



LEGISLATIVE BUDGET BOARD

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June 9, 2020

Agency Heads and Financial Officers
State Agencies, Courts, and Institutions of Higher Education

SUBJECT: Five Percent Biennial Budget Reduction Plans

In a letter dated May 20, 2020, Governor Abbott, Lieutenant Governor Patrick, and Speaker Bonnen asked agencies and institutions of higher education to submit written plans identifying a five percent biennial reduction to their 2020-21 General Revenue and General Revenue-Dedicated appropriations. Proposals should be submitted into the Automated Budget and Evaluation System of Texas (ABEST) no later than June 15, 2020, along with a written, high-level summary submitted to your assigned analysts at the Legislative Budget Board (LBB) and the Office of the Governor. Specific instructions for entering your reductions into ABEST will be available on the LBB website later today. Please adhere to the following guidelines:

1. In consultation with your assigned LBB analyst, the five percent reduction will be calculated based on the following methodology:
 - Using General Revenue (GR) and GR-Dedicated appropriation amounts identified in the published 2020-21 General Appropriations Act (GAA) (August 2019);
 - Excluding amounts for programs specifically exempted in the May 20th letter from the Governor, Lieutenant Governor and Speaker; and,
 - Excluding appropriations from GR-Dedicated accounts that are not subject to Comptroller certification of the GAA (e.g., Compensation to Victims of Crime Account No. 469 and Other Educational and General Income for institutions of higher education.)

No other exceptions will be considered at this time. For those items you feel should be exempted, identify all concerns and related impacts in your reduction plan submission.

2. Submit reductions in priority order increments that total at least five percent of the General Revenue and GR-Dedicated appropriations for the 2020-21 biennium as described above. The first item listed should be the budget item that would have the least consequence or negative effect on agency programs and goals. Subsequent reduction items should reflect those with greater consequences or negative effects to agency programs and services. Exclude reduction options out of GR-Dedicated accounts that are not subject to Comptroller certification of the GAA.

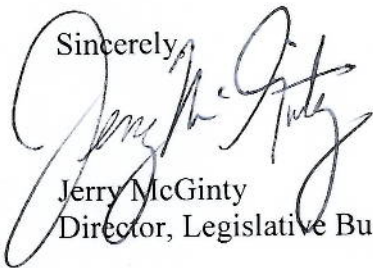
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3. Do not propose reductions that would result in the State of Texas violating the Texas Constitution and/or federal law. And, if items are proposed that require modifications of existing general state law, identify the specific statutory reference(s) that would be impacted.
4. Proposals should reflect multiple items rather than one or two reduction options. Non-specific across-the-board reductions are discouraged, but may be acceptable when agency size or function limits the available options. If agency size or function limits the available options, please consult your analysts at the LBB and the Office of the Governor prior to submitting a proposal with one reduction option. Examples of acceptable reductions include: savings from a hiring freeze, elimination of contracts for consultants/professional services, travel reductions, elimination of planned purchases of capital items, etc. It is important to refer to the May 20th letter regarding minimizing the impact to direct services that are essential to the COVID-19 response.
5. Explain the impact of each reduction item to agency operations and customers. Potential impacts include, but are not limited to: reductions in services or service levels, longer processing times, lower rates paid to service providers, etc. In addition, for each reduction item, identify and explain the impacts to the following:
 - budget strategies, FTE's and fiscal years affected (include specific amounts for each);
 - federal fund losses due to the reduction of General Revenue-related appropriations;
 - revenue collection reductions, including assumptions; and,
 - key performance measures and other performance indicators routinely reported to the LBB and/or the Office of the Governor.

Your careful consideration and timely submission of these proposals is appreciated. If you have budget-related questions, please contact your assigned analysts at the LBB or the Office of the Governor. For questions regarding ABEST, please contact the LBB Application Support Help Desk at 512-463-3167.

Sincerely,



Jerry McGinty
Director, Legislative Budget Board

cc: Sarah Hicks Andrew Blifford
Mike Morrissey Katy Aldredge
Joaquin Guadarrama Wayne Pulver
Dave Nelson Nora Velasco
Stacey Gilliam Central Files