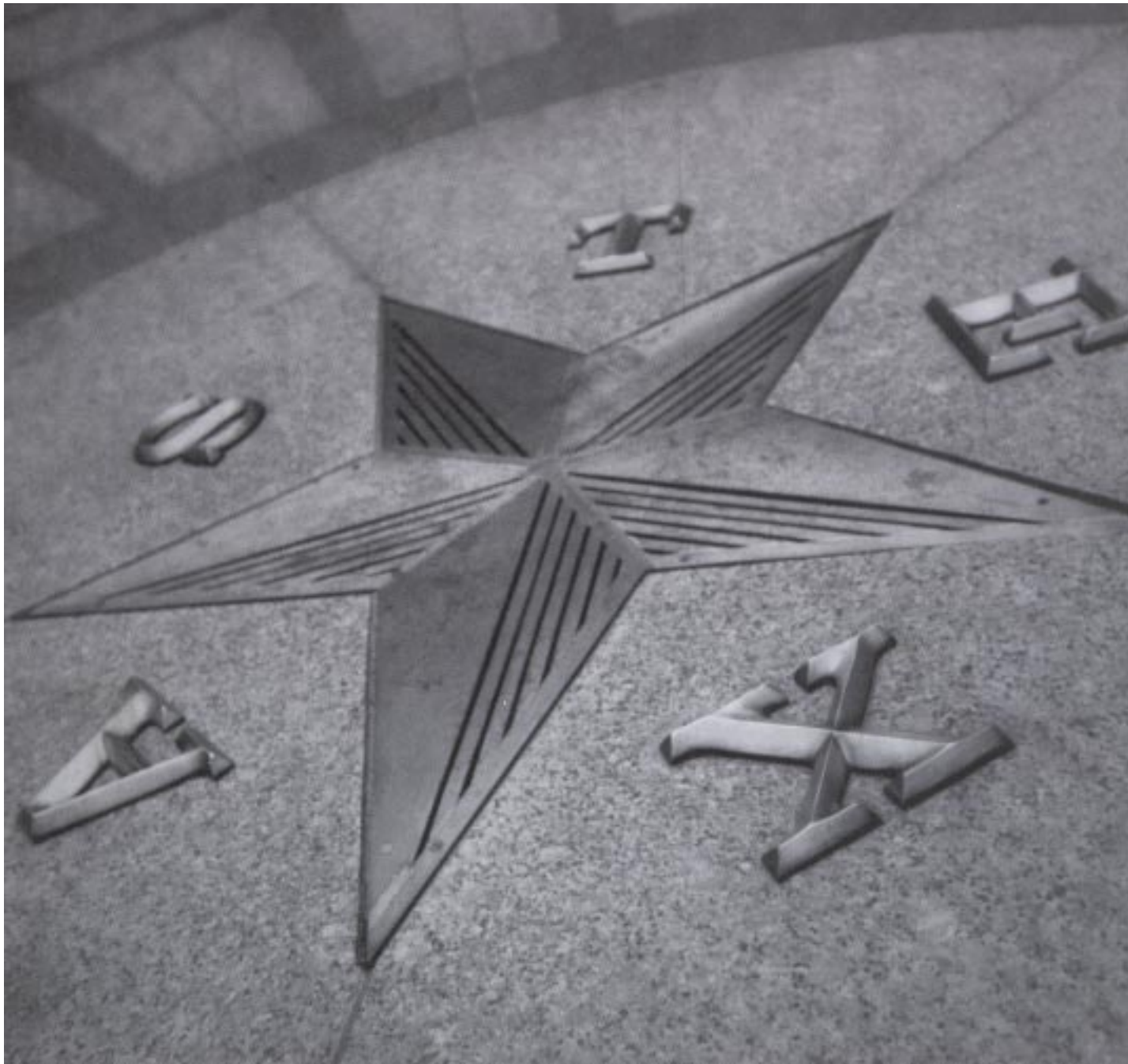


# Summary of Committee Substitute for Senate Bill 1



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# INTRODUCTION

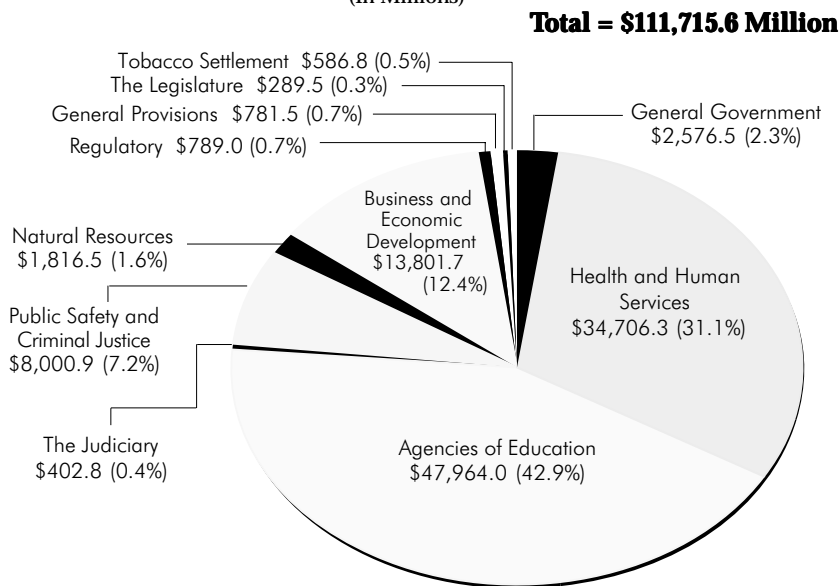
The Senate Finance Committee's recommended appropriations for state government operations for the 2002–03 biennium total \$111.7 billion from all fund sources. The recommendations provide a \$9.8 billion, or 9.6 percent, increase from the 2000–01 biennial level.

General Revenue funding totals \$60.6 billion for the 2002–03 biennium, an increase of \$4.1 billion, or 7.2 percent, over the anticipated 2000–01 biennial spending level. General Revenue funding, including funds dedicated within the General Revenue Fund, totals \$65 billion.

Figures 1 and 2 show the 2002–03 recommendations by government function.

## Biennial Recommendations for 2002–03

**Figure 1**  
**All Funds**  
(In Millions)

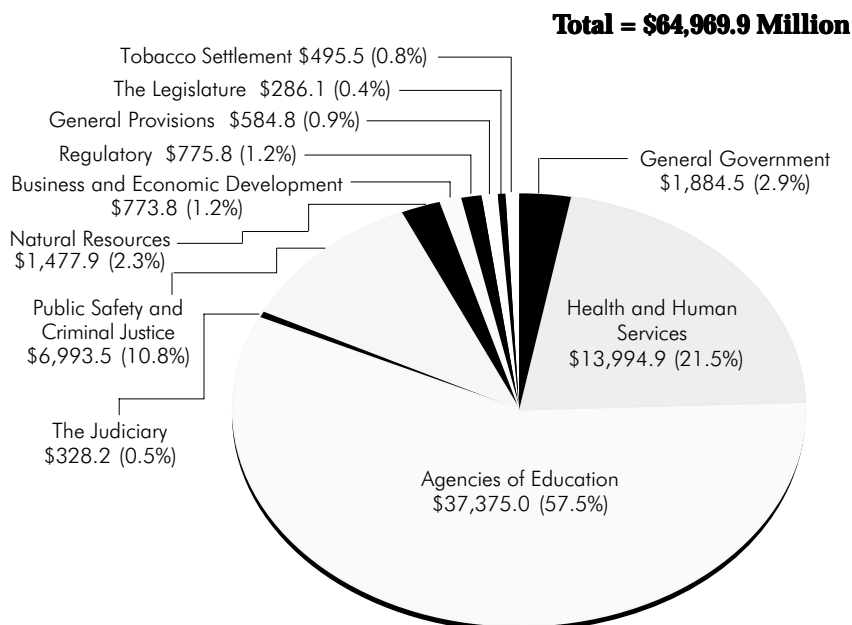


NOTES: Excludes interagency contracts.

Totals may not add because of rounding.

SOURCE: Legislative Budget Board is the source for all figures and tables in this document.

**Figure 2**  
**General Revenue and General Revenue–Dedicated Funds**  
(In Millions)



NOTE: Totals may not add because of rounding.

# HIGHLIGHTS OF THE RECOMMENDATIONS

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**T**he Senate Finance Committee's recommendations include increased funding from the 2000–01 biennial level for the following key budget items:

## **EDUCATION**

- Sufficient General Revenue funding in the Foundation School Program to increase formula funding to school districts and address equity within the system;
- A \$102 million General Revenue Funds increase for new public school textbook adoptions;
- A \$900 million increase in Federal Funds at the Texas Education Agency for items expected such as the School Breakfast and Lunch Programs, Special Education Grants, and programs for needy children;
- A \$232.5 million General Revenue Funds increase for contributions to the Teacher Retirement System to help fund payroll growth in public and higher education;

- A \$175.9 million General Revenue Funds increase to cover an anticipated shortfall in the group insurance program (TRS-Care) for retired teachers;
- A \$380.2 million General Revenue Funds increase for the Toward EXcellence, Access, and Success (TEXAS) Grant Program;
- A \$130 million General Revenue Funds increase to fund higher education enrollment growth;
- A \$178 million General Revenue Funds increase in formula and other supplements for institutions of higher education; and
- A \$50 million General Revenue Funds increase for Prairie View A&M and Texas Southern universities to support Texas' commitment to the US Office of Civil Rights plan.

## **HEALTH AND HUMAN SERVICES**

- A \$990.0 million General Revenue Funds increase

(\$2,507.6 million All Funds) for Medicaid caseload growth and increased costs to a projected growth in utilization;

- A \$358.4 million General Revenue Funds increase (\$898.1 million All Funds) to fund two additional Medicaid payments (deferred fiscal year 2001 payments plus 24 months) for premium and nursing home services;
- A \$217.2 million General Revenue Funds increase due to a less-favorable FMAP (Federal Medical Assistance Percentage) match rate;
- An \$85.8 million General Revenue Funds increase (\$100.5 million All Funds) for the Department of Mental Health and Mental Retardation to address items such as increased costs of utilities and medications in the state schools and state hospitals, increased costs of medications in community mental health services, and additional general revenue for community mental health/

# HIGHLIGHTS OF THE RECOMMENDATIONS

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mental retardation centers;

- A \$48.1 million General Revenue Funds increase (\$105.9 million All Funds) for increased foster care and adoption subsidy caseloads and rate increases;
- A \$33.7 million General Revenue–Dedicated Crime Victim’s Compensation Funds increase for family violence services at the Department of Human Services and to increase funding for various programs at the Department of Protective and Regulatory Services; and
- An increase of \$198 million in Tobacco Settlement Receipts and \$20 million in General Revenue Funds to fund 443,223 clients in the Childrens’ Health Insurance Program, Phase II in each year of the 2002–03 biennium.

## **PUBLIC SAFETY AND CRIMINAL JUSTICE**

- An increase of \$32.5 million in General Revenue Funds for costs related to increased adult and juvenile offender populations, including operating new

prisons and juvenile institutions and capacity expansions that occurred in 2000–01 or are planned for 2002–03;

- A \$42.4 million General Revenue Funds increase to continue the interim career ladder adjustments for Texas Department of Criminal Justice adult correctional officers and other correctional personnel, and a \$7.8 million General Revenue Funds increase to maintain pay parity between Texas Youth Commission juvenile correctional officers and adult correctional officers;

## **GENERAL GOVERNMENT**

- A \$65.8 million General Revenue–Dedicated Funds increase for compensation to victims of crime and programs that support crime victims.

## **EMPLOYER COSTS**

- A \$585 million General Revenue Funds increase (\$814 million All Funds) for a state employee pay raise, including supplemental pay for adult and juvenile correctional officers; and

- A \$708.4 million All Funds increase (\$550.3 million in General Revenue–related Funds) to cover the increased cost of group insurance for state employees.

## **TRANSPORTATION**

- A \$961 million increase in Federal Funds from reimbursements received under federal transportation formulas.

## **CONTINGENCY RESERVE**

- A \$200 million increase in General Revenue Funds appropriations for contingency needs or emergencies (contained in Article IX).

# MAJOR CHANGES BY METHOD OF FINANCING AND FUNCTION

The Senate Finance Committee's recommendations for the 2002–03 biennium include the following major funding changes from the 2000–01 biennium:

## GENERAL REVENUE FUNDS

- A \$4.1 billion, or 7.2 percent, increase in General Revenue Funds. As depicted in Figure 3, General Revenue Funds make up 54.3 percent of the recommended budget;

## GENERAL REVENUE–DEDICATED FUNDS

- A \$53.2 million, or 1.2 percent, increase in General Revenue–Dedicated Funds. General Revenue–Dedicated Funds make up 3.9 percent of the recommended budget;

## FEDERAL FUNDS

- A \$4.9 billion, or 16.7 percent, increase in Federal Funds. Federal Funds make up 30.8 percent of the recommended budget; and

## OTHER FUNDS

- A \$757.9 million, or 6.6 percent, increase in Other Funds. Other Funds make up 11 percent of the recommended budget.

The recommendations result in major funding changes for the following functions:

## HEALTH AND HUMAN SERVICES

- A \$2.0 billion, or 16.4 percent, increase in General Revenue and General Revenue–Dedicated Funds; a \$2.9 billion, or 16.4 percent,

increase in Federal Funds;

## PUBLIC EDUCATION

- A \$650.9 million, or 2.6 percent, decrease in General Revenue and General Revenue–Dedicated Funds; an \$58.8 million increase in Other Funds; and a \$947.7 million increase in Federal Funds;

## HIGHER EDUCATION

- A \$1.5 billion, or 14 percent, increase in General Revenue and General Revenue–Dedicated Funds;

## PUBLIC SAFETY AND CRIMINAL JUSTICE

- A \$152.7 million, or 2.2 percent, increase in General Revenue and General Revenue–Dedicated Funds;

## GENERAL GOVERNMENT

- A \$152.7 million, or 8.8 percent, increase in General Revenue and General Revenue–Dedicated Funds;

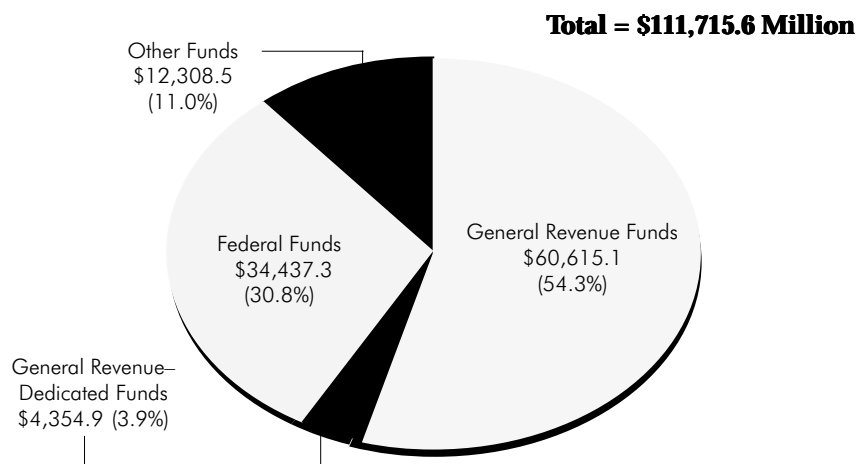
## BUSINESS AND ECONOMIC DEVELOPMENT

- A \$1.0 billion, or 17.2 percent, increase in Federal Funds, primarily for highway planning and construction;

## TOBACCO SETTLEMENT RECEIPTS

- A \$169.2 million, or 51.9 percent, increase in General Revenue and General Revenue–Dedicated from Tobacco Settlement receipts, primarily for the Children's Health Insurance Program (CHIP).

**Figure 3**  
**Biennial Recommendations for 2002–03**  
**By Fund Source**  
(In Millions)



NOTES: Excludes interagency contracts. Totals may not add because of rounding.

# RECOMMENDATIONS BY METHOD OF FINANCING

**T**ables 1 through 6 compare the Senate Finance Committee's recommendations for the 2002–03 biennium with estimated 2000–01 expended/budgeted levels.

The tables show the budgets by government function; separate tables are shown for All Funds, General Revenue Funds, General Revenue–Dedicated Funds, General Revenue and General

Revenue–Dedicated Funds, Federal Funds, and Other Funds.

For definitional purposes, the term “General Revenue Funds” includes primarily the nondedicated portion of the General Revenue Fund and three education funds—the Available School Fund, the State Textbook Fund, and the Foundation School Fund.

General Revenue Funds also include the dedicated portions of

some taxes that have historically counted as General Revenue.

The term “General Revenue–Dedicated Funds” includes those funds that were rededicated under House Bill 3050, Seventy-fourth Legislature, 1995; House Bill 2948, Seventy-fifth Legislature, 1997; and House Bill 3084, Seventy-sixth Legislature, 1999; and all other dedicated accounts within the General Revenue Fund.

## 2002–03 BIENNIAL RECOMMENDATIONS

**Table 1**  
**All Funds**  
(In Millions)

Function	Expended/ Budgeted 2000–01*	Senate Recommended 2002–03	Biennial Change	Percentage Change
Article I - General Government	\$2,469.8	\$2,576.5	\$106.7	4.3
Article II - Health and Human Services	29,876.2	34,706.3	4,830.1	16.2
Article III - Agencies of Education	45,239.3	47,964.0	2,724.7	6.0
Public Education	31,173.8	32,058.6	884.8	2.8
Higher Education	14,065.5	15,905.4	1,840.0	13.1
Article IV - The Judiciary	383.7	402.8	19.1	5.0
Article V - Public Safety and Criminal Justice	8,084.5	8,000.9	(83.5)	(1.0)
Article VI - Natural Resources	1,911.8	1,816.5	(95.3)	(5.0)
Article VII - Business and Economic Development	12,731.1	13,801.7	1,070.6	8.4
Article VIII - Regulatory	528.8	789.0	260.2	49.2
Article IX - General Provisions	0.0	781.5	781.5	100.0
Article X - The Legislature	282.5	289.5	7.0	2.5
<b>Total</b>	<b>\$101,507.7</b>	<b>\$111,128.8</b>	<b>\$9,621.2</b>	<b>9.5</b>
Article XII - Tobacco Settlement	\$418.2	\$586.8	\$168.6	40.3
<b>Grand Total</b>	<b>\$101,925.9</b>	<b>\$111,715.6</b>	<b>\$9,789.7</b>	<b>9.6</b>

NOTES: Excludes interagency contracts.

Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

\*Includes anticipated supplemental spending needs.

# 2002-03 BIENNIAL RECOMMENDATIONS (CONTINUED)

**Table 2**  
**General Revenue Funds**  
(In Millions)

	Expended/ Budgeted 2000-01*	Senate Recommended 2002-03	Biennial Change	Percentage Change
Article I - General Government	\$1,423.7	\$1,506.9	\$83.2	5.8
Article II - Health and Human Services	11,528.2	13,454.8	1,926.6	16.7
Article III - Agencies of Education	34,750.6	35,500.6	750.0	2.2
Public Education	25,468.3	24,817.8	(650.9)	(2.6)
Higher Education	9,282.3	10,683.2	1,400.9	15.1
Article IV - The Judiciary	315.8	326.1	10.2	3.2
Article V - Public Safety and Criminal Justice	6,717.5	6,916.9	199.4	3.0
Article VI - Natural Resources	539.4	564.6	25.2	4.7
Article VII - Business and Economic Development	367.4	375.3	7.9	2.2
Article VIII - Regulatory	358.0	684.1	326.1	91.1
Article IX - General Provisions	0.0	547.0	547.0	100.0
Article X - The Legislature	279.1	286.1	7.0	2.5
<b>Total</b>	<b>\$56,279.6</b>	<b>\$60,162.4</b>	<b>\$3,882.7</b>	<b>6.9</b>
Article XII - Tobacco Settlement	\$281.0	\$452.7	\$171.7	61.1
<b>Grand Total</b>	<b>\$56,560.6</b>	<b>\$60,615.1</b>	<b>\$4,054.4</b>	<b>7.2</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

\*Includes anticipated supplemental spending needs.

**Table 3**  
**General Revenue-Dedicated Funds**  
(In Millions)

	Expended/ Budgeted 2000-01	Senate Recommended 2002-03	Biennial Change	Percentage Change
Article I - General Government	\$308.1	\$377.6	\$69.5	22.6
Article II - Health and Human Services	498.4	540.1	41.8	8.4
Article III - Agencies of Education	1,732.8	1,874.4	141.6	8.2
Public Education	0.0	0.0	0.0	0.0
Higher Education	1,732.8	1,874.4	141.6	8.2
Article IV - The Judiciary	1.8	2.2	0.3	17.1
Article V - Public Safety and Criminal Justice	123.4	76.6	(46.7)	(37.9)
Article VI - Natural Resources	1,000.9	913.2	(87.6)	(8.8)
Article VII - Business and Economic Development	433.9	398.5	(35.5)	(-8.2)
Article VIII - Regulatory	157.0	91.7	(65.4)	(41.6)
Article IX - General Provisions	0.0	37.8	37.8	100.0
Article X - The Legislature	0.0	0.0	0.0	0.0
<b>Total</b>	<b>\$4,256.4</b>	<b>\$4,312.1</b>	<b>\$55.7</b>	<b>1.3</b>
Article XII - Tobacco Settlement	\$45.3	\$42.8	\$(2.5)	(5.6)
<b>Grand Total</b>	<b>\$4,301.7</b>	<b>\$4,354.9</b>	<b>\$53.2</b>	<b>1.2</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.



# 2002-03 BIENNIAL RECOMMENDATIONS (CONTINUED)

**Table 4**  
**General Revenue and General Revenue-Dedicated Funds**  
(In Millions)

	Expended/ Budgeted 2000-01*	Senate Recommended 2002-03	Biennial Change	Percentage Change
Article I - General Government	\$1,731.8	\$1,884.5	\$152.7	8.8
Article II - Health and Human Services	12,026.6	13,994.9	1,968.3	16.4
Article III - Agencies of Education	36,483.4	37,375.0	891.6	2.4
Public Education	25,468.3	24,817.4	(650.9)	(2.6)
Higher Education	11,015.1	12,557.6	1,542.5	14.0
Article IV - The Judiciary	317.7	328.2	10.6	3.3
Article V - Public Safety and Criminal Justice	6,840.8	6,993.5	152.7	2.2
Article VI - Natural Resources	1,540.3	1,477.9	(62.4)	(4.1)
Article VII - Business and Economic Development	801.3	773.8	(27.5)	(3.4)
Article VIII - Regulatory	515.1	775.8	260.8	50.6
Article IX - General Provisions	0.0	584.8	584.8	100.0
Article X - The Legislature	279.1	286.1	7.0	2.5
<b>Total</b>	<b>\$60,536.0</b>	<b>\$64,474.5</b>	<b>\$3,938.4</b>	<b>6.5</b>
Article XII - Tobacco Settlement	\$326.3	\$495.5	\$169.2	51.9
<b>Grand Total</b>	<b>\$60,862.3</b>	<b>\$64,969.9</b>	<b>\$4,107.6</b>	<b>6.7</b>

NOTES: Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.  
\*Includes anticipated supplemental spending needs.

