

L E G I S L A T I V E B U D G E T B O A R D

Summary of Committee Substitute for House Bill 1

F O R T H E 2 0 0 4 - 0 5 B I E N N I U M A P R I L 7 , 2 0 0 3



SUBMITTED TO THE HOUSE COMMITTEE ON APPROPRIATIONS

INTRODUCTION

The House Committee on Appropriations' recommended appropriations for state government operations for the 2004–05 biennium total \$117.7 billion from all fund sources. The recommendations provide a \$563.4 million, or 0.5 percent, increase from the 2002–03 biennial level.

General Revenue funding, including funds dedicated within the General Revenue Fund, totals \$63.8 billion for the 2004–05 biennium, a decrease of \$3.4 billion, or 5 percent, over the anticipated 2002–03 biennial spending level. Figures 1 and 2 show the 2004–05 recommendations by government function.

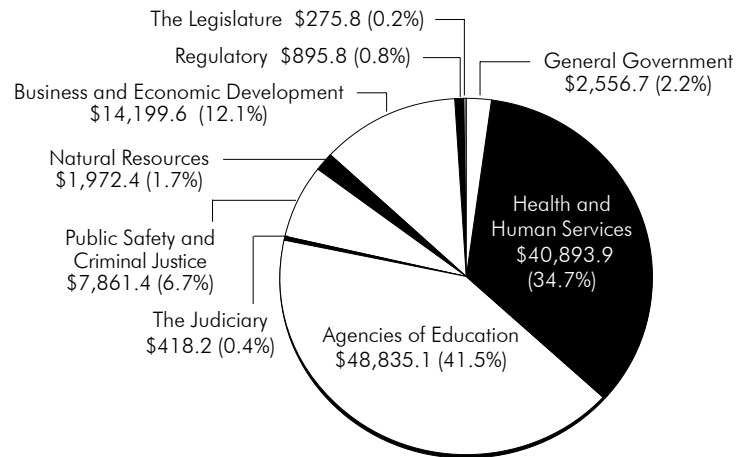
The House Committee on Appropriations' recommendations include \$58.6 billion in "pure" General Revenue Funds (see Table 2 on Page 4). This includes a \$1.2 billion contingency appropriation for the Foundation School Program.

2004–05 BIENNIAL RECOMMENDATIONS

**FIGURE 1
ALL FUNDS**

IN MILLIONS

TOTAL = \$117,735.3 MILLION



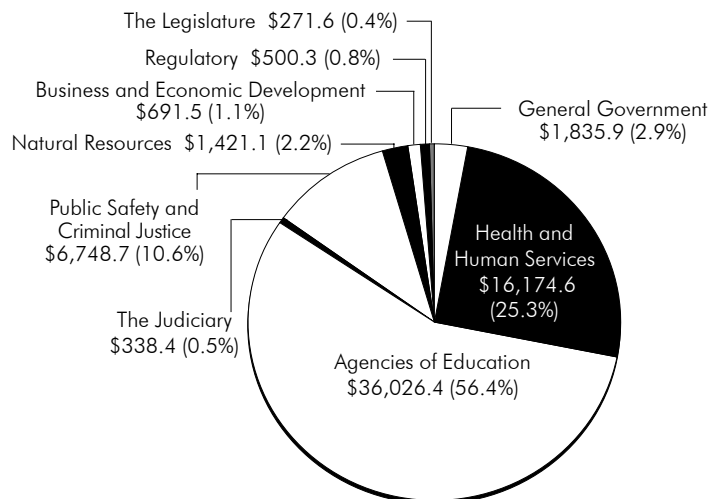
General Provisions = \$-173.6 (-0.1%)

NOTES: Tobacco Settlement receipts are allocated to the respective functions. Excludes interagency contracts. Totals may not add because of rounding.

**FIGURE 2
GENERAL REVENUE AND
GENERAL REVENUE–DEDICATED FUNDS**

IN MILLIONS

TOTAL = \$63,831.4 MILLION



General Provisions = \$-177.0 (-0.3%)

NOTES: Tobacco Settlement receipts are allocated to the respective functions. Totals may not add because of rounding.

