



LEGISLATIVE BUDGET BOARD

Base Reconciliation Instructions 2022–23 Biennium

Instructions for State Agencies,
Appellate Courts,
and Institutions of Higher Education for the
Eighty-eighth Legislature, Regular Session

LEGISLATIVE BUDGET BOARD STAFF
OFFICE OF THE GOVERNOR, BUDGET AND POLICY DIVISION

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MARCH 2022



LEGISLATIVE BUDGET BOARD

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MEMORANDUM

TO: Agency Heads and Financial Officers
State Executive and Judicial Agencies, Departments, and Courts

FROM: Sarah Hicks, Director, Governor's Office, Budget and Policy Division
Jerry McGinty, Director, Legislative Budget Board

DATE: March 16, 2022

SUBJECT: 2022–23 Base Reconciliation

The development of the estimated 2022–23 base spending level is the first step of the 2024–25 Legislative Appropriations Request (LAR) process. Each state agency, appellate court, and institution of higher education is required to submit a 2022–23 base reconciliation for review and approval by its assigned analysts at the Legislative Budget Board (LBB) and Governor's Office, Budget and Policy Division (Governor's Office). The base approved by the LBB and the Governor's Office staff, with some possible adjustments, will become the basis for developing the 2024–25 Legislative Appropriations Request.

The 2022–23 base reconciliation will be entered directly into the Automated Budget and Evaluation System of Texas (ABEST). Each agency should submit a base reconciliation by the date identified in the submission schedule.

Step-by-step instructions, including a sample reconciliation, can be found on the LBB website at https://www.lbb.texas.gov/Agencies_Portal.aspx → Instructions → Base Reconciliation.

If you have questions or need assistance, please contact the LBB or Governor's Office analyst assigned to your agency. We look forward to working with you on this very important stage of the appropriations process.

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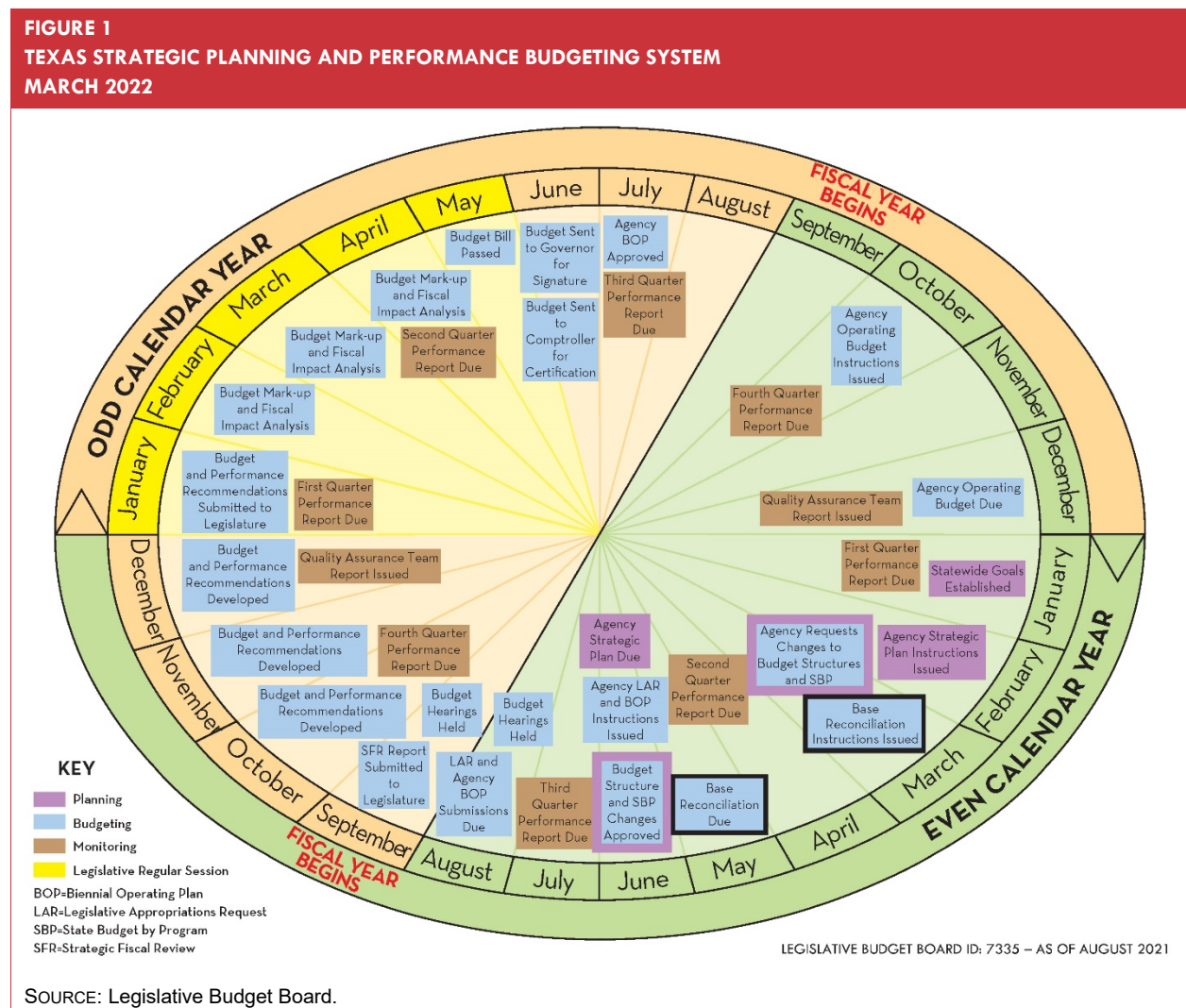
INTRODUCTION

The Base Reconciliation process enables state agencies, appellate courts, and public institutions of higher education to reconcile their original appropriations by method of finance (MOF) and full-time-equivalent (FTE) positions to the final fiscal year 2021 expended, the fiscal year 2022 estimated, and the fiscal year 2023 budgeted amounts.

