



LEGISLATIVE BUDGET BOARD

Summary of Conference Committee Report for House Bill 1

Appropriations for the 2016–17 Biennium

SUBMITTED TO THE 84TH TEXAS LEGISLATURE

PREPARED BY LEGISLATIVE BUDGET BOARD STAFF

MAY 2015

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INTRODUCTION

This Summary of the General Appropriations Bill publication provides an overview of the appropriations included in the General Appropriations Bill, otherwise known as the state budget. The version of the General Appropriations Bill that becomes law, after being passed by the Legislature and signed by the Governor, is referred to as the General Appropriations Act (GAA). This enacted legislation is the state's budget for a two-year period (biennium). The Legislative Budget Board staff provides a Summary of the General Appropriations Bill for each version of the bill as the budget deliberations unfold during the legislative session. The summary is not a reconciliation of each change in the General Appropriations Bill, but rather a high-level overview of major changes between the biennia and between iterations of the bill. It is a reference for legislators and other stakeholders as they work through budget deliberations.

The General Appropriations Bill is categorized into Articles that cover certain areas of state government. For example, Article I is General Government. Article II covers Health and Human Services, and Article III is Public and Higher Education. Six additional articles cover the other areas of government.

There are four methods of finance the Legislature uses to appropriate funds to state agencies and public institutions of higher education: General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds. **All Funds** is the summation of the methods of finance.

- **General Revenue Funds** are comprised of the non-dedicated portion of the General Revenue Fund, which is the state's primary operating fund. General Revenue Funds also include the Available School Fund, the State Instructional Materials Fund, and the Foundation School Fund.
- **General Revenue–Dedicated Funds** include more than 200 accounts within the General Revenue Fund that are dedicated for specific purposes by statute or the funds-consolidation process. For example, Trauma Facility and EMS Account Number 5111 is funded through deposits collected in the Driver Responsibility Program or state traffic fines related to traffic offense convictions. The revenues are statutorily dedicated to the Department of State Health Services to provide funding for designated trauma facilities, county and regional emergency medical services, trauma-care systems, and for qualified provider and hospital payments in Medicaid, and to the Higher Education Coordinating Board for graduate medical education and nursing education programs.
- **Federal Funds** include grants, allocations, payments or reimbursements received from the federal government by state agencies and institutions. The largest portion of Federal Funding appropriations are for the Medicaid program in Article II. Other examples of Federal Funds appropriations include the Title I Grants to Local Educational Agencies, National School Lunch Program, Transportation Grants and National Highway System Funding, Special Education Basic State Grants, and the Children's Health Insurance Program.
- **Other Funds** consists of any funds not included in the General Revenue Fund (dedicated or not) or Federal Funds. Examples of Other Funds include the State Highway Fund, the Texas Mobility Fund, the Property Tax Relief Fund, the Economic Stabilization Fund, trust funds, bond proceeds, and interagency contracts.

The Introduction chapter of the Summary provides an overview of the General Appropriations Bill. **Figures 1** through **14** provide the total appropriations for the 2016–17 biennium by each method of finance for each article in the bill compared to the 2014–15 biennium expenditure/budgeted level of funding. The chapter includes highlights of major funding items or significant policy or fiscal issues across the state; examples of factors affecting the state budget, including budget drivers such as correctional population or public school daily attendance; and a reconciliation of the base that explains how the previous biennium's appropriations have been adjusted over the course of the 2014–15 biennium.

The Introduction chapter also provides additional context for understanding the General Appropriations Bill, including trends in state government expenditures, an explanation of constitutional spending limits, insights into the Economic Stabilization Fund (i.e., Rainy Day Fund), and the Texas Economic Outlook.

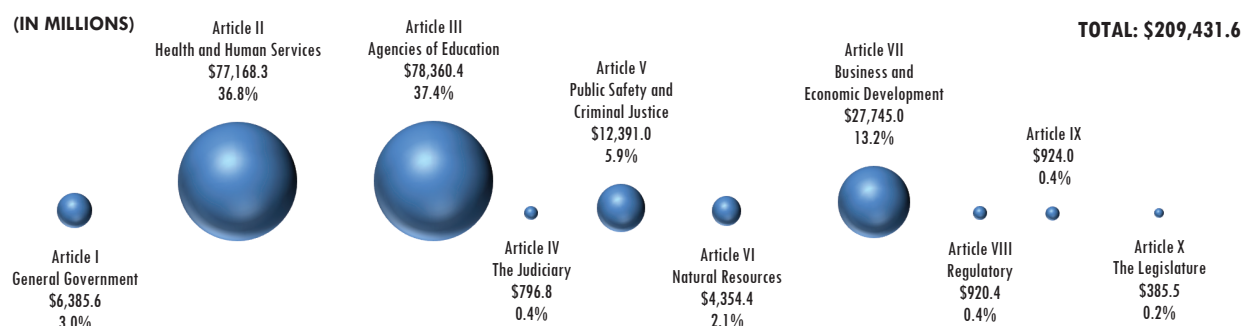
Following the Introduction chapter are article specific chapters. Each article chapter provides an overview of the total article appropriations by agency or institution, including estimated and budgeted expenditures for the current biennium (2014–15),

the appropriation levels for the biennium in the 2016–17 General Appropriations Bill, full-time-equivalent positions for the article, and other significant fiscal issues. Some chapters will also include additional detail at the agency level.

Finally, the Summary includes two appendices. **Appendix A** provides a reader’s guide to the General Appropriations Bill so that first time users can better understand how to make sense of the budget structure, performance measures, and riders. **Appendix B** provides a comparison point between versions of the General Appropriations Bill as the Legislature progressed through the budget deliberations. This comparison allows readers to identify differences between chamber bills, or a specific chamber’s changes, and the Conference Committee Report.

FUNDING BY ARTICLE

FIGURE 1
FUNDING BY ARTICLE, ALL FUNDS



NOTE: Object size is proportional to the percentage of All Funds appropriations for all articles.
SOURCE: Legislative Budget Board.

FIGURE 2
FUNDING BY ARTICLE, ALL FUNDS

(IN MILLIONS)

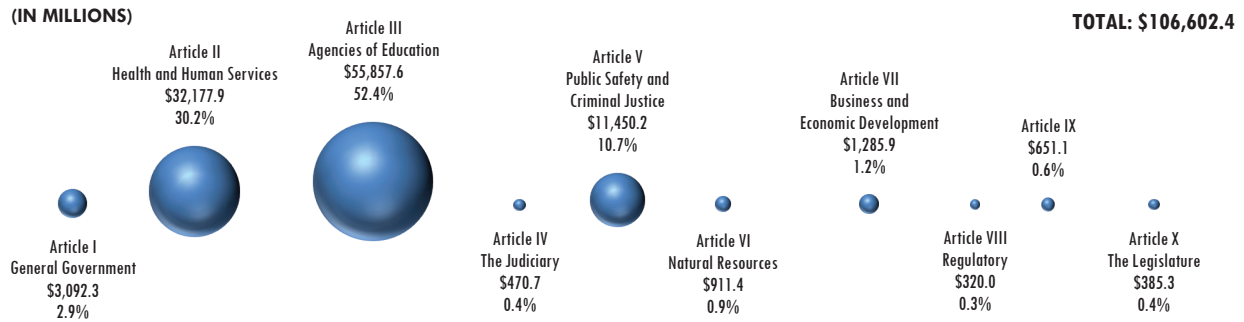
ALL FUNCTIONS	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$5,218.8	\$6,385.6	\$1,166.8	22.4%
Article II – Health and Human Services	\$74,513.4	\$77,168.3	\$2,655.0	3.6%
Article III – Agencies of Education	\$73,941.8	\$78,360.4	\$4,418.5	6.0%
<i>Public Education</i>	\$55,403.8	\$58,429.8	\$3,026.0	5.5%
<i>Higher Education</i>	\$18,538.1	\$19,930.6	\$1,392.5	7.5%
Article IV – The Judiciary	\$764.0	\$796.8	\$32.8	4.3%
Article V – Public Safety and Criminal Justice	\$11,765.2	\$12,391.0	\$625.8	5.3%
Article VI – Natural Resources	\$6,931.1	\$4,354.4	(\$2,576.7)	(37.2%)
Article VII – Business and Economic Development	\$27,447.6	\$27,745.0	\$297.4	1.1%
Article VIII – Regulatory	\$1,127.3	\$920.4	(\$206.8)	(18.3%)
Article IX – General Provisions	\$0.0	\$924.0	\$924.0	N/A
Article X – The Legislature	\$374.0	\$385.5	\$11.5	3.1%
Total, All Articles	\$202,083.1	\$209,431.6	\$7,348.5	3.6%
Amount of Tax Relief			(\$1,200.0)	
Growth Excluding Tax Relief			\$6,148.5	3.0%

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE 3
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS**



NOTE: Object size is proportional to the percentage of General Revenue Funds appropriations for all articles.
SOURCE: Legislative Budget Board.

**FIGURE 4
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS**

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$2,731.6	\$3,092.3	\$360.6	13.2%
Article II – Health and Human Services	\$29,789.9	\$32,177.9	\$2,388.0	8.0%
Article III – Agencies of Education	\$50,674.6	\$55,857.6	\$5,183.0	10.2%
<i>Public Education</i>	\$37,421.7	\$41,196.8	\$3,775.1	10.1%
<i>Higher Education</i>	\$13,253.0	\$14,660.8	\$1,407.8	10.6%
Article IV – The Judiciary	\$446.8	\$470.7	\$23.9	5.3%
Article V – Public Safety and Criminal Justice	\$9,220.8	\$11,450.2	\$2,229.5	24.2%
Article VI – Natural Resources	\$714.8	\$911.4	\$196.5	27.5%
Article VII – Business and Economic Development	\$932.9	\$1,285.9	\$353.0	37.8%
Article VIII – Regulatory	\$279.2	\$320.0	\$40.8	14.6%
Article IX – General Provisions	\$0.0	\$651.1	\$651.1	N/A
Article X – The Legislature	\$373.9	\$385.3	\$11.4	3.1%
Total, All Articles	\$95,164.5	\$106,602.4	\$11,437.9	12.0%
Amount of Tax Relief			(\$3,800.0)	
Growth Excluding Tax Relief			\$7,637.9	8.0%

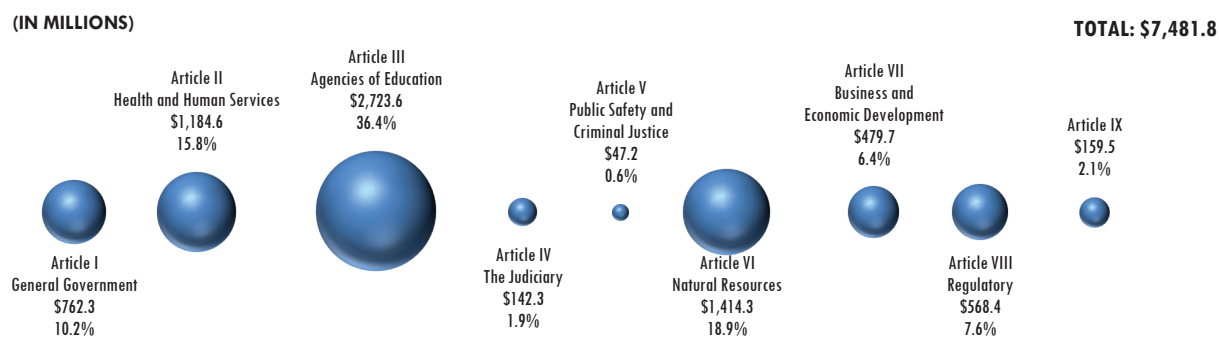
NOTES:

(1) Includes certain anticipated supplemental spending adjustments if applicable.

(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 5
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS



NOTE: Object size is proportional to the percentage of General Revenue–Dedicated Funds appropriations for all articles.
 SOURCE: Legislative Budget Board.

FIGURE 6
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS)

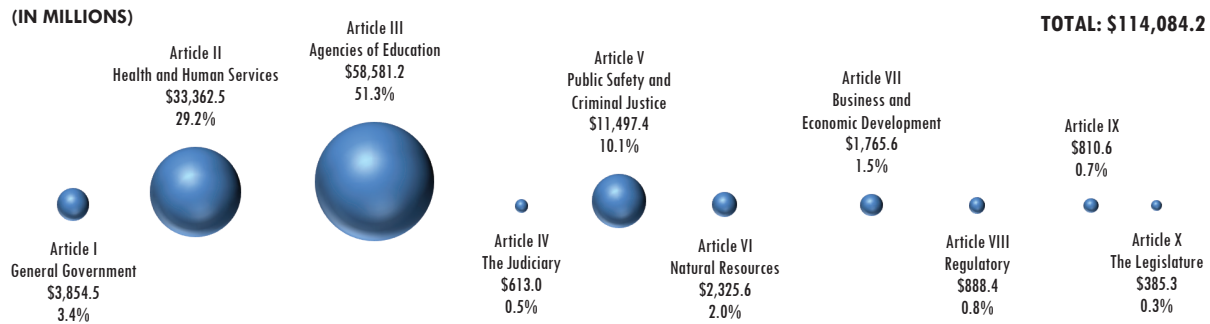
ALL FUNCTIONS	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$865.7	\$762.3	(\$103.4)	(11.9%)
Article II – Health and Human Services	\$1,191.5	\$1,184.6	(\$6.8)	(0.6%)
Article III – Agencies of Education	\$2,676.1	\$2,723.6	\$47.4	1.8%
<i>Public Education</i>	\$0.1	\$0.1	\$0.0	0.0%
<i>Higher Education</i>	\$2,676.1	\$2,723.5	\$47.4	1.8%
Article IV – The Judiciary	\$133.5	\$142.3	\$8.8	6.6%
Article V – Public Safety and Criminal Justice	\$24.0	\$47.2	\$23.1	96.3%
Article VI – Natural Resources	\$1,210.1	\$1,414.3	\$204.2	16.9%
Article VII – Business and Economic Development	\$463.4	\$479.7	\$16.4	3.5%
Article VIII – Regulatory	\$789.2	\$568.4	(\$220.8)	(28.0%)
Article IX – General Provisions	\$0.0	\$159.5	\$159.5	N/A
Article X – The Legislature	\$0.0	\$0.0	\$0.0	N/A
Total, All Articles	\$7,353.5	\$7,481.8	\$128.3	1.7%

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 7
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS



NOTE: Object size is proportional to the percentage of General Revenue–Dedicated Funds appropriations for all articles.
 SOURCE: Legislative Budget Board.

FIGURE 8
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$3,597.3	\$3,854.5	\$257.2	7.1%
Article II – Health and Human Services	\$30,981.3	\$33,362.5	\$2,381.2	7.7%
Article III – Agencies of Education	\$53,350.8	\$58,581.2	\$5,230.4	9.8%
<i>Public Education</i>	\$37,421.8	\$41,196.9	\$3,775.1	10.1%
<i>Higher Education</i>	\$15,929.0	\$17,384.3	\$1,455.3	9.1%
Article IV – The Judiciary	\$580.3	\$613.0	\$32.7	5.6%
Article V – Public Safety and Criminal Justice	\$9,244.8	\$11,497.4	\$2,252.6	24.4%
Article VI – Natural Resources	\$1,924.9	\$2,325.6	\$400.7	20.8%
Article VII – Business and Economic Development	\$1,396.2	\$1,765.6	\$369.4	26.5%
Article VIII – Regulatory	\$1,068.4	\$888.4	(\$180.0)	(16.8%)
Article IX – General Provisions	\$0.0	\$810.6	\$810.6	N/A
Article X – The Legislature	\$373.9	\$385.3	\$11.4	3.1%
Total, All Articles	\$102,517.9	\$114,084.2	\$11,566.2	11.3%
Amount of Tax Relief			(\$3,800.0)	
Growth Excluding Tax Relief			\$7,766.2	7.6%

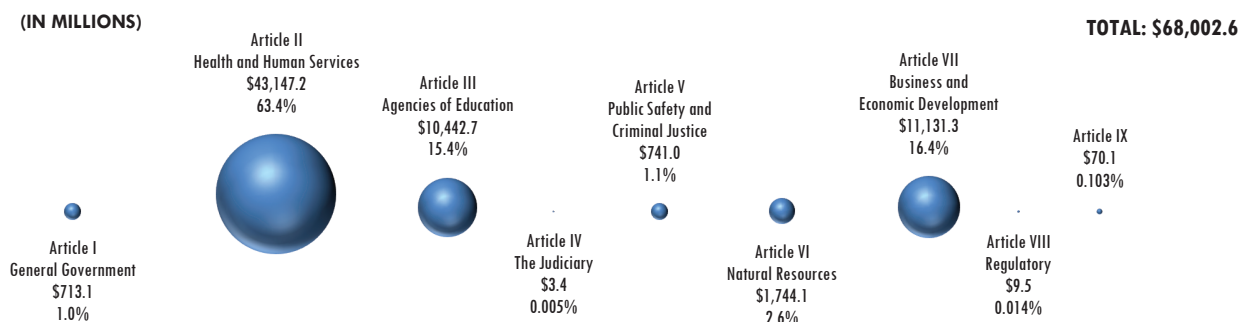
NOTES:

(1) Includes certain anticipated supplemental spending adjustments if applicable.

(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 9
FUNDING BY ARTICLE, FEDERAL FUNDS



NOTE: Object size is proportional to the percentage of Federal Funds appropriations for all articles.
SOURCE: Legislative Budget Board.

FIGURE 10
FUNDING BY ARTICLE, FEDERAL FUNDS

(IN MILLIONS)

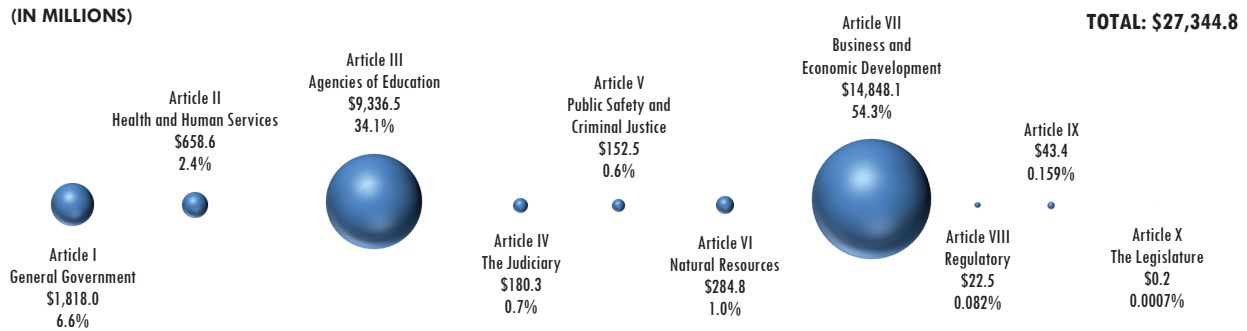
ALL FUNCTIONS	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$662.8	\$713.1	\$50.4	7.6%
Article II – Health and Human Services	\$42,858.4	\$43,147.2	\$288.8	0.7%
Article III – Agencies of Education	\$10,034.1	\$10,442.7	\$408.6	4.1%
<i>Public Education</i>	\$9,759.1	\$10,172.7	\$413.5	4.2%
<i>Higher Education</i>	\$275.0	\$270.0	(\$5.0)	(1.8%)
Article IV – The Judiciary	\$3.8	\$3.4	(\$0.3)	(9.0%)
Article V – Public Safety and Criminal Justice	\$1,120.7	\$741.0	(\$379.6)	(33.9%)
Article VI – Natural Resources	\$2,656.2	\$1,744.1	(\$912.1)	(34.3%)
Article VII – Business and Economic Development	\$11,102.3	\$11,131.3	\$29.1	0.3%
Article VIII – Regulatory	\$13.2	\$9.5	(\$3.6)	(27.4%)
Article IX – General Provisions	\$0.0	\$70.1	\$70.1	N/A
Article X – The Legislature	\$0.0	\$0.0	\$0.0	N/A
Total, All Articles	\$68,451.4	\$68,002.6	(\$448.8)	(0.7%)

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE 11
FUNDING BY ARTICLE, OTHER FUNDS**



NOTE: Object size is proportional to the percentage of Other Funds appropriations for all articles.
SOURCE: Legislative Budget Board.

**FIGURE 12
FUNDING BY ARTICLE, OTHER FUNDS**

(IN MILLIONS)

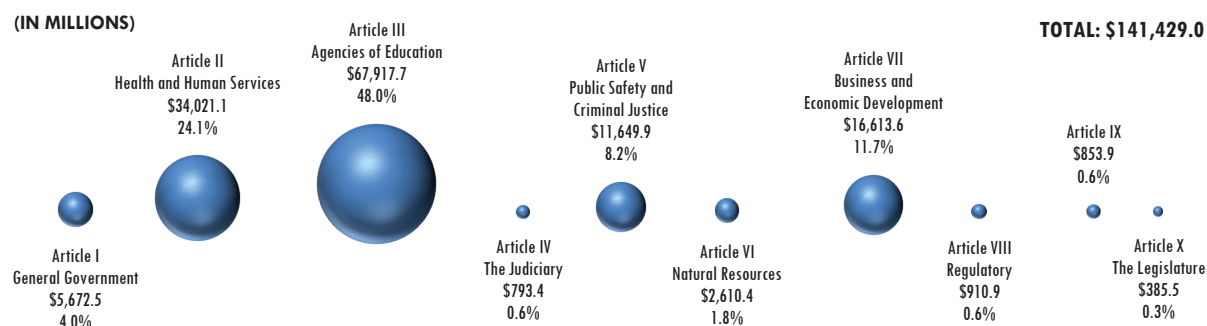
ALL FUNCTIONS	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$958.7	\$1,818.0	\$859.3	89.6%
Article II – Health and Human Services	\$673.6	\$658.6	(\$15.0)	(2.2%)
Article III – Agencies of Education	\$10,556.9	\$9,336.5	(\$1,220.4)	(11.6%)
<i>Public Education</i>	\$8,222.9	\$7,060.2	(\$1,162.6)	(14.1%)
<i>Higher Education</i>	\$2,334.0	\$2,276.3	(\$57.8)	(2.5%)
Article IV – The Judiciary	\$179.9	\$180.3	\$0.4	0.2%
Article V – Public Safety and Criminal Justice	\$1,399.7	\$152.5	(\$1,247.2)	(89.1%)
Article VI – Natural Resources	\$2,350.0	\$284.8	(\$2,065.2)	(87.9%)
Article VII – Business and Economic Development	\$14,949.1	\$14,848.1	(\$101.0)	(0.7%)
Article VIII – Regulatory	\$45.7	\$22.5	(\$23.2)	(50.8%)
Article IX – General Provisions	\$0.0	\$43.4	\$43.4	N/A
Article X – The Legislature	\$0.1	\$0.2	\$0.1	64.4%
Total, All Articles	\$31,113.8	\$27,344.8	(\$3,768.9)	(12.1%)
Amount of Tax Relief			\$2,600.0	
Growth Excluding Tax Relief			(\$1,168.9)	(3.8%)

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 13
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS



NOTE: Object size is proportional to the percentage of Other Funds appropriations for all articles.
 SOURCE: Legislative Budget Board.

FIGURE 14
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS

(IN MILLIONS)

ALL FUNCTIONS	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$4,556.0	\$5,672.5	\$1,116.5	24.5%
Article II – Health and Human Services	\$31,654.9	\$34,021.1	\$2,366.2	7.5%
Article III – Agencies of Education	\$63,907.7	\$67,917.7	\$4,010.0	6.3%
<i>Public Education</i>	\$45,644.6	\$48,257.1	\$2,612.5	5.7%
<i>Higher Education</i>	\$18,263.0	\$19,660.6	\$1,397.6	7.7%
Article IV – The Judiciary	\$760.2	\$793.4	\$33.2	4.4%
Article V – Public Safety and Criminal Justice	\$10,644.5	\$11,649.9	\$1,005.4	9.4%
Article VI – Natural Resources	\$4,274.9	\$2,610.4	(\$1,664.5)	(38.9%)
Article VII – Business and Economic Development	\$16,345.3	\$16,613.6	\$268.3	1.6%
Article VIII – Regulatory	\$1,114.1	\$910.9	(\$203.2)	(18.2%)
Article IX – General Provisions	\$0.0	\$853.9	\$853.9	N/A
Article X – The Legislature	\$374.0	\$385.5	\$11.5	3.1%
Total, All Articles	\$133,631.7	\$141,429.0	\$7,797.3	5.8%
Amount of Tax Relief			(\$1,200.0)	
Growth Excluding Tax Relief			\$6,597.3	4.9%

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

HIGHLIGHTS OF CONFERENCE COMMITTEE REPORT FOR HOUSE BILL 1

For the 2016–17 biennium, funding includes the following key budget items:

FOUNDATION SCHOOL PROGRAM

- \$42.3 billion in All Funds is provided for state aid to school districts and charter schools through the Foundation School Program (FSP) system. The All Funds amount reflects a \$2.7 billion, or 6.8 percent, increase from the 2014–15 biennium. The All Funds increase is primarily attributable to \$1.5 billion in FSP funding in excess of amounts estimated to be necessary to fund current law obligations and an additional \$1.2 billion for the FSP contingent on property tax relief providing an equivalent reduction in local property taxes. General Revenue Fund appropriations for the FSP total \$35.5 billion, a \$3.8 billion, or 12.3 percent, increase from the 2014–15 biennium. The General Revenue Fund amount reflects an increase of \$2.6 billion to replace lower estimated Property Tax Relief Fund revenue (Other Funds) due to franchise tax relief, \$1.2 billion in property tax relief, and \$1.5 billion in additional funding for schools, partially offset by a lower state cost to fund current law compared to the 2014–15 biennium.
- The \$1.5 billion increase in FSP funding over current law includes: \$1.2 billion related to an increase in the basic allotment; \$200 million contingent on legislation that equalizes within the school finance formulas the treatment of similar tax effort across school districts; \$55.5 million for the Instructional Facilities Allotment to provide tax relief for property-poor districts issuing bonds for local facility needs; and \$47.5 million for the New Instructional Facilities Allotment to provide start up funds for new district and charter school campuses.

TAX RELIEF PROVISIONS

- As noted above in the Foundation School Program discussion, \$3.8 billion in additional General Revenue funding is appropriated to the FSP in 2016–17 to hold school districts harmless for lost revenue resulting from tax relief legislation. The additional \$3.8 billion in funding is contingent on two separate tax relief provisions:
 - \$1.2 billion is contingent on the enactment of legislation that would provide an equivalent amount of school district property tax relief. The property tax relief would be provided by increasing the mandatory homestead exemption for school districts from \$15,000 to \$25,000.
 - \$2.6 billion is contingent on franchise tax reform resulting in equivalent savings and a corresponding reduction to the Property Tax Relief Fund (PTRF). The franchise tax reform would be provided by reducing the franchise tax rates by 25.0 percent, resulting in less PTRF revenue.

MEDICAID

- \$61.2 billion in All Funds, including \$25.0 billion in General Revenue Funds and \$0.2 billion in General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. This is an increase of \$2.1 billion in All Funds, including \$2.0 billion in General Revenue Funds and General Revenue–Dedicated Funds. Approximately \$1.7 billion in General Revenue Funds is provided for items including projected caseload growth, including the transition of certain children from CHIP to Medicaid; maintaining fiscal year 2015 average costs for most programs, including fiscal year 2015 rate increases; replacing \$0.3 billion in Interagency Contracts with General Revenue Funds; and full biennial funding of the Community First Choice program. This increase is offset by a reduction of \$0.3 billion in General Revenue Funds from not continuing state funding for the non-federal portion of the Disproportionate Share Hospital (DSH) program in the 2016–17 biennium.
- A less favorable Federal Medical Assistance Percentage (FMAP) results in a higher proportion of the program being funded with General Revenue Funds (an estimated increase of \$797.3 million) with the net loss of specific enhanced federal funds matching rates further increasing the proportion of the program funded with General Revenue Funds (an increase of \$77.0 million). These increases are offset by a reduction to the proportion of the program funded with General Revenue Funds (a decrease of \$278.7 million) related to a 23 percentage point increase to the Enhanced Federal

Medical Assistance Percentage (EFMAP), which applies to certain children in Medicaid previously receiving services through CHIP.

- \$587.7 million in All Funds including \$241.7 million in General Revenue Funds, is provided to reimburse Medicaid managed care organizations for the cost of the Affordable Care Act Health Insurance Providers Fee and associated federal income tax. \$712.6 million in All Funds, an increase of \$573.3 million, is provided for increases to hospital payments, including those to rural, trauma-designated, and safety-net hospitals; the majority of the state share of these payments is funded through transfer of funds to the Health and Human Services Commission (HHSC) from appropriations to the Department of State Health Services from General Revenue–Dedicated Designated Trauma Facility and EMS Account No. 5111. \$327.6 million in All Funds, including \$125.7 million in General Revenue Funds, is provided to fund an additional 5,601 long-term-care waiver clients at the Department of Aging and Disability Services by the end of fiscal year 2017 and additional clients in the STAR+PLUS program at HHSC. Funding levels also reflect a reduction of \$869.6 million in All Funds, including \$373.0 million in General Revenue Funds, for cost-containment initiatives. Funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.

TRANSPORTATION

- \$23.1 billion in All Funds is provided for all functions of the Department of Transportation; this includes an increase in State Highway Funds (Other Funds) made available from the discontinuation of \$1.3 billion in State Highway Fund appropriations to agencies other than the Department of Transportation and \$2.4 billion in funding from oil and natural gas tax-related transfers to the State Highway Fund as approved by voters in November 2014 (Proposition 1, 2014). The net agency decrease of \$0.1 billion is the result of the increases referenced above and of declines in bond proceeds as well as in other revenue sources.
- \$19.6 billion in All Funds is provided for transportation planning and design, right-of-way acquisition, construction, and maintenance and preservation. The All Funds amount includes \$8.8 billion for maintenance and preservation of the existing transportation system; \$5.8 billion for construction and highway improvements; \$2.4 billion from estimated oil and natural gas tax-related transfers to the State Highway Fund (Proposition 1, 2014) for constructing, maintaining, and acquiring rights-of-way for non-tolled public roadways; \$1.8 billion for transportation system planning, design, and management; and \$0.9 billion for right-of-way acquisition.
- \$2.2 billion in All Funds is provided for debt service payments and other financing costs, including \$1.6 billion in Other Funds from the State Highway Fund and Texas Mobility Fund, \$500.9 million in General Revenue Funds (an increase of \$186.5 million), and \$125.7 million in Federal Funds from Build America Bond interest payment subsidies.

MENTAL HEALTH

- Behavioral health and substance abuse services in the 2016–17 biennium are provided \$3.6 billion in All Funds, including \$2.8 billion in General Revenue Funds and General Revenue–Dedicated Funds, an increase of \$150.7 million in All Funds over the 2014–15 biennium (not including Medicaid mental health services). These appropriations are distributed across 18 agencies in five articles. Increased funding for inpatient client services is included for new contracted community hospital beds, state hospital information technology improvements, and building repairs and inflation-related cost increases. Increased funding for outpatient services reflects funding adjustments for local mental health authorities, funding the adult mental health waitlist, federal Preadmission Screening and Resident Review services, substance abuse prevention and treatment, neonatal abstinence syndrome prevention services, transition support for patients moving from hospitals to the community, expansion of recovery-focused clubhouses, crisis and suicide prevention services, and residential treatment slots for Department of Family and Protective Services clients who are at risk of parental relinquishment. Funding assumes discontinuation of the NorthSTAR behavioral health program in January 2017, with a transfer of funding to the appropriate mental health and Medicaid programs, and funds provided for the transition period. Additional funding supports mental health care services and substance abuse treatment for incarcerated offenders and civilly committed violent sex offenders, mental health care services for veterans, child advocacy centers, psychiatric

services at the University of Texas Health Science Centers in Tyler and Houston and enhanced behavioral intervention and crisis respite services for individuals with intellectual and developmental disabilities who have behavioral issues.

- State agencies with mental health appropriations are required to develop a joint strategic plan to coordinate mental health programs and funding across the state.

HIGHER EDUCATION FORMULA FUNDING

- Higher Education formulas are supported by \$7.2 billion in General Revenue Funds and \$1.3 billion in General Revenue–Dedicated Funds. Included in this amount are an increase of \$391.5 million in General Revenue Funds and an increase of \$68.2 million in statutory tuition in General Revenue–Dedicated Funds. The increase in formula appropriations reflects both the funding of enrollment growth, as well as increasing rates in all of the formulas except the Health-Related Institutions’ two mission specific formulas and the success point component of the Public Community and Junior Colleges formula.
- Formula amounts for 2016–17 increase the General Academic Institutions (GAIs) Instruction and Operations (I&O) formula rate from \$54.86 per weighted semester credit hour in 2014–15 to \$55.39 in 2016–17. Formula appropriations also increase the Lamar State Colleges (Lamars) I&O Formula rate from \$3.44 to \$3.53 per contact hour, and increase the returned value percentage from 32.6 percent to 35.5 percent in the Texas State Technical College (TSTC) I&O Formula. Formula amounts for the Infrastructure Formula for the GAIs, Lamars and TSTCs increase the 2014–15 rate of \$5.56 per predicted square foot to \$5.62 per predicted square foot.
- Formula amounts for the 2016–17 Health Related Institutions (HRIs) I&O Formula increase the rate from \$9,527 per full-time student equivalent (FTSE) to \$9,829 per FTSE. Formula appropriations increase the Infrastructure rate to \$6.65 per predicted square foot for all health related institutions except The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler, and \$6.26 for those two institutions. This is an increase from the 2014–15 rates of \$6.63 and \$6.09, respectively. Formula amounts increase the Research Enhancement formula rate to 1.23 percent plus the base rate of \$1.4 million, an increase from the 2014–15 rate of 1.22 percent plus the base rate of \$1.4 million. Formula appropriations increase the Graduate Medical Education formula rate from \$5,122 to \$6,266 per resident. Finally, formula amounts for the two mission specific formulas increase the Cancer Center Operations formula and the Chest Disease Center Operations formula by 7.0 percent from the 2014–15 funding levels.
- Formula appropriations for the Public Community and Junior Colleges maintain the 2014–15 rates for core operations funding. Formula appropriations decrease the rate for success point funding from \$185.12 to \$172.58, increase the rate for contact hour funding from \$2.65 to \$2.69, and maintains the percentage split for formula funding at 90 percent for contact hour funding and 10 percent for success point funding.

ADULT INCARCERATION AND CRIMINAL JUSTICE

- \$6.7 billion in All Funds and \$6.6 billion in General Revenue Funds and General Revenue–Dedicated Funds is provided for the incarceration, probation, and parole of adult offenders in the Texas Department of Criminal Justice (TDCJ) which includes housing, security, classification, food and necessities, healthcare, and treatment services. General Revenue Funds are increased by \$458.4 million for the 2016–17 biennium and include \$188.0 million for an 8.0 percent pay increase for TDCJ correctional and parole officers, and a \$139.4 million increase for Correctional Managed Health Care. Funding for Correctional Managed Health Care for the 2016–17 biennium totals \$1.1 billion.

JUVENILE JUSTICE

- \$634.9 million in All Funds and \$591.0 million in General Revenue Funds is provided to the Juvenile Justice Department (TJJJD) for juvenile justice services. The Eighty-fourth Legislature provides a revised funding structure and direction in the development and implementation of a regional diversion alternatives plan with the goal of providing services to youth in their home communities and reducing the number of youth committed to TJJJD state secure facilities. Funding

includes \$9.6 million to implement this regional diversion alternatives plan, as well as an increase of \$0.8 million in General Revenue Funds primarily as the result of funding for targeted grants to juvenile probation departments, and pay increases for juvenile correctional officers and juvenile parole officers, offset by reductions related to declining juvenile populations. An All Funds reduction of \$14.4 million from the 2014–15 biennium is included, primarily the result of a reduction in General Obligation bond proceeds, an agency estimated reduction in Federal Funds, and declining juvenile populations.

BORDER SECURITY

- \$800.0 million in state funds is provided to fund border security initiatives at the Department of Public Safety (DPS), the Trusteed Programs within the Office of the Governor, the Texas Parks and Wildlife Department, Texas Alcoholic Beverage Commission, Texas Commission on Law Enforcement, and the Department of Criminal Justice. Including federal grant funds for Operation Stone Garden, the All Funds total for border security is \$839.6 million.
- DPS is provided the majority of this funding (\$789.4 million in All Funds), \$528.7 million of which is in the agency's Goal B, Secure Texas. Other strategies in the DPS budget contain additional funding for border security related functions and activities (\$260.7 million). Major funding items comprising the statewide biennial All Funds increase of \$266.4 million include the following: \$142.6 million for a 50-hour work week for all DPS troopers; \$107.0 million to recruit, train and equip 250 new and transfer DPS troopers; and \$83.4 million to continue Operation Strong Safety through 2016–17. Funding also includes \$38.4 million at Trusteed Programs Within the Office of the Governor for local grants and other support, and \$10.0 million at Texas Parks and Wildlife Department for enhanced Game Warden activity.

FACILITIES

- Funding includes \$387.7 million in General Revenue related funds that would be appropriated from the deferred maintenance fund, contingent on passage of legislation, for deferred maintenance projects at state buildings under the purview of the Facilities Commission (\$217.2 million), Military Department (\$19.6 million), Department of Criminal Justice (\$60.0 million) and Parks and Wildlife (\$91.0 million). Funding is also identified for deferred maintenance projects at the Department of Public Safety (\$21.0 million) and Department of Transportation (\$200.0 million).
- Funding includes \$107.6 million in General Revenue for miscellaneous facilities needs including maintenance for the Capitol, Capitol Visitor Center and State History Museum at the Preservation Board (\$15.0 million); courthouse preservation grants (\$20.0 million) and building repairs at multiple historic sites at the Historical Commission (\$5.1 million); maintenance and repair at Howard College (\$2.0 million); grants for capital improvements at the Parks and Wildlife Department (\$12.5 million); the construction of a new parking garage for the Elias Ramirez Building (\$26.0 million) and relocation of staff in the Hobby Complex (\$2.0 million) at the Texas Facilities Commission; and an Alamo master plan at the Texas General Land Office (\$25.0 million).
- Funding also includes \$957.7 million in Revenue Bond Proceeds and \$14.8 million in General Revenue for the related debt service at the Facilities Commission to construct several new facilities including: utility infrastructure and two buildings in the Capitol Complex; a facility in the North Austin Complex; a new headquarters for Department of Motor Vehicles; and a facility and parking structure to replace the G.J. Sutton Building.
- Not included in amounts above is \$8.4 million for partial renovation of the Lyndon B. Johnson Building.

TEACHER RETIREMENT AND HEALTH BENEFITS

- \$3.6 billion in All Funds is provided for the state contribution to retirement benefits of the Teacher Retirement System (TRS), including \$3.5 billion in General Revenue Funds, \$94.2 million in General Revenue–Dedicated Funds, and \$6.8 million in Other Funds (Teacher Retirement System Pension Trust Fund Account No. 960). Funding reflects a state contribution rate of 6.8 percent of employee payroll in each year of the 2016–17 biennium. Based on payroll trend data, an assumed annual payroll growth is included in each year of the biennium at a rate of 2.0 percent for public education and 4.0 percent for higher education.

- Retiree health insurance funding includes \$562.2 million in General Revenue Funds, which provides a statutorily required state contribution to TRS-Care of 1.0 percent of public education payroll.

STATE EMPLOYEE RETIREMENT

- Funding for state contributions to the Employees Retirement System retirement program reflects an increase of \$265.3 million in All Funds (\$234.5 million in General Revenue Funds and General Revenue–Dedicated Funds) for state employees' retirement benefits. Funding provides for a 9.5 percent state contribution rate each fiscal year of the 2016–17 biennium. Funding also provides for biennialization of the fiscal year 2015 statewide salary increase, 0.5 percent annual payroll growth for state employees as well as FTE increases at certain state agencies. Appropriations also continue the additional retirement contribution from all general state agencies of 0.5 percent of the total base wages and salaries for each eligible employee for a total combined state contribution rate of 10.0 percent.
- House Bill 9 would increase the member contribution to ERS Retirement from 7.2 percent in fiscal year 2016 and 7.5 percent in fiscal year 2017 to 9.5 percent in each year of the 2016–17 biennium. This member contribution rate, when combined with a state contribution of 9.5 percent and agency contribution of 0.5 percent, would provide for a total contribution of 19.5 percent to ERS Retirement in each fiscal year of the 2016–17 biennium.
- Contingent on enactment of House Bill 9, Article IX, General Provisions, of the General Appropriations Bill would provide \$333.1 million in All Funds (\$246.4 million in General Revenue Funds and General Revenue–Dedicated Funds) for an across-the-board pay raise for state employees, including Schedule C employees and exempt positions that contribute to ERS Retirement, of 2.5 percent in fiscal year 2016. Higher education employees and judges and justices of the district and appellate courts are excluded from this provision. Funding also provides \$57.1 million in All Funds (\$48.6 million in General Revenue Fund and General Revenue–Dedicated Funds) for related benefits at the Employees Retirement System and the employer Social Security contribution at the Comptroller of Public Accounts.
- Also contingent on enactment of House Bill 9, Article IX, General Provisions, of the General Appropriations Bill would provide \$32.0 million in All Funds (\$22.9 million in General Revenue Funds and General Revenue–Dedicated Funds) to the Employees Retirement System, for elimination of the 90-day waiting period for state contributions to ERS Retirement.

CORRECTIONAL OFFICER PAY INCREASE AND SCHEDULE C ADJUSTMENT

- The Texas Department of Criminal Justice is appropriated \$188.0 million in General Revenue Funds to provide an 8.0 percent pay increase to Correctional Officers and Parole Officers at the Texas Department of Criminal Justice. The Board of Pardons and Paroles is appropriated \$2.3 million in General Revenue Funds to provide an 8.0 percent pay increase to Parole Officers at the Board of Pardons and Paroles. Funding is also provided for related benefits at the Employees Retirement System and the employer Social Security contribution at the Comptroller of Public Accounts totaling \$33.4 million in General Revenue.
- Article IX, General Provisions, of the General Appropriations Bill includes \$1.7 million in All Funds to provide pay increases and related benefits to certain positions in Salary Schedule C to address salary compression. Funding provides \$1.5 million in All Funds for salary increases at the Alcoholic Beverage Commission, the Department of Criminal Justice, the Department of Public Safety, and the Parks and Wildlife Department. Funding also provides \$0.2 million in All Funds for related benefits at the Employees Retirement System and the Comptroller of Public Accounts.
- The Schedule C funding allows for salary increases for approximately 135 captains, game wardens, and related positions at the respective agencies for individuals who have at least eight years of service. Salary increases range from \$1,367 to \$7,223 annually, or 2.5 percent to 7.4 percent, corresponding with the employee's length of service.

HEALTH BENEFITS

- \$3.6 billion in All Funds (\$2.6 billion in General Revenue Funds and General Revenue–Dedicated Funds) is provided for the state contribution for group insurance benefits for general state employees, retirees, and their dependents. The funding reflects an increase of \$599.3 million in All Funds (\$597.6 million in General Revenue Funds and General Revenue–Dedicated Funds), which provides for a 7.19 percent increase in the state contribution for fiscal year 2016 and a 7.17 percent increase in the state contribution for fiscal year 2017. These increases fund an annual benefit cost trend of 7.0 percent, when combined with spend down of approximately \$231.0 million from the contingency reserve fund, leaving an estimated \$100.0 million in the fund for the 2016–17 biennium. Amounts also reflect an annual state employee retirement rate of 5.0 percent and FTE changes at certain state agencies.