CHANGES BY METHOD OF FINANCING AND FUNCTION

THE HOUSE COMMITTEE on Appropriations' recommendations for the 2004–05 biennium include the following funding changes from the 2002–03 biennium:

GENERAL REVENUE FUNDS

- ◆ a \$3.4 billion, or 5.5 percent, decrease in General Revenue Funds. As depicted in Figure 3, General Revenue Funds make up 49.8 percent of the recommended budget;

GENERAL REVENUE–DEDICATED FUNDS

- ◆ a \$6.5 million, or 0.1 percent, increase in General Revenue–Dedicated Funds. General Revenue–Dedicated Funds make up 4.4 percent of the recommended budget;

FEDERAL FUNDS

- ◆ a \$2.2 billion, or 6 percent, increase in Federal Funds. Federal Funds make up 33.3 percent of the recommended budget; and

OTHER FUNDS

- ◆ a \$1.7 billion, or 13.1 percent, increase in Other Funds. Other Funds make up 12.5 percent of the recommended budget.

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

PUBLIC EDUCATION

- ◆ a \$2 billion, or 7.5 percent, decrease in General Revenue and General Revenue–Dedicated Funds; a \$905.3 million, or 16 percent, increase in Federal Funds; and a \$994.2 million, or 68.2 percent, increase in Other Funds;

HIGHER EDUCATION

- ◆ a \$1 billion, or 8.1 percent, decrease in General Revenue and General Revenue–Dedicated Funds; and a \$287.1 million, or 8.8 percent, increase in Other Funds;

HEALTH AND HUMAN SERVICES

- ◆ a \$571.9 million, or 3.7 percent, increase in General Revenue and General Revenue–Dedicated Funds; and a \$1.5 billion, or 6.7 percent, increase in Federal Funds;

PUBLIC SAFETY AND CRIMINAL JUSTICE

- ◆ a \$374.6 million, or 5.3 percent, decrease in General Revenue and General Revenue–Dedicated Funds; a \$131.5 million, or 33.8 percent, decrease in Federal Funds; and a \$103.2 million, or 10.8 percent, decrease in Other Funds;

NATURAL RESOURCES

- ◆ a \$178.8 million, or 11.2 percent, decrease in General Revenue and General Revenue–Dedicated Funds; and a \$43.7 million, or 15.3 percent, decrease in Federal Funds;

BUSINESS AND ECONOMIC DEVELOPMENT

- ◆ a \$98.2 million, or 12.4 percent, decrease in General Revenue and General Revenue–Dedicated Funds; a \$58.1 million, or 0.8 percent, increase in Federal Funds; and a \$288.9 million, or 4.7 percent, increase in Other Funds;

GENERAL GOVERNMENT

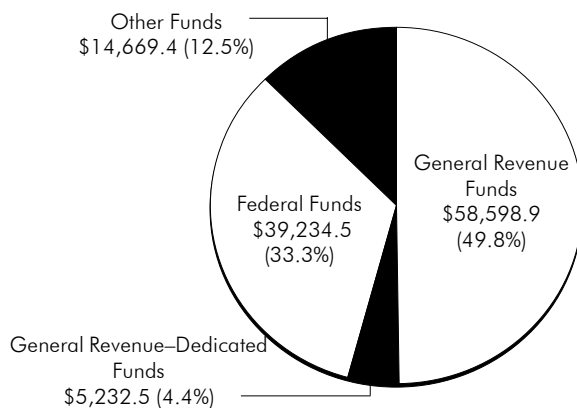
- ◆ a \$65 million, or 3.4 percent, decrease in General Revenue and General Revenue–Dedicated Funds; and a \$24.3 million, or 3.7 percent, decrease in Federal Funds; and

REGULATORY

- ◆ a \$15.6 million, or 3.2 percent, increase in General Revenue and General Revenue–Dedicated Funds; and a \$164.0 million, or 72.5 percent, increase in Other Funds.

**FIGURE 3
HOUSE BIENNIAL RECOMMENDATIONS FOR 2004–05
BY FUND SOURCE**

IN MILLIONS TOTAL = \$117,735.3 MILLION



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

RECOMMENDATIONS BY METHOD OF FINANCING

TABLES 1 THROUGH 6 compare the House Committee on Appropriations' recommendations for the 2004–05 biennium with estimated 2002–03 expended/budgeted levels.

The tables show the budgets by government function 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; House Bill 3084, Seventy-sixth Legislature, 1999; House Bill 3088, Seventy-seventh Legislature, 2001; and all other dedicated accounts within the General Revenue Fund.

