–15 biennium, as compared to the 2012–13 biennial spending level. Prior to any entitlement increases, the combined impact of major cost drivers is a savings to the cost of state FSP obligations of about $900.0 million. The largest cost driver in the system is the projected increase of about 85,000 to 87,000 students in average daily attendance per year—at an estimated cost to the state of $2.2 billion for the 2014–15 biennium. Other factors resulting in increased state cost compared to the 2012–13 biennium include projected cost for enrichment, facilities, and other factors totaling about $500.0 million for the 2014–15 biennium.

These costs are offset by the effect of projected property value growth resulting in increased local property tax revenues.

FIGURE 186
MAJOR FOUNDATION SCHOOL PROGRAM COST DRIVERS AND LEGISLATIVE ACTIONS, 2014–15 BIENNIUM

2014–15 COST DRIVERS OVER 2012–13 BASE	AMOUNTS (IN BILLIONS)
Student Enrollment Growth Projected Growth: 85,000 in fiscal year 2014 87,000 in fiscal year 2015	$2.2
School District Property Value and Revenue Increase Projected Growth: Tax Year 2012: + 4.71% Tax Year 2013: + 4.77% Tax Year 2014: + 4.03%	($2.8)
Settle-up Costs: impact of one-time cost of district underpayments paid in 2012–13 and recovery of fiscal year 2013 overpayments in fiscal year 2014	($0.8)
Other Costs (e.g. enrichment growth assumptions, facilities costs, other factors)	$0.5
TOTAL, 2014–15 COST DRIVERS	**($0.9)**
EIGHTY-THIRD LEGISLATIVE ACTIONS	
Increase of Regular Program Adjustment Factor to 100 percent	$1.2
Increased Basic Allotment	$2.2
TOTAL, EIGHTY-THIRD LEGISLATIVE ACTIONS	**$3.4**
TOTAL, NET FSP INCREASE OVER 2012–13 BASE, ALL FUNDS	**$2.5**

Source: Legislative Budget Board.

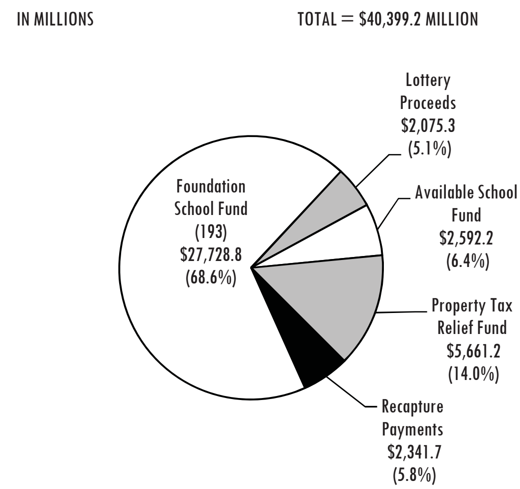
Increases in local revenue generally reduce state obligations to fund FSP entitlement, and growth in local property values is projected to result in a reduction in state cost of about $2.8 billion for the 2014–15 biennium. In addition to these savings, the 2012–13 budget included funds for payments to school districts associated with "settle-up." School districts are paid based on estimates of major cost drivers such as student counts and local property values, and the state "settles up" with them in the following school year based on actual data. During the 2012–13 biennium, primarily due to school districts being paid based on higher property value estimates than actually occurred, on a net basis the state owed districts for prior year underpayments. Those costs are not continued in the 2014–15 biennial budget, and additionally, on a net basis, school districts were paid based on lower property value estimates than actually occurred for fiscal year 2013. Those costs are budgeted to be recovered by the state through settle-up in fiscal year 2014, further reducing the cost to the state budget for FSP obligations in the 2014–15 biennium by about $800.0 million. Together, these factors result in a reduction in the cost of the state's FSP obligations of about $900.0 million compared to the 2012–13 biennium prior to any entitlement increases.

The Eighty-third Legislature authorized entitlement increases of $3.4 billion for the 2014–15 biennium primarily through two mechanisms—restoration of the funding reductions achieved during the 2012–13 biennium through the Regular Program Adjustment Factor authorized by the Eighty-second Legislature and increases to the Basic Allotment. (See Funding Changes by the Eighty-third Legislature below).

FUNDING SOURCES

Figure 187 shows all the methods of financing that fund the FSP in the 2014–15 biennium. As the figure shows, General Revenue Funds will account for an estimated 80 percent of the FSP appropriation through three revenue sources: the Available School Fund (ASF), Texas Lottery proceeds, and the Foundation School Fund, which is simply an amount distributed from the state's regular General Revenue Funds sufficient to fulfill the state's FSP funding obligation. An additional $5.7 billion is projected to come from the Property Tax Relief Fund (PTRF), comprised of certain revenue generated by the state's revised franchise tax, tobacco taxes, and a tax on used car sales. Lastly, recapture payments (budgeted as Appropriated Receipts) from property wealthy school districts are estimated to generate $2.3 billion and are used to offset the state cost of the school finance system.

FIGURE 187
FOUNDATION SCHOOL PROGRAM APPROPRIATIONS BY METHOD OF FINANCING, 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

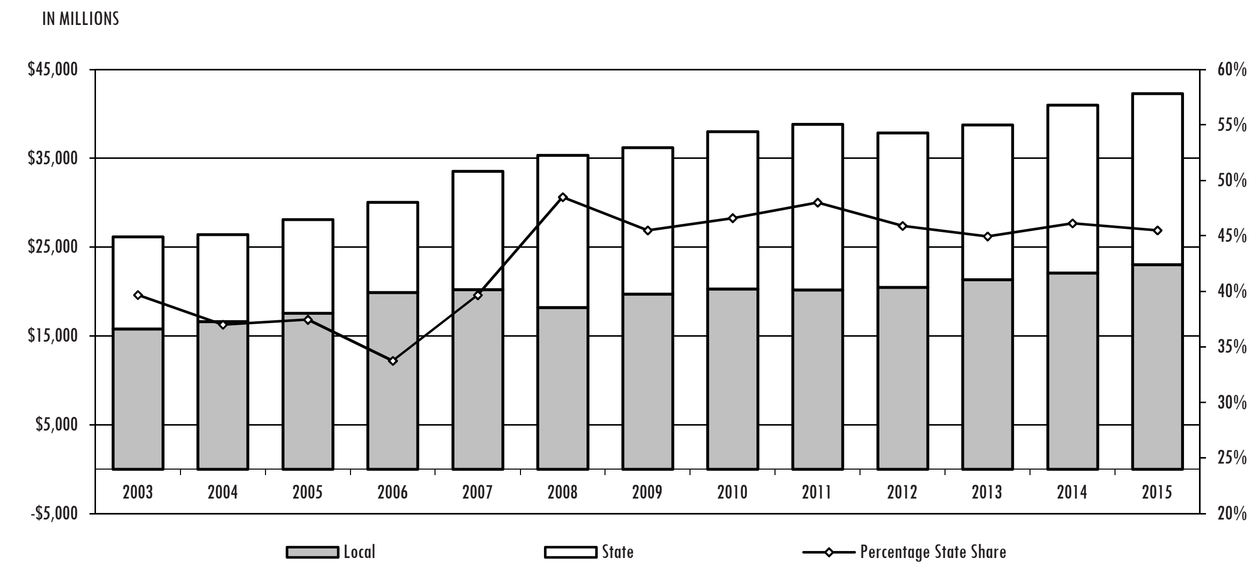
As methods of financing the FSP, the ASF, Texas Lottery proceeds, PTRF, and recapture payments are all estimated, and during the biennium they may rise or fall based on actual revenue collections. The Foundation School Fund is also estimated; however, it draws not from a specific revenue source but generally from the State Treasury. These estimated appropriations are under the umbrella of a sum-certain All Funds appropriation amount for the FSP. In practice, if revenue for the ASF, State Lottery proceeds, PTRF, or recapture payments is higher than estimated, the General Revenue Fund draw through the Foundation School Fund decreases; conversely, if revenue is lower than expected, General Revenue Fund costs increase.

STATE AND LOCAL REVENUE CONTRIBUTION

The 2014–15 biennial FSP appropriation, in combination with an estimated $42.8 billion in local property tax revenue retained (not recaptured) at the school district level represents the $83.2 billion total FSP entitlement for the 2014–15 biennium, as shown in **Figure 188**.

The FSP is a shared funding model, depending on contributions from both state and local revenue sources to fund the level of entitlement generated under the statutory formulas. As such, fluctuations in the amount of local property tax revenue partially determine the amount of state funding needed to fund district entitlement in the school finance system. The measure of the proportion of the FSP

FIGURE 188
STATE AND LOCAL FOUNDATION SCHOOL PROGRAM FUNDING AND STATE SHARE, FISCAL YEARS 2003 TO 2015



Notes:
(1) In fiscal years 2010 and 2011, $1,625 million in funds identified as state dollars were financed with federal State Fiscal Stabilization Funds provided under the American Recovery and Reinvestment Act of 2009.
(2) Fiscal years 2014 and 2015 are estimated.
Source: Legislative Budget Board.

system funded from state revenues is referred to as the state share.

Figure 188 shows that from fiscal years 2003 to 2006, strong property value growth, and resulting revenue growth, lowered state funding and the state share of the FSP from 40 percent in fiscal year 2003 to a low of 34 percent in fiscal year 2006. By this time, the reliance on local revenue to support the school finance system had pushed nearly half of districts to the maximum tax rate allowed under state law. School districts sued the state, arguing that the system constituted a statewide property tax in violation of the Texas Constitution. In fiscal year 2006, the Supreme Court of Texas agreed, directing the Legislature to change the system to provide districts with meaningful discretion over their tax rates.

The Legislature responded by passing legislation that required districts to lower their maintenance and operating tax rates by 11.3 percent in fiscal year 2007 and 33.3 percent in fiscal year 2008, and replaced the lost local revenue with state aid. As **Figure 188** shows, this major reform increased the state share to just below 40.0 percent in fiscal year 2007 and to 48.5 percent in fiscal year 2008, the highest percent state share since 1985.

Following fiscal year 2008, fluctuations in local property values drove offsetting fluctuations in the state share, which ranged from 45.5 percent in fiscal year 2009 to 48.0 percent in fiscal year 2011. For the 2012–13 biennium, property value and related local revenues remained fairly stable on a statewide basis. However, the $4 billion reduction in entitlement from what districts would have otherwise received during these years, authorized by the Eighty-second Legislature as part of the overall effort to curb spending in the state budget in response to projected declines in state revenues, reduced the state share of FSP funding to between 45 percent and 46 percent for those years. Increases in FSP entitlement enacted for the 2014–15 biennium together with expectations of modest growth in local property values are projected to maintain the state share around the 46 percent level.

FOUNDATION SCHOOL PROGRAM STRUCTURE

The FSP comprises a two-tiered structure to provide maintenance and operations funding for basic program costs and enrichment of that program, and a separate structure to provide state aid for district debt service, most commonly for facilities construction bonds. The system contains a set of funding formulas by which every school district's total revenue entitlement, local tax revenue and state aid, is determined. The formulas are established by the Legislature in the Texas Education Code and sometimes further specified in the GAA. District information, including property values, level of tax effort, the number and type of students, and certain district characteristics are entered into these formulas to compute entitlement. As discussed previously, the portion of this entitlement that is not covered by eligible local revenue is funded with state aid.

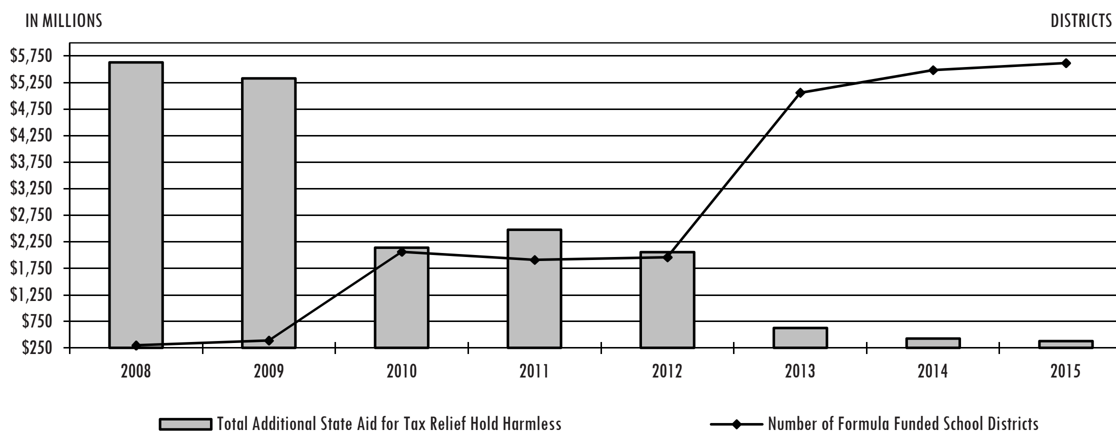
MAINTENANCE AND OPERATIONS

The bulk of district entitlement for maintenance and operations flows through the funding formula element called the Basic Allotment, which is an amount of total state and local funding the state guarantees to districts per student in average daily attendance (ADA). This Basic Allotment is then adjusted for both district characteristics, such as an index to account for differing costs of education across school districts, and student characteristics, such as whether a student is determined to be entitled to bilingual education, compensatory education or special education services, among others. The additional funding earned by these student populations and by the district characteristics contribute to the calculation of an adjusted student count for each school district, called weighted average daily attendance (WADA).

In fiscal year 2006, when districts were required to compress their property tax rates by one-third over a two-year period, the state developed a "hold harmless" mechanism to guarantee that districts would not lose revenue as a result. For each school district, the state guaranteed districts the same amount of total revenue per WADA as they received in either the 2005–06 or 2006–07 school year, whichever amount was greater. This total revenue per WADA amount is commonly referred to as a district's "revenue target." If a district's (now compressed) local revenue and state aid through the Basic Allotment does not generate sufficient funding to meet this revenue target, the state provides hold harmless funding—termed Additional State Aid for Tax Relief (ASATR) by the TEA—to raise the school district's total revenue to the target.

Pursuant to legislation passed by the Eighty-second Legislature, ASATR will expire in statute at the end of fiscal year 2017, and the Legislature began phasing out this funding stream in fiscal year 2013 as part of the entitlement reduction authorized by the Eighty-second Legislature. The total amount of funding flowing through the ASATR hold harmless is projected to continue decreasing through the 2014–15 biennium as a result of funding decisions of the Eighty-third Legislature, described below. **Figure 189** shows the total amount of ASATR generated under the FSP formulas from fiscal year 2008, the first year of full implementation of tax relief, through fiscal year 2015 and the total number of school districts that generate all of their funding through the formulas without requiring ASATR hold harmless. As **Figure 189** shows, by fiscal year 2015,

FIGURE 189
TOTAL ADDITIONAL STATE AID FOR TAX RELIEF HOLD HARMLESS GENERATED UNDER THE FOUNDATION SCHOOL PROGRAM AND TOTAL NUMBER OF FORMULA FUNDED SCHOOL DISTRICTS, FISCAL YEARS 2008 TO 2015



NOTE: Fiscal years 2014 and 2015 are projected.
SOURCE: Legislative Budget Board.

over 75 percent of school districts are projected to be formula funded.

The final major funding formula for maintenance and operations entitlement is the 17-cent enrichment tier, established in fiscal year 2006 to provide meaningful tax rate discretion to school districts. This tier guarantees that school districts generate at least the same amount of property tax revenue per penny per WADA as the Austin Independent School District (ISD) (estimated to be $59.97 in fiscal year 2014 and increasing to $61.86 in fiscal year 2015) for the first six pennies levied above the district's compressed tax rate. Revenue generated above the Austin ISD yield is not subject to recapture. These six pennies are informally referred to as "golden pennies." The remaining 11 pennies are equalized at $31.95 per penny per WADA, are subject to recapture above this level, and are referred to as "copper" pennies.

PUBLIC SCHOOL FACILITIES

State funding to assist school districts with debt service costs related to public school facilities flows through two programs: the Instructions Facilities Allotment (IFA) and the Existing Debt Allotment (EDA). Both programs provide state aid to equalize Interest and Sinking (I&S) tax effort at rates of $35.00 per penny per student in ADA.

Although the basic structure of these programs is similar, there are some key differences between the IFA and EDA. IFA funding is limited to instructional facilities, whereas district debt service for any type of facility is potentially eligible for EDA support. The IFA is a sum-certain appropriation, with the Legislature making specific appropriation decisions regarding new grant awards. In contrast, debt service is automatically eligible for EDA funding in a given biennium if the district makes a payment during the prior biennium. EDA assistance is restricted to 29 cents of tax effort.

FUNDING CHANGES BY THE EIGHTY-THIRD LEGISLATURE

The Eighty-second Legislature passed legislation to reduce the independent school district and charter school entitlement in the FSP by an estimated $2 billion in each fiscal year of the 2012–13 biennium below the level of entitlement to which school districts and charter schools would have been entitled under the law prior to the change.

To achieve the reductions, two mechanisms affecting entitlement were established: the Regular Program Adjustment Factor (RPAF) and the Hold Harmless Reduction Percentage. The RPAF is a percentage applied to each school district or charter school's regular program allotment—the Basic Allotment formula funding generated by students who are not eligible for weighted funding as a member of a special population like special education or bilingual education. Per statute, the RPAF can be set by appropriation between 98 percent and 100 percent, and the RPAF expires in statute at the end of the 2014–15 biennium.

The second mechanism applies a percentage, established in the General Appropriations Act, to each district's revenue target beginning in fiscal year 2013. This has the effect of reducing hold harmless, or ASATR, payments to districts receiving such state aid. Districts with higher revenue targets that are receiving substantial ASATR payments face the largest entitlement reductions through this mechanism. "Formula" districts, or districts that receive no ASATR and derive all of their state aid through the traditional funding formulas, are unaffected by the percentage applied to target revenue. In fiscal year 2018, the target revenue system expires. Additionally, the legislation passed by the Eighty-second Legislature to establish these mechanisms states legislative intent that the state continue to reduce ASATR and increase the Basic Allotment from fiscal years 2014 to 2018.

The Eighty-third Legislature opted to set the RPAF at 100 percent, effectively eliminating this reduction mechanism beginning in fiscal year 2014 and increasing entitlement by $1.2 billion compared to what districts would have received in the 2014–15 biennium if the 98 percent RPAF established in fiscal year 2013 had been continued.

Furthermore, although the Eighty-third Legislature increased the Hold Harmless Reduction Percentage to 92.63 percent from the 92.35 percent in effect in fiscal year 2013, increases to the basic allotment from the statutory minimum of $4,765 to $4,950 in fiscal year 2014 and to $5,040 in fiscal year 2015 further reduced the state's reliance on ASATR as a funding mechanism by $700 million for the 2014–15 biennium.

Together, these funding decisions add $3.4 billion in increased entitlement in the FSP for the 2014–15 biennium while continuing to reduce reliance on ASATR in anticipation of its expiration and ensuring that no districts receive less under the formulas than they would have received if the values for the amended funding elements (basic allotment, RPAF, and Hold Harmless Reduction Percentage) had been carried forward at their fiscal year 2013 levels through the 2014–15 biennium.

State funding for facilities in the 2014–15 biennium for both the IFA and EDA totals an estimated $1.3 billion. This total represents full funding of ongoing obligations for both programs; no new IFA grants were funded.

MAJOR STATE PUBLIC EDUCATION APPROPRIATIONS OUTSIDE THE FOUNDATION SCHOOL PROGRAM

Outside the FSP, TEA administers several state and federally funded educational grant and support programs. The 2014–15 biennial appropriation for these programs and agency administration is $1.9 billion in General Revenue Funds, an increase of $637.8 million (50 percent) from 2012–13 biennial spending levels. Including All Funds, the 2014–15 biennial appropriation for non-FSP programs is $12.3 billion, an increase of $1.1 billion (10 percent). The difference between the All Funds and General Revenue Funds increases results from an increase of $478.2 million in Federal Funds between biennia.

INSTRUCTIONAL MATERIALS

The largest single state-funded public education program from a funding perspective outside the FSP is the appropriation for instructional materials. For the 2014–15 biennium, appropriations for instructional materials total $838.7 million to be distributed through the Instructional Materials Allotment (IMA). This amount represents an increase of $230.5 million (38 percent) from the 2012–13 biennial spending level. The Texas Education Code establishes that the IMA shall be funded with 50 percent of the distribution from the PSF to the ASF, or a different amount determined by the Legislature. The 2014–15 biennial appropriation equals 50 percent of the estimated transfer from the PSF to the ASF, or $419.3 million per fiscal year.

The IMA provides each school district and charter school with an account into which funding is deposited based on ADA. School districts can use those funds to purchase approved instructional materials for any subject and certain technology, and school districts are permitted to carry forward IMA balances from year to year.

TRANSITION AID FOR LOCAL CONTRIBUTIONS TO THE TEACHER RETIREMENT SYSTEM

Appropriations to TEA include $330 million in one-time aid from General Revenue Funds in fiscal year 2015 to be distributed to school districts and charter schools on the basis of ADA to subsidize new requirements for local employer contributions to the Teacher Retirement System (TRS). With the enactment of Senate Bill 1458, Eighty-third Legislature, Regular Session, 2013, beginning in fiscal year 2015, school districts and charter schools that do not contribute to the federal Social Security program are required to contribute 1.5 percent of the statutorily required minimum salary for employees subject to the state minimum salary schedule (MSS) and 1.5 percent of total salary for employees not subject to the MSS to the TRS Retirement Trust Fund. This one-time appropriation of additional state aid is intended to assist local public school employers with transitioning to the new requirement.

STUDENT SUCCESS INITIATIVE

The Eighty-third Legislature appropriated $50.5 million for the Student Success Initiative (SSI) in the 2014–15 biennium, and an additional $10.0 million in fiscal year 2013. The SSI is TEA's primary instructional intervention program related to student performance on state assessments and was originally established in fiscal year 2000 in conjunction with the Legislature's adoption of a statutory prohibition against social promotion which requires that students in grades 5 and 8 meet passing standards on state assessments in reading and mathematics in order to be promoted to the next grade. The Texas Education Code, Section 28.0211, requires that school districts provide accelerated instruction to students in specified grades who fail to meet passing standards on state assessments. Statute further requires the Commissioner of Education to certify that sufficient funds have been appropriated for this purpose each year. The SSI is the program intended to meet these statutory requirements.

TEA Rider 50, which directs expenditure of these funds for the 2014–15 biennium, provides broad authority for the agency to distribute funds to school districts for programs targeting the prevention of academic failure. During the 2012–13 biennium, TEA used these funds to purchase two statewide licenses to provide supplemental computer-based reading and math instruction to all students in grades 3 through 8. The agency also distributed $19 million to school districts based on the number of students scoring below the statewide median raw score on State of Texas Assessments of Academic Readiness (STAAR) tests in grades 3 through 8 to provide supplemental instruction. STAAR is the state's assessment system that tests students in grades 3 through 8 in reading, mathematics, science, social studies, and writing, and in five end-of-course assessments in high school.

PROGRAMS TARGETING MIDDLE AND HIGH SCHOOL STUDENTS

During the 2014–15 biennium, through TEA Riders 24, 54, 56, 57, and 59, the Legislature directs funding for five programs targeted at high school students, including Communities in Schools (CIS), the Texas Advanced Placement (AP) Initiative, the Online College and Career Preparation Technical Assistance Program, Early College High School and Texas Science, Technology, Engineering, and Mathematics (T-STEM), and the Texas Academic Innovation and Mentoring program.

The CIS program, which is affiliated with a national non-profit organization and administered at the state level by TEA, operates in 27 communities across Texas with the goals of improving school attendance, academic achievement, and behavior of students at risk of dropping out of school. Based on a case-management model, local CIS coordinators work with individual students to provide support and services according to an individualized needs assessment. TEA's 2014–15 biennial appropriations include $31.0 million in General Revenue Funds to support the program, an increase of $11.5 million from the 2012–13 biennial spending level. In addition, the Legislature maintains an allocation of federal Temporary Assistance for Needy Families (TANF) of $7.6 million to provide services to TANF eligible students.

The Texas AP Initiative is funded at $16.3 million for the 2014–15 biennium, an increase of $2.5 million from the 2012–13 biennial spending level. The Texas AP Initiative directs funds to subsidize AP exam fees for high school students and to provide for professional development to teachers of AP courses. The allocation of funding is prioritized according to the provisions of TEA Rider 54 first to fund exam fee subsidies. The rider further stipulates that TEA shall allocate no less for teacher training than was allocated in the 2010–11 biennium.

The Online College Preparation Technical Assistance Program is decreased from $4 million in the 2012–13 biennium to $1 million in the 2014–15 biennium. Through this program, schools can select from a list of approved vendors providing support to students, parents, and high school counselors in the college and career preparation and application processes.

Rider 57 directs $6 million to support both Early College High School and T-STEM. The Early College High School program provides grants to support districts and charter schools partnering with nearby institutions of higher education to allow students to earn a high school diploma and at least 60 hours of college credit simultaneously at no additional cost to the student. The T-STEM grant program supports middle and high schools focusing on rigorous instruction in science and mathematics with the goal of increasing the number of students studying and entering STEM-related fields. T-STEM programs target schools with high proportions of students at risk of dropping out.

Rider 59 maintains level funding at $3 million for the Texas Academic Intervention and Monitoring program operated by the Boys and Girls Club, which provides mentoring and tutoring services.

PREKINDERGARTEN GRANTS

Exclusive of FSP funding associated with eligible prekindergarten students in average daily attendance (estimated at $797 million for fiscal year 2014 and $819 million for fiscal year 2015), Rider 66 of TEA's bill pattern allocates $15 million in each year of the 2014–15 biennium for the purpose of providing supplemental funds for prekindergarten. Funds are to be distributed equally to all school districts and charter schools on the basis of eligible pre-kindergarten students in average daily attendance served. Prior to the 2012–13 biennium, TEA operated the Prekindergarten Early Start grants (PKES) program, which provided funding to a limited number of participating school districts to support the second half of a full-day prekindergarten program that met certain criteria. Unlike PKES, the supplemental funds for prekindergarten provides districts and open-enrollment charter schools broader discretion in the expenditure of these funds on prekindergarten programs. It is estimated that each district and open-enrollment charter school will receive $140 per eligible prekindergarten student in average daily attendance in fiscal year 2014 and $143 per eligible prekindergarten student in average daily attendance in fiscal year 2015.

TEA Rider 48 directs $7 million in General Revenue Funds for the Early Childhood School Readiness program in the 2014–15 biennium. This funding supports high quality early childhood education programs by providing a developmentally appropriate curriculum, continuous student progress monitoring, and professional development for teachers.

EDUCATOR QUALITY INITIATIVES

The District Awards for Teacher Excellence (DATE) program is funded at $32 million for the 2014–15 biennium. DATE historically funded grants to school districts to support district-designed educator incentive pay programs that direct bonus pay to educators based on student achievement and other factors. House Bill 1751, Eighty-third Legislature, Regular Session, 2013, modified the DATE program to limit participation to districts that receive federal funding under Title I of the No Child Left Behind Act and have a majority of district campuses where at least 50 percent of students are educationally disadvantaged. House Bill 1751 also requires the program to focus on improving educator quality and effectiveness through various means including innovative recruitment, preparation, hiring, strategic compensation, retention and improved district administrative practices. TEA Rider 47, District Awards for Teacher Excellence, requires the Commissioner of Education to ensure that funds directed by the rider should maximize the receipt of federal grant funding for similar purposes. Additionally, Rider 47 directs that a portion of the $32 million DATE appropriation be used toward funding the following for the 2014–15 biennium: up to $5 million to implement standards on educator quality, up to $2 million to provide for an educator mentoring program, and up to $1 million to support Humanities Texas, a non-profit organization providing professional development for teachers in their first or second year of service.

The Eighty-third Legislature increased funding for Teach for America (TFA) from $8 million in the 2012–13 biennium to $12 million in the 2014–15 biennium, directing that those funds support the provision of at least 1,000 TFA teachers in Texas schools with a prioritization on teachers of mathematics if possible.

REGIONAL EDUCATION SERVICE CENTERS FORMULA FUNDING FOR CORE SERVICES

The appropriation to support core services at Regional Education Service Centers (ESCs) is $25.0 million for the 2014–15 biennium. Additionally, TEA Rider 38 directs the Commissioner of Education to determine a formula by which these funds are distributed to the 20 ESCs to favor those serving rural areas and small schools. ESCs vary significantly in the type of programs and services offered, ranging from operating cooperatives or shared service arrangements for administrative functions such as payroll management and accounting to acting as a provider of professional development for educators from various regions to providing technical assistance to school districts statewide.

In addition to state formula funds, ESCs may generate local funds through the sale of products such as curriculum management systems and/or charging fees for services to school districts and other entities, though as quasi-governmental non-profit entities, revenue received in excess of cost recovery for the product or service is generally reinvested in the operation of the ESC or the development of products and services. In fiscal year 2013, state funding accounted for about 15 percent of total revenue received by ESCs on average, with Federal Funds (primarily for Head Start) and local funds making up 43 percent and 42 percent respectively. The mix of funds available to any one ESC varies widely, with the proportion of total revenue made up of state funds ranging from 7 percent to nearly 35 percent among individual ESCs.

WINDHAM SCHOOL DISTRICT

The Windham School District (WSD) provides educational programming for inmates in the adult correctional system in Texas. The funding to support this function flows through TEA, though the agency does not have oversight of WSD operations. The appropriation to support WSD for the 2014–15 biennium is $103 million, an increase of $8 million from the 2012–13 biennial spending level. Those funds support high school General Education Diploma (GED) and vocational and technical education programs in the prison system. WSD is also directed by rider to continue two pilot programs during the 2014–15 biennium. The first program pilots the use of computer adaptive technology for delivery of educational services, and the second program focuses on virtual learning options that allow a student to earn a high school diploma, high school equivalent certification, certification and/or college credit.

ASSESSMENTS

The STAAR system is administered by TEA and assesses students in grades 3 through 8 in reading, mathematics, science, social studies, and writing and high school students through five subject-specific end-of-course assessments in foundation subjects. The appropriation in support of assessments is $171.2 million in All Funds for the 2014–15 biennium, including $104.3 million in General Revenue Funds and $66.9 million in Federal Funds. Due to changes in statute as a result of House Bill 5, Eighty-third Legislature, Regular Session, 2013, discussed in greater detail in the Significant Legislation section, the number of assessments required at the high-school level decreased, which allowed the cost of assessments to stay relatively flat, increasing by $5.9 million in General Revenue Funds from the 2012–13 biennial level, despite a rising student population.

PROJECT SHARE

Project Share is a web-based platform operated by TEA that includes a collection of professional development opportunities for educators and supplemental instruction for students in an interactive learning environment. Project Share utilizes existing and new professional development resources and builds professional learning communities where educators can collaborate and participate in online learning opportunities. TEA works with ESCs and institutions of higher education to develop the content available on Project Share. Resources for students available through Project Share include access to supplemental instruction in English, math, science, and social studies courses and additional online practice lessons available to students beyond the traditional school day. The appropriation to support Project Share for the 2014–15 biennium is $18 million in General Revenue Funds.

TEXAS STUDENT DATA SYSTEM

The Texas Student Data System (TSDS) is an on-going information technology project seeking to improve the availability and use of high-quality data to enable educators to make better informed decisions for their students through an enhanced statewide longitudinal data system that will streamline the school district or charter school data collection and submission process. Other goals of TSDS include equipping educators with historical, timely, and actionable student data to drive classroom and student success and integrating data from preschool through postsecondary school for improved educator decision making. The appropriation to support TSDS for the 2014–15 biennium is $15.1 million in All Funds, including $8.3 million in General Revenue Funds.

AGENCY ADMINISTRATION

Appropriations to TEA for agency administration for the 2014–15 biennium total $270.4 million in All Funds, including $128.0 million in General Revenue Funds, an increase of $20.1 million in All Funds (8.0 percent) and $13.1 million in General Revenue Funds (11.4 percent) from the 2012–13 biennial spending levels. The increase in General Revenue Funds is primarily attributable to an increase of $5.3 million in General Revenue Funds for TSDS, an increase of $3.3 million for the data center services contract with the Department of Information Resources, and an increase of $4.0 million associated with implementing legislation. The agency's cap on FTE positions is set at 804 for the 2014–15 biennium, a decrease of 22 from the 2012–13 biennial FTE cap of 826 positions. The cap on TEA's FTE positions in the 2014–15 biennium decreased despite an increase in appropriations for agency administration to better align the cap with the actual employment levels of the agency following the Reductions In Force (RIF) implemented by TEA during the 2012–13 biennium in response to budget reductions.

METHODS OF FINANCING PUBLIC EDUCATION

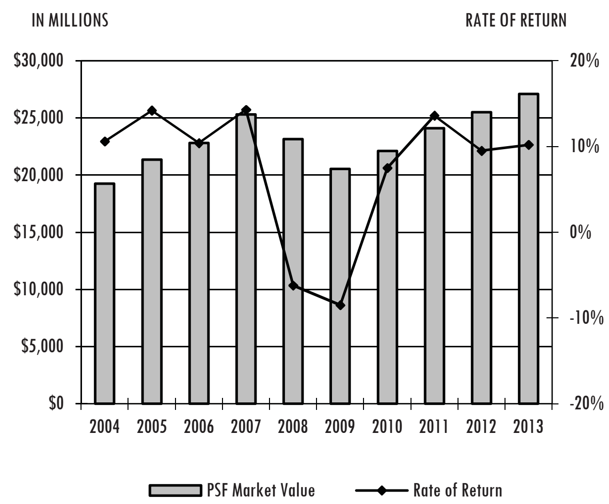
The TEA budget includes all three major types of state funds (General Revenue Funds, General Revenue–Dedicated Funds, and Other Funds) as well as Federal Funds. Among the General Revenue Funds and Other Funds are several methods of financing the public education system with unique qualities or statutory or constitutional dedications.

PERMANENT SCHOOL FUND

A unique aspect of public school funding in Texas is the provision of state funds from the Permanent School Fund (PSF), an endowment fund established by the Texas Constitution that consists of fixed income and equity holdings, state lands, mineral rights, and royalty earnings. PSF investments are primarily managed by the SBOE through TEA staff, with a portion of PSF-owned lands and associated mineral rights managed by the Texas General Land Office. The PSF is managed to be a permanent, perpetual source of funding of public education for present and future generations of Texans. Additionally, since 1983 the fund has provided for the guarantee of school district bonds, allowing districts to earn high bond ratings, which translates into lower interest rates and substantial cost savings to taxpayers. Legislation passed by the Eighty-second Legislature, 2011, extended the bond guarantee program to charter schools for the first time beginning in fiscal year 2012.

Figure 190 shows the changes to the fair market value and rate of return of the PSF for fiscal years 2004 to 2013. The fund showed strong growth during the late 1990s, with its value surpassing $22.0 billion in fiscal year 2000. The downturn in the financial markets over the subsequent two years took its toll on the fund, which lost $5.0 billion during

FIGURE 190
PERMANENT SCHOOL FUND FAIR MARKET VALUE AND TOTAL RATE OF RETURN, FISCAL YEARS 2004 TO 2013



SOURCE: Texas Education Agency.

that period. The fund recovered from fiscal years 2003 to 2007, earning double–digit positive annual returns, and by the end of fiscal year 2007, its value increased to $26.8 billion. However, financial market downturns in fiscal years 2008 and 2009 resulted in two years of a negative growth rate, with the fund posting a market value of just below $16.0 billion at the close of the second quarter of fiscal year 2009. Since then, the value of the fund has increased, closing fiscal year 2013 with a fair market value of $27.1 billion.

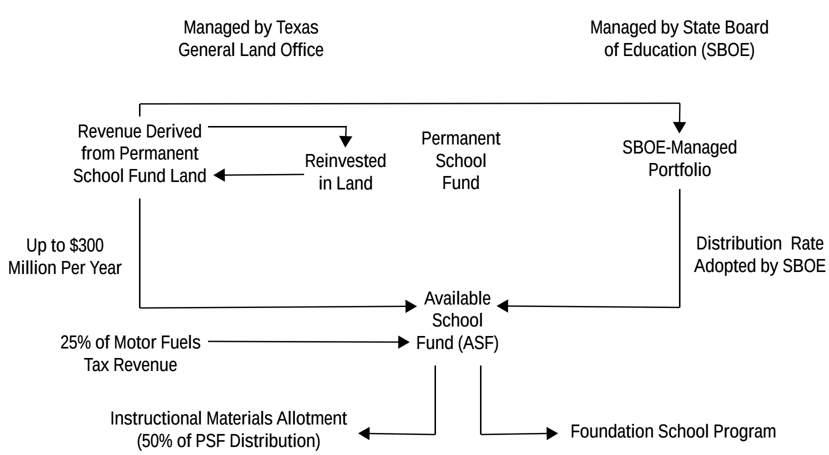
A limited amount of PSF funding is used as a method of financing the portion of the TEA administration budget dedicated to managing and overseeing the PSF. For the 2014–15 biennium, the total administrative appropriation from the PSF is $60.0 million, an increase of $17.9 million from the 2012–13 biennial spending levels. The increase in appropriations relates to the continued annual funding of 31 FTEs that were authorized by the Eighty-second Legislature to help manage the PSF and hired in fiscal year 2013.

AVAILABLE SCHOOL FUND (GENERAL REVENUE FUNDS)

The ASF is a constitutionally dedicated fund for the support of the public education system. It is funded from distributions from returns on investment of the PSF and also receives 25 percent of the state's motor fuels tax revenue. Prior to each legislative session, the SBOE sets a rate of total return on all investment assets of the PSF that determines an amount to be distributed to the ASF. The ASF funds the state's instructional materials purchases (through a transfer to the state Instructional Materials Fund) and an annual per capita distribution to school districts. **Figure 191** shows the flow of funds related to the PSF to the ASF.

The total rate of return adopted by the SBOE each biennium is based on the average market value of the PSF for the preceding 16 fiscal quarters, and is set with consideration of a policy of intergenerational equity, whereby the distribution rate cannot jeopardize the probability that the PSF will be able to support the public education of future generations of Texas students at a comparable level. Since the shift to the

FIGURE 191
FLOW OF FUNDS FROM PERMANENT SCHOOL FUND TO THE AVAILABLE SCHOOL FUND 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

total rate of return methodology for determining the distribution, rates ranged from 4.5 percent for the 2004–05 and 2006–07 biennia to a low of 2.5 percent for the 2010–11 biennium, reflecting market conditions. For the 2014–15 biennium, the adopted rate of 3.3 percent is projected to yield about $838.7 million per fiscal year. **Figure 192** shows the revenue and expenditures of the ASF for fiscal years 2008 to 2015.

LOTTERY PROCEEDS (GENERAL REVENUE FUNDS)

Since 1997, net proceeds from the sale of Texas Lottery games, after paying the cost of administering the lottery and awarding prizes, are statutorily dedicated to funding the FSP. For the 2014–15 biennium, lottery proceeds account for $2.1 billion of the $40.4 billion in state funds appropriated to fund the FSP, a decrease of $71.2 million compared to the 2012–13 biennial amount.

FOUNDATION SCHOOL FUND, FUND 193 (GENERAL REVENUE FUNDS)

The Foundation School Fund is an account within the General Revenue Fund that is used exclusively for the purpose of funding public education. It is primarily appropriated as a method of financing the FSP, though some appropriations for programs outside the FSP are made from the Foundation School Fund. It is not a dedicated fund, per se, but it is not appropriated to any agency other than TEA. For the 2014–15 biennium, $28.4 billion from the Foundation School Fund is appropriated to TEA, of which $27.7 billion is appropriated for the FSP.

GENERAL REVENUE FUNDS

For the 2014–15 biennium, TEA's appropriations include approximately $209.6 million in other General Revenue Funds (Fund 1) to support certain programs outside the FSP and agency administration.

PROPERTY TAX RELIEF FUND (OTHER FUNDS)

The Property Tax Relief Fund (PTRF), established by legislation passed by the Seventy-ninth Legislature, Third Called Session, 2006, is a fund outside of the General Revenue Fund that serves as a method of financing the FSP. The fund was established as part of the effort to compress school district maintenance and operations property tax rates by one-third and serves to finance a portion of the state cost of replacing that lost local revenue. The PTRF is funded with revenues resulting from a package of legislation that was also passed by the Seventy-ninth Legislature, Third Called

FIGURE 192
AVAILABLE SCHOOL FUND, FISCAL YEARS 2008 TO 2015

	REVENUES (IN MILLIONS)			EXPENDITURES (IN MILLIONS)			
FISCAL YEAR	MOTOR FUELS TAX	INVESTMENT INCOME	DIRECT TRANSFERS FROM GENERAL LAND OFFICE	TEXTBOOK/ INSTRUCTIONAL MATERIALS ALLOTMENT TRANSFERS	TOTAL PER CAPITA APPORTIONMENT	TECHNOLOGY ALLOTMENT	PSF TOTAL RATE OF RETURN
2008	$761.1	$716.5	$0.0	$269.3	$1,170.8	$33.8	3.5%
2009	$744.6	$716.5	$0.0	$204.5	$1,093.7	$129.8	3.5%
2010	$744.8	$60.7	$0.0	$198.4	$516.3	$132.7	2.5%
2011	$760.9	$1,092.8	$0.0	$273.0	$1,445.4	$133.9	2.5%
2012	$772.7	$1,020.9	$0.0	$598.5	$1,118.0	$0.0	4.2%
2013	$791.1	$1,020.9	$300.0	$10.0	$2,174.0	$0.0	4.2%
2014	$783.9	$838.7	$0.0	$419.3	$1,350.1	$0.0	3.3%
2015	$783.9	$838.7	$0.0	$419.3	$1,242.2	$0.0	3.3%

Notes:
(1) Fiscal years 2014 and 2015 are projected.
(2) House Joint Resolution 109, Eighty-second Legislature Regular Session, 2011, and subsequent voter approval of the associated constitutional amendment authorizes the General Land Office (GLO) to transfer funding from the GLO controlled portion of the PSF directly to the ASF.
(3) Prior to fiscal year 2008, the Technology Allotment was funded from the Telecommunications Infrastructure Fund. This fund was discontinued, and all revenues were exhausted in fiscal year 2008, when the balance of the Technology Allotment appropriation was paid from the Available School Fund. Beginning in fiscal year 2009, the Technology Allotment was funded entirely from the Available School Fund. Senate Bill 6, Eighty-second Legislature, First Called Session, 2011, repealed the Technology Allotment effective beginning with fiscal year 2012.

Sources: Legislative Budget Board; Comptroller of Public Accounts; Texas Education Agency.

Session, 2006, which altered the franchise (business margins) tax, motor vehicle sales and use tax, and taxes on tobacco products. The amounts deposited to the PTRF are essentially the amounts generated by the change in those taxes authorized by the Legislature, with the greatest contributions coming from the franchise tax. For the 2014–15 biennium, the PTRF accounts for $5.7 billion in state funds appropriated to fund the FSP, a projected increase of $164.3 million from the 2012–13 biennial spending level.

APPROPRIATED RECEIPTS (OTHER FUNDS)

The final estimated method of finance supporting the FSP is Appropriated Receipts, which for TEA consists entirely of revenue from school districts subject to recapture. For the 2014–15 biennium, recapture receipts account for $2.3 billion of the FSP appropriation.

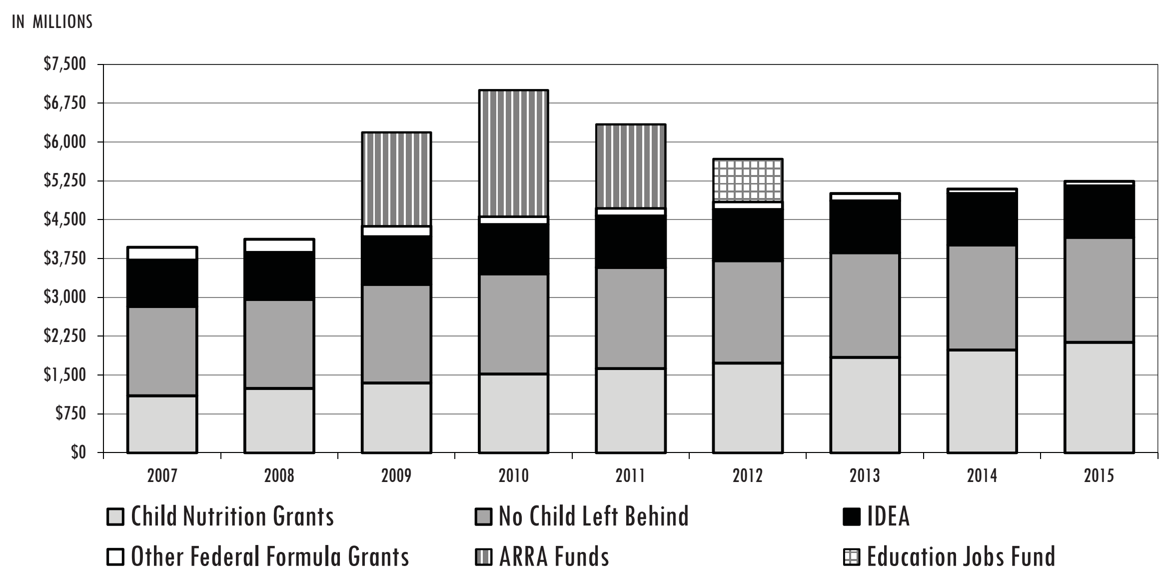
FEDERAL FUNDS

Federal Funds appropriations for the 2014–15 biennium are estimated by TEA to be $478.2 million higher than those of the preceding biennium, totaling $10.3 billion. This $478.0 million net increase includes a $557.9 million increase for the Child Nutrition Programs, a net decrease of $62.0 million in other federal programs, and the discontinuation of $17.7 million in one-time federal emergency or other one-time grants.

Figure 193 shows appropriations of Federal Funds to TEA since fiscal year 2007, broken out into four different categories of federal formula grants, including: child nutrition grants, No Child Left Behind (NCLB) grants, Individuals with Disabilities Education Act funding, and Other Federal Formula Grants; and two categories of emergency or one-time grants. The emergency grants include ARRA Funds and the Education Jobs Fund. ARRA Funds were distributed through ARRA State Fiscal Stabilization, which was used as a method of financing the FSP and instructional materials in the 2010–11 biennium, and ARRA formula grants, which provided supplemental funding to school districts according to the provisions of Title I, IDEA, and other regular federal formula grants. The Education Jobs Fund, totaled $830.8 million for the 2012–13 biennium and was intended to save or create jobs providing services in early childhood, primary, and secondary education.

As **Figure 193** shows, in recent years federal formula funding for the Child Nutrition Program has grown each fiscal year, while the other federal formula grants have remained fairly consistent. Of the $5.9 billion in one-time Federal Funds (ARRA) that was appropriated to TEA, approximately 30 percent of it comprised supplemental appropriations for Title I, IDEA, and other regular federal formula grants. TEA awarded the majority of this funding to school districts in

FIGURE 193
FEDERAL EDUCATION FORMULA AND EMERGENCY FUNDING IN TEXAS
FISCAL YEARS 2007 TO 2015



NOTE: Fiscal years 2014 and 2015 are projected.
SOURCE: Legislative Budget Board.

fiscal year 2009, though school district expenditure of those funds was permissible through September 30, 2011.

The federal sequestration that went into effect in spring 2013 as a result of the Budget Control Act of 2011, affected many TEA programs, although certain federal programs such as the Child Nutrition Program were exempt from federal sequestration. **Figure 194** provides a list of federally funded TEA programs that were affected by sequestration, along with the estimated reduction in federal appropriations in fiscal year 2014.

FIGURE 194
FEDERAL SEQUESTRATION OF TEA PROGRAMS
FISCAL YEAR 2014

PROGRAM	AMOUNT OF REDUCTION
No Child Left Behind, Title I	$81,604,040
No Child Left Behind, Title II	12,070,712
No Child Left Behind - Perkins	8,050,738
No Child Left Behind - Other	9,075,111
Individuals with Disabilities Education Act (IDEA)	55,247,056
Other Federal Grant Awards	3,457,518
TOTAL	**$169,505,175**

Source: Texas Education Agency.

TEXAS STUDENTS AND DISTRICTS

Texas' public school students and its school districts exhibit diversity with respect to a variety of factors that drive both funding and policy decisions within the state and create a unique public education environment among other states.

STUDENTS IN AVERAGE DAILY ATTENDANCE

Recent average daily attendance (ADA) trends for Texas and ADA projections for the 2014–15 biennium are shown in **Figure 195**. The 2014–15 biennial projections include a March 2013 update of estimates prepared by the Legislative Budget Board for the Eighty–third Legislature. Charter school ADA is included in the counts shown in **Figure 195**. For the 2012–13 school year, charter school ADA was 163,484.

During most of the 1990s, the ADA growth rate averaged 2 percent. The following decade was marked by lower growth rates, interrupted by spikes in growth in fiscal years 2002, 2006, and, to a lesser extent, 2009. Excepting fiscal year 2006 as an anomalous year due to the impact of Hurricane Katrina which resulted in the influx of about 45,000 students from Louisiana and Mississippi into Texas, these ebbs and spikes correlate roughly with stronger and weaker economic conditions. This relationship suggests that one contributing factor in student population growth rates may be economic conditions rendering private and home schooling a more or less viable option for more Texas families. For the 2014–15 biennium, TEA estimated the ADA growth rate at 2.2 percent in fiscal year 2014 and 1.7 percent in fiscal year 2015.

FIGURE 195
TEXAS PUBLIC SCHOOL AVERAGE DAILY ATTENDANCE
FISCAL YEARS 2004 TO 2015

FISCAL YEAR	SCHOOL YEAR	TOTAL ADA	PERCENTAGE CHANGE
2004	2003–04	4,008,528	1.8
2005	2004–05	4,078,747	1.8
2006	2005–06	4,181,348	2.5
2007	2006–07	4,246,916	1.5
2008	2007–08	4,315,132	1.6
2009	2008–09	4,399,315	2.0
2010	2009–10	4,470,146	1.6
2011	2010–11	4,555,707	1.9
2012	2011–12	4,632,151	1.7
2013	2012–13	4,698,773	1.4
2014	2013–14	4,803,515	2.2
2015	2014–15	4,885,099	1.7

Notes:
(1) Fiscal year 2014 and 2015 are projected.
(2) ADA counts include charter schools, and exclude all state-administered schools.

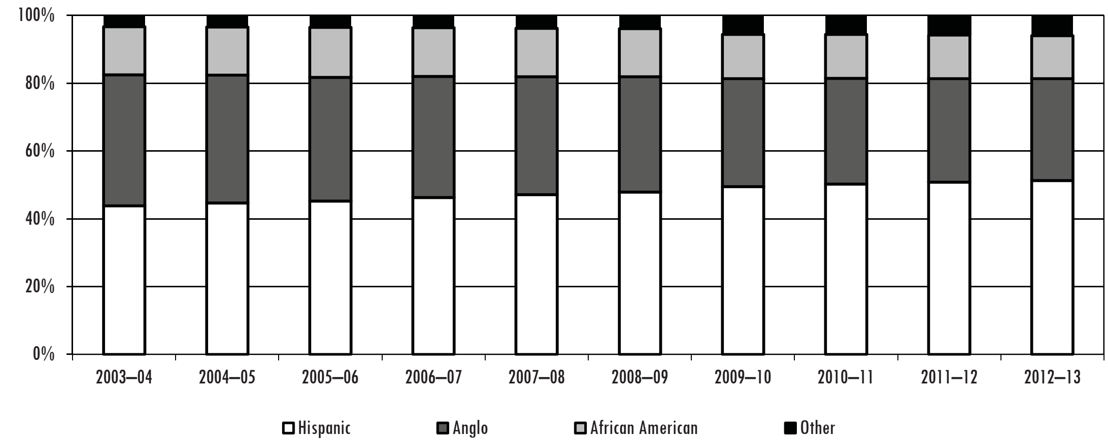
Sources: Legislative Budget Board; Texas Education Agency.

ETHNIC COMPOSITION

The diverse ethnic composition of Texas' school-age population is shown in **Figure 196**. By fiscal year 2013, total enrollment increased by nearly 17 percent from the fiscal year 2004 level. The rate of increase among non-Anglo students was 34 percent over the 10-year period. Anglo enrollment in the 2012–13 school year was lower in raw numbers than it was 10 years earlier (1.5 million students in 2013 compared to 1.7 million students in 2004). Anglo students as a percentage of all students enrolled decreased from 39 percent in 2002 to 30 percent in 2013.

The most significant factor in the 10-year enrollment trend is the growth in the population of Hispanic students. Their number has increased by nearly 38 percent over the 10-year period—to 2.6 million students and a 51 percent share of the statewide student population in fiscal year 2013 (up from 44

FIGURE 196
SCHOOL ENROLLMENT BY ETHNICITY, SCHOOL YEARS 2003–04 TO 2012–13



Source: Texas Education Agency.

percent of the total in 2004). In the 2001–02 school year, Hispanics surpassed Anglos as the largest ethnic group enrolled in Texas public schools.

Although African American student enrollment increased by 5 percent since fiscal year 2004, their percentage share of total students remained relatively constant over the period, fluctuating between 13 percent and 14 percent. The Other category increased by 114 percent in the 10-year period, and accounts for approximately 6 percent of total enrollment.

Some of the growth in the Other category is likely due to a change in the reporting of racial and ethnic categories at the federal level, also reflected in state data collections. Effective for data for the 2009–10 school year, students and parents can opt to select two or more racial/ethnic categories. Students for which more than one category is selected are categorized separately as "Two or More Races." Because data is unavailable in prior years to compare students in this category, they are included in the "Other" category. However, it is likely that a portion of these students would previously have identified with another non-Other category such as Anglo, African American, or Hispanic, which means that the relative increase in students included in Other includes some out-migration from other reported categories.

Beyond diversity expressed by the racial and ethnic composition of the Texas public school student population, there are other demographic factors more closely aligned with the state's school funding system. Within the context of the FSP, certain student characteristics result in weighted funding for school districts, including students' status as English language learners, economic disadvantage, qualification for special education services, and participation in career and technical education programs. Of these groups, the two largest as a function of total students in ADA are English language learners (referred to as bilingual ADA) and economically disadvantaged students (referred to as the compensatory education count). Bilingual ADA has grown by about 40 percent in the 10-year period spanning the 2003–04 and 2012–13 school years, with approximately 16 percent of the total ADA receiving additional weighted funding for participation in special language programs. The count of students generating compensatory education funding has grown by about 37 percent in the same period, with about 66 percent of ADA considered economically disadvantaged. For context, total ADA has grown 17 percent during the same period. In fiscal year 2013, about 9 percent of students received special education services, with services provided to students in resource room and mainstream settings generating about two-thirds of the special education allotment within the Foundation School Program. Approximately 22 percent of students enrolled in career and technology education courses in fiscal year 2013, generating additional funding for the portion of time spent in attendance in designated courses.

TEXAS STUDENT POPULATION IN COMPARISON TO OTHER STATES

Texas ranks second behind only California among the 50 states in the number of students enrolled in public schools. **Figure 197** compares enrollment growth in fall 2000 to fall

FIGURE 197
PUBLIC SCHOOL FALL ENROLLMENT 15 MOST POPULOUS STATES, SCHOOL YEARS 2000 AND 2010

STATE	ENROLLMENT FALL 2000	ENROLLMENT FALL 2010	10-YEAR GROWTH	PUPILS ENROLLED/ TEACHER FALL 2010	NATIONAL RANKING PUPIL/ TEACHER
Arizona	877,696	1,071,751	22.1%	21.4	49
Texas	**4,059,619**	**4,935,715**	**21.6%**	**14.7**	**24**
Georgia	1,444,937	1,677,067	16.1%	14.9	26
North Carolina	1,293,638	1,490,605	15.2%	15.2	30 (tie)
Florida	2,434,821	2,643,347	8.6%	15.1	27 (tie)
Virginia	1,144,915	1,251,440	9.3%	17.6	42 (tie)
New Jersey	1,313,405	1,402,548	6.8%	12.7	6 (tie)
Indiana	989,267	1,047,232	5.9%	18.0	45
Illinois	2,048,792	2,091,654	2.5%	15.7	33
California	6,140,814	6,289,578	2.4%	24.1	51
Washington	1,004,770	1,043,788	3.9%	19.4	46
Pennsylvania	1,814,311	1,793,284	(1.2%)	13.8	14
Ohio	1,835,049	1,754,191	(4.4%)	16.1	38 (tie)
New York	2,882,188	2,734,955	(5.1%)	12.9	9
Michigan	1,720,626	1,587,067	(7.8%)	17.9	44
U.S.	**47,203,539**	**49,484,181**	**4.8%**	**16.0**	

Note: A ranking of 1 indicates the lowest pupil-per-teacher ratio among the 50 states and the District of Columbia.
Source: U.S. Department of Education.

2010. With a 21.6 percent 10-year increase, an annual average of approximately 2.0 percent, Texas enrollment is the second fastest growing among the 15 most populous states over the past decade and fourth among all 50 states behind Nevada, Arizona, and Utah. **Figure 197** also shows that Texas ranked twenty-fourth among the states in student-teacher ratio (ranked from lowest to highest), with 14.7 students enrolled per teacher in fall 2010. This ranking compares favorably with the U.S. average of 16.0 students per teacher.

In terms of changes in the racial and ethnic composition of the student population over the 10-year period spanning the 2001–02 school year to the 2011–12 school year, Texas loosely reflects national trends. Nationally, during this period enrollment of Anglo students decreased by 6.8 percent, and enrollment of African American students decreased by 0.7 percent, while enrollment of Hispanic students, and students of other races/ethnicities increased by 31.8 percent and 26.8 percent respectively. Over a similar period, Texas' Anglo enrollment decreased by 9.3 percent and enrollment of African American students, Hispanic students, and students of other races/ethnicities increased by 4.9 percent, 37.6 percent, and 114.3 percent respectively.

Among the 10 states with the highest Hispanic student populations in the 2010–11 school year, Texas ranks seventh in the growth rate of Hispanic students over the previous 10 years, behind Georgia, Colorado, Florida, New Jersey, Illinois, and Arizona. When all 50 states are considered, Texas has the forty-second highest growth rate in Hispanic student populations over the 10-year period. These analyses underscore that recent trends in Texas' student population reflect national trends and that the explosive growth in the Hispanic student population is not unique to Texas. However, the sheer size of the state's Hispanic student population relative to other states creates a differentiated policy environment when considering how the public education system addresses the needs of a diverse population.

SCHOOL DISTRICT CHARACTERISTICS

There were 1,025 regular school districts operating in Texas in fiscal year 2013. In addition, there were six special districts and four state-administered school districts (state schools and schools within the corrections system). State-administered and special districts do not fall within the regular reporting system and are not funded in the same manner as other districts through the FSP. In fiscal year

2013, there were also 202 charter school holders operating 552 open-enrollment charter school campuses. Charter schools are public schools that operate with fewer regulations than regular school districts. The total of 1,227 school districts and charter school operators in the state ranks Texas first among the 50 states in the number of operating school districts.

Texas is characterized by its large number of very small, primarily rural school districts and charter schools, counterbalanced by a handful of very large urban and suburban districts. In the 2012–13 school year, there were 825 districts and charters with fewer than 1,600 enrolled students, which represents about 67 percent of all districts but includes only 9 percent of all students. In contrast, the 18 districts with 50,000 or more enrolled students served 29 percent of all students. Houston Independent School District, the largest in Texas, enrolled 203,354 students in the 2012–13 school year, more than the combined total for the smallest 580 districts and charter schools. The remaining 62 percent of students enrolled in the 2012–13 school year were in the 385 districts with enrollments between 1,600 and 49,999 students.

Based on analysis of student growth from fiscal years 2008 to 2013, 107 districts serving nearly 44 percent of the state's students experienced growth in student populations that was faster than the state average growth rate for the period—meeting the definition for a "fast growth" district. In contrast, 272 districts serving 5.1 percent of students experienced declining student growth. The remainder had stable enrollment or increased at about the average rate for the state.

A significant factor in school funding through the FSP is school district property wealth per weighted student. For the 2012–13 school year, school district property wealth averaged about $343,000 per weighted student and ranged from $20,500 per weighted student to $6.6 million per weighted student with 152 school districts with wealth per weighted student above $476,500 and therefore subject to recapture at that level. School districts subject to recapture at the $476,500 level serve about 8 percent of the state's students. The majority of students, a little less than 59 percent, are served by school districts with wealth per weighted student between $200,000 and $476,500.

TEXAS PUBLIC SCHOOL EMPLOYEES

For the 2012–13 school year, Texas public schools employed 643,562 FTE positions. Of those positions, about half were teachers. **Figure 198** shows a breakdown of public school employees by function and subdivides those functions into "Instructional" and "Non-instructional" roles with instructional roles defined as functions that primarily serve students in the classroom. The figure shows that about three-fifths of public education employees fall into the instructional category as defined here, and those proportions have been similar for at least the past 10 years.

EDUCATOR SALARY

The average salary for Texas teachers in the 2011–12 school year was $48,373, up from $41,009 in the 2004–05 school year—ranking nationally at 34 and thirteenth among the 15 most populous states (**Figure 199**). The national average salary for the same year was $55,418. Texas has the sixth highest average salary of the 15 southern states (**Figure 200**). All contiguous neighboring states pay lower average salaries than Texas, with the exception of Louisiana, where the average teacher salary began exceeding that of Texas in the 2010–11 school year. From school years 2001–02 to 2011–12, Texas's average teacher salary decreased by 3.4 percent (current dollars), placing it thirty-sixth among all states in growth compared to a national average decrease of 2.8 percent.

STATE BOARD FOR EDUCATOR CERTIFICATION

The State Board for Educator Certification (SBEC), an appointed board whose functions are carried out under TEA's Educator Leadership and Quality Division, oversees a range of teacher credentialing, recruitment and retention, and professional conduct-related activities, including the accreditation of over 144 educator preparation programs. With few exceptions, SBEC functions are self-funded—paid from fees charged to educators and educator candidates for credentialing-related services.

SBEC specifies the classes of educator certificates to be issued, the period for which a certificate is valid, and all rules relating to both initial issuance and renewal. To ensure that educators are properly certified, SBEC manages the development and oversees administration of numerous pedagogy (teaching skills), content-knowledge, and professional examinations. The Texas Examinations of Educator Standards (TExES) and their associated teaching certificates align educator certification standards with the Texas Essential Knowledge and Skills curriculum framework. In addition to the standard examinations, the agency also

FIGURE 198
FULL-TIME EQUIVALENT TEXAS PUBLIC SCHOOL EMPLOYEES BY PERSONNEL FUNCTION
SCHOOL YEARS 2012–13, 2007–08, AND 2002–03

	2012–13		2007–08		2002–03	
PERSONNEL FUNCTION	NUMBER OF FTE POSITIONS	PERCENTAGE OF TOTAL	FTE POSITIONS	PERCENTAGE OF TOTAL	FTE POSITIONS	PERCENTAGE OF TOTAL
Instructional						
Teachers	327,488	50.9	321,923	50.7	288,655	50.4
Instructional Support	65,150	10.1	67,730	10.7	63,013	11.0
Total, Instructional	**392,638**	**61.0**	**389,652**	**61.4**	**351,668**	**61.4**
Non-instructional						
Administrative Staff	25,397	3.9	24,458	3.9	19,740	3.4
Non-classroom support	54,010	8.4	48,867	7.7	41,696	7.3
Auxiliary Staff	171,518	26.7	172,003	27.1	159,877	27.9
Total, Non-Instructional	**250,924**	**39.0**	**245,328**	**38.6**	**221,313**	**38.6**
GRAND TOTAL, FTE POSITIONS	**643,562**		**634,980**		**572,981**	
Ratio of Instructional to Non-instructional	1.6		1.6		1.6	

Notes:
(1) Instructional support includes roles that provide direct services to students in a classroom setting such as Educational Aides and certain therapists.
(2) Non-classroom support includes roles that provide support services primarily outside the classroom such as librarians, counselors, diagnosticians, supervisors, and other professional roles.
(3) Auxiliary staff includes roles such as bus drivers, cafeteria workers, janitorial and grounds services.
Source: Texas Education Agency.

FIGURE 199
AVERAGE TEACHER SALARIES, 15 MOST POPULOUS STATES (BASED ON U.S. CENSUS DATA, 2012)
SCHOOL YEAR 2011–12

50-STATE RANKING	STATE	AVERAGE SALARY
1	New York	$73,398
2	Massachusetts	$71,721
5	California	$68,531
6	New Jersey	$67,078
10	Pennsylvania	$61,934
11	Michigan	$61,560
13	Illinois	$57,636
16	Ohio	$56,715
22	Georgia	$52,938
23	Washington	$52,232
25	Indiana	$50,516
30	Virginia	$48,703
34	**TEXAS**	**$48,373**
42	Florida	$46,479
46	North Carolina	$45,947
U.S. AVERAGE		**$55,418**

Source: National Education Association.

FIGURE 200
AVERAGE TEACHER SALARIES SOUTHERN STATES
SCHOOL YEAR 2011–12

50-STATE RANKING	STATE	AVERAGE SALARY
7	Maryland	$63,634
22	Georgia	$52,938
27	Louisiana	$50,179
28	Kentucky	$49,730
30	Virginia	$48,703
34	**TEXAS**	**$48,373**
37	Alabama	$48,003
38	South Carolina	$47,428
40	Tennessee	$47,082
42	Florida	$46,479
44	Arkansas	$46,314
46	North Carolina	$45,947
48	West Virginia	$45,320
49	Oklahoma	$44,391
50	Mississippi	$41,646
U.S. AVERAGE		**$55,418**

Source: National Education Association.

requires examinations for specific certificates: the Texas Oral Proficiency Test (education of students with limited English proficiency) and the Texas Assessment of Sign Communication (education of students with hearing impairment).

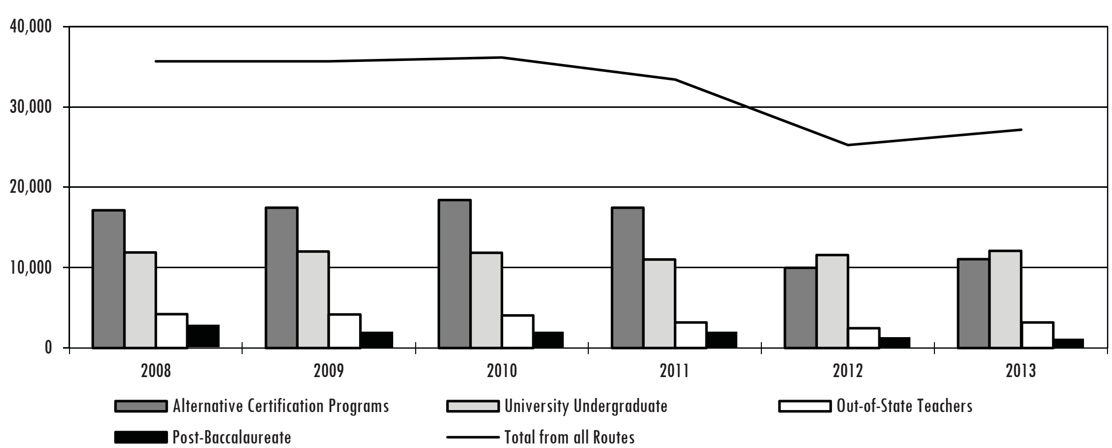
Figure 201 shows the number of individuals issued initial teaching certificates from fiscal year 2008 through fiscal year 2013. Fiscal years 2008 to 2010 saw relatively stable levels of issuance of initial teaching certificates, followed by an 8 percent decrease in initial teaching certificates in fiscal year 2011 and a 24 percent decrease in fiscal year 2012. Although the number of initial teaching certificates increased by 7 percent in fiscal year 2013, the total number of initial certificates issued was still 24 percent below the total from fiscal year 2008. As **Figure 201** shows, the declines of fiscal years 2011 and 2012 are reflected in each certification route except the university undergraduate route, but most significantly in alternative certification programs.

Through fiscal year 2004, the most common route to obtaining a teaching certificate was to complete an educator preparation program as part of a four–year undergraduate program and then pass the relevant certification examinations. However, the proportion of initial certifications earned through Alternative Certification Programs (ACPs) increased significantly and, in fiscal year 2005, surpassed those earned through undergraduate certification. ACPs allow individuals who meet certain educational criteria to become certified as educators in approximately one year through course work and fieldwork outside of a traditional undergraduate or graduate program. The proportion of initial teaching certificates granted to ACP participants increased to approximately 52 percent of the total number of new initial certificates for fiscal year 2011 compared with 33 percent granted to individuals pursuing certification through an undergraduate program in the same fiscal year. This trend reversed in fiscal year 2012 with the number of individuals receiving initial teaching certificates through a traditional undergraduate or graduate program surpassing the number of individuals receiving a teaching certificate through an ACP for the first time since fiscal year 2005

Data analysis conducted by TEA indicates that the number of new hires outpaced the number of teachers lost through attrition in the period from the 2000–01 and the 2012–13 school years. However, it is worth noting that the degree to which new hires exceed attrition is narrowing, and in the 2011–12 school year attrition exceeded new hires by 10,929 teachers. While this shift may be attributable to school district responses to state budget reductions and may be a temporary phenomenon, if the general trends continue, overall teacher supply may become a policy area of concern for future legislatures.

Additionally, the percentage of teachers teaching out of field overall (defined either as assignment to a subject or grade for which no credential is held or holding no credential at all) decreased from 15.2 percent in the 2007–08 school year to 14.2 percent in the 2012–13 school year. However, within certain subject areas and grade levels (particularly various

FIGURE 201
INITIAL TEACHING CERTIFICATES ISSUED BY CERTIFICATION ROUTE
FISCAL YEARS 2008 TO 2013



SOURCE: Texas Education Agency.

subject areas in the middle and secondary grades), the percentage of teachers teaching out of field remains high at 30.0 percent or greater.

EDUCATOR PROFESSIONAL CONDUCT

SBEC maintains and enforces a code of conduct for professional educators and ensures that applicants for educator certification pass criminal history record information (CHRI) reviews. Criminal history information resulting from CHRI reviews and complaints against educators are reviewed and, if necessary, investigated.

SBEC is statutorily required to screen new applicants for educator certification for criminal violations at both the national and state levels. SBEC contracts with the Department of Public Safety (DPS) to conduct fingerprint-based background checks in conjunction with the Federal Bureau of Investigation (FBI). First-time applicants for certification are charged a $39.50 fee for DPS and FBI analysis in addition to any fee applicants may pay a local law enforcement agency to capture fingerprints. TEA is also required to approve applicants for employment as teachers, librarians, educational aides, administrators, or counselors for open-enrollment charter schools following a national CHRI review.

The agency contracts with the State Office of Administrative Hearings to conduct hearings arising from complaints regarding educator conduct.

TEXAS PUBLIC SCHOOL EXPENDITURES IN COMPARISON WITH OTHER STATES

A comparison of public school expenditures per student in the 2011–12 school year is shown in **Figure 202** for the 15 most populous states. Texas spent an estimated $8,498 per student in current dollars in the 2011–12 school year, compared with a national average of $10,834, ranking the state forty-fourth in the nation and thirteenth among the 15 most populous states. In 1998, Texas peaked at twenty-fourth in the nation. The state's 2011–12 school year per-student spending level is less than all of its four contiguous neighbors, except Oklahoma; in the 2011–12 school year, Louisiana spent $9,998 per student, New Mexico spent $10,203, Arkansas spent $9,440, and Oklahoma spent $8,285 per student. The amounts shown in **Figure 202** are not adjusted for cost-of-education differences across states.

FIGURE 202
PUBLIC SCHOOL EXPENDITURES PER ENROLLED PUPIL, 15 MOST POPULOUS STATES, SCHOOL YEAR 2011–12

STATE	TOTAL $/PUPIL	NATIONAL RANKING
New York	$18,616	1
New Jersey	$18,485	3
Massachusetts	$14,938	8
Pennsylvania	$13,904	13
Michigan	$13,313	14
Illinois	$12,455	15
Virginia	$11,192	20
Indiana	$10,820	22
Washington	$10,000	27
Ohio	$9,842	30
Georgia	$9,586	32
California	$9,053	39
Texas	**$8,498**	**44**
North Carolina	$8,492	45
Florida	$8,436	46
U.S. AVERAGE	**$10,834**	

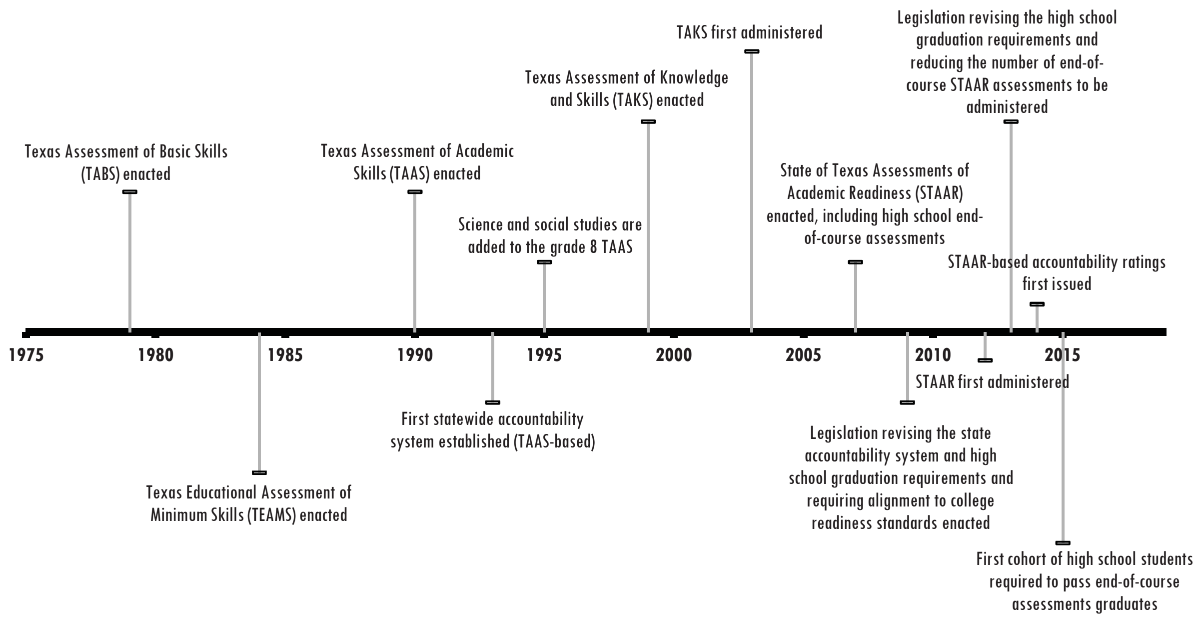
NOTE: All rankings referenced in this section are based on 50 states and the District of Columbia.
SOURCE: National Education Association.

PUBLIC SCHOOL ACCOUNTABILITY FOR STUDENT PERFORMANCE

Texas has been a leader in both statewide assessment and accountability for student performance in public education. **Figure 203** shows a timeline of major events in the evolution of testing and accountability in the state.

The first iteration of the statewide accountability system for Texas public schools was established by the Seventy-third Legislature in 1993 to hold Texas public schools accountable for student performance. The accountability ratings system was based on student performance on an annual student dropout rate and on performance on a set of assessments called the Texas Assessment of Academic Skills (TAAS), which included tests on reading, writing, math, and social studies. Each school district and campus was rated according to its ability to meet state passing standards on each test for all students and for certain disaggregated student groups—African American, Hispanic, Anglo, and economically disadvantaged—as well as its ability to meet state dropout standards. Each district and campus was given a rating of "exemplary," "recognized," "acceptable," or "unacceptable/low-performing."

FIGURE 203
TEXAS STATE ASSESSMENT AND ACCOUNTABILITY SYSTEM TIMELINE



Source: Legislative Budget Board.

The system was amended again in 2004 to align with the transition to a new assessments program, the Texas Assessments of Knowledge and Skills (TAKS), and to align with new federal performance standards set forth in the federal No Child Left Behind Act of 2001 (NCLB), by incorporating performance on the alternative assessments for special education students and using longitudinal completion rates instead of annual dropout rates. Initially, under the more rigorous standards of the new system, fewer districts and campuses achieved the "recognized" and "exemplary" ratings. For example, in 2007, there were 2,997 campuses that earned these ratings, about 70 percent of the campuses that earned them in 2002, the final year of the TAAS–based accountability era. However, by 2011, 4,049 campuses achieved the "recognized" and "exemplary" ratings.

In the 2011–12 school year, the state again transitioned to a new assessment system, the State of Texas Assessments of Academic Readiness (STAAR), as a result of actions of the Eightieth Legislature, 2007. The STAAR system, which includes new assessments in grades 3 through 8 in reading, mathematics, science, social studies, and writing, and replaces the exit-level TAKS exam for high school students with 15 subject-specific end-of-course assessments in foundation subjects, is intended to increase both relevance and rigor in the assessments program and to correlate performance on assessments in the lower grades with achievement of standards on end-of-course assessments in high school.

The enactment of House Bill 5, Eighty-third Legislature, Regular Session, 2013, amended the number of end-of-course assessments for high school students from 15 to 5, including Algebra I, Biology, English I, English II, and U.S. History. **Figure 204** shows the change in end-of-course assessments and credits required for graduation pursuant to House Bill 5.

The Commissioner of Education modified the state accountability system beginning with the 2012–13 school year. The state accountability system assigns performance ratings to districts and campuses of Met Standard, Met Alternative Standard, or Improvement Required and is based on student performance on STAAR assessments in four categories: student achievement, student progress, closing performance gaps, and postsecondary readiness. House Bill 5, Eighty-third Legislature, Regular Session, 2013 requires the state accountability system to assign ratings of A-F to districts beginning with the 2016–17 school year.

FIGURE 204
CHANGES TO HIGH SCHOOL GRADUATION REQUIREMENTS UNDER HOUSE BILL 5, EIGHTY-THIRD LEGISLATURE EFFECTIVE FOR THE 2013–14 SCHOOL YEAR

	CREDITS REQUIRED IN EACH FOUNDATION SUBJECT		
SUBJECT	PRIOR TO HB 5 - RECOMMENDED HIGH SCHOOL PROGRAM	HB 5 - FOUNDATION HIGH SCHOOL PROGRAM (WITHOUT ENDORSEMENTS)	HB 5 - FOUNDATION HIGH SCHOOL PROGRAM (WITH ENDORSEMENTS)
Mathematics	4	3	4
English Language Arts	4	4	4
Social Studies	4	3	3
Science	4	3	4

STAAR EOCS REQUIRED FOR GRADUATION	
PRIOR TO HB 5	SUBSEQUENT TO HB 5
Algebra I Algebra II Geometry	Algebra I
English I - Reading English I - Writing English II - Reading English II - Writing English III - Reading English III - Writing	English I English II
Biology Chemistry Physics	Biology
World Geography World History U.S. History	U.S. History

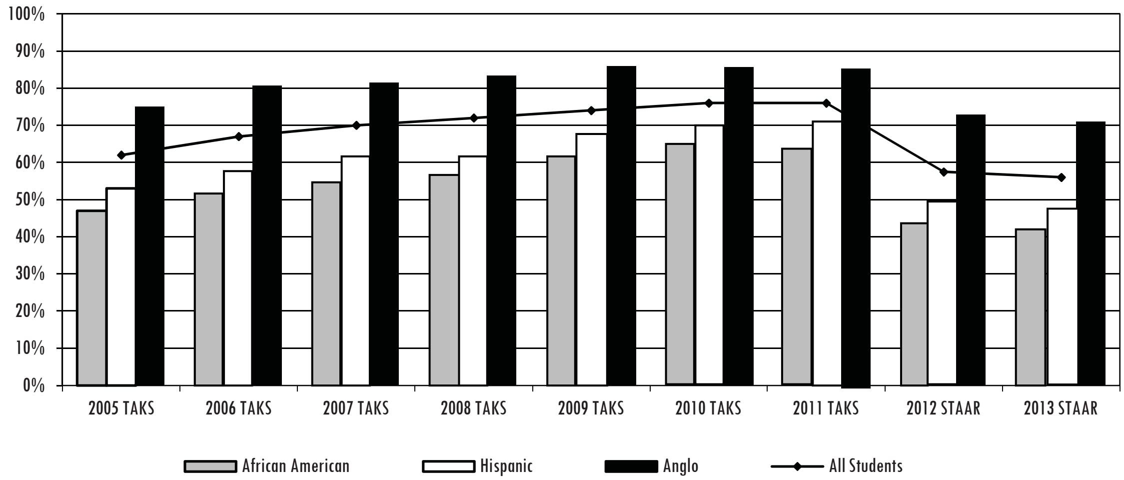
Source: Legislative Budget Board.

STUDENT PERFORMANCE ON STATE ASSESSMENTS

The 2002–03 school year was the first year the TAKS exams were administered. STAAR exams, including end-of-course exams, replaced the TAKS in the 2011–12 school year.

Following the introduction of the TAKS in 2003, student performance overall and disaggregated by ethnicity declined until 2005. As shown in **Figure 205**, subsequently, overall performance and the disaggregated performance of Anglo, Hispanic, and African American students all began an upward trend that had been sustained through 2011. The achievement gap between Anglo students and African American and Hispanic students also narrowed from 2005 to 2011. Since the introduction of the STAAR assessments, overall student performance has declined and the achievement gap between Anglo students and African American and Hispanic students has increased. The gap between the percentage of Anglo students passing all tests taken compared to African American students since the introduction of the TAKS peaked in 2006 with Anglo students passing at a rate 30 percentage points higher than African American students. By 2011, that gap had narrowed to a 21 percentage point difference in performance. Following the introduction of the STAAR assessment, this performance gap increased to 29 percentage points. Similarly, the difference between Anglo students' TAKS passing rate and that of Hispanic students had narrowed from a 23 percentage point higher passing rate for Anglo students in 2005 to 15 percentage points in 2011. Following the introduction of the STAAR assessments, this performance gap increased back to 23 percentage points.

FIGURE 205
STUDENTS PASSING ALL TESTS, BY ETHNICITY
SCHOOL YEARS 2005–06 TO 2012–13



SOURCE: Texas Education Agency.

PERFORMANCE OF TEXAS STUDENTS COMPARED WITH THE REST OF THE NATION

The National Assessment of Educational Progress (NAEP) is a set of exams given every two years to random samples of students in all 50 states and the District of Columbia to gauge relative performance of students in selected grades and subjects. It is the largest such assessment and the longest running, and as such, it serves as the basis for the U.S. Department of Education's Nation's Report Card. **Figure 206** compares NAEP scores in grades 4 and 8 reading and math for Texas and for the nation in 2003 and 2011. In math, Texas students have consistently exceeded the national average scale score, though Texas reading scores in both years hover just below that average, except for Grade 4 Reading, which was just above the average. It should be noted that NAEP is not necessarily aligned to Texas curriculum standards, and the scores of Texas students on this assessment can be used only to judge relative performance on the NAEP itself.

ADEQUATE YEARLY PROGRESS

The federal No Child Left Behind Act (NCLB) of 2001 requires that all public school districts, campuses, charter schools, and the state be evaluated annually for Adequate Yearly Progress (AYP). Each set of student groups—African American, Hispanic, Anglo, economically disadvantaged, special education, and limited English proficient—must meet the same performance and participation standards on the state reading and math exams as well as achieve certain attendance or graduation rates. If one or more student groups fail to meet one of these standards, the campus or district earns a "Did Not Meet AYP" rating.

Campuses and districts receiving Title I Federal Funds that earn a Did Not Meet AYP rating for two consecutive years

FIGURE 206
NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS (NAEP), NATIONAL COMPARISON OF TEXAS STUDENTS' PERFORMANCE ON SELECTED ASSESSMENTS, 2005 AND 2013

		2005 AVERAGE SCALE SCORE		TEXAS RANK AMONG 50 STATES 2005	2013 AVERAGE SCALE SCORE		TEXAS RANK AMONG 50 STATES 2011
		U.S.	TEXAS		U.S.	TEXAS	
Grade 4	Math	237	242	9	241	242	27
	Reading	217	219	28	221	217	41
Grade 8	Math	278	281	20	284	288	16
	Reading	260	258	36	266	261	38

SOURCE: U.S. Department of Education.

are subject to interventions, including the requirement that students be offered the opportunity to transfer to another campus in the district that did meet AYP, with transportation costs paid from the district's Title I allotment. Title I campuses and districts not meeting AYP for three years also must offer students the opportunity to receive supplemental education services, also to be funded from Title I funds.

NCLB requires that states steadily increase the performance standards for the reading and math exams over time so that they reach 100 percent proficiency by the 2013–14 school year. In the 2011–12 school year, 876 school districts (71.1 percent) and 4,054 campuses (47.5 percent) failed to meet the AYP standard. Of these, 512 districts and 1,154 campuses are potentially subject to interventions during the 2013–14 school year for failing an AYP standard for two or more consecutive years.

In September 2013, the Commissioner of Education received a conditional NCLB waiver from the U.S. Department of Education. Among the major components included in the waiver is the provision that schools will no longer be designated as having met or made AYP. Under the waiver, only the lowest performing 15 percent of schools will be identified as Priority or Focus Schools, which will be subject to a series of federally-prescribed interventions.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, 2013, passed legislation that affects the agency. Significant legislation that was enacted includes: Senate Bill 1, House Bill 10, and House Bill 1025, all of which are addressed under Significant Appropriations. In addition, the Eighty-third Legislature passed other bills affecting the agency and public education in Texas. The more significant bills are discussed here.

HB 5 – Assessment and Graduation Requirements. The enactment of House Bill 5 eliminated the Minimum, Recommended, and Advanced High School graduation programs and created the Foundation High School Program with endorsements available to students in science, technology, engineering, and mathematics; business and industry; public services; arts and humanities; and multidisciplinary studies. House Bill 5 also limits end-of-course assessments to Algebra I, Biology, English I, English II, and U.S. History. The bill requires TEA to develop and maintain an internet website known as the Texas School Accountability Dashboard to provide performance indexes on certain criteria for each campus.

HB 1751 – Educator Excellence Innovation Program. The enactment of House Bill 1751 modifies the Educator Excellence Awards Program, frequently referred to as the DATE program to the Educator Excellence Innovation Program with the purposes of improving educator quality and effectiveness through innovative school district-level recruitment, preparation, hiring, induction, evaluation, professional development, strategic compensation, career pathways, and retention and district administrative practices to improve quality, effectiveness, and efficiency. House Bill 1751 also limits the eligible districts to include those that received federal funding under Title I of the No Child Left Behind Act, and have a majority of district campuses where at least 50 percent of students are educationally disadvantaged.

SB 2 – Charter School Reform. The enactment of Senate Bill 2 establishes the authority to grant charters to qualified applicants with the Commissioner of Education, as opposed to the State Board of Education. The bill also amends the cap on the total number of open enrollment charters that may be issued by the state, increasing it gradually from the current cap of 215 to 275 in fiscal year 2018, and by an additional 15 to 20 charters each year through fiscal year 2021 and an additional 10 charters annually after fiscal year 2021. Senate Bill 2 also authorizes the Commissioner of Education to grant additional charters not subject to the cap for entities operating charters in other states that meet certain performance requirements, certain charters that primarily serve students with disabilities, and certain charters serving as dropout recovery programs.

SB 307 – Transfer of Adult Education Program. The enactment of Senate Bill 307 transfers the adult education and literacy programs from TEA to TWC. Pursuant to Article IX, Section 18.38 of Senate Bill 1, as a result of the enactment of Senate Bill 307, TEA is required to transfer all funds and full-time-equivalent (FTE) positions appropriated to TEA for fiscal years 2014 and 2015 related to the administration of adult education and literacy programs to TWC. As a result of the enactment of Senate Bill 307 TEA will transfer $146.7 million in All Funds, including $27.8 million in General Revenue Funds, and 1 FTE.

TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

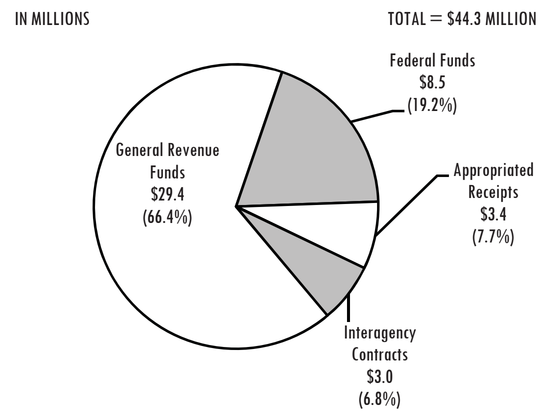
The Texas School for the Blind and Visually Impaired (TSBVI) was established by the Sixth Legislature in 1856 to provide educational opportunities for children who are blind, deaf-blind, or visually impaired. Founded as the Texas Institution for the Blind, the school was renamed the Texas School for the Blind in 1915 and operated under various boards of control until 1953, when oversight authority was given to the State Board of Education. In 1981, the Sixty-seventh Legislature established the school as a separate entity governed by a nine-member board appointed by the Governor and confirmed by the Senate. The board consists of three parents of persons with visual impairments, three persons who work with the visually impaired, and three consumers with visual impairments. In 1989, the school was given its present name to better reflect the population it serves. The newly renovated 45-acre campus is centrally located in Austin and operates an on-campus regular school year program for students with serious vision loss who need specialized and intensive services related to their visual impairments. The school is accredited by the Texas Education Agency and is established as part of the public education system of Texas to serve as a special school in the continuum of statewide alternative placements for students who have a visual impairment. Additionally, TSBVI serves as an educational resource for parents, families, and local and regional service providers who work with them.

The school's mission is to provide opportunities for children and youth who are blind, deaf-blind, or visually impaired (including those with additional disabilities) to develop the skills necessary to lead vocationally, personally, and socially satisfying and productive lives. The school provides full-time classroom and residential programs during the regular school year at its Austin campus to students age 6 to 21. The school is not intended to serve students whose needs are being appropriately addressed in a home, hospital, or residential treatment setting and does not provide services for students whose primary ongoing need is associated with a severe or profound emotional, behavioral, or cognitive deficit.

2014–15 BIENNIAL APPROPRIATIONS

Appropriations for the 2014–15 biennium total $44.3 million in All Funds, and provide for 368.0 full-time equivalent (FTE) positions in fiscal year 2014 and 365.6 in fiscal year 2015, which is a decrease of $19.7 million as compared to the 2012–13 biennial funding levels. The decrease in funding is primarily related to the completion of campus renovations that were funded with General Obligation (GO) Bonds. Included in the appropriations is $29.4 million in General Revenue Funds, a slight increase from the 2012–13 biennial funding levels. Legislation enacted by the Eighty-third Legislature includes the transfer of responsibilities of facility maintenance from TSBVI to the Texas Facilities Commission, including $0.3 million and 7.0 FTEs in each year of the 2014–15 biennium. Funding for estimated teacher pay increases that are statutorily required for parity with teacher salaries in the Austin Independent School District (AISD) increased by $0.1 million in General Revenue Funds. The AISD board approved continuation of the three percent temporary salary increase that TSBVI educators received in fiscal year 2013 through fiscal year 2014. **Figure 207** shows the school's four key revenue sources.

FIGURE 207
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED PROJECTED FUNDING, 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

Local school districts placing students at TSBVI are required by the Texas Education Code to share the cost of educating those students. The local district's share per student equals the dollar amount of maintenance and debt service taxes imposed by the district for that year divided by the average daily attendance in the district for the preceding year. The Commissioner of Education deducts the amount owed from the Foundation School Funds payable to the district. Districts not receiving Foundation School Funds remit payment to the Commissioner of Education, who forwards it to TSBVI. These funds are appropriated to the school under the Appropriated Receipts (Other Funds) method of financing and are estimated at approximately $1.7 million for each fiscal year of the 2014–15 biennium.

Of the $3.0 million in Interagency Contracts, $2.6 million is additional Federal Funds transferred to the school from TEA's Individuals with Disabilities Education Act (IDEA) discretionary funds, to be used for general instruction and administrative purposes.

CAMPUS RENOVATIONS

TSBVI's campus was constructed in 1916, and several of the original buildings were previously renovated in the early 1970s. Since fiscal year 2005, the Texas Legislature has appropriated a total of $104.8 million in GO bond proceeds for a major renovation of the school's facilities, which is scheduled for completion in fiscal year 2014. The agency did not request GO bonds or ongoing maintenance for the 2014–15 biennium because very few maintenance needs are anticipated in the first year following the completion of the construction projects. Completed construction projects include the main instructional building, cafeteria, auditorium/fine arts building, student activities/health center building, natatorium, business information technology center, 12 new residential living facilities, and a maintenance transportation operations and warehouse facility. In addition to building renovations, all campus utilities have been modernized to meet industry standards, and roads and fire lanes were installed to meet fire code standards for trucks and emergency vehicles. The newly completed outreach conference center is becoming the prime destination for parents and teachers of the visually impaired from around the state seeking state-of-the-art training in the education of blind, deaf-blind, and visually impaired children. **Figure 208** shows an aerial view of the campus in 2009 at the start of campus renovations. **Figure 209** shows an aerial view of the completed campus construction projects as of September, 2013.

ADMISSIONS

Under federal law, the local (home) school district is responsible for providing a free appropriate public education (FAPE) that addresses the intense or specialized needs of visually impaired children and youth. When local districts are unable to meet FAPE requirements, a referral for admission to TSBVI may be originated by the student's local school district in collaboration with the student's parent. TSBVI cannot accept direct parent referrals. Students age 6 to 21 who are residents of Texas and who have been identified by their local school districts as students with special education needs, are eligible for consideration for referral by the Admission, Review, and Dismissal (ARD) committee. The ARD committee, made up of parents and local school district representatives, is responsible for making educational decisions for students eligible for special education services. The local (home) school district prepares an individual education plan (IEP) for each student identified as needing special education services, which identifies the goals and objectives for academic course work. TSBVI requires the IEP for admission to the school and uses it to determine services for each student. **Figure 210** shows the number of students attending TSBVI in fiscal year 2013 by local school district.

STUDENT POPULATION

Students live in campus houses, apartments, and dorms and return home on a weekly or monthly basis to be with their families. Some students from the Austin area live at home and attend TSBVI as day students. Approximately 60 percent of TSBVI's students are referred from the larger metropolitan areas with the remaining referrals from smaller or rural school districts throughout the State. TSBVI advocates the return of students to local (home) districts as soon as possible. The student's family, local school, and the staff of TSBVI decide together when a student is ready to make a successful transition. Based on a nine-month school year, the average length of TSBVI enrollment has varied over the last 5 years, but has been generally been between 31 and 36 months.

TSBVI serves directly on its campus approximately 8 percent of the total population of approximately 9,100 blind and visually impaired students in Texas. During the 2012–13 regular school year, the school served 176 students, 160 of whom were residential program students. Of the students served in the 2012–13 regular school year program, 116 or 68.64 percent, had multiple disabilities, including deaf-blindness, autism, and cerebral palsy. During the 2012–13 school year, 213 students were served by specialized short-term programs, and the 2013 summer program served 328 students. Additionally, the school conducted 225 conferences and workshops and served approximately 8,152 participants. TSBVI also indirectly serves most of the 9,100 visually impaired students in the state through outreach support to school districts, regional education service centers, and parents.

FIGURE 208
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED START OF CAMPUS RENOVATIONS, 2009

LEGEND AERIAL VIEW - May 9, 2009

1 = Elementary Residential Complex	6 = Indoor Swimming Pool	11 = Homemaking Building
2 = Elementary School	7 = Covered Pavilion	12 = Vocational Building
3 = Learning Ally	8 = Visitor Parking Area	13 = Warehouse only
4 & 15 = Old Dormitory Locations	9 = Outreach Complex	14 = New Residential Complex
5 = Main Admin & Classrooms	10 = Old Gym	

SOURCE: Texas School for the Blind and Visually Impaired.

PROGRAMS AND SERVICES

TSBVI staff work in conjunction with local school districts and the regional education service centers to provide a continuum of services to students with visual impairments. Students receive instruction that prepares them for high school graduation, for return to their local school districts, or for transition to further education, training, or placement in local communities. The school serves these students and their wide array of needs through three major program areas: comprehensive full-time educational programs (K–12), summer and short-term programs, and statewide technical assistance outreach to students' home communities. The three program areas provide a seamless service delivery system for students, their families, and local school districts. **Figure 211** shows TSBVI's 2014–15 biennial appropriation by functional area.

Core curricular areas include instructional and life skills components that are intended to provide students with the skills and education necessary to live independently. The instruction includes a variety of activities ranging from career education and technology to social interaction and independent living skills. The instructional and residential programs are accompanied by speech-language therapy, mobility training, health services, social work, and other support services.

For students ages 18 to 22, the school provides an Experiences in Transition program that focuses on transitioning young adults from school to the adult world. The course of study's setting simulates the adult environment in which they will be living. The program includes areas such as personal and household management, recreation and fitness, physical and mental health needs, and employment and transportation. A new job training program is available to train older students

FIGURE 209
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED, CAMPUS RENOVATIONS COMPLETED, 2013

Legend Aerial View - September 25, 2013

1 = Elementary Residential Complex	6 = Kitchen & Dining Hall	11 = New Gym
2 = Elementary School	7 = Auditorium & Fine Arts Classroom	12 = Vocational Building
3 = Learning Ally	8 = Health & Recreation Center	13 = Operations & Warehouse
4 = Outreach Complex	9 = Indoor Swimming Pool	14 = Residential Complex
5 = Main Admin & Classrooms	10 = Business & Computer Center	

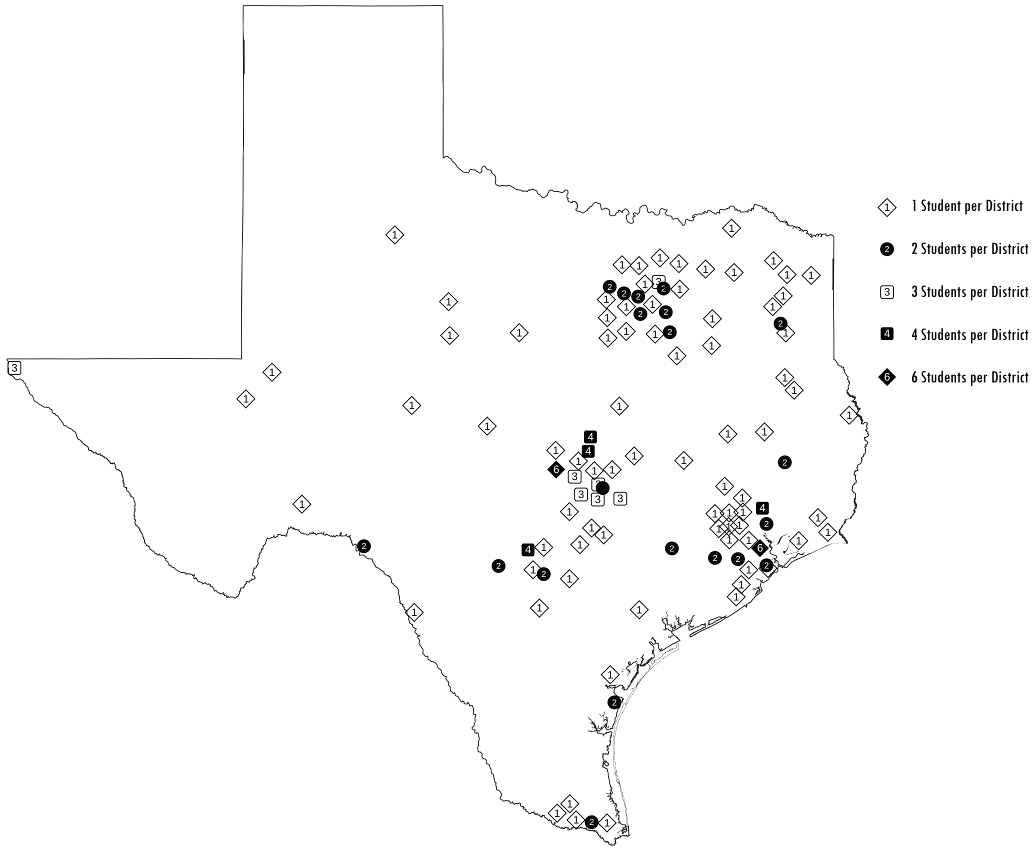
Source: Texas School for the Blind and Visually Impaired.

in a variety of specific market-driven occupational skills geared to prepare students for entry level job positions. The school reported an increase in the number of students who are extending their education at TSBVI to its maximum eligibility age of 22. According to TSBVI, 41.5 percent of enrolled students in 2013 were age 18 or older. Persons older than age 21 may receive services from the Department of Assistive and Rehabilitative Services.

The school's summer programs are only available to visually impaired students who attend their local districts during the school year and not TSBVI students. These programs supplement instruction that students receive in their home district during the regular school year, and include a broad array of content areas such as vocation training, functional application of academic skills, independent living skills, social-emotional development, and adapted athletics. New technologies such as video streaming are being used by local school districts to build upon the skills learned at TSBVI. Short-term programs—brief, intensive training sessions of three to five days offered throughout the year—also are available to supplement local district instruction, and include subjects like adaptive technology, Braille, and tactile mathematics. Students coming into Special Programs enjoy the benefits of brief, periodic stays at TSBVI for intensive instruction in specialized skills, such as assistive technology, that some local school districts struggle to provide.

Outreach services to students, parents, and professionals in Texas are a statutorily required component of the school's role as a statewide demonstration, training, and staff-development resource facility. Services are provided through teacher and parent workshops, on-site consultations, conferences, and instructional materials. Additional services

FIGURE 210
NUMBER OF STUDENTS ATTENDING TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED BY LOCAL SCHOOL DISTRICT FISCAL YEAR 2013



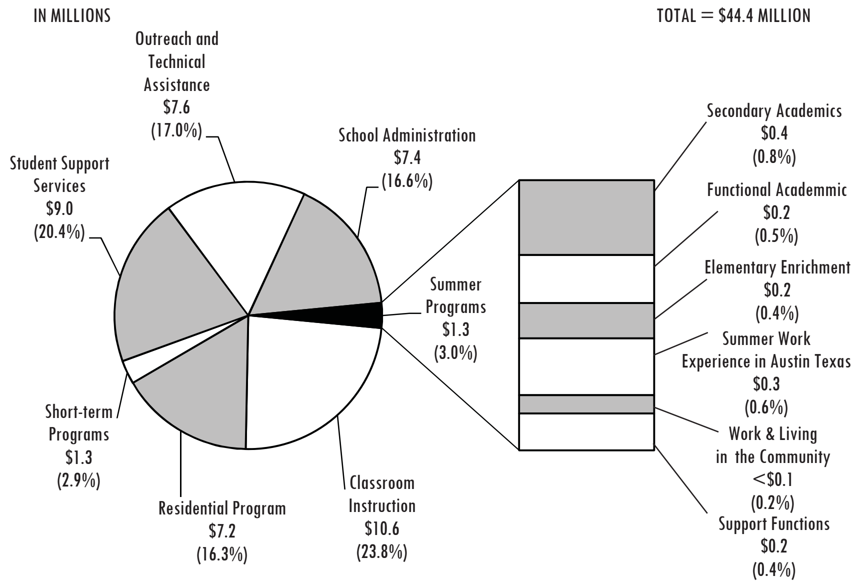
SOURCE: Texas School for the Blind and Visually Impaired.

include training and technical assistance as well as developing and disseminating materials such as curriculum, instructional methodology, and educational technology.

SIGNIFICANT LEGISLATION

Senate Bill 1457 – Transfer of Facility Maintenance Services. The Eighty-third Legislature, Regular Session, 2003, passed Senate Bill 1457, which amended the Texas Education Code to transfer maintenance services for the physical facilities of TSBVI to the Texas Facilities Commission.

FIGURE 211
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED, APPROPRIATIONS BY PROGRAM AREA AND ADMINISTRATION 2014–15 BIENNIUM



Note: Projected.
Source: Texas School for the Blind and Visually Impaired.

TEXAS SCHOOL FOR THE DEAF

The Texas School for the Deaf (TSD), established by the Legislature in 1856 and located in Austin, is a state agency providing public education for deaf students, including those with multiple disabilities. The 67.5 acre campus is the oldest continuously operating public school in Texas. The school is governed by a nine-member board appointed by the Governor and is directed to organize and operate like an independent school district's board of trustees.

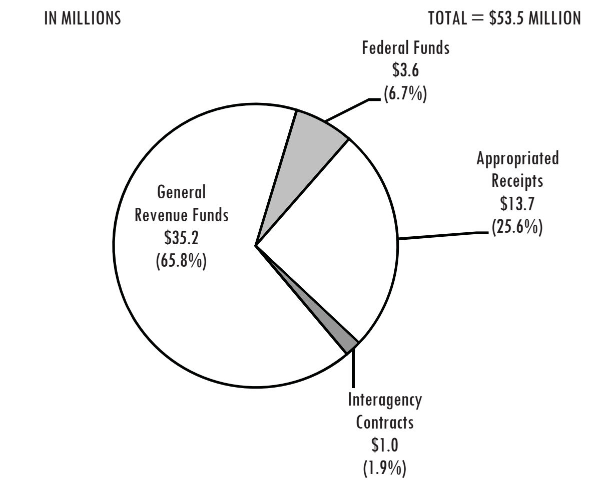
The school's mission is to provide direct educational services to students, ages 0 through 22 years, fostering learning in a positive and safe environment and addressing the unique needs of a diverse population of deaf students. TSD also serves as a statewide educational resource center on deafness by providing a variety of statewide outreach services to deaf students, their families, and professionals involved in deaf education.

2014–15 APPROPRIATIONS

Appropriations for the 2014–15 biennium total $53.5 million in All Funds and provide for 459 full-time-equivalent (FTE) positions. These appropriations include $35.2 million in General Revenue Funds, or 65.8 percent; $3.6 million in Federal Funds, or 6.7 percent; and $14.6 million in Other Funds, or 27.5 percent. Legislation enacted by the Eighty-third Legislature includes the transfer of responsibilities of facility maintenance from TSD to the Texas Facilities Commission, including the transfer of $6.6 million in General Revenue Funds for the 2014–15 biennium and 12.0 FTEs in each year of the biennium. The $6.6 million transfer includes $4.5 million in General Revenue Funds provided for specific repair and renovation needs identified in a 2012 facility condition assessment report. These funds are transferred to TFC and earmarked only for the specified repairs.

Figure 212 shows the school's major revenue sources. Funding for estimated teacher pay increases that are statutorily required for parity with teacher salaries in the Austin Independent School District (AISD) is increased by $0.2 million in General Revenue Funds. The AISD board approved continuation of the 3 percent temporary salary increase that TSD educators first received in fiscal year 2013 through fiscal year 2014. Appropriated Receipts and Interagency Contracts (Other Funds) provide for over 27.0 percent of the agency's appropriation and primarily consist of funding from the Foundation School Program for instructional personnel (teachers and teacher aides) and

FIGURE 212
TEXAS SCHOOL FOR THE DEAF FUNDING SOURCES
2014–15 BIENNIUM



Source: Legislative Budget Board.

related and support personnel (counselors, speech/language pathologists, etc.), transportation allotments, and communication skills workshops and E-rate reimbursements.

ADMISSIONS

Students ages 0 through 21 who are residents of Texas and who have a documented hearing loss are eligible to attend TSD. Students may be referred to TSD by their local school district or by parent referral. Local school districts are required by the Texas Education Code to share in the cost of educating students placed at TSD. The home district's cost per student equals the dollar amount of maintenance and debt service taxes imposed by the district for that year divided by the average daily attendance in the district for the preceding year. The Commissioner of Education deducts the amount owed from the payment of Foundation School Funds payable to the district. Districts not receiving Foundation School Funds remit payment to the commissioner, who forwards it to TSD. When the local school district makes a referral on the student's behalf, the home district conducts an Admission, Review and Dismissal (ARD) meeting, which includes parents and local school district representatives. When a parent referral is made, the ARD meeting is conducted by TSD staff, and the home district is encouraged to attend. Early Childhood Intervention (ECI) programs may refer children younger than age three, and students ages 18 or older may refer themselves for admission.

STUDENT POPULATION

In the 2012–13 school year, TSD served 550 students in regular school-year programs, a 4.6 percent overall growth from the previous year. There were 448 students in summer and short-term programs, which include family weekend retreats, early childhood education, and driver education. Approximately one-half of TSD students live on campus while attending classes, while the other half are nonresidential students who attend classes as day students. TSD provides daily transportation for most of the day students

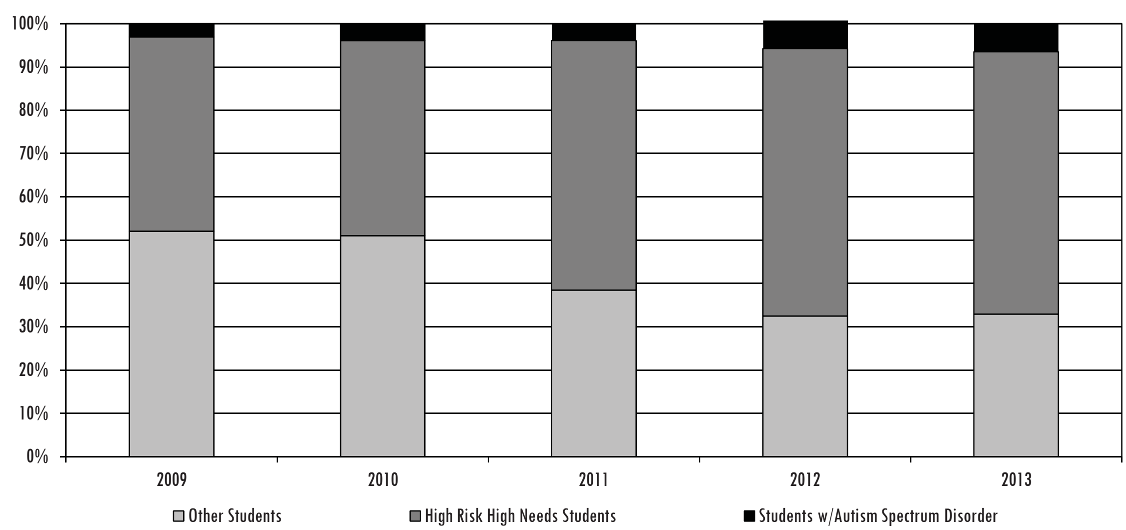
During the 2013 regular school year, 280 students, or 51 percent of the total number of students enrolled, had multiple disabilities. Students with multiple disabilities are defined by the school as students who have one or more disabilities, including emotional and behavioral disorders, attention deficit disorder, or other health impairments including autism spectrum disorder. The number of students attending TSD with multiple disabilities has increased 56 percent over the past five years with the most significant increase in students with autism spectrum disorder. According to TSD, students with autism spectrum disorder require a high level of specialized services including behavior support, family training, counseling, and specialized instruction such as Picture Exchange Communication (PEC), in addition to sign language. **Figure 213** shows the percentage of students with autism spectrum disorder and high risk high needs.

SCHOOL PROGRAMS AND SERVICES

TSD provides academic, extracurricular, and co-curricular educational services to deaf students. The school's programs have academic and career training components; both include specialized training for students with multiple disabilities. Independent living, social, and other life-skills training is provided to residential students in a "dormitory curriculum," which complements the academic programs. There is a continued increase in student participation in post-graduate transitional services including post-secondary education, vocational education, integrated employment (including supported employment), continuing and adult education, adult services, independent living, and community participation. Support services, including counseling, physical therapy, occupational therapy and audiological and speech therapy, are provided to all students as needed. **Figure 214** shows the school's 2014–15 biennial appropriations by program area and administration.

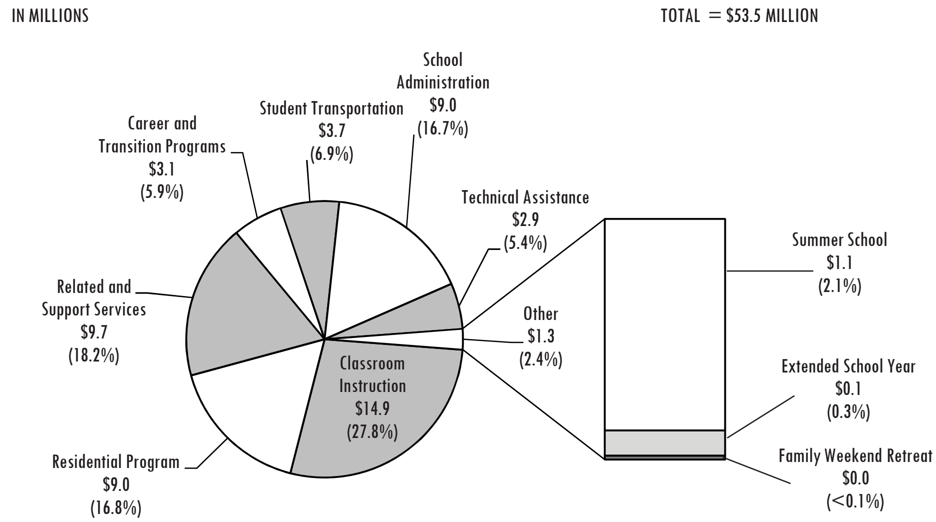
In addition to residential and day educational programs, the school is required by statute to act as a primary statewide resource for promoting excellence in educational services for hearing-impaired students. TSD trained over 600 interpreters and teachers from across the state in communication skills workshops in fiscal year 2013. The school is also required to work in partnership with state and local agencies, including school districts, to serve the unmet and future needs of the deaf and hard of hearing. In fiscal year 2013, the school

FIGURE 213
PERCENTAGE OF STUDENTS WITH AUTISM SPECTRUM DISORDER AND HIGH RISK HIGH NEEDS
FISCAL YEARS 2009 TO 2013



SOURCE: Texas School for the Deaf.

FIGURE 214
APPROPRIATIONS BY FUNCTION
2014–15 BIENNIUM



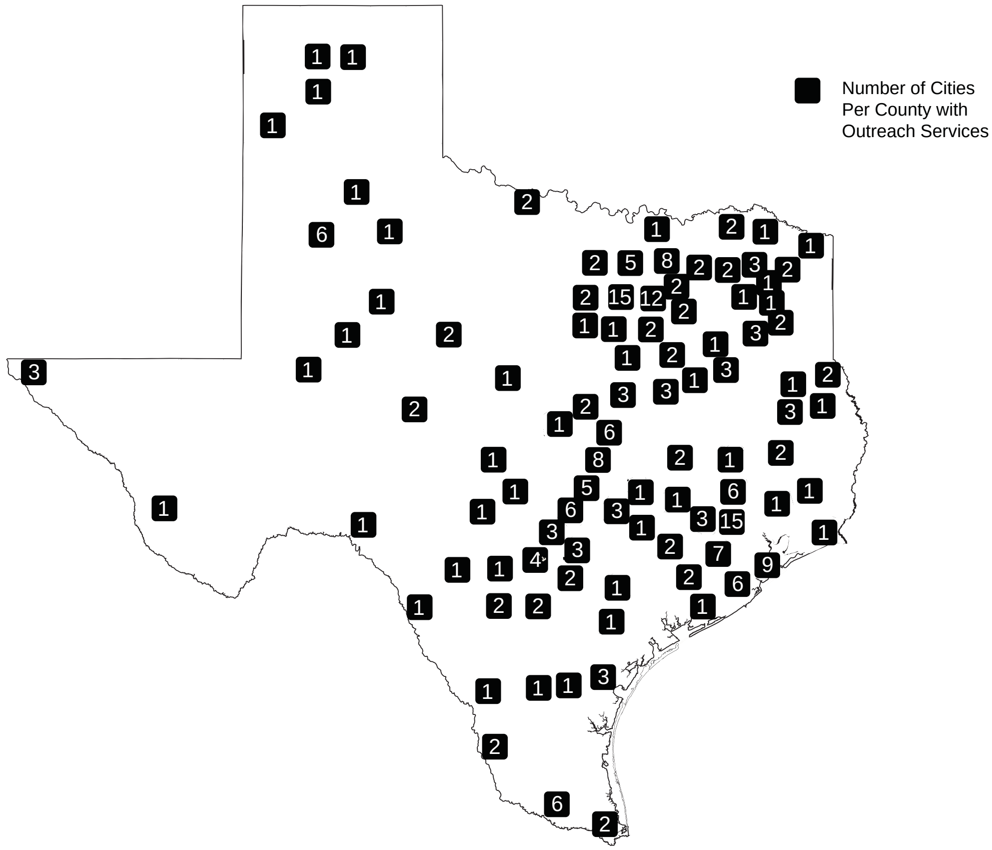
Source: Texas School for the Deaf.

served 2,185 parents and professionals and 577 students throughout Texas in workshops, conferences, consultations, and technical outreach; and over 1.8 million individuals received technical service through e-mails, phone calls, publications, and website visits. **Figure 215** shows Texas cities where TSD provided outreach services in fiscal year 2013.

SIGNIFICANT LEGISLATION

SB 1457 – Transfer of Facility Maintenance Services. The Eighty-third Legislature, Regular Session, 2003, passed Senate Bill 1457, which amended the Texas Education Code to transfer maintenance services for the physical facilities of TSD to the Texas Facilities Commission.

FIGURE 215
TEXAS CITIES WHERE TSD PROVIDED OUTREACH SERVICES, FISCAL YEAR 2013



Source: Texas School for the Deaf.

TEACHER RETIREMENT SYSTEM

The Teacher Retirement System of Texas (TRS) was established in 1937 and has two core responsibilities—to deliver retirement benefits, group insurance, and death, survivor, and disability benefits for employees of public school districts and institutions of higher education as authorized by the Texas Legislature and to manage the trust funds that finance member benefits. The TRS Board of Trustees has the responsibility of administering retirement and related benefits to employees and beneficiaries of employees of public, state-supported, educational institutions of Texas. The board has significant independence in the operation and management of retirement fund investment decisions and is composed of nine trustees who are appointed by the Governor with the approval of the Texas Senate. Trustees serve staggered six-year terms and include active and retired employees of public schools and higher education, complemented by appointees having relevant financial and investment expertise and experience.

APPROPRIATIONS

The Eighty-third Legislature, Regular Session, 2013, appropriated $3.7 billion for the 2014–15 biennium for pension and retiree healthcare benefits, an increase of $182.7 million in All Funds from the 2012–13 biennial spending level. In addition, $170.0 million was authorized from the TRS Retirement System Trust Fund Account No. 960 for administrative operations, an increase of $14.6 million.

RETIREMENT PROGRAM

The TRS retirement plan is a traditional defined benefit state retirement program and is the largest public retirement system in Texas in assets and membership. The Texas Constitution specifies that the state must contribute between 6 percent and 10 percent of total TRS-related payroll, except in an emergency declared by the Governor, and the state contribution rate is established within that range each biennium by the Legislature. In addition to state contributions, active TRS members contribute at a rate of 6.4 percent of their annual compensation.

The 2014–15 biennial state contributions for retirement total $3.2 billion in All Funds, an increase of $150.0 million, or 4.9 percent from the 2012–13 biennial spending levels. The Eighty-third Legislature, Regular Session, 2013 provides for a state retirement contribution rate of 6.4 percent in fiscal year 2014 and 6.8 percent in fiscal year 2015. TRS Rider 4 directs that, contingent on passage of Senate Bill 1458, any excess General Revenue Funds available through the annual fiscal year 2013 settle up be used to increase the state rate in fiscal year 2014 up to 6.8 percent. As reported by TRS, the fiscal year 2013 settle up yielded an amount necessary to achieve a 6.8 percent state retirement contribution rate for fiscal year 2014. State retirement contributions for public community and junior colleges are limited to the state contribution rate applied to 50 percent of creditable compensation of members whose duties are instructional or administrative.

Factors contributing to the increase in funding include increases in the state contribution rate, 6.8 percent in each year of the 2014–15 biennium as compared to 6.0 percent and 6.4 percent in fiscal years 2012 and 2013, respectively, and an increase in assumed payroll growth for higher education employees, from 2 percent to 3 percent. **Figure 216** shows the state contribution rate for fiscal years 2010 to 2015.

FIGURE 216
TEACHER RETIREMENT SYSTEM STATE CONTRIBUTION RATE, FISCAL YEARS 2010 TO 2015

FISCAL YEAR	STATE CONTRIBUTION	MEMBER CONTRIBUTION
2010	6.44	6.40
2011	6.44	6.40
2012	6.00	6.40
2013	6.40	6.40
2014	6.40/6.80	6.40
2015	6.80	6.70

NOTE: The passage of SB 1458 provides that excess General Revenue Funds available through the annual settle up process for fiscal year 2013 are appropriated to the TRS retirement trust fund to establish state contribution rate not to exceed 6.8 percent of active member payroll for fiscal year 2014.
SOURCE: Teacher Retirement System.

As of August 31, 2013, there were 1,021,412 active members in the system, an increase of 17,757 members or 1.8 percent over fiscal year 2013. Public school employees constitute approximately 82 percent of the TRS-covered payroll; higher education and state agency employees make up the remaining 18 percent. Annuitants accounted for 353,997, or 35.0 percent of total TRS membership as of August 31, 2013. TRS reports 22,250 members retired in fiscal year 2013, a 4 percent decrease from fiscal year 2012. The average age at retirement for fiscal year 2013 is 61.3, an increase from age 61.1 in fiscal year 2012 compared to an average age at retirement of 60.1 in fiscal year 2002.

The enactment of Senate Bill 1458 increases retirement contribution rates for active members from 6.4 percent to 6.7 percent in fiscal year 2015, 7.2 percent in fiscal year 2016, and 7.7 percent in fiscal year 2017. Also beginning in fiscal year 2015, school districts and charter schools that do not contribute to Social Security for TRS-eligible employees will be required to contribute to TRS 1.5 percent of the statutory minimum salary for employees whose positions are subject to the state statutory minimum salary schedule (MSS). For employees whose positions are not subject to the MSS, the employer will contribute 1.5 percent on the employees' total salary. The bill also provides for a 3.0 percent one-time cost-of-living adjustment (COLA), capped at no more than $100 per month, for annuitants who retire on or before August 31, 2004, effective beginning in fiscal year 2013.

RETIREMENT PLAN HIGHLIGHTS

In accordance with TRS statute, an actuarial valuation is performed annually to report on the financial status of the pension plan and an additional valuation update is completed during each legislative session. Highlights of the pension plan include:

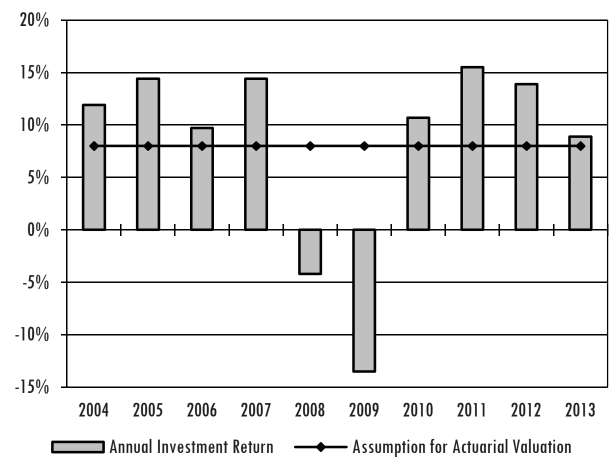
- The TRS Retirement System Trust fund earned an 8.9 percent annual rate of return on investments, a slight increase from the previous fiscal year's return of 7.4 percent, and ended fiscal year 2013 with assets increasing from $111.4 billion as of August 31, 2012 to $117.4 billion as August 31, 2013.
- As of August 31, 2013, the date of the most recent actuarial valuation, the TRS Retirement System Trust fund's ratio of actuarial assets, as a percentage of actuarial liabilities, was 80.8 percent, which is lower than the 81.9 ratio at August 31, 2012.

TRS RETIREMENT TRUST FUND

During the 2008–09 biennium, TRS implemented a new investment strategy designed to improve long-term investment results, while reducing downside market risk. TRS invests system funds in equities, fixed-income securities, and other investment vehicles. At the end of fiscal year 2013, global equity investments (both public and private equity) comprised 64.2 percent of the system's investments, stable value investments (fixed, short-term, and hedge funds) comprised 16.8 percent, and real return investments (bonds, commodities, real estate and other real assets) comprised the remaining 19.0 percent.

As of August 31, 2013, the market value of the retirement fund was $117.4 billion. **Figure 217** shows the annual rate of return on investments for the retirement trust fund's assets since fiscal year 2004. Total portfolio assets gained 8.9 percent in fiscal year 2013, net of expenses, which exceeds the annual 8 percent actuarial assumption. The improved funding status is offset by an increase in liabilities due to the payment of the cost-of-living adjustment granted by the legislature and deferred losses from a shortfall in 2009. However, these losses were partially offset by gains created by liabilities growing more slowly than anticipated due to individual salary increases being lower than expected compared to the current assumptions. Unlike the 2012 valuation, the current liabilities are projected to be paid off in a finite period (28 years as of August 31, 2013).

FIGURE 217
TRS RETIREMENT TRUST FUND ACTUAL ANNUAL RETURN ON INVESTMENT COMPARED TO ASSUMED ANNUAL RETURN, FISCAL YEARS 2004 TO 2013



Source: Teacher Retirement System.

The August 31, 2013 actuarial valuation of the TRS retirement trust fund assesses the unfunded actuarial liability at $28.9 billion, an increase of $2.8 billion from the prior year's valuation. For fiscal year 2014, the combined state rate (6.8 percent) and member contribution rate (6.4 percent) exceeds the normal cost of 10.31 percent. The TRS actuary reports the pension fund is actuarially sound and can pay off its unfunded liability in 28 years. The fund's actuarial soundness comes not only from strong investment returns, but also from adjustments and increased contribution rates adopted by the Eighty-third Legislature, which provides for a member contribution rate of 7.7 percent by fiscal year 2017, a state contribution rate of 6.8 percent in each year of the

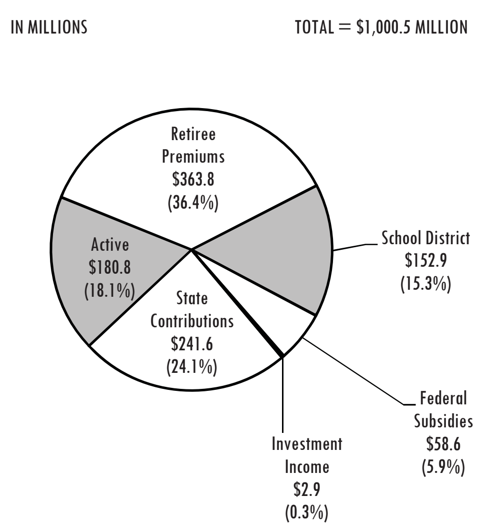
2014–15 biennium, and a 1.5 percent school district contribution rate applicable to school districts that do not pay into Social Security beginning in fiscal year 2015. The actuarial soundness of the trust fund is predicated upon these contribution rates continuing indefinitely.

TEXAS PUBLIC SCHOOL RETIRED EMPLOYEE GROUP INSURANCE PROGRAM (TRS-CARE)

The Legislature authorized the Texas Public School Retired Employee Group Insurance Program in 1985 and designated TRS as its administering agency. Referred to as TRS-Care, the program provides health insurance coverage for public education retirees who are not eligible to participate in the state higher education or state employee plans. TRS-Care provides for three self-funded Preferred Provider Organization (PPO) plans, a catastrophic plan and two comprehensive plans with varying member deductibles and office visit co-pays. All three plans meet the minimal plan standards under the Patient Protection and Affordable Care Act (ACA). Medical benefits are administered by Aetna and pharmacy benefits are administered by Express Scripts. The premium structure is based on years of service and Medicare status, and due to the relative health of the TRS-Care trust fund there have been no member premium increases since 2005.

The program's six major revenue sources for fiscal year 2013 are shown in **Figure 218.**

FIGURE 218
TRS-CARE FUNDING SOURCES, FISCAL YEAR 2013



SOURCE: Teacher Retirement System.

TRS-Care is funded on a pay-as-you go basis and funding of benefits is determined by the Texas Legislature. Appropriations for the TRS-Care program for the 2014–15 biennium meet the statutory requirement that the state contribute an amount equal to 1.0 percent of public education active member payroll. Appropriations of General Revenue Funds to the TRS-Care retiree health insurance program for the 2014–15 biennium are $495.1 million, an increase of $32.7 million or 6.6 percent from the program's total 2012–13 biennial state contributions. As of August 31, 2013, the TRS-Care trust fund balance is projected to close out fiscal year 2013 at $551.0 million

Effective January 1, 2013, TRS introduced two new Medicare plans, Medicare Advantage and Medicare Part D Prescription Drug program for eligible participants. Approximately 70 percent, or 88,000 TRS retirees who are eligible for the Medicare Advantage program opted to participate in that program, and 83 percent or 112,000 members opted to participate in the prescription drug program. These programs are projected to provide significant savings to the plan over the next biennium. TRS projects the TRS-Care fund balance will remain solvent through fiscal year 2015 largely due to the implementation of the Medicare Advantage and Medicare Part D prescription drug plans. Factors that may influence the accuracy of projections include increasing utilization due to an aging population, increases in the number of non-Medicare retirees, plan changes in the Medicare programs, and changes in future cost trends for medical and pharmaceutical expenses.

As shown in **Figure 218** retiree premiums for TRS-Care provided the largest share of revenue for the program for fiscal year 2013 at 34.2 percent, followed by the state contribution at 23.2 percent, active employee contributions at 17.4 percent, school district contributions at 15.5 percent, federal subsidies earned primarily from the federal Medicare Part D prescription drug plans at 9.5 percent, and investment income at 0.3 percent.

TEXAS PUBLIC SCHOOL ACTIVE EMPLOYEE GROUP INSURANCE PROGRAM (ACTIVECARE)

TRS-ActiveCare, authorized by the Seventy-seventh Legislature in 2001, is a self-funded statewide group health insurance program for public education employees. To be eligible for TRS-ActiveCare, a person must be employed by a participating district/entity and be either an active, contributing TRS member or employed 10 or more regularly scheduled hours each week. TRS administers ActiveCare under contract with Blue Cross and Blue Shield of Texas (medical) and Express Scripts (pharmacy). With few exceptions, school districts with fewer than 500 employees are required to participate in the ActiveCare program, while districts with more than 500 employees may join the program with proper notification to the TRS trustees. Of the 1,247 school districts, charter schools, and regional education service centers eligible to participate in TRS-ActiveCare, over 90 percent or 1,128 now do so. As of September 1, 2013, TRS serves 275,769 employees and 194,802 dependents in the ActiveCare program. Health coverage and program administration are financed entirely with revenue from premiums paid by districts and participants and investment income, with TRS administrative costs budgeted at $2.4 million and funding 19 FTE positions for fiscal year 2013.

Legislation passed by the Eighty-third Legislature, Regular Session, 2013 repeals the statutory requirement that school districts offer a health insurance plan comparable to the HealthSelect plan available to state employees. Consequently, the TRS-ActiveCare program now offers three tiers of coverage (ActiveCare 1-HD, ActiveCare 2, and ActiveCare 3 (now closed to new participants)) with progressively richer benefits. According to TRS, ActiveCare 2 has the highest number of enrollees at 83 percent whereas ActiveCare 3 has lowest number of enrollees at 2.0 percent. TRS reports that employee participation continues to increase, but there is a drop in dependent coverage. In addition, three health maintenance organizations (HMO) are offered in certain service areas. Approximately 9.4 percent of the covered population has elected HMO coverage, and historically, all HMO benefit design plans align closely with the ActiveCare 2 benefit structure. TRS reports that 90.5 percent of eligible school districts currently participate in ActiveCare.

ADMINISTRATIVE OPERATIONS

The Eighty-third Legislature, Regular Session, 2013, authorized the use of $170.0 million in Retirement System Trust Funds for administrative costs, which is an increase of $14.6 million from the 2012-13 biennial spending level. This authorization includes 503.3 full-time-equivalent (FTE) positions. The increase in both funding and FTE positions is primarily attributable to a six-year initiative to modernize the agency's financial and pension administration systems identified as the TRS Enterprise Application Modernization (TEAM) program.

Amounts appropriated for administrative operations of the agency apply only to expenditures associated with management of the investments of the Retirement Trust Fund and payment of retirement benefits. Administrative expenses associated with other programs administered by the agency, such as TRS-Care (Retired Public Education Employee Group Insurance Program), TRS-ActiveCare (School Employee Group Insurance Program), and other functions are paid from trust funds or accounts associated with those programs and are not part of the appropriations process. The total administrative expenditure from nonappropriated funds for the administration of these other programs projected for fiscal year 2014 is $6.6 million, supporting 57.5 FTE positions, compared with actual expenditures from fiscal year 2013 of $5.9 million supporting 54.2 positions. The positions supported by nonappropriated funds are not counted against the FTE cap established for the agency by the Legislature.

TRS ENTERPRISE APPLICATION MODERNIZATION (TEAM) PROGRAM

The TEAM program is a cohesive collection of components designed to meet the business and technology objectives of TRS over the next 10 to 20 years. According to TRS, improvements will address the changing expectations of a growing TRS membership and the increasing demands for online-self-service technologies. The six-year project is approximately 15 percent complete and is estimated to cost a total of $114.8 million when the project is completed.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, passed several bills that affect TRS. Among the more significant legislation is Senate Bill 1458, Senate Bill 1812, and House Bill 3857.

SB 1458 – Contributions to, Benefits from, and the Programs Administered by the Teacher Retirement System. Enactment of Senate Bill 1458 establishes new contribution rates for active members and requires new contributions from most school districts. The bill provides for a cost-of-living adjustment for annuitants who retire on or before August 31, 2004. The bill also increases the normal-age retirement eligibility for all members who are not vested as of August 31, 2014 to age 62 with the Rule of 80 (age plus years of service credit). For individuals who retire on or after September 1, 2014, the bill sets the minimum age of 62 for participation in TRS-Care 2 and TRS-Care 3. Members who meet the Rule of 70 or greater or have 25 years of service as of August 31, 2014, are exempted from the new requirement.

Also, beginning in fiscal year 2015, school districts and charter schools that do not contribute to Social Security for TRS-eligible employees will be required to contribute to TRS 1.5 percent of the statutory minimum salary for employees whose positions are subject to the state statutory minimum salary schedule (MSS). For employees whose positions are not subject to the MSS, the employer will contribute 1.5 percent on the employees' total salary.

SB 1812 – Limitation of State Retirement Contributions for Public Community and Junior Colleges. The enactment of Senate Bill 1812 limits state retirement contributions for public community and junior colleges to the state contribution rate applied to 50 percent of creditable compensation of members whose duties are instructional or administrative.

HB 3357 – Administrative Changes to the Governing Statute of TRS. The enactment of House Bill 3357 makes several administrative and technical changes to the TRS plan terms. The bill repeals the statutory requirement that school districts offer a health insurance plan comparable to the HealthSelect plan available to state employees.

OPTIONAL RETIREMENT PROGRAM

The Optional Retirement Program (ORP) is a defined contribution plan established in 1967 as an alternative to the defined benefit retirement plan provided by the Teacher Retirement System of Texas (TRS) for public higher education faculty, librarians, and certain administrators and professionals. New public higher education employees who are employed in an ORP eligible position have 90 days from the first date of eligibility to make a one-time irrevocable choice between participation in ORP and TRS membership. Employees who elect ORP in lieu of TRS membership must continue to participate in ORP for the remainder of their careers in Texas public higher education. As of August 2012, there were 7,496 employees of two-year institutions and 37,943 university and health-related institution employees participating in the program. **Figure 219** shows a 10-year trend in ORP membership for two-year institutions as compared to four-year and health-related institutions, and the percent change from between years.

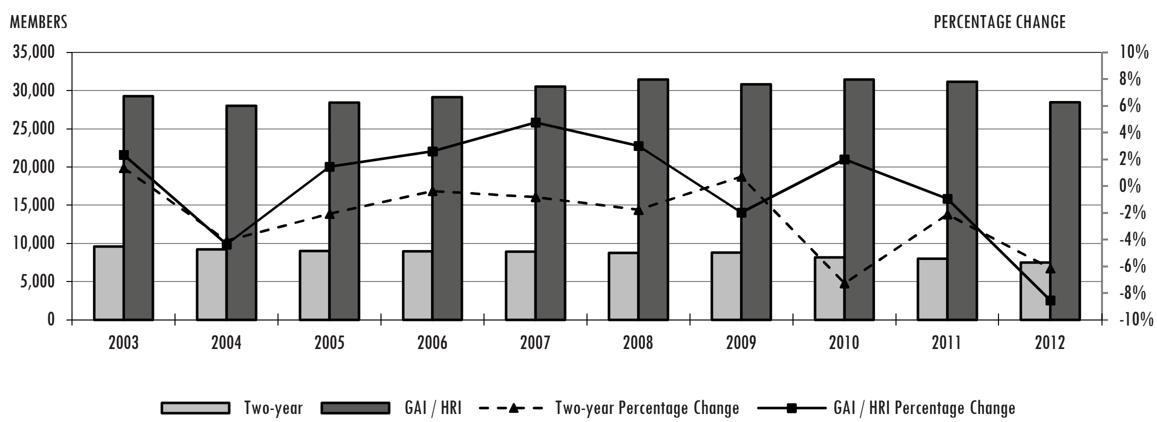
APPROPRIATIONS

ORP is funded by tax-deferred contributions made by both the state and the employee. The 2014–15 biennial appropriation for ORP contributions is an estimated $263.4 million, which reflects an increase of $2.5 million over the 2012–13 biennial spending level. Employee and state contribution rates are established each biennium by the Texas Legislature and may fluctuate over time. The state's contribution rate for the 2014–15 biennium is based on a 6.6 percent rate, funded with General Revenue Funds and General Revenue–Dedicated Funds. Institutions of higher education may provide supplements to the state rate, under certain conditions, up to 8.50 percent of payroll. The Eighty-third Legislature, Regular Session, 2013, limited the state retirement contributions to the ORP for public community and junior colleges to the state contribution rate applied to 50 percent of the creditable compensation of members whose duties are instructional or administrative.

PROGRAMS AND GOVERNANCE

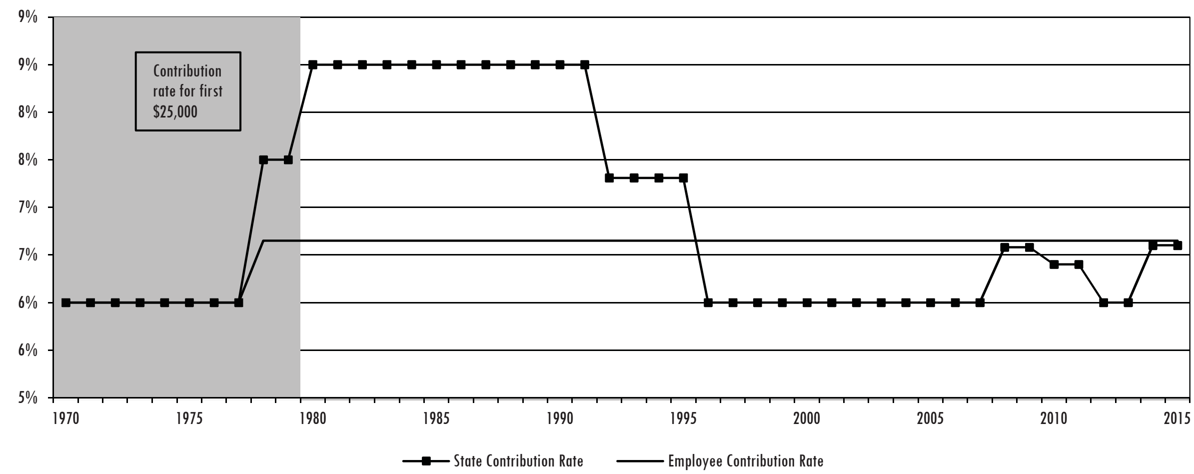
The ORP features one-year vesting and is a portable benefit that allows participants to maintain their retirement savings after separation from employment in Texas public higher education. ORP participants who terminate state employment prior to meeting the vesting requirement forfeit employer contributions made during that period of employment. Employee contribution amounts are based on a percentage of the employee's salary, currently 6.65 percent, as established by the Texas Legislature and invested by an employee through the purchase of individual investment contracts, authorized under the Internal Revenue Code, Section 403(b), from insurance and investment companies. The retirement benefit provided under ORP is based on the accumulated contributions and rate of return earned over the entire course of the employee's career and do not include disability retirement benefits or death and survivor benefits. **Figure 220** shows the State and Employee Contribution Rates since 1970. As shown in **Figure 220**, the shaded area reflects state and employee retirement contributions from

FIGURE 219
ORP MEMBERSHIP, TWO-YEAR INSTITUTIONS COMPARED TO GAI/HRI AND PERCENTAGE CHANGE FROM PREVIOUS YEAR
FISCAL YEARS 2003 TO 2012



SOURCE: Texas Higher Education Coordinating Board.

FIGURE 220
STATE AND EMPLOYEE CONTRIBUTION RATES, FISCAL YEARS 1970 TO 2015



Source: Legislative Budget Board.

1970 through 1979 based only on the first $25,000 of each member's actual pay.

ORP is not administered by TRS or the Employees Retirement System of Texas, but instead is a separate retirement mechanism. The Texas Higher Education Coordinating Board oversees the program's rules; and the Comptroller of Public Accounts, along with the various institutions, is responsible for the accounting duties. Each institution's governing board administers its own ORP, and vendor selections must be made from the employer's authorized list at the same time that ORP is elected. ORP participants assume full responsibility for monitoring their selected companies and investments. The ORP participant's benefit amount is directly dependent on the actual amounts contributed. Because the defined contribution plan allows participants to manage their own personal investment accounts, there are no state provisions for improvement of benefits after termination (e.g., cost-of-living adjustments).

SIGNIFICANT LEGISLATION

SB 1812 – Limitation of State Retirement Contributions. The enactment of Senate Bill 1812 amends statute to limit state retirement contributions for public community and junior colleges to the state's contribution rate applied to 50 percent of the creditable compensation of members whose duties are instructional or administrative.

HIGHER EDUCATION

INSTITUTIONS AND GOVERNANCE

Texas' system of public higher education encompasses 38 general academic teaching institutions and three lower-division institutions; 50 community and junior college districts; one technical college system with four main campuses; and nine health-related institutions operating eight state medical schools, three dental schools, two pharmacy schools, and numerous other allied health and nursing units.

This system is governed by the nine-member Texas Higher Education Coordinating Board (THECB) whose mission is to ensure an effective and efficient system of higher education. The board also ensures Texans have access to high quality programs at different institutional levels and oversees the state's student financial aid programs. Additionally, there are seven Texas A&M University (TAMU) System agencies that provide research and other support, two constitutionally authorized funds to support new construction and excellence programs, and several statutorily authorized research funds.

Based on 2012 figures reported by THECB, about 1.33 million students are enrolled in public institutions of higher education in Texas, a decrease of 12,474 students from the fall 2011 enrollment. **Figure 221** compares enrollment for each type of public higher education institution for fall 2011 and fall 2012.

FUNDING AND APPROPRIATIONS

The Eighty-third Legislature, Regular Session, 2013, appropriated $17.9 billion in All Funds to support higher education (including benefits) for the 2014–15 biennium. Excluding benefits other than group insurance, the Legislature appropriated a total of $16.6 billion in All Funds and $12.2 billion in General Revenue Funds, resulting in a reduction of $5.4 billion in All Funds and an increase of $636 million in General Revenue Funds. The decrease in All Funds is due to a decrease of $6.1 billion in Other Funds of patient income at the health-related institutions. Patient Income, which is revenue that an institution generates through the operation of a hospital, clinic, or a dental clinic (inpatient and outpatient charges), is no longer appropriated to the health-related institutions, but instead is now shown in informational riders for the affected institutions, who will continue to receive this funding.

Appropriations for higher education provide funding for instruction, student services, and administration at general academic institutions, health-related institutions, community colleges, and technical colleges; special items that represent an institution's area of expertise or special need; student financial aid such as Toward Excellence, Access and Success (TEXAS) grants and the Texas B-On-Time Loan Program; and patient care at hospital or dental clinics operated by health-related institutions. Except for appropriations to THECB and the TAMU System agencies, Federal Funds are not included in appropriations for higher education. Institutions of higher education, including General Academic Institutions, Health-related Institutions, Lamar State Colleges, Texas State Technical Colleges, Public Community and Junior Colleges, and Texas A&M System Agencies, have flexibility in their budgeting because they receive "lump sum appropriations."

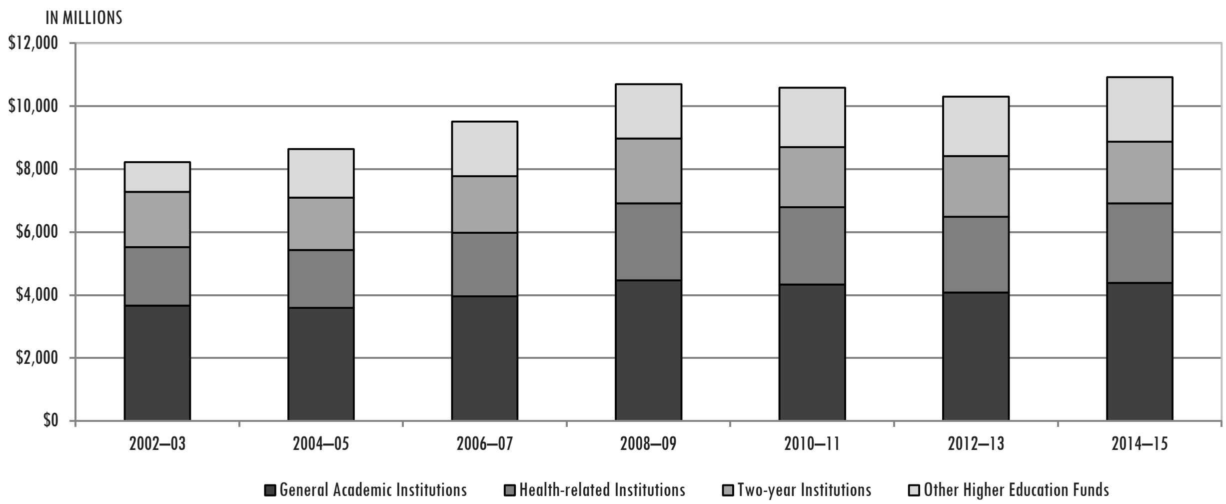
General Revenue formula funding in the 2014–15 biennium for institutions of higher education (general academics, health-related institutions, Lamar State Colleges, Texas State Technical Colleges, and community colleges) totaled $7,990 million, an increase of $523 million. **Figure 222** compares total (formula and non formula) appropriations of General Revenue Funds for institutions of higher education.

FIGURE 221
PUBLIC HIGHER EDUCATION ENROLLMENT, FALL 2011 AND FALL 2012

	2011 ENROLLMENT	2012 ENROLLMENT	PERCENTAGE OF TOTAL	ENROLLMENT CHANGE	PERCENTAGE ENROLLMENT CHANGE
General Academic Institutions	568,938	576,733	43.3	7,795	1.4
Community Colleges	732,681	712,980	53.6	(19,701)	(2.7)
Lamar State Colleges and Texas State Technical Colleges	20,307	19,132	1.4	(1,175)	(5.8)
Health-related Institutions	21,313	21,920	1.6	607	2.8
TOTAL, PUBLIC INSTITUTIONS	**1,343,239**	**1,330,765**	**100.0**	**(12,474)**	**(0.9)**

Sources: Legislative Budget Board; Texas Higher Education Coordinating Board.

FIGURE 222
GENERAL REVENUE FUNDING FOR INSTITUTIONS OF HIGHER EDUCATION
2002–03 TO 2014–15 BIENNIA



NOTE: Other Higher Education Funds includes funding for the Texas A&M System Agencies, the Higher Education Fund, the Texas Excellence Fund, the University Research Fund, and Higher Education Group Insurance. Funding for the Texas Higher Education Coordinating Board is not included in this graph.
SOURCE: Legislative Budget Board.

To provide access to higher education, the Texas Legislature appropriated $1,123 million in All Funds for student financial aid to THECB.

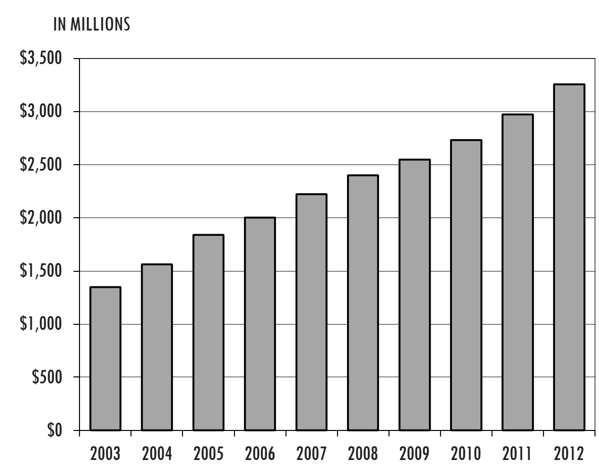
Total tuition and fee collections at general academic institutions have increased from $1.3 billion in fiscal year 2003 to over $3.3 billion in fiscal year 2012, as shown in **Figure 223**. This trend reflects increases in enrollment, statutory tuition (capped at $50 per semester hour in 2006) and the deregulation of designated tuition by the Seventy-eighth Legislature (House Bill 3015) in September of 2003.

SIGNIFICANT LEGISLATION

Several bills were passed by the Eighty-third Legislature, Regular Session, 2013, affecting higher education. Among the more significant legislation are Senate Bill 62, Senate Bill 1210, Senate Bill 1907, and Senate Bill 24.

SB 1210 – Academic Requirements to Continue to Receive Certain Exemptions and Waivers. The enactment of Senate Bill 1210 requires students to meet certain satisfactory academic progress requirements in order to continue to receive certain mandatory or discretionary exemptions and waivers. The provisions the bill do not apply to dual credit students, certain Hazlewood Act recipients, or students under the conservatorship of the Texas Department of Family and Protective Services. The provisions of the bill do not apply to

FIGURE 223
TOTAL TUITION AND FEE COLLECTIONS, GENERAL ACADEMIC INSTITUTIONS, FISCAL YEARS 2003 TO 2012



NOTE: Total tuition and fee collections at general academic institutions have increased from $1.3 billion in 2003 to over $3.3 billion in 2012. This reflects increases in enrollment, statutory tuition (capped at $50 per semester hour in 2006) and the deregulation of designated tuition by the Seventy-eighth Legislature (House Bill 3015) in September of 2003.
SOURCE: Texas Higher Education Coordinating Board.

waivers that allow non-residents to pay resident tuition and fees.

SB 24 – Creation of New University in South Texas. The enactment of Senate Bill 24 creates a new university in South Texas within The University of Texas System and authorizes it to participate in the Permanent University Fund. The new university includes The University of Texas at Brownsville, The University of Texas at Pan American, a statutorily authorized medical school, and the Lower Rio Grande Health Center associated with The University of Texas Health Science Center at San Antonio.

SB 62 – Bacterial Meningitis Vaccine Exemption Requirements. The enactment of Senate Bill 62 lowers the age of exemption from the bacterial meningitis vaccine requirement for enrollment to a institution of higher education in Texas from 30 years or older to 22 years or older. The bill also requires students seeking an exemption for reasons of conscience to use a form provided by the Texas Department of State Health Services (DSHS) and authorizes public junior colleges to require students to use an internet based DSHS process.

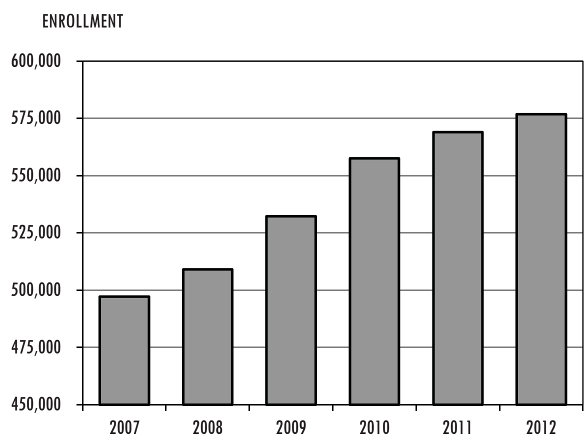
SB 1907 – Transportation and Storage of Firearms on Higher Education Campuses. The enactment of Senate Bill 1907 allows persons who lawfully possess a firearm and ammunition and hold a concealed handgun license to transport and store a firearm and ammunition in locked vehicles on the campus of a higher education institution.

GENERAL ACADEMIC INSTITUTIONS

The general academic institutions consist of 38 public colleges and universities that provide baccalaureate, masters, professional, and doctoral degree programs. While all general academic institutions have common goals (instruction, research, and public service), each has a unique set of academic offerings and a unique regional or statewide mission.

Enrollment at the general academic institutions in fall 2012 was 576,733 students, an increase of 1.4 percent from the previous academic year. Enrollment has been increasing since 1997 following a slight decline in the early 1990s. **Figure 224** shows the enrollment trend from academic years 2007 to 2012 at the general academic institutions. **Figure 225** shows the percentage change in enrollment from academic years 2002 to 2012 at each general academic institution.

FIGURE 224
GENERAL ACADEMICS HEADCOUNT, ACADEMIC YEARS 2007 TO 2012



SOURCE: Texas Higher Education Coordinating Board.

2014–15 BIENNIUM APPROPRIATIONS

Appropriations for the 2014–15 biennium for the general academic institutions and system offices total $6.3 billion. The 2014–15 biennial All Funds appropriation represents an increase of approximately $371.6 million, or 6.2 percent, from the 2012–13 biennial expenditure level. Appropriations for the general academic teaching institutions and system offices include $4.4 billion in General Revenue Funds for the 2014–15 biennium, an increase of approximately $306.5 million, or 7.5 percent, from the 2012–13 biennial expenditure level. General Revenue Funds account for approximately 69.2 percent of total state funding for these institutions and the six system offices; General Revenue–Dedicated Funds, which is primarily from statutory tuition and fees, comprises 30.5 percent. **Figure 226** shows the General Revenue Fund appropriation by function for general academic institutions. **Figure 227** shows the All Funds appropriation level for each of the general academic systems. There are 46,159 full-time-equivalent positions appropriated for all general academic institutions and system offices for fiscal year 2014.

FUNDING MECHANISMS

General academic institutions receive direct appropriations through funding formulas and non-formula appropriations. Approximately $4.6 billion in All Funds, or 72.0 percent of the total appropriations for general academic institutions in fiscal years 2014 and 2015, is appropriated for formula funding. The remainder of the direct 2014–15 biennial funding for general academic institutions and system offices is non-formula funding, representing $1.8 billion in All Funds. Non-formula funding primarily includes Special Items, workers' compensation and unemployment insurance, system office operations at the six system offices, hold harmless funds, Academic Development Initiative, Research Development Fund, Texas Competitive Knowledge Fund, tuition revenue bond debt service, and lease of facilities.

FORMULA FUNDING

The general academic institutions were appropriated $3.2 billion from General Revenue Funds and $1.4 billion from estimated Other Educational and General Income (primarily statutory tuition and fees contributed by each institution) for formula funding. The General Revenue Fund amount is an increase of approximately $246.0 million, or 8 percent, from the 2012–13 biennial formula base. The method of finance for formula-funded appropriations for general academic institutions is based on an "All Funds" approach. In this approach, the difference between the total formula allocation and estimated Other Educational and General Income is funded with General Revenue Funds.

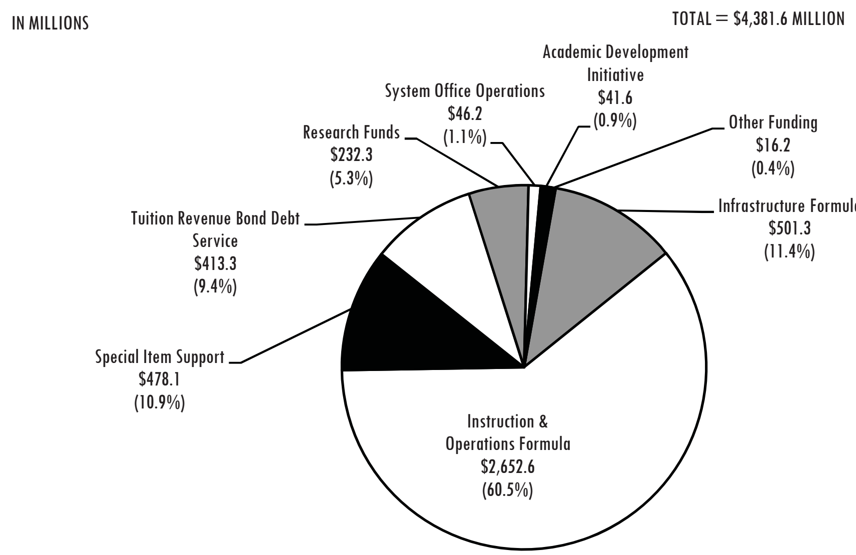
Figure 228 shows the General Revenue formula funding amounts by institution. General Revenue Funds in the amount of $11.9 million from formula funding appropriations were removed from The University of Texas at Brownsville's appropriations and trusteed at the Texas Higher Education Coordinating Board (THECB). Since June 1991, Texas Southmost College (TSC) and The University of Texas at Brownsville (UTB) have partnered as one institution

FIGURE 225
COMPARISON OF GENERAL ACADEMIC HEADCOUNT ENROLLMENTS, FISCAL YEARS 2002 AND 2012

INSTITUTION	2002	2012	PERCENTAGE CHANGE
The University of Texas at Arlington	23,821	33,239	39.5
The University of Texas at Austin	52,261	52,186	(0.1)
The University of Texas at Dallas	13,229	19,727	49.1
The University of Texas at El Paso	17,232	22,728	31.9
The University of Texas at Pan American	14,392	19,302	34.1
The University of Texas at Brownsville	3,527	8,146	131.0
The University of Texas at Permian Basin	2,672	4,021	50.5
The University of Texas at San Antonio	22,016	30,474	38.4
The University of Texas at Tyler	4,254	6,858	61.2
Texas A&M University	45,083	50,227	11.4
Texas A&M University at Galveston	1,556	2,014	29.4
Prairie View A&M University	7,255	8,336	14.9
Tarleton State University	8,320	10,279	23.5
Texas A&M University - Corpus Christi	7,607	10,508	38.1
Texas A&M University - Kingsville	6,554	7,234	10.4
Texas A&M International University	3,724	7,213	93.7
West Texas A&M University	6,780	7,909	16.7
Texas A&M University - Commerce	8,483	11,187	31.9
Texas A&M University - Texarkana	1,367	1,903	39.2
Texas A&M University - San Antonio	0	4,116	N/A
Texas A&M University - Central Texas	0	2,253	N/A
University of Houston	34,443	40,747	18.3
University of Houston - Clear Lake	7,753	8,153	5.2
University of Houston - Downtown	10,528	13,915	32.2
University of Houston - Victoria	2,183	4,335	98.6
Midwestern State University	6,157	5,596	(9.1)
University of North Texas	30,183	35,778	18.5
University of North Texas at Dallas	0	2,100	N/A
Stephen F. Austin State University	11,312	12,808	13.2
Texas Southern University	9,739	9,646	(1.0)
Texas Tech University	27,569	32,398	17.5
Angelo State University	6,255	6,826	9.1
Texas Woman's University	8,703	14,898	71.2
Lamar University	9,802	14,288	45.8
Sam Houston State University	13,072	18,461	41.2
Texas State University	25,025	34,225	36.8
Sul Ross State University	1,954	1,780	(8.9)
Sul Ross State University Rio Grande College	908	919	1.2
TOTAL	**455,719**	**576,733**	**26.6**

SOURCE: Texas Higher Education Coordinating Board.

FIGURE 226
GENERAL ACADEMIC INSTITUTIONS APPROPRIATIONS BY FUNCTION, GENERAL REVENUE FUNDS
2014–15 BIENNIUM



Note: Other Funding includes General Revenue Fund appropriations for workers' and unemployment compensation insurance and for the lease of facilities.
Source: Legislative Budget Board.

known as UTB-TSC. During the 2010–11 biennium, the two institutions agreed to end the partnership and the Eighty-second Legislature, Regular Session, 2011 passed legislation directing both TSC and UTB to separate the partnership by August 31, 2015. Certain formula funding appropriations were trusteed at THECB from both UTB and TSC and will be distributed between the two institutions during the 2014–15 biennium based on updated semester credit and contact hour data.

General academic institutions receive funding through two main formulas and two supplemental formulas. The Instruction and Operations Formula ($3.6 billion or 81.2 percent) provides funding for faculty salaries, administration, student services, and other support based on weighted semester-credit hours. The Teaching Experience Supplement ($98.1 million or 2.2 percent), provides additional funding for undergraduate semester-credit hours taught by tenured and tenure-track faculty. The Seventy-ninth Legislature, Regular Session, 2005, adopted and began to phase in a new cost-based funding matrix for the Instructions and Operations Formula. The matrix was fully implemented in the 2010–11 biennium. The matrix used for the 2014–15 biennium is based on the most recent expenditure study.

The Infrastructure Support formula ($721.6 million or 16.6 percent), which provides funding for physical plant and utilities based on the THECB space projection model determination of predicted square feet needed for educational and general activities, also includes a supplement for institutions with a headcount of less than 10,000 students. The supplement totals $1.5 million for the biennium for each institution with less than a 5,000 student headcount. Institutions with headcounts that range from 5,000 to 10,000 students receive a supplemental appropriation that decreases from $1.5 million with each additional student. Within the Infrastructure Support formula, approximately 47 percent of infrastructure funding is allocated for utilities, and the remaining 53 percent is allocated for other maintenance and operations.

The Eighty-third Legislature, Regular Session, 2013, continued the policy of calculating Texas A&M University at Galveston's formula appropriation based on a recommendation from the THECB that was adopted by the Eightieth Legislature, 2007, to recognize the university's

FIGURE 227
ALL FUNDS APPROPRIATIONS FOR GENERAL ACADEMIC INSTITUTIONS, SYSTEM OFFICES, AND LAMAR STATE COLLEGES 2014–15 BIENNIUM

INSTITUTION	IN MILLIONS APPROPRIATION	INSTITUTION	IN MILLIONS APPROPRIATION
The University of Texas at Arlington	$307.2	Midwestern State University	$47.6
The University of Texas at Austin	761.0	Stephen F. Austin State University	113.8
The University of Texas at Dallas	264.2	Texas Southern University	153.0
The University of Texas at El Paso	208.1	Texas Woman's University	141.4
The University of Texas – Pan American	170.6	**Subtotal, Independent Universities**	**$455.9**
The University of Texas at Brownsville	61.2		
The University of Texas of the Permian Basin	62.8	University of North Texas	$308.8
The University of Texas at San Antonio	281.5	University of North Texas at Dallas	32.2
The University of Texas at Tyler	75.4	University of North Texas System Office	6.7
The University of Texas System Office	27.3	**Subtotal, University of North Texas System**	**$347.8**
Subtotal, The University of Texas System	**$2,219.4**		
		Texas Tech University	$401.0
Texas A&M University	$716.1	Angelo State University	70.9
Texas A&M University at Galveston	40.5	Texas Tech University System Office	2.9
Prairie View A&M University	127.3	**Subtotal, Texas Tech University System**	**$474.7**
Tarleton State University	96.2		
Texas A&M University – Central Texas	32.9	Lamar University	$112.6
Texas A&M University – Corpus Christi	117.3	Sam Houston State University	156.8
Texas A&M University – Kingsville	85.3	Texas State University	276.5
Texas A&M University – San Antonio	45.5	Sul Ross State University	29.8
Texas A&M International University	75.6	Sul Ross State University Rio Grande College	12.1
West Texas A&M University	78.5	Lamar Institute of Technology	22.9
Texas A&M University – Commerce	105.5	Lamar State College – Orange	18.9
Texas A&M University – Texarkana	36.5	Lamar State College – Port Arthur	27.1
Texas A&M University System Office	4.5	Texas State University System Office	2.9
Subtotal, Texas A&M University System	**$1,561.5**	**Subtotal, Texas State University System**	**$659.6**
		TOTAL	**$6,398.8**
University of Houston	$436.8		
University of Houston – Clear Lake	74.6		
University of Houston – Downtown	77.5		
University of Houston – Victoria	41.8		
University of Houston System Office	$49.2		
Subtotal, University of Houston System	**$680.0**		

NOTE: Complete information about the Lamar State Colleges can be found in the Two-year Institutions section of this publication.
SOURCE: Legislative Budget Board.