SOCIAL SECURITY

- \$1.6 billion in All Funds (\$1.3 billion in General Revenue Funds and General Revenue Funds) is provided for the state contribution for Social Security payroll taxes. Funding is sufficient to provide the 6.2 percent Social Security employer contribution and the 1.45 percent Medicare employer contribution. The funding reflects an increase of \$75.1 million in All Funds (\$133.8 million in General Revenue Funds and General Revenue–Dedicated Funds), which provides for biennialization of the fiscal year 2015 statewide salary increase, 0.5 percent annual payroll growth for state employees and 4.0 percent annual payroll growth for higher education employees, as well as FTE increases at certain state agencies.

FULL-TIME-EQUIVALENT POSITIONS

- Funding provides for 216,532.1 full-time-equivalent (FTE) positions in fiscal year 2016, and 216,112.8 in fiscal year 2017. The number of FTE positions in fiscal year 2017 is a decrease of 2,177.1 FTEs from fiscal year 2015 budgeted levels. The decrease is primarily related to a reduction of FTE caps for institutions of higher education to align with the lower of fiscal year 2014 actual FTE levels or institutions' requested caps.

DEBT SERVICE

- The 2016–17 biennium fully funds debt service and totals \$4.0 billion in All Funds. This increase of \$390.4 million, or 10.8 percent from the 2014–15 biennium, consists of \$1.9 billion for fiscal year 2016 and \$2.2 billion for fiscal year 2017. Funding provides for debt service for General Obligation and revenue debt issued or expected to be issued by the Texas Public Finance Authority, the Water Development Board, and the Department of Transportation. Funding provides for reimbursement of debt service payments for tuition revenue bonds issued by institutions of higher education. Special Provisions relating only to State Agencies of Higher Education includes an additional \$240.0 million in General Revenue Fund appropriations contingent on legislation authorizing new revenue bonds for capital projects at various institutions of higher education.
- Funding includes \$14.8 million in General Revenue Funds for issuance of new revenue debt (\$957.7 million) by the Texas Public Finance Authority for new state owned buildings and parking structures under the purview of the Facilities Commission; and \$6.0 million in General Revenue Funds for issuance of new general obligation debt (\$50.0 million) at the Water Development Board for grants to economically distressed areas.

GENERAL REVENUE–DEDICATED FUNDS

- A total of \$7.5 billion is provided in General Revenue–Dedicated Funds, an increase of \$128.3 million, or 1.7 percent, from the 2014–15 biennial level.
- Since 1991, unappropriated General Revenue–Dedicated account balances have been counted as available for certification of General Revenue Fund appropriations. In the 2016–17 Biennial Revenue Estimate, the Comptroller of Public Accounts (CPA) estimates that the 2015 ending balance in General Revenue–Dedicated accounts available for certification will be \$4.4 billion, and would have increased to an estimated \$4.5 billion to \$4.8 billion by the end of fiscal year 2017, based on House Bill 1, as Introduced, and Senate Bill 2, as Introduced, respectively.

- Of the \$7.5 billion in General Revenue–Dedicated Funds, \$937.9 million consists of appropriations and contingencies in this bill that are in amounts in excess of estimated revenue collections to those accounts, thereby reducing balances available for certification. After adjusting for revenue collections to other General Revenue–Dedicated accounts in excess of appropriations from those accounts, the estimated net reduction in General Revenue–Dedicated account balances available for certification from this bill is \$546.3 million.
- Significant appropriation increases above 2014–15 levels, include: \$219.8 million to the Texas Commission on Environmental Quality for air quality programs, including fleet conversion and alternative fueling station grants; \$48.2 million for the Texas B-On-Time program to fund renewal awards and return unobligated balances to institutions of higher education; \$42.1 million out of the General Revenue–Dedicated Sexual Assault Program Fund No. 5010 to various agencies and the Supreme Court for sexual assault prevention, crisis and legal services, a new Child Sex Trafficking Prevention Unit, and enforcement of human trafficking laws; and \$24.2 million to the Texas A&M Forest Service for grants to rural volunteer fire departments.

General Revenue–Dedicated accounts are appropriated in almost all articles of the General Appropriations Act. The estimated amount of the net impact to reliance on General Revenue–Dedicated Accounts for certification of the General Appropriations Act for the 2016–17 biennium is shown by article in **Figure 15**. Additional adjustments to General Revenue–Dedicated Funds will be found in House Bill 6 and House Bill 7.

FIGURE 15
RELIANCE ON GENERAL REVENUE–DEDICATED ACCOUNTS FOR CERTIFICATION OF THE GENERAL APPROPRIATIONS ACT, 2016–17 BIENNIUM

IN MILLIONS

ARTICLE	GENERAL REVENUE–DEDICATED APPROPRIATIONS	NET INCREASE/(DECREASE) IN BALANCES AVAILABLE FOR CERTIFICATION OF GENERAL REVENUE FUND APPROPRIATIONS
Article I – General Government	\$762.3	(\$43.3)
Article II – Health and Human Services	\$1,184.6	(\$223.1)
Article III – Agencies of Education	\$2,723.6	(\$219.2)
Article IV—The Judiciary	\$142.3	(\$13.8)
Article V – Public Safety and Criminal Justice	\$47.2	(\$5.9)
Article VI – Natural Resources	\$1,414.3	\$141.9
Article VII – Business and Economic Development	\$479.7	\$140.9
Article VIII – Regulatory	\$568.4	(\$323.9)
Article IX – General Provisions	\$159.5	N/A
Article X – The Legislature	\$0	\$0
Total – All Articles	\$7,481.8	(\$546.3)

NOTE: Net Increase/(Decrease) in balances available for certification from Article IX are distributed throughout articles based on the article in which the agency receiving the appropriation is located.

SOURCE: Legislative Budget Board.

ECONOMIC STABILIZATION FUND

- No appropriations from the Economic Stabilization Fund (ESF) are included in the 2016–17 biennium. The balance of the fund is estimated to be \$11.1 billion at the end of fiscal year 2017.

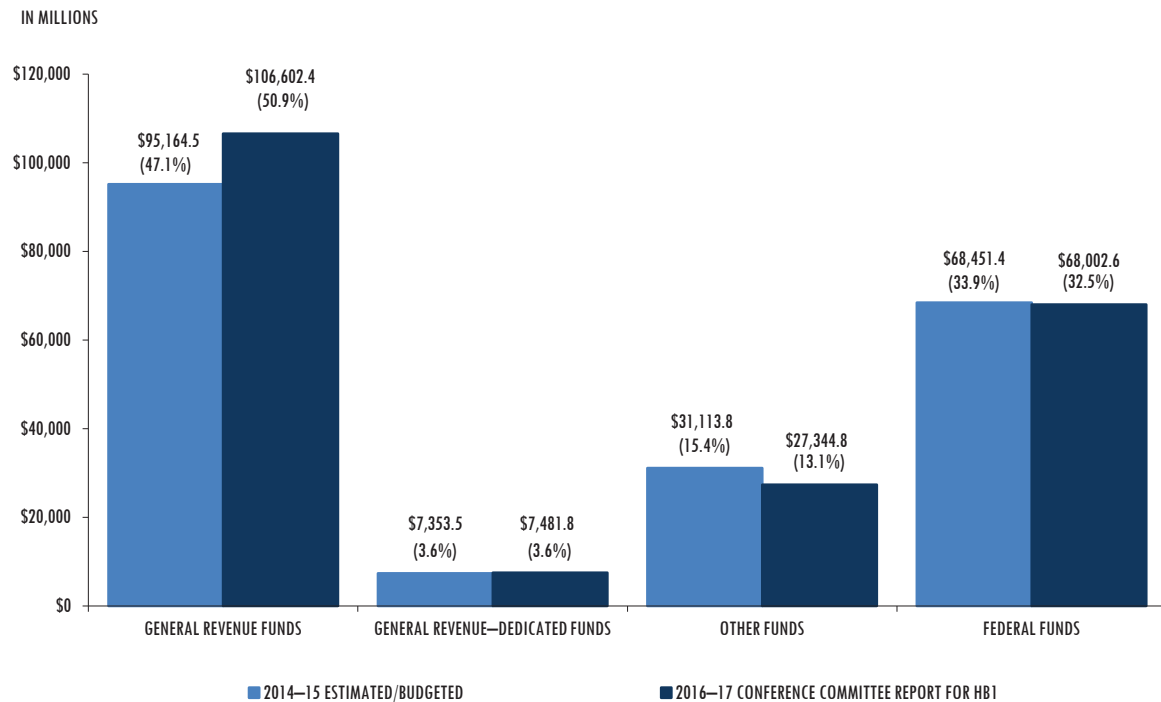
STRATEGIC FISCAL REVIEW

- Seventeen state entities were subject to the Strategic Fiscal Review (SFR) in preparation for the Eighty-fourth Legislature. Agencies subject to the review are noted as such in this summary. The SFR provides an in-depth analysis of the selected state agency programs as well as their relationship to the agency’s mission and statutes. Analysis that is the result of this review by the staff of the Legislative Budget Board was made available to the members of the Eighty-fourth Legislature to aid in their budget and policy deliberations.

BIENNIAL COMPARISON BY FUND SOURCE

Figure 16 compares biennial amounts for each of the four fund sources, or Methods of Finance, in the state budget. Estimated/budgeted amounts for the 2014–15 biennium refer to agency estimated expenditures in 2014 and agency budgeted amounts in 2015. 2016–17 amounts refer to biennial amounts contained in this summary’s version of the 2016–17 General Appropriations Bill. Percentage amounts in each column reflect the percentage of the entire biennial budget represented by that fund source.

FIGURE 16
BIENNIAL COMPARISON BY FUND SOURCE BETWEEN 2014–15 ESTIMATED/BUDGETED AND 2016–17 CONFERENCE COMMITTEE REPORT FOR HOUSE BILL 1



SOURCE: Legislative Budget Board.

FACTORS AFFECTING THE STATE BUDGET

Significant factors affecting the state budget can be divided into two categories: changes in the population served, and the cost of that service. Population based budget drivers include Medicaid, Children’s Health Insurance Program (CHIP), and nursing home clients, public and higher education enrollment, adult and juvenile institutional and probation populations, and retirement system enrollment.

Population change is one element that helps explain the growth in the budget. Cost-related factors can have an equal or greater effect on growth. For example, medical inflation impacts not only Medicaid, CHIP and nursing facility costs, but also inmate health care costs and state employee and teacher health care costs. Statutory requirements also may affect cost.

Figure 17 shows the population-based indicators that affect a large portion of the state budget.

FIGURE 17
POPULATION-BASED INDICATORS, FISCAL YEARS 2002 TO 2014

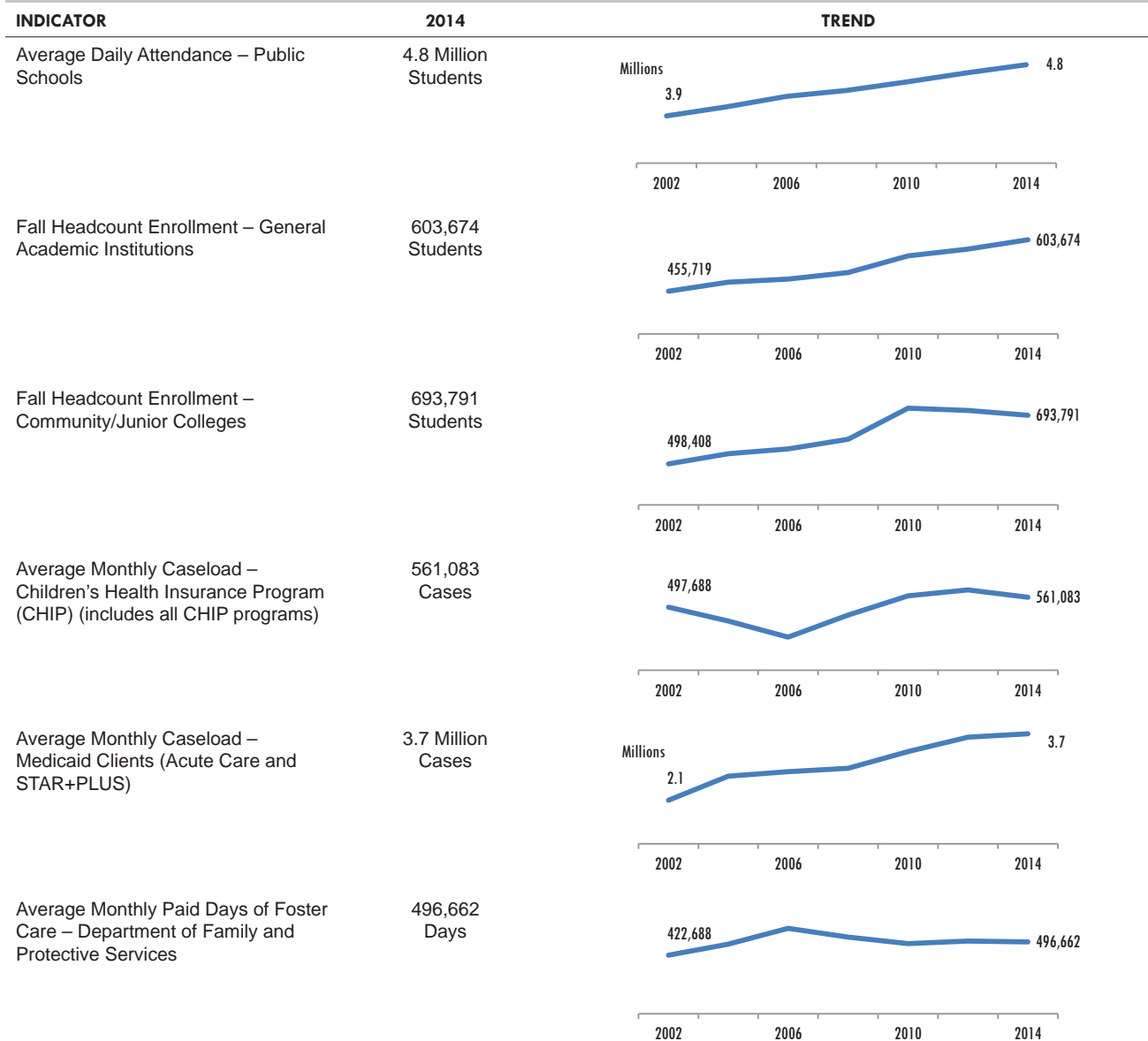
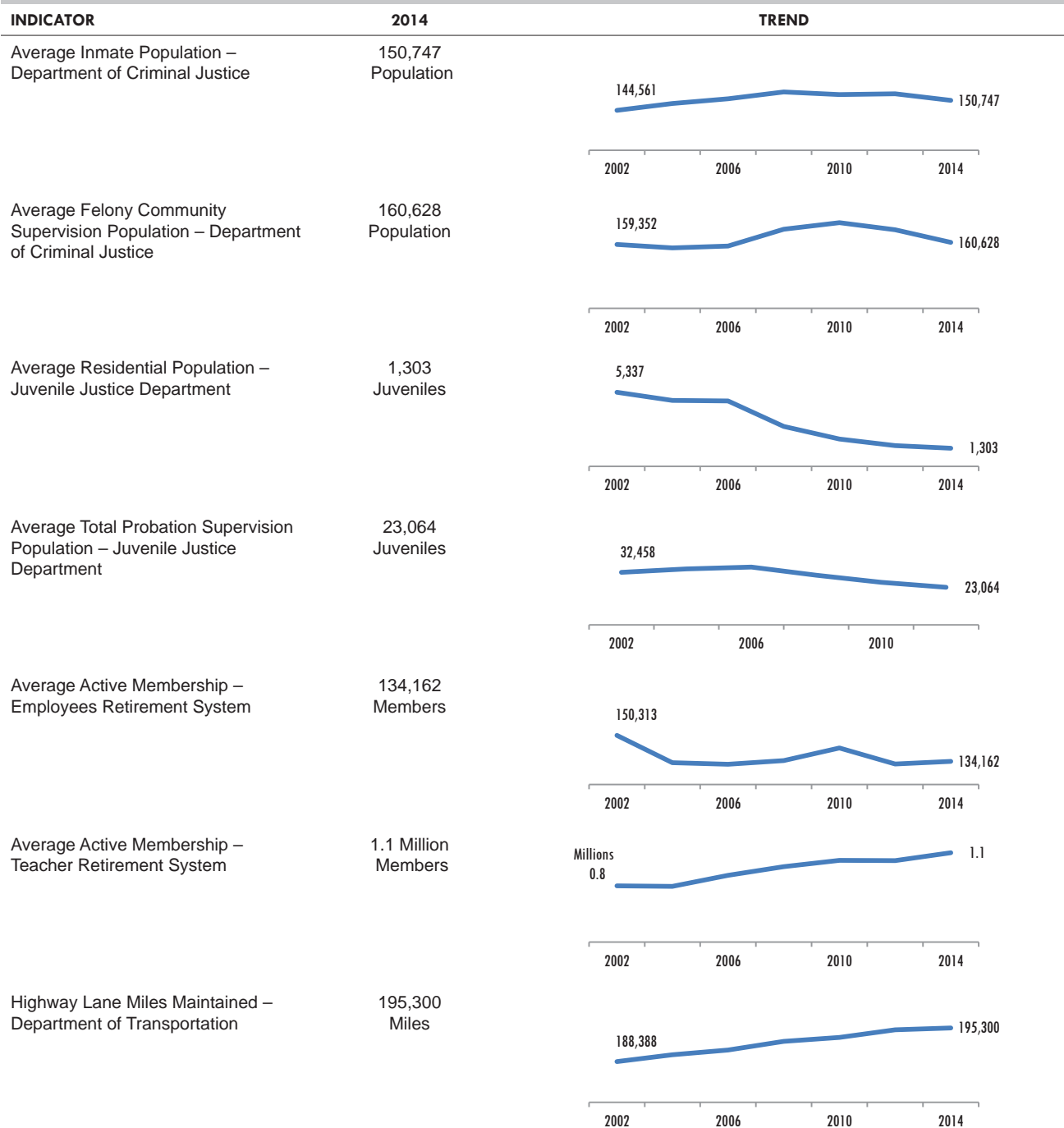


FIGURE 17 (CONTINUED)
POPULATION-BASED INDICATORS, FISCAL YEARS 2002 TO 2014



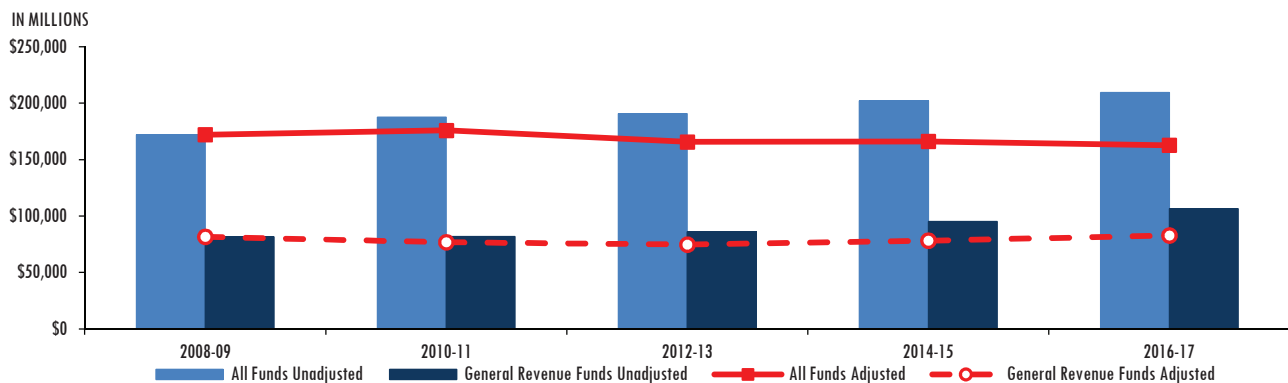
SOURCE: Legislative Budget Board.

TRENDS IN STATE GOVERNMENT EXPENDITURES

Figures 18 and 19 illustrate biennial All Funds and General Revenue Fund expenditures/appropriations since fiscal years 2008–09. The figures also adjust current and historical expenditure/appropriation totals into 2008–09 dollars based on compounded population and inflation growth. All Funds expenditures increased by 21.7 percent from 2008–09 to 2016–17 biennia, but decreased 5.5 percent after adjusting for population and inflation. General Revenue Funds appropriations increased by 30.6 percent during the same period, and increased by 1.4 percent when adjusted. Appropriation totals and growth rates will change based on final actions of the Eighty-fourth Legislature relating to passage of other legislation, including supplemental appropriations for fiscal year 2015 in House Bill 2, as well as actions by the Governor relating to potential vetoes.

FIGURE 18
TRENDS IN STATE GOVERNMENT EXPENDITURES, 2016–17 BIENNIAL APPROPRIATIONS

FISCAL BIENNIUM	ALL FUNDS				GENERAL REVENUE FUNDS			
	UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION		UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION	
	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE
2008–09	\$172,131	N/A	\$172,131	N/A	\$81,639	N/A	\$81,639	N/A
2010–11	\$187,517	8.9%	\$175,830	2.1%	\$81,931	0.4%	\$76,825	(5.9%)
2012–13	\$190,755	1.7%	\$165,695	(5.8%)	\$86,016	5.0%	\$74,716	(2.7%)
2014–15	\$202,083	5.9%	\$166,154	0.3%	\$95,165	10.6%	\$78,245	4.7%
2016–17	\$209,432	3.6%	\$162,697	(2.1%)	\$106,602	12.0%	\$82,814	5.8%



SOURCE: Legislative Budget Board.

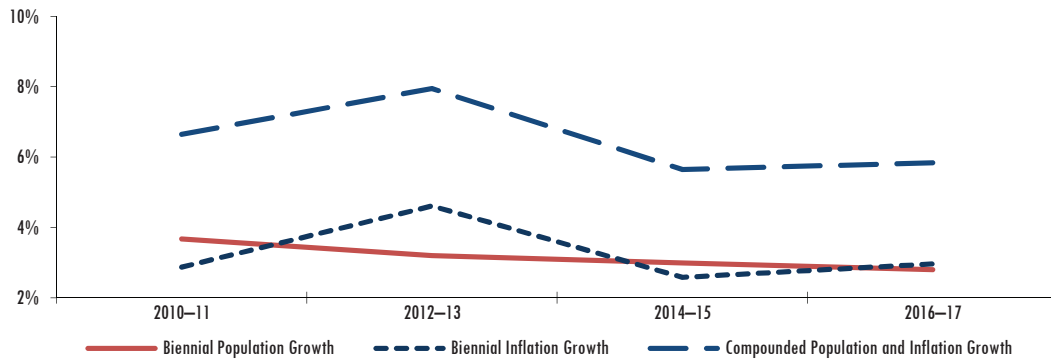
Population and inflation is one tool used to compare budget growth, however it does not tie directly to government budget drivers. For example, inflation tracks the increased price of consumer goods such as groceries. Inflation of governmental services, such as education and healthcare, tend to grow faster than the price of consumer goods.

The compounded population and inflation growth in this table is based on data in the Comptroller’s Fall 2014 Economic Forecast as published in the *2016–17 Biennial Revenue Estimate*, which included a biennial growth rate of 5.8 percent from 2014–15 to 2016–17. Population and inflation growth estimates submitted to the LBB in anticipation of the November 2014 LBB meeting ranged from 6.2 percent to 8.6 percent.

The 2014–15 and 2016–17 biennial expenditure/appropriation totals in the figures include the net effect of the 2016–17 appropriations and 2014–15 supplemental budget adjustments. Two major factors influence the All Funds budget growth over the 2008–09 to 2016–17 biennia. First, 2008–09 to 2012–13 All Fund totals include expenditures for patient income at health-related institutions of higher education; 2012–13 biennial expenditures of patient income totaled \$6.1 billion. The receipt of

patient income at these institutions is not limited by the Legislature and is not deposited into the state treasury. Because appropriation authority is not required to spend this revenue, the Eighty-third Legislature removed the appropriation authority from the budget, but still identified the patient income totals in informational riders. Additionally, the 2014–15 biennial All Funds total includes the one time appropriation of \$2.0 billion for the State Water Plan.

FIGURE 19
BIENNIAL POPULATION AND INFLATION GROWTH FROM 2010–11 TO 2016–17



SOURCE: Texas Comptroller of Public Accounts.

LIMITS ON APPROPRIATIONS

Texas has four Constitutional limits on spending: the balanced budget limit, which is commonly referred to as the “pay-as-you-go limit;” the limit on the rate of growth of appropriations from certain state taxes, commonly referred to as the “spending limit;” the limit on welfare spending; and the limit on tax-supported debt. The 2016–17 biennial budget is within all of these limits.

The pay-as-you-go limit and the spending limit both restrict appropriations, but in different ways. The pay-as-you-go limit prohibits the General Revenue Fund budget from exceeding available revenue. The spending limit prohibits appropriations funded with tax revenues not dedicated by the Constitution from growing faster than the state’s economy. The spending limit does not apply to appropriations funded with non–tax revenues or appropriations funded with tax revenues if the Constitution requires the tax revenue to be spent on a specific purpose.

The 2016–17 biennial General Revenue Fund appropriations total \$106.6 billion. This amount is \$6.4 billion below the pay-as-you-go limit, prior to funding anticipated supplemental needs, funding additional 2016–17 biennial appropriations, or passage of legislation affecting available revenue (**Figure 20**). Further, General Revenue Funds are \$2.9 billion below the General Revenue capacity under the spending limit. Final 2014–15 biennial appropriations will affect the 2016–17 biennial spending limit capacity. Because General Revenue spending authority pursuant to the spending limit is the lower of the two limits, the spending limit is the controlling limit.

FIGURE 20
REMAINING GENERAL REVENUE FUNDS SPENDING AUTHORITY, 2016–17 BIENNIUM

IN BILLIONS	AMOUNT
Pay-as-you-go Limit	\$6.4
Spending Limit	\$2.9

SOURCE: Legislative Budget Board.

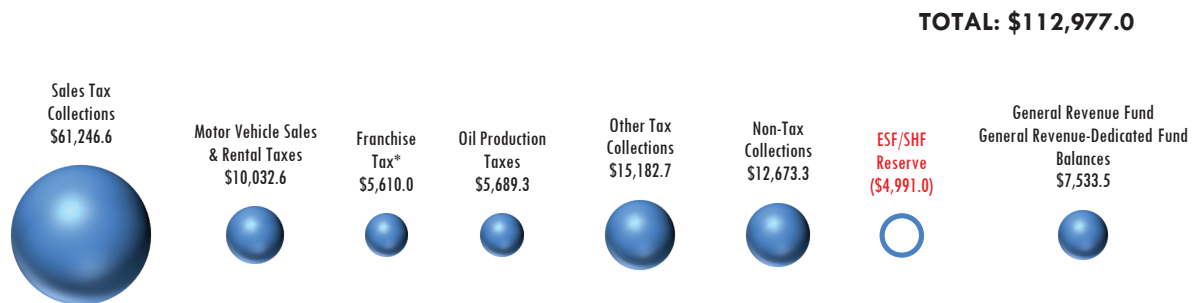
ARTICLE III, §49A, “PAY-AS-YOU-GO” LIMIT

Article III, Section 49a, of the Texas Constitution sets out the “pay-as-you-go” limit. It requires that bills making appropriations be sent to the Comptroller of Public Accounts (CPA) for certification that the appropriations are within estimates of available revenue.

The CPA identifies the pay-as-you-go limit for General Revenue Fund appropriations as \$113.0 billion in the *2016–17 Biennial Revenue Estimate* (BRE). This total includes estimated 2016–17 biennial General Revenue Fund revenue collections, \$110.4 billion, less the amount of \$5.0 billion in General Revenue Fund deposits reserved for transfer to the Economic Stabilization Fund (ESF) and the State Highway Fund (SHF). This total also includes the beginning General Revenue Fund balance of \$7.5 billion (**Figure 21**). Legislative actions increasing or decreasing revenue collections will change the total amount of revenue available.

FIGURE 21
COMPONENTS OF THE PAY-AS-YOU-GO LIMIT, 2016–17 BIENNIUM

IN MILLIONS



*NOTE: General Revenue Fund portion.
 SOURCE: Legislative Budget Board.

The \$113.0 billion in available revenue applies to 2016–17 biennial General Revenue Fund appropriations as well as fiscal year 2015 supplemental General Revenue Fund appropriations. Consequently, any supplemental General Revenue Fund appropriations in fiscal year 2015 will proportionately reduce General Revenue Fund spending capacity in the 2016–17 biennium.

ARTICLE VIII, §22, LIMITATION ON THE GROWTH OF CERTAIN APPROPRIATIONS

Article VIII, Section 22, of the Texas Constitution prohibits appropriations funded with state tax revenues not dedicated by the Constitution from growing faster than the estimated rate of growth of the state's economy. Consequently, the revenue source funding appropriations determines if the appropriations are subject to the spending limit. Appropriations funded with tax revenues are subject to the spending limit unless the Constitution dedicates the tax revenue for a specific purpose.

Most tax revenue not dedicated by the Constitution is deposited into the General Revenue Fund or the Property Tax Relief Fund. A portion of General Revenue Fund deposits, including deposits from tax revenues, are transferred to the Economic Stabilization Fund and the State Highway Fund. The revenue transferred to the Economic Stabilization Fund is not constitutionally dedicated because Article III, Section 49-g (m) allows the revenue to be appropriated “at any time and for any purpose” with a two-thirds vote of each house. Consequently, appropriations funded with tax revenues transferred to the Economic Stabilization Fund are restricted by the spending limit. Conversely, the transferred revenue to the State Highway Fund is constitutionally dedicated by Article III, Section 49-g (c) to transportation. Appropriations from the State Highway Fund funded with this transferred revenue are constitutionally dedicated and thus not restricted by the spending limit.

The 2016–17 biennial spending limit is currently estimated to be \$95.0 billion after adjusting for revenue estimates in the CPA's *2016–17 Biennial Revenue Estimate* and updating the 2014–15 base to include estimated supplemental appropriations.

The 2016–17 biennial spending limit equals total 2014–15 appropriations funded with tax revenues not dedicated by the constitution, \$85.1 billion, grown by the adopted growth rate of 11.7 percent. The 2016–17 appropriations subject to the spending limit total \$92.6 billion, \$2.5 billion less than the spending limit (**Figure 22**). The final amount below the spending limit is dependent on final actions of the Eighty-fourth Legislature relating to the passage of other appropriation and revenue bills as well as actions by the Governor relating to potential vetoes.

**FIGURE 22
SPENDING LIMIT COMPARED TO THE CONFERENCE COMMITTEE REPORT FOR HOUSE BILL 1
2016–17 BIENNIUM**

IN MILLIONS	AMOUNT
Spending Limit	\$95,049.3
Appropriations Subject to the Spending Limit	(\$92,592.6)
Total Below the Spending Limit:	\$2,456.7

SOURCE: Legislative Budget Board.

Because revenue deposits to the General Revenue Fund also include revenue not subject to the spending limit, the maximum 2016–17 General Revenue Fund appropriations associated with the \$95.0 billion limit is \$109.5 billion, leaving \$2.9 billion in remaining General Revenue Fund spending capacity under the spending limit (**Figure 23**).

**FIGURE 23
GENERAL REVENUE FUNDS PURSUANT TO THE SPENDING LIMIT COMPARED TO THE CONFERENCE COMMITTEE REPORT FOR
HOUSE BILL 1, 2016–17 BIENNIUM**

IN MILLIONS	AMOUNT
Maximum General Revenue Fund appropriations pursuant to the Spending Limit	\$109,515.9
General Revenue Fund Appropriations	(\$106,602.4)
Total Below the Maximum General Revenue Fund Appropriations:	\$2,913.5

SOURCE: Legislative Budget Board.

ARTICLE III, §49 (J), DEBT LIMIT

Article III, Section 49(j) of the Texas 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 5.0 percent of the average annual unrestricted General Revenue funding for the previous three years. To monitor where the state stands in relation to the constitutional debt limit (CDL), the Bond Review Board (BRB) calculates two debt ratios. The first ratio is the debt service on outstanding or issued debt as a percentage of unrestricted General Revenue Funds. At the end of fiscal year 2014, the BRB reported that the issued debt ratio is 1.20 percent. The second debt ratio is the debt service on outstanding debt plus estimated debt service for authorized but unissued bonds. For this ratio, the BRB has reported that the state is at 2.71 percent of unrestricted General Revenue Funds at the end of fiscal year 2014. The latter calculation represents a 10.9 percent decrease from the 3.04 percent calculated for outstanding and authorized but unissued debt for fiscal year 2013. The BRB expects the CDL ratio to continue to decrease with the issuance of authorized debt and as the state's unrestricted General Revenue Fund increases with the continued improvement in the state's economy. However, the CDL ratio could be impacted by changes to any of the following factors: the three-year average of unrestricted General Revenue Funds, the amount of debt outstanding and unissued debt authorizations, and actual and assumed interest rates.

The Conference Committee Report for House Bill 1 includes funding of \$6.0 million in General Revenue Funds for debt service on \$50.0 million in General Obligation Bond Proceeds for Economically Distressed Areas Program Bonds and \$14.3 million in General Revenue Funds for debt service on \$957.7 million in Revenue Bond Proceeds to be issued by the Texas Public Finance Authority for new state owned buildings and parking structures at the Facilities Commission. It is estimated that the effect of this debt service appropriation would increase the constitutional debt limit ratio from 2.71 percent to 2.91 percent of the three-year average of unrestricted general revenue.

ARTICLE III, §51–A, WELFARE SPENDING LIMIT

The Texas Constitution, Article III, Section 51–a, requires that the amount paid out of state funds for assistance grants to or on behalf of needy dependent children and their caretakers shall not exceed 1.0 percent of the state budget in any biennium.

The 2016–17 biennial budget defined in the Texas Human Resources Code, Section 31.053, is \$209.4 billion. Therefore the welfare spending limit is \$2.1 billion. The biennial amount included in House Bill 1 subject to the limit on state dollars paid out in Temporary Assistance for Needy Families (cash assistance) grants is \$96.5 million, which is \$2.0 billion below the 1.0 percent limit.

TEXAS ECONOMIC OUTLOOK

Economic conditions and demographic trends influence the level of state appropriations and the revenue used to support those appropriations. As the economy expands, more revenue is available for appropriation. Some spending demands are lessened by a growing economy, while others are increased. For example, a growing economy can reduce pressure on Medicaid enrollment, but also increase migration into Texas, increasing the demand for public education and other services. Further, health care and higher education inflation rates tend to outpace other types of inflation. This section provides a high-level look at the economic conditions expected to prevail during the upcoming biennia. Note, all economic forecasts are provided by the Comptroller of Public Accounts (CPA).

INDUSTRIAL OUTLOOK

Texas Real Gross State Product (GSP) has experienced strong growth since the end of the recent recession, averaging 4.1 percent over the last 5 fiscal years. Texas GSP growth is currently forecast to slow to 3.0 percent in fiscal year 2015, coinciding with the slowdown in the oil and gas extraction industry, before picking up to 3.2 percent in fiscal year 2016 and 4.1 percent in fiscal year 2017.

EMPLOYMENT

The Texas unemployment rate peaked at just over 8.0 percent during the 2010–11 biennium. Since exiting recession, the rate has steadily declined and fell below 5.0 percent at the end of calendar year 2014 for the first time since the middle of 2008. This decrease can be attributed to a mix of moderately declining labor participation rates and strong job growth in the state. Non-farm payroll jobs in Texas increased by 3.1 percent in both fiscal year 2013 and fiscal year 2014, adding 679,000 jobs over the two year period. The Texas unemployment rate is forecast to remain constant at 5.0 percent, during the 2016–17 biennium. Job growth is also expected to continue, albeit at a slower pace, during the upcoming 2016–17 biennium, increasing by 1.9 percent in fiscal year 2015, 2.2 percent in fiscal year 2016, and 2.3 percent in fiscal year 2017.

PERSONAL INCOME

Fiscal year 2014 Personal Income increased by 4.6 percent in Texas to reach \$45,156 per Texas resident. In calendar year 2013, Texas Per Capita Personal Income was the 26th largest among the 50 states and increased at the 26th quickest pace during the year. Per Capita Personal Income is expected to increase 4.1 percent in fiscal year 2016 and 5.2 percent in fiscal year 2017.

Figure 24 shows key economic indicators from fiscal years 2005 to 2017. All forecasted data for fiscal years 2015 to 2017 is from the CPA’s *2016–17 Biennial Revenue Estimate*.

FIGURE 24
ECONOMIC-BASED INDICATORS, FISCAL YEARS 2005 TO 2017

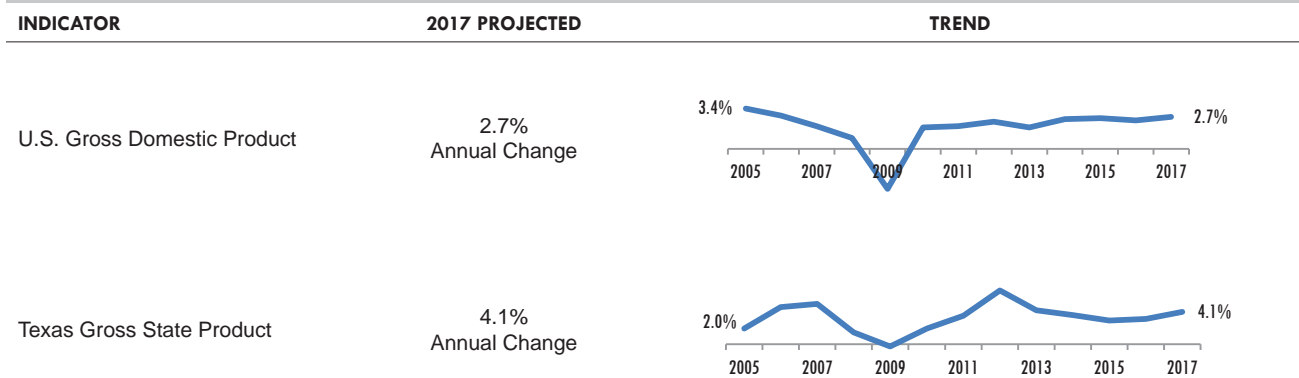
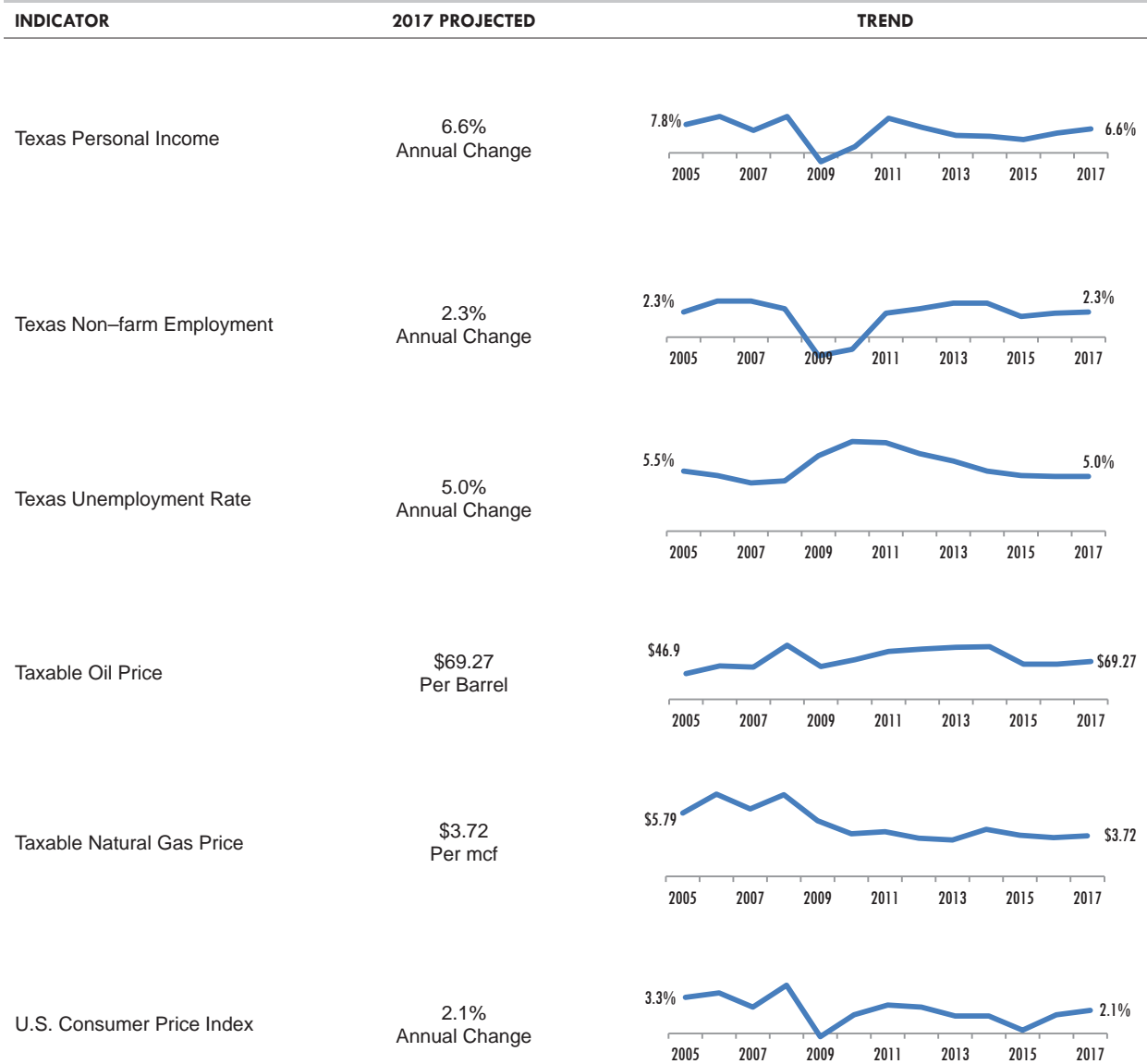


FIGURE 24 (CONTINUED)
ECONOMIC-BASED INDICATORS, FISCAL YEARS 2005 TO 2017



NOTES:

- (1) Trends for fiscal years 2015 to 2017 are based on projections from the Comptroller of Public Accounts' 2015 Biennial Revenue Estimate.
- (2) Amounts for the U.S. Gross Domestic Product and the Texas Gross State Product are based on 2009 dollars.

SOURCES: Legislative Budget Board; Texas Comptroller of Public Accounts.