2004–05 BIENNIAL RECOMMENDATIONS

**TABLE 1
ALL FUNDS**

IN MILLIONS				
FUNCTION	EXPENDED/ BUDGETED 2002–03*	HOUSE RECOMMENDED 2004–05	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I - General Government	\$2,663.4	\$2,556.7	\$(106.6)	(4.0)
Article II - Health and Human Services	38,768.9	40,893.9	2,124.9	5.5
Article III - Agencies of Education	49,674.5	48,835.1	(839.3)	(1.7)
Public Education	33,287.6	33,221.8	(65.8)	(0.2)
Higher Education	16,386.9	15,613.3	(773.5)	(4.7)
Article IV - The Judiciary	428.8	418.2	(10.6)	(2.5)
Article V - Public Safety and Criminal Justice	8,470.8	7,861.4	(609.4)	(7.2)
Article VI - Natural Resources	2,190.7	1,972.4	(218.3)	(10.0)
Article VII - Business and Economic Development	13,950.9	14,199.6	248.7	1.8
Article VIII - Regulatory	717.6	895.8	178.2	24.8
Article IX - General Provisions	0.0	(173.6)	(173.6)	NA
Article X - The Legislature	306.4	275.8	(30.6)	(10.0)
Grand Total	\$117,171.8	\$117,735.3	\$563.4	0.5

*Includes \$1,192.1 million (\$469.1 million in General Revenue Funds) for anticipated demands for supplemental appropriations (estimated in December 2002) which does not reflect transfers from existing appropriations. Any transfers of existing appropriation would decrease the overall expenditures for the 2002–03 biennium.

NOTES: Tobacco Settlement receipts are allocated to the respective functions.
Excludes interagency contracts.
Totals may not add because of rounding.
Biennial change and percentage change calculated on actual amounts before rounding.

RECOMMENDATIONS BY METHOD OF FINANCING

2004-05 BIENNIAL RECOMMENDATIONS

**TABLE 2
GENERAL REVENUE FUNDS**

IN MILLIONS	EXPENDED/ BUDGETED 2002-03*	HOUSE RECOMMENDED 2004-05	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Article I - General Government	\$1,510.5	\$1,395.1	\$(115.5)	(7.6)
Article II - Health and Human Services	14,934.7	15,458.7	524.1	3.5
Article III - Agencies of Education	36,494.5	33,447.4	(3,047.0)	(8.3)
Public Education	25,916.2	23,919.6	(1,996.7)	(7.7)
Higher Education	10,578.2	9,527.9	(1,050.4)	(9.9)
Article IV - The Judiciary	338.7	311.9	(26.8)	(7.9)
Article V - Public Safety and Criminal Justice	7,014.1	6,639.3	(374.8)	(5.3)
Article VI - Natural Resources	601.8	520.7	(81.1)	(13.5)
Article VII - Business and Economic Development	395.4	323.0	(72.4)	(18.3)
Article VIII - Regulatory	386.2	398.5	12.3	3.2
Article IX - General Provisions	0.0	(167.3)	(167.3)	NA
Article X - The Legislature	303.0	271.6	(31.4)	(10.4)
Grand Total	\$61,978.9	\$58,598.9	\$(3,380.0)	(5.5)

*Includes \$469.1 million in General Revenue Funds for anticipated demands for supplemental appropriations (estimated in December 2002) which does not reflect transfers from existing appropriations. Any transfers of existing appropriation would decrease the overall expenditures for the 2002-03 biennium.
 NOTES: Tobacco Settlement receipts are allocated to the respective functions.
 Totals may not add because of rounding.
 Biennial change and percentage change calculated on actual amounts before rounding.

**TABLE 3
GENERAL REVENUE-DEDICATED FUNDS**

IN MILLIONS	EXPENDED/ BUDGETED 2002-03	HOUSE RECOMMENDED 2004-05	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Article I - General Government	\$390.4	\$440.8	\$50.4	12.9
Article II - Health and Human Services	667.9	715.8	47.9	7.2
Article III - Agencies of Education	2,544.9	2,579.0	34.1	1.3
Public Education	253.0	284.4	31.4	12.4
Higher Education	2,291.8	2,294.5	2.7	0.1
Article IV - The Judiciary	22.7	26.5	3.8	16.6
Article V - Public Safety and Criminal Justice	109.2	109.4	0.2	0.2
Article VI - Natural Resources	998.1	900.4	(97.7)	(9.8)
Article VII - Business and Economic Development	394.3	368.5	(25.8)	(6.5)
Article VIII - Regulatory	98.5	101.8	3.3	3.4
Article IX - General Provisions	0.0	(9.7)	(9.7)	NA
Grand Total	\$5,226.0	\$5,232.5	\$6.5	0.1

NOTES: Tobacco Settlement receipts are allocated to the respective functions.
 Totals may not add because of rounding.
 Biennial change and percentage change calculated on actual amounts before rounding.