**Table 5**  
**Federal Funds**  
(In Millions)

Function	Expended/ Budgeted 2000-01*	Senate Recommended 2002-03	Biennial Change	Percentage Change
Article I - General Government	\$566.7	\$603.2	\$36.5	6.4
Article II - Health and Human Services	17,687.5	20,580.8	2,893.4	16.4
Article III - Agencies of Education	4,742.0	5,694.6	952.6	20.1
Public Education	4,520.2	5,467.8	947.7	21.0
Higher Education	221.8	226.8	5.0	2.2
Article IV - The Judiciary	0.0	0.0	0.0	0.0
Article V - Public Safety and Criminal Justice	321.9	252.9	(69.0)	(21.4)
Article VI - Natural Resources	223.7	209.1	(14.6)	(6.5)
Article VII - Business and Economic Development	5,966.1	6,989.6	1,023.4	17.2
Article VIII - Regulatory	5.1	4.8	(0.2)	(4.5)
Article IX - General Provisions	0.0	102.2	102.2	100.0
Article X - The Legislature	0.0	0.0	0.0	0.0
<b>Total</b>	<b>\$29,512.9</b>	<b>\$34,437.2</b>	<b>\$4,924.3</b>	<b>16.7</b>
Article XII - Tobacco Settlement	\$0.0	\$0.0	\$0.0	0.0
<b>Grand Total</b>	<b>\$29,512.9</b>	<b>\$34,437.2</b>	<b>\$4,924.3</b>	<b>16.7</b>

NOTES: Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.  
\*Includes anticipated supplemental spending needs.

# 2002-03 BIENNIAL RECOMMENDATIONS (CONTINUED)

**Table 6**  
**Other Funds**  
(In Millions)

	Expended/ Budgeted 2000-01	Senate Recommended 2002-03	Biennial Change	Percentage Change
Article I - General Government	\$171.2	\$88.8	\$(82.5)	(48.2)
Article II - Health and Human Services	162.1	130.6	(31.5)	(19.5)
Article III - Agencies of Education	4,013.9	4,894.4	880.5	21.9
Public Education	1,185.4	1,773.4	588.0	49.6
Higher Education	2,828.5	3,121.1	292.5	10.3
Article IV - The Judiciary	66.0	74.6	8.6	13.0
Article V - Public Safety and Criminal Justice	921.8	754.5	(167.3)	(18.1)
Article VI - Natural Resources	147.9	129.6	(18.3)	(12.4)
Article VII - Business and Economic Development	5,963.7	6,038.4	74.7	1.3
Article VIII - Regulatory	8.7	8.3	(0.3)	(4.0)
Article IX - General Provisions	0.0	94.6	94.6	100.0
Article X - The Legislature	3.4	3.4	0.0	(0.4)
<b>Total</b>	<b>\$11,458.7</b>	<b>\$12,217.1</b>	<b>\$758.5</b>	<b>6.6</b>
Article XII - Tobacco Settlement	\$92.0	\$91.3	\$(0.6)	(0.7)
<b>Grand Total</b>	<b>\$11,550.6</b>	<b>\$12,308.5</b>	<b>\$757.9</b>	<b>6.6</b>

NOTES: Excludes interagency contracts.

Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

# SENATE FINANCE COMMITTEE'S RECOMMENDATIONS

**T**ables 7 and 8 compare recommended funding in the Committee Substitute for the 2002–03 biennium with Legislative Budget Board (or Senate Bill 1, As Introduced) recommendations for 2002–03.

**Table 7  
Comparison of  
Committee Substitute for Senate Bill 1  
with LBB Recommendations (or Senate Bill 1, As Introduced)**

**All Funds  
(In Millions)**

Function	LBB Recommended 2002–03	Senate Recommended 2002–03	Amount Change	Percentage Change
Article I - General Government	\$2,456.7	\$2,576.5	\$119.8	4.9
Article II - Health and Human Services	32,709.7	34,706.3	1,996.6	6.1
Article III - Agencies of Education	47,328.3	47,964.0	635.7	1.3
Article IV - The Judiciary	389.5	402.8	13.3	3.4
Article V - Public Safety and Criminal Justice	8,130.2	8,000.9	(129.3)	(1.6)
Article VI - Natural Resources	1,629.6	1,816.5	186.9	11.5
Article VII - Business and Economic Development	13,713.8	13,801.7	87.9	0.6
Article VIII - Regulatory	783.8	789.0	5.2	0.7
Article IX - General Provisions	218.0	781.5	563.5	258.5
Article X - The Legislature	289.5	289.5	0.0	0.0
<b>Total</b>	<b>\$107,649.1</b>	<b>\$111,128.8</b>	<b>\$3,479.7</b>	<b>3.2</b>
Article XII - Tobacco Settlement	\$586.8	\$586.8	\$0.0	0.0
<b>Grand Total</b>	<b>\$108,236.0</b>	<b>\$111,715.6</b>	<b>\$3,479.6</b>	<b>3.2</b>

NOTES: Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.

# SENATE FINANCE COMMITTEE'S RECOMMENDATIONS

**A**s compared to LBB recommendations for 2002–03 (Senate Bill 1, As Introduced), the Senate Finance Committee Substitute for Senate Bill 1 includes a \$3.5 billion, or 3.2 percent, All Funds increase and a \$1.0 billion, or 1.6 percent, General Revenue and General Revenue–Dedicated Funds increase.

**Table 8**  
**Comparison of**  
**Committee Substitute for Senate Bill 1**  
**with LBB Recommendations (or Senate Bill 1, As Introduced)**

**General Revenue and General Revenue–Dedicated Funds**  
(In Millions)

Function	LBB Recommended 2002–03	Senate Recommended 2002–03	Amount Change	Percentage Change
Article I - General Government	\$1,769.1	\$1,884.5	\$115.4	6.5
Article II - Health and Human Services	13,149.8	13,994.9	845.1	6.4
Article III - Agencies of Education	37,692.2	37,375.0	(317.2)	0.8
Article IV - The Judiciary	318.2	328.2	10.0	3.1
Article V - Public Safety and Criminal Justice	7,132.1	6,993.5	(138.6)	(1.9)
Article VI - Natural Resources	1,301.9	1,477.9	176.0	13.5
Article VII - Business and Economic Development	792.9	773.8	(19.1)	(2.4)
Article VIII - Regulatory	770.7	775.8	5.1	0.7
Article IX - General Provisions	218.0	584.8	366.8	168.2
Article X - The Legislature	286.1	286.1	0.0	0.0
<b>Total</b>	<b>\$63,430.9</b>	<b>\$64,474.5</b>	<b>\$1,043.6</b>	<b>1.6</b>
Article XII - Tobacco Settlement	\$495.5	\$495.5	\$0.0	0.0
<b>Grand Total</b>	<b>\$63,926.4</b>	<b>\$64,969.9</b>	<b>\$1,043.5</b>	<b>1.6</b>

NOTES: Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.

# SIGNIFICANT FUNDING ELEMENTS AND COSTS

In addition to growth in the various functions of state government, there are a number of other areas that have a significant impact on the 2002–03 budget recommendations.

The cost elements for debt service and employee benefits/employer costs are described below. These costs are distributed to the various functions of government (Education, Public Safety and Criminal Justice, etc.) to reflect the total cost of each function (see Table 9 and Table 10).

## **DEBT SERVICE**

Debt service costs included in the recommendations total \$467.7 million in 2002 and \$486.3 million in 2003. Table 9 shows expended/budgeted and recommended General Obligation and Revenue Bond debt service costs by agency and method of financing for the 2000–01 and 2002–03 biennia. The recommendations include a biennial decrease of \$1.5 million in General Revenue Funds for debt service from the 2000–01 level.

## **EMPLOYEE BENEFITS/PAYROLL EXPENSE**

The Employees Retirement System of Texas (ERS) state contribution rate is continued at

the current level of 6.0 percent, resulting in an increase of \$25.1 million in All Funds to account for payroll growth.

The Teacher Retirement System of Texas and Optional Retirement Program state contribution rates also are continued at 6.0 percent, resulting in All Funds increases of \$250.2 million and \$21.1 million, respectively, to cover payroll growth.

## **GROUP INSURANCE**

Recommendations relating to group insurance premium contribution rates for state and higher education employees

**Table 9**  
**Debt Service Payments**  
**by Agency and Fund Source**  
(In Millions)

Agency/Fund Source	Expended/ Budgeted 2000–01	Senate Recommended 2002–03	Biennial Change	Percentage Change
Public Finance Authority	\$559.3	\$518.1	\$(41.2)	(7.4)
Water Development Board–Water Bonds	27.9	43.0	15.1	54.1
General Services Commission Lease Payments	89.9	92.1	2.2	2.4
Parks and Department Lease Payments	6.8	10.7	3.9	57.5
Department of Health Lease Payments	6.3	6.3	0.0	0.1
Preservation Board/History Museum Lease Payments	10.4	13.6	3.1	30.2
Department of Criminal Justice–Private				
Prison Lease/Purchase	39.5	37.6	(1.8)	(4.6)
Tuition Revenue Bonds	205.0	224.3	19.3	9.4
Adjutant General/Military Facilities Commission	8.0	8.0	0.0	0.1
Department of Agriculture Lease Payments	0.0	0.2	0.2	NA
<b>Total, Debt Service Payments</b>	<b>\$953.3</b>	<b>\$953.9</b>	<b>\$0.8</b>	<b>0.1</b>
Method of Financing:				
General Revenue Funds	\$923.7	\$922.2	\$(1.5)	(0.2)
General Revenue–Dedicated Funds	20.5	15.9	(4.7)	(22.7)
Other Funds	8.9	15.9	7.0	77.9
<b>Total, All Funds</b>	<b>\$953.1</b>	<b>\$953.9</b>	<b>\$0.8</b>	<b>0.1</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

# SIGNIFICANT FUNDING ELEMENTS AND COSTS (CONTINUED)

provide for increases above the 2001 rates of 23.2 percent in 2002 and an additional 10.0 percent in 2003 to cover anticipated increases in claims and medical inflation. The amount for fiscal year 2002 includes a 12 percent increase to catch up with current costs.

ERS of Texas group insurance contributions will increase by \$453.4 million, primarily because of the increase in premiums.

General Revenue funding for Higher Education Group Insurance is increased by \$258.4 million, or 41.6 percent above the 2000–01 levels, because of increases in premium rates and the need to cover current employee enrollment.

General Revenue funding for public school retirees' health insurance is increased by \$203.6 million, or 83.0 percent. Included in the recommendations is \$252.2 million (a \$175.9 million increase over 2000–01) to cover the projected deficit in the trust fund for TRS-Care.

## **SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY**

The recommendations for Social Security reflect an increase in All Funds of \$55.5 million caused by payroll growth. Of this increase, \$24.2 million is attributable to institutions of higher education.

The recommendations for Benefit Replacement Pay assume annual decreases resulting from employee turnover. The recommendations reflect a decrease in All Funds of \$28.4 million, or 15.3 percent, for Benefit Replacement Pay for state employees.

## **TOBACCO SETTLEMENT RECEIPTS**

Appropriations of Tobacco Settlement receipts and the earnings of permanent funds and endowments are made in Article XII. The \$586.8 million biennial appropriation includes funding for

the Children's Health Insurance Program (CHIP) (\$354.1 million); new generation mental health medications (\$30.5 million); other health care services (\$68.1 million); and distributions from funds and endowments (\$134.1 million). The increase in appropriations from 2000–01 is primarily due to the implementation of CHIP. Anticipated revenue from Tobacco Settlement receipts for the 2002–03 biennium is estimated to be \$395 million in fiscal year 2002 and \$391 million in fiscal year 2003.

**Table 10**  
**Selected Employee Benefits**  
**All Funds**  
(In Millions)

Agency/Fund Source	Expended/ Budgeted 2000–01	Senate Recommended 2002–03	Biennial Change	Percentage Change
Employees Retirement System— Retirement Contributions	\$562.7	\$587.8	\$25.1	4.5
Employees Retirement System— Group Insurance	1,238.6	1,692.0	453.4	36.6
Social Security	1,079.5	1,135.0	55.5	5.1
Benefit Replacement Pay— State Agency Employees	185.2	156.8	(28.4)	(15.3)
Teacher Retirement System— Retirement Contributions	2,253.4	2,503.5	250.2	11.1
Teacher Retirement System— Retirees' Health Insurance	245.4	448.9	203.6	83.0
Optional Retirement Program	196.3	217.4	21.1	10.8
Higher Education Group Insurance	621.3	876.3	258.4	41.6
<b>Total, Selected Employee Benefits</b>	<b>\$6,382.3</b>	<b>\$7,617.8</b>	<b>\$1,235.5</b>	<b>19.4</b>
Method of Financing:				
General Revenue Funds	\$5,145.8	\$6,173.6	\$1,027.8	20.0
General Revenue—Dedicated Funds	297.0	341.3	44.3	14.9
Federal Funds	483.6	562.1	78.6	16.2
Other Funds	455.9	540.8	84.9	18.6
<b>Total, All Funds</b>	<b>\$6,382.3</b>	<b>\$7,617.8</b>	<b>\$1,235.5</b>	<b>19.4</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

# FULL-TIME-EQUIVALENT POSITIONS

Recommendations provide for 229,903 full-time-equivalent (FTE) positions in 2002 and 230,161 in 2003. As shown in Figure 4, the 2003 amount represents an increase of 848 FTE positions from the 2001 level.

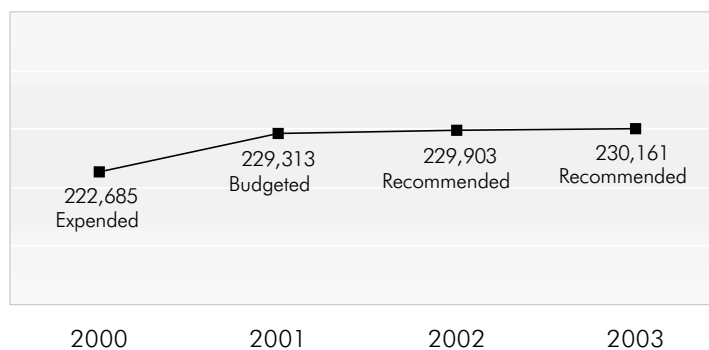
The General Appropriations Act (GAA) for the 2000–01 biennium established FTE limitations, or “caps,” for all agencies.

For fiscal year 2001, the statewide number of budgeted

positions exceeds the total cap for all agencies by 2,364 FTEs (see Table 11), primarily because of

increases in higher education staff and faculty.

**Figure 4**  
**Full-time-equivalent Positions**



**Table 11**  
**Full-time-equivalent Positions**

Function	Expended 2000	Budgeted 2001	Senate Recommended 2002	Senate Recommended 2003
Article I - General Government	8,863	9,224	9,399	9,425
Article II - Health and Human Services	51,339	50,662	50,863	50,943
Article III - Agencies of Education				
Appropriated Funds Only	76,462	79,903	79,772	79,795
Total, Education	125,233	130,417	131,400	132,384
Article IV - The Judiciary	1,287	1,335	1,317	1,317
Article V - Public Safety and Criminal Justice	53,438	56,091	56,652	56,776
Article VI - Natural Resources	8,495	8,509	8,491	8,485
Article VII - Business and Economic Development	19,247	19,826	19,530	19,530
Article VIII - Regulatory	3,555	3,764	3,879	3,892
Article IX - General Provisions	0	0	0	0
<b>Total, All Articles</b>	<b>222,685</b>	<b>229,313</b>	<b>229,903</b>	<b>230,161</b>
FTE Cap	227,856	226,949	229,903	230,161
Difference (Total Minus Cap)	(5,171)	2,364	NA	NA

NOTES: Totals may not add because of rounding.

# PERFORMANCE MEASURES AND TARGETS

There are four types of performance measures used in the appropriations process: outcome, output, efficiency, and explanatory. Each type of measure serves a different purpose:

- Outcome measures are used to assess an agency's effectiveness in serving its key customers and in achieving its mission, goals, and objectives. They also are used to direct resources to strategies with the greatest effect on the most-valued outcomes.
- Output measures are used to assess workload and the agency's efforts to address workload demands.
- Efficiency measures are used to

assess the cost efficiency, productivity, and timeliness of agency operations.

- Explanatory measures are used to define the agency's operating environment and to explain factors that are relevant to the interpretation of other agency measures.

Performance measures contained in the General Appropriations Act are designated as key measures. For key outcome, output, and efficiency performance measures, a target is established for each year of the biennium for which funds are appropriated.

As shown in Table 12, the recommended appropriations for the 2002–03 biennium contain

2,126 key performance measures, which represents a 1.2 percent reduction in the total number of key performance measures from the 2000–01 biennial level and a 23.2 percent reduction from the 1998–99 biennial level.

Performance measures that have been developed for state agency use but that are not contained in the General Appropriations Act are designated as non-key measures. Although targets are not established, agencies annually submit performance information related to these measure to the Legislative Budget Board.

Table 12 provides a summary of the number of key and non-key measures used by agencies since the 1996–97 biennium.

**Table 12**  
**Performance Measures, by Type**

Type of Measure	Number of Measures			Senate Recommended 2002–03
	Appropriated 1996–97	Appropriated 1998–99	Appropriated 2000–01	
<b>Key</b>				
Outcome (Results/Impact)	1,118	1,012	902	889
Output (Volume)	1,445	1,123	828	822
Efficiency	512	491	300	290
Explanatory	175	143	121	125
<b>Total</b>	<b>3,250</b>	<b>2,769</b>	<b>2,151</b>	<b>2,126</b>
<b>Non-key</b>				
Outcome (Results/Impact)	1,924	1,640	1,985	1,301
Output (Volume)	2,767	1,794	1,634	1,536
Efficiency	1,319	751	807	864
Explanatory	1,506	1,137	1,045	1,055
<b>Total</b>	<b>7,516</b>	<b>5,322</b>	<b>5,471</b>	<b>4,756</b>



# ARTICLE IX - GENERAL PROVISIONS

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Changes to Article IX, General Provisions, contained in the Committee Substitute for Senate Bill 1 include the following:

- An increase of \$267.7 million in General Revenue Funds and \$25.8 million in General Revenue–Dedicated Funds for a 5 percent salary increase for state employees with a \$100 per month minimum;
- An increase of \$4.3 million in General Revenue Funds and General Revenue–Dedicated Funds for a \$100 per month increase for employees classified under Schedule C;
- An increase of \$38.1 million in General Revenue Funds and \$5.0 million in General Revenue–Dedicated Funds for supplemental pay at the rate of \$6 per year of service for fiscal year 2002 and \$12 per year of service for fiscal year 2003 for juvenile correctional officers,

correctional officers and their supervisors, and employees classified under Schedule C;

- Salary cap limiting an agency’s use of appropriated funds for salary increases is removed;
- Travel cap is modified to apply only to out-of-state travel;
- Retention bonus authority is expanded to apply to any classified employee;
- Shift and weekend differential pay authority is expanded to apply to all employees;
- Travel reimbursement authority is increased for meals, lodging, and mileage;
- Agencies and institutions of higher education are required to have current Biennial Operating Plans and Information Resources Strategic Plans that are consistent with their capital budgets. If they do not, the

Legislative Budget Board can limit access to information technology appropriations; and

- Disincentives are provided to agencies that do not enter into emergency leases.

# ARTICLE XI - FUNDING PROPOSALS

The Senate Finance Committee Substitute for Senate Bill 1 includes Article XI. While Article XI makes

no appropriation, the items and amounts included are recommended by the committee for consideration should additional

revenue become available. Table 14 summarizes the cost of items recommended in Article XI.

**Table 14**  
**Cost of Items Included in Article XI**  
**All Funds**  
(In Millions)

Agency	Senate Recommended 2002	Senate Recommended 2003	Biennial Total
Article I - General Government	\$207.9	\$178.8	\$386.8
Article II - Health and Human Services	2,036.7	2,442.3	4,478.9
Article III - Agencies of Education	1,151.3	1,251.7	2,403.1
Article IV - The Judiciary	5.5	5.4	10.8
Article V - Public Safety and Criminal Justice	101.0	95.1	196.1
Article VI - Natural Resources	191.6	67.3	258.9
Article VII - Business and Economic Development	493.8	430.7	924.5
Article VIII - Regulatory	2.4	0.2	2.6
Article IX - General Provisions	0.0	0.0	0.0
Article X - The Legislature	0.0	0.0	0.0
<b>Total</b>	<b>\$4,190.2</b>	<b>\$4,471.4</b>	<b>\$8,661.7</b>
Article XII - Tobacco Settlement	\$180.0	\$25.0	\$205.0
<b>Grand Total</b>	<b>\$4,370.2</b>	<b>\$4,496.4</b>	<b>\$8,866.7</b>

NOTES: Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.

# FACTORS AFFECTING THE STATE BUDGET

**T**he most significant factors influencing the cost of state government include public and higher education enrollment, prison incarceration, and certain health and human service programs. The following are the major growth indicators for the period 1990 to 2000:

- Average daily attendance in public schools has grown 20.5 percent;
- Higher education enrollment in general academic institutions has increased by 0.8 percent;
- Community college enrollment has grown by 17.7 percent;

- Average monthly caseload for Temporary Assistance for Needy Families (TANF) grants (includes TANF-Basic and TANF-UP) has decreased by 43.4 percent;
- Average monthly caseload for nursing home clients has grown by 10.6 percent;
- Average monthly caseload for Medicaid clients has grown by 50.3 percent;
- Inmate population in the Department of Criminal Justice has grown by 214.9 percent;
- New adjudications to the juvenile probation system have

grown by 154.7 percent; and

- The Children's Health Insurance Program—Phase II served 37,175 children in fiscal year 2000. It is projected to serve more than 425,000 children by September 2001.

These factors do not totally explain the growth in the budget. Cost-related factors have an equal or greater effect on growth.

Table 15 compares the major budget growth indicators for fiscal years 1990 and 2000.

**Table 15  
Major Budget Indicators  
1990 and 2000**

Indicator	Actual 1990	Actual 2000	Percentage Change
Average Daily Attendance—Public Schools	3,071,843	3,702,288	20.5
Fall Headcount Enrollment—General Academic Institutions	405,682	409,044*	0.8*
Fall Headcount Enrollment—Community/Junior College	371,299	436,967	17.7
Average Monthly Caseload—TANF Grants (Basic and UP)	603,255	341,480	(43.4)
Average Monthly Caseload—Nursing Home Clients (Excludes Hospice)	59,753	66,598	11.5
Average Monthly Caseload—Medicaid Clients	1,202,108	1,807,075	50.3
Inmate Population—Department of Criminal Justice	47,982	151,100	214.9
New Adjudications to the Juvenile Probation System	10,315	26,272	154.7
Average Monthly Caseload—Children's Health Insurance Program	0	37,175	100.0

\*Estimated

# REVENUE OUTLOOK FOR THE 2002-03 BIENNIUM

## 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 a limit on tax-supported debt.

### ARTICLE III, SECTION 49a, “PAY-AS-YOU-GO” LIMIT

Article III, § 49a, Texas Constitution, is the “pay-as-you-go” limit. It requires that bills making appropriations be sent to the Comptroller for certification that the appropriations are within available revenue.

The Comptroller’s January 2001 estimate of the amount available for spending from the General Revenue Fund was \$60.8 billion. The Comptroller has since added \$143 million to the estimate for tobacco settlement revenue. Senate Finance Committee actions would, if passed by the Legislature, increase available revenue by another \$483 million, bringing total available revenue in General Revenue Funds to \$61.4 billion. The Senate Finance Committee’s recommended appropriations from the General Revenue Fund

for the 2002-03 biennium total \$60.6 billion. The recommendations are below available revenue by \$758.6 million.

### ARTICLE VIII, § 22, LIMIT ON THE GROWTH OF CERTAIN APPROPRIATIONS

Article VIII, § 22, Texas Constitution states: “In no biennium shall the rate of growth of appropriations from state tax revenue not dedicated by this Constitution exceed the estimated rate of growth of the state’s economy.” Under Government Code, § 316, the Legislative Budget Board is required to adopt the items of information establishing the Article VIII limit. The Board met on November 29, 2000, and adopted the following items:

- The level of appropriations from state tax revenue not dedicated by the Constitution for the 2000-01 biennium of \$44,795,017,340, subject to adjustments resulting from revenue forecast revisions or subsequent appropriations certified by the Comptroller of Public Accounts;
- The estimated rate of growth of the Texas economy from the 2000-01 biennium to the 2002-03 biennium of 14.09

percent; and, therefore,

- The 2002-03 limit on appropriations from state tax revenue not dedicated by the Constitution of \$51,106,635,283, subject to adjustments to 2000-01 biennial appropriations referenced above.