FIGURE 228
GENERAL ACADEMIC INSTITUTIONS GENERAL REVENUE FORMULA FUNDING, 2014–15 BIENNIUM

IN MILLIONS INSTITUTION	2014–15 FUNDING
The University of Texas at Arlington	$153.6
The University of Texas at Austin	404.1
The University of Texas at Dallas	139.7
The University of Texas at El Paso	106.2
The University of Texas–Pan American	84.3
The University of Texas at Brownsville	32.3
The University of Texas of the Permian Basin	15.3
The University of Texas at San Antonio	136.0
The University of Texas at Tyler	34.1
Texas A&M University	434.5
Texas A&M University at Galveston	19.2
Prairie View A&M University	36.8
Tarleton State University	46.8
Texas A&M University – Central Texas	11.7
Texas A&M University – Corpus Christi	48.2
Texas A&M University – Kingsville	41.4
Texas A&M University – San Antonio	17.9
Texas A&M International University	24.6
West Texas A&M University	34.5
Texas A&M University – Commerce	60.6
Texas A&M University – Texarkana	9.8
University of Houston	232.9
University of Houston – Clear Lake	43.0
University of Houston – Downtown	37.6
University of Houston – Victoria	20.1
Midwestern State University	24.6
Stephen F. Austin State University	56.5
Texas Southern University	42.9
Texas Woman's University	78.4
University of North Texas	175.3
University of North Texas at Dallas	7.6
Texas Tech University	220.9
Angelo State University	30.9
Lamar University	64.7
Sam Houston State University	73.0
Texas State University	149.4
Sul Ross State University	11.9
Sul Ross State University Rio Grande College	4.6
TOTAL, GENERAL ACADEMIC INSTITUTIONS	**$3,165.8**

NOTE: Includes $11.9 million in formula funds at UT Brownsville trusteed to the Texas Higher Education Coordinating Board.
SOURCE: Legislative Budget Board.

statutory mission serving as the state's marine and maritime institution. This policy increases the funding for the university's Instruction and Operations goal by 50 percent, and includes its ship space in the Infrastructure formula. The funding replaced four special items that previously had funded its statutory mission: Marine and Maritime Instructional Enhancement, Dredging of Dock Area, Marine Terminal Operations, and Ship Operation and Maintenance.

SPECIAL ITEMS

Special Item appropriations for the 2014–15 biennium total $513.3 million in General Revenue Funds, General Revenue–Dedicated Funds, and Other Funds. Special Items include Institutional Enhancement as well as direct appropriations to institutions for projects that are not funded by formula but are specifically identified by the Legislature for support. This amount represents an increase of $35.3 million from the 2012–13 biennial appropriated level and is mainly due to increases in Institutional Enhancement.

The Eighty-third Legislature, Regular Session, 2013, appropriated an additional $1.0 million in General Revenue Funds to each institution not classified as a research or emerging research university by the THECB for Institutional Enhancement. In addition, all existing revenue neutral special items and Small Business Development Center strategies were increased by 10 percent from the 2012–13 biennial appropriated level contingent on certification by the Comptroller of Public Accounts of increased revenue to the General Revenue Fund.

Certain trusteed programs at the THECB were transferred to other general academic institutions or system offices. Funding for the African American Museum, $0.1 million, was transferred from THECB to The University of Texas at Dallas and funding for the Alzheimer's Disease Centers, $5.2 million, was transferred to The University of Texas System Administration as the Darrell K Royal (DKR) Texas Alzheimer's Initiative. The DKR Texas Alzheimer's Initiative was also increased by additional appropriations of $4.0 million in General Revenue Funds for the 2014–15 biennium. In addition, THECB was directed to transfer $2.4 million to The University of Texas at Austin for the New Mathways Project, which is a partnership between the university and community colleges aimed at improving student success.

Additional appropriations of General Revenue Funds and General Revenue–Dedicated Funds were provided for the following new and existing special items in the 2014–15 General Appropriations Act:

- $5.0 million for The University of Texas at Austin, Identify Theft and Security, contingent upon certification by the Comptroller of Public Accounts that this additional appropriation will be revenue neutral;
- $1.0 million for The University of Texas at Austin, Bureau of Economic Geology, contingent upon certification by the Comptroller of Public Accounts that this additional appropriation will be revenue neutral;
- $35,000 for The University of Texas at Austin, Voces Oral History Project;
- $0.6 million for The University of Texas at Austin, Marine Science Institute;
- $1.0 million for The University of Texas Pan American, McAllen Advanced Manufacturing Research and Education Park;
- $2.4 million for The University of Texas of the Permian Basin, School of Nursing;
- $0.2 million for Texas A&M University at Galveston, Texas Institute of Oceanography;
- $1.6 million for Texas A&M University – Corpus Christi, Engineering Program;
- $1.5 million for Texas A&M University – Kingsville, Veterinary Technology Program;
- $0.2 million for Texas A&M University – Kingsville, Citrus Center;
- $0.3 million for the University of Houston System Administration, NASA Programs;
- $4.0 million for the University of Houston, College of Pharmacy;
- $0.4 million for the University of Houston, William P. Hobby School of Public Affairs;
- $2.2 million for Angelo State University, Institutional Enhancement; and
- $0.5 million for Sam Houston State University, Forensic Science Commission.

OTHER FUNDING

Unemployment insurance and workers' compensation insurance was maintained at the 2012–13 biennial appropriated level. System office funding was maintained at the 2012–13 biennial appropriated level except for a decrease of $0.2 million in system operations at The University of Texas System Administration and one time funding provided in the 2012–13 biennium of $1.6 million for the Texas State University System. Hold harmless funding was not provided to institutions of higher education during the 2014–15 biennium and hold harmless amounts provided in the 2012–13 biennium were not continued. Appropriations for the Academic Development Initiative total $41.6 million for the 2014–15 biennium, an increase of $5.0 million from 2012–13 biennial appropriated levels, and are provided to Prairie View A&M University and Texas Southern University.

Research Fund appropriations provided directly to an institution in their bill pattern total $232.3 million in General Revenue Funds. This amount includes funding for the Texas Competitive Knowledge Fund and Research Development Fund. Information about these research funds can be found in the section for Constitutional and Research Funds in this document.

Appropriations for the 2014–15 biennium for tuition revenue bond debt service to the general academic institutions and system offices centers is $413.3 million in General Revenue Funds. Tuition revenue bonds must be authorized in statute. Once the bonds are authorized and approved by the Texas Bond Review Board, institutions can issue these bonds and make debt payments. Legislative practice has been to use General Revenue Funds to reimburse institutions for the costs related to this debt service. In addition, funding for the lease of facilities at certain general academic institutions totals $3.0 million for the 2014–15 biennium.

SIGNIFICANT LEGISLATION

Several bills were enacted by the Eighty-third Legislature, Regular Session, 2013, that affect general academic institutions and system offices. Among the more significant are the following:

- **HB 29 – Requires Universities to Offer a Four-year Fixed Tuition Price Plan.** The enactment of House Bill 29 requires general academic institutions to offer entering undergraduate students the option to enroll in a fixed tuition price plan which keeps the student's per-hour tuition charges constant for the first 12 consecutive semesters after the student's enrollment at the institution. The legislation mandates that a student accept or reject participation in the fixed-rate plan before the student's enrollment if other alternate tuition payment plans are available. The legislation applies to students who enroll in an institution for the first time in fall 2014.

- **SB 1531 – Notification of Average Cost of Tuition and Fees to Students.** The enactment of Senate Bill 1531 requires public universities to provide entering undergraduate students a summary of the average cost of tuition and fees paid by full-time students over four-year, five-year, and six-year spans, an estimate of average loss of wages due to graduation in five or six years rather than four, actions that could facilitate graduation, and contact information for academic counseling services. The legislation applies to institutions beginning in fall 2014.

- **HB 31 – Provides Changes to Governing Board Meeting Requirements.** The enactment of House Bill 31 requires governing boards of general academic institutions and university systems to broadcast meetings, as allowed by law, over the Internet. The governing boards must post the written agenda and any supplemental materials, as allowed by law, on its Internet website in advance of the meeting and then record the broadcast and make the recording publicly available on the Internet after the meeting.

- **SB 498 – Changes to Reverse Transfer Credit Requirements.** The enactment of Senate Bill 498 changes the number of cumulative total semester credit hours needed to start the state's reverse transfer process from 90 to 66 semester credit hours for qualified transfer students. The reverse transfer process allows a lower division institution of higher education to review a student's transcript and determine if the student has earned the necessary credits to be awarded an associate's degree.

- **SB 566 – Creation of a School of Pharmacy at UT Tyler.** The enactment of Senate Bill 566 authorizes The University of Texas System Board of Regents to establish a school of pharmacy at The University of Texas at Tyler. The legislation provides that the school of pharmacy is not eligible for funding under the instruction and operations formula or infrastructure formula.

- **HB 1843 – Admittance Under Top Ten Percent Law at UT Austin.** The enactment of House Bill 1843 authorizes The University of Texas at Austin to cap the number of students automatically admitted under the Top Ten Percent law to 75 percent of enrollment capacity in an academic year through the 2017–2018 academic year.

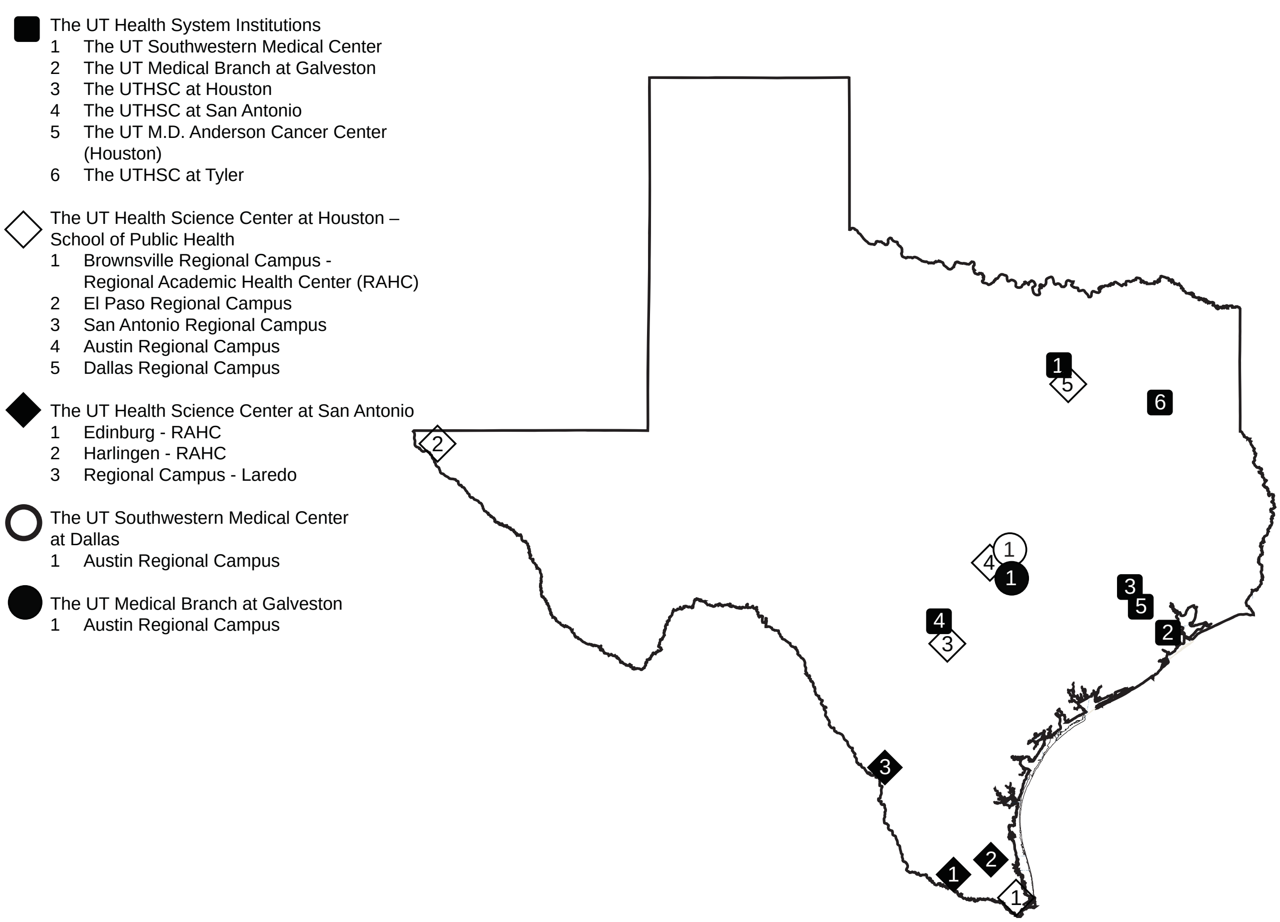
- **SB 974 – Name Change of Texas State University.** The enactment of Senate Bill 974 changes the name of Texas State University-San Marcos to Texas State University.

HEALTH-RELATED INSTITUTIONS

There are four university health science systems, and within those systems, a total of ten health-related institutions located across Texas. Each institution provides different services to its respective region of the state. All of the Health Science Systems, except the University of North Texas Health Science Center at Fort Worth, also have regional campuses. The other nine institutions are The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, The University of Texas M.D. Anderson Cancer Center, The University of Texas Health Science Center at Tyler, Texas A&M University System Health Science Center, the Texas Tech University Health Sciences Center in Lubbock, and the Texas Tech University Health Sciences Center in El Paso, which was authorized by the Eighty-third Legislature, Regular Session, 2013. Separate formula funding for TTUHSC in El Paso will begin during the 2016–17 biennium. The maps in **Figure 229** through **Figure 232** show, by the four university health science systems, the locations of the health-related institutions and their regional campuses. The institutions' mission is focused on four core functions: (1) to educate future health professionals and scientists; (2) to engage in basic and applied research; (3) to provide compassionate, scientifically based clinical care for the sick; and (4) to develop public and community health programs. These functions and their funding are linked to the following goals: Instruction/Operations; Provide Research Support; Provide Infrastructure Support; Provide Health Care Support; Provide Special Item Support; and Tobacco Funds.

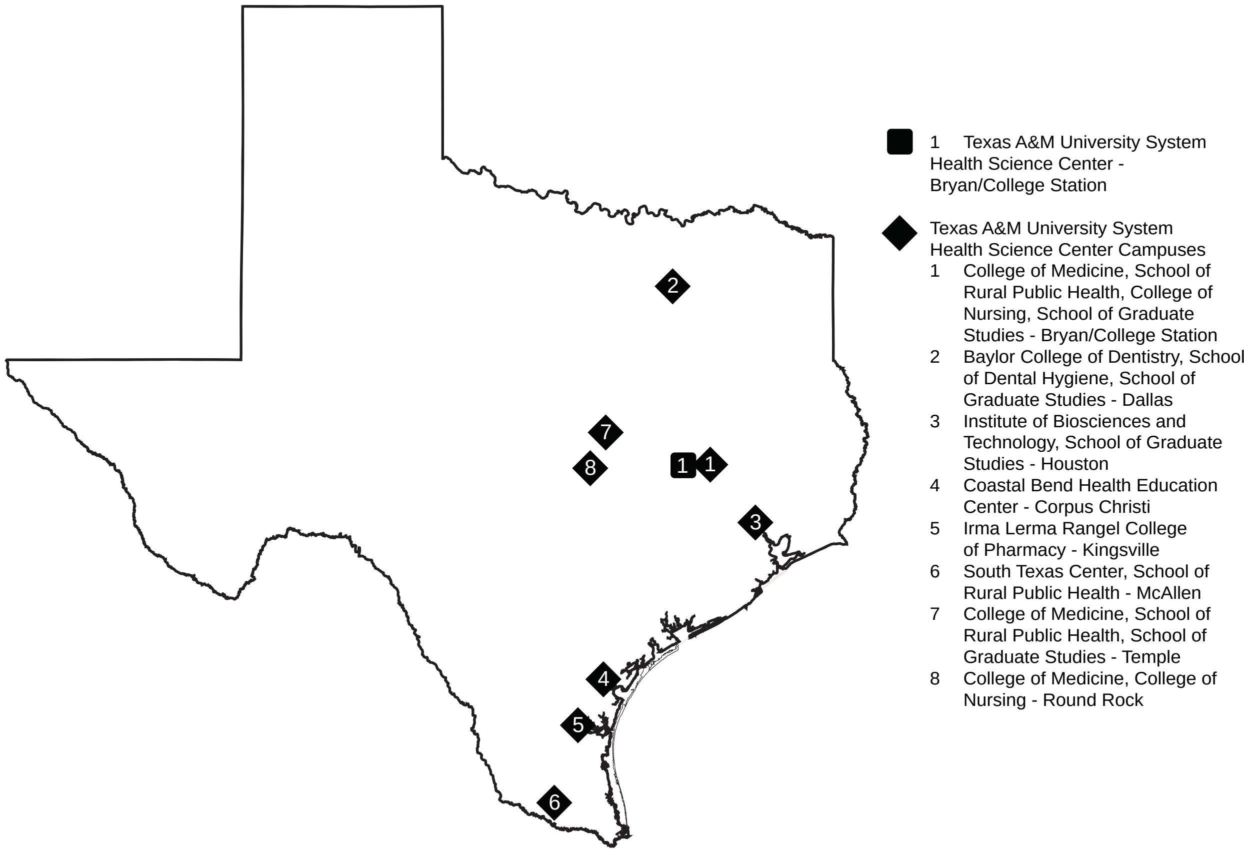
Figure 233 shows appropriations for the health-related institutions by goal. Enrollment at the health-related institutions was 21,920 students for fall 2012, which is a 2.8 percent increase when compared with fall 2011 enrollment

FIGURE 229
THE UNIVERSITY OF TEXAS SYSTEM HEALTH-RELATED INSTITUTIONS, 2014–15 BIENNIUM



SOURCE: The University of Texas Health System.

FIGURE 230
TEXAS A&M UNIVERSITY SYSTEM HEALTH SCIENCE CENTER, 2014–15 BIENNIUM



Source: Texas A&M University System Health Science Center.

of 21,313 students. **Figure 234** shows the enrollment at each institution and the percentage change from the previous year.

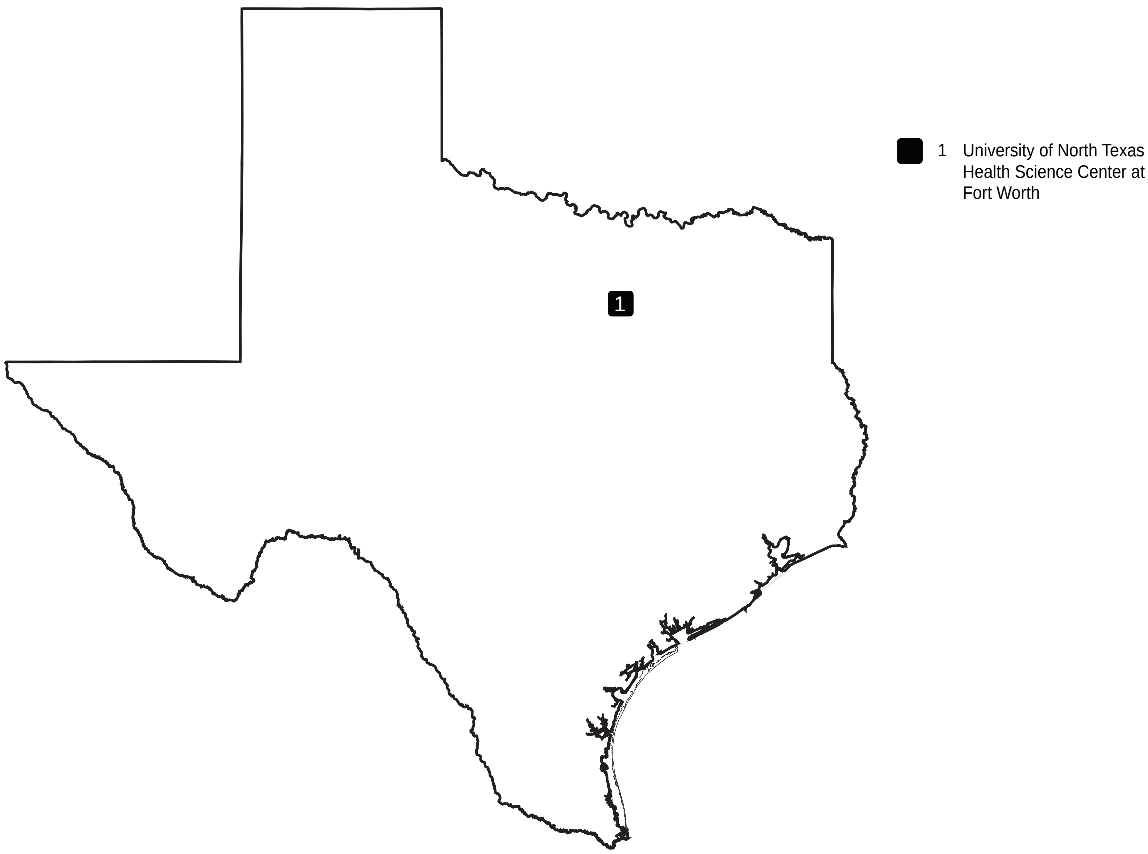
2014–15 BIENNIUM APPROPRIATIONS

Appropriations for the 2014–15 biennium to the health-related institutions total $2.8 billion in All Funds. This amount includes $2.7 billion, or 96.1 percent, in General Revenue Funds and General Revenue–Dedicated Funds. General Revenue–Dedicated Funds include income from tuition and student fees. The appropriations also include $108.3 million in Other Funds. Patient Income, which is revenue that an institution generates through the operation of a hospital, clinic, or a dental clinic (inpatient and outpatient charges), is no longer appropriated to the health-related institutions, but instead is now shown in informational riders in the General Appropriations Act for the affected institutions, who will continue to receive this funding. Not appropriating Patient Income results in a decrease of $6.1 billion in Other Funds from the 2012–13 biennium. **Figure 235** shows the distribution of funding among the health-related institutions.

Overall, biennial appropriations of General Revenue Funds for the health-related institutions increased by $116.9 million, or 4.8 percent, from the 2012–13 biennial level. This amount includes a decrease of approximately $142.9 million in the 2014–15 biennium in unexpended balance authority for The University of Texas Medical Branch (UTMB) at Galveston for recovery and repair costs associated with Hurricane Ike. UTMB received a one-time appropriation of $150.0 million in the 2010–11 biennium by the Eighty-first Legislature, Regular Session, 2009, for this purpose, with its unexpended balance appropriated to UTMB in the 2012–13 biennium by the Eighty-second Legislature, Regular Session, 2011.

The Texas Higher Education Coordinating Board (THECB) contracts with the Baylor College of Medicine (BCOM), a private institution, to provide funding for its medical

FIGURE 231
UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER AT FORT WORTH, 2014–15 BIENNIUM



SOURCE: University of North Texas Health Science Center at Fort Worth.

students. The BCOM receives funding based on the average cost per undergraduate medical student enrolled at UTMB and The University of Texas Southwestern Medical Center (UTSWMC). General Revenue Funds for BCOM's undergraduate medical education total $73.7 million for the 2014–15 biennium, a 2.7 percent increase from the 2012–13 biennium.

Approximately $1.8 billion, or 62.8 percent, of All Funds appropriations to the health-related institutions for the 2014–15 biennium is included in the formula funding strategies. The formulas are intended to provide for an equitable allocation of funds among the health-related institutions and to establish the level of funding to adequately support higher education. The six formulas consist of the following:

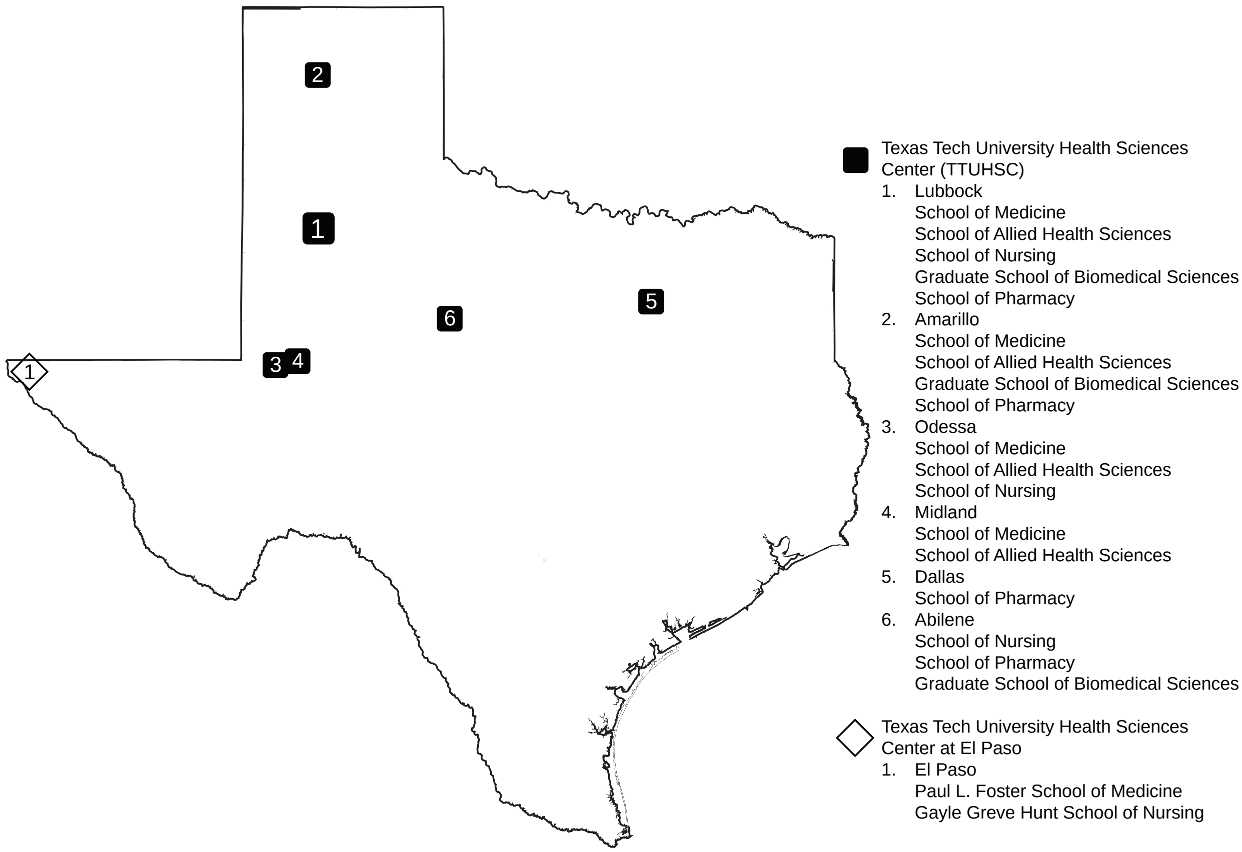
- Instruction and Operations Support formula;
- Infrastructure Support formula;
- Research Enhancement formula;
- Graduate Medical Education formula;
- Cancer Center Operations formula; and
- Chest Disease Center Operations formula.

The method of financing for the Instruction and Operations Support formula and for the Infrastructure Support formula is based on General Revenue Funds and General Revenue–Dedicated Funds (Tuition and Fees). The difference between the total formula allocation and an institution's estimated tuition income is funded with General Revenue Funds. For the 2014–15 biennium, the Eighty-third Legislature, Regular Session, 2013, appropriated $1.7 billion in General Revenue Funds for all formulas for the health-related institutions, which is a $238.1 million increase, or 16.5 percent, from the 2012–13 biennium.

INSTRUCTION AND OPERATIONS SUPPORT

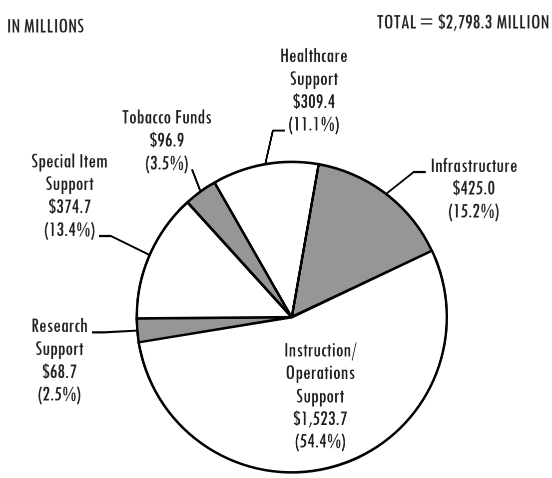
The Instruction and Operations Support formula provides funding for the ongoing academic and administrative

FIGURE 232
TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER, 2014–15 BIENNIUM



SOURCE: Texas Tech University Health Sciences Center.

FIGURE 233
HEALTH-RELATED INSTITUTIONS APPROPRIATIONS BY GOAL, ALL FUNDS, 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

programs of the institutions. Approximately $1.1 billion in funding is allocated on a per Full-time Student Equivalent (FTSE) bases funding weight determined according to the student's instructional program. General Revenue Funds for the 2014–15 biennium account for 94.0 percent, or $1.0 billion of the formula, General Revenue–Dedicated Funds (mostly tuition and fees) account for 6.0 percent. In addition, instructional programs with enrollments of fewer than 200 students per campus receive supplemental formula funding, with small enrollment programs receiving more funding per FTSE.

All of the health-related institutions now provide educational programs. These institutions provide instruction in the following educational programs:

- Medical Education;
- Dental Education;
- Dental Hygiene;

FIGURE 234
FALL HEADCOUNT ENROLLMENT, ACADEMIC YEARS 2011 AND 2012

INSTITUTION	2011	2012	PERCENTAGE CHANGE
UT Southwestern Medical Center	2,456	2,424	(1.3)
UT Medical Branch at Galveston	2,825	3,012	6.6
UT Health Science Center at Houston	4,600	4,489	(2.4)
UT Health Science Center at San Antonio	3,294	3,249	(1.4)
UT M. D. Anderson Cancer Center	316	290	(8.2)
UT Health Science Center at Tyler	N/A	6	N/A
Texas A&M University System Health Science Center	2,122	2,286	7.7
University of North Texas Health Science Center at Fort Worth	1,753	1,943	10.8
Texas Tech University Health Sciences Center	3,947	4,221	6.9
TOTAL	**21,313**	**21,920**	**2.8**

NOTE: The University of Texas Health Science Center at Tyler began offering formal instruction for state formula funding purposes in 2012.
SOURCE: Texas Higher Education Coordinating Board.

FIGURE 235
COMPARISON OF HEALTH-RELATED INSTITUTIONS APPROPRIATIONS, 2012–13 AND 2014–15 BIENNIA

IN MILLIONS	GENERAL REVENUE FUNDS			ALL FUNDS		
INSTITUTION	2012–13 BIENNIUM	2014–15 BIENNIUM	PERCENTAGE CHANGE	2012–13 BIENNIUM	2014–15 BIENNIUM	PERCENTAGE CHANGE
UT Southwestern Medical Center	$257.3	$278.8	8.4	$284.1	$303.0	6.7
UT Medical Branch at Galveston	615.1	506.7	(17.6)	1,416.7	545.6	(61.5)
UT Health Science Center at Houston	294.3	326.7	11.0	354.6	374.7	5.7
UT Health Science Center at San Antonio	258.6	284.8	10.1	309.5	328.5	6.1
UT M. D. Anderson Cancer Center	298.4	343.4	15.1	5,535.9	361.7	(93.5)
UT Health Science Center at Tyler	71.9	74.0	2.9	185.5	79.7	(57.0)
Texas A&M University System Health Science Center	202.4	238.6	17.9	247.5	268.6	8.5
University of North Texas Health Science Center at Fort Worth	118.1	140.7	19.1	140.1	161.0	14.9
Texas Tech University Health Sciences Center	299.7	339.0	13.1	354.8	375.5	5.8
TOTAL	**$2,415.8**	**$2,532.7**	**4.8**	**$8,828.7**	**$2,798.3**	**(68.3)**

NOTES:
(1) The 2012–13 biennium totals include supplemental funding from House Bill 4, Eighty-second Legislature, 2011.
(2) The 2014–15 biennium totals do not include Patient Income.
SOURCE: Legislative Budget Board.

- Biomedical Sciences Training;
- Allied Health Professions Training;
- Physician Assistants Studies;
- Nursing Education;
- Public Health and Rural Public Health Training; and
- Pharmacy Education.

Figure 236 shows the disciplines at each health-related institution. Within each discipline, a student may choose from a selection of majors, such as endodontics, oral and

FIGURE 236
DISCIPLINES AND RESIDENCY TRAINING AT THE HEALTH-RELATED INSTITUTIONS, 2012–13 BIENNIUM

	EDUCATIONAL PROGRAM									
INSTITUTION	MEDICAL	DENTAL	DENTAL HYGIENE	BIOMEDICAL SCIENCES	ALLIED HEALTH	PHYSICIAN ASSISTANT	NURSING	PUBLIC HEALTH/ RURAL PUBLIC HEALTH	PHARMACY	RESIDENCY TRAINING
UT Southwestern Medical Center	X			X	X	X				X
UT Medical Branch at Galveston	X			X	X	X	X			X
UT Health Science Center at Houston	X	X	X	X	X		X	X		X
UT Health Science Center at San Antonio	X	X	X	X	X	X	X	X		X
UT M. D. Anderson Cancer Center					X					X
UT Health Science Center at Tyler										X
Texas A&M University System Health Science Center	X	X	X	X			X	X	X	X
University of North Texas Health Science Center at Fort Worth	X			X X	X	X		X		X
Texas Tech University Health Sciences Center	X			X	X	X	X		X	X

Note: The University of Texas Health Science Center at San Antonio offers courses in Public/Rural Health through a joint effort with The University of Texas Health Science Center (UTHSC) at Houston; degrees are conferred at UTHSC–Houston.
Source: Legislative Budget Board.

maxillofacial surgery, orthodontics, or pediatric dentistry within the College of Dentistry or choose a profession such as family medicine, internal medicine, or pediatrics within the College of Medicine.

MEDICAL EDUCATION

The health-related institutions provide undergraduate medical education in the prevention, diagnosis, and treatment of diseases. The institutions offer students a four-year medical education experience that integrates hands-on clinical training, group discussion, and traditional classroom experience. The clinical years of the medical curriculum consist of individualized tutorials and apprenticeships in clinical practice, largely in hospital settings. The instruction is provided to students working alongside interns and residents. Students may choose from professions such as Family Medicine, Internal Medicine, Obstetrics and Gynecology, Pediatrics, Neurosurgery, Psychiatry, Anesthesiology, and Radiology. For fiscal year 2012, medical school enrollment was approximately 6,113 students.

DENTAL EDUCATION

The health-related institutions provide academic programs leading to a Doctor of Dental Surgery, dental hygiene programs, and advanced education programs. Institutions offer students both didactic instruction that uses primarily a lecture format supplemented with laboratory instruction, and clinical instruction designed to provide patient-centered comprehensive care. The curriculum of the Doctor of Dental Surgery program is primarily structured to present basic science courses during the first two years, with some clinical experience beginning in the first year and increasing each year until it predominates in the junior and senior years. In fiscal year 2012, there were approximately 1,184 students enrolled in dentistry.

The advanced education programs are only offered to students who have graduated from a dental school. These programs consist of residencies and specialty certificate and graduate degree programs such as Orthodontics, Pediatric Dentistry, Endodontics, and Oral and Maxillofacial Surgery.

GRADUATE TRAINING IN BIOMEDICAL SCIENCES

The graduate program in biomedical sciences educates biomedical scientists for careers in basic and applied research and clinical practice in the biomedical sciences and health-related fields. Institutions provide students with opportunities to investigate and solve problems creatively, develop and test new ideas in the classroom, and communicate their ideas to others within the research-oriented medical community. Areas of graduate studies offered by institutions include Biological Chemistry, Cell Regulation, Clinical Psychology, Genetics and Development, and Immunology. For fall 2012, graduate school enrollment was approximately 3,095 students.

ALLIED HEALTH PROFESSIONS TRAINING

Health-related institutions educate allied health professionals who will be involved in the identification, evaluation, treatment, and prevention of diseases, injuries, and conditions. In addition, allied health professionals educate the public on prevention, wellness, and self-management for healthy lifestyles. According to the American Medical Association, there are 52 verifiable disciplines in allied health, with the institutions offering programs in more than 50 percent of these disciplines. Some of the degree programs offered by the institutions include Audiology, Speech-Language Pathology, Occupational Therapy, Physical Therapy, Emergency Medical Services, Physician Assistant Studies, and Dental Hygiene. During fall 2012, enrollment for allied health programs was approximately 4,932 students.

NURSING EDUCATION

The health-related institutions provide both undergraduate educational programs for training nurse generalists and educational programs for advanced practice nurses. While in school, students may take elective nursing courses in specialized nursing roles such as emergency, operating room, intensive care, geriatrics, and teen pregnancy. In addition, health-related institutions provide continuing education programs for nursing professionals and the interested public. For fall 2012, enrollment for the nursing program was approximately 4,642 students.

PUBLIC HEALTH/RURAL PUBLIC HEALTH

Public health education programs focus on promoting preventive care for public health needs, analyzing and solving rural public health problems, and developing alternative methods of delivering public health education. Through these educational programs, the health-related institutions prepare professionals for careers with state and local health departments, environmental and occupational health agencies, industry, and other organizations. Students may choose from degrees in fields such as Health Administration, Epidemiology, Environmental Health, Behavioral Sciences, and Biostatistics. During fall 2012, approximately 1,701 students were enrolled in a public or rural health program.

PHARMACY PROGRAMS

Pharmacy programs focus on patient communication, community pharmacy practice, institutional pharmacy practice, and patient care skills. To provide varied clinical experiences during the curriculum, the health-related institutions assign students to clinical rotations in various healthcare institutions such as hospitals and community pharmacies. In addition, students may choose to focus their practice in a specialty area such as pediatrics, geriatrics, mental health pharmacy, or oncology. Approximately 1,525 students were enrolled in a pharmacy program in fall 2012.

INFRASTRUCTURE SUPPORT

All of the health-related institutions are responsible for maintaining physical facilities and equipment, providing direct support of the institutional educational and research missions, and providing adequate utilities to operate the institutions' facilities. Services provided by institutions may include capital planning, construction, building maintenance, custodial, transportation systems, and minor repairs and remodeling of physical facilities.

The Infrastructure Support formula provides funding for the maintenance and operation, including utilities, of the institutions' physical plants. Approximately $248.4 million in funding is distributed based on the predicted square feet at the institutions multiplied by a rate per square foot (estimated by THECB). General Revenue Funds for the 2014–15 biennium account for 95.0 percent, or $236.0 million of the formula, and General Revenue–Dedicated Funds account for 5.0 percent, or $12.4 million. The space projection model is based on the number and level of FTSEs; number of faculty; single or multiple programs and campuses; actual clinical space; and research and current educational and general expenditures.

Appropriations for the 2014–15 biennium for tuition revenue bond debt service to the health-related institutions is approximately $168.7 million in General Revenue Funds. Tuition revenue bonds must be authorized in statute. Once the bonds are authorized and approved by the Texas Bond Review Board, institutions can issue these bonds and make debt payments. Legislative practice has been to use General Revenue Funds to reimburse institutions for the costs related to this debt service.

RESEARCH ENHANCEMENT

All of the health-related institutions share the goal of conducting research. Research is conducted both within the institution and in collaboration with other entities such as community organizations, academic institutions, health professions organizations, and healthcare and managed-care systems. The institutions facilitate research in four primary areas: (1) basic research, which creates a new understanding of normal mechanisms of health and the basis of disease; (2) clinical research, which includes the discovery of better methods of diagnosis, prevention, treatment, and cure of diseases, including all phases of clinical trials of new medical procedures; (3) outcomes research, which evaluates the consequences of treatments, procedures, and global issues of healthcare; and (4) applied and translational research, which takes new discoveries from other research areas and develops them into new products or procedures.

The Research Enhancement formula funds the medical and clinical research of the institutions. Approximately $68.7 million in General Revenue Funds are allocated to the health-related institutions, which include a base amount of research enhancement funding, currently $1.4 million per year, plus additional funding based on a percentage of research expenditures.

Combined research and development expenditures at the nine health-related institutions totaled $1.8 billion in fiscal year 2012. This amount represents an increase of 4.0 percent from fiscal year 2010 expenditures. **Figure 237** shows the expenditures for research and development at each health-related institution for fiscal years 2009 to 2012.

GRADUATE MEDICAL EDUCATION

In addition to providing undergraduate medical education, the health-related institutions provide residency training, also called Graduate Medical Education, in the form of

FIGURE 237
EXPENDITURE FOR RESEARCH AND DEVELOPMENT, FISCAL YEARS 2009 TO 2012

IN MILLIONS INSTITUTION	2009	2010	2011	2012	PERCENTAGE CHANGE
UT Southwestern Medical Center	$383.5	$395.3	$404.8	$397.6	3.7
UT Medical Branch at Galveston	153.7	156.8	160.0	147.8	(3.8)
UT Health Science Center at Houston	217.6	240.8	261.2	226.7	4.2
UT Health Science Center at San Antonio	193.5	185.2	178.7	163.8	(15.3)
UT M. D. Anderson Cancer Center	510.3	547.0	623.9	647.5	26.9
UT Health Science Center at Tyler	14.3	14.4	13.3	12.0	(16.1)
Texas A&M University System Health Science Center	79.2	78.2	71.7	78.8	(0.5)
University of North Texas Health Science Center at Fort Worth	34.3	39.9	41.5	42.0	22.4
Texas Tech University Health Sciences Center	37.2	50.9	58.2	60.6	62.9
TOTAL	**$1,623.6**	**$1,708.5**	**$1,813.3**	**$1,776.0**	**9.4**

NOTE: Percentage change reflects 2012 relative to 2009.
SOURCE: Texas Higher Education Coordinating Board.

residency positions and fellowships as well as continuing education for practicing physicians and medical scientists. Residency training is the final period of formal education and training that a physician is required to complete prior to receiving state licensure, beginning independent practice, and obtaining board certification in Texas. Training lasts between three to seven years depending on the medical specialty. 5,246 residents were trained at health-related institutions and their affiliated hospitals and clinics for fiscal year 2012, and 1,166 were trained at the Baylor College of Medicine related hospitals.

The Graduate Medical Education (GME) formula funds the health-related institutions' residency programs. The Seventy-ninth Legislature, Regular Session, 2005, established the GME formula and directed the institutions to use these funds to increase the total number of residency slots in Texas and to support faculty costs relating to GME. Approximately $65.7 million in funding is allocated based on the number of residents at each health-related institution, of which $11.9 million is for the Baylor College of Medicine. In addition, these institutions are eligible to participate in several of the new GME expansion programs established at the Texas Higher Education Coordinating Board to assist filling vacant residency positions and/or increasing the number of residency positions.

CANCER CENTER OPERATIONS

The UT M.D. Anderson Cancer Center (UTMDACC) has a statutory mission to eliminate cancer through patient care, research, education, and prevention. The Eightieth Legislature, 2007, established in the 2008–09 GAA a pilot Cancer Center Operations formula for the UTMDACC. This formula included funding Cancer Center Operations with the reallocation of funds previously appropriated for Science Park operations and non-formula Patient Care Operations. The Cancer Center Operations formula, which is no longer a pilot formula, may not exceed the average growth in funding for health-related institutions in the Instruction and Operations Support formula for the current biennium. For the 2014–15 biennium, this formula funding provides $247.5 million in General Revenue Funds based on the number of Texas cancer patients served in fiscal year 2012, which is a $35.1 million increase from the previous biennium.

CHEST DISEASE CENTER OPERATIONS

The Eighty-first Legislature, Regular Session, 2009, established in the 2010–11 GAA a new Chest Disease Center Operations formula for The University of Texas Health Science Center (UTHSC) at Tyler. UTHSC at Tyler has a mission to conduct research, develop diagnostic and treatment techniques, provide training and teaching programs, and provide diagnosis and treatment of inpatients and outpatients with respiratory diseases. Approximately $54.6 million in General Revenue Funds is appropriated for the 2014–15 biennium based on the number of its chest disease patients served in 2012, which is a $7.4 million increase from the previous biennium.

HOSPITAL OPERATIONS AND PATIENT CARE ACTIVITIES

Six of the health-related institutions provide patient care (inpatient and outpatient) at a hospital or dental clinic operated by the institution. The institutions that operate a hospital that receive General Revenue funding are UTMB, UTMDACC, and UTHSC at Tyler. Institutions that operate a dental clinic are UTHSC at Houston, UTHSC at San Antonio, and Texas A&M University System Health Science Center (TAMUSHSC), which operates the Baylor College of Dentistry in Dallas. In addition, University of North Texas Health Science Center at Fort Worth (UNTHSC) and Texas Tech University Health Sciences Center (TTUHSC) also provide patient care through affiliated hospitals and clinics.

UTMB and TTUHSC also provide health care for all the Texas Department of Criminal Justice (TDCJ) state-managed inmates. Senate Bill 2, Eighty-second Legislature, First Called Session, 2011, authorized TDCJ to contract directly with governmental providers to provide a full range of health care services, including psychiatry support, pharmacy services, AIDS care, and hospice care. The institutions provide the health care services for incarcerated offenders at the TDCJ facilities and at the TDCJ hospital, which is located on the campus of UTMB. The Texas Juvenile Justice Department, formerly the Texas Youth Commission, contracts with UTMB to provide medical care for youths in its care.

SPECIAL ITEMS

Special items are intended to represent a particular institution's area of expertise or special need. These areas include public service, research, residency programs, instruction and operations, and healthcare. The following are examples of special items:

- $13.7 million for the Center for Obesity, Diabetes and Metabolism Research at UTSWMC;

- $9.7 million for Primary Care Physician Services at UTMB;
- $8.4 million for heart disease and stroke research at UTHSC at Houston;
- $30.6 million for instruction and research programs in the Lower Rio Grande Valley provided by the Regional Academic Health Center at UTHSC at San Antonio;
- $3.2 million for Breast Cancer Research at UTMDACC;
- $2.6 million for the Northeast Texas Consortium of Colleges and Universities at UTHSC at Tyler;
- $31.6 million for the College of Medicine expansion at TAMUSHSC;
- $6.1 million for conducting paternity tests by the DNA Laboratory at UNTHSC for the Child Enforcement Division of the Office of the Attorney General; and
- $56.1 million for the Paul Foster School of Medicine in El Paso.

The Eighty-third Legislature, Regular Session, 2013, funded the following new special items in the GAA:

- $15 million to UTSWMC to support the Texas Institute for Brain Injury and Repair;
- $10 million to UTMB to support the institution's hospital operations;
- $12 million to UTHSC at Houston to support the institution's Department of Psychiatry and Behavioral Sciences; and
- $4 million to UTHSC at San Antonio to support the Barshop Institute for Longevity and Aging Studies and Alzheimer's Disease research.

In addition, included in special items is institutional enhancement funding, which allows each institution to address its unique needs and to ease diseconomies of scale at smaller institutions.

TOBACCO FUNDS

The health-related institutions receive appropriations from interest earnings from endowments established in legislation enacted by the Seventy-sixth Legislature, 1999. This legislation established the Permanent Health Fund for Higher Education and permanent endowments for each of the individual health-related institutions. **Figure 238** shows the tobacco settlement endowments and related appropriations for the health-related institutions. Estimated appropriations from the endowments to the health-related institutions total $96.9 million for the 2014–15 biennium.

FIGURE 238
TOBACCO SETTLEMENT ENDOWMENTS AND PERMANENT FUNDS FOR HEALTH-RELATED INSTITUTIONS 2014–15 BIENNIUM

IN MILLIONS

INSTITUTION/ PERMANENT FUND	ENDOWMENT AMOUNT	APPROPRIATION
UT Southwestern Medical Center	$50.0	$5.7
UT Medical Branch at Galveston	$25.0	$3.4
UT Health Science Center at Houston	$25.0	$2.9
UT Health Science Center at San Antonio	$200.0	$22.9
UT M.D. Anderson Cancer Center	$100.0	$11.5
UT Health Science Center at Tyler	$25.0	$2.8
Texas A&M University System Health Science Center	$25.0	$2.8
University of North Texas Health Science Center at Fort Worth	$25.0	$2.3
Texas Tech University Health Sciences Center	$50.0	$5.6
Subtotal, Individual Endowments	**$525.0**	**$59.8**
Permanent Health Fund for Higher Education	$350.0	$37.1
TOTAL ENDOWMENTS/ PERMANENT FUNDS	**$875.0**	**$96.9**

Source: Legislative Budget Board.

The Permanent Health Fund for Higher Education is a $350 million endowment from which distributions are appropriated for programs that benefit medical research, health education, or treatment programs at the nine public health-related institutions and at the Baylor College of Medicine. Appropriations from this fund are distributed to the nine public health-related institutions and at the Baylor College of Medicine: 70 percent in equal amounts to each institution and 30 percent based on each institution's proportional expenditures on instruction, research, and charity care.

The nine individual health-related institution endowments total $525 million, from which the estimated distributions are appropriated to the institutions based on the original endowment amount. Funds from the individual endowments may be used only for research and other programs that benefit public health conducted by the institution for which the fund was established.

SIGNIFICANT LEGISLATION

SB 120 – Texas Tech University Health Sciences Center at El Paso. The enactment of Senate Bill 120 establishes the Texas Tech University Health Sciences Center at El Paso as a stand-alone component institution of the Texas Tech University System. Under the provisions of the bill, the new institution is under the direction, management, and control of the Texas Tech University System Board of Regents.

HB 1061 – Repeal of the State Medical Education Board. The enactment of House Bill 1061 repeals the statutory authority for the State Medical Education Board. House Joint Resolution 79 proposes a constitutional amendment to repeal the constitutional requirement that the Legislature create the State Medical Board. The constitutional amendment will be submitted to the voters during the November 5, 2013 election.

HB 1844 – Name of The University of Texas Southwestern Medical Center. The enactment of House Bill 1844 eliminates the words "at Dallas" in the official name of The University of Texas Southwestern Medical Center.

TWO-YEAR INSTITUTIONS

The two-year segment of public higher education comprises 50 Public Community and Junior College (community college) districts, four Texas State Technical College (TSTC) campuses, and three Lamar State Colleges (**Figure 239**). Appropriations for the 2014–15 biennium for the two-year institutions total $2.0 billion, which is comprised entirely of General Revenue Funds and General Revenue–Dedicated Funds. The All Funds appropriation represents an increase of approximately $39.4 million, or 2 percent, from the 2012–13 biennial expenditure level. General Revenue Funds account for 96.9 percent of the total. State law limits the appropriation of General Revenue Funds to the provision of instructional and administrative services in support of academic, technical, and vocational education. Locally raised funds, such as tax revenue and tuition and fee revenue, are not appropriated by the Legislature and thus are not subject to this restriction. **Figure 240** compares the two-year institutions' 2014–15 biennial appropriations with the 2012–13 biennial expenditure levels.

Various funding mechanisms are used within the category of two-year institutions. **Figure 241** shows the difference in these funding mechanisms. For fiscal year 2014–15, the Lamar State Colleges continue to receive state funding for the Instruction and Administration (I&A) formula based on contact hours. However, for the 2014–15 biennium, the Legislature modified the calculation of the TSTCs' I&A formula and the institutions receive state funding for administration and instructional costs based on the returned value to the state generated by the TSTCs. The Legislature also modified the calculation of the community colleges' I&A formula for the 2014–2015 biennium and the community colleges receive state funding for instructional and administrative costs based on a new outcomes-based model, which includes three funding components.

TEXAS STATE TECHNICAL COLLEGES AND LAMAR STATE COLLEGES

The TSTCs and the Lamar State Colleges, which do not have local taxing authority, receive broad-based state funding. Appropriations for the 2014–15 biennium for the TSTCs and Lamar State Colleges total $239.3 million in General Revenue Funds and General Revenue–Dedicated Funds. The All Funds appropriation represents a decrease of $1.7 million, or 0.7 percent, from the 2012–13 biennial expenditure level.

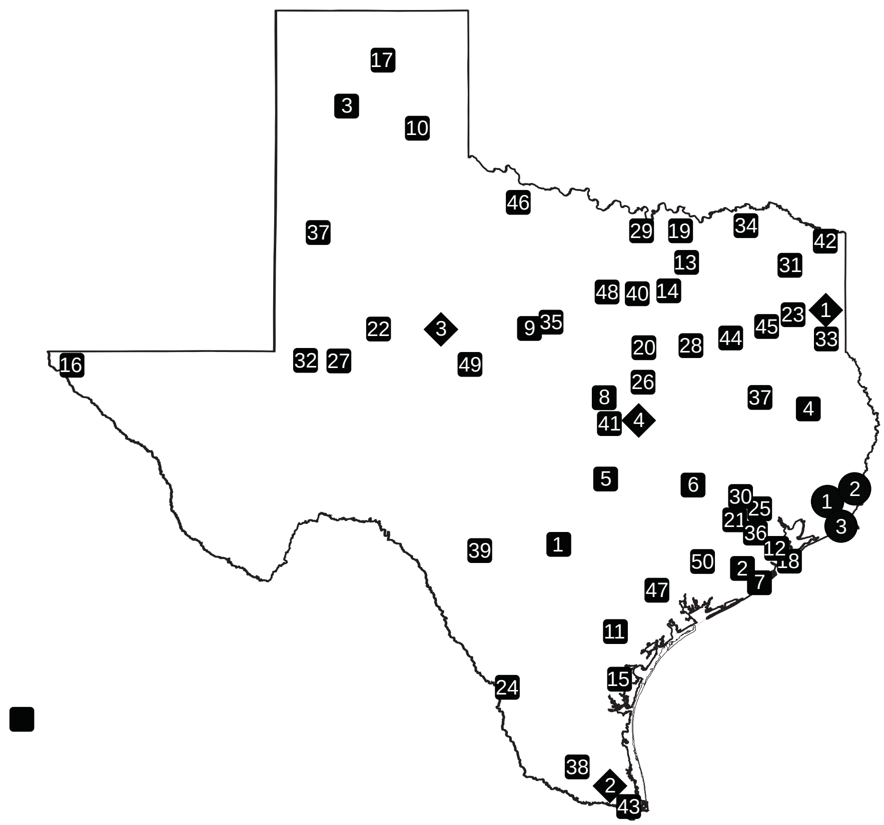
The Lamar State Colleges and TSTCs each have a separate two-year I&A formula for operations. The Lamar State Colleges I&A formula is based on contact hours. Appropriations of General Revenue Funds for the 2014–15 biennium for the Lamar State Colleges I&A formula total $30.4 million. The I&A appropriation represents an increase of $1.4 million, or 5 percent, from the 2012–13 biennial appropriated level. Of the total contact hours funded by General Revenue Funds, 65.6 percent are technical hours, 33.0 percent are academic hours, and 1.4 percent are developmental education hours.

Prior to the 2014–15 biennium, the TSTC I&A formula was based on contact hours. The Eighty-third Legislature, Regular Session, 2013, modified the calculation of the I&A formula to base it on the returned value to the state generated by the TSTCs. The formula uses average student wages upon completion of nine semester credit hours or more at a TSTC institution compared to minimum wage to determine the additional estimated direct and indirect value an individual generates for Texas after attending a TSTC institution. According to the formula used for the 2014–15 biennium, the cohort of students who completed at least nine semester credit hours at TSTC in fiscal years 2006 and 2007 generated approximately $275.5 million in returned value to the state of Texas. The TSTCs were appropriated 32.6 percent of this amount, or $89.8 million in General Revenue Funds, for I&A funding in the 2014–15 biennium. The I&A appropriation represents an increase of $4.8 million, or 6.0 percent, from the 2012–13 biennial appropriated level.

In addition to I&A formula amounts, the Lamar State Colleges and TSTCs are included in the General Academic Institutions' infrastructure formula and receive the small institution supplement consistent with the methodology used for the General Academic Institutions, except the maximum amount received for schools with less than a 5,000 student headcount is $750,000 for the biennium. The Lamar State Colleges and TSTCs also receive annual allocations from the Higher Education Fund and are appropriated special items, tuition revenue bond debt service, hold harmless funds, unemployment and workers' compensation insurance consistent with the methodology used for General Academic Institutions.

Special items for the 2014–15 biennium at these institutions total $24.8 million in General Revenue Funds. Existing revenue neutral special items and Small Business Development Center strategies at the TSTCs and Lamar State Colleges were increased by 10 percent from the

FIGURE 239
TWO-YEAR INSTITUTIONS, 2013



PUBLIC COMMUNITY COLLEGES

1 Alamo Community College
2 Alvin Community College
3 Amarillo Community College
4 Angelina College
5 Austin Community College
6 Blinn College
7 Brazosport College
8 Central Texas College
9 Cisco Junior College
10 Clarendon College
11 Coastal Bend College
12 College of the Mainland
13 Collin County Community College
14 Dallas County Community College
15 Del Mar College
16 El Paso Community College
17 Frank Phillips College
18 Galveston College
19 Grayson County College
20 Hill College
21 Houston Community College
22 Howard College
23 Kilgore College
24 Laredo Junior College
25 Lee College
26 McLennan Community College
27 Midland College
28 Navarro College
29 North Central Texas College
30 North Harris Montgomery
31 Northeast Texas Community College
32 Odessa College
33 Panola College
34 Paris Junior College
35 Ranger Junior College
36 San Jacinto College
37 South Plains College
38 South Texas Community College
39 Southwest Texas Junior College
40 Tarrant County Junior College
41 UT Temple Junior College
42 Texarkana College
43 Texas Southmost College
44 Trinity Valley Community College
45 Tyler Junior College
46 Vernon Regional Junior College
47 Victoria College
48 Weatherford College
49 Western Texas College
50 Wharton County Junior College

TEXAS STATE TECHNICAL COLLEGES

1 Marshall
2 Harlingen
3 West Texas
4 Waco

LAMAR COLLEGES

1 Institute of Technology
2 Orange
3 Port Arthur

SOURCE: Legislative Budget Board.

FIGURE 240
TWO-YEAR INSTITUTIONS' APPROPRIATIONS, 2012–13 AND 2014–15 BIENNIA, IN MILLIONS

	GENERAL REVENUE FUNDS			ALL FUNDS		
PUBLIC COMMUNITY/ JUNIOR COLLEGE (1)	2012–13 BIENNIUM	2014–15 (1) BIENNIUM	PERCENTAGE CHANGE	2012–13 BIENNIUM	2014–15 BIENNIUM	PERCENTAGE CHANGE
Alamo Community College	$129.2	$126.9	(1.8)			
Alvin Community College	14.3	14.8	3.1			
Amarillo College	30.4	30.6	0.5			
Angelina College	15.0	15.2	1.2			
Austin Community College	91.4	97.4	6.5			
Blinn College	42.5	45.5	6.9			
Brazosport College	9.8	11.6	18.4			
Central Texas College	39.3	41.2	4.7			
Cisco Junior College	10.8	10.5	(2.1)			
Clarendon College	4.9	5.0	1.4			
Coastal Bend College	12.8	12.6	(2.0)			
College of the Mainland	11.9	12.2	3.0			
Collin County Community College	61.3	66.3	8.1			
Dallas County Community College	182.5	178.6	(2.1)			
Del Mar College	32.6	30.4	(6.9)			
El Paso Community College	63.6	67.5	6.1			
Frank Phillips College	4.1	4.6	11.8			
Galveston College	6.5	7.5	15.5			
Grayson County College	15.1	15.0	(0.5)			
Hill College	13.7	15.2	10.9			
Houston Community College	140.2	138.3	(1.4)			
Howard College	20.5	19.5	(4.8)			
Kilgore College	22.0	21.2	(3.6)			
Laredo Community College	21.9	22.2	1.5			
Lee College	18.0	17.4	(3.7)			
Lone Star College System	129.8	145.0	11.7			
McLennan Community College	27.6	26.9	(2.4)			
Midland College	17.4	17.7	1.7			
Navarro College	31.5	32.5	3.2			
North Central Texas College	19.7	22.6	15.1			
Northeast Texas Community College	8.8	9.7	10.9			
Odessa College	13.8	14.7	6.9			
Panola College	7.1	8.6	21.5			
Paris Junior College	17.8	17.0	(4.6)			
Ranger College	5.0	6.7	35.4			
San Jacinto College	73.0	74.3	1.7			
South Plains College	27.0	26.8	(0.8)			
South Texas College	66.0	71.8	8.7			
Southwest Texas Junior College	13.7	14.6	6.5			

FIGURE 240 (CONTINUED)
TWO-YEAR INSTITUTIONS' APPROPRIATIONS, 2012–13 AND 2014–15 BIENNIA, IN MILLIONS

	GENERAL REVENUE FUNDS			ALL FUNDS		
PUBLIC COMMUNITY/ JUNIOR COLLEGE	**2012–13 BIENNIUM**	**2014–15 BIENNIUM**	**PERCENTAGE CHANGE**	**2012–13 BIENNIUM**	**2014–15 BIENNIUM**	**PERCENTAGE CHANGE**
Tarrant County College	$105.0	$108.8	3.7			
Temple College	15.6	15.7	0.5			
Texarkana College	14.9	13.4	(10.5)			
Texas Southmost College (2)	22.5	14.0	(37.8)			
Trinity Valley Community College	22.0	22.7	3.2			
Tyler Junior College	34.0	33.6	(1.1)			
Vernon College	11.4	11.0	(3.1)			
Victoria College	11.8	12.5	5.4			
Weatherford College	15.3	16.4	7.0			
Western Texas College	7.1	7.8	9.8			
Wharton County Junior College	17.1	18.5	8.0			
Subtotal, Public Community/Junior Colleges	**$1,749.4**	**$1,790.3**	**2.3**			
	GENERAL REVENUE FUNDS			**ALL FUNDS**		
TEXAS STATE TECHNICAL COLLEGE (TSTC)	**2012–13 BIENNIUM**	**2014–15 (3) BIENNIUM**	**PERCENTAGE CHANGE**	**2012–13 BIENNIUM**	**2014–15 (3) BIENNIUM**	**PERCENTAGE CHANGE**
TSTC System Administration	$7.8	$11.5	47.2	$8.4	$11.6	38.3
TSTC Harlingen	33.1	33.5	1.2	51.3	50.7	(1.2)
TSTC West Texas	21.9	19.1	(12.6)	25.7	22.7	(11.9)
TSTC Marshall	8.7	9.6	9.5	11.8	12.4	4.3
TSTC Waco	52.1	50.3	(3.4)	75.2	73.1	(2.8)
Subtotal, TSTC	**$123.6**	**$124.0**	**0.3**	**$172.4**	**$170.4**	**(1.2)**
	GENERAL REVENUE FUNDS			**ALL FUNDS**		
LAMAR STATE COLLEGES	**2012–13 BIENNIUM**	**2014–15 BIENNIUM**	**PERCENTAGE CHANGE**	**2012–13 BIENNIUM**	**2014–15 BIENNIUM**	**PERCENTAGE CHANGE**
Lamar Institute of Technology	$21.4	$17.3	(18.9)	$27.3	$22.9	(16.2)
Lamar State College–Orange	13.4	13.8	2.8	18.5	18.9	2.1
Lamar State College–Port Arthur	16.7	20.8	24.7	22.7	27.1	19.3
Subtotal, Lamar State Colleges	**$51.5**	**$51.9**	**0.9**	**$68.5**	**$68.9**	**0.5**
TOTAL, TWO-YEAR INSTITUTIONS	**$1,924.5**	**$1,966.2**	**2.2**	**$1,990.3**	**$2,029.7**	**2.0**

NOTES:
(1) The 2012–13 biennium reflects the use of Instruction and Administration formula based on contact hours. For the 2014–15 biennium, the community colleges Instruction and Administration formula is calculated on an Outcomes-based methodology.
(2) Includes funds trusteed at the Higher Education Coordinating Board until updated contact hours are available related to the separation with The University of Texas at Brownsville.
(3) The 2012–13 biennium reflect the use of a Texas State Technical College Instruction and Administration formula based on contact hours. For the 2014–15 biennium, the Texas State Technical College Instruction and Administration formula is calculated on a returned value methodology.
SOURCE: Legislative Budget Board.

FIGURE 241
TWO-YEAR INSTITUTION FUNDING MECHANISMS, 2014–15

COMMUNITY COLLEGES	TSTC/LAMAR COLLEGES
INSTRUCTION AND ADMINISTRATION Tuition and fee revenues and local tax revenues augment state General Revenue Funds for these costs. General Revenue Funds from the state are allocated on an outcomes-based model that includes three components: Core Operations - Each community college district receives $1 million. Student Success Points – 10 percent of funding is allocated based on a three-year average of student success points metrics. Contact Hour Funding – 90 percent of funding is allocated based on contact hours.	**INSTRUCTION AND ADMINISTRATION** General Revenue Funds from the state are based on formulas for two-year institutions. Tuition and fee revenues augment General Revenue Funds for these costs.
Developmental Education Courses Approximately 8 percent of the total contact hours funded by General Revenue are developmental education courses.	**Developmental Education Courses** Approximately 1.4 percent at the Lamar Colleges and 3.1 percent at TSTC of the total contact hours funded by General Revenue are developmental education courses.
Physical Plant The state provides no funding for physical plant operations and maintenance. Local taxing districts are expected to provide support for physical plant needs. Community colleges are expected to receive approximately $1.4 billion in tax income in fiscal year 2012.	**Physical Plant** State funding based on the infrastructure formula for general academic institutions. The Lamar Colleges will receive approximately $7.7 million and TSTC will receive $12.7 million in General Revenue Funds for physical plant and utilities for the 2014–15 biennium.
Facilities Local communities provide facilities. Community colleges are not eligible to receive Higher Education Fund (HEF) allocations, Available University Fund allocations or state Tuition Revenue Bonds.	**Facilities** The Lamar Colleges receive approximately $4.2 million annually from HEF funds, and TSTC receives almost $5.8 million annually. The HEF appropriations are used to acquire land, construct and equip buildings, provide major building repair or rehabilitation, and acquire capital equipment and library materials.
Employee Benefits While community college employees are locally employed, community colleges participate in ERS' Group Benefits Program for health benefits and the TRS and ORP programs for retirement benefits. The state makes General Revenue Fund contributions for health and retirement benefits.	**Employee Benefits** Both the Lamar Colleges and TSTC institutions participate in ERS' Group Benefits Program for health benefits and the TRS and ORP programs for retirement benefits. The state makes General Revenue Fund contributions for the health and retirement benefits of those employees having their salaries paid with General Revenue Funds.
Tuition Fee Revenues Tuition and fee revenues are considered institutional funds and are not appropriated by the state. Tuition rates vary by institution. In Spring 2013, the in-district tuition rates plus fees averaged $76 per semester credit hour, but varied from $51 to $213 per semester credit hour.	**Tuition Fee Revenues** Certain tuition revenue is appropriated by the state. In fiscal year 2012, for resident students average tuition plus fees was $139 per semester credit hour at the Lamar Colleges and $143 per semester credit hour at TSTC.

Sources: Legislative Budget Board; Texas Higher Education Coordinating Board; Texas Association of Community Colleges.

2012–13 biennial appropriated level contingent on certification by the Comptroller of Public Accounts of increased revenue to the General Revenue Fund. In addition, each of the Lamar State Colleges received an additional $1.0 million in additional General Revenue Funds for Institutional Enhancement.

An additional $6.9 million in General Revenue Funds were provided to the Texas State Technical College System. This funding includes $4.5 million to support the North Texas Extension Center and $2.4 million to support the East Williamson County Higher Education Center. The Lamar Institute of Technology received an additional $1.0 million in General Revenue Funds for Workforce Training and Education Expansion.

PUBLIC COMMUNITY AND JUNIOR COLLEGES

The mission of the community colleges is to teach freshman and sophomore, and in a few cases upper division, courses in arts and sciences, vocational programs in skilled and semiskilled occupations, and technical courses up to two years in length leading to certifications and associate degrees. This mission also includes providing continuing education, developmental education consistent with open admission policies, counseling and guidance programs, workforce development training, and adult literacy and basic skills programs.

APPROPRIATIONS AND REVENUE

Appropriations for the 2014–15 biennium for the community colleges total $1,790.3 million in General Revenue Funds. The 2014–15 biennial appropriations represent an increase of $40.9 million, or 2.3 percent, from the 2012–13 biennial expenditure level. The Eighty-third Legislature, Regular Session, 2013, modified the calculation of the I&A formula and implemented a new outcomes-based model. General Revenue Funds appropriations for the 2014–15 biennium for the community colleges' outcome-based model total $1,770.2 million, which represents an increase of $33.5 million, or 1.9 percent, from the 2012–13 biennial appropriated level. 98.9 percent of the total appropriations are accounted for by the I&A formula. The remainder of the appropriations supports eleven new and existing special items ($18.7 million), and a Bachelor's of Applied Technology program at three districts ($1.5 million).

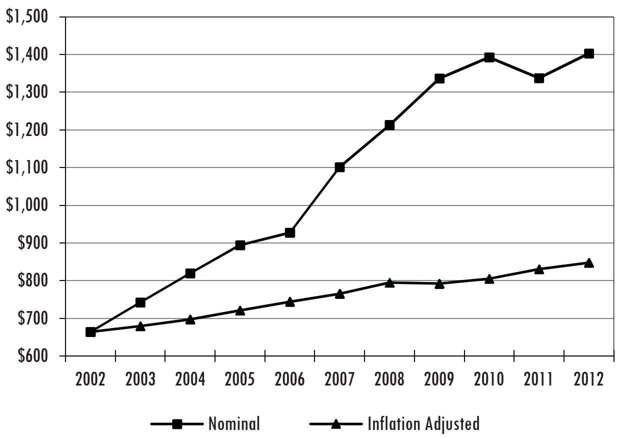
An additional $1.5 million in General Revenue Funds for special items was provided to Brazosport College ($1.0 million), Dallas County Community College ($0.2 million), Grayson County College ($0.1 million), and Hill College ($0.2 million). An existing revenue neutral special item at Laredo Community College and Small Business Development Center special item at Dallas County Community College were increased by 10 percent ($0.3 million) from the 2012–13 biennial appropriated level contingent on certification by the Comptroller of Public Accounts of increased revenue to the General Revenue Fund. Funding also includes a contingency appropriation of $5.0 million in General Revenue Funds for a new Texas Innovative Adult Career Education (ACE) Grant Program special item at Austin Community College from the enactment of House Bill 437. The ACE Program provides grants to eligible nonprofit workforce intermediary and job training organizations to prepare low-income students to enter careers in high demand. Also, included in the appropriations for the 2014–15 biennium are trusteed funds of $3.8 million at the Texas Higher Education Coordinating Board for Texas Southmost College (TSC) related to the separation of TSC and The University of Texas at Brownsville (UTB). The funds will be distributed based on updated contact hours reported by TSC and UTB.

Other state contributions for community colleges include funding for health and retirement benefits. The Eighty-third Legislature, Regular Session, 2013, appropriated $286.1 million in General Revenue Funds for the 2014–15 biennium to support community colleges' group health insurance costs for eligible employees. The Legislature also contributed approximately $116.1 million in General Revenue Funds to support community colleges' retirement costs in the same biennium.

The enactment of Senate Bill 1812 sets the Higher Education Group Insurance contribution rate for employees of community colleges at 50 percent of the cost associated with eligible employees (instructional or administrative) whose salaries may be fully paid from funds appropriated under the General Appropriations Act, regardless of whether such salaries are actually paid from appropriated funds. Contributions may not be adjusted in a proportion greater than the change in student enrollment, except for a college that experiences a decline in student enrollment may petition the Legislative Budget Board to maintain the number of eligible employees up to 98 percent of the prior biennium. The bill also limits the state contributions for community college employees participating in the state retirement program to 50 percent of the eligible compensation of employees. The state matching retirement contribution rate for the Teacher Retirement System is 6.4 percent in fiscal year 2014 and 6.8 percent in fiscal year 2015. General Revenue Funds appropriated for fiscal year 2013 in excess of the state's obligation for retirement contributions recovered through the annual settle up process will be appropriated to the TRS pension fund to increase the state contribution rate for fiscal year 2014 up to 6.8 percent. The state contribution rate for the Optional Retirement Program is 6.6 percent in each fiscal year of the 2014–15 biennium.

In addition to these direct and indirect state contributions, instructional and administrative services are further supported by other institution revenues, primarily tax revenue and tuition and fees, which also support physical plant maintenance, construction, and furnishings. Local property tax revenue is the largest source of non-state support for community college districts. **Figure 242** shows both nominal and inflation-adjusted tax revenue since 2002. Nominal tax revenue grew from $664.6 million in fiscal year 2002 to $1,403.2 million in fiscal year 2012, an increase of approximately 111.1 percent. When adjusted for inflation only, tax revenue grows from $664.6 million in fiscal year 2002 to $848.2 million in fiscal year 2012, an increase of 27.6 percent. **Figure 243** shows the average community colleges' maintenance and operations tax rates since fiscal year 2002.

FIGURE 242
COMMUNITY COLLEGES NOMINAL AND INFLATION-ADJUSTED TAX REVENUE, FISCAL YEARS 2002 TO 2012



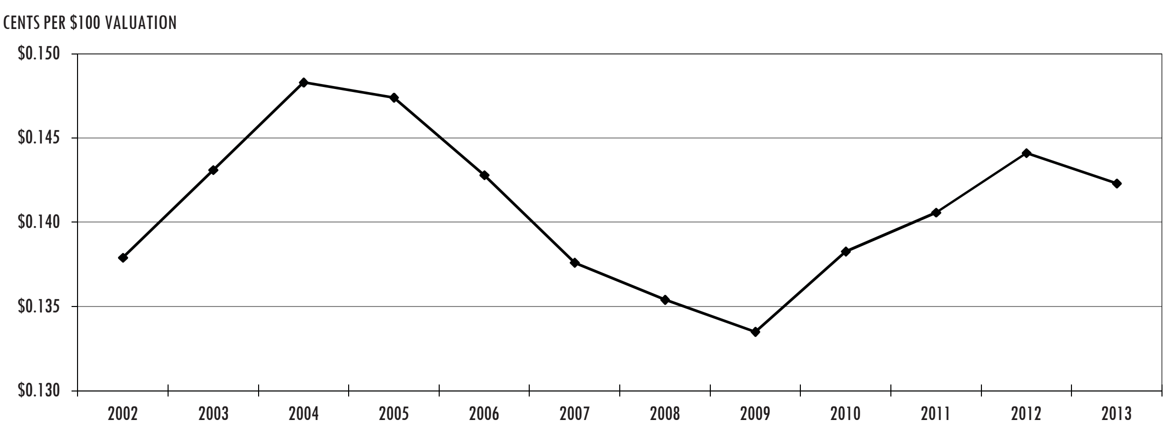
NOTE: Fiscal year 2004 is estimated.
SOURCES: Texas Higher Education Coordinating Board; U.S. Department of Labor.

The 50 community college districts serve the needs of specific service areas and are supported by a combination of General Revenue Funds, local property taxes, and tuition and fees. In fiscal year 2012, General Revenue Funds, tuition/fee revenue, and tax revenue respectively comprised 26.7 percent, 37.1 percent and 36.2 percent of major operating revenues. **Figure 244** shows the evolving proportion of these three major revenue sources, as well as their combined growth, since 2002.

OUTCOMES-BASED MODEL

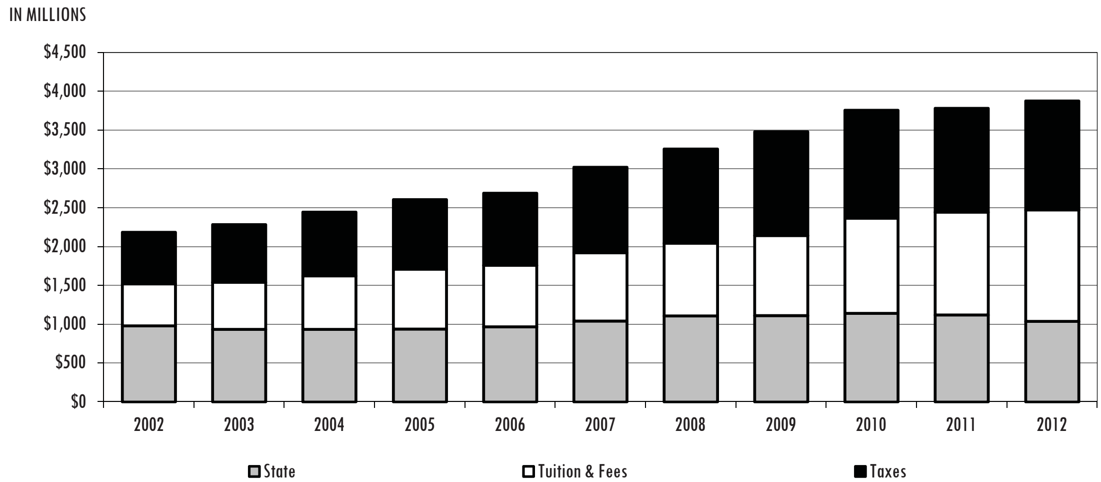
Beginning in the 2014–15 biennium, the Legislature implemented a new outcomes-based model for the I&A formula that includes three funding components: core operations, student success, and contact hours. Each community college district receives $1.0 million in General Revenue Funds for core operations ($50.0 million) to help cover basic operating costs regardless of the geographic location or institutional size. Core operations replace the small institutions supplement. Once the core operations are funded, the remaining funds are split between the two remaining funding components: 10 percent of the remaining funds are distributed based on student success points ($175.0 million); and 90 percent of the remaining funds are distributed on the number of contact hours ($1,548.1 million). The total number of student success points is based on each community college's points earned from a three-year average. The three years used for the 2014–15 biennium

FIGURE 243
COMMUNITY COLLEGES MAINTENANCE AND OPERATIONS (M&O) AD VALOREM TAX RATES, FISCAL YEARS 2002 TO 2013



SOURCE: Texas Association of Community Colleges.

FIGURE 244
COMMUNITY COLLEGES MAJOR ANNUAL OPERATING REVENUE SOURCES (TAX, TUITION, AND STATE REVENUE)
FISCAL YEARS 2002 TO 2012



Note: Fiscal year 2004 is estimated.
Source: Texas Higher Education Coordinating Board.

student success component are fiscal years 2010, 2011, and 2012. **Figure 245** shows the student success metrics and points earned for each student meeting the metric.

CONTACT HOURS AND ENROLLMENT

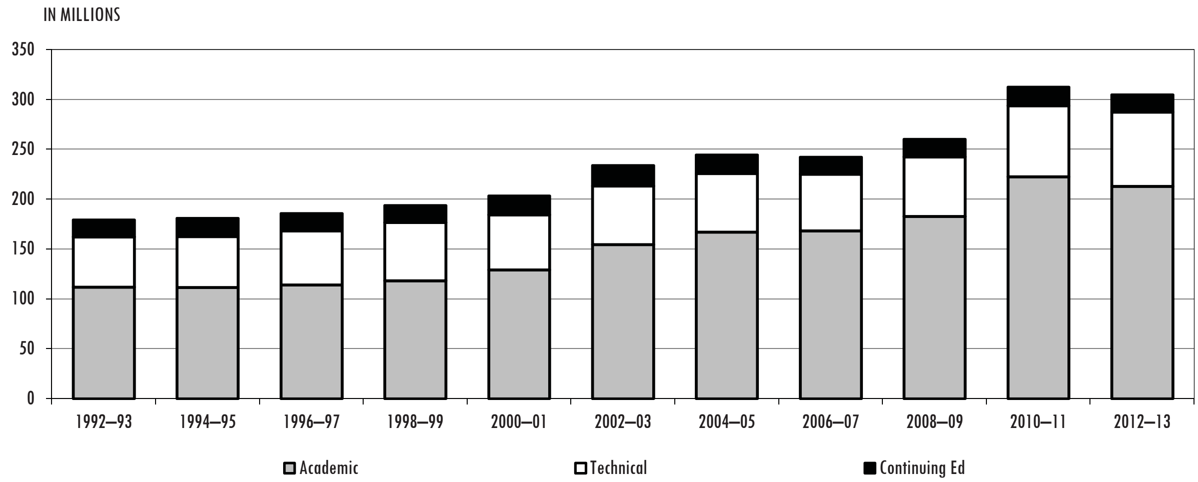
Figure 246 shows the overall number of contact hours generated per year increased about 82.9 percent since the 1992–93 academic year. However, community colleges' total contact hours contracted in the 2012–13 academic year from the previous academic year. Nonetheless, community colleges have experienced a significant increase in enrollment over the last 10 years. **Figure 247** shows the increase in enrollment at community colleges since fall 2002 in relation to enrollment

FIGURE 245
COMMUNITY COLLEGES STUDENT SUCCESS POINTS METRICS
INSTRUCTION AND ADMINISTRATION FUNDING (OUTCOMES-BASED MODEL)

Metric	Points
Student successfully completes developmental education in mathematics	1.00
Student successfully completes developmental education in reading	0.50
Student successfully completes developmental education in writing	0.50
Student completes first college-level mathematics course with a grade of "C" or better	1.00
Student completes first college-level course designated as reading intensive with a grade of "C" or better	0.50
Student completes first college-level course designated as writing intensive with a grade of "C" or better	0.50
Student successfully completes first 15 semester credit hours at the institution	1.00
Student successfully completes first 30 semester credit hours at the institution	1.00
Student transfers to a General Academic Institution after successfully completing at least 15 semester credit hours at the institution	2.00
Student receives from the institution an associate's degree, a Bachelor's degree, or a certificate recognized for this purpose by the Coordinating Board in a field other than Science, Technology, Engineering and Mathematics (STEM), or Allied Health	2.00
Student receives from the institution an associate's degree, a Bachelor's degree, or a certificate recognized for this purpose by the Coordinating Board in the fields of Science, Technology, Engineering or Mathematics (STEM), or Allied Health	2.25

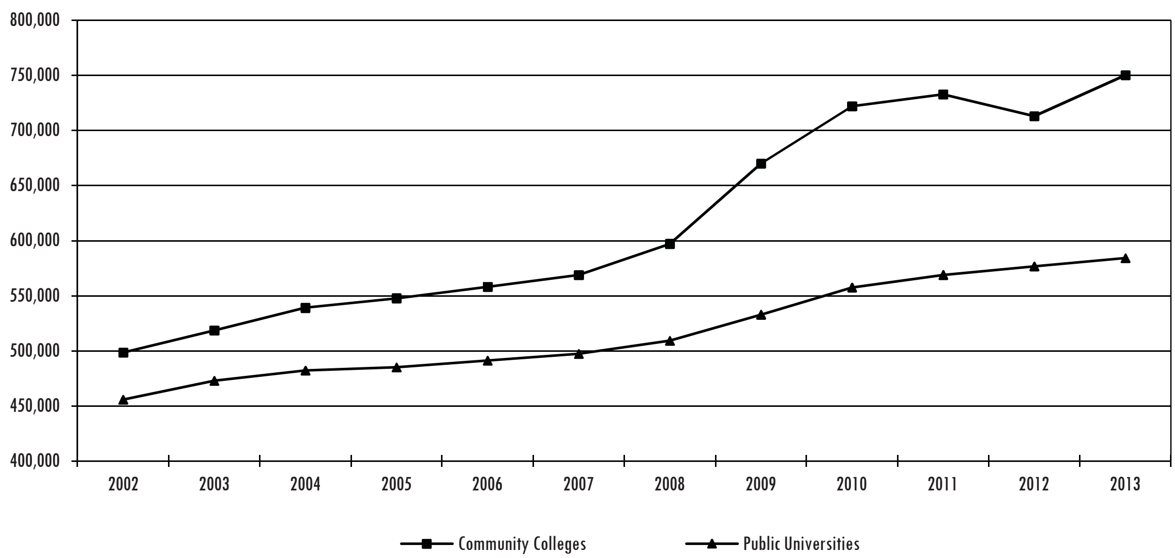
Source: 2014–15 General Appropriations Act.

FIGURE 246
COMMUNITY COLLEGES TOTAL CONTACT HOURS
ACADEMIC YEARS 1992–93 TO 2012–13



Note: Summer 2013 is estimated.
Source: Texas Higher Education Coordinating Board.

FIGURE 247
PUBLIC INSTITUTIONS OF HIGHER EDUCATION STUDENT HEADCOUNT, FALL 2002 TO 2013



Note: Fiscal year 2013 is estimated.
Source: Texas Higher Education Coordinating Board.

growth over the same period experienced by general academic institutions.

SIGNIFICANT LEGISLATION

Several bills were enacted by the Eighty-third Legislature, Regular Session, 2013, that affect Public Community and Junior College districts, TSTCs, or the Lamar State Colleges. Among the more significant are the following:

- **HB 437 – Career and Technical Education and Workforce Development Grant Programs.** The enactment of House Bill 437 creates a new Texas Innovative Adult Career Education Grant Program designated by the Texas Higher Education

Coordinating Board to be administered by Austin Community College (ACC), which can also participate in the program. ACC is to establish an advisory board that provides input and recommendations for the awarding of grants. Grants would be eligible to nonprofit workforce intermediary and job training organizations to prepare low-income students to enter careers in high-demand and significantly higher-earning occupations.

- **HB 1297 – Review of Workforce Training Programs.** The enactment of House Bill 1297 requires each public community or technical college to conduct a review by October 1 of each even numbered year to determine the effectiveness of its workforce training programs in improving the wages of participants who complete the program. The provisions also require each institution participating in the program to identify strategies for improving the delivery of workforce training to more effectively impact economic development. The report would only be required for programs for which skills development funds were used. The detailed report must be submitted to the Texas Workforce Commission for inclusion in the report to the Governor and Legislature.
- **SB 414 – Study on Public Junior College Baccalaureate Degree Programs.** The enactment of Senate Bill 414 requires the Texas Higher Education Coordinating Board to conduct a study of regional workforce needs to determine the regions of the state that would benefit from the authorization of baccalaureate degree programs in the field of nursing and in the field of applied sciences at public community and junior college serving the region and appropriate metrics for determining whether a community college should offer those degree programs. Not later than August 1, 2014, the coordinating board shall submit to each legislative standing committee with primary jurisdiction over higher education the results of its study and recommendations for legislative or other action.
- **SB 1812 – Group Insurance Contribution Rate for Junior College Employees.** The enactment of Senate Bill 1812 sets the Higher Education Group Insurance (HEGI) contribution rate for employees of community colleges at 50 percent of the cost associated with eligible employees. In addition, the bill limits the state contributions for community college employees participating in the state retirement program to 50 percent of the eligible compensation of employees. The state matching retirement contribution rate for the Teacher Retirement System is 6.4 percent in fiscal year 2014 and 6.8 percent in fiscal year 2015. The state contribution rate for the Optional Retirement Program is 6.6 percent in each year of the 2014–15 biennium. Senate Bill 1812 also establishes that the number of eligible employees may not be adjusted in a proportion greater than the change in student enrollment at each community college for HEGI and retirement contribution purposes. A community college that experiences a decline in student enrollment may petition the Legislative Budget Board to maintain the number of eligible employees up to 98 percent of the level of the prior biennium.
- **HB 3640 – Creation of an Extension Center of the Texas State Technical College System.** The enactment of House Bill 3640 authorizes the Texas State Technical College System to establish an extension center in Ellis County.

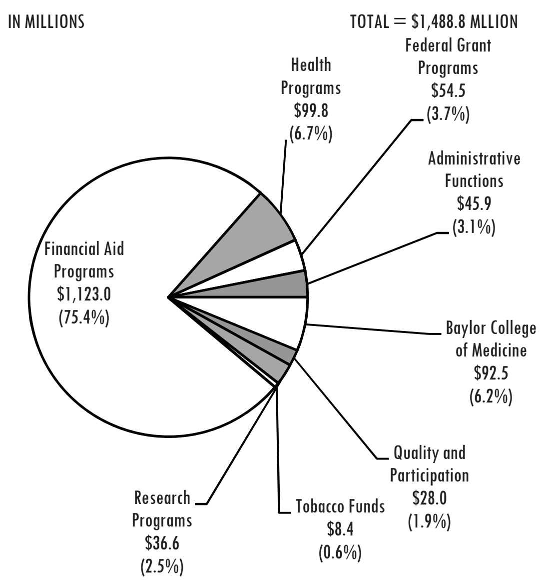
HIGHER EDUCATION COORDINATING BOARD

The Texas Higher Education Coordinating Board (THECB) was established in 1965 to provide leadership for and coordination of the public higher education system in Texas. The agency's mission is to provide the Legislature with advice and comprehensive planning capability for higher education, to coordinate the effective delivery of higher education, to administer programs efficiently, and to improve higher education for the people of Texas.

The agency's goals are to coordinate Texas higher education and to administer various student financial aid, federal grant, and state-funded trusteed programs. The agency establishes a master plan for higher education in Texas; prescribes the role and mission of public higher education institutions; reviews university academic programs, academic and vocational technical programs at the community and technical colleges, and health-related programs; and promotes access to and quality in higher education.

Appropriations for the 2014–15 biennium for the THECB total $1,488.8 million in All Funds and provide for 280.4 full-time-equivalent positions. **Figure 248** shows the appropriations broken out by functional area. This amount includes $1,361.6 million in General Revenue Funds and General Revenue–Dedicated Funds. The All Funds appropriation represents an increase of $86.5 million, or 6 percent, from the 2012–13 biennial expenditure level.

FIGURE 248
HIGHER EDUCATION COORDINATING BOARD APPROPRIATIONS, 2014–15 BIENNIUM

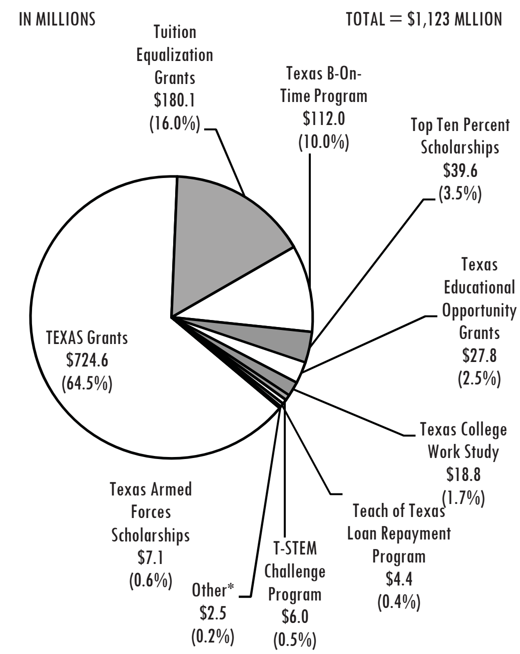


Source: Legislative Budget Board.

FINANCIAL AID PROGRAMS

The Close the Gaps in Affordability goal constitutes 75 percent of the funding appropriated to THECB in All Funds and 80 percent in General Revenue Funds and General Revenue–Dedicated Funds. This goal includes various financial aid programs. **Figure 249** shows the appropriations to these programs.

FIGURE 249
FINANCIAL AID PROGRAMS, 2014–15 BIENNIUM



Source: Legislative Budget Board.

The largest financial aid program is the TEXAS Grant Program. Appropriations for this program total $724.6 million in All Funds which is a $144.9 million, or 25 percent, increase over 2012–13 biennial expenditures levels. This amount includes $694.6 million in General Revenue Funds and $30.0 million in Other Funds, which are anticipated donations from the Texas Guaranteed Student Loan Corporation. Appropriations to the B-On-Time program are $112.0 million which includes $31.4 million in General Revenue Funds and $80.6 million in General Revenue–Dedicated Funds designated tuition set asides. The All Funds appropriations to this program represent an increase of $4.9 million, or 6 percent, from the 2012–13 biennial expenditure level. Appropriations to the Tuition Equalization Grant Program total $180.1 million, an increase of $11.3 million from the 2012–13 biennial spending levels. **Figure 250** is a comparison of these three programs.

Appropriations to the Texas Educational Opportunity Grant Program, which awards grants to students attending public two year institutions, and the Work Study Program, are $27.8 million and $18.8 million respectively. The Top Ten Percent Scholarship program provides scholarships to qualifying students who graduate in the top 10 percent of their high school class. Funding for the program is $39.6 million, which equal the 2012–13 biennial spending level.

Appropriations to the Armed Forces Scholarship Program total $7.1 million, equal to the 2012–13 biennial levels. Per rider any balances in this program can be transferred to the TEXAS Grant Program. The T-STEM Challenge Program, which is supported through donations from the Texas Guaranteed Student Loan Corporation, is appropriated $6.0 million, which is a $3.5 million decrease from 2012–13 biennial levels. The Teach for Texas Loan Repayment Program, which provides loan repayments to qualified teachers at preschool, primary, or secondary levels in Texas public schools, is funded at $4.4 million, which is an increase of $3.4 million from the 2012–13 biennial spending levels. The "Other Programs" represented in **Figure 249** include the Engineering Recruitment Program ($0.5 million), OAG Lawyers Loan Repayment Program ($0.5 million), Border

FIGURE 250
FINANCIAL AID PROGRAMS, 2014–15 BIENNIUM

	TEXAS GRANTS	B-ON-TIME	TUITION EQUALIZATION GRANTS
Eligible Institutions	Public institutions	Public, private, or independent institutions	Private or independent institutions
Type of Financial Aid and Use	Grant can be used to pay any usual and customary cost of attendance.	Loan can be used to pay any usual and customary cost of attendance.	Grant can be used to pay any usual and customary cost of attendance.
Course Load	Three-fourths of a Full course load	Full course load (12 semester hours)	Three-fourths of a Full course load
Financial Need	Must show financial need	Must show financial need if funding is insufficient to meet demand	Must show financial need
Residency	Texas resident	Texas resident	Texas resident or National Merit Finalists
Grade Point Average (after first year)	Institution's GPA requirement	Institution's GPA requirement	Institution's GPA requirement
Grade Point Average (after Second year)	GPA 2.5 on 4.0 scale	GPA 2.5 on 4.0 scale	GPA 2.5 on 4.0 scale
Loan Forgiveness	N/A	Yes, if 3.0 GPA on 4.0 scale and graduate within 4 to 5 years depending on degree program or with no more than 6 credit hours over degree requirements.	N/A
Grant/Loan Amount	Average statewide amount of tuition and required fees a resident student enrolled full-time in a baccalaureate degree program would be charged at a general-academic teaching institution.	Average statewide amount of tuition and required fees a resident student enrolled full-time in an undergraduate degree program would be charged at a general-academic teaching institution.	Based on financial need but not to exceed a grant amount greater than 50% of the average state appropriation in the biennium preceding the biennium in which the grant is made for a full-time student or the equivalent at public senior colleges and universities, as determined by the board, or not to exceed 150% of this calculated amount, if the student establishes exceptional need. Source: 61.227(c) and (e).

Note: "Full time" is not defined in statute as 12 hours; this is the THECB interpretation.
Source: Texas Higher Education Coordinating Board.

Faculty Loan Repayment Program ($0.4 million), and License Plate Programs ($1.1 million).

RESEARCH PROGRAMS

Appropriations to the Texas Research Incentive Program, which matches certain gifts at emerging research universities, total $35.6 million. House Bill 1025, Eighty-Second Legislature, Regular Session, 2013, appropriated an additional $34.4 million to the program for fiscal year 2013. The Advanced Research Program, which is a competitive peer-reviewed grant program, is funded at $1.0 million for the 2014–15 biennium. Information about these research funds can be found in the section for Constitutional and Research Funds in this document.

HEALTH PROGRAMS

Appropriations for the health-related programs total $99.8 million for the 2014–15 biennium. This is an increase of $25.1 million in All Funds from the 2012–13 biennial spending levels primarily due to increased funding for the Physician Education Loan Repayment Program (PELRP). This program is supported by a smokeless tobacco tax and has an increase of $28.2 million in General Revenue–Dedicated Funds. Total funding for the program is $33.8 million and covers physicians already participating in the program and a cohort of 100 physicians who would receive their first loan repayment in fiscal year 2014 and a second cohort of 100 that would receive their first loan repayment in fiscal year 2015. The appropriation covers both cohorts for four years.

Appropriations to the Joint Admission Medical Program (JAMP) total $10.2 million, an increase of $3.2 million over 2012–13 levels. The program provides assistance to select economically disadvantaged under-graduates enrolled in Texas general academic institutions. Such designated JAMP students are provided with on-going educational support in preparation for medical school, including summer experiences on medical school campuses and medical college admissions test preparation. Successful students progress through the undergraduate curriculum and are guaranteed admission to a Texas medical school.

Funding for the Professional Nursing Shortage Reduction Program is $33.8 million, an increase of $4.1 million from the 2012–13 biennial spending level. The program includes three initiatives: (1) $5.6 million per fiscal year to institutions with nursing programs based on increases in numbers of nursing students graduating; (2) $7.7 million per fiscal year to institutions with graduation rates of 70 percent or greater (based on 2012 graduation rates) and increases in new enrollees (12 percent for fiscal year 2014 and 18 percent for fiscal year 2015) funded at a rate of $10,000 for each additional nursing student enrolled; and (3) an estimated $3.6 million per fiscal year to programs with graduation rates less than 70 percent, hospital-based programs, or new programs with graduation rates not determined, with $20,000 allocated for each additional registered nurse graduate in two-year programs and $10,000 for each additional graduate in a one-year program.

Two new trusteed programs at the agency, support for the College of Pharmacy at the University of North Texas Health Science Center and the Primary Care Innovation Grant program, total $5.4 million and $2.1 million respectively for the 2014–15 biennium. Funding for Alzheimer's Disease Centers, $5.2 million, was transferred to the University of Texas System and renamed the Darrell K Royal Texas Alzheimer's Initiative.

THECB was appropriated $5.0 million for the Family Practice Residency Program for the 2014–15 biennium. House Bill 1025, Eighty-Second Legislature, Regular Session, 2013, appropriated an additional $7.8 million to this program for fiscal year 2013. THECB allocates the funds based on the certified number of residents training in each approved family practice residency program. The bill also appropriates $9.3 million to the agency for Graduate Medical Education (GME) expansion programs. This funding will be used to support the expansion of first-year residency positions through one-time planning grants to entities that do not currently operate and have not previously operated a GME program, grants to currently accredited GME programs to fill accredited but unfilled first-year residency positions and grants to accredited GME programs to expand existing or establish new GME programs with first-year residency positions.

BAYLOR COLLEGE OF MEDICINE

In 1969, the Sixty-first Legislature authorized THECB to contract with the Baylor College of Medicine, a private institution, for the education of undergraduate medical students who are Texas residents. The amount Baylor College of Medicine receives is based on the average annual state tax support per undergraduate medical student at The University of Texas Medical Branch at Galveston and The University of Texas Southwestern Medical Center at Dallas. The Eighty-third Legislature provided Baylor College of Medicine $73.7

million for the 2014–15 biennium. This amount is a decrease of $2.2 million from the 2012–13 biennial spending level. The Baylor College of Medicine also receives funding for Graduate Medical Education totaling $11.9 million for the 2014–15 biennium, which is an increase of $1.6 million from the 2012–13 biennial spending level. THECB is trusteed Baylor College of Medicine's endowment fund and Baylor College of Medicine's share of the Permanent Health Fund. Allocations for these two funds total $6.9 million for the 2014–15 biennium.

QUALITY AND PARTICIPATION

Appropriations to the Developmental Education Program total $4.0 million in General Revenue Funds for the 2014–15 biennium which matches the 2012–13 biennial expenditure level. Of this amount $2.4 million will be transferred to the University of Texas at Austin for the Mathways project, which is a partnership between the university and community colleges aimed at improving student success. Appropriations to the Centers for Teacher Education and Adult Basic Education Community College Grants total $3.0 million and $4.0 million respectively which equals the 2012–13 expenditure levels. The African American Museum, $0.1 million, was transferred to the University of Texas at Dallas. THECB is trusteed formula funding for $15.7 million for the University of Texas at Brownsville and Texas Southmost College. This funding will be allocated to the institutions based on updated semester credit and contact hour data. House Bill 1025, Eighty-second Legislature, Regular Session, 2013, appropriated an additional $30.0 million to THECB to reimburse institutions for foregone tuition tied to the Hazlewood tuition exemption program. The Hazlewood Exemption provides an exemption for veterans and, in certain cases, qualified spouses or dependents, for tuition and required fees at Texas institutions of higher education.

FEDERAL GRANT PROGRAMS

The total funding for the 2014–15 biennium is $54.5 million in Federal Funds, which is a decrease of $47.9 million compared to the 2012–13 expenditure level primarily due decreased funding for the College Access Challenge Grant Program. The largest of the federal programs is the Technical-Vocational Education Program, which accounts for $48 million. This program is funded by the federal Carl D. Perkins Vocational and Technical Education Act for the improvement of vocational and technical programs at postsecondary institutions. The funding is trusteed to THECB from the State Board of Education through the U.S. Department of Education.

TOBACCO FUNDS

Legislation passed by the Seventy-sixth Legislature, 1999, established the Permanent Health Fund for Higher Education, permanent endowments for each of the individual health-related institutions, the Permanent Fund for Higher Education Nursing, Allied Health and Other Health-related Programs and the Permanent Fund for Minority Health Research and Education. THECB provides grants from the Permanent Fund for Higher Education Nursing, Allied Health and Other Health-related Programs to public institutions that offer upper-level instruction and training in nursing, allied health or other health-related education. THECB provides grants from the Permanent Fund for Minority Health Research and Education to institutions including Centers for Teacher Education, that conduct research or educational programs that address minority health issues or that form partnerships with minority organizations, colleges, or universities to conduct research and educational programs to address minority health issues. The total funding for these two programs is $8.4 million.

ADMINISTRATIVE FUNCTIONS

THECB has two administrative goals: Coordinate Higher Education and Indirect Administration, which are combined in **Figure 248** as Administrative Functions. The Coordinate Higher Education goal includes funding for such activities as the College for Texans campaign, which provides financial aid information to students and parents, administration of the Advanced Research Program, and reviews of degree programs. The Indirect Administration goal includes the Commissioner of Higher Education's Office, accounting services, and network operations. Total funding for these goals for the 2014–15 biennium is $45.9 million in All Funds, which includes $25.7 million in General Revenue Funds and General Revenue–Dedicated Funds. This amount is a decrease of $3.7 million in All Funds primarily due to a decrease in donations used for administrative purposes and a $2 million decrease in General Revenue Funds and General Revenue–Dedicated Funds tied to the B-On-Time Program which were used for administrative functions in the 2012–13 biennium but not appropriated in the administrative goals in the 2014–15 biennium.

SIGNIFICANT LEGISLATION

Several bills were passed by the Eighty-third Legislature, Regular Session, 2013, that affect THECB. Among the most significant are Senate Bill 215, Senate Bill 620, Senate Bill 414, Senate Bill 1158, Senate Bill 1210, House Bill 1752, House Bill 2099, and House Bill 2550.

SB 215 – THECB's Sunset Legislation. The enactment of Senate Bill 215, THECB's Sunset legislation, continues the agency for 12 years. The bill requires the agency to establish a compliance monitoring function for state financial aid resources and enrollment data used for formula funding allocations. The bill also requires the THECB to establish by rule allocation methodologies for each financial aid program administered by the agency and reevaluate the need for data requests from institutions every five years. Under provisions of the bill, the agency must use negotiated rulemaking in the development of policies, procedures, and rules relating to:

- common admission application;
- uniform admission policy;
- graduate and professional admissions;
- transfer of credit;
- allocation or distribution of funds, including financial aid or other trusteed funds;
- re-evaluation of data requests;
- compliance monitoring function; and
- capital projects standards.

Under provisions of the bill, THECB may not order the consolidation or elimination of any degree or certificate program offered by an institution of higher education but may recommend such actions to the institution's governing board. The bill requires public institutions of higher education to notify THECB of planning for new degree programs and THECB must approve or disapprove new degree programs within one year from receipt of a complete proposal. Under provisions of the bill, THECB is required to administer a student loan default prevention pilot project no later than January 1, 2014. The bill requires the agency to conduct a study on providing state financial aid to students enrolled at Western Governor's University or similar online institutions. The Texas Guaranteed Student Loan Corporation is converted into a non-profit corporation under the Business Organizations Code.

The bill also makes significant changes to the TEXAS Grant program and the B-On-Time Program, both of which become public university-only programs (the change for TEXAS Grants is effective fall 2014). The bill creates a pathway for students who participate in the Texas Educational Opportunity Grant (TEOG) program at public two-year institutions to be eligible for a TEXAS Grant upon transfer to a public university after earning at least 24 semester credit hours and an overall GPA of 2.5. Another change to the B-On-Time Program begins with loans awarded for the 2014–15 academic year, as institutions will retain their proportional share of tuition set-aside funds collected to support the program and are granted flexibility to set the award amount.

SB 414 – Study on Workforce Needs. The enactment of Senate Bill 414 requires THECB to conduct a study to determine regional workforce needs, establish which areas in the state would benefit from community college baccalaureate programs, and develop appropriate criteria for determining whether a public junior college should offer those degree courses.

SB 620 – Creation of Loan Repayment Program for Certain Speech-Language Pathologists and Audiogists. The enactment of Senate Bill 620 establishes a new education loan repayment program for certain Speech-Language Pathologists and Audiologists. Eligible applicants may receive loan repayment assistance after each year of eligible employment not to exceed five years and may receive up to $6,000 or $9,000 per year depending on the applicant's qualifications.

SB 1158 – Amendments to Hazlewood Act. The enactment of Senate Bill 1158 makes several amendments to the Hazlewood Act, a state tuition exemption program for veterans and their families. Provisions of the bill establish additional services for veterans and their families relating to higher education. The bill clarifies certain eligibility requirements for the exemption, including requiring applicants to submit an application for the exemption not later than the last class date of the semester or term to which the exemption applies. The bill transfers administrative responsibility for the tuition exemption from THECB to the Texas Veteran's Commission and creates a new fund, the Permanent Fund Supporting Military and Veterans Exemptions, to be administered by the Texas Treasury Safekeeping Trust Company. Any proceeds available from the new fund would be used to offset the tuition revenue foregone by institutions of higher education due to the legacy exemption.

SB 1720 – Creation of Math and Science Scholars Loan Repayment Program. The enactment of Senate Bill 1720 creates the Math and Science Scholars Loan Repayment Program for eligible math and science teachers. The loan repayment awards would be funded exclusively from gifts, grants and donations that will be deposited into the Mathematics and Science Teacher Investment Fund. The THECB will determine the annual award amounts under the program.

HB 1752 – Creation of Texas Teacher Residency Program. The enactment of House Bill 1752 establishes the Texas Teacher Residency Program at an institution of higher education. Under provisions of the bill, THECB will select, through a competitive process, a public institution of higher education to implement the program. The institution must partner with an area school district or open-enrollment charter school to provide employment opportunities to residents in the program and design the program to award teaching residents a master's degree and lead to teacher certification.

HB 2099 – Nursing Faculty Loan Repayment Assistance. The enactment of House Bill 2099 creates a pathway for nursing faculty to qualify for loan repayment assistance, not to exceed $7,000 per year, using any remaining funds otherwise appropriated for the Physician Education Loan Repayment Program (PELRP).

HB 2550 – Omnibus Graduate Medical Education (GME) Bill. The enactment of House Bill 2550 establishes several new GME Programs. These programs include planning grants for entities considering a GME program; grants to assist existing GME programs fill authorized but currently vacant residency positions; grants to assist established programs to increase their number of residency positions or add programs; grants for additional residency years beyond the third year; a Resident Physician Expansion Grant Program; and a Primary Care Innovation Program to support medical schools in developing programs to increase the number of primary care physicians in Texas. The bill adds another pathway for participation in PELRP by allowing loan repayment to physicians providing service to certain percentages of persons enrolled in Medicaid and the Texas Women's Health Program. Currently, participation is limited to physicians practicing in designated Health Professional Shortage Areas or providing service to persons committed to adult and juvenile correctional facilities (these providers would continue to be prioritized).

CONSTITUTIONAL AND RESEARCH FUNDS

Two constitutionally authorized funds provide money for new construction and excellence enhancement for Texas public higher education institutions: the Permanent University Fund (PUF) and the Higher Education Fund (HEF). The HEF and income from the PUF, which is deposited into a separate Available University Fund (AUF), may be used to acquire land; construct, equip, repair, or rehabilitate buildings; and acquire capital equipment, library books, and library materials. Institutions may use a portion of the funds for payment of debt service on bonds issued for authorized purposes. Income from the PUF may also be used for excellence programs at certain institutions.

All institutions, whether under the PUF or the HEF, remain eligible to receive General Revenue Funds for capital equipment and for library books and materials. However, pursuant to Section VII of the Texas Constitution, no institution may receive General Revenue Funds for land acquisition, new construction, or major repairs and rehabilitations, with two exceptions: (1) General Revenue Funds may be used to replace uninsured losses caused by fire or natural disaster, and (2) these funds may be used if adopted by a two-thirds vote of the Legislature for projects that have a demonstrated need.

To assure efficient use of construction funds and the orderly development of physical plants, the Texas Constitution also authorizes the Legislature to approve or disapprove all new construction projects undertaken by institutions except The University of Texas at Austin, Texas A&M University, and Prairie View A&M University.

There are also five separate funds dedicated to fostering increased research capacity at eligible general academic institutions. They are the National Research University Fund (NRUF), a constitutionally authorized fund specifically dedicated to assisting certain emerging research universities attain national prominence as research universities; the Research Development Fund (RDF), a statutory fund intended to foster research capacity at eligible general academic institutions; the Texas Competitive Knowledge Fund (TCKF), a statutory fund intended to support faculty to ensure excellence in instruction and research at certain general academic institutions; the Norman Hackerman Advanced Research Program (NHARP), a competitive grant program to assist public and private higher education institutions in conducting basic research; and the Texas Research Incentive Program (TRIP), a statutory fund providing matching funds to assist certain institutions in leveraging gifts for the enhancement of research productivity and faculty recruitment. **Figure 251** shows a comparative overview of the seven funds noted above.

PERMANENT UNIVERSITY FUND

The PUF is a public endowment contributing to the support of most institutions in The University of Texas (UT) System and The Texas A&M University (TAMU) System. The Texas Constitution of 1876 established the PUF by appropriating land grants previously given to UT plus 1 million acres. In 1883, the PUF received another land grant of an additional 1 million acres. The fund now contains approximately 2.1 million acres located in 24 West Texas counties.

The fund's 2.1 million acres produce two lines of income: surface and mineral. The Texas Constitution requires all surface lease income be deposited to the AUF. Mineral income and income from the sale of PUF lands remain in the PUF and are invested in equity, fixed-income, and derivative securities. Proposition 17, passed by the voters in 1999, amended the Texas Constitution to authorize the UT Board of Regents to use a total return on investment assets from the PUF to be distributed to the AUF. The distribution determination must provide the AUF with a stable annual income stream while maintaining the purchasing power of the PUF. The estimated market value of the PUF corpus as of June 30, 2013 was $14.4 billion, reflecting growth of approximately 113 percent since fiscal year 2002. **Figure 252** shows the annual market value of the PUF corpus since fiscal year 2002.

Surface and investment income from the PUF flows into the AUF for use by the TAMU and UT Systems. The Texas Constitution designates two-thirds of the AUF for the UT System and one-third for the TAMU System. The first obligation of any income earned by the PUF is to pay the debt service (both principal and interest) on extant PUF bonds. During fiscal year 2012, for example, the UT System and the TAMU System paid AUF debt service of $179.8 million.

The residual income, after debt service, is dedicated to system office operations and excellence programs at UT-Austin, TAMU at College Station, and Prairie View A&M University. Excellence programs include special programs, such as library enhancement, specialized equipment purchases for science and engineering, student counseling services, graduate

FIGURE 251
COMPARISON OF CONSTITUTIONAL AND RESEARCH FUNDS, 2014–15 BIENNIUM

FUND	2014–15 APPROPRIATIONS	FUNCTION/PURPOSE	ELIGIBILITY	LEGAL BASIS	ALLOCATION METHODOLOGY
Available University Fund	$1,320.5 million (Estimated)	Texas Constitution: "….for the purpose of acquiring land ...constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under this Section..." Also:"....for the purpose of the support and maintenance of The Texas A&M University System administration, Texas A&M University, and Prairie View A&M University" and "The University of Texas at Austin and The University of Texas System".	Texas Constitution: "....for support and maintenance": UT Austin, Texas A&M University, Prairie View University, UT System, A&M System For debt service: All components, including the TAMU System Agencies except Texas Veterinary Medical Diagnostic Laboratory (which per Education Code Section 88.701 "is a state agency under the jurisdiction and supervision of the board"), and excluding UT Pan American and UT Brownsville (because they receive HEF allocations - an institution cannot receive both AUF and HEF dollars).	Article VII, Section 18(a-j) of the Texas Constitution General Appropriations Act	Texas Constitution requires 1/3 of the annual AUF proceeds be transferred to the Texas A&M University System. Each System office determines how to apportion its share of the AUF between debt service and "support and maintenance", within guidelines specified by the Texas Constitution.
Higher Education Fund	$525.0 million	To support institutions ineligible for AUF support. Article VII, Section 17(a): "...for the purpose of acquiring land... constructing and equipping buildings ...major repair .... acquisition of capital equipment... other permanent improvements, or capital equipment used jointly for educational and general activities...."	Article VII, Section 17(c) provides an allowance to add a new institution by a 2/3 vote of both houses of the Legislature if the new institution is outside the UT and A&M Systems.	Article VII, Section 17(a-l) of the Texas Constitution Education Code, Section 62.002 General Appropriations Act	Article VII, Section 17(a) requires the HEF be allocated using an "equitable formula", defined in the Education Code (Section 62.021) as: "The allocation of funds under this subsection is made in accordance with an equitable formula consisting of the following elements: space deficit, facilities condition, institutional complexity, and a separate allocation for the Texas State Technical College System." THECB administers the HEF formula reallocation advisory process. Education Code (Section 62.021) provides a by-institution breakout of annual HEF appropriations.

FIGURE 251 (CONTINUED)
COMPARISON OF CONSTITUTIONAL AND RESEARCH FUNDS, 2014–15 BIENNIUM

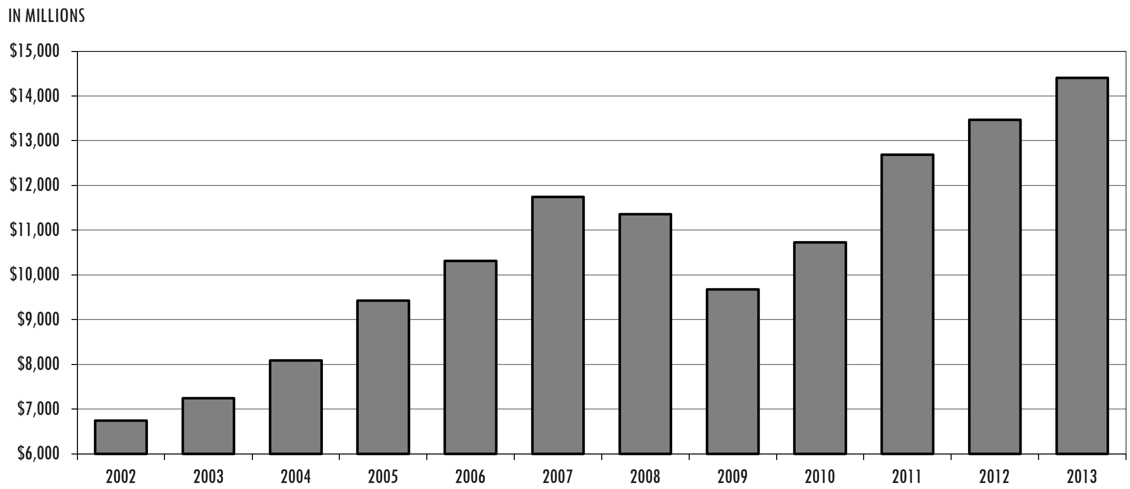
FUND	2014–15 APPROPRIATIONS	FUNCTION/PURPOSE	ELIGIBILITY	LEGAL BASIS	ALLOCATION METHODOLOGY
Available National Research University Fund	$55.9 million (Estimated)	Article VII, Section 20 (a): "..for the purpose of providing a dedicated, independent, and equitable source of funding to enable emerging research universities in this state to achieve national prominence as major research universities." Article VII, Section 20 (h): "...only for the support and maintenance of educational and general activities that promote increased research capacity at the university."	Designated an emerging research university by Texas Higher Education Coordinating Board. Reports at least $45 million in restricted research expenditures in each of the last 2 years. Plus four of the following additional criteria: 1) Endowments > $400 million; 2) Produces > 200 PhDs per year; 3) Selective entering Freshmen class; 4) Member of Phi Beta Kappa or equivalent; 5) Possesses high quality faculty; and 6) Demonstrated commitment to high-quality graduate education.	Article VII, Section 20 (a-h) of the Texas Constitution Education Code, Section 62.141 General Appropriation Act	Education Code, Section 62.146 (c): "......of the total amount appropriated from the fund for distribution in a state fiscal year, each eligible institution is entitled to a distribution in an amount equal to the sum of: (1) one-seventh of the total amount appropriated; and (2) an equal share of any amount remaining after distributions are calculated under Subdivision (1), not to exceed an amount equal to one-fourth of that remaining amount." Education Code, Section 62.146 (e):"If the number of institutions that are eligible for distributions in a state fiscal year is more than four, each eligible institution is entitled to an equal share of the total amount appropriated from the fund for distribution in that fiscal year."
Research Development Fund	$73.1 million	Education Code Section 62.091: "….to promote increased research capacity at eligible general academic teaching institutions."	Education Code Section 62.092: "'Eligible institution' means a general academic teaching institution, as defined by Section 61.003, other than The University of Texas at Austin or Texas A&M University."	Education Code, Section 62.091 Note, the RDF as a stand-alone appropriation item has not been funded since the 2006–07 biennium. However, funds called the RDF have been appropriated directly into the bill patterns of each eligible General Academic Institution.	Education Code Section 62.095: "The amount shall be apportioned among the eligible institutions based on the average amount of restricted research funds expended by each institution per year for the three preceding state fiscal years."

FIGURE 251 (CONTINUED)
COMPARISON OF CONSTITUTIONAL AND RESEARCH FUNDS, 2014–15 BIENNIUM

FUND	2014–15 APPROPRIATIONS	FUNCTION/PURPOSE	ELIGIBILITY	LEGAL BASIS	ALLOCATION METHODOLOGY
Texas Competitive Knowledge Fund	$159.2 million	Texas Education Code Section 62.051: "...to provide funding to eligible research universities and emerging research universities to support faculty to ensure excellence in instruction and research."	Education Code Section 62.051: "Eligible institution" means an institution of higher education designated as a research university under the coordinating board's accountability system and, for any three consecutive state fiscal years made total annual research expenditures in an average annual amount of not less than $450 million or an institution designated as an emerging research university under the coordinating board's accountability system and, for any three consecutive state fiscal years made total annual research expenditures in an average annual amount of not less than $50 million.	Education Code, Section 62.051	The 2014–15 appropriation provides approximately $0.93 million to each eligible institution for every $10.0 million in unrestricted research expenditures as averaged over a 3-year period
Norman Hackerman Advanced Research Program	$1 million	Education Code Section 142.002: "….to provide support for basic research conducted by faculty members and students…in eligible institutions."	Education Code Section 142.01: "'Eligible institution' means an institution of higher education or a private or independent institution of higher education."	Education Code, Section 142.01.	Education Code Section 142.03: "The coordinating board shall appoint an advisory committee that consists of experts in the specified research areas to advise the coordinating board regarding the board's development of research priorities, guidelines, and procedures for the selection of specific projects at eligible institutions."
Texas Research Incentive Program	$35.6	Education Code, Section 62.122: "….to provide matching funds to assist eligible institutions in leveraging private gifts for the enhancement of research productivity and faculty recruitment."	Education Code, Section 62.121: "..."Eligible institution" means an institution of higher education designated as an emerging research university under the coordinating board's accountability system."	Education Code, Section 62.121 (House Bill 51, Eighty-first Regular Session)	Education Code, Section 62.123: "…is entitled to receive, out of funds appropriated for the purposes of the program for that fiscal year, a matching grant in an amount determined according to the following rates: (1) 50 percent of the amount of the gifts and endowments, if the total amount of gifts and endowments is $100,000 or more but not more than $999,999; (2) 75 percent of the amount of the gifts and endowments, if the total amount of gifts and endowments is $1 million or more but not more than $1,999,999; or (3) 100 percent of the amount of the gifts and endowments, if the total amount of gifts and endowments is $2 million or more.

Source: Legislative Budget Board.

FIGURE 252
MARKET VALUE OF THE PERMANENT UNIVERSITY FUND, FISCAL YEARS 2002 TO 2013



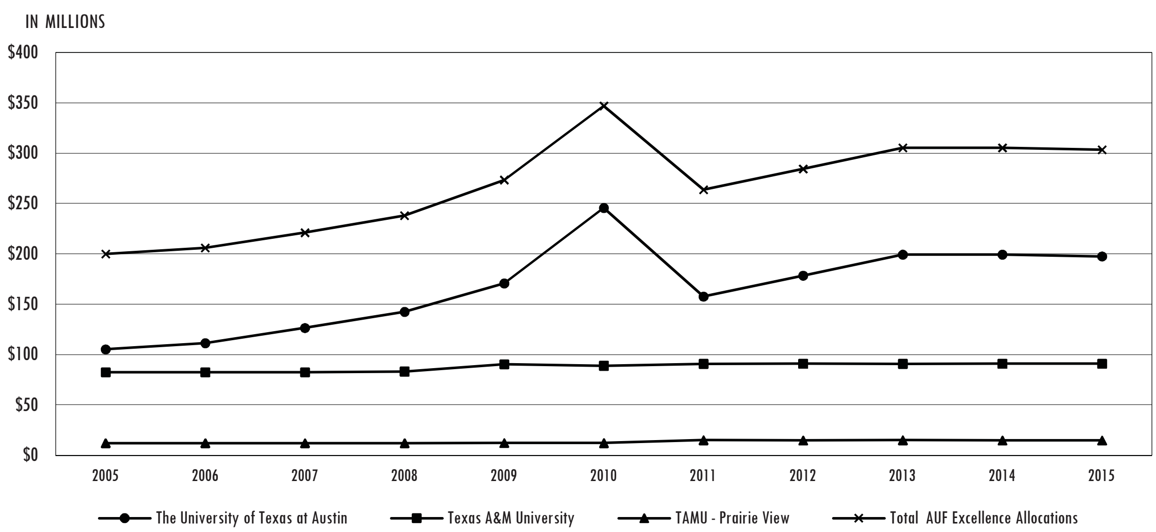
SOURCE: University of Texas Investment Management Company.

student fellowships, and scholarships. **Figure 253** shows excellence funding totaled $284.4 million in fiscal year 2012.

The two systems' respective governing boards determine the allocation of PUF bond proceeds among their component institutions. The UT System is authorized to issue PUF bonds up to a total amount not to exceed 20 percent of the book value of the PUF; the TAMU System is authorized to issue up to 10 percent of the book value of the fund.

House Bill 2825, Eighty-second Legislature, Regular Session, 2011, changed the composition of the governing board for the University of Texas Investment Management Company, the firm investing and managing the PUF and other endowments, most of which are not appropriated through the General Appropriations Act, to require two appointees representing the Texas A&M University System. Further, House Bill 2825 requires at least one of the TAMU appointees

FIGURE 253
AVAILABLE UNIVERSITY FUND ALLOCATIONS FOR EXCELLENCE, FISCAL YEARS 2005 TO 2015



NOTE: Fiscal years 2014 and 2015 are estimated.
SOURCES: Legislative Budget Board; The University of Texas System; Texas A&M University System.

and all of the remaining appointees to have knowledge and expertise in investments.

HIGHER EDUCATION FUND

The HEF was established by constitutional amendment as a counterpart to the PUF for those Texas public institutions of higher education constitutionally ineligible to receive proceeds from the PUF.

The 2014–15 biennial appropriations to the HEF total $525 million in General Revenue Funds. While the Texas Constitution requires the Legislature to review the HEF's formula allocation every 10 years, the Legislature may once every five years adjust the amount and the allocation of the constitutional appropriation for the next five years. For an adjustment to occur there must be a two-thirds majority vote and the reallocation may not impair any debt service obligation created by the issuance of HEF bonds or notes.

From fiscal years 1986 to 1995, the Legislature appropriated $100 million each year to the HEF for distribution to eligible institutions based on a formula allocation incorporating three elements: (1) space deficit, (2) facilities condition, and (3) institutional complexity. In 1993, the Seventy-third Legislature, Regular Session, increased the formula allocation to $175 million each year starting in fiscal year 1996. A new allocation for the $175 million distributed to universities was adopted in 1999 by the Seventy-sixth Legislature, Regular Session, as a result of recommendations from the Texas Higher Education Coordinating Board (THECB).

The Seventy-ninth Legislature, Regular Session, 2005, maintained the $175 million annual appropriation level for fiscal years 2006 and 2007 and increased the annual appropriation level to $262.5 million starting in fiscal year 2008. The Seventy-ninth Legislature, Regular Session, 2005, also reallocated the General Revenue Fund appropriations starting in fiscal year 2006 based on recommendations from THECB.

House Bill 51, Eighty-first Legislature, Regular Session, 2009, maintained the $262.5 million annual HEF appropriation level for fiscal years 2010 and 2011. Also, to ensure the equitable distribution of the HEF appropriation, House Bill 51 corrected the distribution of fiscal year 2009 and fiscal year 2010 HEF allocations by using revised formula calculations. Based on these revised formula calculations, House Bill 51 also factored in updated data elements to generate the annual HEF allocation for the five-year period starting in fiscal year 2011. **Figure 254** shows each eligible institution's fiscal year 2008 allocation, corrective 2009 and 2010 allocations, and allocation for the five-year period starting in fiscal year 2011.

House Bill 51 also authorized the University of North Texas at Dallas to participate in the HEF allocation upon the institution's operation as a general academic teaching institution.

In 1995, the Texas Constitution was amended to authorize the creation and funding of a dedicated HEF corpus. Known as the Permanent Higher Education Fund (PHEF), this corpus is separate from the annual HEF allocation of General Revenue Funds. The PHEF was intended eventually to become a permanent endowment to support non-PUF eligible institutions. However, the PHEF corpus was rededicated with the voter passage of Proposition 4 in 2009, which amended Article 7 of the Texas Constitution by establishing the National Research University Fund (NRUF). Proposition 4 transferred the balance of the PHEF to the credit of the NRUF as of January 1, 2010, and repealed the constitutional authorization for the PHEF.

NATIONAL RESEARCH UNIVERSITY FUND

The NRUF is intended to provide a source of funding to enable emerging research universities in Texas to achieve national prominence as major research universities.

Article VII of the Texas Constitution authorizes the Legislature to appropriate some or all of the total return on all investment assets of the NRUF for the purposes of the fund, except for two caveats: (1) the Legislature may not increase distributions from the fund if the purchasing power of investment assets for any rolling 10-year period is not preserved, and (2) the amount appropriated from the proceeds of the NRUF corpus in any fiscal year must be capped at 7 percent of the investment assets' average net fair market value. Until the NRUF has been invested long enough to determine its purchasing power over a 10-year period, the Legislature is authorized to use other means of preserving the purchasing power of the fund. **Figure 255** shows the annual market value of the NRUF and the superseded PHEF for fiscal years 2002 to 2013, and first quarter of fiscal year 2014.

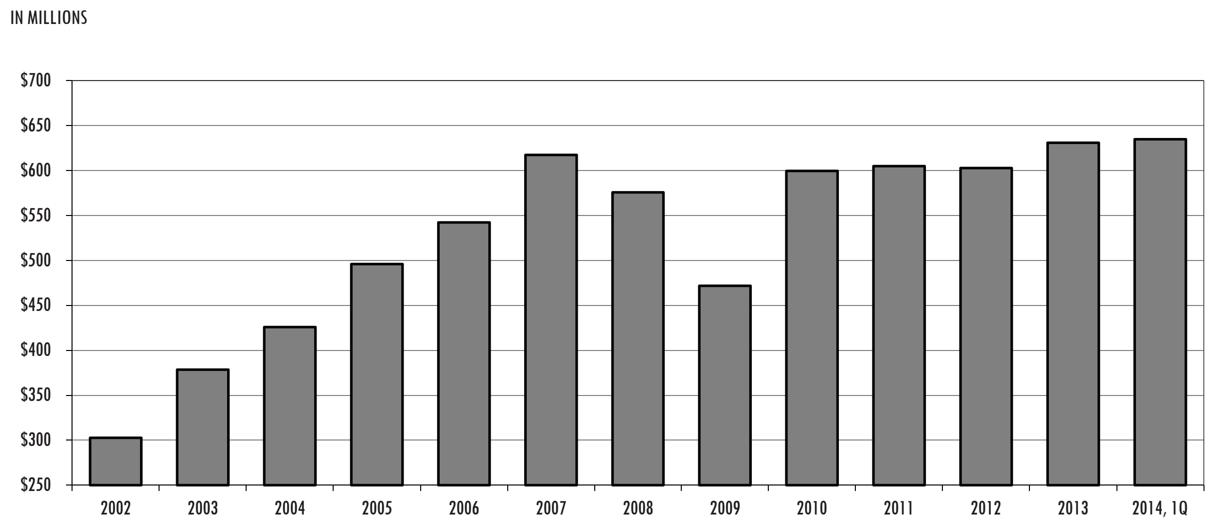
Appropriations in the 2014–15 biennium total $55.9 million in estimated NRUF proceeds to eligible institutions through the Available National Research University Fund (ANRUF). The 2014–15 biennial appropriation represents an increase

FIGURE 254
ANNUAL HIGHER EDUCATION FUND ALLOCATIONS TO ELIGIBLE INSTITUTIONS, FISCAL YEARS 2008 TO 2015

IN MILLIONS ELIGIBLE INSTITUTION (BY SYSTEM)	2008 ALLOCATION	2009–10 CORRECTIVE ALLOCATION	2011 TO 2015 ALLOCATION
Lamar University	$11.2	$8.0	$8.3
Lamar Institute of Technology	-	1.8	2.3
Lamar State College–Orange	1.1	1.1	1.2
Lamar State College–Port Arthur	1.2	1.2	1.2
Sul Ross State University	2.0	2.1	1.6
Sul Ross State University Rio Grande College	0.4	0.4	0.4
Sam Houston State University	9.9	10.2	11.9
Texas State University	19.8	20.3	21.9
Total, Texas State University System	**$45.7**	**$45.1**	**$49.0**
Texas A&M University–Corpus Christi	$8.3	$8.5	$7.1
Texas A&M International University	3.1	3.2	3.8
Texas A&M University–Kingsville	5.1	5.2	5.0
Texas A&M University–Commerce	5.3	5.7	5.2
Texas A&M University–Texarkana	1.6	1.7	1.3
West Texas A&M University	4.8	4.9	4.7
Total, Texas A&M University System	**$28.2**	**$29.1**	**$27.1**
University of Houston	$35.3	$36.1	$35.9
University of Houston–Clear Lake	6.0	5.4	5.2
University of Houston–Downtown	9.6	9.5	7.4
University of Houston–Victoria	2.3	2.3	2.4
Total, University of Houston System	$53.2	$53.3	$50.9
The University of Texas–Pan American	$12.9	$13.2	$12.3
The University of Texas at Brownsville	4.2	4.3	5.1
Total, The University of Texas System	**$17.1**	**$17.5**	**$17.4**
Texas State Technical College System	$5.8	$5.8	$5.8
Midwestern State University	$3.4	$3.8	$3.6
Stephen F. Austin State University	7.0	6.9	8.4
Texas Southern University	11.2	11.3	8.9
Texas Woman's University	8.4	8.6	10.2
Total, Independent Universities	$30.0	$30.6	$31.0
Texas Tech University	$26.8	$27.4	$23.9
Texas Tech University Health Sciences Center	17.8	14.9	17.0
Angelo State University	3.6	3.7	3.7
Total, Texas Tech University System	**$48.3**	**$46.0**	**$44.7**
University of North Texas	$26.1	$27.1	$27.8
University of North Texas Health Sciences Center	8.1	8.0	8.8
Total, University of North Texas System	**$34.3**	**$35.1**	**$36.6**
TOTAL, ALL ELIGIBLE INSTITUTIONS	**$262.5**	**$262.5**	**$262.5**

Source: Legislative Budget Board.

FIGURE 255
NATIONAL RESEARCH UNIVERSITY FUND CORPUS VALUE, FISCAL YEARS 2002 TO 2013, AND FIRST QUARTER OF FISCAL YEAR 2014



NOTE: First quarter of fiscal year 2014 is estimated.
SOURCE: Texas Treasury Safekeeping Trust.

of $5.0 million, or 9.8 percent, in All Funds from the 2012–13 biennial spending level.

House Bill 1000, Eighty-second Legislature, Regular Session, 2011, establishes the specific eligibility and distribution criteria for the ANRUF appropriations. To be eligible to receive ANRUF appropriations, an institution must meet two mandatory criteria and four out of six optional criteria. The mandatory criteria are that the institution is designated as an emerging research university within the THECB's Accountability System, and that the institution reported at least $45 million in restricted research expenditures in each of the preceding two fiscal years. Optional criteria include the following: possession of an endowment fund values in excess of $400 million; awarding over 200 Doctor of Philosophy degrees per year; having an entering freshman class of high academic achievement; recognition of institution's research capability and scholarly attainment; possession of a high-quality faculty; and possession of high-quality graduate education programs. The THECB evaluates the mandatory and optional criteria to determine whether an institution is eligible to receive ANRUF appropriations. As of August 2013, Texas Tech University and University of Houston are the only emerging research universities eligible to receive ANRUF appropriations.

RESEARCH DEVELOPMENT FUND

Legislation passed by the Seventy-eighth Legislature, Regular Session, 2003, established the RDF effective September 1, 2005, to replace the University Research Fund and the Texas Excellence Fund, both of which expired at the end of fiscal year 2005. The RDF promotes increased research capacity at eligible general academic teaching institutions and is statutorily defined as a fund outside the state treasury that is administered by the Comptroller of Public Accounts. However, the RDF has not been appropriated as a stand-alone item in the General Appropriations Act since the inception of the fund. Since 2007, eligible institutions have been provided direct appropriations in a strategy named the "Research Development Fund."

Appropriations to the RDF for the 2014–15 biennium total $73.1 million from General Revenue Funds. The appropriation represents an increase of approximately $7.8 million, or 11.9 percent, from the 2012–13 biennial appropriated level. Appropriations for the RDF are apportioned among eligible institutions according to a formula based on each institution's three-year average of restricted research expenditures. **Figure 256** compares the 2010–11, 2012–13, and 2014–15 biennial allocations for each eligible institution.

SIGNIFICANT LEGISLATION

HB 870 – RDF Eligibility of Prairie View A&M University. The enactment of House Bill 870, Eighty-third Legislature,

FIGURE 256
RESEARCH DEVELOPMENT FUND ALLOCATIONS, 2010–11, 2012–13 AND 2014–15 BIENNIA

INSTITUTION	2010–11 BIENNIUM ALLOCATION	2012–13 BIENNIUM ALLOCATION	2014–15 BIENNIUM ALLOCATION
The University of Texas System			
The University of Texas at Arlington	$6,474,026	$6,032,754	$6,578,618
The University of Texas at Dallas	10,551,739	8,425,886	9,065,260
The University of Texas at El Paso	7,993,744	6,925,040	8,439,074
The University of Texas at Pan American	1,387,894	1,147,838	1,101,814
The University of Texas at Brownsville	1,253,833	902,512	1,116,202
The University of Texas of the Permian Basin	469,918	306,408	219,820
The University of Texas at San Antonio	6,379,733	5,491,296	6,329,904
The University of Texas at Tyler	427,721	434,072	462,058
Subtotal, UT System	**$34,938,608**	**$29,665,806**	**$33,312,750**
Texas A&M University System			
Texas A&M University at Galveston	$763,879	$600,342	$691,364
Tarleton State University	2,092,078	1,586,396	1,373,588
Texas A&M University - Corpus Christi	2,804,138	2,212,356	2,105,734
Texas A&M University - Kingsville	2,376,122	1,846,206	2,029,422
Texas A&M International University	65,445	253,246	494,678
West Texas A&M University	988,536	681,752	600,736
Texas A&M University - Commerce	408,836	436,752	369,996
Texas A&M University - Texarkana	-	9,008	27,554
Subtotal, A&M System	**$9,499,034**	**$7,626,058**	**$7,693,072**
University of Houston System			
University of Houston	$11,963,721	$10,705,472	$11,237,788
University of Houston-Clear Lake	140,578	108,392	241,226
University of Houston-Downtown	106,845	104,248	266,686
University of Houston-Victoria	-	2,253	2,086
Subtotal, University of Houston System	**$12,211,144**	**$10,920,365**	**$11,747,786**
Texas Tech University System			
Texas Tech University	9,128,055	8,327,602	10,196,792
Angelo State University	78,060	123,176	77,582
Subtotal, Texas Tech University System	**$9,206,115**	**$8,450,778**	**$10,274,374**
Texas State University System			
Lamar University	$821,044	$820,010	$697,514
Sam Houston State University	714,514	362,574	555,506
Texas State University - San Marcos	2,536,316	3,121,164	4,083,230
Sul Ross State University	544,839	304,040	285,486
Subtotal, Texas State University System	**$4,616,713**	**$4,607,788**	**$5,621,736**
University of North Texas System			
University of North Texas	3,004,337	2,495,448	3,087,738
University of North Texas - Dallas	-	-	1,996
Subtotal, University of North Texas System	**$3,004,337**	**$2,495,448**	**$3,089,734**

FIGURE 256 (CONTINUED)
RESEARCH DEVELOPMENT FUND ALLOCATIONS, 2010–11, 2012–13 AND 2014–15 BIENNIA

INSTITUTION	2010–11 BIENNIUM ALLOCATION	2012–13 BIENNIUM ALLOCATION	2014–15 BIENNIUM ALLOCATION
Independent Universities			
Midwestern State University	$15,536	$30,066	$74,810
Stephen F. Austin State University.	1,189,689	895,696	639,606
Texas Southern University	806,889	338,580	332,450
Texas Woman's University	320,837	266,152	293,462
Subtotal, Independent Universities	**$2,332,951**	**$1,530,494**	**$1,340,328**
TOTAL	**$75,808,902**	**$65,296,737**	**$73,079,780**

Source: Legislative Budget Board.

Regular Session, 2013, amends statute to allow Prairie View A&M University to receive appropriations from the RDF. The legislation provides that Prairie View A&M University is only eligible to receive RDF appropriations in a fiscal year if it is not eligible for the Texas Competitive Knowledge Fund. In addition, for the state fiscal biennium ending August 31, 2017, Prairie View A&M University is only eligible if appropriations for the RDF for institutions that received distributions from the fund during the preceding biennium are at a level not less than the total amount of money that was appropriated in fiscal years 2014 and 2015.

TEXAS COMPETITIVE KNOWLEDGE FUND

Legislation passed by the Eighty-third Legislature, Regular Session, 2013, established the TCKF effective September 1, 2013, to replace the Research University Development Fund which previously had not been appropriated funding. Prior to legislation, TCKF was a research fund authorized by the General Appropriations Act and since 2008–09, appropriations have been provided to certain institutions in a strategy named "Competitive Knowledge Fund." The purpose of this fund is to provide funding to eligible research universities and emerging research universities to support faculty and ensure excellence in instruction and research. During the 2012–13 biennium, five institutions received TCKF appropriations: The University of Texas at Austin, Texas A&M University, University of Houston, Texas Tech University, and The University of Texas at Dallas.

Appropriations from the TCKF for the 2014–15 biennium total $159.2 million from General Revenue Funds to the five institutions of higher education receiving TCKF appropriations in the 2012–13 biennium and three additional institutions: The University of Texas at Arlington, The University of Texas at El Paso, and The University of Texas at San Antonio. The appropriation represents an increase of approximately $65.8 million from the 2012–13 biennial appropriated level. These appropriations were offset by a reduction of $15.0 million in special items (or $5.0 million apiece) from the three institutions receiving TCKF biennial appropriations for the first time, resulting in a net increase of $50.8 million, or 54.3 percent, from the 2012–13 biennial appropriated level.

Appropriations for the TCKF are apportioned among eligible institutions according to a formula based on each institution's three-year average of unrestricted research expenditures. **Figure 257** compares the 2010–11, 2012–13, and 2014–15 biennial allocations for each eligible institution.

SIGNIFICANT LEGISLATION

SB 215 – Creation of Texas Competitive Knowledge Fund. The enactment of Senate Bill 215, Eighty-third Legislature, Regular Session, 2013, amends statute to rename the Research University Development Fund as the Texas Competitive Knowledge Fund and make certain changes to eligibility, purpose, funding requirements, and initial contributions to the fund. The provisions of the bill define eligibility requirements for the TCKF depending on the type of institution: research institutions are eligible if the institution reaches total annual research expenditures in an average annual amount of not less than $450.0 million for three consecutive fiscal years beginning in fiscal year 2011 and emerging research universities are eligible if the institution reaches total annual research expenditures in an average annual amount of not less than $50.0 million for three consecutive fiscal years beginning in fiscal year 2011. Under provisions of the bill, during the first biennium in which an eligible institution receives an appropriation from the TCKF, the institution's other general revenue

FIGURE 257
TEXAS COMPETITIVE KNOWLEDGE FUND, 2010–11, 2012–13 AND 2014–15 BIENNIA

INSTITUTION	2010–11 BIENNIUM ALLOCATION	2012–13 BIENNIUM ALLOCATION	2014–15 BIENNIUM ALLOCATION
Research Universities			
The University of Texas at Austin	$51,627,098	$36,783,564	$53,404,206
Texas A&M University	52,628,025	39,806,470	58,701,987
Subtotal, Research Universities	**$104,255,123**	**$76,590,034**	**$112,106,193**
Emerging Research Universities			
University of Houston	$8,503,519	$6,123,958	$8,764,642
Texas Tech University	5,560,997	6,041,190	12,446,482
The University of Texas at Dallas	-	4,730,242	8,252,642
The University of Texas at Arlington	-	-	6,234,707
The University of Texas at El Paso	-	-	6,437,759
The University of Texas at San Antonio	-	-	5,000,000
Subtotal, Emerging Research Universities	**$14,064,516**	**$16,895,390**	**$47,136,532**
TOTAL	**$118,319,639**	**$93,485,424**	**$159,242,725**

Source: Legislative Budget Board.

appropriations shall be reduced by the lesser of $5.0 million for the biennium or the amount of the appropriation the institution receives from the TCKF.

NORMAN HACKERMAN ADVANCED RESEARCH PROGRAM

The NHARP was established by the Seventieth Legislature, Regular Session, 1987. The purpose of the program is to encourage and provide support for basic research conducted by faculty members and students at public and private institutions of higher education. The THECB administers the competitive grant, peer-reviewed program. Appropriations to the THECB for the NHARP for the 2014–15 biennium total $1 million from General Revenue Funds, which equals the 2012–13 biennial appropriated level.

TEXAS RESEARCH INCENTIVE PROGRAM

Legislation passed by the Eighty-first Legislature, Regular Session, 2009, established the TRIP to provide state matching funds to assist eligible public institutions in leveraging private gifts for the enhancement of research productivity and faculty recruitment. The level of state matching funds is dependent on the amount of gifts or endowments the institution receives: if the total amounts of the gifts and endowments are $100,000 or more, but less than $999,999, 50 percent of the donations will be matched; if the total amount of gifts and endowments are $1,000,000 or more, but less than $1,999,999, 75 percent of the donations will be matched; if the total amount of gifts and endowments are $2,000,000 or more, 100 percent of the donations will be matched. If funds appropriated for the program are insufficient to provide matching grants for all qualifying gifts and endowments, THECB will provide matching grants for the remaining unmatched gifts in the following fiscal year to the extent funds are available.

To be eligible to receive TRIP matching funds, an institution must be an emerging research university as defined by the THECB. These institutions include: Texas Tech University, Texas State University, University of Texas at Arlington, University of Texas at Dallas, University of Texas at El Paso, University of Texas at San Antonio, University of Houston, and University of North Texas. The 2014–15 biennial appropriations for the program total $35.6 million. House Bill 1025, Eighty-third Legislature, 2013, appropriated an additional $34.4 million to the program for fiscal year 2013. **Figure 258** shows the distribution of funds per institution from fiscal years 2010 to 2013.

FIGURE 258
DISTRIBUTION OF TRIP FUNDS
FISCAL YEARS 2010 TO 2013

IN MILLIONS

INSTITUTION	2010	2011	2012	2013
Texas Tech University	$10.8	$9.7	$3.8	$9.7
Texas State University	N/A	N/A	N/A	$0.6
The University of Texas at Arlington	$0.3	$0.3	$0.1	$1.2
The University of Texas at Dallas	$7.7	$7.0	$1.7	$21.3
The University of Texas at El Paso	$1.5	$1.4	$2.0	$5.1
The University of Texas at San Antonio	$1.4	$1.3	$1.1	$3.7
University of Houston	$2.4	$2.1	$8.2	$9.1
University of North Texas	$0.9	$0.8	$0.9	$1.5
TOTAL	**$25.0**	**$22.5**	**$17.8**	**$52.2**

Source: Texas Higher Education Coordinating Board.

TEXAS A&M UNIVERSITY SYSTEM AGENCIES

The Texas A&M University (TAMU) System includes seven system agencies. The agencies provide an array of services to the State of Texas, including research, teaching, and public service. The system agencies' mission differ from other institutions of higher education in that each system agency focuses on one or two of the three traditional missions of higher education institutions (research, teaching, and service).

In several ways, state funding for the system agencies is similar to how other higher education institutions are funded. They (with the exception of the Texas A&M Veterinary Medical Diagnostic Laboratory) are eligible to receive Permanent University Fund proceeds. Like health-related institutions and general academic institutions, the system agencies keep 100 percent of their respective indirect cost recovery income. Finally, the system agencies are funded in the same manner as other institutions of higher education for purposes of staff benefits, including employee group health insurance contributions.

There are two major funding differences between the system agencies and other higher education institutions. One difference is that the system agencies do not receive formula-based funding for operations. Also, while some system agencies may charge fees for their services, they do not generate tuition and fees in the same manner or quantity as other institutions of higher education. However, the system agencies do generate fees in several ways, which range from providing apiary inspection services for Texas honey producers to conducting drug testing procedures for the animal racing industry. This fee revenue is appropriated on an estimated basis to the system agencies.

APPROPRIATIONS AND FUNDING

Appropriations for the 2014–15 biennium for the TAMU system agencies total $913.9 million. This amount includes $369.6 million in General Revenue Funds and General Revenue–Dedicated Funds. The All Funds appropriation represents a decrease of $218.3 million, or 19.3 percent, from the 2012–13 biennial expenditure level. General Revenue Funds decreased $67.1 million, or 16.9 percent, from the 2012–13 expenditure level. All Funds and General Revenue Funds decreases and mainly impact the Texas A&M Forest Service because of a one-time supplemental appropriation ($121.0 million) in the 2012–13 biennium for costs associated with fighting wildfires. General Revenue Funds comprise 36 percent of the system agencies' overall budgets. Federal Funds account for $214.3 million, or 23.5 percent, of the system agencies' budgets, most of which, $164 million, is allocated to the three engineering agencies (the Texas A&M Engineering Extension Service, the Texas A&M Engineering Experiment Station, and the Texas A&M Transportation Institute). Other Funds decreased $154.1 million, or 31.8 percent, from the 2012–13 biennial expenditure level. The decrease is primarily due to a decrease of $161.1 million in Economic Stabilization Funds (Other Funds) for a one-time supplemental appropriation in the 2012–13 biennium to Texas A&M Forest Service for the costs associated with fighting wildfires. **Figure 259** shows a summary of the 2014–15 biennial appropriations and the 2012–13 biennial expenditure levels for the system agencies. **Figure 260** shows the total All Funds distribution by each system agency for the 2014–15 biennium.

The Eighty-third Legislature, Regular Session, 2013, continued the practice of using formula-based funding for the agencies' infrastructure inside Brazos County (re-instituted in the 2010–11 biennium, by the Eighty-first Legislature, Regular Session, 2009). This funding methodology includes a formula based on the space projection model used by the General Academic Institutions. The system agencies receive funding commensurate with the rate per square foot that TAMU receives for its infrastructure funding.

TEXAS A&M AGRILIFE RESEARCH

Texas A&M AgriLife Research (TAR) was established through state and federal legislation in 1887 as a result of the federal Hatch Act. The agency's mission is to conduct research and oversee regulatory programs for the benefit of the agricultural industry and consumers of agricultural products. The agency works to ensure that environmental and natural resources are maintained and enhanced and a safe supply of agricultural products is available. The agency works closely with TAMU and maintains ties to many other higher education institutions and federal and international agencies.

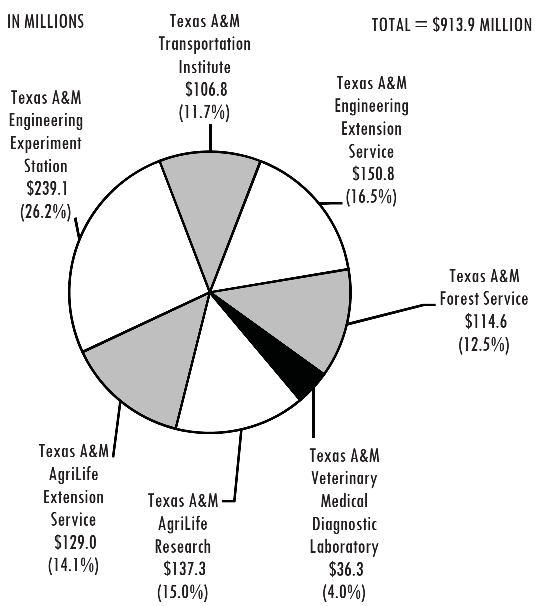
Appropriations for the 2014–15 biennium for TAR total $137.3 million and provide for 987.7 full-time-equivalent (FTE) positions. This amount includes $106.4 million in General Revenue Funds and General Revenue–Dedicated Funds. The All Funds appropriations represent an increase of $3.8 million, or 2.9 percent, from the 2012–13 biennial expenditure level and mainly impacts two new programs.

FIGURE 259
TEXAS A&M UNIVERSITY SYSTEM AGENCIES APPROPRIATIONS, 2012–13 AND 2014–15 BIENNIA

IN MILLIONS	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS			ALL FUNDS		
AGENCY	2012–13 BIENNIUM	2014–15 BIENNIUM	PERCENTAGE CHANGE	2012–13 BIENNIUM	2014–15 BIENNIUM	PERCENTAGE CHANGE
Texas A&M AgriLife Research	$102.3	$106.4	4.0	$133.5	$137.3	2.9
Texas A&M AgriLife Extension Service	84.5	84.8	0.4	128.6	129.0	0.3
Texas A&M Engineering Experiment Station	28.7	34.2	19.3	235.5	239.1	1.6
Texas A&M Transportation Institute	1.3	4.3	233.6	97.3	106.8	9.7
Texas A&M Engineering Extension Service	12.4	15.5	25.3	149.7	150.8	0.7
Texas A&M Forest Service	187.9	106.7	(43.2)	357.0	114.6	(67.9)
Texas A&M Veterinary Medical Diagnostic Laboratory	11.5	17.6	52.9	30.7	36.3	18.3
TOTAL, TEXAS A&M UNIVERSITY SYSTEM AGENCIES	**$428.6**	**$369.6**	**(13.8)**	**$1,132.2**	**$913.9**	**(19.3)**

Source: Legislative Budget Board.

FIGURE 260
TEXAS A&M UNIVERSITY SYSTEM AGENCIES, ALL FUNDS APPROPRIATIONS, 2014–15 BIENNIUM



Source: Legislative Budget Board.

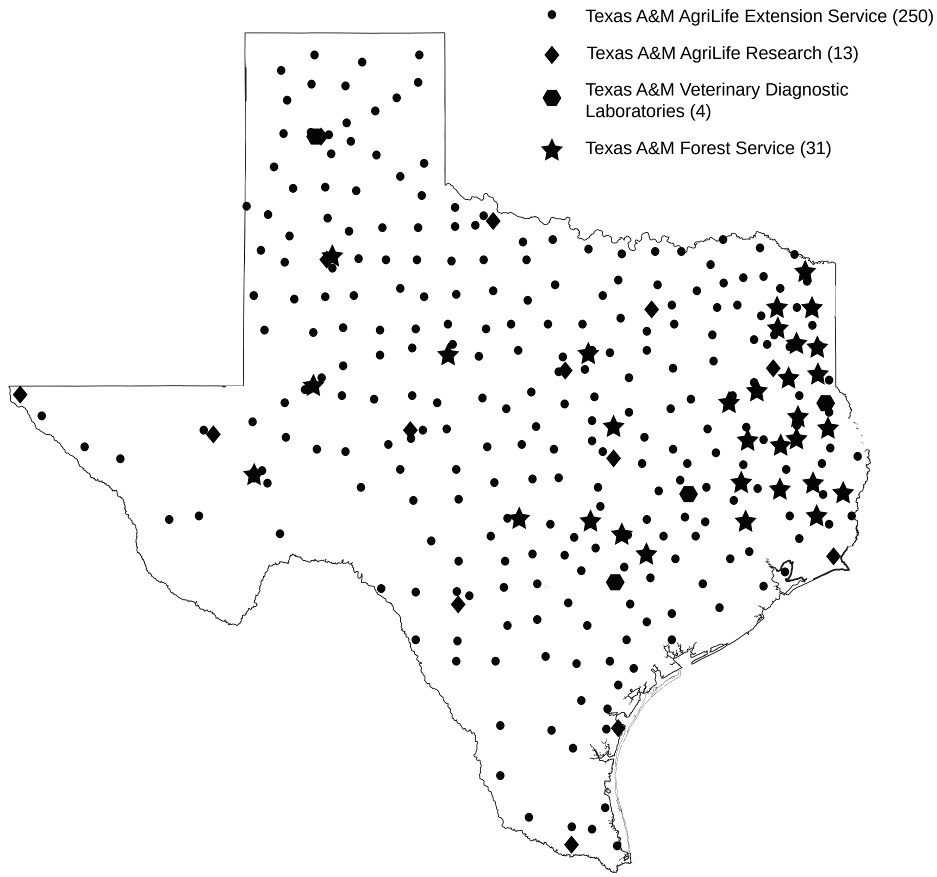
The two new programs include $3 million in General Revenue Funds for advancements in water resource management to develop and apply the scientific and technological advancements needed to meet the state's future water demands and $1 million in General Revenue Funds for cotton, wool, and mohair research.

To address Texas' geographic diversity and corresponding plant and animal variety, TAR conducts research activities at 13 major research and extension centers throughout the state (**Figure 261**). The agency integrates its programs with those of the Texas A&M AgriLife Extension Service through co-location of staff at research and extension centers, cooperative planning, joint appointments, field days, and co-publications.

TAR's goals are to promote agricultural competitiveness, environmental quality, agricultural product quality, and value-added/economic development. The agency conducts research on livestock, plants, crops, and processing techniques to ensure Texas' agriculture system is competitive. It also focuses on conserving natural resources and research that addresses air, soil, and water quality.

The agency also administers two regulatory services. The first is the Texas Apiary Inspection Service (TAIS), which is charged with regulating the honeybee industry in the state and has a 2014–15 biennial budget of approximately $0.5 million and is partially supported by fees. TAIS regulates honeybees to maintain a population of bees that benefits pollination needs and honey production. TAIS issues permits and certifications, conducts inspection operations, and limits honey bee migration through quarantine procedures. TAMU's Department of Entomology provides the testing services for TAIS.

FIGURE 261
TEXAS A&M UNIVERSITY SYSTEM AGRICULTURAL AGENCY LOCATIONS, FISCAL YEAR 2013



Source: Texas A&M University System.

The second regulatory service administered by TAR involves the Office of the Texas State Chemist (OTSC), and is comprised of the Feed and Fertilizer Control Service (FFCS) and the Agriculture Analytical Service (AAS). FFCS regulates the distribution of approximately 21 million tons of feed and 2.6 million tons of fertilizer to ensure the products conforms to Texas agriculture commercial feed and fertilizer codes. FFCS licenses distributors of feed and registers feed products in package sizes of five pounds or less, and registers all fertilizer distributors as well as manufacturers and distributors of ammonium nitrate materials. The entirety of the FFCS budget is generated by fee revenue, including contracts with the Federal Drug Administration (FDA) and the U.S. Department of Agriculture. OTSC supports 17 field investigators commissioned by the FDA. These investigators conduct facility audits, investigate animal deaths associated with feed, review product labels, and collect investigatory samples for analysis by the AAS. OTSC's 2014–15 biennial budget is $10.8 million, which supports 52 FTE positions.

TEXAS A&M AGRILIFE EXTENSION SERVICE

The Texas A&M AgriLife Extension Service (TAES) was established by legislative action and the acceptance of provisions of the federal Smith-Lever Act in 1915. The agency's mission is to educate Texans in agriculture, environmental stewardship, youth and adult life skills, leadership, and economic development.

Appropriations for the 2014–15 biennium for TAES total $129.0 million and provide for 1,031.1 FTE positions. This amount includes $84.8 million in General Revenue Funds. The All Funds appropriation represents an increase of $0.4 million, or 0.3 percent, from the 2014–15 biennial expenditure level and mainly impacts two new programs. One of the programs includes $0.5 million in General Revenue Funds for a Workforce Horizons for Texas Youth Program, which is a career and college discovery program for under-served students and their families. The second program includes an interagency contract with the Texas Parks and

Wildlife Department (TPWD). TPWD is appropriated $2.0 million from General Revenue–Dedicated Fund 009 to contract with TAES for education and research efforts to reverse the decline of the quail population in Texas.

TAES's goal is to promote education in health and safety, environmental stewardship, economic competitiveness, and leadership development. The agency conveys scientific information and technology transfer programs to the public, developed through the TAMU System, the U.S. Department of Agriculture, and private and public research organizations. TAES' programs address areas in agriculture and natural resources; youth, community, and leadership development; environmental quality and food safety. The 4-H program is one of the youth programs the agency administers, which prepares participants to learn leadership, citizenship and life skills. A statewide network of approximately 556 county extension agents along with program specialists located in research and extension centers (**Figure 261**) deliver educational programs to all 254 Texas counties. District extension administrators, who supervise personnel and programs, are located in 13 research and extension centers across the state. Various departments on TAMU campus provide TAES with specialists and direct program support for district and county activities. Salaries for county extension agents are paid from county, state, and federal sources. The General Revenue Fund contributes approximately one-half the cost of agent salaries, with the counties providing approximately 35 percent and the federal government providing the remaining portion. TAES works in partnership with county courts across the state to provide educational resources to its clientele.

SIGNIFICANT LEGISLATION

HB 7 – New License Plate Revenue Stream Trust Fund. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 7, Section 15, which eliminates General Revenue–Dedicated accounts for license plates established in the Texas Transportation Code, Section 504; including the agency's three license plate accounts, and creates a new trust fund outside the General Revenue Fund for revenue from the sale of license plates.

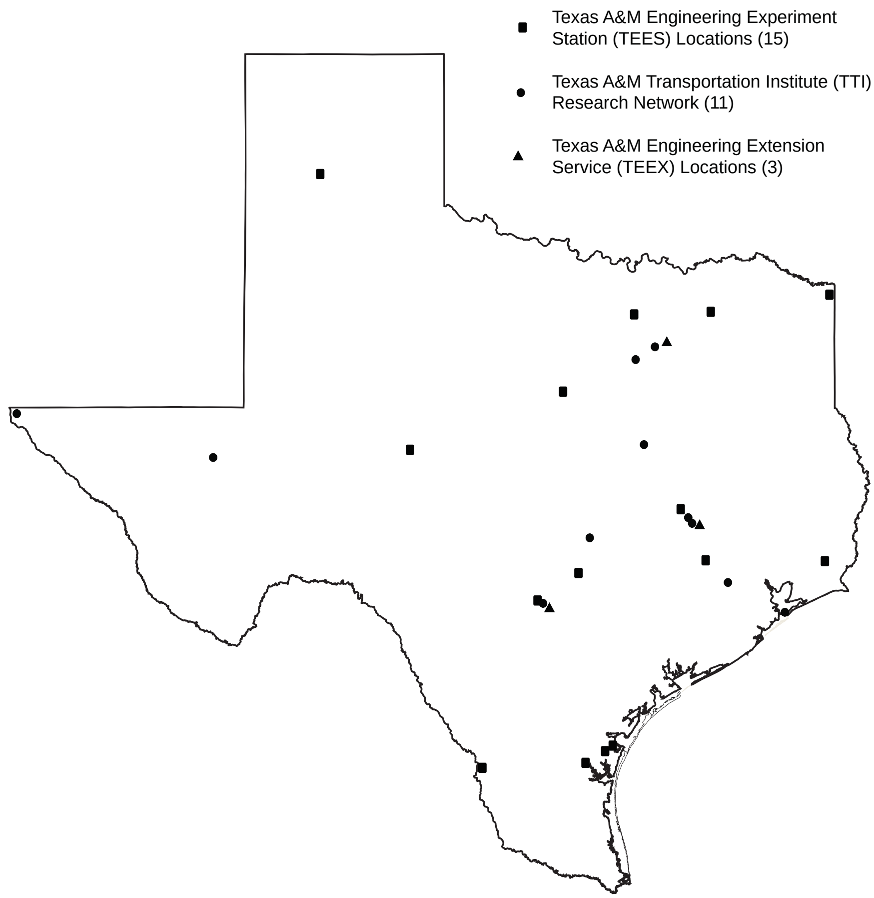
TEXAS A&M ENGINEERING EXPERIMENT STATION

The Texas A&M Engineering Experiment Station (TEES) was established in 1914 and incorporated with the TAMU System in 1948. TEES headquarter is located in College Station. The agency's mission is to foster innovations in research, education, and technology that support and aid the business and industrial communities to improve economic development. TEES has a close relationship with TAMU and partners with other institutions of higher education across Texas (**Figure 262).** TEES divisions include eight universities within the TAMU System, as well as Angelo State University, Lamar University, Texas State University, Texas Woman's University, University of North Texas, Del Mar Community College and New Mexico State University. TEES also provides support to the more than 50 community colleges statewide under its Community College Initiative.

Appropriations for the 2014–15 biennium for TEES total $239.1 million and provide for 928.3 FTE positions. This amount includes $34.2 million in General Revenue Funds and General Revenue–Dedicated Funds. The All Funds appropriation represent an increase of $3.6 million, or 1.6 percent, from the 2012–13 biennial expenditure level and mainly impacts two programs, including an existing program. The existing program includes an increase of $1.0 million in General Revenue Funds from the 2012–13 biennial expenditure level for the Nuclear Power Institute. This funding is for training nuclear power plant operators. The new program includes $3.0 million in General Revenue Funds for a two-year large scale pilot project that alerts utilities and firefighters of failing power devices in high risk areas for wildfires and conditions that help prevent wildfires caused by power lines. The majority of external research funds generated by TEES come from federal sponsors, including the U.S. Department of Energy, National Science Foundation, U.S. Department of Defense, U.S. Department of Health and Human Services, and NASA. Federal Funds provide an estimated $106.3 million for the 2014–15 biennium. Other Funds, which include private sector contracts and Interagency Contracts, total $98.6 million for the 2014–15 biennium.

TEES's goal is to conduct basic and applied research in engineering and related fields, TEES accomplishers this goal through engineering and technology-oriented research and educational collaborations. The agency provides programs for students in engineering research and education at the secondary, undergraduate, and graduate levels. TEES also serves as a catalyst for collaborations between industries, communities and academic institutions that competitively position Texas for federal grant dollars while providing technical assistance on licensing and the commercialization of products TEES research is focused on five strategic areas

FIGURE 262
TEXAS A&M UNIVERSITY SYSTEM ENGINEERING AGENCY LOCATIONS, FISCAL YEAR 2013



SOURCE: Texas A&M University System.

that include energy and the environment, transportation and infrastructure, health and safety, informatics and the knowledge economy, and national security. TEES also operates the Offshore Technology Research Center, Nuclear Science Center, Food Protein Research and Development Center, National Center for Therapeutics Manufacturing, Mary Kay O'Connor Process Safety Center and National Corrosion Center.

TEES has partnerships with K–12 schools, community colleges, universities and industry to offer short courses, certificate programs and distance education. TEES participates in education partnerships that enhance science, technology, engineering and math (STEM) education to increase the number of engineers and scientists. TEES is working with five South Texas engineering programs (Texas A&M-Kingsville, Texas A&M-Corpus Christi, Texas A&M International University, University of Texas-Brownsville and University of Texas-Pan American) to form the South Texas Engineering Alliance and the South Texas-Coastal Bend STEM Coalition. The group focuses on student recruitment and work with STEM in-service teachers. The Energy System Laboratory within TEES assists in energy efficiency and renewable energy research, along with emissions reduction calculations for the Texas Emissions Reduction Plan administered by the Commission of Environmental Quality.