RECOMMENDATIONS BY METHOD OF FINANCING

2004-05 BIENNIAL RECOMMENDATIONS

**TABLE 4
GENERAL REVENUE AND GENERAL REVENUE-DEDICATED FUNDS**

IN MILLIONS	EXPENDED/ BUDGETED 2002-03*	HOUSE RECOMMENDED 2004-05	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Article I - General Government	\$1,900.9	\$1,835.9	\$(65.0)	(3.4)
Article II - Health and Human Services	15,602.6	16,174.6	571.9	3.7
Article III - Agencies of Education	39,039.4	36,026.4	(3,012.9)	(7.7)
Public Education	26,169.3	24,204.0	(1,965.3)	(7.5)
Higher Education	12,870.1	11,822.4	(1,047.7)	(8.1)
Article IV - The Judiciary	361.4	338.4	(23.0)	(6.4)
Article V - Public Safety and Criminal Justice	7,123.3	6,748.7	(374.6)	(5.3)
Article VI - Natural Resources	1,599.9	1,421.1	(178.8)	(11.2)
Article VII - Business and Economic Development	789.8	691.5	(98.2)	(12.4)
Article VIII - Regulatory	484.7	500.3	15.6	3.2
Article IX - General Provisions	0.0	(177.0)	(177.0)	NA
Article X - The Legislature	303.0	271.6	(31.4)	(10.4)
Grand Total	\$67,204.9	\$63,831.4	\$(3,373.5)	(5.0)

*Includes \$469.1 million in General Revenue Funds for anticipated demands for supplemental appropriations (estimated in December 2002) which does not reflect transfers from existing appropriations. Any transfers of existing appropriation would decrease the overall expenditures for the 2002-03 biennium.
 NOTES: Tobacco Settlement receipts are allocated to the respective functions.
 Totals may not add because of rounding.
 Biennial change and percentage change calculated on actual amounts before rounding.

**TABLE 5
FEDERAL FUNDS**

IN MILLIONS	EXPENDED/ BUDGETED 2002-03*	HOUSE RECOMMENDED 2004-05	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Article I - General Government	\$653.0	\$628.7	\$(24.3)	(3.7)
Article II - Health and Human Services	22,733.1	24,259.1	1,526.0	6.7
Article III - Agencies of Education	5,928.6	6,821.0	892.4	15.1
Public Education	5,661.2	6,566.5	905.3	16.0
Higher Education	267.4	254.4	(13.0)	(4.9)
Article IV - The Judiciary	<0.1	<0.1	<0.1	1.1
Article V - Public Safety and Criminal Justice	388.9	257.4	(131.5)	(33.8)
Article VI - Natural Resources	285.4	241.6	(43.7)	(15.3)
Article VII - Business and Economic Development	7,006.1	7,064.2	58.1	0.8
Article VIII - Regulatory	6.9	5.5	(1.4)	(20.9)
Article IX - General Provisions	0.0	(42.9)	(42.9)	NA
Grand Total	\$37,002.0	\$39,234.5	\$2,232.5	6.0

*Includes \$723 million in Federal Funds for anticipated demands for supplemental appropriations (estimated in December 2002) which does not reflect transfers from existing appropriations. Any transfers of existing appropriation would decrease the overall expenditures for the 2002-03 biennium.
 **Decrease from the 2002-03 level primarily attributable to receipt of one-time federal disaster assistance funds.
 NOTES: Totals may not add because of rounding.
 Biennial change and percentage change calculated on actual amounts before rounding.

RECOMMENDATIONS BY METHOD OF FINANCING

2004-05 BIENNIAL RECOMMENDATIONS

**TABLE 6
OTHER FUNDS**

IN MILLIONS				
FUNCTION	EXPENDED/ BUDGETED 2002-03	HOUSE RECOMMENDED 2004-05	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I - General Government	\$109.4	\$92.2	\$(17.2)	(15.8)
Article II - Health and Human Services	433.2	460.2	27.0	6.2
Article III - Agencies of Education	4,706.5	5,987.8	1,281.2	27.2
Public Education	1,457.2	2,451.3	994.2	68.2
Higher Education	3,249.4	3,536.5	287.1	8.8
Article IV - The Judiciary	67.4	79.8	12.4	18.5
Article V - Public Safety and Criminal Justice	958.5	855.3	(103.2)	(10.8)
Article VI - Natural Resources	305.4	309.7	4.3	1.4
Article VII - Business and Economic Development	6,155.1	6,443.9	288.9	4.7
Article VIII - Regulatory	226.0	390.0	164.0	72.5
Article IX - General Provisions	0.0	46.3	46.3	NA
Article X - The Legislature	3.4	4.2	0.8	23.5
Grand Total	\$12,964.9	\$14,669.4	\$1,704.5	13.1