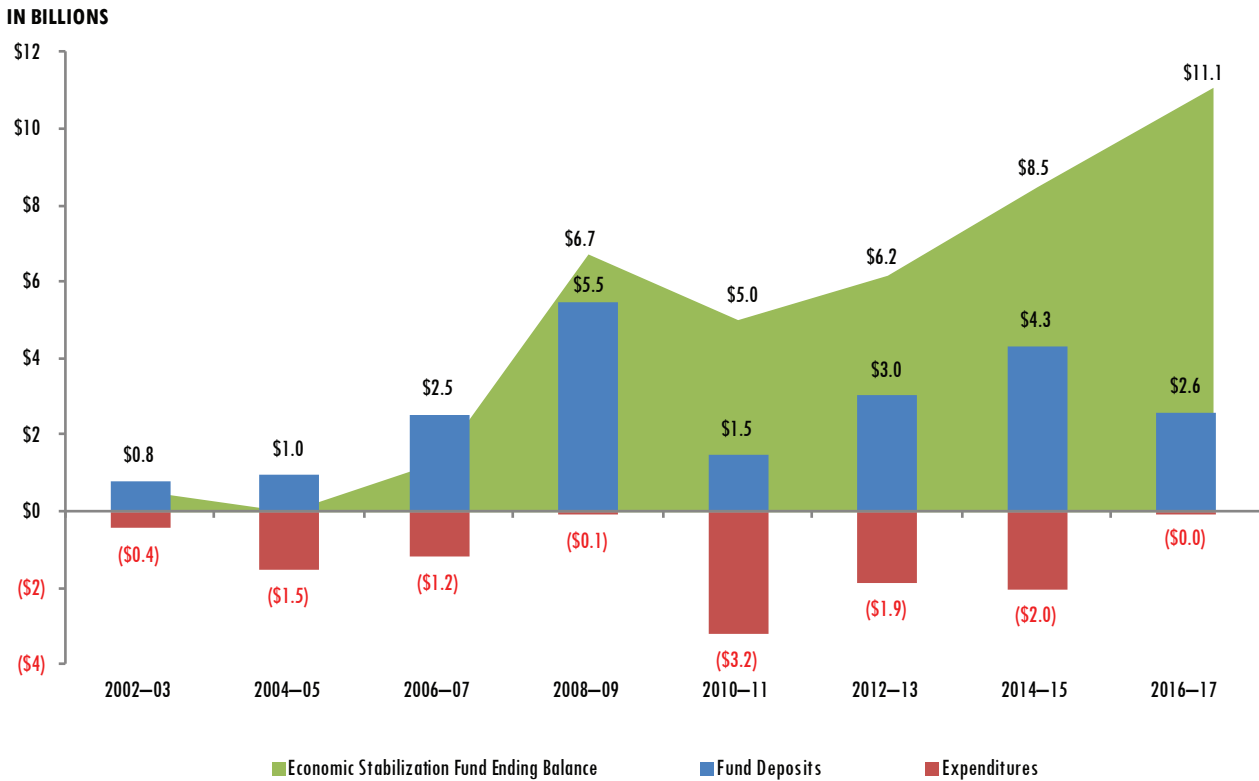
ECONOMIC STABILIZATION FUND

Article III, Section 49-g of the Texas Constitution established the Economic Stabilization Fund (ESF). Appropriations can be made from the fund under certain fiscal conditions with a three-fifths vote of each legislative chamber. Appropriations can also be made for any purpose with a two-thirds vote of each legislative chamber.

The 2016–17 biennial ending balance of the ESF is forecast by the Comptroller of Public Accounts to be \$11.1 billion. The 2016–17 budget does not contain an appropriation from the fund.

Figure 25 shows the history of ESF deposits, expenditures, and balances from the 2002–03 to 2016–17 biennia.

FIGURE 25
ECONOMIC STABILIZATION FUND BIENNIAL DEPOSITS, EXPENDITURES, AND FUND BALANCE
2002–03 TO 2016–17 BIENNIA



NOTE: Fiscal years 2015 to 2017 are projections based on the Comptroller of Public Accounts' 2015 Biennial Revenue Estimate.
 SOURCES: Legislative Budget Board; Texas Comptroller of Public Accounts.

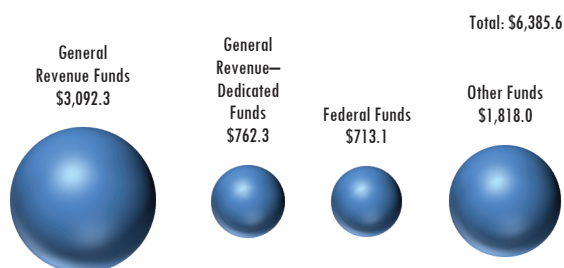
ARTICLE I – GENERAL GOVERNMENT

FIGURE 26
ARTICLE I – GENERAL GOVERNMENT, BY METHOD OF FINANCE

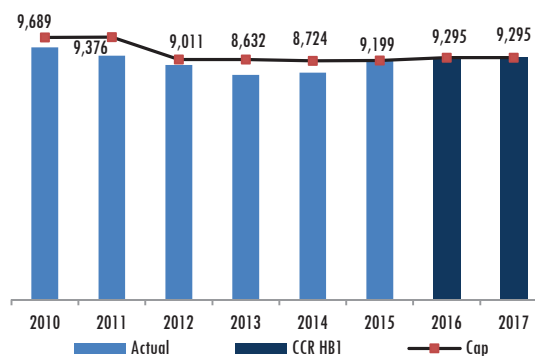
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,731.6	\$3,092.3	\$360.6	13.2%
General Revenue–Dedicated Funds	\$865.7	\$762.3	(\$103.4)	(11.9%)
Federal Funds	\$662.8	\$713.1	\$50.4	7.6%
Other Funds	\$958.7	\$1,818.0	\$859.3	89.6%
Total, All Methods of Finance	\$5,218.8	\$6,385.6	\$1,166.8	22.4%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE I

All Funds for General Government total \$6.4 billion for the 2016–17 biennium, which is an increase of \$1.2 billion, or 22.4 percent, from the 2014–15 biennium. General Revenue Funds total \$3.1 billion, an increase of \$360.6 million, or 13.2 percent from the 2014–15 biennium.

HIGHLIGHTS:

- Funding for the Facilities Commission includes an increase of \$957.7 million in Revenue Bond Proceeds for construction of two new state office buildings and two parking structures in the Capitol Complex (\$509.9 million), utility infrastructure upgrades and replacement, including a walkable underground utility tunnels (\$71.3 million), construction of a new state office building and parking structure in North Austin primarily for employees of the Health and Human Services Commission (\$186.4 million), acquisition and construction of a new headquarters for the Department of Motor Vehicles (\$58.0 million), and construction of a new facility and parking structure at the G.J. Sutton Building (\$132.0 million). Additionally, funding includes an increase of \$26.0 million in General Revenue for the construction of a new parking garage for the Elias Ramirez Building and \$217.2 million in General Revenue for maintenance and repair of state facilities under the purview of the Facilities Commission, including the Texas School for the Deaf. Contingent on enactment of Senate Bill 2004 by the Eighty-fourth Legislature, funding identified for deferred maintenance and repairs

would be transferred to a newly established deferred maintenance account and subject to the oversight of a new Joint Oversight Committee on Government Facilities.

- Funding for the Trusteed Programs Within the Office of the Governor totals \$576.4 million in All Funds for the 2016–17 biennium, a decrease of \$301.5 million, or 34.3 percent, from the 2014–15 biennium. Funding reflects decreases in General Revenue funding for disaster funds, one-time expenditures (such as the Spaceport incentives), and contingency funding for economic development, tourism, and film and music marketing. Funding includes \$38.4 million in General Revenue for grants to local law enforcement agencies for various border security initiatives. Funding also includes an appropriation of \$85.0 million from the Emerging Technology Fund to the Enterprise Fund (\$45.0 million) and to the new Governor’s University Research Initiative (\$40.0 million) to provide matching funds to Texas public universities to recruit Nobel Laureates and National Academy members to Texas, contingent on passage of legislation.
- Funding in Article IX includes \$39.4 million in General Revenue for the Centralized Accounting and Payroll/Processing System (CAPPS) for the Comptroller of Public Accounts to deploy 17 additional agencies and the Judicial Branch to CAPPS during the 2016–17 biennium. Article IX also provides \$6.7 million in General Revenue Funds to 10 agencies to assist with deploying either or both financial and human resources/payroll functionality of CAPPS.
- Funding for the Historical Commission includes an increase of \$27.0 million in General Revenue for Courthouse Preservation grants (\$20.0 million), maintenance of historic sites (\$1.1 million), rehabilitation of the National Museum of the Pacific War (\$2.0 million), construction at the San Felipe de Austin State Historic Site (\$2.0 million), and additional staff (\$2.0 million).
- Funding in Article I includes \$22.3 million in General Revenue–Dedicated Sexual Assault Program Account No. 5010 for the 2016–17 biennium for grant programs related to sexual assault prevention, child sex trafficking prevention, and to increase and enforce tax compliance. The Office of the Attorney General is provided \$20.4 million for grants and contracts related to rape crisis centers, sexual assault prevention training, and sexual assault nurse examiners programs. The Trusteed Programs Within the Office of the Governor is provided \$2.0 million for grants for child sex trafficking prevention and victim assistance. The Comptroller of Public Accounts is provided \$250,000 for additional taxpayer compliance officers (2.0 FTEs) for the collection of the admission fee on sexually oriented businesses.
- Funding for the Secretary of State totals \$60.4 million in All Funds, which is a decrease of \$9.2 million, or 13.2 percent from the 2014–15 biennium. The decrease is primarily related to a decrease of \$12.1 million in federal Help America Vote Act (HAVA) Funds. HAVA funds are used to improve administration of federal elections, provide grants to counties to comply with HAVA mandates, and create a centralized statewide voter registration list. The agency anticipates HAVA funds to be exhausted in fiscal year 2017. Funding also includes \$4.0 million in General Revenue for comprehensive voter education activities.
- Funding for the Veterans Commission includes an increase of \$32.9 million in General Revenue Funds primarily to reimburse Institutions of Higher Education a proportionate share of the total cost to each institution for the Hazlewood Exemption Legacy Program (\$30.1 million), fund the Health Care Advocacy Program for Veterans (\$1.6 million), and to fund additional veteran claims counselors (\$1.2 million).

Figure 27 shows the All Funds appropriation for each agency in Article I, and **Figure 28** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for some of the agencies in Article I.

FIGURE 27
ARTICLE I – GENERAL GOVERNMENT, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	\$13.3	\$23.3	\$10.1	76.0%
Office of the Attorney General	\$1,128.1	\$1,141.1	\$12.9	1.1%
Bond Review Board	\$1.9	\$1.6	(\$0.3)	(16.2%)
Cancer Prevention and Research Institute of Texas	\$596.2	\$600.1	\$3.9	0.7%
Comptroller of Public Accounts	\$522.2	\$544.4	\$22.3	4.3%
Fiscal Programs – Comptroller of Public Accounts	\$922.1	\$952.2	\$30.0	3.3%
Commission on State Emergency Communications	\$145.9	149.7	\$3.8	2.6%
Texas Emergency Services Retirement System	\$4.4	\$4.7	\$0.3	5.8%
Employees Retirement System	\$19.5	\$19.5	\$0.0	0.0%
Texas Ethics Commission	\$7.5	\$6.0	(\$1.5)	(19.5%)
Facilities Commission	\$187.9	\$1,344.3	\$1,156.4	615.5%
Public Finance Authority	\$2.5	\$2.6	\$0.1	4.3%
Office of the Governor	\$24.5	\$21.3	(\$3.2)	(13.2%)
Trusted Programs within the Office of the Governor	\$878.0	\$576.4	(\$301.6)	(34.3%)
Historical Commission	\$62.8	\$64.0	\$1.2	1.9%
Department of Information Resources	\$582.2	\$700.7	\$118.5	20.4%
Library and Archives Commission	\$54.4	\$63.7	\$9.3	17.1%
Pension Review Board	\$1.7	\$1.9	\$0.1	7.6%
Preservation Board	\$32.3	\$41.2	\$8.9	27.5%
State Office of Risk Management	\$102.2	\$101.9	(\$0.3)	(0.3%)
Secretary of State	\$69.6	\$60.4	(\$9.2)	(13.2%)
Veterans Commission	\$64.1	\$101.2	\$37.1	58.0%
Subtotal, General Government	\$5,423.2	\$6,522.1	\$1,098.9	20.3%
Employee Benefits and Debt Service	\$539.1	\$663.5	\$124.5	23.1%
Less Interagency Contracts	\$743.5	\$800.1	\$56.5	7.6%
Total, All Functions	\$5,218.8	\$6,385.6	\$1,166.8	22.4%

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) 2016–17 amounts reflect the transfer of certain programs from Article I to Article II and from Article II to Article VII.

SOURCE: Legislative Budget Board.

FIGURE 28
ARTICLE I – GENERAL GOVERNMENT, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	\$10.7	\$19.8	\$9.1	85.4%
Office of the Attorney General	\$445.5	\$440.8	(\$4.7)	(1.1%)
Bond Review Board	\$1.9	\$1.6	(\$0.3)	(16.2%)
Cancer Prevention and Research Institute of Texas	\$0.0	\$0.0	\$0.0	N/A
Comptroller of Public Accounts	\$473.0	\$512.2	\$39.3	8.3%
Fiscal Programs – Comptroller of Public Accounts	\$826.8	\$874.8	\$48.0	5.8%
Commission on State Emergency Communications	\$0.0	\$0.0	\$0.0	N/A
Texas Emergency Services Retirement System	\$4.4	\$1.5	(\$2.9)	(66.0%)
Employees Retirement System	\$19.5	\$19.5	\$0.0	0.0%
Texas Ethics Commission	\$7.5	\$6.0	(\$1.5)	(19.4%)
Facilities Commission	\$89.6	\$339.3	\$249.8	278.9%
Public Finance Authority	\$2.5	\$2.6	\$0.1	4.5%
Office of the Governor	\$24.0	\$20.7	(\$3.2)	(13.5%)
Trusted Programs within the Office of the Governor	\$352.6	\$235.8	(\$116.8)	(33.1%)
Historical Commission	\$32.4	\$59.4	\$27.0	83.4%
Department of Information Resources	\$0.0	\$0.0	\$0.0	N/A
Library and Archives Commission	\$23.7	\$31.0	\$7.2	30.5%
Pension Review Board	\$1.7	\$1.8	\$0.1	6.5%
Preservation Board	\$31.9	\$41.1	\$9.2	28.8%
State Office of Risk Management	\$0.0	\$0.0	\$0.0	N/A
Secretary of State	\$39.4	\$42.8	\$3.4	8.5%
Veterans Commission	\$20.4	\$53.3	\$32.9	161.4%
Subtotal, General Government	\$2,407.5	\$2,704.2	\$296.7	12.3%
Employee Benefits and Debt Service	\$324.1	\$388.0	\$63.9	19.7%
Total, All Functions	\$2,731.6	\$3,092.3	\$360.6	13.2%

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) 2016–17 amounts reflect the transfer of certain programs from Article I to Article II and from Article II to Article VII.

SOURCE: Legislative Budget Board.

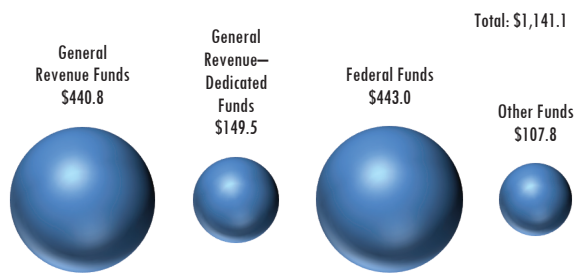
OFFICE OF THE ATTORNEY GENERAL

FIGURE 29
OFFICE OF THE ATTORNEY GENERAL, BY METHOD OF FINANCE

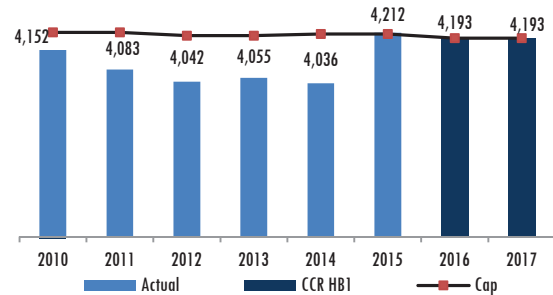
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$445.5	\$440.8	(\$4.7)	(1.1%)
General Revenue–Dedicated Funds	\$149.8	\$149.5	(\$0.3)	(0.2%)
Federal Funds	\$406.5	\$443.0	\$36.5	9.0%
Other Funds	\$126.3	\$107.8	(\$18.6)	(14.7%)
Total, All Methods of Finance	\$1,128.1	\$1,141.1	\$12.9	1.2%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Office of the Attorney General for the 2016–17 biennium totals \$1.1 billion in All Funds, an increase of \$12.9 million, or 1.2 percent, from the 2014–15 biennium. Funding includes additional Federal Funds for reprocurement of the State Disbursement Unit contract and General Revenue Funds for biennialization of the fiscal year 2015 statewide salary increase and to provide salary increases for attorney salaries primarily in the Legal Services (\$14.7 million) and Child Support Enforcement Divisions (\$7.6 million).

HIGHLIGHTS:

- Funding includes a method of finance swap of \$12.2 million from the State Highway Fund to Interagency Contracts with the Texas Department of Transportation for legal services provided by the Office of the Attorney General – Transportation Division.
- Funding provides \$66.0 million in All Funds for victim assistance services, which represents a decrease of \$41.1 million in All Funds (\$19.6 million in General Revenue Funds and \$21.5 million in General Revenue–Dedicated Funds) related to transferring funding for Court Appointed Special Advocates (CASA) and Children's Advocacy Centers of Texas (CAC) related grants to the Health and Human Services Commission. This decrease is partially offset by an increase of \$10.0 million in General Revenue–Dedicated Sexual Assault Program Account No. 5010 for additional sexual assault prevention contracts and grants. Also included for victim assistance services is a method of finance swap from Appropriated Receipts to General Revenue–Dedicated Sexual Assault Program Account No. 5010 for grants.

- Funding provides \$48.6 million in All Funds for the State Disbursement Unit, including an increase of \$26.8 million in All Funds (\$9.1 million in General Revenue Funds and \$17.7 million in Federal Funds) for reprocurement of the State Disbursement Unit contract for child support collections and payments.
- Funding includes a method of finance swap in Child Support Enforcement, reflecting a \$100.1 million decrease from the Child Support Retained Collections Account (General Revenue) partially offset by an increase of \$90.2 million in General Revenue Funds due to declining balances in the account and a \$12.4 million decrease in development and deployment costs for the Texas Child Support Enforcement System 2.0 (TXCSES 2.0). Funding also provides for salary increases for attorneys in Child Support Enforcement (\$7.6 million in All Funds).

CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS

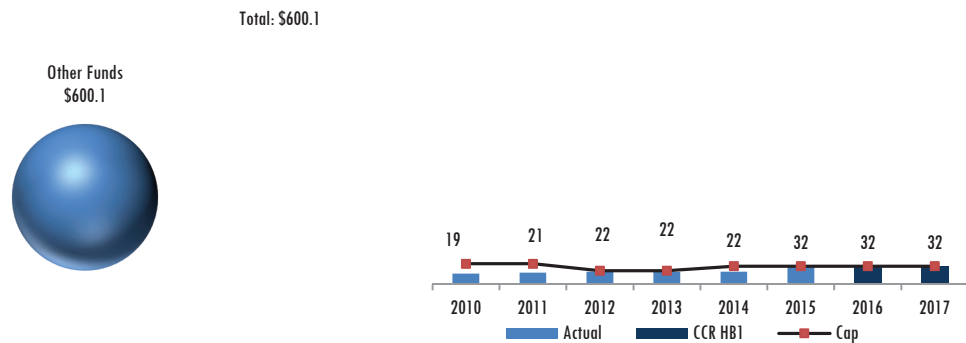
FIGURE 30
CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$596.2	\$600.1	\$3.9	0.7%
Total, All Methods of Finance	\$596.2	\$600.1	\$3.9	0.7%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Cancer Prevention and Research Institute of Texas for the 2016–17 biennium totals \$600.1 million in All Funds, an increase of \$3.9 million, or 0.7 percent from the 2014–15 biennium. The increase is primarily related to approximately \$5.9 million in General Obligation (GO) Bond Proceeds to be transferred to the Department of State Health Services to administer the Cancer Registry in the 2016–17 biennium. This increase is partially offset by unexpended balances that were issued for grants in prior biennia and were carried forward and encumbered or expended during the 2014–15 biennium.

HIGHLIGHTS:

- Funding for the agency provides \$566.5 million in GO Bond Proceeds for prevention, research, and commercialization or product development grants for the 2016–17 biennium.
- \$189.3 million out of certain General Revenue–Dedicated Tobacco Settlement Accounts is appropriated to the Texas Public Finance Authority for debt service on cancer prevention and research GO Bonds for existing CPRIT debt and debt that is expected to be issued in the 2016–17 biennium.

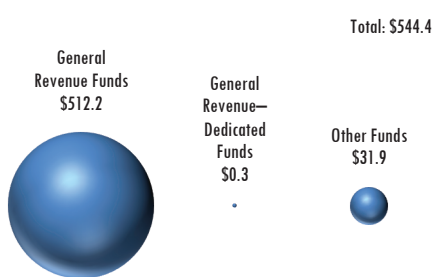
COMPTROLLER OF PUBLIC ACCOUNTS

FIGURE 31
COMPTROLLER OF PUBLIC ACCOUNTS, BY METHOD OF FINANCE

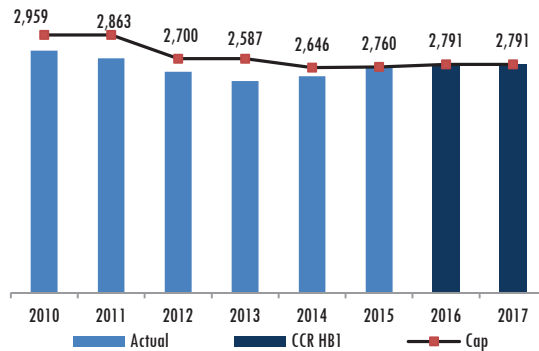
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$473.0	\$512.2	\$39.3	8.3%
General Revenue–Dedicated Funds	\$0.0	\$0.3	\$0.3	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$49.2	\$31.9	(\$17.3)	(35.1%)
Total, All Methods of Finance	\$522.2	\$544.4	\$22.3	4.3%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Comptroller of Public Accounts totals \$544.4 million in All Funds for the 2016–17 biennium, an increase of \$22.3 million, or 4.3 percent, from the 2014–15 biennium. The increase in funding is primarily related to the improvement and modernization of taxpayer services and systems.

HIGHLIGHTS:

- Funding reflects an overall increase of \$39.3 million in General Revenue Funds which are primarily due to increases for two program enhancements:
 - \$32.0 million for improvement and modernization of taxpayer services. Improvements would provide salary increases and new classifications for tax auditors, tax analysts and independent audit reviewers; establish an internal training program and provide additional tax policy staff to improve the dissemination of tax information to taxpayers; and modernize the integrated tax system infrastructure.
 - \$4.1 million for replacement of the Unclaimed Property System.
- Funding also reflects an increase of \$0.3 million in General Revenue–Dedicated Sexual Assault Program Account No. 5010 for increasing compliance and enforcement of the collection of admission fees to certain sexually-oriented businesses pursuant to Section 102.052 of the Business and Commerce Code.

- Total funding to the Comptroller for CAPPs includes \$95.6 million in All Funds, which represents an increase of \$26.3 million from the 2014–15 biennium. Amounts reflect increases of \$40.4 million in General Revenue Funds and \$6.0 million in Appropriated Receipts from vendor fees on the SmartBuy procurement system, offset by a decrease of \$20.1 million in Interagency Contracts from various state agencies. Of the amounts noted, \$39.4 million in General Revenue Funds is provided to the Comptroller in Article IX and is not included in the previous tables for the operation and deployment of 17 agencies and the Judicial Branch onto CAPPs. Additionally, \$6.7 million in General Revenue Funds is included for ten agencies for deployment-related costs.
- In addition, and not reflected in the tables above, is \$3.0 million in General Revenue Funds to the Comptroller provided in Article IX for the purchase of office furnishings which coincides with renovations to the Lyndon B. Johnson Building in the Capitol complex which houses Comptroller staff.
- Article IX includes \$12.0 million, contingent on legislation abolishing the Emerging Technology Fund, for the Comptroller to execute the wind-down of the fund and manage associated assets in accordance with the provisions of the legislation.

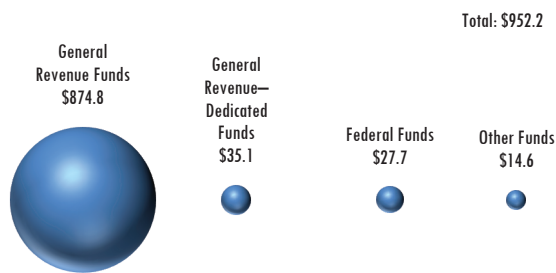
FISCAL PROGRAMS – COMPTROLLER OF PUBLIC ACCOUNTS

FIGURE 32
FISCAL PROGRAMS – COMPTROLLER OF PUBLIC ACCOUNTS, BY METHOD OF FINANCE

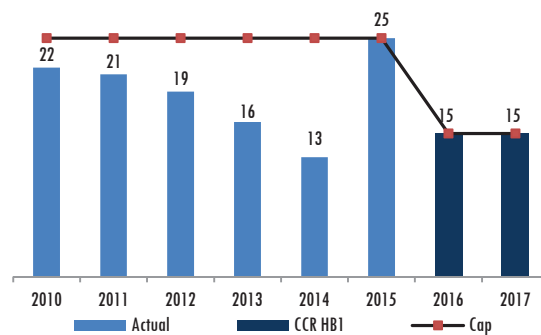
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$826.8	\$874.8	\$48.0	5.8%
General Revenue–Dedicated Funds	\$66.6	\$35.1	(31.5)	(47.3%)
Federal Funds	\$13.7	\$27.7	14.0	102.8%
Other Funds	\$15.1	\$14.6	(0.5)	(3.5%)
Total, All Methods of Finance	\$922.1	\$952.2	\$30.0	3.3%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for Fiscal Programs at the Comptroller of Public Accounts total \$952.2 million in All Funds for the 2016–17 biennium, an increase of \$30.0 million, or 3.3 percent, from the 2014–15 biennium. The increase is primarily related to agency estimates for certain statutorily required disbursements and changes to funding levels to various programs, noted below.

HIGHLIGHTS:

- Funding includes \$408.5 million in General Revenue Funds for mixed beverage taxes reimbursements to counties and incorporated municipalities, an increase of \$42.9 million from the 2014–15 biennium, to maintain statutorily set minimum disbursement levels of 10.7143 percent of the mixed beverage gross receipts and sales taxes based on anticipated growth in mixed beverage sales.
- Funding provides \$380.0 million in General Revenue Funds for unclaimed property payments which is an increase of \$10.0 million for estimated growth in unclaimed property claims. This increase is offset by a \$9.0 million decrease in General Revenue Funds for disbursements to counties of gross weight and axle weight permit fees.
- Funding reflects a decrease of \$10.0 million in General Revenue–Dedicated Texas Department of Insurance Operating Account No. 36 to eliminate reimbursements to General Revenue for the cost of insurance premium tax credits for examination fees and overhead assessments.

- Funding includes \$5.0 million in General Revenue Funds for transfer to the Habitat Protection Fund outside the treasury to continue providing interagency contracts with public universities to conduct research on certain candidate, threatened or endangered species.
- Funding reflects elimination of \$10.0 million in General Revenue Funds for the Jobs and Education for Texans (JET) Program which provides grants to public junior and technical colleges for career and technical education courses or programs.
- Funding provides \$5.0 million in General Revenue Funds contingent on enactment of Senate Bill 1368 by the Eighty-fourth Legislature, Regular Session, 2015, to provide assistance payments to certain qualified cities and counties disproportionately affected by total residence homestead property tax exemptions for totally disabled veterans or their surviving spouses.
- Funding reflects a decrease of 10.0 FTE positions related to the State Energy Conservation Office to align the FTE cap with historical staffing levels.

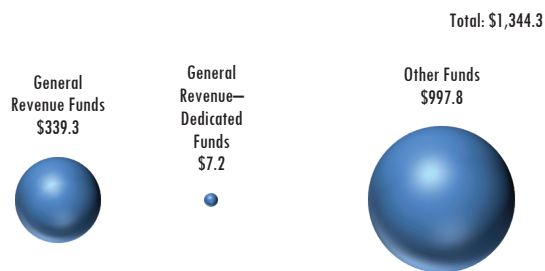
FACILITIES COMMISSION

FIGURE 33
TEXAS FACILITIES COMMISSION, BY METHOD OF FINANCE

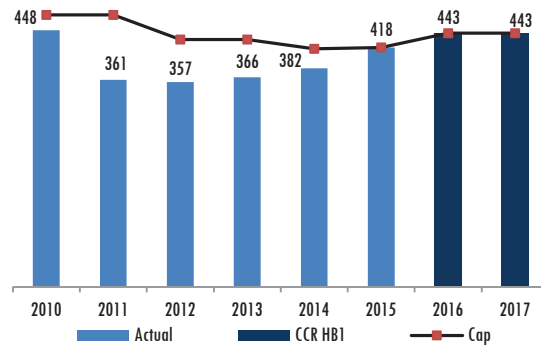
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$89.6	\$339.3	\$249.8	278.9%
General Revenue–Dedicated Funds	\$5.6	\$7.2	\$1.6	28.7%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$92.7	\$997.8	\$905.0	975.8%
Total, All Methods of Finance	\$187.9	\$1,344.3	\$1,156.4	615.5%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Texas Facilities Commission for the 2016–17 biennium totals \$1.3 billion in All Funds, an increase of \$1.2 billion, or 615.5 percent, from the 2014–15 biennium. The increase is primarily related to increased funding from Revenue Bond Proceeds for several new construction projects and General Revenue for deferred maintenance projects, emergency repairs and facilities planning.

HIGHLIGHTS:

- Funding includes \$957.7 million in Revenue Bond Proceeds, and \$26.0 million in General Revenue for several new construction projects which include: two buildings and parking facilities, and underground utility infrastructure in the Capitol Complex (\$581.2 million); a new North Austin Complex (\$186.4 million); the acquisition and construction of a new headquarters for the Department of Motor Vehicles (DMV) (\$58.0 million); a replacement facility and parking structure for the G.J. Sutton Building located in San Antonio (\$132.0 million); and a new parking garage for the Elias Ramirez Building located in Houston (\$26.0 million). Also, \$14.8 million in General Revenue is included for the debt service or Lease Payments related to the projects funded with revenue bond debt.
- Funding reflects an increase of \$217.2 million in General Revenue for health and safety and deferred maintenance projects at certain state owned facilities and \$20.0 million in General Revenue for emergency repairs. Deferred maintenance funding identified here and at other agencies are identified in Article IX for review by a joint oversight committee comprised of House and Senate members, contingent on legislation passing to create the committee.

- Funding includes \$2.0 million in General Revenue for the Capitol Complex Master Plan (\$1.2 million) and a master plan for the Texas School for the Deaf (\$0.8 million). Funding includes \$1.5 million in General Revenue Funds to replace lock systems at certain state facilities and to provide the Capitol Complex with a single card access system.
- Funding in Article IX includes \$11.4 million in General Revenue Funds to renovate two floors of the Lyndon B. Johnson Building (\$8.4 million).

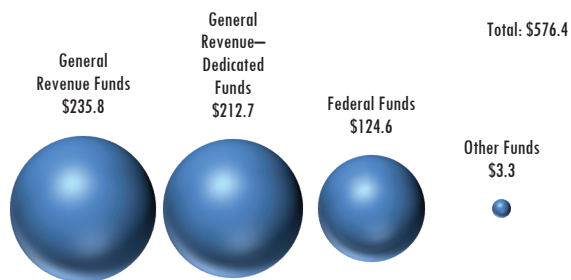
TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

FIGURE 34
TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR, BY METHOD OF FINANCE

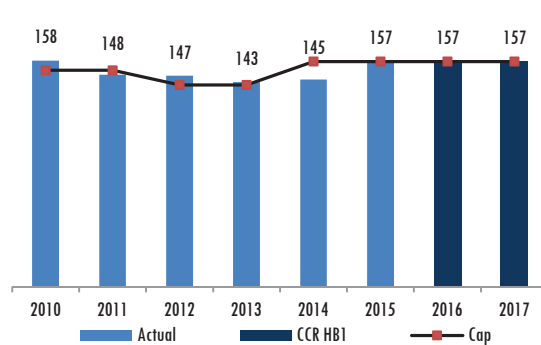
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$352.6	\$235.8	(\$116.8)	(33.1%)
General Revenue–Dedicated Funds	\$343.3	\$212.7	(\$130.6)	(38.0%)
Federal Funds	\$124.6	\$124.6	\$0.0	N/A
Other Funds	\$57.4	\$3.3	(\$54.1)	(94.3%)
Total, All Methods of Finance	\$878.0	\$576.4	(\$301.6)	(34.4%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Trusted Programs Within the Office of the Governor totals \$576.4 million in All Funds for the 2016–17 biennium, a decrease of \$301.6 million, or 34.4 percent, from the 2014–15 biennium. Funding reflects decreases in General Revenue Funds for disaster funds, one-time expenditures (such as the Spaceport incentives), and contingency funding for economic development, tourism, and film and music marketing. Trusted Programs Within the Office of the Governor were subject to Strategic Fiscal Review.

HIGHLIGHTS:

- Funding reflects the abolishment of the Emerging Technology Fund and includes an appropriation of \$102.0 million in estimated unexpended balances from the Emerging Technology Fund to the Texas Enterprise Fund (\$45.0 million) and to the new Governor’s University Research Initiative (\$40.0 million) to provide matching funds to Texas public universities to recruit Nobel Laureates and National Academy members to Texas, contingent on passage of legislation.
- Funding in Article IX reflects the appropriation of the remaining balances of the Emerging Technology Fund to the Higher Education Coordinating Board for the Texas Research Incentive Program (\$9.0 million) and to The University of Texas at Austin and Texas A&M University for the Texas Research University Fund (\$8.0 million), contingent on passage of legislation.

- Funding includes \$38.4 million in General Revenue Funds and General Revenue–Dedicated Funds for grants to local law enforcement agencies for the following border security initiatives: prosecution, enforcement, to sustain year-round flight capacity for helicopters, installation and maintenance cameras, and anti-gang activities.
- Funding includes \$24.8 million in General Revenue Funds and unexpended balances of \$61.2 million in General Revenue for disaster funding for the 2016–17 biennium. This is a decrease of \$62.1 million, based on actual expenditures over the last five fiscal years, and the reduction of one-time funding from the British Petroleum (BP) Oil Spill Grants and the Economic Stabilization Fund (Other Funds).
- Funding for Film and Music Marketing includes \$32.0 million in General Revenue Funds and reflects a reduction of \$66.9 million in General Revenue Funds due to eliminating the Hotel Occupancy Tax Deposits Account funding contingency for film incentives in the 2016–17 biennium.
- Funding for the Military Preparedness Commission includes an increase of \$30.0 million in General Revenue Funds to provide grants to local defense communities in the 2016–17 biennium.

DEPARTMENT OF INFORMATION RESOURCES

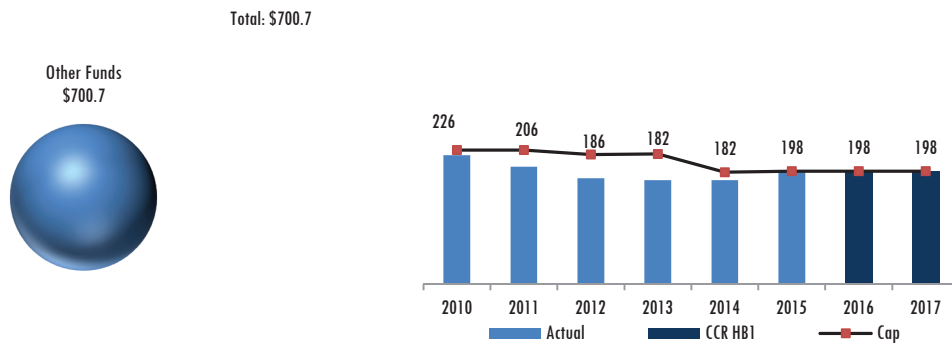
FIGURE 35
DEPARTMENT OF INFORMATION RESOURCES, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$582.2	\$700.7	\$118.5	20.4%
Total, All Methods of Finance	\$582.2	\$700.7	\$118.5	20.4%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
 - (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
 - (3) Graphic has been revised from original publication to align with funding.
- SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Department of Information Resources totals \$700.7 million in All Funds (Interagency Contracts and Appropriated Receipts) for the 2016–17 biennium, an increase of \$118.5 million, or 20.4 percent, from the 2014–15 biennium. The increase is primarily due to an estimated increase in consumption of telecommunications and data center services by customer agencies and local entities. The Department of Information Resources was subject to Strategic Fiscal Review.

HIGHLIGHTS:

- Agency appropriations primarily provide payments to service providers of telecommunications and data center services for cost of services for which the agency directly bills customers (i.e., state agencies, institutions of higher education, and local entities). Funding includes \$631.5 million in All Funds for cost of services for the following programs:
- Capitol Complex Telephone System: Funding provides \$5.1 million which reflects an increase of \$1.2 million due to the expansion of voice over internet protocol (VoIP) phone service for the Capitol Complex.
- Texas Agency Network: Funding provides \$169.7 million which reflects an increase of \$25.3 million primarily related to increased consumption of data services by non-state customers (local entities).
- Data Center Services: Funding provides \$456.7 million which reflects an increase of \$84.9 million. The increases are generally agency-driven and are related to an anticipated increase in service consumption primarily for servers and

storage impacted by agencies' initiatives started in the 2014–15 biennium, as well as increases related to disaster recovery services and server software purchases.

- Funding provides \$2.0 million in All Funds for reprocurments of the Texas.gov contract which is set to expire on August 31, 2016, and the Data Center Services oversight and print/mail services contracts (both set to expire on August 31, 2018). The increase of \$1.5 million over the 2014–15 biennium provides for specialized legal services in the area of information technology and consulting services to consider alternative funding and service models.

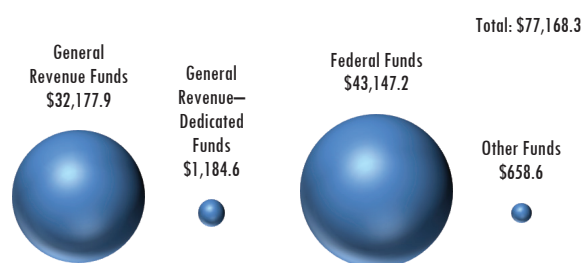
ARTICLE II – HEALTH AND HUMAN SERVICES

FIGURE 36
ARTICLE II – HEALTH AND HUMAN SERVICES, BY METHOD OF FINANCE

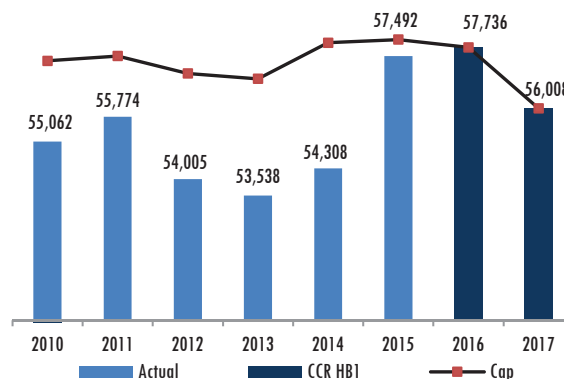
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$29,789.9	\$32,177.9	\$2,388.0	8.0%
General Revenue–Dedicated Funds	\$1,191.5	\$1,184.6	(\$6.8)	(0.6%)
Federal Funds	\$42,858.4	\$43,147.2	\$288.8	0.7%
Other Funds	\$673.6	\$658.6	(\$15.0)	(2.2%)
Total, All Methods of Finance	\$74,513.4	\$77,168.3	\$2,655.0	3.6%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE II

All Funds for Health and Human Services total \$77.2 billion, an increase of \$2.7 billion from the 2014–15 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$33.4 billion, an increase of \$2.4 billion from the 2014–15 biennium. Funding primarily reflects a \$2.1 billion All Funds increase for the Medicaid program and a \$230.9 million All Funds increase for child protective services at the Department of Family and Protective Services. This is offset by the contingent transfer of \$300.5 million in All Funds of certain programs to the Texas Workforce Commission (Article VII).

Appropriations for Health and Human Services encompass many different programs, but spending is driven primarily by forecasted caseloads for entitlement programs, such as Medicaid, Children's Health Insurance Program (CHIP), and foster care and related programs.

- \$61.2 billion in All Funds, including \$25.0 billion in General Revenue Funds and \$0.2 billion in General Revenue–Dedicated Funds, is provided for the Texas Medicaid program. This is an increase of \$2.1 billion in All Funds, including \$2.0 billion in General Revenue Funds and General Revenue–Dedicated Funds. Approximately \$1.7 billion in General Revenue Funds is provided for items including projected caseload growth, including the transition of certain children from CHIP to Medicaid; maintaining fiscal year 2015 average costs for most programs, including fiscal year 2015 rate increases; replacing \$0.3 billion in Interagency Contracts with General Revenue Funds; and full biennial funding of the

Community First Choice program. This increase is offset by a reduction of \$0.3 billion in General Revenue Funds from not continuing state funding for the non-federal portion of the Disproportionate Share Hospital (DSH) program in the 2016–17 biennium.