TEXAS A&M TRANSPORTATION INSTITUTE

The Texas A&M Transportation Institute (TTI), established in 1950, conducts applied research that addresses a range of transportation challenges in Texas. The agency's mission is to solve transportation problems through research, to transfer technology and knowledge to the transportation industry and traveling public, and to develop diverse human resources to meet the transportation challenges of tomorrow. TTI has conducted research in many areas including mobility, traffic operations, safety, finance, energy, freight movement, driver behavior, security, and the environment. In addition to its office in College Station and its research annex at TAMU's Riverside Campus in Brazos County, TTI maintains field offices in Arlington, Austin, Dallas, El Paso, Galveston, Houston, San Antonio, and Waco. The agency also has 10 regional divisions at various Texas universities (**Figure 262**) as well as a testing center in Pecos. TTI conducts much of its research through its nine state and national centers, which include the Center for Transportation Safety, the Center for Ports and Waterways, and the Transportation Economics Research Center.

Appropriations for the 2014–15 biennium for TTI total $106.8 million and provide for 434.7 FTE positions. This amount includes $4.3 million in General Revenue Funds. The All Funds appropriation represents an increase of $9.5 million, or 9.7 percent, from the 2012–13 biennial expenditure level. It includes an increase of $6.0 million in General Revenue Funds and State Highway Funds (Other Funds) to support the role of the agency as an independent resource to the Legislature providing analysis of state transportation policies and the economic impact of those policies. Also included in the appropriations is $16.9 million in State Highway Funds (Other Funds). The agency also uses State Highway Funds to research new areas, purchase specialized capital equipment, and support professional development. Most of agency's funding is from sponsored research grants and contracts with private and governmental entities. Approximately 38.8 percent of the agency's funding is from Interagency Contracts; the Texas Department of Transportation provides most of these contracts. Appropriated Receipts, Federal Funds, and Research-related Indirect Cost Recovery comprise the remainder of the agency's funding.

TTI's goals are to anticipate, identify and solve transportation problems, disseminate the results of research to improve the overall transportation system, and enhance the quality of transportation education in Texas. The agency researches all transportation modes, including air, water, surface, rail, and pipeline. The agency also researches means to create effective and efficient multi-modal transportation systems. TTI conducts over 700 research projects with over 200 sponsors annually.

TTI's Center for Ports and Waterways (CPW) addresses issues such as trade flows and trends, intermodal concerns, landside access, economic and environmental impacts, international commerce, port development, and security. The CPW provides maritime interests with a research, development, technology transfer, and education programs. Its Center for International Intelligent Transportation Research in El Paso seeks to improve mobility, border-crossing efficiency, and security. TTI conducts full-scale crash tests of safety designs at the agency's Proving Grounds Research Facility where roadside devices, crash cushions, and barrier systems undergo testing that is required before installation. TTI also operates the state's full-scale evaluation facility for performance testing of erosion control materials used by the Texas Department of Transportation and a drive-in Environmental and Emissions Research Facility capable of accommodating tractor-trailers and buses.

TEXAS A&M ENGINEERING EXTENSION SERVICE

The Texas A&M Engineering Extension Service (TEEX) was established in 1948 to provide vocational and technical training services to the citizens of Texas. TEEX headquarters in located in College Station. The agency's mission is to develop a highly skilled and educated workforce that enhances the state's public safety, health, and economic growth through training, continuing education, and technical assistance. TEEX provides hands-on customized training and homeland security exercises to meet state and federal occupational certification training requirements and improve the skills of workers.

Appropriations for the 2014–15 biennium for TEEX total $150.8 million and provide for 572.5 FTE positions. This amount includes $15.5 million in General Revenue Funds. The agency received a one-time supplemental appropriation of $1.7 million in Economic Stabilization Funds (Other Funds) for fiscal year 2013 during the Eighty-third Legislature, Regular Session, 2013, to reimburse the agency for state-directed Texas Task Force 1 deployments primarily for natural disasters, which contributed to the reduction of Other Funds. Because of a reduction of $3.6 million in Other Funds, the All Funds appropriation represents an increase of $1.1 million, or 0.7 percent, from the 2012–13 biennial expenditure level and mainly impacts three programs including two new programs. The existing program includes $1.0 million in General Revenue Funds over the 2012–13 biennial expenditure level for operational readiness costs for Texas Task Force 1. The two new programs include $1.5 million in General Revenue Funds for underserved rural firefighting training support through extension area schools and $0.5 million in General Revenue Funds for the Texas Law Enforcement Extension (LEX) program. The LEX program provides specialized training in modern police concepts, practices and procedures to small and rural Texas enforcement officers. Other Funds account for $95.7 million, which is the largest share, or about 63.5 percent, of the agency's total appropriation, followed by $39.5 million in Federal Funds, which comprise about 26.2 percent.

The agency's goals are to provide training and technology-transfer assistance and emergency response. Each year TEEX trains approximately 184,000 individuals through over 4,300 class offerings and technical assistance amounting to approximately 2.8 million student contact hours. Public service programs fulfill mandated training requirements for certification in fire protection, law enforcement, and solid waste, water, and wastewater treatment. Industrial sector training includes programs in occupational safety, heavy equipment operation, power distribution, job safety, telecommunications, electronics, and economic development.

TEEX maintains regional training centers in Mesquite and San Antonio (**Figure 262**). The Mesquite Office is the site of the Occupational Safety and Health Administration's Southwest Education Center, which provides occupational, construction, youth, maritime and industrial safety training. TEEX is the designated state fire training agency for Texas. The agency's Brayton Fire Training Field includes full-scale buildings, towers, tanks industrial plant structures and a ship that are used during life-like training simulations. Adjacent to the fire field are TEEX's Emergency Operations Training Center, a simulation and computer-based technologies training facility and Disaster City©, a search and rescue training facility.

TEEX operates Texas Task Force 1 (TX-TF1), which functions as a federal Urban Search and Rescue team under the Federal Emergency Management Agency's (FEMA) national urban search and rescue program and as Texas' only statewide search and rescue team under the direction of the Governor's Division of Emergency Management. TX-TF1 is comprised of more than 600 emergency response personnel from 80 organizations and departments across the state. State and federal deployments of TX-TF1 have included emergency responder activities at the World Trade Center following the September 11, 2001, attacks, recovery efforts during the *Columbia* shuttle disaster, and rescue missions after hurricanes Katrina and Rita. More recently, TX-FX1 was deployed on search and rescue activities following the explosion in West, TX, and the tornado in Moore, OK.

TEEX also operates the National Emergency Response and Rescue Training Center to provide training on measures designed to reduce the potential damage from weapons of mass destruction and terrorist acts, and natural disasters.

SIGNIFICANT LEGISLATION

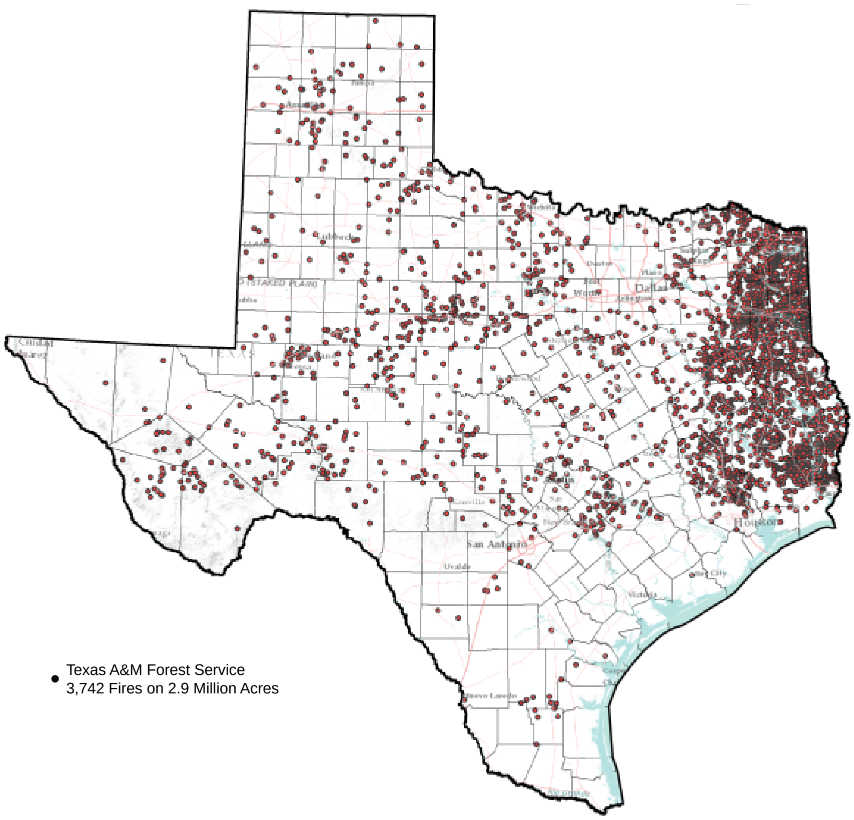
HB 1297 – Review of Workforce Training Programs. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 1297, which requires the Texas A&M Engineering Extension Service and each public community or technical college a review of the service's or colleges training programs to determine the effectiveness of the programs in improving the wages of the participants who complete the program and identify strategies for improving delivery of workforce training in order to more effectively impact economic development. By October 1 of each even-numbered year, a detailed written report summarizing the results of the review is required to be sent to the executive director of the Workforce Commission to be reported to the Governor and the Legislature.

TEXAS A&M FOREST SERVICE

Texas A&M Forest Service (TFS) was established in 1915. The agency's mission is to provide statewide leadership and professional assistance to ensure that the state's forest, tree, and related natural resources are used wisely, nurtured, and protected. As shown previously in **Figure 261**, TFS has locations throughout the state.

Appropriations for the 2014–15 biennium for TFS total $114.6 million and provide for 558.2 FTE positions. This amount includes $106.7 million in General Revenue Funds and General Revenue–Dedicated Funds. The All Funds appropriation represents a decrease of $242.4 million, or 67.9 percent, from the 2012–13 biennial expenditure level due to a decrease for one-time supplemental appropriations for wildfire costs in the 2012–13 biennium. TFS was appropriated $121 million in General Revenue Funds in fiscal year 2012 during the Eighty-second Legislature, Regular and First Called Sessions, 2011, and $161.1 million in Economic Stabilization Funds (Other Funds) in fiscal year 2013 during the Eighty-third Legislature, Regular Session, 2013, to pay for wildfire costs incurred by the state since the 2008 fire season. **Figure 263** includes wildfire responses in Texas during the 2011–12 biennium. This appropriation also includes state matching funds because many of the wildfires throughout the state were eligible to receive federal matching grants. Federal matching funds from the wildfires are not included in TFS' appropriations but reimbursements are made directly to the federal agencies that assisted in fighting the wildfires. Cost sharing between the federal and state

FIGURE 263
TEXAS FIRE SEASON RESPONSES, 2011–12 BIENNIUM



Source: Texas A&M Forest Service.

governments for fighting wildfires varies depending on the severity of the fire season and the resources deployed. Included in the 2014–15 appropriations is an additional $27.2 million in General Revenue Funds over the 2012–13 biennial expenditure level along with an increase of 100 FTEs for the Wildfire Protection Plan (WPP). This additional funding will help mitigate future wildfire costs by establishing preventative and planning measures and locating firefighters strategically across the state to help suppress wildfires. Also included is an additional $1.5 million in General Revenue Funds for Webb County firefighting infrastructure and vehicles. TFS is also appropriated $10.0 million in General Revenue–Dedicated Funds over the 2012–13 biennial expenditure level for a total of $37.0 million for the Rural Volunteer Fire Department Assistant Program.

The agency's largest strategy is its wildfire and emergency program, which includes the WPP and Texas Intrastate Fire Mutual Aid System (TIFMAS) program. The TIFMAS program provides reimbursement grants to career fire departments and combination fire departments that are not eligible for grant assistance under the Rural Volunteer Fire Department Assistance Program. The Rural Volunteer Fire Department Assistance Program provides grants to local volunteer fire departments to help rural areas establish their own firefighting capabilities by sharing the cost of firefighting equipment and training.

As requested by the Texas Division of Emergency Management, TFS helps coordinate response efforts for hurricanes, floods, tornadoes and other disasters. The agency also conducts applied research in the field of forest insects and diseases and disseminates information to landowners. The agency dedicates time to reforestation efforts, urban forestry programs, resource development assistance, windbreak development, ecosystem services, and community assistance. In addition, TFS maintains statistics on annual forest growth, harvest trends, and forest industry production levels. The agency also operates a nursery and a seed orchard for the production of tree seedlings.

SIGNIFICANT LEGISLATION

HB 7 – Revenue Streams for Forestry Uses. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 7, which allows the Legislature to appropriate funds from the General Revenue–Dedicated 911 Service Fees Account No. 5050 to provide assistance to rural fire departments. House Bill 7, Section 9, also requires the comptroller to assess the lower of the total amount appropriated from the Volunteer Fire Department Assistance Fund and $30 million. House Bill 7, Section 15, also eliminates General Revenue–Dedicated accounts for licenses plates established in the Texas Transportation Code, Section 504; including the agency's three license plate accounts, and create a new trust fund outside the General Revenue Fund for revenue from the sale of license plates.

TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY

The Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL) was established in 1967. Its mission is to promote animal health and protect agricultural, companion animal and public health interests in Texas and beyond by providing excellence in veterinary diagnostic services. TVMDL provides necessary drug and residue tests for the Texas animal racing industry and health tests for national and international shipments of animals and animal products.

Appropriations for the 2014–15 biennium for TVMDL total $36.3 million and provide for 150 FTE positions. This amount includes $17.6 million in General Revenue Funds. The All Funds appropriation represents an increase of $5.6 million, or 18.3 percent, from the 2012–13 biennial expenditure level and due primarily to funding for a new laboratory. The agency's appropriations include $3.0 million in General Revenue Funds per fiscal year for debt service for a new laboratory in College Station, Texas. Other Funds appropriations, which include fees charged for diagnostic and drug-testing services, total $18.3 million for the 2014–15 biennium.

The agency performs veterinary diagnostic services, export testing, and disease surveillance. The agency also works to detect, report and respond to potential high-consequence disease outbreaks among Texas' animal populations, including foot and mouth disease, and avian influenza. TVMDL conducts laboratory tests on specimens from live or deceased animals and their environments. In addition, the laboratories facilitate commerce of Texas livestock by providing tests required for international, intrastate, and interstate movement of animals. TVMDL also provides laboratory data necessary to identify disease outbreaks, including emerging, reemerging, and zoonotic diseases, and provides appropriate warnings to individuals and governmental agencies.

The agency works with many partners including the Texas Animal Health Commission, the Texas Parks and Wildlife Department, the Texas Department of State Health Services, the National Center for Foreign Animal and Zoonotic Disease Defense and the USDA Veterinary Services. TVMDL is one of 12 core labs composing the National Animal Health Laboratory Network, a group of state and regional diagnostic laboratories. All four of the agency's diagnostic and testing facilities provide early detection, response and recovery from outbreaks of high consequence animal diseases (**Figure 261**). College station is the larger of the two full service labs with 100 full-time employees followed by Amarillo with 30 employees. The two smaller poultry labs in Center and Gonzales have 8 and 5 FTEs respectively.

HIGHER EDUCATION EMPLOYEES GROUP INSURANCE

Higher Education Employees Group Insurance (HEGI) encompasses appropriations of state funds to individual institutions falling under one of three systems providing health benefits coverage to higher education employees: The University of Texas (UT) System, the Texas A&M University (TAMU) System, and the Employees Retirement System of Texas (ERS). The ERS Group Benefits Program serves all institutions of higher education except components of the UT System and TAMU System. **Figure 264** shows the total number of each system's participants (actives, retirees, and dependents) from fiscal years 2001 to 2015. Since 2001, the total number of participants increased by approximately 21 percent.

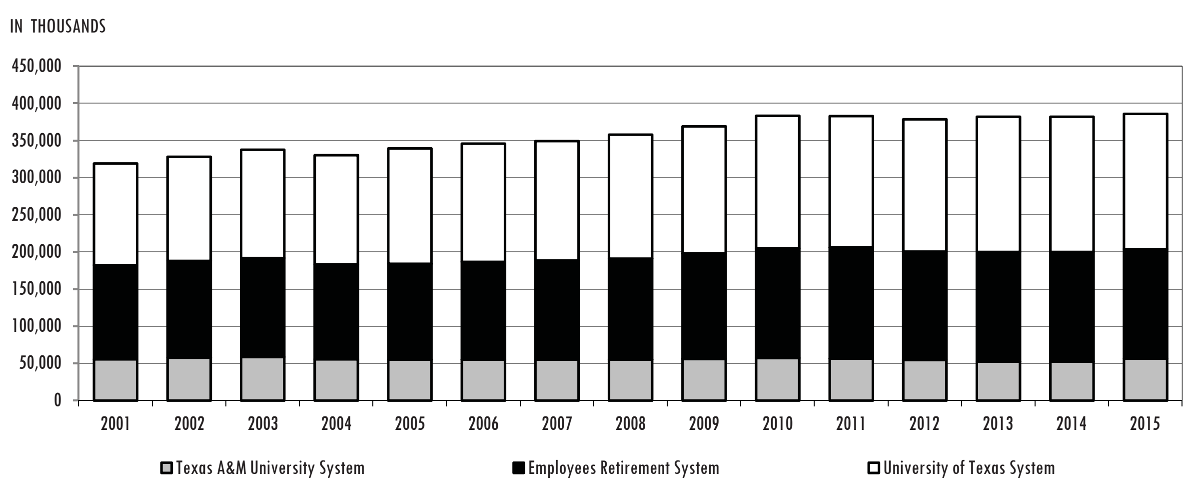
Legislative appropriations for HEGI for the 2014–15 biennium total $1,192.8 million, which includes $1,191.2 million in General Revenue Funds and $1.6 million in Other Funds. The Other Funds contribution is appropriated to the Texas Transportation Institute and is funded from the State Highway Fund. The 2014–15 biennial appropriation is increased $225.3 million in All Funds from the 2012–13 biennial spending level, or 23.3 percent.

The 2014–15 biennial appropriation for group health insurance is based on the number of eligible enrollees multiplied by premium contribution rates, which are then multiplied by annual rate increases. HEGI premium contribution rates vary by insuring system and type of institution. State institutions of higher education are funded at 87 percent to 89.4 percent of "full" ERS premium rates, while local community college districts are funded at 50 percent of "full" ERS premium rates. These premium contribution rates are increased by 7.36 percent in fiscal year 2014, relative to fiscal year 2013 contribution rates. The fiscal year 2014 premium contribution rates are increased by 7.33 percent to fund fiscal year 2015 appropriations.

For the 2014–15 biennium, an institution's allocation of General Revenue Funds is based on the number of employees at the institution enrolled in the health insurance program as of December 1, 2012. Funding is based on a sum-certain appropriations methodology in which state contributions to individual institutions are capped at the respective institution's line-item amount and where additional costs, if any, must be borne by individual institutions out of other appropriated or local funds. However, the 2014–15 General Appropriations Act also authorizes ERS and the UT and TAMU systems to transfer HEGI appropriations among institutions within their respective group insurance programs to address needs related to General Revenue Fund group insurance premiums.

For all institutions of higher education except public community colleges, appropriations for HEGI are intended to provide state contributions to individual institutions' costs of health insurance premiums in a manner prescribed by proportional cost-sharing requirements. As such, institutions

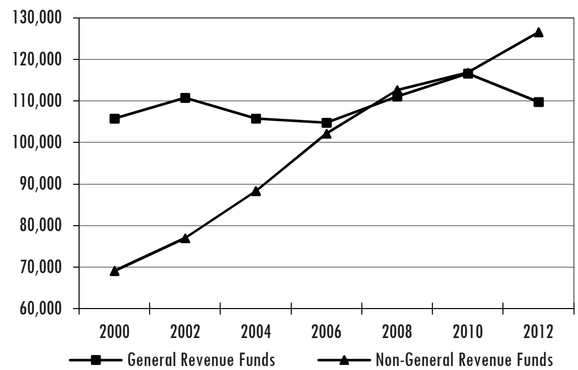
FIGURE 264
HIGHER EDUCATION EMPLOYEE HEALTH INSURANCE TOTAL PARTICIPATION, FISCAL YEARS 2001 TO 2015



NOTE: Fiscal years 2013 to 2015 are estimated.
SOURCES: The University of Texas System; Texas A&M University System; Employees Retirement System.

are required to pay all the health benefit costs for those employees having their salaries paid from sources other than the General Revenue Fund. Thus, as institutions continue to increase their share of funding from sources other than General Revenue Funds, the share of employees having their health benefits paid by state appropriations decreases proportionately. **Figure 265** shows in fiscal year 2012 the total number of active employees and retirees whose respective health benefits are paid by the institution was greater than the total number of active employees and retirees paid by state General Revenue Funds.

FIGURE 265
GENERAL REVENUE AND NON-GENERAL REVENUE GROUP INSURANCE ENROLLMENT
FISCAL YEARS 2000 TO 2012



Source: Legislative Budget Board.

The insurance contribution policy for ERS-covered institutions is the same as for non-higher education general state employees. For full-time employees, the state and the institution of higher education pay the employee-only premium in full and half the difference between the employee-only premium and the premium for dependent coverage. For full-time employees of the UT System, the state and UT System also pay the employee-only premium in full and half the difference between the employee-only premium and the premium for dependent coverage. For full-time employees of the TAMU System, the state and TAMU System pay about 78.5 percent of the employee-only premium and half of the difference between the employee-only premium and the premium for dependent coverage. Employees of the UT System and TAMU System receive an array of benefits similar to those offered to general state employees by ERS.

SIGNIFICANT LEGISLATION

SB 1812 – Group Insurance Contribution Rate for Junior College Employees. The enactment of Senate Bill 1812 sets the Higher Education Group Insurance contribution rate for employees of public junior college at 50 percent of the cost associated with eligible employees (instructional or administrative) whose salaries may be fully paid from funds appropriated under the General Appropriations Act, regardless of whether such salaries are actually paid from appropriated funds. Contributions may not be adjusted in a proportion greater than the change in student enrollment, except for a college that experiences a decline in student enrollment may petition the Legislative Budget Board to maintain the number of eligible employees up to 98 percent of the prior biennium.

7. JUDICIARY

*As shown in **Figure 266**, All Funds appropriations for the Judiciary for the 2014–15 biennium total $757.0 million, or 0.4 percent of all state appropriations. This amount is an increase of $100.9 million, or 15.4 percent, from the 2012–13 biennium. **Figure 267** shows 2014–15 biennial appropriations by method of financing and full-time-equivalent positions from fiscal years 2010 to 2015.*

FIGURE 266
ALL FUNDS APPROPRIATIONS FOR THE JUDICIARY
2014–15 BIENNIUM

IN MILLIONS

AGENCY	ESTIMATED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$73.8	$65.4	($8.5)	(11.5)
Court of Criminal Appeals	27.3	29.5	2.2	8.0
First Court of Appeals District, Houston	7.5	8.5	1.0	13.5
Second Court of Appeals District, Fort Worth	5.7	6.5	0.9	15.1
Third Court of Appeals District, Austin	5.0	5.6	0.6	12.6
Fourth Court of Appeals District, San Antonio	5.7	6.6	0.8	14.2
Fifth Court of Appeals District, Dallas	10.2	11.7	1.4	14.1
Sixth Court of Appeals District, Texarkana	2.7	3.0	0.3	12.5
Seventh Court of Appeals District, Amarillo	3.3	3.8	0.4	13.5
Eighth Court of Appeals District, El Paso	2.8	3.1	0.3	12.3
Ninth Court of Appeals District, Beaumont	3.3	3.8	0.5	13.6
Tenth Court of Appeals District, Waco	2.7	3.0	0.4	13.5
Eleventh Court of Appeals District, Eastland	2.7	3.0	0.3	12.9
Twelfth Court of Appeals District, Tyler	2.7	3.1	0.3	11.7
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	5.0	5.6	0.6	12.4
Fourteenth Court of Appeals District, Houston	7.5	8.5	1.0	13.3
Office of Court Administration, Texas Judicial Council	93.8	150.4	56.6	60.3
Office of Capital Writs	1.8	2.1	0.3	16.6
Office of the State Prosecuting Attorney	0.8	0.8	0.0	3.9
State Law Library	1.7	2.0	0.3	19.0
State Commission on Judicial Conduct	1.9	1.9	0.0	0.0
Judiciary Section, Comptroller's Department	285.6	302.0	16.4	5.8
Article IV, Special Provisions	0.0	0.0	0.0	N/A
Subtotal, The Judiciary	**$553.5**	**$629.9**	**$76.4**	**13.8**
Retirement and Group Insurance	$96.9	$124.0	$27.1	28.0
Social Security and Benefit Replacement Pay	19.9	19.9	0.0	0.2
Subtotal, Employee Benefits	**$116.7**	**$143.8**	**$27.1**	**23.2**

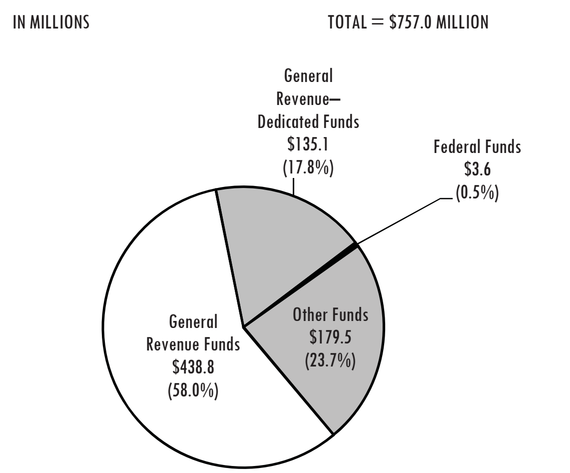
FIGURE 266 (CONTINUED)
ALL FUNDS APPROPRIATIONS FOR THE JUDICIARY
2014–15 BIENNIUM

IN MILLIONS

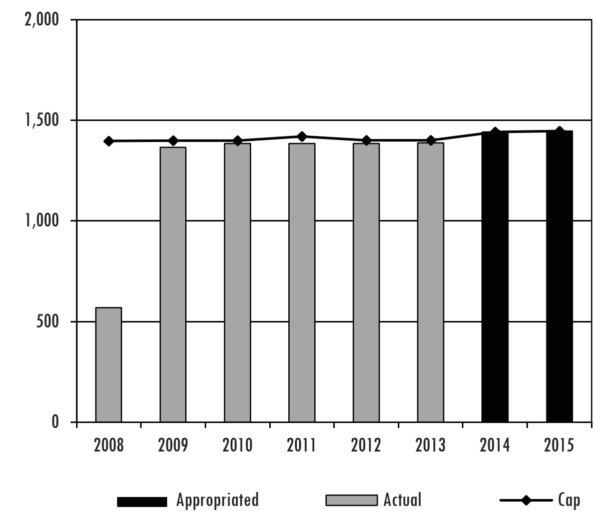
AGENCY	ESTIMATED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Lease Payments	$4.6	$2.3	$(2.3)	(49.8)
Subtotal, Debt Service	**$4.6**	**$2.3**	**$(2.3)**	**(49.8)**
Less Interagency Contracts	$18.7	$19.0	$0.4	2.0
TOTAL, ARTICLE IV – THE JUDICIARY	**$656.1**	**$757.0**	**$100.9**	**15.4**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and, the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and, the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
(4) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 267
THE JUDICIARY APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2014–15 BIENNIUM



NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.



SOURCES: Legislative Budget Board; State Auditor's Office.

The Texas Constitution lays the foundation for the state's court system. Judicial power is vested in one Supreme Court of Texas, one Court of Criminal Appeals, 14 Courts of Appeals, and approximately 3,370 trial courts. The constitution establishes one "constitutional" county court in each of the state's 254 counties and authorizes the Texas Legislature to create and specify the jurisdictions of other courts as necessary. The Constitution also provides that each county shall have at least one, but not more than eight justice of the peace precincts. In each precinct, one or two justices of the peace are to be elected.

The Legislature has established 256 statutory county and probate courts in 98 counties. The legal jurisdiction of a statutory county court or probate court varies according to the provisions of the statute that created it. By general statute, the Legislature has also established municipal courts in every incorporated city in the state.

The Legislature funds salaries and operating costs for the Supreme Court of Texas, the Court of Criminal Appeals, and the 14 Courts of Appeals. Six judicial agencies are also funded by the state: the Office of Court Administration, Texas Judicial Council, which includes the Court Reporters Certification, Process Server Review, and Guardianship Certification boards (to be replaced by the Judicial Branch Certification Commission in fiscal year 2015); the Office of the State Prosecuting Attorney; the Office of Capital Writs; the State Commission on Judicial Conduct; the State Law Library; and the Judiciary Section of the Comptroller's Department. Salaries of associate judges and court assistants for specialized courts handling child support collections and child protection cases are funded through the Office of Court Administration. The sixth judicial branch agency, the Judiciary Section of the Comptroller's Department, funds the following payments and salaries:

- state salaries of visiting and district judges;
- state salaries and certain expenses of felony prosecutors and district attorneys;
- salary supplements for constitutional, statutory and probate county judge;
- longevity pay for assistant district or county attorneys;
- salary supplements for county attorneys;
- nonresident witness expenses;
- juror pay; and
- a special prosecution unit that prosecutes crimes committed in Texas Department of Criminal Justice (TDCJ) prisons and Texas Juvenile Justice Department (TJJD) residential facilities and initiates civil commitment proceedings against sexually violent offenders who have completed prison terms.

MAJOR FUNDING ISSUES

The Eighty-third Legislature, Regular Session, 2013, appropriated $757 million in All Funds for the Judiciary, an increase of $100.9 million or 15.4 percent from the 2012–13 biennial spending levels. Major components of this funding increase include:

- $35.4 million in General Revenue–Dedicated Funds generated by revenue from a new civil filing fee and a new criminal court cost to fund a new e-filing portal for civil cases, which based on a Supreme Court mandate must be filed electronically beginning in January 2014;
- $34.8 million in General Revenue Funds for a 12 percent judicial pay raise for judges and prosecutors whose salaries are statutorily linked to state district judge pay (see **Figure 268** for a schedule listing the salaries for affected judicial officers as of September 1, 2013);
- $16.7 million in General Revenue–Dedicated Funds to appropriate all 2014–15 biennial estimated receipts and unexpended balances in the Fair Defense Account No. 5073 for grants to counties for criminal defense legal services for income-eligible Texans and to provide increased funding for innocence projects at four state law schools; and
- $6.4 million in General Revenue Funds for similar funding for same-sized courts block grant for the 14 courts of appeals, the primary use of which is targeted pay raises for legal and non-legal staff. The Eighty-third Legislature also funded targeted pay raises for legal and non-legal staff at the Supreme Court and the Court of Criminal Appeals. For an allocation of the block grant funds by court and use of funds, see **Figure 274** in the Courts of Appeals.

FIGURE 268
JUDICIAL SALARY SCHEDULE, AS OF SEPTEMBER 1, 2013

TYPE OF JUDGE	SALARY 8/31/2013	SALARY 9/1/2013	STATUTORY REFERENCE
District Court	$125,000	$140,000	State pay for district judges of at least $125,000 pursuant to Texas Government Code, Section 659.012 (456 judges authorized for fiscal year 2014; 458 judges authorized for fiscal year 2015; and 459 authorized for fiscal year 2016)
Court of Appeals (Justice)	$137,500	$154,000	110% of District Judge's Salary, Texas Government Code, Section 659.012
Court of Appeals (Chief Justice)	$140,000	$156,500	$2,500 more than Other Justices or Judges of the Court, Texas Government Code, Section 659.012
Criminal Appeals (Judge) - Supreme Court (Justice)	$150,000	$168,000	120% of District Judge's Salary, Texas Government Code, Section 659.012
Criminal Appeals (Presiding Judge) - Supreme Court (Chief Justice)	$152,500	$170,500	$2,500 more than Other Justices or Judges of the Court, Texas Government Code, Section 659.012
Statutory County Judge	$75,000	$84,000	60% of state pay for district judge pursuant to Texas Government Code, Section 25.0015
Prosecutor Salaries Statutorily Linked to State District Judge Pay			
State Prosecuting Attorney	$125,000	$140,000	100% of state pay for district judge pursuant to Texas Government Code, Section 46.003 (155 prosecutors created under the Professional Prosecutors Act)
District Attorneys	$100,000	$112,000	80% of state pay for district judge pursuant to Texas Government Code, Section 46.003 (3 District Attorneys)
Jackson and Fayette County Prosecutors	$100,000	$112,000	80% of state pay for district judge pursuant to Texas Government Code, Section 44.220 and Section 45.175

Sources: Legislative Budget Board; Employees Retirement System.

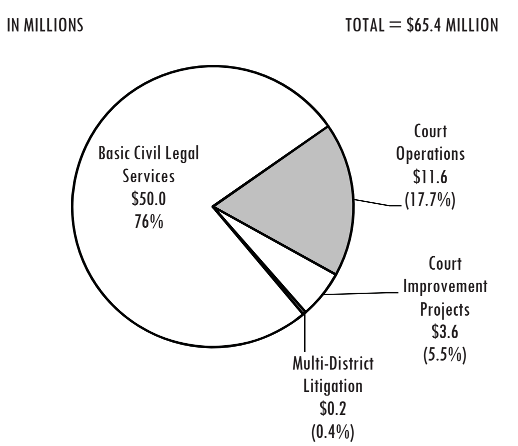
SUPREME COURT OF TEXAS

Established in 1845, the Supreme Court of Texas is comprised of a Chief Justice and eight justices. The court has statewide final appellate jurisdiction in civil and juvenile cases. It is also charged with original jurisdiction to issue writs and has final jurisdiction over the involuntary retirement or removal of judges.

Other responsibilities of the court include: (1) the promulgation and enforcement of rules of civil procedure and evidence; (2) the licensing and supervision of attorneys in Texas; (3) the appointment of members of the Board of Law Examiners; (4) the processing of declarations of intent to study law and applications for admission to the Bar; (5) the supervision of the Office of Court Administration; (6) the supervision of funding for programs providing civil legal services for indigents; and (7) the equalization of the dockets of the 14 Courts of Appeals. The court disposed of 1,268 cases in fiscal year 2012.

Appropriations for the 2014–15 biennium total $65.4 million in All Funds and provide for 77.0 full-time-equivalent (FTE) positions (**Figure 269**). Court operations totaling $11.6 million are funded with General Revenue Funds, the Judicial Fund (Other Funds), and Appropriated Receipts. This includes an increase of $324,000 in General Revenue Funds for a 12 percent judicial pay raise. The state salary for the Chief Justice of the Supreme Court was $152,500 during the 2012–13 biennium and increases to $170,500. The state salary for a Supreme Court Justice was $150,000 during the 2012–13 biennium and increases to $168,000. Both pay raises are effective September 1, 2013. Additionally, the Eighty-third Legislature added $289,000 to provide targeted salary increases for legal and non-legal staff positions. Finally, the Eighty-third Legislature funded an additional attorney to assist with the court's rulemaking authority.

FIGURE 269
SUPREME COURT OF TEXAS APPROPRIATION BY FUNCTION, 2014–15 BIENNIUM



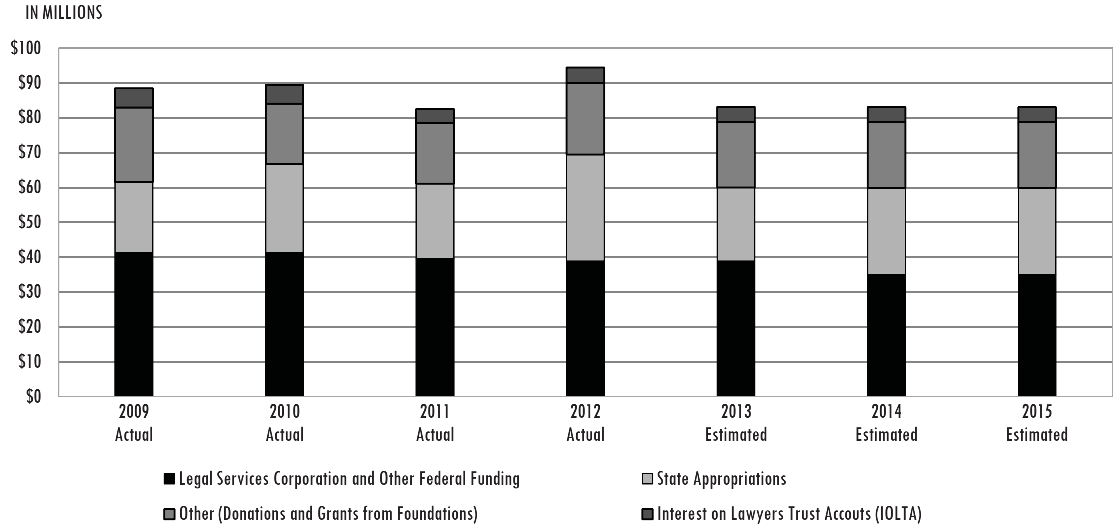
SOURCE: Legislative Budget Board.

The Supreme Court provides support for indigent civil legal services in Texas through the Basic Civil Legal Services Program. The Texas Access to Justice Foundation (TAJF) was established in 1984 by the Supreme Court to manage grants to legal aid organizations. Funding for the Basic Civil Legal Services (BCLS) program for the 2014–15 biennium totals $49.9 million. Of this amount, $17.6 million is from General Revenue Funds, $27.3 million is from dedicated revenue deposited into the Judicial Fund, and $5.0 million is from an Interagency Contract with the Office of the Attorney General. Total state funding represents a decrease from 2012–13 biennial levels of $9.4 million in Judicial Fund receipts due primarily to a one-time increase in civil penalties from the national mortgage settlement agreement in fiscal year 2012.

State BCLS funding is only one component of total funds available for indigent civil legal services in Texas. In fact, funding for these services is provided through a mix of federal, state, and private funds. Other funding sources include: federal Legal Services Corporation program funds; donations and grants; and the Texas Interest on Lawyer's Trust Account (IOLTA) program. The federal funds, which are provided directly by the Legal Services Corporation to three legal aid organizations that serve clients throughout the state—Lone Star Legal Aid, Texas Rio Grande Legal Aid and Legal Aid of NorthWest Texas—are the single largest funding source, comprising approximately 45 percent of total BCLS funding since 2009. Since 2009, state funds have on average made up approximately 28 percent of total BCLS funding; donations and grants approximately 22 percent of total funding; and the Texas IOLTA approximately 5 percent of total funding (see **Figure 270**). The changes in state funding for BCLS that have occurred over the last three biennia were in response to anticipated and actual reductions in federal funds, and the Texas IOLTA program in particular.

IOLTA generates revenue for legal aid by collection interest earned on trust accounts. These accounts are comprised of retainers, filing and expert witness fees, deposits, settlements, or any receipts belonging to the client, rather than the attorney. The interest rate earned on lawyers' trust accounts began declining in 2007, reaching an historical low in December 2008 of 0.25 percent where it has since remained.

FIGURE 270
BASIC CIVIL LEGAL SERVICES FUNDING SOURCES
CALENDAR YEARS 2009 TO 2015



Sources: Legislative Budget Board; Texas Access to Justice Foundation.

As a consequence, IOLTA interest income has declined significantly from $20.0 million in actual receipts in calendar year 2007 to a projected $4.4 million in interest income in calendar year 2013.

The Eighty-first Legislature, Regular Session, 2009 increased appropriations for BCLS grants by $20 million in General Revenue Funds as a one-time funding measure to offset the anticipated revenue loss to the Texas IOLTA program. The Eighty-second Legislature, 2011, maintained appropriations at 2010–11 biennial spending levels in anticipation of interest rates remaining historically low with the Eighty-third Legislature continuing this maintenance into the 2014–15 biennium.

Figure 270 shows a breakdown of BCLS funding sources for calendar years 2009 to 2013 and estimated amounts for the 2014–15 biennium.

Using all sources of funding, Texas legal aid organizations dispose of approximately 100,000 cases each year. For the 2012–13 biennium, TAJF provided funding to 30 legal aid providers. To qualify for basic civil legal services aid, an individual cannot have an annual income of more than 125 percent of the federal poverty line, or $29,438 for a family of four. However, certain victims of crime seeking civil legal services in relation to a specific injury may have an annual income of up to 187.5 percent of the federal poverty line, or $44,156 for a family of four.

The Permanent Judicial Commission for Children, Youth, and Families administers Federal Funds awarded to the court for court improvement projects (estimated at nearly $3.6 million for the 2014–15 biennium). The commission exists to strengthen courts for children, youth, and families in the child-protection system. Federal Funds are used to improve the judicial handling of child-protection cases through improvements in technology, attorney and judicial training, and court improvement pilot projects.

For the 2014–15 biennium, the court received funding of $0.2 million for grants to trial courts and appellate courts for additional court staff and technology to handle multi-district litigation cases such as asbestosis- and silicosis-related cases.

In 1999, the Seventy-sixth Legislature petitioned the Supreme Court of Texas to take a more active role in the equalization of dockets and the reduction of case backlogs among the 14 Courts of Appeals. The Legislature defined successful equalization as achieving a deviation of 10 percent or less in the rate of new cases filed each year per justice among all the Courts of Appeals. On a quarterly basis, the Supreme Court orders the transfer of cases from courts with high numbers of filings per justice to those courts with low numbers of filings per justice. In fiscal year 2012, the Supreme Court achieved equalization with a statewide average deviation of 3.1 percent from the average of 130 cases filed per justice through a transfer of 626 cases among the courts of appeals.

SIGNIFICANT LEGISLATION

HB 1445 – Revenue Streams for Basic Civil Legal Services. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 1445 which increases the biennial cap on funds recovered by the Office of Attorney General from settlements of deceptive trade practice litigation that may be transferred to Judicial Fund No. 573 for basic civil legal services to the indigent from $10 million to $50 million. House Bill 1445 also provides that unclaimed funds from civil restitutions recovered by the Office of the Attorney General for violation of consumer protection, public health or general welfare laws be credited to Judicial Fund No. 573 for basic civil legal services to the indigent.

COURT OF CRIMINAL APPEALS

The Court of Criminal Appeals was established in 1891 and is composed of a Presiding Judge and eight judges. The court has statewide final appellate jurisdiction in criminal cases. It also has exclusive jurisdiction over appeals in death penalty cases and the power to issue writs. Other responsibilities of the court include the promulgation of rules of evidence and rules of appellate procedure for criminal cases. During fiscal year 2012, the court disposed of 249 cases on direct appeal, 1,880 petitions for discretionary review, 5,460 writs of habeas corpus, 823 original proceedings, and 1,547 motions.

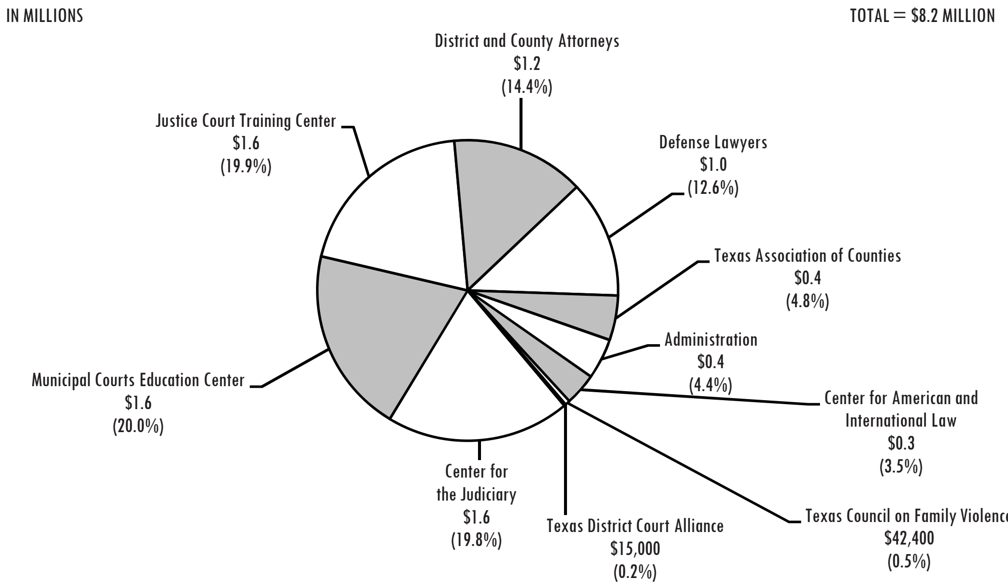
Appropriations for the 2014–15 biennium total $29.5 million in All Funds and provide for 71 full-time-equivalent positions. Funding for court operations totaling $11.0 million include General Revenue Funds, Other Funds, Interagency Contracts, and Appropriated Receipts. Out of total agency appropriations, $10.8 million, or 36.6 percent, is for salaries. This includes an increase of $324,000 in General Revenue Funds from the 2012–13 biennial funding base for a 12 percent judicial pay raise. The state salary for the Presiding Judge of the Court of Criminal Appeals was $152,500 during the 2012–13 biennium and increases to $170,500. The state salary for a Court of Criminal Appeals Judge was $150,000 during the 2012–13 biennium and increases to $168,000. Both pay raises are effective September 1, 2013. An additional $482,439 from the 2012–13 base provides for targeted salary increases for court attorneys, law clerks, and non-legal staff.

The court supervises grant programs for judicial and court personnel training, which is funded primarily through the collection of court costs in criminal case convictions. Appropriations from the Judicial and Court Personnel Training Account (General Revenue–Dedicated Funds) total $18.5 million for judicial education, or 62.7 percent, of 2014–15 appropriations. Of this amount, $0.5 million each year is allocated for administrative costs, and funds a grant administrator and grant audits. The Texas Government Code, Chapter 56, specifies that no more than one-third of the judicial education allocation may be used for education of appellate, district, and county court judges, no more than one-third may be used for education of judges of justice courts, and no more than one-third may be used for the education of judges of municipal courts. Regular grantees include the following organizations:

- the Texas Center for the Judiciary, providing training for judges and clerks serving in statutory county, district, and appellate courts;
- the Texas Association of Counties, providing training for judges and clerks serving in constitutional county courts, wherein the functions performed by the judge are at least 40 percent judicial functions;
- the Texas Municipal Courts Education Center, providing training for judges and clerks serving municipal courts;
- the Texas Justice Court Training Center, providing training for justices of the peace and clerks and constables serving justice of the peace courts;
- the Texas District and County Attorneys Association, providing training for prosecutors, investigators, and other personnel representing the government in district- and county-level trial courts;
- the Texas Criminal Defense Lawyers Association, providing training for criminal defense attorneys regularly representing indigent defendants in criminal matters;
- the Center for American and International Law, providing training for judges, prosecutors, and criminal defense attorneys;
- the Texas Council on Family Violence, providing training for judges and justice system officials; and
- the Texas District Court Alliance, providing training for district clerks and court personnel.

For fiscal year 2013, grantee budgets totaled $8.1 million, and 16,800 persons attended training (**Figure 271**). Appropriations for judicial education grants for the 2014–15 biennium were increased by approximately 6.9 percent, or $1.2 million, from 2012–13 biennial spending levels.

FIGURE 271
JUDICIAL AND COURT PERSONNEL TRAINING, FISCAL YEAR 2013



SOURCES: Legislative Budget Board; Court of Criminal Appeals.

SIGNIFICANT LEGISLATION

HB 1245 – Legal Education for Certain Personnel Involved in Indigent Defense. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 1245 which amends the Texas Government Code to provide that the Court of Criminal Appeals expand continuing legal education and other support programs for criminal defense attorneys who represent indigent defendants to include personnel working for criminal defense attorneys representing the indigent.

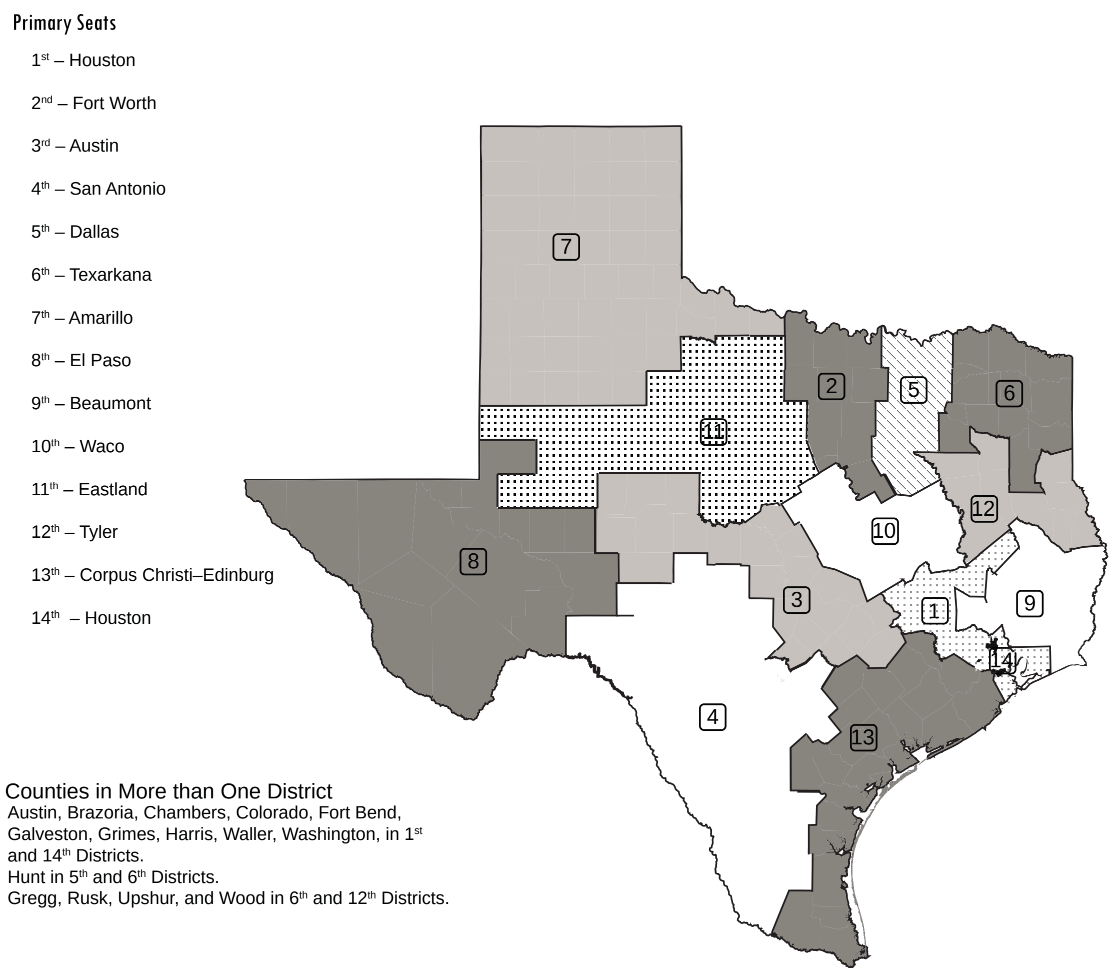
COURTS OF APPEALS

The Courts of Appeals have intermediate appellate jurisdiction in civil cases and in criminal cases other than those in which the death penalty has been assessed. The state is divided into 14 courts of appeals districts, with one court of appeals in each district, except the 1st and the 14th courts of appeals which are located in Houston, housed in the same building, and serve the same counties (**Figure 272**). The courts are located in Fort Worth, Austin, San Antonio, Dallas, Texarkana, Amarillo, El Paso, Beaumont, Waco, Eastland, Corpus Christi and Edinburg, Tyler, and Houston. The Supreme Court of Texas is authorized to transfer cases between the courts of appeals to equalize the dockets and promote efficiency in the use of court resources. There are 80 justices distributed among the 14 courts of appeals; the number of justices at each court is set by statute and varies from 3 to 13.

During the 10-year period ending in fiscal year 2012, the total filings per year in the 14 Courts of Appeals decreased by 418, or 3.4 percent. During fiscal year 2012, there were 11,923 cases added to court dockets, and the courts disposed of 11,709 cases. Cases pending at the end of fiscal year 2012 increased by 53, or 0.7 percent (**Figure 273)** during the 10-year period.

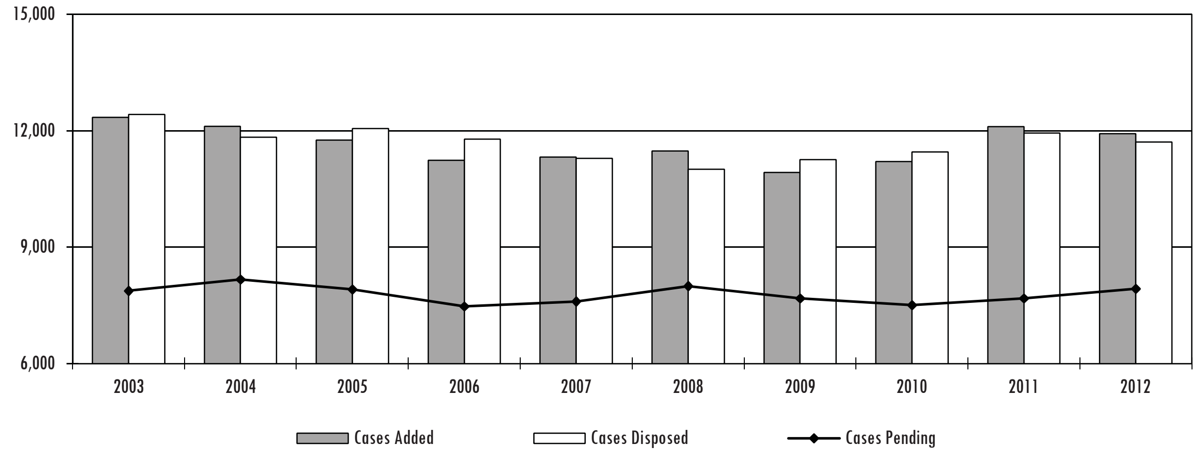
The Eighty-third Legislature, Regular Session, 2013, appropriated a total of $75.8 million in All Funds for the 14 Courts of Appeals for the 2014–15 biennium, which provides for 413.7 full-time-equivalent (FTE) positions. Of the total appropriation, $70.0 million, or 92.3 percent, is in General Revenue Funds and $4.9 million, or 6.3 percent, is from the Judicial Fund (Other Funds), and the remaining $0.9 million

FIGURE 272
COURT OF APPEALS DISTRICTS, FISCAL YEAR 2013



Source: Office of Court Administration.

FIGURE 273
COURT OF APPEALS CASELOAD, FISCAL YEARS 2003 TO 2012



SOURCE: Office of Court Administration.

is from Interagency Contracts and Appropriated Receipts (Other Funds) for copies of court documents.

Total appropriations across all 14 Courts of Appeals increased by $9.0 million in General Revenue Funds, 14.9 percent above 2012–13 biennial spending levels. This includes an increase of $2.6 million in General Revenue Funds for a 12 percent judicial pay raise effective September 1, 2013. The state salary for a Chief Justice of a Court of Appeals increases from $140,000 during the 2012–13 biennium to $156,500 in the 2014–15 biennium. A Justice of a Court of Appeals state salary moves from $137,500 during the 2012–13 biennium to $154,000 in the 2014–15 biennium. Additionally, appropriations include a $6.4 million block grant appropriated by the Legislature to provide similar funding for same-sized courts. Most of this block grant allocation, ($4.0 million) is for targeted salary increases for staff attorneys, law clerks, and non-legal staff. **Figure 274** shows an analysis of the $6.4 million similar funding for same-sized courts block grant.

FIGURE 274
COURTS OF APPEALS ALLOCATION OF $6.4 MILLION BLOCK GRANT, 2014–15 BIENNIUM

COURTS OF APPEALS	JUSTICES	2014–15 APPRO-PRIATION (IN MILLIONS)	RECLASSIFY LAW CLERKS TO STAFF ATTORNEYS	NEW ATTORNEY STAFF	NEW NON-ATTORNEY STAFF	INCREASE ATTORNEY SALARIES	INCREASE NON-ATTORNEY SALARIES	OTHER OPERATING COSTS	TOTAL BLOCK GRANT
1	9	$8.5		$300,000		$285,319	$62,855	$92,066	**$740,240**
2	7	$6.5	$67,910			$234,978	$231,225	$100,165	**$634,278**
3	6	$5.6				$366,845	$33,956	$28,774	**$429,575**
4	7	$6.5	$152,400		$173,040	$41,848	$62,001	$163,131	**$592,420**
5	13	$11.7				$670,993	$227,127	$115,240	**$1,013,361**
6	3	$3.0				$135,900	$95,200	$13,063	**$244,163**
7	4	$3.8		$160,000		$60,000	$48,911	$49,438	**$318,349**
8	3	$3.1		$135,000		$70,081	$35,363	$3,213	**$243,657**
9	4	$3.8				$196,200	$93,618	$33,234	**$323,052**
10	3	$3.0			$60,000	$30,000	$30,000	$141,641	**$261,641**
11	3	$3.0				$110,000	$90,000	$48,192	**$248,192**
12	3	$3.0			$40,800	$87,500	$76,600	$16,176	**$221,076**
13	6	$5.6		$160,000	$126,690	$72,556	$49,130	$13,743	**$422,119**
14	9	$8.5		$300,000		$272,000	$62,000	$91,957	**$725,957**
TOTAL	**80**	**$75.8**	**$220,310**	**$1,055,000**	**$400,530**	**$2,634,220**	**$1,197,986**	**$910,033**	**$6,418,080**

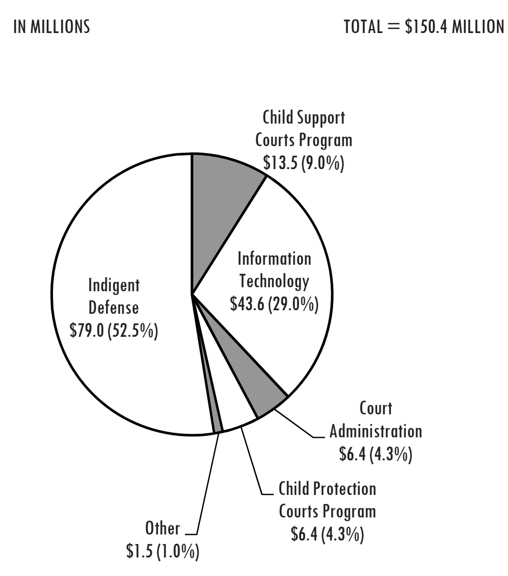
SOURCES: Legislative Budget Board; Office of Court Administration.

OFFICE OF COURT ADMINISTRATION, TEXAS JUDICIAL COUNCIL

The Office of Court Administration (OCA), established in 1977, operates under the direction of the Supreme Court of Texas. The agency provides resources and information for the efficient administration of the Judicial Branch of Texas. OCA supports several regulatory and policy-making boards and commissions, including the Texas Judicial Council, the Texas Indigent Defense Commission, and the Judicial Compensation Commission. OCA compiles judicial statistics, provides research and court services' and supports the state Specialty Courts Program. The Texas Judicial Council conducts studies of the judicial system and makes policy recommendations to the Governor, the Legislature, and the Supreme Court of Texas for improving the administration of justice in Texas. The council includes members of the Judiciary, the public, the Legislature, and the State Bar of Texas.

Appropriations to OCA for the 2014–15 biennium total \$150.4 million and provide for 223.6 full-time-equivalent (FTE) positions (**Figure 275**). Of total agency appropriations, \$79.0 million, or 52.5 percent of All Funds appropriations, is provided for indigent defense services from the General Revenue–Dedicated Fair Defense Account. Appropriations for other agency functions include

FIGURE 275
OFFICE OF COURT ADMINISTRATION, ALL FUNDS APPROPRIATIONS BY FUNCTION, 2014–15 BIENNIUM



NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

\$35.4 million from the General Revenue–Dedicated Statewide Electronic Filing System Account, \$25.9 million in General Revenue Funds, and an additional \$10.0 million in Other Funds from an Interagency Contract with the Office of the Attorney General (OAG) consisting of pass-through Federal Funds for child support courts.

TEXAS INDIGENT DEFENSE COMMISSION

Legislation enacted by the Seventy-seventh Legislature, 2001, established the Task Force on Indigent Defense (TFID), to set standards and award grants to counties for criminal defense services. OCA provided administrative services to the TFID, which was a standing committee of the Texas Judicial Council. House Bill 1754, passed by the Eighty-second Legislature, Regular Session, 2011, established the Texas Indigent Defense Commission (TIDC), which replaced the TFID effective September 1, 2011. The commission continues to be a standing committee of the Texas Judicial Council. It is composed of eight ex officio members, including the presiding judge of the Court of Criminal Appeals, the chief justice of the Supreme Court of Texas, and five additional members appointed by the Governor.

The Legislature provided an estimated appropriation of \$79.0 million in General Revenue–Dedicated Funds (Fair Defense Account) for the 2014–15 biennium, which is an increase of nearly 27 percent from 2012–13 biennial funding levels. Estimated appropriation authority enables TIDC to expend all receipts deposited into the Fair Defense Account during the 2014–15 biennium as well as any unexpected balances from prior biennia. In the 2014–15 biennium, \$76.5 million is available in grants to eligible counties for improving legal services for indigent criminal defendants. These funds are distributed through a combination of formula and discretionary grants.

For fiscal year 2014, TIDC budgeted \$35 million for formula-based distribution to county indigent defense programs. This includes a one-time disbursement of \$15 million from unexpended balances in the Fair Defense Account from prior fiscal years. Formula grant distribution to counties takes into consideration factors such as county population and the county's portion of statewide direct indigent defense expenditures for the previous year.

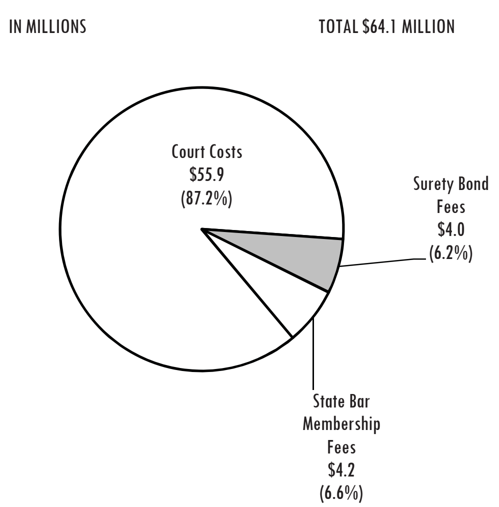
TIDC awarded \$10.1 million in discretionary grants to 21 counties for fiscal year 2014. Discretionary grant awards include:

- funding to reimburse a county for actual extraordinary expenses of providing indigent defense services in a case or series of cases;
- programmatic funding to improve indigent defense services such as case management software;
- programs that address the specific needs of individual counties, such as mental health defender programs; and
- multi-county support to county indigent defense programs, such as the Regional Public Defender for Capital Cases.

The Eighty-third Legislature also continued funding for innocence projects at four of the state's public law schools—Texas Tech University, the University of Houston, the University of Texas, and Texas Southern University. The 2014–15 biennial funding level is $100,000 per fiscal year for each school. The projects involve students reviewing criminal case convictions to exonerate the wrongfully convicted and to identify reforms to improve criminal defense practices.

Figure 276 shows major revenue sources for the Fair Defense Account with estimated amounts for the 2014–15 biennium. The Seventy-ninth Legislature, Regular Session, 2005, passed legislation that funded increased juror pay by creating an additional $4 court cost in criminal convictions. The legislation directs the Comptroller of Public Accounts to deposit any unexpended juror pay collections in excess of $10 million to the Fair Defense Account to be used by the TIDC to provide additional grants to counties. Deposits of excess juror pay collections to the Fair Defense Account are estimated to be $7 million for each fiscal year of the 2014–15 biennium and are included in **Figure 276** as part of the court costs total.

FIGURE 276
FAIR DEFENSE ACCOUNT, REVENUE SOURCES
2014–15 BIENNIUM



SOURCES: Comptroller of Public Accounts, Texas Indigent Defense Commission.

COLLECTION IMPROVEMENT PROGRAM

Funding for OCA's court administration function in the 2014–15 biennium totals $6.4 million, which includes $1.9 million in General Revenue Funds, including 14 FTE positions, for the Collection Improvement Program (CIP). The CIP is a set of principles and processes for managing cases when defendants are not prepared to pay all court costs, fees and fines at the point of assessment, and when defendants request a payment plan. In 2005, the Seventy-ninth Legislature, Regular Session, passed legislation that required cities with a population of 100,000 or more, and counties with a population of 50,000 or more, to implement collection improvement programs based on OCA's model collections program. OCA will continue to provide training and consultation to improve the program and ensure compliance with critical components of the CIP during the 2014–15 biennium. This includes technical support to 13 new mandatory jurisdictions added during the 2012–13 biennium based on the 2010 U.S. census.

INFORMATION TECHNOLOGY

The agency works to improve information technology (IT) at all judicial levels in Texas. In addition to providing IT for its agency work and for the various entities attached to it administratively, OCA provides IT for the state's 16 appellate courts, the State Law Library, the Office of the State Prosecuting Attorney, the State Commission on Judicial Conduct (SCJC), and the Office of Capital Writs. These state entities use computers, desktop software, line-of-business software applications, Internet access, wide area and local area networks, and websites provided and maintained by OCA. The line-of-business software applications OCA maintains include certification management for OCA's regulatory boards, case management for the child-protection and child-support specialty courts, case management for SCJC, and case management for appellate courts. Additionally, OCA provides administrative support to the Judicial Committee on Information Technology.

Appropriations for the 2014–15 biennium for IT total $43.6 million, which is an increase of $37.5 million from 2012–13 biennial funding levels. Of this amount, $35.4 million represents funding for a new statewide Electronic Filing Manager system (TexFile) for the courts. In December 2012, the Supreme Court issued an order mandating electronic filing of civil cases, including family and probate cases, by attorneys in appellate, district, and county-level courts to be implemented on a schedule based on county population. Additional appropriations for IT include $1.8 million for routine equipment replacement of 60 percent of OCA computers and related hardware and $322,300 for two additional programmers.

SPECIALTY COURTS

Since 1993, OCA has been authorized to employ associate judges to hear child support enforcement cases under expedited timeframes set by federal requirements. The agency contracts with the OAG to obtain Federal Funds under Title IV-D of the Social Security Act to pay associate judge salaries and program operating expenses.

Total appropriations for the Child Support Courts Program are $13.5 million in All Funds for the 2014–15 biennium and provide for a total of 88.5 FTE positions, which include 44 associate judges and 42.75 court coordinators. Two-thirds of the funding, or $8.9 million, is pass-through Federal Funds. Appropriations include $307,556 for an additional child support court in El Paso. The agency maintains 21 child protection courts whose primary expenses are the salaries of associate judges and assistants. The Child Protection Courts Program reduces the time children spend in temporary foster care by expediting the judicial administration of child abuse, neglect, and adoption cases. The program was designed to assist trial courts in rural areas and operates in 114 counties. Appropriations for the Child Protection Courts Program total $6.4 million for the 2014–15 biennium and provide for a total of 35 FTE positions including 15 associate judges and 16 court coordinators. Funding includes an increase of $1.3 million and 8 FTE positions for three additional child protection courts to serve rural counties and a new court in Harris County.

CERTIFICATION REGULATORY BOARDS

OCA supports three certification/regulatory entities within the Judicial Branch: the Court Reporters Certification Board, the Guardianship Certification Board, and the Process Server Review Board. Effective September 1, 2014, the responsibilities of these three boards will be consolidated into the Judicial Branch Certification Commission (see Significant Legislation). OCA consolidated funding for the Guardianship Certification Board and Process Server Review Board for the 2014–15 biennium. The combined budget for these two programs for this fiscal year is $0.3 million. These boards are funded by examination and certification fees that are deposited into the General Revenue Fund.

COURT REPORTERS CERTIFICATION BOARD

The Court Reporters Certification Board (CRCB) was established in 1977 to certify and regulate court reporters. CRCB functions include, but are not limited to:

- certification of individual court reporters;
- registration of court reporting firms;
- assessment and collection of fees; and
- enforcement of the rules and regulations governing the court reporting profession.

As of August 2013, there were 2,449 active certified court reporters and 369 registered court-reporting firms in Texas.

OCA provides administrative support to CRCB in fulfilling its statutory responsibilities. Appropriations for the 2014–15 biennium total approximately $0.5 million and provide for 4 FTE positions. CRCB is funded by examination and certification fees that are deposited into the General Revenue Fund.

GUARDIANSHIP CERTIFICATION BOARD

Legislation passed by the Seventy-ninth Legislature, Regular Session, 2005, created the Guardianship Certification Board (GCB) to establish a certification process for private professional guardians and those who provide guardianship services to a ward of a guardianship program or to wards of the Department of Aging and Disability Services. GCB determines the qualifications for obtaining certification (with rules approved by the Supreme Court of Texas), issues certificates to those who meet the requirements, and adopts minimum standards for guardianship services, or other similar, but less restrictive, types of assistance or services. As of August 31, 2013, there were 317 certified guardians.

PROCESS SERVER REVIEW BOARD

The Process Server Review Board (PSRB) was appointed by the Supreme Court of Texas in 2005, when the court amended the Texas Rules of Civil Procedure to allow persons certified by order of the court to serve process, which is the delivery of a writ, summons, or other legal paper to the person required to respond. The mission of the nine-member PSRB is to improve the standards for persons authorized to serve process and to reduce the disparity among Texas civil courts for approving persons to serve process. As of August 31, 2013, there were 3,716 certified process servers.

SIGNIFICANT LEGISLATION

HB 2302 – New Filing Fee/Court Cost to Support E-Filing and Other Technology Projects. The enactment of House Bill 2302, Eighty-third Legislature, Regular Session, 2013, established a new filing fee for civil cases and an additional court cost for certain criminal convictions. The collected funds will be deposited into the newly created General Revenue–Dedicated Statewide Electronic Filing System Fund to support certain court technology projects and fund the new statewide e-filing portal for the courts.

SB 966 – Creation of Judicial Branch Certification Commission. The enactment of Senate Bill 966, Eighty-third Legislature, Regular Session, 2013, consolidates the Court Reporters Certification Board, the Guardianship Certification Board, and the Process Server Review Board into the newly established Judicial Branch Certification Commission (JBCC) effective September 1, 2014. The Licensed Court Report Interpretation Advisory Board is also moved to this new entity from the Texas Department of Licensing and Regulation. The JBCC will oversee regulatory policies and certification of the professionals under its jurisdiction on behalf of OCA and the Supreme Court of Texas.

OFFICE OF CAPITAL WRITS

The enactment of legislation passed by the Eighty-first Legislature, Regular Session, 2009, established the Office of Capital Writs (OCW) to ensure quality legal representation for indigent death row inmates in post-conviction habeas corpus proceedings. The main purpose of a writ of habeas corpus is to provide new evidence that either proves an inmate's innocence, mitigating circumstances, or a violation of a person's constitutional rights during trial proceedings. A person convicted of a capital offense is also entitled to a direct appeal to the Court of Criminal Appeals, based upon the trial record.

Direct appeals for indigent inmates are designed to address errors, if any, in the original trial, and are handled by legal representation separate from the OCW. Typically, an attorney appointed to represent an indigent defendant in a capital trial will represent the person in the direct appeal to the Court of Criminal Appeals. In contrast, the OCW will file a writ of habeas corpus in the original convicting court, which must address the writ before the application proceeds to the Court of Criminal Appeals.

Appropriations for the 2014–15 biennium for the Office of Capital Writs total $2.1 million in General Revenue–Dedicated Funds from the Fair Defense Account and provide for 11 full-time-equivalent (FTE) positions in fiscal year 2014 and 13 FTE positions in fiscal year 2015. For the 2014–15 biennium, appropriations to the OCW were increased by approximately $297,000, an increase of 16.6 percent, from 2012–13 biennial spending levels. The OCW projects a caseload of nine habeas writ applications in both fiscal years 2014 and 2015. The OCW expects that trial courts may grant three evidentiary hearings in both fiscal years 2014 and 2015 as result of the agency's efforts.

OFFICE OF THE STATE PROSECUTING ATTORNEY

The Office of the State Prosecuting Attorney (OSPA) was established in 1923 and is charged with representing the state in all proceedings before the Court of Criminal Appeals. The State Prosecuting Attorney, appointed by the Court of Criminal Appeals, may also represent the state in criminal cases before the 14 Courts of Appeals. In addition, the State Prosecuting Attorney may assist a district or county attorney in representing the state before a court of appeals if the State Prosecuting Attorney considers it necessary for the interest of the state, or if asked by the local prosecutor to do so.

Given its statewide impact, OSPA studies the opinions and decisions of the Court of Criminal Appeals. In addition, the agency monitors all opinions issued by the 14 Courts of Appeals that reverse a criminal conviction or modify the trial court's judgment. The agency focuses on the effect an appellate opinion will have on the state's overall jurisprudence and becomes involved as necessary to advance the state's interests. OSPA is the only agency empowered to take a statewide perspective on important issues arising in Texas criminal law and it functions as the primary source of guidance and assistance for many local prosecutors.

All Funds appropriations for OSPA for the 2014–15 biennium total $0.8 million, an increase of $30,000, or 3.9 percent, from 2012–13 biennial spending levels, and provide for 4 full-time-equivalent positions. This includes an increase of $30,000 in General Revenue Funds for the 12 percent judicial pay raise. Like other prosecutors established under the Professional Prosecutors Act, the annual salary of the State Prosecuting Attorney equals 100 percent of state pay for district judges. As a result, the salary for the State Prosecuting Attorney increases from $125,000 to $140,000 effective September 1, 2013.

Agency funding consists of General Revenue Funds ($794,519, or 94 percent of All Funds) and $45,000 in Other Funds ($22,500 per year) available to prosecutors throughout the state that serve multiple counties. The Judiciary Section of the Comptroller's Department (Judiciary Section) disburses these office apportionments to eligible state prosecutors, including the State Prosecuting Attorney. OSPA receives the apportionment through an Interagency Contract with the Judiciary Section.

STATE LAW LIBRARY

The State Law Library was established in 1971 and is directed by statute to maintain a legal reference facility for use by the Supreme Court of Texas, the Court of Criminal Appeals, the Office of the Attorney General, other state agencies, and Texas residents. The library maintains over 100,000 items of primary and secondary source material on Texas law, information on Texas legal history, federal primary source materials, major law reviews, treatises and monographs on general law, and selected federal publications. Efforts are underway to enhance the collection significantly by providing access to additional current and historical materials electronically.

Appropriations for the 2014–15 biennium for the State Law Library total $2.0 million in All Funds and provide for 12 full-time-equivalent positions. For the 2014–15 biennium, All Funds appropriations to the State Law Library were increased by approximately $0.3 million, or an increase of 19 percent, from 2012–13 biennial spending levels.

STATE COMMISSION ON JUDICIAL CONDUCT

The State Commission on Judicial Conduct (SCJC) was established by constitutional amendment in 1965 and consists of 13 members appointed by the Supreme Court of Texas, the State Bar of Texas, and the Governor. The agency's constitutional mandate is to investigate judicial misconduct or judicial incapacity, and to take appropriate action, including discipline, education, censure, or the filing of formal proceedings that could result in removal from office. There are approximately 3,900 judges and judicial officers under the jurisdiction of SCJC.

The agency is governed by the Texas Constitution, the Texas Government Code, and the Procedural Rules for the Removal or Retirement of Judges promulgated by the Supreme Court of Texas. After an investigation SCJC can dismiss the complaint, issue an order of additional education, suspension, private or public sanction, or the judge may resign in lieu of disciplinary action. Any of the above decisions may be appealed by the judge to a panel of three appellate judges, known as a special court of review, which will preside over a trial de novo that is open to the public. Additionally, during informal proceedings SCJC may choose to initiate formal proceedings by filing formal charges against the judge. In the event of formal proceedings, all filings and proceedings in the case become public. Following the notice of formal charges a fact-finding hearing is conducted either before the commission or a special master appointed by the Supreme Court of Texas. Following a public trial or formal hearing, the commission or special master will report findings of fact to the commission, which will then vote for dismissal or public censure, or recommend removal or involuntary retirement to the Supreme Court of Texas. The judge who receives a public censure can appeal this decision to a special court of review. The special court of review may move for dismissal, affirm the commission's decision, or move for formal proceedings. **Figure 277** shows the complaint process.

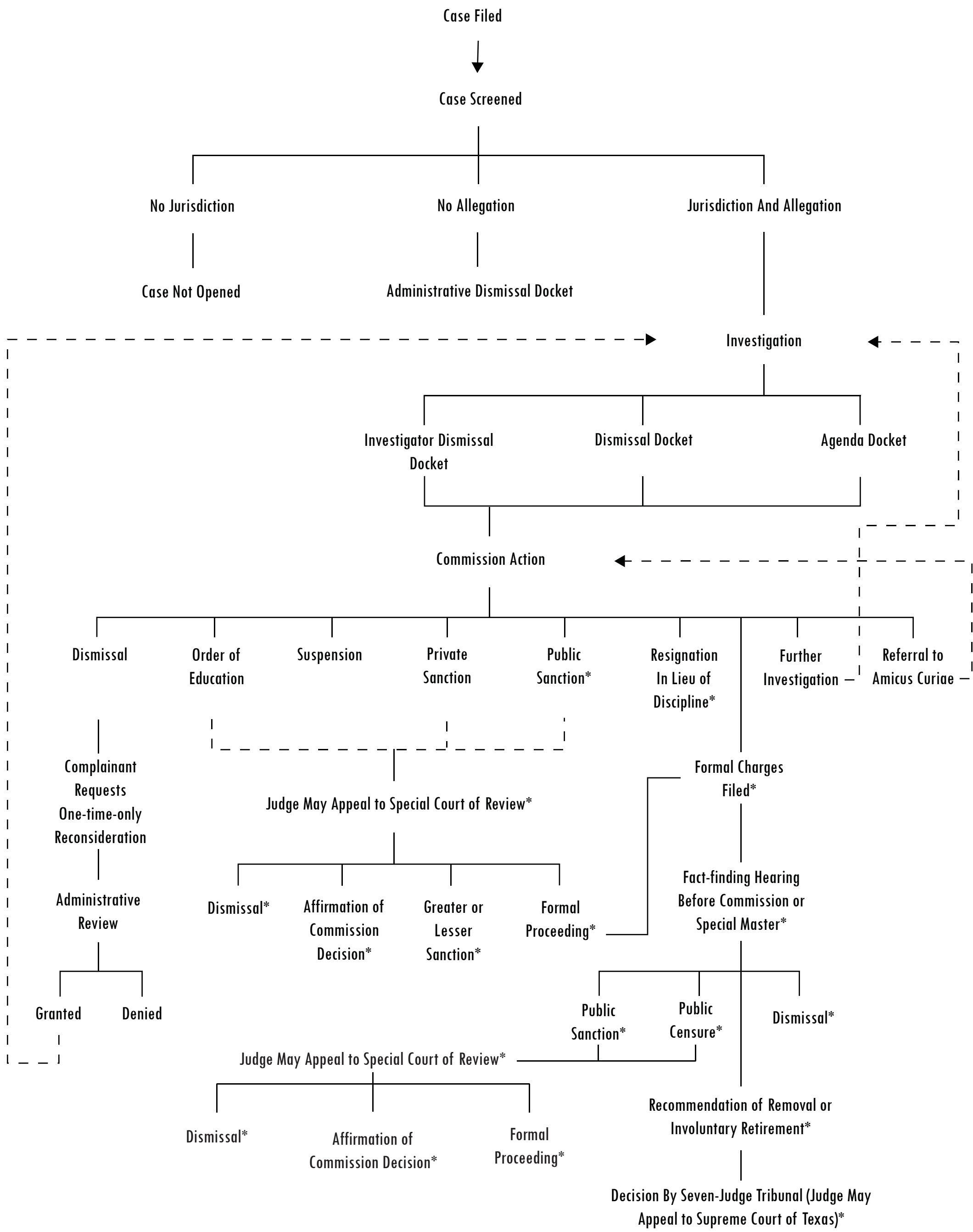
For the 2014–15 biennium, the Eighty-third Legislature, Regular Session, 2013, appropriated $1.9 million in General Revenue Funds to SCJC. These funds provide for 14 full-time-equivalent positions. Appropriations for operation of the SCJC for the 2014–15 biennium were maintained from the 2012–13 biennial spending levels.

SIGNIFICANT LEGISLATION

SB 209 – Sunset Review. The enactment of Senate Bill 209, Eight-third Legislature, Regular Session, 2013, requires sunset review of the SCJC in six years in lieu of the standard 12-year review; a public hearing in each even-numbered year to allow for public input on the commission's mission and operations; requires the commission to provide Sunset Advisory Commission staff access to closed meetings and confidential records for purposes of sunset review; and requires that the commission provide an individual who has filed a complaint which has been dismissed by the commission a reason why the alleged conduct in the complaint did not constitute judicial misconduct.

SJR 42 – Public Sanctions. Senate Joint Resolution 42, Eight-third Legislature, proposed a constitutional amendment, which was approved by voters on November 5, 2013, adding public sanctions to the list of disciplinary actions the SCJC is authorized to issued following a formal proceeding.

FIGURE 277
COMMISSION ON JUDICIAL CONDUCT COMPLAINT PROCESS, FISCAL YEAR 2013



Note: *Indicates public action, not confidential.
Source: State Commission on Judicial Conduct.

JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT

The mission of the Judiciary Section of the Comptroller's Department (Comptroller of Public Accounts) is to manage judicial branch expenditures, claims, and salary supplements that are not captured within the appropriations of the appellate courts or the judicial branch agencies. The Judiciary Section's responsibilities include paying the salaries of visiting and district court judges; the salaries and certain expenses of felony prosecutors and district attorneys; salary supplements of constitutional, statutory, and probate county judges; and assistant district or county attorney longevity pay, county attorney supplements, nonresident witness expenses and juror pay. The section also funds the operation of the Special Prosecution Unit headquartered in Walker County.

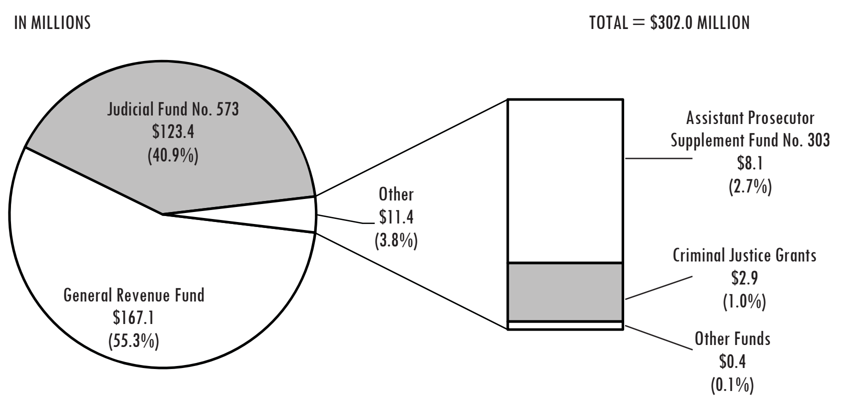
Appropriations for the Judiciary Section for the 2014–15 biennium total $302.0 million. This amount includes $167.1 million in General Revenue Funds, or 55 percent (**Figure 278**). Appropriations from the Judicial Fund (Other Funds), a revenue source comprised mainly of criminal court costs and civil filing fees, provide most of the remaining funds for the Judiciary Section ($123.4 million). Appropriations for the Judiciary Section increased by $16.4 million in All Funds compared to 2012–13 biennial spending levels, primarily due to increases for a 12 percent judicial pay raise, including increases in salaries and salary supplements statutorily linked to district judge pay ($23.8 million). Increases for judicial pay and other items were offset, in part, by a decrease of $6.9 million in All Funds from 2012–13 spending biennial levels to reflect the Governor's veto of appropriations to fund the operation of the Public Integrity Unit in the Travis County District Attorney's Office.

JUDICIAL SALARIES AND PAYMENTS

Out of total agency appropriations, $141.9 million, or 47.3 percent, is for judicial salaries and payments (**Figure 279**). The Eighty-third Legislature, Regular Session, 2013, provided $130 million for salaries of 459 district judge authorized by statute by the end of the 2014–15 biennium, which includes an increase of $13.7 million in General Revenue Funds for a 12 percent judicial pay raise. District courts serve as the primary trial courts in the state, handling both civil and criminal cases. The state salary for a district court judge was $125,000 during the 2012–13 biennium and increases to $140,000 effective September 1, 2013.

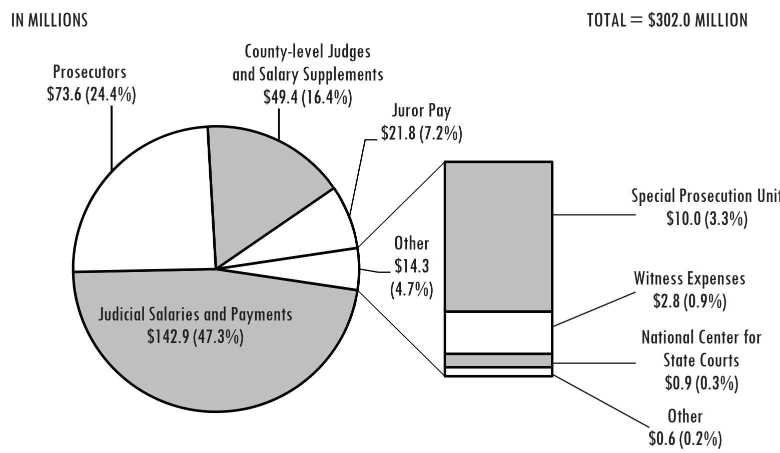
Other judicial payments include payments for visiting judges serving in district and appellate courts ($11.3 million), judicial travel and per diem, and salary supplements for local administrative judges and judges presiding over multi-district litigation involving claims for asbestos- or silica-related injuries. Visiting judges serving in district and appellate courts are compensated at 100 percent of the salary of an active district judge or appellate justice. In recognition that the 12 percent judicial pay raise would result in increased program costs for the visiting judge programs in district and appellate courts, the Eighty-third Legislature, Regular Session, 2013, provided an increase of $1.2 million from General Revenue Funds from the 2012–13 biennial spending levels.

FIGURE 278
APPROPRIATIONS BY METHOD OF FINANCE
2014–15 BIENNIUM



Note: Totals may not sum due to rounding.
Source: Legislative Budget Board.

FIGURE 279
APPROPRIATIONS BY FUNCTION
2014–15 BIENNIUM



Note: Totals may not sum due to rounding.
Source: Legislative Budget Board.

COUNTY-LEVEL JUDICIAL SALARY SUPPLEMENTS

Appropriations for county-level judicial salary supplements total $49.4 million in All Funds in the 2014–15 biennium, which includes an increase of $4.2 million in General Revenue Funds for a 12 percent judicial pay raise (**Figure 279**). Statute provides that the state provide each statutory county judge not engaged in the private practice of law a salary supplement that is equal to 60 percent of the state salary of a district judge. The state salary supplement for a statutory county judge formerly was 75,000 during the 2012–13 biennium and increases to $84,000 effective September 1, 2013.

PROSECUTOR SALARIES AND PAYMENTS

Prosecutor salaries and payments of $73.6 million comprise 25 percent of agency appropriations for the 2014–15 biennium (**Figure 279**). Amounts include salaries and salary supplements for positions linked to the salary of a district judge: professional prosecutors, which include 154 district attorneys, criminal district attorneys and county attorneys prohibited from the private practice of law; five prosecutors permitted to engage in private practice and salary supplements paid to 174 constitutional county attorneys ($56.9 million in All Funds). The state salary for a professional prosecutor was $125,000 during the 2012–13 biennium and increases to $140,000 effective September 1, 2013. The state salary for a felony prosecutor making 80 percent of the salary of a district judge was $100,000 during the 2012–13 biennium and increases to $112,000 effective September 1, 2013.

The state provides salary supplements to constitutional county attorneys who do not have general felony jurisdiction and who are not state prosecutors under the Professional Prosecutors Act. County attorneys are entitled to receive a supplement based upon both one-half the state salary of a district judge divided by the total number of counties within the jurisdiction of a state prosecutor serving the county, but in an amount no less than one-sixth of a district judge's salary. The minimum and maximum state salary supplement for qualifying county attorneys was $20,833 ($125,000/6) and $62,500 ($125,000/2) respectively during the 2012–13 biennium and increases to $23,333 ($140,000/6) and $70,000 ($140,000/2) effective September 1, 2013. Other payments to prosecutors include $8.1 million from the General Revenue Fund for office apportionments for 160 felony prosecutors and the State Prosecuting Attorney. Prosecutors use state funding to supplement local budgets for office expenses, which include salaries of assistant district attorneys, investigators, administrative staff, operating expenses and supplies. The Eighty-third Legislature provided $22,500 per office for felony prosecutors serving districts with populations of more than 50,000; $27,500 for felony prosecutors serving districts with populations of less than 50,000; and, $11,083 for the Harris County District Attorney.

PUBLIC INTEGRITY UNIT

Funding for the Public Integrity Unit (PIU) of the Travis County District Attorney's Office for the 2014–15 biennium was vetoed by the Governor. The PIU was established in 1978 to investigate and prosecute white-collar crime in state government. Under constitutional and statutory provisions, the Travis County District Attorney's Office will continue to have responsibility for prosecuting offenses relating to state government occurring in Travis County, because the seat of state government, Austin, is located within the county. In addition to handling general complaints involving criminal wrongdoing, PIU has statewide venue to handle prosecutions of alleged fraud in the insurance and motor fuels industries. Jurisdiction over prosecution now reverts to local prosecutors in the counties where the alleged offense occurs.

In response to the loss of state funds, Travis County adopted an annual budget of $2.5 million for the Public Integrity Unit for county fiscal year 2014. This funding level allows the Travis County District Attorney's Office to continue to investigate and prosecute white-collar crime in state government occurring in Travis County as well as insurance fraud cases. However, no local funding was provided to investigate and prosecute motor fuels tax fraud cases. As a result, the Travis County District Attorney's Office expects to complete the prosecution of only those few motor fuels fraud cases for which substantial effort or resources have been spent.

SPECIAL PROSECUTION UNIT

In 1997, appropriations for the Special Prosecution Unit (SPU) were transferred from the Texas Department of Criminal Justice (TDCJ) to the Judiciary Section. The Criminal Division of SPU prosecutes crimes committed within the TDCJ prison system. The Seventy-sixth Legislature, Regular Session, 1999, passed legislation that established a Civil Division in the SPU responsible for initiating civil commitment proceedings against sexually violent predators who have completed prison terms. Additionally, the Eightieth Legislature, 2007, passed legislation resulting in a new Juvenile Division to prosecute criminal offenses or delinquent conduct committed within Texas Juvenile Justice Department facilities. Appropriations for SPU total $10.0 million for the 2014–15 biennium in All Funds (**Figure 279**), which includes an increase of $0.6 million in All Funds over 2012–13 biennial spending levels, primarily for increased expert witness costs, county-forecasted benefits expenses, and staff compensation. Of total appropriations, $4.9 million is budgeted for the Civil Division for staff, expert witnesses, court reporters and other operating costs related to bringing 50 civil commitment cases to trial each fiscal year.

SPECIAL PROGRAMS

Legislation passed by the Seventy-ninth Legislature, 2005, provided funding to increase the minimum amount counties pay jurors from $6 to $40 per day after the first day of service, with the state reimbursing counties for $34 of the $40 amount. Biennial funding of $21.8 million in General Revenue Funds includes an increase of $2.9 million, or 15.5 percent, from 2012–13 biennial spending levels due to expiring statutory provisions that limited juror pay reimbursements to appropriations amounts. The 2012–13 biennial reimbursements were sized to match appropriated amounts, or approximately $28 per day after the first day of service. Effective September 1, 2013, payments revert to a cost of $34 per day after the first day of service.

The Eightieth Legislature, Regular Session, 2007, passed legislation that established a district court in Montgomery County. This court has special jurisdiction over civil commitment proceedings of sexually violent predators and criminal offenses for persons failing to follow commitment requirements. The legislation also directed the state to pay the salaries of a court reporter, a court coordinator, and other operating expenses for the court. Funding for this purpose totals $0.5 million for the 2014–15 biennium, which is an increase of $26,737 from the 2012–13 biennial spending levels to cover increased program costs.

SIGNIFICANT LEGISLATION

HB 2772 – Interim Committee on Judicial Selection. The enactment of House Bill 2772, Eighty-third Legislature, Regular Session, 2013, establishes a joint interim committee to review, study and make recommendations regarding the state method for selecting judges (statutory county court judges; district judges; and appellate court justices and judges).

HB 3153 – Creation of New District and County-level Courts. The enactment of House Bill 3153 (Regular Session) establishes one new district court in fiscal year 2014, two new district courts in fiscal year 2015, and one new district court in fiscal year 2016. The new courts join 456 courts in operation effective September 1, 2013. The legislation also establishes one new professional prosecutor position (one additional FTE position), effective September 1, 2013. The legislation also establishes the following county-level courts:

(1) the Atascosa County Court at Law effective January 1, 2014, or on an earlier date as determined by a vote of the Commissioner's Court in Atascosa County; (2) the Jim Wells County Court at Law, effective January 1, 2015; and (3) the Travis County Court at Law No. 9, effective September 1, 2015. The annual recurring cost to the state for the salary supplement of a statutory county judge is $84,000 effective September 1, 2013. House Bill 3153 also abolishes the Nolan County Court at Law and replaces it with the 1st Multi-county Court at Law serving Fisher, Mitchell and Nolan counties effective September 1, 2013. To implement the provisions of the legislation, the Judiciary Section was appropriated $0.9 million in All Funds. Of this amount, $0.4 million is in General Revenue Funds.

HB 696, HB 717, SB 268, SB 479 – Application of the Professional Prosecutors Act. The enactment of House Bill 696 and House Bill 717 (Regular Session) apply the Professional Prosecutors Act (PPA) to the county attorneys for Gonzales and Lavaca counties, respectively, resulting in two additional FTE positions. Senate Bill 268 (Regular Session) applies the PPA to the Oldham County Attorney. The position salary, formerly $71,500, or $28,500 less than a prosecutor compensated at 80 percent of the pay of a district judge, increases to $140,000 effective September 1, 2013. Senate Bill 479 (Regular Session) applies the PPA to the district attorney for the 79th Judicial District. The position salary, formerly $100,000 or 80 percent of the pay of a district judge, increases to $140,000 effective September 1, 2013.

SB 966 – Creation of Judicial Branch Certification Commission. The enactment of Senate Bill 966 (Regular Session) relating to the creation of the Judicial Branch Certification Commission, results in a transfer for $20,524 out of General Revenue Funds in fiscal year 2015 from the Department of State Health Services for the purpose of paying the National Center of State Courts for costs associated with administering the national language exam for court interpreters.

8. PUBLIC SAFETY AND CRIMINAL JUSTICE

*As shown in **Figure 280**, All Funds appropriations for Public Safety and Criminal Justice for the 2014–15 biennium total $11,682.0 million, or 5.8 percent of all state appropriations. This amount is a decrease of $27.0 million, or 0.2 percent, from the 2012–13 biennium. **Figure 281** shows 2014–15 biennial appropriations by method of financing and full-time-equivalent positions from fiscal years 2010 to 2015.*

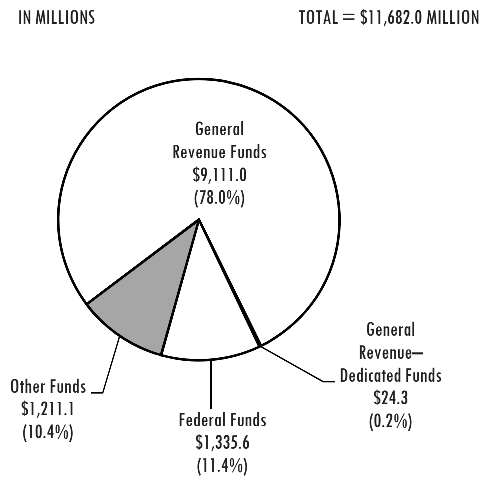
FIGURE 280
ALL FUNDS APPROPRIATIONS FOR PUBLIC SAFETY AND CRIMINAL JUSTICE
2014–15 BIENNIUM

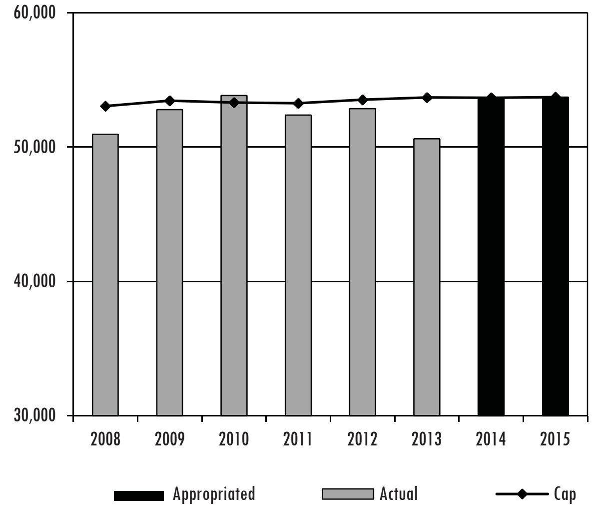
IN MILLIONS

AGENCY	ESTIMATED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	$85.0	$88.3	$3.4	3.9
Department of Criminal Justice	6,137.4	6,300.5	163.1	2.7
Commission on Fire Protection	3.9	3.9	(0.0)	(0.7)
Commission on Jail Standards	1.8	1.8	(0.0)	(0.3)
Juvenile Justice Department	674.3	651.4	(22.9)	(3.4)
Commission on Law Enforcement	5.4	6.6	1.2	22.0
Texas Military Department	136.1	145.9	9.8	7.2
Department of Public Safety	3,094.0	2,680.3	(413.7)	(13.4)
Subtotal, Public Safety And Criminal Justice	**$10,138.0**	**$9,878.8**	**($259.3)**	**(2.6)**
Retirement and Group Insurance	$1,093.5	$1,301.5	$208.0	19.0
Social Security and Benefit Replacement Pay	322.2	330.8	8.6	2.7
Subtotal, Employee Benefits	**$1,415.7**	**$1,632.3**	**$216.6**	**15.3**
Bond Debt Service Payments	$339.5	$347.0	$7.4	2.2
Lease Payments	3.8	2.1	(1.7)	(44.3)
Subtotal, Debt Service	**$343.4**	**$349.1**	**$5.7**	**1.7**
Less Interagency Contracts	$188.0	$178.1	($9.9)	(5.3)
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$11,709.0**	**$11,682.0**	**($27.0)**	**(0.2)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and, the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and, the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
(4) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 281
PUBLIC SAFETY AND CRIMINAL JUSTICE APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2014–15 BIENNIUM





NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

SOURCES: Legislative Budget Board; State Auditor's Office.

Eight state agencies and commissions provide public safety and criminal justice services: the Alcoholic Beverage Commission, the Department of Criminal Justice, the Commission on Fire Protection, the Commission on Jail Standards, the Juvenile Justice Department, the Commission on Law Enforcement, the Texas Military Department, and the Department of Public Safety.

MAJOR FUNDING ISSUES

Public Safety and Criminal Justice appropriations total $11.9 billion in All Funds for the 2014–15 biennium. Appropriations include $9.1 billion in General Revenue Funds, $0.2 billion in General Revenue–Dedicated Funds, $1.3 billion in Federal Funds, and $1.4 billion in Other Funds. Appropriations decreased by $36.9 million in All Funds from the 2012–13 biennial expenditure levels.

Appropriations for the Alcoholic Beverage Commission total $88.3 million in All Funds for the 2014–15 biennium. Appropriations include $45.7 million for enforcement activities, $8.5 million for licensing activities, $12.2 million for compliance activities, and $10.7 million for Ports-of-Entry, including funding and staff for new ports-of-entry in Galveston and Fabens.

The Department of Criminal Justice (TDCJ) is appropriated $6.3 billion in All Funds for the 2014–15 biennium. The agency is appropriated $5.1 billion for the incarceration of adult offenders in state institutions, including $105.2 million for a 5 percent increase in correctional officer salaries. According to the Legislative Budget Board January 2013 report, *Adult and Juvenile Correctional Population Projections, 2013–2018*, the projected average number of offenders incarcerated with these funds is 152,289 in fiscal year 2014 and 153,474 in fiscal year 2015. The agency is appropriated $50 million in General Obligation bond proceeds for the repair and rehabilitation of correctional facilities.

TDCJ is appropriated $598.8 million for community supervision programs. The projected number of felons on community supervision is 165,378 in fiscal year 2014 and 165,225 in fiscal year 2015. The projected number of misdemeanor community supervision placements is 100,840 for fiscal year 2014 and 99,529 in fiscal year 2015. Appropriations for fiscal years 2014 and 2015 include $223.3 million for basic supervision, $258.2 million for diversion programs, $93.8 million for community corrections programs, and $23.5 million for the Treatment Alternatives to Incarceration Program.

TDCJ is appropriated $384.0 million to operate the state's parole system. The projected average number of offenders under active parole supervision is 88,378 in fiscal year 2014 and 88,893 in fiscal year 2015. Appropriations include $229.3 million for parole supervision, $102.2 million for halfway houses and intermediate sanction facilities, and $52.5 million for the Board of Pardons and Paroles.

Appropriations for the Juvenile Justice Department (JJD) for the 2014–15 biennium total $651.4 million in All Funds. Appropriations for state services and facilities total $289.8 million and include $5.6 million for a 5 percent juvenile correctional officer salary increase and $5.5 million for facility repair and maintenance. According to the Legislative Budget Board January 2013 report, *Adult and Juvenile Correctional Population Projections, 2013–2018*, the projected average number of juveniles served with these funds is 1,309 in fiscal year 2014 and 1,319 in fiscal year 2015. These population projections include juveniles in secure correctional facilities, halfway houses, and contract facilities. Appropriations for community juvenile justice total $327.3 million and include a $15.2 million increase for mental health services. The projected average number of juveniles served with these funds is 23,615 in fiscal year 2014 and 23,276 in fiscal year 2015.

The Military Department is appropriated $145.9 million in All Funds for the 2014–15 biennium. Appropriations include $31.6 million in General Revenue Funds and $13.4 million in Other Funds. Federal Funds are estimated to be $100.8 million. Federal Funds are utilized in almost every area of agency operations with a few exceptions; primarily, expenses related to the Texas State Guard, Operation Lone Star, and state disaster relief missions. Appropriations include $13.7 million for youth education programs including the Starbase Program and the ChalleNGe Program (includes $2.0 million for a second ChalleNGE Academy), $0.9 million for mental health services for members of the Texas National Guard, and $2.0 million for the State Military Tuition Assistance Program.

The Department of Public Safety is appropriated $2.7 billion in All Funds for the 2014–15 biennium, including $587.4 million in General Revenue Funds and $812.6 million from the State Highway Fund 06 (Other Funds). Appropriations for combating crime and terrorism total $322.4 million; for public safety total $483.3 million; for emergency management total $1.1 billion and for regulatory services total $128.5 million. Appropriations include increases for driver license process improvement ($30.9 million), four additional trooper recruit schools ($12.0 million), crime lab resources ($10.9 million), and information technology improvements ($3.3 million).

ALCOHOLIC BEVERAGE COMMISSION

In 1935, after the repeal of Prohibition by an amendment to the Texas Constitution, the Texas Legislature passed the Texas Liquor Control Act. This legislation created the Texas Liquor Control Board to enforce state liquor laws. The name of the agency was changed in 1970 to the Texas Alcoholic Beverage Commission (TABC), and in 1977 the Liquor Control Act was codified as the Texas Alcoholic Beverage Code. The code authorizes the agency to engage in the following activities:

- grant, refuse, suspend, or cancel permits and licenses in all phases of the alcoholic beverage industry;
- supervise, inspect, and regulate the manufacture, importation, exportation, transportation, sale, storage, distribution, and possession of alcoholic beverages;
- assess and collect excise taxes and fees on alcoholic beverages;
- investigate alleged violations of the Texas Alcoholic Beverage Code and assist in the prosecution of violators;
- seize illicit alcoholic beverages; and
- adopt quality standards for and approve labeling and sizes of containers for all alcoholic beverages sold in Texas.

TABC's mission is to promote public safety and serve the people of Texas through consistent, fair, and timely administration of the Texas Alcoholic Beverage Code while fostering education, voluntary compliance, and legal, responsible alcohol consumption. To accomplish this mission, the agency works to (1) deter and detect violations of the Texas Alcoholic Beverage Code by inspecting licensed establishments and investigating complaints; (2) ensure compliance with laws regarding ownership, performance, licenses, tax securities, and other licensing requirements; (3) monitor compliance with the Texas Alcoholic Beverage Code through inspections, investigations, and analysis of the alcoholic beverage industry; and (4) regulate the personal importation of alcoholic beverages and cigarettes through the state's ports-of-entry locations with Mexico and the seaport at Galveston.

The agency is governed by a three-member commission appointed by the Governor, with the advice and consent of the Senate. The agency is funded through fees, fines, and other revenues paid by the alcoholic beverage industry. As shown in **Figure 282**, the agency collected $271.3 million in fees, taxes, and other revenue in fiscal year 2013.

Appropriations for the 2014–15 biennium total $87.6 million, primarily in General Revenue Funds, and provide for 646.8 full-time-equivalent (FTE) positions. Appropriations for the 2014–15 biennium include an increase of $4.4 million in General Revenue Funds from the 2012–13 biennial expenditure levels. In the previous biennium, agency administration reorganized some of its functions. The Compliance Division became the Audit and Investigations Division and the Ports-of-Entry function was moved out of this division, creating the Ports-of-Entry Division.

ENFORCEMENT DIVISION

The Enforcement Division is responsible for regulating the distribution of alcoholic beverages by regulating licensees and permittees in their places of business. The division employs approximately 250 commissioned law enforcement officers, located in five district offices and 39 area or outpost offices. The Enforcement Division inspects establishments engaged in the sale and distribution of alcoholic beverages to ensure they are properly licensed and conform to the

FIGURE 282
ALCOHOLIC BEVERAGE COMMISSION REVENUE COLLECTIONS
FISCAL YEARS 2004 TO 2013

IN MILLIONS REVENUE SOURCE	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Excise taxes	$167.3	$170.1	$178.3	$182.1	$190.9	$194.5	$191.7	$198.3	$203.4	$206.4
Alcoholic beverage permit and license fees	23.3	24.2	27.2	28.8	29.6	43.2	36.2	33.8	38.4	35.9
Surcharges	10.5	10.2	16.5	17.0	17.6	22.6	26.6	16.0	29.4	20.9
Other revenue	7.2	5.2	5.4	6.5	6.2	6.5	5.4	6.0	8.3	8.1
TOTAL	**$208.3**	**$209.7**	**$227.4**	**$234.4**	**$244.3**	**$266.8**	**$259.9**	**$254.1**	**$279.5**	**$271.3**

Source: Texas Alcoholic Beverage Commission.

administrative and criminal law enforcement provisions of the Texas Alcoholic Beverage Code. In fiscal year 2013, the agency conducted 74,305 inspections. Appropriations for enforcement activities for the 2014–15 biennium total $45.7 million (primarily General Revenue Funds) and provide for 294.3 FTE positions.

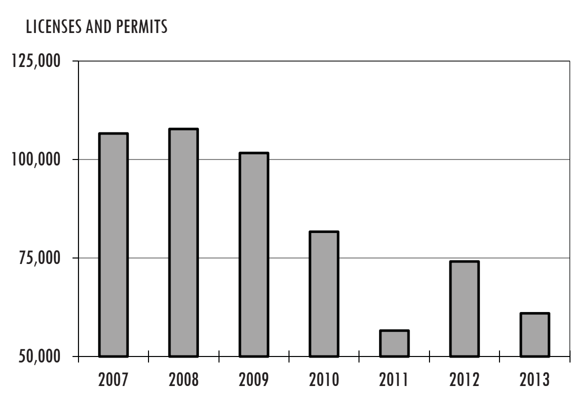
LICENSING DIVISION

The Licensing Division processes applications for all phases of the alcoholic beverage industry, including manufacturing, sales, purchases, transportation, storage, and distribution. The division ensures that each applicant is qualified to hold the requested license or permit and is complying with all applicable regulatory requirements. The division also works in conjunction with local, state, and federal agencies on criminal investigations. In fiscal year 2013, the agency issued 60,988 two-year licenses and permits. Appropriations for processing license and permit applications for the 2014–15 biennium total $8.5 million in General Revenue Funds and provide for 79.1 FTE positions.

Figure 283 shows the trend in the number of alcoholic beverage licenses and permits issued from fiscal years 2007 to 2013. The reductions in permits issued in fiscal years 2010 and 2011 are largely the result of implementation in fiscal year 2008 of a two-year license renewal cycle, replacing the previous one-year cycle.

During the 2012–13 biennium, TABC implemented an on-line application process for renewal permits, allowing applicants the ability to pay fees and surcharges to the state with a credit card.

FIGURE 283
NUMBER OF ALCOHOLIC BEVERAGE LICENSES AND PERMITS ISSUED, FISCAL YEARS 2007 TO 2013



SOURCE: Texas Alcoholic Beverage Commission.

AUDIT AND INVESTIGATIONS DIVISION

The Audit and Investigations Division, formerly the Compliance Division, has 60 auditors throughout the state, working from 20 of the agency's field offices. These auditors inspect new locations and seller training schools; monitor account record keeping; settle administrative cases related to finances; conduct inspections of licensed locations; conduct investigations; oversee field licensing functions; perform fee analysis of private club accounts; and audit excise taxpayers to ensure they are in compliance with the Texas Alcoholic Beverage Code and have reported and paid the proper amount of excise taxes and fees. Audit and investigations personnel also conduct public education activities covering public safety issues and compliance requirements related to the sale and consumption of alcohol. During fiscal year 2013, TABC auditors conducted 25,146 inspections and 1,641 audits or analyses. Division employees also provided formal instruction and other educational programs to 79,533 persons and processed 44,589 cash law and credit law notices of default. Of these compliance activities, 18,798 resulted in compliance and administrative actions.

In addition, the Tax Division of TABC is a subset of the Audit and Investigations Division. This division oversees the review and processing of excise tax reports, excise tax payments, and other periodic reports that are required by law from licensees and permittees involved in the wholesale and manufacturing tiers of the alcoholic beverage industry. Appropriations for audit and investigations activities for the 2014–15 biennium total $12.2 million in General Revenue Funds and provide for 93.4 FTE positions.

PORTS-OF-ENTRY DIVISION

The Ports-of-Entry Division includes personnel who work at the international ports-of-entry between Texas and Mexico, and the seaport in Galveston, to enforce importation limits and to collect excise taxes on imported alcoholic beverages and cigarettes. The inspectors must place an excise tax stamp on each bottle and each package of cigarettes and enforce limitations on imports by seizing any alcoholic beverages in excess of the limits. In fiscal year 2013, there were approximately 1.1 million alcoholic beverage containers and 422,000 cigarette packages stamped, 7,715 alcoholic beverage containers and 13,573 cigarette packages confiscated, and $4.7 million in taxes and fees collected.

Appropriations for operation of the ports-of-entry program for the 2014–15 biennium total $10.7 million in General Revenue Funds and provide for 123 FTE positions. TABC was appropriated 15 new FTE positions to the Ports-of-Entry Division for the 2014–15 biennium to enforce importation limits and to collect excise taxes on imported alcoholic beverages and cigarettes at the Galveston seaport and the new Fabens port-of-entry.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, passed several bills that affect TABC. House Bill 3572 and Senate Bill 1035 are among the most significant legislation.

HB 3572 – Mixed Beverage Taxes. The enactment of House Bill 3572 reduces the mixed beverage gross receipts tax paid by the permit holder from 14 percent to 6.7 percent, and institutes an 8.25 percent mixed beverage sales tax paid by the consumer.

SB 1035 – Alcoholic Beverage Licensing Procedures. The enactment of Senate Bill 1035 is intended to streamline the licensing process by having applicants pay state fees directly to TABC instead of the county tax assessor-collector, eliminating the requirement of hearings before the county judge in non-contested cases, but increasing the fee from $5 to $25, codifying the practice of TABC giving five percent of the license fee to the county, and requiring that notice of application be posted in a newspaper by the applicant instead of the county clerk.

DEPARTMENT OF CRIMINAL JUSTICE

The Texas Department of Criminal Justice (TDCJ) and its policy-making body, the Texas Board of Criminal Justice, were established in 1989 to bring the state's prison, parole supervision, and adult probation (now known as community supervision) functions under a single governing board and agency structure. The Texas Department of Corrections, the Texas Adult Probation Commission, and the parole supervision function of the Texas Board of Pardons and Paroles were consolidated into one state agency to create TDCJ.

Appropriations for the 2014–15 biennium for TDCJ total $6.3 billion and provide for 40,306.4 full-time-equivalent (FTE) positions. Of this amount, $6.1 billion is from General Revenue Funds and General Revenue–Dedicated Funds. The 2014–15 All Funds appropriation represents an increase of $163.1 million, or 2.7 percent, from the 2012–13 biennial expenditure level, primarily for the following initiatives: funding increases of $105.2 million for a 5 percent increase in correctional officers' salaries, $60.8 million in correctional managed health care, $30.0 million to maintain local diversion and community corrections programs at 2012–13 biennial service levels, $17.0 million for employee health insurance cost increases at community supervisions and corrections departments, $15.7 million for projected parole supervision population increases, $15.0 million for contract correctional facilities' per diem increases, $12.9 million for an electronic document management system, $11.7 million for vehicle replacements, $7.6 million for replacement of reduced Federal Funds for contract correctional facilities, $6.9 million for replacement of obsolete personal computers, $6.1 million for an additional 75 reentry transitional coordinators, and $1.3 million for additional Battering Intervention and Prevention Programs. The All Funds increase was offset by funding reductions of $97.3 million due to closures in contract correctional facilities' capacity, $31.2 million for facilities' maintenance and repair, $9.0 million for lease-purchase payments, $7.2 million for projected probation population decreases, and $4.2 million for reduced data center services costs.

TDCJ's statutory mission is to provide public safety, promote positive change in offender behavior, reintegrate offenders into society, and assist victims of crime. To accomplish its mission, the agency performs five major functions: (1) divert offenders from prison; (2) incarcerate felons; (3) maintain adequate incarceration capacity; (4) care for offenders with special needs; and (5) operate a parole system.

AGENCY STRUCTURE

TDCJ is governed by the Texas Board of Criminal Justice. The nine non-salaried members of the board are appointed by the Governor for staggered six-year terms. The board appoints the executive director, who is responsible for day-to-day operation and management of the agency. Administrative offices are in Austin and Huntsville pursuant to statutory requirements.

TDCJ is organized into multiple divisions and organizational units. Five of the agency's divisions carry out its major responsibilities regarding offenders: the Community Justice Assistance Division, the Correctional Institutions Division, the Rehabilitation Programs Division, the Reentry and Integration Division, and the Parole Division. The Board of Pardons and Paroles is a separate state entity that does not report to the Texas Board of Criminal Justice, but whose budget is contained within TDCJ's.

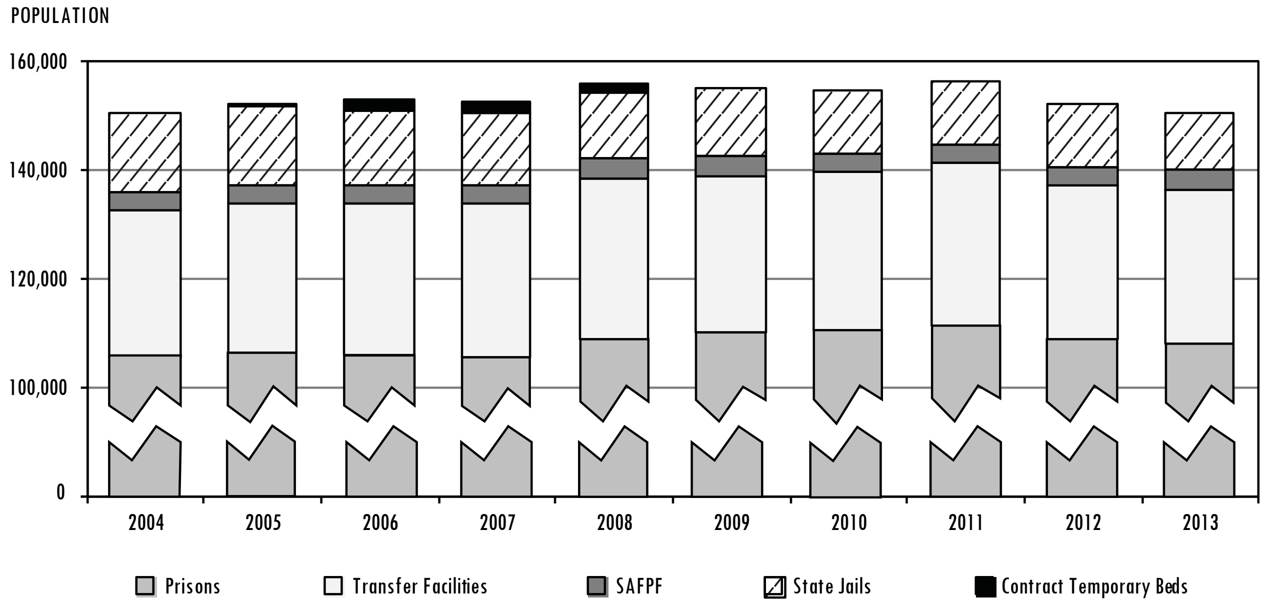
INCARCERATION OF FELONS

For the 2014–15 biennium, $5.1 billion in All Funds was appropriated to TDCJ for the purpose of confining, supervising, and rehabilitating adult felons incarcerated in TDCJ's correctional institutions. The 2014–15 biennial appropriation includes increases of $105.2 million for a 5 percent increase in correctional officers' salaries, $60.8 million in correctional managed health care, $15.0 million for contract correctional facilities' per diem increases, $11.7 million for vehicle replacements, $7.6 million for replacement of reduced Federal Funds for contract correctional facilities, and $6.1 million for an additional 75 reentry transitional coordinators. The increase is offset by a funding reduction of $97.3 million due to closures in contract correctional facilities' capacity.

The funding was based on a projected end-of-month average of 152,289 incarcerated offenders in fiscal year 2014 and 153,474 in fiscal year 2015. The total incarceration All Funds appropriation for the 2014–15 biennium include $2.2 billion for correctional security; $963.1 million for correctional managed health care; $184.5 million for substance abuse treatment programs for incarcerated offenders; $224.9 million for private and contract facilities; and $130.0 million for Texas Correctional Industries.

The incarcerated population in TDCJ correctional institutions increased from fiscal years 2004 to 2013, as shown in **Figure 284**. The correctional institutions population is expected to continue to increase moderately

FIGURE 284
CORRECTIONAL INSTITUTIONS POPULATION
FISCAL YEARS 2004 TO 2013



NOTE: SAFPF = Substance Abuse Felony Punishment Facilities. Population counts are as of August 31 of each fiscal year. On September 1, 2007, the Legislative Budget Board adopted a change in the way capacity and incarcerated populations are reported to include pre-parole transfer and work program facilities; this change resulted in an increase of approximately 2,800 in prison capacity and correctional populations. Effective June 1, 2011, the TDCJ implemented a methodology consistent with the Legislative Budget Board's methodology for calculating capacity. The state bed capacity on-line is the sum total of unit capacities and the internal operating capacity, which allows prison administrators to accommodate logistical and safety issues, is 96.0% of total unit capacities.
SOURCE: Texas Department of Criminal Justice.

(3.2 percent) from fiscal years 2013 to 2018. The projected increase is due primarily to increasing admissions to correctional institutions. The major drivers of the projected adult incarceration population are future admissions and releases. Admissions are based on Texas' total population growth, at-risk populations, court conviction rates, and probation and parole revocations. Future releases are largely driven by release approval decisions. Additional information regarding the LBB's correctional institutions population projections may be found in the LBB January 2013 report, *Adult and Juvenile Correctional Population Projections, 2013 to 2018.*

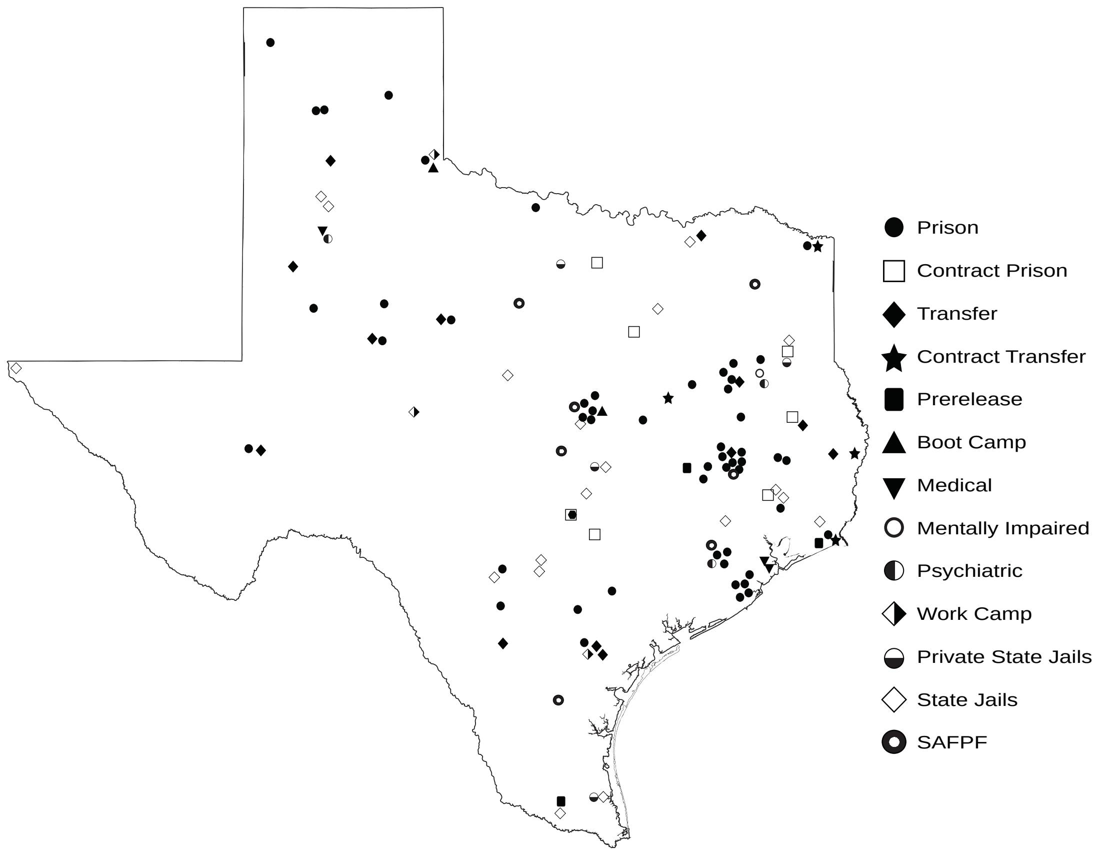
A correctional institutions population increase is projected for the 2014–15 biennium, from a fiscal year 2013 average of 152,026 to a fiscal year 2015 average of 153,474. TDCJ's available fiscal year 2013 correctional institutions bed capacity exceeded the 2014–15 biennium population projections. As a result, the Eighty-third Legislature, Regular Session, 2013, opted to reduce TDCJ's incarceration funding by $97.3 million and required TDCJ to reduce contracted correctional institution beds by approximately 4,000 not later than September 1, 2013. In July 2013, TDCJ removed all inmates (approximately 2,100) from the Mineral Wells Pre-Parole Transfer Facility, and in August 2013 approximately 2,200 inmates were transferred from the Dawson State Jail to other TDCJ correctional institutions.

CORRECTIONAL INSTITUTIONS DIVISION

The Correctional Institutions Division (CID) manages and operates the state jail and state prison systems. It provides for the health care, treatment, and management of adult offenders sentenced to state jail or prison. Incarcerated offenders are confined in 57 prison units, 19 state jails, 14 transfer facilities, and other types of correctional units across the state. The location of these facilities is shown in **Figure 285**. TDCJ correctional populations are shown in **Figure 284**. **Figure 286** provides the name, location, and bed capacity of each correctional unit as of August 31, 2013.

Upon entering CID, an offender is classified and given a custody designation. Classifications in prisons range from General Population Level 5 (G5), or (J5) in State Jails, as the most serious risk, to General Population Level 1 (G1), or

FIGURE 285
TDCJ FACILITY LOCATIONS
FISCAL YEAR 2013



SOURCE: Texas Department of Criminal Justice.

(J1) in state jails, as the least serious risk. An additional classification of Administrative Segregation in prisons, or Special Management in state jails, is used for offenders who must be separated from the general population because they pose a danger to themselves or others, are in danger from other offenders, or have a history of escape attempts.

An offender's classification depends on several factors, including: current institutional behavior, previous institutional behavior, current offense, and sentence length. Classification determines where and with whom the offender will be housed, the amount of supervision needed, job assignments, and the amount of out-of-cell and recreational time permitted.

The population within TDCJ's prisons vary in number and type with the specific unit composition contingent on the population's classification and security needs. The decision to move an offender from one facility to another is based on an individual offender's needs. Transfer facilities, a type of correctional facility operated by TDCJ, provide temporary housing for those offenders awaiting a more permanent placement, those awaiting placement in a specific program, or those pending release. TDCJ's specialized correctional institutions include geriatric and medical units, developmentally disabled and psychiatric units, and pre-release and pre-parole facilities for offenders who are within one year or less of their presumptive release date.

The In-Prison Therapeutic Community (IPTC) Program is used for eligible offenders who are within six months of parole release and have been identified by BPP as needing substance abuse treatment. IPTC is a six-month treatment program during incarceration. Upon completion of the program, offenders are released on parole and must complete an aftercare phase of treatment. Aftercare treatment consists of residential care or intensive outpatient treatment for three months followed by 9 to 12 months of outpatient counseling.

FIGURE 286
CORRECTIONAL FACILITIES AND ON-LINE BED CAPACITIES
FISCAL YEAR 2013

FACILITY	LOCATION	FACILITY BED TYPE	BEDS AS OF 8/31/13
Allred	Iowa Park	Prison	3,722
Beto	Tennessee Colony	Prison	3,471
Boyd	Teague	Prison	1,372
Bridgeport - Prison	Bridgeport	Prison – Contract	520
Briscoe	Dilley	Prison	1,384
Byrd	Huntsville	Prison	1,365
Clemens	Brazoria	Prison	1,215
Clements	Amarillo	Prison	3,798
Cleveland	Cleveland	Prison - Contract	520
Coffield	Tennessee Colony	Prison	4,139
Connally	Kenedy	Prison	2,148
Crain	Gatesville	Prison	1,827
		Prison (SAFPF) (2)	288
Dalhart	Dalhart	Prison	1,398
Daniel	Snyder	Prison	1,384
Darrington	Rosharon	Prison	1,931
Diboll	Diboll	Prison – Contract	518
Eastham	Lovelady	Prison	2,474
Ellis	Huntsville	Prison	2,482
Estelle	Huntsville	Prison	3,148
		Prison (SAFPF) (2)	212
Estes	Venus	Prison – Contract	1,040
Ferguson	Midway	Prison	2,421
Goree	Huntsville	Prison	1,321
Hightower	Dayton	Prison	1,384
Hilltop	Gatesville	Prison	553
Hobby	Marlin	Prison	1,384
Hughes	Gatesville	Prison	2,984
Huntsville	Huntsville	Prison	1,705
Jester III	Richmond	Prison	1,131
Jordan	Pampa	Prison	1,008
Kyle	Kyle	Prison – Contract (IPTC) (2)	350
		Prison – Contract (SAFPF) (2)	170
Lewis	Woodville	Prison	2,232
Lockhart	Lockhart	Prison – Contract	500
Luther	Navasota	Prison	1,316
Lynaugh	Fort Stockton	Prison	1,416
McConnell	Beeville	Prison	2,900
Michael	Tennessee Colony	Prison	3,305

FIGURE 286 (CONTINUED)
CORRECTIONAL FACILITIES AND ON-LINE BED CAPACITIES
FISCAL YEAR 2013

FACILITY	LOCATION	FACILITY BED TYPE	BEDS AS OF 8/31/13
Moore, B.	Overton	Prison – Contract	500
Mt. View	Gatesville	Prison	645
Murray	Gatesville	Prison	1,341
Neal	Amarillo	Prison	1,732
Pack	Navasota	Prison	1,478
Polunsky	Livingston	Prison	2,984
Powledge	Palestine	Prison	1,137
Ramsey	Rosharon	Prison	1,891
Roach	Childress	Prison	1,884
Robertson	Abilene	Prison	2,984
Scott	Angleton	Prison	1,130
Smith	Lamesa	Prison	2,033
Stevenson	Cuero	Prison	1,384
Stiles	Beaumont	Prison	2,981
Stringfellow	Rosharon	Prison	1,212
Telford	New Boston	Prison	2,872
Terrell, C.T.	Rosharon	Prison	1,603
Torres	Hondo	Prison	1,384
Vance	Richmond	Prison	378
Wallace	Colorado City	Prison	1,448
Wynne	Huntsville	Prison	2,621
Cotulla	Cotulla	Transfer	606
Fort Stockton	Fort Stockton	Transfer	606
Garza East	Beeville	Transfer (Prison)	480
		Transfer	1,978
Garza West	Beeville	Transfer	2,278
Goodman	Jasper	Transfer	612
Gurney	Tennessee Colony	Transfer	2,128
Holliday	Huntsville	Transfer	2,128
Marlin	Marlin	Transfer	606
Middleton	Abilene	Transfer	2,128
Moore, C.	Bonham	Transfer	1,224
Rudd	Brownfield	Transfer	612
Tulia	Tulia	Transfer	606
San Saba	San Saba	Transfer	606
Ware	Colorado City	Transfer	508
Hamilton	Bryan	Pre-Release	1,166
Havins	Brownwood	Pre-Release	20
		Pre-Release (IPTC) (2)	576

FIGURE 286 (CONTINUED)
CORRECTIONAL FACILITIES AND ON-LINE BED CAPACITIES
FISCAL YEAR 2013

FACILITY	LOCATION	FACILITY BED TYPE	BEDS AS OF 8/31/13
LeBlanc	Beaumont	Pre-Release	1,224
Segovia	Edinburg	Pre-Release	1,224
Bridgeport - Pre-Parole Transfer	Bridgeport	Pre-Parole – Private	200
Lockhart	Lockhart	Pre-Parole – Private (Work Program)	500
Duncan	Diboll	Geriatric	606
East Texas	Henderson	Multi-Use – Private (SAFPF) (2)	336
		Multi-Use – Private (DWI) (2)	500
Hodge	Rusk	Developmentally Disabled	989
Jester IV	Richmond	Psychiatric	550
Montford	Lubbock	Psychiatric	950
Skyview	Rusk	Psychiatric	562
Young	Dickinson	Medical	314
Bartlett	Bartlett	State Jail – Private (4)	1,049
Bradshaw	Henderson	State Jail – Private (4)	1,980
Cole	Bonham	State Jail (4)	900
Dominguez	San Antonio	State Jail (4)	2,276
Formby	Plainview	State Jail (4)	1,100
Gist	Beaumont	State Jail (4)	2,276
Henley	Dayton	State Jail	256
		State Jail (SAFPF) (2)	128
		State Jail (IPTC) (2)	192
Hutchins	Dallas	State Jail (4)	2,276
Kegans	Houston	State Jail	667
Lindsey	Jacksboro	State Jail – Private (4)	1,031
Lopez	Edinburg	State Jail (4)	1,100
Lychner	Humble	State Jail (4)	2,276
Ney	Hondo	State Jail (IPTC) (2)	296
		State Jail (Pre-Release)	24
		State Jail (4)	256
Plane	Dayton	State Jail (4)	2,291
Sanchez	El Paso	State Jail (4)	1,100
Travis County	Austin	State Jail (4)	1,161
Wheeler	Plainview	State Jail (4)	576
Willacy County	Raymondville	State Jail – Private (4)	1,069
Woodman	Gatesville	State Jail (4)	900
Glossbrenner	San Diego	SAFPF (2)	612
Halbert	Burnet	SAFPF	425
		SAFPF (DWI) (2)	34
		SAFPF (IPTC) (2)	153

FIGURE 286 (CONTINUED)
CORRECTIONAL FACILITIES AND ON-LINE BED CAPACITIES
FISCAL YEAR 2013

FACILITY	LOCATION	FACILITY BED TYPE	BEDS AS OF 8/31/13
Jester I	Richmond	SAFPF (2)	323
Johnston	Winnsboro	SAFPF (2)	612
Sayle	Breckenridge	SAFPF (2)	632
Prison Subtotal			**102,058**
Transfer Subtotal			**17,106**
Pre-Release/Pre-Parole Subtotal			**4,910**
Geriatric/Medical Subtotal			**920**
Multi-Use Subtotal			**836**
Psychiatric/Developmentally Disabled Subtotal			**3,051**
State Jail Subtotal			**25,180**
SAFPF Subtotal			**2,791**
GRAND TOTAL			**156,852**

Notes:
(1) Bed counts are as of August 31, 2013.
(2) Treatment program bed types: Substance Abuse Felony Punishment Facility (SAFPF), Driving While Intoxicated (DWI), and In-Prison Therapeutic Community (IPTC).
(3) On-line bed capacity reflects the total number of TDCJ beds available for the permanent assignment of inmates. On-line bed capacity does not include beds temporarily removed from capacity, beds used for the temporary placement of inmates, or intermediate sanction facilities (ISF). As of August 31, 2013, TDCJ had 2,313 beds temporarily removed from capacity with 1,473 of these beds removed because of staffing shortages and 840 of these beds converted from SAFPF beds to ISF beds. Also at this time, TDCJ had 2,180 temporary placement beds, which include medical (hospital beds and unit-based infirmary beds), solitary confinement, transfer holding, and pre-hearing detention beds. Finally, at this time, TDCJ had 2,545 ISF beds. Also not included in this figure are capacity reductions due to contract terminations for the Dawson State Jail and the Mineral Wells Pre-Parole Transfer facilities at the end of fiscal year 2013.
(4) Bed counts include beds that housed offenders classified as transfer inmates.

Source: Texas Department of Criminal Justice.

Within CID, TDCJ operates the state jail system. State jails were established by the Seventy-third Legislature, 1993, for the confinement of offenders committing state jail felonies, a class of nonviolent felony offenses. As of August 31, 2013, the state jail capacity is 11,804 beds, and state jails house both state jail and transfer offenders. TDCJ state jail populations are shown in **Figure 284**.

An offender is also given an Individualized Treatment Plan (ITP) upon entering CID. The ITP outlines programs and services for the offender and prioritizes participation in the programs and services offered according to the offender's needs, program or service availability, and parole or discharge date. These programs and services are offered: counseling (includes substance abuse and sex offender treatment), adult basic education, special education, and vocational training (often in conjunction with Texas Correctional Industries).

Substance Abuse Felony Punishment Facilities (SAFPF) are secure correctional facilities that use a therapeutic community approach to substance abuse treatment that combines individual and group counseling. Offenders may be sentenced to SAFPF as a condition of community supervision, or an offender on parole may be sent to a SAFPF in lieu of revocation by the Board of Pardons and Paroles (BPP). The first phase of the SAFPF program takes place in a secure correctional facility and lasts six months (nine months for offenders with special needs). Upon completion of the incarceration portion of the SAFPF program, offenders are provided substance abuse aftercare in the community. The aftercare component includes up to three months of residential or intensive outpatient treatment followed by outpatient counseling for up to 12 months. The bed capacity of the five stand-alone SAFPFs and the five co-located SAFPFs is 3,763. Correctional populations in SAFPFs are shown in **Figure 284**.

REHABILITATION PROGRAMS DIVISION

The Rehabilitation Programs Division (RPD) manages treatment within TDCJ-operated and contract facilities. Treatment programs under the RPD's authority include the Sex Offender Treatment Program, Substance Abuse Treatment Program, Youthful Offender Program, and Faith-based Pre-release Program. Other offender-related services within the RPD operations are Chaplaincy, Controlled Substance Testing for Offenders, DNA Specimen Collection, and Volunteer Coordination. Appropriations administered by the RPD are contained in various funding strategies within the agency's budget structure.

CORRECTIONAL MANAGED HEALTH CARE

In 1993, the Seventy-third Legislature established a correctional managed health care (CMHC) system for the delivery of health care to TDCJ incarcerated offenders. In 1996, CMHC also began managing the delivery of psychiatric services to TDCJ incarcerated offenders.

A component of the CMHC system is the Correctional Managed Health Care Committee (CMHCC) which has specific statutory responsibilities as set forth in the Texas Government Code, Chapter 501. The Eighty-second Legislature, 2011, made significant statutory revisions affecting the CMHCC, one of which was transferring the authority to contract for CMHC services from the CMHCC to TDCJ. The CMHCC's primary role now is to develop statewide policies for the delivery of CMHC and to report to the Texas Board of Criminal Justice regarding the CMHCC's recommendations.

TDCJ currently contracts with the University of Texas Medical Branch at Galveston (UTMB) and Texas Tech University Health Sciences Center (TTUHSC) for most CMHC services. UTMB provides care for incarcerated offenders in the eastern and southern parts of the state, where most facilities are located, and TTUHSC provides care in the western and northern regions of the state. TDCJ's appropriations include $963.1 million in General Revenue Funds for CMHC for the 2014–15 biennium, which is an increase of $60.8 million from the 2012–13 biennial CMHC expenditure level.

The Eighty-second Legislature, 2011, revised the process for reimbursement to CMHC providers. Reimbursement rates to TTUHSC inpatient and outpatient hospital services were limited to 100 percent of Medicare rates. Reimbursement rates to UTMB for inpatient and applicable outpatient hospital services were limited to UTMB Medicaid Tax Equity and Fiscal Responsibility Act (TEFRA) rates. These rates are higher than straight Medicaid rates as they include allowances for the costs associated with a teaching hospital and other special circumstances. Reimbursement rates for hospital outpatient services not subject to Medicaid TEFRA rates were limited to straight Medicaid rates and UTMB physician's rates were limited to cost. Implementation of these rate limitations has reduced state costs significantly.

The Eighty-third Legislature, Regular Session, 2013, made additional changes to the CMHC statutes through Senate Bill 213, primarily in the composition of the CMHCC membership. The CMHCC was expanded from five voting members (representing TDCJ, UTMB, TTUHSC, and two Governor-appointed public members) and one nonvoting member (Texas' Medicaid director), to nine voting members and one nonvoting member. The additional four voting members include two Governor-appointed physicians employed by a Texas medical school other than UTMB or TTUHSC and two Governor-appointed licensed mental health professionals.

Extensive details regarding the CMHCC, the provision of CMHC services, and TDCJ's role in CMHC are available at www.lbb.state.tx.us/PubSafety_CrimJustice/Reports/Correctional_Managed_Health_Care_Corner.htm.

REENTRY AND INTEGRATION DIVISION

The Reentry and Integration Division (RID) was established in fiscal year 2009 to coordinate the transition of releasing offenders back into society. RID combines the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) and an expanded reentry initiative that focuses state resources on reducing recidivism and addressing the needs of juvenile and adult offenders.

TCOOMMI was established by statute in 1987. It consists of representatives from 17 agencies and organizations providing advocacy and services for offenders with special needs. In addition, 10 non-salaried members, serving six-year terms, are appointed by the Governor. TCOOMMI provides an opportunity for collaboration between criminal justice, health and human services, and other affected organizations to provide continuity of care for offenders with special needs.

TCOOMMI contracts for offender programs in select communities across the state, targeting both offenders on parole supervision and offenders on community supervision. Programs for special needs offenders provide immediate access to services, thereby reducing the likelihood of parole or community supervision violations due to an inability to access services required by the courts or the parole board.

TDCJ was appropriated $43.9 million in General Revenue Funds for the 2014–15 biennium to provide a comprehensive continuity-of-care system for special needs offenders. Special needs offenders include the elderly and offenders with physical disabilities, terminal illness, mental illness, and/or intellectual disabilities. The continuity-of-care system is administered by TCOOMMI.

For the 2014–15 biennium, an increase of $6.1 million in General Revenue Funds was appropriated for an additional 75 reentry transitional coordinators that work with inmates to develop individualized reentry plans, process applications for social security and identification cards, and to conduct risk and needs assessments. The additional staff positions increase the number of budgeted reentry transitional coordinators from 64 to 139.

MAINTENANCE OF ADEQUATE INCARCERATION CAPACITY

TDCJ operates more than 100 facilities that require maintenance and repairs. For the 2014–15 biennium, TDCJ was appropriated $50.0 million in General Obligation bond proceeds for the repair and rehabilitation of correctional facilities. The agency was also appropriated $5.0 million in General Revenue Funds to provide continued lease-purchase payments on various correctional facilities.

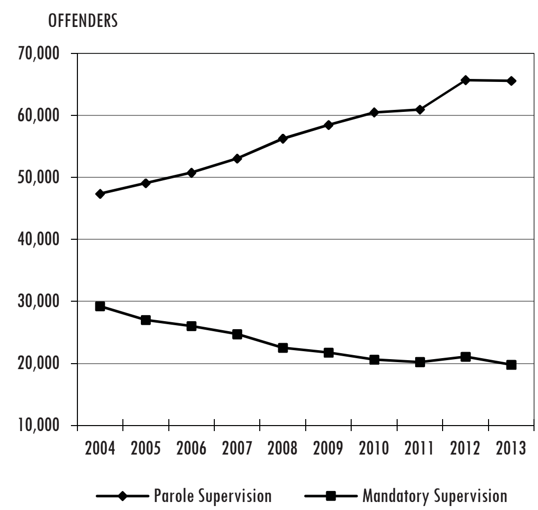
PAROLE DIVISION

TDCJ was appropriated $331.5 million in All Funds for the 2014–15 biennium for the Parole Division (PD). Of this total, $229.3 million is designated to fund parole supervision and parole release processing, which includes $15.7 million for projected parole supervision population increases. Approximately $102.2 million is for ensuring adequate surveillance and control of offenders on parole residing in residential facilities, including halfway houses and intermediate sanction facilities. The projected end-of-month average number of offenders under active parole supervision is 88,378 in fiscal year 2014 and 88,893 offenders in fiscal year 2015.

The PD is responsible for providing supervision and rehabilitative services to offenders released from prison onto parole or mandatory supervision. Parole is the discretionary release of an incarcerated offender, by a Board of Pardons and Paroles decision, to serve the remainder of an incarceration sentence under parole supervision within the community. Mandatory supervision is a legislatively mandated release of a prisoner to parole supervision when the combination of actual calendar time and good conduct time equal the incarceration sentence. Good conduct time is credited to an offender for participating in work and self-improvement programs.

During fiscal year 2013, PD had an average of 1,435 parole officers throughout its 66 district parole offices statewide. At the close of fiscal year 2013, parole officers actively supervised a population of 87,662 released offenders. **Figure 287** shows parole and mandatory supervision populations at the end of each fiscal year since 2004.

FIGURE 287
PAROLE AND MANDATORY SUPERVISION POPULATIONS
FISCAL YEARS 2004 TO 2013



NOTE: Population counts are as of August 31 of each fiscal year.
SOURCE: Texas Department of Criminal Justice.

DIVERSION FROM TRADITIONAL INCARCERATION

TDCJ was appropriated $598.8 million for the 2014–15 biennium to support community supervision (adult probation) and other community-based programs to divert offenders from traditional incarceration. Most of these funds will be distributed as state aid to local community supervision and corrections departments (CSCD) statewide. The 2014–15 biennial appropriation is based primarily on the Legislative Budget Board's (LBB) January 2013 report, *Adult and Juvenile Correctional Population Projections, 2013–2018.* The 2014–15 appropriation includes increases of $30.0 million to maintain local diversion and community corrections programs at 2012–13 biennial service levels, $17.0 million for employee health insurance cost increases at CSCDs, and $1.3 million for additional Battering

Intervention and Prevention Programs. The increases were offset by a reduction of $7.2 million due to projected probation population decreases.

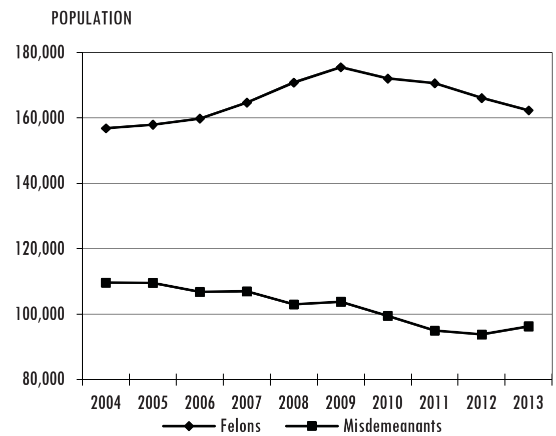
COMMUNITY JUSTICE ASSISTANCE DIVISION

The Community Justice Assistance Division (CJAD) supports the goal of diverting offenders from traditional incarceration through the use of community supervision and other community-based programs. The division is statutorily directed to propose rules for adoption by the Texas Board of Criminal Justice to establish (1) minimum standards for programs, facilities, equipment, and other operational components of CSCDs, which are local entities established by district judges for supervising and rehabilitating felony and misdemeanor offenders who are placed on community supervision; (2) a list and description of core services that each CSCD should provide; (3) methods for measuring the success of CSCD programs; (4) a format for community justice plans; and (5) minimum standards for the operation of substance abuse facilities and programs funded through CJAD. By statute, CJAD and the Texas Board of Criminal Justice are advised on matters of interest to the judiciary by the Judicial Advisory Council, 12 non-salaried members appointed by the Chief Justice of the Supreme Court of Texas and the Presiding Judge of the Texas Court of Criminal Appeals. CJAD's major responsibilities include (1) distributing state funds to CSCDs; (2) inspecting and evaluating CSCDs' financial, program compliance, and performance records; and (3) training and certifying community supervision officers. Texas has 121 CSCDs serving the state's 254 counties.

In fiscal year 2013, CSCDs employed an end-of-month average of 3,290 community supervision officers to directly supervise and provide services to an end-of-month average population of 260,243 felony and misdemeanor offenders. **Figure 288** shows end-of-year community supervision populations for fiscal years 2004 to 2013. TDCJ was appropriated $223.3 million for the basic supervision of offenders on community supervision during the 2014–15 biennium. The projected average number of felons on community supervision is 165,378 in fiscal year 2014 and 165,225 in fiscal year 2015. The projected number of misdemeanor community supervision placements is 100,840 in fiscal year 2014 and 99,529 in fiscal year 2015.

In addition to basic supervision funding, TDCJ was appropriated $258.2 million for the 2014–15 biennium for awarding discretionary grants to CSCDs, counties,

FIGURE 288
COMMUNITY SUPERVISION POPULATIONS
FISCAL YEARS 2004 TO 2013



NOTE: Population counts are as of August 31 of each fiscal year. During fiscal year 2010, TDCJ-CJAD transitioned from compiling aggregate population data from counties through the Monthly Community Supervision and Corrections Report (MCSCR) to generating monthly population reports based on detailed case-based data collected through the Community Supervision Tracking System / Intermediate System (CSTS Intermediate System). Community supervision data through fiscal year 2009 are based on population counts reported to the MCSCR, and fiscal years 2010 to 2013 data are based on monthly reports generated from the CSTS Intermediate System.
SOURCE: Texas Department of Criminal Justice.

municipalities, and nonprofit organizations and for other purposes in accordance with the Texas Government Code, Section 509.011. Discretionary grants allow CJAD to fund community corrections proposals designed at the local level. Such programs increase diversions from traditional, more costly incarceration and improve the delivery of community supervision statewide. **Figure 289** shows the grant award categories funded for fiscal year 2013.

The agency was appropriated $93.8 million for the 2014–15 biennium to continue statutory formula funding for community-based correctional programs that encourage the development of alternatives to incarceration. To be eligible for formula funding, CSCDs must submit an acceptable local community justice plan to CJAD. This state aid provides localities with increased resources for the control, management, and rehabilitation of offenders and it is typically used for the same types of programs presented in **Figure 289**.

FIGURE 289
COMMUNITY JUSTICE ASSISTANCE DIVISION DISCRETIONARY GRANT FUNDING FISCAL YEAR 2013

PROGRAM TYPE	GRANT PROGRAMS	GRANT AMOUNT (IN MILLIONS)
Community corrections facilities	30	$62.5
Substance abuse treatment programs	55	$15.0
Caseload reduction grants	25	$11.6
Substance abuse treatment caseloads and aftercare caseloads	37	$5.7
Mental health initiative caseloads	37	$4.9
Sex offender caseloads	16	$4.1
High risk/gang/youth/culturally specific caseloads	11	$3.0
Drug courts	12	$2.3
Battering intervention and prevention programs	24	$0.7
Intensive supervision/ surveillance caseloads	4	$0.5
Day reporting centers	1	$0.3
TOTALS	**252**	**$110.6**

Source: Texas Department of Criminal Justice.

INDIRECT ADMINISTRATION

The Office of Inspector General, internal audit, legal services, executive services, contracts and procurement, public information and media services, victim services, budget and financial operations, administration, information resources, correctional training, and human resources are funded in TDCJ's indirect administration strategies.

Appropriations for central administration, information resources, and other support services for the 2014–15 biennium total $153.5 million in All Funds. The 2014–15 appropriation includes increases of $12.9 million for an electronic document management system and $6.9 million for replacement of obsolete personal computers. The increase is offset by a funding reduction of $4.2 million in reduced data center services costs.

OTHER OPERATIONS

Included in the 2014–15 biennial appropriations for prison operations is $192.8 million for continued contracts with seven contract prisons and four privately operated state jails. The contract prisons, located in Bridgeport, Cleveland, Diboll, Kyle, Lockhart, Overton, and Venus, incarcerate minimum-security offenders who are within two years of parole eligibility. Privately operated state jails are located in Bartlett, Henderson, Jacksboro, and Raymondville.

As part of the rehabilitative process, Texas Correctional Industries (TCI) provides training and work opportunities for incarcerated offenders to prepare them for employment. TCI operates 35 factories and plants at 29 prison units and produces goods and services for TDCJ's use and for sale. Sales were estimated to exceed $44.0 million in fiscal year 2013.

The Agribusiness Division operates and manages over 142,000 acres in 47 counties in Texas. The division has operations at 50 prison units. Production ranges from 30 varieties of edible crops to a cow and heifer herd in excess of 9,400 head.

The Windham School District is allocated $103.0 million in General Revenue Funds for the 2014–15 biennium to provide accredited academic and vocational education to incarcerated offenders. This is an increase of $8.0 million in General Revenue Funds, or 8.4 percent from the 2012–13 biennial expenditure levels. These funds support high school General Education Diploma and vocational and technical education programs in the prison system. Funding for the Windham School District is appropriated to the Texas Education Agency, which allocates funds based on incarcerated offender student contact hours. TDCJ appropriations include $3.8 million for higher education academic and vocational training programs. Participating offenders are required to reimburse the state after release for the cost of college and vocational school programs.

BOARD OF PARDONS AND PAROLES

The Board of Pardons and Paroles (BPP) was established in 1936 by amendment to the Texas Constitution. The full-time salaried seven-member board is made up of a Chair and six board members appointed for staggered six-year terms by the Governor with the Senate's approval. The BPP Chair is responsible for the overall direction and administration of the agency. Board members serve on parole panels to determine which offenders are to be released on parole, determine conditions of parole and mandatory supervision, determine the revocation of parole and mandatory supervision, and perform other duties required by the Texas Constitution. Also serving on parole panels are 14 parole commissioners (increased from 12 to 14 commissioners by the Eighty-third Legislature) who assist board members in reviewing and deciding parole cases. The primary distinction between a board member and a parole commissioner is that only board members are vested with the responsibility of promulgating policy relative to parole and mandatory supervision considerations, voting on cases requiring the full vote of the board, and voting on clemency matters.

The parole review and release process includes identifying offenders eligible for parole or mandatory supervision. The Texas Government Code, Chapter 508, and Title 37, Texas Administrative Code, Section 145.3, specify the eligibility requirements for the various classes of offenders. Historically, code sections defining release eligibility have been amended, and offenders are required to meet parole eligibility based on the definition existing at the time of conviction. BPP sets the offender review within six months of the calculated parole eligibility date. BPP reviews the case summary, which outlines criminal, social, medical, psychological, and institutional adjustment history, to make a decision and to determine conditions of parole. Cases are screened for many issues, including protests, victim information, disciplinary conduct, and board-imposed special conditions. If approved for parole, the offender is released on the parole eligibility date or the date specified by BPP. If parole is denied, the offender cannot be reviewed for parole again for a minimum of one year, and must be reviewed again not later than five years from the date of the last denial. Local law enforcement is notified of the pending release.

Appropriations for BPP for the 2014–15 biennium total $52.5 million in All Funds and 583.1 FTE positions to support the board's operations and the parole selection and revocation processes. The 2014–15 biennial appropriation includes increases of $1.3 million for seven additional parole hearing officers and two additional voting commissioners, and $0.3 million for information technology equipment and vehicle replacements. BPP appropriations are included in TDCJ's budget structure in the General Appropriations Act.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, passed various bills that affect the agency and adult criminal justice. Significant legislation includes the following.

SB 213 – TDCJ Sunset Legislation. The enactment of Senate Bill 213, the TDCJ sunset bill, continues TDCJ and the Texas Board of Criminal Justice until September 1, 2021. The bill also revises statutes dealing with the Correctional Managed Health Care Committee (CMHCC), BPP, and WSD. Revisions include:

- requiring TDCJ's Correctional Institutions Division facilities to establish a case management committee to assess each inmate to ensure they are receiving appropriate services or participating in appropriate programs;
- requiring TDCJ to finalize a comprehensive plan to reduce recidivism and ensure the successful reentry and reintegration of offenders into the community;
- requiring TDCJ to adopt a standardized risk and needs assessment instrument which will be made available to the community supervision and corrections departments (CSCDs);
- requiring TDCJ to expand the existing reentry task force;
- expanding the membership of the CMHCC to include representatives of additional medical schools as well as licensed mental health professionals;
- transferring certain CMHCC responsibilities to TDCJ, and clarifying TDCJ may contract with any entity to implement the correctional managed health care plan;
- requiring TDCJ to modify inmate individualized treatment plans to include additional information such as more assessment results and volunteer program participation;
- requiring TDCJ's Community Justice Assistance Division (CJAD) to ensure grant procedures contain certain goals, criteria and processes, including an appeals process;
- requiring CJAD to seek input from the CSCDs, the Judicial Advisory Council and other relevant interest groups regarding the feasibility of adopting performance-based standards, and to prepare a report containing recommendations; and
- requiring TDCJ's Victim Services Division, in consultation with the BPP, law enforcement agencies and other participants in the criminal justice system, to develop recommendations to ensure the victim impact statement is submitted to TDCJ.

SB 1173 – State Jail Felony Penalties. The enactment of Senate Bill 1173 allows a judge, in certain circumstances involving defendants convicted of a state jail felony, to order a sentence of incarceration followed by a term of community supervision. The bill would also require TDCJ to adopt policies and procedures to allocate 30 percent of the cost savings to CSCDs.

HB 1302 – Sexual Crimes Penalty Enhancements. The enactment of House Bill 1302 expands life without parole to include additional sexually violent offenses committed against a child and prohibits certain sex offenders from some types of employment.

HB 431 – Parole Restriction for Violent Offenses. The enactment of House Bill 431 allows the Board of Pardons and Paroles to set off an inmate's reconsideration for parole for up to five years if they have been convicted of a second or third degree felony for injuring a child, elderly person, or disabled person.

SB 549 – Parole Restriction for Organized Criminal Offenses. The enactment of Senate Bill 549 delays parole release for certain offenders convicted of engaging in organized criminal activity and directing activities of criminal street gangs.

COMMISSION ON FIRE PROTECTION

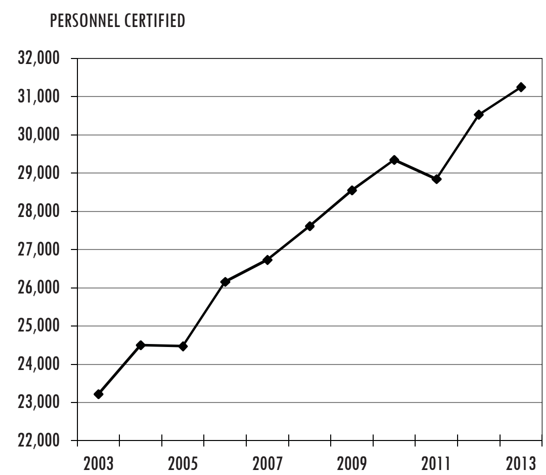
The Commission on Fire Protection (TCFP) was established in 1991 to develop professional standards and to enforce statewide fire laws to assist local governments in ensuring that the lives and property of the public and fire service providers are adequately protected from fires and related hazards. The agency was formed by consolidating two agencies—the Commission on Fire Protection Personnel Standards and Education and the Fire Department Emergency Board—and two fire-related functions from the Department of Insurance—the State Fire Marshal's Office and the Key Rate Section. In 1997, the operations of the State Fire Marshal's Office were transferred back to the Department of Insurance.

Appropriations to TCFP for the 2014–15 biennium total $3.9 million in All Funds and provide for 31 full-time-equivalent (FTE) positions. Of the total appropriations, $3.8 million, or 96.8 percent, is General Revenue Funds, with $0.1 million (estimated) in Appropriated Receipts from certification fees. The agency's appropriation provides General Revenue Funds at the 2012–13 biennial expenditure level. Funding for the 2014–15 biennium is limited to revenue collections and is contingent on the agency collecting at least $3.0 million above the amount appropriated through revenue generated by increased certification fees.

The agency's primary functions are to provide local governments and other entities with training resources and to enforce standards for fire service personnel education, facilities, and equipment. These are accomplished by providing fire safety information and educational programs and certifying and regulating fire departments and fire personnel.

The agency's appropriations include $2.3 million in All Funds in the 2014–15 biennium for certifying and regulating fire departments and fire personnel. Certification and regulation activities include inspection and investigation of regulated entities; certification of full-time and part-time paid fire service personnel and volunteers who have sought certification by the agency; certification of fire service training facilities (includes course approval, curriculum development, and administration of performance and written tests); and performance of criminal background checks. **Figure 290** shows the annual number of fire service personnel receiving TCFP certification since 2003.

FIGURE 290
NUMBER OF FIRE PERSONNEL CERTIFIED
FISCAL YEARS 2004 TO 2013



Source: Texas Commission on Fire Protection.

COMMISSION ON JAIL STANDARDS

The Texas Commission on Jail Standards (TCJS) was established in 1975 as the regulatory agency for all county jails and privately operated municipal jails in the state. Its mission is to empower local governments to provide safe, secure, and suitable jail facilities by establishing proper rules and procedures while promoting innovative programs and ideas. The commission consists of nine members appointed by the Governor with the advice and consent of the Senate.

Appropriations for the 2014–15 biennium for TCJS total $1.8 million (mostly General Revenue Funds) and provide for 16 full-time-equivalent positions. The 2014–15 All Funds appropriation represents a decrease of approximately $6,000, or 0.3 percent, from the 2012–13 biennial expenditure level.

The agency's mission is to establish and enforce minimum standards for the provision and operation of jails, and it provides consultation, training, and technical assistance to help local governments comply with those standards. To achieve its mission and to comply with statutory responsibilities, the agency has five main functions:

- establish effective jail standards;
- inspect and enforce minimum standards;
- review construction plans;
- provide management consultation; and
- audit and report on facility populations and costs.

ESTABLISH EFFECTIVE JAIL STANDARDS

TCJS is responsible for researching, developing, and disseminating minimum standards for jail construction and operations. The minimum standards for jail construction include addressing requirements for facility maintenance and operations. The standards for jail operations include requirements for custody, care, and inmate treatment; inmate rehabilitation, education, and recreation programs; and the number of jail supervisory personnel, programs, and services to meet the needs of inmates.

INSPECT AND ENFORCE MINIMUM STANDARDS

In accordance with state statute, TCJS is required to annually inspect and report on the conditions of each county jail and privately operated municipal jail. This requirement is to ensure the facilities comply with law and commission orders and rules. Inspections include a walk-through of the facilities and reviews of jail logs, records, data, documents, and accounts pertaining to the operation of each facility and the inmates. TCJS may conduct special inspections on facilities identified as high-risk or found to be in noncompliance. **Figure 291** shows a historical listing of how many facilities TCJS has regulatory authority to monitor. As of September 1, 2013, of the 254 counties in Texas, there are 236 county-operated jails and nine privately operated or combined facilities for a total of 245 facilities under TCJS purview.

FIGURE 291
FACILITIES TCJS HAS REGULATORY AUTHORITY FOR MONITORING
FISCAL YEARS 2005 TO 2014

FISCAL YEAR	COUNTY-OPERATED JAILS	PRIVATELY OPERATED FACILITIES	TOTAL
2005	230	18	248
2006	230	18	248
2007	230	26	256
2008	231	26	257
2009	231	17	248
2010	229	20	249
2011	235	10	245
2012	235	10	245
2013	235	9	244
2014	236	9	245

NOTE: The counts are at the beginning of each fiscal year.
SOURCE: Texas Commission on Jail Standards.

REVIEW CONSTRUCTION PLANS

State statute also requires TCJS to review and comment on plans for the construction, major modification, or renovation of county jails. The agency provides consultation and technical assistance to local governments for the most efficient, effective, and economic means of jail construction, while ensuring compliance with minimum standards.

PROVIDE MANAGEMENT CONSULTATION

TCJS provides local government officials with consultation and technical assistance for county jails. The agency receives and approves jail operation plans related to the minimum standards. Consultations and technical assistance include developing plans for (1) establishing an inmate classification system, (2) determining jail staffing patterns, (3) providing health services, (4) meeting sanitation needs, (5) creating inmate discipline and grievance procedures, (6) establishing recreation and exercise programs, (7) implementing education and rehabilitation programs, (8) responding to emergencies, and (9) determining a range of inmate privileges. The agency also provides jail management training for county staff.

AUDIT AND REPORT ON FACILITY POPULATIONS AND COSTS

The agency collects monthly information on county jail populations and operational costs. This information is summarized and provided to state and local government agencies to assist in planning and predicting incarceration trends in the state. **Figure 292** shows a historical overview of the number of inmates in local facilities (county jails and privately operated facilities) at the beginning of each fiscal year since 2005. The contract population consists of offenders housed in privately operated facilities and county jail inmates who are from outside the county's jurisdiction (e.g., state offenders, federal detainees). At the beginning of fiscal year 2014, there were a total of 67,096 inmates in facilities under TCJS purview, and overall, the facilities were at approximately 70.7 percent of total jail capacity. Construction projects completed in the 2012–13 biennium resulted in an increase of 1,531 beds. However, closure of older jail facilities and a reduction in the number of variance beds created a net increase of 585 beds, or a 6.2 percent increase in jail capacity during the 2012–13 biennium.

OTHER AUTHORIZED FUNCTIONS

Under certain circumstances, TCJS is authorized to set and collect reasonable fees for (1) the review of and comment on construction documents for new facilities or expansion projects; (2) occupancy inspections; (3) annual inspections; and (4) re-inspections requested by the operator of a jail before previously cited compliance issues have been corrected. The agency may also impose fees on a private vendor that operates a correctional facility housing inmates from another state to offset the cost of regulating and providing technical assistance to the facility. If a facility fails to remedy deficiencies promptly relative to law or agency orders, rules, and procedures, the agency may prohibit the facility from housing inmates and require the county in which the facility is located to transfer inmates to a compliant detention facility.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, passed various bills that affect county jail operations and/or TCJS. Senate Bill 686 and House Bill 2454 are among the most significant legislation.

HB 2454 – Eligibility for State Assistance. The enactment of House Bill 2454 amends the Texas Health and Safety Code to allow a county to credit an expenditure for an eligible resident toward eligibility for state assistance if the resident is an inmate of a county jail or another county correctional facility.

FIGURE 292
COUNTY JAIL POPULATION AND CAPACITY AT THE BEGINNING OF EACH FISCAL YEAR
FISCAL YEARS 2005 TO 2014

	INMATES IN COUNTY FACILITIES				
FISCAL YEAR	LOCAL POPULATION	CONTRACT POPULATION	TOTAL POPULATION	TOTAL JAIL CAPACITY	PERCENTAGE OF TOTAL CAPACITY
2005	54,967	10,927	65,894	79,599	82.8
2006	58,111	12,936	71,047	80,455	88.3
2007	59,668	14,599	74,267	82,763	89.7
2008	59,529	12,932	72,461	85,241	85.0
2009	59,439	11,480	70,919	85,550	82.9
2010	60,169	11,491	71,660	91,235	78.5
2011	60,807	11,532	72,339	96,948	74.6
2012	59,085	10,000	69,085	94,351	73.2
2013	58,091	9,004	67,095	94,866	70.7
2014	58,747	8,349	67,096	94,936	70.7

Source: Texas Commission on Jail Standards.