NOTES: Tobacco Settlement receipts are allocated to the respective functions.
Excludes interagency contracts.
Totals may not add because of rounding.
Biennial change and percentage change calculated on actual amounts before rounding.

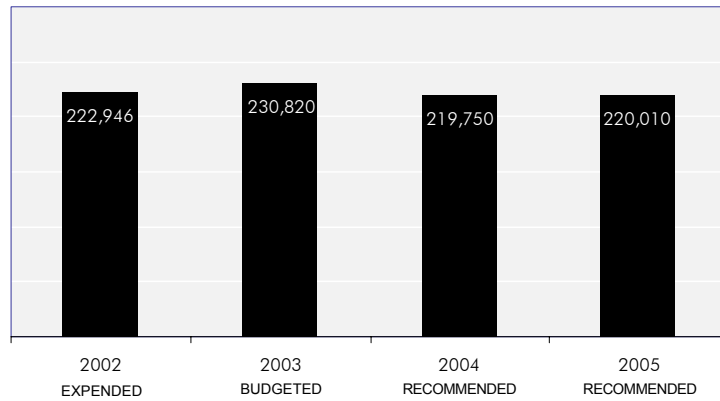
FULL-TIME-EQUIVALENT POSITIONS

RECOMMENDATIONS provide for 219,750 full-time-equivalent (FTE) positions in 2004 and 220,010 in 2005. As shown in Figure 4, the 2005 amount represents a decrease of 10,810 FTE positions from the 2003 budgeted level.

The General Appropriations Act (GAA) for the 2002–03 biennium established FTE limitations, or “caps,” for all agencies.

For fiscal year 2003, the statewide number of budgeted positions exceeds the total cap for all agencies by 870 FTEs, (see Table 7) primarily because of increases in higher education staff and faculty.

**FIGURE 4
FULL-TIME-EQUIVALENT POSITIONS**



**TABLE 7
FULL-TIME-EQUIVALENT POSITIONS**

IN MILLIONS				
FUNCTION	EXPENDED 2002	BUDGETED 2003	HOUSE RECOMMENDED 2004	HOUSE RECOMMENDED 2005
Article I - General Government	8,966	9,260	9,264	9,266
Article II - Health and Human Services	49,435	49,552	48,076	47,588
Article III - Agencies of Education	79,061	82,985	75,481	76,218
Article IV - The Judiciary	1,297	1,337	1,272	1,272
Article V - Public Safety and Criminal Justice	52,956	55,963	54,179	54,216
Article VI - Natural Resources	8,367	8,601	8,481	8,479
Article VII - Business and Economic Development	19,398	19,500	19,192	19,163
Article VIII - Regulatory	3,467	3,623	3,805	3,809
Total, All Articles	222,946	230,820	219,750	220,010
FTE Cap	229,627	229,950	219,750	220,010
Difference (total minus cap)	(6,681)	870	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 those demands;

- ◆ efficiency measures are used to assess the cost efficiency, productivity, and timeliness of agency operations; and
- ◆ 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, efficiency and explanatory performance measures, a

target is established for each year of the biennium for which funds are appropriated.

As shown in Table 8, the recommended appropriations for the 2004–05 biennium contain 2,164 key performance measures, which represents a 4.8 percent increase in the total number of key performance measures from the 2002–03 biennial level and a 0.6 percent increase from the 2000–01 biennial level.

**TABLE 8
PERFORMANCE MEASURES, BY TYPE**

TYPE OF MEASURE	NUMBER OF MEASURES			
	APPROPRIATED 1998–99	APPROPRIATED 2000–01	APPROPRIATED 2002–03	HOUSE RECOMMENDED 2004–05
KEY				
Outcome (results/impact)	1,012	902	830	896
Output (volume)	1,123	828	819	818
Efficiency	491	300	291	305
Explanatory	143	121	125	145
Total	2,769	2,151	2,065	2,164