The 2022–23 Base Reconciliation approved by Legislative Budget Board (LBB) staff and the Office of the Governor (OOG), Budget and Policy Division, staff will become the basis for the General Revenue Funds and General Revenue–Dedicated Funds limits provided to state agencies for preparing their baseline requests for the 2024–25 biennium. The 2022–23 biennial base is the total of the estimated expenditures for fiscal year 2022 plus the budgeted expenditures for fiscal year 2023 for the agency’s General Revenue Funds and General Revenue–Dedicated Funds amounts.

STATE BUDGET CYCLE

Figure 1 shows the two-year state budget cycle, which may be subject to change. The portion of the cycle that pertains to the information in this document has a black border.



PROCESS**AGENCY SUBMISSION**

All agencies, institutions of higher education, appellate courts, and judicial branch agencies enter all base reconciliation data directly into the Automated Budget and Evaluation System of Texas (ABEST), located on the LBB's website at abest1.lbb.state.tx.us. Agencies that do not have a user ID and password for ABEST must request access by submitting a Logon Request Form at loginreqagy.lbb.state.tx.us.

REVIEW

LBB and OOG staff review each submission and raise any questions or concerns regarding appropriations and adjustments. In some cases, revisions to the reconciliation may be necessary to comply with legislative appropriation authority provided in the General Appropriations Act and other legislation affecting appropriations. If requested, agencies may be required to reconcile other budget-related items (e.g., capital budgets or estimated revenue collections) in a format specified by the LBB and the OOG.

APPROVAL

After the review process is complete, LBB and OOG staff approve the 2022–23 Base Reconciliation, which becomes the basis for the General Revenue Funds and General Revenue–Dedicated Funds limit provided to agencies for preparing baseline requests for the 2024–25 biennium.

SUBMISSION DATES

Figure 2 (pages 3 and 4) shows the submission due dates for the 2022–23 Base Reconciliation.

FIGURE 2
BASE RECONCILIATION SUBMISSION SCHEDULE, 2022–23 BIENNIUM

MAY 6, 2022

Commission on the Arts	Judiciary Section, Comptroller's Department
Office of the Attorney General	Commission on Law Enforcement
Behavioral Health Executive Council	State Law Library
Bond Review Board	Library and Archives Commission
Cancer Prevention and Research Institute of Texas	Department of Licensing and Regulation
Office of Capital and Forensic Writs	Low-level Radioactive Waste Disposal Compact Commission
Board of Chiropractic Examiners	Texas Medical Board
Office of Court Administration, Texas Judicial Council	Texas Board of Nursing
Supreme Court of Texas	Optometry Board
Court of Criminal Appeals	Pension Review Board
Courts of Appeals (14)	Board of Pharmacy
Texas State Board of Dental Examiners	Executive Council of Physical Therapy and Occupational Therapy Examiners
Commission on State Emergency Communications	Board of Plumbing Examiners
Texas Emergency Services Retirement System	Office of the State Prosecuting Attorney
Texas Ethics Commission	Racing Commission
Commission on Fire Protection	Securities Board
Funeral Service Commission	Soil and Water Conservation Board
Board of Professional Geoscientists	Public Utility Commission of Texas
Health Professions Council	Office of Public Utility Counsel
Higher Education Coordinating Board	Veterans Commission
Agencies and Institutions of Higher Education	Board of Veterinary Medical Examiners
Department of Housing and Community Affairs	
Commission on Jail Standards	
State Commission on Judicial Conduct	

MAY 13, 2022

State Office of Administrative Hearings	Secretary of State
Alcoholic Beverage Commission	Teacher Retirement System of Texas
Animal Health Commission	Department of Transportation
Juvenile Justice Department	Reimbursements to the Unemployment Compensation Benefit Account
Military Department	Texas Workforce Commission
Department of Motor Vehicles	
State Preservation Board	

**FIGURE 2 (CONTINUED)
BASE RECONCILIATION SUBMISSION SCHEDULE, 2022–23 BIENNIUM**

MAY 20, 2022

Department of Agriculture	Texas Lottery Commission
Commission on Environmental Quality	Parks and Wildlife Department
Facilities Commission	Department of Public Safety
Department of Family and Protective Services	Railroad Commission
Department of State Health Services	State Office of Risk Management
Historical Commission	Water Development Board
General Land Office	

MAY 27, 2022

School for the Blind and Visually Impaired	Office of the Governor
Comptroller of Public Accounts	Health and Human Services Commission
Department of Criminal Justice	Department of Information Resources
School for the Deaf	Office of Injured Employee Counsel
Texas Education Agency	Department of Insurance
Employees Retirement System of Texas	Office of Public Insurance Counsel
Public Finance Authority	Legislative Agencies

HIGHLIGHTS AND WHAT'S NEW

These instructions are similar to those used for preparing the 2020–21 biennial Base Reconciliations. Please see the following notable highlights and differences:

- **Relevant Legislation.** Consistent with processes implemented during previous years, agencies should adjust appropriated amounts, as shown in the Conference Committee Reports on House Bill 1, Eighty-sixth Legislature, 2019, and Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021, as appropriate, for the following legislation:
 - Senate Bill 500, Eighty-sixth Legislature, 2019;
 - House Bill 3317, Eighty-sixth Legislature, 2019;
 - House Bill 2, Eighty-seventh Legislature, Regular Session, 2021;
 - House Bill 2896, Eighty-seventh Legislature, Regular Session, 2021;
 - House Bill 5, Eighty-seventh Legislature, Second Called Session, 2021;
 - House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021; and
 - Senate Bill 8, Eighty-seventh Legislature, Third Called Session, 2021.
- **Grants from Trusteed Programs within the Office of the Governor.** Use Method of Finance (MOF) Code 8000 (Other Funds) to report grant funds received from the Trusteed Programs within the Office of the Governor. These funds include any grant received pursuant to the Eighty-sixth and Eighty-seventh Legislatures, General Appropriations Act (GAA), for either the 2020–21 or 2022–23 biennium, Article I, Trusteed Programs within the Office of the Governor, Rider 2, Disaster and Deficiency Grants. MOF Code 8000 also is required to report any funds received from Trusteed Programs when the sources were the emergency appropriations made available by the 2020–21 or 2022–23 GAAs, Article I, Trusteed Programs, Rider 3, Governor's Emergency Appropriations. Entries reported as a Governor's Disaster/Deficiency/Emergency Grant (GV) will be treated similarly to Interagency Contracts for budget summary purposes.
- **Centralized Accounting and Payroll/Personnel System (CAPPS).** Agencies utilizing or deploying onto the Texas Comptroller of Public Accounts' (CPA) statewide enterprise resource planning system, known as CAPPS, are required to identify CAPPS-related expenditures using Capital Expenditure Category Code 8000. Please note the following requirements:
 - all CAPPS costs, including ongoing maintenance, should be identified appropriately as capital expenses within Capital Expenditure Category Code 8000, including salaries and other staffing costs; and
 - agencies transitioning to or implementing CAPPS as a hub agency, such as the Department of Transportation or the Health and Human Services Commission, also should identify related expenditures in accordance with this schedule.
- **Payroll Contribution for Group Health Insurance and Additional Payroll Contribution for Retirement Contribution.** The payroll contribution for Group Health Insurance, pursuant to the 2020–21 and 2022–23 GAAs, Article IX, §17.03, Payroll Contribution for Group Health Insurance, and the retirement contribution, pursuant to the 2020–21 and 2022–23 GAAs, Article IX, §17.06, Additional Payroll Contribution for Retirement Contribution, should be treated as expenditures and not as transfers. Accordingly, they should not be shown as appropriations adjustments in the Base Reconciliation. Instead, for contributions pursuant to these provisions, agencies should use Objects of Expense Code 2009. Please contact your LBB or OOG analyst if you have additional questions.
- **COVID-19 Appropriations.** Use MOF code 0325 (not MOF Code 0555) for all federal awards and expenditures for federal bills related to recovery from the COVID-19 pandemic, including the following: Coronavirus Preparedness and Response Supplemental Appropriations Act (2020); Families First Coronavirus Response Act; Coronavirus Aid, Relief, and Economic Security Act; Paycheck Protection Program and Healthcare Enhancement Act; Coronavirus Response and Relief Supplemental Appropriations Act; American Recovery Plan Act of 2021; and any other federal funding that was used for COVID-related expenditures, even if not from the previously mentioned bills.
- **Supplemental Documents in ABEST.** Article II agencies can now submit/upload supplemental documents they deem useful, or as required by their assigned LBB budget analyst, to assist with the Base Reconciliation through the Supplementals menu in ABEST. The menu will not display for non-Article II agencies.

STEP-BY-STEP GUIDELINES

Follow each of the following steps to complete the 2022–23 Base Reconciliation. Please contact your LBB or OOG analyst if you have any questions before making a submission.

1. Identify regular appropriations for each method of finance (MOF) by category of fund.
2. Identify rider appropriations.
3. Identify supplemental, special, or emergency appropriations.
4. Identify Governor’s Disaster/Deficiency/Emergency Grants.
5. Identify transfers to or from the agency.
6. Identify unexpended balances authority.
7. Identify base adjustments.
8. Identify appropriation lapses.
9. Identify the authorized number of full-time-equivalent (FTE) positions.
10. Provide comments to explain adjustments to the regular appropriations.

1. IDENTIFY REGULAR APPROPRIATIONS FOR EACH METHOD OF FINANCE BY CATEGORY OF FUND

Regular Appropriations are the original amounts included in an agency’s MOF table in the General Appropriations Act (GAA). Regular Appropriations commonly are called above-the-line amounts, exclusive of rider appropriations and other appropriations not included in bill pattern strategies.

Enter the Regular Appropriation identified in the MOF section of the agency’s bill pattern from the relevant appropriations bill for each fund or account within the appropriate fund category (General Revenue Funds, General Revenue–Dedicated Funds, Other Funds, and Federal Funds). Separately reconcile each fund or account within a fund category. Several funds or accounts could be placed within each category (e.g., General Revenue Funds and General Revenue Funds Match for Medicaid).