JUVENILE JUSTICE DEPARTMENT

The Juvenile Justice Department (JJD) was established in fiscal year 2012 by the Eighty-second Legislature, Regular Session, 2011, in Senate Bill 653, the Sunset legislation that also abolished the Texas Youth Commission (TYC) and the Juvenile Probation Commission (JPC). The primary functions of JJD are to provide financial and professional assistance to local juvenile probation departments; to provide regulatory oversight of local probation departments through the promulgation, monitoring, and enforcement of minimum statewide standards for programs, services, and facilities; and to ensure public safety and the provision of effective programming and rehabilitative services to juveniles committed to JJD state services and facilities. The JJD 13-member governing board is charged with prioritizing the use of local probation services over the commitment of juveniles to state facilities. The 13-member Advisory Council on Juvenile Services is composed of JJD personnel and representatives of local probation departments and is appointed by the JJD governing board. The advisory council is charged with reviewing the needs and problems of local juvenile probation departments, conducting long range planning, reviewing JJD standards, analyzing the costs of services, and making recommendations to the board.

JJD maintains the functions that were previously under the authority of JPC in the Community Juvenile Justice Division. Through financial assistance, professional training, technical assistance, and regulatory oversight, the agency helps local juvenile probation departments to provide a comprehensive range of community-based probation services that ensure public safety, accountability, and assistance to juveniles in becoming productive, responsible, law-abiding citizens. JJD distributes grants to juvenile boards for maintaining and improving probation services, and works in partnership with local juvenile boards and probation departments to provide alternatives to the commitment of juveniles to state facilities. Additionally, the Community Juvenile Justice Division also establishes and enforces uniform probation standards, collects, analyzes, and disseminates information, and endeavors to improve communications between state and local entities within the juvenile justice system.

JJD also maintains the functions that were previously under the authority of TYC in the State Services and Facilities Division. The JJD State Services and Facilities Division operates both secure and nonsecure residential programs for juvenile offenders and supervises them on parole after release from state facilities. The State Services and Facilities Division provides juveniles under its care with individualized education plans, rehabilitation treatment, life skills and employment training, and positive role models to facilitate successful community reintegration. The Division also contracts with private sector providers for specialized services including placement in group homes, vocational training programs, residential treatment centers, foster care, and nonresidential services.

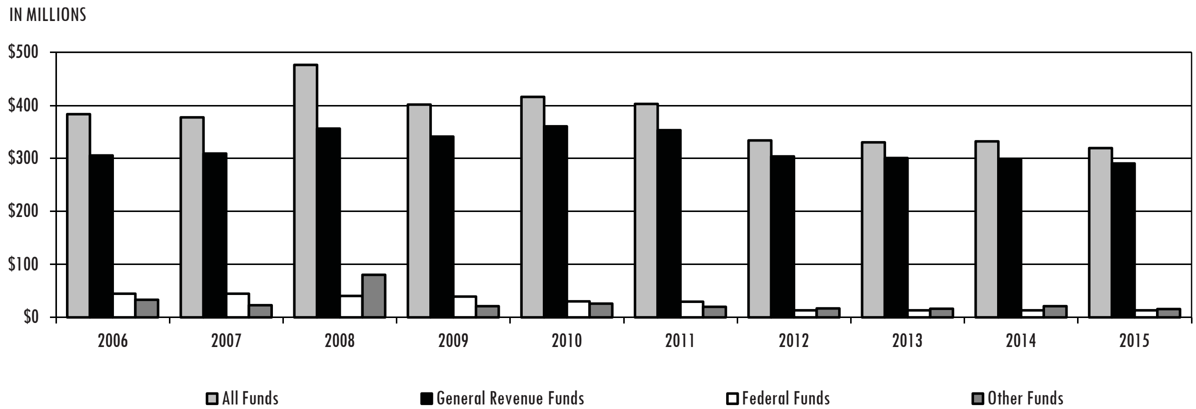
Appropriations for the 2014–15 biennium provide $651.4 million in All Funds and 2,855.1 full-time-equivalent (FTE) positions. General Revenue Funds compose $588.4 million, or 90 percent, of the agency's 2014–15 All Funds appropriations. All Funds appropriations for the 2014–15 biennium decreased by $22.9 million from the 2012–13 biennial expenditure levels, including a $10.5 million increase for the Community Juvenile Justice Division and a $31.3 million decrease for the State Services and Facilities Division. **Figure 293** shows JJD appropriations for fiscal years 2006 to 2015. For years prior to fiscal year 2013, appropriations are represented by combining TYC and JPC appropriations.

COMMUNITY JUVENILE JUSTICE

Financial assistance to local juvenile probation departments is disbursed primarily in the following areas: (1) Basic Supervision; (2) Community Programs; (3) Commitment Diversion Programs; (4) Local Pre and Post-adjudication Facilities; (5) Mental Health Services; and (6) Juvenile Justice Alternative Education Programs. State funding allocated to juvenile probation departments in the first five categories listed may be combined to provide a continuum of services for juveniles. A juvenile may be served with a mixture of state funds allocated for different purposes or state and local funds comingled to provide the best array of juvenile services available in any local jurisdiction. The 2014–15 biennial appropriation totals $321.1 million in All Funds for these programs. JJD was also appropriated $6.2 million to provide funding to local entities for a comprehensive and unified statewide delivery system of prevention and intervention services to at-risk youth and their families. Grant funds are also used for the administrative costs of promulgating standards for juvenile boards, probation officers, programs, and facilities and for maintaining a comprehensive regional training program for juvenile probation officers, detention workers, and juvenile boards.

Juveniles are primarily referred to a juvenile probation department by either law enforcement, school personnel,

FIGURE 293
JUVENILE JUSTICE DEPARTMENT APPROPRIATIONS
FISCAL YEARS 2006 TO 2015



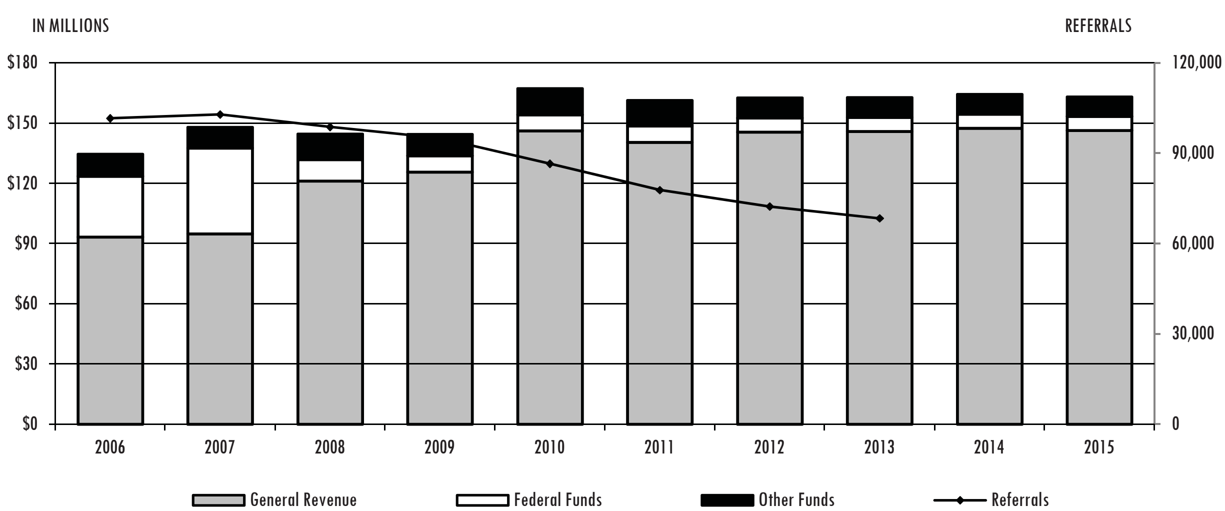
NOTE: Appropriations are the combined total from the Texas Youth Commission and the Juvenile Probation Commission, fiscal years 2006 to 2012.
SOURCE: Legislative Budget Board.

municipal courts, and justice courts. Juveniles may be referred to a juvenile probation department for criminal offenses, probation violations, truancy, runaway, expulsion from a school disciplinary program, violations of a justice or municipal court order, or a variety of other behaviors. An individual juvenile may have multiple referrals; therefore, the number of referrals to juvenile probation departments in a given year will differ from the number of juveniles referred that year. Not all referrals result in placement on juvenile probation. **Figure 294** shows state assistance to juvenile probation departments compared with the number of formal referrals from fiscal years 2006 to 2013, as well as appropriated state assistance in fiscal years 2014 and 2015. The annual number of referrals has decreased steadily from fiscal year 2007 through fiscal year 2013. The agency expects referrals to remain steady in the 2014–15 biennium.

BASIC SUPERVISION

JJD allocates grants to local probation departments to provide basic supervision to juvenile offenders who are

FIGURE 294
STATE FUNDING TO LOCAL JUVENILE PROBATION DEPARTMENTS AND REFERRALS, FISCAL YEARS 2006 TO 2015



SOURCES: Legislative Budget Board; Juvenile Justice Department.

placed on one of three types of supervision authorized by the Texas Family Code, Chapters 53 and 54: court-ordered probation, deferred prosecution, and conditional release. All Funds appropriations for Basic Supervision total $92.3 million. **Figure 295** shows the average daily population (ADP) under basic supervision from fiscal years 2004 to 2013. Three categories determine the ADP under basic supervision: (1) ADP of juveniles supervised under adjudicated probation; (2) ADP of juveniles supervised under deferred prosecution; and (3) ADP of juveniles supervised under conditional release. The ADP under basic supervision decreased each year from fiscal years 2008 to 2013, and is projected to decrease slightly in fiscal years 2014 and 2015.

COMMUNITY PROGRAMS

Juvenile Probation Departments provide community-based programs, specialized treatment programs, and specialized caseloads. Community-based programs offer a wide variety of services and include programming for misdemeanants. Specialized treatment programs include enhanced community-based services such as sex offender treatment. Many departments provide specialized caseloads, assigning fewer juveniles to a probation officer and providing increased probation officer contact with juveniles as an alternative to residential placements. Departments also offer services such as delinquency prevention.

All Funds appropriations for Community Programs total $27.5 million and include $14.0 million in estimated Title IV-E Federal Grants. Federal Title IV-E funds reimburse local juvenile probation departments for qualifying delinquent juveniles in cases when it is in the best interest of the child to be removed from the home. Grant funds are distributed to counties based on historical funding, juvenile-age population, and number of referrals.

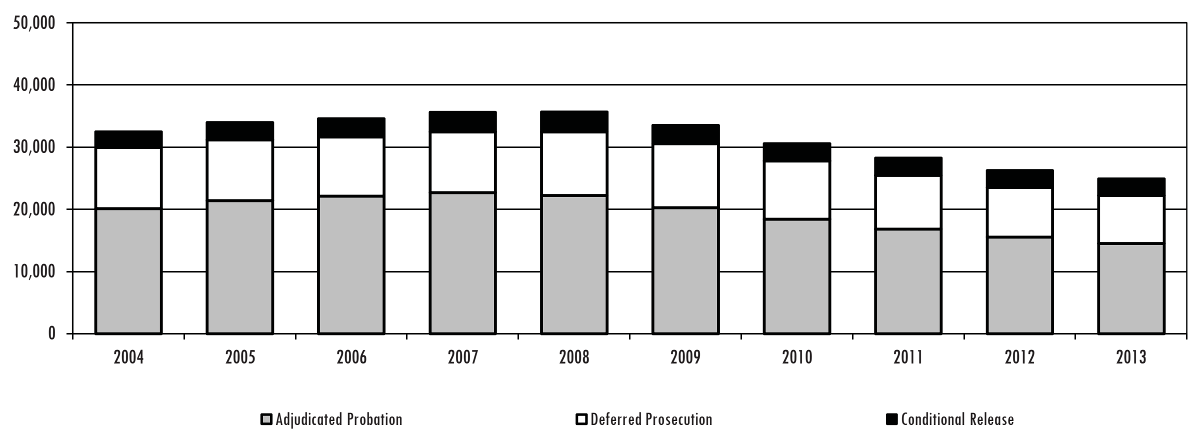
COMMITMENT DIVERSION INITIATIVES

The Eighty-first Legislature, 2009, established funding for commitment diversion initiatives to provide local juvenile probation departments with alternatives to committing juveniles to state facilities. Commitment diversion initiatives are typically provided to juveniles who have progressed through a juvenile probation department's continuum of sanctions and services. In some cases, commitment diversion initiatives are a juvenile's last opportunity for behavior change before commitment to a JJD state facility. Appropriations for commitment diversion initiatives total $39.7 million, equaling the 2012–13 biennium expenditure level for this purpose.

LOCAL PRE AND POST-ADJUDICATION FACILITIES

Appropriations for local pre and post-adjudication facilities provide grants for the placement of juveniles in local secure and nonsecure residential facilities. Juveniles may be housed in one of 50 local pre-adjudication detention facilities around the state. These facilities primarily house juveniles from the time the juvenile is taken into custody after the commission of an offense until the case is heard in juvenile court. Residential post-adjudication facilities provide an alternative to incarceration in state facilities through placement in a locally operated secure or nonsecure facility for juvenile offenders. In fiscal year 2013, juvenile probation departments

FIGURE 295
AVERAGE DAILY POPULATION UNDER BASIC SUPERVISION, FISCAL YEARS 2004 TO 2013



Sources: Legislative Budget Board; Juvenile Justice Department.

operated or contracted with entities to operate 33 secure post-adjudication facilities and 13 nonsecure post-adjudication facilities. Departments also contract for nonsecure placements in facilities licensed by the Department of Family and Protective Services (DFPS). **Figure 296** shows the ADP of juveniles in local residential placements for fiscal years 2004 to 2013. The ADP of juveniles in local residential placement has decreased since fiscal year 2008. Appropriations for local pre and post-adjudication facilities total $118.7 million for the 2014–15 biennium.

MENTAL HEALTH SERVICES

Mental Health Services appropriations are used for grants to local juvenile probation departments that provide mental health screenings, assessments, and evaluations for juveniles referred to and under the supervision of local juvenile probation departments. The grants also provide services, programs, and residential placements to juvenile offenders with identified mental health needs. Special Needs Diversionary Programs include specialized caseloads that address the needs of mentally impaired juveniles. Appropriations for mental health services total $25.6 million in General Revenue Funds, which represents a $15.2 million increase from the 2012–13 biennial expenditure levels.

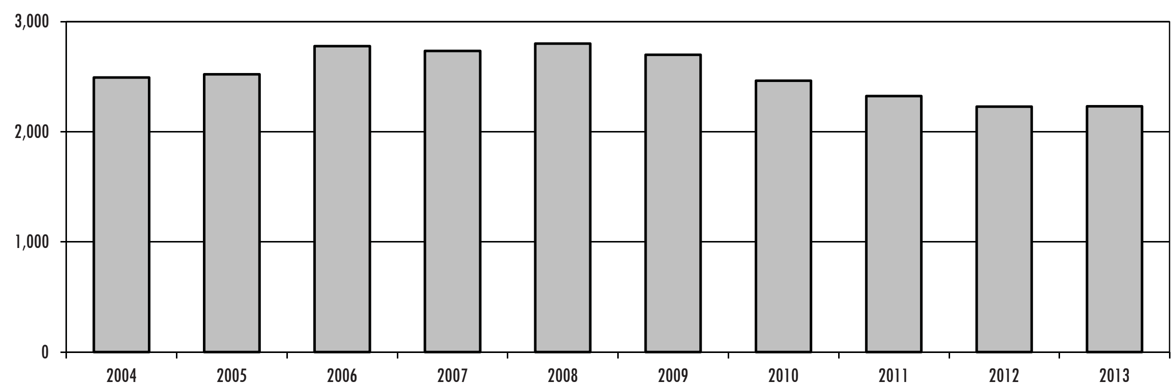
JUVENILE JUSTICE ALTERNATIVE EDUCATION PROGRAMS

Juvenile Justice Alternative Education Programs (JJAEP) provide off-campus alternative education programs for students removed from the classroom for disciplinary reasons. The 2014–15 All Funds appropriation for JJAEPs totals $17.2 million and is based on JJD estimates of the number of mandatory students to be served in the 2014–15 biennium. **Figure 297** shows the annual mandatory student attendance days in JJAEPs during the regular school year for school years 2002–03 through 2012–13. All participating counties are reimbursed partially at $85 per day for students who must be expelled in accordance with Section 37.011(a) of the Texas Education Code.

TRAINING, TECHNICAL ASSISTANCE, AND MONITORING

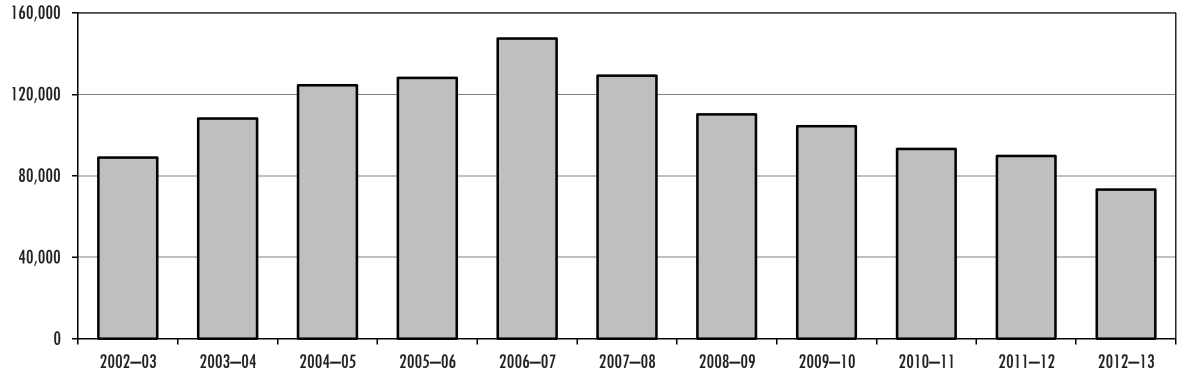
JJD provides training, certification, and technical assistance to local juvenile probation department staff members across the state. The agency sets minimum standards for juvenile probation officers and juvenile supervision officers and requires 40 hours of continuing education annually. Additionally, other residential staff members such as juvenile activity supervisors are trained and certified by JJD. As well as providing training to juvenile judges, JJD also offers legal and technical assistance to professionals working in the juvenile justice system through specialized training and dedicated legal technical assistance phone lines and e-mail accounts. The Texas Family Code requires JJD to conduct annual inspections of each of the state's public or private detention facilities and both secure and nonsecure juvenile post-adjudication facilities. JJD expects to monitor 33 secure and 13 nonsecure county post-adjudication facilities and 50 pre-adjudication or detention facilities during the 2014–15 biennium, all of which are eligible for financial assistance from the state, Appropriations for training, technical assistance, and monitoring total $8.6 million in All Funds and 67.8 FTE positions.

FIGURE 296
AVERAGE DAILY POPULATION OF JUVENILES IN LOCAL RESIDENTIAL PLACEMENT, FISCAL YEARS 2004 TO 2013



SOURCES Legislative Budget Board; Juvenile Justice Department.

FIGURE 297
MANDATORY STUDENT ATTENDANCE DAYS IN THE JUVENILE JUSTICE ALTERNATIVE EDUCATION PROGRAM DURING THE REGULAR SCHOOL YEAR, SCHOOL YEARS 2002–03 TO 2012–13



Source: Juvenile Justice Department.

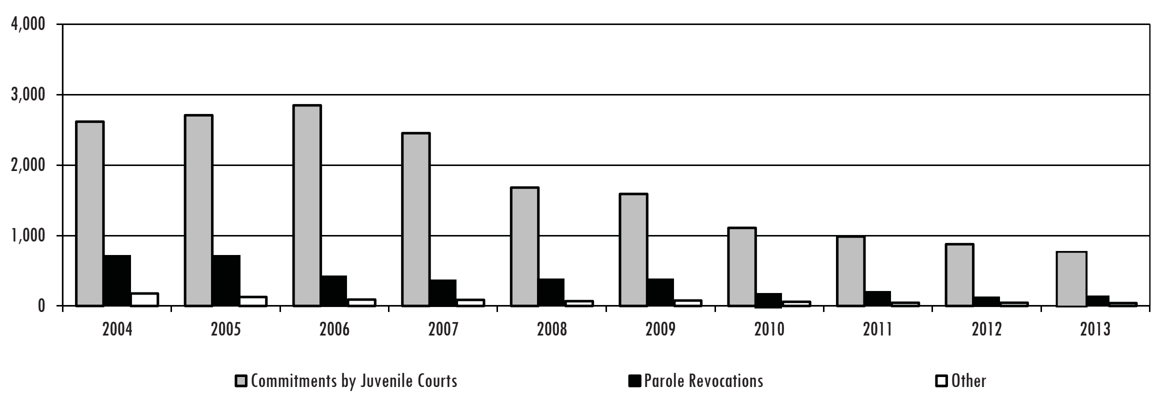
STATE FACILITIES

Juveniles are committed to JJD state facilities as the result of a court order related to the commission of a felony crime. Juveniles may also be committed to state facilities by revocation of felony parole and technical violations of the terms of felony parole. There are three types of state facilities: state-operated secure facilities; state-operated halfway houses; and contract capacity. **Figure 298** shows the number of commitments to state facilities by juvenile courts, and other forms of commitments such as revocations and technical violations, from fiscal years 2004 to 2013.

ASSESSMENT AND ORIENTATION

Assessment and Orientation operations are performed at the McLennan County State Juvenile Correctional Facility in Mart for male offenders and at the Ron Jackson State Juvenile Correctional Complex in Brownwood for female offenders. During the assessment and orientation process, staff conduct medical, educational, and psychological testing, assess youth for specialized treatment needs, recommend an initial facility assignment, and develop a comprehensive treatment plan including step-down services. Psychiatric consultants perform comprehensive evaluations for juvenile offenders who have been prescribed psychotropic medication within

FIGURE 298
INTAKES TO STATE FACILITIES BY JUVENILE COURTS AND OTHER SOURCES FISCAL YEARS 2004 TO 2013



Note: Other commitments include juveniles returned to a secure facility for medical care, mental healthcare, and other non-disciplinary reasons. It also includes juveniles moved to a secure facility for a court hearing that does not result in a revocation.
Sources: Legislative Budget Board; Juvenile Justice Department.

six months prior to admission to JJD, for juveniles assigned a minimum length-of-stay of one year or longer, and for other juvenile offenders referred by assessment staff. Following a placement staffing with the juvenile and various assessment and facility staff, the juvenile is placed in one of JJD's residential programs. Appropriations for assessment and orientation total $3.6 million for the 2014–15 biennium and provide for 58.3 FTE positions.

STATE-OPERATED SECURE FACILITIES

There are two major categories of juveniles housed in JJD state facilities. "Committed" juveniles are ordered into JJD custody by the juvenile courts after adjudication. JJD administratively determines how long these juveniles will remain in custody, what type of services they will receive, what level of restriction they require, and when they will be released to parole supervision. A juvenile court may commit or sentence a youth to JJD for any felony offense or for violation of felony probation. "Sentenced" offenders are given a specific sentence to JJD by the juvenile court under determinate-sentencing statutes. The determinate-sentencing statutes provide that juveniles 10 to 16 years of age may be sentenced to 40 years for a first-degree, or aggravated controlled-substance felony; not more than 20 years for a second-degree felony; and not more than 10 years for a third-degree felony. Juveniles adjudicated for a capital felony and are sentenced determinately receive a mandatory life sentence with the possibility of parole. There are 19 offenses eligible for a juvenile determinate sentence:

- murder;
- capital murder;
- attempted capital murder;
- manslaughter;
- intoxication manslaughter;
- aggravated kidnapping;
- aggravated sexual assault;
- arson resulting in bodily injury or death;
- aggravated robbery;
- habitual felony conduct;
- felony deadly conduct involving discharging a firearm;
- certain offenses involving controlled substances;
- injury to a child, elderly individual, or person with a disability;
- aggravated assault;
- criminal solicitation;
- indecency with a child;
- criminal solicitation of a minor;
- certain attempted violent offenses; and
- criminal conspiracy in the commission of any determinate sentence offense.

JJD is required by statute to establish a minimum length-of-stay for each juvenile offender without a determinate sentence. Statute also establishes a minimum length-of-stay review panel to determine if a juvenile offender who completes an original minimum length-of-stay is in need of further rehabilitation. All juveniles must be removed from JJD state facilities not later than their 19^{th} birthday.

According to JJD, in fiscal year 2013, 9.9 percent of all juvenile offenders committed to JJD received a determinate sentence. Offenders receiving a determinate sentence usually have a longer length-of-stay than those with an indeterminate sentence. All juveniles committing determinate-sentence offenses are governed by the provisions in effect at the time the offense was committed.

The agency may release a sentenced offender to JJD parole supervision without court approval under certain circumstances. Most often, sentenced juvenile offenders are provided a transfer hearing where the determination to transfer a juvenile to TDCJ custody or to parole the juvenile to JJD parole is made. Following a transfer hearing and depending on an offender's age and conduct while in JJD custody, the court may transfer an offender to confinement in TDCJ. Determinate-sentenced juveniles are transferred to TDCJ custody at age 19 if they have not already been discharged or transferred.

In the 2012–13 biennium, JJD operated six secure correctional facilities. The General Appropriations Act directed JJD to operate only five secure correctional facilities beginning January 1, 2014.

Appropriations for State-operated Secure Facilities total $158.4 million in All Funds (includes Assessment and Orientation funding) for the 2014–15 biennium and provide for 1,723.6 FTE positions. Appropriations for State-operated

Secure Facilities decreased $10.2 million from the 2012–13 expenditure level primarily as the result of declining juvenile correctional populations. Appropriations include an increase of $4.2 million in General Revenue Funds for a five percent Juvenile Correctional Officer salary increase and $5.5 million in General Obligation Bond Proceeds (Other Funds) for facilities repair and maintenance. The projected average daily population in state-operated secure facilities is 1,036 in fiscal year 2014 and 1,045 in fiscal year 2015. **Figure 299** shows the average daily population (ADP) of juveniles in state facilities for fiscal years 2004 to 2013.

HALFWAY HOUSES

In addition to secure facilities, JJD operates nine halfway house programs in Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Harlingen, McAllen, Roanoke, and San Antonio. Several of these programs provide specialized independent-living preparedness, aggression replacement training, and substance abuse treatment. Juvenile offenders receive aftercare follow-up programs at all halfway houses. Appropriations for Halfway House Operations total $18.8 million in All Funds, include $0.4 million for a 5 percent Juvenile Correctional Officer salary increase, and provide for 197 FTE positions. The projected average daily population in Halfway Houses is 196 juveniles in each fiscal year.

CONTRACT CAPACITY

Contract facilities provide specialized treatment for offenders in less secure residential environments. These facilities include 24-hour residential treatment and services for female offenders with infants, sex offenders, and juvenile with substance abuse issues. The number of contract beds utilized depends on the specialized needs presented by the offender population. All Funds appropriations for Contract Capacity total $8.1 million for the 2014–15 biennium and provide for an average daily population of 77 residential contract beds in fiscal year 2014 and 78 residential contract beds in fiscal year 2015.

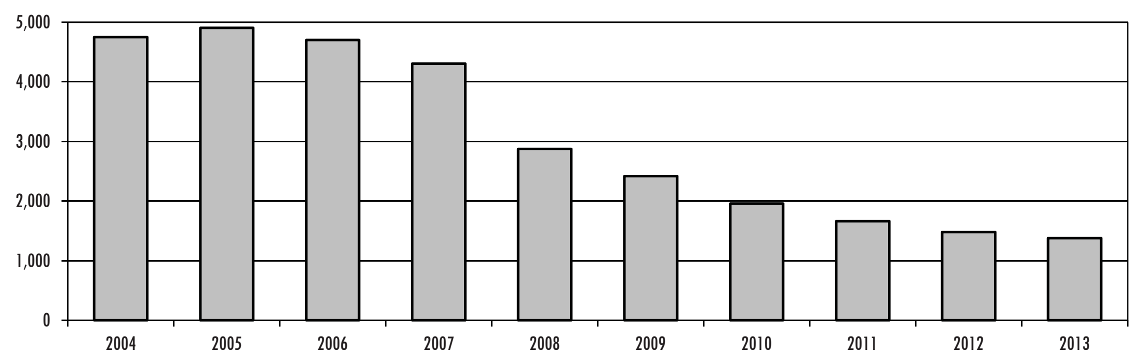
EDUCATION AND WORKFORCE PROGRAMS

JJD emphasizes improved educational levels and achievement of a high school diploma or General Equivalency Diploma as critical in reducing recidivism. **Figure 300** shows recidivism rates for JJD released juvenile offenders by year. JJD employs certified teachers for its academic and vocational programs. JJD provides educational programs that target reading and math skills and also provides educational programs for juveniles with special education needs. JJD's workforce development programs offer juvenile offenders opportunities in vocational and skills development through the Career and Technology Education program and employment experience through Campus Work Programs and the Prison Industry Enhancement Program. All Funds appropriations for Education and Workforce Programs for the 2014–15 biennium total $34.1 million and provide for 263.6 FTE positions.

HEALTHCARE AND MENTAL HEALTHCARE SERVICES

JJD contracts with The University of Texas Medical Branch at Galveston and private providers for medical and mental healthcare for juveniles in its custody. The Eighty-third Legislature, Regular Session, 2013, appropriated $19.7

FIGURE 299
AVERAGE DAILY POPULATION OF JUVENILES IN STATE FACILITIES
FISCAL YEARS 2004 TO 2013



NOTE: Average Daily Population includes State-operated Secure Facilities, Halfway Houses, and Contract Capacity.
SOURCES: Legislative Budget Board; Juvenile Justice Department.

FIGURE 300
REINCARCERATION RATES BY FISCAL YEAR OF RELEASE
FISCAL YEARS 1999 TO 2009

FISCAL YEAR	PERCENTAGE REINCARCERATED WITHIN 3 YEARS AFTER RELEASE
1999	51.0
2000	52.2
2001	47.6
2002	46.7
2003	50.1
2004	49.1
2005	43.3
2006	41.2
2007	35.7
2008	45.5
2009	46.0

Notes:
(1) Fiscal year is the year the juveniles in the study cohort were released.
(2) For fiscal years 2006 to 2009, the Legislative Budget Board calculated these rates; the Juvenile Justice Department calculated prior year rates using a slightly different methodology.
Sources: Legislative Budget Board; Juvenile Justice Department.

million in General Revenue Funds for healthcare; $2.0 million for mental healthcare; and $2.2 million and 11 FTE positions for healthcare oversight for the 2014–15 biennium.

REHABILITATION TREATMENT

All juveniles placed in JJD custody take part in general rehabilitation treatment programs. The agency's treatment programs address basic behavior by requiring offenders to learn the skills necessary to understand the choices and thinking that lead to criminal acts, to develop empathy for victims, and to develop appropriate values. Rewards and privileges are tied to a juvenile's compliance with specific rules and individual treatment progress. Intensive treatment is available for juvenile offenders with identified high- and medium-level specialized treatment needs. All Funds appropriations for general rehabilitation treatment for the 2014–15 biennium total $13.9 million and 156.8 FTE positions.

JJD provides specialized rehabilitation treatment for serious violent offenders, sex offenders, chemically dependent offenders, offenders with mental health impairments, and offenders with mental retardation. Specialized rehabilitation treatment includes capital offender treatment, violent offender treatment, sex offender treatment, chemical dependency treatment, and treatment for severe mental health issues. All Funds appropriations for specialized rehabilitation treatment for the 2014–15 biennium total $11.4 million in and provide for 106.4 FTE positions.

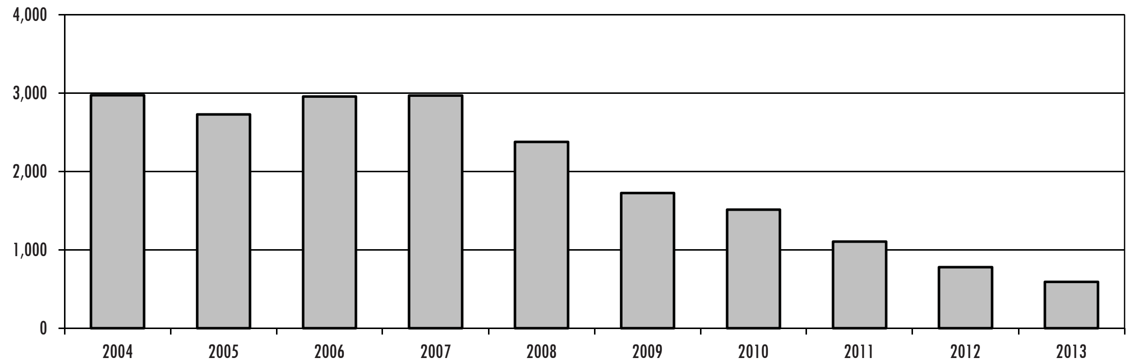
PAROLE SERVICES

JJD operates a parole system for supervision of juveniles released from residential programs. The agency employs parole officers and contracts with juvenile probation departments and a private contractor to provide a level of supervision determined by the risk posed by the juvenile. A juvenile offenders' parole may be revoked and the juvenile returned to a JJD facility if the offender violates the conditions of parole. Sentenced offenders who are paroled at age 19 are supervised by adult parole authorities. If a sentenced offender has not completed his sentence prior to his 19th birthday or hasn't been transferred to the Department of Criminal Justice - Correctional Institutions Division, he is transferred to adult parole supervision to complete the remainder of his sentence. The administration of JJD community residential facilities and the supervision of juveniles on parole or in contract programs is organized on a regional basis. Community reintegration is important to a juvenile offenders' success and includes services such as family intervention, education, training, and aftercare programs. JJD works closely with and shares information with committing courts and local service providers, and contracts with public and private entities to meet a broader range of parolee needs. **Figure 301** shows the average daily population (ADP) of juveniles on parole supervision for fiscal years 2004 to 2013. All Funds appropriations for parole services for the 2014–15 biennium total $7.9 million and provide for 64.8 FTE positions. Included in this amount is $1.3 million in General Revenue Funds and 8 FTE positions to maintain the agency's Re-entry Skills Program, previously funded with federal grant funds.

OFFICE OF THE INSPECTOR GENERAL

The Office of Inspector General (OIG) investigates offenses that occur involving youth under state supervision, offenses that occur in state contract facilities, and offenses committed by JJD employees. OIG operates the Incident Reporting Center, which includes a 24-hour hotline as a means for juveniles, family, staff, and others to report violations and crimes that occur in relation to JJD. When a call is received, the OIG determines if the incident is a criminal, administrative, youth rights, or youth care issue. The complaint is then forwarded to the appropriate division for

FIGURE 301
AVERAGE DAILY POPULATION OF JUVENILES ON PAROLE SUPERVISION
FISCAL YEARS 2004 TO 2013



SOURCES: Legislative Budget Board; Juvenile Justice Department.

review and investigation. Appropriations for the 2014–15 biennium total $4.0 million in General Revenue Funds and provide for 33.3 FTE positions.

OFFICE OF THE INDEPENDENT OMBUDSMAN

The Office of Independent Ombudsman (OIO) is a separate state agency that investigates, evaluates, and secures the rights of juveniles in JJD state facilities and on JJD parole. OIO provides families of JJD juveniles with a variety of information, including a guide to grievance procedures, a family handbook, prevention information, and a parents' bill of rights. Appropriations for this agency are distributed through JJD. All Funds appropriations for the 2014–15 biennium total $0.9 million and provide for 5.0 FTE positions.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, passed the following significant legislation:

- **SB 1356 – Trauma-informed Care Training.** Senate Bill 1356 requires JJD to provide trauma-informed care training to juvenile probation officers, juvenile supervision officers, juvenile correctional officers, and juvenile parole officers. The training must provide knowledge, in line with best practices, of how to interact with juveniles who have experienced traumatic events. In addition, the agency is required to evaluate the practices and screening procedures used by juvenile probation departments for the early identification of juveniles who are victims of sex trafficking for the purpose of developing a recommended set of best practices that may be used to improve the juvenile probation department's ability to identify a juvenile who is a victim of sex trafficking.
- **SB 1769 – Advisory Committee on Fingerprinting Juveniles.** Senate Bill 1769 requires the governing board of the Juvenile Justice Department to create an advisory committee to develop a plan to end the practice of fingerprinting children referred to a juvenile probation department for delinquent conduct other than felony conduct.
- **HB 2733 – Criminal History and Background Checks.** House Bill 2733 enhanced the capacity of JJD to conduct criminal history and background checks. JJD is also given authority to obtain criminal history information on visitors, committed youth, and persons residing in homes as part of a home evaluation.
- **SB 1003 – Use of Administration Segregation.** Senate Bill 1003 requires the Criminal Justice Legislative Oversight Committee to appoint a third party to conduct a review of and issue a report on the use of administrative segregation in both state-operated and local residential facilities. JJD is required to respond to information requests regarding administrative segregation policies and procedures, and local juvenile probation departments operating detention facilities are required to provide data related to administrative segregation.

- **SB 2 – Mandatory Sentence of Life with the Possibility of Parole for Capital Offenders.** Senate Bill 2, Second Called Session, 2013, requires a mandatory sentence of life with the possibility of parole for an individual younger than 18 years of age who is convicted of a capital felony.
- **HB 1968 – Transfer of Property to Jefferson County.** House Bill 1968 requires JJD to donate and transfer real property to Jefferson County by January 31, 2014. The property specified for transfer is the former site of the Al Price Juvenile Correctional Facility, which was closed in August 2011. Jefferson County may only use the property for a purpose that benefits the public interest of the state.

TEXAS COMMISSION ON LAW ENFORCEMENT (FORMERLY TEXAS COMMISSION ON LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION)

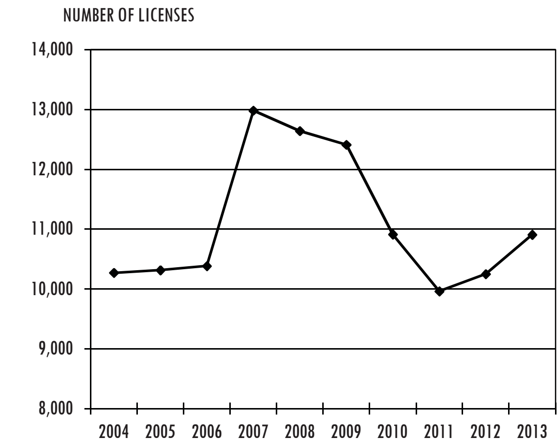
Senate Bill 686, Eighty-third Legislature, Regular Session, 2013, changed the name of the Texas Commission on Law Enforcement Officer Standards and Education to the Texas Commission on Law Enforcement (TCOLE) effective January 1, 2014. TCOLE was established in 1965 by the Fifty-ninth Texas Legislature to develop standards for improving law enforcement in Texas. The commission is composed of nine members appointed by the Governor with the advice and consent of the Senate. The agency's mission is to ensure that Texas citizens are served by highly trained and ethical law enforcement and corrections personnel through screening, developing and monitoring resources for continuing education, and setting standards. The agency develops, maintains, and enforces minimum qualifications for the selection, training, and certification of law enforcement personnel and county correctional officers.

Appropriations for the 2014–15 biennium total $6.6 million in All Funds and provide for 43.6 full-time-equivalent (FTE) positions. Of this amount, approximately 81.0 percent, or $5.4 million, is from the Law Enforcement Officer Standards and Education General Revenue–Dedicated Fund No. 116. The second major Method of Finance is Appropriated Receipts, which composes approximately 17.5 percent, or $1.2 million, of the total appropriations to TCOLE.

The 2014–15 biennium All Funds appropriation represents an increase of $1.2 million, or 22 percent, from the 2012–13 biennial expenditure level. This increase is composed of the following: $0.8 million to support 6 new FTEs; $0.2 million to pay external contractors to upgrade the agency's information technology capacities; and $0.2 million to fund post critical incident seminars at Sam Houston State University's Law Enforcement Management Institute of Texas.

The agency's primary functions are to license and approve law enforcement development courses, to regulate standards and practices, and to provide technical assistance to its licensees. TCOLE accomplishes these functions by issuing licenses to individuals who demonstrate required competencies (see **Figure 302**); managing the development, delivery, and quality of law enforcement training and education; revoking, suspending, or cancelling licenses; and reprimanding licensees for violations of statutes or TCOLE rules. The agency develops and maintains training courses, licenses and evaluates training academies and their instructors, and administers licensing examinations. The agency also conducts audits and investigations to enforce its rules and standards and to verify licensees' qualifications.

FIGURE 302
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS
FISCAL YEARS 2004 TO 2013



SOURCE: Texas Commission on Law Enforcement.

TCOLE attributes the variation in the "Number of New Licenses Issued to Individuals" to macroeconomic conditions. A less vibrant economy often results in individuals increasing credentials in order to be more valuable in a tighter job market. Conversely, a better economic outlook results in a diminished need for expanding one's job skills or credentials.

TCOLE administers professional programs for the licensing and continuing education of more than 90,241 active law enforcement and corrections personnel who hold more than 101,201 licenses and are employed by more than 2,647 state and local government agencies. Unlike peace officer standards and training commissions in most states, TCOLE does not operate a police academy. State and local governments may be licensed to operate training academies with a curriculum that must conform to basic standards. There are 106 licensed law enforcement academies in Texas plus 183 contractual training providers who offered more than 813 law enforcement training courses during fiscal year 2013. Three public and private institutions of higher education in conjunction with secondary schools provide preparatory college-level law enforcement programs. TCOLE maintains a statewide network of 52 facilities for administering licensing examinations. During fiscal year 2013, TCOLE administered 7,202 licensing exams and issued 10,236 new licenses. TCOLE also operates and maintains the Peace Officers Standards Education Internet Training (POSEIT) program. This program allows peace officers to take continuing education courses online. Beginning in fiscal year 2012, POSEIT has been funded by revenues collected by the agency from issuing intermediate, advanced, and master peace officer and jailer certifications.

SIGNIFICANT LEGISLATION

The following three bills passed by the Eighty-third Legislature, Regular Session, 2013, significantly affect TCOLE.

HB 1009 – School Marshal Training Program. The enactment of House Bill 1009 requires TCOLE to establish and maintain an 80-hour school marshal training program for certain employees of independent school districts; devise and administer a psychological exam to evaluate each school marshal trainee's psychological fitness to carry out the duties of a school marshal; and license qualified trainees as school marshals.

SB 742 – Missing and Exploited Children Training Component. The enactment of Senate Bill 742 requires TCOLE to include a four-hour training component on missing and exploited children for all intermediate and advanced proficiency certificates issued after January 1, 2015.

HB 1951 – Telecommunicator Licensing. The enactment of House Bill 1951 adds telecommunicators to the occupations licensed and regulated by TCOLE, and specifically authorizes TCOLE to establish minimum standards relating to the training and certification of telecommunicators.

TEXAS MILITARY DEPARTMENT (FORMERLY ADJUTANT GENERAL'S DEPARTMENT)

The Adjutant General's Department was established in 1840, abolished in 1856, and then reinstated in 1860. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 1536, which abolished the Adjutant General's Department and created the Texas Military Department (TMD), effective September 1, 2013. Its mission is to execute the Governor's constitutional and statutory responsibilities relating to the state's military forces, which consist of the Texas National Guard and the Texas State Guard. The Texas National Guard has two components: Texas Army National Guard and Texas Air National Guard. The agency provides mission-ready forces responsive to the community, the state, and the nation. TMD headquarters is located at Camp Mabry in Austin.

The U.S. Constitution provides the basic mandate for the maintenance of national and state military forces. It specifies that the President is commander-in-chief when the National Guard is called into service for the United States. The Texas Constitution names the Governor the commander-in-chief of the Texas National Guard, except when it is called into national service. The Governor appoints Texas' Adjutant General and two Deputy Adjutants General (one for the Texas Army National Guard and one for the Texas Air National Guard) to command the state's military forces.

Appropriations for the 2014–15 biennium for TMD total $145.9 million in All Funds, and provide for 626.1 full-time-equivalent (FTE) positions in fiscal year 2014 and 660.1 in fiscal year 2015. Of the total appropriations, $31.6 million, or 21.7 percent, are General Revenue Funds. The 2014–15 biennium All Funds appropriation represents an increase of approximately $9.8 million in All Funds, or 7.2 percent, from the 2012–13 expenditure level and mainly impacts mental health services, state military tuition assistance, and youth education programs.

TMD is responsible for the utilities, construction, repair, and maintenance of military facilities owned or licensed by the state that are located on state or federal property. These facilities include armories, Air Guard facilities, and Army aviation installations, and are primarily utilized by the state's military forces for training personnel and for maintaining and storing equipment. During the 2014–15 biennium, the agency will maintain 890 buildings in 72 locations, as well as infrastructure like sidewalks, fencing, parking, utilities, and waste treatment systems. The agency receives state appropriations each biennium for maintaining these facilities. The federal and state share of the maintenance costs is determined by a master cooperative agreement between the state and the federal National Guard Bureau.

Appropriations for the 2014–15 biennium include $0.9 million in General Revenue Funds for a new mental health initiative for members of the Texas National Guard with emotional and mental health issues. The Eighty-third Legislature, Regular Session, 2013, also appropriated $0.2 million in General Revenue Funds as supplemental funding for the 2012–13 biennium for the same purpose. Appropriations for the State Military Tuition Assistance Program total $3.0 million and include an increase of $1.0 million for the 2014–15 biennium. The agency was also appropriated $2.5 million in General Obligation Bond Proceeds (Other Funds) for facilities maintenance and repair.

TMD was appropriated $3.7 million for youth education programs, including $2.0 million in General Revenue Funds and 10 new FTE positions in fiscal year 2014 and 44 new FTE positions in fiscal year 2015 to establish a second ChalleNGe Program Academy. The ChalleNGe Program is a five-month residential cooperative program between Texas and the National Guard Bureau, located in Sheffield, Texas, that is designed to improve the life skills and employment potential of 200 at-risk youth each year through military-style training. This program is designed for youth ages 16 to 18 who have dropped out of school and are drug free, unemployed, and have no history of criminal activity. A one-year mentoring phase that pairs each youth with a mentor in the Texas National Guard follows the residential phase.

In addition to state appropriations, Federal Funds determined by a master cooperative agreement between the state and the federal National Guard Bureau are estimated to total $100.8 million in the 2014–15 biennium. TMD also manages Federal Funds that are paid directly by the federal government to Texas National Guard personnel or are designated for other agency operating expenses. These direct Federal Funds totaled $411.0 million (unaudited) in fiscal year 2013 and supported approximately 3,600 federal FTE positions and 22,000 guard members.

TEXAS NATIONAL GUARD

The Texas National Guard (TXNG) has a dual mission: it may be ordered to active duty in the state by the Governor to provide trained and equipped military personnel to assist civil authorities in the protection of life and property and the preservation of law, order, and public safety in Texas; it is also a first-line reserve component of the U.S. Army and Air Force, and in that role may be called into active federal service by the President to provide military personnel for war, national emergencies, and at other times if national security requires augmentation of active forces. TXNG's air component also has the peacetime mission of supporting U.S. Air Force operations and airlift missions around the world as required.

The U.S. Congress establishes the size and structure of the National Guard, while the Secretaries of the Army and the Air Force determine its composition and organization. The allocation of authorized military strength and Federal Funds are made to Texas by the federal National Guard Bureau.

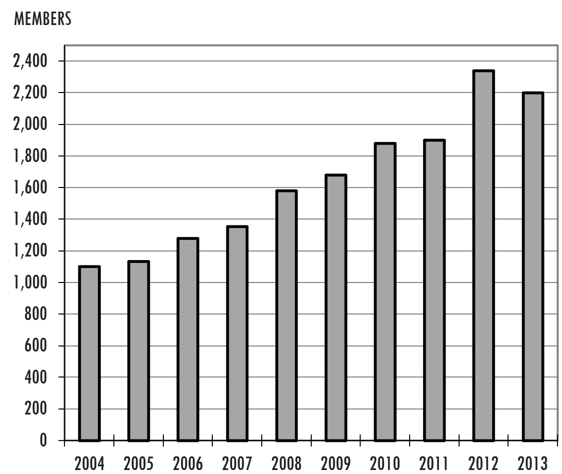
Part-time National Guard members are paid to participate in military training one weekend a month, another 15 days annually, and additionally as needed. During the 2012–13 biennium, Texas National Guard members provided emergency response for law enforcement support, civil support, and cold weather operations. In addition, the TXNG participated in efforts to combat wildfire outbreaks. Further, more than 3,000 members of the TXNG participated in federal missions, including overseas contingency operations.

TEXAS STATE GUARD

The Texas State Guard (TXSG) is an all-volunteer state defense force, subject to active duty when called by the Governor to serve Texas in time of emergency. TXSG provides trained and equipped individuals to supplement TXNG soldiers and airmen and replaces TXNG personnel when that force is called into federal service. State Guard personnel train four days quarterly, another four days annually, and additionally as needed. In fiscal year 2013, TXSG members spent approximately 37,522 duty days on state humanitarian, homeland security, emergency, and other state duty. TXSG participates in Operation Lone Star, a state emergency response exercise. In fiscal year 2012, TXSG members assisted in providing health care services to 6,783 people along the Texas-Mexico border. Services provided during Operation Lone Star by TXSG include prescriptions, dentistry, eye and hearing exams, health screenings, immunizations, and medical visits.

The Governor, in conjunction with the Adjutant General, determines the size and structure of TXSG. Volunteers are between the ages of 17 and 60 and include retired personnel from all branches of the armed forces, as well as personnel with no prior military service. In fiscal year 2013, TXSG consisted of approximately 2,200 members, in military units typically collocated with TXNG units. The TXSG has grown significantly in size and mission over the past decade, with a growth rate of approximately 100 percent since fiscal year 2004, as shown in **Figure 303**. New TXSG members purchase their own uniforms and are issued equipment and supplies as resources are available.

FIGURE 303
TEXAS STATE GUARD MEMBERSHIP
FISCAL YEARS 2004 TO 2013



SOURCE: Texas Military Department.

During the 2012–13 biennium, the TXSG provided assistance to a variety of state active-duty missions. TXSG members provided emergency response for shelter operations during the Bastrop wildfires. TXSG actively participates in community programs statewide by providing a variety of services: traffic and crowd control for local events, search and rescue support both on land and water, color and honor guards, and various interagency activities. Training to support evacuation hubs, shelter operations, distribution centers, interoperable communications services, as well as, medical, chaplaincy and legal support were conducted to maintain TXSG readiness.

SIGNIFICANT LEGISLATION

SB 1536 – Abolishment of the Adjutant General's Department and Establishment of Texas Military Department. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 1536, which abolished the Adjutant General's Department and created the Texas Military Department, effective September 1, 2013.

DEPARTMENT OF PUBLIC SAFETY

The Texas Department of Public Safety (DPS) was established in 1935 by the Forty-fourth Legislature with the transfer of the State Highway Motor Patrol from the State Highway Department and the Texas Ranger Force from the Adjutant General's Department. Since that time, DPS has been assigned additional law enforcement and regulatory duties and more responsibility for emergency management. DPS' mission is to serve the people of Texas by enforcing laws protecting and promoting public safety and providing for the prevention and detection of crime. Oversight of DPS is vested in the Public Safety Commission, a five-member board appointed by the Governor and confirmed by the Senate.

Appropriations for the 2014–15 biennium total $2.7 billion in All Funds and provide for 9,165.3 full-time-equivalent (FTE) positions in each fiscal year. Funding for the 2014–15 biennium includes an All Funds reduction of $413.7 million, or 13.4 percent, primarily composed of the following: agency anticipated decreases in Federal Funds provided for homeland security and disaster relief ($442.6 million); State Highway Fund No. 006 ($114.2 million), General Obligation bond proceeds ($57.6 million), Interagency Contracts ($4.6 million), Economic Stabilization Funds ($2.7 million), and Governor's Emergency and Deficiency Grants ($4.6 million). The All Funds reduction is offset by increases in General Revenue Fund No. 1 ($349.4 million), Appropriated Receipts ($2.0 million), and Criminal Justice Grants ($0.2 million).

Funding for the 2014–15 biennium replaces all of the agency's baseline Operators and Chauffeurs License General Revenue–Dedicated Fund No. 099 ($139.0 million) with an equal amount in General Revenue Fund No. 01 to reflect the enactment of Senate Bill 1664, Eighty-second Legislature, Regular Session, 2011, which redirected the revenues deposited to General Revenue–Dedicated Fund 099 to the Law Enforcement and Custodial Officer Supplement Retirement Trust Fund.

The state's two main methods of finance used to fund agency operations for the 2014–15 biennium are General Revenue Fund No. 1 and State Highway Fund No. 006 (Other Funds). Appropriations for the 2014–15 biennium include $587.4 million in General Revenue Funds (composing 21.9 percent of DPS' total appropriations) and $812.6 million in State Highway Funds (composing 30.3 percent of DPS' total appropriations).

The agency's 2014–15 biennial appropriation includes All Funds increases of $30.9 million primarily for improving DPS' driver license processing, $17.2 million for fuel costs and vehicle replacements, $12.0 million to fund an additional four recruit schools, $10.9 million to provide testing services to eliminate the current backlog of sexual assault kits, $8.7 million to increase crime laboratories capacity, $8.0 million to fund ongoing salary costs for staff added in fiscal year 2013 as part of the Drivers License Improvement Plan, $3.3 million for certain information technology improvements, $2.4 million to fund fuel and operating costs associated with the agency's Tactical Marine Unit, $2.0 million to support Texas Task Force II, and $1.0 million to continue statewide progress towards interoperable communications. In addition to these increases, DPS is appropriated $74.9 million from the State Highway Fund No. 006 (Other Funds) to provide Schedule C base salary increases to the agency's commissioned law enforcement personnel, which includes $11.8 million for DPS trooper overtime pay.

DPS accomplishes its mission of enforcing laws protecting and promoting public safety and providing for the prevention and detection of crime through five primary functional areas: (1) Combat Crime and Terrorism; (2) Enhance Public Safety; (3) Emergency Management; (4) Regulatory; and (5) Agency Services.

COMBAT CRIME AND TERRORISM

The Combat Crime and Terrorism function focuses on protecting Texas from terrorist attacks, organized criminal activity, public corruption, and violent criminals by eliminating high-threat organizations, enhancing border and highway security, and conducting investigations that result in the incarceration of corrupt public officials and high-threat criminals. Appropriations for the Combat Crime and Terrorism function for the 2014–15 biennium total $322.4 million and provide for 1,829.2 FTE positions each fiscal year.

ENHANCE PUBLIC SAFETY

The Enhance Public Safety function focuses on protecting the public through improved highway safety and public safety communications. The Enhance Public Safety function is appropriated $483.3 million for the 2014–15 biennium and 3,158.3 FTE positions each fiscal year.

EMERGENCY MANAGEMENT

The Emergency Management function is intended to enhance emergency preparedness at the state and local levels, effectively administer homeland security and emergency management grant programs, and ensure a prompt, effective response to and recovery from natural and man-made disasters. Appropriations for the 2014–15 biennium for the Emergency Management function total $1.1 billion and provide for 248.8 FTE positions each fiscal year.

REGULATORY SERVICES

The Regulatory Services function exists to improve the services provided to all external and internal customers, and improve responsiveness, customer focus, and modern business practices in the delivery of all services to enhance public safety and promote the prevention of crime and terrorism in an ever-changing threat environment. Appropriations for the Regulatory Services function total $452.0 million and FTE positions total 2,735.7 each fiscal year.

AGENCY SERVICES

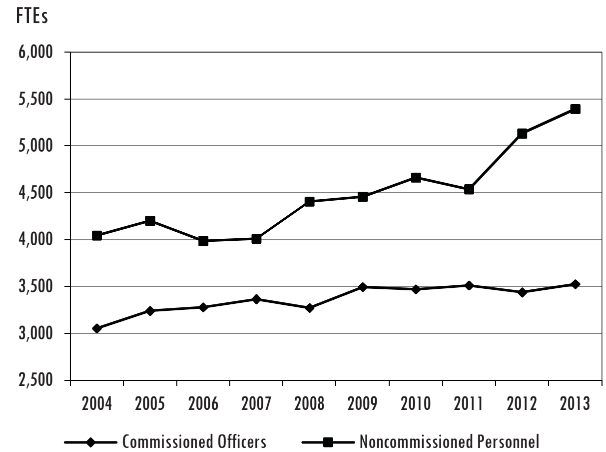
The Agency Services function encompasses core support functions to ensure DPS adheres to sound business and human resources practices. The purpose of these functions is to improve the services provided to all external and internal customers Appropriations for the Agency Services function total $303.7 million and FTE positions total 1,193.9 each fiscal year.

AGENCY STRUCTURE

In order to achieve its functions, DPS is organized into 11 major divisions: Texas Highway Patrol, Criminal Investigations, Texas Rangers, Intelligence and Counterterrorism, Emergency Management, Driver License, Regulatory Services, Finance, Information Technology, Law Enforcement Support, and Administration.

As shown in **Figure 304**, the total number of actual FTE positions reported by DPS increased by 25.7 percent (or 1,823.0 FTEs) from fiscal years 2004 (7,099 FTEs) to 2013 (8,922 FTEs). As a part of the total FTE positions, the number of commissioned peace officers increased from 3,054 to 3,526 during the same period. The agency attributes the historical increase in commissioned officers during fiscal years 2004 to 2009 to increased funding that has allowed for additional recruit schools.

FIGURE 304
COMMISSIONED AND NONCOMMISSIONED STAFF
FISCAL YEARS 2004 TO 2013



SOURCE: Department of Public Safety.

DPS regularly replenishes its cadre of active troopers by operating recruit schools at various times of the year. DPS trains qualified trooper applicants through a rigorous 20-week recruit school that graduates successful recruits as probationary troopers. Recruits study tactical vehicle operation, firearms, use of force, arrest and control tactics, effective report writing, communications skills, and first aid. To increase the number of troopers, the Eighty-third Legislature, 2013, provided an additional $12.0 million from the State Highway Fund No. 006 (Other Funds) to fund a total of 6 recruit schools in the 2014–15 biennium. **Figure 305** shows the number of new recruits graduating from DPS recruit schools per year since fiscal year 2004.

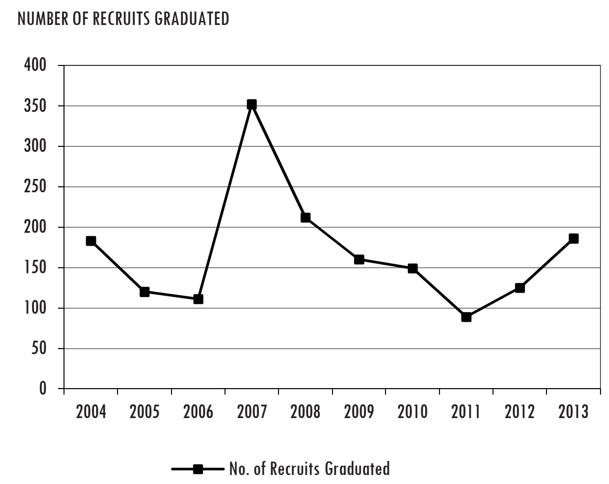
TEXAS HIGHWAY PATROL DIVISION

The Texas Highway Patrol Division (THPD) maintains public safety in Texas through the enforcement of traffic and criminal laws. It also has regulatory responsibilities in the areas of commercial vehicle and motor carrier regulations. THPD provides safety education to enhance public awareness of traffic safety. It also assists in disaster response activities and provides security and law enforcement for the State Capitol and the Capitol Complex. THPD is the largest division in DPS and includes specialized field services for Highway Patrol and Commercial Vehicle Enforcement.

HIGHWAY PATROL SERVICE

The Highway Patrol Service (HPS) works to ensure safe travel by patrolling traffic on Texas' public roadways, taking

FIGURE 305
NUMBER OF RECRUITS GRADUATED EACH FISCAL YEAR
FISCAL YEARS 2004 TO 2013



Source: Department of Public Safety.

appropriate enforcement action against violators, investigating vehicle accidents, assisting motorists, directing traffic, performing criminal interdiction, investigating fraudulent document cases, providing disaster-related assistance, and enhancing border operations along the Texas–Mexico border. HPS troopers also provide educational programs for Texas citizens about traffic safety, crime prevention, and laws relating to illegal drugs. For HPS purposes, the state is divided into six regions with a total of 19 district offices statewide. Regions are headquartered in Dallas (Region 1), Houston (Region 2), McAllen (Region 3), El Paso (Region 4), Lubbock (Region 5), and San Antonio (Region 6). During fiscal year 2013, HPS made 3.0 million traffic law violator contacts.

COMMERCIAL VEHICLE ENFORCEMENT SERVICE

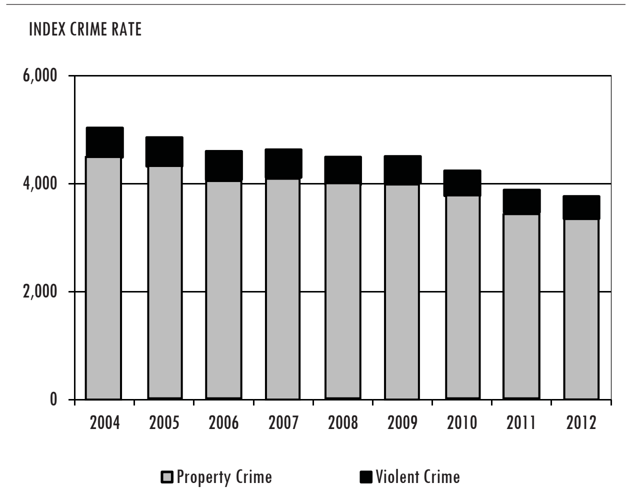
The Commercial Vehicle Enforcement Service's (CVES) primary responsibility is weighing and checking commercial vehicle traffic operating on Texas highways to ensure compliance with statutory requirements regulating weight, motor carrier safety, registration, transportation of persons, hazardous material, and other property. CVES enforces the Texas Motor Carrier Safety statutes, which are the state's equivalent to federal interstate regulations for commercial traffic. CVES objectives include reducing commercial motor vehicle accidents through the enforcement of regulations, and protecting the state highways from unnecessary damage by securing compliance with laws regulating weight of commercial vehicles. During fiscal year 2013, CVES made 1.4 million contacts with motor carrier traffic law violators.

CRIMINAL INVESTIGATIONS DIVISION

The Criminal Investigations Division (CID) is responsible for conducting criminal enterprise investigations targeting those organized criminal groups that constitute the greatest threat to Texas. CID includes programs focused on drug trafficking, gang activity and other specialized investigations such as fraud, cargo theft, human trafficking, vehicle theft and illegal gambling. CID works closely with local, state, and federal agencies to identify and arrest high-threat criminals such as sex offenders and other violent fugitives. Other CID responsibilities include enforcement duties related to sex offender registration compliance and the monitoring of civilly committed sex offenders. CID also provides technical investigative support both within DPS and to other law enforcement agencies. Organizationally, CID is divided into four specialized sections: gang, drug, special investigations, and investigative support.

A nationally standardized measure of crime is the Index Crime Rate **(Figure 306)**. The Index Crime Rate consists of certain offenses and is adjusted for population. The seven index offenses are murder, forcible rape, robbery, aggravated assault, burglary, larceny–theft, and motor vehicle theft. The Index Crime Rate has shown a marked decrease in Texas since 1988 when it reached a high of 8,020 crimes per 100,000 population. In calendar year 2012, the most recent year for which data are available, the rate was 3,755 crimes per 100,000 population.

FIGURE 306
INDEX CRIME RATE PER 100,000 POPULATION
FISCAL YEARS 2004 TO 2012



Source: Department of Public Safety.

TEXAS RANGER DIVISION

The Texas Ranger Division's (TRD) primary responsibilities include major crime investigation, border security, and investigation of public corruption and criminal conduct by DPS employees. TRD specializes in and assists local police agencies with investigating felony offenses such as murder, sexual assault, and robbery. TRD also operates the Unsolved Crimes Investigation Program, which investigates murder cases or linked criminal transactions that are no longer active within other law enforcement agencies. During fiscal year 2013, criminal investigations by the Texas Rangers resulted in 1,811 arrests.

TRD also includes a Special Operations Group that has oversight of the agency's Special Weapons and Tactics Team, Regional Special Response Teams, Ranger Reconnaissance Team, Crisis Negotiations Unit, Explosive Ordnance Disposal Unit, and the Border Security Operations Center.

BORDER SECURITY

TRD coordinates border security operations through six Joint Operations and Intelligence Centers (JOICs) along the Texas–Mexico border and Coastal Bend area of Texas. JOICs collect and analyze regional border security intelligence, while collaborating with state, local, and federal law enforcement authorities to conduct intelligence-directed border enforcement operations. JOICs send their regional intelligence data to the Border Security Operations Center (BSOC) in Austin. Administered by Texas Rangers, the BSOC integrates regional intelligence to help determine a more efficient use of law enforcement assets in the larger border area. A major tool used by the BSOC is TxMAP. TxMAP merges intelligence from JOICs and other sources to provide a real-time display of criminal activity layered on a Texas map.

Included in the 2014–15 appropriations for DPS are funds for border security. While the agency has two specific initiatives related to border security (Border Security and Local Border Security) with appropriations totaling $82.7 million in All Funds, historically the majority of border security appropriations to DPS has been allocated across most agency functions. For example, of the $212.9 million in All Funds appropriated to DPS in the 2012–13 biennium for border security purposes, $85.2 million was appropriated in the two specific border security initiatives, with the remaining funds being allocated among the agency's remaining functions. By applying the same criteria used to define border security funding in the 2012–13 biennium, the agency's 2014–15 biennial All Funds appropriation for border security may be totaled to $331.2 million in All Funds. This appropriation level broadly includes continued funding for ongoing overtime and operational costs for DPS and local law enforcement border security initiatives, joint operation and intelligence centers, additional DPS personnel, and most of the new funding added by the Eighty-third Legislature, 2013. Funds for border security were also appropriated to the Texas Parks and Wildlife Department ($5.3 million) and Trusteed Programs within the Office of the Governor ($6.8 million).

INTELLIGENCE AND COUNTERTERRORISM DIVISION

The function of the Intelligence and Counterterrorism Division (ICTD) is to serve as a statewide intelligence entity that leverages DPS' intelligence and fusion capabilities along with the capabilities of other intelligence entities. ICTD gathers and disseminates criminal intelligence information related to terrorist activities in the furtherance of homeland security initiatives. It is also responsible for the Texas Fusion Center (located in Austin), which is an around-the-clock unit that works with federal, state, regional, and local law enforcement and serves as the state repository for homeland security information and incident reporting. The Texas Fusion Center provides intelligence support to law enforcement and public safety authorities, and consolidates information on suspicious activities that may represent a threat to the public.

TEXAS DIVISION OF EMERGENCY MANAGEMENT

The Texas Division of Emergency Management's (TDEM) primary function is to manage the disaster related responses and services for the state. TDEM assists local jurisdictions in responding to major emergencies and disasters, including hurricanes, tornadoes, floods, wildfires, and hazardous material spills. TDEM maintains state emergency plans, reviews local emergency plans, and conducts emergency management training for local officials as well as state and local emergency responders. It coordinates state disaster response operations with local governments, federal agencies, volunteer groups, and private sector partners. During fiscal year 2013, TDEM coordinated the state response for 3,530 local incidents. TDEM manages the State Operations Center, which serves as the focal point for state weather and health warning systems and is the control facility for emergency operations.

Chapter 421, Texas Government Code, requires the Office of the Governor to allocate available federal and state grants and other funding related to homeland security to state and local agencies that perform homeland security activities. It also requires the Office of the Governor to designate a state administrative agency to oversee funding received by the state for homeland security. TDEM has been designated as the state administrative agency since fiscal year 2005. It administers millions of dollars in federal and state disaster recovery and hazard mitigation grants to local governments, school districts, and state agencies. In fiscal year 2013 TDEM allocated over $135.9 million in disaster recovery funds to eligible grantees. As part of this role, TDEM also performs compliance monitoring, auditing, and inspections related to state homeland security.

DRIVER LICENSE DIVISION

The functions of the Driver License Division (DLD) are to enhance public safety and provide quality services by licensing qualified drivers and removing privileges from unsafe drivers, providing accurate records and documents in a timely manner to eligible customers, and supporting law enforcement and criminal justice partners. DLD administers the Administrative License Revocation program, including administering the process by which DPS suspends driver licenses of individuals arrested for the offense of Driving While Intoxicated. DLD is responsible for driver records, including processing and maintaining driver license records on approximately 16 million Texas drivers and 4 million identification card holders. It is also responsible for administering state and federal laws against negligent motor vehicle operators and owners using Texas highways. DLD ensures the competency of Texas drivers by testing new drivers and determining the eligibility of renewal applicants, and it administered more than 4.7 million driver license examinations during fiscal year 2013. DLD is also responsible for issuing most of the state identification used for voter identification purposes. The Eighty-second Legislature, Regular Session, 2011, passed Senate Bill 14, which required most voters to show photo identification when voting in person. To prove voter identity, Senate Bill 14 authorized the use of certain types of federal identification (such as a passport or military identification) and state identification (driver's license; identification card; and concealed handgun license). In addition to driver's licenses and identification cards, DLD also issues the Election Identification Certificate, a new type of state identification for use by individuals who do not possess the above forms of identification. Implementation of Senate Bill 14 was delayed pending judicial review. In June 2013 the Supreme Court of the United States issued its opinion in Shelby County v. Holder which removed delays to implementation of Senate Bill 14. The Eighty-third Legislature, 2013, appropriated an additional $30.9 million to DPS for the 2014–15 biennium specifically to improve the agency's driver licensing processing capacities by funding 2 new offices (in Houston and Dallas), 325 automated self-service kiosks, and upgrades to the division's electronic fingerprinting technology.

REGULATORY SERVICES DIVISION

The Regulatory Services Division of DPS serves Texas citizens and businesses by providing service, guidance and protection through the issuance of licenses and the regulation of certain businesses. The regulatory programs at DPS include Private Security, Concealed Handgun Licensing, Controlled Substances Registration, Vehicle Inspection, and Metals Registration.

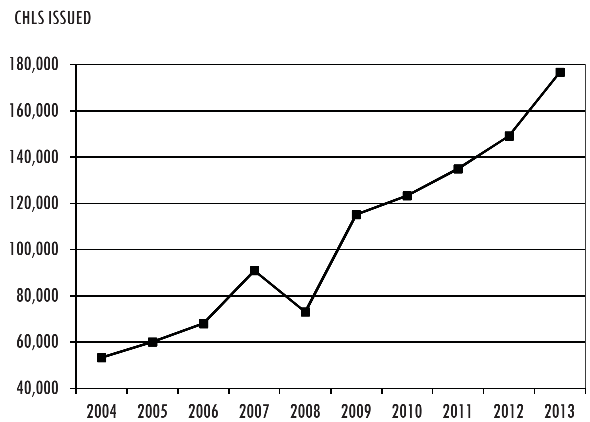
PRIVATE SECURITY PROGRAM

The DPS' Private Security Program (PSP) regulates the private security industry in Texas. State regulations for this industry include licensing private security companies and registering individuals employed by those licensed companies. The once stand-alone Texas state agency that licensed and regulated private security was created in 1969 as the Texas Board of Private Detectives and Private Investigators. In 1998, that agency was renamed the Texas Commission on Private Security. The Seventy-eighth Legislature, 2003, abolished the Texas Commission on Private Security and transferred its agency functions to DPS, which then established PSP. PSP is associated with the statutorily created Texas Private Security Board which is a seven-member board appointed by the Governor. The Texas Private Security Board was established to hear appeals by applicants under Texas' Private Security Act. In addition, the Board devises rules for the administration of the Act. In fiscal year 2013, PSP issued 77,780 private security licenses and registrations.

CONCEALED HANDGUN LICENSING PROGRAM

DPS administers the Concealed Handgun Licensing Program under the authority of Texas Government Code Chapter 411, Subchapter H. DPS licenses individuals to carry concealed handguns within Texas, evaluates the eligibility of applicants through criminal history background checks, and monitors those currently licensed to ensure their continued eligibility. DPS also trains and certifies instructors who teach the required courses to applicants. In December 2012, DPS reported 584,850 active license holders and 3,017 certified instructors. **Figure 307** shows the number of concealed handgun licenses issued annually by DPS has approximately tripled since fiscal year 2004.

FIGURE 307
NUMBER OF CONCEALED HANDGUN LICENSES ISSUED
FISCAL YEARS 2004 TO 2013



Source: Department of Public Safety.

CONTROLLED SUBSTANCES REGISTRATION PROGRAM

The Controlled Substances Registration Program (CSRP) within DPS was established as a result of the passage of the Texas Controlled Substances Act in 1973. CSRP involves the registration of all persons or institutions that manufacture, distribute, analyze, or dispense controlled substances in Texas. Registrants include practitioners (medical doctors, dentists, veterinarians, podiatrists, therapeutic optometrists), mid-level practitioners (advanced practice nurses and physicians' assistants), pharmacies, hospitals, manufacturers, researchers, teaching institutions, distributors, and analysts. There are currently approximately 100,000 registrants. The purpose of registering these individuals and institutions is to attempt to more effectively control the diversion of controlled substances from legitimate channels and to promote public health and welfare by controlling illegal drug trafficking.

VEHICLE INSPECTION PROGRAM

The DPS Vehicle Inspection Program (VIP) certifies vehicle inspectors and inspection stations, monitors and ensures compliance with inspection standards, and supervises vehicle emission programs designed to meet federal clean air requirements. VIP has the authority to deny certification of inspectors and stations as well as suspend or revoke station and inspector certification. VIP is also responsible for the sale and fulfillment of orders for inspection certificates. In fiscal year 2013, there were 38,781 certified inspectors in 11,458 licensed inspection stations that performed 18.4 million inspections.

METALS REGISTRATION PROGRAM

Pursuant to Chapter 1956 of the Texas Occupations Code, DPS is responsible for registering all metal recycling entities operating in Texas. Registered entities are required to collect certain identifying information from sellers of recycled material in order to aide law enforcement in tracking entities and individuals who are buying and/or selling stolen material. The information collected in DPS' Metals Registration Program database contains a record of all reported metals transactions throughout Texas. DPS has the authority to deny applications for certificates of registration to entities that do not meet the criteria set forth by DPS. In fiscal year 2013, DPS issued 428 metal registration certifications. DPS also has the authority to reprimand registrants and suspend or revoke certificates of registration for the reasons set forth in state statute and for failure to comply with rules set forth by DPS.

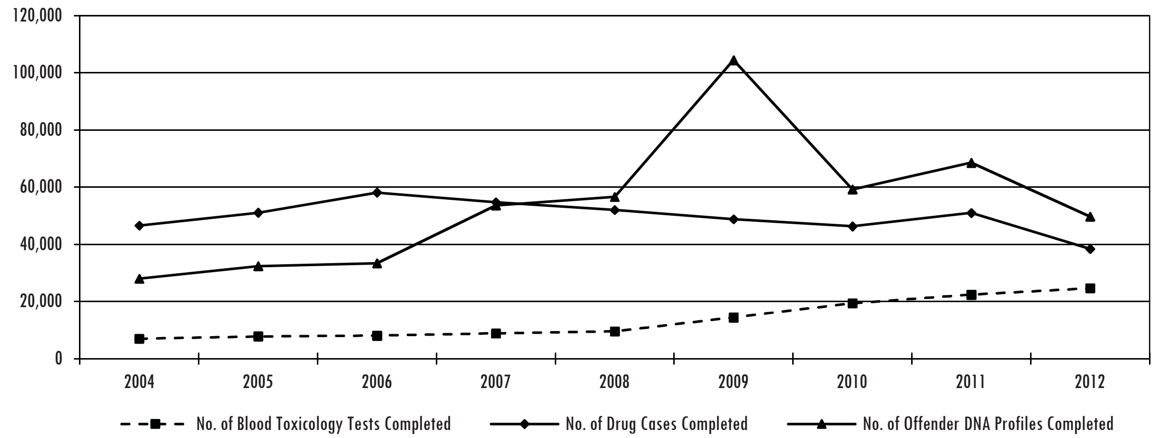
LAW ENFORCEMENT SUPPORT DIVISION

The Law Enforcement Support Division of DPS supports law enforcement agencies and Texas citizens by providing forensic evidence analysis and access to criminal justice and emergency information. The law enforcement support programs at DPS include Crime Laboratory, Crime Records, and Public Safety Communications.

CRIME LABORATORY

DPS provides forensic and analytical services to law enforcement agencies investigating crimes through a system of 13 crime laboratories in locations across Texas. The agency provides analysis of trace evidence (such as hair, fibers, gunshot residue, and tire impressions), biological evidence (such as DNA), drugs, alcohol, and toxicology. **Figure 308** shows certain Crime Laboratory forensic outputs since 2004. Crime Laboratory personnel also provide expert testimony on analysis of evidence and interpretation of technical data and findings. The Eighty-third Legislature, 2013, provided DPS' crime laboratory function with $8.7 million in General Revenue Funds to increase the general capacity of the crime laboratories and $10.9 million in General Revenue Funds specifically to provide additional testing services to eliminate the current backlog of sexual assault kits.

FIGURE 308
CRIME LABORATORY SERVICES, FISCAL YEARS 2004 TO 2012



Source: Department of Public Safety.

CRIME RECORDS SERVICE

DPS administers statewide information systems to provide criminal justice information to authorized users in a rapid and usable format. The Crime Records Service collects information on criminal history and fingerprinting records, sex offender identification, and crime statistics. The Crime Records Service relies significantly upon information sharing among local, state, and federal law enforcement agencies. In fiscal year 2013 the Crime Records Service processed over 6.5 million criminal history inquiries.

PUBLIC SAFETY COMMUNICATIONS

The Public Safety Communications Service operates 27 communications facilities across the state to provide radio and telecommunications coverage to law enforcement personnel and disseminates emergency information to Texans. The Public Safety Communications Service answered 102,448 calls from stranded motorists in fiscal year 2013. The Public Safety Communications Service also implements the state's efforts to realize voice, data, and video interoperability.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, passed 13 bills that significantly modify the concealed handgun license laws DPS is responsible for enforcing, six of which are discussed here.

- **HB 3142 – Concealed Handgun Proficiency Categories.** The enactment of House Bill 3142 removes the category of handgun (i.e., revolver or semi-automatic) when demonstrating handgun proficiency for purposes of obtaining a concealed handgun license.
- **SB 864 – Concealed Handgun License Course Hours.** The enactment of Senate Bill 864 reduces the amount of time for the classroom training component of a concealed handgun license course to a minimum of four hours and a maximum of six hours.
- **HB 48 – Concealed Handgun License Renewal Course.** The enactment of House Bill 48 eliminates the requirements for current concealed handgun license holders to complete a renewal course, or demonstrate handgun proficiency, when renewing the license.
- **SB 1907 – Concealed Handgun Storage.** The enactment of Senate Bill 1907 prohibits an institution of higher education from proscribing individuals possessing a valid concealed handgun license from storing a handgun and/or ammunition in a vehicle on campus.
- **HB 485 – Concealed Handgun License Fees for Peace Officers.** The enactment of House Bill 485 reduces the fee required to obtain an original and/ or renewal concealed handgun license for certain law enforcement officers, correctional officers, and veterans of the United States Armed Forces.
- **HB 3370 – Concealed Handgun License Fees for Retired Peace Officers.** The enactment of House Bill

3370 reduces the fee required to obtain an original and/or renewal concealed handgun license for certain retired peace officers.

Further, the Eighty-third Legislature, Regular Session, 2013, passed two bills that establish the legal framework for providing security at independent school districts or charter schools through the training, certification, and employment of armed school marshals.

- **HB 1009 – School Marshals.** The enactment of House Bill 1009 creates a school marshal as a category of law enforcement officer, and authorizes school districts or charter schools to appoint one person certified as eligible by the Texas Commission on Law Enforcement as a school marshal for every 400 students in average daily attendance. House Bill 1009 also authorizes an appointed school marshal to carry or possess a handgun on the physical premises of a school based on written regulations promulgated by the district or charter school.

- **SB 1857 – School Safety Training.** The enactment of Senate Bill 1857 requires DPS to establish a process to enable qualified handgun instructors to obtain an additional certification in school safety and, upon certification, provide school safety training to employees of a school district or an open-enrollment charter school who possess a valid concealed handgun license.

The Eighty-third Legislature, Regular Session, 2013, passed several other bills that affect DPS and the laws the agency is responsible for enforcing, four of which are discussed here.

- **HB 2305 – Inspection and Registration of Vehicles.** The enactment of House Bill 2305 requires DPS and the Department of Motor Vehicles (DMV) to replace the current dual inspection/registration sticker system with a single registration sticker by September 1, 2015. The legislation requires DPS and DMV to enter into an agreement for the transfer of DPS vehicle inspection compliance information to DMV. The legislation also requires the DMV or a county tax assessor-collector to verify that a vehicle has passed the required safety inspection and/or emission inspection before the vehicle may be registered.

- **SB 742 – Attempted Child Abduction Information.** The enactment of Senate Bill 742 requires DPS to adopt rules requiring local law enforcement agencies to submit certain attempted child abduction information into the agency's Missing Persons Clearinghouse using the Texas Law Enforcement Telecommunications System.

- **HB 912 – Unmanned Aircraft.** The enactment of House Bill 912 stipulates criteria defining the lawful uses of images captured by unmanned aircraft and requires DPS to adopt rules and guidelines for the use of unmanned aircraft by Texas law enforcement authorities.

- **SB 1729 – Agreements with Counties for Driver License Renewal.** The enactment of Senate Bill 1729 authorizes DPS to enter into agreements with certain county commissioner's courts for the issuance of renewal and duplicate driver's licenses, election identification certificates, and personal identification certificates. Previously, only DPS possessed the authority to issue renewal and duplicate driver's licenses, election identification certificates, and personal identification certificates.

9. NATURAL RESOURCES

*As shown in **Figure 309**, All Funds appropriations for Natural Resources for the 2014–15 biennium total $6.763.4 million, or 3.4 percent of all state appropriations. This amount is an increase of $1,805.8 million, or 36.4 percent, from the 2012–13 biennium. **Figure 310** shows 2014–15 biennial appropriations by method of financing and full-time-equivalent positions from fiscal years 2010 to 2015.*

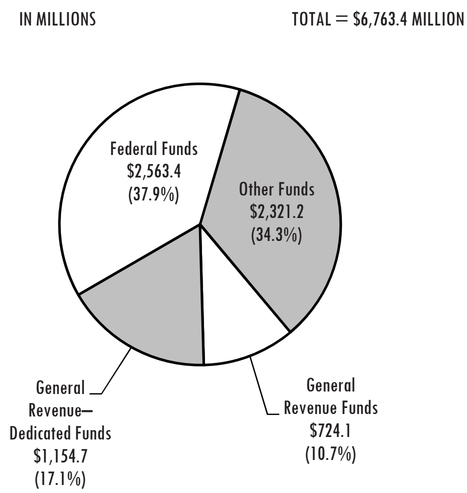
FIGURE 309
ALL FUNDS APPROPRIATIONS FOR NATURAL RESOURCES
2014–15 BIENNIUM

IN MILLIONS

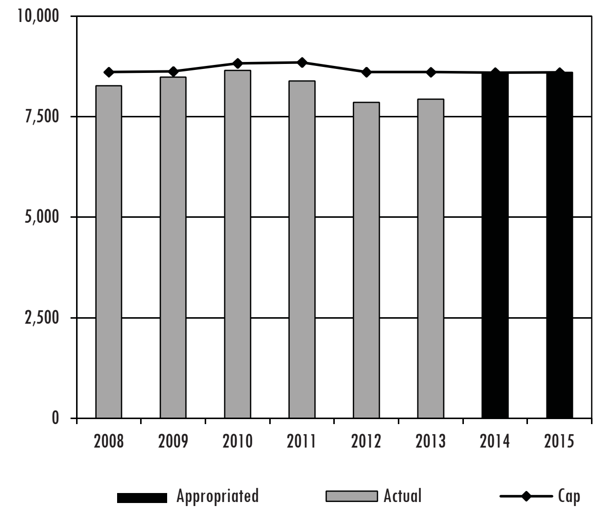
AGENCY	EXPENDED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$1,135.3	$1,116.7	($18.6)	(1.6)
Animal Health Commission	18.1	20.8	2.7	15.0
Commission on Environmental Quality	709.9	728.9	19.0	2.7
General Land Office and Veterans' Land Board	1,668.9	1,440.3	(228.6)	(13.7)
Low-level Radioactive Waste Disposal Compact Commission	0.8	1.2	0.4	52.2
Parks and Wildlife Department	585.3	597.3	12.1	2.1
Railroad Commission	176.7	158.5	(18.1)	(10.3)
Soil and Water Conservation Board	41.9	52.5	10.7	25.4
Water Development Board	165.6	2,128.4	1,962.7	1,185.0
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	210.8	213.8	2.9	1.4
Subtotal, Natural Resources	**$4,713.3**	**$6,458.4**	**$1,745.1**	**37.0**
Retirement and Group Insurance	$200.5	$237.9	$37.4	18.7
Social Security and Benefit Replacement Pay	65.9	66.0	0.0	0.0
Subtotal, Employee Benefits	**$266.4**	**$303.9**	**$37.5**	**14.1**
Bond Debt Service Payments	$17.8	$30.9	$13.2	74.0
Lease Payments	7.1	6.0	(1.0)	(14.8)
Subtotal, Debt Service	**$24.8**	**$36.9**	**$12.1**	**48.8**
Less Interagency Contracts	$46.9	$35.9	($11.1)	(23.6)
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$4,957.7**	**$6,763.4**	**$1,805.8**	**36.4**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and, the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and, the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
(4) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 310
NATURAL RESOURCES APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2014–15 BIENNIUM



Note: Totals may not sum due to rounding.
Source: Legislative Budget Board.



Sources: Legislative Budget Board; State Auditor's Office.

Natural Resource agencies play a major role in the state's economy and in maintaining a healthy environment for Texans. State agencies in Texas charged with the responsibility of influencing the management and development of these resources do so through scientific research, education, preservation, regulation, and remediation. For the 2014–15 biennium, the natural resource agency with the largest appropriation is the Water Development Board (TWDB), which is appropriated $2.0 billion from the Economic Stabilization Fund for transfer to the State Water Implementation Fund for Texas due to voter approval of Senate Joint Resolution 1, Eighty-third Legislature, Regular Session, 2013. The $2.0 billion transfer represents one-time capitalization funds, which in concert with TWDB's existing General Obligation (GO) and new revenue bond authority, will finance the State Water Plan. (For more on Senate Joint Resolution 1 and other related legislation, House Bills 4 and 1025, adopted by the Eighty-third Legislature, Regular Session, see Water Development Board, Significant Legislation.)

The agency with the next largest appropriation for the 2014–15 biennium in this function of government is the General Land Office and Veterans' Land Board. General Land Office (GLO) responsibilities include: managing state-owned oil, gas and other resources; granting land-use contracts for public, private, and commercial uses of submerged state-owned coastal public lands; ensuring protection of natural resources on state real property; preserving and maintaining the Alamo complex; preventing and responding to oil spills in Texas waters; managing the Texas Veterans' Land Board, which was established in 1946; and administering disaster-related Community Development Block Grant (CDBG) funding from the U.S. Department of Housing and Urban Development for rebuilding housing and infrastructure affected by major disasters. Disaster recovery-related CDBG funding accounts for approximately 88 percent of the GLO's budget.

In recent years, Texas has ranked first among the states in crude oil production and farmland acreage, third in farm income and fifth in state park acreage. The Legislature has invested significant resources to assess and monitor air and water quality throughout the state, has allocated funds to develop and maintain state and local parks so outdoor recreation opportunities are available to all Texans, and has provided a significant outlay to finance implementation of the State Water Plan.

MAJOR BUDGET ISSUES

The Eighty-third Legislature, Regular Session, 2013, appropriated $6,763.4 million to Natural Resource agencies, an increase of $1,805.8 million in All Funds, or 36.4 percent, compared to 2012–13 biennial spending levels. The largest component of the funding increase for the Natural Resources function is the previously mentioned $2.0 billion in capitalization funds from the Economic Stabilization Fund to finance the State Water Plan, which was activated per voter approval of a constitutional amendment (Senate Joint Resolution 1) in November 2013. Overall, appropriations of General Revenue Funds and General Revenue–Dedicated Funds for the Natural Resource agencies increased by $207.3 million or 12.4 percent, from $1,671.5 million in 2012–13 biennial spending levels to $1,878.8 million for the 2014–15 biennium. Significant funding increases in General Revenue Funds and General Revenue–Dedicated Funds compared to 2012–13 biennial spending levels are:

- A $44.6 million increase in General Revenue–Dedicated Funds (Sporting Goods Sales Tax Allocation) for state parks ($29.1 million) and grants to small and large communities to acquire and develop new parks ($15.5 million). Additional funding ($5.1 million) is appropriated to the Texas Public Finance Authority to fund 2014–15 biennial debt service payments for GO bond issues for state park infrastructure repairs and improvements. The enactment of House Bill 7, Eighty-third Legislative, Regular Session, 2013, authorizes the use of Sporting Goods Sales Tax allocation to fund benefit costs for state park employees.

- Also at the Texas Parks and Wildlife Department, a $29.3 million increase in General Revenue–Dedicated Funds for various eligible statutory uses of the Game, Fish and Water Safety Account including: wildlife and fishery operations, license buyback programs and programs supported by freshwater, saltwater and game bird stamps ($10.7 million); repairs and improvements at freshwater fish hatcheries and wildlife facilities ($8.0 million); and replacement of an existing inoperable helicopter used for law enforcement as well as conservation purposes ($5.2 million).

- A $25.0 million increase in General Revenue–Dedicated Funds for additional Texas Emission Reduction Plan Account grants.

- A $20.6 million increase in General Revenue Funds to meet 2014–15 biennial debt service requirements for existing, non-self supporting GO water bonds and 2014–15 biennial debt service requirements for a $50 million Economically Distressed Areas Program bond issue.

- Also at the Water Development Board, a $15.7 million increase in General Revenue Funds to provide grants for various purposes, including alternative water supply demonstration projects, grants to Groundwater Conservation Districts to offset metering costs and water conservation education. The funding increase also provides salaries and operating costs to convert the Water Development Board from six (6) part-time to three (3) full-time Commissioners. Finally, a portion of this funding increase ($1.7 million) represents an appropriation due to voter approval of the previously mentioned Senate Joint Resolution 1. This appropriation provides for the program and monitoring positions required to manage the workload increase in TWDB's state financial assistance programs associated with the provisions of Senate Joint Resolution 1.

DEPARTMENT OF AGRICULTURE

The Texas Department of Agriculture (TDA) was established in 1907 pursuant to Chapters 11 and 12 of the Texas Agriculture Code. The agency is headed by the Commissioner of Agriculture, a statewide elected official who serves a four-year term. The agency's mission is to partner with all Texans to make Texas the nation's leader in agriculture, fortify the economy, empower rural communities, promote healthy lifestyles, and cultivate winning strategies for rural, suburban and urban Texas through exceptional service and common threads of agriculture in our daily lives. The agency's duties include promoting Texas products locally, nationally, and internationally; assisting in the development of the agribusiness industry in Texas; regulating the sale, use, and disposal of pesticides and herbicides; controlling destructive plant pests and diseases; ensuring the accuracy of all weighing or measuring devices (e.g., grocery scales or gas pumps) used in commercial transactions; administering child and special nutrition programs; and promoting rural community and economic development.

TDA maintains five regional offices and five satellite offices throughout the state. Regional offices are located in Dallas, Houston, Lubbock, San Antonio, and San Juan, with satellite offices in Austin, El Paso, Giddings, Lufkin, and Ft. Worth. In addition, the agency operates three laboratories, and five livestock-export facilities.

Appropriations for the 2014–15 biennium total $1,116.7 million in All Funds and provide for 704.3 full-time-equivalent (FTE) positions. These appropriations include $988.8 million in Federal Funds (88.6 percent), which are primarily associated with the Special Nutrition Programs and Community Development Block Grants the agency administers, and $106.1 million in General Revenue Funds and General Revenue–Dedicated Funds (9.5 percent). The Eighty-third Legislature, 2013, increased appropriations of General Revenue Funds and General Revenue–Dedicated Funds for TDA by $9,063, or 0.01 percent. Of the General Revenue Funds appropriated to TDA, $36.5 million is contingent on the generation of $45.2 million in revenue to make the agency's marketing and regulatory programs self-funding.

The agency has six primary functions through which it fulfills its goals and performs its duties: (1) enable Texas farmers, ranchers, and agribusinesses to expand profitable markets for their agricultural products while protecting public health and natural resources; (2) protect consumers by establishing and enforcing standards; (3) ensure that goods offered to Texas consumers are properly measured, priced, and marketed; (4) provide funding and assistance on food and nutrition programs; (5) support and coordinate cooperative research relating to the production, use, and quality of Texas natural fibers and food protein products at Texas universities; and (6) rural affairs.

MARKETS AND PUBLIC HEALTH

The Markets and Public Health function consists of five programs: (1) Economic Development; (2) Regulate Pesticide Use; (3) Integrated Pest Management; (4) Produce Certification; and (5) Agricultural Production Development.

ECONOMIC DEVELOPMENT

Economic Development received $28.3 million in appropriations for the 2014–15 biennium, which includes providing for 38.2 FTE positions. This represents a decrease of $30.8 million, or 52.2 percent, as compared to 2012–13 biennial spending levels. The primary reason for the decrease is the receipt of $46.6 million in one-time Federal Funds for the State Small Business Credit Initiative in fiscal year 2012. TDA seeks to generate markets for Texas products through the following types of programs:

- Marketing and Promotion;
- Agricultural Economic Development; and
- Texas Economic Development Fund.

MARKETING AND PROMOTION PROGRAM

The Marketing and Promotion Program increases awareness of Texas products, culture, and communities through GO TEXAN, a comprehensive marketing effort. The program works to expand markets through program membership; focused marketing campaigns; and state, national and international promotions and events. In addition, a specific GO TEXAN program is geared towards helping Texas-based restaurants market themselves and connect with local food producers, while another markets Texas as a retirement destination.

The GO TEXAN Partner Program (GOTEPP) is a dollar-for-dollar, matching-fund promotion program. The purpose of the program is to increase consumer awareness and to expand the markets for Texas agricultural products by developing a general promotional and advertising campaign for specific Texas agricultural products based on requests submitted by eligible applicants. TDA, with the advice and consent of the GOTEPP Advisory Board, approves projects to be funded under this program. GO TEXAN membership or associate membership is required to participate in GOTEPP. For the 2014–15 biennium, the agency was appropriated $1.1 million in state funds to be matched by program participant funds, which is a biennial decrease of $1.7 million as compared to 2012–13 biennial spending levels. In fiscal year 2013, $0.5 million was awarded to fund 23 companies/projects. These companies will match these funds with at least $0.5 million.

TDA's other marketing programs relate to promoting agriculture, selling Texas' agricultural products, and assisting Texans engaged in agriculture to expand profitable markets for their products. Among these programs are the Market News Program and the Texas Agricultural Statistics Service, which provide market information on prices, supplies, and harvested acreage and production of various crops and agricultural products.

The Texas Shrimp Marketing Program promotes and markets Texas shrimp and educates the public about the Texas shrimp industry. The marketing efforts are funded by surcharges on shrimp boat licenses issued through the Texas Parks and Wildlife Department.

TDA also operates the Wine Marketing Assistance Program to assist the Texas wine industry in promoting and marketing Texas wines and educating the public about the Texas wine industry. The program is funded through a $0.5 million Interagency Contract from fee revenue transferred from the Texas Alcoholic Beverage Commission pursuant to the Alcoholic Beverage Code.

ECONOMIC DEVELOPMENT

The agency operates programs that help increase tourism in rural areas, revitalize small towns, and encourage agricultural diversification. The agency also administers the Texas Capital Fund which provides funding to small cities and counties to encourage job creation and/or retention for low- and moderate-income individuals.

The agency, through the Texas Agricultural Finance Authority (TAFA), provides financial assistance to eligible agribusinesses, rural businesses, and municipalities. TAFA includes four programs: (1) Agricultural Loan Guarantee Program; (2) Young Farmer Interest Rate Reduction Program; (3) Young Farmer Grant Program; and (4) Interest Rate Reduction Program. The Agricultural Loan Guarantee Program provides tiered loan limits, an interest rate rebate component, fixed interest rates, and a certified lender's program. The Young Farmer Interest Rate Reduction Program provides financial assistance through an interest rate reduction to eligible applicants who are between the ages of 18 and 46 to promote the creation and expansion of agricultural businesses. The Young Farmer Grant Program provides matching grants to eligible applicants who are between the ages of 18 and 46 to promote the creation and expansion of agricultural business. The Interest Rate Reduction Program fosters the creation and expansion of agricultural-based enterprises in the state.

TDA administers the Jobs for Texas program awarding matching funds for start-up small businesses. The State Small Business Credit Initiative program was created at the federal level by the Small Business Job Act of 2010, which provided $1.5 billion in one-time Federal Funds to strengthen state programs that support lending to small businesses and small manufacturers. In June 2011, the Governor designated TDA as the state agency to accept, implement, and oversee the State Small Business Credit Initiative. Texas received $46.6 million in one-time program funds in fiscal year 2012. TDA has named the program Jobs for Texas or J4T and contracted with two venture capital firms to evaluate potential small business applicants and manage the disbursement of the funds.

The Jobs for Texas program is open to small businesses that demonstrate the capacity to attract private investment and create future economic development opportunities. Eligible applicants may include companies that are high growth and in early phases of development; or a business that is commercializing a technology, product, process, or service that reflects a strong potential to raise private capital, in addition to Jobs for Texas program funds. To be considered for program investment a business must: (1) be based in Texas; (2) employ 500 or fewer employees; and (3) engage primarily in non-retail industries that are involved in commercializing technologies, products, processes, or services.

The program can lead to investment earnings for the state and the agency will use investment returns to award new projects during the 2014–15 biennium. Investment proceeds from the program are deposited to the Texas Economic Development Fund (Other Funds). For the 2014–15 biennium the agency is appropriated an estimated $14.7 million from the Texas Economic Development Fund. TDA anticipates awarding five project grants per fiscal year.

REGULATE PESTICIDE USE

TDA is the lead agency responsible for enforcing state and federal regulations regarding the registration, distribution, and use of pesticides in Texas. This program certifies, licenses, and trains agricultural pesticide applicators. To maintain their licenses, applicators must participate in approved continuing-education training programs that are administered by the agency. The program also issues pesticide dealer licenses, registers pesticide products for use in Texas, and investigates complaints regarding pesticide use in Texas. Through the Right-to-Know Program, farmers and farm workers are trained in the proper use of agricultural chemicals. This program is mandated by the state Agricultural Hazard Communication Act and the federal Worker Protection Standard.

The Pesticide Laboratory in College Station tests food, soil, and other samples for pesticide residue. Field inspectors, case preparation officers, and attorneys in the Enforcement Section investigate and process violations involving pesticides and herbicides to minimize the misuse of agricultural chemicals. For the 2014–15 biennium, the agency expects to investigate 225 pesticide complaints.

TDA also maintains the Endangered Species Pesticide Protection Program, which obtains local input about pesticide use and other management practices near endangered-species habitats. TDA organizes regional teams to help identify where suitable habitats exist and to compile information about land use, crops grown, and chemicals typically applied in the immediate vicinity.

The Regulate Pesticide Use Program is appropriated $11.6 million for the 2014–15 biennium, which provides for 93 FTE positions. This represents a decrease of $1.2 million, or 11.7 percent, as compared to 2012–13 biennial spending levels.

INTEGRATED PEST MANAGEMENT

Integrated pest management is a farming system that curbs pest populations by using a variety of practices, including biological pest controls, pest-resistant crop plants, crop rotations, planting-date adjustments, crop residue destruction, and pesticides when insects or weeds reach economically damaging levels. Programs in this area include the Mexican Fruit Fly Program, which monitors the levels of infestation of the Mexican fruit fly; the Cotton Stalk Destruction Program, which assists cotton producers in suppressing boll weevil and pink bollworm populations by establishing area-wide stalk destruction deadlines recommended by producer committees; and the Boll Weevil Eradication Program. TDA oversees the Texas Boll Weevil Eradication Foundation, which is responsible for administering the Boll Weevil Eradication Program. TDA approves budgets, posts agendas, receives annual reports, conducts referenda to determine new eradication zones, and provides general oversight of foundation activities. At the end of fiscal year 2013, there were approximately 26,245 cotton growers in 16 eradication zones **(Figure 311)** participating in the program; of the 16 zones, 11 achieved functionally eradicated status and four achieved suppressed status. Direct appropriations for boll weevil eradication total $15 million for the 2014–15 biennium, an amount equal to 2012–13 biennial spending levels.

The Integrated Pest Management Program is appropriated $23.2 million for the 2014–15 biennium, which provides for 38.9 FTE positions. This amount represents a decrease of $3.2 million, or 12.1 percent, as compared to 2012–13 biennial spending levels.

CERTIFY PRODUCE

TDA entered into an agreement with the U.S. Department of Agriculture (USDA) in May 1992 to create the Texas Cooperative Inspection Program, which conducts grading and standardization inspections of citrus, vegetables, tree nuts, and peanuts in Texas. TDA administers the program, including furnishing all personnel and handling financial matters. USDA ensures that program personnel are adequately trained and that inspections are conducted using appropriate USDA grades and procedures. The agency anticipates that it will inspect 2.7 billion pounds of fruits, vegetables, and nuts each year. The Certify Produce Program is appropriated $0.4 million for the 2014–15 biennium, providing for 1.5 FTE positions. This amount represents an increase of $46,494, or 14.8 percent, as compared to 2012–13 biennial spending levels.

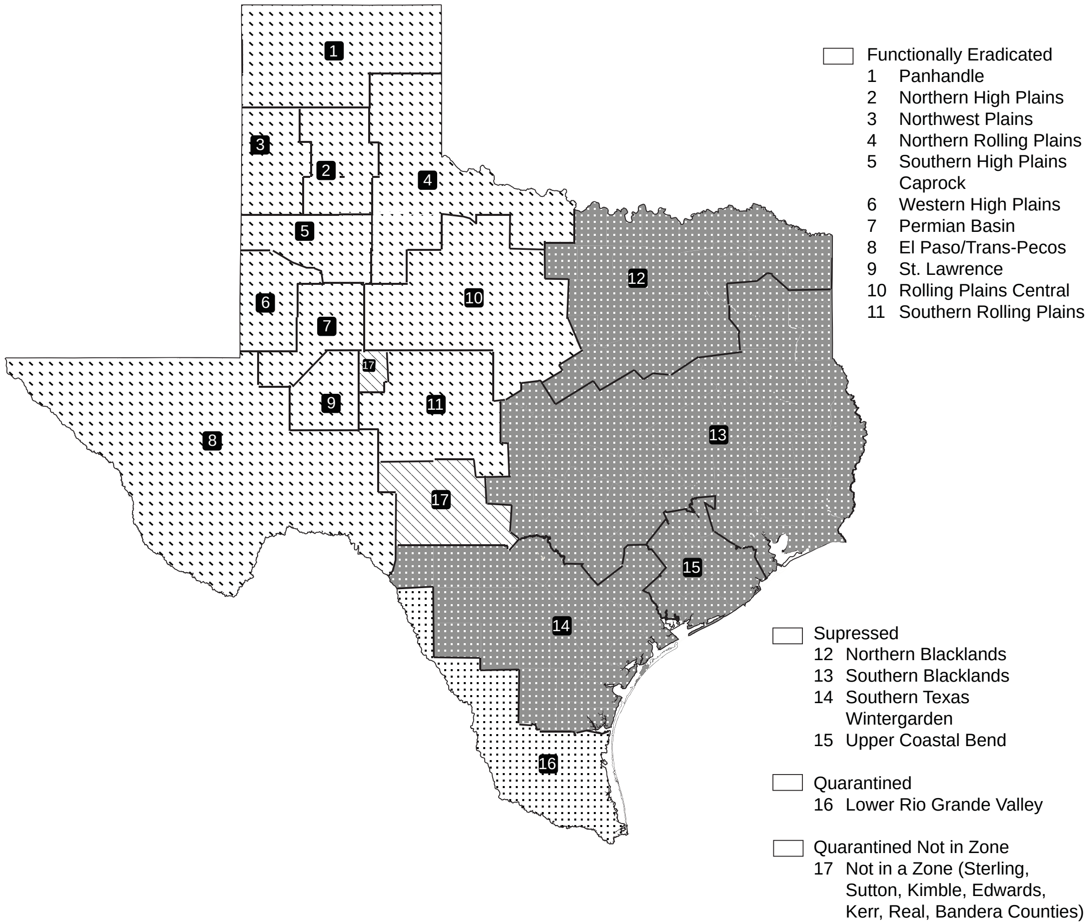
AGRICULTURAL PRODUCTION DEVELOPMENT

The agency provides three major Agricultural Production Development Programs, including the Livestock Export Pens Program, the Seed Certification Program, and the Feral Hog Abatement Program.

LIVESTOCK EXPORT PENS PROGRAM

TDA has four facilities along the Texas–Mexico border where Mexican officials inspect livestock and poultry to expedite a safe and efficient transfer from sellers throughout the U.S. and Canada to international buyers. An additional fifth

FIGURE 311
TEXAS BOLL WEEVIL ERADICATION STATUS, FISCAL YEAR 2013



SOURCE: Texas Department of Agriculture.

facility, located in Houston at the George Bush Intercontinental Airport, is available by appointment for exports by air and sea only. In fiscal year 2013, there were 117,911 head of livestock and 481,470 poultry exported through TDA livestock export pens.

SEED CERTIFICATION PROGRAM

The Seed Certification Program works to maintain genetic purity and identity standards through the inspection of producers' or registrants' fields, facilities, seed, and plants.

Figures 312 and **313** show Texas' ranking among other states in the production of certain agricultural crops and livestock.

FERAL HOG ABATEMENT PROGRAM

The goal of the Feral Hog Abatement Program is to implement feral hog abatement technologies. The Seventy-ninth Legislature, Regular Session, 2005, established the program to address statewide damage to crops, fences, and small livestock. Damages are estimated to cost more than $500 million annually. The Eighty-third Legislature, 2013, appropriated $0.9 million to TDA for the Feral Hog Abatement Program, equal to 2012–13 biennial spending levels.

FIGURE 312
TEXAS CROP RANKINGS
CALENDAR YEAR 2012

US RANKING	CROP	PRODUCTION (IN THOUSANDS)	UNITS
1	Upland cotton	5,000	Bales
1	All cotton	5,013	Bales
1	Sorghum for silage	2,080	Tons
1	All hay	9,490	Tons
1	Sorghum for grain	112,100	Bushels
2	Amer-pima cotton	13	Bales
3	Pecans	74,760	Pounds
3	All citrus	252	Tons
3	Sugarcane	1,576	Tons
4	Peanuts	507,500	Pounds
4	Winter wheat	96,000	Bushels
4	Watermelons	5,405	CWT
5	Rice (all lengths)	11,217	CWT
7	Grapes	7,420	Tons
13	Corn for grain	201,500	Bushels

Note: CWT = hundredweight (unit of weight equal to 100 pounds).
Source: Texas Department of Agriculture.

FIGURE 313
TEXAS LIVESTOCK RANKINGS
CALENDAR YEAR 2012

US RANKING	SPECIES OR CLASS
1	All Cattle
1	Beef Cows
1	Calf Crop
1	Cattle on Feed
1	All Sheep
1	All Goats
1	Angora Goats
3	Market Sheep & Lambs
6	Chicken - Broilers Raised
6	Chickens - Layers
7	Milk Cows
14	All Hogs

Source: Texas Department of Agriculture.

STANDARDS ENFORCEMENT

TDA ensures the quality of consumer products before they are sold to the public. The agency protects producers and consumers through licensing and inspection. This is accomplished through four agency strategies: (1) Surveillance/Biosecurity Efforts; (2) Verification of Seed Quality; (3) Agricultural Commodity Regulation; and (4) Structural Pest Control. Appropriations for these four strategies total $15.7 million for the 2014–15 biennium, which provide for 148.1 FTE positions. This amount represents an increase of $1.6 million, or 11.4 percent, as compared to 2012–13 biennial spending levels.

TDA also protects consumers and businesses by: (1) inspecting various weighing devices, including fuel pumps and grocery store scales; (2) verifying the content weight listed on the packaging of products through measurement testing; and (3) inspecting to verify that shelf prices for various consumer products are the same prices charged at checkout. The Inspect Measuring Devices Program received $10.1 million in appropriations for the 2014–15 biennium, which provides for 103.4 FTE positions. This amount represents a decrease of $0.7 million, or 6.2 percent, as compared to 2012–13 biennial spending levels.

SURVEILLANCE/BIOSECURITY EFFORTS

The Implement Surveillance and Biosecurity Efforts for Pests/Diseases Program focuses on protecting consumers by licensing and inspecting retailers, wholesalers, and distributors of all types of plants throughout Texas. The agency enforces quarantine restrictions that prevent destructive pests and plant diseases on nursery and floral products from being shipped out of quarantined areas or into pest-free areas within the state. In addition, the agency prevents destructive pests and plant diseases from being shipped into the state by periodically establishing road stations at strategic points along the Texas border to stop shipments of pest-infested plants into Texas. Other regulatory activities include administering the Fire Ant, the Pest Quarantine, and the Nematode and Disease Detection programs. The agency expects to conduct 8,000 nursery and floral establishment inspections each fiscal year of the 2014–15 biennium.

SEED-QUALITY VERIFICATION

The Seed Quality Verification Program staff administers the state's seed laws by operating laboratories for germination and purity testing, and greenhouse and field-testing facilities for determining varietal purity. Seeds offered for sale must be correctly tagged and labeled, an important protection for people who use the seeds for agricultural production. Seed testing is conducted in a laboratory in Giddings. The agency expects to analyze approximately 4,500 seed samples each fiscal year of the 2014–15 biennium.

AGRICULTURAL COMMODITY REGULATION

TDA's regulation of agricultural commodities currently focuses on three primary areas: egg quality, perishable commodities, and grain warehouses. TDA ensures that the eggs sold to Texas consumers meet the standards of quality established by TDA through licensing of dealer-wholesalers, processors, and brokers and through the inspection of eggs at the state's packing plants, distribution centers, and retail outlets. Dealer-wholesalers, processors, and brokers not complying with these standards are subject to a stop-sale order, which prohibits the sale of a shipment in a retail outlet. The agency expects to conduct 2,100 egg inspections each fiscal year of the 2014–15 biennium.

The Handling and Marketing of Perishable Commodities Program helps the agency ensure that producers and dealers of Texas-grown perishable commodities receive timely compensation for commodities they sell. Under this program, a dealer or buyer must be licensed and must pay an annual license fee. If a licensed dealer fails to pay for produce delivered, the producer and/or seller is allowed to recover a portion of damages from the Produce Recovery Fund, a special account funded with a portion of the license fees paid. During the 2012–13 biennium, six reimbursements were made from the Produce Recovery Fund with total fund disbursements of $105,573.

TDA also monitors commodity warehouses to ensure that the commodities are properly stored, shipped, and handled. This allows producers to capitalize on favorable market conditions. The agency anticipates conducting 265 commodity-warehouse inspections/audits each fiscal year of the 2014–15 biennium.

STRUCTURAL PEST CONTROL

TDA is responsible for the licensing and regulation of structural pest control businesses. This regulation includes application of pesticides, use of pest control devices, pest inspections, and related activities in or adjacent to structures including but not limited to homes, schools, nursing homes, child day-care operations, hospitals, food processors, hotels, apartments and warehouses. The agency anticipates 5,000 new individual and business licenses to be issued in each fiscal year of the 2014–15 biennium.

ENSURE PROPER MEASUREMENT

Through their Inspect Measuring Devices Program, TDA protects consumers and businesses by ensuring that weighing and measuring devices perform within acceptable tolerances and that packages are properly labeled prior to sale. A wide variety of devices are inspected by TDA, ranging from fuel pumps at service stations and bulk meters used at airports for fueling airplanes to scales at grocery stores. Liquefied petroleum gas meters used to fill small tanks for backyard grills and those used to fill storage tanks at businesses or homes are also inspected. In addition, packing ranging from cereal boxes to packaged polyethylene sheeting is weighed or measured to determine whether the contents meet or exceed the quantity stated on the label. The agency also assures that the prices displayed on the shelf for consumer products are the same price consumers pay at the checkout counter.

TDA operates one metrology lab in Giddings. Metrology refers to the certification of weights and measures standards that are backed by national and international standards. These lab calibrates all types of weights and weighing devices to meet the guidelines of the National Institute of Standards Technologies.

The agency expects to conduct approximately 132,982 weights and measures inspections each fiscal year of the 2014–15 biennium.

CHILD NUTRITION PROGRAMS

Child nutrition programs include the School Lunch, Breakfast, and After School Snack programs in Texas public schools. As the administering state agency for the child nutrition programs, TDA is responsible for processing claims for reimbursement, providing special marketing and procurement assistance to promote nutritious eating habits, conducting on-site compliance monitoring, and coordinating training through the 20 regional Education Service Centers. Since 2003, TDA administers the child nutrition programs through an interagency contract with Texas Education Agency (TEA), in which reimbursement payments for the programs continue to be budgeted at TEA. The Support Nutrition Programs in School Program is appropriated $61.7 million for the 2014–15 biennium, which provides for 139.2 FTE positions. This amount represents a decrease of $5.7 million, or 8.5 percent, as compared to 2012–13 biennial spending levels.

Eight federal child nutrition and commodity distribution programs are administered by TDA. These programs, commonly referred to as the special nutrition programs, include the School Lunch, Breakfast and After School Snack programs in private schools and residential child care institutions; the Child and Adult Care Food Program; the Summer Food Services Program; the Special Milk Program; the Food Distribution Program; the Texas Commodity Assistance Program; and the Commodity Supplemental Food Program. The nutrition programs are administered to eligible participants in a variety of settings including day cares, schools, and parks and recreational programs through enrollment contracts with non-profit and private non-profit schools and public organizations. The commodity programs are responsible for allocating, ordering, and overseeing distribution of USDA donated commodities to schools, food banks, and other organizations for preparation of meals and distribution of food packages to eligible households. In fiscal year 2013, the programs distributed more than $190 million worth of commodities donated by the USDA. **Figure 314** shows the average number of children and adults served meals through the Child and Adult Care Food Program per day from fiscal years 2011 to 2013 as well as the anticipated amounts for fiscal years 2014 and 2015. The Nutrition Assistance program received $822.4 million in appropriations for the 2014–15 biennium and provided for 45 FTE positions. This represents an increase of $25.8 million, or 3.2 percent, as compared to 2012–13 biennial spending levels.

FOOD AND FIBERS RESEARCH

The goal of the food and fibers program is to promote the production, use, and quality of Texas' natural fibers and food protein products by supporting and coordinating cooperative research at state supported universities such as Texas A&M University, Texas Tech University, and The University of Texas at Austin. Appropriations for the 2014–15 biennium for the Food and Fibers programs are $1.6 million of which $0.8 million is for the Zebra Chip Disease Program. This disease is responsible for numerous losses in the Texas potato industry and has had a significant economic impact on potato producers. Appropriations to food and fiber research decreased by $52,155, or 3.1 percent, as compared to 2012–13 biennial spending levels.

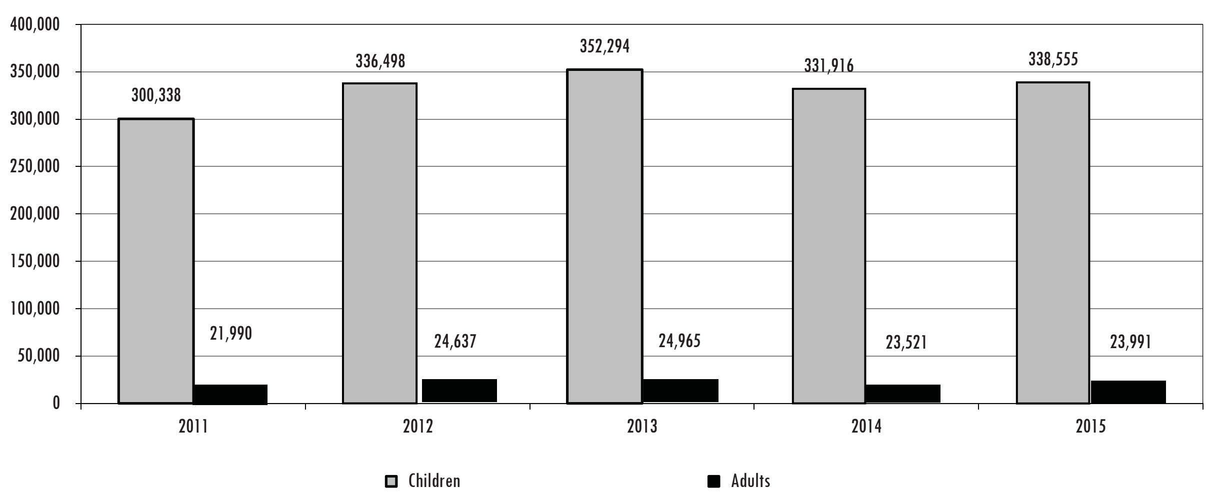
RURAL AFFAIRS

The Eighty-second Legislature, First Called Session, enacted Senate Bill 2 which transferred the non-disaster recovery functions of the former Texas Department of Rural Affairs to TDA. The Rural Affairs function consists of two programs: (1) Rural Community Economic Development; and (2) Rural Health.

RURAL COMMUNITY ECONOMIC DEVELOPMENT

The majority of the funding for the agency's Rural Community and Economic Development Programs is from federal Community Development Block Grant (CDBG)

FIGURE 314
NUMBER OF CHILDREN AND ADULTS SERVED MEALS THROUGH THE CHILD AND ADULT CARE FOOD PROGRAM PER DAY FISCAL YEARS 2011 TO 2015



NOTE: Fiscal years 2014 and 2015 are projected.
SOURCE: Texas Department of Agriculture.

funds distributed to the state by the U.S. Department of Housing and Urban Development (HUD), through which the agency provides grants for community and economic development projects in rural areas. The CDBG funds administered by TDA assist non-entitlement areas of the state, which consist of cities with populations less than 50,000 and counties that have a non-metropolitan population less than 200,000 and are not eligible for direct CDBG funding from HUD.

The Rural Community and Economic Development program received $122.2 million in total appropriations for the 2014–15 biennium which provides for 49.7 FTE positions. This amount represents a decrease of $7.3 million, or 5.7 percent, as compared to 2012–13 biennial spending levels. Of total appropriations for this strategy, $118.6 million are Federal Funds for CDBG grants.

RURAL HEALTH

Through the Rural Health Program TDA works to ensure access to and quality of healthcare services by administering programs and technical assistance to approximately 150 rural hospitals, which include the state's 79 critical access hospitals. The agency works to support the recruitment and retention of trained medical professionals to rural areas of the state through financial assistance for medical, dental, and allied health educations as well as submission of expedited license requests to the Texas Medical Board for physicians. Additionally, the agency provides grants to rural health facilities for the acquisition, construction, or improvement of a facility, equipment, or real property used to provide health services.

The Rural Health Program is appropriated $10.1 million for the 2014–15 biennium which provides for 5 FTE positions and represents a decrease of nearly $0.2 million, or 1.9 percent from 2012–13 biennial spending levels.

SIGNIFICANT LEGISLATION

SB 1214 – Creation of Texas Economic Development Fund. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 1214, which among other things, created the Texas Economic Development Fund (Other Funds) for the purpose of receiving Federal Funds from the State Small Business Credit Initiative Act of 2010 as well as investment earnings generated by the Jobs for Texas Program.

ANIMAL HEALTH COMMISSION

The Texas Animal Health Commission (TAHC), established in 1949, is the successor to the Livestock Sanitary Commission of Texas, which was established by the Legislature in 1893. The agency's mission is to protect and enhance the health of Texas animal populations by preventing, controlling, and/or eliminating animal diseases and monitoring and promoting animal health and productivity.

Appropriations for the 2014–15 biennium total $20.8 million in All Funds and provide for 161 full-time-equivalent (FTE) positions. These appropriations include $16.9 million in General Revenue Funds, (81.3 percent of All Funds), of which $0.8 million is contingent upon the generation of revenue. House Bill 1992, Eighty-second Legislature, Regular Session, 2011, provides the agency with the statutory authority through fiscal year 2015 to charge fees sufficient to fund the direct and indirect costs for all services the agency provides.

Additionally, TAHC receives Federal Funds from the Animal and Plant Health Inspection Service through the U.S. Department of Agriculture (USDA) and is part of cooperative agreements for the surveillance, control, and eradication of brucellosis; tuberculosis; trichomoniasis; Johne's disease; Texas fever ticks; classical swine fever in swine; transmissible spongiform encephalopathy disease such as scrapie in sheep and goats, chronic wasting disease in domestic cervidae, and bovine spongiform encephalopathy (mad cow disease) in cattle; and avian diseases such as low pathogenic avian influenza and high pathogenic avian influenza. Other federally funded cooperative agreements support swine health, Foreign Animal Disease Surveillance, and the National Animal Identification System programs.

Prior to enactment of House Bill 1992, Eighty-second Legislature, 2011, TAHC only assessed fees for Fowl Registration and Certificates of Veterinary Health Inspection. Beginning July 2011, the Animal Health Commission, which consists of appointees from various animal agriculture industry representatives and producers, adopted proposals for new or increased fees that generated approximately $0.2 million in fiscal year 2012. **Figure 315** shows fees assessed by TAHC and revenue collections for fiscal year 2012.

The agency's goal is to protect and enhance the health of Texas animal populations and to facilitate productivity and marketability while minimizing risks to human health. To accomplish this goal, the TAHC performs three primary functions: (1) Field Operations; (2) Diagnostic and Epidemiological Support; and (3) Promote Compliance.

FIGURE 315
TEXAS ANIMAL HEALTH COMMISSION FEES
FISCAL YEAR 2012

REVENUE SOURCE	ASSESSED	ACTUAL 2012 REVENUES
Chronic Wasting Disease Inspection Fee		
Per Hour for TAHC representative to perform herd verification	$100	$8,825
Herd Certification Fee		
Less than 25 head	$25	$10,800
25 to 100 head	$50	
More than 100 head	$100	
Laboratory Testing Fee		
Per sample	$1	$18,889
Health Certificate Fee		
Cost per certificate	$7	$118,388
Poultry Registration–Sellers (Annual Fee)		$40,905
Less than 100 Fowl	$35	
100 to 499 Fowl	$125	
500 to 999 Fowl	$250	
1,000 to 2,499 Fowl	$400	
2,500 Fowl or more	$600	
Poultry Distributors or Transporters (Annual Fee)		
Distribute or Transport	$600	
Sell, Distribute and/or Transport	$800	
TOTAL		**$197,807**

NOTE: Revenues for poultry registration from all sources.
SOURCE: Texas Animal Health Commission.

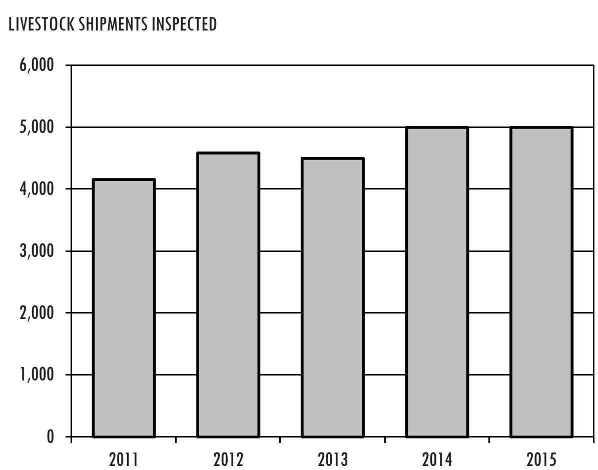
FIELD OPERATIONS

Under the Field Operations strategy, TAHC uses several methods to prevent, monitor, diagnose, control, and eradicate diseases. These methods include conducting inspections at concentration points, such as livestock auctions and slaughterhouses; inspecting, testing, and quarantining herds and flocks; inspecting livestock shipments; issuing movement permits; maintaining federal and state databases containing animal, herd, and premises information; monitoring livestock movements; serving as a resource on disease and management problems for the livestock and poultry industry; depopulating certain infected herds or flocks; and registering certain poultry sellers, distributors, and transporters. Approximately 70.1 percent of the agency's funding is allocated to Field Operations, along with 117 FTE positions. During fiscal year 2010, the agency consolidated two area offices located along the Texas coast to a single location near Waller, Texas. According to the agency, the consolidation allows for improved management of the area and the provision of expanded emergency management services to the southeast Texas coast.

Appropriations for Field Operations total $14.6 million for the 2014–15 biennium, which represents an increase of $3.1 million, or 27.5 percent, as compared to 2012–13 biennial spending levels. These appropriations include $11.3 million in General Revenue Funds for the 2014–15 biennium, or an increase of $4.3 million.

Figure 316 provides the number of livestock shipments inspected from fiscal year 2011 through the estimated inspections for 2015. The level of livestock shipment inspections is flat or declining due to the 2011 drought, which resulted in the sale of a large number of Texas cattle in a very short period. According to the agency, the state's cattle herd has not rebuilt yet.

FIGURE 316
LIVESTOCK SHIPMENTS INSPECTED
FISCAL YEARS 2011 TO 2015



NOTE: Fiscal years 2014 and 2015 are projected.
SOURCE: Texas Animal Health Commission.

DIAGNOSTIC AND EPIDEMIOLOGICAL SUPPORT

TAHC staff are involved in a variety of diagnostic and epidemiological activities: (1) identifying parasite specimens submitted to the agency; (2) assisting and consulting with veterinarians to interpret tests and make disease diagnoses, develop disease control and eradication plans for herds, and advise agency management on disease trends, potential threats, and mitigation strategies; and (3) testing on blood, tissue, and milk samples submitted to the labs. During fiscal year 2013, more than 2 million samples were tested at laboratories located in Austin and Fort Worth. The agency operates its laboratories in conjunction with USDA. In response to reductions required in the 2010–11 biennium, a lower revenue target for the 2012–13 biennium and declining levels of federal support, the agency closed the laboratories located in Lubbock and Palestine.

Appropriations for Diagnostic and Epidemiological Support total $1.9 million for the 2014–15 biennium, which represents a decrease of $0.4 million, or 17.9 percent compared to 2012–13 biennial spending levels. Additionally, these appropriations include $1.4 million in General Revenue Funds for the 2014–15 biennium, or a decrease of nearly $0.3 million, or 16.4 percent, from 2012–13 biennial spending levels.

PROMOTE COMPLIANCE

TAHC promotes voluntary compliance with legal requirements by providing education and information to local producers of livestock, exotic livestock, exotic fowl, and domestic fowl; to animal associations and clubs; to veterinarians; and to schools and educators. The agency also pursues legal remedies when voluntary compliance is not forthcoming. Appropriations for Promoting Compliance and Resolving Violations total $0.8 million in both General Revenue Funds and All Funds for the 2014–15 biennium, representing a decrease of 3.6 percent compared to 2012–13 biennial spending levels.

In recent years, the main objective of TAHC has been to detect, control, and eradicate various livestock diseases including but not limited to the following diseases:

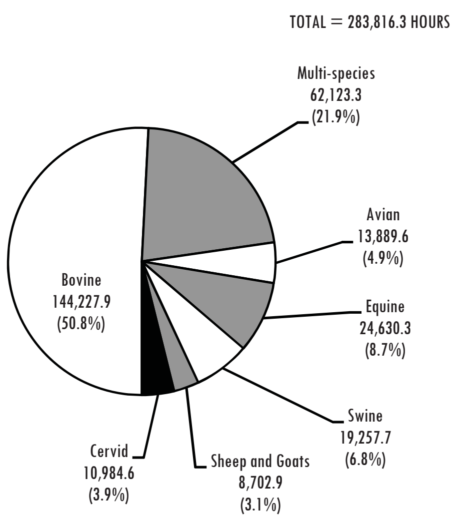
- brucellosis in cattle and swine;
- tuberculosis (TB) in cattle, goats, and cervidae (e.g., axis and siki deer);
- cattle fever ticks in cattle, deer, elk, and nilgai;
- pseudorabies in swine;
- scrapie in sheep and goats;
- equine infectious anemia in horses;
- equine piroplasmosis and equine herpes virus 1 in horses;

- chronic wasting disease;
- high pathogenic avian influenza;
- low pathogenic avian influenza;
- infectious laryngotracheitis; and
- exotic Newcastle disease.

At the request of the cattle industry, the agency developed and implemented rules for trichomoniasis, a venereal disease of cattle in fiscal year 2008. The disease, which results in embryonic loss, infertility, and reduced calf-crop, poses significant economic consequences for cattle producers.

An additional objective is to continually conduct surveillance for early detection of foreign animal diseases, should they be introduced into the state. Diseases of significant concern include, but are not limited to, mad cow disease, chronic wasting disease, foot and mouth disease, classical swine fever, highly pathogenic avian influenza, and exotic Newcastle disease. **Figure 317** shows a distribution by particular species of the amount of TAHC staff hours expended detecting, eradicating, and controlling these diseases.

FIGURE 317
STAFF HOURS EXPENDED ON EACH SPECIES EXCLUDES FISCAL YEAR 2013



Source: Texas Animal Health Commission.

One of the agency's primary objectives is to eliminate brucellosis from Texas herds. Brucellosis is an infectious bacterial disease that primarily affects cattle, swine, and goats, but that can be transmitted to humans. Federal regulations place severe restrictions on states that lack a brucellosis program. The State–Federal Brucellosis Eradication Program consists of eight primary activities: (1) voluntary surveillance testing at livestock markets and at slaughter plants; (2) testing for change of ownership; (3) blood and tissue sampling for diagnostic purposes at slaughter; (4) testing of herds identified by surveillance as potentially infected; (5) area testing of high-risk herds; (6) epidemiological evaluation of infected herds to determine the source of infection; (7) retesting of previously quarantined and adjacent herds to assure freedom from disease; and (8) vaccination of sexually intact female animals in infected herds that are not being depopulated. During the 2014–15 biennium, a statewide field force of 69 animal health inspectors and 13 veterinarians working from six offices strategically placed across the state is available to conduct inspections on-site at approximately 100 Texas livestock markets.

BRUCELLOSIS

USDA set the goal for the United States to achieve "brucellosis-free" status by 1998. To be recognized as free of brucellosis, a state must have gone a minimum of 12 consecutive months since the release of quarantine on the last infected herd and have received a satisfactory review by USDA officials to assure that all of the other program standards have been met. As of May 2011, Texas achieved brucellosis-free status, in both state swine and cattle populations. Texas was the last state to be declared brucellosis-free for cattle and swine—for cattle in February 2008 and for swine in May 2011. Brucellosis-free status benefits livestock producers in that it eliminates certain restrictions on the interstate movement of breeding swine and cattle. Although Texas has achieved brucellosis-free status, brucellosis surveillance in the form of first-point testing and slaughter testing needs to continue for a number of years to ensure disease prevention. However, in response to budget reductions, effective August 1, 2011, the agency transitioned from a mandatory to a voluntary first-point testing program. As of the 2014–15 biennium, TAHC recommends brucellosis testing at change of ownership but testing is not required. According to the agency, a positive Brucellosis cattle herd was detected in Texas for the first time in more than five years in February 2011. Due to a change in USDA rules favoring a local risk-based disease management approach over reclassification to a lower status, Texas should not lose its Brucellosis free-status.

Texas' swine brucellosis and pseudorabies elimination programs began in July 1990. TAHC utilizes state funds and USDA-provided funding for swine inspections, laboratory analysis, epidemiological investigations, quarantine, and depopulation activities conducted in these programs. Both of these diseases have been eradicated from domestic swine populations. However, Texas has very large populations of feral swine, and both brucellosis and pseudorabies are present in the feral swine populations. Spreading of the disease from feral swine to domestic swine herds is occurring. The agency conducts surveillance through market testing, herd testing, targeted surveillance of feral swine herds, and slaughter testing to detect and eliminate infection when it spreads to commercial swine herds.

TUBERCULOSIS

Texas regained TB Accredited-Free status in September 2006. The agency continues to conduct a high level of TB surveillance activities, which resulted in the discovery of a TB-infected dairy located in west Texas in fiscal year 2009. The agency tested over 65,000 head of cattle to ensure the disease had not spread to other dairies. The agency also protects the state's cattle population from reintroduction of the disease through strict interstate entry requirements. In recent years, Bovine TB has been found in dairy herds in New Mexico, Colorado, and California, a beef cattle herd in Oklahoma, a rodeo stock herd in Colorado, and in multiple cattle herds in both Minnesota and Michigan. All Texas dairy herds in the El Paso Milk Shed area have been depopulated as part of a planned buyout because of recurrent and persistent TB infection in the area. House Bill 1081 passed by the Eighty-third Legislature, Regular Session, 2013, requires TAHC to conduct a year-long study regarding the prohibition of dairy farming in this region of the state (see Significant Legislation for more).

EXOTIC LIVESTOCK

The agency promulgates and enforces rules governing the entry of exotic livestock, including ratites (which include ostriches and emus) and cervidae (e.g., elk, red deer, axis and siki deer) into Texas because these animals may carry diseases that can be transmitted to domestic livestock and poultry. For example, exotic hoofed stock must test negative for both TB and brucellosis prior to entry into Texas, cervids are evaluated for compliance with chronic wasting disease risk guidelines, and importers must possess both TAHC entry permits and certificates of veterinary inspection prior to entry.

BOVINE PIROPLASMOSIS (CATTLE TICK FEVER)

The disease that prompted the Legislature to create the Texas Livestock Sanitary Commission, the forerunner of the Texas Animal Health Commission, was bovine piroplasmosis (Cattle Tick Fever). Fever ticks carry this disease. The national effort to eradicate fever ticks and the associated disease from Texas and the U.S. began in 1906. While fever ticks were eradicated from the U.S. by 1943, a buffer zone, which is called the Cattle Fever Tick Eradication Quarantine Area, is maintained along the Rio Grande from Del Rio to the Gulf of Mexico to prevent re-establishment of fever ticks in Texas and other states. Currently, the Cattle Fever Tick Eradication Quarantine Area is composed of Val Verde, Kinney, Maverick, Webb, Zapata, Starr, Hidalgo, and Cameron Counties. Fever ticks and bovine piroplasmosis are prevalent in Mexico. Incursions of ticks from Mexico into Texas occur frequently on stray or smuggled livestock and on wildlife hosts. The end result is that fever tick infestations frequently occur in Texas both within the quarantine area and in the free area of the state. These incursions threaten the marketability of Texas cattle if not quickly addressed.

TAHC is also responsible for the control of various other animal and poultry diseases, such as equine infectious anemia (EIA). Although EIA poses no threat to humans, this disease causes debility and death in horses and other equine species. There has been a decrease in the number of EIA cases since the inception of the program in 1977. However, Texas continues to have the highest number of new EIA cases detected annually in the U.S. and continues to work with neighboring "at-risk" states to prevent the further spread of the disease. In addition, the agency enforces entry test requirements for horses entering Texas from other states.

POULTRY DISEASES

Significant diseases of poultry such as avian influenza (AI), exotic Newcastle disease (END), and Infectious Laryngo-tracheitis occur sporadically. Prompt diagnosis and effective control efforts are essential to the well-being of the Texas poultry industry. Additionally, TAHC collaborates with USDA, the poultry industry, and wildlife officials to conduct surveillance in both domestic and wild bird populations for the highly pathogenic avian influenza strain H5N1, which is present in many Asian and European countries, has caused illness and death in some humans, and is of great concern to public health.

EMERGENCY MANAGEMENT RESPONSE

In fiscal year 2008, TAHC formalized a response mechanism for a foreign or emerging disease outbreak in the state or a natural or artificial disaster affecting livestock or poultry. The agency routinely evaluates the response utilizing the Emergency Management Steering Committee, which is composed of members from the agency and from USDA's Animal and Plant Health Inspection Services—Veterinary Services in Texas. All agency employees are now trained for animal-related emergency response, and are expected to respond to disease and natural disasters when called.

TAHC is a member of the state's Emergency Management Council and continues to work with the Texas Department of Emergency Management and other stakeholders to refine and implement an effective response plan for foreign animal and emerging diseases. As part of this effort, TAHC and USDA veterinarians routinely conduct Foreign Animal Disease investigations to detect foreign or emerging diseases that may be introduced intentionally or unintentionally. In August 2012, TAHC formed a Horseback Emergency Response Team to augment the capabilities of the Texas Department of Emergency Management. The Response Team assists state and local law enforcement officials in rounding up loose livestock that may pose a threat to public safety.

NATIONAL ANIMAL IDENTIFICATION SYSTEM

The TAHC, livestock producers, and members of producer organizations have worked with USDA to implement provisions of an animal identification system on a voluntary basis originally outlined in USDA's National Animal Identification System (NAIS). USDA originally established timelines and benchmarks for implementation of NAIS, but subsequently declared NAIS to be voluntary. The system originally included three components: (1) premises identification; (2) animal identification; and (3) movement reporting/animal tracking. Premises identification is accomplished by registering locations where livestock are held, managed, or handled (e.g., farms and ranches, livestock markets, and slaughter facilities). Animal identification means the identification of animals with either an individual animal identification device, such as an ear tag, or identification of a group of animals with a group/lot identification number. Group/lot identification is used to identify a group of animals that stay together from birth to slaughter, such as pigs and poultry, and individual identification is used to identify cattle, sheep, goats and cervidae. Animal tracking involves reporting animal movement(s) to a database to enable rapid (within 48 hours) tracing during a disease event.

Nationally, only three states require participation in some aspects of NAIS. Wisconsin and Indiana have enacted laws requiring registration of premises, and Michigan requires identification of all cattle sold, moved, or tested in the state. Texas ranks third in the nation relative to the number of premises registered; only Wisconsin and Indiana, the two states with mandatory premise registration programs, registered more premises. However, because Texas has more livestock and premises than any other state, nationally Texas ranks thirty-second in percentage of premises registered.

The NAIS program nominally ended with the proposed federal rule for a new Animal Disease Traceability program. The new program would impose federal requirements for individual animal identification (ID) only for those animals transiting state borders, and also provides for the following: (1) specific details regarding what constitutes an official animal ID; (2) indicates that metal ID tags will be distributed to producers at no additional cost; (3) no specific requirement for premises registration; and (4) does not as yet include performance standards for animal traceability. At least initially, the proposed rule would likely apply to high-risk cattle only, although upon full implementation, all livestock species and horses would be subject to the traceability rule. According to the agency, the new traceability program would be largely state-determined, as the individual states would bear the primary responsibility for establishing and implementing the new traceability system.

SIGNIFICANT LEGISLATION

HB 1081 – Bovine Tuberculosis Risk Assessment. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 1081 requiring the agency to conduct a study regarding the risk level of bovine tuberculosis and the prohibition of dairy farming within certain regions of the state. The legislation requires TAHC to submit a report on the agency's findings at the beginning of fiscal year 2015 to the Senate Committee on Agriculture, Rural Affairs, and Homeland Security, House Committee on Agriculture and Livestock, Senate Committee on Health and Human Services, House Committee on Public Health as well as to the Governor, Lieutenant Governor, and Commissioner of Agriculture.

SB 1095 – Bovine Piroplasmosis (Cattle Tick Fever). The enactment of Senate Bill 1095, Eighty-third Legislature, Regular Session, 2013, amended various sections of the Texas

Agriculture Code to modernize fever tick eradication methods and expand statutory references to additional animals besides livestock.

SB 820 – Epidemiological Assessment Prior to Removal or Destruction of Breeder Deer. The Eighty-third Legislature, Regular Session, 2013, passed Senate Bill 820 which amended the Texas Parks and Wildlife Code regarding procedures the Texas Parks and Wildlife Department (TPWD) must follow for the removal or destruction of breeder deer. The legislation provides that prior to TPWD ordering the removal or destruction of deer, the TAHC may perform an epidemiological assessment. The legislation further provides that the herd owner would pay all costs associated with an epidemiological assessment.

COMMISSION ON ENVIRONMENTAL QUALITY

The Texas Commission on Environmental Quality (TCEQ) was established on September 1, 1993, by consolidating the Texas Air Control Board and the Texas Water Commission pursuant to legislation enacted in 1991. TCEQ's three full-time commissioners are appointed by the Governor for six-year staggered terms. The Governor designates one member as the chair of the commission, and the commission employs an executive director to manage the agency.

TCEQ's mission is to protect the state's public health and natural resources in a manner consistent with sustainable economic development and with the goals of clean air, clean water, and safe management of waste.

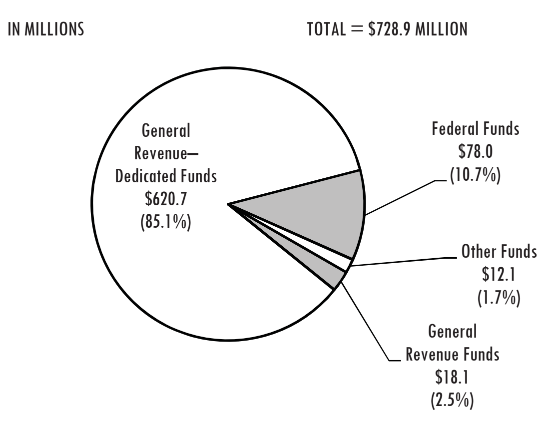
TCEQ's appropriations total $728.9 million in All Funds for the 2014–15 biennium, or an increase of $19.0 million (2.7 percent), as compared to 2012–13 biennial spending levels. These appropriations provide for 2,767.2 full-time-equivalent (FTE) positions in fiscal year 2014 and 2,756.2 FTE positions in fiscal year 2015, and they include $638.8 million in General Revenue Funds and General Revenue–Dedicated Funds (87.6 percent of All Funds). As **Figure 318** shows, the majority of the funding is General Revenue–Dedicated Funds, which are primarily generated from fees.

TCEQ's appropriations are allocated among several goals:

- Assessment, Planning, and Permitting;
- Drinking Water and Water Utilities;
- Enforcement and Compliance Support;
- Pollution Cleanup;
- River Compact Commissions; and
- Indirect Administration.

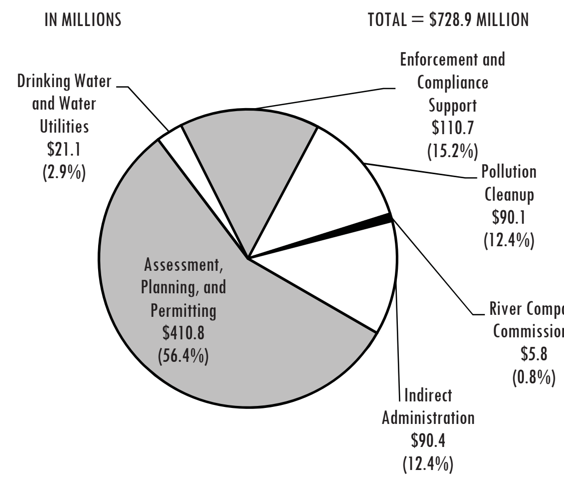
Figure 319 shows 2014–15 appropriations by function.

FIGURE 318
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SOURCES OF FUNDING, 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 319
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
APPROPRIATIONS BY FUNCTION, 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

ASSESSMENT, PLANNING, AND PERMITTING

One of the agency's functions is to protect public health and the environment by accurately assessing environmental conditions and preventing or minimizing the level of contaminants released into the environment. This is accomplished by regulating activities and issuing permits to facilities with the potential to contribute to pollution levels and to individuals performing pollution management-related work. TCEQ is appropriated $410.8 million, or 56.4 percent of total agency All Funds appropriations, for the 2014–15 biennium for this purpose. This amount represents an increase of $29.0 million, or 7.6 percent, as compared to 2012–13 biennial spending levels. Approximately 43 percent of the agency's workforce, 1,187.9 FTE positions in fiscal year 2014 and 1,196.9 FTE positions in fiscal year 2015, is engaged in related activities.

ASSESSMENT AND PLANNING

To reduce toxic releases in the state, TCEQ established an assessment and planning function to guide the state's regulatory framework. The agency performs assessment and planning in its three main areas: air, water, and waste. The three assessment and planning functions account for $322.8 million, or 44.3 percent, of the agency's All Funds appropriations.

AIR QUALITY ASSESSMENT AND PLANNING

TCEQ assesses the effect of air emissions and develops solutions for regional air quality problems. The agency established an extensive statewide monitoring network that includes between 219 and 232 air monitoring sites depending on the time of year and other factors. Many of these monitoring sites have multiple sampling instruments. The Texas network has approximately 1,200 individual samplers, half of which are predominantly controlled by TCEQ. Like the number of sites, the number of sampling instruments changes occasionally as interest in different parameters fluctuates. These stations contain specialized instrumentation that continuously measures air pollutant levels and meteorological conditions. The data from these stations are transmitted to the agency's headquarters in Austin and displayed in real time on the agency's website. Periodically, TCEQ uses air-sampling aircraft to gather upper air data to supplement the data gathered by the ground-based monitoring network.

The agency updates an inventory of all emissions, including point, area, and mobile air pollution sources for submittal to the U.S. Environmental Protection Agency (EPA) every third calendar year. In addition, the point source inventory is updated every year and submitted to the EPA. These inventories assist in development of the State Implementation Plan for each area in the state designated by EPA as nonattainment for National Ambient Air Quality Standards (NAAQS). To bring such areas into compliance with federal standards, the agency develops control strategies such as vehicle emissions and inspection testing, point source emissions limitations including emissions cap and trade programs, and heavy-duty vehicle engine-idling restrictions. TCEQ uses computer models to test the effectiveness of various pollution-control strategies when determining what control measures would be effective and appropriate for an area. Once the control measures are implemented, progress in air quality is measured by reduced levels of air pollution at the monitors.

The Dallas-Fort Worth and the Houston-Galveston-Brazoria areas are currently designated nonattainment for the 1997 eight-hour ozone standard and the 2008 eight-hour ozone standard. While the 1997 eight-hour ozone standard is expected to be revoked by early 2014, TCEQ is now developing revisions to the State Implementation Plan (SIP) to address the 2008 ozone standard.

TCEQ and local partners will continue planning efforts to address issues with the federal ozone standard in the Austin, Beaumont-Port Arthur, Corpus Christi, Dallas-Fort Worth, El Paso, Granbury, Houston-Galveston-Brazoria, Longview-Tyler, San Antonio, Victoria, and Waco areas.

Figure 320 shows the air quality as measured in nonattainment and near-nonattainment areas during calendar years 2003 to 2012, reflecting a steady decrease in the frequency of the ozone standard being exceeded during this period. During the 2007 to 2009 period and in the 2008 to 2010 period, only the Dallas-Fort Worth Area has been slightly exceeding the eight-hour ozone standard of 85 parts per billion. After the 2008 to 2010 period, only the Dallas-Fort Worth and the Houston-Galveston areas exceed the eight-hour ozone standard of 85 parts per billion (ppb).

The agency also assists the Texas Department of Public Safety in implementing the Vehicle Emissions Inspection and Maintenance Program (VEIMP). These inspections are required under the federal Clean Air Act because of the severity of each city's nonattainment status level. In addition, any area can participate in the VEIMP voluntarily. The VEIMP currently is implemented in 17 counties: Brazoria, Collin, Dallas, Denton, El Paso, Ellis, Fort Bend, Harris, Galveston, Johnson, Kaufman, Montgomery, Parker, Rockwall, Tarrant, Travis, and Williamson.

TCEQ also operates a Low-income Vehicle Repair, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP), which targets nonattainment status areas and near-nonattainment areas. The agency's 2014–15 biennial appropriations in the Air Quality Assessment and Planning Strategy include $15.3 million for the LIRAP. Of the LIRAP funding, $14.1 million is for incentive payments to eligible persons in participating counties for payments for replacing and/or repairing older, more polluting vehicles. The remaining $1.3 million is available for various county initiative programs aimed at reducing vehicle emissions. All of the VEIMP counties participate in the LIRAP except for El Paso.

FIGURE 320
EIGHT-HOUR OZONE LEVELS IN SELECTED AREAS
2003 TO 2012 (PARTS PER BILLION)

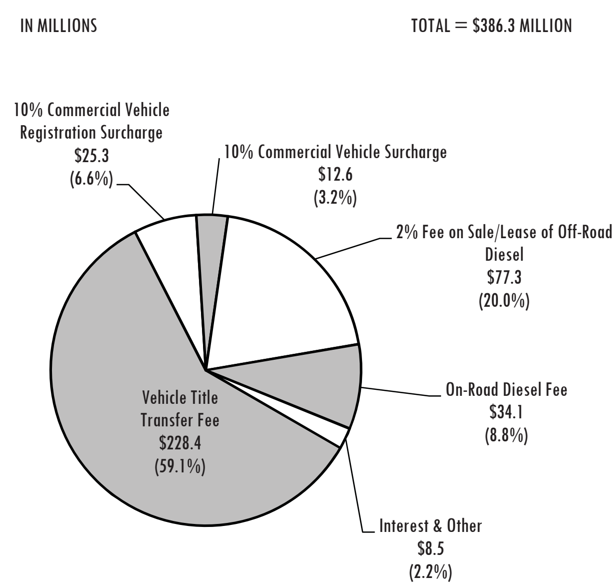
REGION	2003–05	2002–04	2005–07	2006–08	2007–09	2008–10	2009–11	2010–12
Dallas-Fort Worth	95	96	95	91	86	86	90	87
Houston-Galveston	103	103	96	91	84	84	89	88
Beaumont-Port Arthur	88	85	83	81	77	74	79	80
San Antonio	86	87	82	78	74	75	75	80
El Paso	76	78	79	78	75	71	71	72
Austin	82	82	80	77	75	74	75	74
Tyler-Longview	84	85	84	78	75	74	75	74
Victoria	76	72	69	66	65	66	70	69
Waco	N/A	N/A	N/A	N/A	N/A	70	72	72
Corpus Christi	75	72	70	71	69	71	72	72

Notes:
(1) Parts per billion data are based on data from regulatory monitors only.
(2) A design value of 85 parts per billion or higher, which is based on the three-year average of the annual fourth highest daily maximum eight-hour ozone average, exceeds the 1997 ozone standard), and a design standard of 76 parts per billion or higher exceeds the 2008 ozone standard.
(3) For the Waco area, there were no air monitors prior to 2008 and therefore, no data is available prior to 2008.
Source: Texas Commission on Environmental Quality.

The agency, through the Texas Emissions Reduction Plan (TERP) established by the Seventy-seventh Legislature, 2001, implements a number of grant programs targeting nonattainment areas and other areas in the state to promote reduced emissions from on-road vehicles, non-road heavy-duty equipment, locomotives, marine vessels and stationary engines. The revenue sources for the TERP Account No. 5071 for the 2014–15 biennium are shown in **Figure 321**. TCEQ is appropriated $155.2 million, and of this amount $118 million is for existing and new grant programs for reducing emissions from vehicles and equipment, including projects to support the use of vehicles powered by alternative fuels. An additional $7.8 million is allocated to provide grants specifically for fueling facilities providing natural gas vehicles in nonattainment areas and other areas designated as part of the Texas Clean Transportation Triangle, and up to $4.6 million is allocated for the New Technology Implementation Grant program to achieve emissions reductions from energy generation sources, including projects for storage of energy and renewable sources. Additional funds are allocated for an air quality monitoring program, research, studies, and agency administration of the TERP program.

The Eighty-third Legislature, Regular Session, 2013, authorized specific appropriations for air quality-related activities, including $5.0 million for the 2014–15 biennium for grants for local air quality planning activities to reduce

FIGURE 321
TEXAS EMISSIONS REDUCTION PLAN REVENUE SOURCES
2014–15 BIENNIUM



Note: Approximately $184.4 million of these receipts comprise the repayment from the State Highway Fund No. 6 for certificate of title fees deposited to the Texas Mobility Fund (TMF). Pursuant to Transportation Code,§ 501.138, TMF receives $15 out of the $33 fee charged in non-attainment counties and $10 out of the $28 fee charged in all other counties.
Source: Legislative Budget Board.

ozone levels. Areas eligible for the funding may include Austin, Beaumont, Corpus Christi, Granbury, El Paso, Longview-Tyler-Marshall, San Antonio, Victoria, and Waco. In addition, $0.8 million is appropriated for research to obtain the data and information to refine and enhance any model used to demonstrate attainment with NAAQS and to assess air quality associated with other pollutants under the federal Clean Air Act.

Appropriations for air quality assessment and planning total $249.0 million for the 2014–15 biennium and provide for 352.2 FTE positions. This amount represents an increase of $28.2 million, or 12.8 percent, as compared to 2012–13 biennial spending levels.

WATER QUALITY PLANNING AND ASSESSMENT

TCEQ protects the state's water quality by monitoring and evaluating water quality in lakes, streams, and groundwater and by establishing water quality standards to protect aquatic life, human health, drinking water, and recreation. TCEQ develops and coordinates water quality improvement strategies with other state agencies and local stakeholders.

TCEQ has developed the capability of continuously monitoring water quality and reporting its findings at several locations. As of fiscal year 2014, the agency has 57 water monitoring sites and may add more sites as resources allow during the 2014–15 biennium. As with the air data sites, data from the water-monitoring sites is continuously transmitted to the agency's headquarters and is displayed in real time on the agency's website. TCEQ expects to complete 130 surface water assessments and 108 groundwater assessments during the 2014–15 biennium.

TCEQ is also responsible for developing plans to restore polluted bodies of water to acceptable water quality standards by developing total maximum daily loads (TMDL). TMDLs establish the maximum level of a pollutant that a body of water can assimilate and still meet water quality standards. The Soil and Water Conservation Board and other state agencies (e.g., the Texas Parks and Wildlife Department and institutions of higher education) assist TCEQ in TMDL development. TCEQ is responsible for overall TMDL development, while the Soil and Water Conservation Board's responsibilities focus on TMDLs specifically affected by agricultural and silvicultural practices.

Other water assessment and planning programs include the Texas Clean Rivers Program, the EPA Nonpoint Source Pollution Grants Program, the Galveston Bay National Estuary Program, and the Dam Safety Program. Appropriations for water assessment total $58.2 million for the 2014–15 biennium and provide for 216.9 FTE positions. This amount represents a decrease of $2.1 million, or 3.5 percent, as compared to 2012–13 biennial spending levels.

WASTE PLANNING AND ASSESSMENT

The TCEQ monitors the generation, treatment, and storage of solid waste; tracks the capacity of waste disposal facilities; and provides technical assistance to municipal solid waste planning regions for the development and implementation of waste reduction plans. The Waste Permits Division collects and analyzes facility capacity data, provides technical assistance to the regulated community, and provides financial assistance to local and regional solid waste projects through the twenty-four Councils of Government (COGS). Each of the COGS maintains a Regional Solid Waste Management Plan and some local solid waste management plans. Each biennium, the COGS prepare a Regional Funding Plan to identify funding priorities in their regions and their solid waste management needs. The Permitting and Registration Support Division registers generators, receivers, transporters, and transfer facilities of industrial and hazardous waste. In addition, medical waste on-site treaters are registered. Appropriations for waste planning and assessment total $15.6 million for the 2014–15 biennium and provide for 18.8 FTE positions. This amount represents approximately the same funding as compared to 2012–13 biennial spending levels.

PERMITTING FUNCTIONS

TCEQ regulates discharges to air and water and the disposal of solid and hazardous waste. In addition to planning and conducting assessments to reduce toxic releases, several divisions handle permitting duties, including air, water, and waste permitting, as well as occupational licensing. The four permitting functions combined account for $82.2 million in All Funds appropriations, or 11.3 percent of the agency's budget.

AIR QUALITY PERMITTING

The Air Permitting Division is charged with issuing permits to facilities that release pollutants into the air. TCEQ regulates air quality through the federally designated Operating Permit Program and the state's New Source Review Permitting Program.

The Operating Permit Program ensures that facilities comply with Title V of the federal Clean Air Act amendments of

1990. Title V requires all major sites to apply for an operating permit that codifies and consolidates all applicable regulations at that site into one permit. TCEQ expects to issue approximately 1,600 permits during the 2014–15 biennium under this program, approximately the same amount as the 2012–13 biennium. The New Source Review Program ensures that new or expanding air-pollution-emitting facilities use best available control technology to control and reduce emissions and that emissions do not have adverse health effects on surrounding areas. TCEQ expects to review 11,200 permits, amendments, renewals, and standard exemptions during the 2014–15 biennium, or approximately the same as the 2012–13 biennium.

Appropriations for air quality permitting total $30.7 million in All Funds for the 2014–15 biennium and provide for 221.2 FTE positions in fiscal year 2014 and 230.2 FTE positions in 2015. This funding level represents an increase of $2.6 million, or 9.4 percent, as compared to 2012–13 biennial spending levels.

WATER PERMITTING

The Water Quality Division reviews permits and other authorizations relating to the quality and uses of the state's water. TCEQ ensures that streams, lakes, bays, and estuaries meet federal and state water quality standards by issuing permits regulating wastewater and stormwater discharges. The agency anticipates reviewing approximately 17,000 water quality permits during the 2014–15 biennium, or about 7,000 fewer than during the 2012–13 biennium. The decrease is attributed to a fluctuation in the anticipated renewal of industrial, construction, and municipal stormwater permits, which are renewed every five years.

The Water Availability Division processes permits to divert, use, or store surface water or to transfer surface water between basins. TCEQ anticipates reviewing 1,190 water rights permits during the 2014–15 biennium, or about the same number as during the 2012–13 biennium. Widespread drought conditions across the state have resulted in the agency issuing fewer temporary permit applications.

Through water resources permitting efforts, the agency oversees the Rio Grande, South Texas, and Concho River Watermaster programs. These programs are concerned specifically with the allocation and use of surface water within each respective river basin. Watermasters ensure compliance with water rights in their designated service areas, which is especially necessary during times of drought conditions and diminished stream flows.

Appropriations for water permitting total $28.0 million for the 2014–15 biennium and provide for 204.3 FTE positions. This amount represents an increase of $0.3 million, or 1 percent, as compared to 2012–13 biennial spending levels.

WASTE PERMITTING

TCEQ regulates all industries engaged in the generation, treatment, storage, and disposal of hazardous, industrial, and municipal waste. The issuance of permits provides a mechanism for ensuring that waste management protects human health and the environment. During the 2014–15 biennium, TCEQ expects to review 430 hazardous waste permit applications, or about 110 more than during the 2012–13 biennium. The anticipated increase in applications is attributed to permit expiration cycles. The agency also expects to review 550 nonhazardous waste permit applications, or approximately 78 more than during the 2012–13 biennium. The increase is attributed to the inclusion of notifications and authorizations in the total number of reviews. Appropriations for Waste Permitting total $21.0 million for the 2014–15 biennium and provide for 126.0 FTE positions. This amount represents approximately the same level of funding as compared to 2012–13 biennial spending levels.

OCCUPATIONAL LICENSING

The Permitting and Registration Support Division conducts occupational licensing programs for: backflow prevention assembly testers; customer service inspectors; landscape irrigators; irrigation technicians and irrigation inspectors; leaking petroleum storage tank corrective action specialists and project managers; municipal solid waste facility supervisors; on-site sewage facility installers; designated representatives, apprentices, maintenance providers, maintenance technicians, and site evaluators; public water system operators and operations companies; wastewater operators and operations companies; water treatment specialists; underground storage tank contractors and on-site supervisors; and visible emissions evaluator training providers. The division develops and holds training sessions, develops and administers proficiency examinations, approves basic and continuing education training, issues occupational licenses, and monitors approximately 55,000 licenses. Appropriations for occupational licensing total $2.5 million for the 2014–15 biennium and provide for 19.0 FTE positions. This amount represents approximately the same funding level as compared to 2012–13 biennial spending levels.

RADIOACTIVE MATERIALS MANAGEMENT

The Radioactive Materials Management Program and Underground Injection Control (UIC) Program accomplish their objectives through the licensing/permitting and regulatory oversight of in situ uranium recovery, radioactive waste processing and storage, low-level radioactive waste disposal, by-product material disposal, disposal of naturally occurring radioactive waste materials that are not related to oil and gas production, and UIC wells.

The major activities performed under the Radioactive Materials Program include regulation, compliance and enforcement, and radioactive material licensing of facilities involved in the storing, processing, and/or disposing of one or more of the following:

- uranium ore (including mining, extraction, and separation of ore);
- by-product material waste;
- low-level radioactive waste;
- non-oil and gas naturally occurring radioactive material; and
- radioactive waste generated from federal government activities.

Additionally, the Radioactive Materials Management Program is responsible for oversight of the reclamation of historic radioactive materials, burial sites and other sites contaminated with radioactive material, including former uranium recovery sites.

The objective of the UIC Program is to protect underground sources of drinking water (USDW) through permitting of underground injection of fluids. Regulation of wells used for underground injection must maintain the quality of fresh water to the extent consistent with public health and welfare and the operation of existing industries. Through permit issuance, the UIC Team regulates site location, construction, operation, maintenance, monitoring, and closure of the following classes of injection wells:

- Class I wells inject hazardous and non-hazardous wastewater below all USDWs;
- Class III wells inject fluids for recovery of minerals (e.g., uranium, sulfur, and sodium sulfate); and
- Class V (miscellaneous) wells are mostly shallow wells primarily used in cleaning up groundwater contamination.

COMPACT AND FEDERAL LOW-LEVEL RADIOACTIVE WASTE DISPOSAL FACILITIES

On September 10, 2009, TCEQ issued a license to Waste Control Specialists, LLC (WCS), a private waste management company for the operation of a low-level radioactive waste disposal facility. There are two components to the low-level radioactive waste facility, namely the Compact Waste Disposal Facility (CWF) and the Federal Waste Disposal Facility (FWF). The CWF accepts commercial low-level radioactive waste from the Texas Compact generators (currently Texas and Vermont) and nonparty generators located outside Texas and Vermont. The FWF accepts low-level radioactive waste that is the responsibility of the federal government, upon successful selection under a disposal contract, and is required to be transferred to the U.S. Department of Energy upon decommissioning.

Figure 322 provides a breakdown of the types of waste to be accepted at the CWF and the FWF.

Under Texas statute, Texas owns the land and the CWF facilities and WCS serves as the operator of the site. On January 7, 2011, the land transfer of the CWF and lease back agreement for construction and operations to WCS were signed. The facility became operational in April 2012. Since the facility became operational and through August 31, 2013, approximately $8.0 million in fee revenues has been remitted to the State of Texas from facility operations.

The agency is appropriated $5.9 million in All Funds for radioactive waste management activities during the 2014–15 biennium, which provides for 29.5 FTE positions or about the same funding level as during the 2012–13 biennium.

DRINKING WATER AND WATER UTILITIES

The agency protects public health and the environment by assuring the delivery of safe drinking water, by providing regulation and oversight of water and sewer utilities, and by promoting regional water strategies. The agency's appropriations total $21.1 million in All Funds for the 2014–15 biennium, or 2.9 percent of agency appropriations. This amount represents a decrease of $6.7 million, or 24.2 percent, as compared to 2012–13 biennial spending levels. Approximately 4 percent of the agency's workforce, 123.9 FTE positions in fiscal year 2014 and 103.9 FTE positions in fiscal year 2015, are engaged in activities related to these efforts.

FIGURE 322
COMPACT AND FEDERAL LOW-LEVEL RADIOACTIVE WASTE, FISCAL YEAR 2013

COMPACT	FEDERAL WASTE FACILITY
Utility Sources	**Operational**
Nuclear power plants—operational waste and plant decommissioning waste	Federal facility waste generated by operations of the U.S. Department of Energy (DOE) at production facilities, research labs, and weapons facilities
Non-Utility Sources	**Decommissioning**
Commercial industries	Federal facility waste generated as a result of environmental remediation and cleanup at U.S. DOE sites and former weapon complex sites
Academic institutions, including research and production reactors at universities	
Medical facilities and research hospitals	
Governmental entities including US Air Force and Army Installations	

Source: Texas Commission on Environmental Quality.

SAFE DRINKING WATER

The Safe Drinking Water Program ensures that public drinking water is safe. By definition, a public drinking water system serves at least 15 connections or at least 25 persons for a minimum of 60 days per year. Approximately 6,800 public water systems serve over 25 million Texas residents. During the 2014–15 biennium, TCEQ expects to collect and analyze more than 87,340 water samples to monitor the safety and integrity of the state's public drinking water supply. Appropriations for the Safe Drinking Water Program total $16.7 million for the 2014–15 biennium. This amount represents a decrease of $2.6 million, or 13.4 percent, as compared to 2012–13 biennial spending levels.