- A less favorable Federal Medical Assistance Percentage (FMAP) results in a higher proportion of the program being funded with General Revenue Funds (an estimated increase of \$797.3 million) with the net loss of specific enhanced federal funds matching rates further increasing the proportion of the program funded with General Revenue Funds (an increase of \$77.0 million). These increases are offset by a reduction to the proportion of the program funded with General Revenue Funds (a decrease of \$278.7 million) related to a 23 percentage point increase to the Enhanced Federal Medical Assistance Percentage (EFMAP), which applies to certain children in Medicaid previously receiving services through CHIP.
- \$587.7 million in All Funds including \$241.7 million in General Revenue Funds, is provided to reimburse Medicaid managed care organizations for the cost of the Affordable Care Act Health Insurance Providers Fee and associated federal income tax.
- \$712.6 million in All Funds, an increase of \$573.3 million, is provided for increases to hospital payments, including those to rural, trauma, and safety-net hospitals; the majority of the state share of these payments is funded through transfer of funds to the Health and Human Services Commission (HHSC) from appropriations to the Department of State Health Services from General Revenue–Dedicated Designated Trauma Facility and EMS Account No. 5111.
- \$327.6 million in All Funds, including \$125.7 million in General Revenue Funds, is provided to fund an additional 5,601 long-term-care waiver clients at the Department of Aging and Disability Services by the end of fiscal year 2017 and additional clients in the STAR+PLUS program at HHSC.
- Funding levels also reflect a reduction of \$869.6 million in All Funds, including \$373.0 million in General Revenue Funds, for cost-containment initiatives. Funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.
- Funding includes \$1.8 billion in All Funds, \$152.4 million in General Revenue Funds for CHIP, which is a decrease of \$164.9 million in All Funds and \$420.3 million in General Revenue Funds from the 2014–15 biennium. The All Funds decrease is primarily due to a transition of certain children from CHIP to Medicaid pursuant to the Affordable Care Act. Funding levels also include a reduction to the proportion of the program funded with General Revenue Funds related to a 23 percentage point increase to the Enhanced Federal Medical Assistance Percentage (EFMAP), the matching rate for the CHIP program. Funding includes \$30.9 million in All Funds, \$2.5 million in General Revenue Funds for the Health Insurance Providers Fee and resulting federal income tax impact, per the Affordable Care Act. Funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.
- Funding reflects the transfer of the Vocational Rehabilitation (including the Criss Cole Rehabilitation Center), Older Blind Independent Living, and Business Enterprises of Texas programs to the Texas Workforce Commission in fiscal year 2017. This results in a net decrease of \$300.5 million in All Funds from the 2014–15 biennium. The number of full-time equivalents decreases by 1,860.9 from fiscal years 2015 to 2017 due to the transfer. The transfer is contingent upon passage of legislation.
- Funding for child protective services (CPS) totals \$2.8 billion in All Funds, including \$1.5 billion in General Revenue Funds and General Revenue–Dedicated Funds. This is an increase of \$230.9 million in All Funds for:
 - entitlement caseload growth in foster care, adoption subsidies, and the permanency care assistance program;
 - non-entitlement caseload growth and cost growth in day care services;
 - non-entitlement caseload growth in CPS purchased services, and the relative caregiver program;

- rate increases for certain foster care providers (child placing agencies-retainage, emergency shelters, and specialized/intense level residential treatment centers);
 - the roll-out of foster care redesign to one new catchment area during the 2016–17 biennium;
 - a sub-acute inpatient treatment program to provide 24-hour specialized treatment to children with mental, emotional, and behavioral health needs in an inpatient hospital setting;
 - the development and use of the child and adolescent needs and strength (CANS) assessment tool for children in the conservatorship of DFPS;
 - the establishment of a Worker Safety Office to provide trauma support to caseworkers; and
 - an additional 190.8 full-time-equivalent (FTE) positions in fiscal year 2016 and 287.1 FTEs in fiscal year 2017 to maintain the fiscal year 2015 staffing and cost in direct delivery programs, maintain the end of year 2015 average daily caseload per worker, implement CPS transformation initiatives, assist with cases in high staff vacancy or high case volume areas, and for a parental child safety placements pilot.
- Funding for behavioral health and substance abuse at the Department of State Health Services includes \$2.7 billion in All Funds for the biennium, including \$2.0 billion in General Revenue Funds and General Revenue–Dedicated Funds, which is an increase of 2.3 percent All Funds, and 8.9 percent General Revenue Funds and General Revenue–Dedicated Funds over the 2014–15 biennium. Increased funding for inpatient client services is included for new contracted community hospital beds, state hospital information technology improvements, building repairs and inflation-related cost increases. Increased funding for outpatient services reflects funding adjustments for local mental health authorities, funding the adult mental health waitlist, federal Preadmission Screening and Resident Review services, substance abuse prevention and treatment, neonatal abstinence syndrome prevention services, transition support for patients moving from hospitals to the community, expansion of recovery-focused clubhouses, crisis and suicide prevention services, and residential treatment slots for Department of Family and Protective Services clients who are at risk of parental relinquishment. Funding assumes discontinuation of the NorthSTAR behavioral health program in January 2017, with a transfer of funding to the appropriate mental health and Medicaid programs, and funds are provided for the transition period. These amounts do not include Medicaid expenditures.
 - Funding reflects a transfer of \$141.6 million in All Funds, \$137.8 million in General Revenue Funds for the movement of the Expanded Primary Health Care Program and the Family Planning Program from the Department of State Health Services (DSHS) to HHSC. Strategy D.2.3 has been renamed Women’s Health Services to include the Texas Women’s Health Program, the Expanded Primary Health Care Program, and the Family Planning Program and includes an increase of \$50.0 million in General Revenue Funds to increase the number of clients served. Total funding for Strategy D.2.3, Women’s Health Services, is \$260.9 million in All Funds, \$257.1 million in General Revenue Funds.
 - Funding includes an increase of \$52.6 million in All Funds to transfer the Court Appointed Special Advocates (CASA) grant program and the Children’s Advocacy Centers (CAC) grant program from the Office of the Attorney General to HHSC. This is a \$4.8 million increase for CASA and a \$6.7 million increase for CAC over 2014–15 biennial funding levels.

Figure 37 shows the All Funds appropriation for each agency in Article II, and **Figure 38** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for the agencies in Article II.

FIGURE 37
ARTICLE II – HEALTH AND HUMAN SERVICES, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	\$11,613.9	\$8,829.6	(\$2,784.2)	(24.0%)
Department of Assistive and Rehabilitative Services	\$1,232.5	\$957.1	(\$275.4)	(22.3%)
Department of Family and Protective Services	\$3,113.8	\$3,477.2	\$363.4	11.7%
Department of State Health Services	\$6,504.5	\$6,447.6	(\$56.8)	(0.9%)
Health and Human Services Commission	\$51,448.4	\$56,590.2	\$5,141.8	10.0%
Article II Special Provisions	\$0.0	\$0.0	\$0.0	N/A
Subtotal, Health and Human Services	\$73,913.1	\$76,301.8	\$2,388.7	3.2%
Employee Benefits and Debt Service	\$1,772.5	\$2,040.7	\$268.2	15.1%
Less Interagency Contracts	\$1,172.2	\$1,174.1	\$1.9	0.2%
Total, All Functions	\$74,513.4	\$77,168.3	\$2,655.0	3.6%

NOTES:

- (1) May include certain anticipated supplemental spending adjustments.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) 2016–17 amounts reflect the transfer of certain programs from Article I to Article II and from Article II to Article VII.

SOURCE: Legislative Budget Board.

FIGURE 38
ARTICLE II – HEALTH AND HUMAN SERVICES, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	\$4,592.9	\$3,569.7	(\$1,023.2)	(22.3%)
Department of Assistive and Rehabilitative Services	\$218.9	\$176.2	(\$42.6)	(19.5%)
Department of Family and Protective Services	\$1,515.8	\$1,848.5	\$332.7	21.9%
Department of State Health Services	\$2,593.6	\$2,696.3	\$102.6	4.0%
Health and Human Services Commission	\$19,758.3	\$22,561.7	\$2,803.4	14.2%
Article II Special Provisions	\$0.0	\$0.0	\$0.0	N/A
Subtotal, Health and Human Services	\$28,679.5	\$30,852.4	\$2,172.9	7.6%
Employee Benefits and Debt Service	\$1,110.3	\$1,325.5	\$215.2	19.4%
Total, All Functions	\$29,789.9	\$32,177.9	\$2,388.0	8.0%

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) 2016–17 amounts reflect the transfer of certain programs from Article I to Article II and from Article II to Article VII.

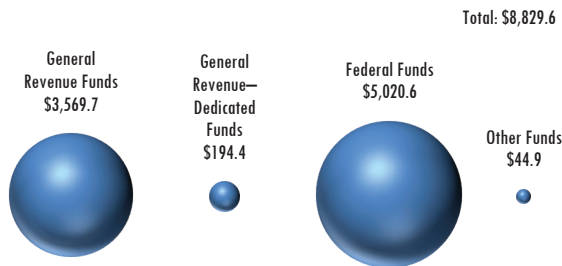
SOURCE: Legislative Budget Board.

DEPARTMENT OF AGING AND DISABILITY SERVICES

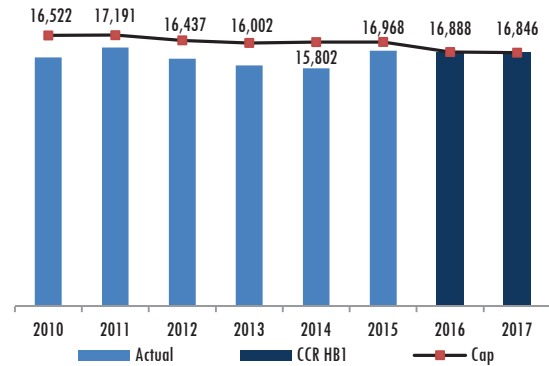
FIGURE 39
DEPARTMENT OF AGING AND DISABILITY SERVICES, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$4,592.9	\$3,569.7	(\$1,023.2)	(22.3%)
General Revenue–Dedicated Funds	\$131.4	\$194.4	\$63.0	47.9%
Federal Funds	\$6,818.7	\$5,020.6	(\$1,798.1)	(26.4%)
Other Funds	\$70.9	\$44.9	(\$26.0)	(36.6%)
Total, All Methods of Finance	\$11,613.9	\$8,829.6	(\$2,784.2)	(24.0%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Department of Aging and Disability Services (DADS) total \$8.8 billion in All Funds, including \$3.8 billion in General Revenue Funds and General Revenue–Dedicated Funds. These appropriations are a decrease of \$2.8 billion in All Funds, including \$1.0 billion in General Revenue Funds and General Revenue–Dedicated Funds, from the 2014–15 base.

HIGHLIGHTS:

- The September 2014 statewide expansion of the STAR+PLUS program and the expected March 2015 carve-in to STAR+PLUS of nursing facility services will result in certain long-term care services previously provided at DADS being provided by HHSC. The programs at DADS affected by the STAR+PLUS expansion or nursing facility carve-in include Primary Home Care, Day Activity & Health Services, Community-based Alternatives (CBA), Nursing Facility Payments, Medicaid Skilled Nursing Facility, and Promoting Independence Services. Though certain clients will continue to receive these services via DADS, the projected expenditures there will decline from 2014–15 levels by approximately \$3.7 billion in All Funds, including \$1.5 billion in General Revenue Funds and General Revenue–Dedicated Funds.
- In addition to the clients and services remaining at DADS in programs affected by managed care expansions, DADS will continue providing other Medicaid community care entitlement and waiver services and institutional services in their Community Attendant Services, Home and Community-based Services (HCS), Community Living and Support Services (CLASS), Deaf Blind Multiple Disabilities (DBMD), Medically Dependent Children’s Program (MDCP),

Texas Home Living Waiver, Program of All-inclusive Care for the Elderly (PACE), Hospice, Intermediate Care Facilities-IID (ICFs/IID), and State Supported Living Center (SSLC) programs.

Funding includes:

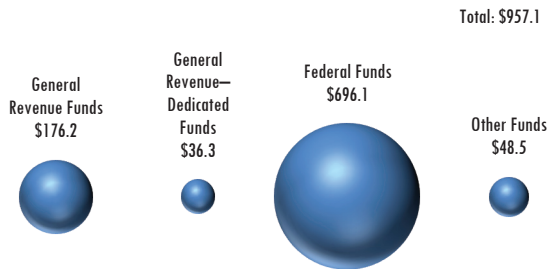
- \$122.2 million in All Funds, including \$51.1 million in General Revenue Funds, for 3,040 slots to reduce the waiver program interest lists in MDCP, CLASS, DBMD, and HCS. This includes fully funding the interest list for DBMD;
- \$81.8 million in All Funds, including \$29.7 million in General Revenue Funds, for 1,261 slots in HCS for individuals who are either at-risk for institutionalization, aging out of foster care, or wish to move from an institution to a community setting;
- \$47.2 million in All Funds, including \$30.6 million in General Revenue Funds, for local authorities and community services providers to help prevent institutionalization for approximately 1,000 individuals with complex medical and/or behavioral needs and to provide intensive service coordination for residents of institutions transitioning to the community;
- \$84.5 million in All Funds, including \$29.1 million in General Revenue Funds, for 1,300 HCS slots for individuals with an intellectual or developmental disability either moving or diverted from a nursing facility. These slots are assumed to save \$59.5 million in All Funds, including \$25.7 million in General Revenue Funds, in nursing facility costs at the Health and Human Services Commission;
- \$41.7 million in All Funds, including \$18.0 million in General Revenue Funds, for rate increases or add-ons for certain ICFs/IID and HCS providers. These amounts include \$27.9 million in All Funds, including \$12.0 million in General Revenue Funds, in contingent rate increases;
- \$37.8 million in All Funds, including \$16.2 million in General Revenue Funds, to provide wage or salary increases for direct support professionals, registered nurses, licensed vocational nurses, and personal attendants;
- An increase of \$10.1 million in All Funds (\$25.3 million in General Revenue Funds) over the 2014–15 biennium for SSLCs, which includes an increase in General Revenue Funds and a decrease in Federal Funds related to a less favorable Federal Medical Assistance Percentage (FMAP); \$9.6 million in General Revenue Funds for making Life Safety Code repairs and renovations; \$7.1 million in All Funds, including \$3.0 million in General Revenue Funds, to assist and improve the quality of care for residents who are transitioning to the community; \$3.0 million in General Revenue Funds to replace vehicles; and a proportionate reduction to All Funds to reflect a projected census decline. Funding does not assume closure of any SSLCs in the 2016–17 biennium.

DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES

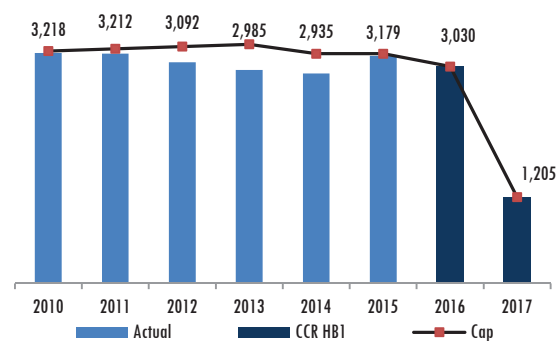
FIGURE 40
DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$218.9	\$176.2	(\$42.6)	(19.5%)
General Revenue–Dedicated Funds	\$34.9	\$36.3	\$1.3	3.9%
Federal Funds	\$937.9	\$696.1	(\$241.8)	(25.8%)
Other Funds	\$40.8	\$48.5	\$7.6	18.7%
Total, All Methods of Finance	\$1,232.5	\$957.1	(\$275.4)	(22.3%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Department of Assistive and Rehabilitative Services (DARS) for the 2016–17 biennium totals \$957.1 million in All Funds, which includes an All Funds decrease of \$275.4 million from the 2014–15 biennium due primarily to program transfers to the Texas Workforce Commission in fiscal year 2017. This decrease is partially offset by additional funding as described in the Highlights below. General Revenue Funds and General Revenue–Dedicated Funds total \$212.5 million, a decrease of \$41.3 million from the 2014–15 biennium. The Department of Assistive and Rehabilitative Services was subject to Strategic Fiscal Review.

HIGHLIGHTS:

- Funding for the agency reflects the transfer of the Vocational Rehabilitation (including the Criss Cole Rehabilitation Center), Older Blind Independent Living, and Business Enterprises of Texas programs to the Texas Workforce Commission in fiscal year 2017. This results in a net decrease of \$300.5 million in All Funds from the 2014–15 biennium. The number of full-time equivalents decreases by 1,860.9 from fiscal years 2015 to 2017 due to the transfer. The transfer is contingent upon passage of legislation.
- Funding for the Autism Program totals \$14.2 million in All Funds, including \$14.0 million in General Revenue Funds, for the biennium. This is an increase of \$5.0 million in General Revenue Funds from the 2014–15 biennium and reflects additional funding to provide focused applied behavioral analysis (ABA) treatment services to approximately 1,900 children over the biennium. Funding levels do not support enrollment in the comprehensive ABA services after August 31, 2015.

- Funding for Children’s Blindness Services totals \$11.1 million in General Revenue Funds (\$12.1 million in All Funds) for the biennium. This is an increase of \$2.4 million in General Revenue Funds from the 2014–15 biennium for additional full-time-equivalent positions to serve additional children.
- Funding for Independent Living Services – General totals \$4.1 million in General Revenue Funds (\$17.5 million in All Funds) and includes an increase of \$1.3 million in General Revenue Funds to serve approximately 50 consumers per fiscal year from the program’s waiting list.

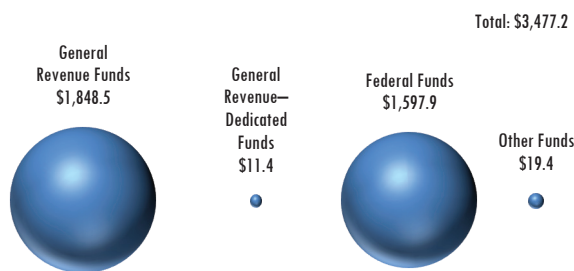
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

FIGURE 41
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES, BY METHOD OF FINANCE

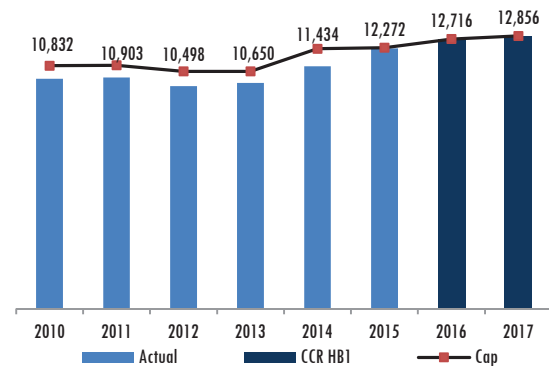
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,515.8	\$1,848.5	\$332.7	21.9%
General Revenue–Dedicated Funds	\$11.4	\$11.4	\$0.0	0.0%
Federal Funds	\$1,568.0	\$1,597.9	\$29.9	1.9%
Other Funds	\$18.6	\$19.4	\$0.8	4.5%
Total, All Methods of Finance	\$3,113.8	\$3,477.2	\$363.4	11.7%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Department of Family and Protective Services (DFPS) for the 2016–17 biennium totals \$3.5 billion in All Funds, including \$1.9 billion in General Revenue Funds and General Revenue–Dedicated Funds. This represents a \$332.7 million, or 21.9 percent, increase in General Revenue Funds and General Revenue–Dedicated Funds and a \$363.4 million, or 11.7 percent, increase in All Funds.

HIGHLIGHTS:

- Funding for child protective services (CPS) totals \$2.8 billion in All Funds, including \$1.5 billion in General Revenue Funds and General Revenue–Dedicated Funds. This is an increase of \$230.9 million in All Funds for:
 - entitlement caseload growth in foster care, adoption subsidies, and the permanency care assistance program;
 - non-entitlement caseload growth and cost growth in day care services;
 - non-entitlement caseload growth in CPS purchased services, and the relative caregiver program;
 - rate increases for certain foster care providers (child placing agencies-retainage, emergency shelters, and specialized/intense level residential treatment centers);
 - the roll-out of foster care redesign to one new catchment area during the 2016–17 biennium;

- A sub-acute inpatient treatment program to provide 24-hour specialized treatment to children with mental, emotional, and behavioral health needs in an inpatient hospital setting;
 - The development and use of the child and adolescent needs and strength (CANS) assessment tool for children in the conservatorship of DFPS; and
 - An additional 190.8 full-time-equivalent (FTE) positions in fiscal year 2016 and 287.1 FTEs in fiscal year 2017 to maintain the fiscal year 2015 staffing and cost in direct delivery programs, maintain the end of year 2015 average daily caseload per worker, implement CPS transformation initiatives, assist with cases in high staff vacancy or high case volume areas, and for a parental child safety placements pilot;
- Funding for prevention programs totals \$117.7 million in All Funds, including \$96.9 million in General Revenue Funds and General Revenue–Dedicated Funds. This includes an increase of \$37.0 million in All Funds to expand the project Healthy Outcomes through Prevention and Early Support (HOPES) and the community youth development (CYD) programs. Funding will also provide for prevention services to military families, community-based services to high risk families, and shaken baby syndrome and safe sleep initiatives awareness campaigns.
 - Funding for child care licensing totals \$90.1 million in All Funds, including \$43.9 million in General Revenue Funds and General Revenue–Dedicated Funds. This is an increase of \$15.9 million in All Funds to provide for additional residential child care licensing staff and salary parity for day care child care licensing staff.
 - Funding in the Agency-wide Automated Systems goal was also increased by \$39.2 million in All Funds for IMPACT modifications, replacement of the automated call distributor system in statewide intake, partial refreshment of caseworkers’ smartphones, automation of the Family Inquiry Network/Database Research System (FINDRS) for data matching between DFPS and the Department of State Health Services, replacement of two child abuse and neglect prevention services database for better reporting, automation of the child care licensing fee collection process, and automation of the criminal history background checks through the Department of Public Safety/Federal Bureau of Investigation.
 - Funding of \$13.2 million in General Revenue Funds and General Revenue–Dedicated Funds and \$23.6 million in All Funds for the creation of a stipend program to support mentoring and training for new caseworkers; paying down overtime to 140 hours for CPS, Adult Protective Services, Child Care Licensing, Statewide Intake, and the Office of Consumer Affairs staff/caseworkers; and performance based merit increases.

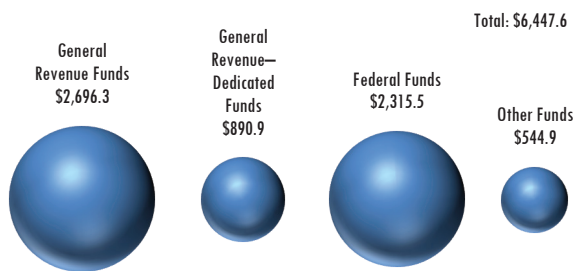
DEPARTMENT OF STATE HEALTH SERVICES

FIGURE 42
DEPARTMENT OF STATE HEALTH SERVICES, BY METHOD OF FINANCE

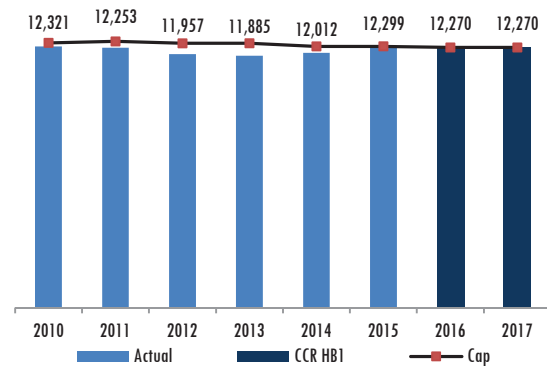
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,593.6	\$2,696.3	\$102.6	4.0%
General Revenue–Dedicated Funds	\$987.0	\$890.9	(\$96.2)	(9.7%)
Federal Funds	\$2,372.2	\$2,315.5	(\$56.7)	(2.4%)
Other Funds	\$551.6	\$544.9	(\$6.6)	(1.2%)
Total, All Methods of Finance	\$6,504.5	\$6,447.6	(\$56.8)	(0.9%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board; State Auditor’s Office.

Funding for the Department of State Health Services (DSHS) for the 2016–17 biennium totals \$6.4 billion in All Funds, which reflects a decrease of \$56.8 million from the 2014–15 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$3.6 billion, an increase of \$6.5 million in General Revenue Funds and General Revenue–Dedicated Funds from the 2014–15 biennium.

HIGHLIGHTS:

- Funding for behavioral health and substance abuse includes \$2.7 billion in All Funds for the biennium, including \$2.0 billion in General Revenue Funds and General Revenue–Dedicated Funds, which is an increase of 2.3 percent All Funds, and 8.9 percent General Revenue Funds and General Revenue–Dedicated Funds over the 2014–15 biennium. Increased funding for inpatient client services is included for new contracted community hospital beds, state hospital information technology improvements, building repairs and inflation-related cost increases. Increased funding for outpatient services reflects funding adjustments for local mental health authorities, funding the adult mental health waitlist, federal Preadmission Screening and Resident Review services, substance abuse prevention and treatment, neonatal abstinence syndrome prevention services, transition support for patients moving from hospitals to the community, expansion of recovery-focused clubhouses, crisis and suicide prevention services, and residential treatment slots for Department of Family and Protective Services clients who are at risk of parental relinquishment. Funding assumes discontinuation of the NorthSTAR behavioral health program in January 2017, with a transfer of funding to the appropriate mental health

and Medicaid programs. Additional funds are provided for the transition period. Funding also includes \$5.6 million in General Revenue Funds to provide wage or salary increases at state hospitals for psychiatric nursing assistants, registered nurses and licensed vocational nurses. These amounts do not include Medicaid expenditures.

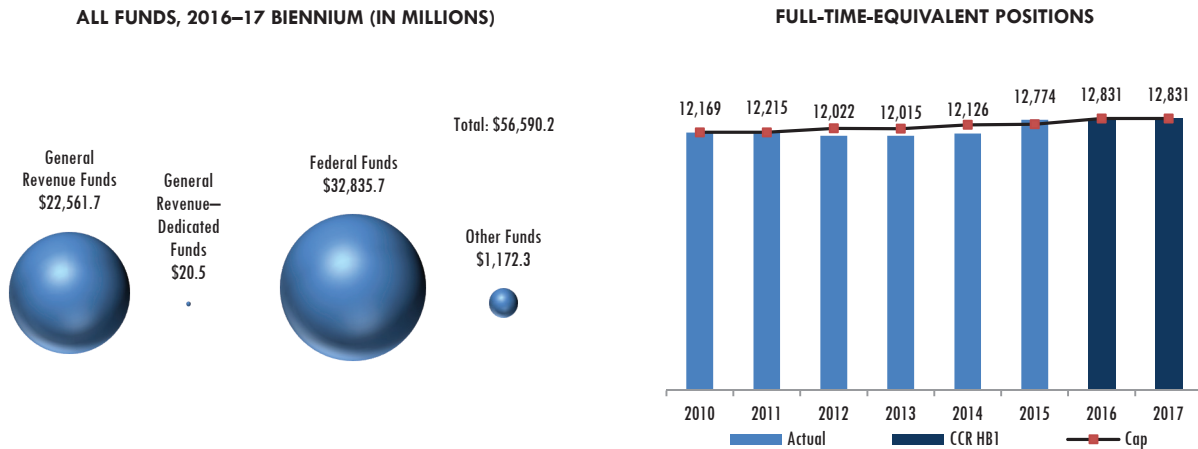
- Funding for EMS and Trauma Care Systems is \$349.1 million in All Funds for the biennium, which is a decrease in All Funds of \$84.8 million from the 2014–15 biennium, due to two significant funding changes: the decrease of an appropriation of \$300.0 million by the Eighty-third Legislature of General Revenue–Dedicated Trauma Facility and EMS Account Number 5111 which was transferred to the Health and Human Services Commission for Medicaid expenses, and the increase of \$216.2 million in additional trauma funds. A total of \$301.7 million in trauma funds will be transferred to the Health and Human Services Commission for rural, safety-net and trauma hospital add-on payments.
- Funding for the Family Planning and the Expanded Primary Health Care Programs has been transferred to the Health and Human Services Commission (HHSC).
- Funding for the Women, Infants, and Children (WIC) program is \$1.6 billion in All Funds for the biennium, including \$440.3 million in General Revenue Funds and General Revenue–Dedicated Funds, which is a \$27.6 million increase in All Funds over the 2014–15 biennium, due to an anticipated increase in Federal Funds.
- Funding for the Office of Violent Sex Offender Management (OVSOM) is \$24.5 million in All Funds for the biennium, including \$24.4 million in General Revenue Funds and General Revenue–Dedicated Funds, which is an increase of \$11.4 million in General Revenue Funds and General Revenue–Dedicated Funds in the 2014–15 biennium, due to increases in the per diem cost to house offenders and for projected caseload increases. Additional funds for OVSOM are included in Article IX, contingent upon enactment of SB746 or similar legislation.
- Funding for Children with Special Health Care Needs (CSHCN) is \$87.6 million in All Funds for the biennium, including \$62.0 million in General Revenue Funds and General Revenue–Dedicated Funds, which is an increase of \$5.0 million in General Revenue Funds and General Revenue–Dedicated Funds over the 2014–15 biennium, due to funding an additional 186 clients on the waiting list.
- Funding includes \$33.6 million in All Funds for the biennium for Ebola and other infectious diseases and \$4.0 million in General Revenue–Dedicated funds for local preparedness of hazardous chemical events. These amounts include funding for epidemiological surveillance and response capacity, infectious disease response training and exercises, public health preparedness and response communications and coordination, personal protective equipment and chemical event preparedness.
- Funding for cardiovascular disease and stroke projects includes an increase of \$1.5 million in General Revenue Funds over the 2014–15 biennium.

HEALTH AND HUMAN SERVICES COMMISSION

FIGURE 43
HEALTH AND HUMAN SERVICES COMMISSION, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$19,758.3	\$22,561.7	\$2,803.4	14.2%
General Revenue–Dedicated Funds	\$0.0	\$20.5	\$20.5	N/A
Federal Funds	\$30,531.2	\$32,835.7	\$2,304.5	7.5%
Other Funds	\$1,158.9	\$1,172.3	\$13.4	1.2%
Total, All Methods of Finance	\$51,448.4	\$56,590.2	\$5,141.8	10.0%



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Health and Human Services Commission (HHSC) for the 2016–17 biennium totals \$56.6 billion in All Funds, which includes an increase of \$5.1 billion from the 2014–15 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$22.6 billion, an increase of \$2.8 billion from the 2014–15 biennium. The increase in funding is primarily related to the Medicaid program.

HIGHLIGHTS:

- Funding for Medicaid at HHSC for the 2016–17 biennium includes \$51.6 billion in All Funds, \$21.1 billion in General Revenue Funds, which is an increase of \$5.1 billion in All Funds and \$3.0 billion in General Revenue Funds from the 2014–15 biennium. The statewide expansion of the STAR+PLUS program (September 2014) and carving in of nursing facility services to STAR+PLUS (March 2015) result in long-term-care services previously provided at the Department of Aging and Disability Services being provided at the Health and Human Services Commission. Funding for Medicaid at HHSC includes \$583.0 million in All Funds, \$239.8 million in General Revenue Funds to fund the Health Insurance Providers Fee and resulting federal income tax impact, per the Affordable Care Act; \$189.2 million in All Funds, \$44.2 million in General Revenue Funds for increased claims administrator costs; and \$31.5 million in All Funds, \$12.3 million in General Revenue Funds to fund additional services provided to individuals with intellectual and developmental disabilities. Funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.

- Funding in Medicaid includes \$712.6 million in All Funds, \$5.0 million in General Revenue Funds for three add-on payments to hospitals:
 - \$355.5 million in All Funds, \$153.0 million in General Revenue–Dedicated Trauma Facility and EMS Account Number 5111 (trauma) funds transferred from the Department of State Health Services (DSHS), for a safety-net hospital add-on payment;
 - \$299.0 million in All Funds, \$128.7 million in trauma funds transferred from DSHS, for a trauma hospital add-on payment; and
 - \$58.1 million in All Funds, \$20.0 million in trauma funds transferred from DSHS, and \$5.0 million in General Revenue Funds for a rural hospital add-on payment.
- Funds include \$3.1 billion in General Revenue Funds for projected caseload growth; a less favorable Federal Medical Assistance Percentage (FMAP), which results in a higher proportion of the program being funded with General Revenue Funds; and a reduction to the proportion of the program funded with General Revenue Funds related to a 23 percentage point increase to the Enhanced Federal Medical Assistance Percentage (EFMAP), which applies to certain children in Medicaid previously receiving services through the Children’s Health Insurance Program (CHIP). Funding for Medicaid includes a decrease of \$869.6 million in All Funds, including \$373.0 million in General Revenue Funds for cost-containment initiatives, and a decrease of \$300.0 million in Other Funds due to a one-time interagency contract in 2014–15 with the Department of State Health Services to provide additional funds for Medicaid expenses.
- Funding includes \$1.8 billion in All Funds, \$152.4 million in General Revenue Funds for CHIP, which is a decrease of \$164.9 million in All Funds and \$420.3 million in General Revenue Funds from the 2014–15 biennium. The All Funds decrease is primarily due to a transition of certain children from CHIP to Medicaid pursuant to the Affordable Care Act. Funding levels also include a reduction to the proportion of the program funded with General Revenue Funds related to a 23 percentage point increase to the Enhanced Federal Medical Assistance Percentage (EFMAP), the matching rate for the CHIP program. Funding includes \$30.9 million in All Funds, \$2.5 million in General Revenue Funds for the Health Insurance Providers Fee and resulting federal income tax impact, per the Affordable Care Act. Funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.
- Funding includes \$130.1 million in All Funds, \$45.8 million in General Revenue Funds for the Office of the Inspector General, which is an increase of \$3.1 million in All Funds from the 2014–15 biennium. The net increase includes additional funds for the Medicaid Fraud and Abuse Detection System and a new lease to consolidate the OIG employees based in Austin, offset by a decrease due to the ending of the fraud case management system contract.
- Funding includes an increase of \$77.7 million in All Funds, which includes \$32.5 million in General Revenue Funds, to increase the base pay of Community Attendant Care Workers to \$8.00 per hour and for rate enhancement across community-based programs.
- Funding includes \$56.9 million in All Funds, including \$21.5 million in General Revenue Funds for the Family Violence Services program, which is an increase of \$3.9 million in All Funds from the 2014–15 biennium. The increased funding will serve 2,176 additional clients in the Family Violence Program.
- Funding includes an increase of \$141.6 million in All Funds, \$137.8 million in General Revenue Funds for the transfer of the Expanded Primary Health Care Program and the Family Planning Program from the Department of State Health Services (DSHS) to HHSC. Strategy D.2.3 has been renamed Women’s Health Services to include the Texas Women’s Health Program, the Expanded Primary Health Care Program, and the Family Planning Programs and includes an increase of \$50.0 million in General Revenue Funds to increase the number of clients served. Total funding for the Women’s Health Services is \$260.9 million in All Funds, \$257.1 million in General Revenue Funds.

- Funding includes an increase of \$52.6 million in All Funds to transfer the Court Appointed Special Advocates (CASA) grant program and the Children’s Advocacy Centers (CAC) grant program from the Office of the Attorney General to HHSC. This is a \$4.8 million increase for CASA and a \$6.7 million increase for CAC over 2014–15 biennial funding levels.
- Funding includes an increase of \$20.0 million in General Revenue Funds to implement a grant program to provide mental health services to veterans.

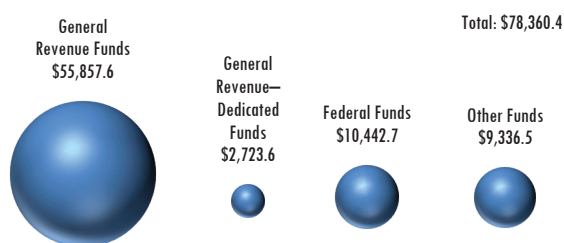
ARTICLE III – EDUCATION

FIGURE 44
ARTICLE III – EDUCATION, BY METHOD OF FINANCE

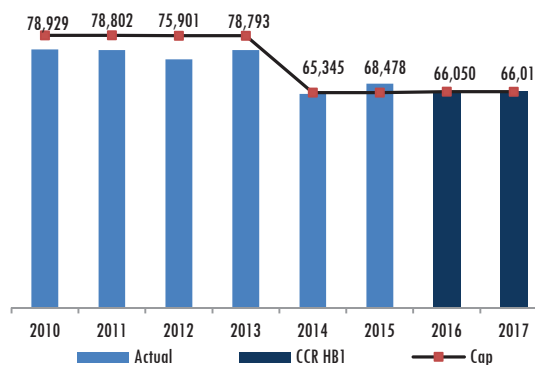
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$50,674.6	\$55,857.6	\$5,183.0	10.2%
General Revenue–Dedicated Funds	\$2,676.1	\$2,723.6	\$47.4	1.8%
Federal Funds	\$10,034.1	\$10,442.7	\$408.6	4.1%
Other Funds	\$10,556.9	\$9,336.5	(\$1,220.4)	(11.6%)
Total, All Methods of Finance	\$73,941.8	\$78,360.4	\$4,418.5	6.0%
Amount of Tax Relief			(\$1,200.0)	
Growth Excluding Tax Relief			\$3,218.5	4.4%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE III

Public Education All Funds appropriations, excluding the Teacher Retirement System and end-of-article benefits, total \$54.5 billion for the 2016–17 biennium, an All Funds increase of \$2.9 billion, or 5.6 percent from the 2014–15 biennium. The All Funds increase is primarily attributable to \$1.5 billion in Foundation School Program (FSP) funding in excess of amounts estimated to be necessary to fund current law obligations and an additional \$1.2 billion for the FSP contingent on property tax relief providing an equivalent reduction in local property taxes. General Revenue Funds and General Revenue–Dedicated Funds total \$37.4 billion, an increase of \$3.6 billion, or 10.7 percent from the 2014–15 biennium. The General Revenue Funds increase reflects an increase of \$2.6 billion to replace lower estimated Property Tax Relief Fund revenue (Other Funds) due to franchise tax relief, \$1.2 billion in property tax relief, and \$1.5 billion in additional funding for schools, partially offset by a lower state cost to fund current law compared to the 2014–15 biennium. Other Funds total \$6.9 billion for the 2016–17 biennium, a \$1.2 billion or 14.5 percent decrease primarily attributable to franchise tax relief. Federal Funds total \$10.2 billion, a \$410.9 million or 4.2 percent increase primarily attributable to Child Nutrition.

The majority of Public Education funding consists of state aid for school districts and charter schools through the FSP system. FSP funding is driven by statutory formulas, amounts specified in the General Appropriations Act, and projected enrollment and district property value amounts.

- FSP funding for the 2016–17 biennium includes \$35.5 billion in General Revenue Funds and \$42.3 billion in All Funds. This represents an increase of \$3.8 billion in General Revenue Funds and an increase of \$2.7 billion, or 6.8 percent, in All Funds compared to the 2014–15 biennium. FSP funding includes \$3.8 billion contingent on two tax relief provisions: (1) \$2.6 billion is contingent on franchise tax reform resulting in an equivalent savings and a corresponding reduction to the Property Tax Relief Fund (Other Funds); and (2) \$1.2 billion is contingent on an equivalent amount of school district property tax relief.
- FSP funding is increased by \$1.5 billion over what is estimated to be required to fund the current law FSP entitlement. The additional funding consists of four elements: (1) \$1.2 billion is attributable to increase in the Basic Allotment; (2) \$200.0 million is contingent on legislation that equalizes within the school finance formulas the treatment of similar tax effort across school districts; (3) \$55.5 million in new funding for the Instructional Facilities Allotment to provide tax relief for property-poor districts issuing bonds for local facility needs; and (4) \$47.5 million for the New Instructional Facilities Allotment to provide start up funds for new district and charter school campuses.
- Non-FSP program and administration funding at the Texas Education Agency for the 2016–17 biennium includes \$1.8 billion in General Revenue Fund appropriations, a \$233.1 million decrease compared to the 2014–15 biennium. The decrease is due primarily to the exclusion of one-time transition aid of \$330.0 million to school districts (Senate Bill 1458, Eighty-third Legislature, 2013). Excluding the 2014–15 one-time funding, non-FSP program and administration funding is increased by \$99.9 million in 2016–17. Instructional materials and technology funding is \$1.0 billion, a \$102.9 million increase compared to the 2014–15 biennium.

Higher Education All Funds appropriations, excluding Higher Education Group Insurance and end-of-article benefits, total \$17.2 billion for the 2016–17 biennium, an increase of \$1.1 billion, or 7.1 percent from the 2014–15 biennium. The majority of Higher Education funding consists of formula funding to the General Academic Institutions, Lamar State Colleges, Texas State Technical Colleges, Health Related Institutions, and the Public Community and Junior Colleges.

- Formula funding for the General Academic Institutions for the 2016–17 biennium totals \$4.7 billion in All Funds, which includes \$3.4 billion in General Revenue Funds. This represents an increase of \$329.0 million in All Funds, or 7.6 percent from the 2014–15 biennium. This includes an increase of \$281.9 million, or 8.9 percent, in General Revenue Funds from the 2014–15 biennium. Formula amounts for 2016–17 increase the Instruction and Operations Formula rate from \$54.86 per weighted semester credit hour in 2014–15 to \$55.39 in 2016–17. Formula amounts for the Infrastructure Formula increase from the 2014–15 rate of \$5.56 per predicted square foot to \$5.62.
- Formula funding for the Lamar State Colleges for the 2016–17 biennium totals \$34.7 million in All Funds, which includes \$33.8 million in General Revenue. This represents a decrease of \$4.5 million, or 11.5 percent from the 2014–15 biennium in All Funds. This includes a decrease of \$4.2 million, or 11.1 percent, in General Revenue Funds from the 2014–15 biennium, and is due primarily to a decrease in contact hours from the 2014–15 biennium. Formula funding amounts increase the I&A rate from \$3.44 per contact hour to \$3.53 per contact hour.
- Formula funding for the Texas State Technical Colleges (TSTC) for the 2016–17 biennium totals \$109.9 million in All Funds, which includes \$106.5 million in General Revenue Funds. This represents an increase of \$4.2 million, or 3.9 percent from the 2014–15 biennium in All Funds. This includes an increase of \$4.0 million, or 3.9 percent, in General Revenue Funds from the 2014–15 biennium, and increases the returned value percentage from 32.6 percent to 35.5 percent in the TSTC I&A Formula returned value formula that began in 2014–15.
- Formula funding for the Health Related Institutions for the 2016–17 biennium totals \$2.0 billion in All Funds, which includes \$1.9 billion in General Revenue Funds. This represents an increase of \$155.2 million, or 8.4 percent from the 2014–15 biennium in All Funds. This includes an increase of \$134.0 million in General Revenue Funds, or 7.6 percent,

from the 2014–15 biennium. Formula funding increases the All Funds rate for all the Health-Related Institutions formulas except the two mission specific formulas.

- Formula funding for the Public Community and Junior Colleges for the 2016–17 biennium totals \$1.7 billion in General Revenue Funds. This represents a decrease of \$24.2 million, or 1.4 percent from the 2014–15 biennium, and is due primarily to a 3.2 percent decrease in contact hours from 2014–15. Formula funding amounts provide a 90 percent hold harmless appropriation based on formula General Revenue Fund appropriations in the 2014–15 biennium; maintain core operations funding; and maintain the percentage split for formula funding at 90 percent for contact hour funding and 10 percent for success point funding.
- Funding for the Higher Education Coordinating Board in 2016–17 includes an increase of \$183.3 million in General Revenue Funds from the 2014–15 biennium. This increase reflects an increase of \$93.5 million for the Texas Research Incentive Program, an increase of \$62.7 million for the TEXAS Grants program, an increase of \$28.9 million for the Texas Educational Opportunity Grants program, an increase of \$12.2 million for the Tuition Equalization Grants program, and an increase of \$38.7 million for the Graduate Medical Education Expansion program. General Revenue funding also reflects an increase of \$8.1 million for the Autism program, \$4.0 million for the Advise Texas program, \$3.0 million for the Preceptorship program, and \$1.5 million for the Educational Aide program. General Revenue funding increases are partially offset by a decrease of \$12.2 million in General Revenue Funds for the B-On-Time Program-Private, a decrease of \$21.4 million in General Revenue for the Top Ten Percent Scholarships program, a decrease of \$1.8 million from the Texas Armed Services Scholarship program, a decrease of \$5.4 million in General Revenue Funds for the University of North Texas Pharmacy program, and a decrease of \$30.0 million in General Revenue Funds for the Hazlewood Tuition Exemption program, which is now located at Texas Veterans Commission.
- Appropriations in Special Provisions for Institutions of Higher Education include \$240.0 million in General Revenue Funds in 2017 for debt service on revenue bonds contingent upon the enactment of legislation authorizing the bonds for various construction projects at multiple university campuses. Article IX includes an appropriation of \$65.3 million in General Revenue–Dedicated Funds in 2016 of B-On-Time account balances, contingent upon enactment of legislation.

Teacher Retirement System funding consists of state contributions for retirement and health care benefits for employees of public schools and institutions of higher education and retirees. TRS funding totals \$4.3 billion in the 2016–17 biennium, a \$180.7 million increase from 2014–15 expenditures. The funding level maintains the state contribution rate for retirement of 6.8 percent of active member payroll, and 1.0 percent for retiree health. The increase in appropriations is primarily due to the projected 2016–17 growth payroll growth rate of two percent for public education and four percent for higher education.

Figure 45 shows the All Funds appropriations for each agency in Article III, and **Figure 46** shows the General Revenue Funds appropriations for each agency. On the subsequent pages in this chapter are more specific details about funding levels for some of the agencies in Article III; only those agencies with significant changes are highlighted on those pages.