Subsequent entries, or adjustments, must include increases or decreases to the Regular Appropriation amounts. Select or enter the correct authority for each adjustment within the Summary Description field in ABEST.

Determine Regular Appropriation amounts using the following sources:

- for fiscal year 2021, use amounts identified in the MOF table in the **Conference Committee Report** on House Bill 1, Eighty-sixth Legislature, 2019; and
- for fiscal years 2022 and 2023, use amounts identified in the MOF table from the **Conference Committee Report** on Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021.

Information for properly identifying the Method of Finance and Revenue Object codes is available at www.lbb.texas.gov/Agencies_Portal.aspx → Reference Documents → ABEST → Method of Finance Codes.

IMPORTANT

Do not enter the amounts shown in the MOF table from the final GAA, which is published after the regular legislative session and includes adjustments to appropriations to incorporate Article IX appropriations and other legislation and resolutions. Use only the Conference Committee Reports located on the LBB website (www.lbb.texas.gov → Budget → Budget Documents by Session).

Additional considerations include the following guidelines:

- start with the exact Regular Appropriation amount listed in the Conference Committee Report for each MOF for each fiscal year;
- do not net out any adjustments to amounts reported as Regular Appropriations;
- do not include amounts labeled Other Direct and Indirect Costs Appropriated Elsewhere in this Act;
- use current fund and account numbers and names. Some funds and accounts shown in the GAA might be outdated. For example, some funds identified as General Revenue–Dedicated Accounts in the GAA may not have been exempted from funds consolidation by other legislation. Refer to House Bill 3317, Eighty-sixth Legislature, 2019, and House Bill 2896, Eighty-seventh Legislature, Regular Session, 2021, for a complete listing of General Revenue–Dedicated Funds accounts for fiscal years 2021, 2022, and 2023;
- do not use fund names, account names, or account numbers that are not included in the ABEST classification system for the budget cycle;
- do not use labels or codes from an internal accounting system, Comptroller of Public Accounts’ Uniform Statewide Accounting System (USAS) classification, or a previous budget cycle; and
- do not use Undistributed MOF as a code. Fund and account classifications for the 2020–21 and 2022–23 biennia are available at www.lbb.texas.gov/Agencies_Portal.aspx → Reference Documents → ABEST → Method of Finance Codes.

CATEGORIES OF FUNDS

ABEST uses four categories of funds: (1) General Revenue Funds, (2) General Revenue–Dedicated Funds, (3) Federal Funds (MOF Code 0555 for regular Federal Funds and MOF Code 0325 for COVID-related federal funding), and (4) Other Funds. Method of Finance Codes assign each MOF to a particular category of fund. ABEST sums amounts in the Base Reconciliation by category of fund.

GENERAL REVENUE FUNDS

General Revenue Funds include all nondedicated General Revenue Funds and accounts, including Earned Federal Funds.

- Earned Federal Funds include funds received as a reimbursement for previous expenditures. All Federal Funds received in connection with a federally funded program are treated as General Revenue when the governing agreement does not require the funds to be spent on that program. Earned Federal Funds may include indirect cost receipts and interest earned on advances of Federal Funds; and
- Tobacco Settlement Receipts require the appropriate MOF codes for funds received as tobacco settlement receipts that are not dedicated.

GENERAL REVENUE–DEDICATED FUNDS

General Revenue–Dedicated Funds include all dedicated General Revenue Funds accounts. The MOF codes on the LBB website incorporate changes made by House Bill 3317, Eighty-sixth Legislature, 2019, and House Bill 2896, Eighty-seventh Legislature, Regular Session, 2021, and provide a complete listing of the General Revenue–Dedicated Funds accounts.

The MOF codes are available at www.lbb.texas.gov/Agencies_Portal.aspx → Reference Documents → ABEST → Method of Finance Codes.

FEDERAL FUNDS

Federal Funds include all revenue received from the federal government that is not classified as Earned Federal Funds. The MOF code for most Federal Funds is 0555. Federal reimbursements related to natural disasters should be shown as Federal Funds.

Use MOF Code 0325 for all federal awards from the six federal bills related to recovery from the COVID-19 pandemic, including: (1) Coronavirus Preparedness and Response Supplemental Appropriations Act (2020); (2) Families First Coronavirus Response Act; (3) Coronavirus Aid, Relief, and Economic Security Act; (4) Paycheck Protection Program and Healthcare Enhancement Act; (5) Coronavirus Response and Relief Supplemental Appropriations Act; and (6) American Recovery Plan Act of 2021, and any other federal funding that was used for COVID-related expenditures, even if not from the six previously mentioned bills.

OTHER FUNDS

Other Funds include Appropriated Receipts, Interagency Contract revenue, bond proceeds, and certain constitutionally or statutorily dedicated funds. These funds should be itemized using MOF codes from the list at www.lbb.texas.gov/Agencies_Portal.aspx → Reference Documents → ABEST → Method of Finance Codes.

- **Appropriated Receipts** include all receipts—such as fees, reimbursements, and other revenue—received for an authorized service and appropriated to the agency, usually to offset costs of providing the service. The MOF code for Appropriated Receipts is 0666.

Appropriated Receipts should be organized by specific appropriation authority, for example, Eighty-sixth Legislature, GAA, 2020–21 Biennium, Article IX, Section 8.02, Reimbursements and Payments; Section 8.03, Surplus Property; or Section 8.07, Appropriation of Collections for Seminars and Conferences.