WATER UTILITIES OVERSIGHT

The enactment of House Bill 1600, Eighty-third Legislature, Regular Session, transfers ratemaking responsibilities with respect to water and sewer utilities to the Public Utility Commission (PUC) and transfers related contested case hearing responsibilities to the Office of Public Utility Counsel (OPUC) beginning in fiscal year 2015. As a result, 20 FTEs and $1.4 million in appropriations to the TCEQ transfer to PUC in fiscal year 2015. House Bill 1600 also transfers the Certificate of Convenience and Necessity program, which conducts the review of service area boundaries, from the TCEQ to the PUC.

The TCEQ will continue to provide regulatory oversight through the review of water district bond applications, the oversight of water districts, and technical assistance to utilities and consumers. Appropriations for water utilities oversight total $4.2 million for the 2014–15 biennium. This amount represents a decrease of $4.2 million, or 49.5 percent, as compared to 2012–13 biennial spending levels, and the decrease is mainly attributable to the House Bill 1600 transfer. (See Also Significant Legislation.)

ENFORCEMENT AND COMPLIANCE SUPPORT

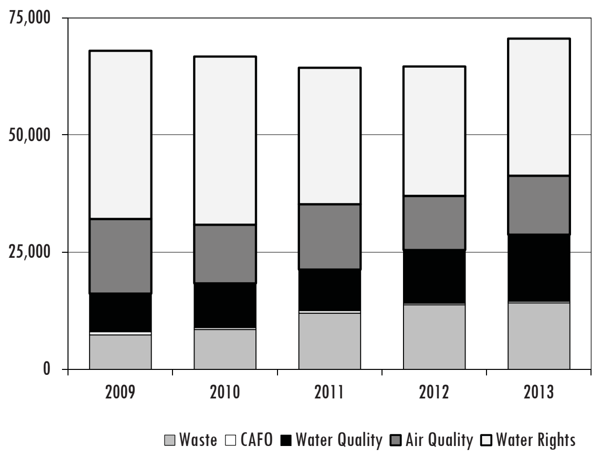
The agency protects public health and the environment by administering enforcement programs that promote voluntary compliance with environmental laws and regulations while providing strict, sure, and just enforcement when those laws are violated, and by encouraging pollution prevention and recycling. TCEQ received appropriations of $110.7 million, or 15.2 percent of its budget, for the 2014–15 biennium for enforcement and compliance and pollution prevention and recycling activities. This amount represents a decrease of $6.9 million, or 5.9 percent, as compared to 2012–13 biennial spending levels. In addition, 783.1 FTE positions, or approximately 28 percent of the agency's workforce, perform enforcement and compliance duties.

FIELD INSPECTIONS AND COMPLAINTS

TCEQ pursues compliance with environmental laws and regulations by conducting field investigations and responding to citizens' complaints. The agency maintains 16 regional offices and two satellite offices, as well as laboratories in Houston and Austin, to monitor and assess air and water quality, investigate facilities, respond to citizens' complaints, promote voluntary compliance through education and technical assistance, and respond to emergencies such as accidental releases of chemicals into the environment.

It is anticipated that regional staff will be performing approximately 130,000 investigations and investigating approximately 10,000 complaints from residents during the 2014–15 biennium. **Figure 323** shows the number and types of investigations performed by TCEQ from fiscal years 2009 to 2013. Appropriations for administering the field inspections and complaints activities total $83.8 million for the 2014–15 biennium. This represents a decrease of $6.8 million, or 7.5 percent, as compared to 2012–13 biennial spending levels.

FIGURE 323
TCEQ FIELD INVESTIGATIONS BY TYPE
FISCAL YEARS 2009 TO 2013



Note: CAFO = Concentrated Animal Feeding Operation.
Source: Texas Commission on Environmental Quality.

ENFORCEMENT AND COMPLIANCE

The enforcement process responds to residents' complaints, coordinates multimedia inspections, and prosecutes violators. The Enforcement Division determines penalties, tracks compliance orders, and monitors the progress of supplemental environmental projects that are sponsored or undertaken by violators seeking to defer or mitigate their fines through TCEQ-specified environmental projects.

TCEQ has several programs offering specific assistance to certain regulated communities with special needs. Federal and state laws require TCEQ to provide compliance assistance to small businesses. The agency also offers that service to small local governments. It is confidential, except when there is an imminent threat to the environment. By keeping assistance confidential and separate from enforcement, the agency encourages entities to seek assistance and achieve compliance. Small Business and Environmental Assistance (SBEA) offers compliance assistance through direct, on-site assistance; a toll free hotline answered by SBEA staff; active participation on agency rule, standard permit, and general permit teams; regulatory guidance development; and advisory committees. Appropriations for enforcement and compliance support total $22.3 million for the 2014–15 biennium. This amount represents a decrease of $0.2 million, or 1 percent, as compared to 2012–13 biennial spending levels.

POLLUTION PREVENTION AND RECYCLING

SBEA operates multiple statutory programs that help prevent pollution and reduce releases into the environment. Major pollution prevention programs include the following:

- the Waste Reduction Policy Act (Federal House Resolution 5835, Title VI, Pollution Prevention Act of 1990 and Texas Health and Safety Code, Section 361.501 to Section 361.510, Waste Reduction Policy Act of 1991), which requires hazardous waste generators and entities that report on Form R for the U.S. Environmental Protection Agency Toxics Release Inventory to develop pollution prevention plans and annually report their progress;
- hazardous household waste collection programs;
- the Resource Exchange Network for Eliminating Waste Program, which establishes an exchange to market wastes for recycling, reuse, or composting;
- the Don't Mess With Texas Waters program, which will help discourage illegal dumping by providing a toll-free hotline citizens may call to report dumping;
- the Take Care of Texas Program, which encourages Texans to help keep our air and water clean, conserve water and energy, and reduce waste; and
- the Texas Clean School Bus Program, which provides grants to school districts and charter schools to cover installation costs of retrofit technologies that reduce particulate emissions inside the bus cabin.

Several state statutes require TCEQ to implement programs that encourage recycling:

- the Computer Equipment Recycling Program, which requires computer manufacturers in Texas to take back for proper management their own computer equipment, with SBEA tracking implementation,

- providing assistance to manufacturers and retailers, and preparing a report to the Legislature;
- the Television Recycling Program, which requires television manufacturers in Texas to take back televisions for proper management. SBEA will track implementation, provide assistance to manufacturers, retailers, and recyclers, and prepare reports for the Legislature;
- the Recycling Market Development Implementation Program, which requires TCEQ to work with other state agencies on state recycling efforts; and
- technical assistance on both understanding recycling regulations and establishing a recycling business.

For the 2014–15 biennium, the agency received an appropriation of $4.5 million for pollution prevention and recycling. This amount represents an increase of $0.1 million, or 2 percent, as compared to the 2012–13 biennial spending levels.

POLLUTION CLEANUP

The agency also protects public health and the environment by identifying, assessing, and prioritizing contaminated sites. TCEQ's appropriation for pollution cleanup is $90.1 million, or 12.4 percent of the agency's budget. This represents a decrease of $6.0 million, or 6 percent, as compared to 2012–13 biennial spending levels. Approximately 7 percent of the agency's workforce, or 209 FTE positions, is engaged in activities related to pollution cleanup.

STORAGE TANK ADMINISTRATION AND CLEANUP

The TCEQ regulates underground and above ground petroleum storage tanks (PST), cleans up certain leaking tanks, and promotes prevention of pollution from PSTs. The agency maintains a registry for PSTs, enforces regulations, oversees cleanup activities, and offers technical assistance to tank owners and operators. In addition, the agency operates a State Lead program in which the state assumes responsibility for the cleanup of PSTs for which a responsible owner/operator cannot be located or identified. As of August 2013, there are approximately 170,000 underground storage tanks and 33,000 above ground storage tanks registered at more than 70,000 facilities in Texas.

The Remediation Division oversees the cleanup of leaks from storage tanks conducted by responsible parties and by the state. For sites that met eligibility requirements, the reimbursement program paid for costs associated with the investigation and cleanup of sites. The reimbursement program expired on September 1, 2012. The remaining reimbursement-eligible sites were allowed to transfer to the State-Lead program, in which the state oversees the cleanup and investigation of sites. Since the inception of the program, more than 25,043 sites have been remediated. Currently there are 429 sites being addressed by the State-Lead program and over 1,230 sites being assessed by responsible parties. Approximately 20 new contaminated sites are reported each month.

Approximately 400 PST sites are expected to be cleaned up during the 2014–15 biennium. Appropriations for storage tank administration and cleanup total $41.2 million for the 2014–15 biennium. This amount represents a decrease of $0.5 million, or 1.2 percent, as compared to 2012–13 biennial spending levels.

HAZARDOUS MATERIALS CLEANUP

The Remediation Division administers the federal and state Superfund programs, the state's Voluntary Cleanup Program, and the state's Dry Cleaner Remediation Program. The federal Superfund Program identifies and ranks the most serious hazardous waste sites on the Federal National Priorities List (NPL). Currently there are 51 NPL sites in Texas. Those sites not eligible for the NPL may be included on TCEQ's State Superfund Registry. There are currently 49 sites in Texas proposed for listing or listed on the State Superfund Registry.

Since the inception of the Superfund Program in Texas, more than $457 million in state and federal funds have gone toward the cleanup of Superfund sites throughout the state. TCEQ expects to complete remedial actions at six state and federal sites during the 2014–15 biennium.

The Voluntary Cleanup Program provides a process through which sites can be cleaned up voluntarily in a timely manner while ensuring protection of human health and the environment. Once TCEQ has given final approval to cleanup activities conducted at a site, future landowners and lenders may be freed from liability caused by past contamination. Participation in the Voluntary Cleanup Program often leads to the beneficial reuse and economic redevelopment of previously blighted properties. During fiscal years 2012 and 2013, TCEQ issued 150 certificates of completion under the Voluntary Cleanup Program.

Numerous properties in Texas known as brownfields are not used or are underutilized because of the liability associated with pollutant contamination. TCEQ, in cooperation with local and federal partners, is attempting to facilitate cleanup, transferability, and revitalization of these Voluntary Cleanup Program properties through the development of regulatory, tax, and technical assistance tools. The objective is to return remediated property to productive use.

The Dry Cleaner Remediation Program was established in 2003. The Dry Cleaning Facility Release Account (General Revenue–Dedicated Funds) was established to pay for state conducted soil and groundwater cleanups at dry cleaner sites. Dry cleaner facility registration requirements, fees, performance standards, distributor registration, and revenue disbursements were also established. By the end of fiscal year 2013, 218 sites have been accepted in the program, and 52 of these sites have been remediated.

The Remediation Division also administers the Corrective Action Program. The Resource Conservation Recovery Act (RCRA)/Non-RCRA Industrial Corrective Action Program oversees soil and groundwater cleanup activities at industrial and hazardous waste facilities to ensure that the cleanups protect human health and the environment. Most facilities have multiple sites needing remediation. Cleanup is considered complete when the cleanup goals of all closure and/or remediation projects at industrial solid waste and municipal hazardous waste facilities have been achieved. In fiscal year 2013, cleanup was completed at 195 corrective action facilities. As of August 2013, the agency reports that there are 1,027 active sites involved in the Industrial Corrective Action Program.

As part of the Remediation Division, the Natural Resource Trustee Program works cooperatively with responsible parties and other state and federal natural resource agencies to restore natural resources that have been affected by oil spills and releases of hazardous materials. By the end of fiscal year 2013, the program has negotiated final natural resource restoration settlements at 44 sites, with one additional final settlement pending. In addition, the program continues to be involved in assessment and restoration projects associated with the British Petroleum Deepwater Horizon oil spill.

Appropriations for Hazardous Materials Cleanup total $49.0 million for the 2014–15 biennium and provide for 148.3 FTE positions. This represents a decrease of $5.4 million, or 10 percent, as compared to 2012–13 biennial spending levels.

RIVER COMPACT COMMISSIONS

Texas is a signatory to five interstate compacts that apportion river and stream waters flowing through Texas and other states. These compacts are the Canadian River Compact, the Pecos River Compact, the Red River Compact, the Rio Grande Compact, and the Sabine River Compact.

The shared mission of the Texas River Compact Commissions is to ensure that the people of Texas receive their share of river waters as allocated by the various compact agreements. Each river compact is administered by its own commission, which includes representatives of each signatory state and one presidential appointee. There are seven Texas River Compact Commissioners: six are appointed by the Governor and one, the Executive Director of TCEQ, serves in an ex-officio capacity in accordance with statutory provisions. Commissioners engage in activities designed to protect Texas' water interests and to ensure that Texas receives its share of water from the various compacts. Those activities include: (1) negotiating with signatory states to resolve disputes regarding compact interpretation; (2) investigating and monitoring water resource data collection; (3) conducting surveys to determine the effect of upstream water diversions on water deliveries; (4) working with state, federal, and local entities to address environmental and endangered species issues involving interstate waters; and (5) implementing programs to increase the quantity and improve the quality of water available to Texas.

Appropriations for the 2014–15 biennium for the River Compact Commissions total $5.8 million in General Revenue Funds and provide for 7 FTE positions, an increase of $4.5 million, or 345 percent, as compared to 2012–13 biennial spending levels. The increase is attributable to a one-time appropriation of $5.0 million in General Revenue Funds for the 2014–15 biennium for litigation expenses of the Rio Grande Compact Commission from on-going water rights disputes with the State of New Mexico. In addition to these appropriations, TCEQ is required to allocate $114,900 out of its other 2014–15 appropriations for the River Compact Commissions' administrative and operating costs.

OTHER AGENCY FUNCTIONS

In addition to the activities and programs discussed above, TCEQ operates divisions that indirectly support the agency's three programmatic goals. The divisions are General Counsel, Alternative Dispute Resolution, Administrative Services, Chief Clerk, Internal Audit, Office of Public Assistance, and Office of Public Interest Counsel. The biennial appropriation for the indirect administration programs is $90.4 million, or 12.4 percent of agency All Funds appropriations. This amount represents an increase of $5.0 million, or 5.8 percent, as compared to 2012–13 biennial spending levels.

SIGNIFICANT LEGISLATION

HB 7 – Modifications to Waste-related Accounts. House Bill 7, Eight-third Legislature, Regular Session reduced certain solid waste disposal, or "tipping" fees, by approximately one quarter, resulting in an annual revenue loss to the General Revenue-Dedicated Solid Waste Disposal Fee Account of approximately $8.7 million. In addition the bill prohibited tipping fees from being applied in certain cases to materials that are processed at composting and mulch processing facilities. The bill also increased the allocation of tipping fee revenue deposited to the General Revenue–Dedicated Waste Management Account from 50 to 66.7 percent; while it reduced the allocation of tipping fee revenue deposited to the Solid Waste Disposal Fee Account from 50 percent to 33.3 percent. The bill also expanded the purposes for which money in the Waste Management Account may be appropriated to include site remediation. The bill authorized the use of battery sales fee revenue deposited to the Hazardous and Solid Waste Remediation Fee Account for environmental remediation at the site of a closed battery recycling facility.

HB 788 – Greenhouse Gas Permitting. The enactment of House Bill 788, Eighty-third Legislature, Regular Session, requires the TCEQ to establish a permitting program for the regulation of greenhouse gases to the extent that greenhouse gas emissions require authorization under federal law. The bill authorized the TCEQ to impose fees for greenhouse gases to the extent that such fees are necessary to cover the agency's costs in implementing the greenhouse gas regulation program.

HB 1600 – Transfer of Water and Wastewater Regulation to the Public Utility Commission and Office of Public Utility Counsel. The enactment of House Bill 1600, Eighty-third Legislature, Regular Session, transferred certain functions relating to water and wastewater rates from the TCEQ to the Public Utility Commission (PUC) and the Office of Public Utility Counsel (OPUC). Effective September 1, 2014, the bill transfers responsibilities for regulating water and wastewater rates, services, and certificates of convenience and necessity from the TCEQ to the PUC. The legislation provides that OPUC has responsibility for representing the interests of residential and small commercial customers in water and wastewater hearings beginning September 1, 2013.

HB 2305 – Vehicle Safety and Registration Stickers. The enactment of House Bill 2305, Eighty-third Legislature, Regular Session, established a combined vehicle safety and vehicle registration sticker. The bill requires the TCEQ to implement a system for both safety and air quality inspections. The bill requires the Department of Public Safety (DPS) to maintain an electronic database to which inspection stations must electronically submit vehicle identification numbers and whether the vehicle passed an inspection or not. The bill requires the DPS to provide to inspection stations equipment and supplies necessary to comply with DPS rules pertaining to the issuance of inspection reports. To implement the bill, the TCEQ will need to revise the state's Inspection and Maintenance Implementation Plan and develop a new analyzer and software specification, as well as modify the agency's air emissions analyzer equipment. The TCEQ received a one-time contingency appropriation of $800,000 in General Revenue–Dedicated Funds from the Clean Air Account for this purpose in fiscal year 2014.

HB 2859 – Local Initiatives Project Funding. The enactment of House Bill 2859, Eighty-third Legislature, Regular Session, increased the maximum funding allocation for the local initiatives projects (LIP) program administered by TCEQ which is available to counties that participate in the LIRAP program from $5 million to $7 million per year. The bill provides that the additional $2 million can be used only for projects with local law enforcement officers to reduce the use of counterfeit state inspection stickers.

SB 347 – Low-level Waste Account, Low-level Radioactive Waste Disposal Commission Account, and Perpetual Care Accounts. The enactment of Senate Bill 347 requires the TCEQ to deposit fees assessed to support the activities of the General Revenue–Dedicated Low-Level Radioactive Waste Disposal Compact Commission (LLRWDCC) to the Low-Level Waste Account instead of the General Revenue–Dedicated LLRWDCC Account, as was the case under previous law. The bill requires the Comptroller to transfer funds from the Low Level Waste Account to the LLRWDCC Account in an amount equal to the amount appropriated out of the LLRWDCC for a given state fiscal year.

The legislation established a new General Revenue–Dedicated Fund, the Environmental Radiation and Perpetual Care (ERPC) Account, for the use of the TCEQ to prevent or mitigate the adverse effects of radioactive substances and ensure protection of public health. The account was to include revenues from financial security collected by the state from those handling radioactive substances. The ERPC account was also intended to receive revenues from a 20 percent surcharge on nonparty waste that otherwise is deposited to the Low Level Waste Account. Senate Bill 347 provides that the existing General Revenue–Dedicated Perpetual Care Account (PC), which both the TCEQ and the Department of State Health Services (DSHS) had access to through the 2012–13 biennium, be reserved for the exclusive use of the DSHS. The bill provides for fees collected and deposited to either the ERPC or the PC Accounts would be suspended when the combined balance of the two accounts reaches $100 million, and fees would be reinstated when the balance reaches $50 million. The ERPC Account, however, did not survive funds consolidation, so revenues that would have otherwise been deposited to that account will be deposited to the General Revenue Fund instead. The $9.3 million annual revenue stream to the ERPC that was expected to result from the bill's passage, which included the transfer of revenues of $4.6 million per year from the Low-Level Waste Account to the ERPC Account, are thus expected to accrue to the General Revenue Fund.

SB 1727 – Texas Emissions Reduction Plan Account Allocation. The enactment of Senate Bill 1727 makes several changes to the Texas Emission Reduction Plan (TERP) program. The bill eliminated the energy efficient grant program. The bill makes changes to specific projects eligible for TERP funding, and it provides authority to the TCEQ to establish and administer programs other than those specifically listed in statute as necessary or effective in fulfilling the agency's duties and objectives under the TERP program.

The legislation established the new Drayage Truck Incentive Program within TERP to provide rebates for certain vehicles used in port facilities and rail yards. The bill also made changes to the statutory allocation of TERP funding. Specifically, the bill provides for: a 3 percent allocation for the New Technology Implementation Grants program; a minimum of 16 percent allocation for the Texas Natural Gas Vehicle Program; up to 5 percent allocation to be used for grants for natural gas fueling stations; up to a 5 percent allocation for the Texas Alternative Fueling Facilities program; at least $4 million and up to $7 million to be used for TCEQ administrative costs; at least a 2 percent allocation for the drayage truck incentive program; up to a 5 percent allocation for the Light-Duty Motor Vehicle Purchase or Lease Incentive program; and the balance to be used for the diesel emissions incentive grants program. The estimated allocations of TERP appropriations contained in TCEQ's Rider No. 21, TERP Grants and Administration, reflect the revised allocations established by the bill (see statutory allocations for TERP Account in **Figure 324**).

SB 1756 – Expedited Air Permits. The enactment of Senate Bill 1756 requires the TCEQ to develop a program to expedite the processing of permits, amendments, registrations, or variances for air permits. The bill authorizes TCEQ to establish a surcharge on a standard permit application fee for an expedited review process in an amount sufficient to cover expenses related to expediting the permit review process.

FIGURE 324
TEXAS EMISSIONS REDUCTION PLAN
STATUTORY (ANNUAL) ALLOCATION PERCENTAGE OR AMOUNT
EFFECTIVE SEPTEMBER 1, 2013

TCEQ administrative costs	Greater of 4 percent or $4 million
Clean School Bus Program	Maximum of 4 percent
New Technology Implementation Grants	Maximum of 3 percent
Clean Fleet Program	Minimum of 5 percent
Regional Air Monitoring Program	$3 million
Natural Gas Vehicle Grant Program	Minimum of 16 percent
Clean Transportation Triangle Program	Maximum of 5 percent
Alternative Fueling Facilities Program	Maximum of 5 percent
Health effects study	Up to $200,000
Research	$1 million
Energy Systems Lab (ESL) – develop and compute creditable emissions reductions obtained through wind and other renewable energy resources for the State Implementation Plan (SIP)	Up to $216,000
Light-Duty Motor Vehicle Purchase or Lease Incentive	Maximum of 5 percent
Drayage Truck Incentive Program	2 percent to 5 percent
Emissions Reduction Incentive grants	Remaining funds
Transfer to Clean Air Account No. 151 – supplement air quality planning	Up to $500,000

Source: Texas Commission on Environmental Quality.

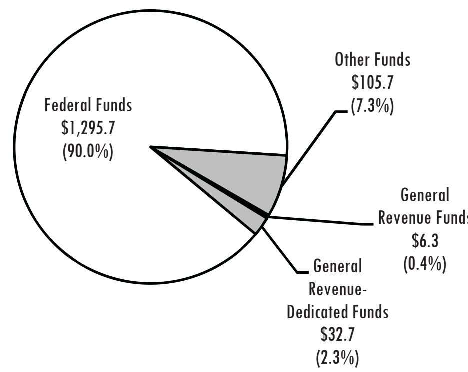
GENERAL LAND OFFICE AND VETERANS' LAND BOARD

The Texas Constitution established the General Land Office (GLO) in 1836 as the management agency for lands and mineral rights for the Republic of Texas. After Texas became a state in 1845, GLO became the designated agency to oversee state lands and mineral rights. Lands subject to state oversight include beaches, bays and estuaries, other submerged state-owned lands, parcels of upland property, and plains and dry-lands. The agency's responsibilities include managing oil, gas, and other resources; granting land-use contracts for public, private, and commercial uses of submerged state-owned coastal public lands; ensuring protection of natural resources on state real property; preserving and maintaining the Alamo complex; administering the Community Development Block Grant disaster recovery funding; preventing and responding to oil spills in Texas waters; and managing the Texas Veterans' Land Board (VLB), which was established in 1946. GLO is headed by the Land Commissioner, who is chosen by a statewide election.

The agency's mission is to serve Texas through prudent and innovative stewardship of historical records, natural resources, and state lands; to enhance revenue generation; provide benefit programs to veterans; and administer disaster recovery programs. GLO accomplishes its mission by: (1) enhancing the value of state assets and the revenue they generate through prudent management of state-owned land, minerals, and other assets; (2) improving and protecting the Texas environment and promoting wise use of resources while creating new markets and jobs through environmental initiatives in partnership with the public and private sectors; (3) administering VLB, which provides Texas veterans with self-supporting benefit programs that offer low-interest loans for land, homes, and home improvements as well as the opportunity to secure long-term nursing home care and an honorable final resting place; and (4) administering Community Development Block Grant funding to local communities affected by disasters for rebuilding housing and infrastructure.

The Eighty-third Legislature, Regular Session, 2013, appropriated $1,440.3 million in All Funds and provided for 658.2 full-time-equivalent (FTE) positions to GLO and VLB for the 2014–15 biennium. This amount represents a decrease of $228.6 million, or 13.7 percent, as compared to 2012–13 biennial spending levels, mostly attributable to the completion of a substantial number of disaster recovery Community Development Block Grant (CDBG) projects. The appropriated amount includes $39.0 million in General Revenue Funds and General Revenue–Dedicated Funds (5.7 percent). **Figure 325** shows a breakdown of agency appropriations by method of financing.

FIGURE 325
GENERAL LAND OFFICE AND VETERANS' LAND BOARD SOURCES OF FUNDING, 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

Not included in the appropriations to GLO is $1.1 billion in funds for the sale and purchase of land, investments, and associated expenses; loans to Texas veterans for the purchase of land, housing, and home improvements; and funds related to the construction of cemeteries and skilled nursing care centers for Texas veterans.

ENHANCE STATE ASSETS

The agency generates revenue and improves the state asset holdings by managing state-owned lands. For the 2014–15 biennium, GLO is appropriated $50.2 million for this function, which is about 3.5 percent of the agency's appropriated budget. This amount represents an increase of $1.8 million, or 3.5 percent, as compared to 2012–13 biennial spending levels.

ENERGY LEASE MANAGEMENT

GLO manages state Permanent School Fund (PSF) lands and mineral-rights properties totaling 14.1 million acres, which include beaches, bays, estuaries, and other submerged lands out to 10.3 miles in the Gulf of Mexico; institutional acreage; grazing lands in West Texas; and timberlands in East Texas.

In managing those properties, GLO leases drilling rights for oil and gas production on state lands, producing revenue and royalties. These proceeds are deposited to the Real Estate Special Fund Account (RESFA) and may be used for the acquisition of real property interests on behalf of the PSF.

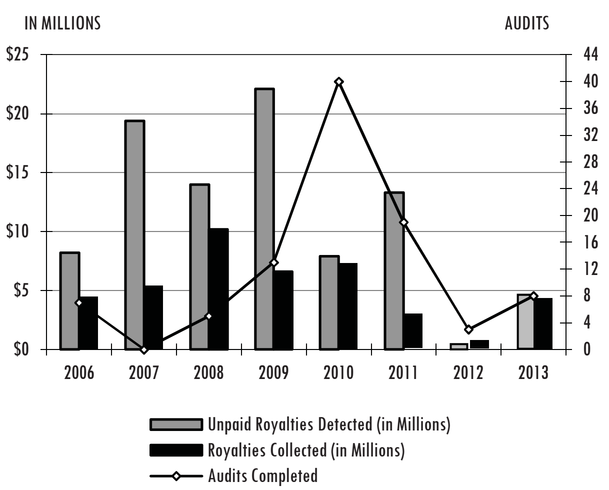
GLO manages the leasing and development of mineral interests through the following activities:

- evaluating the oil, gas, and hard mineral potential of state-owned mineral tracts;
- collecting, compiling, and distributing royalties and revenue from mineral leases;
- conducting mineral lease sales and evaluating proposed state Relinquishment Act leases; and
- inspecting active leases to verify production rates and to ensure that drilling operations comply with state environmental standards.

The agency also operates the Field Audit Program, which reviews oil, gas, and hard-mineral royalties on state leases to identify unpaid and underpaid royalties and penalties.

Figure 326 shows the number of royalty audits completed during fiscal years 2006 to 2013, the corresponding unpaid royalties detected, and amounts recovered by GLO staff.

FIGURE 326
PERMANENT SCHOOL FUND ROYALTY REVENUE AUDITS
FISCAL YEARS 2006 TO 2013



SOURCE: General Land Office and Veterans' Land Board.

Additionally, the agency allocates resources to prosecute claims for deficiencies in payments of mineral royalties and other revenue owed to the PSF for oil, gas, and hard-mineral leases, as well as for leases executed under the federal Relinquishment Act. Resources are also allocated for the prosecution of cases defending the title to PSF lands and mineral or royalty interests against claims filed by third parties.

GLO administers the State Power Program, an extension of the agency's in-kind oil and gas programs, which began in 1985. The State Power Program sells natural gas to state agencies at a price lower than that offered by local distribution companies and higher than cash royalties. In addition, GLO takes in-kind royalties and negotiates agreements with lessees to convert those royalties to other forms of energy, including electricity, for sale to public retail customers (PRC). PRCs include public school districts, state institutions of higher education, state agencies, and political subdivisions such as cities and counties. PRCs can save money on their utility bills while the state generates additional revenue for the Permanent School Fund.

The Energy Lease Management and Revenue Audit strategy received approximately $7.8 million in appropriations for the 2014–15 biennium, or about the same as 2012–13 biennial spending levels, and 50 FTE positions, while the Energy Marketing strategy received approximately $1.8 million in appropriations for the 2014–15 biennium and 9.9 FTE positions (a decrease of $0.1 million, or 7.0 percent, as compared to 2012–13 biennial spending levels). Appropriations for the 2014–15 biennium for Defense and Prosecution of PSF royalty and mineral lease interests are $6.7 million and provide for 35.2 FTE positions (a decrease of $0.4 million, or 5.5 percent, as compared to 2012–13 biennial levels).

UPLANDS AND COASTAL LEASING

GLO is responsible for promoting and conducting uplands and coastal leasing activities for the benefit of the PSF and state agency land, and for monitoring lease compliance. Uplands, or land located above the mean high tide line, are leased for agricultural purposes, grazing, hunting, recreational use, and oil and gas platform sites. Coastal leases include grants of interest to the Texas Parks and Wildlife Department (TPWD) or an eligible city or county for public recreational purposes; to TPWD for estuarine preserves; to any nonprofit, tax-exempt environmental organization approved by the School Land Board for managing a wildlife refuge; or to any scientific or educational organization or institution for conducting scientific research. Before a land-use contract is issued, GLO evaluates the proposal for consistency with state leasing policy and determines compensation due the state. The agency's revenue from uplands leases was $5.8 million in fiscal year 2012 and $4.3 million in fiscal year 2013. The agency's revenue from coastal leases was $5.0 million in fiscal year 2012 and $5.7 million in fiscal year 2013. During the 2014–15 biennium, the agency expects revenues of approximately $6.3 million per year from uplands leases and $5.3 million per year from coastal leases.

The Uplands Leasing strategy received approximately $1.8 million in appropriations for the 2014–15 biennium and 12.2 FTE positions, an increase of $0.3 million, or 21.1 percent, as compared to 2012–13 biennial spending levels. The Coastal Leasing strategy received $5.2 million in appropriations for the 2014–15 biennium and 34.9 FTE positions, an increase of $0.3 million, or 5.3 percent, as compared to 2012–13 biennial spending levels.

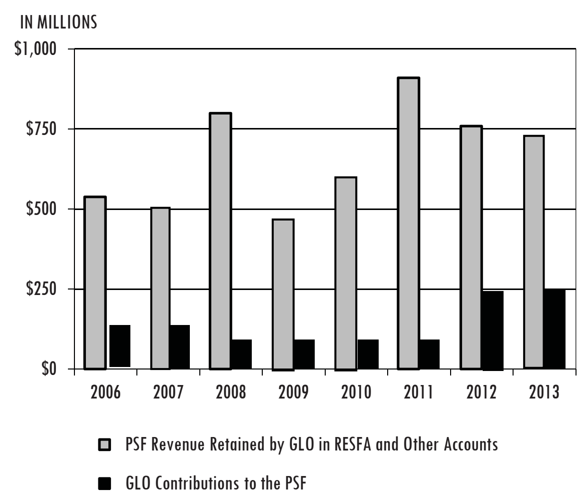
ASSET MANAGEMENT

The purpose of the Asset Management Division is to evaluate PSF and state agency land and to dispose of selected tracts through sale or trade. The agency maintains an inventory of real property owned by state agencies and determines the properties' market value. Annually, the agency's Asset Management Division identifies unused or underused real property owned by state agencies and recommends to the Governor options for the use or disposition of such property. GLO, with the approval of the Governor, sells or leases the unused and underused real property. Proceeds from the sale of state agency and PSF lands are deposited to the RESFA unless a state agency's statute or the Texas Constitution redirects the funds. Revenue from PSF land sales may be used for the acquisition of additional real property interests for the PSF. The agency may also sell land as the state's agent under specific legislative direction.

The School Land Board (SLB) is responsible for the management and development of all real property owned by the PSF. SLB is composed of the GLO commissioner and two public members. GLO provides administrative support. SLB uses the funds it generates from the sale of PSF land and proceeds from mineral leases on PSF land for the acquisition of additional real property and mineral interests on behalf of the fund.

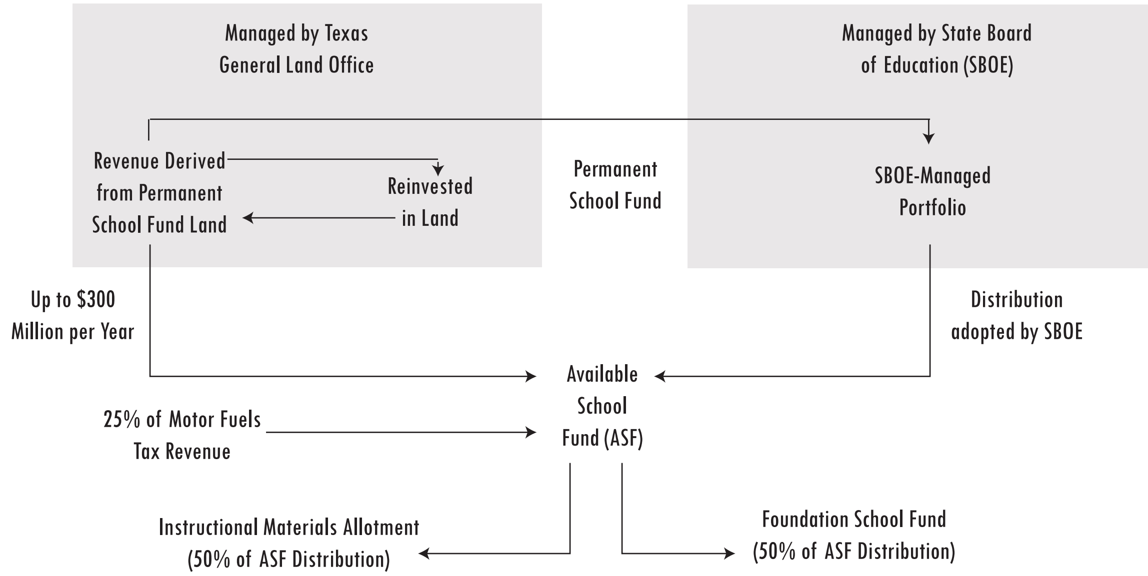
During the 2012–13 biennium, SLB acquired 1,032 acres of land. The cost associated with the acquisition of land and other development costs during the biennium totaled $10.5 million. In addition, the PSF separately acquired a real estate partnership interest for $19.4 million. There were 71 tracts of land totaling 2,332 acres sold at a net gain of $36 million (gross revenue of $62.3 million) during the biennium. The PSF also traded its fee interest in 1,031 acres acquired during the biennium for a $10 million interest in a real estate partnership. Further, the PSF disposed of 15 tracts totaling 9,269 acres for non-monetary consideration to the Texas State University System. Revenue from these land sales was deposited into the RESFA to be used by SLB to make further real estate investments. GLO also transferred $500 million to the corpus of the PSF for equity investment by the State Board of Education and $300 million to the Available School Fund during the 2012–13 biennium. This transfer provided revenue generated by upland, coastal, and miscellaneous leases. **Figure 327** shows GLO contributions to the PSF for equity investment, excluding the revenue generated by upland, coastal, and miscellaneous leases and the revenue remaining in the agency's RESFA for fiscal years 2006 to 2013. **Figure 328** shows how revenue flows through the PSF to school districts. It should be noted that the primary focus of SLB and the Investment Advisory Committee has recently changed relative to previous years in that the strategic

FIGURE 327
CONTRIBUTIONS TO THE PERMANENT SCHOOL FUND (PSF) AND REAL ESTATE SPECIAL FUND ACCOUNT (RESFA) RECEIPTS, FISCAL YEARS 2006 TO 2013



NOTES:
(1) GLO Escrow Account amounts include mineral lease royalty revenues.
(2) In 2012, GLO made a $300 million direct contribution to the Available School Fund.
SOURCE: General Land Office and Veterans' Land Board.

FIGURE 328
PERMANENT SCHOOL FUND REVENUE FLOW CHART, 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

objective of the fund is diversification of assets by investment in real estate funds as opposed to the actual acquisition of real property to be held by the PSF. As a result, over the past three biennia, the SLB has approved the acquisition of relatively few specific tracts of land. Since the approval by voters of House Joint Resolution 109, Eighty-second Legislature, Regular Session, 2011, the SLB is authorized to deposit funds directly to the Available School Fund(ASF). As mentioned above, $300 million in such deposits were made to the ASF during fiscal year 2013.

The Asset Management strategy received $11.7 million in appropriations for the 2014–15 biennium and 59 FTE positions. This amount represents a decrease at $1 million, or 8 percent, as compared to 2014–15 biennial spending levels.

The Appraisal and Surveying divisions carry out real estate appraisal and surveying activities for GLO, including identifying the location of state-owned land and minerals. The staff of the Surveying Division is instrumental in the resolution of boundary questions regarding state lands, Veterans' Land Board tracts, and other boundary determinations. The Appraisal Division staff provides information on market conditions and market values to ensure the best use of PSF land; the staff provides similar services for other state agencies to ensure that state properties are being used in the most economical way. The Surveying and Appraisal strategy received $1.8 million in appropriations for the 2014–15 biennium and 11 FTE positions, or about the same as compared to 2012–13 biennial spending levels.

The Eighty-second Legislature, Regular Session, 2011, passed legislation that placed GLO in charge of operations and maintenance of the Alamo Complex. GLO has entered into an agreement with the Daughters of the Republic of Texas for the management, operation, and financial support of the Alamo. Revenues from the operation of the Alamo, grants, donations, and investment income will be deposited into the General Revenue–Dedicated Alamo Complex Account established by the legislation. GLO is authorized to use the Alamo Complex Account on expenses related to the Alamo.

The Preserve and Maintain the Alamo Complex strategy received $13.4 million in appropriations for the 2014–15 biennium and 2.0 FTE positions, or an increase of $2.7 million, or 25.5 percent, from 2012–13 biennial spending levels.

PROTECT THE ENVIRONMENT

Within the goal to protect the environment, the agency preserves environmental resources of the state and promotes wise use of these resources, while creating jobs in Texas. Appropriations for this goal total $84.9 million for the 2012–13 biennium, which represents 5.9 percent of the agency's appropriated budget. The amount appropriated represents a decrease of $12.8 million, or 15.1 percent, as compared to 2012–13 biennial spending levels.

COASTAL MANAGEMENT AND EROSION CONTROL

GLO is the lead agency for coastal management in Texas and is charged with developing a long-term strategy for the protection and enhancement of the coastal environment and economy. The agency is responsible for 367 miles of Texas coastline and 3,300 miles of bay shoreline. As the lead agency for coastal issues, GLO developed the Coastal Management Program (CMP) in 1991 to meet federal coastal zone management guidelines, which the federal government approved in January 1997. The CMP identifies effective measures to address critical area protection and enhancement, coastal erosion response, dune protection, permit streamlining, shoreline access, water resource management, coastal education and outreach, and hazards response issues.

The Land Commissioner in consultation with representatives from seven state agencies and four public appointees, has rule-making and grant-making authority for the CMP. The CMP awards 90 percent of the Federal Funds granted to universities, non-profits and coastal communities. GLO retains approximately 10 percent of CMP funds for program administration. GLO is also responsible for recruiting and coordinating activities of volunteers for beach cleanups along the Texas coast through its Adopt-a-Beach Program. During the fall 2013 cleanup, 9,133 volunteers removed 136 tons of trash from 180 miles of coastline. **Figure 329** shows the number of beach cleanup volunteers and tons of trash collected between winter 2008 and fall 2013.

GLO is charged with addressing coastal erosion through the Coastal Erosion Planning and Response Act, which is funded in part by an Interagency Contract with the TPWD totaling $22.5 million supplied by the General Revenue (Sporting Goods Sales Tax) transfer to the State Parks Account. The Interagency Contract will provide approximately $16.3 million in state funds to local coastal communities during the 2014–15 biennium for coastal erosion response projects. The program funds projects to help preserve all vital assets and natural resources and to protect the economic future of the Texas Gulf Coast. During the 2012–13 biennium, 19 construction-related projects and five studies were initiated. The agency estimates that 19 potential construction projects and seven potential studies will be initiated during the 2014–15 biennium. Projects may consist of one or more of the following: shoreline protection; beach nourishment; and marsh, wetland, and dune restoration.

FIGURE 329
ADOPT-A-BEACH PROGRAM
VOLUNTEER CLEANUPS
WINTER 2008 TO FALL 2013

SEASONAL PERIOD	BEACH CLEAN-UP VOLUNTEERS	TRASH COLLECTED (IN TONS)
Winter 2008	316	4.9
Spring 2008	5,392	98.5
Fall 2008	3,490	104.1
Winter 2009	585	5.6
Spring 2009	6,945	216.3
Fall 2009	8,224	216.8
Winter 2010	266	6.1
Spring 2010	6,790	131.9
Fall 2010	8,815	180.0
Winter 2011	346	6.5
Spring 2011	7,019	123.1
Fall 2011	9,133	136.0
Winter 2012	354	6.7
Spring 2012	7,369	136.9
Fall 2012	9,316	153.5
Winter 2013	603	9.8
Spring 2013	5,985	87.0
Fall 2013	9,133	136.0
TOTAL	**90,081**	**1,759.7**

Source: General Land Office and Veterans' Land Board.

The federal Coastal Impact Assistance Program (CIAP) assists coastal states and coastal political subdivisions within those states that have either supported or been affected in some measure, directly or indirectly, from Outer Continental Shelf (OCS) oil and gas exploration and development activities. Many of the effects of OCS activities are felt onshore through an increased need for production and support facilities, air and water quality changes, and an increased demand for infrastructure and social systems due to an influx of OCS workforce. Typically, coastal states that support oil and gas drilling in their waters and coastal lands are also affected by these activities. CIAP is supported by revenue (Federal Funds) generated from offshore oil and gas lease royalties.

CIAP funds may be used only for one or more of the following purposes:

- projects and activities for the conservation, protection, or restoration of coastal areas, including wetlands;
- mitigation of damage to fish, wildlife, or natural resources;
- planning assistance and the administrative costs to comply with CIAP;
- implementation of a federally approved marine, coastal, or comprehensive conservation management plan; and
- mitigation of the impact of Outer Continental Shelf activities through funding of onshore infrastructure projects and public service needs.

The federal Energy Policy Act of 2005 amended the Outer Continental Shelf Lands Act (U.S.C. 1356a) to provide for the disbursement of $250 million each year from 2007 to 2010 to be divided among the coastal states of Alabama, Alaska, California, Louisiana, Mississippi, and Texas as part of the CIAP. The program assists states in mitigating the effects associated with oil and gas production on the Outer Continental Shelf. The overall objective for use of the state portion of CIAP funds has been to finance projects within the Texas coastal area that are consistent with the CIAP legislation and provide statewide, regional, or local benefits to the Texas economy and environment. The CIAP program was formerly administered by the U.S. Minerals Management Service (MMS). In June 2010, the MMS was reorganized and renamed the Bureau of Ocean Energy Management, Regulation and Enforcement. On October 1, 2011, the CIAP was transferred to the U.S. Fish and Wildlife Service.

A three-member Coastal Land Advisory Board makes recommendations to the Governor regarding the best use of state-level CIAP funds. The board prepares the Texas CIAP Plan for the Governor to submit to the federal agency administering the program. The Governor designated GLO as the administrative agency for CIAP. On April 16, 2007, the MMS released the state allocation of CIAP funds for fiscal years 2007 and 2008; Texas received $48.6 million in each fiscal year. Of this amount, $31.6 million was awarded to the state and $17 million was awarded to the 18 coastal counties. Texas was awarded approximately $70.3 million from federal grant award years 2009 and 2010, with $46.4 million earmarked for the state and $25 million for the 18 coastal counties. GLO has been distributing these funds in increments since fiscal year 2013.

The Coastal Management strategy received appropriations of $38.4 million and 32 FTE positions for the 2014–15 biennium (a decrease of $18.9 million, or 33 percent, as compared to 2012–13 biennial spending levels). The Coastal Erosion Control Grants strategy received approximately $26.6 million in appropriations for the 2014–15 biennium and 16 FTE positions (an increase of $3.3 million, or 14.3 percent, as compared to 2012–13 biennial spending levels). As mentioned above, of these amounts, the Legislature designated $11.2 million per fiscal year to come from the Sporting Goods Sales Tax (General Revenue Funds) transfer to the State Parks Account (General Revenue–Dedicated Funds) through an Interagency Contract with TPWD.

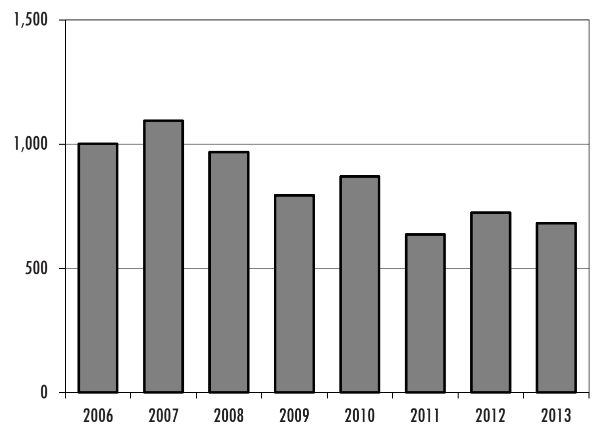
OIL SPILL PREVENTION AND RESPONSE

The Texas Oil Spill Prevention and Response Act of 1991 designated GLO as the lead state agency to implement marine oil-spill prevention measures and to respond to marine oil spills. The agency is charged with developing and implementing a comprehensive oil spill prevention and response program to monitor the integrity of oil transport through Texas coastal waters and to respond quickly and efficiently to oil spills. The Oil Spill Prevention and Response Division consists of two functional areas: prevention and response.

GLO addresses oil spill prevention in a number of ways. The Small Spill Education Program provides practical ways and tools to avoid spills at marine fuel docks and transfer locations. The Bilge Water Reclamation Facility Program provides a "no-cost" option for commercial fishermen to offload oil-contaminated bilge water for processing and recycling. GLO personnel also routinely conduct boat and vehicle patrols in harbor and port areas to deter unauthorized oil discharges. The law also provides for the assessment of administrative penalties for persons responsible for causing spills, and penalties are routinely levied and collected. Furthermore, owners and operators of facilities and vessels responsible for a discharge must analyze the factors leading to the discharge and submit a written statement outlining corrective actions they have taken and how they will prevent future discharges.

Response functions are implemented through the network of five regional field offices that respond to all reported oil spills. Located in Calhoun, Cameron, Harris, Jefferson, and Nueces counties, field personnel are available to respond to spills 24-hours a day, 365 days per year. In addition to representing the state's interest during spill response, field personnel inspect and audit oil-handling facilities, conduct spill exercises and drills, and monitor vessel/facility transfers. In fiscal year 2012 the program responded to 724 spills; during fiscal year 2013, 681 additional spills required responses. **Figure 330** shows GLO oil spill responses for fiscal years 2006 to 2013. The program receives funding from a 1⅓-cent fee (per barrel) on crude oil loaded or unloaded in Texas ports by vessel, and the proceeds are deposited to the Coastal Protection Account (General Revenue–Dedicated Funds).

FIGURE 330
OIL SPILL RESPONSES IN TEXAS COASTAL WATERS
FISCAL YEARS 2006 TO 2013



SOURCE: General Land Office and Veterans' Land Board.

The GLO serves as a Texas natural resource trustee, along with Texas Parks and Wildlife Department, Texas Commission on Environmental Quality, U.S. Fish & Wildlife Service, and the National Oceanic and Atmospheric Administration for the Deep Water Horizon Oil Spill. The agency's Natural Resource Damage Assessment (NRDA) section is responsible for duties related to settlement funding. Since the NRDA program's inception, natural resource restoration projects valued at more than $32 million have been implemented or are planned on behalf of the public as a result of NRDA settlements for the restoration of injured natural resources.

In April 2010, the mobile offshore drilling unit Deepwater Horizon experienced a significant explosion, fire and subsequent sinking in the Gulf of Mexico. These discharges are estimated to have been in excess of thousands of barrels of oil per day and threatened natural resources in the Gulf. Under an unprecedented agreement by the Natural Resource Trustees for the Deepwater Horizon oil spill (Trustees), BP has agreed to provide $1 billion toward early restoration projects in the Gulf of Mexico to address injuries to natural resources caused by the spill. This early restoration agreement, the largest of its kind ever reached, represents a first step toward fulfilling BP's obligation to fund the complete restoration of injured public resources. The Trustees will use the money to fund projects such as the rebuilding of coastal marshes, replenishment of damaged beaches, conservation of sensitive areas for ocean habitat for injured wildlife, and restoration of barrier islands and wetlands that provide natural protection from storms. The Deepwater Horizon spill serves as the largest and most complicated case the NRDA has handled.

GLO expects that Texas will receive approximately $200 million in civil penalties from plea bargain agreements with responsible parties in the Deepwater Horizon spill. In addition, the agency expects that Texas will receive more funds from the federal Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012, or the RESTORE Act, which was signed into federal law in 2012. The RESTORE Act dedicates 80 percent of any civil and administrative penalties paid by responsible parties from the Deepwater Horizon spill for ecosystem restoration, economic recovery, and tourism promotion in the Gulf Coast region. Due to uncertainty around a variety of factors associated with ongoing litigation, the ultimate amount of administrative and civil penalties that may be available to the trust fund and the timing of their availability to the states are unknown.

The Oil Spill Response strategy received approximately $11.7 million in appropriations for the 2014–15 biennium and 33 FTE positions, approximately the same level as the 2012–13 biennium. Oil Spill Prevention received $8.2 million in appropriations and 66.2 FTE positions for the 2014–15 biennium (a decrease of $1.0 million, or 10.8 percent, as compared to 2010–11 biennial spending levels).

VETERANS' LAND BOARD

The agency's third goal, Veterans' Land Board (VLB), provides benefit programs to Texas veterans. This function received $42.2 million in appropriations and 209.4 FTE positions for the 2014–15 biennium, which is approximately 3 percent of the agency's appropriated budget. The appropriations represent a decrease of $2.1 million, or 5 percent, as compared to 2012–13 biennial spending levels.

VETERANS' BENEFITS PROGRAMS

The VLB, with two public members and the Land Commissioner as chair and administrator, was established by the Legislature in 1946. Today the VLB administers a self-supporting program that provides low-interest, 30-year-term loans of up to $100,000 to Texas veterans for the purchase of land. Since its inception, and as of August 2013, the program has made more than 125,256 land loans to Texas veterans.

Two other loan programs were subsequently established to aid veterans in purchasing and improving their homes. The Veterans' Housing Assistance Program allows an eligible veteran to borrow up to $417,000 to buy a home. Since it began in 1984, this program has made more than 85,896 home loans, as of August 2013. The Veterans' Home Improvement Program enables eligible veterans to borrow up to $25,000 for home improvements. Since 1986, the program has provided more than 4,398 home improvement loans, as of August 20112013. Qualified Texas veterans may participate in all three programs. **Figure 331** shows the loan activity for fiscal years 2006 to 2013. The agency's programs are financed with fees and constitutionally authorized General Obligation Bond Proceeds (Other Funds) that are repaid by the veterans participating in the programs.

FIGURE 331
VETERANS' LAND BOARD LOAN ACTIVITY
FISCAL YEARS 2006 TO 2013

FISCAL YEAR	LAND LOANS	HOUSING LOANS	HOME IMPROVEMENT LOANS
2006	631	3,550	34
2007	594	3,419	51
2008	598	3,497	42
2009	526	2,744	97
2010	571	1,405	169
2011	628	1,747	170
2012	550	1,494	200
2013	798	1,963	252

Source: General Land Office and Veterans' Land Board.

VLB also administers the Texas State Veterans' Home Program, which provides long-term care for qualified veterans, their spouses, and certain parents of deceased veterans. Day-to-day operations of the veterans' homes are the responsibility of contract operators. In addition to its program-management responsibilities, VLB provides each veterans' home with full-time employees who are responsible for ensuring that the contract operators are complying with the terms of the management agreement and delivering quality care. They also assist with marketing activities such as distributing information to the community and assisting potential residents and their families with admission application forms.

There are now skilled nursing facilities for veterans in Big Spring, Bonham, El Paso, Floresville, McAllen, Temple, Amarillo, and Tyler. The program is a partnership between the U.S. Department of Veterans Affairs (VA), VLB, and private sector healthcare providers. It has significant administrative participation from TVC, Veterans County Service Officers, and veterans' organizations in the communities in which the homes are located. The homes provide skilled nursing care; specialized services such as physical, speech, and occupational therapy; and a wide range of recreational and educational activities. Operating costs for the skilled nursing homes are financed by the participating veterans' Social Security benefits, a VA per diem subsidy, Medicare/Medicaid payments, disability entitlements, private insurance, and personal income.

VLB has authorization to develop and operate up to seven state veterans' cemeteries. These cemeteries are designed, constructed, and equipped through grants from the VA. Once cemetery construction is completed, VLB owns and operates the cemetery and funds most of the cost of operations. These cemeteries serve veterans, their spouses, and their dependents that are not already served by one of the four national cemeteries in Texas. A cemetery in Killeen, the first state veterans' cemetery, opened in January 2006, while a second cemetery in Mission opened in December 2006, and a third opened in Abilene June 2009. The fourth state veterans' cemetery in Corpus Christi began operation in December 2012.

Appropriations for the 2014–15 biennium for the Veterans' Loan Programs strategy total $23.2 million and provide for 130 FTE positions, or about the same as compared to 2012–13 biennial spending levels). The Veterans' Homes strategy received approximately $6.8 million in appropriations for the 2014–15 biennium and 49.4 FTE positions, also about the same as compared to 2012–13 biennial spending levels); and the Veterans' Cemeteries strategy received $12.1 million in appropriations for the 2014–15 biennium, and provides for 30 FTE positions, which is a decrease of $2.0 million, or 14 percent, as compared to 2012–13 biennial spending levels, reflecting the completion of construction of the Corpus Christi cemetery in 2012.

DISASTER RECOVERY

GLO is responsible for functions relating to disaster recovery funding from Community Development Block Grants (CDBG) Disaster Recovery constitutes the agency's fourth goal, which is appropriated $1,263.0 million for the 2014–15 biennium, or 87.8 percent of the agency's budget, all of which are Federal Funds. This amount represents a decrease of $211.9 million (16.8 percent) as compared to 2012–13 biennial spending levels, The decrease is largely a result of the completion of various infrastructure projects in fiscal year 2013 that were begun in previous years .

The CDBG program includes a number of housing activities to assist households recovering from hurricanes Dolly and Ike. Housing activities include single family home repair, reconstruction, new construction, demolition, acquisition, and code enforcement. GLO also manages a multifamily affordable housing rental repair or reconstruction program. At the end of the program, the state anticipates assisting more than 10,000 households.

The non-housing activities include infrastructure projects, repairs, public facilities from roads to seawalls, drainage, and energy generators, equipment acquisition and installation, as well as economic development. The local services are provided by firms specializing in design engineering, grant administration, and environmental services. There are currently over 4,500 active projects in the Disaster Recovery–Infrastructure program.

A recent addition to the CDBG Disaster Recovery program at the GLO is funding for the 2011 wildfires. The federal Disaster Relief Appropriations Act has provided the State of Texas with over $36 million in funding which will be used to rebuild homes and provide for infrastructure projects, such as fire protection, in Bastrop County and various other counties impacted by the fires. Funds will be awarded through a competitive grant process.

Appropriations for the 2014–15 biennium for the Rebuild Housing strategy total $788.9 million and provide for 46.7 FTE positions, while the Rebuild Infrastructure strategy receives $474.2 million and provides for 40.7 FTE positions.

TEXAS LOW-LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION

The Texas Low Level Radioactive Waste Disposal Compact Commission (LLRWDCC) is an interstate compact approved by the Texas Legislature in 1993 and subsequently ratified by the U.S. Congress in 1998. Under the terms of the Compact, Texas is to be the host state for a disposal site for the Compact participants. Originally the Compact was to be among Texas, Maine, and Vermont. Maine subsequently withdrew from the Compact so the current members are Texas and Vermont. Six Texas commissioners were named in November, 2008, and two Vermont commissioners were named in early 2009.

The primary function of LLRWDCC is to make sure that the terms of the Compact language are followed. Those terms include making estimates for the quantity of waste generated within the Compact member states for disposal during a period ending in 2045, and then assuring that the annual volume limits and the proportional disposal volume limits stated in the Compact are met. As a part of the function, LLRWDCC is authorized to grant permission to in-Compact generators to export waste to disposal sites outside the Compact and to enter into agreements that would allow out-of-Compact generators to dispose of waste in the Texas Compact for management or disposal under prescribed parameters.

The Compact provides that each party state is to provide financial support for LLRWDCC's activities prior to the date of facility operation. In fiscal years 2004 and 2005, the State of Vermont made installment payments to the state of Texas of $12.5 million, as required by the Compact to cover costs of the host state in permitting, monitoring, and administering the Compact, which includes costs incurred by the Texas Commission on Environmental Quality (TCEQ). An additional payment of $12.5 million was received from Vermont after the disposal facility in Andrews County became operational in fiscal year 2012. These funds were deposited to the Low-Level Waste Account (General Revenue–Dedicated Funds).

Funding for LLRWDCC operations comes from the General Revenue–Dedicated LLRWDCC Account, which consists of revenue from a surcharge on facility disposal fees specifically assessed to cover administrative costs of the Compact. Appropriations for the LLRWDCC total $1.2 million in General Revenue–Dedicated Funds (LLRWDCC Account) for the 2014–15 biennium. The Compact is authorized 2.5 FTEs, although the LLRWDCC uses contractors to perform necessary administrative duties. In addition, proportional contributions from the State of Vermont to cover LLRWDCC costs are expected to continue.

SIGNIFICANT LEGISLATION

SB 347 – Transfers to Cover Operating Costs of the Compact Commission. The Eighty-third Legislature, Regular Session, 2013, passed legislation that affects LLRWDCC. Senate Bill 347 requires TCEQ to deposit fees assessed to support the activities of the LLRWDCC to the Low-Level Waste Account, instead of to the LLRWDCC Account. The legislation requires the Comptroller of Public Accounts to transfer funds from the Low-Level Waste Account to the LLRWDCC Account in an amount equal to the appropriations out of the LLRWDCC Account each fiscal year. This transfer essentially provides that funding is available in the LLRWDCC Account to cover appropriations to the LLRWDCC, regardless of the amount of revenue received in the LLRWDCC Account in any given fiscal year. Because the TCEQ is directed in statute to set surcharge rates to cover the administrative costs of the Compact Commission, the transfers required by the bill are not expected to result in a significant fiscal impact. The bill also established an overall limit on the amount of nonparty waste that the facility can accept, and it increased the annual curie limit for nonparty waste from 120,000 curies per year to 275,000 curies per year.

PARKS AND WILDLIFE DEPARTMENT

The Texas Parks and Wildlife Department (TPWD) was established in 1963 when the Fifty-eighth Legislature merged the State Parks Board and the Game and Fish Commission. In 1983, the Sixty-eighth Legislature, through the Wildlife Conservation Act, authorized the agency to manage fish and wildlife resources in all Texas counties. The legislation also increased the agency's governing body from a three-member commission to the present nine-member commission, all appointed by the Governor for six-year, staggered terms. The agency's mission is to manage and conserve the natural and cultural resources of Texas and to provide hunting, fishing, and outdoor recreational opportunities for the use and enjoyment of present and future generations.

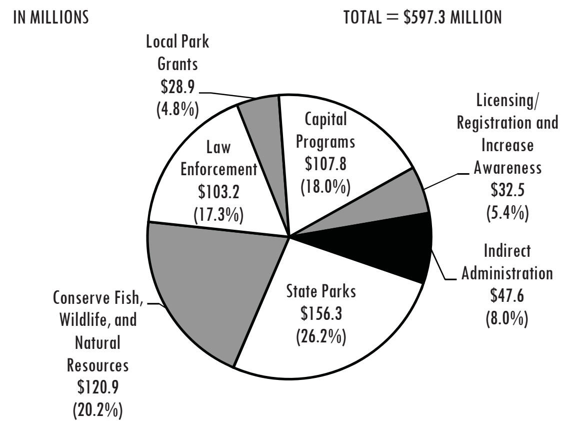
Appropriations for the 2014–15 biennium total $597.3 million in All Funds and provide for 3,109.2 full-time-equivalent (FTE) positions in each fiscal year. Appropriations reflect an increase of $62.3 million in General Revenue Funds and General Revenue–Dedicated Funds, and $12.1 million from the 2012–13 biennial spending levels in All Funds. The General Revenue Funds and General Revenue–Dedicated Fund component comprises a 16 percent increase, primarily in funding for state park operations, fish, wildlife, and natural resources conservation, vehicle and equipment replacement cycles, and matching funds for local park grants.

The agency's goals are to (1) strengthen commitment to core constituencies such as hunters, anglers, park visitors, and other outdoor enthusiasts; (2) broaden efforts to reach new constituencies; and (3) protect fish and wildlife resources and manage the natural and cultural heritage of Texas. **Figure 332** shows 2014–15 biennium appropriations by major function, including conserving fish, wildlife, and natural resources ($120.9 million, or 20.2 percent of total appropriations) and operating state parks ($156.3 million, or 26.2 percent of total appropriations). Other major functions of TPWD include law enforcement, managing capital programs (infrastructure), licensing and registration, and public awareness and outreach. As part of its capital program budget, TPWD received $22.5 million to contract with the General Land Office (GLO) for coastal erosion projects.

MAJOR FUNDING SOURCES

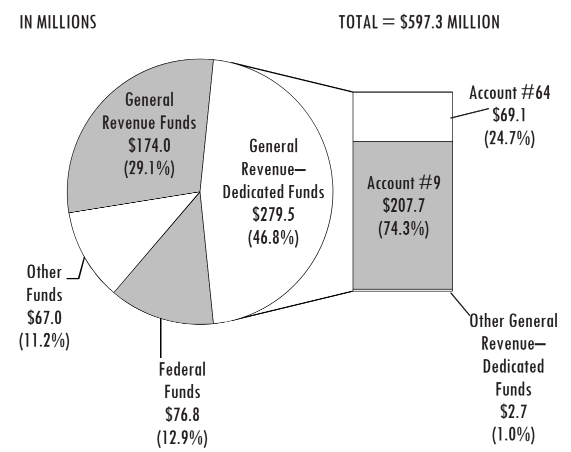
Of the agency's total appropriations, $453.5 million, or 75.9 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds. The majority of the agency's General Revenue–Dedicated Funds consists of fees collected from users such as hunters, anglers, boaters, and state park visitors. **Figure 333** shows agency appropriations for the 2014–15 biennium by funding source, including General Revenue–Dedicated Funds. Likewise, the bulk (69 percent) of the agency's General Revenue is comprised of the General Revenue (Sporting Goods Sales Tax) allocation for three TPWD General Revenue–Dedicated accounts for state parks and local park grants.

FIGURE 332
PARKS AND WILDLIFE DEPARTMENT APPROPRIATIONS BY FUNCTION, 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 333
PARKS AND WILDLIFE FUNDING SOURCES 2014–15 BIENNIUM

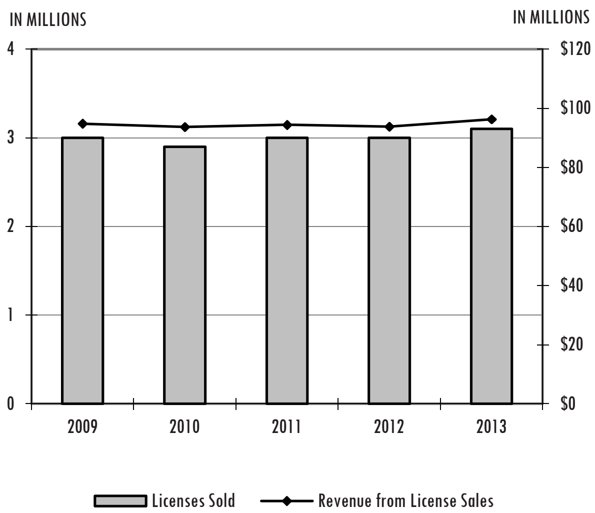


NOTES:
(1) Account 9 = Game, Fish, and Water Safety Account (hunting and fishing license fees, boat registration, and title fees).
(2) Account 64 = State Parks Account (state parks entrance and facility use fees).
(3) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

HUNTING AND FISHING LICENSE REVENUE

Hunting and fishing license sales, the largest source of the user fees TPWD collects and deposits to the credit of the Game, Fish and Water Safety Account (General Revenue–Dedicated Funds), are shown in **Figure 334** for fiscal years 2009 to 2013. These amounts include sales of commercial licenses.

FIGURE 334
HUNTING AND FISHING LICENSE SALES
FISCAL YEARS 2009 TO 2013



SOURCE: Texas Parks and Wildlife Department.

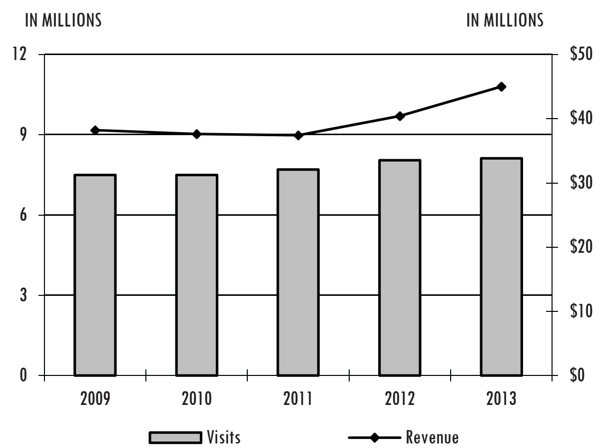
As shown in **Figure 334**, license sales have remained steady and range from 3 million in fiscal year 2009 to 3.1 million in fiscal year 2013. Revenue from license sales increased from $94.8 million in fiscal year 2009 to $96.3 million in fiscal year 2013.

Approximately $4.9 billion in unappropriated balances in General Revenue–Dedicated Accounts was used to certify the 2012–13 General Appropriations Bill. At $106.6 million, the unappropriated balance in the General Revenue–Dedicated Game, Fish and Water Safety Account No. 9 was one of the 10 General Revenue–Dedicated Accounts with the highest balances counted toward certification. For the 2014–15 biennium, the Eighty-third Legislature, Regular Session, 2013, appropriated an additional $37.8 million from Account No. 9 (over the 2012–13 biennial spending levels). The appropriations served two purposes. First, it reduces the reliance on balances from the Game, Fish, and Water Safety Account to certify the General Appropriations Bill. Secondly, the appropriation funded primarily improvements or major repairs for freshwater fish hatcheries and wildlife facilities statewide, vehicle and equipment replacement cycles, and a Schedule C pay raise.

STATE PARK VISITATION REVENUE

Annual state park visits and revenue from paid park visits since fiscal year 2009 are shown in **Figure 335**. Typically, fluctuations can be expected in state park visits from year to year because of weather conditions during peak seasons or holiday weekends, which may include hurricanes causing park closures or prolonged droughts discouraging visitations. According to the agency, changes in the economy can also affect park visits. For example, increases in park visits may occur during a down economy, as more people choose going to state parks close to home as vacation destinations when budgets are limited.

FIGURE 335
STATE PARKS REVENUE AND VISITS
FISCAL YEARS 2009 TO 2013



SOURCE: Texas Parks and Wildlife Department.

State park revenue decreased from $38.2 million in fiscal year 2009 to a low of $37.4 million in fiscal year 2011, primarily due to the impact of prolonged heat and drought conditions. By July and August of 2011, low water levels in rivers and lakes led to a reduction in water-based recreational activities. During this period, burn bans in 230 counties meant that campers could not have campfires or cook on open grills, activities that many visitors view as essential activities for camping.

Revenue and visitation rebounded in fiscal years 2012 and 2013. Park revenue increased to $40.4 million in fiscal year 2012 and grew by 11.4 percent to $45.0 million in fiscal year

2013. According to the agency, the increase is due to a combination of factors, including implementation of a state park fee increase in May 2011 and milder weather conditions during peak state park visitation periods, which can lead to visitors choosing to pay for overnight stays rather than day-entry passes. Also, concerned about an ongoing revenue shortfall, the agency began a public campaign for increased state park visitation in December 2011. In fiscal year 2013, visits increased to 8.1 million, or 5.2 percent more than fiscal year 2011 visitation levels.

For the 2014–15 biennium, the Eighty-third Legislature, Regular Session, 2013, appropriated an amount not to exceed $3.0 million in unexpended balances carried forward from fiscal year 2013 to fiscal year 2014 and $1.9 million in fiscal year 2015 in receipts above the Comptroller's Biennial Revenue Estimate for the State Parks account to the State Parks Division.

SPORTING GOODS SALES TAX ALLOCATION

State parks are not self-supporting and since fiscal year 1994 a portion of the sales tax revenue generated by sporting goods has been statutorily allocated to fund state park operations, capital, and local park grants. Prior to fiscal year 1994, state and local parks were each allocated a one penny per pack tax on cigarettes. This method of finance proved to be a declining revenue source that bore no relationship to the mission of providing state park services.

Unlike taxes on specific items, the Comptroller of Public Accounts (CPA) estimates revenue from the sales tax on sporting goods based on the definition of sporting goods in the Texas Tax Code, Section 151.801(e)2: "Sporting goods" means an item of tangible personal property designed and sold for use in a sport or sporting activity, excluding apparel and footwear except that which is suitable only for use in a sport or sporting activity, and excluding board games, electronic games and similar devices, aircraft and powered vehicles, and replacement parts and accessories for any excluded item.

The CPA derives estimates for sporting goods sales receipts by using a national survey of the sporting goods market. As shown in **Figure 336**, nearly two-thirds of Sporting Goods Sales Tax (SGST) revenue is generated from sales of bicycles and related supplies, hunting and firearms equipment, exercise equipment, and fishing tackle. Although the types of sporting goods items listed in **Figure 336** may not always be used in state and local parks, surveys conducted by Texas A&M University have shown a relationship between the purchase of sports equipment and state park visitation.

The CPA estimate of SGST receipts increased by $14.5 million from $251.3 million to $265.8 million between the 2012–13 and 2014–15 biennia, a 5.8 percent increase across all categories. For the 2014–15 biennium, the Eighty-third Legislature, 2013, passed legislation that allowed additional transfers of the SGST to affected agency General Revenue-Dedicated accounts in amounts sufficient to fund related employee benefits costs (see Significant Legislation).

Previously, the Eightieth Legislature, 2007, passed legislation that removed the biennial cap on the statutory allocation of the SGST for TPWD and allowed the Legislature to set the cap in the General Appropriations Act (GAA). Prior to September 1, 2007, the biennial statutory allocation of SGST receipts to TPWD for state parks, local park grants, and certain conservation and capital projects was fixed at $64 million per biennium.

The same legislation from the Eightieth Legislature also authorized the Texas Historical Commission (THC) to receive SGST receipts, and provided a maximum statutory allocation to both entities: 94 percent to TPWD and 6 percent to THC. Further, statute provides that the amount of receipts TPWD and THC may receive is set by the amounts appropriated in the GAA, rather than a fixed amount or percentage.

For the 2014–15 biennium, the Legislature allocated TPWD $139.1 million in SGST receipts, an increase of $56.8 million from the 2012–13 biennial spending levels. As shown in **Figure 337**, SGST appropriations designated in the GAA for the 2014–15 biennium include $80.4 million for state park operations, division support and minor repairs; $22.5 million in pass-through funds to the GLO for coastal erosion projects; $17.1 million for local park grants; $11.2 million for debt service on General Obligation (GO) bonds approved by the Eightieth, Eighty-first, and Eighty-third Legislatures for statewide park repairs, which is appropriated to the Texas Public Finance Authority; $7.2 million for state and local park-related employee benefit costs; and $0.7 million for capital improvements and repairs at Big Springs and Fort Boggy state parks.

SGST amounts estimated to be collected exceed amounts appropriated in the 2014–15 GAA by $116.7 million. Collections not appropriated to TPWD and THC are used to fund other General Revenue Fund appropriations.

FIGURE 336
ESTIMATED STATE SALES TAX REVENUE FROM THE SALE OF SPORTING GOODS, 2014–15 BIENNIUM

CATEGORY OF SPORTING GOOD	REVENUE (IN THOUSANDS)	PERCENTAGE OF TOTAL	CUMULATIVE PERCENTAGE
Bicycles and Supplies	$51,627	19.4	19.4
Hunting and Firearms Equipment	48,607	18.3	37.7
Exercise Equipment	47,229	17.8	55.5
Fishing Tackle	25,671	9.7	65.1
Golf Equipment	25,378	9.5	74.7
Camping	10,466	3.9	78.6
Snow Skiing Equipment	6,922	2.6	81.2
Billiards/Indoor Games	4,243	1.6	82.8
Tennis Equipment	4,188	1.6	84.4
Archery	3,921	1.5	85.9
Skin Diving and Scuba Gear	3,585	1.3	87.2
Canoes and Kayaks	3,405	1.3	88.5
Baseball/Softball	3,318	1.2	89.8
Wheel Sports	2,977	1.1	90.9
Hunting Apparel	2,733	1.0	91.9
Basketball	2,425	0.9	92.8
Golf Shoes	2,413	0.9	93.7
Baseball/Softball Shoes	2,400	0.9	94.6
Optics	1,867	0.7	95.3
Helmets	1,612	0.6	95.9
Bowling	1,588	0.6	96.5
Football Shoes	1,203	0.5	97.0
Football Equipment	1,088	0.4	97.4
Hiking Boots	1,050	0.4	97.8
Soccer Shoes	924	0.3	98.1
Soccer	687	0.3	98.4
Cycling Shoes	645	0.2	98.6
Bowling Shoes	568	0.2	98.8
Track Shoes	518	0.2	99.0
Hunting Boots	490	0.2	99.2
Hockey Equipment and Ice Skates	483	0.2	99.4
Ski Apparel	364	0.1	99.5
Lacrosse	319	0.1	99.7
Volleyball and Badminton	319	0.1	99.8
Water Skis	312	0.1	99.9
Racquetball Equipment	256	0.1	100.0
TOTAL	**$265,800**		

Source: Legislative Budget Board.

FIGURE 337
GENERAL REVENUE-SPORTING GOODS SALES TAX (SGST) ALLOCATION IN THE 2014–15 GENERAL APPROPRIATIONS ACT (GAA), 2014–15 BIENNIAL REVENUE ESTIMATE (BRE)

IN MILLIONS	MAXIMUM STATUTORY ALLOCATION (2014–15)		2014–15 GAA		
AGENCIES RECEIVING STATUTORY ALLOCATION	ALLOCATION	PERCENTAGE OF TOTAL	ALLOCATION	PERCENTAGE OF EACH STATUTORY ALLOCATION	UNDESIGNATED SGST RECEIPTS
Texas Parks and Wildlife Department	$249.9	94%	$139.1	56%	$110.8
Texas Historical Commission	15.9	6%	10.0	63%	5.9
TOTAL	**$265.8**	**100%**	**$149.1**		**$116.7**

	MAXIMUM STATUTORY ALLOCATION TO TPWD $249.9 MILLION (94%)		2014–15 GAA		
STATUTORY DISTRIBUTION TO TPWD GENERAL REVENUE–DEDICATED ACCOUNTS	ALLOCATION	PERCENTAGE OF TOTAL	ALLOCATION	PERCENTAGE OF EACH STATUTORY ALLOCATION	UNDESIGNATED SGST RECEIPTS
Amounts allocated:					
State Parks Account No. 64 • state park operations, division support, and minor repair ($80.4 million) • coastal erosion projects ($22.5 million) • debt service ($11.2 million) • employee benefits costs ($7.1 million) • capital improvements and repairs ($0.7 million)	$184.9	74%	$121.9	66%	$63.0
Local Parks Accounts					
1) Texas Recreation and Parks Account	37.5	15%	10.3	27%	27.2
2) Large County and Municipality Recreation and parks Account	25.0	10%	6.9	28%	18.1
Conservation and Capital Account No. 5004	2.5	1%	0.0	0%	2.5
TOTAL	**$249.9**	**100%**	**$139.1**		**$110.8**

NOTES:
(1) Texas Historical Commission amounts are appropriated out of General Revenue Funds.
(2) Of the two Local Parks Accounts, the Texas Recreation and Parks Account is designated for small entities with populations less than 500,000 and the Large County and Municipality Recreation and Parks Account is designated for large entities with populations of 500,000 or more.
(3) Undesignated SGST receipts remain in the General Revenue Fund and are used to fund other General Revenue appropriations.
(4) Totals may not sum due to rounding.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

AGENCY ORGANIZATION

TPWD is primarily a field organization, with approximately 77 percent of its employees located at state parks, wildlife-management areas, fish hatcheries, research facilities, and field offices throughout the state. Agency programs are organized into six major divisions: Wildlife, Coastal Fisheries, Inland Fisheries, Law Enforcement, State Parks, and Infrastructure.

WILDLIFE DIVISION

The Wildlife Division's goal is to manage all wildlife resources for the common benefit of the public using sound biological principles. The agency currently operates 46 wildlife-management areas totaling more than 715,000 acres. These areas are used to develop and test management programs that can be applied on private lands. Public hunts are conducted at these sites when they are determined to be compatible with wildlife-management goals for the respective sites. Because nearly 90 percent of Texas land is privately owned, voluntary landowner incentive and technical assistance programs that encourage landowners to participate in wildlife-management plans are necessary to accomplish statewide conservation goals. As a result of these programs, the agency increased the percentage of privately owned land enrolled in wildlife management programs since 2001 from 8.7 percent to 17.8 percent as of August 31, 2013.

Wildlife-management objectives include increasing public hunting opportunities; increasing participation by targeted user groups (e.g., women and minorities) in activities such as hunting; increasing the private acreage under cooperative management agreements for wildlife resource enhancement; and conserving biological diversity in all wildlife habitats.

Appropriations for the Wildlife Division total $57.7 million in All Funds, which includes an increase of $11.7 million in General Revenue–Dedicated Funds (Game, Fish and Water Safety Account), as compared to 2012–13 biennial spending levels. The funding increase includes $9.1 million from dedicated balances from the sale of hunting stamps, primarily from migratory and upland game bird stamps, including funding for 11 FTEs. Of this amount, $2.0 million was provided from upland game bird stamp balances for the agency to contract with the Texas A&M AgriLife Extension Service for research to reestablish growth of quail populations. Other funding increases include $2.7 million contingent on collections in excess of the BRE to the Game Fish and Water Safety Account in unexpended balances carried forward from fiscal year 2013 to fiscal year 2014 ($2.5 million) and receipts in fiscal year 2014 carried forward to fiscal year 2015 ($0.2 million); and, funding for vehicle and equipment replacement cycles ($1.1 million).The funding increase from the Game, Fish and Water Safety Account was offset, in part, by legislation that rededicated receipts from the sale of specialty license plates from General Revenue–Dedicated Funds to Other Funds.

COASTAL AND INLAND FISHERIES DIVISIONS

The primary objective of the Coastal Fisheries and Inland Fisheries divisions is conserving the aquatic resources of the state to increase recreational and commercial fishing opportunities. The functions of these two divisions include monitoring natural resources and commercial and recreational resource users, identifying deficiencies and surpluses in the fish population, and developing and implementing measures to maintain balanced fish populations. The divisions also manage fish habitats in 1,000 public impoundments (confined bodies of water) covering 1.7 million acres, about 191,000 miles of rivers and streams, and 916 miles of tidewater coastline encompassing four million acres of saline waters. The divisions are responsible for protecting fish habitats in Texas, which includes the following activities:

- investigating fish kills and pollution incidents;
- providing information and permit recommendations to governing entities;
- seeking mitigation and restitution for environmental damages;
- regulating the removal of sand and gravel from state-owned streams;
- studying the probable impact of reservoir and other development projects, wastewater discharges, and hazardous waste disposal on aquatic resources, and making recommendations to the sponsoring or permitting agencies to help avoid or mitigate those repercussions; and
- coordinating bay and estuary studies that provide essential marine biological information.

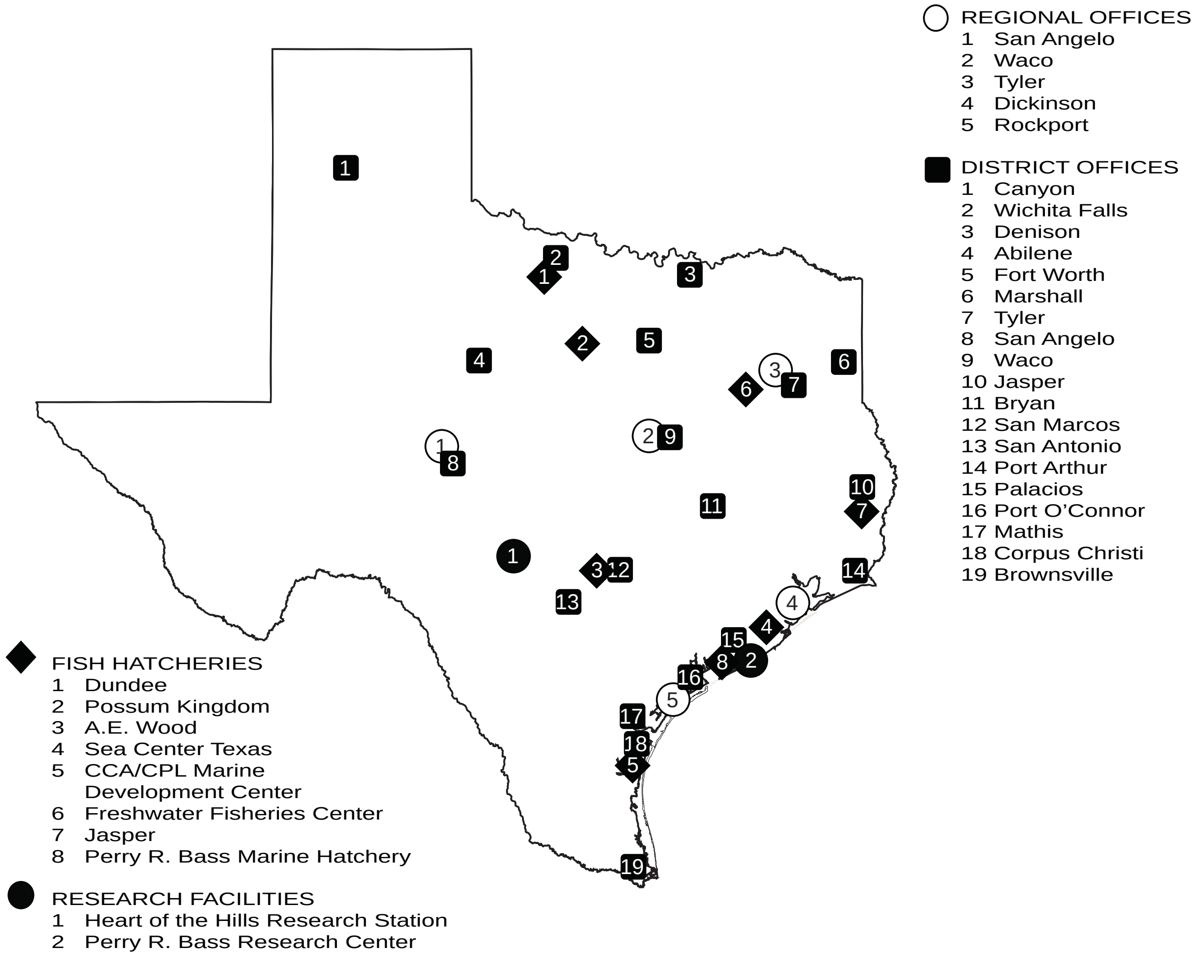
TPWD manages eight hatcheries throughout the state that raise fry (fish that are less than one week old) and fingerlings (fish that are at least 1.2 inches in length). In fiscal year 2013, the hatcheries produced 38.8 million fingerlings: 13.8 million by the five freshwater hatcheries and 25.0 million by the three saltwater hatcheries. To date, the agency's fish hatcheries have stocked Texas waters with more than 3.8 billion fry and fingerlings to provide adequate recreational fishing. (The locations of inland and coastal fish hatcheries and field stations are shown in **Figure 338**.)

The Coastal Fisheries Division is responsible for making management recommendations regarding saltwater fish populations in Texas' bays and estuaries and along the Gulf of Mexico coastline. In addition, this division is responsible for developing and maintaining artificial reefs off the Texas Coast for the purpose of enhancing marine habitat and providing additional fishing and diving opportunities.

In fulfilling its responsibilities, the Coastal Fisheries Division is involved in the following major activities:

- assessing the status of finfish, shrimp, crab, and oyster populations;

FIGURE 338
COASTAL AND INLAND FISHERIES, 2014–15 BIENNIUM



Note: CCA/CPL = Coastal Conservation Association/Central Power and Light Company.
Source: Texas Parks and Wildlife Department.

- preparing management plans for fishery populations, including saltwater fishing regulations for commercial and recreational users that provide for optimal sustainable yields;
- identifying stock and engaging in the scientific monitoring of fishery populations through 10 field stations;
- using interviews with anglers, private boat and charter boat anglers, commercial boats, and commercial anglers to monitor the recreational harvest and commercial landings;
- monitoring finfish and shellfish population levels by taking more than 8,000 samples of saltwater fish per year and corresponding water-quality readings from bays and the Gulf of Mexico;
- researching coastal wetlands restoration and the restoration of damaged habitats; and
- maintaining and enhancing existing fishery stock by operating three marine fish hatcheries.

The Inland Fisheries Division is responsible for developing management recommendations regarding freshwater fish located in 1,000 public bodies of water, including harvest regulations and stocking recommendations. The division operates five fish hatcheries and has 17 field offices, including two research offices that monitor freshwater fish populations and habitat status.

The Inland Fisheries Division includes the following major activities:

- sampling fish populations and habitat in public reservoirs;
- surveying recreational anglers to determine catch and hours fished;
- managing noxious vegetation; and
- operating outreach and public education programs, primarily at the Texas Freshwater Fisheries Center in Athens.

Appropriations for the Coastal and Inland Fisheries Division 2014–15 biennium total $63.3 million in All Funds, which includes an increase of $5.4 million in General Revenue Funds and General Revenue–Dedicated Funds compared to 2012–13 biennial spending levels. The increase is offset by a reduction of $3.0 million from the Game, Fish and Water Safety account for one-time funds appropriated in fiscal year 2013 for a coastal bayou restoration project. The Eighty-third Legislature, Regular Session, 2013, appropriated $1.5 million from General Revenue Funds for purchasing herbicides and contracting with licensed applicators to manage noxious aquatic vegetation to maintain access to boat lanes and general access for outdoor recreational activities. The biennial increase includes $4.2 million from the Game, Fish and Water Safety Account from balances of the sale of saltwater and freshwater fishing stamps, to support coastal and inland programs ($3.6 million and 13 FTEs) and to fund vehicle and equipment replacement cycles ($0.6 million). These increases were also offset by legislation that rededicated receipts from the sale of specialty license plates from General Revenue–Dedicated Funds to Other Funds.

STATE PARKS DIVISION

As of August 31, 2013, the Texas State Park System consists of 95 parks, natural areas, and historic sites, totaling about 630,394 acres. In fiscal year 2013, there were 8.1 million visits to these sites. Nationally, Texas ranks fourth in state park acreage, after Alaska, California and Florida. The State Parks Division's primary objectives are to ensure safe and cost-effective management of state parks; to increase educational opportunities at TPWD sites; and to satisfy state and local priorities for natural, cultural, and outdoor recreational resources.

Outdoor recreation planners point to the changing demographics of the state when evaluating trends in park visitations. Nearly 88 percent of the state's population lives in metropolitan areas and more than 73 percent live in the state's four major metropolitan areas: (1) Dallas-Fort Worth-Arlington-Plano-Irving; (2) Houston-The Woodlands-Sugar Land; (3) San Antonio-New Braunfels; and (4) Austin-Round Rock. Further, older adults and minorities, two groups that are reportedly increasing at a faster rate than other population groups, participate less in traditional department programs like visiting state parks and recreational fishing than other population groups. As a result, when creating or developing new parks, TPWD focuses its efforts on sites within a 90-minute drive of the state's most populous cities. (See the Land and Water Resources Conservation and Recreation Plan, which is required by the Texas Parks and Wildlife Code, Subchapter H.)

In the 2012–13 biennium, TPWD approved adding the donation of 3,813 acres near the city of Boerne to the state park inventory. Located 30 miles northwest of San Antonio, the new site addition is in accordance with the agency's Land and Water Resources Conservation and Recreation Plan, and is within 90 minutes driving distance from the metropolitan area. During the 2014–15 biennium, no funding of General Revenue Funds or General Revenue–Dedicated Funds was appropriated for additional park purchases. However, the agency will continue to seek opportunities to purchase tracts or in holdings at existing park sites by using other methods of finance.

Volunteers and private organizations play a significant role in the daily operations of many state parks. Volunteers clean park facilities, schedule and staff special events, raise private funds, and promote parks and related services. In addition, the agency uses inmate labor to perform numerous tasks to help lower the costs of maintaining and operating state parks.

STATE PARKS

The Eighty-third Legislature, Regular Session, 2013 appropriated $156.3 million in All Funds for state park operations, division support, and minor repair, which includes an increase of $22.4 million in General Revenue Funds and General Revenue–Dedicated Funds, or 16.9 percent, as compared to 2012–13 biennial spending levels from General Revenue Funds and General Revenue–Dedicated Funds. The funding increase includes the following changes:

- an increase of $11.2 million to maintain operations of an estimated 20 park sites and one regional office, including 122.3 FTEs;

- $4.9 million in funding for state park operations contingent on collections in excess of the BRE to the General Revenue–Dedicated State Parks Account in unexpended balances carried forward from fiscal year 2013 to fiscal year 2014 ($3.0 million) and receipts in fiscal year 2014 carried forward to fiscal year 2015 ($1.9 million);
- an increase of $3.1 million for maintenance to extend the life of park facilities;
- an increase of $2.2 million for vehicle and equipment replacement cycles; and,
- increases in funding for wildfire suppression operations ($0.8 million, including 4 FTEs) and equipment for state park law enforcement ($0.4 million).

LOCAL PARK GRANTS

The State Parks Division also provides planning assistance and matching grants to local communities for the acquisition and development of local parks, public boat ramps, and regional trails. Any political subdivision in the state authorized by law to provide recreational opportunities for the general public, including cities, counties, and river authorities, is eligible to apply to TPWD for 50 percent matching grants for park projects costing up to $1 million.

Starting in fiscal year 1994, up to $31 million of the SGST was allocated to local parks per biennium through the Texas Recreation and Parks Account (General Revenue–Dedicated Funds). The Eightieth Legislature, 2007, passed legislation that removed the biennial cap on the statutory allocation from the SGST for local parks and instead set the cap at amounts appropriated to TPWD in the GAA.

The Eighty-third Legislature, Regular Session, 2013, appropriated $28.9 million in All Funds for grants for new local parks, boating access projects, regional trails, and other grants. This amount is an increase of $15.9 million in General Revenue Funds and General Revenue–Dedicated Funds, or 841.8 percent, as compared to 2012–13 biennial spending levels. The 2014–15 biennial appropriations include $0.7 million in revenue (General Revenue Funds) from the Off-Highway Vehicle Trail and Recreational Area Program, which is collected from the sale of annual decal fees, which cost $16 per vehicle.

LAW ENFORCEMENT DIVISION

The Law Enforcement Division is responsible for enforcing all laws in the Texas Parks and Wildlife Code and certain sections of the Texas Penal Code, the Texas Water Code, and the Texas Antiquities Code. The division's objectives are to increase compliance with relevant state laws, decrease public water and hunting fatalities and boating accidents, increase hunting and fishing opportunities for targeted user groups, and minimize adverse effects on the state's fish and wildlife resources. The Law Enforcement Division operates 5 regional and 24 field offices that sell licenses, register boats, and disseminate information pertaining to local regions.

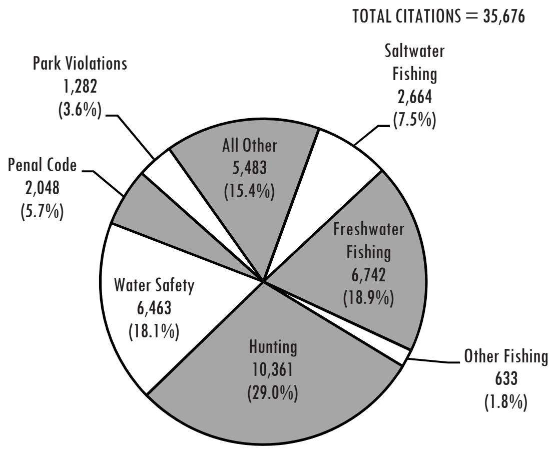
As of August 31, 2013, the division had approximately 522 game wardens throughout the state, with a cadet class scheduled to start in September 2014. As commissioned peace officers, game wardens are responsible for initiating enforcement action in response to any violation of state law that occurs in their presence and that constitutes a danger to life and property. The following are routine responsibilities of game wardens:

- patrolling daily to spot game law violations;
- patrolling to identify sport and commercial fishing violations and violations of the Texas Water Safety Act on inland and coastal waters;
- enforcing statutes and regulations applicable to air, water, and hazardous materials;
- issuing citations for illegal taking or dredging of state-owned sand, shell, or gravel; and
- issuing citations for violations of penal statutes, including criminal trespass and discharging a firearm from a public road.

Figure 339 shows the percentage of each type of citation issued by TPWD law enforcement officers in fiscal year 2013.

Appropriations for the Law Enforcement Division total $103.2 million in All Funds for the 2012–13 biennium, which is an increase of $11.0 million in General Revenue Funds and General Revenue–Dedicated Funds over 2012–13 biennial spending levels primarily to fund vehicle and equipment replacement cycles ($5.3 million) and the purchase of a new helicopter to be used for both law enforcement and wildlife management efforts ($5.2 million). The Eighty-third Legislature, 2013, appropriated $4.7 million from General Revenue Funds and General Revenue–

FIGURE 339
CITATIONS ISSUED BY PARKS AND WILDLIFE LAW ENFORCEMENT DIVISION, FISCAL YEAR 2013



Source: Texas Parks and Wildlife Department.

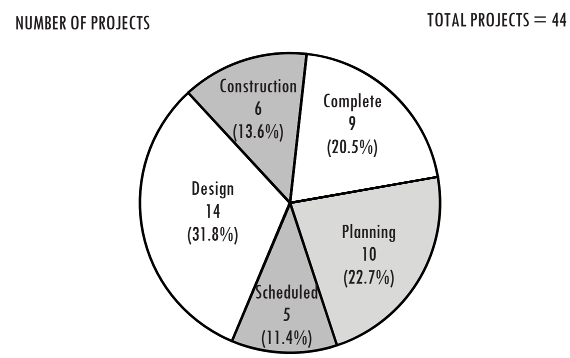
Dedicated Funds to TPWD for border security efforts in the 2014–15 biennium, which maintains the 2012–13 biennial spending levels. Amounts provide funding for 30 game wardens, operating costs, boats and weaponry. Although the game wardens are assigned to the Texas–Mexico border to provide assistance on border security initiatives, the wardens' principal duty is to enforce laws relating to wildlife and natural resources conservation and laws relating to boating and recreational water safety. In addition to these amounts, TPWD is appropriated $9.1 million for Schedule C pay increases ($0.6 million in General Revenue Funds and $8.5 million in General Revenue–Dedicated Funds from the Game, Fish and Water Safety Account) for its game wardens.

INFRASTRUCTURE DIVISION

TPWD established the Infrastructure Division in 1997 to manage repairs in the aging state parks infrastructure. The Division's duties during the 2014–15 biennium include managing infrastructure repairs statewide, including infrastructure for the wildlife, fishery, and law enforcement divisions. The Eighty-third Legislature, Regular Session, 2013, appropriated $11 million in General Obligation Bond Proceeds (Other Funds) and $8 million in General Revenue–Dedicated Funds from the Game, Fish and Water Safety Account for ongoing repairs to the agency's facilities statewide. Under provisions in the General Appropriations Act, the Legislative Budget Board must approve the agency's request for General Obligation Bond Proceeds (Other Funds) and project lists before bonds may be issued and project planning, scheduling and design can begin. Typically, major construction efforts begin in the third year of the five-year life of an appropriation for a construction project.

For example, the Eighty-second Legislature, 2011, appropriated $32.4 million in General Obligation Bond Proceeds (Other Funds) for ongoing repairs to the agency's facility infrastructure. As of August 31, 2013 (year two of the five-year life), only $2.7 million in GO bonds have been issued. Of this $32.4 million, an estimated $27.3 million is allocated for statewide repairs at park facilities; $5.0 million for statewide repairs to wildlife, coastal fishery, and law enforcement facilities; and, the remaining $0.1 million for repairs at agency headquarters. **Figure 340** shows the current status of these General Obligation Bond Proceeds (Other Funds) projects, with most (31.8 percent) still in the design phase.

FIGURE 340
2012–13 GENERAL OBLIGATION BONDS PROJECT STATUS AS OF AUGUST 31, 2013



Notes:
(1) Appropriated 2012–13 Biennium = $32.4 million.
(2) Expended/Encumbered as of August 31, 2013 = $1.2 million.
(3) GO bonds (commercial paper) issued as of August 31, 2013 = $2.7 million.

Sources: Legislative Budget Board; Texas Parks and Wildlife Department.

PARK INFRASTRUCTURE

Because state parks are not self-supporting, General Obligation Bond Proceeds (Other Funds) are typically the method of finance used to maintain the state park infrastructure. TPWD has designated $10.5 million of the $11.0 million of the 2014–15 biennial appropriations in the 2014–15 biennium for capital projects at state parks.

TPWD is also charged with managing repairs to the Battleship *TEXAS*, a historic dreadnought first commissioned in 1914, which is moored at the San Jacinto Battleground. The Eightieth Legislature, 2007, appropriated the agency $25 million in General Obligation Bond Proceeds (Other Funds) to both dry berth the ship and make related repairs. The project's bond financing was approved in May 2009 by the Bond Review Board.

Engineering assessments found the ship to be in worse structural condition than anticipated, which delayed the proposed dry berth project while it was determined whether costs would exceed available funding. Also, Section 106 of the National Historic Preservation Act and provisions of the National Environmental Policy Act required federal agencies to review the state's effort to dry berth the historic ship. After options to dry berth the ship were thoroughly explored, in September 2012 the Legislative Budget Board approved the agency's request to repurpose remaining General Obligation Bond Proceeds (Other Funds) from the proposed dry berth project instead to critical repairs that would best preserve the life of the ship in the ship's current wet berth. In March 2013, TPWD entered into a $17.5 million construction contract for structural repairs, which, unlike the dry berth project, do not require extensive federal naval and environmental review and permitting. As of August 2013, $22.9 million in bond financing had been expended or encumbered for the Battleship project, leaving an available balance of $2.1 million to be carried forward to the 2014–15 biennium.

WILDLIFE AND FISHERIES INFRASTRUCTURE

The agency was appropriated $8 million for the 2014–15 biennium from the General Revenue–Dedicated Game, Fish and Water Safety Account for capital budget projects at freshwater fish hatcheries and wildlife facilities statewide. Of this amount, $5 million was appropriated out of balances of the freshwater fish stamp, primarily for a new stocking facility at the Possum Kingdom fish hatchery and a new storage reservoir at the Texas Freshwater Fisheries Center. The Seventy-eighth Legislature, Regular Session, 2003, passed legislation to authorize a $5 freshwater fish stamp for ongoing inland hatchery construction needs. The stamp was originally scheduled to expire at the end of fiscal year 2013, but the Eighty-second Legislature, 2011, Regular Session passed legislation to repeal the stamp's expiration and make it a permanent part of the agency's revenue structure.

The balance of the appropriation increase, or $3.0 million, is budgeted for replacing the bunkhouse complex at the Chaparral Wildlife Management Area (WMA - $0.8 million), construction of a new restroom and septic system at the Matador WMA ($0.7 million), a new storage building at the Elephant Mountain WMA ($0.5 million), and several other smaller projects at wildlife facilities statewide ($1.0 million).

SIGNIFICANT LEGISLATION

HB 7 – General Revenue-Sporting Goods Sales Tax Transfers for Employee Benefits and License Plate Proceeds. The enactment of House Bill 7, Regular Session, had two major components impacting the financing of the agency:

- The legislation authorizes transfers from the sales tax on sporting goods in addition to appropriated amounts in amounts sufficient to fund related employee benefits costs. During the 2014–15 biennium, an estimated $7.1 million will be transferred to the General Revenue–Dedicated State Parks Account, and $0.1 million to the General Revenue–Dedicated Texas Recreation and Parks Account and the Large County and Municipality Recreation and Parks Account for local park grants; and,
- The legislation rededicated proceeds from the sale of specialty license plates from TPWD specialty license plate General Revenue–Dedicated accounts to the new License Plate Trust Fund Account (Other Funds). As a result, unexpended balances and revenues from the sale of license plates for Big Bend National Park, Waterfowl/Wetland Conservation, Texas Lions Camp, Marine Mammal Recovery, Marine Conservation, and revenues from the sale of license plates for agency programs (Horned Toad, Bluebonnet, Whitetail Deer, and Largemouth Bass) will no longer be used to certify the General Appropriations Bill.

RAILROAD COMMISSION

The three-member Railroad Commission of Texas (RRC), authorized by the Texas Constitution, was established in 1891 to regulate "railroads, terminals, wharves, and express companies." Members of the commission are full-time, statewide-elected officials.

The agency's responsibilities have changed significantly since its inception. Its current mission is to serve Texas by its stewardship of natural resources and the environment, concern for personal and community safety, and support of enhanced development and economic vitality for the benefit of Texans. The agency performs four goals that guide it in fulfilling its mission: Energy Resources; Safety Programs; Environmental Protection; and Technology Enhancements.

Texas continues to rank first among the 50 states in the production of crude oil and in the production of natural gas. RRC has six regulatory divisions that oversee the Texas energy industry:

- Oil and Gas;
- Gas Services;
- Pipeline Safety;
- Alternative Energy
- Alternative Fuels Research and Education; and
- Surface Mining and Reclamation.

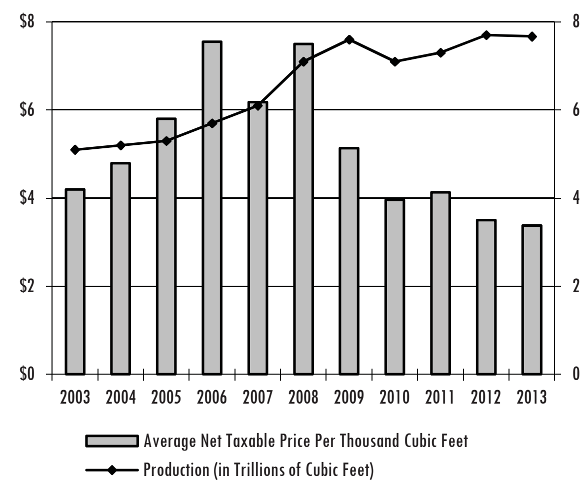
Appropriations to RRC for the 2014–15 biennium total \$158.6 million in All Funds and provide for 807.1 full-time-equivalent (FTE) positions in each fiscal year. This represents a decrease of 18.1 million, or 10.3 percent, as compared to the 2012–13 biennial spending levels. The amount for the 2014–15 biennium includes \$140.7 million in General Revenue Funds and General Revenue–Dedicated Funds (88.7 percent). Of the agency's appropriations from General Revenue Funds, \$1.3 million and 20 FTE positions for the Pipeline Safety Division are contingent upon revenues to the account exceeding the Comptroller of Public Accounts' *2014–15 Biennial Revenue Estimate*.

ENERGY RESOURCES

The agency supports the development, management, and use of Texas oil and gas energy resources, protecting correlative rights (legal rights protecting property over a portion of a gas or oil reservoir from excessive or wasteful withdrawal) and equal and fair energy access to all entities.

To carry out its regulatory responsibilities to prevent waste and protect the rights of others who may be affected, RRC grants drilling permits based on established spacing and density rules. It also assigns production limits on oil and gas wells and performs audits to ensure that those limits are not exceeded. The agency received approximately 2.8 million operator's production reports annually on 165,118 oil wells and 95,178 producing gas wells as of August 31, 2013. Production allowables (amounts which a producer is permitted to extract from a well in a given year) are assigned according to factors such as tested well capability, reservoir mechanics, market demand for production, and past production. **Figures 341** and **342** show gas and oil production and the average taxable price for each fiscal year from 2003 to 2013.

FIGURE 341
TEXAS GAS PRODUCTION
FISCAL YEARS 2003 TO 2013

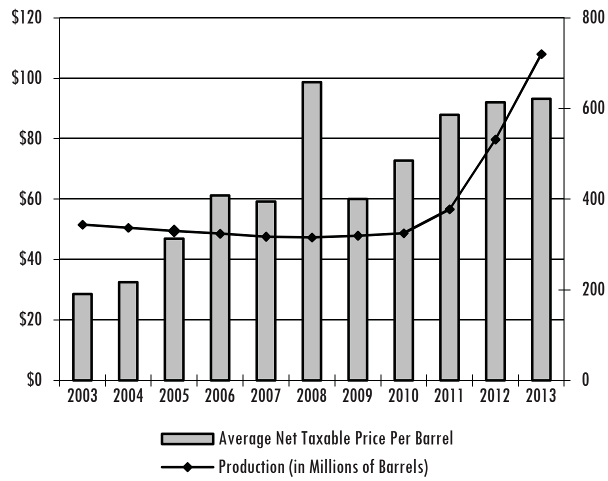


Source: Comptroller of Public Accounts.

The agency's Gas Services Division is also responsible for the regulation of gas utilities. The agency audits utilities to ensure that the proper gas utility tax is paid and monitors rates charged customers for natural gas and services.

The Alternative Fuels and Education Division promotes natural gas and propane as an environmentally and economically beneficial alternative fuel. The agency uses federal, state, and private-sector grants to develop competitive technologies, marketing activities, and educational materials related to alternative fuels that are or have the potential to be effective in improving air quality, energy security, and the Texas economy.

FIGURE 342
TEXAS OIL PRODUCTION
FISCAL YEARS 2003 TO 2013



Source: Comptroller of Public Accounts.

The RRC is also responsible for regulating the safe transportation, storage, and use of liquefied petroleum gas, compressed natural gas, and liquefied natural gas as alternative energy sources. The agency issues licenses and permits, provides safety training, conducts field inspections, investigates complaints and accidents, and responds to emergencies. Approximately 4,400 company licenses are issued and more than 13,000 safety inspections are performed annually.

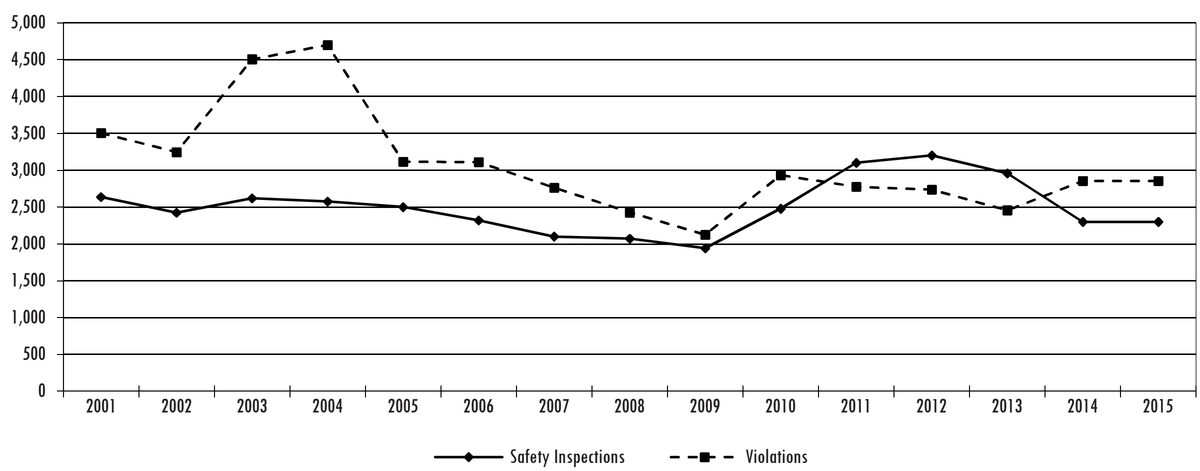
Energy Resources is appropriated $31.3 million in All Funds for the 2014–15 biennium, or 19.8 percent of the agency's budget, which provides for 205.6 FTE positions. This represents a decrease of $17.0 million, or 35.2 percent, as compared to 2012–13 biennial spending levels

SAFETY PROGRAMS

By providing training, monitoring, and enforcement, the agency advances safety in the delivery and use of Texas petroleum products. The agency's Pipeline Safety Program regulates the safety of intrastate natural gas pipelines and hazardous liquid pipelines in Texas. The agency is certified by the U.S. Department of Transportation for the enforcement of federal pipeline safety regulations for intrastate pipeline facilities pursuant to the federal Pipeline Safety Act.

The Pipeline Safety Division enforces pipeline operators' compliance with federal and state laws. The division issues licenses and permits, conducts field inspections and accident investigations, and responds to emergencies. **Figure 343** shows the number of safety inspections the agency has performed and the number of violations found through those inspections from fiscal years 2001 to 2015. The Pipeline Damage Prevention Program focuses on compliance and enforcement activities related to the movement of earth near pipeline facilities and gives educational awareness presentations to affected stakeholders statewide.

FIGURE 343
RAILROAD COMMISSION PIPELINE SAFETY INSPECTIONS AND VIOLATIONS
FISCAL YEARS 2001 TO 2015



Notes:
(1) Fiscal year 2013 is estimated.
(2) Fiscal years 2014 and 2015 are projected.
Source: Railroad Commission of Texas.

Safety Programs are appropriated $20.3 million in All Funds for the 2014–15 biennium, or 12.8 percent of total agency appropriations. This amount represents an increase of 46.6 percent as compared to 2012–13 biennial spending levels. The function encompasses approximately 117.2 of the agency's FTE positions.

ENVIRONMENTAL PROTECTION

The agency ensures that Texas' fossil fuel energy production, storage, and delivery occurs in a manner that minimizes harmful effects on the state's environment and preserves natural resources. The agency accomplishes this through monitoring and inspections, and remediation, reclamation, and plugging of oil and gas wells. RRC addresses these responsibilities through a variety of activities:

- promulgating rules for regulated industries;
- registering organizations;
- maintaining financial assurance of operators;
- requiring and maintaining certain filings by operators;
- granting permits and licenses;
- monitoring performance and inspecting facilities;
- maintaining records and maps;
- reviewing variance requests;
- investigating complaints and responding to emergencies; and
- plugging abandoned (or orphaned) oil and gas wells and cleaning up associated facilities and pollution sites.

The Oil and Gas Regulatory and Cleanup (OGRC) Account was established in Senate Bill 1, Eighty-second Legislature, First Called Session, 2011, replacing the previous Oil Field Cleanup Account. The account is supported entirely by fees, surcharges, and other payments collected from the oil and gas industry, and it is used by RRC to pay costs related to regulating and monitoring the oil and gas industry, plugging abandoned wells, and cleanup oil and gas sites. Since the inception of the oil field cleanup program in 1984 to July 2013, the agency has plugged 33,705 wells with the use of these state funds. The agency identified a backlog of approximately 8,824 unplugged and orphaned wells as of July 2013. The agency uses a priority rating system to determine which wells should be plugged first that includes four categories and 26 rated factors of human health, safety, environment, and wildlife to determine which wells pose the greatest risk to public safety and the environment.

The OGRC Account is also used to perform the cleanup of sites where abandoned oil and gas waste and other regulated substances are causing or are likely to cause pollution of surface or subsurface water. These site cleanups can range from simple tank-battery cleanups taking less than a day to complete to more complex cleanups requiring several years to properly evaluate, design, procure, and ultimately complete. As of August 2013, the agency has completed approximately 6,511 cleanup activities since program inception and has a backlog of approximately 2,036 abandoned sites.

Figure 344 shows the number of wells plugged and the number of polluted oil and gas sites cleaned up using state funds since fiscal year 2002.

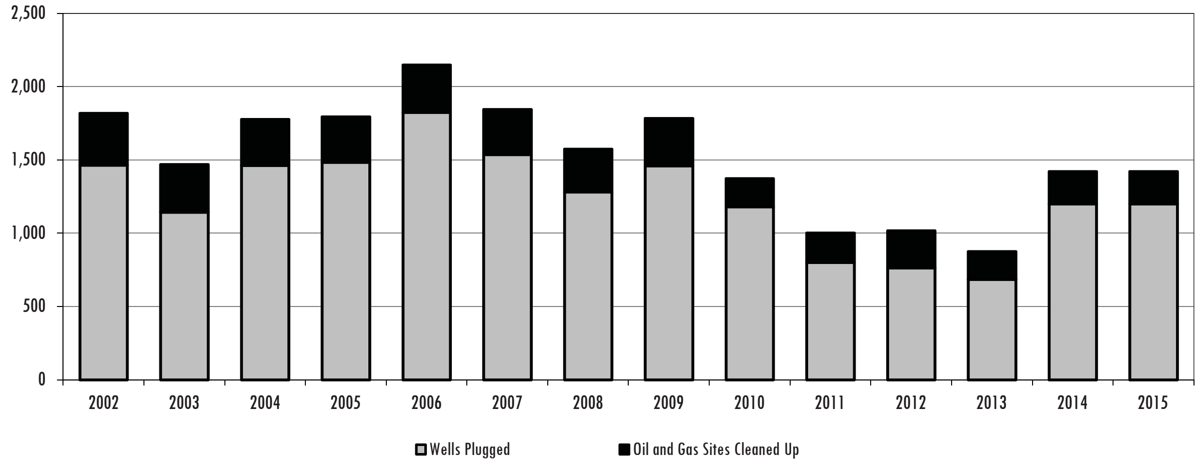
The agency's Operator Cleanup Program oversees cleanups performed by the regulated community, which primarily consists of responsible party operators. Third party, non-responsible person cleanups may be eligible to enter the agency's Voluntary Cleanup Program, which offers additional assurances from the agency that the cleanup is adequate.

The Groundwater Advisory Unit provides groundwater protection determination letters to oil and gas producers. There are three types of letters: Groundwater Protection; Groundwater Protection for Saltwater Disposal Wells; and, Groundwater Protection for Seismic Survey Operations.

The agency also regulates surface mining of coal/lignite, iron ore, and uranium exploration as well as the reclamation of abandoned mine lands. Reclamation of abandoned surface mines usually consists of earthwork burial or treatment of unsuitable spoil (usually acidic or radioactive spoil), installation of erosion- and water-control structures, and re-vegetation. Dangerous abandoned underground mine openings are usually closed by backfilling, capping (concrete or metal grating), or metal gating. The agency oversees contractors hired to perform these services.

Environmental Protection receives 63.8 percent of the agency's All Funds appropriations, or $101.2 million for the 2014–15 biennium, which provides for approximately 441 FTE positions (or 55 percent of the agency's workforce). This amount represents a decrease of $7.8 million, or 7.2 percent, as compared to 2012–13 biennial spending levels.

FIGURE 344
WELLS PLUGGED AND OIL AND GAS SITES CLEANED UP USING STATE FUNDS
FISCAL YEARS 2002 TO 2015



NOTE: Fiscal years 2013 to 2015 are estimated.
SOURCE: Railroad Commission of Texas.

TECHNOLOGICAL ENHANCEMENTS

RRC is committed to maximizing electronic access to government data and information. RRC is in the process of modernizing many of its paper based processes. The primary goal of these modernization efforts is to provide a centralized and efficient method for the public and the regulated community to interface with and consume information and services provided by the RRC. To that end, the agency is currently engaged in modernizing its Information Technology (IT) infrastructure. The IT Modernization project will revise outdated manual processes for the Oil and Gas Permitting and Online Filing system, the Gas Service Online Filing system, the Pipeline Online Permitting system, and the Alternative Energy Online system to improve efficiency and provide improved access to agency data. Integrated web-based applications that enable filing or exchange of data via a centralized source will be developed through the Operator Portal Project. In addition, Geographic Information Systems (GIS) will be upgraded, and legacy systems will be replaced. Completion of these projects will come in two phases: the first production release is anticipated in early 2015, while the second is expected during the summer of 2015. Once complete, the agency estimates a 90 percent usage rate of the available online systems shortly after August 31, 2015.

Appropriations for the IT Modernization Capital Budget project are spread throughout the agency's budget, proportional to each functional area's use of the agency's IT infrastructure. Technological Enhancements received $5.7 million in appropriations for the 2014–15 biennium, or 3.6 percent of the agency's budget, and approximately 43.6 FTE positions. This amount represents an increase of $0.3 million, or 5.3 percent, as compared to 2012–13 biennial spending levels.

SIGNIFICANT LEGISLATION

HB 1025 – IT Modernization Project. The agency received an appropriation from the enactment of House Bill 1025, Eighty-third Legislature, Regular Session, of $16.7 million in General Revenue–Dedicated Funds (OGRC Account) for the period beginning June 14, 2013 and ending June 14, 2015 for IT Modernization efforts; this amount is not included in agency appropriations for the 2014–15 biennium. In addition, the agency received an appropriation for the 2014–15 biennium of $5.0 million in General Revenue Funds and $2.9 million in General Revenue–Dedicated Funds (OGRC Account) also for IT Modernization efforts in the form of four Capital Budget projects.

HB 7 and HB 3309 – Surface Casing Determination Revenue Re-direction. The enactment of House Bill 7 and House Bill 3309, Eighty-third Legislature, Regular Session, both provide that certain fees collected for surface casing determination (groundwater protection) letters be deposited to the General Revenue–Dedicated OGRC Account, instead of the fees being deposited to the General Revenue Fund. This is expected to result in an increase in revenues to the OGRC Account of approximately $1.4 million per fiscal year, with a like decrease in revenues to the General Revenue Fund.

HB 7 – Abolishment of Alternative Fuels Research and Education Account. The enactment of House Bill 7 also abolished the General Revenue–Dedicated Alternative Fuels Research and Education (AFRED) Account and transferred the balance in the account to the y portion of the General Revenue Fund. Fees that were deposited to the AFRED Account were eliminated. In addition, House Bill 7 expanded the purposes for which money in the OGRC Account may be appropriated to include activities relating to alternative fuels.

HB 2532 – Propane Distribution System Retailers Regulation. The enactment of House Bill 2532, Eighty-third Legislature, Regular Session, establishes standards for propane distribution system retailers, bringing those entities under the jurisdiction of the RRC. The bill makes rates charged by distribution system retailers subject to statutory limitations, prohibits the disconnection of service in certain circumstances, and provides for customer complaint handling by the RRC, including the requirement that the agency establish a toll-free number for customers to report service interruptions. The bill provides for the RRC to assume operational control of a system that is unable to provide services under certain circumstances.

HB 2982 – Intrastate Gathering Pipelines. The enactment of House Bill 2982, Eighty-third Legislature, Regular Session, placed intrastate gathering pipelines for hazardous liquids and carbon dioxide under the jurisdiction of the RRC. The bill requires the RRC to develop rules for such pipelines based on the risks that the transportation of such substances and the facilities used to transport such substances present to public safety. The bill also requires applicants for oil and gas drilling permits to notify the Texas Department of Transportation (TxDOT) when a well is within close proximity to TxDOT-owned easements.

SOIL AND WATER CONSERVATION BOARD

The Texas State Soil and Water Conservation Board (TSSWCB) was established in 1939. Its mission is to work in conjunction with local soil and water conservation districts to encourage wise and productive use of natural resources.

Appropriations to TSSWCB for the 2014–15 biennium total $52.6 million in All Funds and provide for 72.1 full-time-equivalent positions. This amounts represents an increase of $10.7 million, or 25.4 percent, as compared to 2012–13 biennial spending levels. These appropriations include $40.6 million in General Revenue Funds (77.2 percent).

The agency has three goals: (1) to provide soil and water conservation assistance; (2) to control and abate agricultural and silvicultural nonpoint source pollution; and (3) to enhance the state's water supply.

SOIL AND WATER CONSERVATION ASSISTANCE

Appropriations for Soil and Water Conservation Assistance total $24.3 million for the 2014–15 biennium, which represents an increase of $10.9 million, or 80.9 percent, as compared to 2012–13 biennial spending levels. These appropriations include $14.8 million in General Revenue Funds to address maintenance and structural repair needs for flood control dams across the state, an increase of $10.8 million as compared to 2012–13 spending levels.

ASSISTANCE TO SOIL AND WATER CONSERVATION DISTRICTS

There are 216 soil and water conservation districts in the state, covering all of Texas. The agency provides districts with financial, technical, and program-management assistance for the development of district soil and water conservation programs. Financial assistance is offered through grant funding to pay salaries of district personnel involved in assisting owners and operators of agricultural and other lands in the design and application of conservation practices. Conservation assistance matching grants are also available to local districts to help offset operating costs.

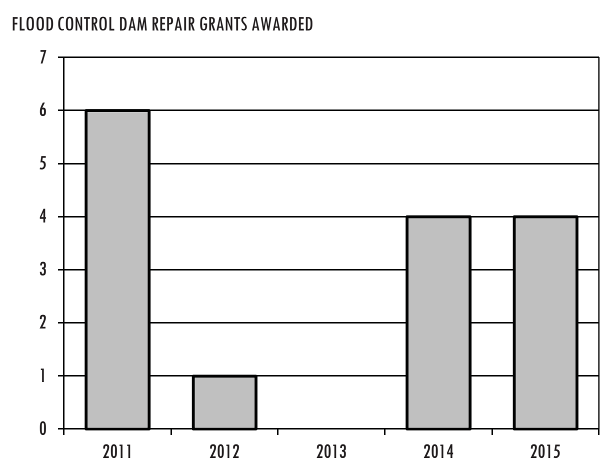
The agency offers technical assistance and program-management assistance through education and outreach programs to the districts, providing them with information about water quality improvement measures, water yield enhancement methods, and soil and water conservation techniques. Agency field staff are located throughout the state to consult with local soil and water district directors and landowners to ensure that appropriate land and water conservation methods are in use. In addition, the agency works closely with the Natural Resource Conservation Service of the U.S. Department of Agriculture to assure districts' technical assistance needs are met.

FLOOD CONTROL DAM MAINTENANCE AND STRUCTURAL REPAIR

Since fiscal year 2010, TSSWCB assists local districts with operations and maintenance, structural repairs, and rehabilitation of flood control dams across the state. These dams are generally earthen structures that were built in the 1950s on private property with the assistance of the federal government to help prevent flooding. Of 2,042 flood control dams across the state, 1,666 are reported to need maintenance assistance, while 187 require structural repairs.

TSSWCB uses appropriations to enter into cost-share agreements with local soil and water conservation districts for flood control dam maintenance and structural repair projects. In flood dam structural repair projects the state covers 95 percent of the cost and the remainder can be funded from local, federal, or private funds. For maintenance projects the state pays 90 percent of the cost and the remaining funds are paid from local, federal, or private funds. **Figure 345** shows the number of flood control dam repair grants awarded in fiscal year 2011 through 2013 and estimated amounts in fiscal years 2014 and 2015.

FIGURE 345
FLOOD CONTROL DAM MAINTENANCE AND STRUCTURAL REPAIR, FISCAL YEARS 2011 TO 2015



NOTE: Fiscal years 2014 and 2015 are projected.
SOURCE: Texas State Soil and Water Conservation Board.

NONPOINT SOURCE POLLUTION ABATEMENT

The agency's second goal is to effectively administer a program for the abatement of nonpoint source pollution caused by agricultural and silvicultural uses of the state's soil and water resources consistent with the Texas Nonpoint Source Management Program. Nonpoint source pollution affects water bodies where contaminants from agricultural or urban runoff flow into rivers or watersheds. TSSWCB administers all programs for abating nonpoint source pollution in the state and represents the state before the federal government in all matters related to agricultural and silvicultural nonpoint source pollution. The agency accomplishes the second goal in two ways: implementing a statewide management plan for controlling nonpoint source pollution, and developing pollution abatement plans for designated agricultural areas. Appropriations for nonpoint source pollution abatement total $22.7 million for the 2014–15 biennium. This amount represents a decrease of $0.2 million, or 0.9 percent, as compared to 2012–13 biennial spending levels.

STATEWIDE MANAGEMENT PLAN

TSSWCB identifies areas with the potential for water quality problems resulting from agriculture and silviculture uses. The agency facilitates the development and implementation of (1) select federal Clean Water Act (CWA) functions, such as total maximum daily loads; (2) watershed protection plans; and (3) one-half of the state's annual CWA Section 319(h) Nonpoint Source Grant Program, which is achieved through a statewide management plan for the control of agricultural and silvicultural nonpoint source water pollution. The Texas Commission on Environmental Quality implements the other half of the state's annual CWA Section 319(h) Nonpoint Source Grant Program to address urban and industrial nonpoint source water pollution.

POLLUTION ABATEMENT PLANS

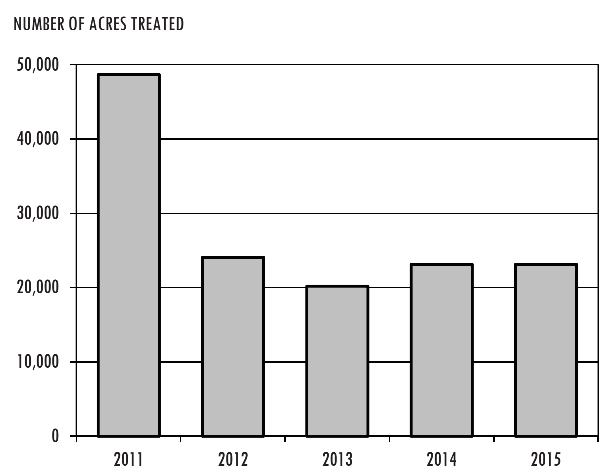
The agency implements the Water Quality Management Plan Certification Program, which provides for the development, supervision, and monitoring of individual water quality management plans in designated areas. The water quality management plans are voluntarily developed by landowners to mitigate nonpoint source pollution on their land.

WATER SUPPLY ENHANCEMENT

TSSWCB also protects and enhances the state's water supply, increases water conservation, and enhances water yields. Appropriations for this purpose total $4.3 million for the 2014–15 biennium, equal to 2012–13 biennial spending levels. Under its third goal, TSSWCB implements the Water Conservation and Enhancement strategy, also known as Brush Control, to increase water yields in specific watersheds of the state. During the 2014–15 biennium, General Revenue Funds comprise all of the appropriations for this strategy. The agency uses funds in the Water Conservation and Enhancement strategy to implement cost-share programs in which the state pays a maximum of 70 percent of the share of a brush control project, and the landowner pays the remaining costs. The agency plans to use funds during the 2014–15 biennium to continue work in areas that yield the highest amount of water. These project areas include six watersheds throughout the state.

Figure 346 shows the number of acres of brush treated through the Water Supply Enhancement program in fiscal years 2011 through 2013 and projected amounts in fiscal years 2014 and 2015. The agency has decreased its reliance on the chemical treatment of brush which previously resulted in a greater number of treated acres at reduced cost. Statute (House Bill 1808, Eighty-second Legislature, 2009) now requires the agency to conduct a spatial analysis prior to beginning a water supply enhancement project, and to concentrate on projects in areas that yield the greatest amount of rain flow into watersheds and rivers. According to the agency, projects that yield the most water contain a mixture of mesquite and juniper. Unlike mesquite only

FIGURE 346
WATER SUPPLY ENHANCEMENT PROGRAM
FISCAL YEARS 2011 TO 2015

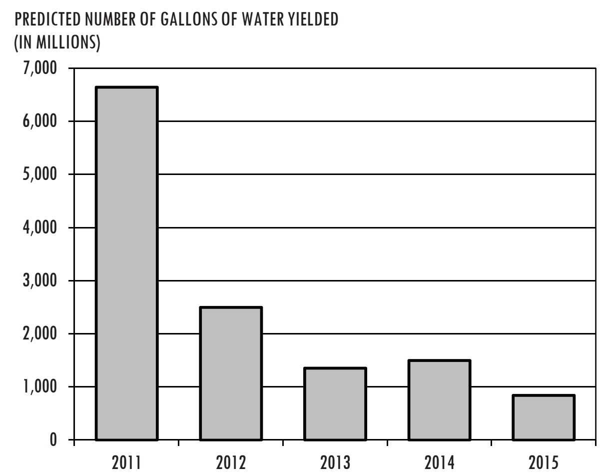


NOTE: Fiscal years 2014 and 2015 are projected.
SOURCE: Texas State Soil and Water Conservation Board.

projects which can be cleared by relatively less costly aerial chemical treatments, mixed and juniper only projects require more costly ground-based mechanical clearing methods.

Additionally, **Figure 347** provides the predicted number of gallons of water yielded from the Water Supply Enhancement Program in fiscal years 2011 through 2013 and estimated amounts in fiscal years 2014 and 2015.

FIGURE 347
WATER SUPPLY ENHANCEMENT PROGRAM
FISCAL YEARS 2011 TO 2015



NOTE: Fiscal years 2014 and 2015 are projected.
SOURCE: Texas State Soil and Water Conservation Board.

WATER DEVELOPMENT BOARD

The Texas Water Development Board (TWDB) was established in 1957. Its mission is to provide leadership, planning, financial assistance, information, and education for the conservation and responsible development of water for Texas.

Appropriations for the 2014–15 biennium total $2.1 billion (All Funds) and provide for 312.8 and 325.1 full-time-equivalent (FTE) positions in fiscal year 2014 and fiscal year 2015, respectively. Of this amount, $2 billion represents a one-time appropriation from the Economic Stabilization Fund for a transfer to the State Water Implementation Fund for Texas (SWIFT) to finance projects in the State Water Plan, due to voter approval of Senate Joint Resolution 1, Eighty-third Legislature, Regular Session, 2013.

Not included in the appropriations to TWDB is $1.9 billion in funds (General Obligation Bond Proceeds (Other Funds), loan payments, Federal Funds and interest earnings) outside the appropriations process, including $542.9 million in the Water Development Fund II, $756.2 million in the Clean Water State Revolving Fund, and $604.5 million in the Drinking Water State Revolving Fund. The Water Development Fund II provides loans and grants for: the acquisition, improvement or construction of water-related projects such as water wells, retail distribution and wholesale transmission lines, pumping facilities, storage reservoirs and tanks, water treatment plants, and wastewater collection and treatment projects; the purchase of water rights; and flood control projects. The Clean Water State Revolving Fund provides reduced interest loans and grants for: wastewater projects that address compliance issues related to the federal Clean Water Act; nonpoint source projects; and estuary management projects. The Drinking Water State Revolving Fund provides low interest loans and grants for projects that ensure compliance with national primary drinking water standards. In addition to these amounts, the Eighty-third Legislature authorized TWDB to issue an additional $50 million in non-self supporting General Obligation (GO) bonds to finance projects in Economically Distressed Areas.

TWDB has two goals: (1) to plan and guide the conservation, orderly and cost-effective development, and best management of the state's water resources for the benefit of all Texans; and (2) to provide cost-effective financing for the development of water supplies, water quality protection, and other water-related projects.

WATER RESOURCE PLANNING

TWDB develops and periodically updates a state water plan (SWP) that assesses the state's water needs for a 50-year period. This plan, is revised every five years and developed by 16 designated regional planning groups, in conjunction with the TWDB. The SWP, provides an overview of the state's current and prospective water use and identifies water supplies and estimated facility needs and costs. It also describes water problems and opportunities, outlines significant environmental concerns and water issues, and offers policy and funding recommendations to the Legislature. The process of drafting a water plan was initially formulated after what is now commonly known as the Drought of Record, which occurred in the 1950s.

In the 2012 iteration of the SWP entitled Water for Texas, regional planning groups recommended implementing 562 water strategies or a total of 3,089 discrete projects, to meet future water needs. If implemented, these projects are anticipated to provide 9.0 million acre-feet in additional water supplies by 2060. An acre-foot is the volume of water needed to cover an area of one acre to a depth of one foot, or the equivalent of the average annual water use by two families. Strategies include constructing new reservoirs, desalination plants, water recycling/reuse centers, and increasing water conservation efforts. The capital costs of these projects are estimated to be $53.1 billion through 2060. It is anticipated that $6.9 billion will be funded directly by private entities and $19.3 billion from local governments. The 2012 SWP recommends that the state provide the remaining $26.9 billion in financial assistance to local water suppliers to fill this financing gap. **Figure 348** shows the percentage of the 9.0 million acre-feet in future water needs each category of strategies is anticipated to produce, the total capital cost by strategy and the percentage the cost represents of total capital costs. For a breakdown of projected water demand and financial assistance needs by region, refer to the Legislative Budget Board publication, *Texas State Government Effectiveness and Efficiency Report*, Fund the State Water Plan to Ensure Adequate Future Water Supplies, January 2013.

The largest category of strategies, Other Surface Water, includes projects to convey water from established supplies such as an existing reservoir to points of distribution for other users and to make established supplies legally available to users. This strategy is projected to provide 33.9 percent of the 9 million in acre-feet of water available by 2060 if all water management strategies were implemented. Reuse

FIGURE 348
PROJECTED WATER SUPPLY NEEDS AND CAPITAL COSTS BY WATER MANAGEMENT STRATEGY

WATER MANAGEMENT STRATEGY	WATER MANAGEMENT STRATEGY SUPPLIES IN ACRE-FEET	PERCENTAGE OF TOTAL ACRE-FEET	TOTAL CAPITAL COST THROUGH 2060 (IN MILLIONS)	PERCENTAGE OF TOTAL COST	FINANCIAL ASSISTANCE NEEDED (IN MILLIONS)
Other Surface Water	3,050,049	33.9	$24,081	45.3	$14,550
Irrigation Conservation	1,505,465	16.7	902	1.7	–
New Major Reservoir	1,499,671	16.7	13,584	25.6	4,051
Reuse	915,589	10.2	5,264	9.9	2,783
Groundwater	800,795	8.9	4,314	8.1	2,253
Municipal Conservation	647,361	7.2	24	0.0	6
Groundwater Desalination	181,568	2.0	1,121	2.1	743
Conjunctive Use	135,846	1.5	1,014	1.9	373
Seawater Desalination	125,514	1.4	1,766	3.3	1,596
Aquifer Storage and Recovery	80,869	0.9	1,035	1.9	488
Other Conservation	23,432	0.3	0	0.0	23,432
Brush Control	18,862	0.2	27	0.1	18,862
Weather Modification	15,206	0.2	0	0.0	0
Surface Water Desalination	2,700	<0.1	17	0.0	13
Drought Management	1,912	<0.1	0	0.0	0
TOTAL	**9,004,839**	**100.0**	**$53,149**	**100.0**	**$26,857**

Source: Texas Water Development Board.

strategies include projects to reuse some types of wastewater for landscape irrigation or to routing wastewater to treatment as water supply. Conjunctive Use strategies that combine water use from multiple sources in a manner that optimizes the beneficial characteristics from each source. The next edition of the State Water Plan is anticipated to be released in January 2017.

The agency has four objectives under the Water Resource Planning goal: (1) Data Collection; (2) Water Planning; (3) Conservation; and (4) Administration of the National Flood Insurance Program.

DATA COLLECTION AND DISSEMINATION

The planning process at TWDB is supported by ongoing collection of basic data. Data collection determines the location, quantity, and quality of surface and groundwater resources across the state. TWDB conducts both localized and regional groundwater studies and prepares reports on these studies for use by individuals, municipalities, industry, and other state agencies involved in developing and managing groundwater resources.

TWDB's data collection and dissemination activities include management of the Texas Natural Resource Information System (TNRIS). TNRIS serves as a clearinghouse for other state agencies and the public, providing access to natural resources and census data. The agency is also undertaking an initiative known as StratMap. StratMap digitizes geographic data maps, thereby enhancing public access to geographic data, serving a wide variety of data needs, and avoiding duplication of effort through coordination with federal, state, and local entities.

Appropriations for Data Collection and Dissemination total $13.6 million for the 2014–15 biennium, or 0.6 percent of total agency All Funds appropriations. This amount represents an increase of $0.8 million, or 6 percent, as compared to 2012–13 biennial spending levels. The Eighty-third Legislature, Regular Session, 2013 provided $2 million from General Revenue in the 2014–15 biennium for continued study of environmental flows and instream flows for targeted rivers and river basins, as well as other basins approved by the Environmental Flows Advisory Group.

WATER PLANNING

In addition to its statewide planning activities, TWDB provides grants to local governments for the development and updating of regional water plans, which guide the use and management of an area's water supplies. The regional plans outline water management strategies to meet projected water supply needs and are incorporated into the State Water Plan. The appropriation for the agency's Water Planning activities totals $22.5 million for the 2014–15 biennium, or 1.1 percent of the agency's All Funds appropriations. This amount represents an increase of $1.7 million, or 8.3 percent, as compared to 2012–13 biennial spending levels. For the 2014–15 biennium, the Eighty-third Legislature, Regular Session, 2013, provided $3.0 million in General Revenue Funds in the form of grants for near-term alternative water supply demonstration projects. The Legislature also appropriated $0.7 million from General Revenue Funds, including 4.8 FTEs, for consolidating water conservation reporting requirements and quantifying water conservation savings.

CONSERVATION PROGRAMS

Within the Water Conservation Education and Assistance strategy, TWDB promotes water conservation through educational and technical assistance programs, financial assistance, and evaluations of water and wastewater systems. Appropriations for this strategy total $10.4 million for the 2014–15 biennium. This represents an increase of $7.6 million, or 270.4 percent, as compared to 2012–13 biennial spending levels. The agency provides assistance to municipal water suppliers as well as to agricultural interests. The appropriations include $3.6 million in Other Funds from the Agricultural Water Conservation Fund for a grant to the Texas Alliance for Water Conservation Demonstration Project. The Eighty-third Legislature, Regular Session, 2013, also provided General Revenue Funds for grants to offset costs of meters in Groundwater Conservation Districts that have rules requiring metering ($3.0 million) and grants to water conservation education groups ($1.0 million).

NATIONAL FLOOD INSURANCE PROGRAM

In 2007, the Eightieth Legislature named TWDB as the state agency responsible for coordinating the National Flood Insurance Program (NFIP) within the state. The NFIP state coordinator serves as the liaison between the federal component of the program and the local communities. The primary duty of the state coordinator is to provide guidance and education to the communities to assist in meeting federal eligibility requirements for entrance into the NFIP and to assist the communities with maintaining their NFIP participation status. Appropriations for this strategy total $43.1 million for the 2014–15 biennium. This amount represents a decrease of $42.7 million, or 49.1 percent, as compared to 2012–13 biennial spending levels. Of this decrease, $42.6 million represents one-time Federal Funds from the Federal Emergency Management Agency for flood mitigation grants to Harris, Jefferson and Galveston counties, as well as the cities of Arlington and Mansfield.

WATER PROJECT FINANCING

Under its second goal, TWDB provides financial assistance for building or expanding water and wastewater infrastructure throughout the state. Under the State and Federal Financial Assistance and Economically Distressed Areas strategies, the agency administers various grant and loan programs.

FINANCIAL ASSISTANCE

Programs operated within the State and Federal Financial Assistance strategy provide financial assistance for water and wastewater infrastructure to communities and other entities. Major activities within this strategy include the Water Development Fund Program (also known as DFund I and DFund II), which is funded by General Obligation Bond Proceeds (Other Funds); the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF), which are capitalized with Federal Funds and revenue bond and General Obligation Bond Proceeds (Other Funds); and the Rural Water Assistance Fund Program.

WATER DEVELOPMENT FUND

Since 1957, Texans have approved constitutional amendments authorizing TWDB to issue approximately $10.2 billion in water development bonds. Through the end of fiscal year 2013, the agency had issued nearly $3.7 billion in GO bonds. Proceeds from the water development bonds provide financial assistance to Texas communities in the form of direct loans and state match of Federal Funds. Senate Joint Resolution 4 was passed by the Eighty-second Legislature, and subsequently approved by the voters in an election in November 2011, providing TWDB the authority to issue bonds from the DFund II in amounts such that the aggregate principal amount of outstanding bonds issued does not exceed $6.0 billion.

CLEAN WATER STATE REVOLVING FUND

TWDB operates the CWSRF which provides: reduced interest rate loans for wastewater projects addressing compliance issues consistent with the requirements of the Clean Water Act; loan forgiveness up to 70 percent for wastewater projects in disadvantaged communities and loan forgiveness of 15 percent for eligible green project reserve components. Since CWSRF's inception in 1988, TWDB received $1.89 billion in federal capitalization grants (i.e., Federal Funds for construction projects). State matching funds, leveraged with General Obligation Bond Proceeds (Other Funds), have made approximately $6.3 billion available for loans. As of August 31, 2013, TWDB has made commitments totaling $6.4 billion in loans and grants to 367 entities to improve wastewater treatment facilities across the state.

DRINKING WATER STATE REVOLVING FUND

TWDB operates the DWSRF Program, authorized under the federal Safe Drinking Water Act. Initiated in fiscal year 1996, the DWSRF includes federal capitalization grants matched with TWDB-issued GO bonds and loan repayments deposited back into the fund. The fund provides reduced interest rate loans to ensure compliance with the national primary drinking water standards. In addition, loan forgiveness is available for disadvantaged communities (up to 70 percent), for green project costs (up to 15 percent), and for very small systems (up to 100 percent of project costs up to a total of $200,000). Since inception of the DWSRF, the agency has been awarded capitalization grants totaling $1.2 billion. TWDB has made 272 loan commitments totaling $1.2 billion for projects that will assist 167 entities through the DWSRF.

RURAL WATER ASSISTANCE FUND PROGRAM

The Rural Water Assistance Fund Program is funded from General Obligation Bond Proceeds (Other Funds) using the state Private Activity Bond cap. Private Activity Bonds are a financing tool that allows private sector investment in public projects. The benefits of this tool include interest rates lower than conventional taxable financing, lower delivered cost of service, and a readily available money supply. The program is designed to assist small rural utilities to obtain low-cost financing for water and wastewater projects.

Appropriations for State and Federal Financial Assistance for the 2014–15 biennium total $2.0 billion, or 94.9 percent of agency appropriations. This amount represents an increase of $1.9 billion, which is entirely due to the one-time $2.0 billion transfer from the Economic Stabilization Fund to the SWIFT to finance State Water Plan projects due to voter approval of Senate Joint Resolution 1. Total appropriations for State and Federal Financial Assistance programs do not include the loans, grants and other forms of financial assistance made through the Water Development Fund, the CWSRF, and the DWSRF because these funds are not included in the General Appropriations Act.

STATE WATER PLAN PROGRAMS

State Water Plan projects are implemented primarily through two agency financial assistance programs: (1) the State Participation Program (SPP); and (2) the Water Infrastructure Fund (WIF) Program. See **Figure 349** for a description of the two programs.

Financing available through the SPP allows TWDB to assume temporary ownership of eligible projects and recover principal, interest and issuance costs on a deferred timetable (i.e., until a sufficient rate base develops in the project area to allow local participants to purchase the state's interest). For new water supply projects, the TWDB may fund up to 80 percent of project costs through the State Participation Program. The WIF provides reduced-interest loan rates and deferral of annual principal and interest payments for State Water Plan projects funded through the WIF. The WIF finances current project needs and pre-construction environmental and engineering studies. As indicated previously, regional planning groups identified $27 billion in demand for state financial assistance in the 2012 iteration of the State Water Plan.

ECONOMICALLY DISTRESSED AREAS PROGRAM

The Economically Distressed Areas Program (EDAP) provides financial assistance for the supply of water and wastewater services to economically distressed areas where water or wastewater facilities are inadequate to meet minimum state standards. With voter approval of three constitutional amendments in 1989, 1991, and 2007, TWDB was authorized to issue $500 million in GO bonds to provide affordable water and wastewater services in these areas. Of this amount, $151 million in GO bond authority remains. From 1993 to 1999, the federal government provided $300 million through the federal Colonia Wastewater Treatment Assistance Program (CWTAP) to complement the state's EDAP program.

FIGURE 349
STATE WATER PLAN LOAN PROGRAMS

PROGRAM	TYPE	ELIGIBLE USES	METHOD OF FINANCE
Water Infrastructure Fund (WIF)	Self Supporting/Non-Self Supporting Bonds (the majority of the debt service is funded by loan repayments; currently 2 of the 5 outstanding issuances are self supporting)	Planning, design and construction of water supply, wastewater and flood control projects which are strategies in the State Water Plan	Subsidized loans, some with deferrals; utilized since fiscal year 2008 for projects implementing State Water Plan strategies
State Participation Program (SPP)	Self Supporting / Non-Self Supporting Bonds (as the program matures, bond issues become self supporting; currently 5 of the 6 outstanding issuances are self supporting)	Regional development of projects including reservoirs and stormwater retention basins for water supply, flood protection and groundwater recharge; facilities for the transmission and treatment of water; and treatment works; includes funding of State Water Plan projects	Temporary state ownership via a purchase contract with interest-deferred repurchase payments back to the State

Source: Texas Water Development Board.

As of August 31, 2013, TWDB has directed $720 million in funding through EDAP/CWTAP funding and utilized an additional $184 million from other TWDB programs to provide water and wastewater improvements for the benefit of approximately 541,880 residents in economically distressed areas. An additional 51,534 residents could benefit through EDAP-funded projects currently in the planning stages. The Eighty-third Legislature, Regular Session, 2013, authorized TWDB to issue $50 million in existing bond authority during the 2014–15 biennium to finance projects associated with EDAP. The Legislature appropriated $6 million in General Revenue Funds for the related debt service. The agency estimates that at the end of the 2014–15 biennium, the remaining authorized but unissued GO bond authority for EDAP will total $100 million.

The Economically Distressed Areas strategy is appropriated $1.2 million for the 2014–15 biennium for the administration of EDAP-related programs. This amount represents a decrease of $0.4 million, or 24.5 percent, as compared to 2012–13 biennial spending levels. EDAP assistance amounts from General Obligation Bond Proceeds (Other Funds) and Federal Funds are not included in this total because these amounts are not part of TWDB's administrative appropriation.

DEBT SERVICE

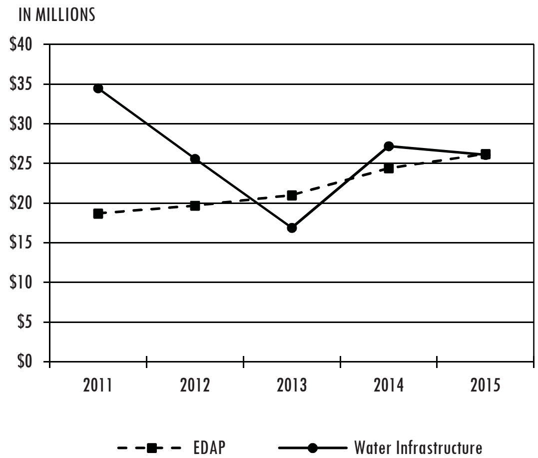
Much of the state funding for projects is financed through bonds. The issuance of bonds requires debt service to repay the principal and interest on the bonds. Debt service for most programs within the Water Development Fund, the CWSRF, and the DWSRF is fully recovered through loan repayments. This is not the case, however, with the bonds issued through EDAP, the State Participation Program, and the WIF. The debt service for these bonds, referred to as non-self-supporting GO bonds, is not fully recovered through loan repayments and requires General Revenue Funds to cover debt service requirements. In the case of EDAP, loan repayments are insufficient to cover debt service because the vast majority of assistance comes from grants and below-market-rate loans. The Eighty-third Legislature, Regular Session, 2013, appropriated $54.9 million for the 2014–15 biennium for debt service on EDAP bonds issued by the state, which includes $50.6 million in General Revenue Funds. This amount represents an increase of $9.8 million, or 21.9 percent, as compared to 2012–13 biennial spending levels. Of this amount, $6.0 million is the debt service related to $50.0 million in bonds authorized by the Eighty-third Legislature, 2013, for EDAP projects.

Loan repayments made under the WIF are subsidized and may be deferred up to 10 years, and therefore require appropriations of General Revenue Funds to meet debt service requirements in the first years of the project. The Eighty-third Legislature, Regular Session, 2013, appropriated $139.9 million for the 2014–15 biennium, which includes $53.3 million in General Revenue Funds. This amount represents an increase of $20.5 million, or 17.2 percent, as compared to 2012–13 biennial spending levels.

The funding for debt service of EDAP and WIF is not included in TWDB's appropriations, but is appropriated as "Debt Service Payments–Non-self-supporting GO Water Bonds." A summary of expected debt service needs from

General Revenue Funds for each of the programs from fiscal years 2011 to 2015 is shown in **Figure 350**.

FIGURE 350
GENERAL REVENUE DEBT SERVICE PAYMENTS
FISCAL YEARS 2011 TO 2015



NOTE: EDAP = Economically Distressed Areas Program.
SOURCE: Legislative Budget Board.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013 passed legislation that affects TWDB. The most significant legislation involves a trio of legislation: House Bill 4, House Bill 1025 and Senate Joint Resolution 1.

HB 4 – Governance and Functions of the Water Development Board and Financing of the State Water Plan (SWP). The enactment of House Bill 4 made many changes to statute affecting TWDB, including provisions relating to the governance and functions of the agency, and the administration, prioritization and financing of SWP projects. To implement these provisions, the Legislature provided:

- $1.9 million in General Revenue Funds, including nine FTE positions each fiscal year to transform the composition of the Board from six part-time members to three full-time commissioners; and
- $1.7 million in General Revenue Funds, including 12.3 FTE positions in fiscal year 2015 to administer the additional financing for SWP projects leveraged by the $2 billion transfer to the State Water Implementation Fund for Texas (SWIFT) authorized by House Bill 1025 and voter approval of Senate Joint Resolution 1 in November 2013. (See discussion of Senate Joint Resolution 1 below).

SJR 1 – Creates the State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT). Senate Joint Resolution 1 proposed a constitutional amendment considered and ratified by the voters in November 2013, which establishes and constitutionally dedicates two new funds: the SWIFT and the SWIRFT.

HB 1025 – $2 Billion Appropriation from the Economic Stabilization Fund to the SWIFT. Due to voter approval of Senate Joint Resolution 1 in November 2013, House Bill 1025, Eighty-third Legislature, Regular Session, 2013, appropriates $2 billion from the Economic Stabilization Fund for a one-time transfer to the SWIFT to support financing of water supply projects in the SWP. The $2 billion will be used in conjunction with the previously mentioned $6 billion in DFund II revolving GO bond authority and revenue bond authority provided by House Bill 4 to establish a self-supporting state financing structure for SWP projects.

See **Figure 351** for a timeline of the implementation of key provisions of House Bill 4, Senate Joint Resolution 1 and House Bill 1025.

FIGURE 351
IMPLEMENTATION DEADLINES
HOUSE BILL 4, SENATE JOINT RESOLUTION 1, AND HOUSE BILL 1025

DATE	REQUIRED ACTION	ENACTED LEGISLATION
Fiscal Year 2014		
September 1	Governor appoints initial TWDB members. Terms of TWDB members expire.	House Bill 4, Sec. 1.09
October 1	TWDB appoints executive administrator.	House Bill 4, Sec. 1.10
November 5	Voter election on constitutional amendment creating State Water Implementation Fund for Texas (SWIFT) and State Water Implementation Revenue Fund for Texas (SWIRFT). Revenue Fund for Texas (SWIRFT).	Senate Joint Resolution 1, Sec. 2
Upon passage of SJR 1	$2 billion appropriation transferred from Economic Stabilization Fund to SWIFT.	House Bill 1025, Sec. 33
As soon as practicable after passage of SJR 1	Lt. Governor and Speaker appoint members of the State Water Implementation Fund for Texas Advisory Committee.	House Bill 4, Sec. 2.21
	TWDB creates stakeholder committee consisting of regional water planning group (RWPG) presiding officers or their designees to establish uniform standards for RWPG project prioritization.	House Bill 4, Sec. 2.23
December 1	RWPG stakeholder committee submits project prioritization standards to TWDB.	House Bill 4, Sec. 2.24
March 1	TWDB shall post specific information relating to the use of SWIFT on the agency's website.	House Bill 4, Sec. 2.26
June 1	RWPGs shall submit draft prioritization of projects from the 2011 Regional Water Plans to TWDB. TWDB must subsequently provide comments to each RWPG regarding its draft prioritization.	House Bill 4, Sec. 2.25(a)
Fiscal Year 2015		
September 1	RWPGs submit final prioritization of projects from the 2011 Regional Water Plans to TWDB.	House Bill 4, Sec. 2.25(a)
	SWIFT Advisory Committee submits recommendations to TWDB regarding rules relating to the allocation of funds for specific purposes and for prioritizing projects.	House Bill 4, Sec. 2.22(a)
December 1	TWDB shall provide a report to the Governor, Lt. Governor, Speaker of the House, and members of the Legislature regarding the use of the SWIFT. (This report shall be provided by December 1 of every even-numbered calendar year.)	House Bill 4, Sec. 2.02
December 1–March 1, 2015	TWDB shall adopt rules relating to the allocation of funds for specific purposes and for prioritizing projects.	House Bill 4, Sec. 2.22(b)
March 1	Deadline for TWDB adoption of rules.	House Bill 4, Sec. 2.22(b)
Fiscal Year 2016		
January 5	RWPGs submit regional water plans including prioritized project lists	House Bill 4, Sec. 2.25(b)

Source: Texas Water Development Board.

10. BUSINESS AND ECONOMIC DEVELOPMENT

*As shown in **Figure 352**, All Funds appropriations for Business and Economic Development for the 2014–15 biennium total $26.3 billion, or 13.1 percent of all state appropriations. This amount is an increase of $3.4 billion, or 15.0 percent, from the 2012–13 biennium. **Figure 353** shows 2014–15 biennial appropriations by method of financing and full-time-equivalent positions from fiscal years 2010 to 2015.*

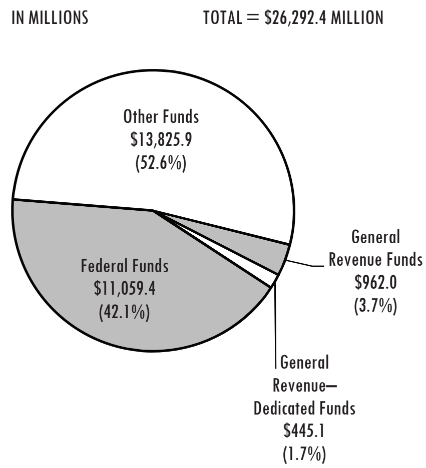
FIGURE 352
ALL FUNDS APPROPRIATIONS FOR BUSINESS AND ECONOMIC DEVELOPMENT
2014–15 BIENNIUM

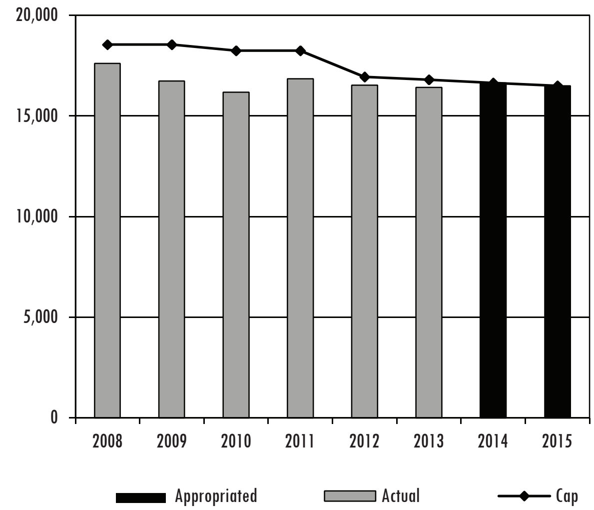
IN MILLIONS

AGENCY	ESTIMATED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$464.2	$465.9	$1.7	0.4
Texas Lottery Commission	431.9	440.7	8.9	2.1
Department of Motor Vehicles	308.3	294.2	(14.1)	(4.6)
Department of Transportation	18,843.6	22,086.4	3,242.9	17.2
Texas Workforce Commission	2,236.6	2,339.9	103.3	4.6
Reimbursements to the Unemployment Compensation Benefit Account	68.8	46.4	(22.4)	(32.5)
Subtotal, Business and Economic Development	**$22,353.3**	**$25,673.6**	**$3,320.3**	**14.9**
Retirement and Group Insurance	$483.9	$582.0	$98.1	20.3
Social Security and Benefit Replacement Pay	126.5	127.4	0.9	0.7
Subtotal, Employee Benefits	**$610.4**	**$709.4**	**$99.0**	**16.2**
Bond Debt Service Payments	$24.4	$28.0	$3.6	14.7
Lease Payments	2.3	1.7	(0.6)	(26.8)
Subtotal, Debt Service	**$26.7**	**$29.7**	**$3.0**	**11.2**
Less Interagency Contracts	$131.2	$120.3	($10.9)	(8.3)
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$22,859.2**	**$26,292.4**	**$3,433.2**	**15.0**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and, the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and, the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
(4) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 353
BUSINESS AND ECONOMIC DEVELOPMENT APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2014–15 BIENNIUM





NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

SOURCES: Legislative Budget Board; State Auditor's Office.

Five state agencies provide services supporting the Texas economy through business development, transportation, and community infrastructure. These agencies include the Department of Housing and Community Affairs (TDHCA), the Texas Lottery Commission (TLC), the Department of Motor Vehicles (DMV), the Texas Department of Transportation (TxDOT), and the Texas Workforce Commission (TWC).

MAJOR FUNDING ISSUES

Several of the Business and Economic Development agencies experienced significant changes in funding levels for the 2014–15 biennium. The Eighty-third Legislature, during its Regular and Third Called Sessions, 2013, appropriated $25.7 billion in All Funds to these agencies for the 2014–15 biennium. This amount represents an increase of approximately $3.3 billion, or 14.9 percent, from the 2012–13 biennial spending level and mainly impacts transportation funding.

Appropriations for the 2014–15 biennium for TxDOT total $22.1 billion in All Funds, which represents an increase of approximately $3.2 billion, or 17.2 percent, from the agency's 2012–13 biennial spending level. The increase is attributable to additional appropriations of $2.4 billion in Federal Funds and State Highway Funds (Other Funds) for highway improvements and maintenance and preservation; and $878.6 million in additional State Highway Funds (Other Funds) for construction, maintenance, and acquisition of rights-of-way for non-tolled public roadways contingent on voter approval of the amendment to the Texas constitution proposed by Senate Joint Resolution 1 (SJR 1), Eighty-third Legislature, Third Called Session, 2013. Subsequent to voter approval, the additional SJR 1 related appropriation is contingent on the Legislative Budget Board and Governor approving TxDOT's anticipated uses of the funds and project impacts. Additionally, House Bill 1025, Eighty-third Legislature, Regular Session, appropriated $450.0 million in General Revenue Funds to TxDOT in fiscal year 2013 for maintenance of state highways and county transportation infrastructure projects in areas affected by increased energy exploration and production. Of this amount, $225.0 million is to be transferred to State Highway Fund No. 006. These funds are for maintenance and safety projects on roads and bridges on the state highway system to address damage caused by increased oversized and overweight vehicle traffic in these energy sectors of the state. The remaining $225.0 million is to be transferred to a new Transportation Infrastructure Fund established by Senate Bill 1747, Eighty-third Legislature, Regular Session. These funds are for county transportation infrastructure projects in counties affected by increased energy sector activities.

Appropriations for the 2014–15 biennium for TWC total $2.3 billion in All Funds. This amount represents an increase of $103.3 million, or 4.6 percent, from the 2012–13 biennial spending level. The net increase is primarily attributable to the transfer of the Adult Education and Literacy program from the Texas Education Agency ($146.5 million) with the enactment of Senate Bill 307, Eighty-third Legislature, Regular Session, which offset decreases in Federal Funds ($56.4 million) resulting from federal allotment reductions impacting multiple programs and federal American Recovery and Reinvestment Act funding no longer being available. Smaller appropriation increases were also made for programs that assist residents without housing and employment to move to permanent employment ($8.0 million), increase workforce development ($3.0 million); and to provide child care for children in foster care and children needing protective services ($2.9 million).

Appropriations for the 2014–15 biennium for TDHCA total $465.9 million in All Funds, which represents an increase of $1.7 million, or 0.4 percent, from the agency's 2012–13 biennial spending level. The net increase comprises a decrease of $7.4 million in Federal Funds, an increase of $11.2 million in General Revenue Funds, and a decrease of $2.0 million in Other Funds. The increase in General Revenue Funds reflects additional funding for the Homeless Housing and Services Program and the Veterans Housing Assistance Program. The decrease in Federal Funds reflects residual 2009 federal stimulus funds expended during the 2012–13 biennium as well as fluctuations in funding among various federal programs. A decrease of $1.7 million in Appropriated Receipts (Other Funds) is primarily attributable to the discontinuation of Investor Owned Utility contracts through which TDHCA provided enhanced weatherization to energy customers and the retirement of senior staff within the Manufactured Housing Division which required retirement payouts. A decrease of $0.3 million in Interagency Contracts (Other Funds) is attributable to the one-time funding received in the 2012–13 biennium from the Department of Aging and Disability Services associated with Centers for Medicare/Medicaid Systems Real Choice project.

Appropriations for the 2014–15 biennium for DMV total $294.2 million in All Funds which represents a decrease of $14.1 million, or 4.6 percent, from the 2012–13 biennial spending level. This reduction is primarily related to information technology enhancement costs for the agency's vehicle registration and titling system continuing below the 2012–13 biennial spending level. Additionally, the majority of the agency's appropriations consist of $221.5 million in General Revenue Funds (75.3 percent of All Funds) in alignment with the disposition of certain revenues from fees collected by or on behalf of DMV that were affected by the enactment of House Bill 6 and House Bill 2202, Eighty-third Legislature, Regular Session, 2013. The agency's remaining appropriations consist of $71.4 million in Other Funds (State Highway Fund No. 006) and $1.3 million in Federal Funds.

Appropriations for the 2014–15 biennium for TLC total $440.7 million in All Funds which represents an increase of $8.9 million, or 2.1 percent, from the 2012–13 biennial spending level primarily as a result of higher gross lottery sales estimates, the redesign of the Automated Charitable Bingo System, and Bingo law compliance field operations. The majority of the agency's appropriations consist of $407.4 million in General Revenue–Dedicated Funds (92.4 percent of All Funds) for the agency's lottery operations. The remaining appropriations of $33.4 million in General Revenue Funds are for regulating Charitable Bingo ($8.1 million) and for allocating Bingo prize fees to counties and municipalities (an estimated $25.3 million) as required by the Texas Occupations Code.

The Eighty-third Legislature, Regular Session, 2013, evaluated two Business and Economic Development agencies through the Sunset Review process: the Department of Housing and Community Affairs and the Lottery Commission. Both agencies were continued as independent stand-alone agencies.

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

The Texas Department of Housing and Community Affairs (TDHCA) was established in 1991 as a result of consolidation of the Texas Housing Agency and the Texas Department of Community Affairs. TDHCA's mission is to help Texans achieve an improved quality of life through the development of better communities.

Appropriations for the 2014–15 biennium total $465.9 million in All Funds and provide for 313 full-time-equivalent (FTE) positions in fiscal years 2014 and 2015. General Revenue Funds account for $26.4 million, or 5.7 percent, of the appropriations. All Funds appropriations to TDHCA for the 2014–15 biennium include an increase of $1.7 million, or 0.4 percent, from the agency's 2012–13 biennial spending level.

The net increase comprises a decrease of $7.4 million in Federal Funds, an increase of $11.2 million in General Revenue Funds, and a decrease of $2.0 million in Other Funds. The decrease of $1.7 million in Appropriated Receipts (Other Funds) is primarily attributable to a discontinuation in Investor Owned Utility contract through which TDHCA provided enhanced weatherization to energy customers. Another significant factor was the retirement of senior staff within the Manufactured Housing Division, requiring retirement payouts. The decrease of $0.3 million in Interagency Contracts (Other Funds) is attributable to the one-time funding received in the 2012–13 biennium from the Department of Aging and Disability Services associated with Centers for Medicare/Medicaid Systems Real Choice project. The net increase in General Revenue Funds reflects an increase in funding for the Homeless Housing and Services Program. The decrease in Federal Funds reflects residual 2009 federal stimulus funds expended during the 2012–13 biennium as well as fluctuations in funding among various federal programs.