FIGURE 45
ARTICLE III – EDUCATION, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	\$51,508.5	\$54,373.8	\$2,865.3	5.6%
School for the Blind and Visually Impaired	\$50.4	\$48.8	(\$1.6)	(3.1%)
School for the Deaf	\$55.9	\$57.3	\$1.4	2.5%
Subtotal, Public Education	\$51,614.9	\$54,479.9	\$2,865.1	5.6%
Public Higher Education				

FIGURE 45 (CONTINUED)
ARTICLE III – EDUCATION, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Academic Institutions	\$6,424.3	\$6,823.2	\$398.8	6.2%
Health-related Institutions	\$2,857.9	\$3,036.3	\$178.4	6.2%
Texas A&M Service Agencies	\$938.9	\$971.4	\$32.5	3.5%
Higher Education Coordinating Board	\$1,535.4	\$1,698.8	\$163.4	10.6%
Higher Education Fund	\$525.0	656.3	\$131.3	25.0%
Available University Fund	\$1,702.2	\$1,690.5	(\$11.7)	(0.7%)
Available National Research University Fund	\$55.8	\$61.1	\$5.2	9.4%
Permanent Fund Supporting Military and Veterans Exemptions	\$11.4	\$23.5	\$12.1	106.6%
Article III, Special Provisions	\$0.0	\$240.0	\$240.0	N/A
Two-Year Institutions				
Public Community/Junior Colleges	\$1,790.0	\$1,778.5	(\$11.5)	(0.6%)
Lamar Lower-level Institutions	\$66.9	\$65.4	(\$1.5)	(2.2%)
Texas State Technical Colleges	\$176.6	\$187.5	\$10.9	6.2%
Subtotal, Two-Year Institutions	\$2,033.5	\$2,031.4	(\$2.1)	(0.1%)
Subtotal, Public Higher Education	\$16,084.5	\$17,232.4	\$1,147.9	7.1%
Teacher Retirement System	\$4,166.1	\$4,346.8	\$180.7	4.3%
Optional Retirement Program	\$333.4	\$326.3	(\$7.2)	(2.1%)
Higher Education Employees Group Insurance Contributions	\$1,190.8	\$1,377.9	\$187.1	15.7%
Retirement and Group Insurance	\$70.0	\$86.0	\$16.0	22.9%
Social Security and Benefit Replacement Pay	\$552.0	\$583.9	\$31.9	5.8%
Subtotal, Employee Benefits	\$6,312.3	\$6,720.8	\$408.5	6.5%
Bond Debt Service Payments	\$22.7	\$23.1	\$0.4	1.7%
Lease Payments	\$5.1	\$4.5	(\$0.5)	(10.2%)
Subtotal, Debt Service	\$27.8	\$27.6	(\$0.1)	(0.5%)
Less Interagency Contracts	\$97.6	\$100.4	\$2.8	2.9%
Total, All Functions	\$73,941.8	\$78,360.4	\$4,418.5	6.0%
Amount of Tax Relief			(\$1,200.0)	
Growth Excluding Tax Relief			\$3,218.5	4.4%

NOTES:

(1) Includes certain anticipated supplemental spending adjustments if applicable.

(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 46
ARTICLE III – EDUCATION, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	\$33,729.0	\$37,350.2	\$3,621.3	10.7%
School for the Blind and Visually Impaired	\$29.2	\$30.2	\$1.1	3.6%
School for the Deaf	\$36.0	\$37.2	\$1.2	3.3%
Subtotal, Public Education	\$33,794.1	\$37,417.7	\$3,623.5	10.7%
Public Higher Education				
General Academic Institutions	\$4,389.7	\$4,773.9	\$384.1	8.8%
Health-related Institutions	\$2,532.7	\$2,742.8	\$210.1	8.3%
Texas A&M Service Agencies	\$331.6	\$357.1	\$25.6	7.7%
Higher Education Coordinating Board	\$1,269.9	\$1,453.2	\$183.3	14.4%
Higher Education Fund	\$525.0	\$656.3	\$131.3	25.0%
Article III, Special Provisions	\$0.0	\$240.0	\$240.0	N/A
Two-Year Institutions				
Public Community/Junior Colleges	\$1,790.0	\$1,778.5	(\$11.5)	(0.6%)
Lamar Lower-level Institutions	\$51.9	\$52.4	\$0.5	0.9%
Texas State Technical Colleges	\$124.0	\$138.1	\$14.1	11.4%
Subtotal, Two-Year Institutions	\$1,966.0	\$1,969.0	\$3.0	0.2%
Subtotal, Public Higher Education	\$11,014.9	\$12,192.3	\$1,177.4	10.7%
Teacher Retirement System	\$3,882.9	\$4,049.4	\$166.5	4.3%
Optional Retirement Program	\$271.0	\$258.8	(\$12.3)	(4.5%)
Higher Education Employees Group Insurance Contributions	\$1,189.2	\$1,377.9	\$188.7	15.9%
Retirement and Group Insurance	\$57.2	\$70.1	\$12.9	22.5%
Social Security and Benefit Replacement Pay	\$437.8	\$464.2	\$26.4	6.0%
Subtotal, Employee Benefits	\$5,838.1	\$6,220.3	\$382.2	6.5%
Bond Debt Service Payments	\$22.4	\$22.8	\$0.4	1.7%
Lease Payments	\$5.1	\$4.5	(\$0.5)	(10.2%)
Subtotal, Debt Service	\$27.4	\$27.3	(\$0.1)	(0.5%)
Total, All Functions	\$50,674.6	\$55,857.6	\$5,183.0	10.2%
Amount of Tax Relief			(\$3,800.0)	
Growth Excluding Tax Relief			\$1,383.0	2.7%

NOTES:

(1) Includes certain anticipated supplemental spending adjustments if applicable.

(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

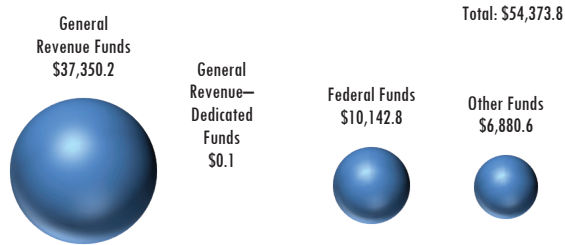
TEXAS EDUCATION AGENCY

FIGURE 47
TEXAS EDUCATION AGENCY, BY METHOD OF FINANCE

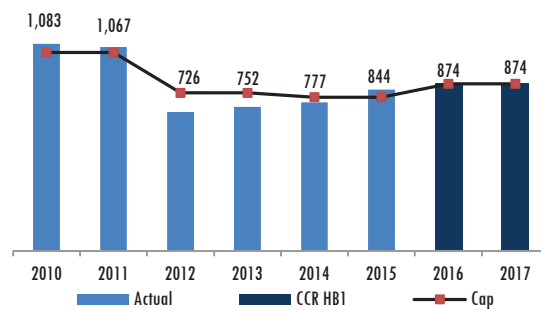
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$33,729.0	\$37,350.2	\$3,621.3	10.7%
General Revenue–Dedicated Funds	\$0.1	\$0.1	\$0.0	0.0%
Federal Funds	\$9,731.8	\$10,142.8	\$411.1	4.2%
Other Funds	\$8,047.7	\$6,880.6	(\$1,167.1)	(14.5%)
Total, All Methods of Finance	\$51,508.5	\$54,373.8	\$2,865.3	5.6%
Amount of Tax Relief			(\$1,200.0)	
Growth Excluding Tax Relief			\$1,665.3	3.2%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Texas Education Agency for the 2016–17 biennium total \$54.4 billion, a \$2.9 billion, or 5.6 percent increase compared to the 2014–15 biennium. The All Funds increase is primarily attributable to \$1.5 billion in Foundation School Program (FSP) funding in excess of amounts estimated to be necessary to fund current law obligations, an additional \$1.2 billion for the FSP contingent on property tax relief providing an equivalent reduction in local property taxes, a \$411.1 million Federal Funds increase, primarily in Child Nutrition, and a \$233.1 million decrease in General Revenue funding for non-FSP programs and administration. The General Revenue increase of \$3.6 billion also reflects an increase of \$2.6 billion to replace lower estimated Property Tax Relief Fund revenue (Other Funds) due to franchise tax relief. Texas Education Agency programs outside of the Foundation School Program were subject to Strategic Fiscal Review.

HIGHLIGHTS:

- FSP funding for the 2016–17 biennium includes \$35.5 billion in General Revenue Funds and \$42.3 billion in All Funds. This represents an increase of \$3.8 billion in General Revenue Funds, or 12.3 percent, and an increase of \$2.7 billion, or 6.8 percent, in All Funds compared to the 2014–15 biennium. The General Revenue Funds increase reflects provisions implementing property tax relief (\$1.2 billion), franchise tax relief (\$2.6 billion), and providing additional

funding for schools (\$1.5 billion), partially offset by a lower state cost to fund current law compared to the 2014–15 biennium.

- FSP funding is increased by \$1.5 billion over what is estimated to be required to fund the current law FSP entitlement. The additional funding consists of four elements: (1) \$1.2 billion is attributable to increase in the Basic Allotment; (2) \$200.0 million is contingent on legislation that equalizes within the school finance formulas the treatment of similar tax effort across school districts; (3) \$55.5 million in new funding for the Instructional Facilities Allotment to provide tax relief for property-poor districts issuing bonds for local facility needs; and (4) \$47.5 million for the New Instructional Facilities Allotment to provide start up funds for new district and charter school campuses.
- General Revenue funding for the FSP contains \$3.8 billion contingent on two tax relief provisions: (1) \$2.6 billion is contingent on franchise tax reform resulting in an equivalent savings and a corresponding reduction to the Property Tax Relief Fund; and (2) \$1.2 billion is contingent on an equivalent amount of school district property tax relief.
- Non-FSP program and administration funding for the 2016–17 biennium includes \$1.8 billion in General Revenue Fund appropriations, a \$233.1 million decrease compared to the 2014–15 biennium. The decrease is due primarily to the exclusion of one-time \$330.0 million transition aid to school districts (Senate Bill 1458, Eighty-third Legislature, 2013). Excluding the one-time funding provided in the 2014–15 biennium, non-FSP program and administration funding for the 2016–17 biennium increased by \$99.9 million in the 2016–17 biennium.
- Instructional materials and technology funding is \$1.1 billion in General Revenue Funds, a \$102.9 million increase compared to the 2014–15 biennium. Out of instructional materials funding, \$10.0 million is provided for the development of open-source instructional materials.
- General Revenue funding for certain non-FSP programs and administration are increased, including: \$40.6 million for new literacy and math academies; \$3.0 million for the Early College High School Initiative; \$2.7 million for the Texas Education Agency’s Office of Complaints, Investigations, and Enforcement for on-site, special accreditation investigations at school districts and charter schools; \$1.5 million for Texas Academic Innovation and Mentoring (Texas AIM); and \$1.0 million for the Adult Charter School Pilot.
- General Revenue funding for other non-FSP programs are decreased: the Student Success Initiative is funded at \$31.7 million (a \$28.8 million decrease); juvenile justice programs are funded at \$20.4 million (a \$6.1 million decrease); Reasoning Mind, a computer-based math instruction program is funded at \$4.0 million (a \$5.0 million decrease); and FitnessGram is funded at \$2.0 million (a \$3.0 million decrease). Funding is not included for, autism training (\$1.5 million), Public School Teachers Survey and Audit (\$1.1 million), Online College Preparation and Technical Assistance Program (\$1.0 million), and Steroid Testing (\$1.0 million).

TEACHER RETIREMENT SYSTEM

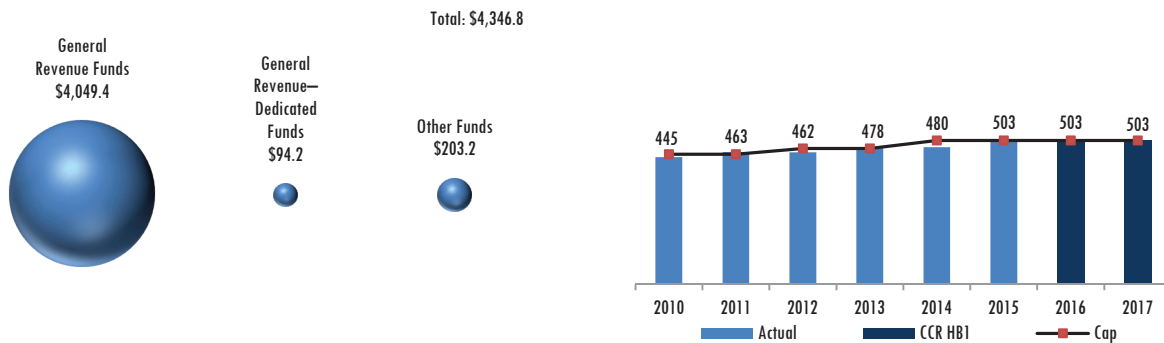
FIGURE 48
TEACHER RETIREMENT SYSTEM, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$3,882.9	\$4,049.4	\$166.5	4.3%
General Revenue–Dedicated Funds	\$87.1	\$94.2	\$7.1	8.2%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$196.1	\$203.2	\$7.0	3.6%
Total, All Methods of Finance	\$4,166.1	\$4,346.8	\$180.7	4.3%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Teacher Retirement System for the 2016–17 biennium totals \$4.3 billion in All Funds. This represents an increase of \$180.7 million, or 4.3 percent, over the 2014–15 base. Funding consists of state contributions for retirement and health care benefits for employees of public schools and institutions of higher education and retirees, which are based on active member payroll amounts. The increase in appropriations is primarily due to the projected growth of payroll amounts in the 2016–17 biennium.

HIGHLIGHTS:

- Funding for 2016–17 retirement benefits consists of \$3.5 billion in General Revenue Funds and \$94.2 million in General Revenue–Dedicated Funds. Funding reflects a state contribution rate of 6.8 percent of active member payroll for retirement benefits. All Funds funding for public education retirement benefits totals \$3.1 billion, a 4.0 percent increase over the base, which reflects a projected 2.0 percent payroll growth rate in each year of the 2016–17 biennium. All Funds funding for higher education retirement benefits totals \$454.7 million, a 7.3 percent increase over the base, which reflects a projected 4.0 percent payroll growth rate in both years of the 2016–17 biennium.
- Funding for 2016–17 TRS-Care funding totals \$562.2 million in General Revenue Funds, a 4.0 percent increase over the 2014–15 biennium, using the same payroll growth assumption as public education retirement. Appropriations include a state contribution rate of 1.0 percent of payroll for the retiree health care program.

- Funding for administrative operations, which are supported by the TRS Pension Trust Fund (Other Funds), include an increase of \$6.3 million, or 3.3 percent. The increase is primarily attributable to increased membership, changes in asset management, and the continued implementation of the major technology initiative, the TRS Enterprise Application Modernization (TEAM). Funding includes an additional 11.0 FTEs for continued implementation of the TEAM project, scheduled for conclusion in fiscal year 2018.

HIGHER EDUCATION FUND

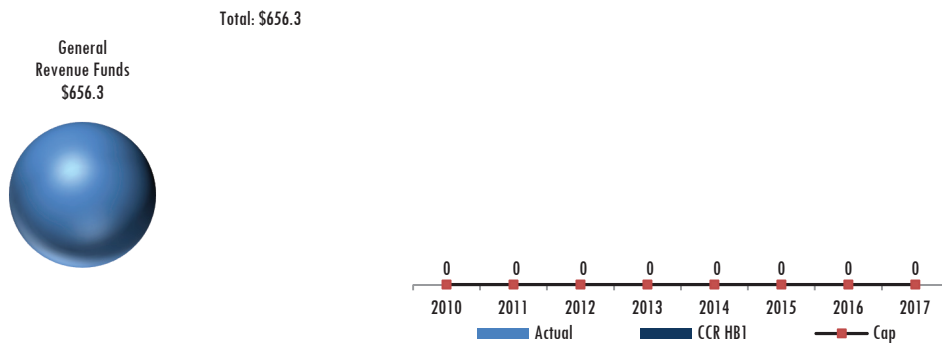
FIGURE 49
HIGHER EDUCATION FUND, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$525.0	\$656.3	\$131.3	25.0%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$525.0	\$656.3	\$131.3	25.0%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Higher Education Fund for the 2016–17 biennium totals \$656.3 million in General Revenue, which includes an increase of \$131.3 million from the 2014–15 biennium contingent on the passage of Senate Bill 1191, or similar legislation relating to the amount and allocation of the annual constitutional appropriation to certain agencies and institutions of higher education, by the Eighty-fourth Legislature. The appropriation for fiscal year 2016 is level with the annual appropriation provided in fiscal years 2014–15, and is increased in fiscal year 2017.

HIGHLIGHTS:

- The Higher Education Fund is an annual General Revenue Fund appropriation dedicated by the Texas Constitution to support certain capital costs at institutions of higher education that are not eligible to receive funding from the Available University Fund.
- The Texas Constitution requires the Legislature to review the Higher Education Fund formula allocation every ten years and may adjust the amount and allocation of the appropriation once every five years. The Eighty-fourth Legislature has the opportunity to both reallocate and increase the Higher Education Fund appropriation.

AVAILABLE UNIVERSITY FUND

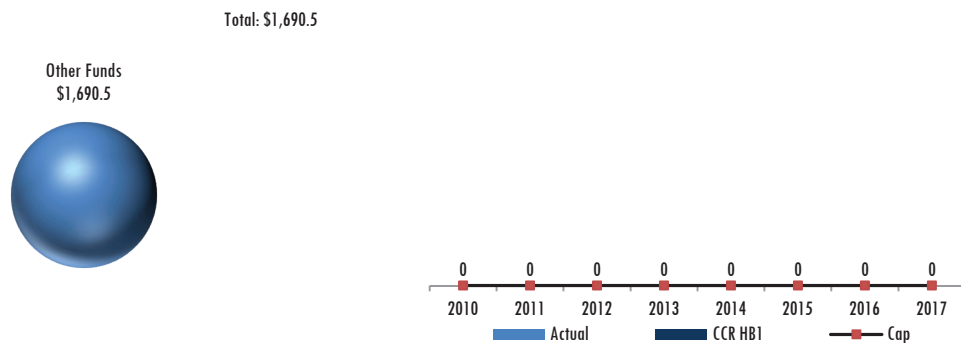
FIGURE 50
AVAILABLE UNIVERSITY FUND, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$1,702.2	\$1,690.5	(\$11.7)	(0.7%)
Total, All Methods of Finance	\$1,702.2	\$1,690.5	(\$11.7)	(0.7%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Available University Fund for the 2016–17 biennium totals an estimated \$1.7 billion in All Funds, which includes an All Funds reduction of \$11.7 million. The reduction in funding is due to a special one-time distribution from the Permanent University Fund to the Available University Fund for fiscal year 2014. The Available University Fund was subject to Strategic Fiscal Review.

HIGHLIGHTS:

- Three new riders are included that provide reporting and notification requirements regarding the uses of the Available University Fund.
- The bill pattern for the Available University Fund does not include any full-time-equivalent (FTE) positions. FTEs whose salaries and wages are paid with Available University Fund appropriations are included in the bill patterns of The University of Texas System, The University of Texas at Austin, Texas A&M University System, Texas A&M University, and Prairie View A&M University, respectively.

PERMANENT FUND SUPPORTING MILITARY VETERANS EXEMPTIONS

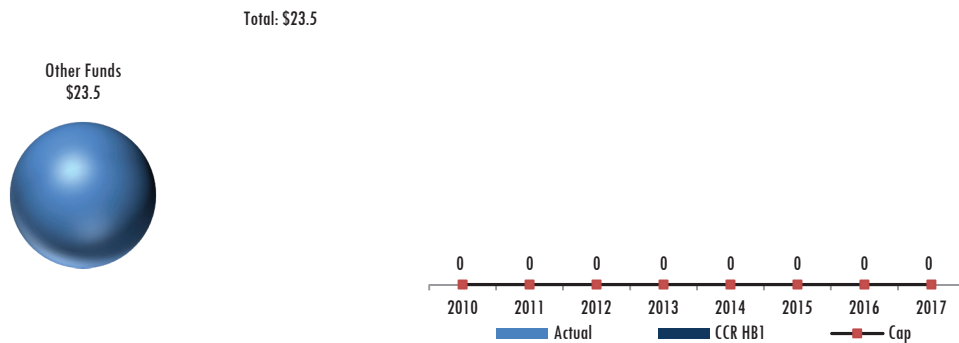
FIGURE 51
PERMANENT FUND SUPPORTING MILITARY AND VETERANS EXEMPTIONS, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$11.4	\$23.5	\$12.1	106.6%
Total, All Methods of Finance	\$11.4	\$23.5	\$12.1	106.6%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

For the Permanent Fund Supporting Military and Veterans Exemptions (MVE) for the 2016–17 biennium totals \$23.5 million, an increase of \$12.1 million from the 2014–15 biennium. The increase in funding is attributable to the expected growth of the MVE and annual distributions being made in each year of the 2016–17 biennium.

HIGHLIGHTS:

- The Eighty-third Legislature, Regular Session, 2013, created the MVE to help public institutions of higher education offset the waived tuition and fee revenue from the Hazlewood Legacy Program. In fiscal year 2015, the first distribution from the fund totaled \$11.4 million and was released in October 2014. For fiscal year 2016, the distribution from the fund is estimated to be \$11.6 million and is anticipated to be released in October 2015.

TEXAS HIGHER EDUCATION COORDINATING BOARD

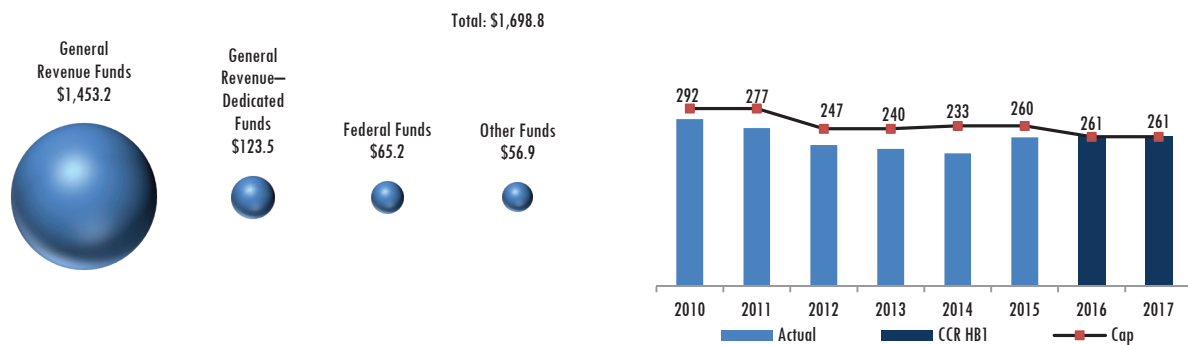
FIGURE 52
TEXAS HIGHER EDUCATION COORDINATING BOARD, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,269.9	\$1,453.2	\$183.3	14.4%
General Revenue–Dedicated Funds	\$118.9	\$123.5	\$4.7	3.9%
Federal Funds	\$63.1	\$65.2	\$2.1	3.4%
Other Funds	\$83.5	\$56.9	(\$26.7)	(31.9%)
Total, All Methods of Finance	\$1,535.4	\$1,698.8	\$163.4	10.6%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Higher Education Coordinating Board for the 2016–17 biennium totals \$1.7 billion in All Funds, a \$163.4 million, or 10.6 percent, increase compared to 2014–15 funding levels. Funding includes \$1.5 billion in General Revenue Funds, an increase of \$183.3 million, or 14.4 percent, compared to 2014–15 funding levels.

HIGHLIGHTS:

- Appropriations provide \$129.16 million in General Revenue Funds and \$9.0 million in Emerging Technology Funds for the Texas Research Incentive Program (TRIP), an increase of \$102.5 million in All Funds from 2014–15 funding levels. Appropriations provide \$715.0 million in General Revenue Funds for the TEXAS Grants program, an increase of \$62.7 million from 2014–15 funding levels.
- Appropriations provide \$94.0 million in General Revenue Funds for the Texas Educational Opportunity Grants (TEOG) program, an increase of \$28.9 million from 2014–15 funding levels.
- Appropriations provide \$192.3 million in General Revenue Funds for the Tuition Equalization Grants program, an increase of \$12.2 million from 2014–15 funding levels.
- Appropriations provide \$19.2 million in General Revenue Funds for the B-On-Time Program for private institutions of higher education, a decrease of \$12.2 million from 2014–15 funding levels. Appropriations support only renewal awards in the B-On-Time Program-Private program during the 2016–17 biennium.

- Appropriations provide \$63.4 million in General Revenue–Dedicated B-On-Time Account 5103 for the B-On-Time Program for public institutions of higher education, a decrease of \$17.4 million from 2014–15 funding levels. Appropriations support only renewal awards in the program during the 2016–17 biennium. Not included in the amounts above is an additional \$65.3 million out of General Revenue–Dedicated B-On-Time Account 5103 unexpended balances appropriated in Article IX to public institutions of higher education contingent on legislation.
- Appropriations provide \$18.2 million in General Revenue Funds for the Top Ten Percent Scholarship program, a decrease of \$21.4 million from 2014–15 funding levels. Appropriations support only renewal awards in the Top Ten Percent Scholarship program during the 2016–17 biennium.
- Appropriations provide \$5.3 million in General Revenue Funds for the Texas Armed Services Scholarship program, a decrease of \$1.8 million from 2014–15 funding levels.
- Appropriations do not provide funding for the University of North Texas Pharmacy program, which is a decrease of \$5.4 million from the 2014–15 biennium, due to the fact that the program is supported by formula funding in the 2016–17 biennium.
- Appropriations provide \$53.0 million in General Revenue Funds for the Graduate Medical Education Expansion program, an increase of \$38.7 million from 2014–15 funding levels. Additionally, appropriations provide \$16.8 million, including \$12.8 million out of General Revenue–Dedicated Trauma and EMS Account 5111 program and \$4.0 million in General Revenue for the Family Practice Residency program.
- Appropriations provide \$78.0 million in General Revenue Funds for Baylor College of Medicine Undergraduate Medical Education, an increase of \$4.4 million from the 2014–15 biennium, and \$15.6 million in General Revenue Funds for Baylor College of Medicine Graduate Medical Education, an increase of \$3.6 million in General Revenue Funds from the 2014–15 biennium.
- Appropriations do not include funding for the Hazlewood Tuition Exemption program, which is a decrease of \$30.0 million in General Revenue Funds from the 2014–15 biennium. Funding for this program is now appropriated to the Texas Veterans Commission.
- Appropriations provide \$7.0 million in General Revenue funding for the Teach for Texas Loan Repayment Program, an increase of \$2.6 million over 2014–15 funding levels.
- Appropriations provide \$1.5 million in General Revenue funding for the Educational Aide Program.
- Appropriations provide \$4.0 million in General Revenue funding for the Advise Texas Program.
- Appropriations provide \$8.1 million in General Revenue funding for the Autism Program.
- Appropriations provide \$3 million in General Revenue funding for the Preceptorship Program.
- Appropriations reflect a \$26.7 million decrease in Other Funds from the 2014–15 biennium, which is due primarily to a \$25.7 million decrease in anticipated donations, primarily from the Texas Guaranteed Student Loan Corporation.

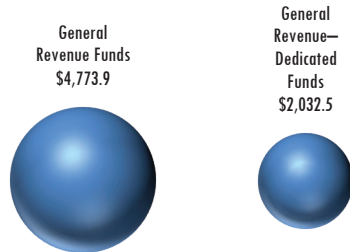
GENERAL ACADEMIC INSTITUTIONS

FIGURE 53
GENERAL ACADEMIC INSTITUTIONS, BY METHOD OF FINANCE

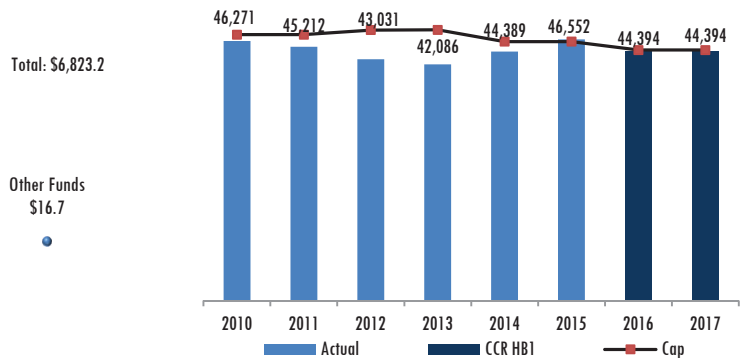
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/ BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$4,389.7	\$4,773.9	\$384.1	8.8%
General Revenue–Dedicated Funds	\$2,019.7	\$2,032.5	\$12.9	0.6%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$14.9	\$16.7	\$1.8	12.3%
Total, All Methods of Finance	\$6,424.3	\$6,823.2	\$398.8	6.2%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the General Academic Institutions (GAIs) and University System Offices for the 2016–17 biennium totals \$6.8 billion in All Funds, a \$398.8 million, or 6.2 percent, increase compared to the 2014–15 base. Included in this funding is \$4.8 billion in General Revenue Funds, which is a \$384.1 million, or 8.8 percent, increase compared to the 2014–15 funding levels. The University System offices were subject to Strategic Fiscal Review.

HIGHLIGHTS:

- Appropriations provide \$11.4 million in General Revenue Funds for System Office Operations, which includes a decrease of \$2.7 million in General Revenue Funds at The University of Texas System and a decrease of \$2.8 million in General Revenue Funds at the Texas A&M University System Administrative and General Offices.
- Appropriations provide \$3.4 billion in General Revenue Funds for the Instruction and Operations and the Infrastructure Support formulas, an increase of \$281.9 million from the 2014–15 biennium. Formula amounts for 2016–17 increase the Instruction and Operations Formula rate from \$54.86 per weighted semester credit hour in 2014–15 to \$55.39 in 2016–17. Formula amounts for the Infrastructure Formula increase the 2014–15 rate of \$5.56 per predicted square foot to \$5.62.
- Funding in 2016–17 includes \$147.1 million in All Funds appropriations to The University of Texas at Austin and Texas A&M University through the new Texas Research University Fund (TRUF). Appropriations to the TRUF include

\$139.1 million in General Revenue Funds and \$8.0 million from General Revenue–Dedicated Emerging Technology Account No. 5124.

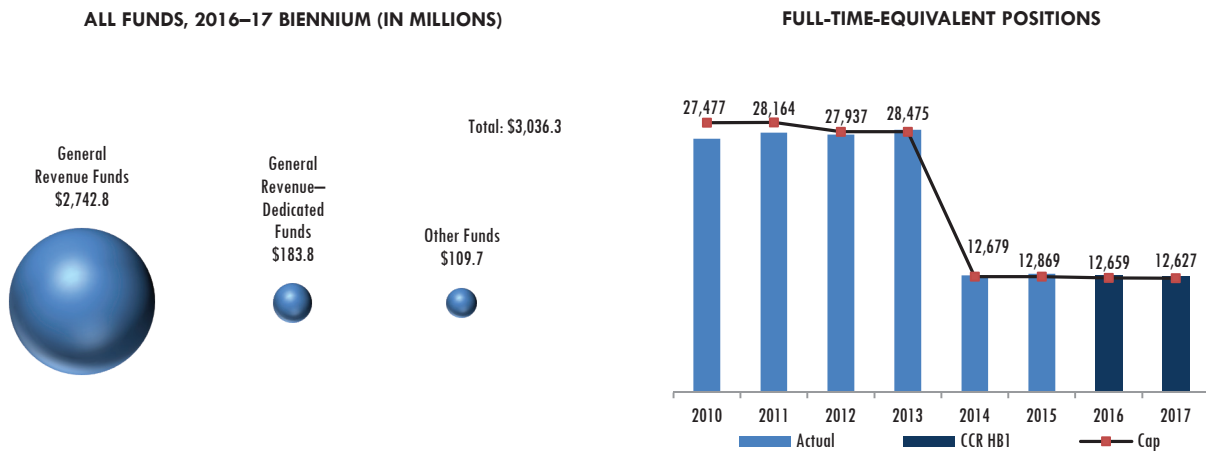
- Funding provides state support for the eight emerging research universities through (1) the Texas Research Incentive Program (TRIP), \$138.1 million, and (2) Core Research Support, \$117.1 million. Appropriations for TRIP are allocated to the Texas Higher Education Coordinating Board and awarded to institutions based on the receipt of private donations. Funding for Core Research Support is appropriated directly to the eight emerging research universities within their respective bill patterns.
- Funding also provides for \$14.3 million in General Revenue Funds for the new Comprehensive Research Fund to support research at General Academic Institutions, excluding The University of Texas at Austin, Texas A&M University, and the eight emerging research universities.
- Appropriations include an increase of \$71.6 million in General Revenue Funds for special items at General Academic Institutions.
- Appropriations include \$397.8 million in General Revenue Funds for tuition revenue bond debt service for previously authorized debt. Not included in amounts above is an additional \$240.0 million appropriated in Special Provisions contingent on enactment of legislation authorizing new revenue bonds for construction projects at various institutions of higher education.

HEALTH-RELATED INSTITUTIONS

FIGURE 54
HEALTH-RELATED INSTITUTIONS, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,532.7	\$2,742.8	\$210.1	8.3%
General Revenue–Dedicated Funds	\$188.4	\$183.8	(\$4.5)	(2.4%)
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$136.8	\$109.7	(\$27.2)	(19.9%)
Total, All Methods of Finance	\$2,857.9	\$3,036.3	\$178.4	6.2%



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the health-related institutions for the 2016–17 biennium totals \$3.0 billion in All Funds, an increase of \$178.4 million over the 2014–15 biennium. Of this funding, \$2.7 billion is composed of General Revenue Funds, an increase of \$210.1 million over the 2014–15 biennium. The increase in General Revenue Funds is primarily tied to increased formula funding for the health-related institutions.

HIGHLIGHTS:

- Funding for the health-related institutions include appropriations to eleven institutions. Included in these appropriations is funding through a new bill pattern for Texas Tech Health Sciences Center at El Paso and funding appropriated to The University of Texas Rio Grande Valley for the establishment of a school of medicine. Appropriations to Baylor College of Medicine are made in the bill pattern for the Higher Education Coordinating Board but are included in formula amounts discussed below.
- Appropriations provide \$1.9 billion in General Revenue Funds for the six funding formulas for the health-related institutions: the Instruction and Operations (I&O) Support formula, Infrastructure Support formula, Research Enhancement formula, Graduate Medical Education (GME) formula, and two mission specific formulas (The University of Texas M.D. Anderson’s Cancer Center Operations formula and The University of Texas Health Science Center at Tyler’s Chest Disease Center Operations formula). Formula funding levels are an increase of \$134.0 million in General Revenue Funds, or 7.6 percent, from the 2014–15 funding level.

- Appropriations provide \$1.1 billion in General Revenue Funds for the I&O Support formula, an increase of \$71.7 million from the 2014–15 biennium. The 2016–17 formula amounts increase the I&O rate to \$9,829 from \$9,527 in the 2014–15 biennium. The I&O formula includes funding of \$40.0 million in General Revenue Funds for a small class supplement. The supplement provides additional funding for instructional programs with enrollments of fewer than 200 students at remote locations and for instructional programs at The University of Texas Health Science Center at Tyler’s main campus. Prior to the 2016–17 biennium, the small class supplement was provided for eligible programs at both remote locations and in the same city as the institution’s main campus. Appropriations provide \$246.8 million in General Revenue Funds for the Infrastructure formula, an increase of \$10.8 million from the 2014–15 biennium. The 2016–17 formula amounts increase the Infrastructure rate to \$6.65 for all health-related institutions except The University of Texas M.D. Anderson and The University of Texas Health Science Center at Tyler, and \$6.26 for those two institutions. This is an increase from the 2014–15 rates of \$6.63 and \$6.09, respectively. The Infrastructure formula General Revenue rate for The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler is aligned with the average General Revenue rate of the other health-related institutions.
- Appropriations provide \$74.6 million in General Revenue Funds for the Research Enhancement formula, an increase of \$5.9 million from the 2014–15 biennium. The 2016–17 formula amounts increase the Research Enhancement rate to 1.23 percent plus the base rate of \$1.4 million, an increase from the 2014–15 rate of 1.22 percent plus the base rate of \$1.4 million.
- Data elements in the Infrastructure Support formula (predicted square feet) and Research Enhancement formula (research expenditures) include research conducted by faculty at a clinical partner for all institutions for the 2016–17 formula allocation. Prior to the 2016–17 biennium, predicted square feet and research expenditures only included research conducted by faculty at a clinical partner for Texas A&M University Health Science Center.
- Appropriations provide \$85.9 million in General Revenue Funds appropriated to health-related institutions and Baylor College of Medicine for the GME formula, an increase of \$20.2 million from the 2014–15 biennium. The 2016–17 formula amounts increase the GME rate to \$6,266 from \$5,122 per medical resident in the 2014–15 biennium.
- Appropriations provide \$264.8 million in General Revenue Funds for the Cancer Center Operations formula for The University of Texas M.D. Anderson Cancer Center, an increase of \$17.3 million from the 2014–15 funding level. Appropriations also provide \$58.4 million in General Revenue Funds for the Chest Disease Center Operations formula for The University of Texas Health Science Center at Tyler, an increase of \$3.8 million from the 2014–15 funding level.
- Appropriations at the Higher Education Coordinating Board include \$78.0 million in General Revenue Funds for Baylor College of Medicine Undergraduate Medical Education, an increase of \$4.3 million.
- General Revenue Fund appropriations of \$61.4 million are provided to The University of Texas Rio Grande Valley to support the establishment of a school of medicine at the institution. This funding includes \$31.4 million in General Revenue Funds that was reallocated from The University of Texas Health Science Center at San Antonio to The University of Texas Rio Grande Valley and an increase of \$30.0 million over the 2014–15 funding levels. Funding appropriated to The University of Texas Rio Grande Valley for the school of medicine is included in the totals for health-related institutions in this document.
- Appropriations include an increase of \$89.3 million in General Revenue Funds for special items at Health-Related Institutions.
- Not included in amounts above is an additional \$240.0 million contingent on legislation appropriated in Special Provisions for new tuition revenue bonds.

PUBLIC COMMUNITY/JUNIOR COLLEGES

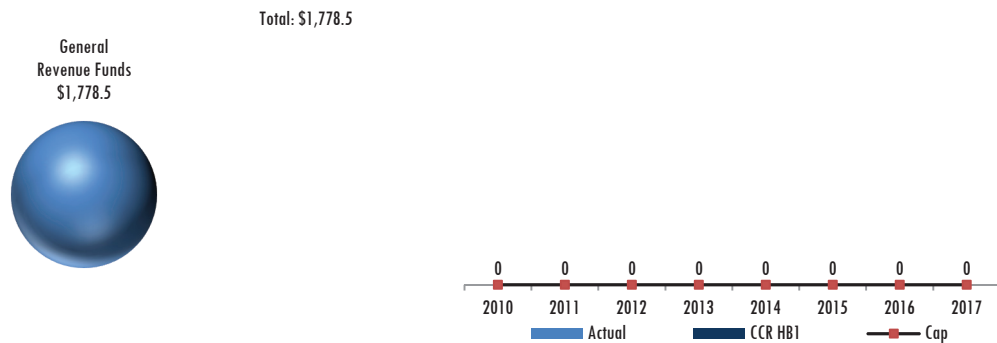
**FIGURE 55
PUBLIC COMMUNITY/JUNIOR COLLEGES, BY METHOD OF FINANCE**

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/ BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,790.0	\$1,778.5	(\$11.5)	(0.6%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$1,790.0	\$1,778.5	(\$11.5)	(0.6%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Public Community/Junior Colleges for the 2016–17 biennium totals \$1.8 billion in General Revenue, which includes a reduction of \$11.5 million from the 2014–15 biennium. The reduction in funding is primarily due to a decrease in formula funding from the 2014–15 biennium.

HIGHLIGHTS:

- Formula funding totals \$1.7 billion for the 2016–17 biennium, a decrease of \$24.2 million from the 2014–15 biennium. The decrease is primarily due to a 3.2 percent decrease in contact hours from the 2014–15 biennium. Formula funding amounts maintain core operations funding; decrease contact hour formula funding by \$25.3 million from the 2014–15 biennium; decrease success points formula funding by \$2.8 million from the 2014–15 biennium; provide a 90.0 percent hold harmless appropriation based on formula funding in the 2014–15 biennium; and maintain the percentage split for formula funding at 90.0 percent for contact hour funding and 10.0 percent for success point funding.
- Funding for Bachelor of Applied Technology programs totals \$2.1 million for the 2016–17 biennium, an increase of \$0.6 million from the 2014–15 biennium due to an increase in contact hours. Appropriations maintain funding at the same Instruction & Operations General Revenue rate used by General Academic Institutions.
- Appropriations include an increase of \$12.0 million in General Revenue Funds for special items at Public Community/Junior Colleges.
- No information on full-time-equivalent (FTE) positions is included because FTEs are not appropriated in the Public Community/Junior Colleges bill pattern.

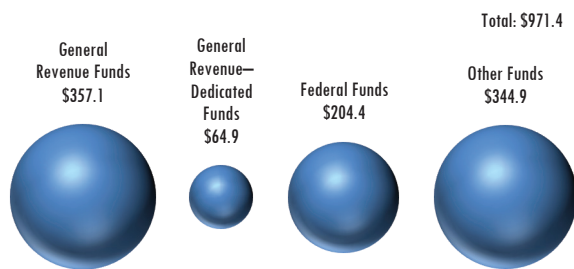
TEXAS A&M SERVICE AGENCIES

FIGURE 56
TEXAS A&M SERVICE AGENCIES, BY METHOD OF FINANCE

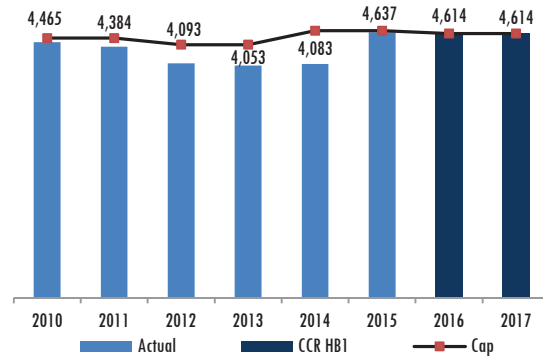
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$331.6	\$357.1	\$25.6	7.7%
General Revenue–Dedicated Funds	\$43.0	\$64.9	\$22.0	51.2%
Federal Funds	\$211.5	\$204.4	(\$7.1)	(3.3%)
Other Funds	\$352.9	\$344.9	(\$8.0)	(2.3%)
Total, All Methods of Finance	\$938.9	\$971.4	\$32.5	3.5%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Appropriations for the Texas A&M System Agencies for the 2016–17 biennium total \$971.4 million in All Funds, an increase of \$32.5 million over the 2014–15 biennium. Of this funding, \$357.1 million is composed of General Revenue Funds, an increase of \$25.6 million over the 2014–15 biennium due primarily to a method of finance swap of Fund 6 for General Revenue Funds at the Texas A&M Transportation Institute, funding for a research program at Texas A&M AgriLife Research for controlling exotic and invasive insect transmitted pathogens, increased funding at Texas A&M Engineering Experiment Station for the Nuclear Power Institute, and debt service for the Center for Infrastructure Renewal .

HIGHLIGHTS:

- The Texas A&M System Agencies include: Texas A&M AgriLife Research, Texas A&M AgriLife Extension Service, Texas A&M Engineering Experiment Station, Texas A&M Engineering Extension Service, Texas A&M Forest Service, Texas A&M Transportation Institute, and Texas A&M Veterinary Medical Diagnostic Laboratory.
- Appropriations include a \$2.7 million decrease associated with the Texas A&M Transportation Institute’s legislative resource program, a \$2.3 million decrease associated with one-time expenditures at the Texas A&M Forest Service, and a \$3.0 million decrease associated with a pilot project at Texas A&M Engineering Experiment Station during the 2014–15 biennium.