- **Interagency Contracts** include funds received from another state agency in exchange for services, material, or equipment through a written agreement. Unless directed otherwise by the LBB or OOG, these funds do not include transfer of funds from another state agency pursuant to enactment of legislation that transfers programs. The MOF code for Interagency Contracts typically is 0777.

The MOF section in the Summary of Budget by Method of Finance should show the source of funds applicable to the fiscal year for which the amount was appropriated. An agency purchasing goods or services from another state entity uses the original MOF (General Revenue Funds, Federal Funds, etc.). The agency acting as the vendor or provider of goods or services uses Interagency Contracts as the MOF.

Agencies receiving criminal justice grants from the Truisted Programs within the Office of the Governor, regardless of the original funding source, should identify those funds using MOF code 0444, Criminal Justice Grants, which are considered a type of Interagency Contract. Agencies must explain in the comments section the amount, purpose, and original funding source of each criminal justice grant.

- **Bond proceeds** include appropriated funds from authorized General Obligation or revenue bond issuances. Agencies appropriated bond proceeds for new construction, rehabilitation, and repair projects may be required to submit supplemental information regarding budgeted projects, including project categories and descriptions. Examples include water and wastewater improvements, deferred maintenance, locations, and timelines.

2. IDENTIFY RIDER APPROPRIATIONS

Rider Appropriations (RI) include amounts that are not itemized specifically in the agency's MOF table in the GAA, but which are appropriated to the agency by a general, special, or agency-specific provision of a GAA. General Provisions are provided in the GAA, Article IX; Special Provisions are included at the end of some articles; and agency-specific provisions, or riders, are included at the end of the agency's bill pattern.

For each fund or account, enter each Rider Appropriation made by the GAA for the agency. Each entry should show the amount stated in the rider as the sum-certain or estimated amount. Subsequent entries, or adjustments, must show increases or decreases to the original rider amount. Enter the correct legal citation for each rider amount and adjustment. Note that the reference number for a rider in the GAA for one biennium may be different from the corresponding rider in the GAA for the next biennium.

Additional considerations include the following:

- some riders provide estimated appropriation authority for revenue collections or unexpended balances, with the estimated amounts identified in the riders and included in the agency's regular appropriations in the MOF table. If the actual amounts are greater than or less than the amount stated in the rider, show the incremental difference as a separate entry. If multiple revisions to an estimate result from different events, list each revision separately and show the same rider authorization for each. Appropriation reductions due to uncollected revenue may be shown either as a revised receipt Rider Appropriation adjustment or as a Lapsed Appropriation adjustment;
- provisions in the GAA, Article IX, authorize agencies to increase or decrease appropriations; for example, Article IX, Part 13, Federal Funds, and Article IX, Section 8.02, Reimbursements and Payments, in the 2020–21 and the 2022–23 GAAs;
- use caution when identifying appropriation adjustments related to a Capital Budget rider. Amounts shown in Capital Budgets are included in the agency's MOF table. However, agencies may be authorized to carry forward unspent appropriations for a Capital Budget item. For example, Article IX, Section 14.03, Transfers – Capital Budget, enables agencies to carry forward unspent Capital Budget amounts from the first year to the second year of the biennium. Capital Budget riders in agency bill patterns may provide other authority for Capital Budget adjustments or may contain restrictions; and
- when an appropriation is contingent upon certification by the Texas Comptroller of Public Accounts (CPA), include only the certified amount. If the entire appropriation is not certified, include the appropriation stated in the rider, then show a negative entry for the amount that is not certified. Note that the appropriation related to the certification might be included in the Regular Appropriation in the MOF table. In these instances, do not enter the amount as a Rider Appropriation because the result will double-count the appropriation.

REMINDER: EARNED FEDERAL FUNDS

Pursuant to Article IX, §13.10, of the 2022–23 GAA and Article IX, §13.11 of the 2020–21 GAA, Earned Federal Funds (EFF) are classified as collected revenue to the General Revenue Fund and included as part of the MOF Code 001. See the 2022–23 GAA, Article IX, §13.10(b), for the amount of General Revenue Funds appropriations contingent on the collection of EFF by agency. The estimated appropriation authority and authority to carry forward unexpended and unobligated balances within a biennium for expenditure of EFF is provided by the 2022–23 GAA, Article IX, §13.10(f).

Affected agencies should identify the incremental amount of EFF greater than the amounts estimated for fiscal years 2021, 2022, and 2023 in the 2022–23 GAA, Article IX, §13.10(b), as Rider Appropriations within the General Revenue Funds MOF. Affected agencies receiving additional appropriation authority via this provision should review and comply with the notification and reporting requirements included in Article IX, §13.10(c) and (d). Any reduction due to uncollected revenue should be shown as a Lapsed Appropriation. Show any unspent, unobligated funds in fiscal year 2022 carried forward into fiscal year 2023 as a Rider Appropriation.

Pursuant to the 2022–23 GAA Article IX, §13.10(h), EFF collected for post-retirement health insurance should not be included in agency appropriations. Agencies currently including collections for post-retirement health insurance in General Revenue Funds appropriations must reduce the appropriation by this amount. Agencies should contact the Employees Retirement System of Texas to determine amounts for retiree insurance.