While the exact relationship between the LBB-recommended 2002-03 appropriations and the Article VIII limit will depend on the contents of the Comptroller’s revised revenue estimate and emergency appropriations that may be enacted by the Legislature, the Senate Finance Committee bill is \$1.6 billion below the Article VIII limit.

### ARTICLE III, § 51-a, WELFARE SPENDING LIMIT

Article III, § 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 shall not exceed 1 percent of the state budget in any biennium.

In accordance with Human Resources Code, § 31.053, the following items of information pertaining to the limit are provided:

# REVENUE OUTLOOK FOR THE 2002-03 BIENNIUM (CONTINUED)

- The 2002-03 biennial budget defined in Human Resources Code, § 31.051, is \$111,715.6 million, based on the General Appropriations Bill prepared under the direction of the Senate Finance Committee;
- The maximum biennial amount of 1 percent of the state budget is \$1,117.2 million; and
- The biennial amount included in the General Appropriations Bill prepared under the direction of the Senate Finance Committee that is subject to the limit on state dollars paid out in Temporary Assistance for Needy Families grants is \$243.2 million. This amount is \$874.0 million less than the 1 percent limit.

## **ARTICLE III, § 49 (j),**

### **DEBT LIMIT**

Article III, § 49(j) of the Constitution provides that the Legislature may not authorize additional state debt if, in any fiscal year, the resulting maximum annual debt service payable from the General Revenue Fund, excluding revenues constitutionally dedicated for purposes other than payment of state debt, exceeds 5 percent of the average annual unrestricted general revenue for

the previous three years. The following information is provided pursuant to the debt-limit provision:

- Preliminary estimates by the Legislative Budget Board indicate that, based on the constitutional provision, the average unrestricted general revenues for the three years immediately preceding fiscal year 2001 were \$24,273,345,000;
- The maximum annual amount of 5 percent of the average unrestricted general revenue for the three years preceding fiscal year 2001 is estimated at \$1,213,667,000;
- General Revenue bond debt service costs applicable to the bond debt limit under Article III, § 49(j), Texas Constitution, including the amount included in the Senate Finance Committee's recommended appropriations for the 2002-03 biennium; debt service amounts for the Higher Education Coordinating Board bonds receiving constitutional appropriation; General Services Commission leases with option-to-purchase payments; and Master Lease Purchase Program payments total

\$385,193,000 for fiscal year 2003; and

- The debt service on outstanding debt as a percentage of unrestricted general revenue is estimated at 1.6 percent for fiscal year 2003.

### **ECONOMIC STABILIZATION FUND (RAINY DAY FUND)**

The Economic Stabilization Fund, frequently referred to as the Rainy Day Fund, ended fiscal year 2000 with a balance of \$84.7 million. As a result of natural gas tax collections in fiscal year 2000 exceeding 1987 levels, the fund received a transfer of \$103.1 million from the General Revenue Fund in November 2000. The November transfer plus interest earnings brought the Economic Stabilization Fund balance to \$189.6 million as of January 1, 2001.

Under the Comptroller's 2002-03 Biennial Revenue Estimate, \$327 million would transfer to the fund in fiscal year 2002 and \$290 million in fiscal year 2003. The Comptroller estimates that the Economic Stabilization Fund balance, including interest, will reach \$881 million by the end of the 2002-03 biennium.



# GENERAL GOVERNMENT

**A**ll Funds recommendations for General Government total \$2,576.5 million for the 2002–03 biennium, which is an increase of \$106.7 million, or 4.3 percent, from 2000–01 (Table 16).

For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$1,884.5 million, which is an increase of \$152.7 million, or 8.8 percent, from 2000–01 (Table 17).

Selected performance measures for agencies in the General Government function are depicted in Table 18.

**Table 16**  
**All Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000–01*	Recommended 2002–03	Biennial Change	Percentage Change
Aircraft Pooling Board	\$8.2	\$8.9	\$0.6	7.8
Commission on the Arts	13.1	14.5	1.5	11.1
Office of the Attorney General	656.3	739.4	83.1	12.7
Bond Review Board	1.1	1.2	0.1	9.2
Comptroller of Public Accounts	359.7	360.2	0.6	0.2
Fiscal Programs - Comptroller of Public Accounts	335.6	372.7	37.1	11.1
Commission on State Emergency Communications	71.5	77.7	6.2	8.7
Employees Retirement System	12.2	12.7	0.6	4.7
Texas Ethics Commission	3.9	3.9	(0.0)	(0.6)
Public Finance Authority	1.4	1.4	0.0	3.1
Fire Fighters' Pension Commissioner	0.7	1.0	0.3	34.3
State General Services Commission	227.9	177.0	(50.9)	(22.4)
Office of the Governor	15.2	17.9	2.7	17.5
Trusted Programs within the Office of the Governor	274.1	304.2	30.1	11.0
Historical Commission	65.7	65.3	(0.4)	(0.7)
Commission on Human Rights	4.8	5.2	0.4	9.0
Texas Incentive and Productivity Commission	0.5	0.5	0.0	2.3
Department of Information Resources	18.0	11.6	(6.4)	(35.5)
Library and Archives Commission	55.7	69.7	14.0	25.2
Pension Review Board	0.6	0.7	0.1	20.9
Preservation Board	63.7	33.2	(30.5)	(47.9)
State Office of Risk Management	11.2	11.7	0.5	4.6
Workers' Compensation Payments	103.7	103.9	0.3	0.3
Secretary of State	39.9	41.1	1.2	3.0
Office of State-Federal Relations	2.3	2.3	(0.0)	(0.9)
Veterans Commission	7.1	6.9	(0.2)	(3.1)
<b>Subtotal, General Government</b>	<b>\$2,354.0</b>	<b>\$2,444.7</b>	<b>\$90.7</b>	<b>3.9</b>
Retirement and Group Insurance	\$99.2	\$122.1	\$22.9	23.1
Social Security and Benefit Replacement Pay	60.9	61.1	0.2	0.3
<b>Subtotal, Employee Benefits</b>	<b>\$160.1</b>	<b>\$183.2</b>	<b>\$23.1</b>	<b>14.4</b>
Lease Payments	\$36.5	\$38.8	\$2.2	6.1
Less Interagency Contracts	80.9	90.2	9.3	11.5
<b>Total, Article I - General Government</b>	<b>\$2,469.8</b>	<b>\$2,576.5</b>	<b>\$106.7</b>	<b>4.3</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

\*Includes anticipated supplemental spending needs.

# GENERAL GOVERNMENT (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 17**  
**General Revenue and General Revenue-Dedicated Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000-01*	Recommended 2002-03	Biennial Change	Percentage Change
Aircraft Pooling Board	\$1.4	\$1.4	\$0.0	0.0
Commission on the Arts	9.8	11.3	1.5	15.1
Office of the Attorney General	300.8	372.2	71.4	23.7
Bond Review Board	1.1	1.2	0.1	9.2
Comptroller of Public Accounts	358.3	359.1	0.8	0.2
Fiscal Programs - Comptroller of Public Accounts	330.5	370.8	40.3	12.2
Commission on State Emergency Communications	71.5	77.7	6.2	8.7
Employees Retirement System	12.2	12.7	0.6	4.7
Texas Ethics Commission	3.9	3.9	0.0	0.0
Public Finance Authority	0.6	1.1	0.5	95.0
Fire Fighters' Pension Commissioner	0.2	0.3	0.1	41.0
State General Services Commission	95.0	89.3	(5.7)	(6.0)
Office of the Governor	15.2	17.9	2.7	17.5
Trusted Programs within the Office of the Governor	90.7	93.8	3.1	3.4
Historical Commission	60.7	60.8	0.1	0.2
Commission on Human Rights	1.2	1.7	0.5	41.3
Texas Incentive and Productivity Commission	0.5	0.5	0.0	2.3
Department of Information Resources	6.3	5.3	(1.0)	(16.1)
Library and Archives Commission	26.8	27.9	1.1	4.3
Pension Review Board	0.5	0.7	0.2	38.9
Preservation Board	23.3	33.2	9.9	42.6
State Office of Risk Management	9.4	9.5	0.2	1.9
Workers' Compensation Payments	102.8	102.8	-	0.0
Secretary of State	34.3	34.3	(0.0)	0.0
Office of State-Federal Relations	2.0	2.0	0.0	0.0
Veterans Commission	7.0	6.9	(0.1)	(1.9)
<b>Subtotal, General Government</b>	<b>\$1,565.9</b>	<b>\$1,698.3</b>	<b>\$132.5</b>	<b>8.5</b>
Retirement and Group Insurance	\$78.8	\$96.6	\$17.8	22.6
Social Security and Benefit Replacement Pay	50.6	50.9	0.3	0.5
<b>Subtotal, Employee Benefits</b>	<b>\$129.4</b>	<b>\$147.4</b>	<b>\$18.0</b>	<b>13.9</b>
Lease Payments	\$36.5	\$38.8	\$2.2	6.1
<b>Total, Article I - General Government</b>	<b>\$1,731.8</b>	<b>\$1,884.5</b>	<b>\$152.7</b>	<b>8.8</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

\*Includes anticipated supplemental spending needs.



# GENERAL GOVERNMENT (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 18**  
**Selected Performance Measures**

Measure	Actual 2000	Budgeted 2001	Recommended 2002	Recommended 2003
Office of the Attorney General Amount of Child Support Collected (in Millions)	\$1,029.8	\$1,088.5	\$1,194.3	\$1,315.7
Comptroller of Public Accounts Treasury Portfolio Yield Compared to Money Market Funds Having Similar Investment Authority	104%	100%	105%	105%
Employees Retirement System Percentage of ERS Retirees Expressing Satisfaction with Member Benefit Services	90.8%	95%	95%	95%
State General Services Commission Percentage of Goods and Services Purchased from Term Contracts	49%	53%	53%	56%
Department of Information Resources Total Savings and Cost Avoidance through Utilization of Cooperative Services (in Millions)	\$28	\$37	\$33	\$33
State Office of Risk Management Incident Rate of Injuries and Illnesses Per 100 Covered Full-time State Employees	4.8	5.0	5.0	5.0
Secretary of State Percentage of Business Entity Filings and Public Information Request Responses Completed within Three Business Days	82.3%	76%	80%	82%
Office of State-Federal Relations Texas' Proportionate Share of Federal Funding	6.36%	6.52%	6.52%	6.52%
Veterans Commission Amount of Department of Veterans Affairs Awards (in Millions) Paid Because of Commission Advocacy in Claims Representation of Veterans with Service Disabilities	\$470	\$420	\$485	\$498

# BUDGET ISSUES AND RECOMMENDATIONS

The recommendations address a number of major budget issues affecting agencies in the General Government function including the following:

- An increase of \$65.8 million in All Funds for expansion of victims assistance programs at the Office of the Attorney General;
- An increase of \$8.4 million in General Revenue Funds in unexpended balances for emergency/deficiency and disaster grants in the Office of the Governor; and
- An overall increase of \$18.2 million in General Revenue Funds for the Comptroller of Public Accounts due to increased spending demands for unclaimed property, mixed beverage sales, and tort claims and federal court judgment program areas.

Significant budget recommendations for agencies in the General Government function include the following:

## **AIRCRAFT POOLING BOARD**

- Continuation of \$1.4 million in General Revenue Funds for aircraft maintenance, acquisition, repair, and replacement.

## **COMMISSION ON THE ARTS**

- Continuation of \$2 million

appropriation in General Revenue Funds to the Cultural Endowment Fund; and

- An increase of \$1.9 million in General Revenue–Dedicated Funds generated from the sale of the “Texas, State of the Arts” license plates, which will be used for agency operations.

## **OFFICE OF THE ATTORNEY GENERAL**

- An increase of \$39.6 million from the Compensation to Victims of Crime Fund for Victims Assistance Grants, including grants for Children’s Advocacy Centers, Court Appointed Special Advocates, victims assistance coordinators and liaisons, and legal services;
- An increase of \$26.2 million from the Compensation to Victims of Crime Fund for increases in compensation payments to victims of violent crime;
- An All Funds increase of \$10.9 million for full funding of the State Disbursement Unit, scheduled to be completely implemented in November 2001; and
- An All Funds increase of \$6.8 million and 36 FTEs to establish four regional call centers to respond to child support enforcement inquiries.

## **FISCAL PROGRAMS - COMPTROLLER OF PUBLIC ACCOUNTS**

- An increase of \$24.9 million in General Revenue Funds to implement new programs and technologies to increase tax collections;
- An increase of \$13 million in General Revenue Funds for the Unclaimed Property Program, due to increased awareness of the program since its being posted on the Internet;
- An increase of \$3 million in General Revenue Funds for Reimbursements–Mixed Beverage Tax to fund increased tax reimbursements to counties;
- An increase of \$2.2 million in General Revenue Funds due to increased judgments in the Tort Claims/Federal Court Judgments Programs; and
- A decrease of \$3.2 million in Federal Funds due to the expiration of the US Department of Energy Grant for the Amarillo National Resource Center for Plutonium.

## **COMMISSION ON STATE**

### **EMERGENCY COMMUNICATIONS**

- An increase of \$9.5 million in General Revenue–Dedicated Funds primarily to restore one-time savings in 9-1-1 service contracts with Councils of Government.

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

An increase of \$2.8 million in General Revenue–Dedicated Funds to fund:

- Grant increases to Poison Control Centers for pay raises and indirect support currently provided by host institutions;
- Public education campaign to promote new national 1-800 poison control number; and
- Increased support at the Texas Department of Health Bureau of Epidemiology (includes 1.5 FTEs).

## **TEXAS PUBLIC FINANCE AUTHORITY**

- An increase of \$0.5 million in General Revenue Funds to replace revenue bond proceeds used to fund operating costs. The agency estimates that this change in method of financing should save an estimated \$1.8 million in future debt service payments.

## **GENERAL SERVICES COMMISSION**

- A \$1.3 million increase in General Revenue Funds for building design and construction management;
- An increase of \$6 million in Other Funds primarily due to carryforward of unexpended balances for asbestos abatement;
- A decrease of \$4.2 million in General Revenue Funds due to a

decline in unexpended balances for deferred maintenance;

- A decrease of \$1.3 million in General Revenue Funds due to a decline in available unexpended balances for completion of the technology infrastructure upgrade, construction management system, and data warehouse/decision support projects; and
- A decrease of \$47.8 million in Other Funds (Bond Proceeds–Revenue Bonds) resulting from a decline in available unexpended balances for construction projects.

## **OFFICE OF THE GOVERNOR**

- An increase of \$2.7 million in General Revenue Funds due to carryforward of unexpended balances.

## **TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR**

- An increase of \$8.4 million in General Revenue Funds due to carryforward of unexpended balances for emergency/deficiency and disaster grants;
- An increase of \$1 million in General Revenue Funds for grants to drug courts;
- A decrease of \$2.8 million in General Revenue–Dedicated Funds due to a decline in available balances in the Crime

Stoppers Assistance and Criminal Justice Planning accounts;

- A decrease of \$3.9 million in the Disaster Contingency Account due to a decline in local government matching grants for federal disaster assistance;

A Federal Funds increase of \$27.4 million due mainly to increases in the following:

- A \$13.1 million increase in the Juvenile Justice Accountability Grant;
- A \$7.6 million increase in Crime Victim Assistance Funds due to increases in criminal fines;
- A \$2.9 million increase in funding for programs to combat drug-related crimes and violence;
- A \$4.3 million increase in funding for juvenile justice and residential substance abuse programs; and
- A \$0.3 million increase for the Texas Head Start Collaborative office, which provides statewide coordination of the state’s Head Start program between schools, social service agencies, and community-based early childhood education programs.

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

## **HISTORICAL COMMISSION**

- Continuation of a \$50 million appropriation in General Revenue Funds for the Texas Historic Courthouse Preservation Program, which provides financial and technical assistance to critical courthouse projects statewide;
- Continuation of a \$2.5 million appropriation in General Revenue Funds for the Preservation Trust Fund, which will allow the agency to award an estimated 52 historic preservation grants over the biennium;
- Continuation of Juneteenth funding for a total of \$0.6 million in General Revenue Funds, including \$0.2 million in unexpended balances from the 2000–01 biennium;
- An increase of \$0.9 million in General Revenue Funds for the LaSalle Odyssey Project; and
- A decrease of \$1 million in General Revenue Funds for purchase of historical artifacts.

## **COMMISSION ON HUMAN RIGHTS**

- An increase of \$0.5 million to expand the agency’s Alternative Dispute Resolution program, establish an Equal Employment Opportunity Training Academy and purchase new computers and a local area network.

## **DEPARTMENT OF**

### **INFORMATION RESOURCES**

- An increase of \$0.6 million in General Revenue Funds for implementation of statewide Internet security study recommendations;
- A decrease of approximately \$1.6 million in General Revenue Funds due to completion of the first phase of an Internet security study; and
- A decrease of \$3.4 million in Federal Funds and a \$1.0 million decrease in Other Funds due to the expiration of a grant from the US Geological Survey agency for development of a state base map.

### **LIBRARY AND ARCHIVES COMMISSION**

- An increase of \$12.6 million in General Revenue Funds due to an interagency grant from the Telecommunications Infrastructure Board, which will be used to provide statewide licensing of databases and access to library collections for TexShare libraries;
- An increase of \$1 million in General Revenue Funds for the Loan Star Libraries Program;
- An increase of \$0.5 million in General Revenue–Dedicated Funds from the sale of “New Millennium/Texas Reads” license plates; and

- A decrease of \$0.5 million in General Revenue Funds due to completion of the Sam Houston Center construction project.

### **STATE PRESERVATION BOARD**

- An increase of \$3.1 million in General Revenue Funds for debt service payments for the Bob Bullock Texas State History Museum;
- An increase of \$6.5 million in General Revenue Funds for major repairs and replacement of building equipment and systems within the Capitol or Capitol Extension; and
- A reduction of \$40 million in bond proceeds due to the completion of construction of the Bob Bullock Texas State History Museum.

### **SECRETARY OF STATE**

- An increase of \$0.3 million in General Revenue Funds for primary election notifications in local newspapers;
- An increase of \$1.2 million in Other Funds due to increasing activity in business filings, Uniform Commercial Code transactions, and information requests; and
- A decrease of \$0.3 million in General Revenue Funds due primarily to a decrease in the number of estimated constitu-

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

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tional amendments to be published during the 2002–03 biennium.

## **TEXAS VETERANS COMMISSION**

- An increase of \$0.7 million in General Revenue Funds to market the Commission's services to Texas veterans, improve case representation, and upgrade computer systems;
- A decrease of \$0.8 million in General Revenue due to a one-time donation to the World War II National Monument in fiscal year 2000; and
- A decrease of \$82,048 in inter-agency contracts due to the termination of a contract with the General Land Office to verify eligibility for veterans' home and home improvement loans.



# HEALTH AND HUMAN SERVICES

All Funds recommendations for Health and Human Services total \$34,706.3 million for the 2002–03 biennium, which is an increase of \$4,830.1 million, or 16.2 percent,

from 2000–01 (Table 19). For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$13,994.9 million, which is an increase of \$1,968.3 million, or 16.4

percent, from 2000–01 (Table 20). Selected performance measures for agencies in the Health and Human Services function are depicted in Table 21.

**Table 19**  
**All Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000–01*	Recommended 2002–03	Biennial Change	Percentage Change
Department on Aging	\$124.1	\$139.8	\$15.7	12.7
Commission on Alcohol and Drug Abuse	339.2	332.6	(6.5)	(1.9)
Commission for the Blind	95.2	94.5	(0.7)	(0.8)
Cancer Council	8.1	8.1	0.0	0.0
Children’s Trust Fund of Texas Council	3.9	3.8	(0.1)	(2.6)
Commission for the Deaf and Hard of Hearing	3.5	3.6	0.1	2.7
Interagency Council on Early Childhood Intervention	163.8	203.5	39.7	24.2
Department of Health	14,579.3	17,417.8	2,838.5	19.5
Health and Human Services Commission	373.1	1,026.9	653.8	175.2
Department of Human Services	7,825.5	8,691.6	866.1	11.1
Department of Mental Health and Mental Retardation	3,647.4	3,785.9	138.6	3.8
Department of Protective and Regulatory Services	1,408.2	1,552.3	144.1	10.2
Rehabilitation Commission	550.9	556.1	5.2	0.9
<b>Subtotal, Health and Human Services</b>	<b>\$29,122.0</b>	<b>\$33,816.5</b>	<b>\$4,694.5</b>	<b>16.1</b>
Retirement and Group Insurance	\$576.2	\$721.5	\$145.3	25.2
Social Security and Benefit Replacement Pay	278.5	273.8	(4.7)	(1.7)
<b>Subtotal, Employee Benefits</b>	<b>\$854.8</b>	<b>\$995.3</b>	<b>\$140.6</b>	<b>16.4</b>
Bond Debt Service Payments	\$36.1	\$37.0	\$0.9	2.6
Lease Payments	14.8	14.1	(0.7)	(4.7)
<b>Subtotal, Debt Service</b>	<b>\$50.9</b>	<b>\$51.2</b>	<b>\$0.2</b>	<b>0.5</b>
Article II, Special Provisions	0.0	\$(10.0)	\$(10.0)	(100.0)
Less Interagency Contracts	151.6	146.7	(4.9)	(3.2)
<b>Total, Article II - Health and Human Services</b>	<b>\$29,876.2</b>	<b>\$34,706.3</b>	<b>\$4,830.1</b>	<b>16.2</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

\*Includes anticipated supplemental spending needs.

# HEALTH AND HUMAN SERVICES (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 20**  
**General Revenue and General Revenue-Dedicated Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000-01*	Recommended 2002-03	Biennial Change	Percentage Change
Department on Aging	\$15.3	\$15.5	\$0.1	0.9
Commission on Alcohol and Drug Abuse	54.6	54.6	0.0	0.0
Commission for the Blind	23.6	25.7	2.1	9.0
Cancer Council	8.1	8.1	0.0	0.0
Children's Trust Fund of Texas Council	3.6	3.6	0.0	0.0
Commission for the Deaf and Hard of Hearing	2.0	2.0	(0.0)	(0.7)
Interagency Council on Early Childhood Intervention	66.5	90.7	24.2	36.4
Department of Health	5,814.5	7,063.8	1,249.3	21.5
Health and Human Services Commission	14.3	53.9	39.6	276.0
Department of Human Services	2,899.9	3,272.6	372.8	12.9
Department of Mental Health and Mental Retardation	2,009.4	2,147.4	138.0	6.9
Department of Protective and Regulatory Services	455.1	530.9	75.9	16.7
Rehabilitation Commission	105.8	105.8	0.0	0.0
<b>Subtotal, Health and Human Services</b>	<b>\$11,472.6</b>	<b>\$13,374.5</b>	<b>\$1,901.9</b>	<b>16.6</b>
Retirement and Group Insurance	\$341.7	\$423.6	\$81.9	24.0
Social Security and Benefit Replacement Pay	161.4	155.8	(5.6)	(3.5)
<b>Subtotal, Employee Benefits</b>	<b>\$503.1</b>	<b>\$579.4</b>	<b>\$76.3</b>	<b>15.2</b>
Bond Debt Service Payments	\$36.0	\$36.8	0.8	2.2
Lease Payments	14.8	14.1	(0.7)	(4.7)
<b>Subtotal, Debt Service</b>	<b>\$50.9</b>	<b>\$51.0</b>	<b>\$0.1</b>	<b>0.2</b>
Article II, Special Provisions	0.0	\$(10.0)	\$(10.0)	(100.0)
<b>Total, Article II - Health and Human Services</b>	<b>\$12,026.6</b>	<b>\$13,994.9</b>	<b>\$1,968.3</b>	<b>16.4</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

\*Includes anticipated supplemental spending needs.