- Appropriations include an appropriation, contingent upon enactment of legislation, of \$23.0 million out of unexpended balances of General Revenue–Dedicated Volunteer Fire Department Assistance Account No. 5064 for additional grants to rural volunteer fire departments.
- The appropriations include a new methodology for infrastructure support outside Brazos County that is proportionally allocated to the agricultural agencies by their percentage of total actual square footage.
- Appropriations for infrastructure support inside Brazos County are adjusted to align with the General Academic Institutions' Infrastructure Formula rate.

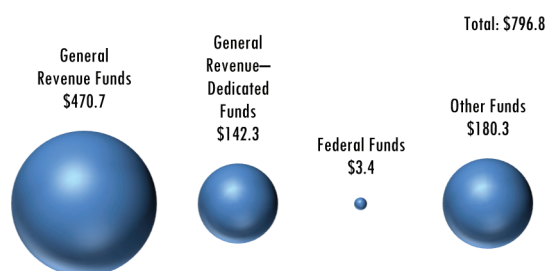
ARTICLE IV – THE JUDICIARY

FIGURE 57
ARTICLE IV – THE JUDICIARY, BY METHOD OF FINANCE

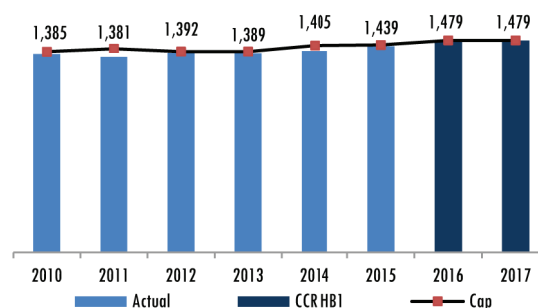
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$446.8	\$470.7	\$23.9	5.3%
General Revenue–Dedicated Funds	\$133.5	\$142.3	\$8.8	6.6%
Federal Funds	\$3.8	\$3.4	(\$0.3)	(9.0%)
Other Funds	\$179.9	\$180.3	\$0.4	0.2%
Total, All Methods of Finance	\$764.0	\$796.8	\$32.8	4.3%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE IV

All Funds for the Judiciary total \$796.8 million for the 2016–17 biennium, which is an increase of \$32.8 million, or 4.3 percent, from the 2014–15 biennium. General Revenue Funds total \$470.7 million, which is an increase of \$23.9 million, or 5.3 percent from the 2014–15 biennium.

Appropriations for the Judiciary support administration of the Texas court system. This includes the operations of 16 appellate courts and 68 specialty courts, district judge salaries and county-level judge salary supplements, the judicial retirement system, prosecutor salaries and payments, judicial branch agencies, indigent defense, basic civil legal services, juror pay, and judicial education.

HIGHLIGHTS:

- Funding provides an estimated \$45.5 million in General Revenue–Dedicated Funds, an increase of \$17.0 million, for vendor payments to manage the eFiling system and assist courts in implementing the mandate requiring the electronic filing of cases by attorneys in appellate, district, county-level, and statutory probate courts. The mandate began January 1, 2014 and will continue with staggered implementation through July 2016. The increase is due to an estimated \$8.5 million increase in revenue collections under current law in alignment with the Comptroller of Public Accounts' Biennial

Revenue Estimate and an additional \$8.5 million in new fee revenue contingent upon the enactment of legislation by the Eighty-fourth Legislature.

- Funding provides \$61.4 million in All Funds, an increase of \$7.1 million, to the Supreme Court of Texas to provide basic civil legal services to eligible recipients. This includes \$10.0 million in General Revenue–Dedicated Funds to provide services for 5,842 victims of sexual assault and \$1.5 million in General Revenue redirected to the Veterans Commission through an Article IX provision to be used for Veteran Treatment Court Programs. Not included in amounts appropriated above is an additional \$3.0 million in General Revenue Funds provided in Article IX for providing basic civil legal services to veterans and their families.
- Funding provides an estimated \$71.1 million in All Funds, a decrease of \$13.9 million, for the Texas Indigent Defense Commission to assist counties in establishing, developing, and maintaining cost-effective indigent defense services. These amounts include \$63.6 million in General Revenue–Dedicated Funds, a decrease of \$21.4 million, and \$7.5 million in General Revenue Funds. Assistance includes reviewing annual plans on indigent defense services submitted by counties, educating stakeholders on how to administer effective services, awarding competitive discretionary grants, and distributing formula grants to counties. The decrease in funding is due to the one-time use of balances in the 2014–15 biennium no longer being available.
- Funding provides \$8.2 million in General Revenue Funds, an increase of \$1.8 million, to support 4 additional child protection courts, and 24 child protection courts in total, with funding for 19 associate judges and 24 court coordinators and reporters.
- Funding provides \$209.6 million in All Funds, an increase of \$0.9 million, for judicial salaries. The increase is primarily due to annualizing funding for new statutory county courts and new district courts.
- Funding provides \$1.3 million in All Funds, an increase of approximately \$0.7 million in General Revenue Funds and \$0.6 million through an interagency contract with the Office of Attorney General, to increase associate judge salaries to 80.0 percent of a district judge’s salary, or \$112,000, for the Office of Court Administration’s child support and child protection courts.
- Funding in Article IX provides an increase of \$0.5 million in General Revenue Funds to the Judiciary Section, Comptroller’s Department for necessary travel expenses for local prosecutors and witnesses as well as investigator expenses under certain circumstances contingent on the enactment of legislation by the Eighty-fourth Legislature relating to the reform of the system of investigating and prosecuting offenses against state government.

Figure 58 shows the All Funds appropriations for each agency in Article IV, and **Figure 59** shows the General Revenue Funds appropriations for each agency. On the subsequent pages in this chapter are more specific details about funding levels for the State Law Library.

FIGURE 58
ARTICLE IV – THE JUDICIARY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$69.7	\$77.2	\$7.5	10.8%
Court of Criminal Appeals	\$29.0	\$32.4	\$3.4	11.8%
First Court of Appeals District, Houston	\$8.6	\$9.3	\$0.7	8.6%
Second Court of Appeals District, Fort Worth	\$6.6	\$7.2	\$0.6	9.6%
Third Court of Appeals District, Austin	\$5.6	\$6.0	\$0.4	7.7%
Fourth Court of Appeals District, San Antonio	\$6.6	\$7.2	\$0.6	8.9%
Fifth Court of Appeals District, Dallas	\$11.7	\$12.7	\$1.0	8.8%

FIGURE 58 (CONTINUED)
ARTICLE IV – THE JUDICIARY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Sixth Court of Appeals District, Texarkana	\$3.0	\$3.3	\$0.2	7.9%
Seventh Court of Appeals District, Amarillo	\$3.8	\$4.1	\$0.3	8.4%
Eighth Court of Appeals District, El Paso	\$3.1	\$3.3	\$0.2	7.7%
Ninth Court of Appeals District, Beaumont	\$3.8	\$4.1	\$0.3	8.6%
Tenth Court of Appeals District, Waco	\$3.0	\$3.4	\$0.3	11.5%
Eleventh Court of Appeals District, Eastland	\$3.0	\$3.3	\$0.2	8.2%
Twelfth Court of Appeals District, Tyler	\$3.1	\$3.3	\$0.2	7.3%
Thirteenth Court of Appeals District, Corpus Christi– Edinburg	\$5.6	\$6.0	\$0.4	7.5%
Fourteenth Court of Appeals District, Houston	\$8.8	\$9.5	\$0.7	8.3%
Office of Court Administration Texas Judicial Council	\$150.5	\$159.0	\$8.4	5.6%
Office of Capital Writs	\$2.1	\$2.8	\$0.6	30.6%
Office of the State Prosecuting Attorney	\$0.8	\$0.8	\$0.0	4.2%
State Law Library	\$2.1	\$2.1	\$0.0	1.0%
State Commission on Judicial Conduct	\$1.9	\$2.2	\$0.3	16.0%
Judiciary Section Comptroller's Department	\$304.2	\$305.5	\$1.3	0.4%
Subtotal, Judiciary	\$636.5	\$664.7	\$28.2	4.4%
Employee Benefits and Debt Service	\$147.0	\$152.3	\$5.3	3.6%
Less Interagency Contracts	\$19.5	\$20.2	\$0.6	3.3%
Total, All Functions	\$764.0	\$796.8	\$32.8	4.3%

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 59
ARTICLE IV – THE JUDICIARY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$28.3	\$30.5	\$2.2	7.7%
Court of Criminal Appeals	\$10.3	\$11.9	\$1.6	15.8%
First Court of Appeals District, Houston	\$7.9	\$8.6	\$0.8	9.5%
Second Court of Appeals District, Fort Worth	\$6.0	\$6.6	\$0.6	10.6%
Third Court of Appeals District, Austin	\$5.1	\$5.6	\$0.4	8.4%
Fourth Court of Appeals District, San Antonio	\$6.0	\$6.6	\$0.6	9.8%
Fifth Court of Appeals District, Dallas	\$10.8	\$11.8	\$1.0	9.4%
Sixth Court of Appeals District, Texarkana	\$2.8	\$3.1	\$0.2	8.6%
Seventh Court of Appeals District, Amarillo	\$3.5	\$3.8	\$0.3	9.1%

FIGURE 59 (CONTINUED)
ARTICLE IV – THE JUDICIARY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Eighth Court of Appeals District, El Paso	\$2.8	\$3.1	\$0.2	8.6%
Ninth Court of Appeals District, Beaumont	\$3.5	\$3.8	\$0.3	9.2%
Tenth Court of Appeals District, Waco	\$2.8	\$3.2	\$0.4	12.4%
Eleventh Court of Appeals District, Eastland	\$2.8	\$3.1	\$0.2	8.7%
Twelfth Court of Appeals District, Tyler	\$2.9	\$3.1	\$0.2	7.7%
Thirteenth Court of Appeals District, Corpus Christi– Edinburg	\$5.1	\$5.6	\$0.4	8.2%
Fourteenth Court of Appeals District, Houston	\$7.9	\$8.6	\$0.7	9.4%
Office of Court Administration Texas Judicial Council	\$26.2	\$38.9	\$12.7	48.4%
Office of Capital Writs	\$0.0	\$0.0	\$0.0	N/A
Office of the State Prosecuting Attorney	\$0.8	\$0.8	\$0.0	4.5%
State Law Library	\$2.0	\$2.0	\$0.0	1.0%
State Commission on Judicial Conduct	\$1.9	\$2.2	\$0.3	16.0%
Judiciary Section Comptroller's Department	\$173.8	\$169.1	(\$4.7)	(2.7%)
Subtotal, The Judiciary	\$313.4	\$332.1	\$18.7	6.0%
Employee Benefits and Debt Service	\$133.4	\$138.6	\$5.2	3.9%
Total, All Functions	\$446.8	\$470.7	\$23.9	5.3%

NOTES:

(1) Includes certain anticipated supplemental spending adjustments if applicable.

(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

STATE LAW LIBRARY

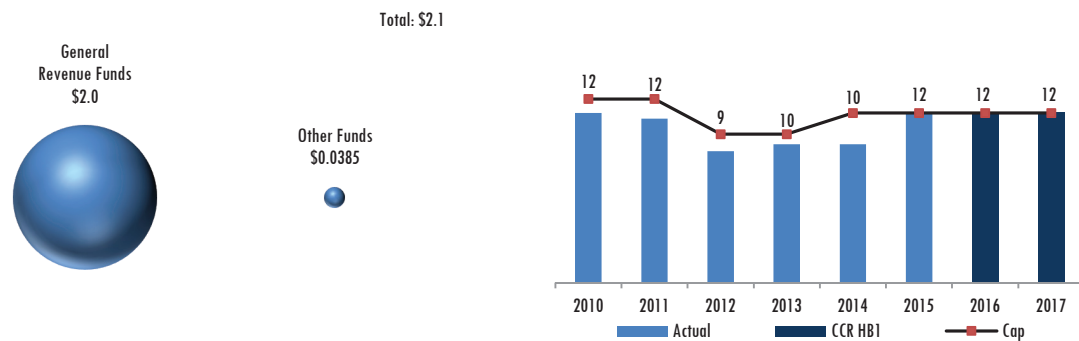
FIGURE 60
STATE LAW LIBRARY, BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2.0	\$2.0	\$0.0	1.0%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$2.1	\$2.1	\$0.0	1.0%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the State Law Library for the 2016–17 biennium totals \$2.1 million in All Funds, which is an increase of \$20,153, or 1.0 percent, from the 2014–15 biennium. This increase in funding is primarily tied to biennialization of salary increases provided in the 2014–15 biennium. The State Law Library was subject to Strategic Fiscal Review.

HIGHLIGHTS:

- Funding provides \$1.7 million in General Revenue Funds for the Administrations and Operations Program. This program is responsible for a majority of the agency's operations and services. It contains five separate activities including: Collection Management, Judicial Collection, Reference Services, Inmate Copy Services, and Remote Access Services. Reference Services funding provides \$1.1 million for the purchase and maintenance of library print materials and funding for agency staff to assist State Law Library users requiring access to legal information.
- Funding provides \$0.4 million in General Revenue Funds for the Indirect Administration Program, which includes central agency operations and oversight of the Administration and Operations Program.

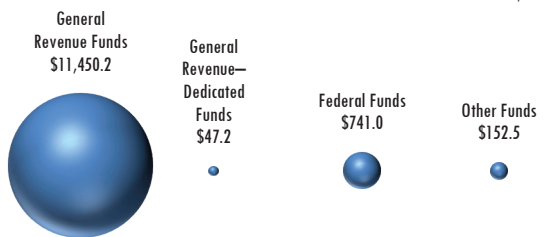
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE

FIGURE 61
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, BY METHOD OF FINANCE

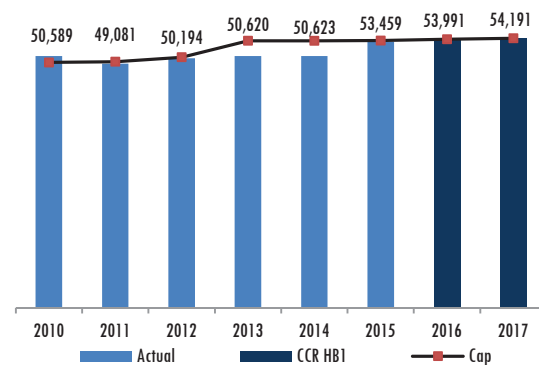
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$9,220.8	\$11,450.2	\$2,229.5	24.2%
General Revenue–Dedicated Funds	\$24.0	\$47.2	\$23.1	96.3%
Federal Funds	\$1,120.7	\$741.0	(\$379.6)	(33.9%)
Other Funds	\$1,399.7	\$152.5	(\$1,247.2)	(89.1%)
Total, All Methods of Finance	\$11,765.2	\$12,391.0	\$625.8	5.3%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE V

All Funds for Public Safety and Criminal Justice agencies for the 2016–17 biennium total \$12.4 billion, which represents an increase of \$625.8 million, or 5.3 percent, from the 2014–15 biennium. All Funds increases are primarily the result of increased border security funding in the Department of Public Safety and salary increases for correctional officers and parole officers at the Department of Public Safety and the Juvenile Justice Department, offset by decreases in State Highway Funds and Federal Funds.

General Revenue Funds for the 2016–17 biennium total \$11.5 billion, which represents a \$2.2 billion increase, or 24.2 percent, from the 2014–15 biennium. General Revenue Fund increases are driven primarily by a method-of-finance swap and increased border security funding in the Department of Public Safety, and increased funding for personnel and services at the Department of Criminal Justice.

HIGHLIGHTS:

- Funding discontinues the use of State Highway Funds to support operations at the Department of Public Safety by replacing all State Highway Funds (\$910.3 million) with General Revenue Funds and General Revenue–Dedicated Funds.

- Border security funding is provided across several agencies totaling \$800.0 million in General Revenue Funds and General Revenue–Dedicated Funds for the 2016–17 biennium. Of this amount, \$749.8 million is appropriated to the Department of Public Safety (DPS), with \$489.2 million in Goal B, Secure Border Region, and an additional \$260.7 million in border security related funding in other goals of the agency. This is an increase of \$310.5 million from the 2014–15 biennium. This General Revenue, combined with \$38.8 million in Federal Funds and \$0.7 million in Criminal Justice grants, bring the All Funds total for border security funding at DPS is \$789.4 million for the 2016–17 biennium.
- Funding for the Department of Criminal Justice (TDCJ) for the 2016–17 biennium totals \$6.7 billion in All Funds, which includes an All Funds increase of \$380.1 million or 6.0 percent. The funding level includes an 8.0 percent salary increase for correctional and parole officers in fiscal year 2016 and maintaining that funding level in fiscal year 2017 funding for treatment programs and halfway house beds, and additional funding for Correctional Managed Health Care, offset primarily by a decrease in General Obligation bond proceeds.
- Funding for the Texas Juvenile Justice Department (TJJD) totals \$634.9 million in All Funds, which represents an All Funds reduction of \$14.4 million, or 2.2 percent. The Conference Committee Report on House Bill 1 provides a revised budget structure for juvenile justice functions. The new structure includes a new strategy for Regional Diversion Alternatives, with the goal of providing services to youth committed to TJJD secure facilities. Funding for the juvenile probation regionalization plan includes \$9.6 million in General Revenue Funds over the 2016–17 biennium. Additionally, \$1.0 million in General Revenue Funds is provided to expand the duties of the Office of the Independent Ombudsman, contingent upon enactment of legislation. Funding includes an increase of \$0.8 million for targeted grants to juvenile probation departments, and pay increases for juvenile correctional officers and juvenile parole officers, offset by reductions related to declining juvenile populations. Also included is an agency estimated Federal Funds reduction of \$3.6 million and an Other Funds reduction of \$11.5 million attributed primarily to a reduction in General Obligation bond proceeds, an agency estimated reduction in Federal Funds, and declining juvenile populations.
- Funding for the Texas Military Department (TMD) totals \$195.9 million in All Funds, which represents an All Funds increase of \$36.6 million, or 23.0 percent. The increase is primarily attributed to an increase of \$48.8 million for the renovation of nine Texas Army National Guard readiness centers and \$2.2 million for State Guard Training, offset by one-time General Revenue funding in 2014–15 for National Guard deployment.
- Funding for the continued involvement of the Texas National Guard in border security is provided in Rider 53 of the DPS bill pattern. The rider directs DPS and TMD to establish a memorandum of understanding and subsequent interagency contract to transfer funds as needed from DPS to TMD for transitional flexibility in National Guard deployment in the 2016–17 biennium.

Figure 62 shows the All Funds appropriation for each agency in Article V, and Figure 63 shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for selected agencies in Article V.

FIGURE 62
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	\$93.2	\$99.9	\$6.7	7.1%
Department of Criminal Justice	\$6,365.3	\$6,745.4	\$380.1	6.0%
Commission on Fire Protection	\$4.0	\$4.0	\$0.0	1.1%
Commission on Jail Standards	\$1.8	\$1.9	\$0.1	4.2%
Juvenile Justice Department	\$649.2	\$634.9	(\$14.4)	(2.2%)
Commission on Law Enforcement	\$6.7	\$7.5	\$0.9	12.9%

FIGURE 62 (CONTINUED)
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Military Department	\$159.3	\$195.9	\$36.6	23.0%
Department of Public Safety	\$2,643.3	2,625.6	(\$17.7)	(0.7%)
Subtotal, Public Safety and Criminal Justice	\$9,922.9	\$10,315.1	\$392.3	4.0%
Employee Benefits and Debt Service	\$1,986.8	\$2,209.5	\$222.7	11.2%
Less Interagency Contracts	\$144.4	\$133.7	(\$10.8)	(7.5%)
Total, All Functions	\$11,765.2	\$12,391.0	\$625.8	5.3%

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 63
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	\$92.6	\$99.2	\$6.6	7.1%
Department of Criminal Justice	\$6,137.7	\$6,596.2	\$458.4	7.5%
Commission on Fire Protection	\$3.8	\$3.9	\$0.0	0.8%
Commission on Jail Standards	\$1.8	\$1.9	\$0.1	4.2%
Juvenile Justice Department	\$590.2	\$591.0	\$0.8	0.1%
Commission on Law Enforcement	\$0.1	\$0.0	(\$0.1)	(100.0%)
Military Department	\$49.6	\$53.1	\$3.5	7.0%
Department of Public Safety	\$648.2	\$1,936.2	\$1,288.0	198.7%
Subtotal, Public Safety and Criminal Justice	\$7,524.3	\$9,281.5	\$1,757.2	23.4%
Employee Benefits and Debt Service	\$1,696.5	\$2,168.8	\$472.3	27.8%
Total, All Functions	\$9,220.8	\$11,450.2	\$2,229.5	24.2%

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

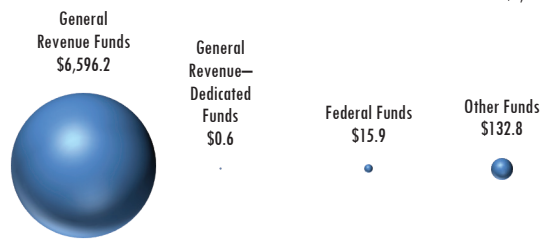
DEPARTMENT OF CRIMINAL JUSTICE

FIGURE 64
DEPARTMENT OF CRIMINAL JUSTICE, BY METHOD OF FINANCE

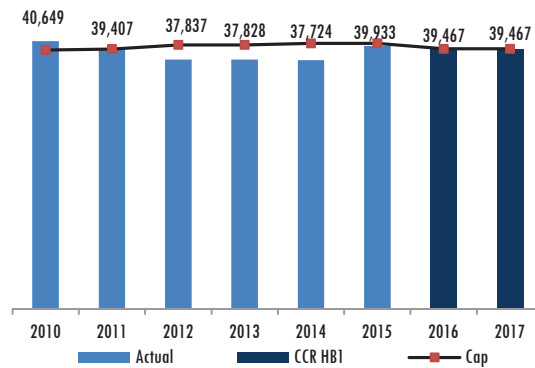
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$6,137.7	\$6,596.2	\$458.4	7.5%
General Revenue–Dedicated Funds	\$0.6	\$0.6	\$0.0	0.0%
Federal Funds	\$23.7	\$15.9	(\$7.8)	(33.0%)
Other Funds	\$203.2	\$132.8	(\$70.5)	(34.7%)
Total All Methods of Finance	\$6,365.3	\$6,745.4	\$380.1	6.0%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Department of Criminal Justice (TDCJ) for the 2016–17 biennium totals \$6.7 billion in All Funds, which includes an All Funds increase of \$0.4 billion. The increase in funding is the net result of several increases and decreases to various budget items. Funding for the Board of Pardons and Paroles is included within the appropriations for TDCJ.

HIGHLIGHTS:

- Funding for the 2016–17 biennium includes \$5.4 billion in All Funds for the incarceration and treatment of adult offenders in state correctional institutions, representing a \$339.7 million All Funds increase from the 2014–15 biennium. Projected incarceration populations are 151,306 in fiscal year 2016 and 151,550 in fiscal year 2017. Significant funding shifts within the net increase include:
 - \$144.4 million increase in General Revenue Funds for correctional managed health care for a total of \$1.1 billion for the 2016–17 biennium, including \$84.9 million to maintain 2014–15 service levels and \$59.5 million for market salary increases;
 - \$188.0 million increase in General Revenue Funds for an 8.0 percent pay raise in fiscal year 2016 and to maintain that salary level in fiscal year 2017 for TDCJ correctional and parole officers;
 - \$18.1 million increase in General Revenue Funds to address contract per diem increases for contract prisons, privately operated state jails, and residential pre-parole facilities, and to replace reduced federal funding;

- \$4.0 million increase in General Revenue Funds for 50 additional reentry transitional coordinators;
- \$2.9 million increase in General Revenue Funds for 500 additional treatment slots for the agency's In-Prison Driving While Intoxicated Recovery Program; and
- \$2.0 million increase in General Revenue Funds for pilot reentry programs for parolees in the Dallas and Houston regions.
- Funding for the 2016–17 biennium includes \$626.0 million in All Funds for the supervision and treatment of adult offenders on community supervision (also known as adult probation), representing an All Funds increase of \$27.2 million from the 2014–15 biennium. Projected felony community supervision populations are 159,485 in fiscal year 2016 and 159,440 in fiscal year 2017. The funding level includes:
 - \$18.9 million increase in General Revenue Funds for statutorily required state health insurance funding for employees of local Community Supervision and Corrections Departments (CSCDs); and
 - \$7.3 million net increase in General Revenue Funds for basic supervision funding to CSCDs.
- Funding for the 2016–17 biennium includes \$372.0 million in All Funds for TDCJ's parole functions (parole processing, supervision, and residential facilities), representing an All Funds increase of \$20.1 million from the 2014–15 biennium. Projected parole populations are 87,646 in fiscal year 2016 and 87,751 in fiscal year 2017. The net increase in funding includes:
 - \$5.2 million increase in General Revenue Funds for treatment services for 1,019 existing Intermediate Sanction Facility beds;
 - \$4.4 million increase in General Revenue Funds for approximately 125 additional halfway house beds for parolees; and
 - \$1.2 million decrease in General Revenue Funds for parole supervision funding based on the projected offender population for the 2016–17 biennium.
- Funding for the 2016–17 biennium includes additional increases above the 2014–15 biennium, which are:
 - \$60.0 million in General Revenue Funds for major repair and renovation of TDCJ facilities;
 - \$6.0 million increase in General Revenue Funds for expansion of mental health initiatives through the Texas Correctional Office on Offenders with Medical or Mental Impairments to serve additional offenders with serious mental illness; and
 - \$5.2 million increase in General Revenue Funds for the Board of Pardons and Paroles (15 additional institutional parole officers, 5 additional hearing officers, office relocation costs, and an 8.0 percent pay raise in fiscal year 2016 and to maintain that salary level in fiscal year 2017 for hearing and institutional parole officers).

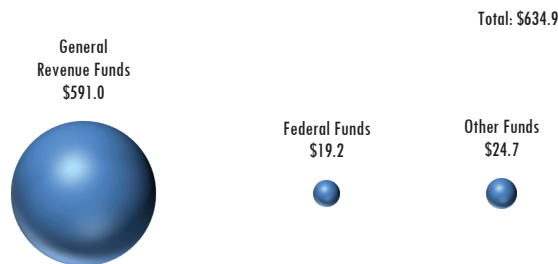
JUVENILE JUSTICE DEPARTMENT

FIGURE 65
JUVENILE JUSTICE DEPARTMENT, BY METHOD OF FINANCE

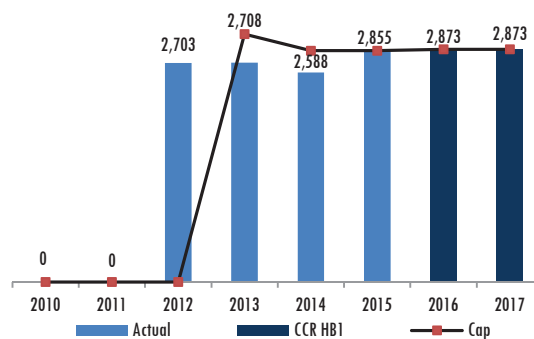
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$590.2	\$591.0	\$0.8	0.1%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$22.7	\$19.2	(\$3.6)	(15.7%)
Other Funds	\$36.3	\$24.7	(\$11.5)	(31.8%)
Total, All Methods of Finance	\$649.2	\$634.9	(\$14.4)	(2.2%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Texas Juvenile Justice Department (TJJD) for the 2016–17 biennium totals \$634.9 million in All Funds which includes an All Funds reduction of \$14.4 million, or 2.2 percent. Included in the All Funds reduction is an agency estimated Federal Funds reduction of \$3.6 million and an Other Funds reduction of \$11.5 million attributed primarily to a reduction in General Obligation Bond Proceeds and declining juvenile populations. The Juvenile Justice Department was subject to Strategic Fiscal Review.

HIGHLIGHTS:

- The Conference Committee Report on House Bill 1 provides a revised budget structure and funding levels for juvenile justice functions. The new structure includes a new strategy for Regional Diversion Alternatives, with the goal of providing services to youth in their home communities and reducing the number of youth committed to TJJD state secure facilities.
- Funding for the 2016–17 biennium includes the following General Revenue Fund increases:
 - \$9.6 million for regional diversion alternatives to plan and implement a regionalization program to keep juveniles closer to home in lieu of commitment to the juvenile secure facilities operated by TJJD;
 - \$4.3 million for a 2.5 percent pay raise in fiscal year 2016 and an additional 2.5 percent pay raise in fiscal year 2017 for juvenile correctional and parole officers;

- \$2.5 million for juvenile probation targeted grants for prevention and intervention, community programs, and commitment diversion;
- \$0.9 million and 8 full-time equivalent positions (FTEs) for additional parole officers; and
- \$0.5 million to provide technical assistance and supplemental funding to counties for costs associated with Prison Rape Elimination Act (PREA) audits.
- Projections for juvenile populations for the 2016–17 biennium are as follows:
 - Projected state residential populations are 1,264 in fiscal year 2016 and 1,237 in fiscal year 2017. This population includes juveniles housed in state secure facilities, halfway houses, and contracted capacity.
 - Projected juvenile probation supervision populations are 20,980 in fiscal year 2016 and 20,584 in fiscal year 2017. This population includes juveniles supervised on adjudicated probation, deferred prosecution, and conditional release.
 - Projected parole supervision populations are 413 in fiscal year 2016 and 393 in fiscal year 2017.
 - The population projections represent a significant decline from prior biennia. A reduction of \$22.8 million in General Revenue Funds as compared to the 2014–15 expenditure level was realized as the result of the projections. The reduction was offset by funding for other initiatives, some of which are described above.

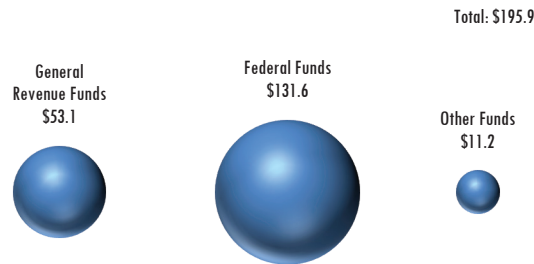
MILITARY DEPARTMENT

FIGURE 66
MILITARY DEPARTMENT, BY METHOD OF FINANCE

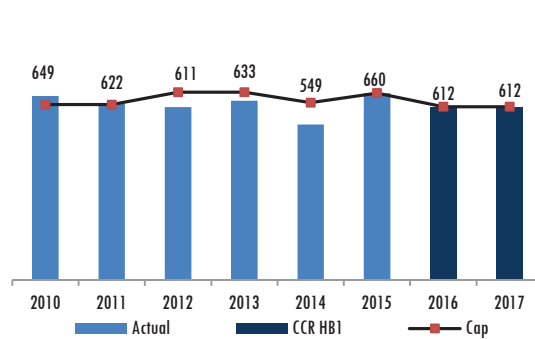
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$49.6	\$53.1	\$3.5	7.0%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$99.4	\$131.6	\$32.1	32.3%
Other Funds	\$10.2	\$11.2	\$1.0	9.9%
Total All Methods of Finance	\$159.3	\$195.9	\$36.6	23.0%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Texas Military Department (TMD) for the 2016–17 biennium totals \$195.9 million in All Funds, which includes an All Funds increase of \$36.6 million, or 23.0 percent. The net increase is primarily attributed to an increase of \$48.8 million in All Funds for the renovation of nine Texas Army National Guard readiness centers and \$2.2 million for State Guard training, offset by a reduction resulting from one-time funding to provide an additional \$17.5 million for Texas National Guard deployment to the border in fiscal year 2015. Transitional funding for continued National Guard border security deployment is provided at the Department of Public Safety.

HIGHLIGHTS:

- In late fiscal year 2014, the Texas National Guard deployed to the Rio Grande Valley to conduct border security activities in conjunction with the Texas Department of Public Safety (DPS). TMD received \$32.5 million from DPS in the Emergency Radio Infrastructure Fund (General Revenue) before deploying. TMD has received \$50 million total to participate in OSS II. Funding for the continued involvement of the Texas National Guard in border security is provided in Rider 53 of the DPS bill pattern. The rider directs DPS and TMD to establish a memorandum of understanding and subsequent interagency contract to transfer funds as needed from DPS to TMD for transitional flexibility in National Guard deployment in the 2016–17 biennium. An additional \$3.0 million in General Revenue Funds is appropriated at the Trusted Programs Within the Office of the Governor, for an interagency contract for TMD’s participation in the installation and regular maintenance of border cameras.

- Funding includes:
 - \$19.6 million in General Revenue Funds and \$29.2 million in Federal Funds, a biennial total of \$48.8 million in All Funds, for the renovation of nine readiness centers;
 - \$131.6 million in agency-estimated Federal Funds, an increase of \$32.1 million. The increase in estimated funding is primarily related to the renovation of nine readiness centers and an increase in estimated federal funding for youth programs, offset by a decrease in federal reimbursements for previous disaster response expenditures which will not continue into the 2016–17 biennium;
 - \$0.4 million for land acquisition for the Huntsville National Guard armory; and
 - a reduction of 48.1 full-time-equivalent (FTE) positions from the fiscal year 2015 FTE cap, primarily the result of a decrease in federal funding to the Truck Rebuild Program.

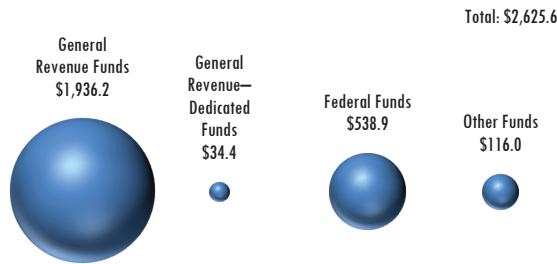
DEPARTMENT OF PUBLIC SAFETY

FIGURE 67
DEPARTMENT OF PUBLIC SAFETY, BY METHOD OF FINANCE

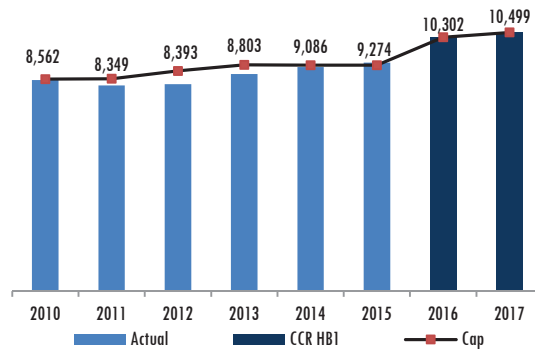
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$648.2	\$1,936.2	\$1,288.0	198.7%
General Revenue–Dedicated Funds	\$12.5	\$34.4	\$21.9	175.1%
Federal Funds	\$943.7	\$538.9	(\$404.8)	(42.9%)
Other Funds	\$1,038.9	\$116.0	(\$922.8)	(88.8%)
Total, All Methods of Finance	\$2,643.3	\$2,625.6	(\$17.7)	(0.7%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Excludes certain anticipated supplemental spending adjustments.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Department of Public Safety for the 2016–17 biennium totals \$2.6 billion in All Funds, which represents an All Funds decrease from the 2014–15 biennium of \$17.7 million, or 0.7 percent. This All Funds decrease is primarily attributable to estimated reductions in federal funding for Public Assistance Grants (a decrease of \$223.8 million) and Hazard Mitigation Grants (a decrease of \$125.3 million), which are largely offset by an All Funds increase in direct funding for border security \$310.5 million) and a General Revenue Fund increase of \$40.0 million for the Driver License Improvement Program. The Department of Public Safety was subject to Strategic Fiscal Review.

HIGHLIGHTS:

- Funding discontinues the use of State Highway Funds to support agency operations by replacing all State Highway Funds (\$910.3 million) with General Revenue Funds and General Revenue–Dedicated Funds. While General Revenue accounts for almost all of this swap (\$903.2 million), the following two General Revenue–Dedicated Funds, both administered by DPS, are also used: Breath Alcohol Testing Account No. 5013 (\$3.0 million), and Motorcycle Safety Account No. 501 (\$4.1 million).
- Border security funding at the Department of Public Safety totals \$749.8 million in General Revenue Funds and General Revenue–Dedicated Funds in the 2016–17 biennium, with \$489.2 million in Goal B, Secure Texas, and an additional \$260.7 million in border security related funding in other goals of the agency. General Revenue Funds combined with \$38.8 million in Federal Funds and \$0.7 million in Criminal Justice grants, bring the All Funds total for

border security funding at DPS to \$789.4 million for the 2016–17 biennium. The General Revenue Funds and General Revenue–Dedicated funding is apportioned for the following purposes:

- \$305.2 million for routine border security operations and other baseline border security-related activities;
 - \$142.6 million to fund a 50-hour work week for DPS’ commissioned law enforcement officers;
 - \$83.4 million to fund Operation Strong Safety through the 2016–17 biennium;
 - \$107.0 million to recruit, train and equip 250 new and transfer troopers and 110 support staff;
 - \$72.0 million to fund the transitional deployment of the Texas National Guard to the border region for border security operations;
 - \$17.3 million to assist local law enforcement agencies with transition to a new crime reporting system as recommended in the *2015 Texas State Government Efficiency and Effectiveness Report* titled, “Develop Plans to Adopt Incident-Based Crime Reporting in Texas;
 - \$8.8 million to field a new Texas Rangers Company specializing in border security investigations;
 - \$7.5 million to acquire and equip a Pilatus aircraft;
 - \$2.4 million to establish and help operate the Texas Transnational Intelligence Center;
 - \$2.0 million to purchase a multiuse training facility; and
 - \$1.5 million to support South Texas College’s Regional Center for Public Safety Excellence.
- Funding is increased by \$1.9 million in General Revenue Funds and 9.0 FTEs to fund a Regional Recovery Coordination Program contained in the 2015 Texas State Government Efficiency and Effectiveness Report titled “Increase Funding to Improve Long-Term Disaster Recovery.”
 - \$143.0 million in General Revenue Funds is included to fund the Driver License Improvement Program, which represents an increase of \$40.0 million over the 2014–15 biennium. The Legislature has made an ongoing effort to support DPS in realizing more efficient processes and shorter waiting periods for driver license applicants.
 - \$5.0 million in unexpended balance authority in fiscal year 2016 is included to complete the remaining tests necessary to eliminate the backlog of approximately 10,500 untested sexual assault kits as required by the passage of Senate Bill 1636 in the Eighty-second Legislature.
 - Funding includes \$67.0 million in General Revenue Funds to acquire at least 1,590 new and replacement vehicles over the course of the 2016–17 biennium.
 - \$21.0 million in capital budget authority is identified in Article IX for deferred maintenance projects at the Department of Public Safety.

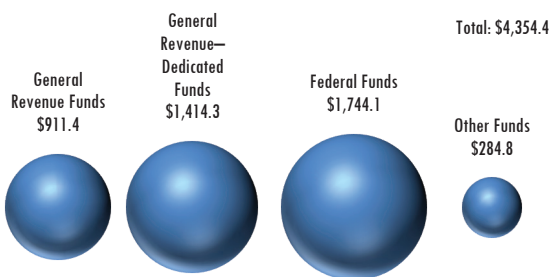
ARTICLE VI – NATURAL RESOURCES

FIGURE 68
ARTICLE VI – NATURAL RESOURCES, BY METHOD OF FINANCE

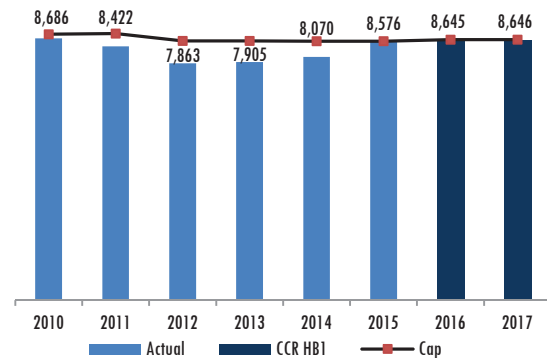
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$714.8	\$911.4	\$196.5	27.5%
General Revenue–Dedicated Funds	\$1,210.1	\$1,414.3	\$204.2	16.9%
Federal Funds	\$2,656.2	\$1,744.1	(\$912.1)	(34.3%)
Other Funds	\$2,350.0	\$284.8	(\$2,065.2)	(87.9%)
Total, All Methods of Finance	\$6,931.1	\$4,354.4	(\$2,576.7)	(37.2%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE VI

All Funds for Natural Resources total \$4.4 billion for the 2016–17 biennium, which is a decrease of \$2.6 billion, or 37.2 percent, from the 2014–15 biennium. General Revenue Funds total \$911.4 million, which is an increase of \$196.5 million, or 27.5 percent from the 2014–15 biennium. General Revenue–Dedicated Funds total \$1.4 billion, which is an increase of \$204.2 million, or 16.9 percent from the 2014–15 biennium.

HIGHLIGHTS:

- Funding for the Parks and Wildlife Department includes 100 percent of the 2016–17 Sporting Goods Sales Tax (SGST) revenue estimated to be available to the agency in the Comptroller of Public Accounts' *2016–17 Biennial Revenue Estimate*. SGST appropriations to the agency total \$212.0 million in the 2016–17 biennium, an increase of \$90.1 million, or 73.9 percent, over the 2014–15 biennium. In addition to the amount in the agency's bill pattern, an estimated \$17.5 million for benefits and \$31.6 million for debt service payments bring the total appropriated and estimated SGST amount for the agency to \$261.1 million. This amount includes \$47.7 million in appropriations from SGST transfers, including \$15.8 million for local parks and other grants and \$31.9 million for capital improvements and major repairs related to State Parks contingent on statutory changes relating to the allocation of this revenue. The SGST funding increase is partially offset by decreases from other sources, including unclaimed refunds of motorboat fuels taxes, due to method-of-finance substitutions and one-time expenditures in 2014–15.

- Funding for capital construction and deferred maintenance for the Parks and Wildlife Department totals \$91.0 million for maintenance and major repairs to State Parks, State Natural Areas, Wildlife Management Areas, Coastal and Inland Fisheries, and State Historic Sites, including \$25.0 million for the Battleship Texas and \$3.5 million for a visitors center at Franklin Mountains State Park.
- Funding for the Commission on Environmental Quality provides \$236.3 million from the General Revenue–Dedicated Texas Emissions Reductions Plan (TERP) Account to fund TERP for the 2016–17 biennium, \$81.0 million above 2014–15 biennial levels. Funding also provides \$196.4 million from the General Revenue–Dedicated Clean Air Account No. 151 for the AirCheck Texas program, an increase of \$87.1 million as compared to 2014–15 levels.
- Funding for the General Land Office and Veteran’s Land Board includes an estimated \$32.1 million in All Funds to preserve and maintain the Alamo and facilities within the Alamo Complex. Included in this amount are sum certain General Revenue Fund appropriations of \$5.0 million for capital improvements and repairs and \$25.0 million for a master plan and needs assessment to preserve and maintain facilities within the Alamo Complex, including the Alamo.
- Funding for the General Land Office and Veteran’s Land Board includes \$502.0 million in All Funds for disaster recovery programs to rebuild or repair damaged homes or infrastructure. This amount reflects a decrease of \$815.5 million in Federal Funds from 2014–15 spending levels, including a decrease in Community Development Block Grants for Hurricane Ike and wildfire-related housing grant awards (\$525.6 million), and a decrease in Hurricane Ike and wildfire-related infrastructure rebuilding grant awards (\$289.9 million).
- Funding for the Parks and Wildlife Department includes \$5.3 million in Unclaimed Refunds of Motorboat Fuel Tax (URMFT) and \$5.3 million in General Revenue Funds, to support 49.0 Game Warden FTEs and equipment and vehicles dedicated to border-area law enforcement, which is an increase of \$5.3 million in General Revenue Funds and 19.0 Game Warden FTEs and equipment and vehicles above 2014–15 spending levels. In addition, funding also includes \$5.0 million in URMFT above 2014–15 spending levels for aquatic invasive species management, including zebra mussels and other invasive animal and plant species in fresh and saltwater habitats and waterways.
- Funding for the 2016–17 for the Department of Agriculture includes \$5.9 million in General Revenue Funds, an increase of \$3.0 million over 2014–15 spending levels, for the Surplus Agricultural Product Grant Program, which offsets the costs of harvesting, gleaning and transporting agricultural products to Texas food banks. Nutrition program funding includes \$18.5 million, an increase of \$0.5 million over 2014–15 spending levels for the home delivered meals grant program, which defrays the costs of providing meals to homebound elderly and disabled Texans.
- Funding for the Water Development Board includes a decrease of \$2.0 billion out of the Economic Stabilization Fund for a one-time appropriation to the State Water Implementation Fund for Texas (SWIFT) in fiscal year 2014. The Water Development Board intends to fund \$700.0 million in State Water Plan projects each fiscal year of the 2016–17 biennium using the financing mechanism created within SWIFT, called the State Water Implementation Revenue Fund for Texas (SWIRFT). The SWIRFT funding will provide leveraging, bond enhancement, interest rate discounts, loan payment deferrals to borrowers, and/or extended loan terms.