3. IDENTIFY SUPPLEMENTAL, SPECIAL, OR EMERGENCY APPROPRIATIONS

Supplemental, Special, or Emergency Appropriations (SU) may apply to any fund or account. For each fund or account, enter appropriation amounts made specifically by legislation other than the GAA. Subsequent entries, or adjustments, must show increases or decreases to the original supplemental or special appropriations amount. However, any lapses of supplemental or special appropriations should be entered as a Lapsed Appropriation adjustment type. Select or enter the correct authority for each adjustment within the Summary Description field in ABEST.

Supplemental or special appropriations include but are not limited to the following sources:

- Senate Bill 500, Eighty-sixth Legislature, 2019;
- House Bill 3317, Eighty-sixth Legislature, 2019;
- House Bill 2, Eighty-seventh Legislature, Regular Session, 2021;
- House Bill 2896, Eighty-seventh Legislature, Regular Session, 2021;
- House Bill 5, Eighty-seventh Legislature, Second Called Session, 2021;
- House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021;
- Senate Bill 8, Eighty-seventh Legislature, Third Called Session, 2021; and
- Governor's Veto Proclamation reductions.

Appropriations referenced in the Governor's Veto Proclamation should represent their current status in CPA's USAS and should be shown as SU reductions as appropriate. Therefore, amounts related to the Governor's vetoes must be negative entries in this category.

4. IDENTIFY GOVERNOR'S DISASTER/DEFICIENCY/EMERGENCY GRANTS

Governor's Disaster/Deficiency/Emergency Grants (GV) require the use of MOF Code 8000 (Other Funds) to report grant funds received from the Trusteed Programs within the Office of the Governor. These funds include any grant received pursuant to the Eighty-sixth and Eighty-seventh Legislatures, General Appropriations Act (GAA), for either the 2020–21 or 2022–23 biennium, Article I, Trusteed Programs within the Office of the Governor, Rider 2, Disaster and Deficiency Grants. This authority should be cited for these funds. MOF Code 8000 also is required to report any funds received from Trusteed Programs when the sources were the emergency appropriations made available by the 2020–21 GAA or 2022–23 GAA, Article I, Trusteed Programs, Rider 3, Governor's Emergency Appropriations. Entries reported as a Governor's Disaster/Deficiency/Emergency Grant will be treated similarly to Interagency Contracts for budget summary purposes.

5. IDENTIFY TRANSFERS TO OR FROM THE AGENCY

Transfer (TR) appropriations adjustments include transfers affecting the agency for each affected fund and account. Record funds received as a positive entry and funds transferred as a negative entry. Separately identify each transfer by authority and amount. All subsequent entries or adjustments must show increases or decreases to the original transfer amount. Transfers include funds transferred to the agency for expenditure by the agency (positive entry), and funds transferred from the agency for expenditure by another agency (negative entry). These transfers may be pursuant to a provision in the GAA, a budget execution order, or other statutory authority relating to the transfer of programs and funds between agencies. Transfers also may include appropriation increases or decreases required by legislation and GAA, Article IX, provisions.

Both the receiving agency and the transferring agency should identify expenditures and budgeted amounts, including FTE positions, for transferred programs only for the years or portion of a year in which program funds were transferred. Both the transferring agency and the receiving agency should report the authorization for the program transfer. Program expenditures during years before the transfer should be shown at the agency that made the expenditures; receiving agencies should not re-create historical expenditures for a transferred program. This direction applies to transferred programs for which appropriations are transferred between agencies, and to programs for which appropriations were made directly to the receiving agency.

Transfers include the following items:

- budget reductions related to efficient use of state-owned and state-leased space, 2020–21 and 2022–23 GAAs, Article IX, Section 11.04, and lease savings, Article IX, Section 11.06;
- budget transfers authorized by legislation contingency appropriation provisions;

- funds transferred among agencies by a budget execution order; however, do not reference cases in which budget execution authority transfers funds between strategy items within the agency;
- disaster-related transfers pursuant to 2020–21 GAA and 2022–23 GAAs, Article IX, Section 14.04, Disaster Related Transfer Authority; and
- program transfers between agencies pursuant to legislation but not addressed in the GAA or other appropriation legislation.

Transfers do NOT include the following items:

- benefit replacement pay and employee benefits—such as retirement, group insurance, Social Security, and post-retirement healthcare costs—should not be included in the base reconciliation;
- the 50.0 percent reimbursement paid to the Texas Workforce Commission (TWC) for unemployment benefits, pursuant to the 2020–21 and 2022–23 GAAs, Article IX, Section 15.01, Reimbursements for Unemployment Benefits, are payments made from agency appropriations and should be treated as expenditures at the strategy level; agencies that are required to reimburse TWC an additional 50.0 percent from unappropriated fund balances likewise should not show the additional 50.0 percent as a transfer or other adjustment in the base reconciliation;
- amounts transferred pursuant to the Statewide Cost Allocation Plan, the 2020–21 and 2022–23 GAAs, Article IX, Section 15.04, Appropriation Transfers: Billing for Statewide Allocated Costs, when transferred from appropriated funds, should be treated as expenditures;
- amounts transferred to the Health Professions Council pursuant to the 2020–21 and 2022–23 GAAs, Article VIII, Special Provisions Relating to All Regulatory Agencies, Section 3, Funding for Health Professions Council, when transferred from appropriated funds, should be treated as expenditures;
- payroll contributions for group health insurance authorized by the 2020–21 and 2022–23 GAAs, Article IX, Section 17.03, Payroll Contribution for Group Health Insurance, when transferred from appropriated funds, should be treated as expenditures; and
- additional payroll contribution for retirement contribution pursuant to the 2020–21 and 2022–23 GAAs, Article IX, Section 17.06, Additional Payroll Contribution for Retirement Contribution, when transferred from appropriated funds, should be treated as expenditures.