# HEALTH AND HUMAN SERVICES (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 21**  
**Selected Performance Measures**

Measures	Actual 2000	Budgeted 2001	Recommended 2002	Recommended 2003
Medicaid Caseload (Premium Services), Average Number of Recipient Months Per Month*	1,807,075	1,854,040	1,924,882	1,967,325
Average Monthly Medicaid Caseload in DHS Community Care	105,020	110,763	120,574	125,353
Average Monthly Caseload, Nursing Facility Clients (Medicaid and Medicare Copay)	66,598	68,338	68,015	68,435
Percentage of Long-term Care Clients Served in Community Settings	65%	66%	67%	67%
Number of TANF-Basic Recipients Per Month	310,937	305,154	324,649	326,033
Number of TANF-UP Recipients Per Month	30,543	31,234	36,576	38,443
Number of Adults and Youth Served in Substance Abuse Prevention	342,554	318,149	305,514	305,514
Number of Adults, Youth, and Dual Diagnosis Clients Served in Substance Abuse Treatment	42,538	39,537	41,653	41,653
Average Monthly Number of Customers Served in MR Home and Community-based Services	5,260	5,844	6,770	7,583
Average Monthly Number of MR Campus (State School) Residents	5,433	5,436	5,446	5,446
Average Daily Census of State Mental Health Facilities	2,356	2,273	2,235	2,237
Number of WIC Participants Receiving Nutritious Food Supplements Per Month	745,534	755,000	772,900	783,738
Number of Equipment/Service Vouchers Issued: Specialized Telecommunication Program	2,048	2,500	2,750	3,000
Number of Consumers Served in Vocational Rehabilitation Program (TCB)	11,993	11,480	12,358	12,300
Number of Eligible Clients Provided Vocational Rehabilitation Services (TRC)	116,457	113,484	116,457	116,457
Percentage of Community Youth Development Program Youth with Improved TAAS Scores	59%	59%	59%	59%
Number of Children in DPRS Conservatorship Who Are Adopted	2,063	2,107	2,221	2,351
Number of Completed Child Abuse/Neglect Investigations	121,732	118,164	119,419	121,348
Average Weighted Child Protective Services Caseload Per Worker	25.1	23.1	22.3	22.3
Average Number of Days Per Month for Foster Care, All Levels	366,501	381,180	396,273	411,434
Average Number of Children Provided Adoption Subsidy Per Month	10,749	12,069	13,402	14,735
Number of Completed Adult Abuse/Neglect/ Exploitation Investigations	51,479	51,652	52,585	54,242
Average CHIP Phase II Children Recipient Months Per Month	37,156	244,735	443,223	443,223

\* Includes Department of Health, Health and Human Services Commission, and Department of Human Services premium caseloads.

# BUDGET ISSUES AND RECOMMENDATIONS

The recommendations address a number of major budget issues affecting agencies in the Health and Human Services function. These issues are listed below.

The majority of increased funding for health and human services is associated with the Medicaid program:

- A \$217.2 million General Revenue Funds increase due to a less favorable FMAP (Federal Medical Assistance Percentage) match rate. The FMAP was 60.57 percent in fiscal year 2001, 60.17 percent in fiscal year 2002, and is estimated to be 60.07 percent in fiscal year 2003;
- A \$2,507.6 million All Funds increase (\$990.0 million General Revenue Funds) for Medicaid caseload growth and adjustments in cost for changes in utilization. Programs reflecting these increases include long-term- care services, such as nursing facility and hospice payments and community care, and acute care services, such as hospital and physician payments. Categories of recipients experiencing caseload growth include many children's groups;
- A \$898.1 million All Funds increase (\$358.4 million

General Revenue Funds) to fund two additional Medicaid payments (the deferred 2001 payment plus the twenty-fourth month for 2002–03) for premium coverage and nursing home services; and

- A total of \$289.9 million in All Funds (\$124.8 million in General Revenue Funds) was added to increase the number of persons served in Medicaid waiver programs and non-Medicaid community care at the Department of Human Services and the Department of Mental Health and Mental Retardation, along with the associated acute care costs at the Department of Health.

Increases of \$105.9 million in All Funds (\$48.1 million General Revenue Funds) were appropriated for foster care and adoption subsidy caseload and rate increases.

An increase of \$33.7 million in General Revenue–Dedicated Crime Victim's Compensation Funds to increase family violence services at the Department of Human Services and to increase funding for various programs at the Department of Protective and Regulatory Services.

An increase of \$100.5 million in All Funds, (\$85.8 million in General

Revenue Funds) at the Department of Mental Health and Mental Retardation to address items such as increased costs of utilities and medications in the state schools and state hospitals, increased costs of medications in community mental health services, and additional general revenue for community mental health/mental retardation centers.

Recommendations for federal Temporary Assistance for Needy Families (TANF) funding total \$1,180.8 million for the 2002–03 biennium, compared with \$1,179.2 for the 2000–01 biennium, including TANF funding outside of Article II health and human services agencies. In general, Article II recommendations maintain current TANF spending levels, after adjustments for caseload. In all four years, TANF federal funding exceeds the state's annual federal allocation by using balances carried forward from previous years. An estimated \$224.5 million in TANF funds will be carried forward into the 2002–03 biennium. The TANF balance will diminish to approximately \$20.7 million by the end of the 2002–03 biennium based on recommended funding levels. These estimates assume 2002 and 2003 TANF awards at the 2001 basic funding level, without supplemental funding for high growth/low benefit states, performance awards, or penalties.

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

A net increase of \$195.2 million in Tobacco Settlement funding for health and human services-related initiatives and programs is provided in Article XII. An increase of \$198 million in Tobacco Settlement receipts and \$20 million in General Revenue Funds is provided for caseload increases in the Children's Health Insurance Program (CHIP). The average monthly number of clients in CHIP Phase II is projected to reach 428,453 by the end of fiscal year 2001 and to increase to 443,223 for the 2002-03 biennium. Funding for other programs within the Children's Health Insurance Program, such as Medicaid spillover, CHIP Phase I, Legal Immigrant Children, and the State Employee Children's Insurance Program (SKIP), is also included in the Article XII recommendation.

A decrease of \$10 million in General Revenue Funds for the biennium associated with savings from business process improvements to be realized by the Health and Human Services Commission.

Overall, full-time-equivalent (FTE) positions increased by 201 in 2002 and 281 in 2003 above the fiscal year 2001 level.

The recommendations included 355 additional FTEs in fiscal year 2002 and 435 in fiscal year 2003 at the Department of Protective and Regulatory Services to reduce the

number of investigations per child protective services worker and maintain current caseloads for workers assigned to child protective services, investigations at the Department of Mental Health and Mental Retardation, residential child care licensing, and day care licensing. The increase is partially offset by a reduction associated with continued transition of services to local control at the Department of Mental Health and Mental Retardation.

Significant budget recommendations for agencies in the Health and Human Services function include the following:

#### **DEPARTMENT ON AGING**

- An increase of \$12.3 million in Federal Funds for the National Caregiver Support Program; and
- An increase of \$3.3 million in Federal Funds due to an anticipated increase in the Aging Grant.

#### **COMMISSION ON ALCOHOL AND DRUG ABUSE**

- An overall \$6.6 million All Funds decrease;
- A \$1.5 million increase in Federal Funds due to an anticipated increase in the Substance Abuse Prevention and Treatment Block Grant;

- A \$6.8 million Federal Funds decrease due to the expiration of certain categorical grants and the depletion of prior-year balances in the Substance Abuse Prevention and Treatment block grant;
- Criminal Justice treatment programs are funded with a transfer of \$6.5 million each year of the biennium to the Department of Criminal Justice; and
- A \$1.3 million Other Funds decrease related to interagency contracts.

#### **COMMISSION FOR THE BLIND**

- An overall increase of \$2.1 million in General Revenue Funds;
- A \$2.5 million Earned Federal Funds (General Revenue Funds) increase to utilize agency-generated revenues and an increase of \$0.4 million in General Revenue Funds to meet matching requirements for federal vocational rehabilitation funds;
- An estimated \$1.0 million decrease in General Revenue Funds from voluntary fee collections for the Blindness Education, Screening, and Treatment (BEST) Program due to projected lower contributions and policy changes reducing the frequency of driver's license

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

renewals from four to six years starting in 1997 offset by a \$0.2 million increase related to an unexpended balance rider;

- A Federal Funds decrease of \$2.5 million, including a \$3.7 million decrease in vocational rehabilitation funds to align the matching of funds between state and federal fiscal years; and
- The transfer of 1 FTE and the responsibility to provide administrative support for the Commission for the Deaf and Hard of Hearing to the Rehabilitation Commission.

## **INTERAGENCY COUNCIL ON EARLY CHILDHOOD INTERVENTION (ECI)**

- An overall increase of \$39.7 million in All Funds, including a \$24.2 million increase in General Revenue Funds;
- A \$24.2 million increase in General Revenue Funds, including a \$20.4 million increase in General Revenue Funds for projected caseload growth, composed of a \$3.8 million General Revenue Funds increase that directs appropriations to ECI rather than to the Department of Mental Health and Mental Retardation for ECI services;
- A \$16.4 million increase in Federal Funds to provide for

caseload growth in eligible children;

- A \$2.3 million decrease in Other Funds as compared with the 2000–01 biennium primarily associated to a reduction in interagency contracts relating to ECI services; and
- A total of \$1 million in Article XII Tobacco Settlement receipts to maintain funding for respite services.

## **DEPARTMENT OF HEALTH**

- An overall \$2,838.5 million All Funds increase. This includes a \$1,249.3 million General Revenue and General Revenue–Dedicated Funds increase, a \$1,590.4 million Federal Funds increase, and a \$1.3 million Other Funds decrease from the 2000–01 expenditure level;
- A total of \$29.9 million in Tobacco Settlement receipts provided through Article XII, including \$19.6 million to renovate or rebuild two health care facilities operated by the Department of Health, \$5.4 million for immunizations, \$3.6 million for children’s Medicaid services, and \$1.2 million for newborn hearing screening. This represents an increase of \$2.7 million compared with 2000–01 expenditures, primarily due to the inclusion of

unexpended balances for the health care facilities;

- A total of \$42.8 million in interest earnings from endowments funded through Article XII with Tobacco Settlement receipts, including \$18.0 million for tobacco education and enforcement, \$9.0 million for children and public health, \$9.0 million for emergency medical services and trauma care, \$4.5 million for rural health facility capital improvement, and \$2.3 million for community hospital capital improvement. The recommendations are \$2.5 million less than the 2000–01 level due to an anticipated decrease in interest earnings; and
- A net reduction of 4.5 FTEs, including a reduction of 6 FTEs from the 2001 budgeted level to reflect a transfer of Medicaid rate setters to the Health and Human Services Commission and an increase of 1.5 FTEs positions in the Bureau of Epidemiology supported by the Advisory Commission on Emergency Communications.

Specific program recommendations for the agency’s bill pattern include:

### ***Medicaid Program***

- A \$2,804.0 million increase in All Funds, including a \$1,237.6

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

million General Revenue Funds increase, for the Medicaid Program.

Specific Medicaid funding changes include the following:

- A \$2,186.0 million All Funds increase, including a \$855.3 million General Revenue Funds increase, to allow for growth in caseloads and utilization and allow for growth in acute care Medicaid associated with growth in waivers at DHS and MHMR;
- A \$374.7 million All Funds increase, including a \$148.7 million General Revenue Funds increase, to pay the twenty-fifth month premium in fiscal year 2003;
- A \$132.9 million General Revenue Funds increase with an equal Federal Funds reduction due to a continued decline in the federal match rate (60.57 percent in fiscal year 2001, 60.17 percent in fiscal year 2002, and 60.07 percent in fiscal year 2003);
- A \$253 million All Funds increase, including a \$101 million General Revenue Funds increase, to pay the August 2001 premium in fiscal year 2002; and
- A \$0.7 million All Funds decrease, including a \$0.3

million General Revenue Funds decrease, to consolidate Medicaid rate setting at the Health and Human Services Commission; additionally, FTE positions are reduced by 6 from the 2001 budgeted level.

## **Public Health Programs**

- A \$11.7 million General Revenue Funds increase, a \$23.6 million Federal Funds net increase and a \$1.3 million Other Funds decrease for Public Health programs.

Specific funding changes in Public Health programs include the following:

- A \$11.7 million increase in General Revenue–Dedicated Funds for WIC rebates for projected increases in this revenue source;
- A \$54.2 million Federal Funds increase for the Special Supplemental Program for Women, Infants and Children (WIC) Program;
- A \$9.8 million decrease in Title V Federal Funds due to a reduction in carryforward balances;
- A decrease of \$7 million in Title V Federal Funds for the Children with Special Health Care Needs Program in fiscal year 2002. The transition of some

CSHCN clients to the CHIP in fiscal year 2001 will reduce expenditures by approximately \$7 million; Federal Funds will be carried forward into fiscal year 2002 and used to fund continuing services at the Interagency Council on Early Childhood Intervention;

- An \$8.8 million decrease in other federal grants, including \$4.9 million in the Abstinence Education Grant, \$1.7 million in the Preventive Health and Health Services Block Grant, and smaller reductions in other grants;
- A \$5 million decrease in federal Blood Alcohol Content funding; and
- A \$1.4 million decrease in Other Funds.

## **HEALTH AND HUMAN SERVICES COMMISSION**

- An increase of \$653.8 million in All Funds, of which \$39.6 million is General Revenue Funds and \$608.4 million is Federal Funds. Most of this increase is associated with CHIP. An increase of \$18.0 million in General Revenue Funds is recommended from copay revenues associated with CHIP. A \$71.6 million in All Funds increase, including a \$20.0 million increase in General Revenue Funds, was

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

authorized for caseload or cost increases above projected fiscal year 2001 levels in CHIP. In addition, \$354.1 million in Tobacco Settlement receipts is provided in Article XII for the continued implementation of CHIP. This represents an increase of \$197.9 million over 2000–01 funding levels in Tobacco Settlement Receipts;

- An increase of \$3.2 million in All Funds, including \$1.6 million in General Revenue Funds, and an increase of 20.5 FTEs over fiscal year 2001 levels for the transfer of the Medicaid rate setting function to the Health and Human Services Commission, with offsetting reductions in funding and FTEs in other state agencies; and
- An increase of \$4.0 million in Interagency Contracts and \$5.8 million in Federal Funds to expand the Consolidated Waiver Project to 200 clients per fiscal year.

## **DEPARTMENT OF HUMAN SERVICES**

- An overall All Funds increase of \$866.1 million, including a \$372.7 million increase in General Revenue and General Revenue–Dedicated Funds.
- Included in the increases listed below is a \$57 million increase in

General Revenue Funds for Federal Medical Assistance Percentage or FMAP adjustment.

### ***Long-Term-Care Services***

Recommendations for the Community Care Services strategy provide an overall increase from the 2000–01 biennium of \$388.0 million in All Funds, including \$181.3 million in General Revenue Funds, for the following reasons:

- \$175.2 million in All Funds, including \$66.1 million in General Revenue Funds, is included for caseload growth of approximately 5 percent per year in Medicaid nonwaiver community care, annualization of Medicaid waiver caseloads, and 2001 costs;
- \$43.1 million in All Funds, including \$17.2 million in General Revenue Funds, for increased client acuity; and
- \$162.8 million in All Funds, including \$74.1 million in General Revenue Funds, to reduce Long-term Care interest lists for Community-based Alternatives, Community Living Assistance and Support Services (CLASS), Deaf-Blind, Medically Dependent Children’s Program, and In-home and Family Support.

Funding for the Nursing Facility and Hospice Payments strategy provides \$439.0 million in All Funds, including a \$202.9 million increase in General Revenue Funds:

- \$123.6 million in All Funds, including \$46.3 million in General Revenue Funds, to fund caseload growth of less than 1 percent and hold costs at the 2001 levels in the Nursing Facility and Hospice Programs;
- \$139.1 million in All Funds, including \$54.8 million in General Revenue Funds, for 12 payments for fiscal year 2002 for Nursing Facilities;
- \$134.8 million in All Funds, including \$53.6 million in General Revenue Funds, for the fiscal year 2001 August Nursing Facility payment (twenty-fifth month); and
- \$39.7 million in All Funds, including \$15.8 million in General Revenue Funds, for increased client acuity.

Funding for the Integrated Service Delivery strategy provides a decrease of \$5.9 million in All Funds, including a \$2.2 million increase in General Revenue Funds, for the STAR+PLUS Medicaid waiver for less-favorable FMAP and projected decreases in caseloads.

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

## ***Supportive and Preventive Services***

### ***Fostering Self-Sufficiency***

- A \$19.1 million increase in All Funds, including a \$2.2 million decrease in General Revenue Funds, for Temporary Assistance for Needy Families (TANF) grants;
- Increased funding will maintain the maximum monthly grant for families at 17 percent of the federal poverty level, maintain a program providing once-a-year grants to TANF-eligible children, and maintain the earned income disregard at levels established by the Seventy-sixth Legislature, 1999;
- A \$0.6 million increase in All Funds for the Community Alzheimer's Resources and Education (CARE) Program;
- A \$49.2 million Federal Funds increase for the TANF Program due to caseload growth;
- A \$27.5 million Federal Funds increase for Nutrition Assistance;
- A \$2.6 million Federal Funds increase for Refugee Assistance;
- A \$0.3 million Federal Funds increase for Family Violence Prevention; and
- \$5.2 million in Compensation to Victims of Crime funding to expand Family Violence Services.

## ***Administrative/Other***

- Staffing levels for the Department of Human Services are 21 FTEs lower than the fiscal year 2001 budgeted levels for 2002–03 due to the transfer of the DHS rate-setting staff to the Health and Human Services Commission;
- Disaster Assistance Funds for fiscal year 2000 of \$9.3 million in All Funds (\$270,000 in General Revenue Funds) were not included for the 2002–03 biennium; and
- A total of \$17.3 million in Tobacco Settlement receipts is provided in Article XII to maintain service levels established in the 2000–01 biennium for the Medically Dependent Children's Program and for the CLASS Medicaid waiver program.

## **DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION**

- A \$138.6 million All Funds increase, including a \$138 million General Revenue Funds increase, of which \$22 million is included for less favorable Federal Medical Assistance Percentage (FMAP). Funding is included to annualize fiscal year 2001 Home and Community-based Services waiver clients, with additional funds for 813 new placements over

the 2002–03 biennium. The Department's other Medicaid programs affected by the change in FMAP include Intermediate Care Facilities for the Mentally Retarded (ICF/MR), Service Coordination, and Rehabilitation Services. Additional funding is included for MR State School Services, with funds addressing cost increases in utilities and pharmaceuticals;

- A \$10.2 million increase in General Revenue Funds to provide a pay increase for local community center employees, contingent on an increase authorized for state agency employees; and
- A reduction of 131 FTEs from the 2001 budgeted level due to the transition of state-operated community services and state employees to local operation.

Specific program recommendations include the following:

### ***Campus and Community-based Mental Health Services***

- A \$53.6 million All Funds increase, including a \$51.2 million General Revenue Funds increase, for Adult Mental Health Community Services, such as Assertive Community Treatment, Supported Employment, and Supported Housing, and to annualize levels of New Generation Medications. These

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

funds include \$20.0 million for Rehabilitation Services to address the rate reduction that will occur in fiscal year 2002;

- A \$9.5 million All Funds increase, including a \$9.8 million General Revenue Funds increase, for the NorthSTAR Behavioral Health Services Managed Care waiver, with funding included to maintain fiscal year 2001 service levels and address increased costs of prescription drugs;
- A \$5.4 million All Funds increase, including a \$4.3 million General Revenue Funds increase, for Children's Mental Health Services, due to the addition of funding to maintain fiscal year 2001 service levels;
- A \$1.4 million All Funds decrease, including a \$6.5 million General Revenue Funds increase, for Mental Health State Hospital Services and Administration, due to a decrease in projected revenues pursuant to a newly implemented Mental Health Authority funding methodology, a projected decline in caseload, and the inclusion of \$10.5 million in General Revenue Funds for increasing costs of utilities and prescription drugs; and
- A \$6.7 million All Funds decrease, including a \$3.8

million General Revenue Funds decrease, for assessment and service coordination due to the FMAP change and the transition of state-operated services to local control.

### ***Campus and Community-based Mental Retardation Services***

- A \$86.1 All Funds increase, including a \$37.9 million General Revenue Funds increase, for Home and Community-based Services, to annualize caseload growth, offset declining FMAP, and provide for the following new placements: 144 placements for persons moving from State Schools, 380 placements for persons moving from ICFs/MR, and 289 placements for persons on the community waiting list;
- A \$11 million General Revenue Funds increase for mental retardation community services to maintain fiscal year 2001 service levels;
- A \$11.1 million All Funds increase, including a \$10.4 million General Revenue Funds increase, for State School Services and Administration, due to the change in FMAP, the inclusion of \$3.5 million General Revenue Funds for Mexia State School decertified (from Medicaid) beds, and for increased costs of utilities and

prescription drugs;

- A \$3.7 million All Funds decrease, including a \$4.2 million General Revenue Funds increase, for Intermediate Care Facilities for the Mentally Retarded to offset declining FMAP; and
- A \$3.0 million All Funds decrease, including a \$0.3 million General Revenue Funds increase, for assessment and service coordination due to the FMAP change and the transition of state-operated services to local control.

### ***Tobacco Settlement Receipts***

- Maintenance of funding at the 2000–01 level, including \$30.5 million for new-generation medications, \$15.0 million for children's mental health services, and \$4.8 million for home and community-based services Medicaid waiver.

### ***Capital Construction***

- An \$18.1 million All Funds decrease, due primarily to the use during fiscal years 2000–01 of General Obligation Bond Funds and Capital Trust Fund monies that are not expected to continue;
- A \$3.6 million General Revenue and General Revenue–Dedicated Funds increase for Life Safety Code projects;



# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

- A \$7.3 million General Revenue–Dedicated Capital Trust Fund decrease, due to projected unavailability of revenues; and
- A \$14.5 million General Obligation Bond Proceeds decrease.

## **Administration**

- A \$3.6 million All Funds decrease, including a \$0.3 million General Revenue Funds increase, due to one-time expenditures in fiscal year 2001 and transfer of the Medicaid rate-setting function to the Health and Human Services Commission.

## **DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES**

- An increase of \$75.9 million in General Revenue Funds and General Revenue–Dedicated Funds, including \$37.2 million for foster care and adoption subsidy caseload and rate increases; \$12.3 million to reduce active investigations per child protective services worker; \$8.8 million to maintain current caseloads per worker in the child protective services, MHMR investigations and child care licensing programs; \$7.3 million to free-up TANF federal funds; \$5.4 million for a less-favorable FMAP; and \$4.9 million to restore current services for the adult protective

services program; and

- The number of FTE positions for 2003 is 435 FTEs higher than the number budgeted for 2001.