TDHCA's programs (1) increase the availability of safe, decent, and affordable housing; (2) promote improved housing conditions for extremely low-, very low-, and low-income households by providing information and technical assistance; (3) improve the living conditions of the poor and homeless and reduce the cost of home energy for very low-income households; (4) ensure compliance with federal and state mandates; and (5) regulate the manufactured housing industry. TDHCA also issues mortgage revenue bonds for single and multifamily projects. The majority of these bonds are federally authorized, tax-exempt private activity bonds. The proceeds of these bonds are for financing low-interest loans to income-eligible first-time homebuyers and to developers of affordable rental housing. The bond proceeds are held outside the State Treasury and are not included in the General Appropriations Act. The outstanding balance owed by TDHCA to the bond investors comprises most of the funds held outside the Treasury. TDHCA pays these investors as it receives loan repayments from homeowners and developers.

At the end of fiscal year 2013, TDHCA had approximately $2 billion in bonds outstanding. This amount reflects the principal and interest still owed to bond investors. As TDCHA receives loan repayments from homeowners and developers, the outstanding bonds are paid off. The agency anticipates that it will issue $200 million in Single Family Mortgage Revenue Bonds (SFMRBs) and $65 million in Multifamily Mortgage Revenue Bonds (MFMRBs) in each year of the 2014–15 biennium. Factors such as the bond and housing markets will determine the amount of bonds actually issued each year. The Department also anticipates that it will utilize $250 million in private activity bond authority each year of the biennium to issue mortgage credit certificates. Additionally, TDHCA anticipates providing $10 million in down payment assistance annually which will be funded through its single family bond indenture in order to facilitate access to an estimated $200 million per year in privately financed, market-rate mortgage loans.

AFFORDABLE HOUSING

For the 2014–15 biennium, TDHCA was appropriated $79.2 million in All Funds for affordable housing. Through this program TDHCA finances both multifamily activities such as the development of rental properties and single family activities such as homeownership and home repair assistance. Most housing activities are made available through four federally funded or federally authorized programs that provide affordable housing to extremely low-, very low-, low-, and moderate-income families. **Figure 354** shows a breakdown of household incomes for a family of four at each income classification by metropolitan area. **Figure 355** shows, by multifamily and single family designation, the number of units funded by program in fiscal year 2013 and the number of units anticipated to be funded in fiscal years 2014 and 2015. The anticipated reduction in the number of single and multifamily units for fiscal years 2014 and 2015 compared those in fiscal year 2013 are discussed below in more detail.

The federal HOME Investment Partnerships (HOME) Program provides grants or loans for the construction of

FIGURE 354
TARGETED HOUSEHOLDS BY AREA MEDIAN FAMILY INCOME, FISCAL YEAR 2013

	AREA MEDIAN FAMILY INCOME (AMFI)	EXTREMELY LOW INCOME (30% AMFI)	VERY LOW INCOME (50% AMFI)	VERY LOW INCOME (60% AMFI)	LOW INCOME (80% AMFI)
State of Texas Median for Metropolitan Statistical Area (MSA) Counties	**$61,900**	**$18,570**	**$30,950**	**$37,140**	**$49,520**
SAMPLE MSAS					
Austin-San Marcos MSA (Bastrop, Caldwell, Hays, Travis, and Williamson counties)	$73.200	$21,960	$36,600	$43,920	$58,560
Dallas MSA (Collin, Dallas, Denton, Ellis, Henderson, Hunt, Kaufman, and Rockwall counties)	$67,500	$20,250	$33,750	$40,500	$54,000
El Paso MSA (El Paso County)	$42,000	$15,150	$25,250	$30,300	$40,400
Houston MSA (Chambers, Fort Bend, Liberty, Harris, Montgomery, and Waller counties)	$66,200	$19,860	$33,100	$39,720	$52,960
San Antonio MSA (Bexar, Comal, Guadalupe, and Wilson counties)	$61,300	$18,390	$30,650	$36,780	$49,040
State of Texas Median for Non-MSA Counties	**$50,500**	**$15,150**	**$25,250**	**$30,300**	**$40,040**

Notes:
(1) Statewide income limits calculated from HUD statewide median incomes for a family of four.
(2) MSA income limits are based on applicable HTC income limits for a family size of four members.
(3) Applicable income limits are calculated based on Area Median Family Income and other factors.
(4) For communities such as El Paso, with a median income below the statewide non-MSA income, the statewide non-MSA income limits apply.
Source: Texas Department of Housing and Community Affairs.

FIGURE 355
MULTIFAMILY AND SINGLE FAMILY UNITS BY PROGRAM, FISCAL YEARS 2013 TO 2015

	HOUSEHOLDS/UNITS 2013			HOUSEHOLDS/UNITS 2014			HOUSEHOLDS/UNITS 2015		
PROGRAM	MULTI-FAMILY	SINGLE FAMILY	TOTAL	MULTI-FAMILY	SINGLE FAMILY	TOTAL	MULTI-FAMILY	SINGLE FAMILY	TOTAL
Housing Trust Fund	0	436	436	0	200	200	0	200	200
HOME Program	149	799	948	260	351	611	260	351	611
Low-income Housing Tax Credit Program	9,238	0	9,238	6,400	0	6,400	6,400	0	6,400
Mortgage Revenue Bond Program	242	2,766	3,008	1,150	2,144	3,294	1,150	2,117	3,267
Section 8 Program	0	1,185	1,185	0	1,098	1,098	0	1,120	1,120
TOTAL	**9,629**	**5,186**	**14,815**	**7,810**	**3,793**	**11,603**	**7,810**	**3,788**	**11,598**

Notes:
(1) Fiscal years 2014 and 2015 amounts are estimated.
(2) Some units receive funding from multiple programs and may be counted more than once.
Source: Texas Department of Housing and Community Affairs.

single and multifamily housing units by public and private sector partnerships. HOME awards also finance homebuyer, home repair, and tenant-based rental assistance and can be used to help eligible communities affected by natural disasters. By statute, 95 percent of TDHCA's HOME funds are available only to areas of the state that are mostly rural that do not receive HOME funds directly from the federal government. The remaining 5 percent of the funds are reserved for people with disabilities who reside in any part of the state. The HOME program targets extremely low, very low, and low-income families and requires matching funds. The anticipated reduction in the number of single and multifamily units for fiscal years 2014 and 2015 reflected in **Figure 355** is primarily due to unexpended federal HOME funding balances from previous years being used in fiscal year 2013 and the 2014–15 biennial funding being continued at the lower fiscal year 2012 level.

The Section 8 Rental Assistance Program is a federal program in which qualified tenants typically pay 30 percent of their adjusted income for rent; the federal government pays the balance in an amount not to exceed fair market value. The program provides rental payments directly to landlords on behalf of extremely low, very low, and low-income families and individuals, including the elderly and persons with disabilities. The Section 8 Rental Assistance Program administered by TDHCA serves only a limited number of rural communities that do not have local public housing authorities. The anticipated reduction in the number of households served through the Section 8 program for fiscal years 2014 and 2015 reflected in **Figure 355** is primarily due to decreased federal funding. In previous years, TDHCA was able to access reserves to mitigate the impact of reduced funds, however, these reserves have now been reduced significantly at the direction of the U.S. Department of Housing and Urban Development.

The federal Housing Tax Credit (HTC) Program is the primary means of financing rental housing to low-income Texans. Rather than provide direct funding for the developments, the program encourages private investment. Nonprofit and for-profit developers participating in the program receive credits equal to a portion of construction costs. The developers then provide the tax credits to private investors in exchange for interest-free equity; investors use the credits to reduce their federal income tax liability. Each state receives an annual per capita allocation of tax credits. In addition, states may issue tax credits to developments supported through certain tax-exempt bonds; these tax credits are over and above the per capita allocation but are equal to a smaller portion of construction costs and therefore less valuable. State law requires TDHCA to distribute the state's per capital allocation of tax credits using regional allocation formula. Developers then compete within each region for the credits. In return for the tax credits, owners must set aside a minimum of 20 percent of units for use by extremely low- and very low-income tenants; most owners set aside 100 percent of units for qualified low-income families. The strength of the incentives offered through this program has resulted in high quality housing comparable to market-rate units. The HTC program is open to nonprofit and for-profit developers and is available statewide. Appropriations for the HTC strategy reflect only the administrative costs of this program. The anticipated reduction in the number of single and multifamily units for fiscal years 2014 and 2015 reflected in **Figure 355** is primarily due to beneficial interest rates in fiscal year 2013 resulting in 4 percent credit increases. Higher construction costs and interest rates are anticipated in the 2014–15 biennium, which will reduce the number of units being funded.

TDHCA expands housing opportunities by making use of federally authorized, tax-exempt private activity bond (PAB) authority through its Single Family Mortgage Revenue Bond and Multifamily Mortgage Revenue Bond programs. TDHCA uses the proceeds from the issuance of PABs to offer loans to income-eligible first-time homebuyers and to developers of affordable multifamily housing. PAB investors accept a lower interest rate in return for a federal tax exemption associated with interest earned on the bonds. This allows TDHCA to offer below-market interest rates to participants of its loan programs. PAB authority is also used to provide a federal tax reduction for new homeowners through the Mortgage Credit Certificate Program. TDHCA can also use down-payment assistance funded through its single family bond indenture to increase access to privately financed mortgages, as is done in the My First Texas Home Program, TDHCA's primary homeownership program. The program is offered statewide and targets very low to moderate-income households. TDHCA's Multifamily Bond (MFB) Program is primarily funded through PABs. PAB loans are used to finance new construction or rehabilitation of high quality multifamily housing. In return for the low interest loan, a developer must set aside a portion of units for income-eligible tenants. While the MFB program is available statewide, these loans typically do not provide sufficient financing to be feasible in rural communities. Appropriations for the Mortgage Revenue Bond programs only fund the administrative costs of these programs. The anticipated reduction in the number of single and multifamily units for fiscal years 2014 and 2015 reflected in **Figure 355** is primarily due to an anticipated increase in interest rates. Lower interest rates in fiscal year 2013 allowed more households to be served.

The Housing Trust Fund (HTF) program is the agency's only state-funded housing program. TDHCA is appropriated approximately $12.0 million in General Revenue Funds for the HTF program for the 2014–15 biennium to provide loans and grants for the development of affordable housing for extremely low-, very low-, and low-income housing. Except for administrative funding, all appropriations provided for the program are transferred each fiscal year to the actual Housing Trust Fund located outside the State Treasury. TDHCA applies $3.0 million each year to support the legislatively mandated Texas Bootstrap Loan Program, a self-help loan program that targets economically distressed communities. Additionally, $1.2 million of the funds are transferred to the Texas Veterans Commission in support of veterans' housing. The remaining funds are used for a variety of purposes, including homeownership initiatives and barrier removal to provide nonprofits and local governments matching funds for non-TDHCA housing resources. The anticipated reduction in the number of single and multifamily units for fiscal years 2014 and 2015 reflected in **Figure 355** is primarily due to unexpended HTF balances from previous years being used in fiscal year 2013 and more households were served in fiscal year 2013 through down-payment assistance which is a lower per household subsidy.

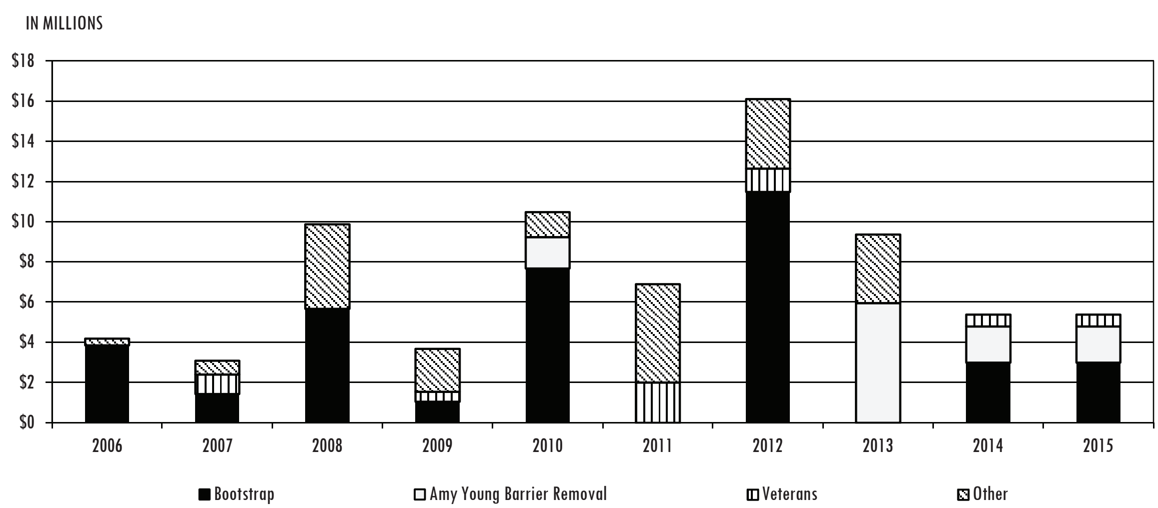
Figure 356 shows a history of all spending for programs within the Housing Trust Fund from fiscal years 2006 to 2015.

INFORMATION AND TECHNICAL ASSISTANCE

TDHCA is appropriated $3.0 million in All Funds in the 2014–15 biennium to provide information and technical assistance. The majority of funding is from Appropriated Receipts (Other Funds) received through administration fees from single family mortgage revenue bond proceeds associated with the single family bond programs, and from General Revenue Funds appropriated in association with the Affordable Housing Research and Information Program. TDHCA also receives federal and state Community Development Block Grant program funds from the Texas Department of Agriculture and federal funds from the Texas Department on Aging and Disability Services.

The agency provides information through the legislatively mandated Housing Resource Center (Housing Center), which serves as a clearinghouse of information about housing and community services programs statewide. The Housing Center provides information and technical assistance on the state's housing needs and on community services and affordable housing programs to consumers, developers, researchers, and the general public. The Housing Center is also responsible for developing legislatively required planning documents such as the State Low-Income Housing Plan. In addition, through the Office of Colonia Initiatives (OCI), Colonia residents and communities along the Texas-Mexico border receive technical assistance through TDHCA field offices and Colonia self-help centers. OCI provides concentrated technical assistance to border residents through field offices and Colonia self-help centers. The field offices provide information regarding TDHCA and other programs to local government entities, nonprofit and for-profit

FIGURE 356
HOUSING TRUST FUND EXPENDITURES, FISCAL YEARS 2006 TO 2015



NOTES:
(1) Other includes: Gap Financing Federal Disaster Funds, Foreclosure Prevention, Single Family Development, Rural Housing/Grow Home Pilot, Homeownership SuperNOFA, Multifamily Rental Development, Capacity Building, USDA Capacity Building Grant, Affordable Housing Match Program, Homebuyers Assistance, Rural Housing Expansion Program Contract for Deed Conversion Assistance Pilot, Homeless and Housing Services Program.
(2) Fiscal years 2014 and 2015 expenditures estimated by the Department of Housing and Community Affairs.
SOURCE: Texas Department of Housing and Community Affairs.

organizations, and residents. The Colonia self-help centers serve specified colonias through education and self-help programs. In addition, OCI administers the Texas Bootstrap Loan Program.

ASSISTANCE FOR THE POOR AND HOMELESS

TDHCA is appropriated $351.6 million for the 2014–15 biennium to improve living conditions and provide assistance for the poor and homeless. Federal programs administered by the U.S. Department of Health and Human Services, the U.S. Department of Housing and Urban Development, the U.S. Department of Energy, and General Revenue Funds are the primary sources of funding for these programs.

TDHCA administers the federal Community Services Block Grant Program and the Emergency Shelter Grant Program through its poverty-related funds to provide emergency and permanent shelter, utilities, nutrition, clothing, medical, and other services for the elderly, the needy, homeless persons, and persons with disabilities. These programs help communities to improve living conditions for poor and homeless persons and to transition families out of poverty. These programs also provide assistance to individuals affected by natural disasters. Funds are dispersed through community action agencies, nonprofit organizations, and local governments and are available statewide. General Revenue Funds appropriated to allow TDHCA to provide technical assistance to rural coalitions seeking federal funds. The Homeless Housing and Services Program supports homeless initiatives in the state's eight largest cities.

Grant funding for energy assistance comes from the federal Low Income Home Energy Assistance Program and the Weatherization Assistance for Low Income Persons Program. TDHCA administers grants to local organizations for energy-related assistance to dwellings occupied by very low-income persons and families. Home weatherization, energy-efficiency guidance, utility assistance, and financial intervention for energy crisis emergencies are provided. The programs help reduce families' energy-related costs and provide healthier environments. The programs target those most vulnerable to extreme weather conditions such as the elderly, people with disabilities, and families with small children. The agency's energy-assistance programs are available statewide.

COMPLIANCE MONITORING

The housing and federal grant-monitoring programs are appropriated $6.4 million for the 2014–15 biennium to ensure compliance with federal and state program mandates. Compliance monitoring ensures that TDHCA-supported rental developments adhere to commitments made at the time of funding, including serving low-income households, charging restricted rents, and maintaining the physical condition of the property. To ensure compliance, TDHCA conducts onsite monitoring visits to review documentation and physically inspect the properties. TDHCA also monitors to ensure promised benefits under contracts established with HOME Investment Partnerships Program subrecipients are being delivered to low-income households (such as home repair) and that federal and state requirements are being met.

MANUFACTURED HOUSING

TDHCA's Manufactured Housing Division, which is governed by a separate board and executive director, is appropriated $9.4 million in Appropriated Receipts (Other Funds) associated with title, inspection, and licensing fees for the 2014–15 biennium to support the manufactured housing industry. The funding is provided for the purpose of: (1) providing timely and efficient statements of ownership and location and registration service; (2) conducting inspections of manufactured homes; (3) protecting the general public and consumers; and (4) providing processing of occupational licenses, registrations, or permit fees through Texas.gov. In addition, the Manufactured Housing Division is appropriated $600,000 in Federal Funds for inspection oversight as a State Administrative Agency for the U.S. Department of Housing and Urban Development.

SIGNIFICANT LEGISLATION

Several bills were passed by the Eighty-third Legislature, Regular Session, 2013, that affect TDHCA. Among the more significant are House Bill 3361 and Senate Bill 7.

HB 3361 – TDHCA Sunset Bill. The enactment of House Bill 3361, the TDHCA sunset bill, extends TDHCA for 12 years and makes various changes related to the Housing Tax Credit Program, especially with regard to local support for proposed developments; compliance protocols; and manufactured housing regulations.

SB 7 – Housing Solutions for Individuals with Intellectual and Developmental Disabilities. The enactment of Senate Bill 7, directs TDHCA to coordinate with Department of Aging and Disability Services in seeking housing solutions for the elderly and persons with developmental or intellectual disabilities.

TEXAS LOTTERY COMMISSION

The Texas Lottery was established by the Seventy-second Legislature, 1991, and was administered by the office of the Comptroller of Public Accounts until 1993 when the Seventy-third Legislature created the Texas Lottery Commission (TLC). Responsibility for charitable Bingo administration was transferred to the Lottery Commission from the Texas Alcoholic Beverage Commission in 1994.

The enactment of House Bill 2197 by the Eighty-third Legislature, Regular Session, 2013, increased the number of TLC members from three to five members appointed by the Governor with the advice and consent of the Senate to serve six-year overlapping terms and continues the agency through September 1, 2025. The provisions of House Bill 2197 are addressed further under Significant Legislation. The agency's mission is to generate revenue for the state through the responsible management and sale of entertaining lottery products and to provide authorized organizations the opportunity to raise funds for their charitable purposes by conducting Bingo.

APPROPRIATIONS

The agency's appropriations for the 2014–15 biennium total \$440.7 million in All Funds (General Revenue Funds and General Revenue–Dedicated Funds) and provide for 326.5 full-time-equivalent (FTE) positions. Appropriations increased by \$8.9 million, or 2.1 percent, from the 2012–13 biennial spending level primarily as a result of higher gross lottery sales estimates. The All Funds appropriation includes \$25.3 million for the estimated Bingo prize fee allocation to counties and municipalities required by the Texas Occupations Code.

OPERATION OF THE TEXAS LOTTERY

The TLC is tasked with operating the state's lottery system so that it is self-supporting, produces revenue, and is free of criminal activity. The 2014–15 biennial All Funds appropriation for the agency's lottery operations total \$407.4 million and provide for 279.5 FTE positions.

The agency's lottery-related activities include issuance of licenses to qualified lottery retailers, collection of retailer receipts, and enforcement of applicable state laws and agency rules. The agency estimates that it will issue or renew 19,800 retailer licenses during the 2014–15 biennium. Lottery-related activities also include developing lottery products and games, advertising and promoting the lottery, and recruiting business retailers and vendors to sell lottery tickets.

The agency is responsible for ensuring the quality and integrity of the lottery system as well as the physical security of operating sites. To enforce the Texas Lottery Act, the agency investigates possible criminal and regulatory violations relating to lottery games.

Proceeds from the sale of lottery tickets is the source of revenue used to pay for all costs of operation for the Texas Lottery, including the payment of lottery prizes, retailer commissions, and other costs for operation and administration of the lottery. The Texas Lottery Act limits the amount of these funds that may be expended for retailer commissions and agency administration to 12 percent of gross ticket revenues. The Texas Lottery Act establishes a minimum retailer commission of 5 percent of gross ticket sales, which leaves a maximum of 7 percent of gross sales that may be expended for agency administration. In practice, total appropriations for agency administration have been approximately 5 percent. The agency is also appropriated an additional 0.5 percent of gross ticket sales each year for the purpose of paying sales performance retailer commissions. The agency transfers any unexpended administrative funds to the state's General Revenue Fund.

From fiscal years 2004 to 2012, TLC transferred more than \$1 billion to the state each year. The Comptroller of Public Accounts estimates in the *2014–15 Biennial Revenue Estimate* that transfers to the state will decline in fiscal year 2013 and then increase slightly in fiscal years 2014 and 2015. **Figure 357** shows the actual revenues deposited and estimated revenues from net annual proceeds after deductions for prizes and administrative costs. These funds are deposited in the state's General Revenue Fund to support public education and other state programs. **Figure 358** shows the distribution of lottery proceeds for fiscal year 2013.

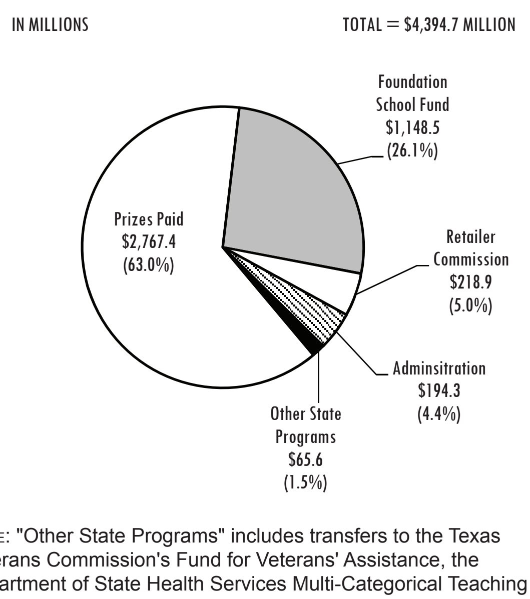
Figure 359 shows a comparison of net revenues, prize payouts, and gross sales among the top seven lottery revenue-producing states for fiscal year 2012. Texas retained more than \$1 billion of the annual gross sales of lottery tickets, placing it fourth behind New York, Florida and California in retained revenues. The Texas Lottery awarded \$2.6 billion in total prizes in 2012, placing it fourth among the top seven lottery revenue-producing states, following New York, Massachusetts, and Florida. When comparing total gross sales, Texas' total sales of \$4.2 billion ranks fifth behind New York, Massachusetts, Florida, and California.

FIGURE 357
LOTTERY COMMISSION CASH TRANSFERS TO THE GENERAL REVENUE FUND AND GENERAL REVENUE–DEDICATED FUNDS, FISCAL YEARS 2002 TO 2015

FISCAL YEAR	NET PROCEEDS (IN MILLIONS)
2002	$956.6
2003	$955.2
2004	$1,044.1
2005	$1,076.8
2006	$1,066.1
2007	$1,089.4
2008	$1,036.6
2009	$1,043.5
2010	$1,087.3
2011	$1,016.5
2012	$1,148.3
2013	$1,032.6
2014	$1,035.5
2015	$1,039.8

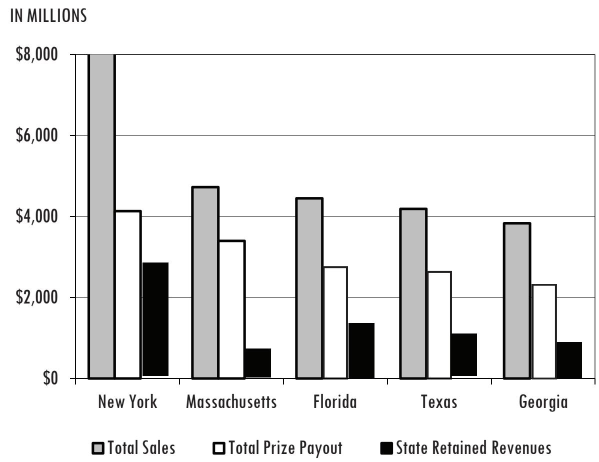
NOTE: Fiscal years 2014 and 2015 are estimated by the Comptroller of Public Accounts. Fiscal years 2000 to 2015 include transfers to the state from sales and unclaimed prizes.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts; Texas Lottery Commission.

FIGURE 358
TEXAS LOTTERY PROCEEDS—WHERE THE MONEY GOES FISCAL YEAR 2013



NOTE: "Other State Programs" includes transfers to the Texas Veterans Commission's Fund for Veterans' Assistance, the Department of State Health Services Multi-Categorical Teaching Hospital Account, and the Comptroller of Public Accounts (General Revenue-Unclaimed Prize Money).
SOURCES: Legislative Budget Board; Texas Lottery Commission.

FIGURE 359
LOTTERY SALES, PRIZES, AND REVENUE FISCAL YEAR 2012



SOURCE: Texas Lottery Commission.

The Seventy-eighth Legislature, Regular Session, 2003, passed legislation authorizing the state to participate in a multi-jurisdictional lottery game. Texas began participating in the Mega Millions multi-state lottery game in December 2003. The Mega Millions lottery game generated approximately $390.1 million from ticket sales in Texas during the 2012–13 biennium.

In 2010 a cross-selling agreement was reached between Mega Millions member states and the Multi-State Lottery Association, which operates Powerball, to allow Mega Millions states to sell Powerball and Powerball states to sell Mega Millions. Texas began offering the Powerball game in January 2010, and the game generated approximately $192.7 million from ticket sales in Texas during the 2010–11 biennium and an estimated $528.6 million during the 2012–13 biennium.

The Eighty-first Legislature, Regular Session, 2009, passed legislation requiring TLC to develop and operate an instant ticket lottery game benefiting the Texas Veterans Commission's Fund for Veterans' Assistance. TLC began offering the instant ticket lottery game in November 2009. The game has generated approximately $25.9 million for the Texas Veterans Commission since its inception. **Figure 360** shows net proceeds from the Veteran's instant ticket games by fiscal year.

FIGURE 360
TEXAS VETERANS COMMISSION REVENUE
FISCAL YEARS 2010 TO 2013

FISCAL YEAR	NET PROCEEDS (IN MILLIONS)
2010	$7.4
2011	$8.1
2012	$4.7
2013	$5.7

SOURCE: Texas Lottery Commission.

BINGO LAW ENFORCEMENT

The agency is appropriated $8.1 million for the 2014–15 biennium for charitable Bingo regulation and is authorized 47 FTE positions each fiscal year. A significant part of the agency's Bingo-related activities include the allocation of Bingo prize fees to counties and municipalities, as required by the Texas Occupations Code. These allocations are estimated to be $25.3 million for the 2014–15 biennium.

TLC works to (1) enforce regulations applicable to charitable Bingo games, (2) ensure that these games are conducted fairly to provide authorized organizations the opportunity to raise funds for their charitable purposes by conducting Bingo, (3) ensure that all charitable Bingo funds are used for a lawful purpose, and (4) promote and maintain the integrity of the charitable Bingo industry throughout Texas. TLC estimates that charitable organizations will receive approximately $57 million from Bingo events during the 2014–15 biennium. **Figure 361** shows charitable distributions from fiscal years 2009 to 2013.

FIGURE 361
BINGO DISTRIBUTIONS TO CHARITABLE ORGANIZATIONS
FISCAL YEARS 2009 TO 2013

FISCAL YEAR	NET PROCEEDS (IN MILLIONS)
2009	$25.1
2010	$36.2
2011	$31.0
2012	$29.8
2013	$27.6

SOURCE: Texas Lottery Commission.

The agency's Bingo-related activities include: licensing individuals and organizations; providing education and development; ensuring Bingo law compliance; and ensuring proper prize fee allocations and accounting. The agency estimates that approximately 158 individuals and organizations will receive new Bingo licenses during the 2014–15 biennium. During this same period, the agency estimates that there will be approximately 2,406 license renewals.

SIGNIFICANT LEGISLATION

HB 2197 – TLC Sunset Bill. The enactment of House Bill 2197, Eighty-third Legislature, Regular Session, 2013, continues the TLC for another twelve years through September 1, 2025 and increased the number of TLC members from three to five. Provisions of the legislation require that any scratch off lottery ticket containing a certain number of words in a language other than English, include a disclosure in that language. The legislation further requires that any unclaimed prize money not deposited or appropriated in statute be deposited to the credit of the Foundation School Fund. The bill amends the Texas Government Code to create a Legislative Review Committee to study the process of ending the state lottery and various aspects of charitable bingo. The committee is required to make its initial finding and recommendations to the Legislature no later than December 1, 2014.

DEPARTMENT OF MOTOR VEHICLES

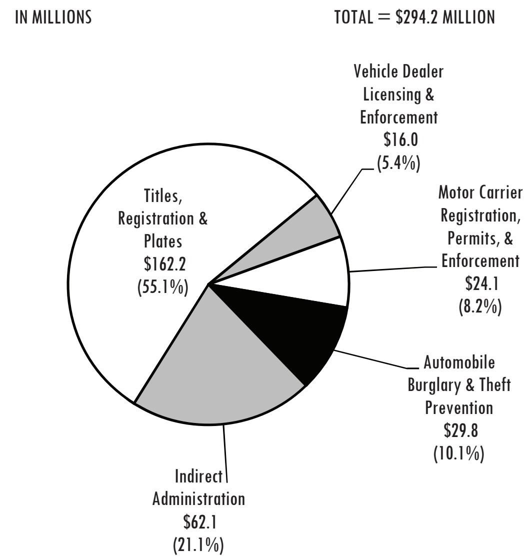
The Department of Motor Vehicles (DMV) was established by the Eighty-first Legislature, Regular Session, 2009, by transferring responsibilities for vehicle registration and titling, motor carrier registration and enforcement, motor vehicle dealer regulation, and the Automobile Burglary and Theft Prevention Authority from the Department of Transportation (TxDOT). With the enactment of legislation by the Eighty-second Legislature, Regular Session, 2011, the responsibilities for permitting and regulating oversize and overweight vehicles were transferred to DMV from TxDOT in fiscal year 2012.

The DMV is governed by a board that consists of nine members appointed by the Governor with the advice and consent of the Senate to serve six-year overlapping terms. The agency's mission is to promote and protect the interests of the motoring public and all residents in Texas.

APPROPRIATIONS

Appropriations to DMV for the 2014–15 biennium total $294.2 million in All Funds and provides for 763 full-time-equivalent (FTE) positions. Due to the enactment of House Bill 6 and House Bill 2202, Eighty-third Legislature, Regular Session, 2013, (see Significant Legislation) the majority of the agency's appropriations consists of General Revenue Funds ($221.5 million or 75.3 percent of All Funds) in alignment with the disposition of certain revenues from fees collected by or on behalf of DMV that were affected by that legislation. The remainder of the agency's appropriations consists of $71.4 million in Other Funds (24.3 percent of All Funds) from State Highway Fund No. 006 and $1.3 million in Federal Funds. The 2014–15 All Funds appropriation represents a decrease of $14.1 million, or 4.6 percent, from the 2012–13 biennial spending level, which is primarily related to information technology enhancements to the agency's vehicle registration and titling system. **Figure 362** shows the agency's All Funds appropriations for the 2014–15 biennium by function.

FIGURE 362
DEPARTMENT OF MOTOR VEHICLES APPROPRIATIONS BY FUNCTION, 2014–15 BIENNIUM



SOURCE: Legislative Budget Board.

TITLES, REGISTRATION, AND PLATES

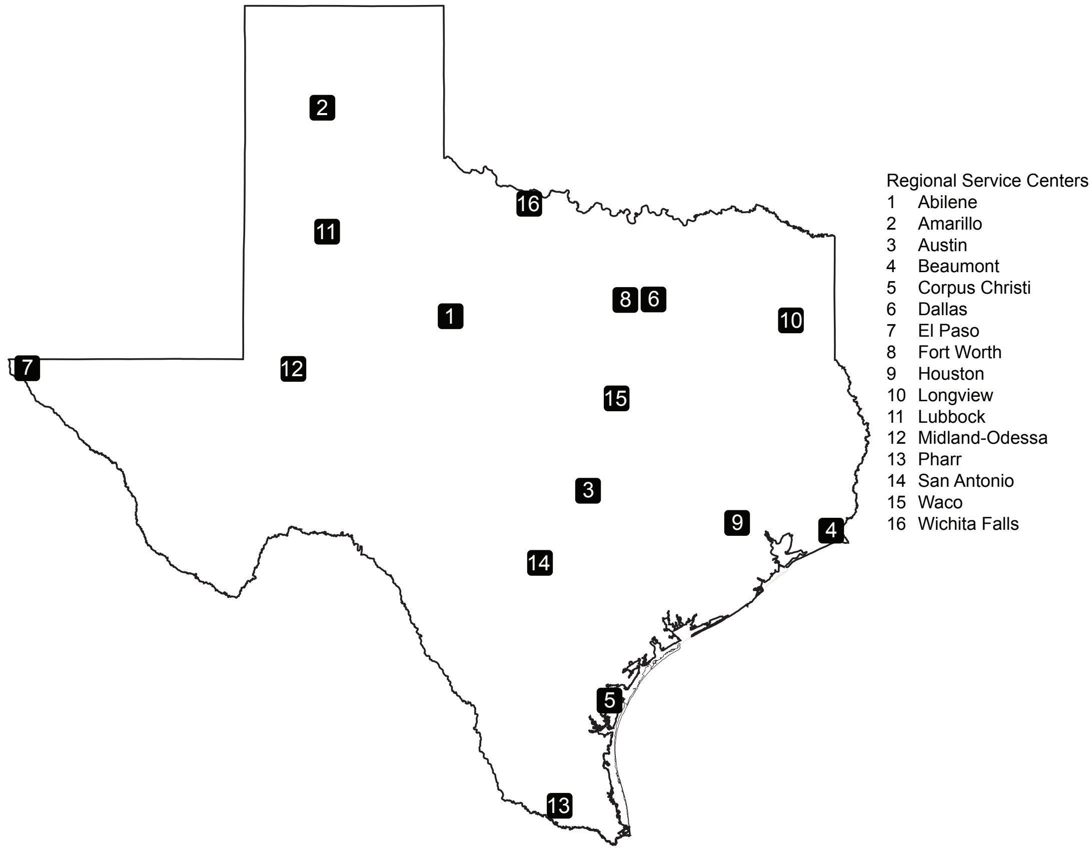
The Eighty-third Legislature, Regular Session, 2013, appropriated $162.2 million, or 55.1 percent of total 2014–15 biennial appropriations, for vehicle titling, registration, and license plates. The agency works through 16 regional service centers (**Figure 363**) and in partnership with 254 county tax assessor-collectors to administer motor vehicle titles, register vehicles, distribute license plates and registration insignia stickers, distribute parking placards for persons with disabilities, and collect the related fees. DMV maintains a registration and titling system that provides an automated point-of-sale system used by the agency and the tax assessor-collectors in each county to account for the registration of motor vehicles, fees, and taxes and provides access to law enforcement to vehicle ownership information.

Figure 364 shows the changes in the number of vehicles registered in the state compared to the Texas population from fiscal years 2003 to 2012. In fiscal year 2012, there were approximately 22.6 million vehicles registered in Texas compared to 18.6 million in fiscal year 2003, which represents a 21.5 percent increase from fiscal years 2003 to 2012. During the same period, the Texas population increased 16.9 percent from 22.1 million in fiscal year 2003 to 25.9 million in fiscal year 2012.

VEHICLE DEALER LICENSING AND ENFORCEMENT

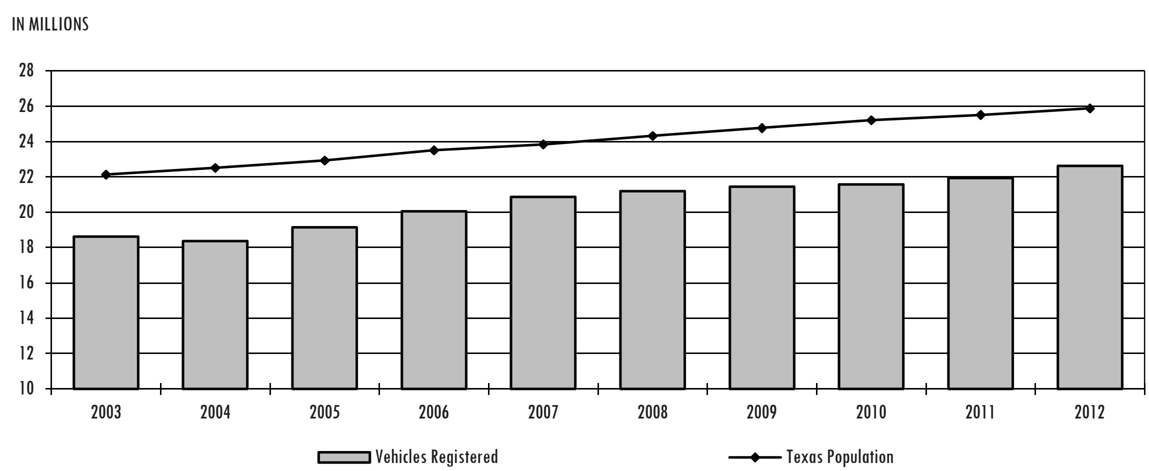
The 2014–15 biennial appropriations for motor vehicle dealer licensing and enforcement total approximately $16 million, or 5.4 percent of total appropriations. The appropriations provide for licensing motor vehicle dealers and enforcing the state's "Lemon Law." During fiscal year 2013, 26,737 licenses were issued to franchised and

FIGURE 363
DEPARTMENT OF MOTOR VEHICLES REGIONAL SERVICE CENTERS, FISCAL YEAR 2012



SOURCE: Department of Motor Vehicles.

FIGURE 364
POPULATION COMPARED TO NUMBER OF VEHICLES REGISTERED, FISCAL YEARS 2003 TO 2012



SOURCES: U.S. Census Bureau; Department of Motor Vehicles.

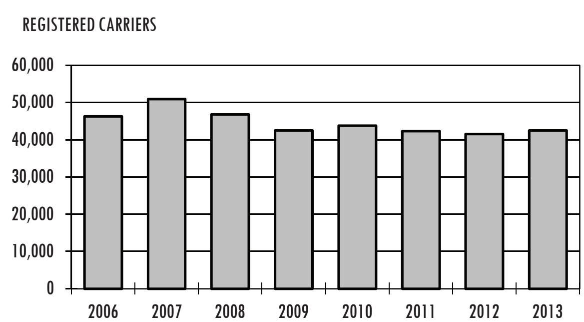
independent motor vehicle dealers; new motor vehicle manufacturers, distributors, and converters; representatives of new motor vehicle manufacturers, distributors, or converters; and lessors and lease facilitators, and salvage vehicle dealers in the state. Additionally, 445 Lemon Law complaints were closed and 147 motor vehicles were replaced, repurchased, or reacquired in accordance with the Lemon Law during the 2012–13 biennium.

MOTOR CARRIER REGISTRATION, PERMITS, AND ENFORCEMENT

The 2014–15 biennial appropriations for motor carrier registration, oversize/overweight vehicle permitting, and enforcement total $24.1 million, or 8.2 percent of the agency's total appropriations. Motor carriers operating equipment with a gross vehicle weight of over 26,000 pounds, passenger bus operators, and household goods carriers operating in Texas are required to obtain a motor carrier registration with DMV. DMV also processes and investigates consumer complaints and provides mediation services to household goods movers and their customers. **Figure 365** shows the changes in the number of registered motor carriers from fiscal years 2006 to 2013. The number of motor carriers registered with the DMV has decreased since the implementation of the federal Unified Carrier Registration (UCR) Act of 2005 in calendar year 2007 when 50,977 motor carriers were registered. Under the UCR provisions, intrastate carriers have the option of registering under the federal UCR rather than registering with single states. In fiscal year 2013, 42,499 motor carriers were registered with DMV.

DMV is also responsible for the permitting and regulation of oversize and overweight vehicles. The permitting and regulation of movement of oversize and overweight vehicles

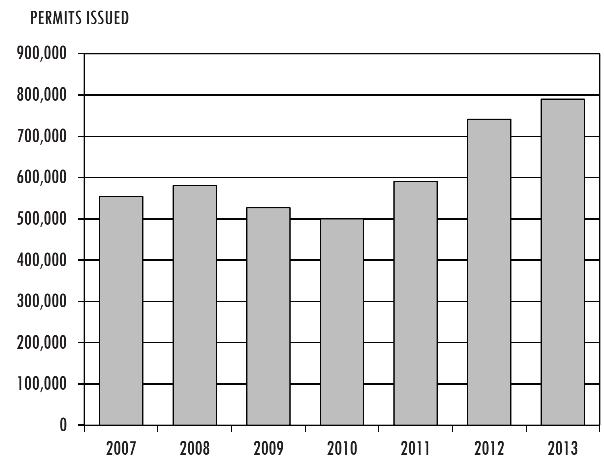
FIGURE 365
NUMBER OF REGISTERED MOTOR CARRIERS
FISCAL YEARS 2006 TO 2013



SOURCE: Department of Motor Vehicles.

and loads on the state's highways is intended to ensure the safety of the traveling public and to protect the integrity of highways and bridges by routing oversize/overweight vehicles and loads on roadways suitable for the dimension and weight of the vehicles. **Figure 366** shows the number of oversize/overweight permits issued in fiscal years 2007 to 2013. DMV reported issuing 790,123 oversize/overweight vehicle permits in fiscal year 2013, which represents an increase of 57.9 percent from 554,273 permits issued in fiscal year 2010. The increase in permits issued in fiscal years 2012 and 2013 is primarily associated with the increase in oil and gas exploration in the state.

FIGURE 366
NUMBER OF OVERSIZE/OVERWEIGHT PERMITS ISSUED
FISCAL YEARS 2007 TO 2013



SOURCE: Department of Motor Vehicles.

AUTOMOBILE BURGLARY AND THEFT PREVENTION

The Eighty-third Legislature, Regular Session, 2013, appropriated $29.8 million for the Automobile Burglary and Theft Prevention Authority (ABTPA), or 10.1 percent of the agency's total appropriations, for the 2014–15 biennium. The Automobile Theft Prevention Authority (ATPA) was established by the Seventy-second Legislature, 1991, to reduce vehicle theft in Texas. With enactment of legislation by the Eightieth Legislature, 2007, the scope of the ATPA was expanded to include prevention of automobile burglary. The ABTPA is composed of a seven-member board of directors, independent of the board of the DMV, appointed by the Governor with the advice and consent of the Senate to serve six-year overlapping terms. The ABTPA coordinates efforts within a network of law enforcement and judicial agencies, local prosecutors, the insurance industry, and citizens to reduce vehicle burglary and theft through grants that fund burglary and theft reduction initiatives, education, and public awareness. The ABTPA also communicates with officials from bordering Mexican states and enters into partnership agreements with them to reduce the number of stolen vehicles crossing the border between Texas and Mexico. Since its inception in 1991, the ABTPA has awarded 628 grants totaling $282.3 million. In fiscal year 2013, ABTPA awarded 29 grants totaling $13.8 million.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, passed several significant bills that affect DMV. Among the more significant are House Bill 1692, House Bill 2202, House Bill 2305, and House Bill 2741.

HB 1692 – Regulatory Changes Affecting Motor Vehicle Dealers, Manufacturers, and Distributors. The enactment of House Bill 1692 authorizes the transfer administrative hearings for motor vehicle Lemon Law and warranty performance cases from the State Office of Administrative Hearings to DMV and authorizes DMV to employ a Chief Hearings Examiner and one or more additional hearings examiners. The legislation requires the parties to a contested case to participate in mediation before the parties may have an administrative hearing regarding franchise termination and protest cases involving licensed franchised dealers and manufacturers, Lemon Law cases, and warranty performance cases.

HB 2202 and HB 6 – Creation of New Texas Department of Motor Vehicles Fund for Certain Revenues Previously Deposited in the State Highway Fund that is Subsequently Consolidated into the General Revenue Fund. The enactment of House Bill 2202 establishes a new Texas Department of Motor Vehicles Fund, a fund inside the State Treasury outside of the General Revenue Fund, and requires revenue from certain fees collected by or on behalf of DMV that were previously deposited to the State Highway Fund to be deposited to the new fund beginning in fiscal year 2014. However, due to the enactment of House Bill 6, Eighty-third Legislature, Regular Session, 2013, the new fund established by House Bill 2202 was abolished and all revenues dedicated to that fund under the provisions of House Bill 2202 will instead be deposited to the General Revenue Fund beginning in fiscal year 2014. The enactment of House Bill 2202 authorizes DMV to collect a registration handling fee in addition to other fees for the issuance of license plates or other registration insignia to cover the expenses of collecting vehicle registration fees. The board of the DMV is required to establish the fee by rule and in an amount sufficient to cover the costs to DMV, county tax assessor-collectors, and their deputies for collecting registration fees. The legislation also requires the board of the DMV by rule to prescribe new classification types of deputies that may perform vehicle titling and registration duties, the duties and obligations of deputies, and the fees that may be charged or retained by deputies.

HB 2305 – Single Stickers Replacing Dual Vehicle Inspection and Registration Stickers by September 1, 2015. The enactment of House Bill 2305 requires the Department of Public Safety (DPS) and DMV to replace the current dual vehicle inspection and registration sticker system with a single registration sticker by September 1, 2015. The legislation requires DPS and DMV to enter into an agreement for the transfer of DPS vehicle inspection compliance information to DMV. The legislation also requires DMV or a county tax assessor-collector to verify that a vehicle has passed the required safety inspection and/or emission inspection before the vehicle may be registered.

HB 2741 – Various Changes Relating to Motor Vehicle Registration and Titling, Vehicle Dealer Regulation, Motor Carrier Registration, and Other Authority and Functions of the DMV. The enactment of House Bill 2741 amends various provisions in state law pertaining to vehicle titles and registration, motor vehicle dealer and manufacturer licensing, and motor carrier regulation. The legislation authorizes DMV to credit an individual the amount of any unused registration paid on a vehicle that is transferred to a vehicle dealer if the individual has paid for more than one year of registration on the transferred vehicle. The legislation establishes an offense for the manufacturing, sale, or possession of a registration insignia that is deceptively similar to an insignia issued by DMV. The legislation establishes new annual excess weight permits to be issued by DMV for ready-mix concrete trucks and certain vehicles that transport timber. The legislation requires 50 percent of the revenue collected from the new permits to be deposited to the State Highway Fund and the remainder to be distributed to each county specified on the permit for deposit to the county road and bridge fund. The legislation also increases fines and penalties for violation of state laws pertaining to vehicle size and weight limitations and the permitting of oversized/overweight vehicles and loads.

DEPARTMENT OF TRANSPORTATION

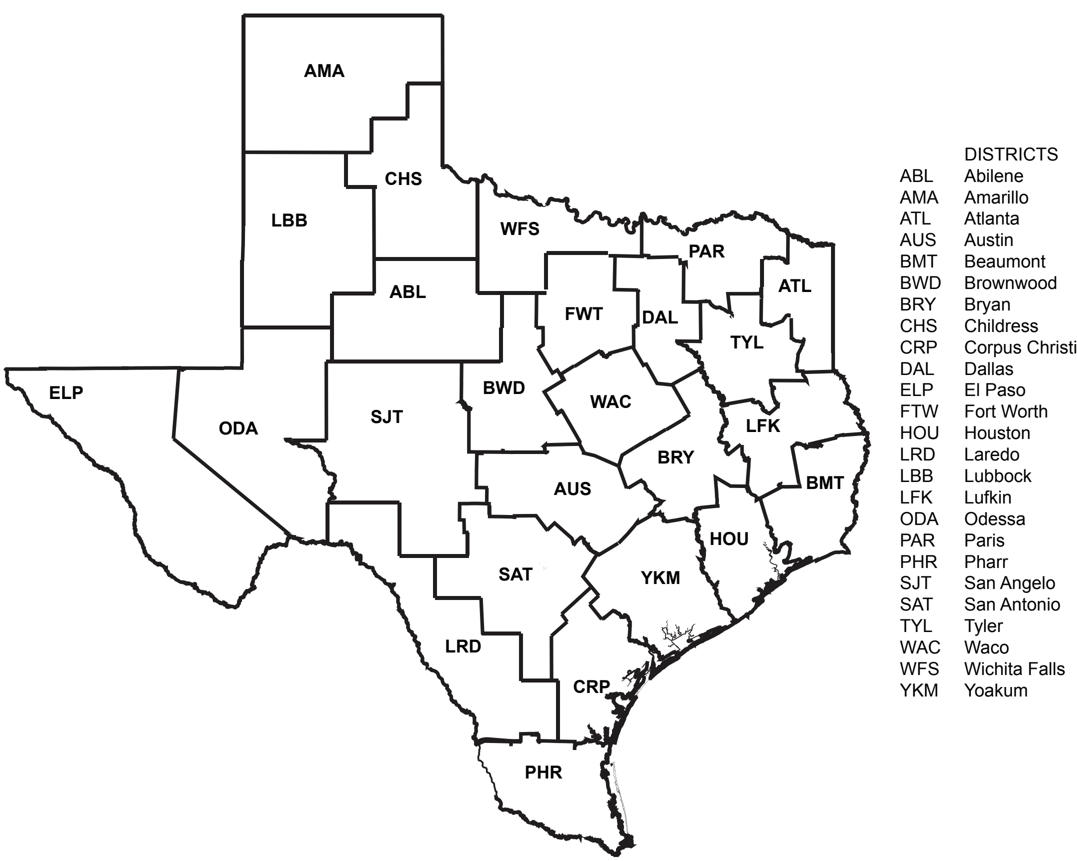
The Texas Department of Transportation (TxDOT) was established in 1991 with the merger of the State Department of Highways and Public Transportation, the Department of Aviation, and the Motor Vehicle Commission. The Texas Turnpike Authority (TTA) was merged into TxDOT by the Seventy-fifth Legislature in 1997. The TTA board of directors was later abolished by the Seventy-seventh Legislature in 2001, and the duties and responsibilities of the board were transferred to the Texas Transportation Commission (TTC). In 2005, the Seventy-ninth Legislature transferred all powers and duties of the Texas Railroad Commission associated with railroads and the regulation of railroads to TxDOT. In 2009, the Eighty-first Legislature transferred the responsibilities for vehicle titling and registration, motor carrier registration and enforcement, motor vehicle dealer regulation, and the Automobile Burglary and Theft Prevention Authority from TxDOT to a newly established Department of Motor Vehicles (DMV) in fiscal year 2010. Enactment of legislation by the Eighty-second Legislature, Regular Session, 2011, transferred the responsibilities for permitting and regulating oversize and overweight vehicles from TxDOT to DMV in fiscal year 2012.

GOVERNANCE AND MISSION

In 2003, the Seventy-eighth Legislature expanded TxDOT's governing body from a three-member to a five-member commission. Each member is appointed by the Governor with the advice and consent of the Senate for a six-year term. The Governor designates the commission's chair, who serves as the state's Commissioner of Transportation. The agency's executive director is selected by the five-member commission. The commission is also charged with dividing the state into not more than 25 districts to oversee the construction and maintenance of state highways and to perform other duties of TxDOT (see **Figure 367**).

The agency's mission is to work with others to provide safe and reliable transportation solutions for Texas.

FIGURE 367
DEPARTMENT OF TRANSPORTATION DISTRICTS, FISCAL YEAR 2013



Source: Texas Department of Transportation.

APPROPRIATIONS

Appropriations for the 2014–15 biennium for TxDOT total $22.1 billion in All Funds, which is an increase of approximately $3.2 billion, or 17.2 percent, from the agency's 2012–13 biennial spending level. The biennial difference includes a net increase of $2.4 billion primarily attributable to increases in appropriations from Federal Funds and State Highway Funds (Other Funds) for highway improvements and preservation; and $878.6 million in additional State Highway Funds for construction, maintenance, and acquisition of rights-of-way for non-tolled public roadways—contingent on voter approval of the amendment to the Texas Constitution proposed by Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013 (see Significant Legislation). Appropriations for the 2014–15 biennium provide for 12,087 full-time-equivalent (FTE) positions. Additionally, the agency has been authorized up to 1,200 FTE positions for its Summer Hire Program during the third and fourth quarters of each fiscal year.

Additionally, House Bill 1025, Eighty-third Legislature, Regular Session, appropriated $450 million in General Revenue Funds to TxDOT in fiscal year 2013 for state highway system maintenance and county transportation infrastructure projects in areas affected by increased energy exploration and production. Of this amount, $225 million is to be transferred to State Highway Fund No. 006. These funds support maintenance and safety projects for roads and bridges within the state highway system to address damage caused by increased oversized and overweight vehicle traffic in these energy sectors of the state. The remaining $225 million is to be transferred to a new Transportation Infrastructure Fund established by Senate Bill 1747, Eighty-third Legislature, Regular Session. These funds support county transportation infrastructure projects in counties affected by increased energy sector activities. The provisions of Senate Bill 1747 are addressed further under Significant Legislation.

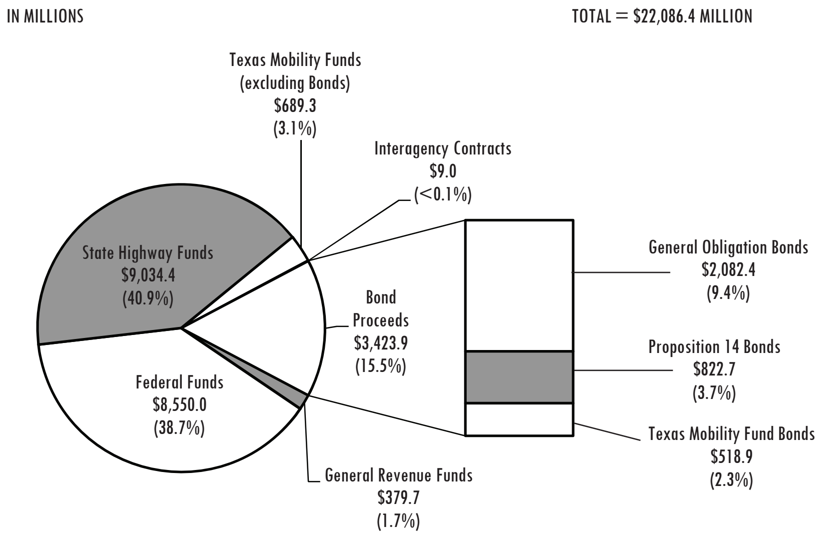
MAJOR FUNDING SOURCES

State motor fuels tax and vehicle registration fee revenue deposited to State Highway Fund No. 006 and Federal Funds (primarily federal-aid highway reimbursements) have traditionally been the primary funding sources for highway infrastructure spending and other functions carried out by TxDOT. For many years, these funding sources provided for a "pay-as-you-go" system for highway infrastructure financing. Beginning with the enactment of legislation and voter approval of an amendment to the Texas Constitution in calendar year 2001, TTC became authorized for the first time to borrow money for transportation infrastructure improvements with debt obligations backed by state tax and fee revenue deposited to a newly created Texas Mobility Fund. Subsequent legislation enacted in calendar years 2003, 2005, and 2007, and further amendments to the Texas Constitution expanded TTC's borrowing authority to include debt obligations backed by revenue deposited to State Highway Fund No. 006 and General Obligation (GO) bonds backed by the full faith and credit of the state (payable from General Revenue Funds). **Figure 368** shows agency appropriations by funding source for the 2014–15 biennium. Appropriations from General Revenue Funds ($379.7 million) represent only 1.7 percent of the agency's biennial appropriations. Other Funds make up the majority of the agency's appropriation (59.6 percent), most of which consists of State Highway Funds (approximately $9 billion or 40.9 percent of All Funds) and General Obligation Bond Proceeds (approximately $3.4 billion or 15.5 percent). Approximately 38.7 percent ($8.6 billion) of the agency's biennial appropriation comes from Federal Funds.

STATE HIGHWAY FUND NO. 006

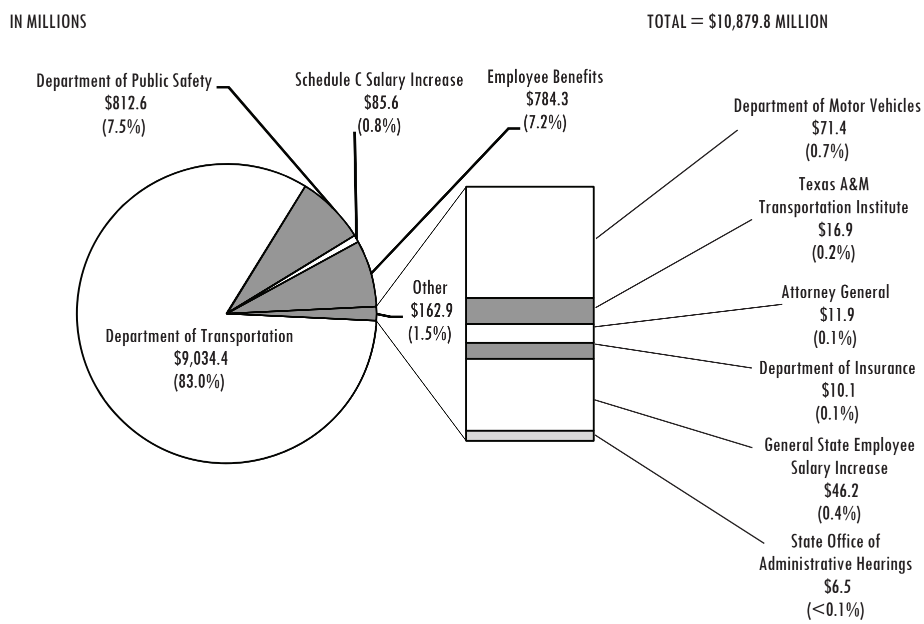
Net revenue collections from motor fuels taxes and vehicle registration fees are the primary sources of state revenue deposited to State Highway Fund No. 006. These State Highway Fund revenue sources along with sales taxes on motor fuel lubricants deposited to the fund are dedicated by the Texas Constitution for acquiring rights-of-way; constructing, maintaining, and policing public roadways; and for the administration of laws pertaining to the supervision of traffic and safety on public roadways. Other statutory fees deposited to State Highway Fund No. 006 that are not dedicated by the Texas Constitution include special vehicle permit fees, motor vehicle certificate of title fees, commercial transportation fees, and other fees primarily associated with administrative and regulatory functions carried out by DMV and TxDOT. Federal transportation receipts, bond proceeds, and receipts from certain toll facility agreements are also deposited to State Highway Fund No. 006. **Figure 369** shows the distribution of appropriations from State Highway Fund No. 006 (excluding federal receipts and bond proceeds) to TxDOT, other state agencies and institutions, and employee benefit costs. Direct appropriations of $9 billion to TxDOT represent

FIGURE 368
DEPARTMENT OF TRANSPORTATION FUNDING SOURCES, 2014–15 BIENNIUM



NOTES:
(1) State Highway Funds are estimated.
(2) Includes proceeds from State Highway 130, State Highway 121, State Highway 161 toll facility agreements, and estimated revenue from Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

FIGURE 369
STATE HIGHWAY FUND APPROPRIATIONS, 2014–15 BIENNIUM



NOTES:
(1) Department of Transportation is estimated. Includes estimated revenue from Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013.
(2) Excludes State Highway Fund Revenue Bond Proceeds and Federal Highway Reimbursements. Schedule C Salary Increase includes salary and additional employee benefits for commissioned peace officers at the Department of Public Safety.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

approximately 83 percent of the total appropriations from State Highway Fund No. 006 for the 2014–15 biennium.

State motor fuels tax revenue has been funding highway infrastructure spending since the inception of a $0.01 per gallon tax on gasoline in 1923. In 1941, a $0.08 per gallon tax was applied to diesel fuel and a $0.04 per gallon tax was applied to liquefied gas. The current rate of $0.15 per gallon for liquefied gas was established in 1987, and the current rate of $0.20 per gallon for gasoline and diesel fuel was established in 1991.

After deductions for authorized refunds and the costs of collection, approximately one-fourth of all net motor fuels tax revenue is deposited to the Available School Fund for public education and one-fourth of net gasoline tax (up to $7.3 million in a fiscal year) is deposited to the County and Road District Highway Fund for distribution to the counties as required by the Texas Constitution and other state law. As a result, approximately three-fourths of net motor fuels tax receipts are deposited to State Highway Fund No. 006. The Comptroller of Public Accounts' (CPA) December 2013 Certification Revenue Estimate forecasts deposits in the amounts of $4.7 billion from motor fuels taxes and $2.7 billion from motor vehicle registration fees to State Highway Fund No. 006 during the 2014–15 biennium. **Figure 370** shows how these and other sources of revenue deposited to the fund have changed since fiscal year 2007.

Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013, directs a transfer of General Revenue Funds that would otherwise go to the Economic Stabilization Fund to Fund 6. See Significant Legislation for details.

STATE HIGHWAY FUND NO. 006 – TOLL PROJECT SUBACCOUNTS

Out of the agency's total 2014–15 appropriations from State Highway Fund No. 006, approximately $632.5 million, or 2.9 percent, of appropriations from All Funds, consists of proceeds from payments received by the state related to public and private toll facility agreements. Pursuant to state law, these proceeds are held in separate toll project subaccounts and may only be used to finance transportation and air quality projects in the area encompassing each respective toll project. The proceeds included in the agency's 2014–15 biennial appropriations are derived from payments received by the state from the State Highway 121, State Highway 161, and State Highway 130, Segments 5 and 6, toll facility agreements.

FIGURE 370
REVENUE DEPOSITED INTO STATE HIGHWAY FUND NO. 006, FISCAL YEARS 2007 TO 2015

IN MILLIONS

REVENUE SOURCE	2007	2008	2009	2010	2011	2012	2013	2014	2015
Motor Fuels Tax	$2,238.2	$2,275.9	$2,226.6	$2,227.0	$2,275.3	$2,310.9	$2,366.1	$2,372.7	$2,381.5
Motor Vehicle Registration Fees	$984.2	$1,024.0	$1,066.2	$1,111.3	$1,139.8	$1,304.2	$1,356.6	$1,341.2	$1,388.1
Motor Fuel Lubricants Sales Tax	$36.8	$38.9	$39.6	$40.4	$41.0	$41.8	$42.5	$43.3	$44.0
Federal Revenue	$2,007.1	$2,724.9	$2,705.9	$1,899.5	$2,114.1	$2,536.4	$2,670.5	$3,462.1	$4,227.8
Bond Proceeds	$1,000.6	$1,472.9	$0.0	$1,492.0	$0.0	$0.0	$0.0	$0.0	$0.0
Toll Facility Agreements	$0.0	$3,222.9	$0.0	$0.0	$458.0	$18.1	$108.3	$8.9	$11.8
Other Revenue	$638.5	$818.1	$956.0	$559.6	$368.9	$426.7	$795.8	$368.4	$366.9
General Revenue Transfer (SJR 1)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,383.5
TOTAL	**$6,905.4**	**$11,577.7**	**$6,994.4**	**$7,329.7**	**$6,397.1**	**$6,638.1**	**$7,339.8**	**$7,596.8**	**$9,803.7**

NOTES:
(1) Excludes transfers from the Texas Mobility Fund.
(2) Fiscal years 2014 and 2015 are estimated.
(3) Severance Taxes Allocations revenue in fiscal year 2015 is contingent upon voter approval of the proposed amendment to the Texas Constitution in Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013, at an election to be held on November 4, 2014.
(4) Totals may not sum due to rounding.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

In fiscal year 2008, TxDOT entered into a toll facility agreement with the North Texas Tollway Authority (NTTA), a public entity, which authorized NTTA to design, build, operate, maintain, and collect tolls on State Highway 121 in Collin, Dallas, and Denton counties for a term of 50 years. Under the agreement, TxDOT received a lump sum payment of approximately $3.2 billion that was deposited to State Highway Fund No. 006 in fiscal year 2008 and is held in dedicated toll project subaccounts. These funds may be used only to finance transportation and air quality projects in the TxDOT district encompassing the State Highway 121 toll facility operated by NTTA. In fiscal year 2011, TxDOT entered into another toll facility agreement with NTTA for the development of the State Highway 161 toll project. Under the agreement, NTTA made an up-front payment to the state in the amount of $458 million for the right to develop, finance, design, construct, operate, and maintain the State Highway 161 toll project from Interstate 20 to State Highway 183 in Dallas County over a term of 52 years. Proceeds from the State Highway 161 agreement are also held in toll project subaccounts within State Highway Fund No. 006 and may only be used for transportation and air quality projects in the district encompassing the toll project. Total appropriations to TxDOT from State Highway Fund No. 006 for the 2014–15 biennium include approximately $505.4 million from State Highway 121 and State Highway 161 proceeds for the planning and design, acquisition of rights-of-way, and construction of transportation projects in TxDOT's Dallas district.

In calendar year 2007, TxDOT entered into a concession comprehensive development agreement (CDA) with a private sector developer under which the developer assumed the responsibilities to design, construct, finance, operate, and maintain the State Highway 130, Segments 5 and 6, toll facility for 50 years. A CDA is an agreement with a private entity that typically provides for the design and construction of certain transportation projects but may also provide for the financing, acquisition, maintenance, and operation of transportation projects. Under a concession CDA, the private developer may agree to pay an up-front concession fee to the state and may agree to terms allowing for toll revenue sharing between the developer and the state in return for the right to operate and collect tolls on the facility. TxDOT received a $26 million concession payment in fiscal year 2008 for the State Highway 130, Segments 5 and 6, agreement, the proceeds of which are held in a dedicated toll project subaccount within State Highway Fund No. 006. In fiscal year 2013, TxDOT received an additional concession payment of $100 million under a provision in the agreement that stipulates additional concession payments if the TTC authorizes a maximum posted speed limit of 85 miles-per-hour on the toll facility, which the TTC approved in August of 2012. The agency's appropriations from State Highway Fund No. 006 for the 2014–15 biennium include $127.2 million from the State Highway 130, Segments 5 and 6, concession fee payment for planning and design, acquisition of rights-of-way, and construction of transportation projects in TxDOT's Austin and San Antonio districts.

FEDERAL FUNDS

Federal Funds account for 38.7 percent (approximately $8.6 billion) of the agency's total 2014–15 appropriations, most of which is for highway planning and construction ($8.1 billion or 94.5 percent of Federal Funds). Federal Funds also consist of funding for public transportation ($112.6 million); general aviation, reliever, and non-primary commercial service airport improvements ($100 million); traffic safety programs ($97.5 million); high-speed passenger rail planning and research and freight rail improvements ($34.9 million) and interest payment subsidies for TxDOT bonds issued under the federal Build America Bonds program ($125.8 million).

On July 6, 2012, the President signed legislation called Moving Ahead for Progress in the 21st Century (MAP-21), a new federal transportation authorization act. The act authorized $105 billion in transportation funding nationally for two years from federal fiscal year 2013 to federal fiscal year 2014. MAP-21 replaced the Safe, Accountable, Flexible, Efficient, Transportation Equity Act – A Legacy for Users (SAFETEA-LU), which expired in September 2009. Programs and allocations authorized by MAP-21 are funded through the federal Highway Trust Fund (HTF).

The HTF is the source of funding for most federal surface transportation programs including highway and mass transit programs. The HTF was established as a fund intended to finance highways with taxes paid by users of highways. Federal excise taxes are levied on gasoline, diesel, gasohol, special fuels (liquefied petroleum gas, natural gas, etc.), tires, truck and trailer sales, and heavy vehicle use (based upon weight). Revenues are distributed to two accounts within the HTF, the Highway Account and the Mass Transit Account. The primary sources of revenue deposited to the HTF are derived from federal motor fuels taxes assessed on gasoline at a rate of 18.4 cents per gallon and diesel at a rate of 24.4 cents per gallon. The current federal motor fuels tax rates were established in calendar year 1993. MAP-21 extends the motor fuels and non-motor fuels excise taxes at the current rates through September 30, 2016.

Formulas for distributing federal-aid funds to the states for significant highway programs use the motor fuels and other excise taxes attributed to each state as distribution factors. The Federal Highway Administration analyzes state-generated reports on motor fuel and other alternative fuels consumed and taxed to develop final estimates of the federal tax revenues attributable to each state. SAFETEA-LU included provisions that would have guaranteed Texas, a motor fuel tax “donor state” that contributes more tax revenue to the federal HTF than it receives, a relative rate of return of 92 percent from the HTF Highway Account in fiscal year 2009. The provisions of MAP-21 include a new formula designed to guarantee each state a 95 percent minimum return of contributions to the HTF. In recent years, due to projected revenue shortfalls to the HTF, congress has supplemented the HTF with federal general funds to ensure the fund remains solvent. As a result, the Federal Highway Administration’s HTF report for federal fiscal year 2011 shows that Texas’ return from the HTF Highway Account was 109 percent relative to the state’s contributions to the HTF for highway programs in that year.

Federal aid for transportation is typically distributed to states in the form of reimbursements of state expenditures for eligible projects. Historically, the state would finance 100 percent of the cost of transportation projects receiving federal aid. As work is completed and payments are made, the state is reimbursed for the costs of work completed in accordance with the federal-state participation matching ratios established for the various program categories. The federal HTF reimburses a portion of the cost of a participating project, usually 80 percent, throughout the life of that project.

The agency’s Federal Funds appropriations for the 2014–15 biennium also include funding for bond debt service payments on state transportation bonds issued under the federal Build America Bonds (BAB) program authorized in 2009. The BAB program authorized state and local governmental entities to issue taxable bonds to finance capital projects and provided federal subsidies to offset the entities’ borrowing costs. During the 2010–11 biennium, TTC issued approximately $3.5 billion in bonds under the BAB program to finance transportation infrastructure projects. The BAB program provides a direct federal subsidy in an amount equal to 35 percent of the total interest payments made to investors throughout the term of the debt. The total federal subsidy during life of the agency’s BAB bond obligations is estimated to be $1.4 billion over 30 years, including $125.8 million in the 2014–15 biennium.

TEXAS MOBILITY FUND

State revenues and bond proceeds deposited to the Texas Mobility Fund (TMF) No. 365 represent 5.5 percent (approximately $1,208.2 million in Other Funds) of the agency’s total 2014–15 biennial appropriations. The appropriations include approximately $518.9 million in TMF bond proceeds for transportation planning and design, acquisition of rights-of-way, and construction and approximately $689.3 million from state revenues deposited to the TMF for debt service payments on TMF bonds. The 2014–15 biennial appropriations also include $46.6 million in Federal Funds from BAB subsidy payments for TMF bond debt service.

The passage of legislation by the Seventy-seventh Legislature, Regular Session, 2001, and voter approval of an amendment to the Texas Constitution (Texas Constitution, Article 3, Section 49-k) in November 2001, created the TMF within the State Treasury and established the TTC as the administrator of the fund. Under the constitutional provision and its enabling legislation, the TTC is authorized to issue bonds and enter into related credit agreements that are payable from and secured by a pledge of and a lien on all or part of the money on deposit in the TMF. Additionally, the TTC is charged with administering the TMF as a revolving fund to provide a method of financing for the construction, reconstruction, acquisition, and expansion of state highways. This includes the cost of any necessary design and the cost of acquisition of rights-of-way, as determined by the TTC, and provides state participation in the payment of a portion of the cost of constructing and providing publicly owned toll roads and other public transportation projects in accordance with standards and procedures established by law. As of August 31, 2009, the TTC issued approximately $6.3 billion in TMF bonds.

Article 3, Section 49-k of the Texas Constitution authorizes the Texas Legislature to dedicate to the TMF any taxes or other revenues that are not otherwise dedicated by the Texas Constitution, namely motor fuel taxes, motor lubricant sales taxes, and motor vehicle registration fees dedicated to the State Highway Fund. During the 2004–05 biennium, a portion of driver license point surcharges and $30 state traffic fines were deposited to the TMF. During the 2006–07 biennium, motor vehicle inspection fees and a portion of driver record information fees began being deposited to the TMF. Beginning in the 2008–09 biennium, driver license fees and motor vehicle certificate of title fees were deposited to the fund. Federal Revenue from BAB subsidy payments on TMF bonds are also deposited to the fund. The CPA's *January 2013 Biennial Revenue Estimate* forecasts revenues deposited to the TMF to be approximately $822.9 million for the 2014–15 biennium. **Figure 371** shows actual deposits of state and federal revenue to the TMF in fiscal years 2007 to 2013 and estimated revenues for the 2014–15 biennium.

PROPOSITION 12 GENERAL OBLIGATION BONDS

The agency's 2014–15 biennial appropriations include $2.1 billion, or 9.4 percent of All Funds, from Proposition 12 General Obligation Bond Proceeds to fund transportation planning and design, right-of-way acquisition, and construction for highway improvement projects. The agency's appropriations for the 2014–15 biennium also provide $368.4 million in General Revenue Funds and $25.1 million in Federal Funds from BAB subsidies ($393.5 million in All Funds) for debt service payments on Proposition 12 GO bonds.

With voter approval of Senate Joint Resolution 64, Eightieth Legislature, 2007, (Texas Constitution, Article 3, Section 49p) under Proposition 12 in November 2007, and the enactment of House Bill 1, Eighty-first Legislature, First Called Session, 2009, TTC is authorized to issue Proposition 12 GO bonds in an aggregate amount not to exceed $5 billion to provide funding for highway improvement projects, including the acquisition of a highway, construction, reconstruction, major maintenance, design, and the acquisition of right-of-way. In fiscal year 2010, the TTC approved an initial list of highway improvement projects accounting for $2 billion of the $5 billion total Proposition 12 GO bond capacity targeted towards significant state corridor projects, mobility projects, and rehabilitation and safety projects. The Eighty-second Legislature, 2011, directed to the agency to allocate the remaining $3 billion in Proposition 12 GO Bond Proceeds as follows:

- $300.0 million for developing projects to improve mobility in the four most congested regions of the state;
- $500.0 million for major bridge projects;
- $600.0 million for metropolitan and urban mobility projects;
- $200.0 million for statewide connectivity projects to be selected by TTC; and
- $1.4 billion for statewide highway rehabilitation and safety projects.

The agency's appropriation from Proposition 12 General Obligation Bond Proceeds provides funding for the ongoing planning, acquisition of rights-of-way, and progress payments on multi-year construction contracts for these projects

FIGURE 371
REVENUE DEPOSITED INTO THE TEXAS MOBILITY FUND, FISCAL YEARS 2007 TO 2015

IN MILLIONS

REVENUE SOURCE	2007	2008	2009	2010	2011	2012	2013	2014	2015
Motor Vehicle Inspection Fees	$84.6	$86.2	$83.4	$88.9	$90.1	$95.8	$98.0	$99.9	$102.0
Driver's License Fees	$0.3	$117.9	$102.0	$99.6	$126.5	$129.0	$131.5	$131.8	$120.9
Driver Record Information Fees	$53.5	$61.8	$57.7	$56.0	$57.1	$58.4	$61.1	$60.1	$61.0
Certificate of Title Fees	$0.0	$0.0	$73.7	$74.2	$80.3	$87.1	$89.9	$91.1	$93.3
Federal Revenue	$0.0	$0.0	$0.0	$13.9	$35.0	$11.7	$22.3	$23.3	$23.3
Bond Proceeds	$2,245.2	$1,157.0	$1,200.7	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other Revenue	$38.8	$38.0	$16.7	$20.0	$13.0	$10.2	$31.4	$7.9	$8.2
TOTAL	**$2,422.4**	**$1,460.9**	**$1,534.4**	**$352.6**	**$402.0**	**$392.1**	**$434.2**	**$414.2**	**$408.7**

NOTES:
(1) Fiscal years 2014 and 2015 are estimated.
(2) Totals may not sum due to rounding.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

during the 2014–15 biennium. As of August 31, 2013, TTC has issued approximately $2.1 billion in Proposition 12 GO bonds.

PROPOSITION 14 STATE HIGHWAY FUND BONDING AUTHORITY

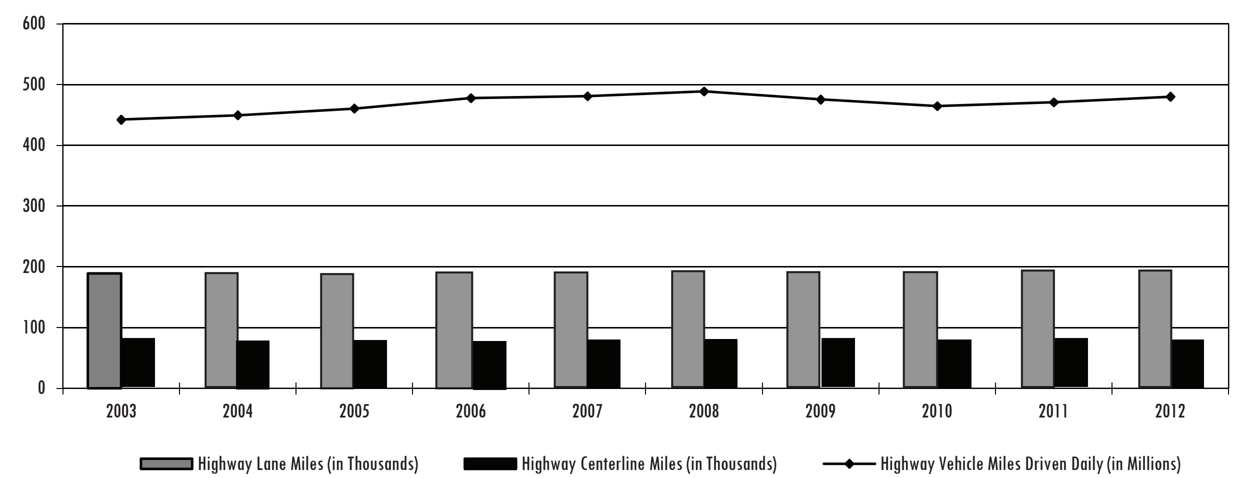
The agency's 2014–15 biennial appropriations include $822.7 million, or 3.7 percent of All Funds, from Proposition 14 Bond Proceeds for transportation planning, acquisition of rights-of-way, and highway construction and maintenance. With the enactment legislation by the Seventy-eighth Legislature, Regular Session, 2003, and voter approval of an amendment to the Texas Constitution under Proposition 14, 2003, (Texas Constitution, Article 3, Sections 49-m and 49n), the TTC became authorized to issue highway tax and revenue anticipation notes in the event of a cash-flow shortfall in the State Highway Fund and to issue bonds secured by a pledge of and payable from revenue deposited to the credit of the State Highway Fund. Under current law, the TTC is authorized to issue State Highway Fund Revenue Bonds (Proposition 14 Bonds) and other public securities in an aggregate principal amount not to exceed $6 billion, with no more than $1.5 billion to be issued each year to finance state highway improvement and safety projects. As of August 31, 2011, the TTC has issued approximately $4.6 billion in Proposition 14 Bonds, the proceeds of which are deposited to the credit of State Highway Fund No. 006. The agency's appropriations for the 2014–15 biennium provide $814.8 million in State Highway Funds (Other Funds) and $54.1 million in Federal Funds from BAB subsidies ($868.9 million in All Funds) for debt service payments on those bonds.

TEXAS HIGHWAY SYSTEM

State highway system mileage is accounted for in terms of centerline miles and lane miles. Centerline miles represent corridor mileage; lane miles represent the unidirectional single-vehicle, travel-way mileage on state-maintained roadways. The state highway system consists of approximately 80,268 centerline miles and carries approximately 74 percent of the state's motor vehicle traffic. Overall, individual components of the system include 28,474 miles of U.S. and state highways, which carry about 26 percent of all traffic; 40,933 miles of farm-to-market and ranch-to-market roads, which carry about 38 percent of all traffic; 3,272 miles of interstate highways, which carry 3 percent of all traffic; 7,245 miles of frontage roads, which carry 7 percent of all traffic; and 337 miles of parks and recreation roads, which carry less than 1 percent of all traffic. Approximately 196 centerline miles of tolled highways are in operation on the state highway system.

Figure 372 shows changes in the number of highway lane miles and centerline miles on the state highway system and the number of highway vehicle miles driven daily from fiscal year 2003 to fiscal year 2012. In fiscal year 2010, the state highway system consisted of approximately 194,887 lane miles compared to approximately 189,284 in fiscal year 2003. The amount of daily vehicle miles driven decreased from an estimated 488.8 million in fiscal year 2008 to 464.5

FIGURE 372
HIGHWAY MILES AND VEHICLE MILES DRIVEN DAILY, FISCAL YEARS 2003 TO 2012



SOURCE: Texas Department of Transportation.

million in fiscal year 2010, but has since increased to 480.1 million in fiscal year 2012. The amount of vehicle miles driven daily in fiscal year 2012 represents an increase of 8.6 percent from the number of daily vehicle miles driven in fiscal year 2003 (approximately 442.2 million).

MAJOR FUNCTIONS AND PROGRAMS

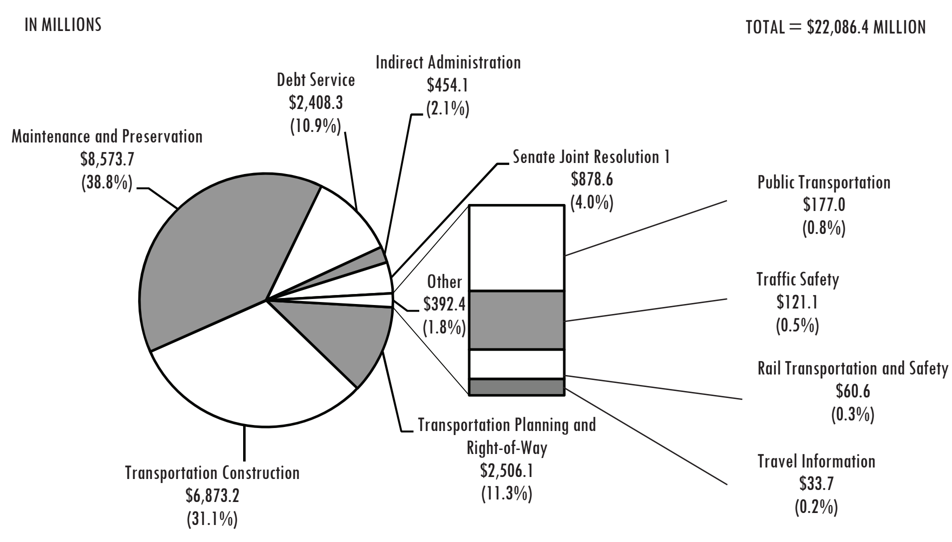
Out of the agency's total appropriations of $21.2 billion for the 2014–15 biennium, approximately $17.9 billion (84.7 percent) is for transportation planning, transportation construction and improvements, and maintenance and preservation of the state's transportation systems. **Figure 373** shows the 2014–15 biennial appropriations for these major functions and other programs administered by TxDOT. The agency's appropriations also include approximately $2.4 billion (11.4 percent of total appropriations) for debt service payments on bonds issued by TTC to finance highway improvements, system preservation, and highway safety projects.

The agency's 2014–15 biennial appropriations for transportation construction and maintenance include approximately $10.4 billion for contract payments on existing and new multi-year construction and maintenance projects carried out by private sector contractors. As of August 31, 2013, the total amount of contract obligations on active construction projects was approximately $10.5 billion with life-to-date expenditures of $5.1 billion leaving approximately $5.4 billion in contract obligations remaining. The agency's 2014–15 biennial appropriations also include $1.3 billion for routine maintenance work carried out by contractors and $1.5 billion for routine maintenance work performed by TxDOT employees. **Figure 374** shows the total construction and maintenance costs (including other applicable direct and indirect costs) from fiscal year 2004 to fiscal year 2012. Total construction and maintenance costs increased from $5.6 billion in fiscal year 2004 to $7.8 billion in fiscal year 2007 and then decreased to $5.5 billion in fiscal year 2010. In fiscal year 2012, construction and maintenance costs totaled $6.6 billion.

TRANSPORTATION PLANNING

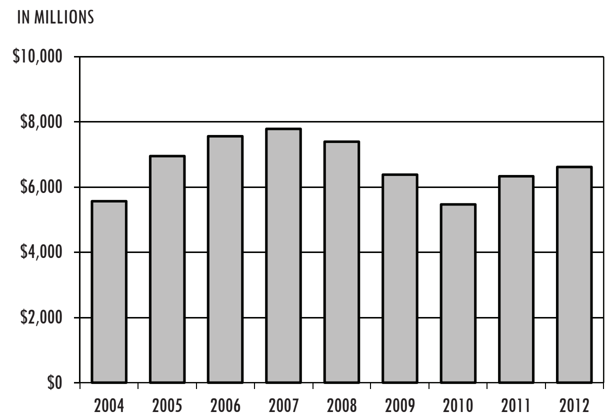
The Eighty-third Legislature, Regular Session 2013, appropriated $2.5 billion, or 11.3 percent of total appropriations, for the 2014–15 biennium for transportation planning and development. Appropriations for planning and development fund project planning, design, and management functions carried out by agency staff; contracted planning and design services; acquisition of rights-of-way; and research and development programs.

FIGURE 373
DEPARTMENT OF TRANSPORTATION APPROPRIATIONS BY FUNCTION, 2014–15 BIENNIUM



NOTES:
(1) Transportation Construction is estimated.
(2) Senate Joint Resolution 1 proceeds may only be used for construction, maintenance, and acquisition of rights-of-way for non-tolled public roadways.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

FIGURE 374
TOTAL CONSTRUCTION AND MAINTENANCE COSTS
FISCAL YEARS 2004 TO 2012



Note: Includes other direct and indirect costs.
Source: Texas Department of Transportation.

The planning and development of transportation construction projects is a complex process. First, the need for a transportation project is identified through the input and involvement of cities, counties, Metropolitan Planning Organizations (MPO), and citizen groups. To obtain federal funding for a project, current federal law requires each MPO to develop a local transportation improvement program, which is a four-year, prioritized program of transportation projects covering a metropolitan planning area in a manner consistent with the metropolitan transportation plan. Next, the TTC selects projects for inclusion in the Unified Transportation Plan, which is a 10-year planning document to guide and control project development for TxDOT in a feasible and economical manner, and in the Statewide Transportation Improvement Program, which is a multiyear, statewide, intermodal program of transportation projects that includes a financial implementation plan and that must be implemented within each three-year period after the adoption of the program. Then, TxDOT begins several simultaneous actions to develop projects, including conducting public hearings; undertaking feasibility and environmental studies, route and locations studies, traffic and revenue studies, and road inventory surveys; purchasing rights-of-way; designing construction plans; and performing a variety of other preliminary engineering functions.

Appropriations for the 2014–15 biennium for project planning, design, and management functions carried out by agency staff total $723.2 million. Appropriations by which the agency enters into contracts to carry out project planning and design functions total $875.7 million for the 2014–15 biennium.

The agency's appropriations for the 2014–15 biennium for transportation planning and development provide $861.3 million for acquiring rights-of-way and other real property interests for transportation projects. Rights-of-way acquisition costs include all related contract expenses, adjustments of utility facilities directly affected by transportation construction projects, relocation expenses incurred for displaced residents and businesses, and no less than 90 percent of acquisition cost reimbursements for cities and counties that are authorized to acquire rights-of-way in the name of the state. During the 2012–13 biennium, the agency acquired 2,004 parcels of land and executed 522 agreements for the adjustment of utility facilities affected by TxDOT transportation projects.

The 2014–15 biennial appropriations for transportation planning also provide $45.9 million for research and development in cooperation with state-supported universities. The agency manages a cooperative research program for the improvement of transportation operations in the areas of safety, construction, pavements, maintenance, transportation planning, design, right-of-way, environmental considerations, traffic operations, and structures.

TRANSPORTATION CONSTRUCTION

The Eighty-third Legislature, Regular Session, 2013, appropriated $6.9 billion for transportation construction for the 2014–15 biennium, which is approximately 31.1 percent of TxDOT's total appropriations. Because TxDOT contracts with private firms for the construction and reconstruction of all roads, bridges, and other transportation facilities on the state highway system, payments to contractors account for approximately 69.5 percent ($4.8 billion) of 2014–15 biennial appropriations for transportation construction project expenditures. This function also includes the installation of various warning and protection devices at railroad/highway crossings off the state highway system on a match basis, of which 90 percent is funded by the state and 10 percent is funded by the railroad. The remaining 2014–15 biennial appropriations for construction ($1.9 billion) are budgeted to provide (1) state participation in private entities' costs of delivering transportation projects through CDAs, (2) pass-through financing to reimburse local governments for their participation in the development of state highway improvement projects, (3) state participation in the costs of local toll projects, and (4) state participation in transportation improvement projects carried out by local entities through grants to counties to pave roads in colonias located along the Texas-Mexico border. During the 2012–13 biennium, TxDOT contracted for 1,482 highway construction projects. The agency plans to award 1,100 contracts for highway construction projects in the 2014–15 biennium.

The 2014–15 biennial appropriations for construction also provide approximately $196.4 million for the agency's Aviation Division projects and services. The functions of the Aviation Division include protecting, developing, and promoting public interest in aeronautics and Texas aviation. This includes assisting with the development and maintenance of a statewide system of modern airports and air navigation aids for public use. The division also acts as the agent of the state and each of the state's political subdivisions for the purposes of applying for, receiving, and disbursing federal funds for the state's general aviation, reliever, and non-primary commercial service airports. Although the division had assumed the responsibilities and duties of the State Aircraft Pooling Board (SAPB) pursuant to an interagency contract agreement beginning in fiscal year 2004, the enactment of legislation by the Seventy-ninth Legislature, Regular Session, 2005, abolished the SAPB and transferred its powers and duties to TxDOT. TxDOT serves as a point of coordination for state officials and agencies to contract for the use of state aircraft to access remote and rural areas and to provide all necessary hangar space, maintenance, and services for the use of state aircraft.

The 2014–15 biennial appropriations provide approximately $179.5 million for airport facility grants that will be matched with local funds. Currently, 279 airports in Texas are eligible for grant funds administered by the Aviation Division. The agency projects awarding grants to 90 airports in each fiscal year of the 2014–15 biennium.

MAINTENANCE AND PRESERVATION

The Eighty-third Legislature, Regular Session, 2013, appropriated approximately $8.6 billion, or 38.8 percent of total appropriations, for the 2014–15 biennium for maintenance and preservation of state transportation systems. Transportation system maintenance is the agency's largest function in terms of the number of employees involved. The appropriations for the 2014–15 biennium provide for approximately 5,959 FTE positions, or 49.3 percent of total FTE positions for the 2014–15 biennium, for agency personnel directly involved in transportation system maintenance activities including maintenance of the state highway system, support of the Gulf Intracoastal Waterway, and maintenance and operation of two toll-free ferry systems.

TxDOT is responsible for the preservation, upkeep, and restoration of the state highway system. Highway system maintenance includes roadway surface repairs and improvements, road base repairs, bridge and drainage structure inspection and maintenance, and road sign and traffic signal installation and repair. Responsibilities also encompass litter cleanup, roadside mowing, rest area maintenance, and repair of damage caused by floods, hurricanes, and other disasters. The Eighty-third Legislature, Regular Session, 2013, appropriated $8.5 billion for state highway system maintenance and preservation in the 2014–15 biennium. This amount includes approximately $7.0 billion for highway maintenance to be performed by private contractors (including $1.3 billion for contracted routine maintenance) and $1.5 billion for routine and preventive maintenance work to be performed by TxDOT personnel.

The agency uses a system of inspections and assessments to evaluate the condition of state-maintained roadway lane miles and 52,227 public bridges in Texas. The agency evaluates statewide pavement condition using a pavement condition score that considers qualities such as potholes, patches, cracking, and pavement smoothness. Pavement condition ratings range from "very good" to "very poor," where a rating of "good" or "very good" meets or exceeds all federal and state safety and structural requirements. Similarly, the agency assesses statewide bridge conditions using data collected during regularly scheduled bridge safety inspections. Bridges are considered to be in "good" condition if they are not determined to be "structurally deficient" or "functionally obsolete" based on terms and specifications established by the Federal Highway Administration. In fiscal year 2012, the agency determined that 81.2 percent of bridges were in "good or better" condition. The agency plans to resurface 34,544 highway lane miles and contract or perform 52,000 bridge inspections during the 2014–15 biennium.

Funding for maintenance also includes $1.7 million to support the Gulf Intracoastal Waterway (GIWW) and $91.2 million to operate and maintain two toll-free ferry systems. The agency serves as the non-federal sponsor of the portion of the GIWW along the Texas coast, which extends 423 miles from the Sabine River to the Brownsville Ship Channel. The agency provides support for marine transportation and navigation along the GIWW by determining methods for dredging the waterway, locating sites for the disposal of dredged material, and providing funding to acquire such sites. The toll-free ferry systems connect Port Aransas to Aransas Pass (a 0.25-mile crossing) and Galveston Island to the Bolivar Peninsula (a 2.5-mile crossing). In fiscal year 2013, the eight-boat ferry system at Port Aransas transported approximately 2.2 million vehicles and the six-boat ferry system at Galveston transported approximately 1.5 million vehicles.

PUBLIC TRANSPORTATION

The Eighty-third Legislature, Regular Session, 2013, appropriated $177 million for the 2014–15 biennium to fund public transportation programs. The Federal Transit Act and state law both require TxDOT to support and promote public transportation by working with local governments, nonprofit entities, and the Federal Transit Administration (FTA). Funding for TxDOT's public transportation responsibilities consists of $64.4 million in State Highway Funds for agency administrative costs and state public transportation grants and $112.6 million in Federal Funds for the FTA State Planning and Research Grants Program, Metropolitan Planning Program, Non-urbanized Area Formula Program (Rural Systems), Elderly and Persons with Disabilities Program, and Capital Investment Grants.

State public transportation grant funds are allocated to rural and urban transit districts based on a formula determined by the TTC and may be used for any approved public transportation project. TxDOT also acts as the state's administrator for 100 percent of the state's federal apportionments for the State Planning and Research Grants Program, Metropolitan Planning Program, and Elderly and Persons with Disabilities Program. In addition, TxDOT administers all federal apportionments to the state for small urbanized areas of fewer than 200,000 population and rural areas of fewer than 50,000 population. With the exception of federal apportionments for the State Planning and Research Grants Program and Metropolitan Planning Program, urbanized areas above 200,000 in population typically obtain federal funding directly from FTA through coordination with TxDOT. In fiscal year 2013, the agency issued 303 federal and state funding contracts to small urban transit districts, rural transit districts, MPOs, and other recipients including intercity bus operators and private for-profit and nonprofit transit operators that coordinate services for the elderly and disabled.

TRAFFIC SAFETY

The Eighty-third Legislature, Regular Session, 2013, appropriated $121.1 million for the 2014–15 biennium for traffic safety. TxDOT coordinates the Texas Traffic Safety Program and the State and Community Highway Safety Program and implements the Highway Safety Plan, which provides state and federal traffic safety grant funding in accordance with the National Highway Safety Act of 1966 and the Texas Traffic Safety Act of 1967. These programs reduce traffic accidents and resultant deaths, injuries, and property damage, as well as provide education, engineering, and enforcement efforts conducted in a partnership among federal, state, county, local jurisdictions, and nonprofit organizations. Additionally, TxDOT is responsible for collecting comprehensive data regarding motor vehicle accidents and maintaining a crash records information system that provides enhanced abilities to capture, manage, and disseminate timely and accurate data to improve the safety of Texas roadways. In fiscal year 2013, the agency provided funding through the traffic safety program to 142 entities, including 105 units of local government, 14 educational institutions, 17 non-profit organizations, and 6 state agencies.

RAIL TRANSPORTATION AND SAFETY

The Eighty-third Legislature, Regular Session, 2013, appropriated $60.6 million for the 2014–15 biennium to support the agency's rail transportation and rail safety activities. TxDOT oversees all rail planning and safety in Texas. TxDOT's rail activities include administration of state and federal programs to improve railroad/highway grade crossings and applying for and administering federal grants for state rail planning, research, and capital improvements. TxDOT is also authorized to enter into public-private partnership agreements to provide investments in freight rail relocation, rail facility improvements, rail line consolidations, and new passenger rail developments. The agency's appropriations for rail transportation and safety for the 2014–15 biennium include $12.2 million in Federal Funds for high-speed and intercity passenger rail planning and research and $22.7 million in Federal Funds for capital improvements to the Tower 55 at-grade rail crossing in Fort Worth.

TxDOT also participates in the state rail safety participation program in conjunction with the Federal Railroad Administration. TxDOT rail safety personnel conduct inspections of railroad facilities and equipment and monitor compliance with both state and federal safety regulations regarding hazardous materials, operating practices, motive power and equipment, signal and train control, and track. The agency's appropriation for rail transportation and safety for the 2014–15 biennium includes $2.3 million in General Revenue Funds for rail safety and inspections.

TxDOT also manages state and federally-funded improvement projects and administers lease and operating agreements on the state-owned South Orient Rail Line. The rail line, purchased by the state in fiscal year 2001, extends west approximately 391 miles from Coleman County to the Texas-Mexico border at Presidio. The South Orient Rail Line is operated and maintained as a freight rail facility by a private rail operator under a long-term lease agreement with TxDOT.

TRAVEL INFORMATION

The Eighty-third Legislature, Regular Session, 2013, appropriated $33.7 million for the 2014–15 biennium to support the agency's travel information activities. The agency operates 12 facilities—11 travel information centers across the state and one information center located in the State Capitol complex—that provide transportation and travel information and services to the media and to the public. In fiscal year 2013, the travel information centers received approximately 2 million visitors. In addition, TxDOT publishes the monthly Texas Highways magazine, the state's official travel magazine. Approximately 2.3 million copies were sold in fiscal year 2013 with an average monthly circulation of 196,698 copies.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, and Third Called Session, 2013, passed several significant bills that affect TxDOT. Among the more significant are Senate Bill 466, Senate Bill 1730, and Senate Bill 1747, Eighty-third Legislature, Regular Session, and House Bill 1 and Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session.

SJR 1, Third Called Special Session – Constitutional Amendment Changing Transfers from the General Revenue Fund to the Economic Stabilization Fund. Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, proposes an amendment to the Texas Constitution to change the method by which dollars are transferred from the General Revenue Fund to the Economic Stabilization Fund (ESF). Currently, at the end of each fiscal year, the Comptroller calculates the amount by which both oil and natural gas tax collections exceed the fiscal year 1987 collection levels ($532 million and $600 million, respectively) and then transfers an amount of General Revenue Funds equal to 75 percent of this excess to the ESF. The proposed constitutional amendment would require the Comptroller to transfer half of this amount to the ESF and the other half to the State Highway Fund. Revenue transferred to the State Highway Fund as a result of the proposed amendment could only be used for constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads. The amendment would also require the Legislature by general law to establish a procedure by which transfers to the ESF could be greater than the allocation provided by the amendment. The proposed constitutional amendment will be submitted to the voters at an election to be held on November 4, 2014. The amendment will take effect immediately after the final canvass of the election. If the amendment is approved by voters, the first transfer of General Revenue Funds affected by the amendment would occur in the fall 2014 (fiscal year 2015).

HB 1, Third Called Special Session – Preserving Balances in the Economic Stabilization Fund; Authorizations and Requirements for Certain Transportation Funding; and New Legislative Committees. House Bill 1, Eighty-third Legislature, Third Called Session, is companion legislation to Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, and will take immediate effect if the constitutional amendment proposed by Senate Joint Resolution 1 is approved by the voters. House Bill 1 establishes a process to preserve a sufficient balance in the ESF and determine whether the allocation of General Revenue Funds to the ESF should be greater than and the allocation to the State Highway Fund should be less than the amount prescribed by the constitutional amendment proposed in Senate Joint Resolution 1. House Bill 1 also requires TxDOT to identify and implement cost savings and efficiencies that yield a total savings of at least $100 million for the 2014–15 biennium. TxDOT would be required to use money from these savings to reduce the amount of principal and interest on Proposition 14 bonds and related credit agreements. TxDOT is required to report to the Legislature on the implementation of this requirement not later than August 31, 2015. House Bill 1 also authorizes the TTC to use money from the Texas Mobility Fund to provide funding for certain types of port projects. The legislation establishes House and Senate Select Committees on Transportation Funding, Expenditures, and Finance, which may meet separately or jointly to review, study, and evaluate various aspects of transportation financing and budgeting, the use of the State Highway Fund, and the purpose and composition of the ESF. The committees are required to jointly adopt recommendations related to the reviewed subjects and provide a written report of the recommendations to the Legislature not later than November 1, 2014.

SB 466 – Federal Responsibilities Assumed by TxDOT. The enactment of Senate Bill 466, Eighty-third Legislature, Regular Session, authorizes TxDOT to assume responsibilities of the U.S. Department of Transportation (USDOT) under the National Environmental Policy Act of 1969 and duties under other federal environmental laws. The legislation allows TxDOT to enter into agreements with USDOT to delegate to TxDOT the authority to approve an environmental review document for federal surface transportation projects. Additionally, the legislation waives and abolishes the state's sovereign immunity to liability and suit in a federal court with regard to the responsibility assumed by TxDOT, which is a condition under the federal law for states to assume the responsibilities.

SB 1730 – Authority for Certain Comprehensive Development Agreements. The enactment of Senate Bill 1730, Eighty-third Legislature, Regular Session, authorizes TxDOT and certain regional mobility authorities to enter into CDAs for the construction of or improvements to all or part of certain highway projects specified in the legislation. With the exception of the State Highway 99 Grand Parkway and State Highway 183 managed lanes projects, the authority to enter into a CDA for the specified projects will expire on August 31, 2017. The legislation also requires all CDA contracts under which the private participant receives the right to operate and collect toll revenue from a project to include provisions that allow the public toll project entity to terminate the agreement for convenience and purchase the private participant's interest and property held under the agreement.

SB 1747 – Creation of a New Transportation Infrastructure Fund. The enactment of Senate Bill 1747, Eighty-third Legislature, Regular Session, establishes a new Transportation Infrastructure Fund as a dedicated fund in the State Treasury outside of the General Revenue Fund consisting of any federal funds received by the state deposited to the credit of the fund and any required state matching funds, money appropriated to the credit of the fund by the Legislature, any fees paid into the fund, or other revenue or returns from the investment of money in the fund. The legislation requires TxDOT to develop and administer a program to make grants to counties for transportation infrastructure projects located in areas of the state affected by increased oil and gas production. Money in the Transportation Infrastructure Fund may only be appropriated to TxDOT for grants and administration of the grant program. To be eligible for a grant, a county is required to provide matching funds in an amount equal to at least 20 percent of the grant amount. A county that TxDOT determines is economically disadvantaged would be required to provide at least ten percent matching funds. The legislation authorizes counties in areas affected by increased oil and gas exploration and production activities to designate a contiguous geographic area within their jurisdiction to be a county energy transportation reinvestment zone to promote one or more transportation infrastructure projects. A county would then dedicate or pledge all of the captured appraised value of real property located within the zone to transportation infrastructure projects and establish an ad valorem tax increment account to hold proceeds from incremental tax revenue collected in the zone. A county may use money in the tax increment account to provide matching funds for a TxDOT grant and funding for transportation infrastructure projects located in the zone.

TEXAS WORKFORCE COMMISSION

The Texas Workforce Commission (TWC) was established in 1995 by the Seventy-fourth Legislature. In addition to replacing the Texas Employment Commission, the agency administers programs previously located in nine state agencies. TWC administers workforce training programs that provide services to both the state's workers and private employers. These services are intended to equip workers with the skills needed to foster economic development. TWC administers child-care subsidies for families dependent on cash assistance, as well as those at risk of becoming welfare-dependent, to help pay for child care while the recipient looks for and maintains employment. In 2013, the Eighty-third Legislature transferred Adult Education and Literacy program to TWC from the Texas Education Agency. TWC is responsible for administering the program to meet the education and training needs of adults throughout the state, including assisting adults in obtaining the knowledge and skills necessary for employment and self-sufficiency. TWC also administers the state's Unemployment Insurance program, collecting payroll taxes from employers and providing unemployment compensation to qualified claimants.

The Commission consists of three full-time members, representing employers, labor, and the public. The Commissioners are appointed by the Governor with the advice and consent of the Senate and serve staggered six-year terms. The agency is administered by an executive director appointed by the Commission.

MISSION AND GOALS

The agency's mission is to promote and support an effective workforce system that offers employers, individuals, and communities the opportunity to achieve and sustain economic prosperity. This is done primarily through multiple programs that fall under two separate functional areas. Workforce Development supports a workforce system that offers employers, individuals, and communities the opportunity to achieve and sustain economic prosperity. Program Accountability and Enforcement ensures workforce program accountability and reduces employment and housing discrimination.

OVERVIEW OF FUNDS

For the 2014–15 biennium, TWC has a total appropriation of $2.3 billion in All Funds, which provides for 3,153 full-time-equivalent positions in fiscal year 2014 and 3,017 in fiscal year 2015. Nearly 70 percent of the TWC appropriation takes the form of block grant allocations to Local Workforce Development Areas (LWDAs) for workforce Boards and adult education and literacy providers to deliver workforce and adult education and literacy services as well as associated support services throughout the state.

All Funds appropriations for TWC for the 2014–15 biennium represent an increase of $103.3 million, or 4.6 percent, from the agency's 2012–13 biennial spending level. The net increase is largely attributable to the transfer of the Adult Education and Literacy program with the enactment of Senate Bill 307, Eighty-third Legislature, Regular Session (See Significant Legislation), which increased the agency's appropriation by $118.9 million in Federal Funds, $23.8 million in General Revenue Funds, and $4.0 million in General Revenue Funds appropriated as Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE).

Federal Funds account for $2.0 billion, or 85 percent, of the agency's total appropriation. The largest TWC federally funded program ($888.7 million) provides child-care services and subsidies to low-income families with employed parents. Other major TWC federally-funded programs include: Workforce Investment Act (WIA) funds for job training and related activities for low-income adults and youth ($356.0 million); funds to administer the unemployment compensation program ($267.7 million); the state's TANF funds for job-training and job-retention ($178.9 million); Adult Education and Literacy program funds for assisting adults become literate and obtain knowledge and skills necessary for employment and self-sufficiency ($118.9 million); and $82.2 million for the Employment Services Program for the general workforce. Unemployment compensation benefits paid to unemployed workers is separate from these appropriations.

Additional Federal Funds received by the agency include: $39.0 million in Trade Act Services for training and other services for laid-off workers included in federally certified trade petitions; $33.6 million for the Supplemental Nutrition Assistance Program (SNAP) to provide workforce and training services for recipients of supplemental nutrition assistance; $1.9 million for the Fair Housing Assistance Program; $6.0 million in Bureau of Labor Statistics funding to develop and report labor market information; $1.9 million for the Work Opportunity Tax Credit Program; $1.3 million for Foreign Labor Certification program; and approximately

$870,000 for work completed for employment discrimination.

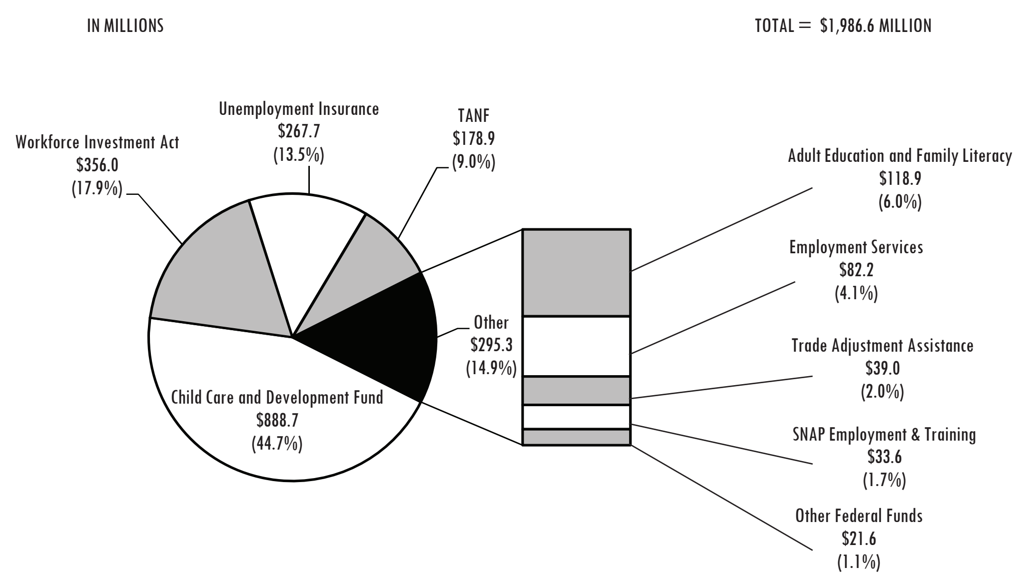
Figure 375 shows appropriations of Federal Funds for the various programs by percentage of total Federal Funds appropriated.

Of the agency's total appropriations, $258.3 million, or 11 percent, are in General Revenue Funds. These appropriations include $85.1 million to satisfy the requirement for the federal matching portion of the federal Child Care and Development Fund (CCDF) child-care grant; $55.5 million for federally required MOE for the federal CCDF child-care grant; $23.8 million for federally required matching for the Adult Education and Literacy program; $13.7 million for federally required MOE to meet the state's eligibility for the federal TANF block grant; $8.9 million to match federal SNAP funds; and $4.0 million in TANF MOE for the Adult Education and Literacy program. In all, more than 74 percent of TWC's state General Revenue Funds are appropriated to match federal funds or satisfy MOE requirements.

The remaining General Revenue Fund appropriations include $47.9 million for the Skills Development Fund customized skills training program. Funding for the Skills Development Program include a decrease of $0.5 million each fiscal year due to the enactment of House Bill 5, Eighty-third Legislature, Regular Session which transfers funding to the Texas Education Agency. Additional appropriations of General Revenue Funds include: $8.0 million for Employer and Community Based Organization Partnerships; $3.3 million for apprenticeship training; $3.1 million for Employment and Community Service projects; $2.2 million for regulation of career schools and colleges; 1.5 million for Civil Right; and $1.3 million for Indirect strategies, monitoring and technical assistance.

Other TWC appropriations include $3.7 million in General Revenue–Dedicated Funds for administration of the Unemployment Compensation account and $10.4 million for the administration of the employment and training investment assessment. The enactment of House Bill 939, Eighty-third Legislature, Regular Session, increased funding by $1.5 million each fiscal year for workforce development (See Significant Legislation). In addition, the agency receives $76.9 million in Interagency Contracts (Other Funds) for child care for children in foster care and children needing protective services, and $3.9 million in Appropriated Receipts (Other Funds) for Third Party Reimbursements from Local Workforce Development Boards.

FIGURE 375
TEXAS WORKFORCE COMMISSION FEDERAL FUNDS BY PROGRAM, 2014–15 BIENNIUM



Source: Texas Workforce Commission.

WORKFORCE DEVELOPMENT

A variety of workforce programs and services are offered through TWC. These programs and services target both general and specific customer populations, including WIA program participants; job training for TANF-eligible recipients; adult education and literacy students; apprenticeship participants; senior community service employment program participants; trade-affected workers; and general employment services and reemployment assistance for employer and jobseeker customers.

The goal of the WIA Title I programs is to improve the quality of the adult workforce, reduce welfare dependency, reemploy dislocated workers, and enhance economic productivity and competitiveness, as well to assist eligible youth to acquire skills, training, and support needed to successfully transition to careers and a productive adulthood. Appropriations for this purpose total $356.0 million for the 2014–15 biennium. TWC allocates funds to LWDAs, whose workforce boards contract for training and workforce services and for maintenance of workforce solutions offices. TWC estimates that 33,826 adults will participate in WIA programs in fiscal year 2014 and 33,826 will participate in WIA programs in fiscal year 2015.

About 90 percent of the agency's TANF appropriations will be expended by TWC's Local Workforce Development Boards for job readiness and job-training services to an estimated 40,528 TANF-eligible recipients participating in the TANF Choices program in fiscal year 2014, and 41,192 in fiscal year 2015. TWC also provides employment and training assistance through the SNAP Employment and Training Program to assist clients in working toward becoming self-sufficient. The SNAP program is appropriated an estimated $41.3 million for the 2014–15 biennium; nearly 80 percent of this program's budget is comprised of Federal Funds.

The Employment Services Program All Funds appropriation of $90.1 million for the 2014–15 biennium provides services to the general workforce and is expected to serve approximately 1.5 million clients during each year of the biennium. While these job search and recruitment assistance services are physically provided through the state's network of Local Workforce Development Boards, about 525 TWC employees administer the Employment Services Program consistent with current federal requirements.

The Senior Community Service Employment Program is appropriated $9.7 million in Federal Funds for the 2014–15 biennium to fund public or community service jobs for economically disadvantaged citizens age 55 and older, to enhance individual economic self-sufficiency. TWC is appropriated $5.6 million for the 2014–15 biennium for apprenticeship training to prepare individuals for occupations in skilled trades and crafts. The program combines on-the-job training with job-related classroom instruction for more than 3,600 trainees per year.

Under the federal Trade Adjustment Assistance Act, TWC provides funding to the workforce Boards to provide training, case management, job search, and related services to qualified laid-off workers who are included in trade positions certified by the U.S. Department of Labor. All Funds appropriations for this purpose in the 2014–15 biennium total $39.0 million.

The Adult Education and Literacy program is appropriated $146.5 million in All Funds for the 2014–15 biennium to assist adults in becoming literate and obtaining the knowledge and skills necessary for employment and self-sufficiency. These funds were transferred to TWC effective September 1, 2013, due to the enactment of Senate Bill 307, Eighty-third Legislature, Regular Session. The Adult Education and Literacy programs serve approximately 105,700 students per year.

In addition to workforce services, TWC provides business services in support of Workforce Development. The Skills Development Fund program and the Self-Sufficiency Fund program respond to the workforce needs of Texas employers and industries. Both programs provide grants to community colleges and technical schools to fund customized training programs tailored to new or existing jobs with local employers. The 2014–15 biennial appropriations include $47.9 million in General Revenue Funds for the Skills Development Fund program and $5.2 million in TANF appropriations for the Self-Sufficiency Fund program. All trainees participating in Self-Sufficiency Fund grant programs must be current or potential TANF recipients.

TWC also provides child-care services for eligible recipients. Child-care services enhance education services and job training provided to public assistance recipients and low-income individuals with children by allowing the participants to remain employed or to complete education and skills training. Federal CCDF, TANF, and matching General Revenue Funds, as well as MOE appropriations to TWC total $1,026.3 million for the 2014–15 biennium. At this level of funding, the agency estimates that child care will be provided to an average of 99,752 children per day in fiscal year 2014 and 98,141 children per day in fiscal year 2015. Agency projections indicate that 7,351 children per day will come from families of clients participating in the TANF Choices program in fiscal year 2014 and 7,471 in fiscal year 2015 (**Figure 376**).

UNEMPLOYMENT INSURANCE

The agency administers the state's Unemployment Insurance program which collects payroll taxes from the state's employers and provides monetary assistance to persons unemployed through no fault of their own. The agency's estimated appropriations for the 2014–15 biennium include $24.3 million in All Funds in fiscal year 2014 and $22.2 million in All Funds in fiscal year 2015. The program promotes economic stability by preserving buying power in communities experiencing an economic downturn and includes an appellate component through which a claimant or employer may appeal a determination of benefit rights. TWC is also responsible for measuring the propriety of benefits paid, for recovering benefits that have been overpaid, and for initiating criminal or civil legal actions when fraud is detected. Unemployed individuals can make claims by telephone or by using an online filing application. The state's employers can also use an online system to file their payroll tax information with TWC.

Employer taxes are collected in the Unemployment Compensation Trust Fund, from which workers' benefits are paid. Like other employers, state agencies reimburse the Unemployment Compensation Trust Fund for benefits paid to former employees who become unemployed. TWC credits the Trust Fund for this activity through the Reimbursements to the Unemployment Compensation Benefit Account.

PROGRAM ACCOUNTABILITY AND ENFORCEMENT

TWC receives General Revenue–Dedicated Funds for enforcing the Texas Pay Day Law to assist workers in obtaining payment of wages due and the Texas Child Labor Law to protect children from exploitation in the workplace. The agency also uses fee-generated General Revenue Funds to license and regulate career schools and colleges that offer vocational or continuing education. Appropriations for the 2014–15 biennium for these purposes total $25.1 million in All Funds.

Another aspect of accountability and enforcement involves enforcing civil rights laws. To enforce the Texas Commission on Human Rights Act and the Texas Fair Housing Act, the Civil Rights Division of TWC investigates complaints, reviews personnel policies and procedures of state agencies and institutions of higher education, reviews initial firefighter testing, reports statistics, and conducts training. Appropriations for those functions total $4.1 million for the 2014–15 biennium, more than half of which comes from contracts with the federal Department of Housing and Urban Development and the Equal Employment Opportunity Commission.

SIGNIFICANT LEGISLATION

Several bills were enacted by the Eighty-third Legislature, Regular Session, 2013, that affect TWC. Among the more significant are Senate Bill 307, House Bill 376, Senate Bill 21, Senate Bill 441 and House Bill 939.

SB 307 – Transfer of Adult Education and Literacy Programs. The enactment of Senate Bill 307 transfers the Adult Education and Literacy programs and funding, including Adult Basic Education and English Literacy and Civics, from the Texas Education Agency to TWC. The bill

FIGURE 376
TEXAS WORKFORCE COMMISSION SELECTED PERFORMANCE MEASURES, FISCAL YEARS 2009 TO 2015

MEASURE	2009	2010	2011	2012	2013	2014	2015
Entered Employment Rate	77.80%	71.61%	66.68%	68.74%	70.08%	71.50%	73.00%
Employment Retention Rate	83.68%	79.42%	81.07%	82.31%	83.11%	82.00%	83.00%
Percentage of Unemployment Insurance Claimants Paid Timely	95.13%	95.04%	96.83%	96.62%	95.66%	97.00%	97.00%
Average Number of Children Served per Day, Transitional and At-risk Services	106,838	103,930	103,427	102,114	96,338	92,401	90,670
Average Number of Children Served per Day, TANF Choices Services	7,742	8,669	8,352	8,458	7,009	7,351	7,471

Note: Fiscal years 2014 and 2015 are estimated.
Source: Texas Workforce Commission.

provides for TWC to establish a new allocation methodology by rule, utilize a competitive procurement process to award contracts to local service providers, and create an Adult Education and Literacy Advisory Committee.

HB 376 – Texas Rising Star Child-care Program Reimbursement Incentives and Requirements. The enactment of House Bill 376 establishes a tiered reimbursement rate system for Texas Rising Star (TRS) certified child care providers at 5 percent, 7 percent, and 9 percent above the reimbursement rates for non-TRS providers. TWC's Local Workforce Development Boards (boards) are required by TWC rule to pay an enhanced reimbursement for TRS certification. The bill also directs TWC to make money available to the boards to hire employees to provide technical assistance to TRS providers and to the providers attempting to become TRS certified. Furthermore, provisions of the bill require each Board to use at least 2 percent of their child-care allocation for quality child care initiatives, and finally, the legislation establishes the creation of Texas Rising Star Program Review Work Group.

SB 21 – Drug Screening or Testing as a Condition for the Receipt of Unemployment Compensation Benefits. The enactment of Senate Bill 21 requires the state to drug test under the Unemployment Compensation program individuals in certain occupations as identified by the Department of Labor that require drug testing for such occupations. TWC is currently awaiting rulemaking from the U.S. Department of Labor.

SB 441 – Creation of the Texas Fast Start Program. The enactment of Senate Bill 441 establishes the Texas Fast Start Program. The Fast Start Program is defined as a career and technical education program designed to help students earn postsecondary certificates and degrees and enter into the workforce quickly. The bill directs TWC, in partnership with the Texas Higher Education Coordinating Board, to establish and administer the Texas Fast Start program to: (1) identify and develop methods to support, and shall provide support for, competency-based, rapid-deployment education delivery models for use by public junior colleges, public state colleges, and public technical institutes; and (2) assist students in maximizing academic or workforce education program credit from public junior colleges, public state colleges, and public technical institutes to expedite the entry of those students into the workforce.

HB 939 – Required Transfers from the Employment and Training Investment Holding Fund and the Training Stabilization Fund. The enactment of House Bill 939 transfers $1.5 million each fiscal year from the General Revenue–Dedicated Fund Employment Holding fund to the Texas Workforce Commission for workforce development.

11. REGULATORY

*As shown in **Figure 377**, All Funds appropriations for Regulatory agencies for the 2014–15 biennium total $1,286.1 million, or 0.6 percent of all state appropriations. This amount is an increase of $583.0 million, or 82.9 percent, from the 2012–13 biennium. **Figure 378** shows 2014–15 biennial appropriations by method of financing and full-time-equivalent positions from fiscal years 2010 to 2015.*

FIGURE 377
ALL FUNDS APPROPRIATIONS FOR REGULATORY
2014–15 BIENNIUM

IN MILLIONS

AGENCY	ESTIMATED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$19.2	$19.1	($0.2)	(0.9)
Board of Chiropractic Examiners	1.2	1.5	0.3	24.7
Texas State Board of Dental Examiners	4.8	8.3	3.5	72.1
Funeral Service Commission	1.5	1.7	0.2	10.8
Board of Professional Geoscientists	1.2	1.2	(0.0)	(0.9)
Health Professions Council	1.7	1.9	0.2	12.3
Office of Injured Employee Counsel	15.5	16.4	0.9	5.5
Department of Insurance	254.0	226.4	(27.5)	(10.8)
Office of Public Insurance Counsel	2.1	2.1	0.0	0.0
Board of Professional Land Surveying	0.9	0.9	(0.0)	(3.6)
Department of Licensing and Regulation	48.1	48.5	0.3	0.7
Texas Medical Board	22.0	23.2	1.1	5.1
Texas Board of Nursing	21.5	17.8	(3.7)	(17.0)
Optometry Board	0.9	0.9	0.0	3.1
Board of Pharmacy	10.4	13.8	3.3	31.9
Executive Council of Physical Therapy & Occupational Therapy Examiners	2.3	2.4	0.2	8.2
Board of Plumbing Examiners	4.3	4.9	0.6	13.9
Board of Podiatric Medical Examiners	0.5	0.6	0.1	15.1
Board of Examiners of Psychologists	1.6	1.7	0.1	5.3
Racing Commission	16.6	17.9	1.3	7.6
Securities Board	13.7	14.0	0.3	2.0
Public Utility Commission of Texas	178.7	757.5	578.8	324.0
Office of Public Utility Counsel	3.0	4.3	1.3	43.2
Board of Veterinary Medical Examiners	1.9	2.3	0.3	17.6
Subtotal, Regulatory	**$627.8**	**$1,189.2**	**$561.4**	**89.4**
Retirement and Group Insurance	$68.2	$79.9	$11.7	17.1
Social Security and Benefit Replacement Pay	23.7	23.5	(0.2)	(0.8)
Subtotal, Employee Benefits	**$92.0**	**$103.4**	**$11.5**	**12.5**

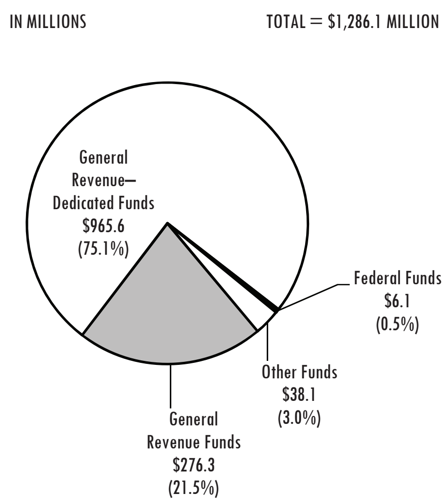
FIGURE 377 (CONTINUED)
ALL FUNDS APPROPRIATIONS FOR REGULATORY
2014–15 BIENNIUM

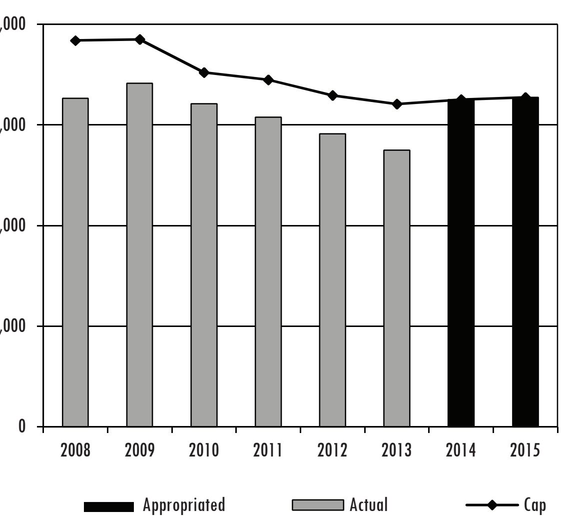
IN MILLIONS

AGENCY	ESTIMATED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Lease Payments	$2.6	$1.9	($0.7)	(26.5)
Subtotal, Debt Service	**$2.6**	**$1.9**	**($0.7)**	**(26.5)**
Less Interagency Contracts	$19.3	$8.4	($10.9)	(56.3)
TOTAL, ARTICLE VIII – REGULATORY	**$703.0**	**$1,286.1**	**$583.0**	**82.9**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and, the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and, the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
(4) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 378
REGULATORY APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2014–15 BIENNIUM





NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

SOURCES: Legislative Budget Board; State Auditor's Office.

A wide range of industries and occupations are regulated by the 24 regulatory agencies included in Article VIII of the 2014–15 General Appropriations Act (GAA). Regulated industries include insurance, worker's compensation, health-related occupations, non-health-related occupations, telecommunications, electric utilities, securities, and pari-mutuel racing. The appropriations and indirect costs for 20 of the regulatory agencies are supported by fees generated from the industries and occupations they regulate. These agencies are subject to a special provision expressing legislative requirements that fee-generated revenues cover the cost of agency appropriations as well as an amount equal to other direct and indirect costs appropriated elsewhere in the 2014–15 GAA. Several major agencies included in the Regulatory Article are highlighted below.

MAJOR FUNDING ISSUES

Several of the regulatory agencies experienced funding changes for the 2014–15 biennium. The Eighty-third Legislature appropriated these agencies $1,189.2 million in All Funds which represents an increase of $557.4 million, or 88.2 percent, from the 2012–13 biennial spending level. Many of the Regulatory agencies experienced an increase in fee-generated General Revenue Funds and General Revenue–Dedicated Funds for agency programs compared to the 2012–13 biennial spending levels. The following is a summary of the more significant changes included in regulatory program areas for the 2014–15 biennium compared to prior biennium spending levels:

- an increase of $576.1 million, or 378.6 percent, in General Revenue–Dedicated Funds for the Low Income Discount Program at the Public Utility Commission (PUC) to increase the discount for qualified low-income individuals and households to 82 percent in fiscal year 2014, and not to exceed 15 percent in fiscal years 2015;
- an increase of $10.3 million in All Funds for 13 regulatory agencies to fund additional licensing and enforcement costs which will also support an additional 49.5 full-time-equivalent (FTE) positions;
- an increase in $4.4 million in All Funds for the Department of Insurance (TDI) which includes $2.9 million in General Revenue–Dedicated Funds (Insurance Maintenance Tax) and $1.5 million in General Revenue–Dedicated Funds (Fund 36) for contingency funding in case a significant change in the insurance regulatory environment, demands of federal healthcare reform implementation, a weather-related disaster, a public health crisis, a fire that has been declared a disaster, or a non-weather-related disaster occurs;
- an increase in $2.8 million in General Revenue–Dedicated Funds for new responsibilities for the PUC and the Office of Public Utility Council transferred from the Texas Commission on Environmental Quality related to the rates for water service required with the enactment of House Bill 1600, Eighty-third Legislature, Regular Session, 2013;
- an increase of $1.3 million in General Revenue–Dedicated Funds for contingency funding to allow the Racing Commission to regulate any new horse race track that begins operations during the biennium and to increase funding for the Texas Bred Program with revenue collected from the opening of each new racetrack;
- a decrease of $30.9 million in Other Funds for the Healthy Texas Program at TDI due to the elimination of the Health and Human Services Commission's Interagency Contract for the Healthy Texas Program and the balances in the Healthy Texas Small Employer Premium Stabilization Fund no longer being available;
- a decrease in $5.4 million in All Funds, which includes $4.9 million in General Revenue–Dedicated Funds (Fund 36) and $0.5 million in General Revenue–Dedicated Funds (Insurance Maintenance Tax) for reductions related to the enactment of Senate Bill 1291, Eighty-second Legislature, Regular Session, 2011, which transferred certain TDI financial examination functions outside the Treasury in fiscal year 2013;
- a decrease of $4.5 million in All Funds to the Board of Nursing, which includes $1.5 million in Appropriated Receipts for seminars and conferences that will not be conducted during the 2014–15 biennium; and a decrease of $3.0 million in General Revenue Funds from Criminal History Background Check (CHBC) revenues that the agency will no longer collect and spend through its budget. The state will continue to receive the revenue for collecting the CHBC funds and pay for the checks through the Department of Public Safety; and

- a decrease of $1.9 million in Federal Funds for TDI due to the elimination of the Affordable Care Act - Consumer Assistance Program Grants funding, which ended in April 2012, and the completion of two federal American Recovery and Reinvestment Act Grants.

Appropriations for 11 health-related licensing agencies total $74.2 million in All Funds, which include $70.5 million in fee-supported General Revenue Funds and General Revenue–Dedicated Funds for the 2014–15 biennium. These amounts do not include appropriations for the Health Professions Council, which is funded through required Interagency Contracts ($1.9 million for the 2014–15 biennium) established with the 11 health-related licensing agencies and three non-health-related licensing agencies. All Funds appropriations for these health-related licensing agencies increased by $5.4 million, or 7.9 percent, from the 2012–13 biennial spending levels.

Appropriations for the 12 non-health-related regulatory agencies total $1,113.1 million in All Funds, which includes $1,068.0 million in General Revenue Funds and General Revenue–Dedicated Funds for the 2014–15 biennium. Of the General Revenue Funds and General Revenue–Dedicated Funds amount, $1,061.3 million (99.4 percent) is generated by fees assessed on the regulated industries and occupations. The All Funds appropriations include an increase of $551.8 million, or 98.3 percent, from the 2012–13 biennial spending levels. General Revenue Fund and General Revenue–Dedicated Fund appropriations include an increase of $585.1 million, or 121.2 percent from 2012–13 biennial spending levels.

The Eighty-third Legislature, Regular Session, 2013, evaluated three Regulatory agencies through the Sunset review process: the Public Utility Commission, Board of Architectural Examiners, and the Board of Professional Engineers. The Public Utility Commission was continued as an independent stand-alone agency. Similarly, the Board of Architectural Examiners, and the Board of Professional Engineers were continued under the Self-Directed Semi-Independent Act, which was also reviewed and continued.

Seventeen of the 24 regulatory agencies participate in the Texas.gov Internet occupational licensing system. Agencies charge fees on licensees in their regulated occupation or industry to pay for the use of the Texas.gov system. These fees are appropriated through strategies in agency budgets that are both estimated and non-transferable. Approximately $4.7 million is appropriated for the 2014–15 biennium to support the online system.

A number of licensing agencies also conduct background and criminal history checks on individuals licensed in the state. Fees charged to licensees are subsequently appropriated through agency budgets to pay for these checks at either the Department of Public Safety or through third-party vendors. Approximately $0.5 million is appropriated for the 2014–15 biennium for the sole purpose of paying the fee for these background and criminal history checks.

STATE OFFICE OF ADMINISTRATIVE HEARINGS

The State Office of Administrative Hearings (SOAH) was established in 1991 to hear contested cases for agencies that do not employ an administrative law judge to arbitrate such disputes. The agency is authorized under the Texas Administrative Procedure Act (Chapter 2001, Texas Government Code) and operates under the direction of the Chief Administrative Law Judge, whom the Governor appoints for a two-year term upon Senate confirmation.

SOAH's mission is to conduct fair, objective, prompt, and efficient hearings and alternative dispute resolution (ADR) proceedings and to provide fair, logical, and timely decisions. Conducting administrative hearings and preparing proposals for decisions and final orders comprise the agency's primary functions. The agency provides an independent forum for the resolution of contested cases arising from the enforcement of state regulations. SOAH's ADR function includes conducting mediated settlement conferences, arbitrations, and other alternative dispute resolution proceedings. An administrative law judge may refer cases to ADR or serve as an impartial third party for negotiated rulemaking.

The agency's internal structure includes seven teams that hear contested cases involving specific areas of regulatory law: Administrative License Revocation (ALR) and Field Enforcement; Alternative Dispute Resolution; Economics; Licensing and Enforcement; Natural Resources; Tax; and Utilities. The ALR program is conducted jointly with the Department of Public Safety (DPS), which refers cases to SOAH relating to the suspension of drivers' licenses for operating a motor vehicle while under the influence of alcohol or drugs. **Figure 379** shows certain key agency performance measures from fiscal years 2011 to 2015.

SOAH's funding throughout its administration has largely been through Interagency Contracts (funds paid to SOAH from other agencies). This was the only source of funds for the agency during fiscal years 1993 to 1997 until sum certain appropriations began being made directly to the agency. Currently, SOAH's Interagency Contract funding is estimated so that the agency's appropriation authority automatically adjusts whenever it receives an amount other than amounts projected in the General Appropriation Act. The Seventy–third Legislature, 1993, expanded the jurisdiction of SOAH to contract, at the approved hourly rate, with DPS for the administrative revocation of drivers' licenses of persons convicted of driving while intoxicated. DPS continued to contract with SOAH until the 2002–03 biennium when the Legislature began to directly appropriate funds ($5.0 million for the biennium) from the State Highway Fund to SOAH for processing ALR cases.

Appropriations for the 2014–15 biennium total $19.1 million in All Funds and provide for 115 full-time-equivalent (FTE) positions in each fiscal year. Of the total appropriation, $6.6 million, or 35 percent, is in General Revenue Funds which covers the cost of hearings conducted for 33 agencies. The total number of agencies served by SOAH is 55 (including eight Self-Directed Semi-Independent agencies). SOAH also enters into hourly contracts with agencies not funded by its appropriations of General Revenue Funds to conduct contested case hearings at a rate of $100 per hour. The agency estimates approximately $5.7 million will be generated through Interagency Contracts during the 2014–15 biennium, which is an approximate $0.2 million decrease from the 2012–13 biennial spending level, resulting from projected case hours from the Attorney General's Office; the Office of the Comptroller of Public Accounts; the Department of Family and Protective Services; and the Department of Motor Vehicles. The Texas Commission on

FIGURE 379
STATE OFFICE OF ADMINISTRATIVE HEARINGS PERFORMANCE MEASURES
FISCAL YEARS 2011 TO 2015

PERFORMANCE MEASURE	2011	2012	2013	2014	2015
Total Agencies Served	45	49	48	47	47
Total Cases Received	40,975	36,938	37,086	40,544	40,343
Total Cases Disposed	37,719	34,598	35,691	41,428	37,333
Total Administrative License Revocation Cases Disposed	31,316	27,671	29,416	30,100	30,100
Total Alternative Dispute Resolution Cases Requested or Referred	144	94	117	105	105

Notes:
(1) Fiscal years 2014 and 2015 are estimated.
(2) Total Cases Received includes all cases received, except for alternative dispute resolution cases.
Source: State Office of Administrative Hearings.

Environmental Quality will make an initial $1.0 million lump sum Interagency Contract payment each fiscal year during the biennium to cover the cost of its referred cases. Agency appropriations also include $6.7 million from the State Highway Fund to conduct ALR hearings for DPS.

SIGNIFICANT LEGISLATION

Several bills were passed by the Eighty-third Legislature, Regular Session, 2013, that affect SOAH. Among the more significant are Senate Bill 1803 and House Bill 316.

SB 1803 – Specifies Investigations Procedures of Medicaid Fraud and Abuse and the Providers' Appeals Processes. The enactment of Senate Bill 1803 authorizes healthcare providers to appeal an order to SOAH regarding overpayment recovery case hearings with the Health and Human Services Commission. SOAH is also responsible for presiding over hearings on payment-hold fraud cases and the healthcare provider is also responsible for providing an advance deposit for the costs for which the provider is responsible for under that subdivision.

HB 316 – Creation of a Pilot Program Authorizing Property Owner Appeals Regarding Certain Appraisal Board Determinations. The enactment of House Bill 316 relating to the temporary pilot program in Bexar, Cameron, El Paso, Harris, Tarrant, and Travis Counties that allowed property owners to protest an appraisal review board determination concerning property valued at $1 million or more makes the program permanent and the appellate process for properties valued at $1 million or more available to taxpayers statewide.

OFFICE OF INJURED EMPLOYEE COUNSEL

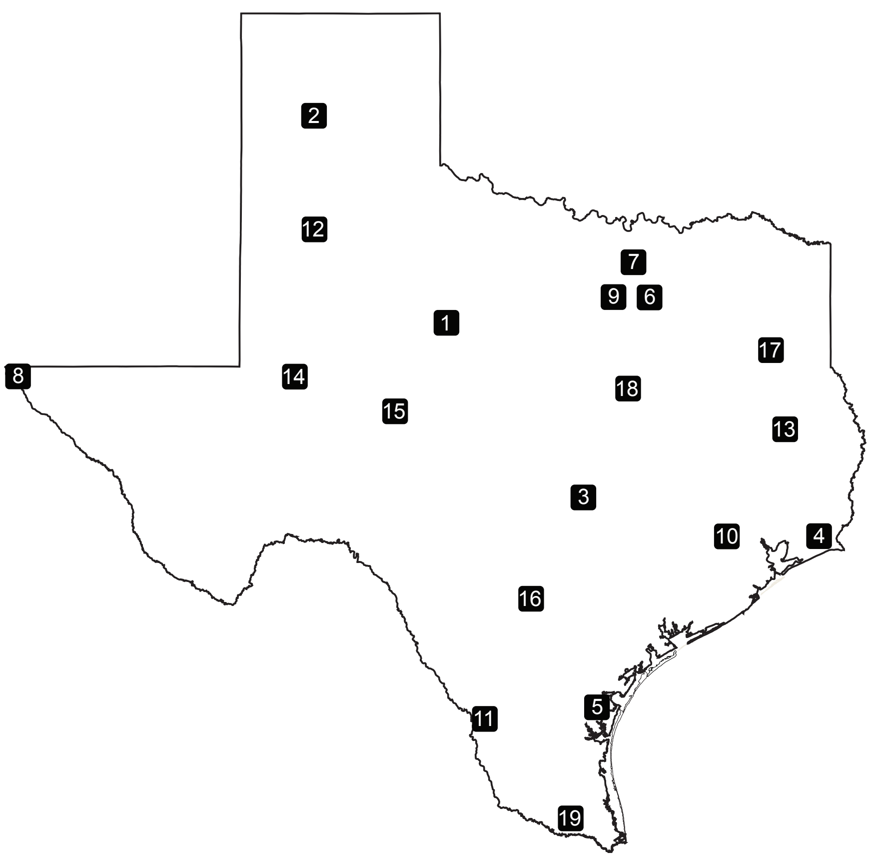
The Seventy-ninth Legislature, Regular Session, 2005, passed legislation that established the Office of Injured Employee Counsel (OIEC), which is administratively attached to the Texas Department of Insurance, Division of Workers' Compensation (TDI-DWC). OIEC is governed by a Public Counsel who is appointed by the Governor and confirmed by the Senate for a two-year term, which expires February 1 of each odd-numbered year. The mission of the agency is to assist, educate, and advocate on behalf of the injured employees of Texas.

Appropriations for the 2014–15 biennium total $16.4 million in General Revenue–Dedicated Funds from the Texas Department of Insurance Operating Fund and provide for 175 full-time-equivalent positions. Agency funding increased $860,000 or 5.5 percent from the 2012–13 biennial spending levels. This amount includes funding for 10 additional Ombudsmen positions and $100,000 for Language Line Translation Services to provide interpreter services to the growing population of non-English speaking injured employees.

The agency carries out its mission through various activities. OIEC utilizes the Ombudsman Program to assist injured employees through the administrative proceedings process. Ombudsmen are based in the agency's central office as well as in 20 field offices (**Figure 380**). Field offices are located in 19 cities around the state (two field offices are in Houston). Ombudsmen assist injured employees at benefit review conferences, contested case hearings, and appeals, and conduct preparation appointments with injured employees prior to these proceedings. The Ombudsman Program and the Customer Service Program work in concert to resolve disputes through early intervention and case development.

The agency further assists the public through education and referral activities such as sending the Rights and Responsibilities document to injured employees. This

FIGURE 380
OFFICE OF INJURED EMPLOYEE COUNSEL FIELD OFFICES, 2013



Field Office Locations

1	Abilene
2	Amarillo
3	Austin
4	Beaumont
5	Corpus Christi
6	Dallas
7	Denton
8	El Paso
9	Fort Worth
10	Houston (2 locations)
11	Laredo
12	Lubbock
13	Lufkin
14	Midland
15	San Angelo
16	San Antonio
17	Tyler
18	Waco
19	Weslaco

Source: Office of Injured Employee Counsel.

document contains an overview of an injured employee's rights and their responsibilities within the Texas workers' compensation system and includes the OIEC toll-free number. The agency also refers injured employees to programs, services, and licensing boards.

OIEC also actively advocates for injured employees by participating in the rulemaking process by analyzing and commenting on TDI-DWC rules in both the formal and informal phases of DWC's rulemaking efforts.

SIGNIFICANT LEGISLATION

HB 1675 – Establishes and Changes Various Agency Sunset Dates. The enactment of House Bill 1675 by the Eighty-third Legislature, Regular Session, 2013, changed the sunset date for OIEC from September 1, 2017 to September 1, 2021 to coincide with the Division of Workers' Compensation of the Texas Department of Insurance.

TEXAS DEPARTMENT OF INSURANCE

With origins dating back to 1876, the Texas Department of Insurance (TDI) was established in its present form in 1991 to guarantee the availability of quality insurance products at reasonable prices and terms while promoting competition and ensuring solvency standards. TDI regulates various types of insurance, including life, health, title, property and casualty, and workers' compensation. The enactment of House Bill 7, Seventy-ninth Legislature, Regular Session, 2005, transferred the functions of the Workers' Compensation Commission to TDI and created the Division of Workers' Compensation (DWC) within TDI. The agency also has exclusive regulatory authority over health maintenance organizations. In addition, the State Fire Marshal is a part of TDI. **Figure 381** lists agent licensing and company certification data for fiscal years 2011 to 2015.

TDI is headed by the Commissioner of Insurance, a position appointed by the Governor for a two-year term and subject to Senate confirmation. The commissioner is charged with regulating the Texas insurance industry by administering and enforcing the Texas Insurance Code and other applicable laws. The Commissioner is required by the Texas Insurance Code to raise revenues through a maintenance tax on insurer gross premiums and through fees sufficient to fund the agency's General Revenue Fund and General Revenue–Dedicated Fund appropriations. **Figure 382** shows the taxable premiums and maintenance tax assessment rates by line of insurance or entity for calendar year 2012. **Figure 383** compares assessment rates by health maintenance organization type. The Commissioner also represents the state as a member of the National Association of Insurance Commissioners, which provides opportunities for interstate coordination in the absence of federal regulation of interstate insurance transactions. Similarly, the Commissioner of Workers' Compensation is also appointed by the Governor, with the advice and consent of the Senate, to serve a two-year term that expires on February 1 of each odd-numbered year. The Commissioner has all executive authority over the Division of Workers' Compensation functions including rule making authority.

TDI's mission is to protect insurance consumers in the state by regulating the insurance industry fairly and diligently by promoting a stable and competitive market while providing useful information to consumers. The agency carries out its mission by focusing its efforts and funding in four key areas, which include access to affordable insurance, promoting insurer financial strength, reducing losses due to fire, and regulation of the workers' compensation system.

Agency appropriations for the 2014–15 biennium total $226.4 million in All Funds and provide for 1,626.2 full-time-equivalent (FTE) positions. Approximately $187.8 million, or 82.9 percent, of these appropriations are supported from maintenance tax revenues. Total appropriations decreased $31.5 million, or 12.2 percent, from the 2012–13 biennial spending levels. Most of the decrease ($30.9 million) is in the Healthy Texas Program, a program established during the Eighty-first Legislature, Regular Session, 2009, under which health benefit plan issuers may receive reimbursement for claims paid for individuals covered under qualifying group health plans. Healthy Texas Program funding decreased for the 2014–15 biennium by $20.8 million from the Healthy Texas Fund and $10.1 million from an Interagency Contract with the Health and Human Services Commission. The Healthy Texas Fund's source of funding is through appropriations or existing fund balances. Once funds are no longer available for the purpose of paying claims, the Healthy Texas Program will cease to exist. The last appropriation of $34.8 million in General Revenue Funds to the fund was made by the Eighty-first Legislature. The fund balance at the end of fiscal year 2013 was an estimated $16.0 million.

To promote consumer access to affordable insurance products within a fair market, the Eighty-third Legislature appropriated approximately $80.3 million in All Funds to TDI for activities that directly support this effort including promoting competition, increasing availability of coverage for the

FIGURE 381
INSURANCE LICENSES ISSUED
FISCAL YEARS 2011 TO 2015

LICENSE/CERTIFICATION	2011	2012	2013	2014	2015
Licensed Agents	356,943	371,419	380,496	393,623	406,749
Regulated Companies and Carriers	1,925	1,918	1,916	1,950	1,950

NOTE: Fiscal years 2014 and 2015 are estimated.
SOURCE: Texas Department of Insurance.

FIGURE 382
TAXABLE INSURANCE PREMIUMS AND ASSESSMENT RATES, CALENDAR YEAR 2012

INSURANCE COVERAGE/ ENTITY	GROSS PREMIUMS (IN MILLIONS)	% ASSESSMENT RATES
Fire and allied lines	$11,437.5	0.305
Casualty and fidelity	$5,225.1	0.151
Motor vehicle	$16,368.5	0.072
Worker's compensation	$3,547.5	0.108
Life, accident, and health	$33,786.7	0.040
Prepaid Legal	$4.4	0.029
Title	$1,405.1	0.151
Third-party administrators	$1,635.8	0.035

Source: Texas Department of Insurance.

FIGURE 383
NUMBER OF HEALTH MAINTENANCE ORGANIZATION (HMO) ENROLLEES AND ASSESSMENT RATES FISCAL YEAR 2012

INSURANCE COVERAGE/ENTITY	ENROLLEES	ENROLLEE ASSESSMENT RATES
HMO–Multi-service	3,651,079	$1.23
HMO–Single Service	968,351	$0.41
HMO–Limited Service	590,093	$0.41

Source: Texas Department of Insurance.

underserved, investigating and resolving complaints, and preventing insurer fraud.

Activities to promote competition include providing comparative rate and price information to consumers and insurers, licensing insurance agents, certifying companies to conduct insurance business in Texas, and reviewing and approving the forms used by insurance companies to contract with policyholders. TDI also regulates rates for the sale of automobile and residential insurance.

To increase the availability of insurance, TDI identifies underserved markets for automobile and homeowners insurance and encourages insurers to offer policies in these markets. In addition, the agency investigates consumer complaints, initiates enforcement actions to stop unlawful trade practices, investigates allegations of insurer fraud, and refers fraud cases to the Office of the Attorney General, the local district attorney, or other appropriate agencies or law enforcement authorities for prosecution.

TDI is also tasked with helping to promote the financial strength of the insurance industry and reduce undue loss cost. TDI is appropriated $14.0 million in All Funds for the 2014–15 biennium to analyze the financial condition of insurers operating in Texas and to provide safety education programs, inspect insurance loss programs offered to policyholders, and assure compliance with filed property schedules and windstorm construction codes. When the conservation of assets is not sufficient to rehabilitate a financially weak insurance company facing insolvency, TDI may seek a court order to place the insurer into receivership which is administered by a special deputy receiver.

To support the agency's efforts to reduce the loss of life and property caused by fire, the Eighty-third Legislature appropriated $8.2 million in All Funds for the biennium to support the State Fire Marshal's registration, licensing, investigation, and enforcement activities. Cigarette manufacturers are required to certify to the State Fire Marshal's Office that the cigarettes meet performance standards and the package must contain markings with this certification.

Appropriations of $68.0 million in All Funds are provided for the 2014–15 biennium for TDI-DWC, to promote safe and healthy workplaces in Texas and ensure the appropriate delivery of workers' compensation benefits through its 24 field offices, which provide claims services, customer services, and dispute resolution services. DWC certifies and regulates self-insured employers, monitors compliance and takes necessary enforcement action, and resolves indemnity and medical disputes. DWC offers appropriate incentives, education, consultation, and inspections related to worker safety. In addition, DWC administers the Subsequent Injury Fund (SIF). The SIF was established in 1947 to pay lifetime income benefits, and funding is provided through payments by insurance carriers from proceeds of on-the-job death claims in which no beneficiary survives the deceased employee.

Appropriations of $51.5 million in All Funds, or approximately 22.8 percent of the agency's budget, are provided for the 2014–15 biennium for administrative support to TDI, DWC, and the Office of Injured Employee Counsel, which is administratively attached to TDI. This support includes central administration, information resources, and other support services.

The Eighty-third Legislature also provided $4.4 million in All Funds for the agency's contingency regulatory response rider for 2014–15 biennium. Appropriation of these funds are contingent upon the agency needing additional resources due to: a significant change in insurance regulatory environment; demands for federal healthcare reform implementation; a weather related disaster in Texas; a public health crisis, such as a pandemic; a fire that has been declared as a disaster situation in the Texas; and non-weather related disasters.

OFFICE OF PUBLIC INSURANCE COUNSEL

The Office of Public Insurance Counsel (OPIC) was established as a state agency in 1991 with the mission of representing the interests of insurance consumers in Texas. OPIC is headed by the Public Counsel, who is appointed by the Governor for a two-year term, subject to the consent of the Senate.

All Funds appropriations to the agency for the 2014–15 biennium total $2.1 million from fee-supported General Revenue Funds and provide for 15.0 full-time-equivalent positions. Of that amount, $191,670 each fiscal year is from an Interagency Contract with the Department of Insurance (TDI). These funds are allocated from the Texas Department of Insurance Operating Fund to provide consumers with insurance information to make informed decisions.

OPIC is required to generate sufficient revenue to cover its appropriations. The Texas Insurance Code provides funding for OPIC operations through annual assessments of $0.057 on each property, casualty, title (owner and mortgage), life, health, and accident insurance policy (individual or group) in force during each calendar year.

In support of its mission, OPIC advocates on behalf of Texas insurance consumers and works to increase effective consumer choice in Texas. OPIC participates as a party in hearings before the TDI involving insurance rates, rules, and policy forms; in judicial proceedings; and in other proceedings OPIC determines insurance consumers need representation.

OPIC's role in filings and proceedings is to present expert testimony, actuarial analysis, and other supporting evidence to advocate the position most favorable to consumers as a class. The agency expects to review approximately 50 rate filings during the 2014–15 biennium. In addition, OPIC may participate in judicial proceedings and recommend legislation that will positively affect consumer interests.

OPIC's efforts to increase effective consumer choice entail providing information to enhance consumers' awareness of their rights and responsibilities and educating them concerning the operation of Texas insurance markets. OPIC staff makes public presentations; deliver speeches; participate in panel discussions; prepare a consumer "bill of rights" for each personal line of insurance regulated by the state; and produce health maintenance organization "report cards" that are available to the public on its website.

DEPARTMENT OF LICENSING AND REGULATION

The Texas Department of Licensing and Regulation (TDLR) was created in 1909 as the Bureau of Labor and Statistics, renamed in 1973 as the Texas Department of Labor and Standards, and then restructured by the Seventy-First Legislature in 1989 as the Texas Department of Licensing and Regulation. TDLR has become an umbrella occupational regulatory agency for the licensing, certification, and enforcement of regulatory statutes involving diverse businesses, industries, general trades, and occupations. The agency is headed by a seven-member commission whose members are appointed by the Governor with the consent of the Senate governs the agency.

TDLR's mission is to honor the trust of all Texans, ensure public safety and consumer protection, and provide a fair and efficient regulatory environment. The agency administers and enforces state laws that regulate the following entities: air conditioning and refrigeration contractors; architectural barriers; auctioneers; barbers; boiler inspections; combative sports; cosmetologists; discount health cards; electricians, including pool-related electrical maintenance technicians and contractors; elevators, escalators, and related equipment; for-profit legal service contracts; industrialized housing and buildings; licensed court interpreters; loss damage waivers; dog and cat breeders and dealers; property tax consultants and tax professionals; polygraph examiners; service contract providers; staff leasing services; employers of certain temporary common workers; tow trucks and vehicle storage facilities; identity recovery service providers; used automotive parts recyclers; vehicle booting by private entities; vehicle protection product warrantors; water-well drillers and pump installers; and weather modification businesses.

The 2014–15 biennial appropriation for TDLR includes an All Funds total of $48.5 million and 382.2 full-time-equivalent (FTE) positions. Of that amount, $46.5 million, or 96.0 percent, is from fee-supported General Revenue Funds and General Revenue–Dedicated Funds. The 2014–15 biennial appropriations provide $32.4 million for enforcing regulations, issuing licenses, resolving complaints, and conducting investigations. The total appropriations reflect an increase of $0.3 million for the wastewater program for funding salary and wages for two additional FTE positions. TDLR also received a restoration of their FTE cap by 10.0 positions that were reduced from the licensing and enforcement divisions during the 2012–13 biennium. **Figure 384** shows the agency's level of performance in three key performance measures from fiscal years 2011 to 2015.

LICENSING AND ENFORCEMENT

The agency estimates that it will issue 1,027,156 individual licenses, certifications, and registrations during the 2014–15 biennium. To protect the health and safety of consumers, TDLR inspects and investigates licensees and businesses. Agency investigators throughout the state routinely examine the operations and activities of persons conducting business under the agency's jurisdiction. As part of its enforcement function, TDLR performed 141,465 routine inspections and completed approximately 12,311 complaint investigations in fiscal year 2013. TDLR estimates that it will perform 288,728 routine inspections and complete 23,635 complaint investigations during the 2014–15 biennium.

TDLR develops and distributes information about agency licensing and complaint processes and operates a toll-free telephone line to inform consumers about the agency and its operations. The agency also administers the Architectural Barriers Program and the Auctioneer's Education Recovery Fund. The Architectural Barriers Program ensures that persons with disabilities are not denied access to new and renovated buildings and facilities. The Auctioneer's Education Recovery Fund protects consumers against financial loss caused by an auctioneer's non-payment of funds from the

FIGURE 384
TEXAS DEPARTMENT OF LICENSING AND REGULATION PERFORMANCE MEASURES
FISCAL YEARS 2011 TO 2015

PERFORMANCE MEASURES	2011	2012	2013	2014	2015
Licenses Issued	536,051	563,801	513,578	513,578	513,578
Complaints Resolved	13,123	11,261	10,595	11,043	10,718
Jurisdictional Complaints Received	10,683	12,597	11,559	11,994	11,641
Full-time-equivalent Positions	359.7	359.5	392.2	382.2	382.2

Note: Fiscal years 2014 and 2015 are estimated.
Source: Texas Department of Licensing and Regulation.

sale of goods and helps provide continuing education for auctioneers.

SIGNIFICANT LEGISLATION

Several bills were passed by the Eighty-third Legislature, Regular Session, 2013, that affect TDLR. Among the more significant are Senate Bill 845 and Senate Bill 966.

SB 845 – Authorizes E-mail Notifications and Requires a Website for Tracking Legislation Affecting TDLR Programs. The enactment of Senate Bill 845 authorizes TDLR to use e-mail notifications to satisfy any notification requirements if the recipient has previously authorized the department to deliver the notice by e-mail. The bill also requires the agency to provide a link to an Internet website that allows the public to track legislation affecting the programs administered by the department.

SB 966 – Creation of the Judicial Branch Certification Commission and Consolidation of the Judicial Profession Regulation. The enactment of Senate Bill 966 transfers oversight of the Licensed Court Reporter Interpretation Advisory Board to the Office of Court Administration (OCA) of the Texas Judicial System. The bill consolidates programs at several state agencies into an entity to be known as the Judicial Branch Certification Commission. This new entity will be to oversee the regulatory policies and certification of the professionals under its jurisdiction on behalf of the OCA and the Supreme Court of Texas.

RACING COMMISSION

Following ratification of the Texas Racing Act of 1986 by statewide referendum, the Texas Racing Commission began operations in 1988. The commission consists of seven members appointed by the Governor with the consent of the Senate and two ex-officio members: the Chair of the Public Safety Commission and the Comptroller of Public Accounts, or their designees. Five commission members must represent the public and have knowledge of business or agribusiness; the other two appointed members must be knowledgeable about or experienced in greyhound racing or horse racing.

The agency's mission is to enforce the Texas Racing Act and its rules to ensure the safety, integrity, and fairness of Texas pari-mutuel racing. Further, the agency is charged with stimulating participation by patrons and licensees to maximize the amount of money circulating through the industry and its constituent and ancillary businesses. As **Figure 385** shows, the total amount of the pari-mutuel wagering handle (the total amount wagered on racing) has decreased since 2009. The agency reports that increased competition from expanded gambling opportunities in neighboring states as well as illegal Internet wagering is contributing to this decrease.

Direct appropriations for the 2014–15 biennium total $16.6 million in fee-generated General Revenue–Dedicated Funds and provide for 52.6 full-time-equivalent (FTE) positions in each fiscal year, which is equal to the 2012–13 biennial spending level and FTE position level. Also, contingent upon the opening of each new horse racetrack each fiscal year of the biennium, additional appropriations from General Revenue–Dedicated Funds are available to the agency: $303,600 and 5.0 FTE positions for regulatory functions and $332,037 for the Texas Bred Incentive Program. To receive these appropriations, the agency must collect the revenue from each new horse racetrack that begins operations during the 2014–15 biennium.

The agency carries out its responsibilities through four major functional areas. The first functional area, racetrack and occupational licensing, involves the agency providing licensure for racetracks and all participants in racing, renewing existing racetrack and occupational licenses, and reviewing active and inactive racetrack licenses. The agency licenses all racetrack employees who can affect pari-mutuel racing. The agency ensures that all licensees meet the requirements to qualify for licensing.

The second functional area, regulating greyhound and horse racing, involves the agency providing regulatory oversight for all races conducted at racetracks in Texas, including supervising racing conduct and providing health and drug testing for horses and greyhounds. There are currently four active horse racetracks and two active greyhound racetracks that conduct live racing in the state.

The third functional area, regulating wagering, includes the agency investigating illegal wagering and conducting compliance audits at the racetracks. The agency's responsibilities include increasing the Totalisator (tote) tests and pass rate for pari-mutuel compliance audits. The tote is a complex computer system that tallies and calculates the pari-mutuel wagers. A licensed racetrack contracts with one company to provide a computer system to tally and calculate the pari-mutuel wagers at its facilities.

FIGURE 385
TEXAS RACING COMMISSION SELECTED PERFORMANCE MEASURES
FISCAL YEARS 2009 TO 2015

PERFORMANCE MEASURE	2009	2010	2011	2012	2013	2014	2015
Total Racetrack Inspections	99	101	80	70	75	75	75
Total Texas-Bred Awards	16,543	13,454	11,901	10,987	10,560	10,153	9,541
Total New Occupational Licenses Issued	3,844	3,140	2,675	2,153	2,150	2,000	2,000
Total Pari-mutuel Handle (in millions)	$409.5	$365.8	$313.2	$320.8	$323.4	$313.0	$310.1
Total Take to State Treasury from Pari-mutuel Wagering on Live and Simulcast Races (in millions)	$3.7	$3.3	$3.0	$2.9	$3.1	$2.9	$2.9
Total Occupational Licensees Suspended or Revoked	175	183	114	93	95	95	95
Total Investigations Completed	229	240	208	137	120	120	120

Note: 2014 and 2015 amounts are estimated.
Source: Texas Racing Commission.

The fourth functional area is the administration of the Texas Bred Incentive program. This program provides an incentive award distributed as a purse supplement paid from the pari-mutuel wagering pools to breeders and owners of Texas-bred greyhounds and horses that place first, second, or third in any race. The program encourages agriculture and the horse-breeding and greyhound-breeding industries.

STATE SECURITIES BOARD

The State Securities Board was created in 1957 by the Fifty-fifth Legislature. The agency is headed by a five member board whose members are appointed by the Governor and subject to Senate confirmation. The Securities Commissioner is appointed by the board. The agency's primary mission is to protect Texas investors. In accordance with its mission, the agency strives to ensure a free and competitive securities market for Texas, increase investor confidence, and encourage the formation of capital and the creation of new jobs.

Appropriations for the 2014–15 biennium total $14.0 million in General Revenue Funds and provide for 104 full-time-equivalent (FTE) positions in fiscal years 2014 and 2015. All Funds appropriations to the State Securities Board for the 2014–15 biennium include an increase of $0.3 million, or 2.0 percent, from the agency's 2012–13 biennial spending level which mainly impacts investigation and court costs, salary and wages, travel and other operating expense.

The agency's three major programs—law enforcement, securities registration, dealer registration and record inspections—are organized to protect investors from fraud and misrepresentation while ensuring the availability of capital to business.

The State Securities Board is appropriated $5.6 million in General Revenue Funds and 38.0 FTEs for the 2014–15 biennium for law enforcement activities. Through this program the agency investigates suspected violations of the Texas Securities Act and, if appropriate, promptly initiates administrative enforcement proceedings or refers matters for criminal prosecution or civil action. In addition, the Securities Board staff collects and summarizes evidence for cases adjudicated before State Office of Administrative Hearings administrative law judges and cases referred to the Office of the Attorney General in civil injunction actions.

The agency is appropriated $1.6 million in General Revenue Funds and 14.0 FTEs for the 2014–15 biennium for securities registrations. The Securities Board reviews all applications to register securities for sale in the State of Texas to ensure investor access to full and fair disclosure of all relevant investment information. The agency ensures that offering terms are in compliance with the Texas Securities Act and Securities Board rules. All securities dealers, their sales agents, and investment advisers in Texas must be registered with the Securities Board, unless the Texas Securities Act exempts them from registering, or they are preempted by federal law. The agency's dealer registration function examines applications for registration of dealers, investment advisers, and agents, and maintains an ongoing review process by examining amendments and renewals submitted by registrants.

The agency is appropriated $3.7 million in General Revenue Funds and 33.5 FTEs for the 2014–15 biennium for dealer registrations and records inspection. Securities dealers and investment advisers must maintain certain records and make them available for review upon the request of the Securities Commissioner. The Securities Board also verifies continuing compliance with the Texas Securities Act through periodic inspections of registered firms.

The State Securities Board is appropriated $3.1 million in General Revenue Funds and 18.5 FTEs for the 2014–15 biennium to provide administrative and information technology support to the three major programs administered by the agency.

In 1996, the U.S. Congress passed legislation that eliminated federal examinations for investment advisers managing less than $25 million in assets. In 2010, the U.S. Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act that eliminated federal examinations for investment advisers managing less than $100 million in assets making the Securities Board the only government agency responsible for examining this group of securities dealers in Texas. In 2012, Congress passed the Jumpstart Our Business Startups Act (JOBS Act) which lifts the ban on general solicitation and advertising in specific kinds of private placements of securities which the Securities Board believes will increase the number of fraudulent investment schemes requiring enforcement action from the agency in the coming biennium. **Figure 386** shows the number of securities agents, dealers, advisers, and adviser representatives registered by the Securities Board from 2004 to 2015, as well as the revenue deposited to the State Treasury from securities applications during that same period. The Securities Board estimates approximately $203.5 million in revenue deposits to the state treasury from securities applications during the 2014–15 biennium.