6. IDENTIFY UNEXPENDED BALANCES AUTHORITY

Unexpended Balances (UB) are funds carried forward from a previous year's appropriation as authorized by a specific provision in the GAA, other legislation, or constitutional authority. See the 2020–21 and 2022–23 GAAs, Article IX, Section 6.01, Unexpended Balance, for a complete definition.

Agencies should include unexpended balances by MOF and indicate amounts unspent and unobligated as a negative entry for the first year and a corresponding positive entry for the following fiscal year. If UB authority is provided by a rider or Article IX provision, it should be cited as a Rider Appropriation as described previously. Otherwise, indicate the specific carry-forward authority and list it as a UB type of appropriation.

Agencies with UB authority for bond proceeds must provide a reasonable estimate of unencumbered and unissued appropriation balances appropriated by previous Legislatures.

For each fund and account, enter amounts for UBs carried forward and cite the authority for each UB for that MOF. Subsequent entries, or adjustments, must show increases or decreases to the original UB amount. Enter the correct citation for each adjustment.

7. IDENTIFY BASE ADJUSTMENTS

Base Adjustments (BA) include adjustments to estimated strategy appropriations or MOFs due to revised revenue receipts, changes in spending demands, or other updates to represent actual appropriated amounts. Entries of this type should not include estimated appropriations for which the authority to adjust the amount is explicitly granted by an agency-specific rider, General Provision, or Special Provision. Those adjustments should be cited as a Rider Appropriation type.

8. IDENTIFY APPROPRIATION LAPSES

Lapsed Appropriations (LA) within each fund and account should be identified as negative entries. Lapsed appropriations are amounts left unspent and unobligated at the end of a fiscal year. Uncollected revenue may be shown as a lapse or a revised receipt in another appropriation type. Do not include amounts authorized as unexpended balances. Include amounts that have lapsed as a negative entry by each applicable MOF code. Report any anticipated lapses for fiscal years 2022 and 2023.

9. IDENTIFY THE AUTHORIZED NUMBER OF FULL-TIME-EQUIVALENT POSITIONS

Agencies are required to submit summary information regarding FTE positions. The FTE position information appears at the end of the Summary of Method of Finance.

An agency's authorized FTE position cap is identified in the Conference Committee Report for House Bill 1, Eighty-sixth Legislature, 2019, for fiscal year 2021, and the Conference Committee Report for Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021, for fiscal years 2022 and 2023. Adjustments should be itemized following the Regular Appropriations using the categories of appropriation types (e.g., Rider, Transfer, etc.) and specific authority for each.

Unless specific legislative exceptions have been made for an agency, the total adjusted FTE positions reported as expended for fiscal year 2021 should equal the average of the four quarterly position amounts reported to the State Auditor's Office, Classification Division. The only exception would be for interagency position transfers due to program transfers. The reports are available online at www.hr.sao.texas.gov → Reports → Full-Time Equivalent (FTE) Employees.

The following additional categories of appropriation types are unique to FTE positions:

- Unauthorized Number Over (Below) Cap (UN) – Enter this amount to show the difference between the agency's adjusted FTE position cap and (1) the actual number of FTE positions in completed fiscal years; or (2) budgeted FTE positions in the current fiscal year after all authorized adjustments to an agency's cap have been entered; and
- Board or Administrator FTE Adjustments – Pursuant to the 2020–21 and 2022–23 GAAs, Article IX, Section 6.10, Limitation on State Employment Levels, a state agency or institution of higher education may not exceed its FTE position cap by the lesser of 50.0 FTE positions or 10.0 percent of the position cap in its bill pattern, without the written approval of the LBB or the OOG. Show these adjustments as a Rider Appropriation and use the appropriate ABEST dropdown selection.

The Number of 100 Percent Federally Funded FTEs specifies the number of FTE positions included in the expended and budgeted position totals that are funded entirely with Federal Funds. These positions are entered on the separate ABEST data entry screen for each fiscal year. Note that these FTE positions are not in addition to those entered in the summary of FTE positions, but rather describe a portion of the total. Do not include FTE positions that are funded partially with Federal Funds in these totals.

10. PROVIDE COMMENTS TO EXPLAIN ADJUSTMENTS TO THE REGULAR APPROPRIATIONS

Agencies may provide explanations in the comments section for significant variances from the Regular Appropriations in the MOF and FTE position tables and their related effects to agency operations. Agency comments also assist LBB and OOG staff to conduct a more thorough and efficient review of the Base Reconciliation.

Agencies should consider including comments to address the following areas:

- variances in unexpended balances and lapses from amounts reported to the CPA at the time of base reconciliation submission;
- for changes in unexpended balances or estimated appropriation, explain why amounts changed from the original amount allocated and provide information on how the funds will be used and what program areas will be affected;
- for Federal Funds, explain whether the variance is due to changes in federal grants' requirements or the availability of state funds for federal match requirements;
- regarding Appropriated Receipts or appropriations contingent on revenue collections, provide information for variances due to changes in fee collections, fee rates, or program service levels;
- for amounts appropriated by rider, explain how the funds were spent, such as specific programs and activities; in cases when the appropriations were not spent, explain the circumstances that prevented use of the funds;
- explain whether a lapse occurred due to insufficient revenue being generated to support appropriations, or whether appropriations lapsed due to efficiencies in agency operations or delays in new program implementation; also, explain how the lapse in appropriations affected agency programs;
- discuss variances, if any, from the 2022 Operating Budget for fiscal year 2021 to the amounts in the 2022–23 biennial Base Reconciliation;
- discuss differences, if any, from Earned Federal Funds amounts reported in this Base Reconciliation to estimates in the 2020–21 GAA (Article IX, Section 13.11) and 2022–23 GAA (Article IX, Section 13.10); and
- if additional revenue was collected that the agency has authority to spend, explain why the actual revenue collections exceeded projections.