Figure 69 shows the All Funds appropriations for each agency in Article VI, and **Figures 70** and **71** show the appropriations for each agency in General Revenue Funds and General Revenue–Dedicated Funds, respectively. On the subsequent pages in this chapter are more specific details about funding levels for selected agencies in Article VI.

FIGURE 69
ARTICLE VI – NATURAL RESOURCES, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	\$1,110.6	\$1,108.1	(\$2.5)	(0.2%)
Animal Health Commission	\$21.6	\$26.4	\$4.8	22.3%
Commission on Environmental Quality	\$759.3	\$908.3	\$149.0	19.6%
General Land Office and Veterans' Land Board	\$1,503.5	\$688.9	(\$814.6)	(54.2%)
Low-level Radioactive Waste Disposal Compact Commission	\$0.5	\$1.2	\$0.7	140.4%
Parks and Wildlife Department	\$704.3	\$720.4	\$16.0	2.3%
Railroad Commission	\$178.2	\$174.5	(\$3.7)	(2.1%)
Soil and Water Conservation Board	\$55.4	65.8	\$10.4	18.7%
Water Development Board	\$2,298.4	\$290.5	(\$2,007.9)	(87.4%)
Subtotal, Natural Resources	\$6,631.8	\$3,984.1	(\$2,647.7)	(39.9%)
Employee Benefits and Debt Service	\$349.0	\$408.5	\$59.5	17.0%
Less Interagency Contracts	\$49.6	\$38.1	(\$11.6)	(23.3%)
Total, All Functions	\$6,931.1	\$4,354.4	(\$2,576.7)	(37.2%)

NOTES:

(1) Includes certain anticipated supplemental spending adjustments if applicable.

(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 70
ARTICLE VI – NATURAL RESOURCES, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	\$95.1	\$100.6	\$5.5	5.8%
Animal Health Commission	\$17.2	\$21.9	\$4.7	27.2%
Commission on Environmental Quality	\$18.2	\$23.0	\$4.8	26.3%
General Land Office and Veterans' Land Board	\$7.0	\$42.1	\$35.2	506.3%
Low-level Radioactive Waste Disposal Compact Commission	\$0.0	\$0.0	\$0.0	N/A
Parks and Wildlife Department	\$185.3	\$303.5	\$118.2	63.8%
Railroad Commission	\$26.5	\$25.6	(\$0.9)	(3.5%)
Soil and Water Conservation Board	\$40.7	\$42.7	\$2.1	5.1%
Water Development Board	\$156.1	\$150.1	(\$6.0)	(3.8%)
Subtotal, Natural Resources	\$546.1	\$709.5	\$163.5	29.9%
Employee Benefits and Debt Service	\$168.8	\$201.8	\$33.1	19.6%
Total, All Functions	\$714.8	\$911.4	\$196.5	27.5%

NOTES:

(1) Includes certain anticipated supplemental spending adjustments if applicable.

(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 71
ARTICLE VI – NATURAL RESOURCES, GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	\$5.7	\$4.7	(\$1.0)	(17.1%)
Animal Health Commission	\$0.0	\$0.0	\$0.0	N/A
Commission on Environmental Quality	\$622.9	\$794.2	\$171.4	27.5%
General Land Office and Veterans' Land Board	\$30.7	\$21.8	(\$8.9)	(29.0%)
Low-level Radioactive Waste Disposal Compact Commission	\$0.5	\$1.2	\$0.7	140.4%
Parks and Wildlife Department	\$291.0	\$317.5	\$26.6	9.1%
Railroad Commission	\$133.2	\$130.0	(\$3.2)	(2.4%)
Soil and Water Conservation Board	\$0.0	\$0.0	\$0.0	N/A
Water Development Board	\$0.0	\$0.0	\$0.0	N/A
Subtotal, Natural Resources	\$1,083.9	\$1,269.4	\$185.6	17.1%
Employee Benefits and Debt Service	\$126.2	\$144.8	\$18.6	14.8%
Total, All Functions	\$1,210.1	\$1,414.3	\$204.2	16.9%

NOTES:

(1) Includes certain anticipated supplemental spending adjustments if applicable.

(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

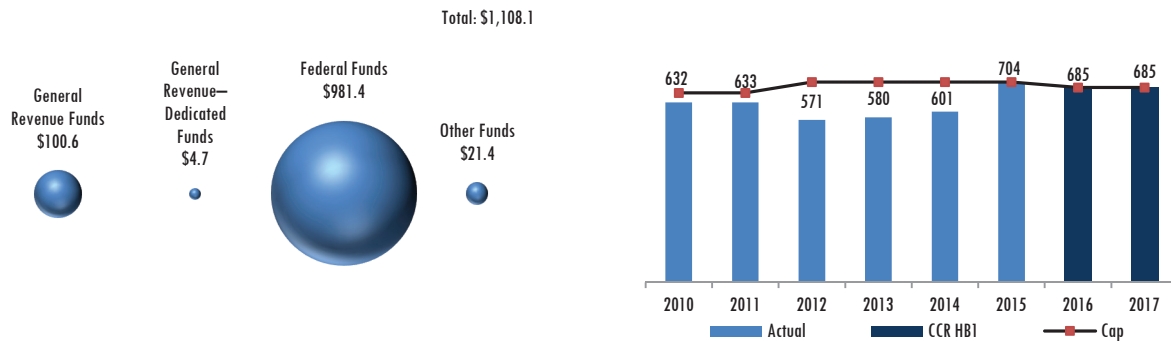
TEXAS DEPARTMENT OF AGRICULTURE

FIGURE 72
TEXAS DEPARTMENT OF AGRICULTURE, BY METHOD OF FINANCE
 (IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$95.1	\$100.6	\$5.5	5.8%
General Revenue–Dedicated Funds	\$5.7	\$4.7	(\$1.0)	(17.1%)
Federal Funds	\$990.0	\$981.4	(\$8.5)	(0.9%)
Other Funds	\$19.8	\$21.4	\$1.6	8.0%
Total, All Methods of Finance	\$1,110.6	\$1,108.1	(\$2.5)	(0.2%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Department of Agriculture for the 2016–17 biennium totals \$1.1 billion in All Funds, which is an All Funds reduction of \$2.5 million from the 2014–15 biennium. The reduction is due primarily to a reduction in nonrecurring Federal Funds to implement new nutrition standards established in the Healthy, Hunger-Free Kids Act of 2010.

HIGHLIGHTS:

- Funding for the 2016–17 biennium provides \$874.2 million in All Funds for child and adult nutrition programs, which includes \$5.9 million in General Revenue Funds, an increase of \$3.0 million over 2014–15 spending levels, for the Surplus Agricultural Product Grant Program, which offsets the costs of harvesting, gleaning and transporting agricultural products to Texas food banks. Nutrition program funding includes \$18.5 million, an increase of \$0.5 million over 2014–15 spending levels, for the home delivered meals grant program, which defrays the costs of providing meals to homebound elderly and disabled Texans. Funding increases are partially offset by a decrease of \$9.9 million in nonrecurring Federal Funds to offer technical assistance and training to school districts for serving components and amounts that must be provided to students for reimbursable breakfasts, lunches, suppers or snacks.
- Funding includes \$32.3 million in General Revenue funding contingent on the agency generating sufficient revenue to cover both the direct and indirect costs (an additional \$9.3 million) for the agency's cost recovery programs. Agency cost recovery programs include inspection and certification of weights and measures (\$11.2 million); regulation of pesticides (\$7.8 million); and structural pest control (\$3.1 million).

- Funding includes an increase of \$2.1 million in All Funds (\$1.5 million from General Revenue Funds and \$0.6 million from Appropriated Receipts), to ensure packaged commodities are properly labeled and contain the declared amount of contents when sold and provide additional fuel testing services.
- Funding includes a decrease of \$1.0 million in General Revenue funding for boll weevil eradication efforts from 2014–15 levels, resulting in \$14.0 million in the 2016–17 biennium for ongoing maintenance to control infestations. The agency anticipates this to be the last installment for eradication purposes barring a new outbreak that can occur as a result of natural disasters such as hurricanes or infestations from neighboring countries.

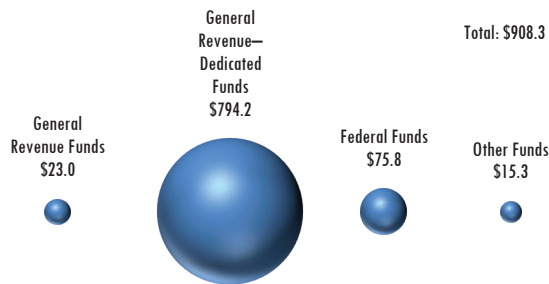
COMMISSION ON ENVIRONMENTAL QUALITY

FIGURE 73
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY, BY METHOD OF FINANCE

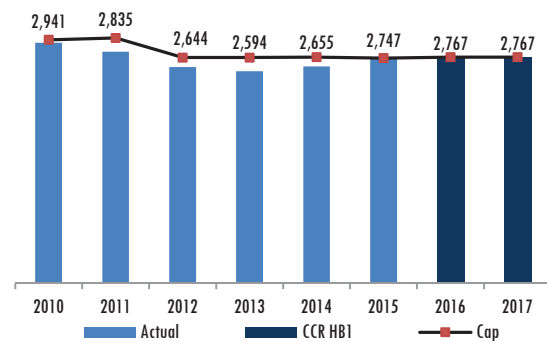
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$18.2	\$23.0	\$4.8	26.3%
General Revenue–Dedicated Funds	\$622.9	\$794.2	\$171.4	27.5%
Federal Funds	\$85.9	\$75.8	(\$10.1)	(11.7%)
Other Funds	\$32.3	\$15.3	(\$17.1)	(52.8%)
Total, All Methods of Finance	\$759.3	\$908.3	\$149.0	19.6%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Commission on Environmental Quality for the 2016–17 biennium totals \$908.3 million in All Funds, which is an increase of \$149.0 million from the 2014–15 biennium. The increase is primarily attributable to an increase of \$81.0 million in General Revenue–Dedicated Texas Emissions Reduction Plan (TERP) Account funding to incentivize reducing vehicle and equipment pollution and an increase of \$87.1 million out of the General Revenue–Dedicated Clean Air Account No. 151 for air quality planning, monitoring, and other activities, partially offset by a reduction in Federal Funds anticipated to be available in the 2016–17 biennium and Other Funds reductions from one-time project funding and Interagency Contracts that are no longer needed. The Emissions Reduction Plan (TERP) was subject to Strategic Fiscal Review.

HIGHLIGHTS:

- Funding provides \$236.3 million from the General Revenue–Dedicated TERP Account No. 5071 to fund TERP, a set of programs, including 49.0 FTEs, that provide financial incentives to limit pollution from vehicles and equipment for the 2016–17 biennium. This is an \$81.0 million increase over 2014–15 funding levels.
- Funding provides \$196.4 million out of the General Revenue–Dedicated Clean Air Account No. 151, or an increase of \$87.1 million over 2014–15 funding levels, for the AirCheck Texas program, air quality planning, air quality monitoring, and other air quality activities. Of the increase, \$81.2 million is for the AirCheck Texas program, and \$1.0 million is for air quality planning activities in near nonattainment areas.

- Funding provides \$75.8 million in Federal Funds for environmental programs which includes \$44.0 million for Performance Partnership Grants, single grants combining funds from more than one of various U.S. Environmental Protection Agency (EPA) environmental programs. This reflects an anticipated reduction of \$0.9 million for the program. Additional reductions totaling \$9.2 million are also anticipated for several other grant programs and one-time projects.
- Funding provides \$64.6 million out of the General Revenue–Dedicated Operating Permit Fees Account No. 5094, which includes \$3.7 million and 8.0 FTEs to respond to new standards for sulfur dioxide emissions promulgated by the EPA. The funding provides for modeling and monitoring costs in fiscal year 2016.
- Funding provides \$23.0 million out of the General Revenue Fund, which includes \$1.7 million for water programs to conduct additional water availability modeling, water rights permit processing, and technical support and analysis relating to the drought.
- Funding includes Interagency Contract and Appropriated Receipts of \$15.5 million, which is a reduction of \$17.1 million or 52.8 percent from the prior biennium. This includes a decrease of \$10.6 million in Appropriated Receipts for one-time Superfund cost recovery cleanups in 2014–15 and a decrease of \$6.5 million in Interagency Contracts (\$5.1 million decrease for a one-time Coastal Impact Assistance Grant from the General Land Office and \$1.4 million for a one-time funding from the Water Development Board’s State Revolving Fund).
- Funding continues \$5.0 million in General Revenue Funds for the Rio Grande Compact Commission for litigation expenses relating to a water rights dispute with the State of New Mexico, which is being reviewed by the U.S. Supreme Court.
- Funding includes an increase of \$2.0 million in General Revenue Funds and General Revenue–Dedicated Funds to provide for targeted salary increases for positions with high turnover rates as determined by the State Auditor’s Office.

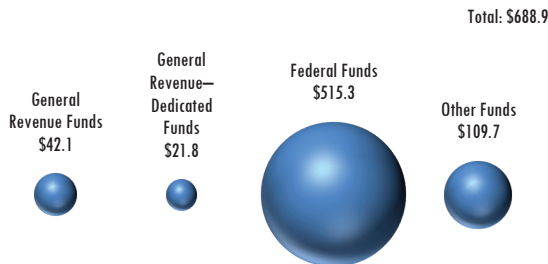
GENERAL LAND OFFICE AND VETERANS' LAND BOARD

FIGURE 74
GENERAL LAND OFFICE AND VETERANS' LAND BOARD, BY METHOD OF FINANCE

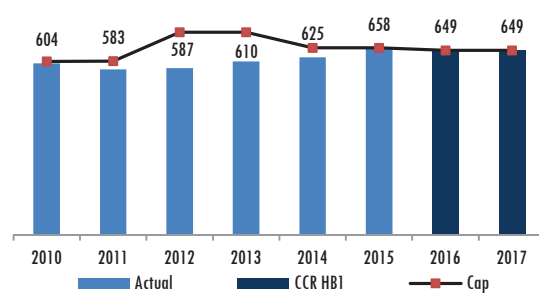
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$7.0	\$42.1	\$35.2	506.3%
General Revenue–Dedicated Funds	\$30.7	\$21.8	(\$8.9)	(29.0%)
Federal Funds	\$1,353.0	\$515.3	(\$837.8)	(61.9%)
Other Funds	\$112.8	\$109.7	(\$3.1)	(2.8%)
Total, All Methods of Finance	\$1,503.5	\$688.9	(\$814.6)	(54.2%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the General Land Office and Veteran's Land Board for the 2016–17 biennium totals \$688.9 million in All Funds, a reduction of \$814.6 million from the 2014–15 biennial levels. The reduction primarily is in Federal Funds for Community Development Block Grants for recovery from hurricane and wildfire-related disasters.

HIGHLIGHTS:

- Funding for the 2016–17 biennium includes \$502.0 million in All Funds for disaster recovery programs to rebuild or repair damaged homes or infrastructure. This amount reflects a decrease of \$815.5 million in Federal Funds from 2014–15 biennial spending levels, including:
 - a decrease in Community Development Block Grants for Hurricane Ike-related and wildfire-related housing grant awards (\$525.6 million); and
 - a decrease in Hurricane Ike-related and wildfire-related infrastructure rebuilding grant awards (\$289.9 million).
- Funding includes an estimated \$32.1 million in All Funds to preserve and maintain the Alamo and facilities within the Alamo Complex. The funding level reflects an increase of \$21.1 million in All Funds from 2014–15 spending levels, including an increase of \$5.0 million from General Revenue Funds for capital improvements and repairs, an additional \$25.0 million from General Revenue Funds for a master plan and needs assessment to preserve and maintain facilities

within the Alamo Complex, including the Alamo, partially offset by a decrease of \$8.9 million in the General Revenue–Dedicated Alamo Complex Account in alignment with the Comptroller’s Biennial Revenue Estimate.

- Funding includes a decrease of \$20.6 million in Federal Funds for completed coastal erosion, beach and dune restoration, and recreational amenities projects.
- Funding includes \$4.7 million in General Revenue Funds for the closure of Rollover Pass on the Bolivar Peninsula.

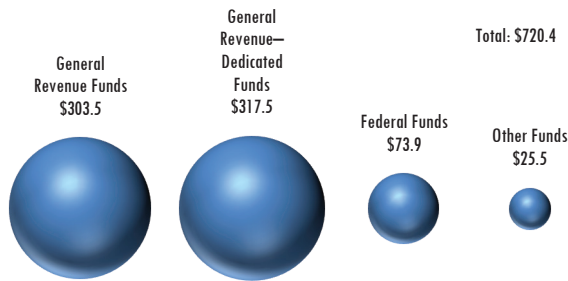
PARKS AND WILDLIFE DEPARTMENT

FIGURE 75
TEXAS PARKS AND WILDLIFE DEPARTMENT, BY METHOD OF FINANCE

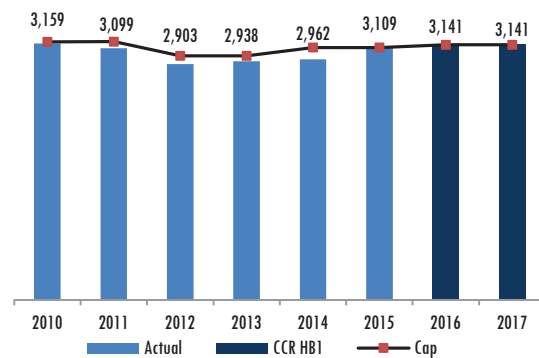
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$185.3	\$303.5	\$118.2	63.8%
General Revenue–Dedicated Funds	\$291.0	\$317.5	\$26.6	9.1%
Federal Funds	\$143.5	\$73.9	(\$69.7)	(48.5%)
Other Funds	\$84.5	\$25.5	(\$59.0)	(69.9%)
Total, All Methods of Finance	\$704.3	\$720.4	\$16.0	2.3%

ALL FUNDS, 2016–17 BIENNium (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Parks and Wildlife Department for the 2016–17 biennium totals \$720.4 million in All Funds, which is an increase of \$16.0 million, or 2.3 percent, from the 2014–15 biennium. General Revenue Funds and General Revenue–Dedicated funding totals \$621.0 million, an increase of \$144.7 million, or 30.4 percent. These increases are partially offset by reductions in Federal Funds and Other Funds, which constitute a decrease of \$128.8 million.

HIGHLIGHTS:

- Funding includes 100 percent of the 2016–17 Sporting Goods Sales Tax (SGST) revenue estimated to be available to the agency in the Comptroller of Public Accounts' *2016–17 Biennial Revenue Estimate*. SGST appropriations to the agency total \$212.0 million in the 2016–17 biennium, an increase of \$90.1 million, or 73.9 percent, over the 2014–15 biennium. In addition to the amount in the agency's bill pattern, an estimated \$17.5 million for benefits and \$31.6 million for debt service payments bring the total appropriated and estimated SGST amount for the agency to \$261.1 million. This amount includes \$47.7 million in contingency appropriations from SGST transfers, including \$15.8 million for local parks and other grants and \$31.9 million for capital improvements and major repairs related to State Parks. SGST appropriations to the agency are transferred to four General Revenue–Dedicated accounts:
 - State Parks Account No. 64: \$170.0 million is transferred to the State Parks Account No. 64, an increase of \$65.1 million, for State Parks operations and capital improvements;

- Texas Recreation and Park Account No. 467: \$18.6 million, an increase of \$8.4 million, for local parks grants to municipalities and counties with populations under 500,000;
 - Large County and Municipality Recreation and Parks Account No. 5150: \$14.2 million, an increase of \$7.4 million, for local parks grants to cities and counties with populations over 500,000; and
 - Parks and Wildlife Conservation and Capital Account No. 5004: \$9.2 million to the Parks and Wildlife Conservation and Capital Account No. 5004, for capital improvements and other park needs.
- Funding for capital construction and deferred maintenance totals \$91.0 million for maintenance and major repairs to State Parks, State Natural Areas, Wildlife Management Areas, Coastal and Inland Fisheries, and State Historic Sites, including \$25.0 million for the Battleship Texas and \$3.5 million for a visitors center at Franklin Mountains State Park.
 - Funding includes Game Warden law enforcement activity totaling \$118.8 million in All Funds and supporting 653.5 FTEs, which is an increase of \$59,327, or less than 0.1 percent. The increase is predominately attributable to the addition of 19.0 new Game Warden positions, including training and equipment, dedicated to border security efforts, offset by one-time funding in 2015 for Operation Strong Safety II totaling \$3.7 million, which was provided through Budget Execution. Funding for border security totals \$10.5 million, which includes \$5.3 million in General Revenue Funds and \$5.3 million in Unclaimed Refunds of Motorboat Fuel Tax (URMFT), to support 49.0 Game Warden FTEs and equipment dedicated to border-area law enforcement.
 - Funding provides \$9.0 million in General Revenue for a grant to the Texas State Aquarium for capital improvements.
 - Funding provides \$5.0 million in URMFT above 2014–15 spending levels for aquatic invasive species management, including zebra mussels, giant salvinia, and other invasive animal and plant species in fresh and saltwater habitats and waterways.
 - Funding provides \$73.9 million in Federal Funds, which is a decrease of \$69.7 million, or 48.5 percent. The largest portions of this decrease are from Wildlife Restoration, Sport Fish Restoration, Outdoor Recreation, and Recreational Trails Program funds. Many of these funding sources are drawn upon after specific projects are identified and may increase as projects are selected.

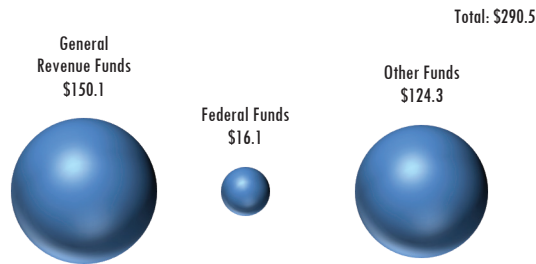
WATER DEVELOPMENT BOARD

FIGURE 76
TEXAS WATER DEVELOPMENT BOARD, BY METHOD OF FINANCE

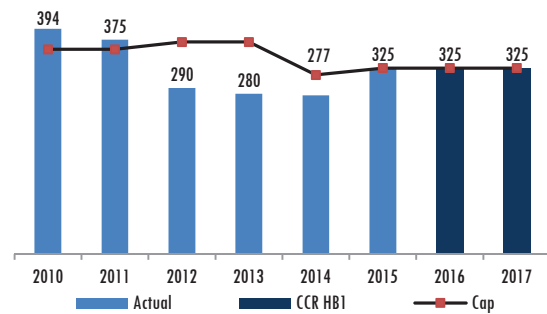
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$156.1	\$150.1	(\$6.0)	(3.8%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$16.0	\$16.1	\$0.1	0.7%
Other Funds	\$2,126.3	\$124.3	(\$2,002.0)	(94.2%)
Total, All Methods of Finance	\$2,298.4	\$290.5	(\$2,007.9)	(87.4%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Water Development Board for the 2016–17 biennium totals \$290.5 million in All Funds, which is a reduction of \$2.0 billion. The reduction is primarily attributable to an Other Funds reduction from a one-time appropriation to the State Water Implementation Fund for Texas (SWIFT) in fiscal year 2014.

HIGHLIGHTS:

- Funding includes a decrease of \$2.0 billion out of the Economic Stabilization Fund (Other Funds) for a one-time appropriation to the newly created State Water Implementation Fund for Texas (SWIFT) in fiscal year 2014. The Water Development Board intends to fund \$700.0 million in State Water Plan projects each fiscal year of the 2016–17 biennium using the financing mechanism created within SWIFT, called the State Water implementation Revenue Fund for Texas (SWIRFT). The SWIRFT funding will provide leveraging, bond enhancement, interest rate discounts, loan payment deferrals to borrowers, and/or extended loan terms.
- Funding provides \$150.1 million in General Revenue funding which reflects a decrease of \$6.0 million from the 2014–15 biennium primarily related to:
 - a decrease of \$12.0 million for one-time grant funding for projects related to border security/levees and demonstration projects for near term water supplies;

- an increase of \$9.1 million for debt service payments for Economically Distressed Areas Program (EDAP) bonds, including a \$6.0 million increase for debt service payments on \$50.0 million in EDAP bonds authorized to be issued during 2016–17, and an increase of \$3.1 million to annualize debt service payments on \$50.0 million in EDAP bonds issued in fiscal year 2015;
- a decrease of \$6.7 million from reductions in debt service payments for Water Infrastructure Fund (WIF) bonds because the bonds are becoming increasingly self-supporting; and lower overall debt service needs because of a lack of recent bond issuances;
- an increase of \$2.3 million for quantifying and installing water conservation strategies aimed at meeting the needs of the State Water Plan; and
- an increase of \$1.0 million for grants for demonstration projects and feasibility studies for alternative water supplies.

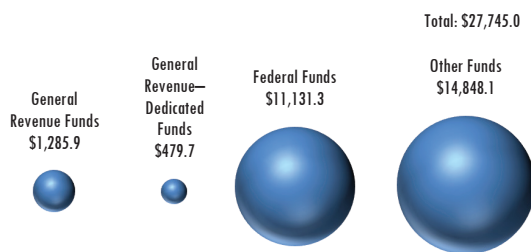
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT

FIGURE 77
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, BY METHOD OF FINANCE

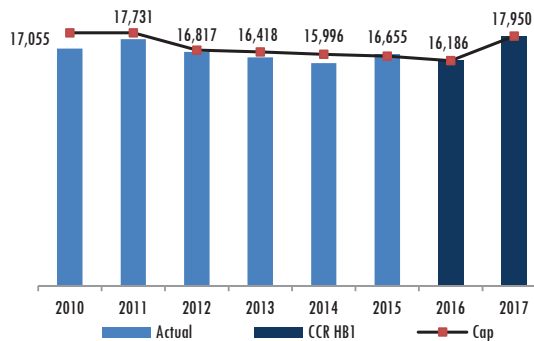
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$932.9	\$1,285.9	\$353.0	37.8%
General Revenue–Dedicated Funds	\$463.4	\$479.7	\$16.4	3.5%
Federal Funds	\$11,102.3	\$11,131.3	\$29.1	0.3%
Other Funds	\$14,949.1	\$14,848.1	(\$101.0)	(0.7%)
Total, All Methods of Finance	\$27,447.6	\$27,745.0	\$297.4	1.1%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE VII

All Funds for the Business and Economic Development agencies total \$27.7 billion for the 2016–17 biennium, an increase of \$0.3 billion, or 1.1 percent from the 2014–15 biennium. General Revenue Funds total \$1.3 billion, an increase of \$0.4 billion, or 37.8 percent from the 2014–15 biennium.

HIGHLIGHTS:

- Funding for the Texas Department of Transportation for the 2016–17 biennium includes \$23.1 billion in All Funds, an increase of \$0.1 billion in All Funds which includes \$1.3 billion in State Highway Funds made available from the discontinuation of State Highway Fund appropriations to agencies other than Texas Department of Transportation; an increase from oil and natural gas tax-related transfers to the State Highway Fund pursuant to Proposition 1 (2014); and offset by decreases in bond proceeds.
- Funding for the Texas Workforce Commission includes an increase in All Funds of \$256.9 million from the 2014–15 biennium primarily due the transfer of programs from the Department of Assistive and Rehabilitative Services. See the agency bill summary for additional details.
- Funding for the Department of Housing and Community Affairs includes a decrease in Federal Funds of \$24.1 million primarily due to American Recovery and Reinvestment Act (ARRA) funds expended in 2014–15 and a decrease in

administration costs related to Section 811 Project Rental Assistance Demonstration in fiscal years 2016–17. Decreases in Federal Funds are offset by increases in Appropriated Receipts of \$2.9 million.

- Funding for the Texas Lottery Commission includes a net increase in All Funds attributable to a decrease of \$2.5 million in General Revenue Funds related to one-time funding for the agency’s Automated Charitable Bingo System redesign, which is the agency’s primary database for all licensee information, including extensive financial and operational performance data, offset by an increase of \$15.5 million in General Revenue–Dedicated Funds related to an anticipated increase in gross lottery ticket sales.

Figure 78 shows the All Funds appropriation for each agency in Article VII, and **Figure 79** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for some of the agencies in Article VII.

FIGURE 78
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	\$507.9	\$486.7	(\$21.2)	(4.2%)
Texas Lottery Commission	\$458.2	\$471.2	\$13.0	2.8%
Department of Motor Vehicles	\$332.2	\$313.4	(\$18.8)	(5.7%)
Department of Transportation	\$23,157.1	\$23,052.3	(\$104.9)	(0.5%)
Texas Workforce Commission	\$2,374.3	\$2,631.3	\$256.9	10.8%
Reimbursements to the Unemployment Compensation Benefit Account	\$47.4	\$38.8	(\$8.7)	(18.3%)
Subtotal, Business and Economic Development	\$26,877.2	\$26,993.6	\$116.4	0.4%
Retirement and Group Insurance	\$565.1	\$724.0	\$158.8	28.1%
Social Security and Benefits Replacement Pay	\$131.7	\$139.0	\$7.3	5.5%
Bond Debt Service Payments	\$27.8	\$30.8	\$3.0	10.6%
Lease Payments	\$1.7	2.7	\$1.0	59.5%
Subtotal, Employee Benefits and Debt Service	\$726.4	\$896.4	\$170.0	23.4%
Less Interagency Contracts	\$156.0	\$145.0	(\$11.0)	(7.0%)
Total, All Functions	\$27,447.6	\$27,745.0	\$297.4	1.1%

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) 2016–17 amounts reflect the transfer of certain programs from Article I to Article II and from Article II to Article VII.

SOURCE: Legislative Budget Board.

FIGURE 79
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	\$26.4	\$26.5	\$0.0	0.1%
Texas Lottery Commission	\$33.3	\$30.8	(\$2.5)	(7.5%)
Department of Motor Vehicles	\$218.3	\$313.4	\$95.2	43.6%
Department of Transportation	\$332.2	\$504.7	\$172.6	51.9%
Texas Workforce Commission	\$263.1	\$324.6	\$61.5	23.4%
Reimbursements to the Unemployment Compensation Benefit Account	\$0.0	\$0.0	\$0.0	N/A
Subtotal, Business and Economic Development	\$873.3	\$1,200.0	\$326.7	37.4%
Retirement and Group Insurance	\$24.3	\$43.8	\$19.5	80.3%
Social Security and Benefit Replacement Pay	\$6.4	\$9.2	\$2.8	44.5%
Bond Debt Service Payments	\$27.2	\$30.1	\$2.9	10.8%
Lease Payments	\$1.7	\$2.7	\$1.0	59.5%
Subtotal, Employee Benefits and Debt Service	\$59.6	\$85.8	\$26.3	44.1%
Total, All Functions	\$932.9	\$1,285.9	\$353.0	37.8%

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) 2016–17 amounts reflect the transfer of certain programs from Article I to Article II and from Article II to Article VII.

SOURCE: Legislative Budget Board.

DEPARTMENT OF MOTOR VEHICLES

FIGURE 80
DEPARTMENT OF MOTOR VEHICLES, BY METHOD OF FINANCE

(IN MILLIONS)

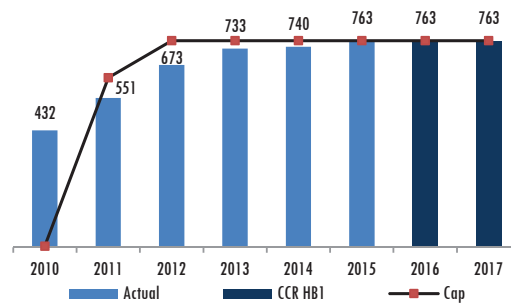
METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$218.3	\$313.4	\$95.2	43.6%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$1.4	\$0.0	(\$1.4)	(100.0%)
Other Funds	\$112.6	\$0.0	(\$112.6)	(100.0%)
Total, All Methods of Finance	\$332.2	\$313.4	(\$18.8)	(5.7%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS

Total: \$313.4



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding for the Department of Motor Vehicles for the 2016–17 biennium totals \$313.4 million in All Funds, which includes an All Funds decrease of \$18.8 million. The decrease in funding is primarily related to one-time appropriations in 2014–15 of State Highway Funds (Other Funds) for improvements to the agency’s vehicle registration and titling system.

HIGHLIGHTS:

- Funding includes \$313.4 million in General Revenue Funds for registration and titling of vehicles and issuance of license plates; registration, permitting, and regulation of motor carriers; and other motor vehicle licensing and regulation functions.
- The bill decreases State Highway Funds (Other Funds) by \$112.6 million which includes a decrease of \$30.5 million for one-time capital budget expenditures for the TxDMV Automation System project and a decrease of \$80.5 million for a Method of Finance swap to replace State Highway Funds with an equivalent increase in General Revenue Funds.
- The bill includes \$9.8 million in General Revenue Funds for the separation of information applications and servers from Texas Department of Transportation (TxDOT) information technology infrastructure and additional datacenter consolidation costs; \$1.5 million for the relocation of the agency’s Austin Bull Creek Campus offices and facilities to new leased facilities; and \$1.4 million for the relocation of two Department of Motor Vehicles regional services centers from TxDOT facilities to new leased facilities.
- Funding for the Facilities Commission (Article I, General Government) includes \$58.0 million in Revenue Bond Proceeds to acquire and construct a new headquarters facility for the Department of Motor Vehicles.

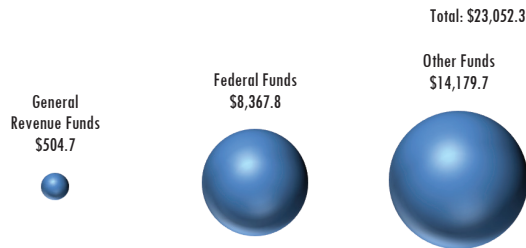
DEPARTMENT OF TRANSPORTATION

FIGURE 81
DEPARTMENT OF TRANSPORTATION, BY METHOD OF FINANCE

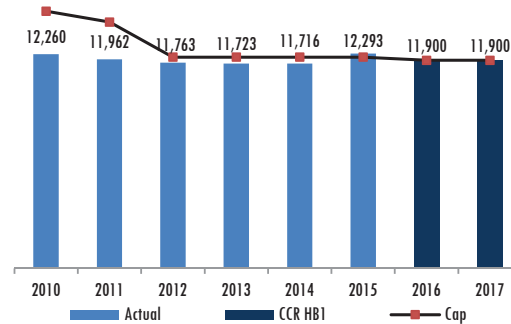
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$332.2	\$504.7	\$172.6	51.9%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$8,562.7	\$8,367.8	(\$194.9)	(2.3%)
Other Funds	\$14,262.2	\$14,179.7	(\$82.5)	(0.6%)
Total, All Methods of Finance	\$23,157.1	\$23,052.3	(\$104.9)	(0.5%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Department of Transportation for the 2016–17 biennium totals \$23.1 billion in All Funds, which includes an All Funds decrease of \$0.1 billion. The decrease in funding is primarily related to increases in State Highway Funds for highway planning and design, right-of-way acquisition, construction, and maintenance and increases in All Funds for bond debt service payments, offset by declines in bond proceeds and in non-recurring revenues. The Department of Transportation was subject to Strategic Fiscal Review.

HIGHLIGHTS:

- Funding for the 2016–17 biennium includes \$14.2 billion in Other Funds for a decrease of \$82.5 million from the 2014–15 biennium and includes:
 - an additional \$1.3 billion made available from the discontinuation of State Highway Fund appropriations to agencies other than the Department of Transportation offset by an increase of \$0.4 billion budgeted in fiscal year 2015 due to available fund balances remaining from the 2012–13 biennium and an adjustment to align with the Comptroller's Biennial Revenue Estimate, for a net increase of \$0.5 billion in State Highway Funds from traditional tax and fee revenue;
 - \$2.4 billion from oil and natural gas tax-related transfers to the State Highway Fund (Proposition 1 2014), an increase of \$0.7 billion from the 2014–15 biennium. These funds are to be used for constructing, maintaining, and acquiring rights-of-way for non-tolled public roadways;

- a net decrease of \$1.1 billion in bond proceeds, including:
 - * a decrease of \$0.8 billion in Texas Mobility Fund bond proceeds;
 - * a decrease of \$0.6 billion in State Highway Fund Revenue (Proposition 14) bond proceeds;
 - * an increase of \$0.3 billion in Proposition 12 General Obligation Bond Proceeds; and
 - * a decrease of \$11.6 million in General Obligation Bond Proceeds for border colonia access roadway projects;
- a decrease of \$81.5 million in Texas Mobility Funds for bond debt service; and
- a decrease of \$127.8 million in Other Funds from other one-time funding sources.
- General Revenue funding is increased by \$172.6 million, including an increase of \$186.5 million for General Obligation bond debt service payments.
- \$19.6 billion in All Funds is provided for transportation planning and design, right-of-way acquisition, construction, and maintenance and preservation, including:
 - \$7.8 billion in Federal Funds;
 - \$6.6 billion in State Highway Funds (Other Funds) from traditional tax and fee revenue sources;
 - \$2.4 billion from oil and natural gas tax-related transfers to the State Highway Fund (Proposition 1 2014);
 - \$2.0 billion from bond proceeds (Other Funds); and
 - \$0.7 billion in Other Funds from other one-time funding sources.
- \$2.2 billion in All Funds is provided for debt service payments and other financing costs associated with the agency's debt financing programs, including:
 - \$0.5 billion in General Revenue Funds related to Highway Improvement General Obligation bonds (Proposition 12);
 - \$0.8 billion in State Highway Funds (Other Funds) for State Highway Fund Revenue Bonds (Proposition 14);
 - \$0.8 billion in Texas Mobility Funds (Other Funds) for Texas Mobility Fund bonds;
 - \$0.1 billion in Federal Funds from Build America Bond interest payment subsidies; and
 - \$10.0 million in State Highway Funds for credit agreements associated with the agency's short-term borrowing program.
- Funding includes a reduction of 187.0 full-time-equivalent (FTE) positions from the fiscal year 2015 FTE cap primarily related to the outsourcing of the agency's information technology functions.
- \$200 million in capital budget authority is provided for repair and rehabilitation of Department of Transportation buildings and facilities.

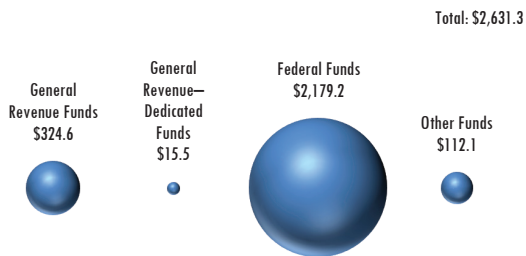
TEXAS WORKFORCE COMMISSION

FIGURE 82
TEXAS WORKFORCE COMMISSION, BY METHOD OF FINANCE

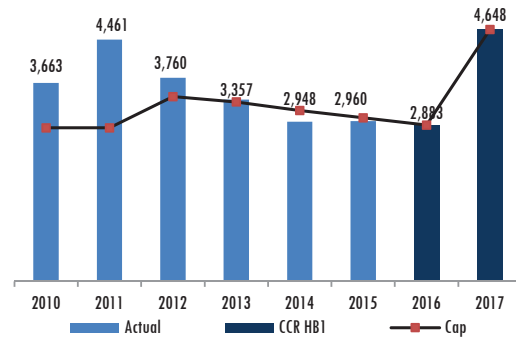
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$263.1	\$324.6	\$61.5	23.4%
General Revenue–Dedicated Funds	\$14.3	\$15.5	\$1.2	8.1%
Federal Funds	\$1,981.8	\$2,179.2	\$197.3	10.0%
Other Funds	\$115.1	\$112.1	(\$3.0)	(2.6%)
Total, All Methods of Finance	\$2,374.3	\$2,631.3	\$256.9	10.8%

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Texas Workforce Commission (TWC) for the 2016–17 biennium totals \$2.6 billion in All Funds, which includes an All Funds increase of \$256.9 million from the 2014–15 biennium. The increase in funding is primarily related to the transfer of programs from the Department of Assistive and Rehabilitative Services to TWC.

HIGHLIGHTS:

- Funding includes a net increase of \$300.5 million in All Funds for the transfer of Vocational Rehabilitation, Business Enterprises of Texas, Older Blind Independent Living Services and the Criss Cole Rehabilitation Center programs from the Department of Rehabilitative Services to the Texas Workforce Commission. The transfer includes \$56.4 million in General Revenue, \$1.1 million in General Revenue–Dedicated, \$240.6 million in Federal Funds, \$2.5 million in Other Funds, 1,860.9 FTEs, and is contingent upon passage of legislation.
- Funding includes \$3.0 million in General Revenue Funds for the Apprenticeship program to increase the number of students served and the reimbursements provided for the related apprenticeship classroom training.
- Funding includes decreases in Federal Funds of \$17.3 million in the Unemployment Insurance program to reflect an anticipated decrease in unemployment claims and of \$20.9 million in the Adult Basic Education program to account for a one-time transfer of an unexpended balance of federal grant funds from the Texas Education Agency in fiscal year 2014 with the enactment of Senate Bill 307, Eighty-third Legislature, Regular Session.

- The agency's full-time-equivalent (FTE) positions increase by 1,687.9 from fiscal year 2015 to fiscal year 2017. This includes an increase of 1,860.9 FTEs related to the transfer of programs from the Department of Assistive and Rehabilitative Services and 0.5 FTEs for the agency's Apprenticeship program, offset by a decrease of 122.0 FTEs in the Unemployment Insurance program related to an anticipated decline in unemployment claims, and a decrease of 51.5 FTEs related to changes in federal grants.