FIGURE 386
STATE SECURITIES BOARD, SELECTED PERFORMANCE MEASURES, FISCAL YEARS 2004 TO 2015

FISCAL YEAR	SECURITIES APPLICATIONS	SECURITIES REVENUE (IN MILLIONS)	DEALERS/ AGENTS	DEALER REVENUES (IN MILLIONS)
2004	39,913	$69.0	169,700	$70.9
2005	39,450	$75.7	181,602	$51.5
2006	44,292	$94.7	191,949	$54.3
2007	51,796	$109.9	209,494	$59.3
2008	50,252	$115.9	212,904	$61.5
2009	46,477	$87.4	214,029	$61.3
2010	46,953	$94.9	211,302	$69.8
2011	50,420	$110.4	229,482	$73.7
2012	50,420	$94.0	345,253	$73.7
2013	54,463	$93.1	356,628	$77.5
2014	51,000	$93.1	340,000	$73.7
2015	51,000	$110.4	340,000	$73.7

NOTE: Fiscal years 2014 and 2015 are estimated.
SOURCE: State Securities Board.

PUBLIC UTILITY COMMISSION OF TEXAS

The Public Utility Commission of Texas (PUC) was established in 1975 to regulate electric and telecommunications utilities and had jurisdiction over water utilities. In 1985, water utility regulation was moved to the Texas Water Commission (now the Texas Commission on Environmental Quality). The agency's mission is to protect customers, foster competition, and promote high-quality utility infrastructure. The agency is headed by three commissioners who are appointed by the Governor, subject to Senate confirmation, and serve full time for six-year, staggered terms. In addition, the agency has an executive director who manages its daily operations.

The Eighty-third Legislature, Regular Session, 2013, appropriated $757.5 million in All Funds to PUC for the 2014–15 biennium. Of this appropriation, $745.5 million is in General Revenue–Dedicated Funds (System Benefit Fund), which is an increase of $578.1 million from the 2012–13 biennial spending levels. This increase is attributable to the enactment of House Bill 7, Eighty-third Legislature, Regular Session, 2013, increasing the appropriation for the Low-Income Discount program to $728.3 million (see Significant Legislation). The remaining System Benefit Fund appropriation is earmarked for programs related to electric-utility restructuring, including $1.5 million for continued public education funding, $14.1 million for electric market oversight contracts, and $1.6 million for administration related to wholesale and retail electric market oversight.

The 2014–15 biennial appropriation provides for 181 full-time-equivalent (FTE) positions in fiscal year 2014 and 201 FTE positions in fiscal year 2015. The appropriation supports the agency's two main functions: (1) ensuring fair competition, just and reasonable rates, and reliable high quality service; and (2) providing enforcement and education to both electric utility and telecommunications customers in a competitive environment. The increase in FTE positions in fiscal year 2015 is due to the enactment of House Bill 1600, Eighty-third Legislature, Regular Session, 2013, which transfers responsibility for regulating water and wastewater rates, services, and certificates of convenience and necessity and the FTE positions to carry out these responsibilities from the Texas Commission on Environmental Quality (TCEQ) to the PUC (see Significant Legislation).

SYSTEM BENEFIT FUND

The System Benefit Fund is a General Revenue–Dedicated Account financed by a nonbypassable fee charged to retail electric customers within the deregulated area of the state. The fee primarily provides funding for the Low-Income Discount Program, but also provides funding for customer education programs, weatherization and energy efficiency programs, and oversight of the retail and wholesale electric market in Texas.

Enactment of House Bill 7, Eighty-third Legislature, Regular Session, 2013 eliminates the nonbypassable fee that finances the System Benefit Fund in order to remove the remaining balance within the fund. The legislation amends the Utility Code to reduce the fee from an amount not to exceed 65 cents per megawatt hour of usage to zero cents per megawatt hour of usage. The legislation authorizes the appropriation of money in the System Benefit Fund to provide discount electricity bills for eligible low-income customers for the months of May through September: (1) not to exceed 82 percent in fiscal year 2014; and (2) not to exceed 15 percent in fiscal years 2015 and 2016. The legislation appropriated $500 million from the System Benefit Fund in fiscal year 2014, in addition to other appropriations from the fund by the Eighty-third Legislature, 2013 (see Significant Legislation).

RETAIL COMPETITION

Competitive markets in both the electric and telecommunications industries began developing in Texas in the 1990s as a result of federal and state legislation. This legislation authorized competition in telecommunications services and created a competitive electric wholesale market. In 1999, the Legislature passed legislation that restructured the electric utility industry, introduced retail competition, and established new laws to ensure protection of customers' rights.

Retail competition in the electric market began on January 1, 2002, for all customers of investor-owned utilities in the Electric Reliability Council of Texas (ERCOT) region. Residential and business customers in most areas of the state were provided the ability to choose a supplier of electricity. **Figure 387** shows the 20 most populous cities in Texas, the availability of retail competition in those cities, and the number of retail electric providers offering residential service at the beginning of fiscal year 2014.

FIGURE 387
AVAILABILITY OF RESIDENTIAL ELECTRIC CHOICE IN MOST–POPULOUS CITIES AS OF SEPTEMBER 1, 2013

CITY	POPULATION	COMPETITION	RESIDENTIAL REP
Houston	2,160,821	Yes	73
San Antonio	1,382,951	No	N/A
Dallas	1,241,162	Yes	73
Austin	842,592	No	N/A
Fort Worth	777,992	Yes	73
El Paso	672,538	No	N/A
Arlington	375,600	Yes	73
Corpus Christi	312,195	Yes	73
Plano	272,068	Yes	73
Laredo	244,731	Yes	73
Lubbock	236,065	No	N/A
Garland	233,564	Yes	73
Irving	225,427	Yes	73
Amarillo	195,250	No	N/A
Grand Prairie	181,824	Yes	73
Brownsville	180,097	No	73
Pasadena	152,272	Yes	73
Mesquite	143,195	Yes	73
McKinney	143,223	Yes	73
McAllen	134,719	Yes	73

Notes:
(1) Population based upon U.S. Census Bureau 2012 estimates.
(2) REP = Retail Electric Provider.
Source: Public Utility Commission of Texas.

The Texas Legislature also established programs to educate consumers about choices in retail electric providers and established the Low-Income Discount Program to assist low-income electricity customers with electricity bills during the hottest months of the year, May to September. **Figure 388** shows the average discount provided to low-income customers and the average number of participants from the inception of the program in fiscal year 2002 to fiscal year 2013.

ELECTRIC RELIABILITY COUNCIL OF TEXAS

The Electric Reliability Council of Texas (ERCOT), which is located wholly within the borders of the state, provides 85 percent of the electric load in Texas. The Southwest Power Pool, the Southeastern Electric Reliability Council, and the Western Electricity Coordinating Council provide service to the rest of the state. **Figure 389** shows the Texas Reliability Council boundaries. **Figure 390** shows the six-year average percentage of ERCOT energy as run by fuel type for fiscal years 2006 to 2012.

FIGURE 388
LOW INCOME DISCOUNT PROGRAM AVERAGES PER MONTH FISCAL YEARS 2002 TO 2013

FISCAL YEAR	AVERAGE DISCOUNT	AVERAGE PARTICIPANTS
2002	$13.45	407,540
2003	$18.53	706,054
2004	$11.18	566,768
2005	$11.93	368,069
2006	$0.00	0
2007	$24.90	353,017
2008	$37.80	365,205
2009	$37.03	424,615
2010	$32.23	505,610
2011	$23.27	563,144
2012	$20.66	566,000
2013	$28.23	550,000

Notes:
(1) Low-income Discount Program was not funded in fiscal year 2006.
(2) Fiscal year 2013 is estimated.
Source: Public Utility Commission of Texas.

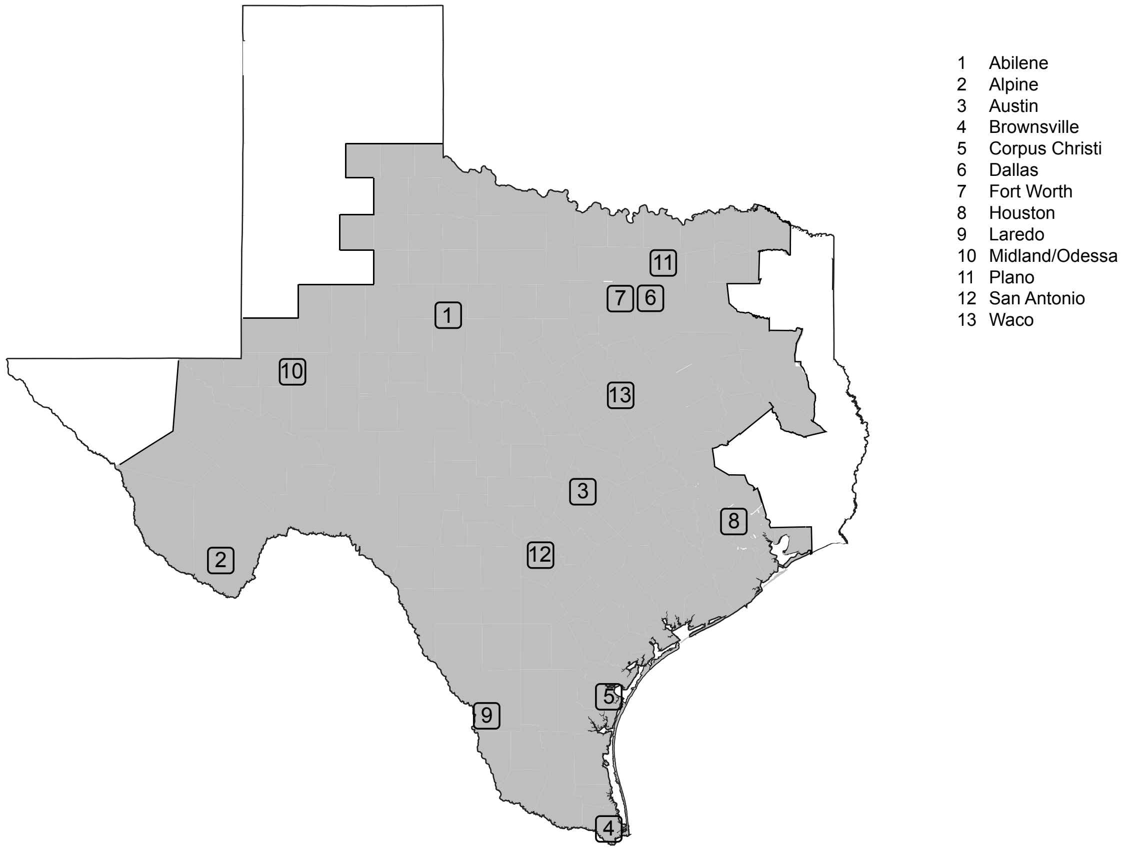
SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, passed several bills affecting PUC. The more significant legislation passed include House Bill 1600 (PUC Sunset legislation), House Bill 7, Senate Bill 583, and Senate Bill 1364.

HB 1600 – Continues the PUC and Establishes the Duties, Responsibilities, and Authorities for Water and Wastewater Utility Proceedings. The enactment of House Bill 1600 continues PUC for 10 years by extending the agency's sunset date to September 1, 2023. The legislation authorizes the PUC to issue emergency cease-and-desist orders to electric industry participants and defines notice and hearing requirements for such orders. The legislation requires the PUC to adopt rules to provide for the renewal of registrations or certificates for holders of a Certificate of Operating Authority and holders of a Service Provider Certificate of Operating Authority.

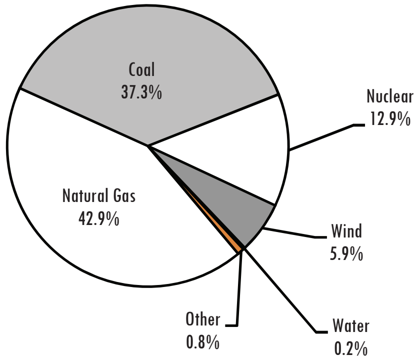
The legislation requires the PUC to review and approve the budget, performance measures, and proposals for obtaining

FIGURE 389
ELECTRIC RELIABILITY COUNCIL OF TEXAS BOUNDARIES, FISCAL YEAR 2013



SOURCE: Electric Reliability Council of Texas.

FIGURE 390
ERCOT TERRITORY ENERGY MIX
FISCAL YEARS 2006 TO 2012



SOURCE: Electric Reliability Council of Texas.

debt financing or re-financing of debt of ERCOT. The legislation also requires the PUC to set a fee range for the system administration fee and review the fee to ensure that the revenues generated closely match the revenues necessary to fund ERCOT's budget.

The legislation transfers responsibility for regulating water and wastewater rates, services, and certificates of convenience and necessity from the TCEQ to the PUC, effective September 1, 2014. The legislation requires the PUC and TCEQ to enter into a memorandum of understanding to identify in detail the applicable powers and duties that are transferred and establish a plan for the execution of the transfer. The legislation also creates three classes of water utilities based on the number of taps or connections and establishes a different rate review procedure for each class. The legislation requires the PUC to adopt rules, policies, and procedures to implement the modified ratemaking process no later than September 1, 2015.

HB 7 – Elimination of System Benefit Fund Fee and Balance. The enactment of House Bill 7 eliminates the nonbypassable fee that finances the System Benefit Fund, establishes provisions to eliminate the balance of the fund which included appropriating $500 million in fiscal year 2014, in addition to other appropriations from the fund by Eighty-third Legislature, 2013, and abolishes the statutes governing the System Benefit Fund beginning on September 1, 2016.

SB 583 – Changes the Distribution of Universal Service Funds. The enactment of Senate Bill 583 amends current law relating to the distribution of universal service funds by establishing provisions and criteria to reduce high cost support for certain telecommunications companies and cooperatives serving over 31,000 access lines. The legislation requires the PUC to adopt rules to expand high cost support to eligible providers and revise monthly universal service fund support amounts from the Small and Rural Incumbent Local Exchange Company Universal Service Plan.

SB 1364 – Changes the Computation Requirements of Electric Utility Income Taxes. The enactment of Senate Bill 1364 amends current law by requiring a utility to include the following in the computation of the utility's income tax: (1) income tax benefits related to expenses included in utility rates; and (2) investments included in the utility base rate. The legislation also eliminates the use of a consolidated tax savings adjustment in the determination of a utility's income tax expense.

OFFICE OF PUBLIC UTILITY COUNSEL

The Office of Public Utility Counsel (OPUC) was created in 1983 to represent the interests of utility consumers in legal proceedings. Its mission is to ensure the availability of utility services at fair and reasonable rates in an increasingly competitive environment by providing representation to Texas residential and small-business utility consumers in proceedings before the Public Utility Commission of Texas, the Federal Energy Regulatory Commission, the Federal Communications Commission, and state and federal court. **Figure 391** shows the type and number of proceedings in which OPUC participated from fiscal years 2011 to 2013, and is estimated to participate in fiscal years 2014 and 2015. OPUC is headed by the Public Counsel, who is appointed by the Governor, subject to Senate confirmation, for a two-year term.

FIGURE 391
OPUC PROCEEDINGS
FISCAL YEARS 2011 TO 2015

PROCEEDING TYPE	2011	2012	2013	2014	2015
Electric Cases	33	22	22	25	25
Electric Projects	20	15	15	20	20
Telecommunication Cases	3	5	3	3	3
Telecommunication Projects	10	5	5	5	5

NOTE: 2014 and 2015 amounts are estimated.
SOURCE: Office of Public Utility Counsel.

Appropriations to OPUC for the 2014–15 biennium total $4.3 million in All Funds and provide for 25.5 FTEs. Of this amount, $3.3 million is from General Revenue Funds and $1.0 million is from General Revenue–Dedicated Funds (Water Resource Management Account). The 2014–15 All Funds appropriation represents an increase of $1.3 million and 5.0 FTE positions from the 2012–13 biennial spending level. These increases are attributable primarily to increases in appropriations for the expansion of the agency's authority to represent consumers in water and wastewater utility cases due to the enactment of House Bill 1600, Eighty-third Legislature, Regular Session, 2013.

SIGNIFICANT LEGISLATION

HB 1600 – Establishes the Duties, Responsibilities, and Authorities for Water and Wastewater Utility Proceedings. Legislation passed by the Eighty-third Legislature, Regular Session, 2013, that affects OPUC includes House Bill 1600, authorizing OPUC to represent the interests of residential and small commercial consumers in water and wastewater utility proceedings. Specifically, the legislation gives OPUC the same duties, responsibilities, and authority for water and wastewater proceedings as those currently set forth in the Public Utility Regulatory Act for the agency's representation in electric and telecommunications proceedings.

HEALTH-RELATED LICENSING AGENCIES

Numerous boards and commissions license and regulate occupations and industries in Texas. **Figure 392** shows the number of licenses issued, complaints resolved, total full-time-equivalent (FTE) positions expended, estimated, budgeted and appropriated amounts allocated for fiscal years 2011 to 2015 for health-related licensing agencies that are not otherwise addressed in this section. Appropriations for these 11 agencies for the 2014–15 biennium total $74.2 million and provide for 521.5 fiscal year 2014 and 522.7 FTEs in fiscal year 2015. Of this amount $70.5 million, or 95.1 percent, is from fee-supported General Revenue Funds and General Revenue–Dedicated Funds. These amounts do not include appropriations for the Health Professions Council, which is funded through required Interagency Contracts ($1.9 million for the 2014–15 biennium) established with these 11 health-related licensing agencies and three non-health-related licensing agencies.

SIGNIFICANT LEGISLATION

The Eighty-third Legislature, Regular Session, 2013, passed several bills that affect the health-related licensing agencies. The more significant legislation includes House Bill 6, House Bill 3201, House Bill 2710, Senate Bill 406, Senate Bill 1100, Senate Bill 500, and Senate Bill 1312.

HB 3201 – Revisions to Dental Board Enforcement Procedures and Adding a Fee to Fund Enforcement. The enactment of House Bill 3201 requires the Dental Board to collect and deposit a new $55 surcharge for the issuance and renewals of a dental license to a new General Revenue–Dedicated Dental Public Assurance Account for the purposes of paying for enforcement costs and an expert panel to improve the board's ability to respond to complaints and prevent fraudulent practices. The enactment of House Bill 6 changed the new General Revenue–Dedicated Account to the General Revenue Fund.

SB 406 – Revisions to the Delegation and Supervision of Advanced Practice Nurses and Physician Assistants Prescriptive Authority. The enactment of Senate Bill 406 relates to the delegation of prescriptive authority by physicians to advanced practice registered nurses (APN) and physician assistants (PA). The bill creates prescriptive authority agreements which may be entered into by a physician and midlevel APN or PA through which the physician delegates prescribing or ordering a drug or device. The bill, agreements must be reviewed annually and include the following information: nature of the practice, practice locations/settings; types or categories of drugs/devices that may be prescribed or may not be prescribed; a general plan for addressing consultation and referral; the general process for communication and sharing of information; prescriptive authority quality assurance and improvement plan that includes chart review and periodic face-to-face meetings between the APN or PA and physician. In addition, the combined number of APNs and PAs with whom a physician may enter into a prescriptive authority agreement is capped at seven, with an exception for physicians working in a hospital or long term care facility who are allowed to delegate prescriptive authority for Schedule II Controlled Substances to APNs and PAs in certain circumstances. Also, the Texas Medical Board (TMB), Board of Nursing, and Physicians Assistants Board are required to develop a process to exchange information about licensees who have entered into these agreements and the TMB is required to make available to the public an on-line searchable list of physicians and mid-level practitioners who have entered into prescriptive authority agreements and identify the physician with whom each mid-level practitioner has an agreement.

SB 1312 – Authority to License and Regulate Veterinary Technicians. The enactment of Senate Bill 1312 requires the Board of Veterinary Medical Examiners (BVME) to license and regulate veterinary technicians. The bill also requires the development of a jurisprudence examination for veterinary technicians and allows the BVME to investigate complaints, deny licenses, take disciplinary action and appoint advisory committees.

SB 1100 – Authority to Regulate Certain Out-of-State Pharmacies. The enactment of Senate Bill 1100 prohibits an out-of-state pharmacy from shipping, mailing, or delivering compounded or prepackaged drugs to Texas unless the pharmacy is either licensed by the Board of Pharmacy or the licensing board in the state where the compounding pharmacy is located which has also been determined by the Board of Pharmacy to have comparable standards and regulations. The legislation also requires the Board of Pharmacy to inspect pharmacies that compound sterile preparations before obtaining or renewing their license.

SB 500 – Providing Two Additional Board Members for the Board of Pharmacy. The enactment of Senate Bill 500 adds two members and adjusts the composition of the Board of Pharmacy. The board will consist of 11 members, appointed by the Governor and with the consent of the

FIGURE 392
HEALTH-RELATED LICENSING AGENCIES ACTIVITIES AND FUNDING, FISCAL YEARS 2011 TO 2015

	2011 EXPENDED	2012 ESTIMATED	2013 BUDGETED	2014 APPROPRIATED	2015 APPROPRIATED
Chiropractic Examiners, Board of					
Licenses Issued	9,808	9,768	10,565	10,880	10,880
Complaints Resolved	298	258	345	350	350
All Funds Total	$626,234	$621,126	$619,039	$788,622	$758,343
Full-time-equivalent Positions	10.1	9.4	11.0	14.0	14.0
Dental Examiners, Texas State Board of					
Licenses Issued	60,389	67,877	69,000	73,000	76,500
Complaints Resolved	996	887	900	1,200	1,200
All Funds Total	$2,220,878	$2,399,230	$2,396,783	$4,170,566	$4,082,280
Full-time-equivalent Positions	31.9	32.8	36.0	56.8	58.0
Funeral Service Commission					
Licenses Issued	4,286	4,075	4,165	4,200	4,250
Complaints Resolved	215	201	190	200	200
All Funds Total	$795,647	$758,401	$756,713	$839,623	$839,531
Full-time-equivalent Positions	11.9	11.1	12.0	14.0	14.0
Texas Medical Board					
Licenses Issued	74,425	76,809	78,599	80,389	82,179
Complaints Resolved	2,785	2,284	2,294	2,294	2,294
All Funds Total	$10,946,037	$11,030,195	$10,999,328	$11,638,504	$11,523,697
Full-time-equivalent Positions	152.4	156.0	165.0	172.5	172.5
Texas Board of Nursing					
Licenses Issued	177,612	183,006	169,100	181,650	183,150
Complaints Resolved	15,318	18,118	7,500	12,400	12,400
All Funds Total	$9,550,716	$10,260,585	$11,247,662	$8,922,259	$8,922,259
Full-time-equivalent Positions	92.7	99.2	107.7	109.7	109.7
Optometry Board					
Licenses Issued	4,008	4,097	4,216	4,262	4,343
Complaints Resolved	145	155	145	140	140
All Funds Total	$426,350	$460,552	$458,793	$474,538	$473,562
Full-time-equivalent Positions	6.6	6.5	7.5	7.5	7.5
Pharmacy, Board of					
Licenses Issued	42,327	45,295	44,931	45,609	47,239
Complaints Resolved	5,816	5,728	4,980	5,420	5,420
All Funds Total	$4,987,197	$5,231,028	$5,201,332	$7,031,293	$6,725,329
Full-time-equivalent Positions	70.3	71.7	78.0	92.0	92.0

Senate to be structured with seven, rather than six, members who are pharmacists; one member who is a pharmacy technician; and three members who represent the public.

HB 2710 – Authority for the Funeral Services Commission to Employ an Attorney. The enactment of House Bill 2710 removes the prohibition of the Funeral Service Commission to hire a staff attorney.

FIGURE 392 (CONTINUED)
HEALTH-RELATED LICENSING AGENCIES ACTIVITIES AND FUNDING, FISCAL YEARS 2011 TO 2015

	2011 EXPENDED	2012 ESTIMATED	2013 BUDGETED	2014 APPROPRIATED	2015 APPROPRIATED
Physical Therapy and Occupational Therapy Examiners, Executive Council of					
Licenses Issued	18,924	20,232	21,272	21,400	22,050
Complaints Resolved	394	618	620	575	575
All Funds Total	$1,105,669	$1,128,643	$1,123,372	$1,225,177	$1,210,820
Full-time-equivalent Positions	18.0	17.9	18.0	19.0	19.0
Podiatric Medical Examiners, Board of					
Licenses Issued	1,391	1,469	1,459	1,375	1,375
Complaints Resolved	75	72	32	80	80
All Funds Total	$239,935	$239,273	$244,756	$279,402	$277,556
Full-time-equivalent Positions	3.0	3.0	3.0	4.0	4.0
Psychologists, Board of Examiners of					
Licenses Issued	8,228	8,907	8,895	8,940	8,940
Complaints Resolved	190	226	270	270	270
All Funds Total	$836,254	$803,922	$806,480	$851,051	$844,651
Full-time-equivalent Positions	12.5	12.8	13.0	14.0	14.0
Veterinary Medical Examiners, Board of					
Licenses Issued	7,721	7,932	8,138	8,350	8,567
Complaints Resolved	474	366	400	402	403
All Funds Total	$978,899	$972,060	$969,150	$1,162,606	$1,120,094
Full-time-equivalent Positions	14.0	13.6	16.0	18.0	18.0

SOURCES: Legislative Budget Board; Board of Chiropractic Examiners; Texas State Board of Dental Examiners; Funeral Service Commission; Texas Medical Board; Texas Board of Nursing; Optometry Board; Board of Pharmacy; Executive Council of Physical Therapy and Occupational Therapy Examiners; Board of Podiatric Medical Examiners; Board of Examiners of Psychologists; Board of Veterinary Medical Examiners.

OTHER REGULATORY AGENCIES

Numerous boards and commissions license and regulate occupations and industries in Texas. **Figure 393** shows the number of licenses issued, complaints resolved, total full-time-equivalent (FTE) positions expended, estimated, budgeted and appropriated amounts for fiscal years 2011 to 2015 for non-health-related licensing agencies that are not discussed elsewhere in this chapter. Appropriations for these agencies for the 2014–15 biennium total $7.0 million and provide for 44.0 FTEs. Of this amount $6.9 million, or 99 percent, is from General Revenue Funds that are generated from fees. The All Funds appropriation represents an increase of $0.6 million, or 8.7 percent, from the 2012–13 biennial spending level and is related to one-time costs for replacement vehicles, programming and maintenance costs associated with the Health Professions Council Shared Regulatory Database, and for three field investigators for the Board of Plumbing Examiners. These amounts do not include appropriations for the standard operations of Health Professions Council (HPC), which is funded through required Interagency Contracts totaling $1.9 million for the 2014–15 biennium that are established with the three non-health-related licensing agencies and 11 health-related licensing agencies. The three non-health-related agencies have entered into an Interagency Contract with the HPC for maintenance costs relating to the new Health Professions Council Shared Regulatory Database established during the 2014–15 biennium.

SIGNIFICANT LEGISLATION

HB 1685 – The Self-directed Semi-independent Act Continuation. The enactment of House Bill 1685, Eighty-third Legislature, Regular Session, 2013, continues the Self-directed Semi-independent Act for the Texas State Board of Public Accountancy, the Texas Board of Professional Engineers, and the Texas Board of Architectural Examiners. These agencies will continue to be responsible for all direct and indirect costs, collection of revenues, and setting their agency budgets outside of the appropriations process. They will also continue to be responsible for biennial reports reflecting statistical information on their licensing and enforcement efforts to the Governor, House Appropriations and Senate Finance Committees, and the Legislative Budget Board.

FIGURE 393
NON-HEALTH-RELATED LICENSING AGENCIES ACTIVITIES AND FUNDING, FISCAL YEARS 2011 TO 2015

	2011 EXPENDED	2012 ESTIMATED	2013 BUDGETED	2014 APPROPRIATED	2015 APPROPRIATED
Geoscientists, Board of Professional					
Licenses Issued	4,977	4,823	4,727	5,000	5,000
Complaints Resolved	47	21	37	38	38
All Funds Total	$582,723	$585,811	$584,583	$552,387	$548,007
Full-time-equivalent Positions	8.0	7.2	8.0	8.0	8.0
Land Surveying, Board of Professional					
Licenses Issued	2,982	2,986	2,986	2,986	2,986
Complaints Resolved	31	32	57	57	57
All Funds Total	$407,246	$476,993	$450,293	$447,396	$446,143
Full-time-equivalent Positions	5.0	4.9	5.0	5.0	5.0
Plumbing Examiners, Board of					
Licenses Issued	28,505	24,823	46,705	51,000	51,000
Complaints Resolved	837	873	980	1,020	1,084
All Funds Total	$1,944,558	$2,194,771	$2,139,535	$2,542,467	$2,394,467
Full-time-equivalent Positions	23.0	23.4	27.0	31.0	31.0

SOURCES: Legislative Budget Board; Board of Professional Geoscientists; Board of Professional Land Surveying; Board of Plumbing Examiners.

12. THE LEGISLATURE

*As shown in **Figure 394**, All Funds appropriations for the Legislature for the 2014–15 biennium total $359.6 million, or 0.2 percent of all state appropriations. This amount is an increase of $10.8 million, or 3.1 percent, from the 2012–13 biennium. **Figure 395** shows 2014–15 biennial appropriations by method of financing for the Legislature.*

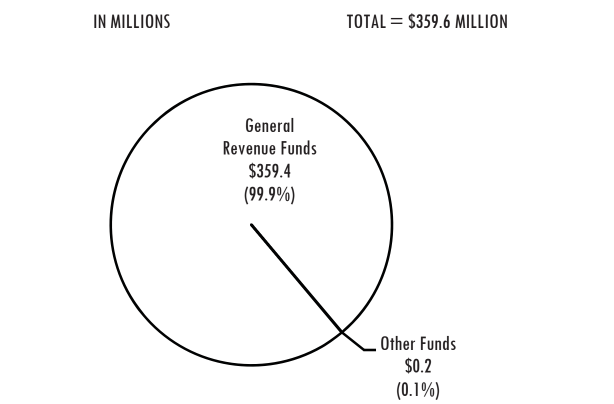
FIGURE 394
ALL FUNDS APPROPRIATIONS FOR THE LEGISLATURE
2014–15 BIENNIUM

IN MILLIONS

AGENCY	ESTIMATED/ BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$61.5	$61.5	$0.0	0.0
House of Representatives	71.3	71.3	0.0	0.0
Legislative Budget Board	28.9	28.9	0.0	0.0
Legislative Council	69.4	69.4	0.0	0.0
Commission on Uniform State Laws	0.3	0.3	(0.0)	(7.9)
Sunset Advisory Commission	4.1	4.6	0.4	10.2
State Auditor's Office	39.1	40.0	0.9	2.3
Legislative Reference Library	3.1	3.1	(0.0)	0.0
Subtotal, The Legislature	**$277.8**	**$279.1**	**$1.3**	**0.5**
Retirement and Group Insurance	$48.5	$57.0	$8.5	17.5
Social Security and Benefit Replacement Pay	15.5	15.4	(0.1)	(0.5)
Subtotal, Employee Benefits	**$64.1**	**$72.5**	**$8.4**	**13.1**
Lease Payments	$16.2	$17.4	$1.2	7.5
Subtotal, Debt Service	**$16.2**	**$17.4**	**$1.2**	**7.5**
Less Interagency Contracts	$9.2	$9.4	$0.1	1.6
TOTAL, ARTICLE X – THE LEGISLATURE	**$348.9**	**$359.6**	**$10.8**	**3.1**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and, the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and, the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
(4) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 395
LEGISLATURE APPROPRIATIONS
ALL FUNDS
2014–15 BIENNIUM



NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

On December 29, 1845, Texas became the twenty-eighth state admitted to the Union. Many elements of the state's legislative framework, established in the statehood constitution of 1845 and modified by the post-Reconstruction constitution of 1876, remain in place today. All powers of the state's legislative branch are vested in the Texas Senate and the Texas House of Representatives, which convene biennially in Austin for a 140-day regular session during odd-numbered years. The legislative order of business for a regular legislative session is outlined in the state constitution, with the first 30 days of the legislative session devoted to the introduction of bills and resolutions, consideration of emergency appropriations, and confirmation of interim appointees of the Governor to boards and commissions. During the second 30 days, the various committees of each respective chamber hold hearings to consider all bills and resolutions and other pending matters. The remainder of the legislative session is set aside for the Texas Legislature to act on bills and resolutions. The Legislature may consider emergency matters submitted by the Governor throughout the legislative session. The Texas Constitution authorizes the Governor to call additional 30-day special sessions as needed, during which the Legislature may consider only the subjects submitted to it by the Governor.

Members of the Legislature receive an annual salary of $7,200. In addition, during regular and special sessions and while doing official business of the state such as attending interim committee hearings, members may receive reimbursement for actual mileage and per diem for living expenses.

MAJOR FUNDING ISSUES

Overall, appropriations made to legislative agencies out of the General Revenue Fund increased by $1.3 million, or 0.5 percent, from the 2012–13 biennial expenditure level due to additional costs associated with complex Sunset reviews and additional audits for the State Auditor's Office required by the Eighty-third Legislature.

SENATE

The Senate consists of 31 senators elected to staggered four-year terms of office. The Lieutenant Governor, the presiding officer (President) of the Senate, is elected statewide and serves a four-year term. In addition, at the beginning and close of each legislative session, the Senate is required to elect a member as President pro tempore who performs the duties of the Lieutenant Governor in his or her absence or incapacitation.

The Senate Committee on Administration implements all Senate policies and procedures. The Secretary of the Senate, elected by Senate members, is the chief executive administrator and is in charge of central Senate operations. Appropriations to fund activities of the Senate for the 2014–15 biennium total $61.5 million in General Revenue Funds.

The Texas Senate's primary duties include legislating all Texas laws and resolutions, approving the state budget, submitting all constitutional amendments to Texas voters, and confirming most gubernatorial appointees.

The Lieutenant Governor appoints all committee chairs and members of Senate standing and select committees, and refers all bills to the committees. There are approximately 22 standing, select, and joint committees, which during the interim—between legislative sessions—study selected topics, or charges, assigned by the Lieutenant Governor, and during the legislative session receive legislation for hearing and referral back to the full Senate for consideration. During the Eighty-third Legislature, Regular Session, 2013, the Senate passed 709 bills and joint resolutions, or 35.8 percent of the 1,981 bills and joint resolutions filed by the Senate. These amounts exclude 1,136 resolutions, which are passed in honor or acknowledgement of individuals and entities. Eleven bills passed by the Senate were vetoed by the Governor. In addition, during the Eighty-third Legislature, First Called Session, the Senate passed three bills and 139 simple and concurrent resolutions. During the Eighty-third Legislature, Second Called Session, the Senate passed one bill and 107 simple and concurrent resolutions. The Senate also passed one joint resolution and 13 simple and concurrent resolutions during the Eighty-third Legislature, Third Called Session.

HOUSE OF REPRESENTATIVES

The House of Representatives consists of 150 representatives elected in even-numbered years to two-year terms of office. At the beginning of each regular legislative session, the House elects a Speaker from its members to serve as the presiding officer.

The Committee on House Administration provides administrative support for all House operations. The committee employs a Director and staff to handle the day-to-day operations of the House. Appropriations to fund activities of the House of Representatives for the 2014–15 biennium total $71.3 million in General Revenue Funds.

Primary duties of the House of Representatives include legislating all Texas laws and resolutions, submitting all constitutional amendments for voter approval, and approving the state budget. All legislation increasing state taxation must originate in the House.

The Speaker of the House (the Speaker) appoints all chairs and members of House standing and select committees and refers all bills to the committees for consideration. There are approximately 43 standing, select, and joint House committees, which during the interim—between legislative sessions—study selected topics, or charges, assigned by the Speaker and during the legislative session receive bills for hearing and referral back to the full House for consideration. Each bill passed out of committee is referred to the Calendars Committee, which schedules all legislation that is voted on by the full House of Representatives. During the Eighty-third Legislature, Regular Session, 2013, the House passed 738 bills and joint resolutions, or 18.1 percent of the 4,080 bills and joint resolutions filed by the House**.** These amounts exclude 3,326 resolutions, which are passed in honor or acknowledgement of individuals and entities. Fifteen bills passed by the House were vetoed by the Governor. In addition, during the Eighty-third Legislature, First Called Session, the House passed no bills and 267 simple and concurrent resolutions. During the Eighty-third Legislature, Second Called Session, the House passed one bill and 207 simple and concurrent resolutions. The House also passed one bill and 11 simple and concurrent resolutions during the Eighty-third Legislature, Third Called Session.

LEGISLATIVE BUDGET BOARD

The Legislative Budget Board (LBB) was established by statute in 1949, primarily to develop budget recommendations for legislative appropriations. The LBB's statutory responsibilities remained virtually unchanged until 1973 when the Legislature expanded the board's duties to include evaluation of agency programs and estimation of the probable costs of implementing legislation introduced in the legislative session. Membership of the 10-member board includes the Lieutenant Governor (joint chair), the Speaker of the House of Representatives (joint chair), the chair of the House Committee on Appropriations, the chair of the House Committee on Ways and Means, the chair of the Senate Finance Committee, three members of the Senate appointed by the Lieutenant Governor, and two members of the House of Representatives appointed by the Speaker.

The board is assisted by the LBB Director and the LBB staff. Funds for operating the LBB are provided through appropriations of General Revenue Funds to the Texas Senate and House of Representatives and are transferred to a special operating account each fiscal year. Appropriations to be transferred for the 2014–15 biennium total $8.1 million. In addition, the agency receives a direct appropriation of $20.8 million in General Revenue Funds, for a total biennial budget of $28.9 million in General Revenue Funds.

GENERAL APPROPRIATIONS BILL DRAFT AND LEGISLATIVE BUDGET ESTIMATES

At the beginning of each regular legislative session and during special sessions as required, the LBB Director transmits copies of the board's recommended General Appropriations Bill draft and Legislative Budget Estimates (LBE) to all members of the Legislature and to the Governor. The General Appropriations Bill draft and LBE are products of a review process that includes a public hearing on each agency's budget request and an LBB staff analysis of each agency's expenditures and performance results. The LBE provides both historical expenditures and proposed appropriations for each state agency and institution of higher education.

Once the General Appropriations Bill is enacted, it is referred to as the General Appropriations Act (GAA). The GAA allocates each agency's appropriation by goals and strategies and establishes key performance targets for each strategy. In addition, the strategic planning and performance budgeting system requires agencies to report actual performance data each quarter so the LBB staff can monitor progress toward the achievement of established performance targets.

The LBB also determines the limit on the growth of appropriations from state tax revenue not dedicated by the Texas Constitution for the upcoming biennium. In addition, it determines the maximum amount that may be paid out of state funds for assistance grants to or on behalf of needy dependent children and their caretakers (i.e., Temporary Assistance for Needy Families).

BUDGET EXECUTION AUTHORITY

The Texas Government Code, Section 317, provides the LBB with budget execution authority, which allows state expenditure decisions to be altered when a full legislature is not convened. This process begins when the Governor or the LBB proposes that funds appropriated to an agency be prohibited from expenditure, transferred from one agency to another, or retained by an agency to be used for a purpose other than originally intended. A budget execution order takes effect only if both the Governor and the LBB concur.

PERFORMANCE REVIEWS

The LBB is authorized to conduct performance reviews and evaluations of state agencies, public junior colleges, general academic teaching institutions, and school districts. The findings and recommendations resulting from reviews and related policy analyses are reported to the Legislature in the publication, *Texas State Government Effectiveness and Efficiency Report* (GEER), published at the beginning of each regular legislative session, and in other LBB publications published throughout the biennium. The Agency Performance Review team works with state agencies and stakeholders to produce analyses of policy options covering the spectrum of state government. These reports recommend statutory and budgetary changes that positively affect the budget, improve services, and apply innovative practices to state government operations. Recommendations are implemented through the GAA and through other legislation.

For the Eighty-third Legislative Session, the GEER contained 61 unique reports, which collectively made 143 recommendations for improving state government. The Legislature incorporated 63 of these recommendations (in whole or modified) in the GAA and 22 other pieces of enacted legislation. The fiscal impact of these incorporated recommendations is estimated to be a net cost savings of $17 million in General Revenue Funds, and a reduction to the state's reliance on General Revenue–Dedicated Fund balances for budget certification purposes of an estimated $804 million, during the 2014–15 biennium.

In addition to policy analyses, the School Performance Review team conducts comprehensive and targeted reviews of school districts' educational, financial, and operational services and programs. The review team produces reports that identify accomplishments, findings, and recommendations based upon the analysis of data and onsite study of the district's operations. The recommendations from the reviews are implemented locally by the school district board members, administrators and the community.

From February 2012 to August 2013, the School Performance Review team has conducted nine reviews containing 462 recommendations for improving school performance. Net savings accruing to the nine school districts as a result of recommendation implementation is estimated at $11.2 million over a five-year period. Additionally, nearly 2,000 "best practices" for district operations have been cataloged in the A+ Ideas for Managing Schools database, an online clearinghouse made available publicly on the LBB website.

CRIMINAL JUSTICE DATA ANALYSIS TEAM

The Criminal Justice Data Analysis Team monitors Texas' adult and juvenile correctional populations. Further, the team projects adult and juvenile correctional populations, calculates recidivism rates for adult and juvenile correctional populations, and calculates cost-per-day information for criminal justice populations. In addition, the team conducts research projects based on significant legislative actions that may affect correctional populations.

FEDERAL FUNDS ANALYSIS

The LBB Federal Funds Analysis Team monitors and analyzes federal legislation, regulations, and guidance on issues that might affect the state budget, such as healthcare, education, human services, and transportation. The team publishes a newsletter, *Federal Funds Watch*, that provides the Texas Legislature with information on federal legislation and federal funding.

FISCAL NOTES

Fiscal notes identify the probable costs, savings, revenue gains, or revenue losses of each bill or resolution that is proposed by the Legislature. Under Senate Rules, a fiscal note must be attached to a bill or resolution prior to a final vote by a committee for the bill or resolution to be reported out of committee. Under House Rules, when a fiscal note is requested by a committee, the fiscal note must be attached to a bill before a committee hearing on that bill may be conducted. A fiscal note representing the most recent version of the bill must remain with the bill or resolution throughout the legislative process, including the point at which it is submitted to the Governor.

IMPACT STATEMENTS

In addition to fiscal notes, LBB staff prepare impact statements that provide the Legislature information about and analysis of certain bills being considered for enactment. There are seven types of impact statements provided by the LBB: (1) criminal justice policy impact statements, (2) equalized education funding impact statements, (3) tax equity notes, (4) actuarial impact statements, (5) open-government impact statements, (6) water development policy impact statements, and (7) higher education impact statements. **Figure 396** shows the number of fiscal notes and impact statements prepared by the LBB since the Seventy-seventh Regular Session.

Criminal justice policy impact statements identify the probable impact of proposed legislation on the state's juvenile and adult correctional populations. In support of this effort, the LBB maintains databases and simulation models relating to the criminal justice system, which are used to forecast correctional populations and to estimate the impact of specific legislation and policy alternatives in the area of adult corrections.

Equalized education funding impact statements, as well as other special reports on school finance, are prepared by the LBB for certain public education bills. School finance reports contain projected costs of current and proposed school funding formulas as well as the projected impact on system equity. Current and historical data by school district is also available through this reporting system.

Tax equity notes are prepared for certain revenue bills and assess the distributional impact of proposed revenue measures on Texas businesses and individuals.

Actuarial impact statements provide estimates of changes in public pension funds. The LBB produces these impact statements with assistance from the Pension Review Board.

Open-government impact statements show the estimated impact of proposed public-access legislation. Such legislation can involve either expressed or implied changes to both public access to government information or the transaction

FIGURE 396
LEGISLATIVE BUDGET BOARD FISCAL NOTES AND IMPACT STATEMENTS, LEGISLATIVE SESSIONS SEVENTY-SEVENTH TO EIGHTY-THIRD

TYPE OF ANALYSIS	77TH 2001	78TH 2003	79TH 2005	80TH 2007	81ST 2009	82ND 2011	83RD 2013	CHANGE FROM 82ND TO 83RD	PERCENTAGE CHANGE 82ND TO 83RD
Bills Filed	5,712	6,250	6,238	6,362	7,636	6,124	6,381	257	4.2
Fiscal Notes	9,354	8,621	8,422	9,410	10,324	8,412	8,036	(376)	(4.5)
Impact Statements:	2,012	1,793	1,905	1,400	1,846	1,065	905	(160)	(15.0)
Criminal justice impact statement	939	646	765	961	1,011	545	439	(106)	(19.4)
Equalized education statement	338	562	390	10	23	8	1	(7)	(87.5)
Tax/Fee equity note	418	215	101	22	482	340	366	26	7.6
Actuarial impact statement	168	122	165	118	51	57	75	18	31.6
Open government impact statement	33	29	49	19	9	9	5	(4)	(44.4)
Water development policy impact statement	88	78	242	260	267	97	10	(87)	(89.7)
Higher education impact statement	28	140	190	10	3	1	3	2	200.0
Dynamic Economic Impact Statement	0	1	3	0	0	8	6	(2)	(25.0)
TOTAL, NOTES AND STATEMENTS	**11,366**	**10,414**	**10,327**	**10,810**	**12,170**	**9,477**	**8,941**	**(536)**	**(5.7)**

NOTE: Includes regular and special legislative sessions.
SOURCES: Legislative Budget Board; Legislative Reference Library.

of public business by impacting open records law, open meetings law, or other law.

Water development policy impact statements provide estimates of changes resulting from the creation of water districts.

Higher education impact statements estimate the implications of creating or changing the classification, mission, or governance of an institution of higher education.

INFORMATION RESOURCES

The LBB staff is responsible for analyzing and evaluating agency Biennial Operating Plans and monitoring and providing oversight of information resource projects within agencies and universities by attending project meetings, coordinating committee meetings, and conducting on-site visits. In addition to these responsibilities, the LBB, the State Auditor's Office, and the Department of Information Resources staff serve in a joint capacity on the Quality Assurance Team (QAT), reviewing state agency information resource projects that cost at least $1 million and meet other established criteria. During the period from November 2011 through November 2012, the QAT monitored 53 major information resource projects representing more than $1.5 billion.

SIGNIFICANT LEGISLATION

HB 2362 – River Authority Reviews. The Eighty-third Legislature, Regular Session, 2013, passed House Bill 2362, which subjected districts that are river authorities to an efficiency review by the LBB. The legislation requires the LBB to conduct an efficiency review of both the Lower Colorado River Authority and the Brazos River Authority before conducting a review of any other river authority.

SUNSET ADVISORY COMMISSION

The Texas Legislature established the Sunset Advisory Commission in 1977 to enhance the accountability of state government by periodically evaluating the ongoing need for, and efficiency of, state agencies. The 12-member commission consists of five members of the Senate and one public member appointed by the Lieutenant Governor, and five members of the House of Representatives and one public member appointed by the Speaker.

Funds for operating the Sunset Advisory Commission are provided through appropriations of General Revenue Funds to the Senate and House of Representatives and are transferred to a special operating account each fiscal year. Appropriations to be transferred for the 2014–15 biennium total $4.2 million in General Revenue Funds. In addition, the agency receives a direct appropriation of $0.4 million in General Revenue Funds, for a total biennial budget of $4.6 million in General Revenue Funds. The total appropriation represents an increase of $0.4 million, or 10.2 percent, from the 2012–13 biennial expenditure level and mainly impacts additional resources needed to complete complex agency reviews in the 2014–15 biennium.

Typically, state agencies undergo Sunset review once every 12 years. The Sunset Commission evaluates the operations of about 25 agencies every two years, in the interim prior to the legislative session that the agency is set to terminate. The Sunset staff reports its findings and recommendations to the commission, incorporates recommendations adopted by the commission into a Sunset bill on each agency and supports the Sunset bills throughout the legislative session.

The Sunset Commission has conducted 475 reviews since 1977. As a result of this process the Legislature has abolished 79 agencies—38 were abolished altogether and 41 were abolished with their functions transferred to an existing or newly created agency. Changes enacted through the Sunset process to eliminate or improve state services have resulted in an overall positive fiscal impact of $945.2 million.

During the Eighty-third Legislature, 2013, legislation was considered affecting 24 entities based on recommendations from the Sunset Commission. Changes enacted through Sunset bills in fiscal year 2013 are projected to result in $879,108 in savings and revenue gains with offsetting costs of $665,734 over the next two fiscal years. One entity, the Office of Fire Fighters Pension Commissioner, was abolished and the State Pension Review Board is now required to provide technical assistance, training, and information to boards of trustees of local firefighter retirement systems.

The Legislature took actions to continue one self-directed semi-independent (SDSI) Agency Project Act and 22 agencies and entities, many with significant changes**.** The agencies continued in 2013 for 12 years include the Texas Board of Architectural Examiners, Texas Commission on the Arts, Texas Board of Professional Engineers, Texas Higher Education Coordinating Board, Texas Department of Housing and Community Affairs, Texas Lottery Commission, and the State Pension Review Board, State Preservation Board. Sunset legislation for the Texas Ethics Commission was passed and subsequently vetoed by the Governor; however, the agency was not subject to abolishment and will be reviewed in 12 years. The Public Utility Commission of Texas was continued for 10 years. The Department of Information Resources, the Procurement and Support Services Division of the Comptroller of Public Accounts, and the Texas Board and Department of Criminal Justice along with the Correctional Managed Health Care Committee, Board of Pardons and Paroles, and the Windham School District were continued for eight years. The State Commission on Judicial Conduct which was not subject to abolishment, will continue and be reviewed in six years. Agencies continued for four years included the State Employee Charitable Campaign Policy Committee and the Texas Railroad Commission, whose Sunset legislation failed to pass. The Port of Houston Authority will also be reviewed in four years but was not subject to abolishment. The Texas Education Agency, whose Sunset legislation failed to pass, and the Texas Facilities Commission were continued for two years and will be under Sunset review again in the 2014–15 biennium. The Legislature also continued the SDSI Agency Project Act and removed it from further Sunset review. During the 2014–15 biennium, the agency will conduct 21 reviews, as shown in **Figure 397**.

FIGURE 397
SUNSET REVIEW SCHEDULE, 2014–15 BIENNIUM

General Government

- Facilities Commission, Texas (1)

Health and Human Services

- Aging and Disability Services, Department of
- Assistive and Rehabilitative Services, Department of
- Family and Protective Services, Department of
- Health and Human Services Commission
- Health Services, Department of State

Public Education

- Education Agency, Texas (1)
- Special Review: TEA Contracts for Assessment Instruments

Natural Resources

- Soil and Water Conservation Board, State (2)

Business and Economic Development

- Workforce Commission, Texas

Regulatory

- Administrative Hearings, State Office of
- Tax Division, State Office of Administrative Hearings

Other

- Children With Special Needs, Interagency Task Force for
- Developmental Disabilities, Texas Council for
- Health Care Information Council, Texas
- Health Services Authority, Texas
- People with Disabilities, Governor's Committee on
- Purchasing From People with Disabilities, Texas Council on
- Special Review: Entry criteria for Self-Directed Semi-Independent Agencies
- University Interscholastic League
- Workforce Investment Council, Texas

NOTES:
(1) Review limited to the appropriateness of recommendations made to the Eighty-third Legislature.
(2) Limited scope review.
SOURCE: Sunset Advisory Commission.

TEXAS LEGISLATIVE COUNCIL

The Texas Legislative Council was established by statute in 1949 and began operations in 1950. The council is a 14-member board consisting of the Lieutenant Governor and the Speaker of the House of Representatives (who serve as joint chairs), six members of the Senate appointed by the Lieutenant Governor, the Chair of the House Administration Committee, and five members of the House of Representatives appointed by the Speaker. Appropriations for the 2014–15 biennium total $69.4 million in General Revenue Funds.

The agency employs an Executive Director, who is responsible for employing professional and clerical staff and supervising their performance. The agency is responsible for the following statutorily defined duties:

- assisting the Legislature in drafting proposed legislation;
- providing data-processing services to aid the members and committees of the Legislature in accomplishing their duties;
- gathering and disseminating information for the Legislature;
- conducting other investigations, studies, and reports as may be deemed useful to the legislative branch of state government; and
- investigating departments, agencies, and officers and studying their functions and problems.

The agency also develops and implements plans for the continuing revision of state statutes, including simplifying classification, improving numbering, and clarifying the statutes without substantively changing them.

During legislative sessions, council staff drafts bills, resolutions, amendments, committee substitutes, and conference committee reports for both the Senate and the House. In addition, staff members engross and enroll House documents, and distribute House bills. The agency also assists the Legislature with infrequent or unusual responsibilities, such as redistricting and election contests.

The Texas Legislature is responsible for redistricting state senate, state house, U.S. congressional, and the State Board of Education districts during the first regular session following publication of each U.S. decennial census, and for making changes to state judicial districts. Redistricting is the revision or replacement of existing districts, resulting in new districts with different geographical boundaries to equalize population in state and congressional districts. The Texas Legislative Council has several responsibilities relating to the redistricting process:

- prepares publications about the redistricting process, data, and law to assist those involved or interested in the redistricting process;
- provides technical and legal support to the Legislature, including development and support of district modeling computer systems and development of web information resources; and
- prepares and distributes maps to the Legislature of redistricting plans and current districts of the Texas House of Representatives, Texas Senate, Texas delegation to the U.S. House of Representatives, and the State Board of Education.

Between sessions, the agency assists standing and special legislative committees with research. The legal staff devotes the majority of its interim efforts to statutory revision projects that, when completed, are presented to the next regular session of the Legislature for consideration.

The Legislative Information Systems Division makes data-processing equipment and techniques available to the legislative branch. This division develops and operates automated systems that support the legislative process. It processes the text of draft documents, bills, resolutions, and House and Senate Journals and reports on bill status and legislative committee activity. It also supports automated budget analysis and the production of appropriations bills.

In addition, the division provides programming support for the fiscal notes system, tracks membership of boards and commissions, and designs accounting, payroll, and personnel systems for use by the Legislature and legislative branch agencies.

COMMISSION ON UNIFORM STATE LAWS

The Commission on Uniform State Laws was established in 1951 to promote uniformity in state laws in subject areas in which uniformity is desirable and practicable. The agency also promotes uniform judicial interpretation of all uniform state laws, advises the Legislature on adoption of uniform state laws, and sends staff members to national conferences on uniform state laws.

The Commission on Uniform State Laws consists of nine Governor-appointed members, the Executive Director of the Texas Legislative Council, and other members who qualify by service with the Commission or the National Conference of Commissioners on Uniform State Laws. The commission receives accounting, clerical, and other support services from the Texas Legislative Council. Appropriations to the Commission on Uniform State Laws for the 2014–15 biennium total $0.3 million in General Revenue Funds.

STATE AUDITOR'S OFFICE

The State Auditor's Office (SAO) was established in 1943 and functions as the independent auditor for Texas state government. SAO is authorized to perform audits, investigations, and other services to ensure that state agencies, higher education institutions, and other governmental entities follow state and federal laws and regulations.

The State Auditor is appointed by the Legislative Audit Committee, a permanent standing joint committee of the Legislature. The six-member committee consists of the Lieutenant Governor (joint chair), the Speaker of the House of Representatives (joint chair), the chair of the Senate Finance Committee, one member of the Senate appointed by the Lieutenant Governor, the chair of the House Appropriations Committee, and the chair of the House Ways and Means Committee. In addition to appointing the State Auditor, the Legislative Audit Committee approves SAO's annual audit plan and budget.

Appropriations for SAO for the 2014–15 biennium total $40.0 million in All Funds. This amount includes $30.4 million, or 76.1 percent, in General Revenue Funds. The remaining $9.6 million in Other Funds includes Appropriated Receipts and Interagency Contract funds. The All Funds appropriation represents an increase of approximately $0.9 million, or 2.3 percent, from the 2012–13 biennial expenditure level and mainly impacts additional audits required by the Eighty-third Legislature.

SAO's annual audit plan identifies all the audits, reviews, investigations, and other activities that the State Auditor may initiate during the state fiscal year. It includes both statutorily required and discretionary projects, which are developed based on a standardized risk assessment process.

AUDITS AND INVESTIGATIONS

Audits are performed in accordance with generally accepted government auditing standards, which include standards issued by the American Institute of Certified Public Accountants. SAO is authorized to perform four types of audits:

- economy and efficiency audits, which determine whether entities are managing and using their resources in an economical and efficient manner;
- effectiveness audits, which evaluate whether the objectives and intended benefits of a program are being achieved and whether the program is duplicative;
- financial audits, which evaluate whether accounting controls are adequate and whether the records, books, and accounts of state agencies, including institutions of higher education, and the financial statements for the state as a whole accurately reflect their financial and fiscal operations; and
- compliance audits, which determine whether funds have been spent in accordance with the purpose for which the funds were appropriated and authorized by law. (Note: Performance measure audits, a type of compliance audit, are used to certify the accuracy of state agencies' and institutions' performance measures.)

SAO also investigates specific acts or allegations of impropriety and abuse of state funds and resources. All state agencies and higher education institutions are required to report suspected fraud or unlawful conduct to SAO.

STATE CLASSIFICATION OFFICE

The Position Classification Act of 1961 established the State Classification Office within the State Auditor's Office. The State Classification Office is responsible for maintaining and updating the State's Position Classification Plan. As of September 1, 2012, the plan included 941 classification titles covering approximately 149,385 full-time classified employees at state agencies. During the biennial budget process, the State Classification Office recommends the addition and deletion of job classification titles and the reallocation of salary groups assigned to specific classifications. The classification index in the GAA includes three salary schedules: Schedule A is for clerical and technical positions, Schedule B is for professional positions, and Schedule C is for law enforcement positions.

In addition, the State Classification Office performs classification compliance audits of positions to ensure conformity with the plan, serves as a resource on state human resource management matters, and compiles and reports the number of full-time-equivalent state employees on an annual basis.

The State Classification Office also prepares a report on classified regular employee turnover. It is responsible for maintaining an online employee exit survey to obtain direct feedback from employees regarding reasons for leaving state employment. Analysis of this data is used to develop strategies to decrease the state's turnover rate. SAO, through the State Classification Office, also develops guidelines for state agencies to use when preparing the workforce plans that are included within their overall five-year strategic plans.

SIGNIFICANT LEGISLATION

Several bills were passed by the Eighty-third Legislature, Regular Session, 2013, that affect SAO. Among the more significant are House Bill 3390, Senate Bill 8, and Senate Bill 1390.

HB 3390 – Economic Development Act Reviews. The enactment of House Bill 3390 requires SAO to review at least three major agreements made under the Texas Economic Development Act and to make recommendations to increase the effectiveness and efficiency of that act.

SB 8 – Medicaid Fraud Study. The enactment of Senate Bill 8 requires the SAO to perform a study and issue a report concerning the indictment and criminal prosecution for Medicaid fraud of the employees of San Antonio, Texas call center for the medical transportation program.

SB 1390 – Texas Enterprise Fund Audit. The enactment of Senate Bill 1390 requires SAO to conduct an audit of the Texas Enterprise Fund.

LEGISLATIVE REFERENCE LIBRARY

The Legislative Reference Library (LRL) was established by the Sixty-first Legislature, 1969, as an independent agency. The LRL is governed by the Legislative Library Board, a six-member board consisting of the Lieutenant Governor, the Speaker of the House of Representatives, the chair of the House Appropriations Committee, two members of the Senate appointed by the Lieutenant Governor, and one member of the House of Representatives appointed by the Speaker. Appropriations for the 2014–15 biennium total $3.1 million in All Funds, primarily consisting of General Revenue Funds.

The LRL contains Texas legal and public affairs materials and the statutes of all 50 states. It also houses the original legislative bill files dating from 1973. In addition, it has a large collection of Texas state documents and a unique collection of Texas periodicals. The LRL collects from a variety of source materials on state government and issues affecting the Texas Legislature.

The LRL generates and manages data in the Texas Legislative Information System—the Legislature's online bill-status system—and operates a statewide telephone service for obtaining legislative information during legislative sessions. Also, the library developed a number of in-house databases accessible through the Legislature's computer network that contain specialized information on Texas state government, including state boards and commissions, specific facts and statistics on the Texas Legislature, an online card catalog, and newspaper articles included in the legislative clipping service. Additional in-house databases provide access to the legislative bill files and indexes on how legislation affects statutes.

APPENDIX A – AGENCIES BY ARTICLE

ARTICLE I — GENERAL GOVERNMENT

Commission on the Arts
Office of the Attorney General
Bond Review Board
Cancer Prevention and Research Institute of Texas
Comptroller of Public Accounts
  Fiscal Programs – Comptroller of Public Accounts
Commission on State Emergency Communications
Texas Emergency Services Retirement System
Employees Retirement System
Texas Ethics Commission
Facilities Commission
Public Finance Authority
Fire Fighters' Pension Commissioner
Office of the Governor
  Trusteed Programs within the Office of the Governor
Historical Commission
Department of Information Resources
Library and Archives Commission
Pension Review Board
Preservation Board
State Office of Risk Management
Secretary of State
Veterans Commission

ARTICLE II — HEALTH AND HUMAN SERVICES

Department of Aging and Disability Services
Department of Assistive and Rehabilitative Services
Department of Family and Protective Services
Department of State Health Services
Health and Human Services Commission

ARTICLE III — AGENCIES OF EDUCATION

Public Education

Texas Education Agency
School for the Blind and Visually Impaired
School for the Deaf
Teacher Retirement System
Optional Retirement Program

Higher Education

Higher Education Coordinating Board
Higher Education Group Insurance

General Academic Institutions

The University of Texas System Administration
The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas – Pan American
The University of Texas at Brownsville
The University of Texas of the Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler
Texas A&M University System Administrative and General Offices
Texas A&M University
Texas A&M University at Galveston
Prairie View A&M University
Tarleton State University
Texas A&M University – Central Texas
Texas A&M University – Corpus Christi
Texas A&M University – Kingsville
Texas A&M University – San Antonio
Texas A&M International University
West Texas A&M University
Texas A&M University – Commerce
Texas A&M University – Texarkana
University of Houston System Administration

ARTICLE III — AGENCIES OF EDUCATION *(CONTINUED)*

University of Houston

University of Houston – Clear Lake

University of Houston – Downtown

University of Houston – Victoria

Midwestern State University

University of North Texas System Administration

University of North Texas

University of North Texas at Dallas

Stephen F. Austin State University

Texas Southern University

Texas Tech University System Administration

Texas Tech University

Angelo State University

Texas Woman's University

Lamar University

Sam Houston State University

Texas State University

Sul Ross State University

Sul Ross State University Rio Grande College

Two-year Institutions

Lamar Institute of Technology

Lamar University – Orange

Lamar University – Port Arthur

Texas State Technical College System Administration

Texas State Technical College – Harlingen

Texas State Technical College – West Texas

Texas State Technical College – Marshall

Texas State Technical College – Waco

Public Community/Junior Colleges

Health-related Institutions

The University of Texas Southwestern Medical Center

The University of Texas Medical Branch at Galveston

The University of Texas Health Science Center at Houston

The University of Texas Health Science Center at San Antonio

The University of Texas M. D. Anderson Cancer Center

The University of Texas Health Center at Tyler

ARTICLE III — AGENCIES OF EDUCATION *(CONTINUED)*

Texas A&M University System Health Science Center

University of North Texas Health Science Center at Fort Worth

Texas Tech University Health Sciences Center

A&M University Services

Texas A&M AgriLife Research

Texas A&M AgriLife Extension Service

Texas A&M Engineering Experiment Station

Texas A&M Transportation Institute

Texas A&M Engineering Extension Service

Texas A&M Forest Service

Texas A&M Veterinary Medical Diagnostic Laboratory

Investment Funds

Higher Education Fund

Available University Fund

Available National Research University Fund

ARTICLE IV — THE JUDICIARY

Supreme Court of Texas

Court of Criminal Appeals

First Court of Appeals District, Houston

Second Court of Appeals District, Fort Worth

Third Court of Appeals District, Austin

Fourth Court of Appeals District, San Antonio

Fifth Court of Appeals District, Dallas

Sixth Court of Appeals District, Texarkana

Seventh Court of Appeals District, Amarillo

Eighth Court of Appeals District, El Paso

Ninth Court of Appeals District, Beaumont

Tenth Court of Appeals District, Waco

Eleventh Court of Appeals District, Eastland

Twelfth Court of Appeals District, Tyler

Thirteenth Court of Appeals District, Corpus Christi-Edinburg

Fourteenth Court of Appeals District, Houston

Office of Court Administration, Texas Judicial Council

Office of Capital Writs

Office of the State Prosecuting Attorney

ARTICLE IV — THE JUDICIARY (CONTINUED)

State Law Library

State Commission on Judicial Conduct

Judiciary Section, Comptroller's Department

ARTICLE V — PUBLIC SAFETY AND CRIMINAL JUSTICE

Alcoholic Beverage Commission

Department of Criminal Justice

Commission on Fire Protection

Commission on Jail Standards

Juvenile Justice Department

Commission on Law Enforcement

Texas Military Department

Department of Public Safety

ARTICLE VI — NATURAL RESOURCES

Department of Agriculture

Animal Health Commission

Commission on Environmental Quality

General Land Office and Veterans' Land Board

Low-level Radioactive Waste Disposal Compact Commission

Parks and Wildlife Department

Railroad Commission

Soil and Water Conservation Board

Water Development Board

ARTICLE VII — BUSINESS AND ECONOMIC DEVELOPMENT

Department of Housing and Community Affairs

Texas Lottery Commission

Department of Motor Vehicles

Department of Transportation

Texas Workforce Commission

ARTICLE VIII — REGULATORY

State Office of Administrative Hearings

Board of Chiropractic Examiners

Texas State Board of Dental Examiners

Funeral Service Commission

ARTICLE VIII — REGULATORY *(CONTINUED)*

Board of Professional Geoscientists

Health Professions Council

Office of Injured Employee Counsel

Department of Insurance

Office of Public Insurance Counsel

Board of Professional Land Surveying

Department of Licensing and Regulation

Texas Medical Board

Texas Board of Nursing

Optometry Board

Board of Pharmacy

Executive Council of Physical Therapy and Occupational Therapy Examiners

Board of Plumbing Examiners

Board of Podiatric Medical Examiners

Board of Examiners of Psychologists

Racing Commission

Securities Board

Public Utility Commission of Texas

Office of Public Utility Counsel

Board of Veterinary Medical Examiners

ARTICLE X — THE LEGISLATURE

Senate

House of Representatives

Legislative Budget Board

Sunset Advisory Commission

Legislative Council

Commission on Uniform State Laws

State Auditor's Office

Legislative Reference Library

APPENDIX B – SUMMARY OF BIENNIAL STATE BUDGET BY BIENNIUM

The following apply to all methods of finance in this Appendix:

a. *As noted, amounts shown in appendices reflect provisions not only of Senate Bill 1, Eighty-third Legislature, Regular Session, 2013, but also may reflect those of House Bill 7, Eighty-third Legislature, Regular Session, 2013, relating to certain statutorily dedicated revenue and accounts; House Bill 10, Eighty-third Legislature, Regular Session, 2013, and House Bill 1025, Eighty-third Legislature, Regular Session, 2013, relating to emergency and supplemental appropriation adjustments, respectively; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013, relating to proposing a constitutional amendment to transfer certain general revenue to the economic stabilization fund and to the state highway fund; and other appropriating legislation. Appropriations made by House Bill 10 and House Bill 1025 are subject to the appropriation life stated therein and are not shortened by inclusion in House Bill 1, Eighty-second Legislature, Regular Session, 2011 or extended by inclusion in Senate Bill 1, Eighty-third Legislature, Regular Session, 2013.*

b. *Unless expressly provided in House Bill 7, House Bill 10, and House Bill 1025, by the Eighty-third Legislature, Regular Session, 2013, or other appropriating legislation, such appropriations are not subject to General Provisions contained in Article IX of House Bill 1, Eighty-second Legislature, Regular Session, 2011, or Article IX of Senate Bill 1, Eighty-third Legislature, Regular Session, 2013.*

ALL FUNDS

TABLE B1
ALL FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2) (3)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$4,918,049,495	$4,840,290,214	($77,759,281)	(1.6)
Article II – Health and Human Services (4)	68,829,601,948	73,891,925,032	5,062,323,084	7.4
Article III – Agencies of Education	75,773,211,041	74,199,044,813	(1,574,166,228)	(2.1)
Article IV – The Judiciary	656,131,684	757,004,569	100,872,885	15.4
Article V – Public Safety and Criminal Justice	11,709,000,711	11,682,047,599	(26,953,112)	(0.2)
Article VI – Natural Resources	4,957,664,217	6,763,415,524	1,805,751,307	36.4
Article VII – Business and Economic Development	22,859,203,586	26,292,390,754	3,433,187,168	15.0
Article VIII – Regulatory	703,032,489	1,286,051,526	583,019,037	82.9
Article IX – General Provisions	0	349,312,566	349,312,566	N/A
Article X – The Legislature	348,867,003	359,648,216	10,781,213	3.1
TOTAL, ALL FUNCTIONS	**$190,754,762,174**	**$200,421,130,813**	**$9,666,368,639**	**5.1**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Appropriated amounts in All Funds and Other Funds for 2014–15 exclude an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.
(4) Funding totals for the 2012–13 biennium as reflected in Appendix B, Appendix C, and in the Department of Family and Protective Services section of Chapter 5, Health and Human Services, do not include $14.5 million in General Revenue Funds ($11.5 million in All Funds) for Foster Care and $0.4 million in General Revenue Funds ($0.6 million in All Funds) for Adoption Subsidies and Permanency Care Assistance. These amounts should be added to the figures shown to arrive at the totals approved by the Eighty-third Legislature for the 2012–13 biennium.
(5) Article totals exclude Interagency Contracts.
Source: Legislative Budget Board.

TABLE B1—(CONTINUED)
ALL FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$7,709,588	$13,411,716	$5,702,128	74.0
Office of the Attorney General	1,066,870,676	1,071,465,747	4,595,071	0.4
Bond Review Board	975,456	1,890,770	915,314	93.8
Cancer Prevention and Research Institute of Texas	588,060,936	594,092,892	6,031,956	1.0
Comptroller of Public Accounts	445,302,474	461,610,726	16,308,252	3.7
Fiscal Programs - Comptroller of Public Accounts	951,521,606	817,427,964	(134,093,642)	(14.1)
Commission on State Emergency Communications	109,795,275	145,807,005	36,011,730	32.8
Texas Emergency Services Retirement System	0	4,402,341	4,402,341	N/A
Employees Retirement System	16,748,964	16,748,964	0	0.0
Texas Ethics Commission	3,871,734	7,468,924	3,597,190	92.9
Facilities Commission	200,164,180	144,044,173	(56,120,007)	(28.0)
Public Finance Authority	2,931,840	2,742,791	(189,049)	(6.5)
Fire Fighters' Pension Commissioner	1,663,951	0	(1,663,951)	(100.0)
Office of the Governor	20,968,170	20,761,570	(206,600)	(1.0)
Trusteed Programs Within the Office of the Governor	846,477,717	798,360,450	(48,117,267)	(5.7)
Historical Commission	77,346,354	43,039,284	(34,307,070)	(44.4)
Department of Information Resources	519,500,251	586,013,380	66,513,129	12.8
Library and Archives Commission	50,849,442	45,675,842	(5,173,600)	(10.2)
Pension Review Board	1,399,235	1,766,691	367,456	26.3
Preservation Board	31,880,873	31,802,880	(77,993)	(0.2)
State Office of Risk Management	103,027,643	104,272,583	1,244,940	1.2
Secretary of State	88,361,903	57,165,257	(31,196,646)	(35.3)
Veterans Commission	55,229,880	52,816,386	(2,413,494)	(4.4)
Subtotal, General Government	**$5,190,658,148**	**$5,022,788,336**	**($167,869,812)**	**(3.2)**
Retirement and Group Insurance	$200,567,044	$239,240,935	$38,673,891	19.3
Social Security and Benefit Replacement Pay	72,241,470	73,268,189	1,026,719	1.4
Subtotal, Employee Benefits	**$272,808,514**	**$312,509,124**	**$39,700,610**	**14.6**
Bond Debt Service Payments	$97,391,435	$212,585,417	$115,193,982	118.3
Lease Payments	22,026,944	13,037,143	(8,989,801)	(40.8)
Subtotal, Debt Service	**$119,418,379**	**$225,622,560**	**$106,204,181**	**88.9**
Less Interagency Contracts	$664,835,546	$720,629,806	$55,794,260	8.4
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$4,918,049,495**	**$4,840,290,214**	**($77,759,281)**	**(1.6)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B1—(CONTINUED)
ALL FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	$12,768,967,379	$13,862,441,955	$1,093,474,576	8.6
Department of Assistive and Rehabilitative Services	1,239,609,155	1,264,204,615	24,595,460	2.0
Department of Family and Protective Services (3)	2,689,138,937	3,036,057,498	346,918,561	12.9
Department of State Health Services	5,954,261,957	6,543,880,577	589,618,620	9.9
Health and Human Services Commission	45,548,242,792	48,548,563,184	3,000,320,392	6.6
Subtotal, Health and Human Services	**$68,200,220,220**	**$73,255,147,829**	**$5,054,927,609**	**7.4**
Retirement and Group Insurance	$1,140,647,096	$1,367,263,345	$226,616,249	19.9
Social Security and Benefit Replacement Pay	329,412,965	333,797,253	4,384,288	1.3
Subtotal, Employee Benefits	**$1,470,060,061**	**$1,701,060,598**	**$231,000,537**	**15.7**
Bond Debt Service Payments	$55,823,521	$56,004,300	$180,779	0.3
Lease Payments	12,514,159	8,689,599	(3,824,560)	(30.6)
Subtotal, Debt Service	**$68,337,680**	**$64,693,899**	**($3,643,781)**	**(5.3)**
Less Interagency Contracts	$909,016,013	$1,128,977,294	$219,961,281	24.2
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$68,829,601,948**	**$73,891,925,032**	**$5,062,323,084**	**7.4**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Funding totals for the 2012–13 biennium as reflected in Appendix B, Appendix C, and in the Department of Family and Protective Services section of Chapter 5, Health and Human Services, do not include $14.5 million in General Revenue Funds ($11.5 million in All Funds) for Foster Care and $0.4 million in General Revenue Funds ($0.6 million in All Funds) for Adoption Subsidies and Permanency Care Assistance. These amounts should be added to the figures shown to arrive at the totals approved by the Eighty-third Legislature for the 2012–13 biennium.
(4) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B1—(CONTINUED)
ALL FUNDS — AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2) (3)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	$49,069,027,062	$52,735,842,697	$3,666,815,635	7.5
School for the Blind and Visually Impaired	64,074,832	44,341,007	(19,733,825)	(30.8)
School for the Deaf	55,826,300	53,467,158	(2,359,142)	(4.2)
Subtotal, Public Education	**$49,188,928,194**	**$52,833,650,862**	**$3,644,722,668**	**7.4**
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	$1,749,380,723	$1,786,519,018	$37,138,295	2.1
Lamar Institute of Technology	27,311,673	22,888,743	(4,422,930)	(16.2)
Lamar State College - Orange	18,536,718	18,934,012	397,294	2.1
Lamar State College - Port Arthur	22,687,784	27,072,478	4,384,694	19.3
Subtotal, Lamar State Colleges	**$68,536,175**	**$68,895,233**	**$359,058**	**0.5**
Texas State Technical Colleges				
Texas State Technical College System Administration	$8,378,977	$11,585,782	$3,206,805	38.3
Texas State Technical College - Harlingen	51,303,445	50,702,756	(600,689)	(1.2)
Texas State Technical College - West Texas	25,721,805	22,664,372	(3,057,433)	(11.9)
Texas State Technical College - Marshall	11,847,294	12,362,457	515,163	4.3
Texas State Technical College - Waco	75,167,372	73,072,940	(2,094,432)	(2.8)
Subtotal, Texas State Technical Colleges	**$172,418,893**	**$170,388,307**	**$(2,030,586)**	**(1.2)**
Subtotal, Two-year Institutions	**$1,990,335,791**	**$2,025,802,558**	**$35,466,767**	**1.8**
General Academic Institutions				
The University of Texas System Administration	$18,248,051	$27,311,825	$9,063,774	49.7
The University of Texas at Arlington	299,184,578	307,233,622	8,049,044	2.7
The University of Texas at Austin	705,695,368	760,975,434	55,280,066	7.8
The University of Texas at Dallas	241,878,357	264,235,347	22,356,990	9.2
The University of Texas at El Paso	197,947,006	208,091,895	10,144,889	5.1
The University of Texas - Pan American	163,963,049	170,607,009	6,643,960	4.1
The University of Texas at Brownsville	61,163,446	61,239,995	76,549	0.1
The University of Texas of the Permian Basin	59,370,511	62,815,190	3,444,679	5.8
The University of Texas at San Antonio	265,677,341	281,504,951	15,827,610	6.0
The University of Texas at Tyler	70,782,078	75,350,241	4,568,163	6.5
Texas A&M University System Administrative and General Offices	4,501,868	4,473,868	(28,000)	(0.6)
Texas A&M University	652,330,269	716,117,279	63,787,010	9.8
Texas A&M University at Galveston	38,092,637	40,498,073	2,405,436	6.3
Prairie View A&M University	122,215,178	127,278,650	5,063,472	4.1
Tarleton State University	85,843,371	96,158,906	10,315,535	12.0
Texas A&M University - Central Texas	30,084,108	32,894,873	2,810,765	9.3
Texas A&M University - Corpus Christi	108,797,283	117,281,535	8,484,252	7.8
Texas A&M University - Kingsville	74,727,651	85,324,818	10,597,167	14.2

TABLE B1—(CONTINUED)
ALL FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2) (3)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas A&M University - San Antonio	$39,148,392	$45,467,152	$6,318,760	16.1
Texas A&M International University	74,096,260	75,567,997	1,471,737	2.0
West Texas A&M University	76,812,815	78,455,565	1,642,750	2.1
Texas A&M University - Commerce	99,873,812	105,493,171	5,619,359	5.6
Texas A&M University - Texarkana	34,448,410	36,470,286	2,021,876	5.9
University of Houston System Administration	50,842,067	49,214,789	(1,627,278)	(3.2)
University of Houston	421,916,512	436,841,326	14,924,814	3.5
University of Houston - Clear Lake	73,372,618	74,631,453	1,258,835	1.7
University of Houston - Downtown	72,416,416	77,516,195	5,099,779	7.0
University of Houston - Victoria	37,725,403	41,776,774	4,051,371	10.7
Midwestern State University	48,489,055	47,610,115	(878,940)	(1.8)
University of North Texas System Administration	6,732,226	6,732,226	0	0.0
University of North Texas	292,247,918	308,807,440	16,559,522	5.7
University of North Texas at Dallas	32,127,979	32,216,553	88,574	0.3
Stephen F. Austin State University	111,844,722	113,843,760	1,999,038	1.8
Texas Southern University	161,258,332	153,016,482	(8,241,850)	(5.1)
Texas Tech University System Administration	2,850,000	2,850,000	0	0.0
Texas Tech University	361,796,625	400,983,223	39,186,598	10.8
Angelo State University	63,412,371	70,854,675	7,442,304	11.7
Texas Woman's University	135,259,184	141,442,499	6,183,315	4.6
Texas State University System	4,450,000	2,850,000	(1,600,000)	(36.0)
Lamar University	102,806,264	112,587,379	9,781,115	9.5
Sam Houston State University	148,515,887	156,818,928	8,303,041	5.6
Texas State University	256,375,184	276,511,655	20,136,471	7.9
Sul Ross State University	39,444,097	29,810,450	(9,633,647)	(24.4)
Sul Ross State University Rio Grande College	9,463,592	12,094,855	2,631,263	27.8
Subtotal, General Academic Institutions	**$5,958,228,291**	**$6,329,858,459**	**$371,630,168**	**6.2**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$284,098,552	$302,967,467	$18,868,915	6.6
The University of Texas Medical Branch at Galveston	1,416,733,104	545,604,878	(871,128,226)	(61.5)
The University of Texas Health Science Center at Houston	354,551,490	374,746,730	20,195,240	5.7
The University of Texas Health Science Center at San Antonio	309,472,996	328,482,259	19,009,263	6.1
The University of Texas M.D. Anderson Cancer Center	5,535,937,932	361,686,946	(5,174,250,986)	(93.5)
The University of Texas Health Science Center at Tyler	185,542,733	79,689,299	(105,853,434)	(57.1)
Texas A&M University System Health Science Center	247,494,108	268,644,967	21,150,859	8.5
University of North Texas Health Science Center at Fort Worth	140,058,642	161,042,018	20,983,376	15.0

TABLE B1—(CONTINUED)
ALL FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2) (3)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Tech University Health Sciences Center	$354,784,691	$375,468,610	$20,683,919	5.8
Subtotal, Health-related Institutions	**$8,828,674,248**	**$2,798,333,174**	**($6,030,341,074)**	**(68.3)**
Texas A&M University Services				
Texas A&M AgriLife Research	$133,487,799	$137,298,382	$3,810,583	2.9
Texas A&M AgriLife Extension Service	128,616,970	129,033,456	416,486	0.3
Texas A&M Engineering Experiment Station	235,456,876	239,122,348	3,665,472	1.6
Texas A&M Transportation Institute	97,310,558	106,772,751	9,462,193	9.7
Texas A&M Engineering Extension Service	149,676,017	150,767,172	1,091,155	0.7
Texas A&M Forest Service	356,955,997	114,551,360	(242,404,637)	(67.9)
Texas A&M Veterinary Medical Diagnostic Laboratory	30,695,516	36,313,462	5,617,946	18.3
Subtotal, Texas A&M University Services	**$1,132,199,733**	**$913,858,931**	**($218,340,802)**	**(19.3)**
Other Higher Education				
Higher Education Coordinating Board	$1,402,296,891	$1,488,750,628	$86,453,737	6.2
Higher Education Fund	525,000,000	525,000,000	0	0.0
Available University Fund	1,261,914,024	1,320,507,419	58,593,395	4.6
Available National Research University Fund	50,898,138	55,896,546	4,998,408	9.8
Subtotal, Other Higher Education	**$3,240,109,053**	**$3,390,154,593**	**$150,045,540**	**4.6**
Subtotal, Public Higher Education	**$21,149,547,116**	**$15,458,007,715**	**($5,691,539,401)**	**(26.9)**
Employee Benefits				
Teacher Retirement System	$3,707,372,451	$3,904,702,348	$197,329,897	5.3
Optional Retirement Program	260,988,717	263,442,121	2,453,404	0.9
Higher Education Employees Group Insurance Contributions	967,561,513	1,192,834,644	225,273,131	23.3
Retirement and Group Insurance	59,818,919	72,035,003	12,216,084	20.4
Social Security and Benefit Replacement Pay	515,724,661	536,346,939	20,622,278	4.0
Subtotal, Employee Benefits	**$5,511,466,261**	**$5,969,361,055**	**$457,894,794**	**8.3**
Debt Service				
Bond Debt Service Payments	$13,947,851	$22,707,387	$8,759,536	62.8
Lease Payments	5,295,338	5,058,596	(236,742)	(4.5)
Subtotal, Debt Service	**$19,243,189**	**$27,765,983**	**$8,522,794**	**44.3**
Less Interagency Contracts	$95,973,719	$89,740,802	($6,232,917)	(6.5)
TOTAL, ARTICLE III – AGENCIES OF EDUCATION	**$75,773,211,041**	**$74,199,044,813**	**($1,574,166,228)**	**(2.1)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Appropriated amounts in All Funds and Other Funds for 2014–15 exclude an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.
(4) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B1—(CONTINUED)
ALL FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$73,840,827	$65,369,776	($8,471,051)	(11.5)
Court of Criminal Appeals	27,311,742	29,497,753	2,186,011	8.0
First Court of Appeals District, Houston	7,498,991	8,513,198	1,014,207	13.5
Second Court of Appeals District, Fort Worth	5,681,557	6,540,921	859,364	15.1
Third Court of Appeals District, Austin	4,965,972	5,593,546	627,574	12.6
Fourth Court of Appeals District, San Antonio	5,742,947	6,560,778	817,831	14.2
Fifth Court of Appeals District, Dallas	10,221,777	11,664,137	1,442,360	14.1
Sixth Court of Appeals District, Texarkana	2,694,115	3,032,077	337,962	12.5
Seventh Court of Appeals District, Amarillo	3,326,255	3,774,810	448,555	13.5
Eighth Court of Appeals District, El Paso	2,753,126	3,090,582	337,456	12.3
Ninth Court of Appeals District, Beaumont	3,318,055	3,770,107	452,052	13.6
Tenth Court of Appeals District, Waco	2,663,958	3,022,598	358,640	13.5
Eleventh Court of Appeals District, Eastland	2,688,857	3,036,048	347,191	12.9
Twelfth Court of Appeals District, Tyler	2,734,087	3,054,163	320,076	11.7
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	4,984,885	5,605,003	620,118	12.4
Fourteenth Court of Appeals District, Houston	7,530,247	8,533,158	1,002,911	13.3
Office of Court Administration, Texas Judicial Council	93,820,403	150,430,793	56,610,390	60.3
Office of Capital Writs	1,790,193	2,086,868	296,675	16.6
Office of the State Prosecuting Attorney	764,519	794,519	30,000	3.9
State Law Library	1,716,612	2,042,860	326,248	19.0
State Commission on Judicial Conduct	1,894,312	1,894,312	0	0.0
Judiciary Section, Comptroller's Department	285,559,526	301,981,132	16,421,606	5.8
Subtotal, The Judiciary	**$553,502,963**	**$629,889,139**	**$76,386,176**	**13.8**
Retirement and Group Insurance	$96,861,607	$123,957,465	$27,095,858	28.0
Social Security and Benefit Replacement Pay	19,851,750	19,883,687	31,937	0.2
Subtotal, Employee Benefits	**$116,713,357**	**$143,841,152**	**$27,127,795**	**23.2**
Lease Payments	$4,565,516	$2,290,175	($2,275,341)	(49.8)
Subtotal, Debt Service	**$4,565,516**	**$2,290,175**	**($2,275,341)**	**(49.8)**
Less Interagency Contracts	$18,650,152	$19,015,897	$365,745	2.0
TOTAL, ARTICLE IV – THE JUDICIARY	**$656,131,684**	**$757,004,569**	**$100,872,885**	**15.4**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B1—(CONTINUED)
ALL FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	$84,993,385	$88,346,640	$3,353,255	3.9
Department of Criminal Justice	6,137,439,702	6,300,496,811	163,057,109	2.7
Commission on Fire Protection	3,921,026	3,892,118	(28,908)	(0.7)
Commission on Jail Standards	1,826,918	1,820,978	(5,940)	(0.3)
Juvenile Justice Department	674,315,370	651,442,939	(22,872,431)	(3.4)
Commission on Law Enforcement	5,438,469	6,636,248	1,197,779	22.0
Texas Military Department	136,102,923	145,859,755	9,756,832	7.2
Department of Public Safety	3,093,969,836	2,680,261,772	(413,708,064)	(13.4)
Subtotal, Public Safety and Criminal Justice	**$10,138,007,629**	**$9,878,757,261**	**($259,250,368)**	**(2.6)**
Retirement and Group Insurance	$1,093,465,363	$1,301,463,221	$207,997,858	19.0
Social Security and Benefit Replacement Pay	322,203,527	330,819,022	8,615,495	2.7
Subtotal, Employee Benefits	**$1,415,668,890**	**$1,632,282,243**	**$216,613,353**	**15.3**
Bond Debt Service Payments	$339,543,097	$346,987,624	$7,444,527	2.2
Lease Payments	3,826,861	2,130,368	(1,696,493)	(44.3)
Subtotal, Debt Service	**$343,369,958**	**$349,117,992**	**$5,748,034**	**1.7**
Less Interagency Contracts	$188,045,766	$178,109,897	($9,935,869)	(5.3)
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$11,709,000,711**	**$11,682,047,599**	**($26,953,112)**	**(0.2)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B1—(CONTINUED)
ALL FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$1,135,338,139	$1,116,690,609	($18,647,530)	(1.6)
Animal Health Commission	18,072,975	20,789,995	2,717,020	15.0
Commission on Environmental Quality	709,945,215	728,911,432	18,966,217	2.7
General Land Office and Veterans' Land Board	1,668,897,279	1,440,336,014	(228,561,265)	(13.7)
Low-level Radioactive Waste Disposal Compact Commission	766,578	1,166,578	400,000	52.2
Parks and Wildlife Department	585,256,991	597,326,018	12,069,027	2.1
Railroad Commission	176,687,504	158,549,795	(18,137,709)	(10.3)
Soil and Water Conservation Board	41,888,710	52,545,454	10,656,744	25.4
Water Development Board	165,633,382	2,128,356,592	1,962,723,210	1,185.0
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	210,833,479	213,767,688	2,934,209	1.4
Subtotal, Natural Resources	**$4,713,320,252**	**$6,458,440,175**	**$1,745,119,923**	**37.0**
Retirement and Group Insurance	$200,511,833	$237,944,818	$37,432,985	18.7
Social Security and Benefit Replacement Pay	65,935,398	65,964,986	29,588	0.0
Subtotal, Employee Benefits	**$266,447,231**	**$303,909,804**	**$37,462,573**	**14.1**
Bond Debt Service Payments	$17,766,600	$30,916,818	$13,150,218	74.0
Lease Payments	7,061,287	6,018,885	(1,042,402)	(14.8)
Subtotal, Debt Service	**$24,827,887**	**$36,935,703**	**$12,107,816**	**48.8**
Less Interagency Contracts	$46,931,153	$5,870,158	($11,060,995)	(23.6)
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$4,957,664,217**	**$6,763,415,524**	**$1,805,751,307**	**36.4**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B1—(CONTINUED)
ALL FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$464,162,396	$465,869,676	$1,707,280	0.4
Texas Lottery Commission	431,890,183	440,746,113	8,855,930	2.1
Department of Motor Vehicles	308,331,340	294,217,722	(14,113,618)	(4.6)
Department of Transportation	18,843,556,531	22,086,442,298	3,242,885,767	17.2
Texas Workforce Commission	2,236,581,544	2,339,899,515	103,317,971	4.6
Reimbursements to the Unemployment Compensation Benefit Account	68,800,199	46,432,624	(22,367,575)	(32.5)
Subtotal, Business and Economic Development	**$22,353,322,193**	**$25,673,607,948**	**$3,320,285,755**	**14.9**
Retirement and Group Insurance	$483,880,381	$582,029,507	$98,149,126	20.3
Social Security and Benefit Replacement Pay	126,524,744	127,376,245	851,501	0.7
Subtotal, Employee Benefits	**$610,405,125**	**$709,405,752**	**$99,000,627**	**16.2**
Bond Debt Service Payments	$24,446,625	$28,048,148	$3,601,523	14.7
Lease Payments	2,278,530	1,668,265	(610,265)	(26.8)
Subtotal, Debt Service	**$26,725,155**	**$29,716,413**	**$2,991,258**	**11.2**
Less Interagency Contracts	$131,248,887	$120,339,359	($10,909,528)	(8.3)
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$22,859,203,586**	**$26,292,390,754**	**$3,433,187,168**	**15.0**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B1—(CONTINUED)
ALL FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$19,219,850	$19,056,152	($163,698)	(0.9)
Board of Chiropractic Examiners	1,240,165	1,546,965	306,800	24.7
Texas State Board of Dental Examiners	4,796,013	8,252,846	3,456,833	72.1
Funeral Service Commission	1,515,114	1,679,154	164,040	10.8
Board of Professional Geoscientists	1,170,394	1,160,394	(10,000)	(0.9)
Health Professions Council	1,710,644	1,921,062	210,418	12.3
Office of Injured Employee Counsel	15,539,341	16,399,084	859,743	5.5
Department of Insurance	253,972,484	226,423,281	(27,549,203)	(10.8)
Office of Public Insurance Counsel	2,069,825	2,069,825	0	0.0
Board of Professional Land Surveying	927,286	893,539	(33,747)	(3.6)
Department of Licensing and Regulation	48,116,038	48,459,214	343,176	0.7
Texas Medical Board	22,029,523	23,162,201	1,132,678	5.1
Texas Board of Nursing	21,508,247	17,844,518	(3,663,729)	(17.0)
Optometry Board	919,345	948,100	28,755	3.1
Board of Pharmacy	10,432,360	13,756,622	3,324,262	31.9
Executive Council of Physical Therapy and Occupational Therapy Examiners	2,252,015	2,435,997	183,982	8.2
Board of Plumbing Examiners	4,334,306	4,936,934	602,628	13.9
Board of Podiatric Medical Examiners	484,029	556,958	72,929	15.1
Board of Examiners of Psychologists	1,610,402	1,695,702	85,300	5.3
Racing Commission	16,632,563	17,902,087	1,269,524	7.6
Securities Board	13,695,168	13,973,182	278,014	2.0
Public Utility Commission of Texas	178,670,123	757,500,521	578,830,398	324.0
Office of Public Utility Counsel	3,007,406	4,306,766	1,299,360	43.2
Board of Veterinary Medical Examiners	1,941,210	2,282,700	341,490	17.6
Subtotal, Regulatory	**$627,793,851**	**$1,189,163,804**	**$561,369,953**	**89.4**
Retirement and Group Insurance	$68,233,436	$79,901,494	$11,668,058	17.1
Social Security and Benefit Replacement Pay	23,734,369	23,537,861	(196,508)	(0.8)
Subtotal, Employee Benefits	**$91,967,805**	**$103,439,355**	**$11,471,550**	**12.5**
Lease Payments	$2,555,806	$1,877,648	($678,158)	(26.5)
Subtotal, Debt Service	**$2,555,806**	**$1,877,648**	**($678,158)**	**(26.5)**
Less Interagency Contracts	$19,284,973	$8,429,281	($10,855,692)	(56.3)
TOTAL, ARTICLE VIII – REGULATORY	**$703,032,489**	**$1,286,051,526**	**$583,019,037**	**82.9**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B1—(CONTINUED)
ALL FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Appropriation for a Salary Increase for General State Employees	$0	$246,554,769	$246,554,769	N/A
Appropriation for Increase for State Employees in Salary Schedule C	0	102,757,797	102,757,797	N/A
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$349,312,566**	**$349,312,566**	**N/A**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Article totals exclude Interagency Contracts.
Source: Legislative Budget Board.

TABLE B1—(CONTINUED)
ALL FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$61,477,513	$61,477,513	$0	0.0
House of Representatives	71,324,800	71,324,800	0	0.0
Legislative Budget Board	28,944,967	28,944,967	0	0.0
Legislative Council	69,442,885	69,442,885	0	0.0
Commission on Uniform State Laws	279,250	257,200	(22,050)	(7.9)
Sunset Advisory Commission	4,147,720	4,572,346	424,626	10.2
State Auditor's Office	39,057,222	39,961,120	903,898	2.3
Legislative Reference Library	3,111,858	3,110,714	(1,144)	(0.0)
Subtotal, The Legislature	**$277,786,215**	**$279,091,545**	**$1,305,330**	**0.5**
Retirement and Group Insurance	$48,548,814	$57,039,439	$8,490,625	17.5
Social Security and Benefit Replacement Pay	15,530,407	15,448,143	(82,264)	(0.5)
Subtotal, Employee Benefits	**$64,079,221**	**$72,487,582**	**$8,408,361**	**13.1**
Lease Payments	$16,204,916	$17,421,089	$1,216,173	7.5
Subtotal, Debt Service	**$16,204,916**	**$17,421,089**	**$1,216,173**	**7.5**
Less Interagency Contracts	$9,203,349	$9,352,000	$148,651	1.6
TOTAL, ARTICLE X – THE LEGISLATURE	**$348,867,003**	**$359,648,216**	**$10,781,213**	**3.1**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Article totals exclude Interagency Contracts.
Source: Legislative Budget Board.

APPENDIX B – SUMMARY OF BIENNIAL STATE BUDGET BY BIENNIUM

GENERAL REVENUE FUNDS

TABLE B2
GENERAL REVENUE FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$2,217,130,770	$2,530,802,062	$313,671,292	14.1
Article II – Health and Human Services (3)	27,535,981,387	29,652,528,294	2,116,546,907	7.7
Article III – Agencies of Education	45,371,035,097	50,760,395,559	5,389,360,462	11.9
Article IV – The Judiciary	386,087,703	438,826,198	52,738,495	13.7
Article V – Public Safety and Criminal Justice	8,371,653,981	9,110,999,778	739,345,797	8.8
Article VI – Natural Resources	602,451,820	724,056,304	121,604,484	20.2
Article VII – Business and Economic Development	925,625,877	962,009,675	36,383,798	3.9
Article VIII – Regulatory	257,965,498	276,266,505	18,301,007	7.1
Article IX – General Provisions	0	161,634,534	161,634,534	N/A
Article X – The Legislature	348,512,208	359,443,216	10,931,008	3.1
TOTAL, ALL FUNCTIONS	**$86,016,444,341**	**$94,976,962,125**	**$8,960,517,784**	**10.4**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Funding totals for the 2012–13 biennium as reflected in Appendix B, Appendix C, and in the Department of Family and Protective Services section of Chapter 5, Health and Human Services, do not include $14.5 million in General Revenue Funds ($11.5 million in All Funds) for Foster Care and $0.4 million in General Revenue Funds ($0.6 million in All Funds) for Adoption Subsidies and Permanency Care Assistance. These amounts should be added to the figures shown to arrive at the totals approved by the Eighty-third Legislature for the 2012–13 biennium.

Source: Legislative Budget Board.

TABLE B2—(CONTINUED)
GENERAL REVENUE FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$3,571,961	$10,644,516	$7,072,555	198.0
Office of the Attorney General	397,935,635	422,276,386	24,340,751	6.1
Bond Review Board	975,456	1,890,770	915,314	93.8
Cancer Prevention and Research Institute of Texas	0	0	0	N/A
Comptroller of Public Accounts	418,965,089	453,363,802	34,398,713	8.2
Fiscal Programs - Comptroller of Public Accounts	661,887,477	722,902,666	61,015,189	9.2
Commission on State Emergency Communications	0	0	0	N/A
Texas Emergency Services Retirement System	0	4,402,341	4,402,341	N/A
Employees Retirement System	16,748,964	16,748,964	0	0.0
Texas Ethics Commission	3,852,544	7,452,544	3,600,000	93.4
Facilities Commission	77,712,075	67,491,308	(10,220,767)	(13.2)
Public Finance Authority	519,586	2,502,244	1,982,658	381.6
Fire Fighters' Pension Commissioner	1,579,954	0	(1,579,954)	(100.0)
Office of the Governor	20,421,570	20,221,570	(200,000)	(1.0)
Trusteed Programs Within the Office of the Governor	206,129,780	338,826,936	132,697,156	64.4
Historical Commission	21,585,593	31,971,145	10,385,552	48.1
Department of Information Resources	14,691,391	0	(14,691,391)	(100.0)
Library and Archives Commission	14,300,128	23,416,414	9,116,286	63.8
Pension Review Board	1,389,235	1,716,691	327,456	23.6
Preservation Board	29,265,042	31,764,880	2,499,838	8.5
State Office of Risk Management	0	0	0	N/A
Secretary of State	37,761,266	37,979,052	217,786	0.6
Veterans Commission	15,662,403	20,011,580	4,349,177	27.8
Subtotal, General Government	**$1,944,955,149**	**$2,215,583,809**	**$270,628,660**	**13.9**
Retirement and Group Insurance	$150,923,504	$181,055,637	$30,132,133	20.0
Social Security and Benefit Replacement Pay	55,381,944	56,744,788	1,362,844	2.5
Subtotal, Employee Benefits	**$206,305,448**	**$237,800,425**	**$31,494,977**	**15.3**
Bond Debt Service Payments	$43,843,229	$64,380,685	$20,537,456	46.8
Lease Payments	22,026,944	13,037,143	(8,989,801)	(40.8)
Subtotal, Debt Service	**$65,870,173**	**$77,417,828**	**$11,547,655**	**17.5**
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$2,217,130,770**	**$2,530,802,062**	**$313,671,292**	**14.1**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B2—(CONTINUED)
GENERAL REVENUE FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	$5,077,933,770	$5,473,947,663	$396,013,893	7.8
Department of Assistive and Rehabilitative Services (3)	204,431,058	215,760,048	11,328,990	5.5
Department of Family and Protective Services (4)	1,249,220,967	1,476,534,251	227,313,284	18.2
Department of State Health Services	2,155,928,572	2,579,845,837	423,917,265	19.7
Health and Human Services Commission	17,918,991,229	18,816,772,337	897,781,108	5.0
Subtotal, Health and Human Services	**$26,606,505,596**	**$28,562,860,136**	**$1,956,354,540**	**7.4**
Retirement and Group Insurance	$681,823,211	$838,703,820	$156,880,609	23.0
Social Security and Benefit Replacement Pay	186,933,381	196,976,167	10,042,786	5.4
Subtotal, Employee Benefits	**$868,756,592**	**$1,035,679,987**	**$166,923,395**	**19.2**
Bond Debt Service Payments	$48,205,040	$45,298,572	($2,906,468)	(6.0)
Lease Payments	12,514,159	8,689,599	(3,824,560)	(30.6)
Subtotal, Debt Service	**$60,719,199**	**$53,988,171**	**($6,731,028)**	**(11.1)**
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$27,535,981,387**	**$29,652,528,294**	**$2,116,546,907**	**7.7**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) General Revenue Funds for the 2012–13 biennium as reflected in Appendix B and Appendix C for the Department of Assistive and Rehabilitative Services are overstated by $2.4 million, and Federal Funds are understated by a like amount. The 2014–15 increase over the 2012–13 biennium is unchanged for All Funds, but the General Revenue Funds increase should be higher by $2.4 million and the Federal Funds increase should be lower by the same amount.
(4) Funding totals for the 2012–13 biennium as reflected in Appendix B, Appendix C, and in the Department of Family and Protective Services section of Chapter 5, Health and Human Services, do not include $14.5 million in General Revenue Funds ($11.5 million in All Funds) for Foster Care and $0.4 million in General Revenue Funds ($0.6 million in All Funds) for Adoption Subsidies and Permanency Care Assistance. These amounts should be added to the figures shown to arrive at the totals approved by the Eighty-third Legislature for the 2012–13 biennium.

SOURCE: Legislative Budget Board.

TABLE B2—(CONTINUED)
GENERAL REVENUE FUNDS — AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	$29,837,121,491	$34,307,951,794	$4,470,830,303	15.0
School for the Blind and Visually Impaired	29,350,608	29,381,251	30,643	0.1
School for the Deaf	36,410,386	35,225,009	(1,185,377)	(3.3)
Subtotal, Public Education	**$29,902,882,485**	**$34,372,558,054**	**$4,469,675,569**	**14.9**
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	$1,749,380,723	$1,786,519,018	$37,138,295	2.1
Lamar Institute of Technology	21,363,597	17,321,338	(4,042,259)	(18.9)
Lamar State College - Orange	13,438,358	13,817,143	378,785	2.8
Lamar State College - Port Arthur	16,676,529	20,801,628	4,125,099	24.7
Subtotal, Lamar State Colleges	**$51,478,484**	**$51,940,109**	**$461,625**	**0.9**
Texas State Technical Colleges				
Texas State Technical College System Administration	$7,815,404	$11,503,444	$3,688,040	47.2
Texas State Technical College - Harlingen	33,057,295	33,465,680	408,385	1.2
Texas State Technical College - West Texas	21,878,386	19,127,354	(2,751,032)	(12.6)
Texas State Technical College - Marshall	8,744,426	9,574,090	829,664	9.5
Texas State Technical College - Waco	52,120,638	50,344,750	(1,775,888)	(3.4)
Subtotal, Texas State Technical Colleges	**$123,616,149**	**$124,015,318**	**$399,169**	**0.3**
Subtotal, Two-year Institutions	**$1,924,475,356**	**$1,962,474,445**	**$37,999,089**	**2.0**
General Academic Institutions				
The University of Texas System Administration	$15,931,200	$24,961,825	$9,030,625	56.7
The University of Texas at Arlington	183,867,794	187,702,431	3,834,637	2.1
The University of Texas at Austin	490,544,731	525,495,888	34,951,157	7.1
The University of Texas at Dallas	147,887,759	169,026,103	21,138,344	14.3
The University of Texas at El Paso	137,781,712	145,970,318	8,188,606	5.9
The University of Texas - Pan American	110,889,522	117,292,086	6,402,564	5.8
The University of Texas at Brownsville	47,424,781	44,897,965	(2,526,816)	(5.3)
The University of Texas of the Permian Basin	48,816,240	51,368,630	2,552,390	5.2
The University of Texas at San Antonio	178,547,264	192,256,050	13,708,786	7.7
The University of Texas at Tyler	51,804,728	58,231,668	6,426,940	12.4
Texas A&M University System Administrative and General Offices	4,473,868	4,473,868	0	0.0
Texas A&M University	458,011,060	504,693,327	46,682,267	10.2
Texas A&M University at Galveston	30,964,674	32,871,622	1,906,948	6.2
Prairie View A&M University	90,923,868	84,762,490	(6,161,378)	(6.8)
Tarleton State University	59,464,473	68,800,896	9,336,423	15.7
Texas A&M University - Central Texas	25,352,928	27,397,080	2,044,152	8.1
Texas A&M University - Corpus Christi	81,624,416	87,226,672	5,602,256	6.9
Texas A&M University - Kingsville	54,030,202	64,242,932	10,212,730	18.9

TABLE B2—(CONTINUED)
GENERAL REVENUE FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas A&M University - San Antonio	$29,287,597	$35,811,372	$6,523,775	22.3
Texas A&M International University	58,009,521	58,846,827	837,306	1.4
West Texas A&M University	53,282,160	53,662,491	380,331	0.7
Texas A&M University - Commerce	66,581,226	71,243,066	4,661,840	7.0
Texas A&M University - Texarkana	30,370,655	32,345,406	1,974,751	6.5
University of Houston System Administration	50,842,067	49,214,789	(1,627,278)	(3.2)
University of Houston	257,331,674	286,791,477	29,459,803	11.4
University of Houston - Clear Lake	46,654,050	48,854,909	2,200,859	4.7
University of Houston - Downtown	39,973,395	43,582,479	3,609,084	9.0
University of Houston - Victoria	27,651,821	29,990,247	2,338,426	8.5
Midwestern State University	33,379,780	34,053,861	674,081	2.0
University of North Texas System Administration	6,732,226	6,732,226	0	0.0
University of North Texas	191,184,119	202,121,021	10,936,902	5.7
University of North Texas at Dallas	28,165,402	26,870,878	(1,294,524)	(4.6)
Stephen F. Austin State University	75,640,135	78,376,579	2,736,444	3.6
Texas Southern University	104,683,819	100,553,786	(4,130,033)	(3.9)
Texas Tech University System Administration	2,850,000	2,850,000	0	0.0
Texas Tech University	253,976,808	290,561,699	36,584,891	14.4
Angelo State University	45,858,367	52,091,749	6,233,382	13.6
Texas Woman's University	92,467,080	99,017,127	6,550,047	7.1
Texas State University System	4,450,000	2,850,000	(1,600,000)	(36.0)
Lamar University	70,849,690	76,987,196	6,137,506	8.7
Sam Houston State University	79,609,393	87,068,941	7,459,548	9.4
Texas State University	164,893,475	183,655,841	18,762,366	11.4
Sul Ross State University	34,711,777	25,630,182	(9,081,595)	(26.2)
Sul Ross State University Rio Grande College	7,411,472	10,245,057	2,833,585	38.2
Subtotal, General Academic Institutions	**$4,075,188,929**	**$4,381,681,057**	**$306,492,128**	**7.5**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$257,278,607	$278,768,910	$21,490,303	8.4
The University of Texas Medical Branch at Galveston	615,121,713	506,740,244	(108,381,469)	(17.6)
The University of Texas Health Science Center at Houston	294,281,302	326,708,589	32,427,287	11.0
The University of Texas Health Science Center at San Antonio	258,615,042	284,789,980	26,174,938	10.1
The University of Texas M.D. Anderson Cancer Center	298,435,072	343,367,681	44,932,609	15.1
The University of Texas Health Science Center at Tyler	71,856,579	73,967,295	2,110,716	2.9
Texas A&M University System Health Science Center	202,402,799	238,639,006	36,236,207	17.9
University of North Texas Health Science Center at Fort Worth	118,121,832	140,736,629	22,614,797	19.1

TABLE B2—(CONTINUED)
GENERAL REVENUE FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Tech University Health Sciences Center	$299,713,120	$338,992,646	$39,279,526	13.1
Subtotal, Health-related Institutions	**$2,415,826,066**	**$2,532,710,980**	**$116,884,914**	**4.8**
Texas A&M University Services				
Texas A&M AgriLife Research	$101,396,792	$105,441,372	$4,044,580	4.0
Texas A&M AgriLife Extension Service	84,438,864	84,829,350	390,486	0.5
Texas A&M Engineering Experiment Station	27,791,758	33,343,958	5,552,200	20.0
Texas A&M Transportation Institute	1,283,978	4,283,978	3,000,000	233.6
Texas A&M Engineering Extension Service	12,394,958	15,529,508	3,134,550	25.3
Texas A&M Forest Service	156,982,264	67,678,420	(89,303,844)	(56.9)
Texas A&M Veterinary Medical Diagnostic Laboratory	11,519,113	17,612,210	6,093,097	52.9
Subtotal, Texas A&M University Services	**$395,807,727**	**$328,718,796**	**($67,088,931)**	**(16.9)**
Other Higher Education				
Higher Education Coordinating Board	$1,134,924,418	$1,242,752,576	$107,828,158	9.5
Higher Education Fund	525,000,000	525,000,000	0	0.0
Available University Fund	0	0	0	N/A
Available National Research University Fund	0	0	0	N/A
Subtotal, Other Higher Education	**$1,659,924,418**	**$1,767,752,576**	**$107,828,158**	**6.5**
Subtotal, Public Higher Education	**$10,471,222,496**	**$10,973,337,854**	**$502,115,358**	**4.8**
Employee Benefits				
Teacher Retirement System	$3,344,523,988	$3,506,667,817	$162,143,829	4.8
Optional Retirement Program	213,301,441	208,866,893	(4,434,548)	(2.1)
Higher Education Employees Group Insurance Contributions	966,156,487	1,191,211,697	225,055,210	23.3
Retirement and Group Insurance	50,469,577	60,486,923	10,017,346	19.8
Social Security and Benefit Replacement Pay	403,558,395	419,818,822	16,260,427	4.0
Subtotal, Employee Benefits	**$4,978,009,888**	**$5,387,052,152**	**$409,042,264**	**8.2**
Debt Service				
Bond Debt Service Payments	$13,624,890	$22,388,903	$8,764,013	64.3
Lease Payments	5,295,338	5,058,596	(236,742)	(4.5)
Subtotal, Debt Service	**$18,920,228**	**$27,447,499**	**$8,527,271**	**45.1**
TOTAL, ARTICLE III – AGENCIES OF EDUCATION	**$45,371,035,097**	**$50,760,395,559**	**$5,389,360,462**	**11.9**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B2—(CONTINUED)
GENERAL REVENUE FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$27,524,996	$28,257,996	$733,000	2.7
Court of Criminal Appeals	9,269,032	10,269,683	1,000,651	10.8
First Court of Appeals District, Houston	6,826,859	7,864,098	1,037,239	15.2
Second Court of Appeals District, Fort Worth	5,121,543	5,986,821	865,278	16.9
Third Court of Appeals District, Austin	4,496,172	5,123,746	627,574	14.0
Fourth Court of Appeals District, San Antonio	5,205,258	6,028,678	823,420	15.8
Fifth Court of Appeals District, Dallas	9,369,877	10,812,237	1,442,360	15.4
Sixth Court of Appeals District, Texarkana	2,496,015	2,839,177	343,162	13.7
Seventh Court of Appeals District, Amarillo	3,063,262	3,513,610	450,348	14.7
Eighth Court of Appeals District, El Paso	2,497,026	2,839,682	342,656	13.7
Ninth Court of Appeals District, Beaumont	3,053,855	3,508,907	455,052	14.9
Tenth Court of Appeals District, Waco	2,461,058	2,821,698	360,640	14.7
Eleventh Court of Appeals District, Eastland	2,487,957	2,835,148	347,191	14.0
Twelfth Court of Appeals District, Tyler	2,542,187	2,862,263	320,076	12.6
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	4,511,085	5,131,203	620,118	13.7
Fourteenth Court of Appeals District, Houston	6,855,424	7,878,380	1,022,956	14.9
Office of Court Administration, Texas Judicial Council	20,940,114	25,892,671	4,952,557	23.7
Office of Capital Writs	0	0	0	N/A
Office of the State Prosecuting Attorney	719,519	749,519	30,000	4.2
State Law Library	1,678,112	2,004,360	326,248	19.4
State Commission on Judicial Conduct	1,894,312	1,894,312	0	0.0
Judiciary Section, Comptroller's Department	150,238,435	167,117,655	16,879,220	11.2
Subtotal, Judiciary	**$273,252,098**	**$306,231,844**	**$32,979,746**	**12.1**
Retirement and Group Insurance	$93,016,851	$115,002,142	$21,985,291	23.6
Social Security and Benefit Replacement Pay	15,253,238	15,302,037	48,799	0.3
Subtotal, Employee Benefits	**$108,270,089**	**$130,304,179**	**$22,034,090**	**20.4**
Lease Payments	$4,565,516	$2,290,175	($2,275,341)	(49.8)
Subtotal, Debt Service	**$4,565,516**	**$2,290,175**	**($2,275,341)**	**(49.8)**
TOTAL, ARTICLE IV – THE JUDICIARY	**$386,087,703**	**$438,826,198**	**$52,738,495**	**13.7**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
SOURCE: Legislative Budget Board.

TABLE B2—(CONTINUED)
GENERAL REVENUE FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	$83,180,005	$88,336,640	$5,156,635	6.2
Department of Criminal Justice	5,900,724,473	6,099,238,978	198,514,505	3.4
Commission on Fire Protection	3,767,118	3,767,118	0	0.0
Commission on Jail Standards	1,792,418	1,811,978	19,560	1.1
Juvenile Justice Department	604,197,890	588,365,906	(15,831,984)	(2.6)
Commission on Law Enforcement	324,208	94,000	(230,208)	(71.0)
Texas Military Department	26,715,051	31,644,250	4,929,199	18.5
Department of Public Safety	237,915,241	587,361,652	349,446,411	146.9
Subtotal, Public Safety and Criminal Justice	**$6,858,616,404**	**$7,400,620,522**	**$542,004,118**	**7.9**
Retirement and Group Insurance	$921,824,710	$1,103,791,381	$181,966,671	19.7
Social Security and Benefit Replacement Pay	251,076,896	260,637,681	9,560,785	3.8
Subtotal, Employee Benefits	**$1,172,901,606**	**$1,364,429,062**	**$191,527,456**	**16.3**
Bond Debt Service Payments	$336,309,110	$343,819,826	$7,510,716	2.2
Lease Payments	3,826,861	2,130,368	(1,696,493)	(44.3)
Subtotal, Debt Service	**$340,135,971**	**$345,950,194**	**$5,814,223**	**1.7**
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$8,371,653,981**	**$9,110,999,778**	**$739,345,797**	**8.8**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B2—(CONTINUED)
GENERAL REVENUE FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$98,730,599	$100,449,664	$1,719,065	1.7
Animal Health Commission	12,905,430	16,922,750	4,017,320	31.1
Commission on Environmental Quality	11,494,145	18,114,865	6,620,720	57.6
General Land Office and Veterans' Land Board	5,132,124	6,280,124	1,148,000	22.4
Low-level Radioactive Waste Disposal Compact Commission	0	0	0	N/A
Parks and Wildlife Department	144,046,539	173,966,098	29,919,559	20.8
Railroad Commission	29,922,773	25,585,704	(4,337,069)	(14.5)
Soil and Water Conservation Board	28,086,254	40,545,454	12,459,200	44.4
Water Development Board	37,743,422	53,422,980	15,679,558	41.5
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	83,284,592	103,879,982	20,595,390	24.7
Subtotal, Natural Resources	**$451,345,878**	**$539,167,621**	**$87,821,743**	**19.5**
Retirement and Group Insurance	$114,571,445	$135,938,900	$21,367,455	18.6
Social Security and Benefit Replacement Pay	13,396,185	13,696,318	300,133	2.2
Subtotal, Employee Benefits	**$127,967,630**	**$149,635,218**	**$21,667,588**	**16.9**
Bond Debt Service Payments	$16,077,025	$29,234,580	$13,157,555	81.8
Lease Payments	7,061,287	6,018,885	(1,042,402)	(14.8)
Subtotal, Debt Service	**$23,138,312**	**$35,253,465**	**$12,115,153**	**52.4**
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$602,451,820**	**$724,056,304**	**$121,604,484**	**20.2**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
SOURCE: Legislative Budget Board.

TABLE B2—(CONTINUED)
GENERAL REVENUE FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$15,242,410	$26,412,410	$11,170,000	73.3
Texas Lottery Commission	29,513,612	33,358,488	3,844,876	13.0
Department of Motor Vehicles	29,808,681	221,523,681	191,715,000	643.2
Department of Transportation	589,988,411	379,746,127	(210,242,284)	(35.6)
Texas Workforce Commission	223,545,060	258,318,713	34,773,653	15.6
Reimbursements to the Unemployment Compensation Benefit Account	0	0	0	N/A
Subtotal, Business and Economic Development	**$888,098,174**	**$919,359,419**	**$31,261,245**	**3.5**
Retirement and Group Insurance	$9,551,572	$11,753,165	$2,201,593	23.0
Social Security and Benefit Replacement Pay	1,921,696	1,844,810	(76,886)	(4.0)
Subtotal, Employee Benefits	**$11,473,268**	**$13,597,975**	**$2,124,707**	**18.5**
Bond Debt Service Payments	$23,775,905	$27,384,016	$3,608,111	15.2
Lease Payments	2,278,530	1,668,265	(610,265)	(26.8)
Subtotal, Debt Service	**$26,054,435**	**$29,052,281**	**$2,997,846**	**11.5**
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$925,625,877**	**$962,009,675**	**$36,383,798**	**3.9**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
SOURCE: Legislative Budget Board.

TABLE B2—(CONTINUED)
GENERAL REVENUE FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$6,610,032	$6,610,032	$0	0.0
Board of Chiropractic Examiners	1,145,165	1,451,965	306,800	26.8
Texas State Board of Dental Examiners	4,278,919	7,735,846	3,456,927	80.8
Funeral Service Commission	1,368,114	1,532,154	164,040	12.0
Board of Professional Geoscientists	1,170,394	1,160,394	(10,000)	(0.9)
Health Professions Council	0	0	0	N/A
Office of Injured Employee Counsel	0	0	0	N/A
Department of Insurance	74,458,364	79,790,973	5,332,609	7.2
Office of Public Insurance Counsel	1,686,485	1,686,485	0	0.0
Board of Professional Land Surveying	881,486	882,739	1,253	0.1
Department of Licensing and Regulation	45,947,193	46,265,369	318,176	0.7
Texas Medical Board	17,675,660	18,808,338	1,132,678	6.4
Texas Board of Nursing	17,695,966	15,508,522	(2,187,444)	(12.4)
Optometry Board	828,703	857,458	28,755	3.5
Board of Pharmacy	10,416,900	13,741,162	3,324,262	31.9
Executive Council of Physical Therapy and Occupational Therapy Examiners	2,090,661	2,274,643	183,982	8.8
Board of Plumbing Examiners	4,256,496	4,869,734	613,238	14.4
Board of Podiatric Medical Examiners	474,444	550,558	76,114	16.0
Board of Examiners of Psychologists	1,452,326	1,537,626	85,300	5.9
Racing Commission	0	0	0	N/A
Securities Board	13,695,168	13,973,182	278,014	2.0
Public Utility Commission of Texas	9,110,101	9,417,581	307,480	3.4
Office of Public Utility Counsel	3,007,406	3,307,406	300,000	10.0
Board of Veterinary Medical Examiners	1,937,287	2,278,932	341,645	17.6
Subtotal, Regulatory	**$220,187,270**	**$234,241,099**	**$14,053,829**	**6.4**
Retirement and Group Insurance	$27,034,096	$31,756,697	$4,722,601	17.5
Social Security and Benefit Replacement Pay	8,947,327	8,995,141	47,814	0.5
Subtotal, Employee Benefits	**$35,981,423**	**$40,751,838**	**$4,770,415**	**13.3**
Lease Payments	$1,796,805	$1,273,568	($523,237)	(29.1)
Subtotal, Debt Service	**$1,796,805**	**$1,273,568**	**($523,237)**	**(29.1)**
TOTAL, ARTICLE VIII – REGULATORY	**$257,965,498**	**$276,266,505**	**$18,301,007**	**7.1**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B2—(CONTINUED)
GENERAL REVENUE FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Appropriation for a Salary Increase for General State Employees	$0	$154,278,648	$154,278,648	N/A
Appropriation for Increase for State Employees in Salary Schedule C	0	7,355,886	7,355,886	N/A
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$161,634,534**	**$161,634,534**	**N/A**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B2—(CONTINUED)
GENERAL REVENUE FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$61,477,513	$61,477,513	$0	0.0
House of Representatives	71,324,800	71,324,800	0	0.0
Legislative Budget Board	28,944,967	28,944,967	0	0.0
Legislative Council	69,442,885	69,442,885	0	0.0
Commission on Uniform State Laws	279,250	257,200	(22,050)	(7.9)
Sunset Advisory Commission	4,147,720	4,572,346	424,626	10.2
State Auditor's Office	29,507,222	30,411,120	903,898	3.1
Legislative Reference Library	3,103,714	3,103,714	0	0.0
Subtotal, The Legislature	**$268,228,071**	**$269,534,545**	**$1,306,474**	**0.5**
Retirement and Group Insurance	$48,548,814	$57,039,439	$8,490,625	17.5
Social Security and Benefit Replacement Pay	15,530,407	15,448,143	(82,264)	(0.5)
Subtotal, Employee Benefits	**$64,079,221**	**$72,487,582**	**$8,408,361**	**13.1**
Lease Payments	$16,204,916	$17,421,089	$1,216,173	7.5
Subtotal, Debt Service	**$16,204,916**	**$17,421,089**	**$1,216,173**	**7.5**
TOTAL, ARTICLE X – THE LEGISLATURE	**$348,512,208**	**$359,443,216**	**$10,931,008**	**3.1**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

APPENDIX B – SUMMARY OF BIENNIAL STATE BUDGET BY BIENNIUM

GENERAL REVENUE–DEDICATED FUNDS

TABLE B3
GENERAL REVENUE–DEDICATED FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$798,589,094	$722,948,795	($75,640,299)	(9.5)
Article II – Health and Human Services	1,006,551,400	1,159,099,266	152,547,866	15.2
Article III – Agencies of Education	2,617,565,974	2,685,104,808	67,538,834	2.6
Article IV – The Judiciary	81,403,586	135,059,631	53,656,045	65.9
Article V – Public Safety and Criminal Justice	160,426,802	24,344,553	(136,082,249)	(84.8)
Article VI – Natural Resources	1,069,032,833	1,154,743,898	85,711,065	8.0
Article VII – Business and Economic Development	444,811,826	445,091,857	280,031	0.1
Article VIII – Regulatory	377,111,961	965,601,673	588,489,712	156.1
Article IX – General Provisions	0	22,610,932	22,610,932	N/A
Article X – The Legislature	0	0	0	N/A
TOTAL, ALL FUNCTIONS	**$6,555,493,476**	**$7,314,605,413**	**$759,111,937**	**11.6**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$1,819,427	$0	($1,819,427)	(100.0)
Office of the Attorney General	170,025,491	149,358,384	(20,667,107)	(12.2)
Bond Review Board	0	0	0	N/A
Cancer Prevention and Research Institute of Texas	24,603	0	(24,603)	(100.0)
Comptroller of Public Accounts	0	0	0	N/A
Fiscal Programs - Comptroller of Public Accounts	99,832,988	56,563,236	(43,269,752)	(43.3)
Commission on State Emergency Communications	104,120,331	145,807,005	41,686,674	40.0
Texas Emergency Services Retirement System	0	0	0	N/A
Employees Retirement System	0	0	0	N/A
Texas Ethics Commission	0	0	0	N/A
Facilities Commission	6,538,532	7,287,707	749,175	11.5
Public Finance Authority	1,066,048	240,547	(825,501)	(77.4)
Fire Fighters' Pension Commissioner	0	0	0	N/A
Office of the Governor	0	0	0	N/A
Trusteed Programs Within the Office of the Governor	350,885,198	208,558,514	(142,326,684)	(40.6)
Historical Commission	5,105,664	530,000	(4,575,664)	(89.6)
Department of Information Resources	0	0	0	N/A
Library and Archives Commission	0	0	0	N/A
Pension Review Board	0	0	0	N/A
Preservation Board	0	0	0	N/A
State Office of Risk Management	0	0	0	N/A
Secretary of State	267,403	21,666	(245,737)	(91.9)
Veterans Commission	12,950	0	(12,950)	(100.0)
Subtotal, General Government	**$739,698,635**	**$568,367,059**	**($171,331,576)**	**(23.2)**
Retirement and Group Insurance	$4,382,347	$5,225,486	$843,139	19.2
Social Security and Benefit Replacement Pay	1,973,605	2,012,532	38,927	2.0
Subtotal, Employee Benefits	**$6,355,952**	**$7,238,018**	**$882,066**	**13.9**
Bond Debt Service Payments	$52,534,507	$147,343,718	$94,809,211	180.5
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$52,534,507**	**$147,343,718**	**$94,809,211**	**180.5**
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$798,589,094**	**$722,948,795**	**($75,640,299)**	**(9.5)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	$133,032,997	$131,389,403	($1,643,594)	(1.2)
Department of Assistive and Rehabilitative Services	39,036,167	39,334,732	298,565	0.8
Department of Family and Protective Services	11,392,403	11,371,403	(21,000)	(0.2)
Department of State Health Services	799,801,508	956,207,152	156,405,644	19.6
Health and Human Services Commission	4,587,828	0	(4,587,828)	(100.0)
Subtotal, Health and Human Services	**$987,850,903**	$1,138,302,690	**$150,451,787**	**15.2**
Retirement and Group Insurance	$11,890,331	$14,034,600	$2,144,269	18.0
Social Security and Benefit Replacement Pay	6,810,166	6,761,976	(48,190)	(0.7)
Subtotal, Employee Benefits	**$18,700,497**	$20,796,576	**$2,096,079**	**11.2**
Bond Debt Service Payments	$0	$0	$0	N/A
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$0**	$0	**$0**	**N/A**
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$1,006,551,400**	**$1,159,099,266**	**$152,547,866**	**15.2**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	$650,472	$0	($650,472)	(100.0)
School for the Blind and Visually Impaired	0	0	0	N/A
School for the Deaf	0	0	0	N/A
Subtotal, Public Education	**$650,472**	**$0**	**($650,472)**	**(100.0)**
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	$0	$0	$0	N/A
Lamar Institute of Technology	5,948,076	5,567,405	(380,671)	(6.4)
Lamar State College - Orange	5,098,360	5,116,869	18,509	0.4
Lamar State College - Port Arthur	6,011,255	6,270,850	259,595	4.3
Subtotal, Lamar State Colleges	**$17,057,691**	**$16,955,124**	**($102,567)**	**(0.6)**
Texas State Technical Colleges				
Texas State Technical College System Administration	$563,573	$82,338	($481,235)	(85.4)
Texas State Technical College - Harlingen	18,246,150	17,237,076	(1,009,074)	(5.5)
Texas State Technical College - West Texas	3,843,419	3,537,018	(306,401)	(8.0)
Texas State Technical College - Marshall	3,102,868	2,788,367	(314,501)	(10.1)
Texas State Technical College - Waco	23,046,734	22,728,190	(318,544)	(1.4)
Subtotal, Texas State Technical Colleges	**$48,802,744**	**$46,372,989**	**($2,429,755)**	**(5.0)**
Subtotal, Two-year Institutions	**$65,860,435**	**$63,328,113**	**($2,532,322)**	**(3.8)**
General Academic Institutions				
The University of Texas System Administration	$0	$0	$0	N/A
The University of Texas at Arlington	115,316,784	119,531,191	4,214,407	3.7
The University of Texas at Austin	215,150,637	235,479,546	20,328,909	9.4
The University of Texas at Dallas	93,990,598	95,209,244	1,218,646	1.3
The University of Texas at El Paso	57,330,294	59,256,577	1,926,283	3.4
The University of Texas - Pan American	52,616,101	52,857,497	241,396	0.5
The University of Texas at Brownsville	13,738,665	16,342,030	2,603,365	18.9
The University of Texas of the Permian Basin	10,554,271	11,446,560	892,289	8.5
The University of Texas at San Antonio	87,130,077	89,248,901	2,118,824	2.4
The University of Texas at Tyler	18,977,350	17,118,573	(1,858,777)	(9.8)
Texas A&M University System Administrative and General Offices	28,000	0	(28,000)	(100.0)
Texas A&M University	187,157,605	202,474,115	15,316,510	8.2
Texas A&M University at Galveston	7,127,963	7,626,451	498,488	7.0
Prairie View A&M University	31,291,310	42,516,160	11,224,850	35.9
Tarleton State University	26,378,898	27,358,010	979,112	3.7
Texas A&M University - Central Texas	4,731,180	5,497,793	766,613	16.2
Texas A&M University - Corpus Christi	27,172,867	30,054,863	2,881,996	10.6
Texas A&M University - Kingsville	20,697,449	21,041,886	344,437	1.7

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas A&M University - San Antonio	$9,860,795	$9,655,780	($205,015)	(2.1)
Texas A&M International University	15,810,965	16,445,396	634,431	4.0
West Texas A&M University	23,530,655	24,793,074	1,262,419	5.4
Texas A&M University - Commerce	33,292,586	34,250,105	957,519	2.9
Texas A&M University - Texarkana	4,077,755	4,124,880	47,125	1.2
University of Houston System Administration	0	0	0	N/A
University of Houston	164,584,838	150,049,849	(14,534,989)	(8.8)
University of Houston - Clear Lake	26,718,568	25,776,544	(942,024)	(3.5)
University of Houston - Downtown	32,443,021	33,933,716	1,490,695	4.6
University of Houston - Victoria	10,073,582	11,786,527	1,712,945	17.0
Midwestern State University	15,109,275	13,556,254	(1,553,021)	(10.3)
University of North Texas System Administration	0	0	0	N/A
University of North Texas	101,063,799	106,686,419	5,622,620	5.6
University of North Texas at Dallas	3,962,577	5,345,675	1,383,098	34.9
Stephen F. Austin State University	36,204,587	35,467,181	(737,406)	(2.0)
Texas Southern University	56,574,513	52,462,696	(4,111,817)	(7.3)
Texas Tech University System Administration	0	0	0	N/A
Texas Tech University	107,819,817	110,421,524	2,601,707	2.4
Angelo State University	17,554,004	18,762,926	1,208,922	6.9
Texas Woman's University	42,792,104	42,425,372	(366,732)	(0.9)
Texas State University System	0	0	0	N/A
Lamar University	31,956,574	35,600,183	3,643,609	11.4
Sam Houston State University	68,906,494	69,749,987	843,493	1.2
Texas State University	91,481,709	92,855,814	1,374,105	1.5
Sul Ross State University	4,732,320	4,180,268	(552,052)	(11.7)
Sul Ross State University Rio Grande College	2,052,120	1,849,798	(202,322)	(9.9)
Subtotal, General Academic Institutions	**$1,869,992,707**	**$1,933,239,365**	**$63,246,658**	**3.4**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$14,956,087	$12,983,039	($1,973,048)	(13.2)
The University of Texas Medical Branch at Galveston	25,920,464	18,826,624	(7,093,840)	(27.4)
The University of Texas Health Science Center at Houston	41,095,411	40,837,497	(257,914)	(0.6)
The University of Texas Health Science Center at San Antonio	17,143,748	17,034,373	(109,375)	(0.6)
The University of Texas M.D. Anderson Cancer Center	54,466,811	1,627,391	(52,839,420)	(97.0)
The University of Texas Health Science Center at Tyler	639,747	11,004	(628,743)	(98.3)
Texas A&M University System Health Science Center	22,534,345	24,405,961	1,871,616	8.3
University of North Texas Health Science Center at Fort Worth	15,497,049	14,094,549	(1,402,500)	(9.1)

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Tech University Health Sciences Center	$27,857,088	$27,475,964	($381,124)	(1.4)
Subtotal, Health-related Institutions	**$220,110,750**	**$157,296,402**	**($62,814,348)**	**(28.5)**
Texas A&M University Services				
Texas A&M AgriLife Research	$937,500	$937,500	$0	0.0
Texas A&M AgriLife Extension Service	18,000	0	(18,000)	(100.0)
Texas A&M Engineering Experiment Station	904,516	904,516	0	0.0
Texas A&M Transportation Institute	0	0	0	N/A
Texas A&M Engineering Extension Service	0	0	0	N/A
Texas A&M Forest Service	30,912,000	38,993,000	8,081,000	26.1
Texas A&M Veterinary Medical Diagnostic Laboratory	0	0	0	N/A
Subtotal, Texas A&M University Services	**$32,772,016**	**$40,835,016**	**$8,063,000**	**24.6**
Other Higher Education				
Higher Education Coordinating Board	$87,256,791	$118,857,791	$31,601,000	36.2
Higher Education Fund	0	0	0	N/A
Available University Fund	0	0	0	N/A
Available National Research University Fund	0	0	0	N/A
Subtotal, Other Higher Education	**$87,256,791**	**$118,857,791**	**$31,601,000**	**36.2**
Subtotal, Public Higher Education	**$2,275,992,699**	**$2,313,556,687**	**$37,563,988**	**1.7**
Employee Benefits				
Teacher Retirement System	$202,811,767	$222,896,013	$20,084,246	9.9
Optional Retirement Program	47,687,276	54,575,228	6,887,952	14.4
Higher Education Employees Group Insurance Contributions	0	0	0	N/A
Retirement and Group Insurance	0	0	0	N/A
Social Security and Benefit Replacement Pay	90,423,760	94,076,880	3,653,120	4.0
Subtotal, Employee Benefits	**$340,922,803**	**$371,548,121**	**$30,625,318**	**9.0**
Debt Service				
Bond Debt Service Payments	$0	$0	$0	N/A
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$0**	**$0**	**$0**	**N/A**
TOTAL, ARTICLE III – AGENCIES OF EDUCATION	**$2,617,565,974**	**$2,685,104,808**	**$67,538,834**	**2.6**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$0	$0	$0	N/A
Court of Criminal Appeals	16,674,868	17,825,068	1,150,200	6.9
First Court of Appeals District, Houston	0	0	0	N/A
Second Court of Appeals District, Fort Worth	0	0	0	N/A
Third Court of Appeals District, Austin	0	0	0	N/A
Fourth Court of Appeals District, San Antonio	0	0	0	N/A
Fifth Court of Appeals District, Dallas	0	0	0	N/A
Sixth Court of Appeals District, Texarkana	0	0	0	N/A
Seventh Court of Appeals District, Amarillo	0	0	0	N/A
Eighth Court of Appeals District, El Paso	0	0	0	N/A
Ninth Court of Appeals District, Beaumont	0	0	0	N/A
Tenth Court of Appeals District, Waco	0	0	0	N/A
Eleventh Court of Appeals District, Eastland	0	0	0	N/A
Twelfth Court of Appeals District, Tyler	0	0	0	N/A
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	0	0	0	N/A
Fourteenth Court of Appeals District, Houston	0	0	0	N/A
Office of Court Administration, Texas Judicial Council	62,287,844	114,434,132	52,146,288	83.7
Office of Capital Writs	1,790,193	2,086,868	296,675	16.6
Office of the State Prosecuting Attorney	0	0	0	N/A
State Law Library	0	0	0	N/A
State Commission on Judicial Conduct	0	0	0	N/A
Judiciary Section, Comptroller's Department	0	0	0	N/A
Subtotal, The Judiciary	**$80,752,905**	**$134,346,068**	**$53,593,163**	**66.4**
Retirement and Group Insurance	$429,599	$492,981	$63,382	14.8
Social Security and Benefit Replacement Pay	221,082	220,582	(500)	(0.2)
Subtotal, Employee Benefits	**$650,681**	**$713,563**	**$62,882**	**9.7**
Lease Payments	$0	$0	$0	N/A
Subtotal, Debt Service	**$0**	**$0**	**$0**	**N/A**
TOTAL, ARTICLE IV – THE JUDICIARY	**$81,403,586**	**$135,059,631**	**$53,656,045**	**65.9**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
SOURCE: Legislative Budget Board.

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	$0	$0	$0	N/A
Department of Criminal Justice	1,035,899	1,035,899	0	0.0
Commission on Fire Protection	40,988	0	(40,988)	(100.0)
Commission on Jail Standards	0	0	0	N/A
Juvenile Justice Department	0	0	0	N/A
Commission on Law Enforcement	4,129,940	5,378,648	1,248,708	30.2
Texas Military Department	0	0	0	N/A
Department of Public Safety	138,957,639	0	(138,957,639)	(100.0)
Subtotal, Public Safety and Criminal Justice	**$144,164,466**	**$6,414,547**	**($137,749,919)**	**(95.6)**
Retirement and Group Insurance	$12,563,658	$14,275,144	$1,711,486	13.6
Social Security and Benefit Replacement Pay	3,698,678	3,654,862	(43,816)	(1.2)
Subtotal, Employee Benefits	**$16,262,336**	**$17,930,006**	**$1,667,670**	**10.3**
Bond Debt Service Payments	$0	$0	$0	N/A
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$0**	**$0**	**$0**	**N/A**
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$160,426,802**	**$24,344,553**	**($136,082,249)**	**(84.8)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
SOURCE: Legislative Budget Board.

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$7,407,100	$5,697,098	($1,710,002)	(23.1)
Animal Health Commission	0	0	0	N/A
Commission on Environmental Quality	583,954,511	620,654,156	36,699,645	6.3
General Land Office and Veterans' Land Board	31,778,907	32,739,510	960,603	3.0
Low-level Radioactive Waste Disposal Compact Commission	766,578	1,166,578	400,000	52.2
Parks and Wildlife Department	247,073,338	279,547,336	32,473,998	13.1
Railroad Commission	110,469,775	115,104,690	4,634,915	4.2
Soil and Water Conservation Board	0	0	0	N/A
Water Development Board	0	0	0	N/A
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	0	0	0	N/A
Subtotal, Natural Resources	**$981,450,209**	**$1,054,909,368**	**$73,459,159**	**7.5**
Retirement and Group Insurance	$51,800,327	$63,673,200	$11,872,873	22.9
Social Security and Benefit Replacement Pay	35,782,297	36,161,330	379,033	1.1
Subtotal, Employee Benefits	**$87,582,624**	**$99,834,530**	**$12,251,906**	**14.0**
Bond Debt Service Payments	$0	$0	$0	N/A
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$0**	**$0**	**$0**	**N/A**
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$1,069,032,833**	**$1,154,743,898**	**$85,711,065**	**8.0**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
SOURCE: Legislative Budget Board.

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$0	$0	$0	N/A
Texas Lottery Commission	402,376,571	407,387,625	5,011,054	1.2
Department of Motor Vehicles	0	0	0	N/A
Department of Transportation	0	0	0	N/A
Texas Workforce Commission	11,157,075	14,159,332	3,002,257	26.9
Reimbursements to the Unemployment Compensation Benefit Account	21,328,062	12,536,809	(8,791,253)	(41.2)
Subtotal, Business and Economic Development	**$434,861,708**	**$434,083,766**	**($777,942)**	**(0.2)**
Retirement and Group Insurance	$6,725,540	$7,872,771	$1,147,231	17.1
Social Security and Benefit Replacement Pay	3,224,578	3,135,320	(89,258)	(2.8)
Subtotal, Employee Benefits	**$9,950,118**	**$11,008,091**	**$1,057,973**	**10.6**
Bond Debt Service Payments	$0	$0	$0	N/A
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$0**	**$0**	**$0**	**N/A**
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$444,811,826**	**$445,091,857**	**$280,031**	**0.1**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$0	$0	$0	N/A
Board of Chiropractic Examiners	0	0	0	N/A
Texas State Board of Dental Examiners	0	0	0	N/A
Funeral Service Commission	0	0	0	N/A
Board of Professional Geoscientists	0	0	0	N/A
Health Professions Council	0	0	0	N/A
Office of Injured Employee Counsel	15,539,341	16,399,084	859,743	5.5
Department of Insurance	118,468,001	117,341,301	(1,126,700)	(1.0)
Office of Public Insurance Counsel	0	0	0	N/A
Board of Professional Land Surveying	0	0	0	N/A
Department of Licensing and Regulation	262,081	262,081	0	0.0
Texas Medical Board	4,235,027	4,235,027	0	0.0
Texas Board of Nursing	0	0	0	N/A
Optometry Board	0	0	0	N/A
Board of Pharmacy	0	0	0	N/A
Executive Council of Physical Therapy and Occupational Therapy Examiners	0	0	0	N/A
Board of Plumbing Examiners	0	0	0	N/A
Board of Podiatric Medical Examiners	0	0	0	N/A
Board of Examiners of Psychologists	0	0	0	N/A
Racing Commission	16,632,563	17,902,087	1,269,524	7.6
Securities Board	0	0	0	N/A
Public Utility Commission of Texas	167,373,619	747,132,940	579,759,321	346.4
Office of Public Utility Counsel	0	999,360	999,360	N/A
Board of Veterinary Medical Examiners	0	0	0	N/A
Subtotal, Regulatory	**$322,510,632**	**$904,271,880**	**$581,761,248**	**180.4**
Retirement and Group Insurance	$39,902,579	$46,926,615	$7,024,036	17.6
Social Security and Benefit Replacement Pay	13,939,749	13,799,098	(140,651)	(1.0)
Subtotal, Employee Benefits	**$53,842,328**	**$60,725,713**	**$6,883,385**	**12.8**
Lease Payments	$759,001	$604,080	($154,921)	(20.4)
Subtotal, Debt Service	**$759,001**	**$604,080**	**($154,921)**	**(20.4)**
TOTAL, ARTICLE VIII – REGULATORY	**$377,111,961**	**$965,601,673**	**$588,489,712**	**156.1**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Appropriation for a Salary Increase for General State Employees	$0	$12,809,229	$12,809,229	N/A
Appropriation for Increase for State Employees in Salary Schedule C	0	9,801,703	9,801,703	N/A
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$22,610,932**	**$22,610,932**	**N/A**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
Source: Legislative Budget Board.

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$0	$0	$0	N/A
House of Representatives	0	0	0	N/A
Legislative Budget Board	0	0	0	N/A
Legislative Council	0	0	0	N/A
Commission on Uniform State Laws	0	0	0	N/A
Sunset Advisory Commission	0	0	0	N/A
State Auditor's Office	0	0	0	N/A
Legislative Reference Library	0	0	0	N/A
Subtotal, The Legislature	**$0**	**$0**	**$0**	**N/A**
Retirement and Group Insurance	$0	$0	$0	N/A
Social Security and Benefit Replacement Pay	0	0	0	N/A
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**N/A**
Lease Payments	$0	$0	$0	N/A
Subtotal, Debt Service	**$0**	**$0**	**$0**	**N/A**
TOTAL, ARTICLE X – THE LEGISLATURE	**$0**	**$0**	**$0**	**N/A**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
Source: Legislative Budget Board.

APPENDIX B – SUMMARY OF BIENNIAL STATE BUDGET BY BIENNIUM

FEDERAL FUNDS

TABLE B4
FEDERAL FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$865,953,016	$650,380,755	($215,572,261)	(24.9)
Article II – Health and Human Services	39,643,198,598	42,433,268,969	2,790,070,371	7.0
Article III – Agencies of Education	10,206,840,253	10,634,041,807	427,201,554	4.2
Article IV – The Judiciary	4,439,109	3,600,000	(839,109)	(18.9)
Article V – Public Safety and Criminal Justice	1,778,414,216	1,335,616,611	(442,797,605)	(24.9)
Article VI – Natural Resources	2,935,788,676	2,563,370,363	(372,418,313)	(12.7)
Article VII – Business and Economic Development	9,379,103,688	11,059,385,120	1,680,281,432	17.9
Article VIII – Regulatory	8,478,286	6,085,126	(2,393,160)	(28.2)
Article IX – General Provisions	0	30,738,418	30,738,418	N/A
Article X – The Legislature	0	0	0	N/A
TOTAL, ALL FUNCTIONS	**$64,822,215,842**	**$68,716,487,169**	**$3,894,271,327**	**6.0**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
Source: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — GENERAL GOVERNMENT

FUNCTION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$1,920,200	$1,863,200	($57,000)	(3.0)
Office of the Attorney General	400,279,509	396,481,827	(3,797,682)	(0.9)
Bond Review Board	0	0	0	N/A
Cancer Prevention and Research Institute of Texas	0	0	0	N/A
Comptroller of Public Accounts	47,798	0	(47,798)	(100.0)
Fiscal Programs - Comptroller of Public Accounts	159,951,613	23,132,943	(136,818,670)	(85.5)
Commission on State Emergency Communications	5,194,944	0	(5,194,944)	(100.0)
Texas Emergency Services Retirement System	0	0	0	N/A
Employees Retirement System	0	0	0	N/A
Texas Ethics Commission	0	0	0	N/A
Facilities Commission	0	0	0	N/A
Public Finance Authority	0	0	0	N/A
Fire Fighters' Pension Commissioner	0	0	0	N/A
Office of the Governor	0	0	0	N/A
Trusteed Programs Within the Office of the Governor	155,101,672	124,600,000	(30,501,672)	(19.7)
Historical Commission	2,031,094	2,030,702	(392)	(0.0)
Department of Information Resources	0	0	0	N/A
Library and Archives Commission	27,852,260	11,865,040	(15,987,220)	(57.4)
Pension Review Board	0	0	0	N/A
Preservation Board	0	0	0	N/A
State Office of Risk Management	0	0	0	N/A
Secretary of State	36,810,548	5,707,672	(31,102,876)	(84.5)
Veterans Commission	19,512,248	20,508,388	996,140	5.1
Subtotal, General Government	**$808,701,886**	**$586,189,772**	**($222,512,114)**	**(27.5)**
Retirement and Group Insurance	$43,133,000	$50,465,244	$7,332,244	17.0
Social Security and Benefit Replacement Pay	13,257,116	12,864,725	(392,391)	(3.0)
Subtotal, Employee Benefits	**$56,390,116**	**$63,329,969**	**$6,939,853**	**12.3**
Bond Debt Service Payments	$861,014	$861,014	$0	0.0
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$861,014**	**$861,014**	**$0**	**0.0**
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$865,953,016**	**$650,380,755**	**($215,572,261)**	**(24.9)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — HEALTH AND HUMAN SERVICES

FUNCTION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	$7,495,412,716	$8,192,842,785	$697,430,069	9.3
Department of Assistive and Rehabilitative Services (3)	958,126,370	969,718,516	11,592,146	1.2
Department of Family and Protective Services	1,411,779,832	1,531,116,109	119,336,277	8.5
Department of State Health Services	2,504,655,669	2,468,649,502	(36,006,167)	(1.4)
Health and Human Services Commission	26,684,737,600	28,620,596,726	1,935,859,126	7.3
Subtotal, Health and Human Services	**$39,054,712,187**	**$41,782,923,638**	**$2,728,211,451**	**7.0**
Retirement and Group Insurance	$446,240,895	$513,707,151	$67,466,256	15.1
Social Security and Benefit Replacement Pay	135,434,972	129,827,636	(5,607,336)	(4.1)
Subtotal, Employee Benefits	**$581,675,867**	**$643,534,787**	**$61,858,920**	**10.6**
Bond Debt Service Payments	$6,810,544	$6,810,544	$0	0.0
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$6,810,544**	**$6,810,544**	**$0**	**0.0**
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$39,643,198,598**	**$42,433,268,969**	**$2,790,070,371**	**7.0**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) General Revenue Funds for the 2012–13 biennium as reflected in Appendix B and Appendix C for the Department of Assistive and Rehabilitative Services are overstated by $2.4 million, and Federal Funds are understated by a like amount. The 2014–15 increase over the 2012–13 biennium is unchanged for All Funds, but the General Revenue Funds increase should be higher by $2.4 million and the Federal Funds increase should be lower by the same amount.

SOURCE: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	$9,861,326,451	$10,339,523,266	$478,196,815	4.8
School for the Blind and Visually Impaired	8,331,787	8,590,162	258,375	3.1
School for the Deaf	3,801,562	3,634,176	(167,386)	(4.4)
Subtotal, Public Education	**$9,873,459,800**	**$10,351,747,604**	**$478,287,804**	**4.8**
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	$0	$0	$0	N/A
Lamar Institute of Technology	0	0	0	N/A
Lamar State College - Orange	0	0	0	N/A
Lamar State College - Port Arthur	0	0	0	N/A
Subtotal, Lamar State Colleges	**$0**	**$0**	**$0**	**N/A**
Texas State Technical Colleges				
Texas State Technical College System Administration	$0	$0	$0	N/A
Texas State Technical College - Harlingen	0	0	0	N/A
Texas State Technical College - West Texas	0	0	0	N/A
Texas State Technical College - Marshall	0	0	0	N/A
Texas State Technical College - Waco	0	0	0	N/A
Subtotal, Texas State Technical Colleges	**$0**	**$0**	**$0**	**N/A**
Subtotal, Two-year Institutions	**$0**	**$0**	**$0**	**N/A**
General Academic Institutions				
The University of Texas System Administration	$0	$0	$0	N/A
The University of Texas at Arlington	0	0	0	N/A
The University of Texas at Austin	0	0	0	N/A
The University of Texas at Dallas	0	0	0	N/A
The University of Texas at El Paso	0	0	0	N/A
The University of Texas - Pan American	0	0	0	N/A
The University of Texas at Brownsville	0	0	0	N/A
The University of Texas of the Permian Basin	0	0	0	N/A
The University of Texas at San Antonio	0	0	0	N/A
The University of Texas at Tyler	0	0	0	N/A
Texas A&M University System Administrative and General Offices	0	0	0	N/A
Texas A&M University	0	0	0	N/A
Texas A&M University at Galveston	0	0	0	N/A
Prairie View A&M University	0	0	0	N/A
Tarleton State University	0	0	0	N/A
Texas A&M University - Central Texas	0	0	0	N/A
Texas A&M University - Corpus Christi	0	0	0	N/A
Texas A&M University - Kingsville	0	0	0	N/A
Texas A&M University - San Antonio	0	0	0	N/A

TABLE B4—(CONTINUED)
FEDERAL FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas A&M International University	$0	$0	$0	N/A
West Texas A&M University	0	0	0	N/A
Texas A&M University - Commerce	0	0	0	N/A
Texas A&M University - Texarkana	0	0	0	N/A
University of Houston System Administration	0	0	0	N/A
University of Houston	0	0	0	N/A
University of Houston - Clear Lake	0	0	0	N/A
University of Houston - Downtown	0	0	0	N/A
University of Houston - Victoria	0	0	0	N/A
Midwestern State University	0	0	0	N/A
University of North Texas System Administration	0	0	0	N/A
University of North Texas	0	0	0	N/A
University of North Texas at Dallas	0	0	0	N/A
Stephen F. Austin State University	0	0	0	N/A
Texas Southern University	0	0	0	N/A
Texas Tech University System Administration	0	0	0	N/A
Texas Tech University	0	0	0	N/A
Angelo State University	0	0	0	N/A
Texas Woman's University	0	0	0	N/A
Texas State University System	0	0	0	N/A
Lamar University	0	0	0	N/A
Sam Houston State University	0	0	0	N/A
Texas State University	0	0	0	N/A
Sul Ross State University	0	0	0	N/A
Sul Ross State University Rio Grande College	0	0	0	N/A
Subtotal, General Academic Institutions	**$0**	**$0**	**$0**	**N/A**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$0	$0	$0	N/A
The University of Texas Medical Branch at Galveston	0	0	0	N/A
The University of Texas Health Science Center at Houston	0	0	0	N/A
The University of Texas Health Science Center at San Antonio	0	0	0	N/A
The University of Texas M.D. Anderson Cancer Center	0	0	0	N/A
The University of Texas Health Science Center at Tyler	0	0	0	N/A
Texas A&M University System Health Science Center	0	0	0	N/A
University of North Texas Health Science Center at Fort Worth	0	0	0	N/A

TABLE B4—(CONTINUED)
FEDERAL FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Tech University Health Sciences Center	$0	$0	$0	N/A
Subtotal, Health-related Institutions	**$0**	**$0**	**$0**	**N/A**
Texas A&M University Services				
Texas A&M AgriLife Research	$17,817,004	$17,817,004	$0	0.0
Texas A&M AgriLife Extension Service	25,338,556	25,338,556	0	0.0
Texas A&M Engineering Experiment Station	113,690,226	106,285,964	(7,404,262)	(6.5)
Texas A&M Transportation Institute	17,546,445	18,165,944	619,499	3.5
Texas A&M Engineering Extension Service	37,851,451	39,486,474	1,635,023	4.3
Texas A&M Forest Service	6,910,218	6,852,336	(57,882)	(0.8)
Texas A&M Veterinary Medical Diagnostic Laboratory	364,000	364,000	0	0.0
Subtotal, Texas A&M University Services	**$219,517,900**	**$214,310,278**	**($5,207,622)**	**(2.4)**
Other Higher Education				
Higher Education Coordinating Board	$102,468,961	$54,546,000	($47,922,961)	(46.8)
Higher Education Fund	0	0	0	N/A
Available University Fund	0	0	0	N/A
Available National Research University Fund	0	0	0	N/A
Subtotal, Other Higher Education	**$102,468,961**	**$54,546,000**	**($47,922,961)**	**(46.8)**
Subtotal, Public Higher Education	**$321,986,861**	**$268,856,278**	**($53,130,583)**	**(16.5)**
Employee Benefits				
Teacher Retirement System	$0	$0	$0	N/A
Optional Retirement Program	0	0	0	N/A
Higher Education Employees Group Insurance Contributions	0	0	0	N/A
Retirement and Group Insurance	7,990,343	9,854,272	1,863,929	23.3
Social Security and Benefit Replacement Pay	3,084,765	3,265,169	180,404	5.8
Subtotal, Employee Benefits	**$11,075,108**	**$13,119,441**	**$2,044,333**	**18.5**
Debt Service				
Bond Debt Service Payments	$318,484	$318,484	$0	0.0
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$318,484**	**$318,484**	**$0**	**0.0**
TOTAL, ARTICLE III – AGENCIES OF EDUCATION	**$10,206,840,253**	**$10,634,041,807**	**$427,201,554**	**4.2**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$3,600,000	$3,600,000	$0	0.0
Court of Criminal Appeals	249,840	0	(249,840)	(100.0)
First Court of Appeals District, Houston	0	0	0	N/A
Second Court of Appeals District, Fort Worth	0	0	0	N/A
Third Court of Appeals District, Austin	0	0	0	N/A
Fourth Court of Appeals District, San Antonio	0	0	0	N/A
Fifth Court of Appeals District, Dallas	0	0	0	N/A
Sixth Court of Appeals District, Texarkana	0	0	0	N/A
Seventh Court of Appeals District, Amarillo	0	0	0	N/A
Eighth Court of Appeals District, El Paso	0	0	0	N/A
Ninth Court of Appeals District, Beaumont	0	0	0	N/A
Tenth Court of Appeals District, Waco	0	0	0	N/A
Eleventh Court of Appeals District, Eastland	0	0	0	N/A
Twelfth Court of Appeals District, Tyler	0	0	0	N/A
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	0	0	0	N/A
Fourteenth Court of Appeals District, Houston	0	0	0	N/A
Office of Court Administration, Texas Judicial Council	589,269	0	(589,269)	(100.0)
Office of Capital Writs	0	0	0	N/A
Office of the State Prosecuting Attorney	0	0	0	N/A
State Law Library	0	0	0	N/A
State Commission on Judicial Conduct	0	0	0	N/A
Judiciary Section, Comptroller's Department	0	0	0	N/A
Subtotal, The Judiciary	**$4,439,109**	**$3,600,000**	**($839,109)**	**(18.9)**
Retirement and Group Insurance	$0	$0	$0	N/A
Social Security and Benefit Replacement Pay	0	0	0	N/A
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**N/A**
Lease Payments	$0	$0	$0	N/A
Subtotal, Debt Service	**$0**	**$0**	**$0**	**N/A**
TOTAL, ARTICLE IV – THE JUDICIARY	**$4,439,109**	**$3,600,000**	**($839,109)**	**(18.9)**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
Source: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	$898,302	$0	($898,302)	(100.0)
Department of Criminal Justice	3,230,596	0	(3,230,596)	(100.0)
Commission on Fire Protection	0	0	0	N/A
Commission on Jail Standards	0	0	0	N/A
Juvenile Justice Department	32,126,114	26,430,822	(5,695,292)	(17.7)
Commission on Law Enforcement	0	0	0	N/A
Texas Military Department	92,839,131	100,849,505	8,010,374	8.6
Department of Public Safety	1,615,091,922	1,172,445,219	(442,646,703)	(27.4)
Subtotal, Public Safety and Criminal Justice	**$1,744,186,065**	**$1,299,725,546**	**($444,460,519)**	**(25.5)**
Retirement and Group Insurance	$22,800,799	$24,933,900	$2,133,101	9.4
Social Security and Benefit Replacement Pay	8,259,554	7,789,367	(470,187)	(5.7)
Subtotal, Employee Benefits	**$31,060,353**	**$32,723,267**	**$1,662,914**	**5.4**
Bond Debt Service Payments	$3,167,798	$3,167,798	$0	0.0
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$3,167,798**	**$3,167,798**	**$0**	**0.0**
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$1,778,414,216**	**$1,335,616,611**	**($442,797,605)**	**(24.9)**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

Source: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$1,022,641,823	$988,795,171	($33,846,652)	(3.3)
Animal Health Commission	5,167,545	3,867,245	(1,300,300)	(25.2)
Commission on Environmental Quality	91,238,940	78,012,199	(13,226,741)	(14.5)
General Land Office and Veterans' Land Board	1,527,617,969	1,295,658,801	(231,959,168)	(15.2)
Low-level Radioactive Waste Disposal Compact Commission	0	0	0	N/A
Parks and Wildlife Department	112,454,530	76,838,762	(35,615,768)	(31.7)
Railroad Commission	25,414,465	13,710,356	(11,704,109)	(46.1)
Soil and Water Conservation Board	13,802,357	12,000,000	(1,802,357)	(13.1)
Water Development Board	100,607,988	55,668,500	(44,939,488)	(44.7)
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	0	0	0	N/A
Subtotal, Natural Resources	**$2,898,945,617**	**$2,524,551,034**	**($374,394,583)**	**(12.9)**
Retirement and Group Insurance	$24,635,422	$27,228,832	$2,593,410	10.5
Social Security and Benefit Replacement Pay	11,989,649	11,372,509	(617,140)	(5.1)
Subtotal, Employee Benefits	**$36,625,071**	**$38,601,341**	**$1,976,270**	**5.4**
Bond Debt Service Payments	$217,988	$217,988	$0	0.0
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$217,988**	**$217,988**	**$0**	**0.0**
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$2,935,788,676**	**$2,563,370,363**	**($372,418,313)**	**(12.7)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$410,967,357	$403,535,215	($7,432,142)	(1.8)
Texas Lottery Commission	0	0	0	N/A
Department of Motor Vehicles	1,315,881	1,315,881	0	0.0
Department of Transportation	6,931,609,537	8,550,041,483	1,618,431,946	23.3
Texas Workforce Commission	1,923,313,411	1,986,599,861	63,286,450	3.3
Reimbursements to the Unemployment Compensation Benefit Account	0	0	0	N/A
Subtotal, Business and Economic Development	**$9,267,206,186**	**$10,941,492,440**	**$1,674,286,254**	**18.1**
Retirement and Group Insurance	$88,904,553	$97,618,549	$8,713,996	9.8
Social Security and Benefit Replacement Pay	22,328,817	19,609,999	(2,718,818)	(12.2)
Subtotal, Employee Benefits	**$111,233,370**	**$117,228,548**	**$5,995,178**	**5.4**
Bond Debt Service Payments	$664,132	$664,132	$0	0.0
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$664,132**	**$664,132**	**$0**	**0.0**
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$9,379,103,688**	**$11,059,385,120**	**$1,680,281,432**	**17.9**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$0	$0	$0	N/A
Board of Chiropractic Examiners	0	0	0	N/A
Texas State Board of Dental Examiners	0	0	0	N/A
Funeral Service Commission	0	0	0	N/A
Board of Professional Geoscientists	0	0	0	N/A
Health Professions Council	0	0	0	N/A
Office of Injured Employee Counsel	0	0	0	N/A
Department of Insurance	6,231,673	4,533,442	(1,698,231)	(27.3)
Office of Public Insurance Counsel	0	0	0	N/A
Board of Professional Land Surveying	0	0	0	N/A
Department of Licensing and Regulation	0	0	0	N/A
Texas Medical Board	0	0	0	N/A
Texas Board of Nursing	0	0	0	N/A
Optometry Board	0	0	0	N/A
Board of Pharmacy	0	0	0	N/A
Executive Council of Physical Therapy and Occupational Therapy Examiners	0	0	0	N/A
Board of Plumbing Examiners	0	0	0	N/A
Board of Podiatric Medical Examiners	0	0	0	N/A
Board of Examiners of Psychologists	0	0	0	N/A
Racing Commission	0	0	0	N/A
Securities Board	0	0	0	N/A
Public Utility Commission of Texas	516,175	0	(516,175)	(100.0)
Office of Public Utility Counsel	0	0	0	N/A
Board of Veterinary Medical Examiners	0	0	0	N/A
Subtotal, Regulatory	**$6,747,848**	**$4,533,442**	**($2,214,406)**	**(32.8)**
Retirement and Group Insurance	$1,296,761	$1,218,182	($78,579)	(6.1)
Social Security and Benefit Replacement Pay	433,677	333,502	(100,175)	(23.1)
Subtotal, Employee Benefits	**$1,730,438**	**$1,551,684**	**($178,754)**	**(10.3)**
Lease Payments	$0	$0	$0	N/A
Subtotal, Debt Service	**$0**	**$0**	**$0**	**N/A**
TOTAL, ARTICLE VIII – REGULATORY	**$8,478,286**	**$6,085,126**	**($2,393,160)**	**(28.2)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
SOURCE: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Appropriation for a Salary Increase for General State Employees	$0	$30,738,418	$30,738,418	N/A
Appropriation for Increase for State Employees in Salary Schedule C	0	0	0	N/A
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$30,738,418**	**$30,738,418**	**N/A**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$0	$0	$0	N/A
House of Representatives	0	0	0	N/A
Legislative Budget Board	0	0	0	N/A
Legislative Council	0	0	0	N/A
Commission on Uniform State Laws	0	0	0	N/A
Sunset Advisory Commission	0	0	0	N/A
State Auditor's Office	0	0	0	N/A
Legislative Reference Library	0	0	0	N/A
Subtotal, The Legislature	**$0**	**$0**	**$0**	**N/A**
Retirement and Group Insurance	$0	$0	$0	N/A
Social Security and Benefit Replacement Pay	0	0	0	N/A
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**N/A**
Lease Payments	$0	$0	$0	N/A
Subtotal, Debt Service	**$0**	**$0**	**$0**	**N/A**
TOTAL, ARTICLE X – THE LEGISLATURE	**$0**	**$0**	**$0**	**N/A**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

APPENDIX B – SUMMARY OF BIENNIAL STATE BUDGET BY BIENNIUM

OTHER FUNDS

TABLE B5
OTHER FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2) (3)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$1,036,376,615	$936,158,602	($100,218,013)	(9.7)
Article II – Health and Human Services	643,870,563	647,028,503	3,157,940	0.5
Article III – Agencies of Education	17,577,769,717	10,119,502,639	(7,458,267,078)	(42.4)
Article IV – The Judiciary	184,201,286	179,518,740	(4,682,546)	(2.5)
Article V – Public Safety and Criminal Justice	1,398,505,712	1,211,086,657	(187,419,055)	(13.4)
Article VI – Natural Resources	350,390,888	2,321,244,959	1,970,854,071	562.5
Article VII – Business and Economic Development	12,109,662,195	13,825,904,102	1,716,241,907	14.2
Article VIII – Regulatory	59,476,744	38,098,222	(21,378,522)	(35.9)
Article IX – General Provisions	0	134,328,682	134,328,682	N/A
Article X – The Legislature	354,795	205,000	(149,795)	(42.2)
TOTAL, ALL FUNCTIONS	**$33,360,608,515**	**$29,413,076,106**	**($3,947,532,409)**	**(11.8)**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Appropriated amounts in All Funds and Other Funds for 2014–15 exclude an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.
(4) Article totals exclude Interagency Contracts.
Source: Legislative Budget Board.