Specific program recommendations include the following:

## **Child Protective Services (CPS)**

- A \$22.1 million General Revenue Funds and General Revenue–Dedicated Funds increase for foster care caseload and rate increases. The All Funds increase for foster care payments is \$62.7 million due to a Federal Funds increase of \$40.6 million. The Federal Funds increase includes additional Title IV-E entitlement revenues and TANF block grant revenues due to a projected increase in eligibility for the Emergency Assistance Program;
- A \$15.6 million General Revenue Funds increase for CPS staffing strategies, including an increase of \$16.0 million for Child and Family Services and a reduction of \$0.4 million for CPS State-wide Intake. The All Funds increase for these strategies is \$25.8 million. The increase in funding for Child and Family Services supports 361 new FTEs through 2003, including 224 FTEs to reduce active investigations per CPS worker and 137 FTEs to maintain current

caseloads per CPS worker;

- A \$26.0 million General Revenue Funds increase for adoption subsidy caseload and rate increases. The All Funds increase for adoption subsidy payments is \$43.2 million due to a Federal Funds increase of \$17.2 million;
- A \$2.1 million General Revenue Funds increase for At-Risk Prevention Services to maintain fiscal year 2001 service levels. The All Funds increase for this strategy is \$2.8 million due to a Federal Funds increase of \$0.7 million; and
- A \$0.3 million General Revenue Funds increase for CPS Purchased Services. The All Funds increase for this strategy is \$6.9 million due to a Federal Funds increase of \$6.6 million.

## **Adult Protective Services**

- A \$9.6 million General Revenue Funds increase for Adult Protective Services. The All Funds increase for this strategy is \$0.5 million due to a decrease of \$9.1 million in Title XX Social Services Block Grant federal revenues; and
- A \$2.0 million General Revenue Funds increase for MHMR Investigations. The All Funds increase for this strategy

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

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is \$2.2 million which will support 33 new FTEs through 2003 to maintain the current caseload per MHMR worker.

## ***Child Care Regulation***

- A \$0.5 million General Revenue Funds increase for Child Care Regulation. The All Funds increase for this strategy is \$1.3 million which will support 41 new FTEs through 2003 to maintain current caseloads per residential child care licensing worker and child care licensing worker.

## ***Indirect Administration and CAPS Maintenance***

- A \$2.1 million General Revenue Funds decrease for indirect administration and maintenance of the Child and Adult Protective System (CAPS) associated with one-time capital and related operating costs. The All Funds decrease for these items is \$1.4 million due to a Federal Funds increase of \$0.7 million.

## **REHABILITATION COMMISSION**

- A \$4.4 million General Revenue–Dedicated Comprehensive Rehabilitation Account Funds increase and a \$4.4 million General Revenue Funds decrease to fully fund Comprehensive Rehabilitation Services from available revenues and balances in the Comprehensive

Rehabilitation Account;

- A \$5 million increase in Federal Funds for vocational rehabilitation to maintain federal grant expenditures at 2001 levels; and
- An increase of \$0.1 million in Other Funds and 1 FTE to reflect increased responsibilities for performing the financial and administrative functions for the Commission for the Deaf and Hard of Hearing via interagency contract.

# AGENCIES OF EDUCATION

**A**ll Funds recommendations for Agencies of Education total \$47,964.0 million for the 2002–03 biennium, which is an increase of \$2,724.7 million, or 6.0 percent, from 2000–01 (Table 22).

For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$37,375.0 million, which is an increase of \$891.6 million, or 2.4 percent, from 2000–01 (Tables 23 and 24).

Selected performance measures for agencies in the Agencies of Education function are depicted in Table 25.

**Table 22**  
**All Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000–01	Recommended 2002–03	Biennial Change	Percentage Change
Public Schools				
Texas Education Agency	\$28,660.6	\$29,202.4	\$541.8	1.9
State Board for Educator Certification	38.3	36.0	(2.3)	(6.1)
School for the Blind and Visually Impaired	29.4	37.3	7.8	26.7
School for the Deaf	36.8	45.2	8.4	22.8
Subtotal, Public Schools	\$28,765.2	\$29,320.9	\$555.7	1.9
Telecommunications Infrastructure Fund Board	\$476.1	\$542.8	\$66.6	14.0
Public Higher Education				
General Academic Institutions	4,549.4	4,763.5	214.0	4.7
Health-related Institutions	3,803.1	4,086.1	283.0	7.4
A&M University Services	634.6	591.4	(43.3)	(6.8)
Higher Education Fund	448.7	448.7	0.0	0.0
Available University Fund	652.1	725.9	73.8	11.3
Other Higher Education	591.2	972.7	381.5	64.5
Two-year Institutions				
Public Community/Junior Colleges	1,485.5	1,530.1	71.6	4.9
Lamar Lower-level Institutions	53.8	54.7	0.9	1.7
Texas State Technical College	129.5	145.0	15.5	12.0
Subtotal Two-year Institutions	1,641.8	1,729.8	88.0	5.4
Subtotal, Higher Education	\$12,321.0	\$13,318.1	\$997.1	8.1
Teacher Retirement System	\$2,555.3	\$3,024.3	\$469.0	18.4
Optional Retirement Program	196.3	217.4	21.1	10.8
Higher Education Employees Group Insurance				
Contributions	621.3	879.7	258.4	41.6
Retirement and Group Insurance	37.8	47.3	9.5	25.1
Social Security and Benefit Replacement Pay	391.6	415.8	24.2	6.2
Subtotal, Employee Benefits	\$3,802.3	\$4,584.5	\$782.2	20.6
Bond Debt Service Payments	\$56.4	\$0.0	\$(56.4)	(100.0)
Lease Payments	15.5	16.2	0.7	4.8
Subtotal, Debt Service	\$71.8	\$16.2	\$(55.6)	(77.4)
Article III, Special Provisions	0.0	286.3	286.3	100.0
Less Interagency Contracts	\$197.1	\$104.7	\$(92.4)	(46.9)
<b>Total, Article III - Agencies of Education</b>	<b>\$45,239.3</b>	<b>\$47,964.0</b>	<b>\$2,724.7</b>	<b>6.0</b>

NOTES: Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.

# AGENCIES OF EDUCATION (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 23**  
**General Revenue Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000-01	Recommended 2002-03	Biennial Change	Percentage Change
Public Schools				
Texas Education Agency	\$23,192.7	\$22,315.2	\$(877.5)	(3.8)
State Board for Educator Certification	27.9	33.0	5.1	18.3
School for the Blind and Visually Impaired	24.1	30.7	6.6	27.4
School for the Deaf	30.4	38.5	8.1	26.6
Subtotal, Public Schools	\$23,275.2	\$22,417.5	\$(857.7)	(3.7)
Telecommunications Infrastructure Fund Board	\$0.0	\$0.0	\$0.0	0.0
Public Higher Education				
General Academic Institutions	3,326.5	3,524.4	197.9	6.0
Health-related Institutions	1,705.6	1,754.8	49.2	2.9
A&M University Services	288.4	283.9	(4.5)	(1.6)
Higher Education Fund	448.7	448.7	0.0	0.0
Available University Fund	0.0	0.0	0.0	0.0
Other Higher Education	453.7	831.9	378.3	83.4
Two-year Institutions				
Public Community/Junior Colleges	1,458.5	1,530.1	71.6	4.9
Lamar Lower-level Institutions	44.7	44.1	(0.7)	(1.5)
Texas State Technical College	108.0	121.9	13.9	12.8
Subtotal Two-year Institutions	1,611.2	1,696.1	84.8	5.3
Subtotal, Higher Education	\$7,834.1	\$8,539.8	\$705.7	9.0
Teacher Retirement System	\$2,417.6	\$2,853.7	\$436.0	18.0
Optional Retirement Program	175.4	194.3	18.9	10.8
Higher Education Employees Group Insurance				
Contributions	621.3	879.7	258.4	41.6
Retirement and Group Insurance	35.0	44.5	9.5	27.2
Social Security and Benefit Replacement Pay	320.0	340.2	20.2	6.3
Subtotal, Employee Benefits	\$3,569.4	\$4,312.4	\$743.1	20.8
Bond Debt Service Payments	\$56.4	\$0.0	\$(56.4)	(100.0)
Lease Payments	15.5	16.2	0.7	4.8
Subtotal, Debt Service	\$71.8	\$16.2	\$(55.6)	(77.4)
Article III, Special Provisions		214.6	214.6	100.0
Total, Article III - Agencies of Education	\$34,750.6	\$35,500.6	\$750.0	2.2

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

# AGENCIES OF EDUCATION (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 24**  
**General Revenue-Dedicated Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000-01	Recommended 2002-03	Biennial Change	Percentage Change
<b>Public Schools</b>				
Texas Education Agency	\$0.0	\$0.0	\$0.0	0.0
State Board for Educator Certification	0.0	0.0	0.0	0.0
School for the Blind and Visually Impaired	0.0	0.0	0.0	0.0
School for the Deaf	0.0	0.0	0.0	0.0
<b>Subtotal, Public Schools</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0.0</b>
Telecommunications Infrastructure Fund Board	\$0.0	\$0.0	\$0.0	0.0
<b>Public Higher Education</b>				
General Academic Institutions	1,202.0	1,234.8	32.8	2.7
Health-related Institutions	314.9	376.1	61.1	19.4
A&M University Services	23.5	15.8	(7.8)	(33.0)
Higher Education Fund	0.0	0.0	0.0	0.0
Available University Fund	0.0	0.0	0.0	0.0
Other Higher Education	3.3	2.9	(0.3)	(9.5)
<b>Two-year Institutions</b>				
Public Community/Junior Colleges	0.0	0.0	0.0	0.0
Lamar Lower-level Institutions	9.1	10.7	1.6	17.2
Texas State Technical College	21.4	23.1	1.6	7.6
<b>Subtotal Two-year Institutions</b>	<b>30.6</b>	<b>33.8</b>	<b>3.2</b>	<b>10.5</b>
<b>Subtotal, Higher Education</b>	<b>\$1,574.4</b>	<b>\$1,663.4</b>	<b>\$89.1</b>	<b>5.7</b>
Teacher Retirement System	\$79.2	\$96.9	\$17.7	22.3
Optional Retirement Program	20.8	23.0	2.2	10.5
<b>Higher Education Employees Group Insurance</b>				
Contributions	0.0	0.0	0.0	0.0
Social Security and Benefit Replacement Pay	58.4	62.2	3.8	6.4
<b>Subtotal, Employee Benefits</b>	<b>\$158.5</b>	<b>\$182.1</b>	<b>\$23.6</b>	<b>14.9</b>
Bond Debt Service Payments	\$0.0	\$0.0	\$0.0	0.0
Lease Payments	0.0	0.0	0.0	0.0
<b>Subtotal, Debt Service</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0.0</b>
Article III, Special Provisions		14.9	14.9	100.0
<b>Total, Article III - Agencies of Education</b>	<b>\$1,732.8</b>	<b>\$1,874.4</b>	<b>\$141.6</b>	<b>8.2</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

# AGENCIES OF EDUCATION (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 25**  
**Selected Performance Measures**

Measure	Actual 2000	Budgeted 2001	Recommended 2002	Recommended 2003
Public Education				
Total Average Daily Attendance (ADA)	3,702,288	3,763,308	3,835,159	3,901,634
Percentage of Equalized Revenue in the Foundation School Program	97.2%	97.5%	98.0%	98.0%
Percentage of Students in Districts with Substantially Equally Access to Revenues	90.8%	90.4%	85.0%	85.0%
Percentage of Students Passing All Tests Taken	79.5%	84.0%	85.0%	85.0%
Percentage of African-American Students Passing All Tests Taken	67.0%	78.0%	80.0%	80.0%
Percentage of Hispanic Students Passing All Tests Taken	71.8%	78.0%	80.0%	80.0%
Percentage of Economically Disadvantaged Students Passing All Tests Taken	69.8%	76.0%	78.0%	78.0%
Percentage of Districts Rated Exemplary or Recognized	57.8%	48.5%	30.5%	NA
Percentage of Campuses Rated Exemplary or Recognized	47.7%	42.0%	46.7%	NA
Public Higher Education				
Percentage of University Students Graduating within Six Years	49.2%	48.4%	49.2%	49.2%
Retention Rate of Students Completing Required Developmental Education	88.5%	86%	88.5%	88.5%
Percentage of Students Enrolled in Colleges Who Are Black or Hispanic	35.4%	35.5%	36.5%	37.5%
Number of Students Receiving Awards-TEXAS Grant Program	10,500	20,000	68,457	102,461
Percentage of Family Practice Residency Program Graduates Practicing in Texas	86%	85%	87%	87%

# BUDGET ISSUES AND RECOMMENDATIONS

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The major budget recommendations for public schools and retired teachers include:

- Providing sufficient General Revenue Funds to fund increases to formulas in the Foundation School Program, including the obligations incurred in the Instructional Facilities Allotment and an increase to the Existing Debt Allotment;
- Providing sufficient funds to address the equity of the school finance system;
- Allocating sufficient funds from the Textbook Fund to fund new textbook adoptions; and
- Providing funding for the state's costs for providing pension and insurance benefits to retired school district employees.

The major budget recommendations for public higher education include:

- Providing funds to Prairie View A&M and Texas Southern University for projects to address the Texas Commitment–Office of Civil Rights' Priority Plan;
- Providing increases for the Toward EXcellence, Access, and Success (TEXAS) Grant Program;

- Providing increases to the Available University Fund (AUF) attributable to Proposition 17, approved in the November 1999 statewide election, allowing distributions to the AUF from capital gains as well as income return and allowing for payment of Permanent University Fund (PUF) expenses from the PUF;
- Providing additional funding for enrollment growth at four-year and two-year institutions;
- Providing funds for salary increases for nonfaculty employees and adding funding for increases to longevity pay;
- Reallocating the 2000–01 formula hold harmless levels into the 2002–03 recommendations for general academic institutions to partially offset shortfalls for affected institutions;
- Providing additional funds for tuition revenue bond debt service;
- Projecting increases in other educational and general income (i.e., General Revenue–Dedicated) for all general academic institutions and health-related institutions;
- Increasing formula funding to general academic institutions to raise the teaching experience

supplement to 10 percent in fiscal year 2002 and 15 percent in fiscal year 2003;

- Providing increases in General Revenue Funds for higher education group insurance to meet current employment levels and increases in premiums;
- Including special item reductions for one-time capital items; and
- Allowing health-related institutions to retain patient care income increases locally.

Significant budget recommendations for agencies and institutions in the Education function include the following:

## **TEXAS EDUCATION AGENCY**

- A \$1.2 billion increase in the funding formulas in the Foundation School Program to protect the equity of the school finance system;
- A \$245 million increase in General Revenue Funds to expand the Existing Debt Allotment to provide a guaranteed yield on existing debt;
- A \$102 million increase in General Revenue Funds for new textbook adoptions;
- A \$88 million increase in General Revenue Funds for the Student Success Initiative;

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

- A \$19 million increase in General Revenue Funds for the Windham School District; this increase is a transfer of funds from the Texas Department of Criminal Justice;
- A \$14 million increase in General Revenue Funds for the Texas Reading and Math programs;
- A \$13 million increase in General Revenue Funds to meet the obligation incurred by the state in 2000–01 in the instructional facilities allotment;
- A \$12 million increase in General Revenue Funds for the Master Reading Teacher Program to maintain the funding initiated in 2001;
- Significant increases in Federal Funds, including a \$182 million increase to the School Breakfast and School Lunch programs, a \$275 million increase for special education, \$147 million for needy children, \$11 million for teacher preparation, \$180 million increase for school renovation grants, \$50 million for class size reduction, and \$18 million for various classroom-improvement programs;
- Anticipation of a \$542.2 million increase in anticipated attendance credits revenue (recap-

ture from property-wealthy school districts); and

- A \$65 million decrease in the System Benefit Fund (SBF); the SBF was used in fiscal year 2001 to replace recapture revenue lost to the state because of property value declines associated with electric utility deregulation. While the SBF is not used as a method of financing for 2002–03 in the Texas Education Agency’s (TEA) appropriation bill pattern, it is recognized by rider as available if property values continue to decline.

In fiscal year 2003, TEA will be administering the new student assessments which will cover more subject areas and be more closely aligned with the Texas Essential Knowledge and Skills. The TEA will not issue district or campus ratings in the 2002–03 school year, in order to give districts and campuses time to adjust to the new assessments. Measure targets relating to these ratings have been left blank for fiscal year 2003.

## STATE BOARD FOR EDUCATOR CERTIFICATION

- A \$4 million increase and three full-time-equivalent (FTE) positions for test development in 2002 and 2003. Certification and assessment fee revenue, an account in the General Revenue Fund, would provide approxi-

mately \$1.3 million, while General Revenue Funds would finance approximately \$2.7 million; and

- A \$2.6 million increase, and two FTEs in fiscal year 2002 and four FTEs in fiscal year 2003, for national criminal history background checks on prospective educators. Funding is contingent on the agency increasing certification fees paid by educators to a level sufficient to offset the additional expense. The Department of Public Safety would require 11 additional FTEs each year to process the background checks.

## SCHOOL FOR THE DEAF AND SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

- A \$7 million increase in General Revenue Funds to the Texas School for the Deaf to complete their campus renovation and consolidation project.
- A \$6 million increase in General Revenue Funds to the Texas School for the Blind and Visually Impaired for dormitory and other campus renovations; and
- A \$1.3 million increase in Federal Funds to the School for the Blind and Visually Impaired to administer, in conjunction with Texas Tech



# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

and Stephen F. Austin Universities, a teacher preparation program.

## **TELECOMMUNICATIONS**

### **INFRASTRUCTURE FUND BOARD**

- A \$66.6 million increase in Other Funds to reflect the Comptroller's estimate of the Telecommunications Infrastructure Fund revenue and interest in the 2002–03 biennium; and

- A \$1.7 million increase in Other Funds for administration and 6 additional FTEs to move grant monitoring activities in-house.

### **TEACHER RETIREMENT SYSTEM**

- A \$15.3 million increase in All Funds for administrative operations, including 22 new FTEs for benefits processing, investments, and support services;
- A \$252.2 million increase in General Revenue Funds for the Teacher Retirement System. This represents an increase of \$176 million over fiscal year 2000–01, to cover a projected deficit in the TRS-Care retiree health insurance fund, based on health care cost increases of 10 percent per year;
- A \$232.5 million increase in General Revenue Funds for contributions to the Teacher Retirement System retirement

fund to account for payroll growth in public and higher education; and

- A \$27.6 million increase in General Revenue Funds to maintain the current contribution rate to the health insurance program for retired public school employees, reflecting payroll growth among public school employees.

### **OPTIONAL RETIREMENT PROGRAM**

- An \$18.9 million increase in General Revenue Funds and a \$2.2 million increase in General Revenue–Dedicated Funds to account for payroll growth among participating higher education employees.

### **BOND DEBT SERVICE PAYMENTS**

- A \$56.4 million decrease in General Revenue Funds, due to the final defeasance of the Superconducting Super Collider bonds.

### **HIGHER EDUCATION GROUP INSURANCE**

- An increase of \$258 million in General Revenue Funds, due to growth in enrollment and current rate premium increases;
- Funding for group insurance contributions for all higher education employees and retirees as of the October 31, 2000, census date; and

- A 10 percent premium rate increase from updated rates for fiscal year 2002 and an additional 10 percent compounded premium rate increase for fiscal year 2003.

### **GENERAL HIGHER EDUCATION INCREASES**

- A \$173.5 million increase in General Revenue Funds to fund a nonfaculty employee salary increase and benefits during the 2002–03 biennium;
- A contingency appropriation of \$25 million in General Revenue Funds for debt service for tuition revenue bonds for Senate Bill 254; and
- A \$16.1 million increase in General Revenue Funds to provide an incremental increase in longevity pay, starting with employees employed with the state for three years.

### **GENERAL ACADEMIC INSTITUTIONS**

- Raising the teaching experience supplement weight from 5 percent of lower-division and upper-division semester credit hours taught by tenured and tenure-track faculty to 10 percent in fiscal year 2002 and 15 percent in fiscal year 2003 at a cost of \$71.4 million in General Revenue Funds;

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

- Continuing the \$68.1 million increase in General Revenue Funds for faculty and nonfaculty salary increases added by the Seventy-sixth Legislature, 1999, and distributing amounts among the institutions through the funding formulas;
- An \$63.8 million increase in General Revenue Funds to fund a 5 percent non-salary formula increase for general academic institutions;
- A \$50 million increase in General Revenue Funds to comply with the Texas Commitment–Office of Civil Rights’ Priority Plan for Texas Southern University and Prairie View A&M University;
- A \$41.2 increase in General Revenue Funds to fund enrollment growth of 2.1 percent;
- Redistributing \$21.5 million in General Revenue Funds appropriated in 2000–01 for formula hold harmless to address potential shortfalls during the 2002–03 biennium;
- Providing \$19.8 million in General Revenue Funds to annualize fiscal year 2001 faculty salary increases and including those amounts in the funding formula;

- A \$33.3 million increase in Other Educational and General Income for projected tuition and other increases;
- A \$28.2 million decrease in General Revenue Funds for one-time or discontinued special items;
- Savings of \$6.3 million over the 2000–01 biennium in General Revenue Funds for Benefit Replacement Pay;
- A \$5.9 million decrease in tuition revenue debt service, due to several tuition revenue bonds being paid off; and
- Converting the Texas A&M University College of Veterinary Medicine Special Item into Operations & Instruction Formula and E&G Space Support Formula and adding the Bush School of Government rider appropriation to the Institutional Enhancement Special Item for Texas A&M University.

## **HEALTH-RELATED INSTITUTIONS**

- Continuing the \$31.6 million increase in General Revenue Funds for fiscal year 2000–01 nonfaculty salary increases and fiscal year 2000 faculty salary increases added by the Seventy-sixth Legislature, 1999;

- An increase of \$29.2 million in General Revenue Funds to provide additional formula funding for the health-related institutions;
- A \$8.9 million increase in General Revenue Funds to provide formula funding at 91 percent in both years of the biennium for the Texas A&M University System Baylor College of Dentistry;
- A \$6.6 million increase in General Revenue Funds to annualize fiscal year 2001 faculty salary increases;
- A \$3.6 million increase in General Revenue Funds for The UT Health Center at Tyler for medical education and research items. This item will be formula funded based on the number of primary chest disease diagnoses in the state;
- A \$3.1 million increase in General Revenue Funds for Texas Tech University Health Sciences Center for medical education at the Odessa campus;
- A \$2.2 million increase in General Revenue Funds to provide additional formula funding for research;
- A \$0.6 million increase in General Revenue Funds to

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

provide the small class supplement to The UT Health Science Center at Houston School of Public Health for its satellite campuses in Dallas, El Paso, and San Antonio. In addition, \$2.7 million in General Revenue Funds from a special item for the satellite public health program are transferred to the formula strategies for this item;

- A \$172.7 million increase in health-related institutions' patient income, which includes a \$190.0 million increase in patient income at The University of Texas M. D. Anderson Cancer Center offset by a decrease of \$17.3 million at the other institutions that operate hospitals or clinics. This is a new method of financing to account for patient income at medical schools that operate a hospital or dental clinic;
- A \$61.1 million increase in Other Educational and General Income, primarily due to a change in the allocation of benefits costs at medical schools that operate hospitals;
- A \$3.4 million decrease in General Revenue Funds, due to the elimination of start-up funding for several programs (programs continue to receive formula funding);

- A decrease of \$2.4 million in General Revenue Funds for savings associated with benefit replacement pay;
- Converting special items at The UT MD Anderson Cancer Center into formula funded strategies for Science Park Operations and Support for Patient Care, based on the number of new cancer cases in the state; and
- All other special items have been maintained at the 2000–01 appropriated levels.

## **TWO-YEAR INSTITUTIONS**

- A \$88.4 million increase in General Revenue Funds for enrollment growth of 5.7 percent;
- Funding the Lamar State Colleges and Texas State Technical College's (TSTC) physical plant operations through the general academic infrastructure formula, resulting in an increase of \$4.1 million in General Revenue Funds for TSTC components and \$2.3 million for Lamar State Colleges;
- A net \$0.5 million decrease in General Revenue Funds associated with special items at the Southwest Collegiate Institute for the Deaf; and

- Elimination of \$4.2 million in General Revenue Funds for one-time special items at TSTC components.