CHECKLIST ITEMS

- Do the Regular Appropriations MOF and FTE positions reconcile to fiscal year 2021 and 2022–23 biennial MOF tables and original authorized FTE position limits shown in the **Conference Committee Reports** on House Bill 1, Eighty-sixth Legislature, 2019, and Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021?
- Do actual, estimated, and budgeted expenditures and FTE positions for fiscal years 2021, 2022, and 2023 indicate all applicable Article IX and end-of-article Special Provisions, agency-specific riders, and vetoes?
- Where applicable, are significant variances in expenditures, such as lapses or unanticipated changes, addressed in the comments section?
- Did the agency use supplemental materials to prepare the base reconciliation that might assist an LBB or OOG analyst in reviewing the base reconciliation (e.g., budgets or year-to-date expenditures)? If so, please consider providing the materials to the assigned analysts.
- If appropriations were received related to the COVID-19 pandemic, did the agency record them using MOF Code 0325?

ONLINE RESOURCES FOR BASE RECONCILIATION

RESOURCE	LOCATION
Base Reconciliation Instructions for the 2020–21 biennium	www.lbb.texas.gov/Agencies_Portal.aspx → Instructions → Base Reconciliation → Base Reconciliation Instructions for 2020–21
Base Reconciliation Submission Schedule	www.lbb.texas.gov/Agencies_Portal.aspx → Instructions → Base Reconciliation → Base Reconciliation Submission Schedule for Fiscal Years 2020–21
Base Reconciliation Example	www.lbb.texas.gov/Agencies_Portal.aspx → Instructions → Base Reconciliation → Base Reconciliation Example for Fiscal Years 2020–21
ABEST Instructions	www.lbb.texas.gov/Agencies_Portal.aspx → Instructions → Base Reconciliation → Preparing and Submitting Base Reconciliation in ABEST
Conference Committee Report on House Bill 1, Eighty-sixth Legislature, 2019	www.lbb.texas.gov/Documents/Appropriations_Bills/86/Conference_Bills/86R_HB1-F.pdf
Senate Bill 500, Eighty-sixth Legislature, 2019 (Supplemental Appropriations)	www.lbb.texas.gov/Documents/Appropriations_Bills/86/Supplemental_Appropriations/SB00500_Enrolled.pdf
House Bill 3317, Eighty-sixth Legislature, 2019 (Funds Consolidation)	https://capitol.texas.gov/tlodocs/86R/billtext/pdf/HB03317F.pdf
House Bill 4071, Eighty-sixth Legislature, 2019 (Miscellaneous Claims)	https://capitol.texas.gov/tlodocs/86R/billtext/pdf/HB04071F.pdf
Conference Committee Report on Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021	www.lbb.texas.gov/Documents/Appropriations_Bills/87/Conference_Bills/87R-SB1.pdf
House Bill 2, Eighty-seventh Legislature, Regular Session, 2021 (Supplemental Appropriations)	www.lbb.texas.gov/Documents/Appropriations_Bills/87/Supplemental_Appropriations/hb2.pdf
House Bill 2896, Eighty-seventh Legislature, Regular Session, 2021 (Funds Consolidation)	https://capitol.texas.gov/tlodocs/87R/billtext/pdf/HB02896F.pdf
Senate Bill 1605, Eighty-seventh Legislature, 2021 (Miscellaneous Claims)	https://capitol.texas.gov/tlodocs/87R/billtext/pdf/SB01605F.pdf#navpanes=0
House Bill 5, Eighty-seventh Legislature, Second Called Session, 2021	www.lbb.texas.gov/Documents/Appropriations_Bills/87/supplemental_appropriations/HB00005F.pdf

House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021	www.lbb.texas.gov/Documents/Appropriations_Bills/87/Supplemental_Appropriations/HB00009F.pdf
Senate Bill 8, Eighty-seventh Legislature, Third Called Session, 2021	https://capitol.texas.gov/tlodocs/873/billtext/pdf/SB00008F.pdf#navpanes=0
Governor's Veto Proclamations	House Bill 1, Eighty-sixth Legislature, 2019: None. Senate Bill 1, Eighty-seventh Legislature, Regular Session, 2021: lrl.texas.gov/scanned/vetoes/87/sb1.pdf
Operating Budget Instructions	www.lbb.texas.gov/Agencies_Portal.aspx → Data Entry Applications → Operating Budget Instructions → Fiscal Year 2020 Operating Budget Instructions for Executive and Administrative Agencies, Appellate Courts, and Judicial Branch Agencies
Method of Finance Codes	www.lbb.texas.gov/Agencies_Portal.aspx → Reference Documents → ABEST → Method of Finance Codes
Revenue Object Codes	www.lbb.texas.gov/Agencies_Portal.aspx → Reference Documents → ABEST → Revenue Object Codes