TABLE B5 (CONTINUED)
OTHER FUNDS — GENERAL GOVERNMENT

FUNCTION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$398,000	$904,000	$506,000	127.1
Office of the Attorney General	98,630,041	103,349,150	4,719,109	4.8
Bond Review Board	0	0	0	N/A
Cancer Prevention and Research Institute of Texas	588,036,333	594,092,892	6,056,559	1.0
Comptroller of Public Accounts	26,289,587	8,246,924	(18,042,663)	(68.6)
Fiscal Programs - Comptroller of Public Accounts	29,849,528	14,829,119	(15,020,409)	(50.3)
Commission on State Emergency Communications	480,000	0	(480,000)	(100.0)
Texas Emergency Services Retirement System	0	0	0	N/A
Employees Retirement System	0	0	0	N/A
Texas Ethics Commission	19,190	16,380	(2,810)	(14.6)
Facilities Commission	115,913,573	69,265,158	(46,648,415)	(40.2)
Public Finance Authority	1,346,206	0	(1,346,206)	(100.0)
Fire Fighters' Pension Commissioner	83,997	0	(83,997)	(100.0)
Office of the Governor	546,600	540,000	(6,600)	(1.2)
Trusteed Programs Within the Office of the Governor	134,361,067	126,375,000	(7,986,067)	(5.9)
Historical Commission	48,624,003	8,507,437	(40,116,566)	(82.5)
Department of Information Resources	504,808,860	586,013,380	81,204,520	16.1
Library and Archives Commission	8,697,054	10,394,388	1,697,334	19.5
Pension Review Board	10,000	50,000	40,000	400.0
Preservation Board	2,615,831	38,000	(2,577,831)	(98.5)
State Office of Risk Management	103,027,643	104,272,583	1,244,940	1.2
Secretary of State	13,522,686	13,456,867	(65,819)	(0.5)
Veterans Commission	20,042,279	12,296,418	(7,745,861)	(38.7)
Subtotal, General Government	**$1,697,302,478**	**$1,652,647,696**	**($44,654,782)**	**(2.6)**
Retirement and Group Insurance	$2,128,193	$2,494,568	$366,375	17.2
Social Security and Benefit Replacement Pay	1,628,805	1,646,144	17,339	1.1
Subtotal, Employee Benefits	**$3,756,998**	**$4,140,712**	**$383,714**	**10.2**
Bond Debt Service Payments	$152,685	$0	($152,685)	(100.0)
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$152,685**	**$0**	**($152,685)**	**(100.0)**
Less Interagency Contracts	$664,835,546	$720,629,806	$55,794,260	8.4
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$1,036,376,615**	**$936,158,602**	**($100,218,013)**	**(9.7)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B5 (CONTINUED)
OTHER FUNDS — HEALTH AND HUMAN SERVICES

FUNCTION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	$62,587,896	$64,262,104	$1,674,208	2.7
Department of Assistive and Rehabilitative Services	38,015,560	39,391,319	1,375,759	3.6
Department of Family and Protective Services	16,745,735	17,035,735	290,000	1.7
Department of State Health Services	493,876,208	539,178,086	45,301,878	9.2
Health and Human Services Commission	939,926,135	1,111,194,121	171,267,986	18.2
Subtotal, Health and Human Services	**$1,551,151,534**	**$1,771,061,365**	**$219,909,831**	**14.2**
Retirement and Group Insurance	$692,659	$817,774	$125,115	18.1
Social Security and Benefit Replacement Pay	234,446	231,474	(2,972)	(1.3)
Subtotal, Employee Benefits	**$927,105**	**$1,049,248**	**$122,143**	**13.2**
Bond Debt Service Payments	$807,937	$3,895,184	$3,087,247	382.1
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$807,937**	**$3,895,184**	**$3,087,247**	**382.1**
Less Interagency Contracts	$909,016,013	$1,128,977,294	$219,961,281	24.2
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$643,870,563**	**$647,028,503**	**$3,157,940**	**0.5**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B5 (CONTINUED)
OTHER FUNDS — EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2) (3)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	$9,369,928,648	$8,088,367,637	($1,281,561,011)	(13.7)
School for the Blind and Visually Impaired	26,392,437	6,369,594	(20,022,843)	(75.9)
School for the Deaf	15,614,352	14,607,973	(1,006,379)	(6.4)
Subtotal, Public Education	**$9,411,935,437**	**$8,109,345,204**	**($1,302,590,233)**	**(13.8)**
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	$0	$0	$0	N/A
Lamar Institute of Technology	0	0	0	N/A
Lamar State College - Orange	0	0	0	N/A
Lamar State College - Port Arthur	0	0	0	N/A
Subtotal, Lamar State Colleges	**$0**	**$0**	**$0**	**N/A**
Texas State Technical Colleges				
Texas State Technical College System Administration	$0	$0	$0	N/A
Texas State Technical College - Harlingen	0	0	0	N/A
Texas State Technical College - West Texas	0	0	0	N/A
Texas State Technical College - Marshall	0	0	0	N/A
Texas State Technical College - Waco	0	0	0	N/A
Subtotal, Texas State Technical Colleges	**$0**	**$0**	**$0**	**N/A**
Subtotal, Two-year Institutions	**$0**	**$0**	**$0**	**N/A**
General Academic Institutions				
The University of Texas System Administration	$2,316,851	$2,350,000	$33,149	1.4
The University of Texas at Arlington	0	0	0	N/A
The University of Texas at Austin	0	0	0	N/A
The University of Texas at Dallas	0	0	0	N/A
The University of Texas at El Paso	2,835,000	2,865,000	30,000	1.1
The University of Texas - Pan American	457,426	457,426	0	0.0
The University of Texas at Brownsville	0	0	0	N/A
The University of Texas of the Permian Basin	0	0	0	N/A
The University of Texas at San Antonio	0	0	0	N/A
The University of Texas at Tyler	0	0	0	N/A
Texas A&M University System Administrative and General Offices	0	0	0	N/A
Texas A&M University	7,161,604	8,949,837	1,788,233	25.0
Texas A&M University at Galveston	0	0	0	N/A
Prairie View A&M University	0	0	0	N/A
Tarleton State University	0	0	0	N/A
Texas A&M University - Central Texas	0	0	0	N/A
Texas A&M University - Corpus Christi	0	0	0	N/A
Texas A&M University - Kingsville	0	40,000	40,000	N/A

TABLE B5 (CONTINUED)
OTHER FUNDS — EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2) (3)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas A&M University - San Antonio	$0	$0	$0	N/A
Texas A&M International University	275,774	275,774	0	0.0
West Texas A&M University	0	0	0	N/A
Texas A&M University - Commerce	0	0	0	N/A
Texas A&M University - Texarkana	0	0	0	N/A
University of Houston System Administration	0	0	0	N/A
University of Houston	0	0	0	N/A
University of Houston - Clear Lake	0	0	0	N/A
University of Houston - Downtown	0	0	0	N/A
University of Houston - Victoria	0	0	0	N/A
Midwestern State University	0	0	0	N/A
University of North Texas System Administration	0	0	0	N/A
University of North Texas	0	0	0	N/A
University of North Texas at Dallas	0	0	0	N/A
Stephen F. Austin State University	0	0	0	N/A
Texas Southern University	0	0	0	N/A
Texas Tech University System Administration	0	0	0	N/A
Texas Tech University	0	0	0	N/A
Angelo State University	0	0	0	N/A
Texas Woman's University	0	0	0	N/A
Texas State University System	0	0	0	N/A
Lamar University	0	0	0	N/A
Sam Houston State University	0	0	0	N/A
Texas State University	0	0	0	N/A
Sul Ross State University	0	0	0	N/A
Sul Ross State University Rio Grande College	0	0	0	N/A
Subtotal, General Academic Institutions	**$13,046,655**	**$14,938,037**	**$1,891,382**	**14.5**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$11,863,858	$11,215,518	($648,340)	(5.5)
The University of Texas Medical Branch at Galveston	775,690,927	20,038,010	(755,652,917)	(97.4)
The University of Texas Health Science Center at Houston	19,174,777	7,200,644	(11,974,133)	(62.4)
The University of Texas Health Science Center at San Antonio	33,714,206	26,657,906	(7,056,300)	(20.9)
The University of Texas M.D. Anderson Cancer Center	5,183,036,049	16,691,874	(5,166,344,175)	(99.7)
The University of Texas Health Science Center at Tyler	113,046,407	5,711,000	(107,335,407)	(94.9)
Texas A&M University System Health Science Center	22,556,964	5,600,000	(16,956,964)	(75.2)
University of North Texas Health Science Center at Fort Worth	6,439,761	6,210,840	(228,921)	(3.6)

TABLE B5 (CONTINUED)
OTHER FUNDS — EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2) (3)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Tech University Health Sciences Center	$27,214,483	$9,000,000	($18,214,483)	(66.9)
Subtotal, Health-related Institutions	**$6,192,737,432**	**$108,325,792**	**($6,084,411,640)**	**(98.3)**
Texas A&M University Services				
Texas A&M AgriLife Research	$13,336,503	$13,102,506	($233,997)	(1.8)
Texas A&M AgriLife Extension Service	18,821,550	18,865,550	44,000	0.2
Texas A&M Engineering Experiment Station	93,070,376	98,587,910	5,517,534	5.9
Texas A&M Transportation Institute	78,480,135	84,322,829	5,842,694	7.4
Texas A&M Engineering Extension Service	99,429,608	95,751,190	(3,678,418)	(3.7)
Texas A&M Forest Service	162,151,515	1,027,604	(161,123,911)	(99.4)
Texas A&M Veterinary Medical Diagnostic Laboratory	18,812,403	18,337,252	(475,151)	(2.5)
Subtotal, Texas A&M University Services	**$484,102,090**	**$329,994,841**	**($154,107,249)**	**(31.8)**
Other Higher Education				
Higher Education Coordinating Board	$77,646,721	$72,594,261	($5,052,460)	(6.5)
Higher Education Fund	0	0	0	N/A
Available University Fund	1,261,914,024	1,320,507,419	58,593,395	4.6
Available National Research University Fund	50,898,138	55,896,546	4,998,408	9.8
Subtotal, Other Higher Education	**$1,390,458,883**	**$1,448,998,226**	**$58,539,343**	**4.2**
Subtotal, Public Higher Education	**$8,080,345,060**	**$1,902,256,896**	**($6,178,088,164)**	**(76.5)**
Employee Benefits				
Teacher Retirement System	$160,036,696	$175,138,518	$15,101,822	9.4
Optional Retirement Program	0	0	0	N/A
Higher Education Employees Group Insurance Contributions	1,405,026	1,622,947	217,921	15.5
Retirement and Group Insurance	1,358,999	1,693,808	334,809	24.6
Social Security and Benefit Replacement Pay	18,657,741	19,186,068	528,327	2.8
Subtotal, Employee Benefits	**$181,458,462**	**$197,641,341**	**$16,182,879**	**8.9**
Debt Service				
Bond Debt Service Payments	$4,477	$0	($4,477)	(100.0)
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$4,477**	**$0**	**($4,477)**	**(100.0)**
Less Interagency Contracts	$95,973,719	$89,740,802	($6,232,917)	(6.5)
TOTAL, ARTICLE III – AGENCIES OF EDUCATION	**$17,577,769,717**	**$10,119,502,639**	**($7,458,267,078)**	**(42.4)**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Appropriated amounts in All Funds and Other Funds for 2014–15 exclude an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.
(4) Article totals exclude Interagency Contracts.
Source: Legislative Budget Board.

TABLE B5 (CONTINUED)
OTHER FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$42,715,831	$33,511,780	($9,204,051)	(21.5)
Court of Criminal Appeals	1,118,002	1,403,002	285,000	25.5
First Court of Appeals District, Houston	672,132	649,100	(23,032)	(3.4)
Second Court of Appeals District, Fort Worth	560,014	554,100	(5,914)	(1.1)
Third Court of Appeals District, Austin	469,800	469,800	0	0.0
Fourth Court of Appeals District, San Antonio	537,689	532,100	(5,589)	(1.0)
Fifth Court of Appeals District, Dallas	851,900	851,900	0	0.0
Sixth Court of Appeals District, Texarkana	198,100	192,900	(5,200)	(2.6)
Seventh Court of Appeals District, Amarillo	262,993	261,200	(1,793)	(0.7)
Eighth Court of Appeals District, El Paso	256,100	250,900	(5,200)	(2.0)
Ninth Court of Appeals District, Beaumont	264,200	261,200	(3,000)	(1.1)
Tenth Court of Appeals District, Waco	202,900	200,900	(2,000)	(1.0)
Eleventh Court of Appeals District, Eastland	200,900	200,900	0	0.0
Twelfth Court of Appeals District, Tyler	191,900	191,900	0	0.0
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	473,800	473,800	0	0.0
Fourteenth Court of Appeals District, Houston	674,823	654,778	(20,045)	(3.0)
Office of Court Administration, Texas Judicial Council	10,003,176	10,103,990	100,814	1.0
Office of Capital Writs	0	0	0	N/A
Office of the State Prosecuting Attorney	45,000	45,000	0	0.0
State Law Library	38,500	38,500	0	0.0
State Commission on Judicial Conduct	0	0	0	N/A
Judiciary Section, Comptroller's Department	135,321,091	134,863,477	(457,614)	(0.3)
Subtotal, The Judiciary	**$195,058,851**	**$185,711,227**	**($9,347,624)**	**(4.8)**
Retirement and Group Insurance	$3,415,157	$8,462,342	$5,047,185	147.8
Social Security and Benefit Replacement Pay	4,377,430	4,361,068	(16,362)	(0.4)
Subtotal, Employee Benefits	**$7,792,587**	**$12,823,410**	**$5,030,823**	**64.6**
Lease Payments	$0	$0	$0	N/A
Subtotal, Debt Service	**$0**	**$0**	**$0**	**N/A**
Less Interagency Contracts	$18,650,152	$19,015,897	$365,745	2.0
TOTAL, ARTICLE IV – THE JUDICIARY	**$184,201,286**	**$179,518,740**	**($4,682,546)**	**(2.5)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B5 (CONTINUED)
OTHER FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	$915,078	$10,000	($905,078)	(98.9)
Department of Criminal Justice	232,448,734	200,221,934	(32,226,800)	(13.9)
Commission on Fire Protection	112,920	125,000	12,080	10.7
Commission on Jail Standards	34,500	9,000	(25,500)	(73.9)
Juvenile Justice Department	37,991,366	36,646,211	(1,345,155)	(3.5)
Commission on Law Enforcement	984,321	1,163,600	179,279	18.2
Texas Military Department	16,548,741	13,366,000	(3,182,741)	(19.2)
Department of Public Safety	1,102,005,034	920,454,901	(181,550,133)	(16.5)
Subtotal, Public Safety and Criminal Justice	**$1,391,040,694**	**$1,171,996,646**	**($219,044,048)**	**(15.7)**
Retirement and Group Insurance	$136,276,196	$158,462,796	$22,186,600	16.3
Social Security and Benefit Replacement Pay	59,168,399	58,737,112	(431,287)	(0.7)
Subtotal, Employee Benefits	**$195,444,595**	**$217,199,908**	**$21,755,313**	**11.1**
Bond Debt Service Payments	$66,189	$0	($66,189)	(100.0)
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$66,189**	**$0**	**($66,189)**	**(100.0)**
Less Interagency Contracts	$188,045,766	$178,109,897	($9,935,869)	(5.3)
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$1,398,505,712**	**$1,211,086,657**	**($187,419,055)**	**(13.4)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B5 (CONTINUED)
OTHER FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$6,558,617	$21,748,676	$15,190,059	231.6
Animal Health Commission	0	0	0	N/A
Commission on Environmental Quality	23,257,619	12,130,212	(11,127,407)	(47.8)
General Land Office and Veterans' Land Board	104,368,279	105,657,579	1,289,300	1.2
Low-level Radioactive Waste Disposal Compact Commission	0	0	0	N/A
Parks and Wildlife Department	81,682,584	66,973,822	(14,708,762)	(18.0)
Railroad Commission	10,880,491	4,149,045	(6,731,446)	(61.9)
Soil and Water Conservation Board	99	0	(99)	(100.0)
Water Development Board	27,281,972	2,019,265,112	1,991,983,140	7,301.5
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	127,548,887	109,887,706	(17,661,181)	(13.8)
Subtotal, Natural Resources	**$381,578,548**	**$2,339,812,152**	**$1,958,233,604**	**513.2**
Retirement and Group Insurance	$9,504,639	$11,103,886	$1,599,247	16.8
Social Security and Benefit Replacement Pay	4,767,267	4,734,829	(32,438)	(0.7)
Subtotal, Employee Benefits	**$14,271,906**	**$15,838,715**	**$1,566,809**	**11.0**
Bond Debt Service Payments	$1,471,587	$1,464,250	($7,337)	(0.5)
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$1,471,587**	**$1,464,250**	**($7,337)**	**(0.5)**
Less Interagency Contracts	$46,931,153	$35,870,158	($11,060,995)	(23.6)
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$350,390,888**	**$2,321,244,959**	**$1,970,854,071**	**562.5**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B5 (CONTINUED)
OTHER FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$37,952,629	$35,922,051	($2,030,578)	(5.4)
Texas Lottery Commission	0	0	0	N/A
Department of Motor Vehicles	277,206,778	71,378,160	(205,828,618)	(74.3)
Department of Transportation	11,321,958,583	13,156,654,688	1,834,696,105	16.2
Texas Workforce Commission	78,565,998	80,821,609	2,255,611	2.9
Reimbursements to the Unemployment Compensation Benefit Account	47,472,137	33,895,815	(13,576,322)	(28.6)
Subtotal, Business and Economic Development	**$11,763,156,125**	**$13,378,672,323**	**$1,615,516,198**	**13.7**
Retirement and Group Insurance	$378,698,716	$464,785,022	$86,086,306	22.7
Social Security and Benefit Replacement Pay	99,049,653	102,786,116	3,736,463	3.8
Subtotal, Employee Benefits	**$477,748,369**	**$567,571,138**	**$89,822,769**	**18.8**
Bond Debt Service Payments	$6,588	$0	($6,588)	(100.0)
Lease Payments	0	0	0	N/A
Subtotal, Debt Service	**$6,588**	**$0**	**($6,588)**	**(100.0)**
Less Interagency Contracts	$131,248,887	$120,339,359	($10,909,528)	(8.3)
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$12,109,662,195**	**$13,825,904,102**	**$1,716,241,907**	**14.2**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B5 (CONTINUED)
OTHER FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$12,609,818	$12,446,120	($163,698)	(1.3)
Board of Chiropractic Examiners	95,000	95,000	0	0.0
Texas State Board of Dental Examiners	517,094	517,000	(94)	0.0)
Funeral Service Commission	147,000	147,000	0	0.0
Board of Professional Geoscientists	0	0	0	N/A
Health Professions Council	1,710,644	1,921,062	210,418	12.3
Office of Injured Employee Counsel	0	0	0	N/A
Department of Insurance	54,814,446	24,757,565	(30,056,881)	(54.8)
Office of Public Insurance Counsel	383,340	383,340	0	0.0
Board of Professional Land Surveying	45,800	10,800	(35,000)	(76.4)
Department of Licensing and Regulation	1,906,764	1,931,764	25,000	1.3
Texas Medical Board	118,836	118,836	0	0.0
Texas Board of Nursing	3,812,281	2,335,996	(1,476,285)	(38.7)
Optometry Board	90,642	90,642	0	0.0
Board of Pharmacy	15,460	15,460	0	0.0
Executive Council of Physical Therapy and Occupational Therapy Examiners	161,354	161,354	0	0.0
Board of Plumbing Examiners	77,810	67,200	(10,610)	(13.6)
Board of Podiatric Medical Examiners	9,585	6,400	(3,185)	(33.2)
Board of Examiners of Psychologists	158,076	158,076	0	0.0
Racing Commission	0	0	0	N/A
Securities Board	0	0	0	N/A
Public Utility Commission of Texas	1,670,228	950,000	(720,228)	(43.1)
Office of Public Utility Counsel	0	0	0	N/A
Board of Veterinary Medical Examiners	3,923	3,768	(155)	(4.0)
Subtotal, Regulatory	**$78,348,101**	**$46,117,383**	**($32,230,718)**	**(41.1)**
Retirement and Group Insurance	$0	$0	$0	N/A
Social Security and Benefit Replacement Pay	413,616	410,120	(3,496)	(0.8)
Subtotal, Employee Benefits	**$413,616**	**$410,120**	**($3,496)**	**(0.8)**
Lease Payments	$0	$0	$0	N/A
Subtotal, Debt Service	**$0**	**$0**	**$0**	**N/A**
Less Interagency Contracts	$19,284,973	$8,429,281	($10,855,692)	(56.3)
TOTAL, ARTICLE VIII – REGULATORY	**$59,476,744**	**$38,098,222**	**($21,378,522)**	**(35.9)**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE B5 (CONTINUED)
OTHER FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Appropriation for a Salary Increase for General State Employees	$0	$48,728,474	$48,728,474	N/A
Appropriation for Increase for State Employees in Salary Schedule C	0	85,600,208	85,600,208	N/A
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$134,328,682**	**$134,328,682**	**N/A**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
Source: Legislative Budget Board.

TABLE B5 (CONTINUED)
OTHER FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED/BUDGETED 2012–13 (1)	APPROPRIATED 2014–15 (2)	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$0	$0	$0	N/A
House of Representatives	0	0	0	N/A
Legislative Budget Board	0	0	0	N/A
Legislative Council	0	0	0	N/A
Commission on Uniform State Laws	0	0	0	N/A
Sunset Advisory Commission	0	0	0	N/A
State Auditor's Office	9,550,000	9,550,000	0	0.0
Legislative Reference Library	8,144	7,000	(1,144)	(14.0)
Subtotal, Legislature	**$9,558,144**	**$9,557,000**	**($1,144)**	**(0.0)**
Retirement and Group Insurance	$0	$0	$0	N/A
Social Security and Benefit Replacement Pay	0	0	0	N/A
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**N/A**
Lease Payments	$0	$0	$0	N/A
Subtotal, Debt Service	**$0**	**$0**	**$0**	**N/A**
Less Interagency Contracts	$9,203,349	$9,352,000	$148,651	1.6
TOTAL, ARTICLE X – THE LEGISLATURE	**$354,795**	**$205,000**	**($149,795)**	**(42.2)**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Article totals exclude Interagency Contracts.
Source: Legislative Budget Board.

APPENDIX C – SUMMARY OF STATE BUDGET BY FISCAL YEAR

The following apply to all methods of finance in this Appendix:

a. *As noted, amounts shown in appendices reflect provisions not only of Senate Bill 1, Eighty-third Legislature, Regular Session, 2013, but also may reflect those of House Bill 7, Eighty-third Legislature, Regular Session, 2013, relating to certain statutorily dedicated revenue and accounts; House Bill 10, Eighty-third Legislature, Regular Session, 2013, and House Bill 1025, Eighty-third Legislature, Regular Session, 2013, relating to emergency and supplemental appropriation adjustments, respectively; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013, relating to proposing a constitutional amendment to transfer certain general revenue to the economic stabilization fund and to the state highway fund; and other appropriating legislation. Appropriations made by House Bill 10 and House Bill 1025 are subject to the appropriation life stated therein and are not shortened by inclusion in House Bill 1, Eighty-second Legislature, Regular Session, 2011 or extended by inclusion in Senate Bill 1, Eighty-third Legislature, Regular Session, 2013.*

b. *Unless expressly provided in House Bill 7, House Bill 10, and House Bill 1025, by the Eighty-third Legislature, Regular Session, 2013, or other appropriating legislation, such appropriations are not subject to General Provisions contained in Article IX of House Bill 1, Eighty-second Legislature, Regular Session, 2011, or Article IX of Senate Bill 1, Eighty-third Legislature, Regular Session, 2013.*

ALL FUNDS

TABLE C1
ALL FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3) (5)	APPROPRIATED 2015 (4) (5)
Article I – General Government	$2,475,572,814	$2,442,476,681	$2,635,925,417	$2,204,364,797
Article II – Health and Human Services (6)	33,853,442,304	34,976,159,644	36,302,295,918	37,589,629,114
Article III – Agencies of Education	37,800,918,394	37,972,292,647	36,595,180,124	37,603,864,689
Article IV – The Judiciary	328,658,021	327,473,663	388,375,252	368,629,317
Article V – Public Safety and Criminal Justice	5,764,557,147	5,944,443,564	5,909,202,344	5,772,845,255
Article VI – Natural Resources	2,256,387,013	2,701,277,204	4,564,165,285	2,199,250,239
Article VII – Business and Economic Development	9,948,927,118	12,910,276,468	13,195,281,284	13,097,109,470
Article VIII – Regulatory	323,947,144	379,085,345	897,324,984	388,726,542
Article IX – General Provisions	0	0	105,746,590	243,565,976
Article X – The Legislature	161,829,457	187,037,546	173,417,003	186,231,213
TOTAL, ALL FUNCTIONS	**$92,914,239,412**	**$97,840,522,762**	**$100,766,914,201**	**$99,654,216,612**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Appropriated amounts in All Funds and Other Funds for 2014 and 2015 exclude an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.
(6) Funding totals for the 2012–13 biennium as reflected in Appendix B, Appendix C, and in the Department of Family and Protective Services section of Chapter 5, Health and Human Services, do not include $14.5 million in General Revenue Funds ($11.5 million in All Funds) for Foster Care and $0.4 million in General Revenue Funds ($0.6 million in All Funds) for Adoption Subsidies and Permanency Care Assistance. These amounts should be added to the figures shown to arrive at the totals approved by the Eighty-third Legislature for the 2012–13 biennium.
(7) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C1—(CONTINUED)
ALL FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Commission on the Arts	$3,662,015	$4,047,573	$6,655,828	$6,755,888
Office of the Attorney General	526,871,052	539,999,624	547,460,265	524,005,482
Bond Review Board	488,488	486,968	1,024,860	865,910
Cancer Prevention and Research Institute of Texas	297,088,221	290,972,715	297,046,446	297,046,446
Comptroller of Public Accounts	225,060,685	220,241,789	230,805,363	230,805,363
Fiscal Programs - Comptroller of Public Accounts	530,897,365	420,624,241	407,741,204	409,686,760
Commission on State Emergency Communications	55,825,667	53,969,608	77,550,929	68,256,076
Texas Emergency Services Retirement System	0	0	2,147,688	2,254,653
Employees Retirement System	8,660,924	8,088,040	8,374,482	8,374,482
Texas Ethics Commission	1,939,012	1,932,722	5,484,462	1,984,462
Facilities Commission	60,941,480	139,222,700	91,702,069	52,342,104
Public Finance Authority	1,456,762	1,475,078	1,633,245	1,109,546
Fire Fighters' Pension Commissioner	831,281	832,670	0	0
Office of the Governor	10,625,448	10,342,722	10,380,787	10,380,783
Trusteed Programs Within the Office of the Governor	409,482,040	436,995,677	573,444,163	224,916,287
Historical Commission	59,063,067	18,283,287	25,131,968	17,907,316
Department of Information Resources	272,321,299	247,178,952	290,769,595	295,243,785
Library and Archives Commission	23,468,365	27,381,077	26,837,208	18,838,634
Pension Review Board	695,234	704,001	890,846	875,845
Preservation Board	17,871,442	14,009,431	20,344,604	11,458,276
State Office of Risk Management	50,003,404	53,024,239	52,240,761	52,031,822
Secretary of State	60,021,470	28,340,433	37,760,982	19,404,275
Veterans Commission	27,434,955	27,794,925	27,001,967	25,814,419
Subtotal, General Government	**$2,644,709,676**	**$2,545,948,472**	**$2,742,429,722**	**$2,280,358,614**
Retirement and Group Insurance	$96,177,658	$104,389,386	$113,600,850	$125,640,085
Social Security and Benefit Replacement Pay	36,199,106	36,042,364	36,702,609	36,565,580
Subtotal, Employee Benefits	**$132,376,764**	**$140,431,750**	**$150,303,459**	**$162,205,665**
Bond Debt Service Payments	$28,848,581	$68,542,854	$92,154,265	$120,431,152
Lease Payments	11,394,559	10,632,385	10,480,964	2,556,179
Subtotal, Debt Service	**$40,243,140**	**$79,175,239**	**$102,635,229**	**$122,987,331**
Less Interagency Contracts	$341,756,766	$323,078,780	$359,442,993	$361,186,813
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$2,475,572,814**	**$2,442,476,681**	**$2,635,925,417**	**$2,204,364,797**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(5) Article totals exclude Interagency Contracts.

SOURCE: Legislative Budget Board.

TABLE C1—(CONTINUED)
ALL FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Aging and Disability Services	$6,508,718,253	$6,260,249,126	$6,598,215,222	$7,264,226,733
Department of Assistive and Rehabilitative Services	614,896,573	624,712,582	630,211,370	633,993,245
Department of Family and Protective Services (5)	1,325,554,338	1,363,584,599	1,505,659,660	1,530,397,838
Department of State Health Services	2,902,254,395	3,052,007,562	3,276,274,931	3,267,605,646
Health and Human Services Commission	22,124,895,333	23,423,347,459	24,021,656,279	24,526,906,905
Subtotal, Health and Human Services	**$33,476,318,892**	**$34,723,901,328**	**$36,032,017,462**	**$37,223,130,367**
Retirement and Group Insurance	$546,675,320	$593,971,776	$649,911,136	$717,352,209
Social Security and Benefit Replacement Pay	165,040,995	164,371,970	167,103,543	166,693,710
Subtotal, Employee Benefits	**$711,716,315**	**$758,343,746**	**$817,014,679**	**$884,045,919**
Bond Debt Service Payments	$25,693,711	$30,129,810	$26,455,671	$29,548,629
Lease Payments	6,402,872	6,111,287	6,206,356	2,483,243
Subtotal, Debt Service	**$32,096,583**	**$36,241,097**	**$32,662,027**	**$32,031,872**
Less Interagency Contracts	$366,689,486	$542,326,527	$579,398,250	$549,579,044
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$33,853,442,304**	**$34,976,159,644**	**$36,302,295,918**	**$37,589,629,114**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Funding totals for the 2012–13 biennium as reflected in Appendix B, Appendix C, and in the Department of Family and Protective Services section of Chapter 5, Health and Human Services, do not include $14.5 million in General Revenue Funds ($11.5 million in All Funds) for Foster Care and $0.4 million in General Revenue Funds ($0.6 million in All Funds) for Adoption Subsidies and Permanency Care Assistance. These amounts should be added to the figures shown to arrive at the totals approved by the Eighty-third Legislature for the 2012–13 biennium.
(6) Article totals exclude Interagency Contracts.

SOURCE: Legislative Budget Board.

TABLE C1—(CONTINUED)
ALL FUNDS — AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3) (5)	APPROPRIATED 2015 (4) (5)
Public Education				
Texas Education Agency	$24,771,857,969	$24,297,169,093	$25,843,734,042	$26,892,108,655
School for the Blind and Visually Impaired	36,010,779	28,064,053	22,662,439	21,678,568
School for the Deaf	27,269,011	28,557,289	26,700,245	26,766,913
Subtotal, Public Education	**$24,835,137,759**	**$24,353,790,435**	**$25,893,096,726**	**$26,940,554,136**
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	$874,690,360	$874,690,363	$895,759,508	$890,759,510
Lamar Institute of Technology	16,155,847	11,155,826	11,433,791	11,454,952
Lamar State College - Orange	9,246,807	9,289,911	9,436,971	9,497,041
Lamar State College - Port Arthur	11,307,273	11,380,511	13,528,997	13,543,481
Subtotal, Lamar State Colleges	**$36,709,927**	**$31,826,248**	**$34,399,759**	**$34,495,474**
Texas State Technical Colleges				
Texas State Technical College System Administration	$5,109,969	$3,269,008	$9,242,527	$2,343,255
Texas State Technical College - Harlingen	25,016,809	26,286,636	25,252,317	25,450,439
Texas State Technical College - West Texas	12,835,184	12,886,621	11,323,233	11,341,139
Texas State Technical College - Marshall	5,909,638	5,937,656	6,174,126	6,188,331
Texas State Technical College - Waco	37,964,022	37,203,350	36,420,977	36,651,963
Subtotal, Texas State Technical Colleges	**$86,835,622**	**$85,583,271**	**$88,413,180**	**$81,975,127**
Subtotal, Two-year Institutions	**$998,235,909**	**$992,099,882**	**$1,018,572,447**	**$1,007,230,111**
General Academic Institutions				
The University of Texas System Administration	$9,110,451	$9,137,600	$18,271,225	$9,040,600
The University of Texas at Arlington	150,979,725	148,204,853	153,354,784	153,878,838
The University of Texas at Austin	353,557,549	352,137,819	380,001,860	380,973,574
The University of Texas at Dallas	115,787,454	126,090,903	131,902,090	132,333,257
The University of Texas at El Paso	98,514,659	99,432,347	103,898,844	104,193,051
The University of Texas - Pan American	81,843,186	82,119,863	85,150,586	85,456,423
The University of Texas at Brownsville	29,216,667	31,946,779	30,577,500	30,662,495
The University of Texas of the Permian Basin	29,972,183	29,398,328	31,382,813	31,432,377
The University of Texas at San Antonio	134,714,918	130,962,423	140,518,970	140,985,981
The University of Texas at Tyler	35,174,230	35,607,848	37,636,383	37,713,858
Texas A&M University System Administrative and General Offices	2,250,934	2,250,934	2,236,934	2,236,934
Texas A&M University	324,734,144	327,596,125	357,459,809	358,657,470
Texas A&M University at Galveston	18,998,177	19,094,460	20,234,919	20,263,154
Prairie View A&M University	61,202,324	61,012,854	67,431,363	59,847,287
Tarleton State University	42,700,066	43,143,305	48,005,251	48,153,655
Texas A&M University - Central Texas	14,180,423	15,903,685	16,436,153	16,458,720
Texas A&M University - Corpus Christi	54,716,973	54,080,310	58,807,338	58,474,197
Texas A&M University - Kingsville	37,337,196	37,390,455	42,617,316	42,707,502
Texas A&M University - San Antonio	19,702,198	19,446,194	22,718,511	22,748,641
Texas A&M International University	37,073,578	37,022,682	38,053,628	37,514,369

TABLE C1—(CONTINUED)
ALL FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3) (5)	APPROPRIATED 2015 (4) (5)
West Texas A&M University	$39,022,121	$37,790,694	$39,157,501	$39,298,064
Texas A&M University - Commerce	50,014,923	49,858,889	52,644,813	52,848,358
Texas A&M University - Texarkana	17,232,209	17,216,201	18,218,568	18,251,718
University of Houston System Administration	25,975,144	24,866,923	24,604,133	24,610,656
University of Houston	210,563,383	211,353,129	218,083,109	218,758,217
University of Houston - Clear Lake	36,416,071	36,956,547	37,252,208	37,379,245
University of Houston - Downtown	35,947,799	36,468,617	38,694,372	38,821,823
University of Houston - Victoria	18,793,935	18,931,468	20,864,814	20,911,960
Midwestern State University	24,051,249	24,437,806	23,760,457	23,849,658
University of North Texas System Administration	3,366,113	3,366,113	3,366,113	3,366,113
University of North Texas	147,156,576	145,091,342	153,984,807	154,822,633
University of North Texas at Dallas	16,024,927	16,103,052	16,104,836	16,111,717
Stephen F. Austin State University	56,187,041	55,657,681	56,791,818	57,051,942
Texas Southern University	80,148,341	81,109,991	76,623,411	76,393,071
Texas Tech University System Administration	1,425,000	1,425,000	1,425,000	1,425,000
Texas Tech University	179,383,775	182,412,850	200,226,140	200,757,083
Angelo State University	31,822,791	31,589,580	35,991,112	34,863,563
Texas Woman's University	67,160,266	68,098,918	70,614,896	70,827,603
Texas State University System	2,225,000	2,225,000	1,425,000	1,425,000
Lamar University	51,696,856	51,109,408	56,196,198	56,391,181
Sam Houston State University	73,987,205	74,528,682	79,351,968	77,466,960
Texas State University	128,371,500	128,003,684	138,283,446	138,228,209
Sul Ross State University	23,241,906	16,202,191	15,001,193	14,809,257
Sul Ross State University Rio Grande College	4,723,199	4,740,393	6,045,468	6,049,387
Subtotal, General Academic Institutions	**$2,976,704,365**	**$2,981,523,926**	**$3,171,407,658**	**$3,158,450,801**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$144,322,043	$139,776,509	$151,456,550	$151,510,917
The University of Texas Medical Branch at Galveston	637,063,606	779,669,498	274,833,134	270,771,744
The University of Texas Health Science Center at Houston	178,173,755	176,377,735	187,222,153	187,524,577
The University of Texas Health Science Center at San Antonio	152,448,363	157,024,633	164,187,527	164,294,732
The University of Texas M.D. Anderson Cancer Center	2,586,038,718	2,949,899,214	180,847,800	180,839,146
The University of Texas Health Science Center at Tyler	93,639,586	91,903,147	39,842,362	39,846,937
Texas A&M University System Health Science Center	119,041,448	128,452,660	134,272,626	134,372,341
University of North Texas Health Science Center at Fort Worth	68,829,942	71,228,700	80,472,834	80,569,184
Texas Tech University Health Sciences Center	173,363,428	181,421,263	187,757,268	187,711,342
Subtotal, Health-related Institutions	**$4,152,920,889**	**$4,675,753,359**	**$1,400,892,254**	**$1,397,440,920**

TABLE C1—(CONTINUED)
ALL FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3) (5)	APPROPRIATED 2015 (4) (5)
Texas A&M University Services				
Texas A&M AgriLife Research	$66,831,213	$66,656,586	$68,649,191	$68,649,191
Texas A&M AgriLife Extension Service	64,309,397	64,307,573	64,516,728	64,516,728
Texas A&M Engineering Experiment Station	119,576,909	115,879,967	119,561,174	119,561,174
Texas A&M Transportation Institute	48,298,599	49,011,959	53,018,153	53,754,598
Texas A&M Engineering Extension Service	74,400,980	75,275,037	75,383,586	75,383,586
Texas A&M Forest Service	158,612,390	198,343,607	57,259,180	57,292,180
Texas A&M Veterinary Medical Diagnostic Laboratory	14,991,366	15,704,150	18,156,731	18,156,731
Subtotal, Texas A&M University Services	**$547,020,854**	**$585,178,879**	**$456,544,743**	**$457,314,188**
Other Higher Education				
Higher Education Coordinating Board	$661,002,113	$741,294,778	$809,623,548	$679,127,080
Higher Education Fund	262,500,000	262,500,000	262,500,000	262,500,000
Available University Fund	599,011,336	662,902,688	663,152,688	657,354,731
Available National Research University Fund	24,509,122	26,389,016	27,613,421	28,283,125
Subtotal, Other Higher Education	**$1,547,022,571**	**$1,693,086,482**	**$1,762,889,657**	**$1,627,264,936**
Subtotal, Public Higher Education	**$10,221,904,588**	**$10,927,642,528**	**$7,810,306,759**	**$7,647,700,956**
Employee Benefits				
Teacher Retirement System	$1,898,109,353	$1,809,263,098	$1,918,065,786	$1,986,636,562
Optional Retirement Program	129,202,335	131,786,382	130,805,486	132,636,635
Higher Education Employees Group Insurance Contributions	471,701,364	495,860,149	575,342,413	617,492,231
Retirement and Group Insurance	28,645,271	31,173,648	34,210,690	37,824,313
Social Security and Benefit Replacement Pay	255,420,526	260,304,135	265,630,090	270,716,849
Subtotal, Employee Benefits	**$2,783,078,849**	**$2,728,387,412**	**$2,924,054,465**	**$3,045,306,590**
Debt Service				
Bond Debt Service Payments	$5,878,304	$8,069,547	$10,459,445	$12,247,942
Lease Payments	2,882,698	2,412,640	2,463,527	2,595,069
Subtotal, Debt Service	**$8,761,002**	**$10,482,187**	**$12,922,972**	**$14,843,011**
Less Interagency Contracts	$47,963,804	$48,009,915	$45,200,798	$44,540,004
TOTAL, ARTICLE III – AGENCIES OF EDUCATION	**$37,800,918,394**	**$37,972,292,647**	**$36,595,180,124**	**$37,603,864,689**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Appropriated amounts in All Funds and Other Funds for 2014 and 2015 exclude an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.
(6) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C1—(CONTINUED)
ALL FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Supreme Court of Texas	$43,876,162	$29,964,665	$32,684,889	$32,684,887
Court of Criminal Appeals	13,542,393	13,769,349	14,715,501	14,782,252
First Court of Appeals District, Houston	3,761,012	3,737,979	4,256,600	4,256,598
Second Court of Appeals District, Fort Worth	2,843,736	2,837,821	3,270,461	3,270,460
Third Court of Appeals District, Austin	2,486,286	2,479,686	2,796,773	2,796,773
Fourth Court of Appeals District, San Antonio	2,839,269	2,903,678	3,280,390	3,280,388
Fifth Court of Appeals District, Dallas	5,110,889	5,110,888	5,832,069	5,832,068
Sixth Court of Appeals District, Texarkana	1,332,091	1,362,024	1,516,039	1,516,038
Seventh Court of Appeals District, Amarillo	1,664,024	1,662,231	1,887,405	1,887,405
Eighth Court of Appeals District, El Paso	1,359,163	1,393,963	1,545,291	1,545,291
Ninth Court of Appeals District, Beaumont	1,660,528	1,657,527	1,885,054	1,885,053
Tenth Court of Appeals District, Waco	1,312,063	1,351,895	1,511,299	1,511,299
Eleventh Court of Appeals District, Eastland	1,344,429	1,344,428	1,518,025	1,518,023
Twelfth Court of Appeals District, Tyler	1,367,044	1,367,043	1,527,082	1,527,081
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	2,492,443	2,492,442	2,802,502	2,802,501
Fourteenth Court of Appeals District, Houston	3,710,147	3,820,100	4,266,579	4,266,579
Office of Court Administration, Texas Judicial Council	45,812,530	48,007,873	85,164,238	65,266,555
Office of Capital Writs	928,057	862,136	995,096	1,091,772
Office of the State Prosecuting Attorney	371,792	392,727	396,790	397,729
State Law Library	820,039	896,573	1,021,430	1,021,430
State Commission on Judicial Conduct	906,328	987,984	947,156	947,156
Judiciary Section, Comptroller's Department	138,767,363	146,792,163	150,909,099	151,072,033
Subtotal, Judiciary	**$278,307,788**	**$275,195,175**	**$324,729,768**	**$305,159,371**
Retirement and Group Insurance	$47,557,421	$49,304,186	$60,915,025	$63,042,440
Social Security and Benefit Replacement Pay	9,938,977	9,912,773	9,953,297	9,930,390
Subtotal, Employee Benefits	**$57,496,398**	**$59,216,959**	**$70,868,322**	**$72,972,830**
Lease Payments	$2,279,770	$2,285,746	$2,290,175	$0
Subtotal, Debt Service	**$2,279,770**	**$2,285,746**	**$2,290,175**	**$0**
Less Interagency Contracts	$9,425,935	$9,224,217	$9,513,013	$9,502,884
TOTAL, ARTICLE IV – THE JUDICIARY	**$328,658,021**	**$327,473,663**	**$388,375,252**	**$368,629,317**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(5) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C1—(CONTINUED)
ALL FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Alcoholic Beverage Commission	$42,699,890	$42,293,495	$44,525,002	$43,821,638
Department of Criminal Justice	3,061,461,193	3,075,978,509	3,178,775,739	3,121,721,072
Commission on Fire Protection	1,971,197	1,949,829	1,946,059	1,946,059
Commission on Jail Standards	927,363	899,555	910,490	910,488
Juvenile Justice Department	341,102,278	333,213,092	332,138,605	319,304,334
Commission on Law Enforcement	2,653,824	2,784,645	3,301,285	3,334,963
Texas Military Department	70,540,645	65,562,278	75,162,212	70,697,543
Department of Public Safety	1,481,218,756	1,612,751,080	1,400,769,379	1,279,492,393
Subtotal, Public Safety and Criminal Justice	**$5,002,575,146**	**$5,135,432,483**	**$5,037,528,771**	**$4,841,228,490**
Retirement and Group Insurance	$520,620,230	$572,845,133	$619,937,553	$681,525,668
Social Security and Benefit Replacement Pay	161,424,128	160,779,399	165,665,320	165,153,702
Subtotal, Employee Benefits	**$682,044,358**	**$733,624,532**	**$785,602,873**	**$846,679,370**
Bond Debt Service Payments	$176,045,156	$163,497,941	$173,305,101	$173,682,523
Lease Payments	1,912,769	1,914,092	1,918,938	211,430
Subtotal, Debt Service	**$177,957,925**	**$165,412,033**	**$175,224,039**	**$173,893,953**
Less Interagency Contracts	$98,020,282	$90,025,484	$89,153,339	$88,956,558
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$5,764,557,147**	**$5,944,443,564**	**$5,909,202,344**	**$5,772,845,255**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C1—(CONTINUED)
ALL FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Agriculture	$573,974,327	$561,363,812	$557,834,019	$558,856,590
Animal Health Commission	9,240,770	8,832,205	10,362,452	10,427,543
Commission on Environmental Quality	313,219,507	396,725,708	372,295,156	356,616,276
General Land Office and Veterans' Land Board	613,286,124	1,055,611,155	866,698,512	573,637,502
Low-level Radioactive Waste Disposal Compact Commission	183,289	583,289	583,289	583,289
Parks and Wildlife Department	301,642,311	283,614,680	332,237,884	265,088,134
Railroad Commission	87,945,096	88,742,408	79,725,345	78,824,450
Soil and Water Conservation Board	20,928,703	20,960,007	26,272,727	26,272,727
Water Development Board	103,819,612	61,813,770	2,066,874,114	61,482,478
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	119,080,120	91,753,359	106,347,220	107,420,468
Subtotal, Natural Resources	**$2,143,319,859**	**$2,570,000,393**	**$4,419,230,718**	**$2,039,209,457**
Retirement and Group Insurance	$96,058,453	$104,453,380	$112,940,538	$125,004,280
Social Security and Benefit Replacement Pay	33,041,696	32,893,702	33,047,154	32,917,832
Subtotal, Employee Benefits	**$129,100,149**	**$137,347,082**	**$145,987,692**	**$157,922,112**
Bond Debt Service Payments	$7,437,722	$10,328,878	$13,780,546	$17,136,272
Lease Payments	3,852,992	3,208,295	3,101,408	2,917,477
Subtotal, Debt Service	**$11,290,714**	**$13,537,173**	**$16,881,954**	**$20,053,749**
Less Interagency Contracts	$27,323,709	$19,607,444	$17,935,079	$17,935,079
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$2,256,387,013**	**$2,701,277,204**	**$4,564,165,285**	**$2,199,250,239**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C1—(CONTINUED)
ALL FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Housing and Community Affairs	$234,071,380	$230,091,016	$232,802,529	$233,067,147
Texas Lottery Commission	216,815,794	215,074,389	220,951,835	219,794,278
Department of Motor Vehicles	136,146,542	172,184,798	160,731,582	133,486,140
Department of Transportation	7,978,431,373	10,865,125,158	11,092,157,085	10,994,285,213
Texas Workforce Commission	1,104,509,855	1,132,071,689	1,170,891,771	1,169,007,744
Reimbursements to the Unemployment Compensation Benefit Account	41,844,419	26,955,780	24,265,213	22,167,411
Subtotal, Business and Economic Development	**$9,711,819,363**	**$12,641,502,830**	**$12,901,800,015**	**$12,771,807,933**
Retirement and Group Insurance	$231,317,331	$252,563,050	$276,551,367	$305,478,140
Social Security and Benefit Replacement Pay	63,481,870	63,042,874	64,052,847	63,323,398
Subtotal, Employee Benefits	**$294,799,201**	**$315,605,924**	**$340,604,214**	**$368,801,538**
Bond Debt Service Payments	$10,546,194	$13,900,431	$12,869,737	$15,178,411
Lease Payments	1,241,643	1,036,887	942,413	725,852
Subtotal, Debt Service	**$11,787,837**	**$14,937,318**	**$13,812,150**	**$15,904,263**
Less Interagency Contracts	$69,479,283	$61,769,604	$60,935,095	$59,404,264
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$9,948,927,118**	**$12,910,276,468**	**$13,195,281,284**	**$13,097,109,470**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.

SOURCE: Legislative Budget Board.

TABLE C1—(CONTINUED)
ALL FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
State Office of Administrative Hearings	$9,463,491	$9,756,359	$9,674,576	$9,381,576
Board of Chiropractic Examiners	621,126	619,039	788,622	758,343
Texas State Board of Dental Examiners	2,399,230	2,396,783	4,170,566	4,082,280
Funeral Service Commission	758,401	756,713	839,623	839,531
Board of Professional Geoscientists	585,811	584,583	582,387	578,007
Health Professions Council	862,373	848,271	960,307	960,755
Office of Injured Employee Counsel	7,615,528	7,923,813	8,199,542	8,199,542
Department of Insurance	116,637,182	137,335,302	121,285,495	105,137,786
Office of Public Insurance Counsel	1,036,737	1,033,088	1,034,912	1,034,913
Board of Professional Land Surveying	476,993	450,293	447,396	446,143
Department of Licensing and Regulation	24,118,107	23,997,931	24,198,465	24,260,749
Texas Medical Board	11,030,195	10,999,328	11,638,504	11,523,697
Texas Board of Nursing	10,260,585	11,247,662	8,922,259	8,922,259
Optometry Board	460,552	458,793	474,538	473,562
Board of Pharmacy	5,231,028	5,201,332	7,031,293	6,725,329
Executive Council of Physical Therapy and Occupational Therapy Examiners	1,128,643	1,123,372	1,225,177	1,210,820
Board of Plumbing Examiners	2,194,771	2,139,535	2,542,467	2,394,467
Board of Podiatric Medical Examiners	239,273	244,756	279,402	277,556
Board of Examiners of Psychologists	803,922	806,480	851,051	844,651
Racing Commission	8,284,004	8,348,559	8,951,043	8,951,044
Securities Board	6,442,203	7,252,965	6,986,591	6,986,591
Public Utility Commission of Texas	78,441,562	100,228,561	626,456,755	131,043,766
Office of Public Utility Counsel	1,503,703	1,503,703	2,153,383	2,153,383
Board of Veterinary Medical Examiners	972,060	969,150	1,162,606	1,120,094
Subtotal, Regulatory	**$291,567,480**	**$336,226,371**	**$850,856,960**	**$338,306,844**
Retirement and Group Insurance	$32,708,667	$35,524,769	$37,927,424	$41,974,070
Social Security and Benefit Replacement Pay	11,893,426	11,840,943	11,791,871	11,745,990
Subtotal, Employee Benefits	**$44,602,093**	**$47,365,712**	**$49,719,295**	**$53,720,060**
Lease Payments	$1,471,646	$1,084,160	$1,109,646	$768,002
Subtotal, Debt Service	**$1,471,646**	**$1,084,160**	**$1,109,646**	**$768,002**
Less Interagency Contracts	$13,694,075	$5,590,898	$4,360,917	$4,068,364
TOTAL, ARTICLE VIII – REGULATORY	**$323,947,144**	**$379,085,345**	**$897,324,984**	**$388,726,542**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C1—(CONTINUED)
ALL FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Appropriation for a Salary Increase for General State Employees	$0	$0	$72,011,316	$174,543,453
Appropriation for Increase for State Employees in Salary Schedule C	0	0	33,735,274	69,022,523
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$0**	**$105,746,590**	**$243,565,976**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.

SOURCE: Legislative Budget Board.

TABLE C1—(CONTINUED)
ALL FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Senate	$27,511,533	$33,965,980	$29,438,518	$32,038,995
House of Representatives	30,925,061	40,399,739	33,390,546	37,934,254
Legislative Budget Board	14,126,163	14,818,804	14,472,484	14,472,483
Legislative Council	31,802,837	37,640,048	33,195,650	36,247,235
Commission on Uniform State Laws	139,250	140,000	128,600	128,600
Sunset Advisory Commission	1,969,546	2,178,174	2,286,173	2,286,173
State Auditor's Office	19,528,611	19,528,611	20,432,509	19,528,611
Legislative Reference Library	1,440,219	1,671,639	1,524,228	1,586,486
Subtotal, The Legislature	**$127,443,220**	**$150,342,995**	**$134,868,708**	**$144,222,837**
Retirement and Group Insurance	$23,255,808	$25,293,006	$27,062,573	$29,976,866
Social Security and Benefit Replacement Pay	7,776,189	7,754,218	7,733,675	7,714,468
Subtotal, Employee Benefits	**$31,031,997**	**$33,047,224**	**$34,796,248**	**$37,691,334**
Lease Payments	$7,955,867	$8,249,049	$8,428,047	$8,993,042
Subtotal, Debt Service	**$7,955,867**	**$8,249,049**	**$8,428,047**	**$8,993,042**
Less Interagency Contracts	$4,601,627	$4,601,722	$4,676,000	$4,676,000
TOTAL, ARTICLE X – THE LEGISLATURE	**$161,829,457**	**$187,037,546**	**$173,417,003**	**$186,231,213**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

APPENDIX C – SUMMARY OF STATE BUDGET BY FISCAL YEAR

GENERAL REVENUE FUNDS

TABLE C2
GENERAL REVENUE FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Article I – General Government	$1,086,468,984	$1,130,661,786	$1,338,425,556	$1,192,376,506
Article II – Health and Human Services (5)	13,736,389,117	13,799,592,270	14,439,412,767	15,213,115,527
Article III – Agencies of Education	23,914,355,324	21,456,679,773	25,008,765,197	25,751,630,362
Article IV – The Judiciary	189,241,902	196,845,801	220,515,241	218,310,957
Article V – Public Safety and Criminal Justice	4,162,799,046	4,208,854,935	4,466,692,893	4,644,306,885
Article VI – Natural Resources	289,417,179	313,034,641	366,080,449	357,975,855
Article VII – Business and Economic Development	223,312,256	702,313,621	450,395,785	511,613,890
Article VIII – Regulatory	125,060,847	132,904,651	138,298,188	137,968,317
Article IX – General Provisions	0	0	47,507,156	114,127,378
Article X – The Legislature	161,652,140	186,860,068	173,314,503	186,128,713
TOTAL, ALL FUNCTIONS	**$43,888,696,795**	**$42,127,747,546**	**$46,649,407,735**	**$48,327,554,390**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Funding totals for the 2012–13 biennium as reflected in Appendix B, Appendix C, and in the Department of Family and Protective Services section of Chapter 5, Health and Human Services, do not include $14.5 million in General Revenue Funds ($11.5 million in All Funds) for Foster Care and $0.4 million in General Revenue Funds ($0.6 million in All Funds) for Adoption Subsidies and Permanency Care Assistance. These amounts should be added to the figures shown to arrive at the totals approved by the Eighty-third Legislature for the 2012–13 biennium.

SOURCE: Legislative Budget Board.

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Commission on the Arts	$1,168,404	$2,403,557	$5,272,228	$5,372,288
Office of the Attorney General	200,357,692	197,577,943	215,095,015	207,181,371
Bond Review Board	488,488	486,968	1,024,860	865,910
Cancer Prevention and Research Institute of Texas	0	0	0	0
Comptroller of Public Accounts	209,674,894	209,290,195	226,681,901	226,681,901
Fiscal Programs - Comptroller of Public Accounts	315,375,773	346,511,704	365,914,864	356,987,802
Commission on State Emergency Communications	0	0	0	0
Texas Emergency Services Retirement System	0	0	2,147,688	2,254,653
Employees Retirement System	8,660,924	8,088,040	8,374,482	8,374,482
Texas Ethics Commission	1,928,012	1,924,532	5,476,272	1,976,272
Facilities Commission	28,107,996	49,604,079	36,322,202	31,169,106
Public Finance Authority	259,793	259,793	1,501,122	1,001,122
Fire Fighters' Pension Commissioner	791,284	788,670	0	0
Office of the Governor	10,348,848	10,072,722	10,110,787	10,110,783
Trusteed Programs Within the Office of the Governor	102,115,052	104,014,728	216,710,812	122,116,124
Historical Commission	11,536,422	10,049,171	17,293,103	14,678,042
Department of Information Resources	7,415,700	7,275,691	0	0
Library and Archives Commission	7,319,798	6,980,330	11,711,424	11,704,990
Pension Review Board	695,234	694,001	880,846	835,845
Preservation Board	15,524,431	13,740,611	20,325,604	11,439,276
State Office of Risk Management	0	0	0	0
Secretary of State	27,826,396	9,934,870	27,955,243	10,023,809
Veterans Commission	6,826,494	8,835,909	10,014,564	9,997,016
Subtotal, General Government	**$956,421,635**	**$988,533,514**	**$1,182,813,017**	**$1,032,770,792**
Retirement and Group Insurance	$72,180,156	$78,743,348	$85,905,484	$95,150,153
Social Security and Benefit Replacement Pay	27,745,422	27,636,522	28,395,975	28,348,813
Subtotal, Employee Benefits	**$99,925,578**	**$106,379,870**	**$114,301,459**	**$123,498,966**
Bond Debt Service Payments	$18,727,212	$25,116,017	$30,830,116	$33,550,569
Lease Payments	11,394,559	10,632,385	10,480,964	2,556,179
Subtotal, Debt Service	**$30,121,771**	**$35,748,402**	**$41,311,080**	**$36,106,748**
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$1,086,468,984**	**$1,130,661,786**	**$1,338,425,556**	**$1,192,376,506**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Aging and Disability Services	$2,620,144,421	$2,457,789,349	$2,602,946,977	$2,871,000,686
Department of Assistive and Rehabilitative Services (5)	101,718,842	102,712,216	108,757,147	107,002,901
Department of Family and Protective Services (6)	625,925,752	623,295,215	729,797,929	746,736,322
Department of State Health Services	1,068,627,963	1,087,300,609	1,288,096,797	1,291,749,040
Health and Human Services Commission	8,874,230,891	9,044,760,338	9,188,421,797	9,628,350,540
Subtotal, Health and Human Services	**$13,290,647,869**	**$13,315,857,727**	**$13,918,020,647**	**$14,644,839,489**
Retirement and Group Insurance	$324,215,138	$357,608,073	$396,171,921	$442,531,899
Social Security and Benefit Replacement Pay	93,377,774	93,555,607	97,911,036	99,065,131
Subtotal, Employee Benefits	**$417,592,912**	**$451,163,680**	**$494,082,957**	**$541,597,030**
Bond Debt Service Payments	$21,745,464	$26,459,576	$21,102,807	$24,195,765
Lease Payments	6,402,872	6,111,287	6,206,356	2,483,243
Subtotal, Debt Service	**$28,148,336**	**$32,570,863**	**$27,309,163**	**$26,679,008**
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$13,736,389,117**	**$13,799,592,270**	**$14,439,412,767**	**$15,213,115,527**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) General Revenue Funds for the 2012–13 biennium as reflected in Appendix B and Appendix C for the Department of Assistive and Rehabilitative Services are overstated by $2.4 million, and Federal Funds are understated by a like amount. The 2014–15 increase over the 2012–13 biennium is unchanged for All Funds, but the General Revenue Funds increase should be higher by $2.4 million and the Federal Funds increase should be lower by the same amount.
(6) Funding totals for the 2012–13 biennium as reflected in Appendix B, Appendix C, and in the Department of Family and Protective Services section of Chapter 5, Health and Human Services, do not include $14.5 million in General Revenue Funds ($11.5 million in All Funds) for Foster Care and $0.4 million in General Revenue Funds ($0.6 million in All Funds) for Adoption Subsidies and Permanency Care Assistance. These amounts should be added to the figures shown to arrive at the totals approved by the Eighty-third Legislature for the 2012–13 biennium.

SOURCE: Legislative Budget Board.

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Public Education				
Texas Education Agency	$16,112,361,918	$13,724,759,573	$16,788,773,868	$17,519,177,926
School for the Blind and Visually Impaired	14,716,679	14,633,929	15,141,177	14,240,074
School for the Deaf	18,680,707	17,729,679	17,612,504	17,612,505
Subtotal, Public Education	**$16,145,759,304**	**$13,757,123,181**	**$16,821,527,549**	**$17,551,030,505**
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	$874,690,360	$874,690,363	$895,759,508	$890,759,510
Lamar Institute of Technology	13,187,031	8,176,566	8,659,411	8,661,927
Lamar State College - Orange	6,726,581	6,711,777	6,908,459	6,908,684
Lamar State College - Port Arthur	8,345,818	8,330,711	10,400,827	10,400,801
Subtotal, Lamar State Colleges	**$28,259,430**	**$23,219,054**	**$25,968,697**	**$25,971,412**
Texas State Technical Colleges				
Texas State Technical College System Administration	$4,760,553	$3,054,851	$9,201,722	$2,301,722
Texas State Technical College - Harlingen	16,158,221	16,899,074	16,737,844	16,727,836
Texas State Technical College - West Texas	11,024,835	10,853,551	9,564,175	9,563,179
Texas State Technical College - Marshall	4,338,944	4,405,482	4,787,457	4,786,633
Texas State Technical College - Waco	26,529,358	25,591,280	25,177,263	25,167,487
Subtotal, Texas State Technical Colleges	**$62,811,911**	**$60,804,238**	**$65,468,461**	**$58,546,857**
Subtotal, Two-year Institutions	**$965,761,701**	**$958,713,655**	**$987,196,666**	**$975,277,779**
General Academic Institutions				
The University of Texas System Administration	$7,965,600	$7,965,600	$17,096,225	$7,865,600
The University of Texas at Arlington	91,948,405	91,919,389	93,846,448	93,855,983
The University of Texas at Austin	247,397,392	243,147,339	263,282,134	262,213,754
The University of Texas at Dallas	74,515,854	73,371,905	84,676,973	84,349,130
The University of Texas at El Paso	68,822,630	68,959,082	73,082,883	72,887,435
The University of Texas - Pan American	55,480,654	55,408,868	58,587,141	58,704,945
The University of Texas at Brownsville	23,706,578	23,718,203	22,443,789	22,454,176
The University of Texas of the Permian Basin	24,598,753	24,217,487	25,679,383	25,689,247
The University of Texas at San Antonio	89,254,368	89,292,896	95,996,945	96,259,105
The University of Texas at Tyler	25,896,880	25,907,848	29,097,063	29,134,605
Texas A&M University System Administrative and General Offices	2,236,934	2,236,934	2,236,934	2,236,934
Texas A&M University	229,328,294	228,682,766	252,631,564	252,061,763
Texas A&M University at Galveston	15,498,067	15,466,607	16,439,327	16,432,295
Prairie View A&M University	44,899,205	46,024,663	42,407,753	42,354,737
Tarleton State University	29,760,680	29,703,793	34,372,889	34,428,007
Texas A&M University - Central Texas	12,707,887	12,645,041	13,709,655	13,687,425
Texas A&M University - Corpus Christi	41,077,915	40,546,501	43,888,091	43,338,581
Texas A&M University - Kingsville	27,103,318	26,926,884	32,131,377	32,111,555
Texas A&M University - San Antonio	14,640,060	14,647,537	17,893,994	17,917,378
Texas A&M International University	29,047,148	28,962,373	29,729,302	29,117,525

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
West Texas A&M University	$26,753,272	$26,528,888	$26,870,459	$26,792,032
Texas A&M University - Commerce	33,305,541	33,275,685	35,569,422	35,673,644
Texas A&M University - Texarkana	15,245,865	15,124,790	16,183,477	16,161,929
University of Houston System Administration	25,975,144	24,866,923	24,604,133	24,610,656
University of Houston	127,202,600	130,129,074	143,517,290	143,274,187
University of Houston - Clear Lake	23,313,520	23,340,530	24,451,405	24,403,504
University of Houston - Downtown	20,020,006	19,953,389	21,783,611	21,798,868
University of Houston - Victoria	13,827,568	13,824,253	14,987,994	15,002,253
Midwestern State University	16,762,807	16,616,973	17,041,686	17,012,175
University of North Texas System Administration	3,366,113	3,366,113	3,366,113	3,366,113
University of North Texas	95,866,315	95,317,804	100,961,048	101,159,973
University of North Texas at Dallas	14,076,345	14,089,057	13,435,560	13,435,318
Stephen F. Austin State University	37,679,382	37,960,753	39,110,676	39,265,903
Texas Southern University	52,540,272	52,143,547	50,550,104	50,003,682
Texas Tech University System Administration	1,425,000	1,425,000	1,425,000	1,425,000
Texas Tech University	125,684,576	128,292,232	145,393,803	145,167,896
Angelo State University	22,921,534	22,936,833	26,628,940	25,462,809
Texas Woman's University	46,267,855	46,199,225	49,474,653	49,542,474
Texas State University System	2,225,000	2,225,000	1,425,000	1,425,000
Lamar University	35,576,330	35,273,360	38,500,209	38,486,987
Sam Houston State University	39,843,239	39,766,154	43,504,925	43,564,016
Texas State University	82,391,669	82,501,806	91,925,549	91,730,292
Sul Ross State University	20,872,976	13,838,801	12,913,817	12,716,365
Sul Ross State University Rio Grande College	3,704,179	3,707,293	5,120,832	5,124,225
Subtotal, General Academic Institutions	**$2,042,733,730**	**$2,032,455,199**	**$2,197,975,576**	**$2,183,705,481**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$132,175,787	$125,102,820	$139,357,272	$139,411,638
The University of Texas Medical Branch at Galveston	258,706,839	356,414,874	253,345,445	253,394,799
The University of Texas Health Science Center at Houston	147,089,957	147,191,345	163,203,081	163,505,508
The University of Texas Health Science Center at San Antonio	127,851,826	130,763,216	142,341,388	142,448,592
The University of Texas M.D. Anderson Cancer Center	149,262,688	149,172,384	171,688,168	171,679,513
The University of Texas Health Science Center at Tyler	40,305,012	31,551,567	36,981,360	36,985,935
Texas A&M University System Health Science Center	101,201,399	101,201,400	119,269,646	119,369,360
University of North Texas Health Science Center at Fort Worth	58,962,078	59,159,754	70,320,139	70,416,490
Texas Tech University Health Sciences Center	150,144,385	149,568,735	169,519,287	169,473,359
Subtotal, Health-related Institutions	**$1,165,699,971**	**$1,250,126,095**	**$1,266,025,786**	**$1,266,685,194**

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Texas A&M University Services				
Texas A&M AgriLife Research	$50,662,461	$50,734,331	$52,720,686	$52,720,686
Texas A&M AgriLife Extension Service	42,220,344	42,218,520	42,414,675	42,414,675
Texas A&M Engineering Experiment Station	13,818,380	13,973,378	16,671,979	16,671,979
Texas A&M Transportation Institute	642,728	641,250	2,141,989	2,141,989
Texas A&M Engineering Extension Service	6,254,013	6,140,945	7,764,754	7,764,754
Texas A&M Forest Service	139,095,338	17,886,926	33,839,210	33,839,210
Texas A&M Veterinary Medical Diagnostic Laboratory	5,871,963	5,647,150	8,806,105	8,806,105
Subtotal, Texas A&M University Services	**$258,565,227**	**$137,242,500**	**$164,359,398**	**$164,359,398**
Other Higher Education				
Higher Education Coordinating Board	$532,498,040	$602,426,378	$680,798,071	$561,954,505
Higher Education Fund	262,500,000	262,500,000	262,500,000	262,500,000
Available University Fund	0	0	0	0
Available National Research University Fund	0	0	0	0
Subtotal, Other Higher Education	**$794,998,040**	**$864,926,378**	**$943,298,071**	**$824,454,505**
Subtotal, Public Higher Education	**$5,227,758,669**	**$5,243,463,827**	**$5,558,855,497**	**$5,414,482,357**
Employee Benefits				
Teacher Retirement System	$1,731,613,220	$1,612,910,768	$1,700,627,858	$1,806,039,959
Optional Retirement Program	105,594,773	107,706,668	103,788,047	105,078,846
Higher Education Employees Group Insurance Contributions	471,017,382	495,139,105	574,559,571	616,652,126
Retirement and Group Insurance	24,173,796	26,295,781	28,751,996	31,734,927
Social Security and Benefit Replacement Pay	199,840,897	203,717,498	207,890,949	211,927,873
Subtotal, Employee Benefits	**$2,532,240,068**	**$2,445,769,820**	**$2,615,618,421**	**$2,771,433,731**
Debt Service				
Bond Debt Service Payments	$5,714,585	$7,910,305	$10,300,203	$12,088,700
Lease Payments	2,882,698	2,412,640	2,463,527	2,595,069
Subtotal, Debt Service	**$8,597,283**	**$10,322,945**	**$12,763,730**	**$14,683,769**
TOTAL, ARTICLE III – AGENCIES OF EDUCATION	**$23,914,355,324**	**$21,456,679,773**	**$25,008,765,197**	**$25,751,630,362**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Supreme Court of Texas	$13,816,558	$13,708,438	$14,128,999	$14,128,997
Court of Criminal Appeals	4,638,958	4,630,074	5,134,066	5,135,617
First Court of Appeals District, Houston	3,413,430	3,413,429	3,932,050	3,932,048
Second Court of Appeals District, Fort Worth	2,560,772	2,560,771	2,993,411	2,993,410
Third Court of Appeals District, Austin	2,251,386	2,244,786	2,561,873	2,561,873
Fourth Court of Appeals District, San Antonio	2,567,630	2,637,628	3,014,340	3,014,338
Fifth Court of Appeals District, Dallas	4,684,939	4,684,938	5,406,119	5,406,118
Sixth Court of Appeals District, Texarkana	1,230,441	1,265,574	1,419,589	1,419,588
Seventh Court of Appeals District, Amarillo	1,531,631	1,531,631	1,756,805	1,756,805
Eighth Court of Appeals District, El Paso	1,228,513	1,268,513	1,419,841	1,419,841
Ninth Court of Appeals District, Beaumont	1,526,928	1,526,927	1,754,454	1,754,453
Tenth Court of Appeals District, Waco	1,209,613	1,251,445	1,410,849	1,410,849
Eleventh Court of Appeals District, Eastland	1,243,979	1,243,978	1,417,575	1,417,573
Twelfth Court of Appeals District, Tyler	1,271,094	1,271,093	1,431,132	1,431,131
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	2,255,543	2,255,542	2,565,602	2,565,601
Fourteenth Court of Appeals District, Houston	3,362,713	3,492,711	3,939,190	3,939,190
Office of Court Administration, Texas Judicial Council	10,357,752	10,582,362	13,938,015	11,954,656
Office of Capital Writs	0	0	0	0
Office of the State Prosecuting Attorney	349,292	370,227	374,290	375,229
State Law Library	800,789	877,323	1,002,180	1,002,180
State Commission on Judicial Conduct	906,328	987,984	947,156	947,156
Judiciary Section, Comptroller's Department	72,424,832	77,813,603	83,567,045	83,550,610
Subtotal, Judiciary	**$133,633,121**	**$139,618,977**	**$154,114,581**	**$152,117,263**
Retirement and Group Insurance	$45,691,542	$47,325,309	$56,449,981	$58,552,161
Social Security and Benefit Replacement Pay	7,637,469	7,615,769	7,660,504	7,641,533
Subtotal, Employee Benefits	**$53,329,011**	**$54,941,078**	**$64,110,485**	**$66,193,694**
Lease Payments	$2,279,770	$2,285,746	$2,290,175	$0
Subtotal, Debt Service	**$2,279,770**	**$2,285,746**	**$2,290,175**	**$0**
TOTAL, ARTICLE IV – THE JUDICIARY	**$189,241,902**	**$196,845,801**	**$220,515,241**	**$218,310,957**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Alcoholic Beverage Commission	$41,438,020	$41,741,985	$44,520,002	$43,816,638
Department of Criminal Justice	2,942,317,987	2,958,406,486	3,046,646,822	3,052,592,156
Commission on Fire Protection	1,872,289	1,894,829	1,883,559	1,883,559
Commission on Jail Standards	897,363	895,055	905,990	905,988
Juvenile Justice Department	303,621,542	300,576,348	297,732,948	290,632,958
Commission on Law Enforcement	162,104	162,104	47,000	47,000
Texas Military Department	13,625,026	13,090,025	16,122,125	15,522,125
Department of Public Safety	118,530,440	119,384,801	228,886,728	358,474,924
Subtotal, Public Safety and Criminal Justice	**$3,422,464,771**	**$3,436,151,633**	**$3,636,745,174**	**$3,763,875,348**
Retirement and Group Insurance	$438,339,972	$483,484,738	$525,798,966	$577,992,415
Social Security and Benefit Replacement Pay	125,686,466	125,390,430	130,508,613	130,129,068
Subtotal, Employee Benefits	**$564,026,438**	**$608,875,168**	**$656,307,579**	**$708,121,483**
Bond Debt Service Payments	$174,395,068	$161,914,042	$171,721,202	$172,098,624
Lease Payments	1,912,769	1,914,092	1,918,938	211,430
Subtotal, Debt Service	**$176,307,837**	**$163,828,134**	**$173,640,140**	**$172,310,054**
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$4,162,799,046**	**$4,208,854,935**	**$4,466,692,893**	**$4,644,306,885**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.

SOURCE: Legislative Budget Board.

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Agriculture	$42,767,192	$55,963,407	$53,472,954	$46,976,710
Animal Health Commission	6,185,941	6,719,489	8,437,510	8,485,240
Commission on Environmental Quality	5,840,215	5,653,930	11,453,539	6,661,326
General Land Office and Veterans' Land Board	2,475,619	2,656,505	3,140,062	3,140,062
Low-level Radioactive Waste Disposal Compact Commission	0	0	0	0
Parks and Wildlife Department	68,687,841	75,358,698	88,206,816	85,759,282
Railroad Commission	14,979,950	14,942,823	12,881,324	12,704,380
Soil and Water Conservation Board	14,043,408	14,042,846	20,272,727	20,272,727
Water Development Board	17,344,149	20,399,273	29,407,308	24,015,672
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	45,379,231	37,905,361	51,532,166	52,347,816
Subtotal, Natural Resources	**$217,703,546**	**$233,642,332**	**$278,804,406**	**$260,363,215**
Retirement and Group Insurance	$54,626,480	$59,944,965	$64,401,288	$71,537,612
Social Security and Benefit Replacement Pay	6,639,020	6,757,165	6,834,670	6,861,648
Subtotal, Employee Benefits	**$61,265,500**	**$66,702,130**	**$71,235,958**	**$78,399,260**
Bond Debt Service Payments	$6,595,141	$9,481,884	$12,938,677	$16,295,903
Lease Payments	3,852,992	3,208,295	3,101,408	2,917,477
Subtotal, Debt Service	**$10,448,133**	**$12,690,179**	**$16,040,085**	**$19,213,380**
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$289,417,179**	**$313,034,641**	**$366,080,449**	**$357,975,855**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.

SOURCE: Legislative Budget Board.

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Housing and Community Affairs	$6,990,265	$8,252,145	$13,216,783	$13,195,627
Texas Lottery Commission	14,756,806	14,756,806	16,679,244	16,679,244
Department of Motor Vehicles	14,896,811	14,911,870	110,289,341	111,234,340
Department of Transportation	57,969,517	532,018,894	161,088,855	218,657,272
Texas Workforce Commission	111,752,021	111,793,039	129,158,535	129,160,178
Reimbursements to the Unemployment Compensation Benefit Account	0	0	0	0
Subtotal, Business and Economic Development	**$206,365,420**	**$681,732,754**	**$430,432,758**	**$488,926,661**
Retirement and Group Insurance	$4,534,437	$5,017,135	$5,552,340	$6,200,825
Social Security and Benefit Replacement Pay	963,216	958,480	930,603	914,207
Subtotal, Employee Benefits	**$5,497,653**	**$5,975,615**	**$6,482,943**	**$7,115,032**
Bond Debt Service Payments	$10,207,540	$13,568,365	$12,537,671	$14,846,345
Lease Payments	1,241,643	1,036,887	942,413	725,852
Subtotal, Debt Service	**$11,449,183**	**$14,605,252**	**$13,480,084**	**$15,572,197**
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$223,312,256**	**$702,313,621**	**$450,395,785**	**$511,613,890**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.

SOURCE: Legislative Budget Board.

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
State Office of Administrative Hearings	$3,310,493	$3,299,539	$3,305,016	$3,305,016
Board of Chiropractic Examiners	573,626	571,539	741,122	710,843
Texas State Board of Dental Examiners	2,140,683	2,138,236	3,912,066	3,823,780
Funeral Service Commission	684,901	683,213	766,123	766,031
Board of Professional Geoscientists	585,811	584,583	582,387	578,007
Health Professions Council	0	0	0	0
Office of Injured Employee Counsel	0	0	0	0
Department of Insurance	34,970,078	39,488,286	40,309,845	39,481,128
Office of Public Insurance Counsel	845,067	841,418	843,242	843,243
Board of Professional Land Surveying	440,593	440,893	441,996	440,743
Department of Licensing and Regulation	23,046,184	22,901,009	23,101,542	23,163,827
Texas Medical Board	8,853,263	8,822,397	9,461,572	9,346,766
Texas Board of Nursing	8,353,416	9,342,550	7,754,261	7,754,261
Optometry Board	415,231	413,472	429,217	428,241
Board of Pharmacy	5,223,298	5,193,602	7,023,563	6,717,599
Executive Council of Physical Therapy and Occupational Therapy Examiners	1,047,966	1,042,695	1,144,500	1,130,143
Board of Plumbing Examiners	2,164,961	2,091,535	2,509,367	2,360,367
Board of Podiatric Medical Examiners	232,888	241,556	276,202	274,356
Board of Examiners of Psychologists	724,884	727,442	772,013	765,613
Racing Commission	0	0	0	0
Securities Board	6,442,203	7,252,965	6,986,591	6,986,591
Public Utility Commission of Texas	4,108,018	5,002,083	4,704,205	4,713,376
Office of Public Utility Counsel	1,503,703	1,503,703	1,653,703	1,653,703
Board of Veterinary Medical Examiners	970,021	967,266	1,160,722	1,118,210
Subtotal, Regulatory	**$106,637,288**	**$113,549,982**	**$117,879,255**	**$116,361,844**
Retirement and Group Insurance	$12,975,317	$14,058,779	$15,082,606	$16,674,091
Social Security and Benefit Replacement Pay	4,480,191	4,467,136	4,503,277	4,491,864
Subtotal, Employee Benefits	**$17,455,508**	**$18,525,915**	**$19,585,883**	**$21,165,955**
Lease Payments	$968,051	$828,754	$833,050	$440,518
Subtotal, Debt Service	**$968,051**	**$828,754**	**$833,050**	**$440,518**
TOTAL, ARTICLE VIII – REGULATORY	**$125,060,847**	**$132,904,651**	**$138,298,188**	**$137,968,317**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

Source: Legislative Budget Board.

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Appropriation for a Salary Increase for General State Employees	$0	$0	$45,092,298	$109,186,350
Appropriation for Increase for State Employees in Salary Schedule C	0	0	2,414,858	4,941,028
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$0**	**$47,507,156**	**$114,127,378**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Senate	$27,511,533	$33,965,980	$29,438,518	$32,038,995
House of Representatives	30,925,061	40,399,739	33,390,546	37,934,254
Legislative Budget Board	14,126,163	14,818,804	14,472,484	14,472,483
Legislative Council	31,802,837	37,640,048	33,195,650	36,247,235
Commission on Uniform State Laws	139,250	140,000	128,600	128,600
Sunset Advisory Commission	1,969,546	2,178,174	2,286,173	2,286,173
State Auditor's Office	14,753,611	14,753,611	15,657,509	14,753,611
Legislative Reference Library	1,436,275	1,667,439	1,520,728	1,582,986
Subtotal, Legislature	**$122,664,276**	**$145,563,795**	**$130,090,208**	**$139,444,337**
Retirement and Group Insurance	$23,255,808	$25,293,006	$27,062,573	$29,976,866
Social Security and Benefit Replacement Pay	7,776,189	7,754,218	7,733,675	7,714,468
Subtotal, Employee Benefits	**$31,031,997**	**$33,047,224**	**$34,796,248**	**$37,691,334**
Lease Payments	$7,955,867	$8,249,049	$8,428,047	$8,993,042
Subtotal, Debt Service	**$7,955,867**	**$8,249,049**	**$8,428,047**	**$8,993,042**
TOTAL, ARTICLE X – THE LEGISLATURE	**$161,652,140**	**$186,860,068**	**$173,314,503**	**$186,128,713**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.

SOURCE: Legislative Budget Board.

APPENDIX C – SUMMARY OF STATE BUDGET BY FISCAL YEAR

GENERAL REVENUE–DEDICATED FUNDS

TABLE C3
GENERAL REVENUE–DEDICATED FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Article I – General Government	$397,113,358	$401,475,736	$412,294,376	$310,654,419
Article II – Health and Human Services	440,477,479	566,073,921	587,583,117	571,516,149
Article III – Agencies of Education	1,292,580,448	1,324,985,526	1,327,243,806	1,357,861,002
Article IV – The Judiciary	39,548,919	41,854,667	76,721,906	58,337,725
Article V – Public Safety and Criminal Justice	79,979,511	80,447,291	11,908,673	12,435,880
Article VI – Natural Resources	469,519,199	599,513,634	584,694,205	570,049,693
Article VII – Business and Economic Development	225,450,137	219,361,689	223,209,312	221,882,545
Article VIII – Regulatory	177,147,660	199,964,301	730,546,107	235,055,566
Article IX – General Provisions	0	0	6,959,239	15,651,693
Article X – The Legislature	0	0	0	0
TOTAL, ALL FUNCTIONS	**$3,121,816,711**	**$3,433,676,765**	**$3,961,160,741**	**$3,353,444,672**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

Source: Legislative Budget Board.

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Commission on the Arts	$1,259,011	$560,416	$0	$0
Office of the Attorney General	85,051,203	84,974,288	74,678,399	74,679,985
Bond Review Board	0	0	0	0
Cancer Prevention and Research Institute of Texas	12,603	12,000	0	0
Comptroller of Public Accounts	0	0	0	0
Fiscal Programs - Comptroller of Public Accounts	50,358,235	49,474,753	23,296,618	33,266,618
Commission on State Emergency Communications	51,585,667	52,534,664	77,550,929	68,256,076
Texas Emergency Services Retirement System	0	0	0	0
Employees Retirement System	0	0	0	0
Texas Ethics Commission	0	0	0	0
Facilities Commission	2,892,541	3,645,991	4,532,360	2,755,347
Public Finance Authority	516,048	550,000	132,123	108,424
Fire Fighters' Pension Commissioner	0	0	0	0
Office of the Governor	0	0	0	0
Trusteed Programs Within the Office of the Governor	190,037,415	160,847,783	167,443,351	41,115,163
Historical Commission	2,552,832	2,552,832	265,000	265,000
Department of Information Resources	0	0	0	0
Library and Archives Commission	0	0	0	0
Pension Review Board	0	0	0	0
Preservation Board	0	0	0	0
State Office of Risk Management	0	0	0	0
Secretary of State	211,848	55,555	14,444	7,222
Veterans Commission	6,475	6,475	0	0
Subtotal, General Government	**$384,483,878**	**$355,214,757**	**$347,913,224**	**$220,453,835**
Retirement and Group Insurance	$2,103,065	$2,279,282	$2,479,989	$2,745,497
Social Security and Benefit Replacement Pay	988,238	985,367	1,007,521	1,005,011
Subtotal, Employee Benefits	**$3,091,303**	**$3,264,649**	**$3,487,510**	**$3,750,508**
Bond Debt Service Payments	$9,538,177	$42,996,330	$60,893,642	$86,450,076
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$9,538,177**	**$42,996,330**	**$60,893,642**	**$86,450,076**
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$397,113,358**	**$401,475,736**	**$412,294,376**	**$310,654,419**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Aging and Disability Services	$71,470,373	$61,562,624	$65,694,702	$65,694,701
Department of Assistive and Rehabilitative Services	18,430,492	20,605,675	19,667,366	19,667,366
Department of Family and Protective Services	5,696,202	5,696,201	5,685,702	5,685,701
Department of State Health Services	331,189,977	468,611,531	486,489,884	469,717,268
Health and Human Services Commission	4,587,828	0	0	0
Subtotal, Health and Human Services	**$431,374,872**	**$556,476,031**	**$577,537,654**	**$560,765,036**
Retirement and Group Insurance	$5,691,089	$6,199,242	$6,658,849	$7,375,751
Social Security and Benefit Replacement Pay	3,411,518	3,398,648	3,386,614	3,375,362
Subtotal, Employee Benefits	**$9,102,607**	**$9,597,890**	**$10,045,463**	**$10,751,113**
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$440,477,479**	**$566,073,921**	**$587,583,117**	**$571,516,149**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Public Education				
Texas Education Agency	$325,236	$325,236	$0	$0
School for the Blind and Visually Impaired	0	0	0	0
School for the Deaf	0	0	0	0
Subtotal, Public Education	**$325,236**	**$325,236**	**$0**	**$0**
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	$0	$0	$0	$0
Lamar Institute of Technology	2,968,816	2,979,260	2,774,380	2,793,025
Lamar State College - Orange	2,520,226	2,578,134	2,528,512	2,588,357
Lamar State College - Port Arthur	2,961,455	3,049,800	3,128,170	3,142,680
Subtotal, Lamar State Colleges	**$8,450,497**	**$8,607,194**	**$8,431,062**	**$8,524,062**
Texas State Technical Colleges				
Texas State Technical College System Administration	$349,416	$214,157	$40,805	$41,533
Texas State Technical College - Harlingen	8,858,588	9,387,562	8,514,473	8,722,603
Texas State Technical College - West Texas	1,810,349	2,033,070	1,759,058	1,777,960
Texas State Technical College - Marshall	1,570,694	1,532,174	1,386,669	1,401,698
Texas State Technical College - Waco	11,434,664	11,612,070	11,243,714	11,484,476
Subtotal, Texas State Technical Colleges	**$24,023,711**	**$24,779,033**	**$22,944,719**	**$23,428,270**
Subtotal, Two-Year Institutions	**$32,474,208**	**$33,386,227**	**$31,375,781**	**$31,952,332**
General Academic Institutions				
The University of Texas System Administration	$0	$0	$0	$0
The University of Texas at Arlington	59,031,320	56,285,464	59,508,336	60,022,855
The University of Texas at Austin	106,160,157	108,990,480	116,719,726	118,759,820
The University of Texas at Dallas	41,271,600	52,718,998	47,225,117	47,984,127
The University of Texas at El Paso	28,289,529	29,040,765	29,383,461	29,873,116
The University of Texas - Pan American	26,133,819	26,482,282	26,334,732	26,522,765
The University of Texas at Brownsville	5,510,089	8,228,576	8,133,711	8,208,319
The University of Texas of the Permian Basin	5,373,430	5,180,841	5,703,430	5,743,130
The University of Texas at San Antonio	45,460,550	41,669,527	44,522,025	44,726,876
The University of Texas at Tyler	9,277,350	9,700,000	8,539,320	8,579,253
Texas A&M University System Administrative and General Offices	14,000	14,000	0	0
Texas A&M University	92,402,126	94,755,479	100,462,471	102,011,644
Texas A&M University at Galveston	3,500,110	3,627,853	3,795,592	3,830,859
Prairie View A&M University	16,303,119	14,988,191	25,023,610	17,492,550
Tarleton State University	12,939,386	13,439,512	13,632,362	13,725,648
Texas A&M University - Central Texas	1,472,536	3,258,644	2,726,498	2,771,295
Texas A&M University - Corpus Christi	13,639,058	13,533,809	14,919,247	15,135,616
Texas A&M University - Kingsville	10,233,878	10,463,571	10,448,939	10,592,947
Texas A&M University - San Antonio	5,062,138	4,798,657	4,824,517	4,831,263
Texas A&M International University	7,888,543	7,922,422	8,186,439	8,258,957

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
West Texas A&M University	$12,268,849	$11,261,806	$12,287,042	$12,506,032
Texas A&M University - Commerce	16,709,382	16,583,204	17,075,391	17,174,714
Texas A&M University - Texarkana	1,986,344	2,091,411	2,035,091	2,089,789
University of Houston System Administration	0	0	0	0
University of Houston	83,360,783	81,224,055	74,565,819	75,484,030
University of Houston - Clear Lake	13,102,551	13,616,017	12,800,803	12,975,741
University of Houston - Downtown	15,927,793	16,515,228	16,910,761	17,022,955
University of Houston - Victoria	4,966,367	5,107,215	5,876,820	5,909,707
Midwestern State University	7,288,442	7,820,833	6,718,771	6,837,483
University of North Texas System Administration	0	0	0	0
University of North Texas	51,290,261	49,773,538	53,023,759	53,662,660
University of North Texas at Dallas	1,948,582	2,013,995	2,669,276	2,676,399
Stephen F. Austin State University	18,507,659	17,696,928	17,681,142	17,786,039
Texas Southern University	27,608,069	28,966,444	26,073,307	26,389,389
Texas Tech University System Administration	0	0	0	0
Texas Tech University	53,699,199	54,120,618	54,832,337	55,589,187
Angelo State University	8,901,257	8,652,747	9,362,172	9,400,754
Texas Woman's University	20,892,411	21,899,693	21,140,243	21,285,129
Texas State University System	0	0	0	0
Lamar University	16,120,526	15,836,048	17,695,989	17,904,194
Sam Houston State University	34,143,966	34,762,528	35,847,043	33,902,944
Texas State University	45,979,831	45,501,878	46,357,897	46,497,917
Sul Ross State University	2,368,930	2,363,390	2,087,376	2,092,892
Sul Ross State University Rio Grande College	1,019,020	1,033,100	924,636	925,162
Subtotal, General Academic Institutions	**$928,052,960**	**$941,939,747**	**$966,055,208**	**$967,184,157**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$7,365,754	$7,590,333	$6,491,519	$6,491,520
The University of Texas Medical Branch at Galveston	12,835,753	13,084,711	9,413,312	9,413,312
The University of Texas Health Science Center at Houston	21,485,240	19,610,171	20,418,750	20,418,747
The University of Texas Health Science Center at San Antonio	8,663,578	8,480,170	8,517,186	8,517,187
The University of Texas M.D. Anderson Cancer Center	23,899,175	30,567,636	813,695	813,696
The University of Texas Health Science Center at Tyler	319,747	320,000	5,502	5,502
Texas A&M University System Health Science Center	9,754,881	12,779,464	12,202,980	12,202,981
University of North Texas Health Science Center at Fort Worth	7,765,464	7,731,585	7,047,275	7,047,274
Texas Tech University Health Sciences Center	13,549,729	14,307,359	13,737,981	13,737,983
Subtotal, Health-related Institutions	**$105,639,321**	**$114,471,429**	**$78,648,200**	**$78,648,202**

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Texas A&M University Services				
Texas A&M AgriLife Research	$475,000	$462,500	$468,750	$468,750
Texas A&M AgriLife Extension Service	9,000	9,000	0	0
Texas A&M Engineering Experiment Station	452,307	452,209	452,258	452,258
Texas A&M Transportation Institute	0	0	0	0
Texas A&M Engineering Extension Service	0	0	0	0
Texas A&M Forest Service	15,456,000	15,456,000	19,480,000	19,513,000
Texas A&M Veterinary Medical Diagnostic Laboratory	0	0	0	0
Subtotal, Texas A&M University Services	**$16,392,307**	**$16,379,709**	**$20,401,008**	**$20,434,008**
Other Higher Education				
Higher Education Coordinating Board	$46,693,791	$40,563,000	$46,828,896	$72,028,895
Higher Education Fund	0	0	0	0
Available University Fund	0	0	0	0
Available National Research University Fund	0	0	0	0
Subtotal, Other Higher Education	**$46,693,791**	**$40,563,000**	**$46,828,896**	**$72,028,895**
Subtotal, Public Higher Education	**$1,129,252,587**	**$1,146,740,112**	**$1,143,309,093**	**$1,170,247,594**
Employee Benefits				
Teacher Retirement System	$94,630,825	$108,180,942	$110,344,561	$112,551,452
Optional Retirement Program	23,607,562	24,079,714	27,017,439	27,557,789
Higher Education Employees Group Insurance Contributions	0	0	0	0
Retirement and Group Insurance	0	0	0	0
Social Security and Benefit Replacement Pay	44,764,238	45,659,522	46,572,713	47,504,167
Subtotal, Employee Benefits	**$163,002,625**	**$177,920,178**	**$183,934,713**	**$187,613,408**
Debt Service				
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE III – AGENCIES OF EDUCATION	**$1,292,580,448**	**$1,324,985,526**	**$1,327,243,806**	**$1,357,861,002**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Supreme Court of Texas	$0	$0	$0	$0
Court of Criminal Appeals	8,528,684	8,146,184	9,213,684	8,611,384
First Court of Appeals District, Houston	0	0	0	0
Second Court of Appeals District, Fort Worth	0	0	0	0
Third Court of Appeals District, Austin	0	0	0	0
Fourth Court of Appeals District, San Antonio	0	0	0	0
Fifth Court of Appeals District, Dallas	0	0	0	0
Sixth Court of Appeals District, Texarkana	0	0	0	0
Seventh Court of Appeals District, Amarillo	0	0	0	0
Eighth Court of Appeals District, El Paso	0	0	0	0
Ninth Court of Appeals District, Beaumont	0	0	0	0
Tenth Court of Appeals District, Waco	0	0	0	0
Eleventh Court of Appeals District, Eastland	0	0	0	0
Twelfth Court of Appeals District, Tyler	0	0	0	0
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	0	0	0	0
Fourteenth Court of Appeals District, Houston	0	0	0	0
Office of Court Administration, Texas Judicial Council	29,774,951	32,512,893	66,168,904	48,265,228
Office of Capital Writs	928,057	862,136	995,096	1,091,772
Office of the State Prosecuting Attorney	0	0	0	0
State Law Library	0	0	0	0
State Commission on Judicial Conduct	0	0	0	0
Judiciary Section, Comptroller's Department	0	0	0	0
Subtotal, Judiciary	**$39,231,692**	**$41,521,213**	**$76,377,684**	**$57,968,384**
Retirement and Group Insurance	$206,619	$222,980	$233,873	$259,108
Social Security and Benefit Replacement Pay	110,608	110,474	110,349	110,233
Subtotal, Employee Benefits	**$317,227**	**$333,454**	**$344,222**	**$369,341**
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE IV – THE JUDICIARY	**$39,548,919**	**$41,854,667**	**$76,721,906**	**$58,337,725**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Alcoholic Beverage Commission	$0	$0	$0	$0
Department of Criminal Justice	517,949	517,950	517,950	517,949
Commission on Fire Protection	30,988	10,000	0	0
Commission on Jail Standards	0	0	0	0
Juvenile Justice Department	0	0	0	0
Commission on Law Enforcement	2,048,004	2,081,936	2,695,985	2,682,663
Texas Military Department	0	0	0	0
Department of Public Safety	69,673,070	69,284,569	0	0
Subtotal, Public Safety and Criminal Justice	**$72,270,011**	**$71,894,455**	**$3,213,935**	**$3,200,612**
Retirement and Group Insurance	$5,854,310	$6,709,348	$6,862,192	$7,412,952
Social Security and Benefit Replacement Pay	1,855,190	1,843,488	1,832,546	1,822,316
Subtotal, Employee Benefits	**$7,709,500**	**$8,552,836**	**$8,694,738**	**$9,235,268**
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$79,979,511**	**$80,447,291**	**$11,908,673**	**$12,435,880**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Agriculture	$3,703,550	$3,703,550	$3,393,549	$2,303,549
Animal Health Commission	0	0	0	0
Commission on Environmental Quality	246,870,253	337,084,258	315,613,683	305,040,473
General Land Office and Veterans' Land Board	14,355,481	17,423,426	16,398,780	16,340,730
Low-level Radioactive Waste Disposal Compact Commission	183,289	583,289	583,289	583,289
Parks and Wildlife Department	114,899,072	132,174,266	142,764,855	136,782,481
Railroad Commission	46,983,506	63,486,269	57,676,962	57,427,728
Soil and Water Conservation Board	0	0	0	0
Water Development Board	0	0	0	0
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	0	0	0	0
Subtotal, Natural Resources	**$426,995,151**	**$554,455,058**	**$536,431,118**	**$518,478,250**
Retirement and Group Insurance	$24,636,121	$27,164,206	$30,157,576	$33,515,624
Social Security and Benefit Replacement Pay	17,887,927	17,894,370	18,105,511	18,055,819
Subtotal, Employee Benefits	**$42,524,048**	**$45,058,576**	**$48,263,087**	**$51,571,443**
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$469,519,199**	**$599,513,634**	**$584,694,205**	**$570,049,693**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.

SOURCE: Legislative Budget Board.

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Housing and Community Affairs	$0	$0	$0	$0
Texas Lottery Commission	202,058,988	200,317,583	204,272,591	203,115,034
Department of Motor Vehicles	0	0	0	0
Department of Transportation	0	0	0	0
Texas Workforce Commission	5,580,991	5,576,084	7,078,844	7,080,488
Reimbursements to the Unemployment Compensation Benefit Account	12,971,770	8,356,292	6,551,608	5,985,201
Subtotal, Business and Economic Development	**$220,611,749**	**$214,249,959**	**$217,903,043**	**$216,180,723**
Retirement and Group Insurance	$3,222,483	$3,503,057	$3,730,426	$4,142,345
Social Security and Benefit Replacement Pay	1,615,905	1,608,673	1,575,843	1,559,477
Subtotal, Employee Benefits	**$4,838,388**	**$5,111,730**	**$5,306,269**	**$5,701,822**
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$225,450,137**	**$219,361,689**	**$223,209,312**	**$221,882,545**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.

SOURCE: Legislative Budget Board.

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
State Office of Administrative Hearings	$0	$0	$0	$0
Board of Chiropractic Examiners	0	0	0	0
Texas State Board of Dental Examiners	0	0	0	0
Funeral Service Commission	0	0	0	0
Board of Professional Geoscientists	0	0	0	0
Health Professions Council	0	0	0	0
Office of Injured Employee Counsel	7,615,528	7,923,813	8,199,542	8,199,542
Department of Insurance	59,690,927	58,777,074	59,907,969	57,433,332
Office of Public Insurance Counsel	0	0	0	0
Board of Professional Land Surveying	0	0	0	0
Department of Licensing and Regulation	131,041	131,040	131,041	131,040
Texas Medical Board	2,117,514	2,117,513	2,117,514	2,117,513
Texas Board of Nursing	0	0	0	0
Optometry Board	0	0	0	0
Board of Pharmacy	0	0	0	0
Executive Council of Physical Therapy and Occupational Therapy Examiners	0	0	0	0
Board of Plumbing Examiners	0	0	0	0
Board of Podiatric Medical Examiners	0	0	0	0
Board of Examiners of Psychologists	0	0	0	0
Racing Commission	8,284,004	8,348,559	8,951,043	8,951,044
Securities Board	0	0	0	0
Public Utility Commission of Texas	72,704,338	94,669,281	621,277,550	125,855,390
Office of Public Utility Counsel	0	0	499,680	499,680
Board of Veterinary Medical Examiners	0	0	0	0
Subtotal, Regulatory	**$150,543,352**	**$171,967,280**	**$701,084,339**	**$203,187,541**
Retirement and Group Insurance	$19,112,056	$20,790,523	$22,269,203	$24,657,412
Social Security and Benefit Replacement Pay	6,988,657	6,951,092	6,915,969	6,883,129
Subtotal, Employee Benefits	**$26,100,713**	**$27,741,615**	**$29,185,172**	**$31,540,541**
Lease Payments	$503,595	$255,406	$276,596	$327,484
Subtotal, Debt Service	**$503,595**	**$255,406**	**$276,596**	**$327,484**
TOTAL, ARTICLE VIII – REGULATORY	**$177,147,660**	**$199,964,301**	**$730,546,107**	**$235,055,566**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Appropriation for a Salary Increase for General State Employees	$0	$0	$3,741,195	$9,068,034
Appropriation for Increase for State Employees in Salary Schedule C	0	0	3,218,044	6,583,659
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$0**	**$6,959,239**	**$15,651,693**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

Source: Legislative Budget Board.

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Senate	$0	$0	$0	$0
House of Representatives	0	0	0	0
Legislative Budget Board	0	0	0	0
Legislative Council	0	0	0	0
Commission on Uniform State Laws	0	0	0	0
Sunset Advisory Commission	0	0	0	0
State Auditor's Office	0	0	0	0
Legislative Reference Library	0	0	0	0
Subtotal, Legislature	**$0**	**$0**	**$0**	**$0**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	0	0	0	0
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**$0**
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE X – THE LEGISLATURE	**$0**	**$0**	**$0**	**$0**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

APPENDIX C – SUMMARY OF STATE BUDGET BY FISCAL YEAR

FEDERAL FUNDS

TABLE C4
FEDERAL FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Article I – General Government	$524,181,619	$341,771,397	$337,457,696	$312,923,059
Article II – Health and Human Services	19,351,785,637	20,291,412,961	20,939,413,917	21,493,855,052
Article III – Agencies of Education	5,011,304,507	5,195,535,746	5,245,116,588	5,388,925,219
Article IV – The Judiciary	2,373,650	2,065,459	1,800,000	1,800,000
Article V – Public Safety and Criminal Justice	809,520,147	968,894,069	712,324,685	623,291,926
Article VI – Natural Resources	1,308,465,411	1,627,323,265	1,427,259,692	1,136,110,671
Article VII – Business and Economic Development	4,500,531,380	4,878,572,308	5,537,055,937	5,522,329,183
Article VIII – Regulatory	5,151,474	3,326,812	3,009,493	3,075,633
Article IX – General Provisions	0	0	8,945,685	21,792,733
Article X – The Legislature	0	0	0	0
TOTAL, ALL FUNCTIONS	**$31,513,313,825**	**$33,308,902,017**	**$34,212,383,693**	**$34,504,103,476**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
SOURCE: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Commission on the Arts	$988,600	$931,600	$931,600	$931,600
Office of the Attorney General	195,255,212	205,024,297	205,968,406	190,513,421
Bond Review Board	0	0	0	0
Cancer Prevention and Research Institute of Texas	0	0	0	0
Comptroller of Public Accounts	47,798	0	0	0
Fiscal Programs - Comptroller of Public Accounts	150,113,829	9,837,784	11,000,603	12,132,340
Commission on State Emergency Communications	4,000,000	1,194,944	0	0
Texas Emergency Services Retirement System	0	0	0	0
Employees Retirement System	0	0	0	0
Texas Ethics Commission	0	0	0	0
Facilities Commission	0	0	0	0
Public Finance Authority	0	0	0	0
Fire Fighters' Pension Commissioner	0	0	0	0
Office of the Governor	0	0	0	0
Trusteed Programs Within the Office of the Governor	96,908,266	58,193,406	64,550,000	60,050,000
Historical Commission	1,015,743	1,015,351	1,015,351	1,015,351
Department of Information Resources	0	0	0	0
Library and Archives Commission	13,209,796	14,642,464	9,944,770	1,920,270
Pension Review Board	0	0	0	0
Preservation Board	0	0	0	0
State Office of Risk Management	0	0	0	0
Secretary of State	25,138,961	11,671,587	2,853,836	2,853,836
Veterans Commission	9,550,904	9,961,344	10,254,194	10,254,194
Subtotal, General Government	**$496,229,109**	**$312,472,777**	**$306,518,760**	**$279,671,012**
Retirement and Group Insurance	$20,871,616	$22,261,384	$24,032,962	$26,432,282
Social Security and Benefit Replacement Pay	6,650,387	6,606,729	6,475,467	6,389,258
Subtotal, Employee Benefits	**$27,522,003**	**$28,868,113**	**$30,508,429**	**$32,821,540**
Bond Debt Service Payments	$430,507	$430,507	$430,507	$430,507
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$430,507**	**$430,507**	**$430,507**	**$430,507**
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$524,181,619**	**$341,771,397**	**$337,457,696**	**$312,923,059**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Aging and Disability Services	$3,793,223,981	$3,702,188,735	$3,888,942,829	$4,303,899,956
Department of Assistive and Rehabilitative Services (5)	475,480,684	482,645,686	482,091,348	487,627,168
Department of Family and Protective Services	685,998,037	725,781,795	761,675,739	769,440,370
Department of State Health Services	1,245,731,907	1,258,923,762	1,227,977,150	1,240,672,352
Health and Human Services Commission	12,863,374,012	13,821,363,588	14,262,939,088	14,357,657,638
Subtotal, Health and Human Services	**$19,063,808,621**	**$19,990,903,566**	**$20,623,626,154**	**$21,159,297,484**
Retirement and Group Insurance	$216,437,661	$229,803,234	$246,692,682	$267,014,469
Social Security and Benefit Replacement Pay	68,134,083	67,300,889	65,689,809	64,137,827
Subtotal, Employee Benefits	**$284,571,744**	**$297,104,123**	**$312,382,491**	**$331,152,296**
Bond Debt Service Payments	$3,405,272	$3,405,272	$3,405,272	$3,405,272
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$3,405,272**	**$3,405,272**	**$3,405,272**	**$3,405,272**
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$19,351,785,637**	**$20,291,412,961**	**$20,939,413,917**	**$21,493,855,052**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) General Revenue Funds for the 2012–13 biennium as reflected in Appendix B and Appendix C for the Department of Assistive and Rehabilitative Services are overstated by $2.4 million, and Federal Funds are understated by a like amount. The 2014–15 increase over the 2012–13 biennium is unchanged for All Funds, but the General Revenue Funds increase should be higher by $2.4 million and the Federal Funds increase should be lower by the same amount.

SOURCE: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Public Education				
Texas Education Agency	$4,842,172,665	$5,019,153,786	$5,095,589,182	$5,243,934,084
School for the Blind and Visually Impaired	4,032,557	4,299,230	4,295,081	4,295,081
School for the Deaf	2,040,631	1,760,931	1,817,088	1,817,088
Subtotal, Public Education	**$4,848,245,853**	**$5,025,213,947**	**$5,101,701,351**	**$5,250,046,253**
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	$0	$0	$0	$0
Lamar Institute of Technology	0	0	0	0
Lamar State College - Orange	0	0	0	0
Lamar State College - Port Arthur	0	0	0	0
Subtotal, Lamar State Colleges	**$0**	**$0**	**$0**	**$0**
Texas State Technical Colleges				
Texas State Technical College System Administration	$0	$0	$0	$0
Texas State Technical College - Harlingen	0	0	0	0
Texas State Technical College - West Texas	0	0	0	0
Texas State Technical College - Marshall	0	0	0	0
Texas State Technical College - Waco	0	0	0	0
Subtotal, Texas State Technical Colleges	**$0**	**$0**	**$0**	**$0**
Subtotal, Two-year Institutions	**$0**	**$0**	**$0**	**$0**
General Academic Institutions				
The University of Texas System Administration	$0	$0	$0	$0
The University of Texas at Arlington	0	0	0	0
The University of Texas at Austin	0	0	0	0
The University of Texas at Dallas	0	0	0	0
The University of Texas at El Paso	0	0	0	0
The University of Texas - Pan American	0	0	0	0
The University of Texas at Brownsville	0	0	0	0
The University of Texas of the Permian Basin	0	0	0	0
The University of Texas at San Antonio	0	0	0	0
The University of Texas at Tyler	0	0	0	0
Texas A&M University System Administrative and General Offices	0	0	0	0
Texas A&M University	0	0	0	0
Texas A&M University at Galveston	0	0	0	0
Prairie View A&M University	0	0	0	0
Tarleton State University	0	0	0	0
Texas A&M University - Central Texas	0	0	0	0
Texas A&M University - Corpus Christi	0	0	0	0
Texas A&M University - Kingsville	0	0	0	0
Texas A&M University - San Antonio	0	0	0	0
Texas A&M International University	0	0	0	0

TABLE C4—(CONTINUED)
FEDERAL FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
West Texas A&M University	$0	$0	$0	$0
Texas A&M University - Commerce	0	0	0	0
Texas A&M University - Texarkana	0	0	0	0
University of Houston System Administration	0	0	0	0
University of Houston	0	0	0	0
University of Houston - Clear Lake	0	0	0	0
University of Houston - Downtown	0	0	0	0
University of Houston - Victoria	0	0	0	0
Midwestern State University	0	0	0	0
University of North Texas System Administration	0	0	0	0
University of North Texas	0	0	0	0
University of North Texas at Dallas	0	0	0	0
Stephen F. Austin State University	0	0	0	0
Texas Southern University	0	0	0	0
Texas Tech University System Administration	0	0	0	0
Texas Tech University	0	0	0	0
Angelo State University	0	0	0	0
Texas Woman's University	0	0	0	0
Texas State University System	0	0	0	0
Lamar University	0	0	0	0
Sam Houston State University	0	0	0	0
Texas State University	0	0	0	0
Sul Ross State University	0	0	0	0
Sul Ross State University Rio Grande College	0	0	0	0
Subtotal, General Academic Institutions	**$0**	**$0**	**$0**	**$0**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$0	$0	$0	$0
The University of Texas Medical Branch at Galveston	0	0	0	0
The University of Texas Health Science Center at Houston	0	0	0	0
The University of Texas Health Science Center at San Antonio	0	0	0	0
The University of Texas M.D. Anderson Cancer Center	0	0	0	0
The University of Texas Health Science Center at Tyler	0	0	0	0
Texas A&M University System Health Science Center	0	0	0	0
University of North Texas Health Science Center at Fort Worth	0	0	0	0
Texas Tech University Health Sciences Center	0	0	0	0
Subtotal, Health-related Institutions	**$0**	**$0**	**$0**	**$0**

TABLE C4—(CONTINUED)
FEDERAL FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Texas A&M University Services				
Texas A&M AgriLife Research	$8,908,502	$8,908,502	$8,908,502	$8,908,502
Texas A&M AgriLife Extension Service	12,669,278	12,669,278	12,669,278	12,669,278
Texas A&M Engineering Experiment Station	57,737,623	55,952,603	53,142,982	53,142,982
Texas A&M Transportation Institute	8,697,123	8,849,322	9,004,185	9,161,759
Texas A&M Engineering Extension Service	18,013,455	19,837,996	19,743,237	19,743,237
Texas A&M Forest Service	3,484,050	3,426,168	3,426,168	3,426,168
Texas A&M Veterinary Medical Diagnostic Laboratory	182,000	182,000	182,000	182,000
Subtotal, Texas A&M University Services	**$109,692,031**	**$109,825,869**	**$107,076,352**	**$107,233,926**
Other Higher Education				
Higher Education Coordinating Board	$47,843,198	$54,625,763	$29,887,000	$24,659,000
Higher Education Fund	0	0	0	0
Available University Fund	0	0	0	0
Available National Research University Fund	0	0	0	0
Subtotal, Other Higher Education	**$47,843,198**	**$54,625,763**	**$29,887,000**	**$24,659,000**
Subtotal, Public Higher Education	**$157,535,229**	**$164,451,632**	**$136,963,352**	**$131,892,926**
Employee Benefits				
Teacher Retirement System	$0	$0	$0	$0
Optional Retirement Program	0	0	0	0
Higher Education Employees Group Insurance Contributions	0	0	0	0
Retirement and Group Insurance	3,820,311	4,170,032	4,658,838	5,195,434
Social Security and Benefit Replacement Pay	1,543,872	1,540,893	1,633,805	1,631,364
Subtotal, Employee Benefits	**$5,364,183**	**$5,710,925**	**$6,292,643**	**$6,826,798**
Debt Service				
Bond Debt Service Payments	$159,242	$159,242	$159,242	$159,242
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$159,242**	**$159,242**	**$159,242**	**$159,242**
TOTAL, ARTICLE III – AGENCIES OF EDUCATION	**$5,011,304,507**	**$5,195,535,746**	**$5,245,116,588**	**$5,388,925,219**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Supreme Court of Texas	$1,800,000	$1,800,000	$1,800,000	$1,800,000
Court of Criminal Appeals	7,000	242,840	0	0
First Court of Appeals District, Houston	0	0	0	0
Second Court of Appeals District, Fort Worth	0	0	0	0
Third Court of Appeals District, Austin	0	0	0	0
Fourth Court of Appeals District, San Antonio	0	0	0	0
Fifth Court of Appeals District, Dallas	0	0	0	0
Sixth Court of Appeals District, Texarkana	0	0	0	0
Seventh Court of Appeals District, Amarillo	0	0	0	0
Eighth Court of Appeals District, El Paso	0	0	0	0
Ninth Court of Appeals District, Beaumont	0	0	0	0
Tenth Court of Appeals District, Waco	0	0	0	0
Eleventh Court of Appeals District, Eastland	0	0	0	0
Twelfth Court of Appeals District, Tyler	0	0	0	0
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	0	0	0	0
Fourteenth Court of Appeals District, Houston	0	0	0	0
Office of Court Administration, Texas Judicial Council	566,650	22,619	0	0
Office of Capital Writs	0	0	0	0
Office of the State Prosecuting Attorney	0	0	0	0
State Law Library	0	0	0	0
State Commission on Judicial Conduct	0	0	0	0
Judiciary Section, Comptroller's Department	0	0	0	0
Subtotal, Judiciary	**$2,373,650**	**$2,065,459**	**$1,800,000**	**$1,800,000**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	0	0	0	0
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**$0**
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE IV – THE JUDICIARY	**$2,373,650**	**$2,065,459**	**$1,800,000**	**$1,800,000**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.

SOURCE: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Alcoholic Beverage Commission	$745,802	$152,500	$0	$0
Department of Criminal Justice	2,401,401	829,195	0	0
Commission on Fire Protection	0	0	0	0
Commission on Jail Standards	0	0	0	0
Juvenile Justice Department	16,864,289	15,261,825	13,234,161	13,196,661
Commission on Law Enforcement	0	0	0	0
Texas Military Department	49,279,783	43,559,348	51,107,087	49,742,418
Department of Public Safety	723,102,920	891,989,002	630,516,641	541,928,578
Subtotal, Public Safety and Criminal Justice	**$792,394,195**	**$951,791,870**	**$694,857,889**	**$604,867,657**
Retirement and Group Insurance	$11,301,374	$11,499,425	$11,977,642	$12,956,258
Social Security and Benefit Replacement Pay	4,240,679	4,018,875	3,905,255	3,884,112
Subtotal, Employee Benefits	**$15,542,053**	**$15,518,300**	**$15,882,897**	**$16,840,370**
Bond Debt Service Payments	$1,583,899	$1,583,899	$1,583,899	$1,583,899
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$1,583,899**	**$1,583,899**	**$1,583,899**	**$1,583,899**
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$809,520,147**	**$968,894,069**	**$712,324,685**	**$623,291,926**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
SOURCE: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Agriculture	$524,481,662	$498,160,161	$493,174,848	$495,620,323
Animal Health Commission	3,054,829	2,112,716	1,924,942	1,942,303
Commission on Environmental Quality	49,004,574	42,234,366	39,162,828	38,849,371
General Land Office and Veterans' Land Board	544,532,923	983,085,046	794,581,125	501,077,676
Low-level Radioactive Waste Disposal Compact Commission	0	0	0	0
Parks and Wildlife Department	72,295,246	40,159,284	38,519,078	38,319,684
Railroad Commission	17,234,474	8,179,991	7,094,110	6,616,246
Soil and Water Conservation Board	6,885,196	6,917,161	6,000,000	6,000,000
Water Development Board	72,499,609	28,108,379	27,834,250	27,834,250
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	0	0	0	0
Subtotal, Natural Resources	**$1,289,988,513**	**$1,608,957,104**	**$1,408,291,181**	**$1,116,259,853**
Retirement and Group Insurance	$12,241,120	$12,394,302	$13,123,745	$14,105,087
Social Security and Benefit Replacement Pay	6,126,784	5,862,865	5,735,772	5,636,737
Subtotal, Employee Benefits	**$18,367,904**	**$18,257,167**	**$18,859,517**	**$19,741,824**
Bond Debt Service Payments	$108,994	$108,994	$108,994	$108,994
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$108,994**	**$108,994**	**$108,994**	**$108,994**
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$1,308,465,411**	**$1,627,323,265**	**$1,427,259,692**	**$1,136,110,671**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.

SOURCE: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Housing and Community Affairs	$207,812,845	$203,154,512	$201,754,526	$201,780,689
Texas Lottery Commission	0	0	0	0
Department of Motor Vehicles	57,054	1,258,827	1,201,854	114,027
Department of Transportation	3,289,726,672	3,641,882,865	4,282,481,383	4,267,560,100
Texas Workforce Commission	948,771,286	974,542,125	994,355,334	992,244,527
Reimbursements to the Unemployment Compensation Benefit Account	0	0	0	0
Subtotal, Business and Economic Development	**$4,446,367,857**	**$4,820,838,329**	**$5,479,793,097**	**$5,461,699,343**
Retirement and Group Insurance	$42,600,676	$46,303,877	$46,906,066	$50,712,483
Social Security and Benefit Replacement Pay	11,230,781	11,098,036	10,024,708	9,585,291
Subtotal, Employee Benefits	**$53,831,457**	**$57,401,913**	**$56,930,774**	**$60,297,774**
Bond Debt Service Payments	$332,066	$332,066	$332,066	$332,066
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$332,066**	**$332,066**	**$332,066**	**$332,066**
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$4,500,531,380**	**$4,878,572,308**	**$5,537,055,937**	**$5,522,329,183**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
State Office of Administrative Hearings	$0	$0	$0	$0
Board of Chiropractic Examiners	0	0	0	0
Texas State Board of Dental Examiners	0	0	0	0
Funeral Service Commission	0	0	0	0
Board of Professional Geoscientists	0	0	0	0
Health Professions Council	0	0	0	0
Office of Injured Employee Counsel	0	0	0	0
Department of Insurance	3,878,899	2,352,774	2,266,721	2,266,721
Office of Public Insurance Counsel	0	0	0	0
Board of Professional Land Surveying	0	0	0	0
Department of Licensing and Regulation	0	0	0	0
Texas Medical Board	0	0	0	0
Texas Board of Nursing	0	0	0	0
Optometry Board	0	0	0	0
Board of Pharmacy	0	0	0	0
Executive Council of Physical Therapy and Occupational Therapy Examiners	0	0	0	0
Board of Plumbing Examiners	0	0	0	0
Board of Podiatric Medical Examiners	0	0	0	0
Board of Examiners of Psychologists	0	0	0	0
Racing Commission	0	0	0	0
Securities Board	0	0	0	0
Public Utility Commission of Texas	433,978	82,197	0	0
Office of Public Utility Counsel	0	0	0	0
Board of Veterinary Medical Examiners	0	0	0	0
Subtotal, Regulatory	**$4,312,877**	**$2,434,971**	**$2,266,721**	**$2,266,721**
Retirement and Group Insurance	$621,294	$675,467	$575,615	$642,567
Social Security and Benefit Replacement Pay	217,303	216,374	167,157	166,345
Subtotal, Employee Benefits	**$838,597**	**$891,841**	**$742,772**	**$808,912**
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE VIII – REGULATORY	**$5,151,474**	**$3,326,812**	**$3,009,493**	**$3,075,633**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.

SOURCE: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Appropriation for a Salary Increase for General State Employees	$0	$0	$8,945,685	$21,792,733
Appropriation for Increase for State Employees in Salary Schedule C	0	0	0	0
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$0**	**$8,945,685**	**$21,792,733**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.

SOURCE: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Senate	$0	$0	$0	$0
House of Representatives	0	0	0	0
Legislative Budget Board	0	0	0	0
Legislative Council	0	0	0	0
Commission on Uniform State Laws	0	0	0	0
Sunset Advisory Commission	0	0	0	0
State Auditor's Office	0	0	0	0
Legislative Reference Library	0	0	0	0
Subtotal, Legislature	**$0**	**$0**	**$0**	**$0**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	0	0	0	0
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**$0**
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE X – THE LEGISLATURE	**$0**	**$0**	**$0**	**$0**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.

SOURCE: Legislative Budget Board.

APPENDIX C – SUMMARY OF STATE BUDGET BY FISCAL YEAR

OTHER FUNDS

TABLE C5
OTHER FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3) (5)	APPROPRIATED 2015 (4) (5)
Article I – General Government	$467,808,853	$568,567,762	$547,747,789	$388,410,813
Article II – Health and Human Services	324,790,071	319,080,492	335,886,117	311,142,386
Article III – Agencies of Education	7,582,678,115	9,995,091,602	5,014,054,533	5,105,448,106
Article IV – The Judiciary	97,493,550	86,707,736	89,338,105	90,180,635
Article V – Public Safety and Criminal Justice	712,258,443	686,247,269	718,276,093	492,810,564
Article VI – Natural Resources	188,985,224	161,405,664	2,186,130,939	135,114,020
Article VII – Business and Economic Development	4,999,633,345	7,110,028,850	6,984,620,250	6,841,283,852
Article VIII – Regulatory	16,587,163	42,889,581	25,471,196	12,627,026
Article IX – General Provisions	0	0	42,334,510	91,994,172
Article X – The Legislature	177,317	177,478	102,500	102,500
TOTAL, ALL FUNCTIONS	**$14,390,412,081**	**$18,970,196,434**	**$15,943,962,032**	**$13,469,114,074**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Appropriated amounts in All Funds and Other Funds for 2014 and 2015 exclude an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.
(6) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C5—(CONTINUED)
OTHER FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Commission on the Arts	$246,000	$152,000	$452,000	$452,000
Office of the Attorney General	46,206,945	52,423,096	51,718,445	51,630,705
Bond Review Board	0	0	0	0
Cancer Prevention and Research Institute of Texas	297,075,618	290,960,715	297,046,446	297,046,446
Comptroller of Public Accounts	15,337,993	10,951,594	4,123,462	4,123,462
Fiscal Programs - Comptroller of Public Accounts	15,049,528	14,800,000	7,529,119	7,300,000
Commission on State Emergency Communications	240,000	240,000	0	0
Texas Emergency Services Retirement System	0	0	0	0
Employees Retirement System	0	0	0	0
Texas Ethics Commission	11,000	8,190	8,190	8,190
Facilities Commission	29,940,943	85,972,630	50,847,507	18,417,651
Public Finance Authority	680,921	665,285	0	0
Fire Fighters' Pension Commissioner	39,997	44,000	0	0
Office of the Governor	276,600	270,000	270,000	270,000
Trusteed Programs Within the Office of the Governor	20,421,307	113,939,760	124,740,000	1,635,000
Historical Commission	43,958,070	4,665,933	6,558,514	1,948,923
Department of Information Resources	264,905,599	239,903,261	290,769,595	295,243,785
Library and Archives Commission	2,938,771	5,758,283	5,181,014	5,213,374
Pension Review Board	0	10,000	10,000	40,000
Preservation Board	2,347,011	268,820	19,000	19,000
State Office of Risk Management	50,003,404	53,024,239	52,240,761	52,031,822
Secretary of State	6,844,265	6,678,421	6,937,459	6,519,408
Veterans Commission	11,051,082	8,991,197	6,733,209	5,563,209
Subtotal, General Government	**$807,575,054**	**$889,727,424**	**$905,184,721**	**$747,462,975**
Retirement and Group Insurance	$1,022,821	$1,105,372	$1,182,415	$1,312,153
Social Security and Benefit Replacement Pay	815,059	813,746	823,646	822,498
Subtotal, Employee Benefits	**$1,837,880**	**$1,919,118**	**$2,006,061**	**$2,134,651**
Bond Debt Service Payments	$152,685	$0	$0	$0
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$152,685**	**$0**	**$0**	**$0**
Less Interagency Contracts	$341,756,766	$323,078,780	$359,442,993	$361,186,813
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$467,808,853**	**$568,567,762**	**$547,747,789**	**$388,410,813**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(5) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C5—(CONTINUED)
OTHER FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Aging and Disability Services	$23,879,478	$38,708,418	$40,630,714	$23,631,390
Department of Assistive and Rehabilitative Services	19,266,555	18,749,005	19,695,509	19,695,810
Department of Family and Protective Services	7,934,347	8,811,388	8,500,290	8,535,445
Department of State Health Services	256,704,548	237,171,660	273,711,100	265,466,986
Health and Human Services Commission	382,702,602	557,223,533	570,295,394	540,898,727
Subtotal, Health and Human Services	**$690,487,530**	**$860,664,004**	**$912,833,007**	**$858,228,358**
Retirement and Group Insurance	$331,432	$361,227	$387,684	$430,090
Social Security and Benefit Replacement Pay	117,620	116,826	116,084	115,390
Subtotal, Employee Benefits	**$449,052**	**$478,053**	**$503,768**	**$545,480**
Bond Debt Service Payments	$542,975	$264,962	$1,947,592	$1,947,592
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$542,975**	**$264,962**	**$1,947,592**	**$1,947,592**
Less Interagency Contracts	$366,689,486	$542,326,527	$579,398,250	$549,579,044
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$324,790,071**	**$319,080,492**	**$335,886,117**	**$311,142,386**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C5—(CONTINUED)
OTHER FUNDS — AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3) (5)	APPROPRIATED 2015 (4) (5)
Public Education				
Texas Education Agency	$3,816,998,150	$5,552,930,498	$3,959,370,992	$4,128,996,645
School for the Blind and Visually Impaired	17,261,543	9,130,894	3,226,181	3,143,413
School for the Deaf	6,547,673	9,066,679	7,270,653	7,337,320
Subtotal, Public Education	**$3,840,807,366**	**$5,571,128,071**	**$3,969,867,826**	**$4,139,477,378**
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	$0	$0	$0	$0
Lamar Institute of Technology	0	0	0	0
Lamar State College - Orange	0	0	0	0
Lamar State College - Port Arthur	0	0	0	0
Subtotal, Lamar State Colleges	**$0**	**$0**	**$0**	**$0**
Texas State Technical Colleges				
Texas State Technical College System Administration	$0	$0	$0	$0
Texas State Technical College - Harlingen	0	0	0	0
Texas State Technical College - West Texas	0	0	0	0
Texas State Technical College - Marshall	0	0	0	0
Texas State Technical College - Waco	0	0	0	0
Subtotal, Texas State Technical Colleges	**$0**	**$0**	**$0**	**$0**
Subtotal, Two-year Institutions	**$0**	**$0**	**$0**	**$0**
General Academic Institutions				
The University of Texas System Administration	$1,144,851	$1,172,000	$1,175,000	$1,175,000
The University of Texas at Arlington	0	0	0	0
The University of Texas at Austin	0	0	0	0
The University of Texas at Dallas	0	0	0	0
The University of Texas at El Paso	1,402,500	1,432,500	1,432,500	1,432,500
The University of Texas - Pan American	228,713	228,713	228,713	228,713
The University of Texas at Brownsville	0	0	0	0
The University of Texas of the Permian Basin	0	0	0	0
The University of Texas at San Antonio	0	0	0	0
The University of Texas at Tyler	0	0	0	0
Texas A&M University System Administrative and General Offices	0	0	0	0
Texas A&M University	3,003,724	4,157,880	4,365,774	4,584,063
Texas A&M University at Galveston	0	0	0	0
Prairie View A&M University	0	0	0	0
Tarleton State University	0	0	0	0
Texas A&M University - Central Texas	0	0	0	0
Texas A&M University - Corpus Christi	0	0	0	0
Texas A&M University - Kingsville	0	0	37,000	3,000
Texas A&M University - San Antonio	0	0	0	0
Texas A&M International University	137,887	137,887	137,887	137,887

TABLE C5—(CONTINUED)
OTHER FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3) (5)	APPROPRIATED 2015 (4) (5)
West Texas A&M University	$0	$0	$0	$0
Texas A&M University - Commerce	0	0	0	0
Texas A&M University - Texarkana	0	0	0	0
University of Houston System Administration	0	0	0	0
University of Houston	0	0	0	0
University of Houston - Clear Lake	0	0	0	0
University of Houston - Downtown	0	0	0	0
University of Houston - Victoria	0	0	0	0
Midwestern State University	0	0	0	0
University of North Texas System Administration	0	0	0	0
University of North Texas	0	0	0	0
University of North Texas at Dallas	0	0	0	0
Stephen F. Austin State University	0	0	0	0
Texas Southern University	0	0	0	0
Texas Tech University System Administration	0	0	0	0
Texas Tech University	0	0	0	0
Angelo State University	0	0	0	0
Texas Woman's University	0	0	0	0
Texas State University System	0	0	0	0
Lamar University	0	0	0	0
Sam Houston State University	0	0	0	0
Texas State University	0	0	0	0
Sul Ross State University	0	0	0	0
Sul Ross State University Rio Grande College	0	0	0	0
Subtotal, General Academic Institutions	**$5,917,675**	**$7,128,980**	**$7,376,874**	**$7,561,163**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$4,780,502	$7,083,356	$5,607,759	$5,607,759
The University of Texas Medical Branch at Galveston	365,521,014	410,169,913	12,074,377	7,963,633
The University of Texas Health Science Center at Houston	9,598,558	9,576,219	3,600,322	3,600,322
The University of Texas Health Science Center at San Antonio	15,932,959	17,781,247	13,328,953	13,328,953
The University of Texas M.D. Anderson Cancer Center	2,412,876,855	2,770,159,194	8,345,937	8,345,937
The University of Texas Health Science Center at Tyler	53,014,827	60,031,580	2,855,500	2,855,500
Texas A&M University System Health Science Center	8,085,168	14,471,796	2,800,000	2,800,000
University of North Texas Health Science Center at Fort Worth	2,102,400	4,337,361	3,105,420	3,105,420
Texas Tech University Health Sciences Center	9,669,314	17,545,169	4,500,000	4,500,000
Subtotal, Health-related Institutions	**$2,881,581,597**	**$3,311,155,835**	**$56,218,268**	**$52,107,524**

TABLE C5—(CONTINUED)
OTHER FUNDS — AGENCIES OF EDUCATION (CONTINUED)

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3) (5)	APPROPRIATED 2015 (4) (5)
Texas A&M University Services				
Texas A&M AgriLife Research	$6,785,250	$6,551,253	$6,551,253	$6,551,253
Texas A&M AgriLife Extension Service	9,410,775	9,410,775	9,432,775	9,432,775
Texas A&M Engineering Experiment Station	47,568,599	45,501,777	49,293,955	49,293,955
Texas A&M Transportation Institute	38,958,748	39,521,387	41,871,979	42,450,850
Texas A&M Engineering Extension Service	50,133,512	49,296,096	47,875,595	47,875,595
Texas A&M Forest Service	577,002	161,574,513	513,802	513,802
Texas A&M Veterinary Medical Diagnostic Laboratory	8,937,403	9,875,000	9,168,626	9,168,626
Subtotal, Texas A&M University Services	**$162,371,289**	**$321,730,801**	**$164,707,985**	**$165,286,856**
Other Higher Education				
Higher Education Coordinating Board	$33,967,084	$43,679,637	$52,109,581	$20,484,680
Higher Education Fund	0	0	0	0
Available University Fund	599,011,336	662,902,688	663,152,688	657,354,731
Available National Research University Fund	24,509,122	26,389,016	27,613,421	28,283,125
Subtotal, Other Higher Education	**$657,487,542**	**$732,971,341**	**$742,875,690**	**$706,122,536**
Subtotal, Public Higher Education	**$3,707,358,103**	**$4,372,986,957**	**$971,178,817**	**$931,078,079**
Employee Benefits				
Teacher Retirement System	$71,865,308	$88,171,388	$107,093,367	$68,045,151
Optional Retirement Program	0	0	0	0
Higher Education Employees Group Insurance Contributions	683,982	721,044	782,842	840,105
Retirement and Group Insurance	651,164	707,835	799,856	893,952
Social Security and Benefit Replacement Pay	9,271,519	9,386,222	9,532,623	9,653,445
Subtotal, Employee Benefits	**$82,471,973**	**$98,986,489**	**$118,208,688**	**$79,432,653**
Debt Service				
Bond Debt Service Payments	$4,477	$0	$0	$0
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$4,477**	**$0**	**$0**	**$0**
Less Interagency Contracts	$47,963,804	$48,009,915	$45,200,798	$44,540,004
TOTAL, ARTICLE III – AGENCIES OF EDUCATION	**$7,582,678,115**	**$9,995,091,602**	**$5,014,054,533**	**$5,105,448,106**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Appropriated amounts in All Funds and Other Funds for 2014 and 2015 exclude an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.
(6) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C5—(CONTINUED)
OTHER FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Supreme Court of Texas	$28,259,604	$14,456,227	$16,755,890	$16,755,890
Court of Criminal Appeals	367,751	750,251	367,751	1,035,251
First Court of Appeals District, Houston	347,582	324,550	324,550	324,550
Second Court of Appeals District, Fort Worth	282,964	277,050	277,050	277,050
Third Court of Appeals District, Austin	234,900	234,900	234,900	234,900
Fourth Court of Appeals District, San Antonio	271,639	266,050	266,050	266,050
Fifth Court of Appeals District, Dallas	425,950	425,950	425,950	425,950
Sixth Court of Appeals District, Texarkana	101,650	96,450	96,450	96,450
Seventh Court of Appeals District, Amarillo	132,393	130,600	130,600	130,600
Eighth Court of Appeals District, El Paso	130,650	125,450	125,450	125,450
Ninth Court of Appeals District, Beaumont	133,600	130,600	130,600	130,600
Tenth Court of Appeals District, Waco	102,450	100,450	100,450	100,450
Eleventh Court of Appeals District, Eastland	100,450	100,450	100,450	100,450
Twelfth Court of Appeals District, Tyler	95,950	95,950	95,950	95,950
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	236,900	236,900	236,900	236,900
Fourteenth Court of Appeals District, Houston	347,434	327,389	327,389	327,389
Office of Court Administration, Texas Judicial Council	5,113,177	4,889,999	5,057,319	5,046,671
Office of Capital Writs	0	0	0	0
Office of the State Prosecuting Attorney	22,500	22,500	22,500	22,500
State Law Library	19,250	19,250	19,250	19,250
State Commission on Judicial Conduct	0	0	0	0
Judiciary Section, Comptroller's Department	66,342,531	68,978,560	67,342,054	67,521,423
Subtotal, Judiciary	**$103,069,325**	**$91,989,526**	**$92,437,503**	**$93,273,724**
Retirement and Group Insurance	$1,659,260	$1,755,897	$4,231,171	$4,231,171
Social Security and Benefit Replacement Pay	2,190,900	2,186,530	2,182,444	2,178,624
Subtotal, Employee Benefits	**$3,850,160**	**$3,942,427**	**$6,413,615**	**$6,409,795**
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
Less Interagency Contracts	$9,425,935	$9,224,217	$9,513,013	$9,502,884
TOTAL, ARTICLE IV – THE JUDICIARY	**$97,493,550**	**$86,707,736**	**$89,338,105**	**$90,180,635**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C5—(CONTINUED)
OTHER FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Alcoholic Beverage Commission	$516,068	$399,010	$5,000	$5,000
Department of Criminal Justice	116,223,856	116,224,878	131,610,967	68,610,967
Commission on Fire Protection	67,920	45,000	62,500	62,500
Commission on Jail Standards	30,000	4,500	4,500	4,500
Juvenile Justice Department	20,616,447	17,374,919	21,171,496	15,474,715
Commission on Law Enforcement	443,716	540,605	558,300	605,300
Texas Military Department	7,635,836	8,912,905	7,933,000	5,433,000
Department of Public Safety	569,912,326	532,092,708	541,366,010	379,088,891
Subtotal, Public Safety and Criminal Justice	**$715,446,169**	**$675,594,525**	**$702,711,773**	**$469,284,873**
Retirement and Group Insurance	$65,124,574	$71,151,622	$75,298,753	$83,164,043
Social Security and Benefit Replacement Pay	29,641,793	29,526,606	29,418,906	29,318,206
Subtotal, Employee Benefits	**$94,766,367**	**$100,678,228**	**$104,717,659**	**$112,482,249**
Bond Debt Service Payments	$66,189	$0	$0	$0
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$66,189**	**$0**	**$0**	**$0**
Less Interagency Contracts	$98,020,282	$90,025,484	$89,153,339	$88,956,558
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$712,258,443**	**$686,247,269**	**$718,276,093**	**$492,810,564**

Notes:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.

Source: Legislative Budget Board.

TABLE C5—(CONTINUED)
OTHER FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Agriculture	$3,021,923	$3,536,694	$7,792,668	$13,956,008
Animal Health Commission	0	0	0	0
Commission on Environmental Quality	11,504,465	11,753,154	6,065,106	6,065,106
General Land Office and Veterans' Land Board	51,922,101	52,446,178	52,578,545	53,079,034
Low-level Radioactive Waste Disposal Compact Commission	0	0	0	0
Parks and Wildlife Department	45,760,152	35,922,432	62,747,135	4,226,687
Railroad Commission	8,747,166	2,133,325	2,072,949	2,076,096
Soil and Water Conservation Board	99	0	0	0
Water Development Board	13,975,854	13,306,118	2,009,632,556	9,632,556
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	73,700,889	53,847,998	54,815,054	55,072,652
Subtotal, Natural Resources	**$208,632,649**	**$172,945,899**	**$2,195,704,013**	**$144,108,139**
Retirement and Group Insurance	$4,554,732	$4,949,907	$5,257,929	$5,845,957
Social Security and Benefit Replacement Pay	2,387,965	2,379,302	2,371,201	2,363,628
Subtotal, Employee Benefits	**$6,942,697**	**$7,329,209**	**$7,629,130**	**$8,209,585**
Bond Debt Service Payments	$733,587	$738,000	$732,875	$731,375
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$733,587**	**$738,000**	**$732,875**	**$731,375**
Less Interagency Contracts	$27,323,709	$19,607,444	$17,935,079	$17,935,079
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$188,985,224**	**$161,405,664**	**$2,186,130,939**	**$135,114,020**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor’s vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor’s vetoes.
(5) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C5—(CONTINUED)
OTHER FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Department of Housing and Community Affairs	$19,268,270	$18,684,359	$17,831,220	$18,090,831
Texas Lottery Commission	0	0	0	0
Department of Motor Vehicles	121,192,677	156,014,101	49,240,387	22,137,773
Department of Transportation	4,630,735,184	6,691,223,399	6,648,586,847	6,508,067,841
Texas Workforce Commission	38,405,557	40,160,441	40,299,058	40,522,551
Reimbursements to the Unemployment Compensation Benefit Account	28,872,649	18,599,488	17,713,605	16,182,210
Subtotal, Business and Economic Development	**$4,838,474,337**	**$6,924,681,788**	**$6,773,671,117**	**$6,605,001,206**
Retirement and Group Insurance	$180,959,735	$197,738,981	$220,362,535	$244,422,487
Social Security and Benefit Replacement Pay	49,671,968	49,377,685	51,521,693	51,264,423
Subtotal, Employee Benefits	**$230,631,703**	**$247,116,666**	**$271,884,228**	**$295,686,910**
Bond Debt Service Payments	$6,588	$0	$0	$0
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$6,588**	**$0**	**$0**	**$0**
Less Interagency Contracts	$69,479,283	$61,769,604	$60,935,095	$59,404,264
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$4,999,633,345**	**$7,110,028,850**	**$6,984,620,250**	**$6,841,283,852**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C5—(CONTINUED)
OTHER FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
State Office of Administrative Hearings	$6,152,998	$6,456,820	$6,369,560	$6,076,560
Board of Chiropractic Examiners	47,500	47,500	47,500	47,500
Texas State Board of Dental Examiners	258,547	258,547	258,500	258,500
Funeral Service Commission	73,500	73,500	73,500	73,500
Board of Professional Geoscientists	0	0	0	0
Health Professions Council	862,373	848,271	960,307	960,755
Office of Injured Employee Counsel	0	0	0	0
Department of Insurance	18,097,278	36,717,168	18,800,960	5,956,605
Office of Public Insurance Counsel	191,670	191,670	191,670	191,670
Board of Professional Land Surveying	36,400	9,400	5,400	5,400
Department of Licensing and Regulation	940,882	965,882	965,882	965,882
Texas Medical Board	59,418	59,418	59,418	59,418
Texas Board of Nursing	1,907,169	1,905,112	1,167,998	1,167,998
Optometry Board	45,321	45,321	45,321	45,321
Board of Pharmacy	7,730	7,730	7,730	7,730
Executive Council of Physical Therapy and Occupational Therapy Examiners	80,677	80,677	80,677	80,677
Board of Plumbing Examiners	29,810	48,000	33,100	34,100
Board of Podiatric Medical Examiners	6,385	3,200	3,200	3,200
Board of Examiners of Psychologists	79,038	79,038	79,038	79,038
Racing Commission	0	0	0	0
Securities Board	0	0	0	0
Public Utility Commission of Texas	1,195,228	475,000	475,000	475,000
Office of Public Utility Counsel	0	0	0	0
Board of Veterinary Medical Examiners	2,039	1,884	1,884	1,884
Subtotal, Regulatory	**$30,073,963**	**$48,274,138**	**$29,626,645**	**$16,490,738**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	207,275	206,341	205,468	204,652
Subtotal, Employee Benefits	**$207,275**	**$206,341**	**$205,468**	**$204,652**
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
Less Interagency Contracts	$13,694,075	$5,590,898	$4,360,917	$4,068,364
TOTAL, ARTICLE VIII – REGULATORY	**$16,587,163**	**$42,889,581**	**$25,471,196**	**$12,627,026**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.

SOURCE: Legislative Budget Board.

TABLE C5—(CONTINUED)
OTHER FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Appropriation for a Salary Increase for General State Employees	$0	$0	$14,232,138	$34,496,336
Appropriation for Increase for State Employees in Salary Schedule C	0	0	28,102,372	57,497,836
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$0**	**$42,334,510**	**$91,994,172**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

TABLE C5—(CONTINUED)
OTHER FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED 2012 (1)	BUDGETED 2013 (2)	APPROPRIATED 2014 (3)	APPROPRIATED 2015 (4)
Senate	$0	$0	$0	$0
House of Representatives	0	0	0	0
Legislative Budget Board	0	0	0	0
Legislative Council	0	0	0	0
Commission on Uniform State Laws	0	0	0	0
Sunset Advisory Commission	0	0	0	0
State Auditor's Office	4,775,000	4,775,000	4,775,000	4,775,000
Legislative Reference Library	3,944	4,200	3,500	3,500
Subtotal, Legislature	**$4,778,944**	**$4,779,200**	**$4,778,500**	**$4,778,500**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	0	0	0	0
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**$0**
Lease Payments	0	0	0	0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
Less Interagency Contracts	$4,601,627	$4,601,722	$4,676,000	$4,676,000
TOTAL, ARTICLE X – THE LEGISLATURE	**$177,317**	**$177,478**	**$102,500**	**$102,500**

NOTES:
(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; and technical and/or reconciling adjustments.
(2) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.
(3) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(4) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes.
(5) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

APPENDIX D – HOUSE COMMITTEE ON APPROPRIATIONS

EIGHTY-THIRD LEGISLATURE
2014–15 BIENNIUM

JIM PITTS, CHAIR, Representative District 10, Waxahachie

SYLVESTER TURNER, VICE-CHAIR, Representative District 139, Houston

Trent Ashby, Representative District 57, Lufkin

Cecil Bell, Representative District 3, Magnolia

Greg Bonnen, Representative District 24, Friendswood

Stefani Carter, Representative District 102, Dallas

Myra Crownover, Representative District 64, Denton

Drew Darby, Representative District 72, San Angelo

Sarah Davis, Representative District 134, West University Place

Dawnna Dukes, Representative District 46, Austin

Helen Giddings, Representative District 109, Dallas

Larry Gonzales, Representative District 52, Round Rock

Donna Howard, Representative District 48, Austin

Bryan Hughes, Representative District 5, Mineola

Susan King, Representative District 71, Abilene

Oscar Longoria, Representative District 35, Mission

Marisa Márquez, Representative District 77, El Paso

Ruth Jones McClendon, Representative District 120, San Antonio

Sergio Muñoz, Jr., Representative District 36, Palmview

Rob Orr, Representative District 58, Burleson

John Otto, Representative District 18, Dayton

Diane Patrick, Representative District 94, Arlington

Charles Perry, Representative District 83, Lubbock

Walter “Four” Price, Representative District 87, Amarillo

John Raney, Representative District 14, Bryan

Bennett Ratliff, Representative District 115, Coppell

John Zerwas, Representative District 28, Richmond

APPENDIX E – SENATE COMMITTEE ON FINANCE

EIGHTY-THIRD LEGISLATURE
2014–15 BIENNIUM

TOMMY WILLIAMS, CHAIR, Senatorial District 4, The Woodlands*

JUAN "CHUY" HINOJOSA, VICE-CHAIR, Senatorial District 20, McAllen

Bob Deuell, Senatorial District 2, Greenville

Robert Duncan, Senatorial District 28, Lubbock

Kevin Eltife, Senatorial District 1, Tyler

Craig Estes, Senatorial District 30, Wichita Falls

Glenn Hegar, Senatorial District 18, Katy

Joan Huffman, Senatorial District 17, Houston

Eddie Lucio, Jr. , Senatorial District 27, Brownsville

Jane Nelson, Senatorial District 12, Flower Mound

Dan Patrick, Senatorial District 7, Houston

Kel Seliger, Senatorial District 31, Amarillo

Royce West, Senatorial District 23, Dallas

John Whitmire, Senatorial District 15, Houston

Judith Zaffirini, Senatorial District 21, Laredo

*Chairman Williams resigned from the Texas Senate on October 26, 2013

APPENDIX F – LEGISLATIVE BUDGET BOARD ORGANIZATION

- **Director** Ursula Parks
  - **Communications Officer** John Barton
  - **Fiscal Project and Process Improvement Officer** Marva Scallion
  - **General Counsel** Michael VanderBurg
  - **Legal Counsel** Amy Borgstedte
  - **Assistant Director** Sarah Keyton
    - **TEAM MANAGERS**
      - **Business and Economic Development** Nora Velasco
      - **Health and Human Services** Melitta Berger
      - **Higher Education** Demetrio Hernandez
      - **Federal Funds Analysis** Maria Hernandez
  - **Assistant Director** Paul Priest
    - **TEAM MANAGERS**
      - **Administration**
      - **Administrative Support**
      - **Application Support**
      - **Graphics and Editing**
      - Karen Veriato
      - **Computing Services**
      - **Major Information Systems** Gerry Caffey
  - **TEAM MANAGER**
    - **Estimates and Revenue** Scott Dudley
  - **Assistant Director** John McGeady
    - **TEAM MANAGERS**
      - **General Government** Elizabeth Prado
      - **Natural Resources and Judiciary** Mark Wiles
      - **Public Education** Jennifer Schiess
      - **Public Safety and Criminal Justice** Angela Isaack
      - **Criminal Justice Data Analysis** Marialaura Molina
  - **Assistant Director** Julie Ivie
    - **TEAM MANAGERS**
      - **Agency Performance Review** Jeremiah Jarrell
      - **Applied Research and Performance Audit** Garron Guszak
      - **School Performance Review** Lesli Cathey

APPENDIX G – ABBREVIATIONS AND ACRONYMS

AAA—Area Agencies on Aging

AAS—Agriculture Analytical Service

ABTPA—Automobile Burglary and Theft Prevention Authority

ACA—Affordable Care Act

ACC—Austin Community College

ACE—(Texas Initiative) Adult Career Education

ACP—Alternative Certification Program; Texas Address Confidentiality Program

ADA—average daily attendance; Americans with Disabilities Act

ADP—average daily population

ADR—alternative dispute resolution

AFRED—Alternative Fuels Research and Education

AI—avian influenza

AISD—Austin Independent School District

ALR—Administrative License Revocation (Division)

ANRUF—Available National Research University Fund

AP—Advanced Placement

APN—advanced practice registered nurses

APS—Adult Protective Services (Program)

ARD—Admission, Review, and Dismissal

ASATR—Additional State Aid for Tax Relief

ASF—Available School Fund

ATPA—Automobile Theft Prevention Authority

AUF—Available University Fund

AYP—Adequate Yearly Progress

BAB—Build America Bond (program)

BCLS—Basic Civil Legal Services

BCOM—Baylor College of Medicine

BEI—Board for Evaluating Interpreters

BEST—Blindness, Education, Screening and Treatment (Program)

BET—Business Enterprises of Texas (Program)

BIP—Balancing Incentive Program

BPP—Board of Pardons and Paroles

BRAC—Base Realignments and Closures

BRB—Bond Review Board

BRP—benefit replacement pay

BSOC—Border Security Operations Center

BVME—Board of Veterinary Medical Examiners

CAPPS—Centralized Accounting and Payroll/Personnel System

CAS—Community Attendant Services

CASA—Court Appointed Special Advocate

CBA—Community-based Alternatives

CCDF—Child Care and Development Fund

CCDP—Community Corrections Diversion Program

CCTS—Capitol Complex Telephone System

CDA—comprehensive development agreements

CDBG—Community Development Block Grant

CDL—constitutional debt limit

CFC—Community First Choice (Program)

CHBC—criminal history background check

CHIP—Children's Health Insurance Program

CHRI—criminal history record information

CIAP—Coastal Impact and Assistance Program

CID—Criminal Investigations Division; Correctional Institutions Division

CIL—Centers for Independent Living

CIP—Collection Improvement Program

CIS—Communities in Schools

CJAD—Community Justice Assistance Division

CJD—Criminal Justice Division

CLASS—Community Living and Support Services (Waiver Program)

CMHC—Correctional Managed Health Care

CMHCC—Corretional Managed Health Care Committee

CMP—Coastal Management Program

CMS—Claims Management System

COGS—Councils of Government

CPA—Comptroller of Public Accounts

CPW—Centers for Ports and Waterways

CPRIT—Cancer Prevention and Research Institute of Texas

CPS—Child Protective Services (Program)

CRCB—Court Reporter Certification Board

CRS—Comprehensive Rehabilitation Services

CSCD—Community Supervision and Corrections Department

CSEC—Commission on State Emergency Communications

CSRP—Controlled Substances Registration Program

CTTS—Centralized Texas Turnpike System

CVC—Compensation to Victims of Crime

CVES—Commercial Vehicle Enforcement Service

CWA—Clean Water Act

CWF—Compact Waste Diposal Facility

CWSRF—Clean Water State Revolving Fund

CWTAP—Colonia Wastewater Treatment Assistance Program

DADS—Department of Aging and Disability Services

DAHS—Day Activity and Health Services

DARS—Department of Assistive and Rehabilitative Services

DAS—debt affordability study

DATE—District Awards for Teacher Excellence

DCS—Data Center Services

DDS—Disability Determination Services (Program)

DFPS—Department of Family and Protective Services

DIR—Department of Information Resources

DKR—Darrell K. Royal

DLD—Driver License Division

DMV—Department of Motor Vehicles

DPS—Department of Public Safety

DSH—disproportionate share hospital

DSHS—Department of State Health Services

DSRIP—Delivery System Reform Incentive Payments

DWC—Division of Workers' Compensation

DWSRF—Drinking Water State Revolving Fund

ECD—emergency communications districts

ECI—(Interagency Council on) Early Childhood Intervention

EDA—existing debt allotment; Economic Development Act

EDAP—Economically Distressed Areas Program

EFMAP—Enhanced Federal Medical Assistance Percentage

EIA—equine infectious anemia

END—exotic Newcastle disease

ENHANCE 911 Act—Ensuring Needed Help Arrives near Callers Employing 911 Act

ERCOT—Electric Reliability Council of Texas

ERPC—Environmental Radiation and Perpetual Care

ERS—Employees Retirement System

ESC—Education Service Centers

ESF—Economic Stabilization Fund

ESRD—end-stage renal disease

FBI—Federal Bureau of Investigation

FDA—Food and Drug Administration

FEAC—Family Employment Assistance Counselors

FEMA—Federal Emergency Management Agency

FFCS—Feed and Fertilizer Control Service

FFPC—Fire Fighters' Pension Commissioner

FFY—federal fiscal year

FMAP—federal medical assistance percentage

FPL—Federal Poverty Level

FSP—Foundation School Program

FTA—Federal Transit Authority

FTE—full-time-equivalent (positions)

FTSE—full-time student equivalent

FVA—Fund for Veterans' Assistance

FWF—Federal Waste Disposal Facility

GAA—General Appropriations Act

GBP—Group Benefits Program

GCB—Guardianship Certification Board

GDP—gross domestic product

GED—general education diploma

GIWW—Gulf Intracoastal Waterway

GLO—General Land Office

GME—Graduate Medical Education (Formula)

GO—General Obligation (bonds)

GOBPP—Governor's Office of Budget, Planning and Policy

GOTEPP—GO TEXAS Partner Program

GSC—General Services Commission

GSP—gross state product

HAVA—Help America Vote Act

HCS—Home and Community-based Services (Waiver Program)

HEF—Higher Education Fund

HEGI—Higher Education Employees Group Insurance

HHS—health and human services

HHSC—Health and Human Services Commission

HIV—Human Immunodeficiency Virus

HMO—health maintenance organization

HOME—HOME Investment Partnerships

HPC—Health Professions Council

HPS—Highway Patrol Service

HRIS—Human Resource Information System

HTC—Housing Tax Credit (Program)

HTF—Highway Trust Fund; Housing Trust Fund

HUD—Housing and Urban Development

I&A—Instruction and Administration

ICF-IID—intermediate care facilities for individuals with intellectual disabilities

ICTD—Intelligence and Counterterrorism Division

ID—(personal) identification; Intellectual Disabilities (Investigation); Intellectual Disability

IDD—intellectual and developmental disability

IEP—individual education plan

IFA—instructional facilities allotment

IGT—intergovernmental transfers

IHP—(Federal Assistance to) Individuals and Households Program

ILS—Independent Living Services

IMA—Instructional Materials Allotment

IOLTA—interest on lawyers' trust accounts

IP—internet protocol

IPTC—In-Prison Therapy Community (Program)

I&S—Interest and Sinking

ISD—independent school district

ISP—intensive supervision probation

IT—information technology

ITP—Individualized Treatment Plan

J4T—Jobs for Texas

JAMP—Joint Admission Medical Program

JJAEP—Juvenile Justice Alternative Education Program

JBCC—Judicial Branch Certification Commission

JJD—Juvenile Justice Department

JOIC—Joint Operations and Intelligence Centers

JPC—Juvenile Probation Commission

LBB—Legislative Budget Board

LBE—Legislative Budget Estimates

LECOS—Law Enforcement and Custodial Officer Supplemental (Retirement Program)

LEX—Law Enforcement Extension (Program)

LIRAP—Low-income Vehicle Repair, Retrofit and Accelerated Vehicle Retirement Program

LLRWDCC—Low-level Radioactive Waste Disposal Compact Commission

LPG—liquefied petroleum gas

LRL—Legislative Reference Library

LSTA—(Federal) Library Services and Technology Act

LWDAs—Local Workforce Development Areas

MAGI—Modified Adjusted Gross Income

MAP-21—Moving Ahead for Progress in the 21st Century

MCO—Managed Care Organization

MDCP—Medically Dependent Children's Program

MFP—Money Follows the Person

MH—mental health

MLPP—Master Lease Purchase Program

MMS—Minerals Management Service

MOE—maintenance-of-effort

MOVE—(Federal) Military and Overseas Voter Empowerment (Act)

MPO—metropolitan planning organization

MRSA—Medicaid Rural Service Areas

MSS—minimum salary schedule

NAAQS—National Ambient Air Quality Standards

NAEP—National Assessment of Educational Progress

NCLB—No Child Left Behind (Act)

NFIP—National Flood Insurance Program

NG911—Next Generation 9-1-1

NHARP—Norman Hackerman Advanced Research Program

NLS—National Library Service (for the Blind and Physically Handicapped)

NPL—National Priorities List

NRDA—Natural Resource Damage Assessment

NRUF—National Research University Fund

NSOC—Network Security Operations Center

NTTA—North Texas Tollway Authority

OAG—Office of the Attorney General

OCA—Office of Court Administration

OCI—Office of Colonia Initiatives

OCS—Outer Continental Shelf

OCW—Office of Capital Writs

OGRC—Oil and Gas Regulatory and Cleanup

OIEC—Office of Injured Employee Counsel

OIG—Office of Inspector General

OIO—Office of the Independent Ombudsman

OPIC—Office of Public Insurance Counsel

OPUC—Office of Public Utility Counsel

ORP—Optional Retirement Program

OSFR—Office of State–Federal Relations

OSPA—Office of the State Prosecuting Attorney

OTSC—Office of the Texas State Chemist

OVSOM—Office of Violent Sex Offender Management

P3—public-private partnership

PA—physician assistant

PAB—private activity bond

PACE—Program for All-inclusive Care for the Elderly

PC—Perpetual Care (Account)

PCA—Permanency Care Assistance

PCP—primary care physician

PD—Parole Division

PELRP—Physician Education Loan Repayment Program

PHC—Primary Home Care

PHEF—Permanent Higher Education Fund

PIU—Public Integrity Unit

PKES—Prekindergarten Early Start

POSEIT—Peace Officers Standards Education Internet Training

PPA—Professional Prosecutors Act

PPP—prostitution prevention program

PRB—Pension Review Board

PRC—public retail customer

PSAP—public safety answering point

PSF—Permanent School Fund

PSP—Private Security Program

PSRB—Process Server Review Board

PST—petroleum storage tank

PTRF—Property Tax Relief Fund

PUC—Public Utility Commission

PUF—Permanent University Fund

PVS—Property Value Study

QAT—Quality Assurance Team

QECB—Qualified Energy Conservation Board

RDF—Research Development Fund

RESFA—Real Estate Special Fund Account

RESTORE (Act)—Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economics (of the Gulf Coast States Act of 2012)

RHP—Regional Healthcare Partnerships

RID—Reentry and Integration Division

RPAF—Regular Program Adjustment Factor

RPC—Regional Planning Commissions

RPD—Rehabilitation Programs Division

RRC—Railroad Commission

RWPG—regional water planning group

RZEDB—Recovery Zone Economic Development Bond

RZFB—Recovery Zone Facility Bond

SAFETEA-LU—Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users

SAFPF—Substance Abuse Felony Punishment Facility

SAPB—State Aircraft Pooling Board

SAO—State Auditor's Office

SAPT—Substance Abuse Prevention and Treatment

SBEA—Small Business Environmental Assistance

SBEC—State Board for Educator Certifications

SBOE—State Board of Education

SCJC—State Commission on Judicial Conduct

SDSI—self-directed semi-independent (agencies)

SDU—State Disbursement Unit

SECO–State Energy Conservation Office

SEP—State Energy Program

SGST—Sporting Goods Sales Tax

SHF—State Highway Funds

SLB—School Land Board

SNAP—Supplemental Nutrition Assistance Program

SOAH—State Office of Administrative Hearings

SORM—State Office of Risk Management

SOS—Secretary of State

SPA—State Property Accounting System

SPB—State Preservation Board

SPP—State Participation Program

SPRS—Standardized Payroll/Personnel Reporting System

SPU—Special Prosecution Unit

SSA—Social Security Administration

SSDI—Social Security Disability Insurance

SSI—Supplemental Security Income; Student Success Initiative

SSLC—State Supported Living Centers

STAAR—State of Texas Assessments of Academic Readiness

STAP—Specialized Telecommunication Assistance Program

STAR—State of Texas Access Reform (Program)

STD—sexually transmitted diseases

STEM—Science, Technology, Engineering, and Math)

SWIFT—State Water Implementation Fund for Texas

SWIRFT—State Water Implementation Revenue Fund for Texas

SWP—State Water Plan

TAAS—Texas Assessment of Academic Skills

TAES—Texas A&M AgriLife Extension Service

TABC—Texas Alcoholic Beverage Commission

TAFA—Texas Agricultural Finance Authority

TAHC—Texas Animal Health Commission

TAIS—Texas Apiary Inspection Service

TAJF—Texas Access to Justice Foundation

TAKS—Texas Assessment of Knowledge and Skills

TAMU—Texas A&M University

TAMUSHSC—Texas A&M University System Health Science Center

TANF—Temporary Assistance for Needy Families

TAR—Texas A&M AgriLife Research

TB—tuberculosis

TBPC—Texas Building and Procurement Commission

TCA—Texas Commission on the Arts

TCEQ—Texas Commission on Environmental Quality

TCFP—Texas Commission on Fire Protection

TCID—Texas Center for Infectious Disease

TCJS—Texas Commission on Jail Standards

TCKF—Texas Competitive Knowledge Fund

TCOLE—Texas Commission on Law Enforcement

TCOOMMI—Texas Correctional Office on Offenders with Mental and Medical Impairments

TDA—Texas Department of Agriculture

TDCJ—Texas Department of Criminal Justice

TDEM—Texas Division of Emergency Management

TDHCA—Texas Department of Housing and Community Affairs

TDI—Texas Department of Insurance

TDLR—Texas Department of Licensing and Regulation

TEA—Texas Education Agency

TEAM—TRS Enterprise Application Modernization; Texas Election Administration Management

TEC—Texas Ethics Commission

TEES—Texas A&M Engineering Experiment Station

TEEX—Texas A&M Engineering Extension (Service)

TEFRA—(Medicaid) Tax Equity and Fiscal Responsibility Act

TEOG—Texas Educational Opportunity Grant Program

TERP—Texas Emissions Reduction Plan

TESRS—Texas Emergency Services Retirement System

TEXAS—Toward Excellence, Access, and Success (Program)

TExES—Texas Examinations of Educator Standards

TFA—Teach for America

TFC—Texas Facilities Commission; Texas Film Commission

TFID—Task Force on Indigent Defense

TFS—Texas A&M Forest Service

THC—Texas Historical Commission

THECB—Texas Higher Education Coordinating Board

THPD—Texas Highway Patrol Division

TIDC—Texas Indigent Defense Commission

TIERS—Texas Integrated Eligibility Redesign System

TIFMAS—Texas Intrastate Fire Mutual Aid System

TINS—Texas Identification Number System

TLC—Texas Lottery Commission

TLFFRA—Texas Local Fire Fighters' Retirement Act

TMB—Texas Medical Board

TMD—Texas Military Department

TMDL—total maximum daily load

TMF—Texas Mobility Fund

TMFPA—Texas Medicaid Fraud Prevention Act

TMO—Texas Music Office

TMPC—Texas Military Preparedness Commission

TNRIS—Texas Natural Resources Information System

TPASS—Texas Procurement and Support Services

TPFA—Texas Public Finance Authority

TPWD—Texas Parks and Wildlife Department

TRAIL—Texas Records and Information Locator

TRD—Texas Rangers Division

TRIP—Texas Research Incentive Program

TRS—Teacher Retirement System; Texas Rising Star

TSBVI—Texas School for the Blind and Visually Impaired

TSC—Texas Southmost College

TSD—Texas School for the Deaf

TSDS—Texas Student Data System

TSLAC—Texas State Library and Archives Commission

TSSWCB—Texas State Soil and Water Conservation Board

TSTC—Texas State Technical College

T-STEM—Texas Science, Technology, Engineering and Mathematics (Challenge Scholarship Program)

TTA—Texas Turnpike Authority

TTC—Texas Transportation Commission

TTI—Texas A&M Transportation Institute

TTUHSC—Texas Tech University Health Sciences Center

TVC—Texas Veterans Commission

TVMDL—Texas A&M Veterinary Medical Diagnostic Laboratory

TWC—Texas Workforce Commission

TWDB—Texas Water Development Board

TxDOT—Texas Department of Transportation

TxHML—Texas Home Living (Program)

TXNG—Texas National Guard

TXSG—Texas State Guard

TX-TF1—Texas Task Force 1

TYC—Texas Youth Commission

UAAL—unfunded actuarially accrued liability

UC—Uncompensated Care

UCC—Uniform Commercial Code

UCR—Unified Carrier Registration

UIC—Underground Injection Control (Program)

UNTHSC—University of North Texas Health Science Center at Fort Worth

UPL—Upper Payment Limit (Program)

USAS—Uniform Statewide Accounting System

USDA—U.S. Department of Agriculture

USDOT—U.S. Department of Transportation

USDW—underground sources of drinking water

USPS—Uniform Statewide Payroll/Personnel System

UT—The University of Texas (System)

UTB—The University of Texas at Brownsville

UTHSC—The University of Texas Health Science Center

UTMB—The University of Texas Medical Branch at Galveston

UTMDACC—The University of Texas M.D. Anderson Cancer Center

UTSWMC—The University of Texas Southwestern Medical Center at Dallas

VA—Veterans Affairs

VAP—voting age population

VEIMP—Vehicle Emissions Inspections and Maintenance Program

VIP—Vehicle Inspection Program

VLB—Veterans' Land Board

VR—vocational rehabilitation

WADA—weighted average daily attendance

WCS—Waste Control Specialists

WIA—Workforce Investment Act

WIC—Women, Infants and Children (Program)

WIF—Water Infrastructure Fund

WPP—Wildfire Protection Plan