## **A&M SERVICE AGENCIES**

- Funding infrastructure at each service agency is based on proportions derived from the Texas Higher Education Coordinating Board's Space Projection Model;
- A \$6 million increase in General Revenue Funds to maintain current service levels;
- A \$0.4 million increase in General Revenue Funds for the Texas Agricultural Experiment Station to apply the 2001 faculty salary increase to both years of the 2002–03 biennium;
- A \$2.1 million increase in Federal Funds for the Texas Engineering Experiment Station to reflect increased federal support for several of the agency's research programs;
- A \$16.9 million decrease in General Revenue Funds for the Texas Forest Service to reflect a US Department of Agriculture Forest Service repayment for that amount, a \$1.6 million decrease in General Revenue Funds to reflect the Senate Bill 472 emergency appropriation, and a \$33.3 million decrease in

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

Other Funds to reflect US Federal Emergency Management Agency reimbursements; and

- A \$0.5 million decrease in General Revenue Funds for savings associated with Benefit Replacement Pay.

## AVAILABLE UNIVERSITY FUND

- A \$73.8 million increase in earnings from the Permanent University Fund.

## HIGHER EDUCATION

### COORDINATING BOARD

- A \$380.2 million increase in General Revenue Funds for the Toward EXcellence, Access, and Success (TEXAS) Grant Program (\$40 million of which is a rider appropriation that allows unexpended balances at the end of 2001 to be carried forward into the 2002–03 biennium);
- A \$2 million increase in General Revenue Funds for tuition payment assistance for eligible members of the Texas National Guard and Texas State Guard (initiated in 2001);
- A \$1.1 million increase in General Revenue Funds for Baylor College of Medicine to match formula increases to health-related institutions;
- A \$1.2 million increase in Federal Funds for Technical-Vocational Education Programs;

- A \$4.6 million decrease in General Revenue Funds for new community college campuses funded in the current biennium; and
- A \$1.1 million decrease in General Revenue Funds for phasing out the National Guard ROTC Program.

### ARTICLE XII TOBACCO APPROPRIATIONS TO HIGHER EDUCATION

Article XII of the 2002–03 General Appropriations Bill contains \$91.4 million in Other Funds in Tobacco Settlement receipts for higher education institutions and agencies. Article XII appropriations are not included in the All Funds total listed at the beginning of this chapter. Appropriations from the Tobacco Settlement receipts include the following:

- \$75.2 million in interest earnings from Tobacco Settlement receipts for the health-related institutions, which includes a \$10 million decrease in direct appropriations of Tobacco Settlement receipts to the UT MD Anderson Cancer Center and a \$0.5 million decrease in interest earnings from individual endowments and the Permanent Health Fund for higher education, due to lower estimated interest earnings;
- \$12.1 million in interest earnings from Tobacco Settlement

receipts for the Higher Education Coordinating Board (including Baylor College of Medicine), which includes a \$1 million decrease in direct appropriations of Tobacco Settlement receipts to the Baylor University Medical Center;

- \$4.1 million in interest earnings from Tobacco Settlement receipts for the general academic institutions; and
- Provide unexpended balances authority across biennia to allow higher education institutions to carry forward unexpended interest earnings from fiscal year 2001 to fiscal year 2002.

Tobacco funds are used to support health research, education, and treatment programs at higher education institutions and agencies.

# THE JUDICIARY

All Funds recommendations for the Judiciary total \$402.8 million for the 2002–03 biennium, which is an increase of \$19.1 million, or 5 percent, from 2000–01 (Table 26).

For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$328.2 million, which is an increase of \$10.6 million, or 3.3 percent, from 2000–01 (Table 27).

Selected performance measures for agencies and courts in The Judiciary function are depicted in Table 28.

**Table 26**  
**All Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000–01	Recommended 2002–03	Biennial Change	Percentage Change
Supreme Court of Texas	\$17.8	\$17.6	(0.2)	(1.3)
Court of Criminal Appeals	22.7	26.5	3.8	16.6
First Court of Appeals District, Houston	5.5	4.9	(0.6)	(11.3)
Second Court of Appeals District, Fort Worth	4.1	4.1	(0.1)	(1.3)
Third Court of Appeals District, Austin	3.6	3.6	0.0	0.9
Fourth Court of Appeals District, San Antonio	4.0	4.0	(0.0)	(0.6)
Fifth Court of Appeals District, Dallas	7.5	6.9	(0.6)	(7.9)
Sixth Court of Appeals District, Texarkana	2.0	2.1	0.0	0.7
Seventh Court of Appeals District, Amarillo	2.6	2.6	0.0	1.1
Eighth Court of Appeals District, El Paso	2.7	2.6	(0.1)	(4.4)
Ninth Court of Appeals District, Beaumont	2.0	2.1	0.0	0.3
Tenth Court of Appeals District, Waco	2.1	2.1	0.0	0.0
Eleventh Court of Appeals District, Eastland	2.0	2.0	0.0	1.7
Twelfth Court of Appeals District, Tyler	2.1	2.1	0.0	1.9
Thirteenth Court of Appeals District, Corpus Christi	3.6	3.7	0.0	1.3
Fourteenth Court of Appeals District, Houston	5.6	4.9	(0.7)	(12.9)
Office of Court Administration, Texas Judicial Council	25.0	23.8	(1.2)	(4.8)
Office of the State Prosecuting Attorney	0.7	0.7	0.0	0.0
State Law Library	1.8	1.9	0.1	3.8
Court Reporters Certification Board	0.2	0.3	0.1	29.9
State Commission on Judicial Conduct	1.3	1.5	0.2	14.8
Judiciary Section, Comptroller’s Department	180.6	186.5	5.9	3.3
<b>Subtotal, The Judiciary</b>	<b>\$299.7</b>	<b>\$306.4</b>	<b>\$6.7</b>	<b>2.2</b>
Retirement and Group Insurance	\$76.2	\$84.9	\$8.7	11.4
Social Security and Benefit Replacement Pay	15.4	15.7	0.3	1.6
<b>Subtotal, Employee Benefits</b>	<b>\$91.6</b>	<b>\$100.5</b>	<b>\$9.0</b>	<b>9.8</b>
Lease Payments	\$4.7	\$4.5	\$(0.2)	(4.1)
Article IV, Special Provisions	0.0	1.0	1.0	100.0
Less Interagency Contracts	12.2	9.5	(2.6)	(21.7)
<b>Total, Article IV - The Judiciary</b>	<b>\$383.7</b>	<b>\$402.8</b>	<b>\$19.1</b>	<b>5.0</b>

NOTES: Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.

# THE JUDICIARY (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 27**  
**General Revenue and General Revenue-Dedicated Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000-01	Recommended 2002-03	Biennial Change	Percentage Change
Supreme Court of Texas	\$10.1	\$7.9	\$(2.2)	(22.2)
Court of Criminal Appeals	9.6	8.9	(0.7)	(7.4)
First Court of Appeals District, Houston	4.8	4.9	0.1	2.3
Second Court of Appeals District, Fort Worth	4.0	4.1	0.1	1.9
Third Court of Appeals District, Austin	3.5	3.6	0.1	2.0
Fourth Court of Appeals District, San Antonio	3.9	4.0	0.1	1.9
Fifth Court of Appeals District, Dallas	6.7	6.9	0.1	2.0
Sixth Court of Appeals District, Texarkana	2.0	2.1	0.0	1.7
Seventh Court of Appeals District, Amarillo	2.5	2.6	0.0	1.7
Eighth Court of Appeals District, El Paso	2.5	2.6	0.0	1.7
Ninth Court of Appeals District, Beaumont	2.0	2.1	0.0	1.8
Tenth Court of Appeals District, Waco	2.1	2.1	0.0	1.8
Eleventh Court of Appeals District, Eastland	2.0	2.0	0.0	1.9
Twelfth Court of Appeals District, Tyler	2.0	2.1	0.0	2.1
Thirteenth Court of Appeals District, Corpus Christi	3.6	3.7	0.1	1.9
Fourteenth Court of Appeals District, Houston	4.8	4.9	0.1	2.0
Office of Court Administration, Texas Judicial Council	14.8	14.3	(0.5)	(3.3)
Office of the State Prosecuting Attorney	0.7	0.7	0.0	0.0
State Law Library	1.7	1.8	0.1	3.6
Court Reporters Certification Board	0.2	0.3	0.1	42.3
State Commission on Judicial Conduct	1.3	1.5	0.2	14.8
Judiciary Section, Comptroller's Department	140.8	144.2	3.4	2.4
<b>Subtotal, The Judiciary</b>	<b>\$225.8</b>	<b>\$227.0</b>	<b>\$1.2</b>	<b>0.5</b>
Retirement and Group Insurance	\$73.4	\$81.7	\$8.3	11.3
Social Security and Benefit Replacement Pay	13.8	14.0	0.2	1.5
<b>Subtotal, Employee Benefits</b>	<b>\$87.2</b>	<b>\$95.7</b>	<b>\$8.5</b>	<b>9.8</b>
Lease Payments	\$4.7	\$4.5	\$(0.2)	(4.1)
Article IV, Special Provisions	0.0	1.0	1.0	100.0
<b>Total, Article IV - The Judiciary</b>	<b>\$317.7</b>	<b>\$328.2</b>	<b>\$10.6</b>	<b>3.3</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

# THE JUDICIARY (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 28**  
**Selected Performance Measures**

Measure	Actual 2000	Budgeted 2001	Recommended 2002	Recommended 2003
Appellate Courts,				
Supreme Court of Texas				
Disposition Rate	108%	105%	105%	105%
Court of Criminal Appeals				
Disposition Rate for Petitions for Discretionary Review Which Are Granted	61%	79%	79%	79%
Fourteen Courts of Appeals: Clearance Rate				
First Court of Appeals District, Houston	126%	82%	100%	100%
Second Court of Appeals District, Fort Worth	101	100	100	100
Third Court of Appeals District, Austin	105	100	100	100
Fourth Court of Appeals District, San Antonio	100	100	100	100
Fifth Court of Appeals District, Dallas	124	120	100	100
Sixth Court of Appeals District, Texarkana	85	100	100	100
Seventh Court of Appeals District, Amarillo	94	100	100	100
Eighth Court of Appeals District, El Paso	94	100	100	100
Ninth Court of Appeals District, Beaumont	112	100	100	100
Tenth Court of Appeals District, Waco	85	100	100	100
Eleventh Court of Appeals District, Eastland	103	100	100	100
Twelfth Court of Appeals District, Tyler	100	100	100	100
Thirteenth Court of Appeals District, Corpus Christi	101	100	100	100
Fourteenth Court of Appeals District, Houston	113	105	100	100
Office of Court Administration, Texas Judicial Council				
Number of New Collections Programs Implemented or Existing Programs Expanded	7	6	6	6
Disposition Rate (As a Percentage of Servings)	91%	100%	100%	100%
State Commission on Judicial Conduct				
Percentage of Cases Disposed of	89%	92%	100%	100%
Court Reporters Certification Board				
Number of New Licenses Issued to Individuals	74	100	100	100
Percentage of Licensees with No Recent Violations	100%	99%	99%	99%
Office of the State Prosecuting Attorney				
Petitions for Discretionary Review Granted by the Court of Criminal Appeals	44	20	23	23
State Law Library				
Percentage of Positive Evaluations of Library Service by Library Users	92%	88%	90%	90%

# BUDGET ISSUES AND RECOMMENDATIONS

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The recommendations address a number of major budget issues affecting agencies in the Judiciary function, including the following:

- Increasing funding for legal staff salaries at the appellate courts;
- Providing unexpended balance authority between biennia and between the years of a biennium for the appellate courts;
- Providing unexpended balance authority between biennia and between the years of a biennium for the Basic Civil Legal Services Program administered by the Supreme Court;
- Deleting the Metropolitan Court Backlog Reduction strategy and related appropriations from the Supreme Court;
- Increasing funding of the Judicial Education strategy for the Court of Criminal Appeals to expand training and technical assistance to criminal defense attorneys who regularly represent indigent defendants in criminal matters;
- Annualizing the costs of the Judicial Education strategy for

the Court of Criminal Appeals to reflect expanded training programs;

- A contingency rider to provide funding and additional full-time-equivalent (FTE) positions for the establishment of the Texas Indigent Defense Council within the Office of Court Administration;
- Annualizing the costs of the Foster Care Courts Program, which was funded in the second year of the 2000–01 biennium through the Office of Court Administration; and increasing funding and staff for the creation of eight new foster care courts funded through the Office of Court Administration;
- Increasing funding and staff for the Judicial Committee on Information Technology strategy within the Office of Court Administration;
- Increasing funding for additional staff and operations in the Criminal Division of the Prison Prosecution Unit funded through the Judiciary Section, Comptroller’s Department; and

- Increasing funding to maintain staffing levels at the Public Integrity Unit funded through the Judiciary Section, Comptroller’s Department.

Significant budget recommendations for agencies and courts in the Judiciary function include the following:

- An All Funds increase of \$4.3 million for providing unexpended balance authority between biennia for the appellate courts and the Basic Civil Legal Services Program;
- An All Funds increase of \$2.3 million for the Court of Criminal Appeals to annualize costs of expanded training programs;
- An All Funds increase of \$1.1 million for the Prison Prosecution Unit for additional staff and expanded operations, including costs for a projected increase in death penalty cases;
- An All Funds increase of \$0.4 million for the Public Integrity Unit to maintain staffing levels at 32 employees with forecasted Travis County compensation policy increases and associated fringe benefits;



# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

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- Continued funding of the Judicial Committee on Information Technology including a \$5.7 million increase in General Revenue Funds and an additional 13.7 FTEs for the strategy relating to judiciary-wide information technology projects coordinated by the Office of Court Administration;
- A General Revenue Funds increase of \$1.3 million to fund increased salaries for legal staff at the appellate courts;
- A General Revenue Funds increase of \$0.9 million to annualize costs of the Foster Care Courts Program, funded in the second year of the 2000–01 biennium; and a General Revenue–Dedicated Funds increase of \$2.2 million and an additional 15 FTEs for the creation of eight new foster care courts funded through the Office of Court Administration;
- A General Revenue Funds increase of \$0.1 million to the Prison Prosecution Unit for lapsed monies in fiscal year 2000, due to the first-year implementation of the new Civil Commitment of Sexually Violent Predators Program;
- An Other Funds increase of \$1.7 million to the Court of Criminal Appeals for the costs of expanded training and technical assistance to criminal defense attorneys who regularly represent indigent defendants in criminal matters;
- An All Funds reduction of \$1.2 million to reflect 2002–03 estimated collections into the Basic Civil Legal Services account; and
- A General Revenue reduction of \$2.0 million and 22 FTEs, due to the elimination of the Metropolitan Court Backlog Reduction Program.



# PUBLIC SAFETY AND CRIMINAL JUSTICE

All Funds recommendations for Public Safety and Criminal Justice total \$8,000.9 million for the 2002–03 biennium, which is a decrease of \$83.5 million, or 1 percent, from 2000–01 (Table 29).

For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$6,993.5 million, which is an increase of \$152.7 million, or 2.2 percent, from 2000–01 (Table 30).

Selected performance measures for agencies in the Public Safety and Criminal Justice function are depicted in Table 31.

**Table 29**  
**All Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000–01*	Recommended 2002–03	Biennial Change	Percentage Change
Adjutant General’s Department	\$66.6	\$71.1	\$4.5	6.8
Alcoholic Beverage Commission	50.1	51.1	1.0	1.9
Department of Criminal Justice	5,080.0	4,945.8	(134.2)	(2.6)
Criminal Justice Policy Council	13.4	2.8	(10.6)	(79.2)
Commission on Fire Protection	5.7	5.7	0.1	1.0
Commission on Jail Standards	1.9	1.9	0.0	0.4
Juvenile Probation Commission	213.3	221.1	7.7	3.6
Commission on Law Enforcement Officer Standards and Education	5.0	4.9	(0.1)	(2.0)
Texas Military Facilities Commission	25.2	69.3	44.2	175.3
Texas Commission on Private Security	6.0	5.6	(0.4)	(6.8)
Department of Public Safety	795.5	706.6	(88.9)	(11.2)
Youth Commission	532.9	509.2	(23.7)	(4.4)
<b>Subtotal, Public Safety and Criminal Justice</b>	<b>\$6,795.6</b>	<b>\$6,595.1</b>	<b>\$(200.5)</b>	<b>(3.0)</b>
Retirement and Group Insurance	\$614.3	\$787.1	\$172.8	28.1
Social Security and Benefit Replacement Pay	297.0	304.0	7.0	2.4
<b>Subtotal, Employee Benefits</b>	<b>\$911.3</b>	<b>\$1,091.2</b>	<b>\$179.9</b>	<b>19.7</b>
Bond Debt Service Payments	\$456.8	\$469.5	\$12.7	2.8
Lease Payments	4.2	3.7	(0.4)	(10.1)
<b>Subtotal, Debt Service</b>	<b>\$461.0</b>	<b>\$473.2</b>	<b>\$12.2</b>	<b>2.7</b>
Less Interagency Contracts	\$83.4	\$158.6	\$75.1	90.0
<b>Total, Article V - Public Safety and Criminal Justice</b>	<b>\$8,084.4</b>	<b>\$8,000.9</b>	<b>\$(83.5)</b>	<b>(1.0)</b>

NOTES: Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.  
\* Includes anticipated supplemental spending needs.  
\*\* Includes appropriations for the Polygraph Examiners Board.

# PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 30**  
**General Revenue and General Revenue-Dedicated Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000-01*	Recommended 2002-03	Biennial Change	Percentage Change
Adjutant General's Department	\$23.1	\$24.5	\$1.5	6.4
Alcoholic Beverage Commission	49.0	50.2	1.2	2.4
Department of Criminal Justice	4,782.0	4,740.3	(41.7)	(0.9)
Criminal Justice Policy Council	2.4	2.5	0.1	3.5
Commission on Fire Protection	5.7	5.7	0.1	1.0
Commission on Jail Standards	1.8	1.8	0.0	0.0
Juvenile Probation Commission	169.5	170.3	0.8	0.5
Commission on Law Enforcement Officer Standards and Education	4.7	4.8	0.1	2.9
Texas Military Facilities Commission	3.3	3.3	0.0	0.0
Texas Commission on Private Security	3.6	3.6	0.0	0.0
Department of Public Safety**	112.4	111.2	(1.2)	(1.1)
Youth Commission	435.7	456.4	20.7	4.8
<b>Subtotal, Public Safety and Criminal Justice</b>	<b>\$5,593.3</b>	<b>\$5,574.7</b>	<b>\$(18.5)</b>	<b>(0.3)</b>
Retirement and Group Insurance	\$533.2	\$685.3	\$152.1	28.5
Social Security and Benefit Replacement Pay	254.2	261.1	6.9	2.7
<b>Subtotal, Employee Benefits</b>	<b>\$787.3</b>	<b>\$946.4</b>	<b>\$159.1</b>	<b>20.2</b>
Bond Debt Service Payments	\$456.1	\$468.6	\$12.6	2.8
Lease Payments	4.2	3.7	(0.4)	(10.1)
<b>Subtotal, Debt Service</b>	<b>\$460.2</b>	<b>\$472.4</b>	<b>\$12.1</b>	<b>2.6</b>
<b>Total, Article V - Public Safety and Criminal Justice</b>	<b>\$6,840.8</b>	<b>\$6,993.5</b>	<b>\$152.7</b>	<b>2.2</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

\* Includes anticipated supplemental spending needs.

\*\* Includes appropriations for the Polygraph Examiners Board.

# PUBLIC SAFETY AND CRIMINAL JUSTICE (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 31**  
**Selected Performance Measures**

Measure	Actual 2000	Budgeted 2001	Recommended 2002	Recommended 2003
Alcoholic Beverage Commission				
Number of Inspections Made	106,048	105,800	106,000	106,000
Number of Alcoholic Beverages and Cigarette Packages Stamped	4,046,189	2,800,000	4,476,300	4,476,300
Number of Inspections, Analyses, and Compliance Activities	88,860	81,190	83,200	83,200
Department of Criminal Justice				
Number of Offenders Incarcerated	141,144	144,778	144,778	144,778
Number of Offenders in Contract Prisons and Privately Operated State Jails	11,118	11,375	11,375	11,375
Average Number of Inmates in Contractual Correctional Bed Capacity	3,257	4,109	4,109	4,109
Number of Parole Cases Processed	37,426	37,226	37,881	38,147
Total Felony Offenders under Direct Supervision (Adult Probationers)	160,723	158,920	162,540	164,263
Medical Care Cost Per Inmate Day	\$5.65	\$5.57	\$5.67	\$5.71
Juvenile Probation Commission				
Rate of Successful Completion of Court-ordered Probation	83%	85%	85%	85%
Average Daily Population of Youth Supervised under Court-ordered Probation	25,437	31,960	32,686	33,637
Average Daily Population of Youth Supervised under Intensive-supervision Probation	4,120	3,622	3,900	3,900
Commission on Law Enforcement Officer Standards and Education				
Number of New Licenses Issued to Individuals	11,829	11,689	11,500	11,500
Number of On-site Academy Evaluations Conducted	62	60	60	60
Complaints Resolved	1,102	260	500	500
Department of Public Safety				
Traffic Law Violator Contacts	2,337,806	2,523,100	2,430,453	2,430,453
Number of Accident Reports Processed	398,310	650,000	524,155	524,155
Annual Texas Crime Index Rate	5,035.2	5,478	5,257	5,257
Number of Emergency Incidents Coordinated	2,364	1,700	2,032	2,032
Youth Commission				
Average Daily Population: Correctional Programs	5,559	5,637	5,719	5,842
Average Daily Population: Assessment and Orientation	408	436	436	436
Average Daily Population: Aftercare	3,113	3,168	3,100	3,130
One-year Rearrest Rate (Percentage)	54%	54%	54%	54%

# BUDGET ISSUES AND RECOMMENDATIONS

The recommendations address a number of major budget issues affecting agencies in the Public Safety and Criminal Justice function, including the following:

## **ALCOHOLIC BEVERAGE COMMISSION**

- Funding is included to support automatic step increases due to changes in the Schedule C Classification Salary Schedule that will occur in the 2002–03 biennium; and
- Funding and personnel are added for the agency’s Licensing and Port of Entry Programs contingent on the agency increasing fee revenue to an amount sufficient to cover the costs related to the appropriation.

## **DEPARTMENT OF CRIMINAL JUSTICE**

- Funding is included to address projected increases in community supervision and parole populations;
- Funding is included for rate increases for contract prisons and privately operated state jails;
- Funding is provided for increased inmate medical care costs;
- Interim career ladder adjustments for correctional officers and other correctional personnel are continued;
- Full 24-month operation of all correctional capacity added

during the 2000–01 biennium is provided;

- Replacement of Federal Funds with General Revenue Funds for incarcerated aliens to compensate for an anticipated reduction in Federal Funds; and
- An increase in Texas Correctional Industries sales receipts is anticipated.

## **JUVENILE PROBATION COMMISSION**

- Annualization of operational costs of three postadjudication facilities that began operation in 2000–01;
- Increased funding for projected basic supervision population growth;
- Additional General Revenue Funds and Federal Funds above the 2000–01 spending level for the Title IV-E Foster Care Program; and
- Additional FTEs to administer new programs, provide local juvenile probation departments with technical assistance and supply the Legislature and Governor’s Office with accurate data on counties.

