



## LEGISLATIVE BUDGET BOARD

# Appropriations and Cost Recovery

**PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE  
LEGISLATIVE BUDGET BOARD STAFF**

**MAY 2018**

# Interim Charge

---

Review the effectiveness of the cost-recovery model as a method of finance for programs and organizations across state government. Identify best practices and make recommendations for improvement.

# Appropriations Limited to Revenue Collections

- Certain agencies and programs are statutorily required to generate revenue to cover the cost of operations related to the agency or program
- The General Appropriations Act contains Appropriations Limited to Revenue Collections (ALRC) riders for these agencies and programs that dictate that authorized fees, fines, and other revenue generated by the agency cover the cost of appropriations and other direct and indirect costs (ODIC)
- ODIC includes employee benefit contributions, statewide fixed costs, and any applicable revenue bond costs
- If projected or actual revenues are insufficient to offset the cost of operations, the Legislative Budget Board (LBB) and Office of the Governor may direct the Comptroller of Public Accounts (CPA) to reduce the appropriation authority proportionally
- For most of these agencies and programs, revenue that is generated above the cost of operations is deposited into the General Revenue Fund and can be used for any purpose
- General Revenue Dedicated Fund 36 is “self-leveling” meaning that fees are adjusted to generate revenue equivalent to appropriations
  - This account funds the Texas Department of Insurance, Office of Injured Employee Counsel, and certain programs in five other agencies
- Certain agencies have other rider requirements regarding fees
  - Texas Department of Agriculture is required to submit quarterly reports to the LBB and CPA on fees and expenditures by program and strategy

# Agency Appropriations Limited to Revenue Collections

## AGENCIES WITH APPROPRIATIONS ENTIRELY SUBJECT TO APPROPRIATIONS LIMITED TO REVENUE COLLECTIONS RIDERS

---

### Article V – Public Safety and Criminal Justice Agencies

Commission on Fire Protection

Alcoholic Beverage Commission

### Article VIII – Regulatory Agencies

Board of Chiropractic Examiners

Texas Board of Nursing

Texas State Board of Dental Examiners

Optometry Board

Funeral Service Commission

Board of Pharmacy

Board of Professional Geoscientists

Executive Council of Physical Therapy and Occupational Therapy Examiners

Office of Injured Employee Counsel

Board of Plumbing Examiners

Department of Insurance

Board of Examiners of Psychologists

Office of Public Insurance Counsel

Racing Commission

Board of Professional Land Surveying

Securities Board

Department of Licensing and Regulation

Board of Veterinary Medical Examiners

Texas Medical Board

# Program Appropriations Limited to Revenue Collections

## AGENCIES CONTAINING PROGRAMS SUBJECT TO APPROPRIATIONS LIMITED TO REVENUE COLLECTIONS RIDERS

AGENCY	PROGRAM(S)
<b>Article I – General Government</b>	
Facilities Commission	Federal Surplus Property
<b>Article II – Health and Human Services</b>	
Health and Human Services Commission	Nursing Facility Administrator; Home Health and Community Support Services Agencies; Certification of Interpreters; Health Care Professionals; and Health Care Facilities
Department of State Health Services	Specific programs within: Food and Drug Safety; Environmental Health; Radiation Control; and Vital Statistics
<b>Article III – Education</b>	
Texas Education Agency	Guaranteed Program for School District and Charter School Bonds; Texas Certificate of High School Equivalency; Educator Certification; Criminal History Background Check; Electronic Courses and Programs Virtual School Network; Educator Preparation Program Approval and Accountability; and Texas High Performance Schools Consortium Fee
<b>Article IV – Judiciary</b>	
Office of Court Administration, Texas Judicial Council	Judicial Branch Certification Commission
<b>Article V – Public Safety and Criminal Justice</b>	
Department of Public Safety	Private Security Bureau

# Program Appropriations (continued)

## AGENCIES CONTAINING PROGRAMS SUBJECT TO APPROPRIATIONS LIMITED TO REVENUE COLLECTIONS RIDERS (CONTINUED)

AGENCY	PROGRAM(S)
<b>Article VI – Natural Resources</b>	
Department of Agriculture	Livestock Export Pens; International and Domestic Trade; Plant Health; Egg Quality Regulation; Handling and Marketing of Perishable Commodities; Grain Warehouse; Agricultural Pesticide Regulation; Organic Certification; Prescribed Burn; Structural Pest Control; Weights and Measures; Metrology; Central Administration; Information Resources; and Other Support Services
Animal Health Commission	Chronic Wasting Disease; Poultry Registration; and specific programs within the agency's Field Operations strategy
Commission on Environmental Quality	Automobile Emission Inspections
Railroad Commission	Liquefied Petroleum Gas Program and Alternative Fuels Licensing Program; Surface Mining Permits; Pipeline Safety; and Uranium Mining Regulation
<b>Article VII – Business and Economic Development</b>	
Department of Housing and Community Affairs	Manufactured Housing
Texas Lottery Commission	Enforce Bingo Laws
Department of Transportation	Rail Safety



## LEGISLATIVE BUDGET BOARD

# Contact the LBB

Legislative Budget Board

[www.lbb.state.tx.us](http://www.lbb.state.tx.us)

512.463.1200