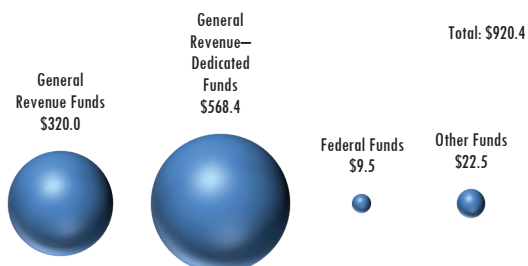
ARTICLE VIII – REGULATORY

FIGURE 83
ARTICLE VIII – REGULATORY, BY METHOD OF FINANCE

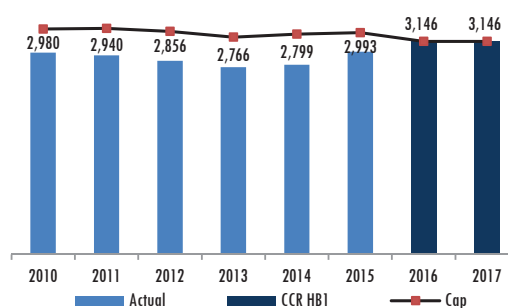
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$279.2	\$320.0	\$40.8	14.6%
General Revenue–Dedicated Funds	\$789.2	\$568.4	(\$220.8)	(28.0%)
Federal Funds	\$13.2	\$9.5	(\$3.6)	(27.4%)
Other Funds	\$45.7	\$22.5	(\$23.2)	(50.8%)
Total, All Methods of Finance	\$1,127.3	\$920.4	(\$206.8)	(18.3%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (4) Includes funding in contingent rider appropriations (PUC, TDI and TDLR).

SOURCES: Legislative Budget Board; State Auditor's Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE VIII

All Funds for Regulatory agencies total \$920.4 million for the 2016–17 biennium, a decrease of \$206.8 million, or 18.3 percent from the 2014–15 biennium. General Revenue Funds total \$320.0 million, an increase of \$40.8 million, or 14.6 percent from the 2014–15 biennium.

HIGHLIGHTS:

- Funding for the Public Utility Commission includes a decrease of \$236.5 million from the General Revenue–Dedicated System Benefit Account No. 5100 and an increase in General Revenue Funds of \$8.8 million.
- Funding for the Office of Public Utility Counsel includes \$1.0 million from the General Revenue–Dedicated Water Resource Management Fund 153 for the regulation of water and wastewater services. This program was added to the agency in fiscal year 2014 with the enactment of House Bill 1600, Eighty-third Legislature, Regular Session.
- Funding for the Department of Licensing and Regulation includes an increase of \$3.4 million in All Funds. This includes an increase of \$1.5 million in General Revenue funding for information technology security enhancements, and approximately \$1.9 million in General Revenue Funds for the agency's licensing and enforcement divisions.

- Funding for the Department of Insurance includes a decrease of \$4.1 million in Federal Funds due to the elimination of a federal Affordable Care Act Health Insurance Premium Review Grant that is not expected in fiscal years 2016 and 2017; a decrease of \$16.2 million in Other Funds resulting from the close out of the Healthy Texas Program in fiscal year 2015; and a decrease of \$1.5 million in Other Funds related to an anticipated decrease in revenue collections from regulated entities for fines, penalties, and sanctions collected as part of the Three Share Program, which allows the agency to award small grants to employers to help provide and subsidize low-cost small business health plans. Amounts are offset by an increase of \$4.4 million in General Revenue Funds to continue the agency’s State Regulatory Response Rider which allows the agency to respond to unexpected changes in the insurance market, including emergencies and natural and man-made disasters, \$3.1 million in General Revenue Funds and General Revenue–Dedicated Funds for information resources and security, \$0.3 million in General Revenue Funds for staffing and vehicle needs in the Fire Marshal’s Office, \$0.4 million in General Revenue–Dedicated Funds for the Amusement Ride program, \$0.4 million in General Revenue Funds and General Revenue–Dedicated Funds for the agency’s Agent Adjuster Licensing Office and Consumer Protection Division, and \$0.3 million in General Revenue Funds the agency’s Fraud Unit.
- Funding for the State Office of Administrative Hearings includes a net increase in All Funds primarily due to an increase of \$1.4 million in General Revenue Funds for a new integrated case management, case filing, and time keeping system, an increase of \$6.6 million in General Revenue Funds offset by a decrease of \$6.6 million in State Highway Fund 6 for a Method of Finance swap to replace State Highway Fund 6 appropriations, an increase of \$1.6 million in Other Funds related to higher interagency contract funding for anticipated increased workload in the 2016–17 biennium, \$0.4 million in General Revenue Funds for related to increased workload from General Revenue funded agency referrals; and an increase of \$0.4 million in General Revenue Funds for increased staffing needs for the Centralized Accounting and Payroll/Personnel System implementation period that is appropriated in Article IX.
- Funding for all other regulatory agencies is maintained at levels to support current services. These agencies regulate a variety of industries including insurance, worker’s compensation, health-related occupations, non-health-related occupations, telecommunications, electric utilities, securities, and racing.

Figure 84 shows the All Funds appropriation for each agency in Article VIII, and Figure 85 shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more specific details about funding levels for the Public Utility Commission.

FIGURE 84
ARTICLE VIII – REGULATORY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	\$18.8	\$23.0	\$4.2	22.2%
Board of Chiropractic Examiners	\$1.6	\$1.6	\$0.1	4.2%
State Board of Dental Examiners	\$8.4	\$8.7	\$0.3	3.1%
Texas Funeral Service Commission	\$1.6	\$1.7	\$0.0	1.8%
Board of Professional Geoscientists	\$1.2	\$1.2	\$0.0	0.8%
Health Professions Council	\$2.0	\$2.1	\$0.2	9.0%
Office of Injured Employee Counsel	\$16.7	\$17.3	\$0.5	3.3%
Department of Insurance	\$237.0	\$223.9	(\$13.1)	(5.5%)
Office of Public Insurance Counsel	\$2.1	\$2.1	\$0.0	1.3%
Board of Professional Land Surveyors	\$0.9	\$0.9	\$0.0	4.4%
Department of Licensing and Regulation	\$48.8	\$51.9	\$3.1	6.4%
Texas Medical Board	\$23.5	\$24.3	\$0.8	3.2%

FIGURE 84 (CONTINUED)
ARTICLE VIII – REGULATORY, ALL FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Board of Nursing	\$20.4	\$23.8	\$3.4	16.7%
Texas Optometry Board	\$0.9	\$1.0	\$0.0	3.0%
State Board of Pharmacy	\$13.4	\$13.6	\$0.3	1.9%
Executive Council of Physical and Occupational Therapy Examiners	\$2.4	\$2.7	\$0.3	13.5%
Board of Plumbing Examiners	\$5.0	\$5.3	\$0.3	6.3%
State Board of Podiatric Medical Examiners	\$0.6	\$0.6	\$0.0	1.9%
Board of Examiners of Psychologists	\$1.7	\$1.8	\$0.1	4.0%
Texas Racing Commission	\$15.4	\$16.7	\$1.3	8.3%
Texas State Securities Board	\$14.2	\$15.6	\$1.3	9.3%
Public Utility Commission	\$584.3	\$358.9	(\$225.4)	(38.6%)
Office of Public Utility Counsel	\$4.4	\$4.4	\$0.0	0.9%
Board of Veterinary Medical Examiners	\$2.3	\$2.6	\$0.3	11.8%
Subtotal, Regulatory	\$1,027.7	\$805.7	(\$222.0)	(21.6%)
Retirement and Group Insurance	\$82.0	\$99.6	\$17.6	21.5%
Social Security and Benefits Replacement Pay	\$23.7	\$23.9	\$0.2	0.8%
Lease Payments	\$1.9	\$1.0	(\$0.9)	(45.9%)
Subtotal, Employee Benefits and Debt Service	\$107.6	\$124.5	\$16.9	15.7%
Less Interagency Contracts	\$8.0	\$9.8	\$1.7	21.7%
Total, All Functions	\$1,127.3	\$920.4	(\$206.8)	(18.3%)

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) Includes funding in contingent rider appropriations (PUC, TDI and TDLR).

SOURCE: Legislative Budget Board.

FIGURE 85
ARTICLE VIII – REGULATORY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	\$6.8	\$15.9	\$9.1	132.6%
Board of Chiropractic Examiners	\$1.5	\$1.5	\$0.1	4.5%
State Board of Dental Examiners	\$7.9	\$8.2	\$0.3	3.8%
Texas Funeral Service Commission	\$1.5	\$1.5	\$0.0	1.9%
Board of Professional Geoscientists	\$1.2	\$1.2	\$0.0	0.8%
Health Professions Council	\$0.0	\$0.0	\$0.0	N/A
Office of Injured Employee Counsel	\$0.0	\$0.0	\$0.0	N/A
Department of Insurance	\$78.3	\$85.4	\$7.1	9.1%
Office of Public Insurance Counsel	\$1.7	\$1.7	\$0.0	1.7%

FIGURE 85 (CONTINUED)
ARTICLE VIII – REGULATORY, GENERAL REVENUE FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
Board of Professional Land Surveyors	\$0.9	\$0.9	\$0.1	7.8%
Department of Licensing and Regulation	\$46.8	\$49.9	\$3.1	6.7%
Texas Medical Board	\$19.2	\$19.6	\$0.4	2.1%
Board of Nursing	\$15.9	\$17.2	\$1.3	8.0%
Texas Optometry Board	\$0.8	\$0.9	\$0.0	3.4%
State Board of Pharmacy	\$13.4	\$13.6	\$0.3	1.9%
Executive Council of Physical and Occupational Therapy Examiners	\$2.3	\$2.6	\$0.3	14.3%
Board of Plumbing Examiners	\$4.9	\$5.2	\$0.3	6.4%
State Board of Podiatric Medical Examiners	\$0.6	\$0.6	\$0.0	2.8%
Board of Examiners of Psychologists	\$1.6	\$1.6	\$0.0	2.1%
Texas Racing Commission	\$0.0	\$0.0	\$0.0	N/A
Texas State Securities Board	\$14.2	\$15.6	\$1.3	9.3%
Public Utility Commission	\$9.5	\$18.4	\$8.8	92.6%
Office of Public Utility Counsel	\$3.4	\$3.4	\$0.0	0.9%
Board of Veterinary Medical Examiners	\$2.3	\$2.6	\$0.3	11.6%
Subtotal, Regulatory	\$234.6	\$267.5	\$32.9	14.0%
Retirement and Group Insurance	\$33.7	\$40.7	\$6.9	20.6%
Social Security and Benefit Replacement Pay	\$9.6	\$11.2	\$1.6	16.3%
Lease Payments	\$1.3	\$0.7	(\$0.6)	(46.3%)
Subtotal, Employee Benefits and Debt Service	\$44.6	\$52.5	\$7.9	17.8%
Total, All Functions	\$279.2	\$320.0	\$40.8	14.6%

NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) Includes funding in contingent rider appropriations (includes PUC, TDI and TDLR).

SOURCE: Legislative Budget Board.

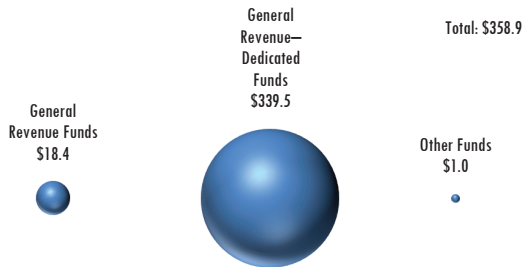
PUBLIC UTILITY COMMISSION

FIGURE 86
PUBLIC UTILITY COMMISSION, BY METHOD OF FINANCE

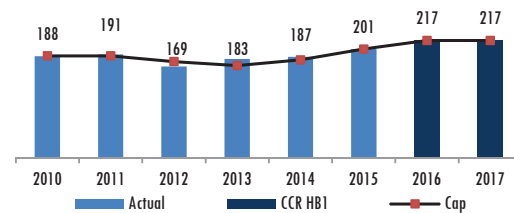
(IN MILLIONS)

METHOD OF FINANCE	ESTIMATED/BUDGETED 2014–15	CCR HB1 2016–17	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$9.5	\$18.4	\$8.8	92.6%
General Revenue–Dedicated Funds	\$573.8	\$339.5	(\$234.2)	(40.8%)
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$1.0	\$1.0	\$0.0	0.0%
Total, All Methods of Finance	\$584.3	\$358.9	(\$225.4)	(38.6%)

ALL FUNDS, 2016–17 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) Includes certain anticipated supplemental spending adjustments if applicable.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
- (3) Includes funding in contingent rider appropriations.
- (4) Any FTEs transferred to an agency during the 2014–15 biennium will include historic FTEs through fiscal year 2013 in the full-time-equivalent position chart.

SOURCES: Legislative Budget Board; State Auditor's Office.

Funding for the Public Utility Commission for the 2016–17 biennium totals \$358.9 million in All Funds, which represents an All Funds reduction of \$225.4 million from the 2014–15 biennium. The reduction in funding is primarily related to the System Benefit Account No. 5100 (System Benefit Fund), which was established in 1999 to support the agency's Low Income Discount program. Due to a growing fund balance in the System Benefit Fund, the Eighty-third Legislature passed House Bill 7 in fiscal year 2013 to spend down the balance of the fund and to set the expiration of the fund at the end of fiscal year 2016. The Public Utility Commission was subject to Strategic Fiscal Review.

HIGHLIGHTS:

- Funding from the General Revenue–Dedicated Account No. 5100 System Benefit Fund includes a decrease of \$236.5 million from the 2014–15 biennium. This includes decreases of \$227.7 million for the low income discount program and \$8.7 million for administrative expenses. Funding includes a rider appropriation of \$227.0 million to allow the agency to expend the projected balance of the System Benefit Fund in the 2016–17 biennium, contingent upon the passage of legislation authorizing changes to the Low-Income Discount program.
- Funding includes \$8.7 million of General Revenue Funds in fiscal year 2017 to replace General Revenue–Dedicated Fund 5100 to account for the expiration of the System Benefit Fund at the end of fiscal year 2016. Administrative

expenses funded by the System Benefit Fund through fiscal year 2016 and prior are funded with General Revenue Funds in fiscal year 2017.

- Funding includes \$5.3 million in General Revenue–Dedicated Water Resource Management Fund 153 for the regulation of water and wastewater services. This program was transferred to the agency in fiscal year 2015 from the Texas Commission on Environmental Quality (TCEQ) with the enactment of House Bill 1600, Eighty-third Legislature, Regular Session. Of this appropriation, \$2.2 million is above amounts included in the introduced bill to support an additional 16.0 full-time-equivalent (FTE) positions to implement the water utility rate setting requirements. Historical FTEs associated with this program at TCEQ are included in PUC’s full-time-equivalent position figure in fiscal years 2013 and 2014.

READER'S GUIDE TO GENERAL APPROPRIATIONS BILLS

This guide explains certain key elements of a General Appropriations Bill. The version of the General Appropriations Bill that becomes law is referred to as the General Appropriations Act (GAA). The GAA is the state's budget for a two-year period referred to as a biennium.

General Appropriations Bills are categorized by articles that cover a certain area of government. For example, Article I applies to areas of General Government, Article II covers Health and Human Services, and Article III applies to Public and Higher Education. Six additional articles cover other areas of government. Article IX, General Provisions, contains additional limitations, authority, and requirements applicable to other articles.

Articles contain agency bill patterns that all follow the same format. Article-specific summary information is included at the end of each article.

The following sample shows a bill pattern for the Office of Attorney General.

A Agency names are followed by their bill patterns, which consist of items of appropriations and riders.

B Methods of Finance (MOF) describe different fund types in an agency's appropriations. The four MOF categories are General Revenue (GR), General Revenue-Dedicated (GR-D), Federal Funds, and Other Funds. Each of these four contains subcategories.

C The left footer shows the version of the appropriations bill. This is the **Fiscal Size-up** version, which is the final enacted version of the appropriations bill from the Eighty-third Legislature, 2013.

D The center footer shows the article number followed by its page number. This is the third page of Article I, General Government.

A OFFICE OF THE ATTORNEY GENERAL		For the Years Ending	
		August 31, 2014	August 31, 2015
B	Method of Financing:		
	<u>General Revenue Fund</u>		
	General Revenue Fund ¹	\$ 96,751,357	\$ 88,837,714
	Child Support Retained Collection Account No. 787	106,807,098	106,807,097
	Attorney General Debt Collection Receipts Account No. 788	8,300,000	8,300,000
	General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees Fund No. 8042	3,236,560	3,236,560
	Subtotal, General Revenue Fund	<u>\$ 215,095,015</u>	<u>\$ 207,181,371</u>
	<u>General Revenue Fund - Dedicated</u>		
	AG Law Enforcement Account No. 5006	200,000	200,000
	Sexual Assault Program Account No. 5010	188,546	188,546
Compensation to Victims of Crime Account No. 469 ¹	74,131,322	74,132,908	
Compensation to Victims of Crime Auxiliary Account No. 494	158,531	158,531	
Subtotal, General Revenue Fund - Dedicated	<u>\$ 74,678,399</u>	<u>\$ 74,679,985</u>	
Federal Funds ¹	205,968,406	190,513,421	
<u>Other Funds</u>			
Interagency Contracts - Criminal Justice Grants	628,565	628,565	
State Highway Fund No. 006	5,938,292	5,938,292	
Appropriated Receipts ¹	24,094,209	24,131,779	
Interagency Contracts	20,871,069	20,871,069	
C A813-FSize-up-1-A	D I-3	August 26, 2013	

E The **Number of Full-Time Equivalents (FTE)** shows the maximum number of FTEs, or FTE cap, for the agency.

F The **Schedule of Exempt Positions** indicates annual salary caps for certain agency executives.

G Agency **Items of Appropriation** consist of goals with multiple strategies. Each strategy has its own appropriation. Certain large agencies have sub-strategies.

H **Grand Total** amounts are the sum of all individual agency strategy appropriations. Note that Grand Total amounts exactly match the Total, Method of Financing line above, as well as the Total, Object-of-Expense Informational Listing at the top of the next page.

I **Object-of-Expense (OOE) Informational Listing** categorizes the use of the agency's appropriation made above. It is not a separate appropriation.

OFFICE OF THE ATTORNEY GENERAL (Continued)		
License Plate Trust Fund Account No. 0802 ²	186,310	61,000
Subtotal, Other Funds	<u>\$ 51,718,445</u>	<u>\$ 51,630,705</u>
Total, Method of Financing	<u>\$ 547,460,265</u>	<u>\$ 524,005,482</u>
This bill pattern represents an estimated 100% of this agency's estimated total available funds for the biennium.		
E Number of Full-Time-Equivalents (FTE):	4,207.9	4,207.9
F Schedule of Exempt Positions: Attorney General, Group 6	\$150,000	\$150,000
Items of Appropriation:		
A. Goal: PROVIDE LEGAL SERVICES¹ Provide General Legal Services to the State and Authorized Entities.		
A.1.1. Strategy: LEGAL SERVICES Provide Counseling/Litigation/Alternative Dispute Resolution Services.	\$ 80,888,219	\$ 81,099,142
B. Goal: ENFORCE CHILD SUPPORT LAW Enforce State/Federal Child Support Laws.		
B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT¹ Establish Paternity/Obligations, Enforce Orders and Distribute Monies.	\$ 309,749,867	\$ 285,059,999
B.1.2. Strategy: STATE DISBURSEMENT UNIT	<u>\$ 9,837,396</u>	<u>\$ 9,963,619</u>
Total, Goal B: ENFORCE CHILD SUPPORT LAW	<u>\$ 319,587,263</u>	<u>\$ 295,023,618</u>
C. Goal: CRIME VICTIMS' SERVICES Investigate/Process Applications for Compensation to Crime Victims.		
C.1.1. Strategy: CRIME VICTIMS' COMPENSATION Review Claims, Determine Eligibility/State Liability, Pay Correctly.	\$ 82,230,234	\$ 83,256,648
C.1.2. Strategy: VICTIMS ASSISTANCE Provide Grants & Contrcts for Victims Svcs/Sexual Asslt Vctms/Chld Adv.	<u>\$ 49,146,900</u>	<u>\$ 49,018,425</u>
Total, Goal C: CRIME VICTIMS' SERVICES	<u>\$ 131,377,134</u>	<u>\$ 132,275,073</u>
D. Goal: REFER MEDICAID CRIMES Investigate/Refer for Prosecution Fraud/Misconduct Involving Medicaid.		
D.1.1. Strategy: MEDICAID INVESTIGATION Conduct Investigation Supporting Prosecution of Alleged Medicaid Crime.	\$ 14,453,626	\$ 14,453,626
E. Goal: ADMINISTRATIVE SUPPORT FOR SORM Provide Administrative Support for the State Office of Risk Management.		
E.1.1. Strategy: ADMINISTRATIVE SUPPORT FOR SORM Provide Administrative Support to the Office of Risk Management.	\$ 1,154,023	\$ 1,154,023
H Grand Total, OFFICE OF THE ATTORNEY GENERAL	<u>\$ 547,460,265</u>	<u>\$ 524,005,482</u>
I Object-of-Expense Informational Listing:		
Salaries and Wages	\$ 198,208,434	\$ 198,338,002
Other Personnel Costs	6,094,674	6,094,674
Professional Fees and Services	77,319,093	57,058,836
Fuels and Lubricants	383,428	383,428
Consumable Supplies	2,475,371	2,465,371
Utilities	3,145,828	3,145,828
Travel	4,713,675	4,701,773
Rent - Building	13,286,753	13,286,753
Rent - Machine and Other	3,885,702	3,213,455
Other Operating Expense	176,663,341	173,903,670
A302-FSize-up-1-A	I-4	August 26, 2013

J Entries for **Employee Benefits and Debt Service** are not specific agency appropriations, but rather an estimate of the amounts needed for this agency.

K **Performance Measure Targets** instruct agencies on specific desired results within their strategies. There are four types of measures: outcome; output; efficiency; and explanatory/input.

The Performance Measure Targets section is also the beginning of the **Rider Section** of an agency bill pattern. Riders inform agencies on their use of items of appropriations. They may authorize, direct, or limit the use of items of appropriation.

OFFICE OF THE ATTORNEY GENERAL
(Continued)

Grants	61,090,472	61,220,198
Capital Expenditures	<u>193,494</u>	<u>193,494</u>
Total, Object-of-Expense Informational Listing	\$ 547,460,265	\$ 524,005,482

Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act:

J

Employee Benefits		
Retirement	\$ 12,919,407	\$ 14,907,008
Group Insurance	35,132,870	38,098,620
Social Security	15,338,167	15,338,167
Benefits Replacement	<u>931,589</u>	<u>871,036</u>
Subtotal, Employee Benefits	\$ 64,322,033	\$ 69,214,831

J

Debt Service		
Lease Payments	<u>\$ 5,278,720</u>	<u>\$ 622,796</u>

Total, Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act

\$ 69,600,753	\$ 69,837,627
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K

1. **Performance Measure Targets.** The following is a listing of the key performance target levels for the Office of the Attorney General. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Office of the Attorney General. In order to achieve the objectives and service standards established by this Act, the Office of the Attorney General shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

	<u>2014</u>	<u>2015</u>
A. Goal: PROVIDE LEGAL SERVICES		
Outcome (Results/Impact):		
Delinquent State Revenue Collected	45,000,000	45,000,000
A.1.1. Strategy: LEGAL SERVICES		
Output (Volume):		
Legal Hours Billed to Litigation and Counseling	1,062,146	1,066,481
Efficiencies:		
Average Cost Per Legal Hour	85.59	85.34
B. Goal: ENFORCE CHILD SUPPORT LAW		
Outcome (Results/Impact):		
Percent of Title IV-D Cases That Have Court Orders for Child Support	82%	82%
Percent of All Current Child Support Amounts Due That Are Collected	65%	65%
Percent of Title IV-D Cases with Arrears Due in Which Any Amount Is Paid Toward Arrears	65%	65%
Percent of Paternity Establishments for Out of Wedlock Births	95%	95%
B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT		
Output (Volume):		
Amount of Title IV-D Child Support Collected (in Millions)	3,950	4,175
Efficiencies:		
Ratio of Total Dollars Collected Per Dollar Spent	12.82	14.74
B.1.2. Strategy: STATE DISBURSEMENT UNIT		
Output (Volume):		
Number of Payment Receipts Processed by the SDU Vendor	21,233,484	21,992,331
C. Goal: CRIME VICTIMS' SERVICES		
Outcome (Results/Impact):		
Amount of Crime Victims' Compensation Awarded	75,849,632	76,876,045
C.1.1. Strategy: CRIME VICTIMS' COMPENSATION		
Efficiencies:		
Average Number of Days to Analyze a Claim and Make an Award	55	49
D. Goal: REFER MEDICAID CRIMES		
Outcome (Results/Impact):		
Amount of Medicaid Over-payments Identified	56,600,000	56,600,000

L An agency's second rider is its **Capital Budget**. Capital Budgets do not make additional appropriations, but rather direct the use of items of appropriation made above for specific uses. Capital Budgets direct the agency purchase or lease of vehicles, information resources, real property, or certain road construction or building repair.

M The **Method of Financing (Capital Budget)** section directs agencies in the use of MOFs for Capital Budget expenses.

N Additional riders follow an agency's Performance Measure Targets (Rider 1) and Capital Budget (Rider 2). Riders may provide general direction on the use of agency appropriation or may provide direction relating to a specific strategy.

OFFICE OF THE ATTORNEY GENERAL
(Continued)

D.1.1. Strategy: MEDICAID INVESTIGATION

Output (Volume):

Number of Investigations Concluded 457 457

L 2. **Capital Budget.** Funds appropriated above may be expended for capital budget items listed below. The amounts identified for each item may be adjusted or may be expended on other non-capital expenditures within the strategy to which the funds were appropriated. However, any amounts spent on capital items are subject to the aggregate dollar restrictions on capital budget expenditures provided in the General Provisions of this Act.

	<u>2014</u>	<u>2015</u>
a. Acquisition of Information Resource Technologies		
(1) Child Support Hardware/Software Enhancements	\$ 50,000	\$ 50,000
(2) Child Support PC Refresh	2,203,665	1,531,418
(3) Child Support TXCSES 2.0 Infrastructure Enhancements and Improvements	11,714,010	UB
(4) CS TXCSES 2.0 Enterprise Content Management	1,379,253	UB
(5) CS TXCSES 2.0 Enterprise Reporting System	2,179,672	UB
(6) CS TXCSES 2.0 RODEO Upgrade	1,304,153	UB
(7) CS TXCSES 2.0 Security Management	724,433	UB
(8) CS TXCSES 2.0 Establishment and Enforcement Renewal	8,831,572	9,200,090
(9) CS TXCSES 2.0 Financial Renewal	6,145,528	2,141,750
Total, Acquisition of Information Resource Technologies	\$ 34,532,286	\$ 12,923,258
b. Data Center Consolidation		
(1) Data Center Consolidation	31,064,809	31,750,487
c. Transportation Items		
(1) Child Support Motor Vehicles	163,494	163,494
Total, Capital Budget	\$ 65,760,589	\$ 44,837,239

M Method of Financing (Capital Budget):

<u>General Revenue Fund</u>		
General Revenue Fund	\$ 3,517,633	\$ 3,660,341
Child Support Retained Collection Account No. 787	20,523,700	13,285,600
Subtotal, General Revenue Fund	\$ 24,041,333	\$ 16,945,941
GR Dedicated - Compensation to Victims of Crime Account No. 469	143,884	145,469
Federal Funds	40,849,227	27,011,682
<u>Other Funds</u>		
Appropriated Receipts	534,499	542,501
Interagency Contracts	191,646	191,646
Subtotal, Other Funds	\$ 726,145	\$ 734,147
Total, Method of Financing	\$ 65,760,589	\$ 44,837,239

N 3. **Cost Allocation, Reporting Requirement.** The Office of the Attorney General is directed to continue an accounting and billing system by which the costs of legal services provided to each agency may be determined. This cost information shall be provided to the Legislative Budget Board and the Governor within 60 days after the close of the fiscal year.

4. **Child Support Collections.**

a. The Office of the Attorney General shall deposit Child Support Retained Collections in a special account in the Comptroller's Office. The account shall be called the Child Support Retained Collection Account. Child Support Retained Collections shall include the state share of funds collected by the Office of the Attorney General which were previously paid

GENERAL APPROPRIATIONS BILL COMPARISONS

**FIGURE B-1
ALL FUNDS (2)**

FUNCTION	ESTIMATED/BUDGETED 2014-15 (1)	HOUSE 2016-17	SENATE 2016-17	CONFERENCE COMMITTEE 2016-17	COMPARISON OF CCR HB1	
					TO ESTIMATED/BUDGETED \$ CHANGE	% CHANGE
Article I – General Government	\$5,218.8	\$5,175.1	\$6,158.8	\$6,385.6	\$1,166.8	22.4%
Article II – Health and Human Services	\$74,513.4	\$79,111.2	\$77,359.9	\$77,168.3	\$2,655.0	3.6%
Article III – Agencies of Education	\$73,941.8	\$77,024.6	\$78,799.2	\$78,360.4	\$4,418.5	6.0%
<i>Public Education</i>	\$55,403.8	\$57,460.6	\$58,987.3	\$58,429.8	\$3,026.0	5.5%
<i>Higher Education</i>	\$18,538.0	\$19,564.0	\$19,811.9	\$19,930.6	\$1,392.6	7.5%
Article IV – The Judiciary	\$764.0	\$793.0	\$779.4	\$796.8	\$32.8	4.3%
Article V – Public Safety and Criminal Justice	\$11,765.2	\$11,895.2	\$11,998.9	\$12,391.0	\$625.8	5.3%
Article VI – Natural Resources	\$6,931.1	\$4,086.2	\$4,259.0	\$4,354.4	(\$2,576.7)	(37.2%)
Article VII – Business and Economic Development	\$27,447.6	\$29,111.0	\$29,807.0	\$27,745.0	\$297.4	1.1%
Article VIII – Regulatory	\$1,127.3	\$915.1	\$899.7	\$920.4	(\$206.8)	(18.3%)
Article IX – General Provisions	\$0.0	\$1,284.1	\$939.3	\$924.0	\$924.0	N/A
Article X – The Legislature	\$374.0	\$385.5	\$385.5	\$385.5	\$11.5	3.1%
Total, All Functions	\$202,083.1	209,781.1	\$211,386.8	\$209,431.6	\$7,348.5	3.6%
Amount of Tax Relief					(\$1,200.0)	
Growth Excluding Tax Relief					\$6,148.5	3.0%

NOTES:

(1) Includes certain anticipated supplemental spending adjustments.

(2) Excludes Interagency Contracts.

Source: Legislative Budget Board.

**FIGURE B-2
GENERAL REVENUE FUNDS**

FUNCTION	ESTIMATED/BUDGETED 2014-15 (1)	HOUSE 2016-17	SENATE 2016-17	CONFERENCE COMMITTEE 2016-17	COMPARISON OF CCR HB1	
					TO ESTIMATED/BUDGETED \$ CHANGE	% CHANGE
Article I – General Government	\$2,731.6	\$2,936.6	\$3,060.5	\$3,092.3	\$360.6	13.2%
Article II – Health and Human Services	\$29,789.9	\$33,063.3	\$32,702.5	\$32,177.9	\$2,388.0	8.0%
Article III – Agencies of Education	\$50,674.6	\$51,979.5	\$56,140.6	\$55,857.6	\$5,183.0	10.2%
<i>Public Education</i>	\$37,421.7	\$37,722.1	\$41,598.9	\$41,196.8	\$3,775.1	10.1%
<i>Higher Education</i>	\$13,252.9	\$14,257.4	\$14,541.7	\$14,660.8	\$1,407.9	10.6%
Article IV – The Judiciary	\$446.8	\$483.7	\$463.1	\$470.7	\$23.9	5.3%
Article V – Public Safety and Criminal Justice	\$9,220.8	\$10,973.9	\$11,090.3	\$11,450.2	\$2,229.5	24.2%
Article VI – Natural Resources	\$714.8	\$813.7	\$828.2	\$911.4	\$196.5	27.5%
Article VII – Business and Economic Development	\$932.9	\$2,941.7	\$1,613.2	\$1,285.9	\$353.0	37.8%
Article VIII – Regulatory	\$279.2	\$315.7	\$318.0	\$320.0	\$40.8	14.6%
Article IX – General Provisions	\$0.0	\$661.3	\$793.5	\$651.1	\$651.1	N/A
Article X – The Legislature	\$373.9	\$385.3	\$385.3	\$385.3	\$11.4	3.1%
Total, All Functions	\$95,164.5	\$104,554.6	\$107,395.3	\$106,602.4	\$11,437.9	12.0%
Amount of Tax Relief					(\$3,800.0)	
Growth Excluding Tax Relief					\$7,637.9	8.0%

NOTE: (1) Includes certain anticipated supplemental spending adjustments.

SOURCE: Legislative Budget Board.

**FIGURE B-3
GENERAL REVENUE-DEDICATED FUNDS**

FUNCTION	ESTIMATED/BUDGETED 2014-15 (1)	HOUSE 2016-17	SENATE 2016-17	CONFERENCE COMMITTEE 2016-17	COMPARISON OF CCR HB1	
					TO ESTIMATED/BUDGETED \$ CHANGE	% CHANGE
Article I – General Government	\$865.7	\$670.4	\$700.5	\$762.3	(\$103.4)	(11.9%)
Article II – Health and Human Services	\$1,191.5	\$918.9	\$934.5	\$1,184.6	(\$6.8)	(0.6%)
Article III – Agencies of Education	\$2,676.1	\$2,760.3	\$2,723.8	\$2,723.6	\$47.4	1.8%
<i>Public Education</i>	\$0.1	\$0.1	\$0.1	\$0.1	\$0.0	0.0%
<i>Higher Education</i>	\$2,676.0	\$2,760.2	\$2,723.7	\$2,723.5	\$47.5	1.8%
Article IV – The Judiciary	\$133.5	\$125.5	\$132.5	\$142.3	\$8.8	6.6%
Article V – Public Safety and Criminal Justice	\$24.0	\$25.4	\$46.1	\$47.2	\$23.1	96.3%
Article VI – Natural Resources	\$1,210.1	\$1,243.8	\$1,402.4	\$1,414.3	\$204.2	16.9%
Article VII – Business and Economic Development	\$463.4	\$474.3	\$481.3	\$479.7	\$16.4	3.5%
Article VIII – Regulatory	\$789.2	\$567.4	\$549.4	\$568.4	(\$220.8)	(28.0%)
Article IX – General Provisions	\$0.0	\$521.8	\$20.0	\$159.5	\$159.5	N/A
Article X – The Legislature	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	N/A
Total, All Functions	\$7,353.5	\$7,308.0	\$6,990.5	\$7,481.8	\$128.3	1.7%

NOTE: (1) Includes certain anticipated supplemental spending adjustments.
Source: Legislative Budget Board.

**FIGURE B-4
GENERAL REVENUE FUNDS AND GENERAL REVENUE-DEDICATED FUNDS**

FUNCTION	ESTIMATED/BUDGETED 2014-15 (1)	HOUSE 2016-17	SENATE 2016-17	CONFERENCE COMMITTEE 2016-17	COMPARISON OF CCR HB1	
					TO ESTIMATED/BUDGETED \$ CHANGE	% CHANGE
Article I – General Government	\$3,597.3	\$3,607.0	\$3,761.0	\$3,854.5	\$257.2	7.1%
Article II – Health and Human Services	\$30,981.3	\$33,982.2	\$33,637.1	\$33,362.5	\$2,381.2	7.7%
Article III – Agencies of Education	\$53,350.8	\$54,739.9	\$58,864.5	\$58,581.2	\$5,230.4	9.8%
<i>Public Education</i>	\$37,421.8	\$37,722.2	\$41,598.9	\$41,196.9	\$3,775.1	10.1%
<i>Higher Education</i>	\$15,929.0	\$17,017.7	\$17,265.6	\$17,384.3	\$1,455.3	9.1%
Article IV – The Judiciary	\$580.3	\$609.2	\$595.6	\$613.0	\$32.7	5.6%
Article V – Public Safety and Criminal Justice	\$9,244.8	\$10,999.3	\$11,136.4	\$11,497.4	\$2,252.6	24.4%
Article VI – Natural Resources	\$1,924.9	\$2,057.5	\$2,230.6	\$2,325.6	\$400.7	20.8%
Article VII – Business and Economic Development	\$1,396.2	\$3,416.0	\$2,094.4	\$1,765.6	\$369.4	26.5%
Article VIII – Regulatory	\$1,068.4	\$883.1	\$867.4	\$888.4	(\$180.0)	(16.8%)
Article IX – General Provisions	\$0.0	\$1,183.1	\$813.5	\$810.6	\$810.6	N/A
Article X – The Legislature	\$373.9	\$385.3	\$385.3	\$385.3	\$11.4	3.1%
Total, All Functions	\$102,517.9	\$111,862.6	\$114,385.8	\$114,084.2	\$11,566.2	11.3%
Amount of Tax Relief					(\$3,800.0)	
Growth Excluding Tax Relief					\$7,766.2	7.6%

NOTE: (1) Includes certain anticipated supplemental spending adjustments.
SOURCE: Legislative Budget Board.

**FIGURE B-5
FEDERAL FUNDS**

FUNCTION	ESTIMATED/BUDGETED 2014-15 (1)	HOUSE 2016-17	SENATE 2016-17	CONFERENCE COMMITTEE 2016-17	COMPARISON OF CCR HB1	
					TO ESTIMATED/BUDGETED \$ CHANGE	% CHANGE
Article I – General Government	\$662.8	\$707.8	\$712.4	\$713.1	\$50.4	7.6%
Article II – Health and Human Services	\$42,858.4	\$44,500.6	\$43,102.2	\$43,147.2	\$288.8	0.7%
Article III – Agencies of Education	\$10,034.1	\$10,442.7	\$10,442.7	\$10,442.7	\$408.6	4.1%
<i>Public Education</i>	\$9,759.1	\$10,172.7	\$10,172.7	\$10,172.7	\$413.5	4.2%
<i>Higher Education</i>	\$275.0	\$270.0	\$270.0	\$270.0	(\$5.0)	(1.8%)
Article IV – The Judiciary	\$3.8	\$3.4	\$3.4	\$3.4	(\$0.3)	(9.0%)
Article V – Public Safety and Criminal Justice	\$1,120.7	\$743.4	\$710.0	\$741.0	(\$379.6)	(33.9%)
Article VI – Natural Resources	\$2,656.2	\$1,744.1	\$1,743.6	\$1,744.1	(\$912.1)	(34.3%)
Article VII – Business and Economic Development	\$11,102.3	\$10,848.4	\$11,677.1	\$11,131.3	\$29.1	0.3%
Article VIII – Regulatory	\$13.2	\$9.5	\$9.5	\$9.5	(\$3.6)	(27.4%)
Article IX – General Provisions	\$0.0	\$61.3	\$86.1	\$70.1	\$70.1	N/A
Article X – The Legislature	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	N/A
Total, All Functions	\$68,451.4	\$69,061.2	\$68,487.2	\$68,002.6	(\$448.8)	(0.7%)

NOTE: (1) Includes certain anticipated supplemental spending adjustments.
SOURCE: Legislative Budget Board.

**FIGURE B-6
OTHER FUNDS (2)**

FUNCTION	ESTIMATED/BUDGETED 2014-15 (1)	HOUSE 2016-17	SENATE 2016-17	CONFERENCE COMMITTEE 2016-17	COMPARISON OF CCR HB1	
					TO ESTIMATED/BUDGETED \$ CHANGE	% CHANGE
Article I – General Government	\$958.7	\$860.3	\$1,685.3	\$1,818.0	\$859.3	89.6%
Article II – Health and Human Services	\$673.6	\$628.4	\$620.6	\$658.6	(\$15.0)	(2.2%)
Article III – Agencies of Education	\$10,556.9	\$11,842.1	\$9,492.0	\$9,336.5	(\$1,220.4)	(11.6%)
Public Education	\$8,222.9	\$9,565.7	\$7,215.7	\$7,060.2	(\$1,162.6)	(14.1%)
Higher Education	\$2,334.0	\$2,276.4	\$2,276.3	\$2,276.3	(\$57.7)	(2.5%)
Article IV – The Judiciary	\$179.9	\$180.3	\$180.3	\$180.3	\$0.4	0.2%
Article V – Public Safety and Criminal Justice	\$1,399.7	\$152.5	\$152.5	\$152.5	(\$1,247.2)	(89.1%)
Article VI – Natural Resources	\$2,350.0	\$284.6	\$284.8	\$284.8	(\$2,065.2)	(87.9%)
Article VII – Business and Economic Development	\$14,949.1	\$14,846.6	\$16,035.5	\$14,848.1	(\$101.0)	(0.7%)
Article VIII – Regulatory	\$45.7	\$22.5	\$22.8	\$22.5	(\$23.2)	(50.8%)
Article IX – General Provisions	\$0.0	\$39.7	\$39.8	\$43.4	\$43.4	N/A
Article X – The Legislature	\$0.1	\$0.2	\$0.2	\$0.2	\$0.1	64.4%
Total, All Functions	\$31,113.8	\$28,857.3	\$28,513.8	\$27,344.8	(\$3,768.9)	(12.1%)
Amount of Tax Relief					\$2,600.0	
Growth Excluding Tax Relief					(\$1,168.9)	(3.8%)

NOTES:
 (1) Includes certain anticipated supplemental spending adjustments.
 (2) Excludes Interagency Contracts.
 SOURCE: Legislative Budget Board.

**FIGURE B-7
GENERAL REVENUE FUNDS, GENERAL REVENUE-DEDICATED FUNDS, AND OTHER FUNDS (2)**

FUNCTION	ESTIMATED/BUDGETED 2014-15 (1)	HOUSE 2016-17	SENATE 2016-17	CONFERENCE COMMITTEE 2016-17	COMPARISON OF CCR HB1	
					TO ESTIMATED/BUDGETED \$ CHANGE	% CHANGE
Article I – General Government	\$4,556.0	\$4,467.3	\$5,446.3	\$5,672.5	\$1,116.5	24.5%
Article II – Health and Human Services	\$31,654.9	\$34,610.6	\$34,257.7	\$34,021.1	\$2,366.2	7.5%
Article III – Agencies of Education	\$63,907.7	\$66,581.9	\$68,356.4	\$67,917.7	\$4,010.0	6.3%
<i>Public Education</i>	\$45,644.6	\$47,287.9	\$48,814.6	\$48,257.1	\$2,612.5	5.7%
<i>Higher Education</i>	\$18,263.0	\$19,294.1	\$19,541.9	\$19,660.6	\$1,397.6	7.7%
Article IV – The Judiciary	\$760.2	\$789.6	\$776.0	\$793.4	\$33.2	4.4%
Article V – Public Safety and Criminal Justice	\$10,644.5	\$11,151.8	\$11,289.0	\$11,649.9	\$1,005.4	9.4%
Article VI – Natural Resources	\$4,274.9	\$2,342.1	\$2,515.4	\$2,610.4	(\$1,664.5)	(38.9%)
Article VII – Business and Economic Development	\$16,345.3	\$18,262.6	\$18,129.9	\$16,613.6	\$268.3	1.6%
Article VIII – Regulatory	\$1,114.1	\$905.6	\$890.2	\$910.9	(\$203.2)	(18.2%)
Article IX – General Provisions	\$0.0	\$1,222.8	\$853.2	\$853.9	\$853.9	N/A
Article X – The Legislature	\$374.0	\$385.5	\$385.5	\$385.5	\$11.5	3.1%
Total, All Functions	\$133,631.7	\$140,719.9	\$142,899.6	\$141,429.0	\$7,797.3	5.8%
Amount of Tax Relief					(\$1,200.0)	
Growth Excluding Tax Relief					\$6,597.3	4.9%

NOTES:
 (1) Includes certain anticipated supplemental spending adjustments.
 (2) Excludes Interagency Contracts.
 SOURCE: Legislative Budget Board.