## **DEPARTMENT OF PUBLIC SAFETY**

- Replacement of General Revenue–Dedicated Funds with General Revenue Funds, due to insufficient balances in

the Operator and Chauffeurs License account that was used to fund the increase in commissioned officer salaries;

- Additional personnel and funding for the agency’s DNA lab to enhance the lab’s ability to assist in criminal cases and process DNA samples from prison inmates;
- Increased agency personnel to process criminal history background checks for teacher certification; and
- Inclusion of recommended appropriations and FTEs for the Polygraph Examiners Board for the 2002–03 biennium in the agency’s 2002–03 appropriation.

## **YOUTH COMMISSION**

- Funding is provided to establish pay parity between juvenile and adult correctional officers;
- Funding is included for increased medical care costs;
- Additional funding is provided for educational program improvements;
- Funding necessary to provide sufficient bed capacity and direct supervision to address projected growth in youth served by the agency for 2002–03 is included; and

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

- Increased funding is provided to deal with correctional population growth in educational services, treatment programming, and assessment and diagnostic operations.

Significant budget recommendations for agencies in the Public Safety and Criminal Justice function include the following:

## **ADJUTANT GENERAL'S DEPARTMENT**

- An increase of \$0.8 million in All Funds for major repair of Camp Mabry military facilities and several army logistical facilities;
- An increase of \$1.6 million in General Revenue Funds, and 49 FTEs, for the Seaborne/Challenge Program, which is transferred from Texas A&M University at Galveston;
- An increase of \$3.1 million in Federal Funds to construct a Unit Equipment Training Site at Camp Bullis; and
- A reduction of \$0.9 million in All Funds for one-time capital repair projects in 2000–01.

## **ALCOHOLIC BEVERAGE COMMISSION**

- A \$0.7 million increase in General Revenue Funds for additional personnel for the agency's Licensing and Port of Entry Programs contingent on the agency increasing fee

revenue to an amount sufficient to cover the costs related to the appropriation;

- An increase of \$0.2 million in General Revenue Funds to support automatic step increases for the agency's commissioned officers; and
- A \$0.2 million agency anticipated decrease in interagency contracts.

## **DEPARTMENT OF CRIMINAL JUSTICE**

- An increase of \$42.4 million in General Revenue Funds to continue the interim career ladder adjustments for correctional officers and other correctional personnel;
- An increase of \$23.0 million in General Revenue Funds to provide full 24-month operation of all correctional capacity added during the 2000–01 biennium;
- An increase of \$15.2 million in General Revenue Funds for projected increases in felony community supervision (probation) and parole populations;
- An increase of \$12.6 million in General Revenue Funds for multi-year contract rate increases for contract prisons and privately operated state jails;

- An increase of \$12.3 million in General Revenue Funds for increased inmate medical care costs;
- An anticipated increase in Texas Correctional Industries sales receipts of \$6.9 million;
- A reduction of \$72.2 million in General Revenue Funds and an increase of \$72.2 million in Other Funds resulting from the reclassification of receipts from Texas Correctional Industries sales to other state agencies from General Revenue to Interagency Contracts;
- The replacement of \$9.1 million in Federal Funds (for incarcerated aliens) with General Revenue Funds to compensate for an anticipated reduction in the federal award;
- A reduction of \$26.0 million in General Revenue Funds for one-time expenditures related to the agency's re-engineering project;
- A reduction of \$19.4 million in General Revenue Funds transferring appropriations for the Windham School District for State Jails to the Texas Education Agency;
- A decrease of \$18.1 million in General Revenue Funds for a projected decrease in need for

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

contracted temporary correctional capacity in county jails;

- A reduction of \$12.3 million in General Revenue Funds for one-time expenditures related to the Hepatitis B Testing Pilot Program;
- A reduction of \$7.4 million in General Revenue Funds for one-time transportation purchases approved by the Seventy-sixth Legislature; and
- A reduction of \$150.5 million in Other Funds for one-time capital construction and repair projects in the 2000–01 biennium.

## **CRIMINAL JUSTICE POLICY COUNCIL**

- A reduction of \$10.7 million in Federal Funds for a projected decrease in federal discretionary grants (agency will continue to compete for discretionary grants that benefit the state).

## **JUVENILE PROBATION COMMISSION**

- An increase of \$1.9 million in All Funds for annualization of three postadjudication facilities that began operation in 2000–01;
- An increase of \$3.5 million in All Funds for the Juvenile Justice Alternative Education Program;
- An increase of \$1.3 million in All Funds for the Title IV-E

Foster Care Program, Social Security Act;

- An increase of \$1.3 million in General Revenue Funds for projected basic probation supervision population growth; and
- An increase of \$0.7 million in All Funds (\$0.5 million in General Revenue Funds and \$0.2 million in Federal Funds) for seven additional FTE positions to administer new programs, provide local juvenile probation departments with technical assistance, and supply the Legislature and Governor's Office with accurate data on counties.

## **TEXAS MILITARY FACILITIES COMMISSION**

- An increase of \$0.9 million in General Revenue Funds for major maintenance of facilities in Dallas, San Antonio, and Austin;
- An increase of \$0.6 million in General Revenue Funds for roof replacements and repair at various Texas military facilities;
- An increase of \$52.4 million in Federal Funds for facilities construction at Austin Bergstrom International Airport for Texas National Guard operations; and

- An increase of \$1.3 million in Federal Funds for construction of an Organizational Maintenance Shop in the Fredericksburg area.

## **DEPARTMENT OF PUBLIC SAFETY**

- An increase of \$40.6 million in General Revenue Funds to replace funds from a General Revenue–Dedicated source for the purposes of maintaining the increases in the Schedule C Classification Salary Schedule approved in the Seventy-sixth legislative session;
- A \$2.5 million increase in General Revenue Funds for additional staff in the agency's DNA lab;
- A \$0.4 million increase in General Revenue–Dedicated Funds to provide the 50 percent state match required for a Federal Emergency Management Agency program that had been 100 percent federally funded prior to fiscal year 2000;
- An increase of \$1.2 million in Appropriated Receipts to cover costs of processing criminal history checks for teacher certification;
- A decrease of \$44.1 million in General Revenue–Dedicated Funds related to a projected reduction of fund balance in the account;



# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

- A \$75.8 million agency anticipated decrease in Federal Funds related to pass-through reimbursements to local governments, the receipt of which is dependent on the occurrence of declared disasters and emergencies; and
- A \$14.3 million agency anticipated decrease in Appropriated Receipts, including state and federal controlled-substance forfeitures, reimbursement and payments, sale of printed records, and interagency contracts.

## **YOUTH COMMISSION**

- An increase of \$8.4 million in All Funds, including an \$8.9 million increase in General Revenue Funds, to provide sufficient bed capacity and direct supervision to address projected growth in youth served by the agency for 2002–03. The All Funds total includes a projected Federal Funds decrease of \$0.6 million;
- An increase of \$4.8 million in General Revenue Funds to establish pay parity between juvenile and adult correctional officers;
- An increase of \$3.0 million in General Revenue Funds to maintain salary increases

resulting from changes made to the juvenile correctional officer career ladder by the Seventy-sixth Legislature;

- An increase of \$2.8 million in General Revenue Funds related to educational services for projected growth in youth served by the agency;
- An increase of \$2.2 million in General Revenue Funds for medical cost increases in managed health care contracts;
- An increase of \$1.6 million in General Revenue Funds for educational program improvements including additional English as a Second Language teachers and academic assessment specialists;
- An increase of \$0.4 million in General Revenue Funds related to correctional treatment programming for projected growth in youth served by the agency;
- An increase of \$0.3 million in General Revenue Funds to maintain offender assessment and diagnostic operations at the 2001 budgeted level (result of projected growth in youth served by the agency);
- An increase of \$3.4 million in Federal Funds to utilize Violent

Offender Incarceration funds for contract care;

- A reduction of \$1.1 million in Federal Funds and an increase of \$1.1 million in Other Funds resulting from the reclassification of funds from the Texas Commission on Alcohol and Drug Abuse; and
- A reduction of \$46.5 million in All Funds for one-time capital repair and construction projects in 2000–01.



# NATURAL RESOURCES

**A**ll Funds recommendations for Natural Resources total \$1,816.5 million for the 2002–03 biennium, which is a decrease of \$95.3 million, or 5 percent, from

2000–01 (Table 32). For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$1,477.9 million, which is a

decrease of \$62.4 million, or 4.1 percent, from 2000–01 (Table 33).

Selected performance measures for agencies in the Natural Resources function are depicted in Table 34.

**Table 32**  
**All Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000–01	Recommended 2002–03	Biennial Change	Percentage Change
Department of Agriculture	\$103.9	\$108.7	\$4.8	4.6
Animal Health Commission	24.3	24.4	0.2	0.7
General Land Office and Veterans' Land Board	93.5	89.0	(4.5)	(4.8)
Trusted Programs within the General Land Office	29.1	31.2	2.1	7.0
Natural Resource Conservation Commission	801.5	702.0	(99.5)	(12.4)
Parks and Wildlife Department	463.0	421.0	(42.0)	(9.1)
Railroad Commission	99.1	98.3	(0.8)	(0.8)
Texas River Compact Commissions	0.8	0.8	0.0	1.6
Soil and Water Conservation Board	29.5	30.2	0.7	2.3
Water Development Board	83.6	81.9	(1.7)	(2.1)
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	27.9	43.0	15.1	54.1
<b>Subtotal, Natural Resources</b>	<b>\$1,756.2</b>	<b>\$1,630.5</b>	<b>\$(125.7)</b>	<b>(7.2)</b>
Retirement and Group Insurance	\$102.0	\$127.1	\$25.1	24.6
Social Security and Benefit Replacement Pay	56.6	56.7	0.1	0.2
<b>Subtotal, Employee Benefits</b>	<b>\$158.6</b>	<b>\$183.8</b>	<b>\$25.2</b>	<b>15.9</b>
Bond Debt Service Payments	\$10.0	\$11.6	\$1.6	15.9
Lease Payments	2.1	2.2	0.1	4.7
<b>Subtotal, Debt Service</b>	<b>\$12.1</b>	<b>\$13.8</b>	<b>\$1.7</b>	<b>13.9</b>
Less Interagency Contracts	\$15.1	\$11.6	\$(3.5)	(23.4)
<b>Total, Article VI - Natural Resources</b>	<b>\$1,911.8</b>	<b>\$1,816.5</b>	<b>\$(95.3)</b>	<b>(5.0)</b>

NOTES: Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.

# NATURAL RESOURCES (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 33**  
**General Revenue and General Revenue-Dedicated Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000-01	Recommended 2002-03	Biennial Change	Percentage Change
Department of Agriculture	\$97.2	\$101.3	\$4.1	4.2
Animal Health Commission	18.6	18.6	0.0	0.0
General Land Office and Veterans' Land Board	45.5	45.1	(0.4)	(0.9)
Trusted Programs within the General Land Office	15.0	17.4	2.4	16.0
Natural Resource Conservation Commission	703.3	616.2	(87.1)	(12.4)
Parks and Wildlife Department	330.5	330.1	(0.4)	(0.1)
Railroad Commission	83.3	85.4	2.1	2.5
Texas River Compact Commissions	0.8	0.8	0.0	1.6
Soil and Water Conservation Board	24.6	24.6	0.0	0.0
Water Development Board	56.7	42.3	(14.4)	(25.4)
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	19.8	36.4	16.6	84.1
<b>Subtotal, Natural Resources</b>	<b>\$1,395.2</b>	<b>\$1,318.1</b>	<b>\$(77.1)</b>	<b>(5.5)</b>
Retirement and Group Insurance	\$84.6	\$105.7	\$21.1	25.0
Social Security and Benefit Replacement Pay	48.4	48.6	0.1	0.3
<b>Subtotal, Employee Benefits</b>	<b>\$133.0</b>	<b>\$154.3</b>	<b>\$21.3</b>	<b>16.0</b>
Bond Debt Service Payments	\$10.0	\$3.3	\$(6.7)	(66.7)
Lease Payments	2.1	2.2	0.1	4.7
<b>Subtotal, Debt Service</b>	<b>\$12.1</b>	<b>\$5.5</b>	<b>\$(6.6)</b>	<b>(54.4)</b>
<b>Total, Article VI - Natural Resources</b>	<b>\$1,540.3</b>	<b>\$1,477.9</b>	<b>\$(62.4)</b>	<b>(4.1)</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

# NATURAL RESOURCES (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 34**  
**Selected Performance Measures**

Measure	Actual 2000	Budgeted 2001	Recommended 2002	Recommended 2003
Department of Agriculture Percentage Increase from the 1996 Level in the Number of Marketing Opportunities for Texas Farmers, Ranchers, and Agribusinesses	87.3%	78.7%	87.0%	89.6%
Animal Health Commission Percentage Change in Known Prevalence of Bovine Brucellosis from the 1994 Level	-95.2%	-97.4%	-98.3%	-99.1%
General Land Office Percentage of Permanent School Fund Uplands Acreage Leased	77.5%	76%	76%	76%
Trusted Programs within the General Land Office Percentage of Eroding Shorelines Maintained, Protected, or Restored for Gulf Beaches and Other Shorelines	0%	10%	15%	20%
Natural Resource Conservation Commission Annual Percentage of Stationary and Mobile Source Pollution Reductions in Nonattainment Areas	4%	6%	6%	6%
Parks and Wildlife Department Percentage of (State Parks) Repair Needs Met	51%	50%	50%	55%
Railroad Commission Number of Wells Plugged with the Use of State Funds	1,335	1,270	790	735
Soil and Water Conservation Board Percentage of Soil and Water Resource Needs with Conservation Plans or Specified Programs Developed to Address Those Needs	21.7%	27%	30%	32%
Water Development Board Percentage of Texas Communities Receiving Technical and Financial Assistance for Water Planning and Conservation	13.9%	10%	10%	10%

# BUDGET ISSUES AND RECOMMENDATIONS

The recommendations address a number of major budget issues affecting agencies in the Natural Resources function, including the following:

- \$152.0 million in General Revenue–Dedicated Funds being appropriated to the Texas Natural Resource Conservation Commission for petroleum storage tank remediation and program administration, is contingent upon passage of legislation by the Seventy-seventh Legislature, 2001, reinstating the petroleum product delivery fee;
- Continued progress on infrastructure improvements requiring an increase of \$3.9 million in General Revenue Funds for debt service payments for the Parks and Wildlife Department; and
- The completion, by the Water Development Board, of a majority of the water-planning activities required by Senate Bill 1, Seventy-fifth Legislature, 1997, resulting in a decrease of \$7.8 million in General Revenue Funds.

Significant budget recommendations for agencies in the Natural Resources function include the following:

## **DEPARTMENT OF AGRICULTURE**

- Continuation of \$50 million in appropriations out of the General Revenue Fund for boll weevil eradication;
- Continuation of \$2 million in appropriations out of the General Revenue Fund for restoration of the Agrarian District at Fair Park;
- Continuation of \$1 million in appropriations out of the General Revenue Fund for the “Go Texan” marketing and promotion program;
- An increase of \$3.5 million in General Revenue Funds to upgrade the information resource system;
- An increase of \$1.8 million in bond proceeds for the construction of a metrology (weights and measures) laboratory; and
- A decrease of \$0.2 million in Federal Funds due to the elimination of funding for fire ant eradication and the reduction of funds for a marketing grant for livestock grading.

## **ANIMAL HEALTH COMMISSION**

- An increase of \$0.2 million in Federal Funds for surveillance of bovine tuberculosis and the coordination of animal health

emergency and natural disaster management efforts.

## **GENERAL LAND OFFICE**

- An increase of \$0.5 million in Other Funds due to creation of the new Texas Veterans Homes Administration Fund to administer loans for veterans’ homes;
- An increase of \$0.2 million in Other Funds, due to the increased participation of eligible Texas veterans in the Veterans Land Program Administration;
- A decrease of \$0.5 million in General Revenue Funds, due in part to a decrease in full-time-equivalent (FTE) positions and an effort to streamline agency operations and associated costs;
- A decrease of \$3.6 million in Federal Funds, primarily due to reductions in coastal management grants; and
- A decrease of \$0.6 million in Other Funds, due to the completion of the sale of the Superconducting Super Collider property.

## **TRUSTEED PROGRAMS WITHIN THE GENERAL LAND OFFICE**

- Continued appropriations totalling \$12.6 million in General Revenue Funds and \$2.4 million out of Coastal

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

Protection Account No. 27 for the Coastal Erosion Control Program established by House Bill 2560, Seventy-sixth Legislature, 1999; and

- An increase of \$2.4 million in General Revenue–Dedicated Funds due to carryforward of unexpended balances.

## NATURAL RESOURCE

### CONSERVATION COMMISSION

A \$5.7 million increase in General Revenue Funds due to:

- An increase of \$4 million to refine air quality models used to demonstrate attainment for federal air quality standards;
- An increase of \$3 million in funding for Total Maximum Daily Load assessments; and
- A decrease of \$1.3 million in unexpended balances.

A decrease of \$66 million in General Revenue–Dedicated Funds out of the Petroleum Storage Tank Remediation (PSTR) Account No. 655, which consists of the following:

- A \$40 million decrease due to a slower rate of remediation activity in 2002–03. (\$139.5 million of the appropriations out of the PSTR Account No. 655 are contingent on passage of legislation reinstating the

petroleum products delivery fee); and

- A \$26 million decrease due to a Tejas settlement payment in fiscal year 2000.

A decrease of \$12.4 million General Revenue–Dedicated Funds out of the Clean Air Account No. 151, due to the following:

- A one-time payment of \$9 million in fiscal year 2000 for the Tejas settlement; and
- A decrease of \$3.4 million in unexpended balances.

Other changes include:

- a decrease of \$14.3 million in General Revenue–Dedicated Funds out of the Hazardous/Solid Waste Remediation Account No. 550 in unexpended balances for the completion of Superfund site cleanups;
- An increase of \$1.6 million in General Revenue–Dedicated Funds out of the Waste Management Account No. 549 due to an accelerated schedule of PST site closures. (\$12.5 million of the appropriations out of the Waste Management Account No. 549 is contingent upon legislation reinstating the petroleum product delivery fee.)

- A decrease of \$1.3 million in General Revenue–Dedicated Funds out of the Water Resources Management Account No. 153 in unexpended balances for water rights review activities;

- A decrease of \$1.2 million in General Revenue–Dedicated Funds out of the Low-Level Waste Account No. 088, due to the elimination of the program and suspension of fees;

- \$0.7 million in General Revenue–Dedicated Funds out of the Used Oil Recycling Account No. 146 in unexpended balances; and

- A decrease of \$2.7 million in interagency contracts, due to a reduction in federal funding for projects conducted in conjunction with the Water Development Board.

A decrease of \$9.7 million in Federal Funds consisting of the following major changes:

- A decrease of \$3 million in Superfund State Site-Specific Cooperative Agreements, because fewer projects are at the remediation stage;
- A decrease of \$2.7 million in Surveys, Studies, Investigation and Special Purpose Grants,

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

due to fewer applications for discretionary grants;

- A decrease of \$1.9 million in Nonpoint Source Implementation grants; and
- A decrease of \$0.9 million in funding for the National Estuary Program, because funding previously funneled through the state will go directly to a nonprofit entity operating the Coastal Bend Bay and Estuary Program.

## **PARKS AND WILDLIFE DEPARTMENT**

- A General Revenue Funds increase of \$3.6 million, due primarily to a \$3.9 million rise in debt service requirements for infrastructure repair bonds, and an offsetting \$0.7 million decrease caused by reallocating the salaries of some in-house design and construction staff from General Revenue Funds to bond proceeds; and
- A decrease of \$0.6 million in funding from the Boat and Boat Motor Sales and Use Tax, due to elimination of one-time costs for a study of renovations to the *Battleship Texas*.

A decrease of \$3.4 million in the General Revenue–Dedicated Funds, due to the following:

- A \$5 million reduction in Game, Fish and Water Safety Account

No. 9 funds for conservation education projects;

- A \$4 million increase (and a 0.5 FTE) in Game, Fish and Water Safety Account No. 9 for a commercial fishery license buyback program;
- A \$0.3 million decrease in Game, Fish and Water Safety Account No. 9 funds, due to one-time costs for the Texas Tech University 21<sup>st</sup> Century Plan;
- A \$0.6 million decrease in Texas Parks and Wildlife Capital Account No. 5004, due to completion of construction projects; and
- A \$1.7 million decrease in the Texas Recreation and Local Parks Account No. 467 and three other General Revenue–Dedicated Accounts to reflect the Comptroller’s 2002–03 Biennial Revenue Estimate.

A Federal Funds decrease of \$4.1 million, due to the following:

- A decrease for a one-time grant in 2000–01 of \$7.3 million for coastal wetlands planning;
- A \$1.6 million decrease in outdoor recreation acquisition grants;
- A \$0.5 million decrease in Environmental Protection grant funds; and

• A \$5.6 million increase in fish and wildlife restoration grant funds.

- A \$0.3 million increase in Other Funds to appropriate land sale proceeds to acquire or improve land dedicated to the same purpose for which the land sold was dedicated; and
- A decrease in Other Funds (bond proceeds) of \$37.2 million, due to progress on the parks infrastructure repairs program.

## **RAILROAD COMMISSION**

- A decrease of approximately \$1.5 million in Federal Funds because of declining federal grant awards for the Surface Mining Program, National Pipeline Mapping, Underground Injection Control, Electronic Compliance Approval Process and Waste Minimization Grants; and
- A decrease of \$0.05 million in Other Funds, due in part, to completion of contracts with the Natural Resource Conservation Commission for well plugging and remediation and a reduction of available funds from the State Energy Conservation Office for alternative fuels research and education.

## **SOIL AND WATER**

### **CONSERVATION BOARD**

- Continuation of \$9.2 million in



# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

General Revenue Funds for the Brush Control Program; and

- An increase of \$0.7 in Federal Funds for Nonpoint Source Implementation grants.

## **WATER DEVELOPMENT BOARD**

A decrease of \$14.4 million in General Revenue Funds consisting of:

- A reduction of \$7.8 million in regional planning grants due to the substantial completion of planning activities required by Senate Bill 1, Seventy-fifth Legislature, 1997;
- A decrease of \$3.6 million due to the completion of the Emergency Interconnects Project, funded by Senate Bill 472, Seventy-sixth Legislature, 1999;
- A decrease of \$2.2 million due to the completion of the Canadian River Basin Chlorine Project in 2002;
- A reduction of \$1.7 million due to the completion of the first phase of development of the Strategic Mapping Pool (Stratmap) Project;
- A decrease of \$1 million in state matching funds for the State Revolving Fund, due to a decline in anticipated federal grant awards; and

- An increase of \$1.7 million to fund an agencywide data integration project.

Other increases include the following:

- A \$0.6 million increase in Federal Funds for the Drinking Water State Revolving Fund Program;
- An increase of \$0.6 million in Other Funds out of the Water Assistance Fund No. 480, due to an increase in funding requested for border projects;
- An increase of \$0.3 million in Other Funds out of the Groundwater Districts Assistance Fund No. 363, for grants to groundwater districts; and
- An increase of \$1.7 million in Appropriated Receipts, due to increased administrative and indirect charges to the Clean Water State Revolving Fund.

## **DEBT SERVICE—NON-SELF SUPPORTING G.O. WATER BONDS**

- An increase of \$12.2 million in General Revenue Funds for debt service, including \$10.2 million for the issuance of \$65.7 million in Economically Distressed Areas Program (EDAP) bonds. Also included in the increased amount is \$2.0 million for debt service on EDAP bonds, which was previ-

ously paid for with proceeds from Economically Distressed Areas Clearance Interest and Sinking Fund No. 357;

- An increase of \$4.4 million in General Revenue Funds for debt service on an additional \$50 million issuance in State Participation Bonds during the 2000–01 biennium; and
- An increase of \$0.5 million out of the State Participation Program Bond Payment Account, due to increased interest available from bond proceeds.



# BUSINESS AND ECONOMIC DEVELOPMENT

All Funds recommendations for Business and Economic Development total \$13,801.7 million for the 2002–03 biennium, which is an increase of \$1,070.6 million, or 8.4

percent, from 2000–01 (Table 35).

For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$773.8 million, which is a decrease

of \$27.5 million, or 3.4 percent, from 2000–01 (Table 36).

Selected performance measures for agencies in the Business and Economic Development function are depicted in Table 37.

**Table 35**  
**All Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000–01	Recommended 2002–03	Biennial Change	Percentage Change
Texas Aerospace Commission	\$0.4	\$0.4	\$0.0	0.0
Texas Department of Economic Development	131.6	127.4	(4.2)	(3.2)
Department of Housing and Community Affairs	441.4	423.6	(17.8)	(4.0)
Texas Lottery Commission	398.4	366.8	(31.6)	(7.9)
Department of Transportation	9,301.8	10,252.2	950.4	10.2
Texas Workforce Commission	2,072.7	2,143.3	70.6	3.4
Reimbursements to the Unemployment Compensation Benefit Account	25.3	26.3	1.0	4.0
Subtotal, Business and Economic Development	\$12,371.7	\$13,340.1	\$968.4	7.8
Retirement and Group Insurance	\$285.7	\$366.5	\$80.8	28.3
Social Security and Benefit Replacement Pay	126.4	126.2	(0.2)	(0.2)
Subtotal, Employee Benefits	\$412.1	\$492.7	\$80.6	19.6
Lease Payments	\$0.4	\$0.3	\$(0.1)	(24.9)
Less Interagency Contracts	53.1	31.4	(21.7)	(40.8)
Total, Article VII Business and Economic Development	\$12,731.1	\$13,801.7	\$1,070.6	8.4

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

# BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 36**  
**General Revenue and General Revenue-Dedicated Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000-01	Recommended 2002-03	Biennial Change	Percentage Change
Texas Aerospace Commission	\$0.4	\$0.4	\$0.0	0.0
Texas Department of Economic Development	52.2	56.2	4.0	7.7
Department of Housing and Community Affairs	25.4	25.3	(0.1)	(0.5)
Texas Lottery Commission	398.4	366.8	(31.6)	(7.9)
Department of Transportation	59.1	48.8	(10.3)	(17.4)
Texas Workforce Commission	233.3	231.7	(1.6)	(0.7)
Reimbursements to the Unemployment Compensation Benefit Account	8.3	8.6	0.3	4.0
Subtotal, Business and Economic Development	\$777.0	\$737.8	\$(39.2)	(5.0)
Retirement and Group Insurance	\$15.5	\$25.1	\$9.6	61.9
Social Security and Benefit Replacement Pay	\$8.4	\$10.5	2.2	26.2
Subtotal, Employee Benefits	\$23.8	\$35.6	\$11.8	49.4
Lease Payments	\$0.4	\$0.3	\$(0.1)	(24.9)
Total, Article VII - Business and Economic Development	\$801.3	\$773.8	\$(27.5)	(3.4)

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

# BUSINESS AND ECONOMIC DEVELOPMENT (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 37**  
**Selected Performance Measures**

Measure	Actual 2000	Budgeted 2001	Recommended 2002	Recommended 2003
Texas Department of Economic Development Number of SMART Jobs Participants Completing Training for New Jobs	4,530	7,472	4,120	8,177
Department of Housing and Community Affairs Percentage of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Such Housing or Housing-related Assistance	1.4%	0.9%	1.0%	1.0%
Texas Lottery Commission Number of Lottery Retailer Business Locations Licensed	16,767	17,700	18,000	18,000
Department of Transportation Percentage of State Highway System Mainlane Pavement Mileage Rated Good or Better Based on the Pavement Management Information System Condition Score	86%	86%	86%	86%
Texas Workforce Commission Entered Employment Rate	58%	59.5%	61%	62.5%
Choices Participation Rate for 2-Parent Families	55%	30%	32%	35%
Choices Participation Rate for All Families	25%	30%	32%	35%
Average Number of Children Served Per Day: Excluding Choices and E&T	83,977	85,600	83,554	81,808
Percentage of Skills Development Trainees Securing Employment with Participating Businesses	93%	98%	98%	98%

# BUDGET ISSUES AND RECOMMENDATIONS

The recommendations address a number of major budget issues affecting agencies in the Business and Economic Development function, including the following:

- An increase of \$10.0 million in General Revenue Funds and \$167.9 million in federal Child Care and Development Fund (CCDF) monies and a corresponding decrease of \$79.1 million in Federal Temporary Assistance for Needy Families (TANF) Funds for child care at the Texas Workforce Commission;
- An increase of \$960.8 million in Federal Funds for Highway Planning and Construction, Aviation, and Public Transportation;
- A \$35.1 million increase in Federal TANF Funds for the Choices Program;
- A decrease of \$11.4 million in General Revenue matching funds and a decrease of \$47.2 million in federal Welfare-to-Work (WtW) funds at the Texas Workforce Commission, due to a decrease of available grant funds for the WtW Program;
- A decrease of \$22.8 million in federal School-to-Work program funds, due to the phase-out of the program by the end of fiscal year 2002;

- a \$10.6 million decrease in Federal Funds at the Department of Housing and Community Affairs related to one-time federal drought relief and Low Income Home Energy Assistance Program emergency funding; and
- A \$12.8 million decrease in Oil Overcharge Funds for public transportation programs at the Department of Transportation;

Significant budget recommendations for agencies in the Business and Economic Development function include the following:

## **TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT**

- A \$3.7 million increase in General Revenue–Dedicated Funds for economic development loan guarantees;
- A \$1 million increase in Federal Funds for the Empowerment Zone Program; and
- \$53.9 million in unexpended balance authority for the Smart Jobs Program for the 2002–03 biennium.

## **DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

- Maintenance of the 2000–01 spending level of \$3 million in Oil Overcharge Funds for weatherization programs;

- A \$10.6 million decrease in Federal Funds related to one-time federal drought relief and Low Income Home Energy Assistance Program emergency funding;
- A \$2.2 million decrease in Federal Funds, due to an anticipated reduction related to the Community Development Block Grant and HOME Investment Partnership programs;
- A \$6.9 million reduction in interagency contracts related to federal emergency management grants and unexpended balances of oil overcharge funding; and
- A \$0.7 million increase in Appropriated Receipts and 4 additional FTEs for HOME Program monitoring.

## **TEXAS LOTTERY COMMISSION**

- A decrease of \$2.1 million (\$1.4 million in General Revenue–Dedicated Funds and \$0.7 million in General Revenue Funds), due to a one-time capital budget purchase for the Bingo division and a decline in capital budget purchases for the lottery division; and
- A decrease of \$29.4 million in General Revenue–Dedicated Funds to bring the appropriations for lottery operations in compliance with the statutory

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

cap of 7 percent of lottery sales and the Comptroller's *2002-03 Biennial Revenue Estimate*.

## **DEPARTMENT OF TRANSPORTATION**

- A \$14.5 million increase in State Highway Funds;
- An increase of \$960.8 million in Federal Funds for Highway Planning and Construction, Aviation, and Public Transportation;
- An \$0.5 million decrease in General Revenue Funds for unexpended appropriation balances carried forward from the prior biennium for special aviation and auto theft prevention grants;
- A decrease of \$9.8 million in General Revenue-Dedicated Funds for the Turnpike Division as a result of funds no longer being available. Program support is continuing with remaining General Revenue-Dedicated Funds and State Highway Funds;
- A \$12.8 million decrease in oil overcharge funding support for the Public Transportation Program as a result of funds no longer being available; and
- A decrease of \$2 million in interagency contracts for the Public Transportation Program

for one-time assistance to local workforce development boards and private industry councils for development of a transportation service delivery system for Welfare-to-Work-eligible clients.

## **TEXAS WORKFORCE COMMISSION**

- A decrease of \$11.4 million in General Revenue match and a decrease of \$47.2 million in federal Welfare-to-Work (WtW) Funds, due to a decrease of available grant funds for the WtW Program;
- An increase of \$35.1 million in TANF Funds for the Choices Program;
- An increase of \$10.0 million in General Revenue Funds and \$167.9 million in federal Child Care and Development Fund monies and a corresponding decrease of \$79.1 million of TANF Funds for child care;
- A decrease of \$22.8 million in federal School-to-Work Program funds, due to the phase-out of the program by the end of fiscal year 2002;
- An increase of \$13.1 million in Workforce Investment Act funds;
- An increase of \$14.4 million in Federal Funds for six information resources projects; and

- A contingency appropriation of \$2 million of appropriated receipts from the Nine West Settlement to be used to provide services to individuals transitioning into the workforce.

## **REIMBURSEMENT TO THE UNEMPLOYMENT COMPENSATION BENEFIT ACCOUNT**

The \$26.3 million recommendation for the Reimbursement to the Unemployment Compensation Benefit Account is attributable to a slight increase in payout requirements for 2002-03 compared with 2000-01.

The requirement that General Revenue and special fund agencies pay half of their unemployment insurance claims out of appropriated funds is continued.





# REGULATORY

All Funds recommendations for Regulatory total \$789.0 million for the 2002–03 biennium, which is an increase of \$260.2 million, or 49.2

percent, from 2000–01 (Table 38). For General Revenue and General Revenue–Dedicated Funds, the recommendations total \$775.8 million, which is an increase of \$260.8

million, or 50.6 percent, from 2000–01 (Table 39). Selected performance measures for agencies in the Regulatory function are depicted in Table 40.

**Table 38**  
**All Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000–01	Recommended 2002–03	Biennial Change	Percentage Change
Board of Public Accountancy	\$6.1	\$6.1	\$0.0	0.0
State Office of Administrative Hearings	12.2	14.1	1.9	15.5
Board of Architectural Examiners	2.8	3.0	0.2	7.6
Board of Barber Examiners	1.2	1.1	(0.1)	(4.5)
Board of Chiropractic Examiners	0.7	0.7	(0.0)	(0.4)
Cosmetology Commission	4.5	4.3	(0.1)	(2.7)
Credit Union Department	2.7	3.1	0.4	15.3
Texas State Board of Dental Examiners	2.7	2.8	0.1	2.4
Board of Professional Engineers	3.3	3.3	0.0	0.3
Finance Commission of Texas	0.4	0.4	0.0	0.0
Department of Banking	18.3	26.8	8.5	46.6
Office of Consumer Credit Commissioner	4.7	4.7	(0.0)	(1.0)
Savings and Loan Department	2.6	4.0	1.5	56.9
Funeral Service Commission	1.0	1.0	0.0	0.0
Department of Insurance	101.2	97.2	(4.0)	(4.0)
Office of Public Insurance Counsel	2.4	2.4	(0.0)	0.0
Board of Professional Land Surveying	0.6	0.7	0.1	12.3
Department of Licensing and Regulation	13.0	13.3	0.3	2.4
Board of Medical Examiners	11.2	10.3	(1.0)	(8.5)
Board of Nurse Examiners	6.2	6.1	(0.1)	(2.3)
Board of Vocational Nurse Examiners	2.5	2.6	0.1	5.1
Optometry Board	0.6	0.6	(0.0)	(0.7)
Structural Pest Control Board	2.8	2.6	(0.2)	(6.4)
Board of Pharmacy	5.6	6.2	0.6	11.4
Executive Council of Physical Therapy and Occupational Therapy Examiners	1.6	1.6	(0.0)	(0.6)
Board of Plumbing Examiners	2.8	3.2	0.3	11.1
Board of Podiatric Medical Examiners	0.4	0.4	0.0	2.0
Board of Examiners of Psychologists	1.5	1.6	0.0	2.8
Racing Commission	20.6	22.3	1.7	8.1
Real Estate Commission	8.6	8.7	0.1	0.7
Securities Board	7.4	8.4	1.0	14.2
Board of Tax Professional Examiners	0.3	0.3	0.0	0.0
Public Utility Commission of Texas	103.5	341.4	237.8	229.7
Office of Public Utility Counsel	3.9	3.6	(0.3)	(8.0)
Board of Veterinary Medical Examiners	1.2	1.1	(0.1)	(6.2)
Workers' Compensation Commission	96.3	98.0	1.6	1.7
Research and Oversight Council on Workers' Compensation	1.4	1.6	0.3	20.5
<b>Subtotal, Regulatory</b>	<b>\$458.8</b>	<b>\$709.6</b>	<b>\$250.7</b>	<b>54.6</b>
Retirement and Group Insurance	\$43.1	\$53.5	\$10.3	24.0
Social Security and Benefit Replacement Pay	24.6	24.7	0.1	0.4
<b>Subtotal, Employee Benefits</b>	<b>\$67.7</b>	<b>\$78.2</b>	<b>\$10.4</b>	<b>15.4</b>
Lease Payments	\$11.8	\$10.8	\$(0.9)	(8.0)
Less Interagency Contracts	9.6	9.6	0.0	0.3
<b>Total, Article VIII - Regulatory</b>	<b>\$528.8</b>	<b>\$789.0</b>	<b>\$260.2</b>	<b>49.2</b>

NOTES: Totals may not add because of rounding.  
Biennial change and percentage change calculated on actual amounts before rounding.

# REGULATORY (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 39**  
**General Revenue and General Revenue-Dedicated Funds**  
(In Millions)

Agency	Expended/ Budgeted 2000-01	Recommended 2002-03	Biennial Change	Percentage Change
Board of Public Accountancy	\$6.0	\$6.0	\$(0.0)	(0.2)
State Office of Administrative Hearings	2.7	4.6	1.9	69.7
Board of Architectural Examiners	2.7	3.0	0.2	7.5
Board of Barber Examiners	1.2	1.1	(0.1)	(4.5)
Board of Chiropractic Examiners	0.7	0.7	(0.0)	(0.4)
Cosmetology Commission	3.8	3.8	0.0	0.0
Credit Union Department	2.7	3.1	0.4	15.3
Texas State Board of Dental Examiners	2.4	2.5	0.1	2.7
Board of Professional Engineers	3.2	3.2	0.1	2.7
Finance Commission of Texas	0.4	0.4	0.0	0.0
Department of Banking	18.0	26.6	8.6	47.5
Office of Consumer Credit Commissioner	4.7	4.7	(0.0)	(1.0)
Savings and Loan Department	2.6	4.0	1.5	56.9
Funeral Service Commission	1.0	1.0	0.0	0.0
Department of Insurance	100.2	96.2	(4.0)	(4.0)
Office of Public Insurance Counsel	2.4	2.4	0.0	0.0
Board of Professional Land Surveying	0.6	0.7	0.1	12.3
Department of Licensing and Regulation	12.8	13.1	0.3	2.2
Board of Medical Examiners	10.9	9.9	(1.0)	(8.8)
Board of Nurse Examiners	4.9	4.8	(0.1)	(2.9)
Board of Vocational Nurse Examiners	2.4	2.6	0.1	5.2
Optometry Board	0.6	0.6	(0.0)	(0.8)
Structural Pest Control Board	2.4	2.4	(0.0)	(0.1)
Board of Pharmacy	5.4	6.1	0.6	11.8
Executive Council of Physical Therapy and Occupational Therapy Examiners	1.5	1.5	(0.0)	(0.3)
Board of Plumbing Examiners	2.8	3.1	0.3	11.7
Board of Podiatric Medical Examiners	0.4	0.4	0.0	2.3
Board of Examiners of Psychologists	1.4	1.5	0.1	3.7
Racing Commission	20.6	22.3	1.7	8.1
Real Estate Commission	8.2	8.3	0.1	0.7
Securities Board	7.3	8.4	1.0	14.2
Board of Tax Professional Examiners	0.3	0.3	0.0	0.0
Public Utility Commission of Texas	102.4	340.4	238.0	232.5
Office of Public Utility Counsel	3.9	3.6	(0.3)	(8.0)
Board of Veterinary Medical Examiners	1.2	1.1	(0.1)	(6.1)
Workers' Compensation Commission	90.1	91.7	1.6	1.7
Research and Oversight Council on Workers' Compensation	1.4	1.6	0.3	20.5
<b>Subtotal, Regulatory</b>	<b>\$436.4</b>	<b>\$687.7</b>	<b>\$251.2</b>	<b>57.6</b>
Retirement and Group Insurance	\$42.6	\$52.9	\$10.3	24.2
Social Security and Benefit Replacement Pay	24.3	24.5	0.1	0.6
<b>Subtotal, Employee Benefits</b>	<b>\$66.9</b>	<b>\$77.3</b>	<b>\$10.4</b>	<b>15.6</b>
Lease Payments	\$11.8	\$10.8	\$(0.9)	(8.0)
<b>Total, Article VIII - Regulatory</b>	<b>\$515.1</b>	<b>\$775.8</b>	<b>\$260.8</b>	<b>50.6</b>

NOTES: Totals may not add because of rounding.

Biennial change and percentage change calculated on actual amounts before rounding.

# REGULATORY (CONTINUED)

## 2002-03 BIENNIAL RECOMMENDATIONS

**Table 40**  
**Selected Performance Measures**

Measure	Actual 2000	Budgeted 2001	Recommended 2002	Recommended 2003
Total Number of New Licenses Issued to Individuals	71,944*	62,707	61,449	61,751
Department of Insurance Number of Complaints Resolved	29,859	24,750	29,000	30,000
Public Utility Commission of Texas Average Annual Residential Telephone Bill for Basic Service in Texas As a Percentage of the National Average	68.5%	69.8%	70.4%	71.5%
Average Residential Electric Bill As a Percentage of the National Residential Average	127%	127%	127%	126%
Average Cost of Electricity Per kWh in Texas for Residential Customers As a Percentage of the National Average	93%	93%	92%	91%
Percentage of Cities Served by Three or More Certified Telecommunications Providers	0%	82%	83%	84%
Workers' Compensation Commission Number of Employers Provided Consultations, Inspections and Investigations	3,602	3,670	3,670	3,670
Percentage of Compensation Benefit Dispute Cases Resolved by the Commission's Informal Dispute Resolution System	90.5%	90%	90%	91%
Percentage of Medical Dispute Cases Resolved by the Commission's Informal Dispute Resolution System	94.3%	94%	95%	96%
Average Number of Days to Complete Medical Dispute Cases	287	70	25	25

\* Includes 8,600 licensees from the new Mortgage Broker Licensing program at the Savings & Loan Department.

# BUDGET ISSUES AND RECOMMENDATIONS

The recommendations address a number of major budget issues affecting agencies in the Regulatory function, including the following:

- Funding the majority of agency operations for the 2002–03 biennium at the 2000–01 level;
- A \$238.1 million increase at the Public Utility Commission associated with electric deregulation and the System Benefit Fund as the result of the adoption of Senate Bill 7 by the Seventy-sixth Legislature in 1999; of this amount, \$130.0 million has been appropriated to offset any property tax losses experienced by the Foundation School Fund at the Texas Education Agency; and \$12.0 million has been allocated for customer education;
- Contingency riders authorizing a total fee-generated General Revenue Fund increase of \$10.3 million and up to 81.5 full-time-equivalent (FTE) positions in the event additional resources are needed to adequately regulate the financial industry. The Department of Banking could receive up to \$8.7 million, the Savings and Loan Department up to \$1.3 million, and the Credit Union Department up to \$0.3 million. These provisions were included in the 2000–01

General Appropriations Act, but were not implemented;

- A \$1.5 million General Revenue and General Revenue–Dedicated Funds increase related to leases for certain agencies;
- A \$4 million reduction in General Revenue–Dedicated Funds related to a one-time contribution to the Catastrophe Reserve Trust Fund at the Department of Insurance; and
- Subjecting most regulatory agencies to a special provision expressing legislative intent that agency revenues cover the cost of agency appropriations as well as covering an amount equal to other direct and indirect costs appropriated elsewhere in the General Appropriations Act.

Significant budget recommendations for agencies in the Regulatory function include the following:

#### **OFFICE OF ADMINISTRATIVE HEARINGS**

- An increase of \$1.4 million in General Revenue Funds for hearings costs of small agencies; and
- A contingency appropriation of \$0.5 million in General Revenue Funds for additional administrative law judges and administrative staff.

#### **BOARD OF ARCHITECTURAL EXAMINERS**

- An increase of \$0.1 million in General Revenue Funds and 1 FTE to develop a new licensing system with the Board of Professional Engineers.

#### **DENTAL EXAMINERS**

- A \$0.07 million increase in General Revenue Funds and 1 FTE for enforcement.

#### **SAVINGS AND LOAN DEPARTMENT**

- An increase of \$0.2 million in General Revenue Funds and 3 FTEs to perform investigations as a result of the adoption of the Mortgage Broker Licensing Act in Senate Bill 1074 by the Seventy-sixth Legislature, 1999.

#### **DEPARTMENT OF INSURANCE**

- A reduction of \$4 million in General Revenue–Dedicated Funds related to a one-time contribution to the Catastrophe Reserve Trust Fund.

#### **DEPARTMENT OF LICENSING AND REGULATION**

- An increase of \$0.2 million in General Revenue Funds to restore the agency to historic funding levels after a reduction in expenditures in fiscal year 2000; and
- An increase of \$0.1 million in General Revenue Funds and 1 FTE to provide depth in the boiler inspection program.

# BUDGET ISSUES AND RECOMMENDATIONS (CONTINUED)

## **MEDICAL EXAMINERS**

- A decrease of \$0.8 million in General Revenue Funds for initial start-up costs for the physician profile system; and
- A decrease of \$0.1 million in General Revenue Funds for a one-time capital purchase of an imaging system.

## **BOARD OF NURSE EXAMINERS**

- A decrease of \$0.1 million in General Revenue Funds related to the completion of certain pilot programs for evaluating nursing competency and jurisprudence implemented by the Seventy-fifth Legislature, 1997.

## **BOARD OF VOCATIONAL NURSE EXAMINERS**

- An increase of \$0.1 million in General Revenue Funds related to the transfer of the agency's licensing system to the Board of Nurse Examiners.

## **BOARD OF PHARMACY**

- A \$0.6 million General Revenue Funds increase for the licensing of pharmacy technicians.

## **BOARD OF PLUMBING EXAMINERS**

- A \$0.2 million General Revenue Funds increase related to the licensing of plumbers.

## **RACING COMMISSION**

- An increase of \$1.2 million in General Revenue–Dedicated

Funds and up to 14 FTEs contingent on two new race tracks becoming operational during the 2002–03 biennium; and

- A \$0.5 million increase in General Revenue–Dedicated Funds for an increase in operating costs, due to the opening of Valley Race Park in fiscal year 2000, an increase in the central office lease, and an increase for the Texas Bred Incentive Program awards.

## **SECURITIES BOARD**

- An increase of \$0.3 million in General Revenue Funds and 3 FTEs to establish an enforcement office in San Antonio; and
- An increase of \$0.4 million in General Revenue Funds and 3.5 FTEs in 2002 and 7 FTEs in 2003 to increase their audit inspection cycle from nine years to seven years.

## **PUBLIC UTILITY COMMISSION**

- A total appropriation of \$317.0 million from the System Benefit Fund for the implementation of electric utility restructuring is allocated as follows: \$130.0 million for property value decline, \$173.9 million for low-income energy assistance, \$12.0 million for customer education, and \$0.9 million for administrative costs at the Public Utility Commission.

## **WORKERS'**

### **COMPENSATION COMMISSION**

- A \$0.4 million increase in General Revenue to hire 4.5 additional ombudsmen for the Texas Workers' Compensation Commission's dispute resolution function; and
- The Texas Workers' Compensation Commission set the annual maintenance tax of gross workers' compensation premiums at 1.71 percent, which is a reduction of .01 percent from last year's 1.72 percent.

### **HEALTH-LICENSING AGENCIES**

- A \$71,000 General Revenue reduction in support of the Health Professions Council for a one-time capital budget purchase of an imaging system.